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Sapphire Textile Mills Limited

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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. Nabeel Abdullah
 Member : Mr. Nadeem Karamat

Human Resource & Remuneration Committee

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

Chief Financial Officer : Mr. Abdul Sattar

Secretary : Mr. Zeeshan

Auditors : Mushtaq & Company, Chartered Accountants

Management Consultant : M. Yousuf Adil Saleem & 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, Citi Bank N.A.

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.

Vision

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality.

Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business, our customers and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning, the fostering of learning and the fostering of teamwork and the security of the safest work environment possible recognised as excellent citizen in the local and regional community through our financial and human resources support and our sensitivity to the environment.

Mission

Our mission is to be recognised as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers.

Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates.

We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

Notice of Annual General Meeting

Notice is hereby given that 47th Annual General Meeting of Sapphire Textiles Mills Limited will be held on Monday, October 26, 2015 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 03:00 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended 30th June, 2015.
3. To approve and declare the final dividend of Rs.10 per share i.e. 100% for the year ended June 30, 2015 as recommended by the Board of Directors.
4. To appoint auditors for the year ending 30th June 2016 and fix their remuneration. The present Auditors, M/s Mushtaq & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

Special Business:

5. To consider and, if thought fit, pass with or without modification(s), the following resolutions, under Companies Ordinance, 1984.
 - 5.1 **Resolved that** the Company be and is hereby authorized in terms of section 208 of the Companies Ordinance to provide such Security / Collateral as may be required by the Bank to issue or cause to be issue, an additional debt service reserve standby letter upto the PKR equivalent of USD 6.5 Million (in addition with the same already approved by the Shareholders in EOGM dated 17th February, 2014, after this addition the limit of SBLC will be PKR equivalent of USD 10 Million) of credit together with any replacement standby letter of credit in favour of the offshore Collateral Agent, on behalf of inter alia the Overseas Private Investment Corporation, in accordance with inter alia the Finance Agreement and the Accounts Agreement, in order to secure the obligation of SWPCL in relation to the Required Balance of the Debt Service Reserve Account pursuant to the Accounts Agreement.
 - 5.2 **Resolved that** pursuant to section 196 of the Companies' Ordinance, 1984 the shareholders consent be and is hereby accorded to liquidate or sell the following two 100% owned subsidiaries of M/s Sapphire Textiles Mills Limited ("Company") on such terms and condition as may be approved by the board of directors of the company.
 1. Sapphire Solar (Pvt) Limited
 2. Sapphire Tech (Pvt) Limited
 - 5.3 **Resolved That** pursuant to section 193 of the Companies' Ordinance, 1984 the shareholders consent be and is hereby accorded to enter into purchase agreement with Diamond Fabrics Limited, an associated company, for the purchase of commercial Office No.503 measuring 5150 Sq. Ft, situated at fifth floor of Tricon Corporate Centre, constructed on Plot No.73 and 73-E, (Ghous-ul-Azam Road) Jail Road, Gulberg II, Lahore, Pakistan.
 - 5.4 **Further Resolved That** the Chief Executive Officer and/or any other director, be and are hereby authorized, on a joint and/or several basis, to sign execute and deliver any and all of the Agreements and to do all acts, deeds and things, take any or all necessary action to complete all legal formalities for the purpose of the completion of the subject transaction.

A Statement required under Section 160(1) (b) of the Companies Ordinance, 1984 read with S.R.O 27(1) /2012 dated 16th January 2012 issued by SECP pertaining to the special business is annexed to the notice of the meeting send to the shareholders.

1. Other business

To transact any other business with the permission of the Chair.

By Order of the Board

Karachi
Dated: September 28, 2015

Zeeshan
Company Secretary

Notice of Annual General Meeting

NOTE

1. Closure of share transfer books:

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 20th October, 2015 to 26th October, 2015 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 19th October, 2015, will be considered in time for the payment of dividend.

2. Participation in the annual general meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

3. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.

4. Any change of address of members should be immediately notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

5. The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

6. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1)2012 dated July 05, 2012 dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.

7. As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

8. (i) Pursuant to the provisions of the Finance Act, 2015 effective July 1, 2015 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for filer of income tax return 12.5%
2. Rate of tax deduction for non-filers of income tax return 17.5%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

Notice of Annual General Meeting

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principal Share Holder		Joint Holder	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or, Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

Statement in relation to investment by way of shareholder Advance:

According to S.R .O. 27(1)/2012 dated January 16, 2012, the following information is required to be annexed with the Special Resolution for approval of investment in an associated undertaking for the purpose of section 208 of the Companies Ordinance, 1984 and information required under Regulation 3(1)(b) of the Companies (Investment in Associated Undertakings) Regulations, 2012.

Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Sapphire Wind Power Company Ltd. Subsidiary Company of Sapphire Textile Mills Limited – 70% shareholding and common Directors in SWPCL.
Amount of loan or advances	An additional debt service reserve standby letter upto the PKR equivalent of USD 6.5 Million.
Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To issue or cause to be issue, an additional debt service reserve standby letter upto the PKR equivalent of USD 6.5 Million (in addition with the same already approved by the Shareholders in EOGM dated 17 th February, 2014, after this addition the limit of SBLC will be PKR equivalent of USD 10 Million) of credit together with any replacement standby letter of credit in favour of the offshore Collateral Agent, on behalf of inter alia the Overseas Private Investment Corporation, in accordance with inter alia the Finance Agreement and the Accounts Agreement, in order to secure the obligation of SWPCL in relation to the Required Balance of the Debt Service Reserve Account pursuant to the Accounts Agreement.

Notice of Annual General Meeting

Details of any loan that has already been granted to the Associated Company, if any

In the EOGM held on (17th February, 2014), (21st April, 2014) and (24th March, 2015) the shareholders have authorized the Company for the following:

- I) To make advance by way of loan upto PKR equivalent of USD 3,723,942 pursuant to the Sponsor Support Agreement and the Shareholder Subordination Agreement
- II) To provide an SBLC in favour of the Security Trustee to secure its equity investment in SWPCL of up to PKR equivalent of USD 24,923,541 less any amount already invested.
- III) To provide collateral/security as may be required by the bank to issue an SBLC in favour of the Offshore Collateral Agent up to the PKR equivalent of approximately USD 3,500,000 in order to secure certain obligations of SWPCL in relation to the Required Balance of the Debt Service Reserve Account pursuant to the Accounts Agreement.
- IV) To provide such Security / Collateral as may be required by the Issuing Bank in order for the same to issue a Standby Letter of Credit (SBLC) of USD 1,732,500 in favour of National Transmission and Despatch Company Limited (through its Central Power Purchasing Agency) on behalf of ex-WAPDA Distribution Companies (NTDC) in order to secure certain obligations of Sapphire Wind Power Company Limited (SWPCL) under its Energy Purchase Agreement with NTDC.
- V) To provide security/collateral as may be required by the Bank to issue a Bank Guarantee up to Rs.45 Million in favor of Director of Excise & Taxation in order to secure certain obligations (on account of Sindh Infrastructure Cess) of SWPCL.

Notice of Annual General Meeting

Financial Position of the Associated Company.	<p>Financial Position from Financial Accounts of 30th June, 2015</p> <table border="1" data-bbox="822 417 1422 966"> <tr> <td>Property Plant & Equipment</td> <td>Rs.7,727,743,203</td> </tr> <tr> <td>Long term prepayments</td> <td>Rs.4,560,477</td> </tr> <tr> <td>Current Assets</td> <td>Rs.2,226,040,653</td> </tr> <tr> <td>Current Liabilities</td> <td>Rs, 420,116,675</td> </tr> <tr> <td>Issued, Subscribed & Paid Up Capital</td> <td>Rs. 2,833,173,310</td> </tr> <tr> <td>Long Term Financing</td> <td>Rs. 6,821,188,384</td> </tr> <tr> <td>Accumulated Losses</td> <td>Rs. 116,134,036</td> </tr> </table>	Property Plant & Equipment	Rs.7,727,743,203	Long term prepayments	Rs.4,560,477	Current Assets	Rs.2,226,040,653	Current Liabilities	Rs, 420,116,675	Issued, Subscribed & Paid Up Capital	Rs. 2,833,173,310	Long Term Financing	Rs. 6,821,188,384	Accumulated Losses	Rs. 116,134,036
Property Plant & Equipment	Rs.7,727,743,203														
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Current Assets	Rs.2,226,040,653														
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Issued, Subscribed & Paid Up Capital	Rs. 2,833,173,310														
Long Term Financing	Rs. 6,821,188,384														
Accumulated Losses	Rs. 116,134,036														
Average borrowing cost of Company	Not Applicable														
Rate of interest/mark-up/profit/fees/commission etc. to be charged to associated company	All commission, fee etc. charged by the bank will be charged to the Associated Company.														
Sources of funds for advance	Not applicable as no cash funds are advanced														
<p>Where loans or advances are being granted using borrowed funds,-</p> <p>(I) justification for granting loan or advance out of borrowed funds;</p> <p>(II) detail of guarantees / assets pledged for obtaining such funds, if any; and</p> <p>(III) repayment schedules of borrowing of the investing company</p>	<p>I. To offshore Collateral Agent, on behalf of inter alia the Overseas Private Investment Corporation, in accordance with inter alia the Finance Agreement and the Accounts Agreement, in order to secure the obligation of SWPCL in relation to the Required Balance of the Debt Service Reserve Account pursuant to the accounts agreement.</p> <p>II. Investment in shares of listed companies or any other securities as may be required by the Bank</p> <p>III. Not applicable</p>														
Particulars of collateral security to be obtained against loan to the Associated Company, if any	None														

Notice of Annual General Meeting

If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
Repayment schedule and terms of loans or advances to be given to the investee company	Not Applicable
Salient features of all agreements	Not Applicable
Interest of directors, majority shareholders and their relatives	Common Directors, Each Director has one (1) share each in SWPCL. They have no direct or indirect interest except to the extent of shareholding in the investing company.
Any other important details	None
Description of the project and its history since conceptualization	<p>SWPCL has been incorporated for the purpose of development of the Wind Power Project under renewable energy policy of the company.</p> <p>SWPCL will sell power to the Central Power Purchasing Agency/ National Transmission and Despatch Company Limited (NTDC or the Energy Purchaser) within the framework of the project documents specified under the Policy for Development of Renewable Energy for Power Generation, 2006 (the "RE Policy"). The term of the off-take agreement i.e. the Energy Purchase Agreement (the EPA), that has been executed between the Associated Company and the Power Purchaser is 20 years. National Electric Power Regulatory Authority (NEPRA) has granted generation license and tariff to the Company, while concession agreements with NTDC and Government of Pakistan have been finalized. Financial close of the project was declared on 7th July, 2014 and the first tranche of OPIC, Funding was released on 27th August, 2014, Sapphire Wind Power Company Limited gave the Notice to proceed to the EPC contractor on 28th August, 2014. Construction works at the wind farm site have been undertaken and it is expected that the project will commence commercial operation by the end of November, 2015.</p>
Starting and expected date of completion of work	Work has been already commenced for Wind power project and the expected date for commercial operations is November 2015.
Time by which such project shall become commercially operational	Expected Date of Commercial operations is November 2015.

Notice of Annual General Meeting

Expected return on total capital employed in the project	Approximately upto 17%
Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	SWPCL being a subsidiary of STML, the company needs offshore Collateral Agent, on behalf of inter alia the Overseas Private Investment Corporation, in accordance with inter alia the Finance Agreement and the Accounts Agreement, in order to secure the obligation of SWPCL in relation to the Required Balance of the Debt Service Reserve Account pursuant to the account agreement.

As per the disclosure requirement of Para 4(1) of the Companies (Investment in Associated Undertakings) Regulations, 2012, it is informed that the following directors of the company are also the directors in the investee company; however, they have no direct or indirect interest except to the extent of shareholding in the investee company:

- 1) Mr. Muhammad Abdullah
- 2) Mr. Nadeem Abdullah
- 3) Mr. Shahid Abdullah
- 4) Mr. Amer Abdullah

Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2012

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company Ltd 17 th February, 2014	Equity Investment of up to PKR equivalent of USD 24,923,541 and to provide an SBLC in favour to secure balance equity investment in SWPCL	Equity investment = Rs. 2,282,287,385 SBLC = USD 5.626 million	The balance amount of equity will be invested from time to time over a period of two years. These amounts were approved in the EOGM held on February 17, 2014 and are in the process of implementation.
	Advance by way of loan upto PKR equivalent of USD 3,723,942	Nil	
	Collateral/security as may be required by the issuing bank to issue an SBLC up to the PKR equivalent of approximately USD 3,500,000 in order to secure certain obligations of SWPCL		

Notice of Annual General Meeting

Material Changes in Financial Statements of Associated Company

Since the closing of financial year ended 30 June, 2015, the Paid-up Capital of the Sapphire Wind Power Company Ltd (SWPCL) has increased to Rs.3,260,410,550 from Rs.2,833,173,310 by issuance of shares against shares subscription.

Statement under section 160(1)(b) of the Companies Ordinance, 1984

This Statement sets out below the material facts pertaining to the special business to be transacted at the Annual general Meeting of Sapphire Textile Mills Limited on 26th October, 2015.

Introduction

Sapphire Textile Mills Limited ("Company") intends to enter into purchase agreement with its associated company M/s. Diamond Fabrics Limited, for purchase of commercial offices. Being an associated company there are common directors hence consent of shareholders is required pursuant to section 193 of the Companies' Ordinance, 1984.

Detail of Asset to be purchased:

The said office comprises of office No.503 measuring 5150 Sq Ft, situated at fifth floor of Tricon corporate Centre, constructed on Plot No.73 & 73-E, (Ghous-ul-Azam Road) Jail Road, Gulberg II, Lahore.

Salient Features of the transaction are as follows:

- The Said property will be used by the company for its business operations.
- Property will be purchased out of company's own resources.
- The property is located on commercial location, the shareholders will be benefit from the purchase of the said property in the form of capital gains in the future.

Statement under Section 160(1) (b) of the Companies Ordinance, 1984

This statement sets out below the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 26th October, 2015.

Reason for Winding up or Sell of Subsidiary Companies:

Sapphire Textile Mills Limited owns 100% of share capital of Sapphire Solar (Pvt.) Ltd and Sapphire Tech (Pvt.) Ltd. Both the Companies are not involved in any operations.

Sapphire Solar (Pvt.) Limited was incorporated for purpose of development of 10MW solar power plant for which it had LOI from AEDB. The management is planning to setup a bigger Solar Power Plant in Sapphire Wind Power Ltd rather than a separate 10MW power plant. In view of this change, the management does not need this company and hence has decided to close the Company.

Sapphire Tech (Pvt.) Limited was incorporated for another power project. As the Government has introduced incentives relating to renewable power projects, the management found it more feasible to invest in renewable power projects, therefore, it does not need this Company.

Salient Features of the Transaction:

Upon approval by the members, the Board of Directors will decide on the most equitable method to dispose of both the companies i.e. either by liquidate or sell the shareholding.

Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	2015	2014
Sales & Services	23,315,337	25,411,302
Gross Profit	2,607,735	2,788,030
Profit from Operations	1,847,806	1,985,976
Other Income	579,112	510,633
Profit before taxation	1,178,395	1,270,208
Profit after taxation	1,034,135	983,405

Review of Operations

During the year under review the Company achieved sales of Rs.23.315 billion as compared to Rs.25.411 billion in the corresponding year. This was primarily due to lower raw material prices and consequently lower sale price of goods manufactured by the Company in the current year compared to previous year. The Gross profit as a percentage of sales stood at 11.18 as compared to 10.97 % in the last year. The Profit before tax is Rs.1.178 Billion compared to Rs.1.270 billion in the corresponding year.

Financial cost decreased from Rs.715.768 million to Rs.669.411 million from last year. Other income during the year increased to Rs.579.112 million as against Rs.510.633 million in the previous year, due to increase in dividend income received from other companies.

Appropriation of Profit

	Rupess In Thousand
Profit Before Taxation	1,178,395
Less: Taxation	
For the year	(126,742)
Prior year	265
Deferred	(17,783)
	(144,260)
Profit after taxation	1,034,135
Loss on remeasurement of staff retirement benefits - net of tax	(15,358)
Add: Unappropriated profit brought forward	7,841,193
	<u>8,859,970</u>
Appropriations	
Final dividend for the year ended June 30, 2014 (100% i.e Rs.10 per share)	(200,831)
Unappropriated Profit Carried Forward	8,659,139
Subsequent Effects	
Proposed Final cash dividend for the year ended June 30, 2015	(200,831)
	<u><u>8,458,308</u></u>

Directors' Report to the Shareholders

Earning Per Share

The earnings per share for the year ended June 30, 2015 is Rs.51.49 as compared to Rs.48.97 for last year ended June 30, 2014.

Dividend

The Board of Directors of the company is pleased to recommend a cash dividend of 100% i.e. Rs.10/- per share for the year ended June 30, 2015. (2014: 100%).

Future Prospects

The textile sector particularly spinning segment is expected to remain under pressure due to subdued demand in both local and international markets as well as reduced prices of products in both local and international markets. However reduction of mark-up rate by State Bank of Pakistan and improved energy supply conditions due to decline in oil prices will give some relief in coming year. Furthermore, we expect recent addition of finishing plant in our production facilities will improve competitive advantage of the Company in value added segment and bring more profitability in coming days.

Subsidiaries of Sapphire Textile Mills Limited

There are six subsidiaries out of which five are 100% equity owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. Sapphire Home Incorporation

Sapphire Home Incorporation is 100% owned by Sapphire Textile Mills Ltd and was incorporated under the laws of the State of New York in United States of America (USA). There are certain customers in the USA which need goods on landed duty paid basis. Sapphire Home Inc. provides this service for the home textile products for these customers.

2. Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate retail outlets for sale of textile and other products. The Company has already set up three retail outlets in Karachi, Lahore and Islamabad. The consumers' response is satisfactory and the management is working on expanding the operations.

Business Diversification

For the purpose of Business Diversification and to meet shortage of electricity in the country the Company has decided to invest in Renewable Energy sector and as such has established the following three (3) subsidiaries:

3. Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Ltd. Construction works at the wind farm site are in progress. It is expected that the project will commence commercial operation by the end of November, 2015

4. 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. No progress has yet been made. It is proposed to get the approval for winding up / sales of the Company in the upcoming general meeting.

5. 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 and it is proposed to get the approval for winding up / sales of the Company in the upcoming general meeting.

Directors' Report to the Shareholders

6. 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. During the period, Sapphire Textile Mills Limited has acquired 100% shares of Tricon Boston Consulting Corporation (Pvt.) Limited. Technical Studies are in progress to develop the project.

Winding up / Sale of Subsidiary:

The Board of Directors intends to wind up / sell shares in the following subsidiaries, for which, process of getting approval from shareholders is under process:

1. Sapphire Tech (Private) Limited.
2. Sapphire Solar (Private) Limited.

Board of Directors

The Board of Directors comprises of eight (8) Directors.

During the Year Four (4) meetings of the Board of Directors were held. The number of meetings attended by each Director is given hereunder:

Name	No of Meetings
Mr. Mohammad Abdullah	4
Mr. Shahid Abdullah	3
Mr. Nadeem Abdullah	3
Mr. Amer Abdullah	4
Mr. Yousuf Abdullah	3
Mr. Nabeel Abdullah	4
Mr. Shayan Abdullah	2
Mr. Nadeem Karamat	3

REMUNERATION OF DIRECTORS

The Board of Directors approved revisions in Directors Remuneration w.e.f 1st October, 2015 as follows:

- Mr. Mohammad Abdullah Rs. 500,000 to Rs. 750,000.
- Mr. Nadeem Abdullah Rs. 1,000,000 to Rs. 2,000,000.
- Mr. Nabeel Abdullah Rs. 400,000 to Rs. 600,000.

There was no change in other terms and conditions of their appointment

Audit Committee

The Audit Committee held Four (4) meetings during the year. Attendance by each member was as follows:

Name	No of Meetings
Mr. Yousuf Abdullah	3
Mr. Nabeel Abdullah	4
Mr. Nadeem Karamat	3

Directors' Report to the Shareholders

Human Resource & Remuneration Committee

The Board of Directors of the Company in compliance to the Code of Corporate Governance has formed a Human Resource & Remuneration Committee and four (4) meetings were held during the year.

Statement on Corporate and Financial Reporting Frame Work

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies ordinance, 1984. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- b) The company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.
- f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- g) There are no doubts about the company's ability to continue as a going concern.
- h) There has been no material departure from the best practice of Corporate Governance, as required by the listing regulations.
- i) The key operating and financial data and key ratios of six years are annexed.
- j) The Company established Management Staff Gratuity Fund from July 1, 2005 which is initially for the Head office and will gradually be applicable to the other units/mills of the Company. The company has also introduced Employees' Provident Fund for the staff from July 1, 2006. The persons who join the Provident Fund will not be eligible for Gratuity Fund. Provision has been made in the accounts accordingly. The value of investment of Gratuity Fund and Provident Fund as on June 30, 2015 amounted to Rs.20.129 million and Rs.131.173 million respectively.
- k) No trading in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children.

Code of Conduct

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the company.

Related Party Transactions

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of stock exchange in Pakistan. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

Directors' Report to the Shareholders

Corporate Environment, Health & Social Responsibility

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety especially with regards to the safe, production, delivery, storage and handling of the materials. Your company always ensures environment preservation and adopts all possible means for environment protection.

We maintain our commitment to raise the educational, health and environment standards of the community & made generous donations for health, education and social welfare projects.

Auditors

The present Auditors, M/s. Mushtaq & Company (Chartered Accountants) retire and being eligible, offers themselves for re-appointment for the year 2015-2016. Audit Committee and Board of Directors have also recommended their appointment as Auditor for the year ending June 30, 2016.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2015 is annexed. This statement is prepared in accordance with the Code of Corporate Governance and the Companies Ordinance, 1984.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Acknowledgment

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 and hard work of the Staff and Workers.

On behalf of the Board

Karachi
Dated: September 28, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

Six Years Growth at a Glance

		(Rupees in Million)					
YEARS		2015	2014	2013	2012	2011	2010
Sales		23,315.34	25,411.30	25,283.15	21,490.83	22,937.18	14,428.08
Gross Profit		2,607.73	2,788.03	4,204.86	2,773.40	3,417.77	2,736.05
Profit Before Tax		1,178.39	1,270.21	2,365.97	1,129.94	1,774.04	1,115.61
Profit After Tax		1,034.14	983.40	2,136.47	1,073.68	1,607.41	1,015.54
Share Capital		200.83	200.83	200.83	200.83	200.83	200.83
Shareholder's Equity		14,370.17	13,340.62	11,398.28	8,330.89	7,520.94	5,992.07
Fixed Assets - Net		8,920.96	8,247.40	5,943.04	5,357.00	4,900.07	4,029.81
Total Assets		28,087.80	22,050.55	18,842.13	14,056.51	14,393.19	11,579.97
DIVIDEND - Cash	%	100.00	100.00	210.00	50.00	50.00	50.00
RATIOS:							
Profitability							
Gross Profit	%	11.18	10.97	16.63	12.91	14.90	18.96
Profit Before Tax	%	5.05	5.00	9.36	5.26	7.73	7.73
Profit After Tax	%	4.44	3.87	8.45	5.00	7.01	7.04
Return To Shareholders							
R.O.E-Before Tax	%	8.20	9.52	20.76	13.56	23.59	18.62
R.O.E After Tax	%	7.20	7.37	18.74	12.89	21.37	16.95
Basic E.P.S-After Tax	Rs.	51.49	48.97	106.38	53.46	80.04	50.57
Activity							
Sales To Total Assets	Times	0.83	1.15	1.34	1.53	1.59	1.25
Sales To Fixed Assets	Times	2.61	3.08	4.25	4.01	4.68	3.58
Liquidity/Leverage							
Current Ratio		1.18:1	1.40:1	1.49:1	1.44:1	1.27:1	1.09:1
Debt Equity Ratio	Times	0.35	0.18	0.09	0.13	0.13	0.09
Total Liabilities to Equity.	Times	0.95	0.65	0.65	0.69	0.91	0.93
Break up value per share	Rs.	715.53	664.27	567.56	414.82	374.49	298.36

Review Report to the Members

On Statement of Compliance with best practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Sapphire Textile Mills Limited** "the Company" for the year ended June 30, 2015 to comply with the requirements of Listing Regulation of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the audit committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Lahore:
Dated: September 28, 2015

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, FCA

Statement of Compliance

With the Code of Corporate Governance

Name of Company **SAPPHIRE TEXTILE MILLS LIMITED** year ended June 30, 2015.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of the Rule Book of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Nadeem Karamat
Executive Directors	Mr. Mohammad Abdullah Mr. Nadeem Abdullah Mr. Nabeel Abdullah
Non-Executive Directors	Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Shahid Abdullah

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBF. None of the Directors is a member of a stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the power of board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and board met at least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause (xi) of CCG, majority of Directors of the Company are exempted from the requirement of directors' training program as prescribed by the Code of Corporate Governance and the rest of the Directors are trained.
10. There was no new appointment of CFO/Company Secretary during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

Statement of Compliance

With the Code of Corporate Governance

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG. Annual evaluation of the Board's own performance approved during the year.
15. The Board has formed an Audit Committee. It comprises three members, of whom one is independent, one is non-executive and one is executive Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective Internal Audit Function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Karachi
Dated: 28 September, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **Sapphire Textile Mills Limited** ("the Company") as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that;

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

Lahore:
Dated: September 28, 2015

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, FCA

Balance Sheet as at June 30, 2015

	Note	2015	2014
		----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,751,209,578	8,080,933,699
Investment property	7	162,237,097	163,273,406
Intangible assets	8	7,514,871	3,189,494
Long term investments	9	9,823,448,087	5,346,291,863
Long term loans and advances	10	58,202,397	70,905,506
Long term deposits and prepayments	11	78,083,220	61,936,668
		18,880,695,250	13,726,530,636
CURRENT ASSETS			
Stores, spares and loose tools	12	309,958,010	270,214,278
Stock in trade	13	3,969,334,963	3,776,222,400
Trade debts	14	1,297,680,833	1,224,423,835
Loans and advances	15	167,965,261	191,781,695
Trade deposits and short term prepayments	16	15,139,318	13,555,061
Other receivables	17	145,975,668	54,051,052
Other financial assets	18	2,145,664,201	1,915,019,331
Tax refunds due from Government	19	1,105,311,136	781,038,372
Cash and bank balances	20	50,080,021	97,713,627
		9,207,109,411	8,324,019,651
TOTAL ASSETS		28,087,804,661	22,050,550,287
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	21	200,831,400	200,831,400
Reserves		14,169,339,753	13,139,783,777
		14,370,171,153	13,340,615,177
NON-CURRENT LIABILITIES			
Long term financing	22	5,013,027,494	2,352,644,005
Deferred liabilities	23	472,127,414	412,834,886
Long term payable	24	431,631,479	-
		5,916,786,387	2,765,478,891
CURRENT LIABILITIES			
Trade and other payables	25	2,316,663,831	2,036,146,471
Accrued Interest / mark-up	26	149,867,565	100,982,389
Short term borrowings	27	4,718,214,518	3,201,433,835
Current portion of long term financing	22	489,359,511	394,749,068
Provision for taxation	28	126,741,696	211,144,456
		7,800,847,121	5,944,456,219
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		28,087,804,661	22,050,550,287

The annexed notes from 1 to 48 form an integral part of these financial statements.

Karachi:

Dated: September 28, 2015

NADEEM ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
Sales and services	30	23,315,336,620	25,411,301,753
Cost of sales and services	31	(20,707,601,784)	(22,623,272,169)
Gross profit		2,607,734,836	2,788,029,584
Distribution cost	32	(921,944,772)	(942,732,494)
Administrative expenses	33	(295,285,309)	(239,517,075)
Other operating expenses	34	(121,811,077)	(130,436,886)
Other income	35	579,112,084	510,633,288
		(759,929,074)	(802,053,167)
Profit from operations		1,847,805,762	1,985,976,417
Finance cost	36	(669,410,841)	(715,768,385)
Profit before taxation		1,178,394,921	1,270,208,032
Taxation			
Current			
- for the year		(126,741,696)	(211,144,456)
- prior year		265,629	46,157,048
Deferred		(17,783,393)	(121,815,730)
	37	(144,259,460)	(286,803,138)
Profit after taxation for the year		1,034,135,461	983,404,894
Earnings per share - basic and diluted	38	51.49	48.97

The annexed notes from 1 to 48 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	
Profit after taxation for the year	1,034,135,461	983,404,894
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized gain on remeasurement of available for sale investments	433,860,910	1,240,883,320
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(218,600,485)	(90,645,762)
	215,260,425	1,150,237,558
Forward foreign currency contracts		
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(2,647,824)	1,003,061
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	(1,003,061)	(2,345,865)
	(3,650,885)	(1,342,804)
Items that may not be reclassified subsequently to profit and loss		
Loss on remeasurement of staff retirement benefits	(16,363,523)	(9,833,283)
Impact of deferred tax	1,005,898	614,600
	(15,357,625)	(9,218,683)
Other comprehensive income for the year	196,251,915	1,139,676,071
Total comprehensive income for the year	1,230,387,376	2,123,080,965

The annexed notes from 1 to 48 form an integral part of these financial statements.

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	2,065,911,822	4,289,293,449
Long term loans, deposits and prepayments		(3,443,443)	(30,523,950)
Finance cost paid		(608,730,648)	(690,218,120)
Staff retirement benefits - gratuity paid		(70,265,970)	(56,872,161)
Taxes paid		(535,151,591)	(396,340,282)
		(1,217,591,652)	(1,173,954,513)
Net cash generated from operating activities		848,320,170	3,115,338,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,400,124,483)	(2,912,110,956)
Purchase of intangible assets		(6,540,743)	-
Investment in associates and subsidiaries		(1,623,362,500)	(637,568,800)
Investment others		(2,952,333,763)	(760,418,871)
Proceeds from disposal of property, plant and equipment		25,967,752	34,108,669
Proceeds from sale of investments		593,391,167	461,556,434
Dividend received		388,327,367	334,155,654
Rental income received		15,991,008	14,952,720
Net cash used in investing activities		(4,958,684,195)	(3,465,325,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		1,518,294,302	(849,131,062)
Proceeds from long term financing		3,258,043,000	1,745,893,016
Repayment of long term financing		(503,049,068)	(369,205,417)
Dividend paid		(202,065,081)	(183,423,905)
Net cash generated from financing activities		4,071,223,153	344,132,632
Net decrease in cash and cash equivalents		(39,140,872)	(5,853,582)
Cash and cash equivalents at the beginning of the year		88,107,437	93,961,019
Cash and cash equivalents at the end of the year		48,966,565	88,107,437
Cash and cash equivalents			
Cash and bank balances		50,080,021	97,713,627
Book overdrafts - unsecured		(1,113,456)	(9,606,190)
Cash and cash equivalents at the end of the year		48,966,565	88,107,437

The annexed notes from 1 to 48 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended June 30, 2015

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 Karachi 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

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of The Companies Ordinance, 1984 and the requirements of the said directives shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

2.3 Functional and presentation currency

These financial statements 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 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stock in trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 23.2 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and

Notes to the Financial Statements

For the year ended June 30, 2015

information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgement (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Trade debts and other receivables

The Company's management reviews its trade debtors on a continuous basis to identify receivables where collection of an amount is no longer probable. These estimates are based on historical experience and are subject to changes in conditions at the time of actual recovery.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2014:

IAS 32, 'Financial Instruments: Presentation' (effective for the periods beginning on or after January 1, 2014). These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relates to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the financial statements of the Company.

Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Company's financial statements.

Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

4.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Notes to the Financial Statements

For the year ended June 30, 2015

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the profit and loss account.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements is allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

5.2 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of land and buildings. The company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets.

5.3 Intangible assets

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to profit and loss account on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

5.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investment in subsidiary and associated companies

Investments in subsidiaries and associates are recognized at cost less impairment loss, if any. At each balance sheet date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Notes to the Financial Statements

For the year ended June 30, 2015

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales are recognized on the trade date which is the date that the company commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.5 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to balance sheet date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

5.6 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

Provision for obsolete and slow moving stock in trade is determined based on management estimate regarding their future usability.

5.7 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

5.9 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.10 Employee benefits

Compensated absences

The company accounts for all accumulated compensated absences in the period in which absences accrue.

Defined benefits plans

The company operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. The amount arising as a result of remeasurements are recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Notes to the Financial Statements

For the year ended June 30, 2015

The liability recognized in the balance sheet in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

Defined Contribution Plan

There is an approved contributory provident fund for staff for which contributions are charged to income for the year.

The Company and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary in the case of management staff, and 8.33% of basic salary and cost of living allowance in case of non-management staff. The assets of the fund are held separately under the control of trustees.

5.11 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.12 Taxation

Current year

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regards, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the each reporting date.

5.13 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.15 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.16 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

Notes to the Financial Statements

For the year ended June 30, 2015

The grants are disclosed as a deduction from the related expense.

5.17 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commencing.

5.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.19 Impairment

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account.

5.20 Financial instruments

Financial assets

5.20.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Company has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

5.20.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'. 'Financial assets carried at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the profit and loss account when the Company's right to receive payments is established.

Notes to the Financial Statements

For the year ended June 30, 2015

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.20.3 Measurement

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the profit and loss account in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the profit and loss account.

5.20.4 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the profit and loss account.

5.20.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

5.20.6 Derivative financial instruments

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

5.20.7 Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the obliging instrument/ contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

Notes to the Financial Statements

For the year ended June 30, 2015

5.21 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.22 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

6	PROPERTY, PLANT AND EQUIPMENT	Note	2015	2014
			----- Rupees -----	-----
	Operating fixed assets	6.1	8,291,545,469	5,994,977,274
	Capital work-in-progress	6.6	459,664,109	2,085,956,425
			<u>8,751,209,578</u>	<u>8,080,933,699</u>

Notes to the Financial Statements

For the year ended June 30, 2015

6.1 Operating fixed assets

	2015																	
	On Free - hold						On lease - hold						Total					
	Free - hold	Lease - hold	Factory building	Office building	Labour, staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment		Mills equipment	Furniture & fixture	Vehicles		
At July 01, 2014	131,707,145	88,339,977	1,250,952,297	324,401,348	184,200,855	262,858,830	38,109,815	55,599,696	8,134,866,205	338,392,912	5,162,435	44,675,630	35,790,337	37,674,781	48,952,135	29,223,318	219,694,778	11,230,303,694
Accumulated depreciation	-	-	(612,481,888)	(104,514,311)	(15,772,098)	(160,175,348)	(17,318,402)	(33,037,540)	(3,985,743,673)	(86,434,609)	(1,123,638)	(16,603,739)	(19,765,858)	(25,117,518)	(27,615,954)	(12,686,535)	(106,915,099)	(5,235,326,420)
Net book value	131,707,145	88,339,977	638,471,409	219,887,037	168,428,657	102,683,482	20,791,413	22,562,156	4,148,822,532	241,958,303	4,038,797	28,072,891	16,004,479	12,557,263	21,336,171	16,536,783	112,779,579	5,994,977,274
Year ended June 30, 2015	79,150,000	-	459,665,987	58,635,110	-	4,214,478	-	-	2,170,066,839	118,551,900	1,326,799	7,631,798	12,135,093	1,786,900	30,472,071	1,336,810	69,359,414	3,026,416,799
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	(83,642,222)	(12,384,916)	(8,421,433)	(10,619,888)	(1,385,364)	(4,512,431)	(510,885,608)	(31,218,125)	(464,963)	(3,078,807)	(6,715,885)	(1,283,276)	(3,419,895)	(1,989,605)	(30,323,167)	(710,106,217)
Closing net book value - 2015	210,857,145	88,339,977	1,014,515,174	266,137,229	160,007,224	96,282,072	19,426,049	18,049,725	5,798,543,816	329,291,878	4,900,613	32,625,082	21,128,599	13,060,487	48,368,347	27,963,888	142,027,964	8,291,545,469
As at June 30, 2015	210,857,145	88,339,977	1,710,639,284	363,036,458	184,200,855	267,077,308	38,109,815	55,599,696	10,237,026,472	456,944,712	6,489,234	50,307,628	47,297,960	39,461,281	79,424,206	42,620,128	259,079,682	14,158,511,861
Accumulated depreciation	-	-	(696,124,110)	(116,899,229)	(24,193,531)	(170,795,230)	(18,883,766)	(37,549,971)	(4,438,882,656)	(127,652,734)	(1,988,621)	(19,652,546)	(26,169,341)	(25,400,794)	(31,035,859)	(14,636,140)	(117,051,718)	(5,866,966,392)
Net book value - 2015	210,857,145	88,339,977	1,014,515,174	266,137,229	160,007,224	96,282,072	19,426,049	18,049,725	5,798,543,816	329,291,878	4,900,613	32,625,082	21,128,599	13,060,487	48,368,347	27,963,888	142,027,964	8,291,545,469
Depreciation rate % per annum	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2014																	
	On Free - hold						On lease - hold						Total					
	Free - hold	Lease - hold	Factory building	Office building	Labour, staff colony and others	Leased building improvements	Plant & machinery	Electric installations	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment		Mills equipment	Furniture & fixtures	Vehicles		
At July 01, 2013	99,685,845	61,485,175	1,149,507,214	261,941,308	184,200,855	232,239,984	38,109,815	50,064,636	7,390,722,133	318,224,644	2,206,250	44,288,601	27,421,902	36,411,662	48,727,135	26,197,479	202,162,490	10,173,606,128
Accumulated depreciation	-	-	(544,460,563)	(84,024,089)	(6,907,523)	(149,333,107)	(15,981,177)	(28,569,721)	(3,665,262,783)	(71,100,649)	(12,208)	(13,515,636)	(14,768,085)	(23,803,841)	(25,344,382)	(11,068,953)	(92,176,124)	(4,175,129,261)
Net book value	99,685,845	61,485,175	605,026,651	167,917,228	177,293,332	82,906,877	22,228,638	21,694,915	3,725,469,350	247,123,995	1,464,042	30,772,965	12,653,897	12,607,721	23,382,753	15,149,126	109,986,366	5,416,477,667
Year ended June 30, 2014	32,021,300	26,844,802	101,446,083	62,460,040	-	30,619,846	-	5,535,060	855,204,111	20,168,268	2,856,185	387,229	8,368,435	1,263,119	300,000	3,025,639	32,114,558	1,182,714,875
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	(88,001,325)	(10,980,231)	(8,864,866)	(10,842,241)	(1,437,225)	(4,667,819)	(411,940,530)	(25,333,960)	(381,430)	(3,088,103)	(5,017,853)	(1,313,577)	(2,343,122)	(1,638,182)	(24,472,193)	(579,432,457)
Closing net book value - 2014	131,707,145	88,339,977	638,471,409	219,887,037	168,428,657	102,683,482	20,791,413	22,562,156	4,148,822,532	241,958,303	4,038,797	28,072,891	16,004,479	12,557,263	21,336,171	16,536,783	112,779,579	5,994,977,274
As at June 30, 2014	131,707,145	88,339,977	1,250,952,297	324,401,348	184,200,855	262,858,830	38,109,815	55,599,696	8,134,866,205	338,392,912	5,162,435	44,675,630	35,790,337	37,674,781	48,952,135	29,223,318	219,694,778	11,230,303,694
Accumulated depreciation	-	-	(612,481,888)	(104,514,311)	(15,772,098)	(160,175,348)	(17,318,402)	(33,037,540)	(3,985,743,673)	(86,434,609)	(1,123,638)	(16,603,739)	(19,765,858)	(25,117,518)	(27,615,954)	(12,686,535)	(106,915,099)	(5,235,326,420)
Net book value - 2014	131,707,145	88,339,977	638,471,409	219,887,037	168,428,657	102,683,482	20,791,413	22,562,156	4,148,822,532	241,958,303	4,038,797	28,072,891	16,004,479	12,557,263	21,336,171	16,536,783	112,779,579	5,994,977,274

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
6.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales and services	31	689,425,013	559,980,231
Administrative expenses	33	20,681,204	19,452,226
		710,106,217	579,432,457

6.3 Particulars of disposal of operating fixed assets during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of disposal	Particulars of Buyers
Rupees						
Plant and Machinery						
Combers	4,974,924	4,692,304	282,620	450,000	Negotiation	Abdul Hafeez, Faisalabad.
Uni Lap	1,658,308	1,561,041	97,267	150,000	--- do ---	Abdul Hafeez, Faisalabad.
Ring frames	2,627,041	2,271,428	355,613	847,458	--- do ---	Abdul Hafeez, Faisalabad.
Simples frame	2,958,383	2,652,942	305,441	600,000	--- do ---	Zain International, Lahore.
Gas Generator	14,470,770	12,054,367	2,416,403	854,701	--- do ---	Encon Power Engineering, Karachi.
Sketcher	1,000,000	698,974	301,026	427,350	--- do ---	Pakistan Spinning Mills, Faisalabad
Step Cleaner	241,873	235,420	6,453	42,735	--- do ---	Pakistan Spinning Mills, Faisalabad
Comber	1,992,543	1,893,405	99,138	85,470	--- do ---	Famous Textile Mills (Pvt) Ltd., Kotri
Mach Coner	4,645,000	4,327,978	317,022	341,880	--- do ---	Famous Textile Mills (Pvt) Ltd., Kotri
Draw Frames	3,956,044	3,540,298	415,746	363,196	--- do ---	Shafqat Ali, Faisalabad.
Draw Frames	4,606,330	4,238,010	368,320	544,794	--- do ---	Shafqat Ali, Faisalabad.
Draw Frames	500,000	32,917	467,083	363,196	--- do ---	Shafqat Ali, Faisalabad.
Auto Mach Cone	4,623,022	4,276,656	346,366	600,000	--- do ---	Muhammad Adnan Razzaq, Faisalabad.
Air Jet Looms	15,368,708	11,845,015	3,523,693	3,900,000	--- do ---	Hantex, Karachi.
Diesel Engine	3,983,726	3,625,870	357,856	847,458	--- do ---	Javaid Iqbal, Lahore.
	67,606,672	57,946,625	9,660,047	10,418,238		
Computers						
Laptops	492,033	306,304	185,729	196,389	As per Company Policy	Various Employees
Laptop	135,417	26,068	109,349	110,773	As per Company Policy	Employee - Adnan Saeed, Lahore
	627,450	332,372	295,078	307,162		
Vehicles						
Honda Civic	1,368,020	1,104,715	263,305	600,000	Negotiation	Mubashar Fareed, Karachi
Suzuki Alto	662,000	417,358	244,642	330,000	--- do ---	Muhammad Ali, Karachi
Toyota Camry	3,860,104	2,377,824	1,482,280	1,600,000	--- do ---	Khurram Imtiaz, Lahore
Daihatsu Cuore	669,000	467,594	201,406	350,000	--- do ---	Malik Nadeem, Lahore
Honda Civic	1,842,000	1,253,503	588,497	800,000	--- do ---	Rameez Sheryar Hussain, Lahore
Toyota Corolla	1,169,000	1,089,441	79,559	700,000	--- do ---	Robert Cotton Association, Khanewal
Honda Civic	1,686,000	1,177,269	508,731	700,000	--- do ---	Asad Ijaz Minhas, Rawalpindi
Suzuki Alto	593,000	410,561	182,439	350,000	--- do ---	Arif Qureshi, Karachi
Honda Civic	1,769,000	1,204,430	564,570	800,000	--- do ---	Muhammad Rashid Malik, Karachi
Honda Civic	1,506,000	1,256,669	249,331	650,000	--- do ---	Muhammad Shehzad Dadabhai, Kotri
Suzuki Cultus	896,000	565,061	330,939	750,000	--- do ---	Javaid Sarwar, Karachi
Suzuki Mehran	544,000	396,937	147,063	200,000	--- do ---	Muhammad Atiq sheikh, Karachi
Honda City	835,000	744,502	90,498	400,000	--- do ---	Deeba Shahbaz, Lahore
Toyota Corolla	1,869,500	543,401	1,326,099	1,375,000	--- do ---	Muhammad Ali, Lahore
Honda Civic	1,793,000	1,263,203	529,797	800,000	--- do ---	Umar Dawood, Lahore
Honda City	1,340,000	765,218	574,782	800,000	--- do ---	Muhammad Adnan Razzaq, Lahore
Suzuki Swift	1,096,000	534,848	561,152	900,000	Insurance claim	Adamjee Insurance Company Ltd, Karachi.
Honda City	1,449,380	826,649	622,731	800,000	Negotiation	Muhammad Awais Kamal, Lahore
Daihatsu Cuore	679,265	492,235	187,030	250,000	--- do ---	Muhammad Wasim, Lahore
Daihatsu Cuore	788,090	473,695	314,395	400,000	--- do ---	Kashif Ali, Lahore
Honda City	1,081,360	790,998	290,362	400,000	--- do ---	Muhammad Imran, Lahore
Daihatsu Cuore	593,622	442,330	151,292	350,000	--- do ---	Syed Waqas Hussain Shah, Kasur
Daihatsu Cuore	593,922	436,499	157,423	350,000	--- do ---	Falak Sher, Sheikhpura
Suzuki Cultus	677,100	563,068	114,032	400,000	--- do ---	Hasan Amir Mirza, Lahore
Vehicles having book value of less than Rs.50,000 each	614,147	589,240	24,907	412,000	--- do ---	Various parties
	29,974,510	20,187,248	9,787,262	15,467,000		
	98,208,632	78,466,245	19,742,387	26,192,400		

Notes to the Financial Statements

For the year ended June 30, 2015

6.4 Additions to plant & machinery include borrowing cost aggregating Rs.99.189 million; the borrowing rates range from 6.50% to 10.93% per annum.

6.5 During the year finishing and printing unit has been capitalized which commenced commercial production from January 01, 2015.

	2015	2014
	----- Rupees -----	
6.6 Capital work-in-progress		
Civil works and buildings	292,115,607	529,638,866
Plant and machinery	154,746,763	1,440,917,314
Electric installations	7,102,670	84,901,000
Fire fighting equipment	2,106,000	1,580,220
Electric equipments	894,246	-
Mills equipments	968,730	17,490,163
Furniture & fixtures	1,730,093	3,343,460
Un-allocated expenditure	-	8,085,402
	<u>459,664,109</u>	<u>2,085,956,425</u>

7 INVESTMENT PROPERTY

	Land		Building on	Total
	Leasehold	Freehold	Leasehold land	
	----- Rupees -----			
Net carrying value as at July 01, 2014				
Opening net book value (NBV)	121,160,317	31,750,000	10,363,089	163,273,406
Depreciation charged	-	-	(1,036,309)	(1,036,309)
Balance as at June 30, 2015 (NBV)	<u>121,160,317</u>	<u>31,750,000</u>	<u>9,326,780</u>	<u>162,237,097</u>
Gross carrying value as at June 30, 2015				
Cost	121,160,317	31,750,000	19,999,980	172,910,297
Accumulated depreciation	-	-	(10,673,200)	(10,673,200)
Net book value - June 30, 2015	<u>121,160,317</u>	<u>31,750,000</u>	<u>9,326,780</u>	<u>162,237,097</u>
Net carrying value as at July 01, 2013				
Opening net book value (NBV)	121,160,317	31,750,000	11,514,543	164,424,860
Depreciation charged	-	-	(1,151,454)	(1,151,454)
Balance as at June 30, 2014 (NBV)	<u>121,160,317</u>	<u>31,750,000</u>	<u>10,363,089</u>	<u>163,273,406</u>
Depreciation rate % per annum	<u>-</u>	<u>-</u>	<u>10</u>	

7.1 The investment property includes company's 50% share valuing Rs.141,160,297 represents cost of jointly controlled leasehold land measuring 8,888.88 square yards with building thereon located at sector 23, Korangi Industrial Area, Korangi Township, Karachi, registered jointly in the name of Company and Sapphire Fibres Limited (related party).

7.2 In the opinion of the Directors the market value of investment property as on June 30, 2015 is not materially different from the book value.

	Note	2015	2014
		----- Rupees -----	
7.3 The depreciation charge for the year has been allocated as follows:			
Other operating expenses	34	<u>1,036,309</u>	<u>1,151,454</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 -----
8 INTANGIBLE ASSETS			
(Computer software)			
Net carrying value as at July 01, 2014			
Net book value as at July 01, 2014		3,189,494	5,572,830
Addition during the year		6,540,743	-
Amortization		(2,215,366)	(2,383,336)
Net book value as at June 30, 2015		<u>7,514,871</u>	<u>3,189,494</u>
Gross carrying value as at June 30, 2015			
Cost		24,492,360	17,951,617
Accumulated amortization		(16,977,489)	(14,762,123)
Net book value as at June 30, 2015		<u>7,514,871</u>	<u>3,189,494</u>
Amortization rate % per annum		<u>20</u>	<u>20</u>
8.1 Amortization charge for the year has been allocated as follows:			
Other operating expenses	34	<u>2,215,366</u>	<u>2,383,336</u>
9 LONG TERM INVESTMENTS			
Related parties - at cost:			
Subsidiaries - unlisted	9.1	2,757,168,000	691,617,300
Associates - listed	9.4	8,461,851	8,461,851
Associates - unlisted	9.5	467,514,425	467,514,425
		475,976,276	475,976,276
Other companies - Available for sale	9.6	6,590,303,811	4,178,698,287
		<u>9,823,448,087</u>	<u>5,346,291,863</u>

All investments have a face value of Rs. 10 per share unless stated otherwise.

Notes to the Financial Statements

For the year ended June 30, 2015

	2015	2014	Name of Company	2015	2014
	Number of Shares			----- Rupees -----	
9.1	Investments in subsidiary companies - unlisted				
9.2	198,322,130	68,052,130	Sapphire Wind Power Company Limited (SWPCL) Equity Interest Held 70% Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs.9.59 (2014: Rs.9) per share.	1,983,221,300	680,521,300
	10,000	10,000	Sapphire Tech (Private) Limited Equity Interest Held 100% Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs. 0.432 (2014: Rs.4.73) per share.	100,000	100,000
	1,000	1,000	Sapphire Solar (Private) Limited Equity Interest Held 100% Less: Impairment charged during the year Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs.Nil (2014: Rs. 597.42) per share.	10,000 (10,000)	10,000 -
				-	10,000
	20,000,000	1,000,000	Sapphire Retail Limited Equity Interest Held 100% Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs.8.76 (2014: Rs.9.4) per share. Share deposit money	200,000,000 50,000,000	10,000,000 -
				250,000,000	10,000,000
9.3	490,000	-	Tricon Boston Consulting Corporation (Private) Limited Equity Interest Held 100%(Face value of Rs.100 per share) Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs.89.78 per share.	522,860,700	-
	200	200	Sapphire Home Inc. - USA Equity Interest Held 100%(200 shares of US\$ 50 per share) Break up value on the basis of un-audited accounts for the year ended June 30, 2015 Rs.14,854 (2014: Rs.19,416) per share.	986,000	986,000
				2,757,168,000	691,617,300
9.2	The Company has pledged 198,322,130 (2014:68,052,130) shares of SWPCL with Overseas Private Investment Corporation as security for debt finance arrangement of USD \$ 95 million for the wind energy project of SWPCL.				
9.3	During the year, the Company has acquired 100% shares of Tricon Boston Consulting Corporation (Private) Limited against purchase consideration of US \$ 5,028,200 (equivalent PKR 508,860,700). Tricon Boston Consulting Corporation (Private) Limited is engaged in the business of energy projects and incorporated under the laws of Pakistan and has licence to establish and operate wind energy project. The Company has paid US \$ 650,000 (equivalent PKR 66,662,500) to the shareholders of Tricon Boston Consulting Corporation (Private) Limited and balance consideration i.e. US \$ 4,378,200 is payable after financial close of the wind energy project.				

Notes to the Financial Statements

For the year ended June 30, 2015

	2015	2014	Name of Company	2015	2014
	Number of Shares			----- Rupees -----	
9.4	Investments in associates - listed				
	313,295	313,295	Reliance Cotton Spinning Mills Limited	8,461,851	8,461,851
			Equity Interest Held 3.04%		
			Fair value of the ordinary shares as at June 30, 2015 amounted to Rs.29.096 million (2014: Rs.27.225 million).		
	<hr/>				
	2015	2014	Name of Company	2015	2014
	Number of Shares			----- Rupees -----	
9.5	Investments in associates - unlisted				
	4,234,500	4,234,500	Sapphire Power Generation Limited	113,705,500	113,705,500
			Equity Interest Held 26.43%		
			Break up value on the basis of un-audited accounts for the year ended June 30, 2015 Rs.85.14 (2014: Rs.69.73) per share.		
	6,000,000	6,000,000	Sapphire Electric Company Limited	60,000,000	60,000,000
			Equity Interest Held 1.42%		
			Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs. 18.88 (2014: Rs.15.54) per share.		
	10,000	10,000	Sapphire Holding Limited	100,000	100,000
			Equity Interest Held 0.05%		
			Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs. 34.47 (2014: Rs.26.55) per share.		
	23,500,000	23,500,000	Sapphire Dairies (Private) Limited	235,000,000	235,000,000
			Equity Interest Held 22.38%		
			Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs. 9.86 (2014: Rs.9.94) per share.		
	3,675	3,675	Creadore A/S Denmark	58,708,925	58,708,925
			3,675 shares of Danish Krone (DKK) 1000 per share		
			Equity Interest Held 49%		
			Break up value on the basis of audited accounts for the year ended April 30, 2015 DKK 1,186.64 (2014: DKK 953.89) equivalent to Rs.18,061 (2014: Rs.17,294) per share.		
				467,514,425	467,514,425
9.6	Other companies - Available for sale				
	Quoted				
	13,320,940	13,580,540	MCB Bank Limited	714,545,120	728,470,245
			Add: Adjustment arising from measurement at fair value	2,603,967,453	3,364,079,806
				3,318,512,573	4,092,550,051
	14,806,614	-	Habib Bank Limited	2,597,809,355	-
			Add: Adjustment arising from measurement at fair value	587,833,647	-
				3,185,643,002	-
	Unquoted				
	7,055,985	7,055,985	Novelty Enterprises (Pvt) Limited	86,148,236	86,148,236
				6,590,303,811	4,178,698,287

Notes to the Financial Statements

For the year ended June 30, 2015

- 9.7 The Company has pledged 900,000 shares of MCB and 700,000 shares of HUBCO with Bank Alfalah Limited (related party) on behalf of SWPCL (subsidiary company) as security for issue of bank guarantee of US \$ 1,732,500 in favour of National Transmission and Despatch Company Limited.
- 9.8 The Company has pledged 3.4 million (2014:9.4 million) shares of MCB with financial institution as security for issue of irrevocable standby letter of credit in favour of a financial institution of US \$ 5.626 million (2014:US \$ 18.550 million) for equity injection in SWPCL in accordance with Shareholders Contribution Agreement.
- 9.9 The Company has pledged 4,650,000 million shares of MCB, 13,064,444 million shares of HUBCO and 11,500,000 shares of Habib Bank Limited with financial institutions for arrangement of finance facilities.

	Note	2015	2014
		----- Rupees -----	
10 LONG TERM LOANS AND ADVANCES			
Loan to employees - unsecured (considered good)			
Executives	10.3	76,076,358	87,539,265
Other employees		18,562,180	17,814,751
		<u>94,638,538</u>	<u>105,354,016</u>
Current portion of loans shown under current assets	15	36,436,141	34,448,510
		<u>58,202,397</u>	<u>70,905,506</u>

- 10.1 All the loans are granted to the employees, free of interest in accordance with their terms of employment.
- 10.2 Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.87,364,521 (2014: Rs.89,358,817).

10.3 Movement in loans to executives

Balance at the beginning of the year	87,539,265	50,389,866
Amount disbursed during the year	14,346,595	59,671,312
	<u>101,885,860</u>	<u>110,061,178</u>
Amount recovered during the year	25,809,502	22,521,913
Balance at the end of the year	<u>76,076,358</u>	<u>87,539,265</u>

11 LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits			
- WAPDA		74,948,446	57,148,446
- SNGPL		1,097,000	1,097,000
- PTCL		179,843	179,843
- Others	11.1	1,450,979	2,406,795
		<u>77,676,268</u>	<u>60,832,084</u>
Prepayments		406,952	1,104,584
		<u>78,083,220</u>	<u>61,936,668</u>

- 11.1 It includes an amount of Rs.36,000 (2014: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.

12 STORES, SPARES AND LOOSE TOOLS

Stores		156,569,206	145,620,043
Spares - in hand		154,241,025	141,991,427
Spares - in transit		22,295,451	4,237,225
		<u>176,536,476</u>	<u>146,228,652</u>
Loose tools		288,083	265,383
		<u>333,393,765</u>	<u>292,114,078</u>
Provision for slow moving stores, spares and loose tools	12.1	(23,435,755)	(21,899,800)
		<u>309,958,010</u>	<u>270,214,278</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 -----
12.1 Provision for slow moving stores, spares and loose tools			
Balance at the beginning of the year		21,899,800	21,078,419
Provision made during the year	34	1,535,955	821,381
Balance at the end of the year		<u>23,435,755</u>	<u>21,899,800</u>
13 STOCK IN TRADE			
Raw material - in hand	31.1	2,866,870,863	2,618,242,324
Raw material - in transit		<u>197,429,070</u>	<u>67,556,714</u>
		3,064,299,933	2,685,799,038
Work in process	31	302,862,009	299,835,103
Finished goods		<u>573,756,178</u>	<u>769,317,241</u>
Waste		<u>28,416,843</u>	<u>21,271,018</u>
	31	602,173,021	790,588,259
		<u>3,969,334,963</u>	<u>3,776,222,400</u>
13.1			
Stock in trade as at June 30, 2015 include items valued at Net Realizable Value (NRV) as follows. The write down to NRV amounting Rs.142.209 million (2014: Rs. 340.892 million) has been recognized in cost of goods sold and the disclosure is in accordance with the requirements of IAS 2.			
Cost			
Raw material		1,164,642,142	2,259,462,454
Work in process		-	159,029,078
Finished goods		136,818,020	420,455,376
		<u>1,301,460,162</u>	<u>2,838,946,908</u>
Net Realizable value			
Raw material		1,051,469,715	1,976,116,188
Work in process		-	149,411,445
Finished goods		107,781,546	372,526,843
		<u>1,159,251,261</u>	<u>2,498,054,476</u>
14 TRADE DEBTS			
Foreign debts - against export			
Secured - considered good		583,738,991	459,979,710
Secured - considered doubtful		-	3,878,456
Provision for doubtful debts	14.4	-	(3,878,456)
		583,738,991	459,979,710
Unsecured - considered good			
Domestic debts	14.1 & 14.2	698,746,418	736,550,000
Waste		12,333,813	20,908,352
Others		<u>2,861,611</u>	<u>6,985,773</u>
		713,941,842	764,444,125
Unsecured - considered doubtful			
Provision for doubtful debts	14.4	107,388,408	164,351,988
		<u>(107,388,408)</u>	<u>(164,351,988)</u>
		713,941,842	764,444,125
		<u>1,297,680,833</u>	<u>1,224,423,835</u>
14.1			
Domestic debts include amount of Rs.67,084,719 (2014: Rs.57,426,390) receivable against indirect export sales.			

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 -----
14.2 Trade debts include the following amounts due from related parties:			
Domestic debts			
Diamond Fabrics Limited		3,857,045	1,617
Sapphire Fibres Limited		95,340	1,286,369
Sapphire Finishing Mills Limited		43,489,444	21,773,476
Reliance Cotton Spinning Mills Limited		40,555	-
Sapphire Retail Limited		86,071,463	-
		<u>133,553,847</u>	<u>23,061,462</u>
14.3 The aging of trade debts receivable from related parties as at balance sheet date are as under:			
0 - 30 days		133,496,948	23,060,595
31 - 60 days		56,899	867
		<u>133,553,847</u>	<u>23,061,462</u>
14.4 Provision for doubtful debts			
Balance at the beginning of the year		168,230,444	160,559,770
Provision made during the year	34	-	12,000,000
Bad debts written-off during the year		(60,842,036)	(4,329,326)
		<u>107,388,408</u>	<u>168,230,444</u>
15 LOANS AND ADVANCES			
Considered good			
Advances - unsecured			
- to suppliers		52,661,962	76,779,474
- to contractors		-	511,314
- to excise and taxation	15.1	70,056,823	58,141,001
- to others		5,353,080	18,593,413
		<u>128,071,865</u>	<u>154,025,202</u>
Current portion of long term loans			
- due from executives		22,503,744	22,624,064
- due from other employees		13,932,397	11,824,446
	10	<u>36,436,141</u>	<u>34,448,510</u>
Short term loans to employees		3,457,255	3,307,983
		<u>167,965,261</u>	<u>191,781,695</u>
15.1 This represents 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee (refer to note 25.5).			
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		1,091,445	1,166,445
Prepayments	16.1	14,047,873	12,388,616
		<u>15,139,318</u>	<u>13,555,061</u>
16.1 It includes an amount of Rs.1.633 million paid against rent to Yousuf Agencies (Private) Limited - related party.			
17 OTHER RECEIVABLES			
Claims receivable from insurance companies		918,213	3,120
Receivable from related parties against shared expenses	17.1	-	4,696,352
Export rebate receivable		61,773,695	46,531,684
Receivable against sales of fixed assets		-	872,285
Dividend receivable		53,283,760	944,550
Receivable from Tricon Boston Consulting Corporation (Private) Limited (subsidiary)		30,000,000	-
Unrealized gain on measurement of forward foreign currency contracts		-	1,003,061
		<u>145,975,668</u>	<u>54,051,052</u>

Notes to the Financial Statements

For the year ended June 30, 2015

22	LONG TERM FINANCING	Note	2015	2014
			----- Rupees -----	
	Loans from banking companies - secured			
	Allied Bank Limited	22.1	50,000,000	75,000,000
	Allied Bank Limited	22.2	50,000,000	75,000,000
	Allied Bank Limited	22.3	50,000,000	75,000,000
	Allied Bank Limited	22.4	50,000,000	75,000,000
	Allied Bank Limited	22.5	89,484,089	122,023,757
	Allied Bank Limited	22.6	50,000,000	75,000,000
	Allied Bank Limited	22.7	65,034,200	74,324,800
	Allied Bank Limited	22.8	19,189,249	19,189,249
	Allied Bank Limited	22.9	80,207,685	80,207,685
	Allied Bank Limited	22.10	100,506,746	100,506,746
	Allied Bank Limited	22.11	197,064,000	197,064,000
	Allied Bank Limited	22.12	202,297,536	202,297,536
	Allied Bank Limited	22.13	87,500,000	100,000,000
	Allied Bank Limited	22.14	93,750,000	100,000,000
	Allied Bank Limited	22.15	1,000,000,000	-
	Allied Bank Limited	22.16	115,000,000	-
	Bank Alfalah Limited - Related Party	22.17	170,000,000	170,000,000
	Bank Alfalah Limited - Related Party	22.18	75,000,000	75,000,000
	Bank Al Habib Limited	22.19	1,000,000,000	-
	Bank Al Habib Limited	22.20	58,043,000	-
	Faysal Bank Limited	22.21	36,000,000	-
	Faysal Bank Limited	22.22	49,000,000	-
	Habib Bank Limited	22.23	1,000,000,000	-
	Habib Bank Limited	22.24	-	8,334,300
	Habib Bank Limited	22.25	2,369,000	8,620,000
	Habib Bank Limited	22.26	9,375,000	21,875,000
	Habib Bank Limited	22.27	65,625,000	103,125,000
	Habib Bank Limited	22.28	28,780,000	28,780,000
	Habib Bank Limited	22.29	30,484,000	30,484,000
	Habib Bank Limited	22.30	18,243,000	18,243,000
	Habib Bank Limited	22.31	20,358,000	20,358,000
	Habib Bank Limited	22.32	44,749,000	44,749,000
	Habib Bank Limited	22.33	168,288,000	168,288,000
	Habib Bank Limited	22.34	76,731,000	76,731,000
	Habib Bank Limited	22.35	4,300,000	4,300,000
	Habib Bank Limited	22.36	34,670,000	34,670,000
	Habib Bank Limited	22.37	65,700,000	65,700,000
	MCB Bank Limited	22.38	-	6,594,000
	Meezan Bank Limited	22.39	130,500,000	174,000,000
	Samba Bank Limited	22.40	1,875,000	9,375,000
	Standard Chartered Bank Pakistan Limited	22.41	105,000,000	135,000,000
	United Bank Limited	22.42	-	30,978,000
	United Bank Limited	22.43	-	105,048,000
	United Bank Limited	22.44	7,263,500	14,527,000
	United Bank Limited	22.45	-	22,000,000
			5,502,387,005	2,747,393,073
	Less: Current portion shown under current liabilities		(489,359,511)	(394,749,068)
			5,013,027,494	2,352,644,005

Notes to the Financial Statements

For the year ended June 30, 2015

	Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment
22.1	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.75%	8 Quarterly	Jun 2017
22.2	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.75%	8 Quarterly	Mar 2017
22.3	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	8 Quarterly	May 2017
22.4	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.122 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	8 Quarterly	Apr 2017
22.5	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.158 million on the specific plant & machinery of the Company.	8.90%	11 Quarterly	Mar 2018
22.6	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	8 Quarterly	May 2017
22.7	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the Company.	8.90%	14 Quarterly	Oct 2018
22.8	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.24 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Nov 2020
22.9	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.96 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Nov 2020
22.10	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.119 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Dec 2020
22.11	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.233 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Dec 2020
22.12	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.239 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Jan 2021
22.13	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	14 Quarterly	Oct 2018
22.14	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	15 Quarterly	Jan 2019
22.15	ABL- LTL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Apr 2025
22.16	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs. 136 million on the specific plant & machinery of the Company.	6.50%	20 Quarterly	Jul 2021
22.17	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	16 Quarterly	Apr 2019

Notes to the Financial Statements

For the year ended June 30, 2015

	Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment
22.18	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	16 Quarterly	Apr 2019
22.19	BAHL - TFL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Feb 2025
22.20	BAHL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.71 million on the specific plant & machinery of the Company.	5.50%	32 Quarterly	Jun 2025
22.21	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No6 of the Company.	6.50%	24 Quarterly	Jan 2022
22.22	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Company.	5.00%	24 Quarterly	Feb 2022
22.23	HBL - TFL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.25 %	4 Quarterly	Apr 2017
22.24	HBL - LTF-EOP	The term loan is secured against hypothecation of plant and machinery at Unit No. 6 of the Company.	7%	Payment during the year	Sep 2014
22.25	HBL - LTF-EOP	The loan is secured against first specific hypothecation charge on plant and machinery of Rs. 53.2 million of Unit No. 5 of the Company.	7%	1 Semi-annually	Dec 2015
22.26	HBL-Non-LTFF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company.	3 Months KIBOR plus 1.50%	3 Quarterly	Jan 2016
22.27	HBL-Non-LTFF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company.	3 Months KIBOR plus 150 bps	7 Quarterly	Jan 2017
22.28 to 22.36	HBL - LTFF	The loan is secured against exclusive hypothecation charge of Rs. 687 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Apr 2021
22.37	HBL - LTFF	The loan is secured against exclusive hypothecation charge of Rs. 687 million on the specific plant & machinery of the Company.	8.90%	20 Quarterly	Feb 2021
22.38	MCB - LTFF	The loan is secured against 1st registered hypothecation charge for Rs. 54 million over present & future plant & machinery of Unit No.1 of the Company.	9.7%	Payment during the year	Jan 2015
22.39	MBL Diminishing Musharka	The loan is secured against exclusive charge over specific plant and machinery of amounting Rs.174 million of Unit No. 6 of the Company.	3 Months KIBOR plus 0.50 %	12 Quarterly	May 2018
22.40	SAMBA - Non-LTF	The term loan is secured against exclusive hypothecation charge over plant and machinery at Unit No. 4 of the Company.	3 Months KIBOR plus 1.50 %	1 Quarterly	Jul 2015
22.41	SCB - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.25%	14 Quarterly	Dec 2017
22.42	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs.185 million on imported machinery of Unit No.6 of the Company. Initially loan was payable in 20 Quarterly installments. The company has paid the loan before maturity.	10.20%	Payment during the year	Apr 2015

Notes to the Financial Statements

For the year ended June 30, 2015

Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment	
22.43	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs.375 million on imported machinery of Unit No.6 of the Company. Initially loan was payable in 20 Quarterly installments. The company has paid the loan before maturity.	10.20%	Payment during the year	Jun 2015
22.44	UBL - LTL	The loan is secured against first exclusive hypothecation charge of Rs.200 million over plant and machinery of Unit No.5 of the Company.	3 Months KIBOR plus 1.5%	4 Quarterly	Jun 2016
22.45	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs. 375 million over plant and machinery of Unit No.6 of the Company. Initially loan was payable in 20 Quarterly installments. The company has paid the loan before maturity.	9.40%	Payment during the year	Apr 2015
23	DEFERRED LIABILITIES	Note	2015	2014	
	Deferred taxation	23.1	200,107,678	183,330,183	
	Staff retirement benefits - gratuity	23.2	272,019,736	229,504,703	
			472,127,414	412,834,886	
23.1	Deferred taxation				
	Deferred tax credits / (debits) arising in respect of:				
	Taxable temporary differences (deferred tax liabilities)				
	Accelerated tax depreciation allowances		223,337,205	203,671,740	
	Deductible temporary differences (deferred tax assets)				
	Staff retirement benefits - gratuity		(15,676,497)	(14,344,503)	
	Provision for repair and maintenance (Generator overhauling)		(6,202,427)	(4,628,273)	
	Provision for stores, spares and loose tools		(1,350,603)	(1,368,781)	
			(23,229,527)	(20,341,557)	
			200,107,678	183,330,183	
23.1.1	In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.				
23.2	Staff retirement benefits				
	Movement in the net liability recognized in the Balance sheet				
	Opening net liability		229,504,703	191,731,749	
	Expense for the year in profit and loss account	23.2.1	96,793,797	84,811,832	
	Remeasurement recognized in other comprehensive income		16,363,523	9,833,283	
			342,662,023	286,376,864	
	Benefits paid during the year		(70,265,970)	(56,872,161)	
	Benefits due but not paid		(376,317)	-	
	Closing net liability		272,019,736	229,504,703	

Notes to the Financial Statements

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	
23.2.1 Expense recognized in the profit and loss account		
Current service cost	71,064,475	64,679,998
Interest cost	25,729,322	20,131,834
	<u>96,793,797</u>	<u>84,811,832</u>
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation	229,504,703	191,731,749
Current service cost	71,064,475	64,679,998
Interest cost	25,729,322	20,131,834
Actuarial loss	16,363,523	9,833,283
Benefits paid	(70,265,970)	(56,872,161)
Benefits due but not paid	(376,317)	-
	<u>272,019,736</u>	<u>229,504,703</u>

Historical information	2015	2014	2013	2012	2011
	----- RUPEES -----				
Present value of defined benefit obligation	272,019,736	229,504,703	191,731,749	146,055,958	131,743,627
Experience adjustments on plan liabilities	(16,363,523)	(9,833,283)	(18,461,246)	14,383,827	(8,172,015)

Expected gratuity expenses charged to profit and loss for the year ending June 30, 2016 works out Rs.113,500,759.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation:

	2015	2014
	%	
Discount rate	9.75	13.25
Expected rate of increase in salary	8.75	12.25

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	----- Rupees in 000 -----	
Discount rate	257,851	288,165
Increase in future salaries	289,069	256,758

24	LONG TERM PAYABLE	Note	2015	2014
			----- Rupees -----	
	Gross payable		442,198,200	-
	Deferred notional income	24.2	(10,566,721)	-
			<u>431,631,479</u>	<u>-</u>

24.1 Long term payable represent amortized value of balance consideration payable amounting to US \$ 4,378,200 payable to Ex-shareholders of Tricon Boston Consulting Corporation (Private) Limited. The Company has also issued a corporate guarantee of amounting US\$ 4,378,200. Also refer to note 9.3.

24.2 This represents the difference between amortized cost and face value of interest free long term payable (as explained in note 9.3) payable to Ex-Shareholders of Tricon Boston Consulting Corporation (Private) Limited. Amortized cost has been determined using effective interest rate of 2.86% per annum being the weighted average rate applicable to the Company for borrowings in US\$. Movement of the deferred notional income is as follows:

Notes to the Financial Statements

For the year ended June 30, 2015

		2015	2014
		----- Rupees -----	-----
Deferred notional income	Note		
Opening balance		-	-
Unwinding income		18,320,390	-
Unwinding cost of long term liability		(4,815,902)	-
Exchange loss on revaluation of foreign currency		(2,937,767)	-
		<u>10,566,721</u>	<u>-</u>
25 TRADE AND OTHER PAYABLES			
Creditors	25.1	250,502,365	274,596,158
Accrued liabilities	25.2	1,246,501,529	873,887,314
Advances from customers	25.3	433,941,129	543,843,294
Workers' profit participation fund	25.4	59,705,075	62,615,970
Workers' welfare fund		152,003,146	127,954,270
Sindh development and maintenance infrastructure fee	25.5	167,661,261	143,508,042
Unclaimed dividend		886,820	2,120,501
Tax deducted at source		30,716	9,017
Unrealized loss on measurement of forward foreign currency contracts		2,647,824	-
Others		2,783,966	7,611,905
		<u>2,316,663,831</u>	<u>2,036,146,471</u>
25.1 These balances include the following amounts due to related parties:			
Amer Cotton Mills (Private) Limited		1,760,385	54,156
Diamond Fabrics Limited		931,164	190,500
Reliance Cotton Spinning Mills Limited		604,012	2,605,979
Sapphire Fibres Limited		18,542,538	25,494,175
Sapphire Finishing Mills Limited		161,544	33,309
Sapphire Retail Limited		215,782	-
		<u>22,215,425</u>	<u>28,378,119</u>
25.2 These balances include the following amounts due to related parties:			
Sapphire Power Generation Limited		1,880,596	30,705,631
25.3 These balances include the following amounts received from related parties:			
Creadore A/S Denmark		121,333,941	166,196,240
25.4 Workers' profit participation fund			
Balance at the beginning of the year		62,615,970	124,669,920
Allocation for the year	34	59,705,075	62,615,970
Interest on funds utilized in the Company's business	36	2,454,852	34,429,392
		<u>62,159,927</u>	<u>97,045,362</u>
		124,775,897	221,715,282
Less: Payments during the year		(65,070,822)	(159,099,312)
Balance at the end of the year		<u>59,705,075</u>	<u>62,615,970</u>
25.5			
The Company had filed a suit against levy of Infrastructure fee, decision of the Honourable Sindh High Court dated 17 September 2008 in which the imposition of levy of infrastructure cess before 28 December 2006 had been declared as void and invalid. However, the Excise and Taxation Department had filed an appeal before the Honourable Supreme Court of Pakistan against the order of the Honourable Sindh High Court. During the financial year ended June 30, 2011, the Honourable Supreme Court of Pakistan had disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into existence which was not the subject matter of the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. On May 31, 2011, the High Court of Sindh had granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of fifth version of the law and its retrospective application the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner. In the light of interim relief the Company has paid 50% of the amount of Infrastructure cess payable from December 27, 2006 to May 31, 2011. Subsequent imports of the Company be released against 50% payment of Infrastructure cess to Excise and Taxation Department and furnishing of bank guarantee of balance amount. However the full amount of Infrastructure Cess form component of cost of imported items and provision recorded in books. Bank guarantees amounting to Rs.74.823 million (2014: Rs.59.823 million) have been provided to the department.			

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 -----
26 ACCRUED INTEREST / MARK-UP			
Accrued interest / mark-up on secured:			
- long term financing		94,831,842	48,901,138
- short term borrowings		55,035,723	52,081,251
		<u>149,867,565</u>	<u>100,982,389</u>
26.1	Accrued mark-up includes amounting Rs.5,925,548 (2014: Rs. 447,218) due to Bank Alfalah Limited - related party.		
27 SHORT TERM BORROWINGS			
Short term loans		3,492,721,764	2,608,844,552
Running finance under mark-up arrangements		1,224,379,298	582,983,093
		<u>4,717,101,062</u>	<u>3,191,827,645</u>
Book overdrafts	27.2	1,113,456	9,606,190
		<u>4,718,214,518</u>	<u>3,201,433,835</u>
27.1	Aggregate facilities amounting to Rs.15,745 million (2014: Rs.15,820 million) were available to the Company from banking companies. These are secured against hypothecation charge on stock in trade, book debts and export bills under collection. These carry mark up ranging from 2.33% to 3% (2014: 0.77% to 2.33%) on foreign currency loans and 5.25% to 8.454% (2014:8.65% to 11.94%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.103.718 million (2014: Rs.147.201 million) due to Bank Alfalah Limited (related party).		
27.2	This represents cheques issued by the Company in excess of balance at banks which remained unrepresented till June 30, 2015.		
28 PROVISION FOR TAXATION			
Balance at the beginning of the year		211,144,456	196,524,344
Provision made for current year - net		126,476,067	164,987,408
		<u>337,620,523</u>	<u>361,511,752</u>
Less: Adjusted advance tax during the year against completed assessments		(210,878,827)	(150,367,296)
		<u>126,741,696</u>	<u>211,144,456</u>
29 CONTINGENCIES AND COMMITMENTS			
Contingencies			
29.1	Guarantees issued by banks on behalf of the Company	267,051,368	252,587,385
29.2	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 June 30, 2015 the value of these cheques amounted to Rs.110.835 million (2014: Rs.91.311 million)		
29.3	The Company had filed a suit No.204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the Company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		
29.4	The Company had filed a petition against Mohammad Farooq Textile Mills Limited for recovery of Rs. 9.135 million under section 305 of Companies Ordinance, 1984 in the Honourable Sindh High Court, Sindh, praying that the honourable court may be pleased to pass the orders regarding winding up the liquidation of the Company, to appoint provisional manager or official liquidator, to restrain the officers of the Company from disposing of the assets of the Company till final adjudication, to grant any other relief deemed to be appropriate and to grant cost.		
29.5	The Company had filed a suit No. RA 233 of 2011 against Indus Steel Pipe Factory (Pvt) Limited before the Honourable Sindh High Court, Sindh to review the decision regarding dispute of title of land, as a result the court has issued order to remand the case for deciding the controversy strictly in accordance with law after considering the report of the revenue authorities which has been placed on record and after deciding the objection of either parties. Currently the case is pending in the Honourable Court of District Judge Jamshoro, Kotri.		
29.6	The financial institution has issued a guarantee of amounting Rs.45 million in favour of Excise and Taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed asset of the Company.		
29.7	Also refer to content of note 9.7 to 9.9.		

Notes to the Financial Statements

For the year ended June 30, 2015

		2015		2014				
		----- Rupees -----						
29.8	Commitments							
	Confirmed letter of credit in respect of:							
	- plant and machinery	89,386,896		38,845,624				
	- raw material	140,306,178		35,234,533				
	- stores and spares	36,685,999		9,083,376				
		266,379,073		83,163,533				
30	SALES AND SERVICES - NET							
		Export Sales		Local Sales		Total		
	Note	2015	2014	2015	2014	2015	2014	
		Rupees						
	Yarn	30.1	10,313,844,025	12,220,006,954	2,630,095,167	2,975,846,655	12,943,939,192	15,195,853,609
	Fabric	30.2	5,624,293,526	6,247,568,452	1,335,021,942	1,238,695,907	6,959,315,468	7,486,264,359
	Home textile products		3,003,523,987	2,514,217,798	9,975,342	13,103,426	3,013,499,329	2,527,321,224
	Raw material		90,404,916	29,972,989	12,824,791	28,872,321	103,229,707	58,845,310
	Waste	30.3	64,172,661	97,050,349	164,435,945	194,178,538	228,608,606	291,228,887
	Processing income		-	-	183,112,477	13,567,745	183,112,477	13,567,745
			19,096,239,115	21,108,816,542	4,335,465,664	4,464,264,592	23,431,704,779	25,573,081,134
	Export rebate						36,546,116	27,724,535
	Duty drawback	30.5					17,687,702	836,455
	Less: Sales tax						(170,601,977)	(190,340,371)
							23,315,336,620	25,411,301,753
30.1	Export sales - Yarn							
	Direct export	8,101,474,038		8,813,797,482				
	In-direct export	2,212,369,987		3,406,209,472				
		10,313,844,025		12,220,006,954				
30.2	Export sales - Fabric							
	Direct export	4,800,772,780		4,931,674,994				
	In-direct export	823,520,746		1,315,893,458				
		5,624,293,526		6,247,568,452				
30.3	Waste sales includes comber noil sales Rs.63,456,238 (2014:Rs.96,730,959).							
30.4	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.117.857 million (2014: Rs.217.939 million) has been included in export sales.							
30.5	The duty drawback has been given by Ministry of Textile Industries from government of Pakistan vide S.R.O 3(1)TID/09-P-I Dated 1st September 2009 in order to encourage the exporters.							

Notes to the Financial Statements

For the year ended June 30, 2015

31	COST OF SALES AND SERVICES	Note	2015	2014
			----- Rupees -----	
	Raw material consumed	31.1	13,584,420,756	16,705,749,011
	Cost of raw material sold	31.2	97,167,098	69,096,361
	Packing material consumed		351,275,470	321,577,764
	Stores and spares consumed		815,519,294	574,247,609
	Salaries, wages and benefits	31.3 & 31.4	1,850,668,301	1,582,756,255
	Fuel, power and water		2,257,406,709	1,898,687,269
	Other manufacturing expenses	31.5	619,713,299	572,537,140
	Repair and maintenance		123,893,768	73,196,324
	Vehicle running expenses		28,696,523	30,860,366
	Travelling and conveyance		24,163,721	21,090,664
	Insurance expenses		41,517,496	57,328,865
	Rent, rates and taxes		6,876,307	5,429,311
	Fees and subscription		5,050,498	6,583,198
	Communication expenses		11,823,703	9,369,890
	Printing and stationery		1,906,823	2,129,692
	Legal and professional charges		7,113,077	7,205,323
	Depreciation	6.2	689,425,013	559,980,231
	Miscellaneous expenses		5,575,596	4,638,504
			<u>20,522,213,452</u>	<u>22,502,463,777</u>
	Work in process			
	Opening stock		299,835,103	347,731,791
	Closing stock	13	(302,862,009)	(299,835,103)
			<u>(3,026,906)</u>	<u>47,896,688</u>
	Cost of goods manufactured		<u>20,519,186,546</u>	<u>22,550,360,465</u>
	Finished goods			
	Opening stock		790,588,259	863,499,963
	Closing stock	13	(602,173,021)	(790,588,259)
			<u>20,707,601,784</u>	<u>22,623,272,169</u>
31.1	Raw material consumed			
	Opening balance		2,618,242,324	3,687,487,096
	Purchases		13,833,049,295	15,636,504,239
			<u>16,451,291,619</u>	<u>19,323,991,335</u>
	Closing stock	13	(2,866,870,863)	(2,618,242,324)
			<u>13,584,420,756</u>	<u>16,705,749,011</u>
31.2	It includes Salaries, wages & benefits, Insurance and Finance cost amounting Rs.859,611 (2014: Rs.611,472), Rs.1,719,224 (2014: Rs.1,222,944) and Rs.8,596,118 (2014: Rs.6,114,722) respectively.			
31.3	Salaries, wages and benefits include Rs.96,417,397 (2014:Rs.84,811,832) in respect of post employment benefits - gratuity.			
31.4	Salaries, wages and benefits include Rs.5,406,992 (2014:Rs.4,540,855) in respect of provident fund contribution.			
31.5	Other manufacturing expenses			
	Cotton dyeing, bleaching and bale pressing charges		130,037,876	173,745,316
	Yarn dyeing and bleaching charges		53,900,499	51,586,537
	Fabric dyeing, bleaching, knitting and processing charges		242,506,388	275,012,205
	Yarn doubling charges		60,591,625	4,146,303
	Stitching, spinning and other charges		68,422,427	54,213,613
	Designer and embroidery charges		64,254,484	13,833,166
			<u>619,713,299</u>	<u>572,537,140</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
32 DISTRIBUTION COST			
On export sales			
Export development surcharge		41,039,707	45,292,115
Insurance		8,653,959	9,803,710
Commission		223,808,188	275,731,633
Ocean freight and forwarding		365,925,238	342,106,569
		639,427,092	672,934,027
On local sales			
Inland freight and handling		35,284,630	40,651,502
Commission		22,546,999	37,119,949
		57,831,629	77,771,451
Other distribution cost			
Salaries and benefits	32.1	92,990,622	82,045,704
Rent and utilities		4,830,987	5,995,453
Communication		12,082,878	11,639,695
Travelling, conveyance and entertainment		59,218,570	60,044,440
Repair and maintenance		1,280,419	1,623,895
Fees and subscription		1,917,926	1,986,040
Samples and advertising		20,563,269	16,425,130
Exhibition expenses		29,701,343	9,605,233
Printing and stationery		1,699,509	1,554,555
Others		400,528	1,106,871
		224,686,051	192,027,016
		921,944,772	942,732,494
32.1			
Salaries and benefits include Rs.4,056,378 (2014:Rs.3,490,575) in respect of provident fund contribution.			
33 ADMINISTRATIVE EXPENSES			
Directors' remuneration		22,800,000	22,800,000
Directors' meeting fee		300,000	50,000
Salaries and benefits	33.1	134,329,294	107,483,063
Rent, rates and utilities		11,571,167	9,506,209
Communication		6,917,435	5,802,788
Printing and stationery		2,428,647	2,687,400
Travelling, conveyance and entertainment		36,099,365	21,498,263
Motor vehicle expenses		11,961,705	10,971,306
Repair and maintenance		6,280,891	8,113,042
Insurance expense		1,635,750	1,550,764
Legal and professional charges		24,208,619	18,435,336
Fees and subscription		5,653,976	2,769,990
Computer expenses		8,892,085	6,690,928
Advertisement		818,013	156,720
Depreciation	6.2	20,681,204	19,452,226
Others		707,158	1,549,040
		295,285,309	239,517,075
33.1			
Salaries and benefits include Rs.5,389,112 (2014:Rs.4,434,415) in respect of provident fund contribution.			

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 -----
34 OTHER OPERATING EXPENSES			
Workers' profit participation fund	25.4	59,705,075	62,615,970
Workers' welfare fund		24,048,876	25,922,613
Auditors' remuneration	34.1	2,793,234	2,738,224
Donations	34.2	23,376,040	19,021,089
Depreciation on investment property	7.3	1,036,309	1,151,454
Amortization of intangible asset	8.1	2,215,366	2,383,336
Provision for doubtful debts	14.4	-	12,000,000
Provision for stores, spares and loose tools	12.1	1,535,955	821,381
Impairment loss on subsidiary company		10,000	-
Exchange loss on foreign currency accounts		4,152,455	-
Exchange loss on remeasurement of long term liability		2,937,767	-
Realized loss on measurement of derivative financial instruments - net		-	3,782,819
		<u>121,811,077</u>	<u>130,436,886</u>
34.1 Auditors' remuneration			
Audit fee		1,467,450	1,397,550
Half yearly review fee		403,000	366,025
Code of corporate governance review fee		85,850	85,850
Other certification / services		823,184	875,049
Out of pocket expenses		13,750	13,750
		<u>2,793,234</u>	<u>2,738,224</u>
34.2 Donations include the following in which a director is interested:			
Name of director	Interest in donee	Name and address of donee	
Mr. Mohammad Abdullah	Director	Abdullah Foundation	<u>20,200,000</u>
Mr. Shahid Abdullah	Director	312, Cotton Exchange Building,	<u>17,050,000</u>
Mr. Yousuf Abdullah	Director	I.I. Chundrigar Road, Karachi.	
Mr. Nadeem Abdullah	Director		
Mr. Amer Abdullah	Director		
Mr. Mohammad Abdullah	Trustee	Jamal-ud-din Fatima Charitable Trust	<u>600,000</u>
Mr. Shahid Abdullah	Trustee	149, Cotton Exchange Building,	<u>600,000</u>
Mr. Nadeem Abdullah	Trustee	I.I. Chundrigar Road, Karachi.	

Notes to the Financial Statements

For the year ended June 30, 2015

35	OTHER INCOME	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
	Income from financial assets			
	Dividend income:			
	- from other companies		431,189,727	315,729,328
	- from associated companies	35.1	9,476,850	18,636,226
	Gain on sale of investments		68,047,373	106,427,221
	Profit on saving account		1,526,249	104,006
	Reversal of impairment of investment in an associated company		-	18,117,134
	Exchange gain on foreign currency accounts		-	1,381,617
	Unwinding income	24	18,320,390	-
	Income from non-financial assets			
	Gain on sale of property, plant and equipment - net		6,225,365	9,325,658
	Rental income		15,991,008	14,952,720
	Custom duty written back		-	3,262,068
	Credit balances written back		1,970,556	2,447,929
	Realized gain on measurement of derivative financial instruments - net		4,359,543	-
	Scrap sales [Net of sales tax aggregating Rs.3.924 million (2014: Rs.3.787 million)]		22,005,023	20,249,381
			<u>579,112,084</u>	<u>510,633,288</u>
35.1	Dividend income from associated companies			
	Sapphire Electric Company Limited		9,000,000	18,000,000
	Reliance Cotton Spinning Mills Limited	35.2	475,038	635,354
	Sapphire Fibres Limited	35.3	1,812	725
	SFL Limited		-	147
			<u>9,476,850</u>	<u>18,636,226</u>
35.2	Sapphire Textile Mills Limited distributed shares of Reliance Cotton Spinning Mills Limited as Stock dividend @ 4.50% for the year ended June 30, 2008. The dividend of amounting Rs.5,096 (2014: Rs.8,764) representing number of shares 3,397 (2014: 4,382) which were not transferred by shareholders at that time.			
35.3	Sapphire Textile Mills Limited distributed shares of Sapphire Fibres Limited as Stock dividend @ 10% for the year ended September 30, 1991. This amount represents dividend of 145 shares which were not transferred by shareholders at that time.			
36	FINANCE COST	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
	Interest / mark-up on :			
	- short term finances		273,061,148	393,100,507
	- long term loans		259,755,572	146,369,091
	- workers' profit participation fund	25.4	2,454,852	34,429,392
	Bank charges, commission and others charges		122,344,252	149,108,954
	Unwinding cost of long term liability		4,815,902	-
	Exchange loss / (gain) on foreign currency loans		6,979,115	(7,239,559)
			<u>669,410,841</u>	<u>715,768,385</u>
36.1	Finance cost includes amounting Rs. 33,468,281 (2014: Rs.5,623,687) charged by Bank Alfalah Limited (related party) on borrowings obtained.			
37	TAXATION			
	Current			
	- for the year		126,741,696	211,144,456
	- prior year		(265,629)	(46,157,048)
	Deferred		17,783,393	121,815,730
			<u>144,259,460</u>	<u>286,803,138</u>
37.1	Relationship between taxation expense and accounting profit			
	Profit before taxation		1,178,394,921	1,270,208,032
	Tax at the applicable rate of 33% (2014: 34%)		388,870,324	431,870,731
	Tax effect of income taxed at a lower rate		(54,415,023)	(12,405,725)
	Reduction in rate		(5,555,460)	(2,484,788)
	Prior year tax effect		(265,629)	(46,157,048)
	Tax credit effect		(184,374,752)	(84,020,032)
			<u>144,259,460</u>	<u>286,803,138</u>

Notes to the Financial Statements

For the year ended June 30, 2015

37.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year. The Board of Directors in their meeting held on September 28, 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 46) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2015.

		2015	2014
38 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year	Rupees	<u>1,034,135,461</u>	<u>983,404,894</u>
Weighted average number of ordinary shares	Number	<u>20,083,140</u>	<u>20,083,140</u>
Earnings per share - basic and diluted	Rupees	<u>51.49</u>	<u>48.97</u>

38.1 There is no dilutive effect on basic earnings per share.

		2015	2014
39 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,178,394,921	1,270,208,032
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		710,106,217	579,432,457
Depreciation on investment property		1,036,309	1,151,454
Gain on sale of investments		(68,047,373)	(106,427,221)
Amortization of intangible assets		2,215,366	2,383,336
Gain on sale of property, plant and equipment		(6,225,365)	(9,325,658)
Dividend income - others		(431,189,727)	(315,729,328)
Dividend income - associates		(9,476,850)	(18,636,226)
Provision for gratuity		96,793,797	84,811,832
Provision for doubtful debts		-	12,000,000
Custom duty written back		-	(3,262,068)
Credit balances written back		(1,970,556)	(2,447,929)
Provision for stock in trade, stores, spares and loose tools		(197,147,576)	341,713,813
Reversal of impairment on investment in an associated company		-	(18,117,134)
Impairment loss on subsidiary company		10,000	-
Unwinding up of long term payable		(18,320,390)	-
Amortization of unwinding up of liability		4,815,902	-
Exchange differences		9,916,882	(7,239,559)
Finance cost		657,615,824	723,007,944
Rental income		(15,991,008)	(14,952,720)
		<u>734,141,452</u>	<u>1,248,362,993</u>
Operating cash flow before changes in working capital		<u>1,912,536,373</u>	<u>2,518,571,025</u>
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools		(41,279,687)	(42,126,820)
Stock-in-trade		5,570,968	790,931,843
Trade debts		(73,256,998)	474,075,954
Loans and advances		23,816,434	(16,773,878)
Trade deposits and short term prepayments		(1,584,257)	(6,908,088)
Other receivables		(40,588,467)	23,879,882
		<u>(127,322,007)</u>	<u>1,223,078,893</u>
Increase in current liabilities			
Trade and other payables		<u>280,697,456</u>	<u>547,643,531</u>
		<u>2,065,911,822</u>	<u>4,289,293,449</u>

Notes to the Financial Statements

For the year ended June 30, 2015

40 RELATED PARTY DISCLOSURES

The related parties comprise associated companies (due to common directorship), wholly owned subsidiaries, directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements and remuneration of key management personnel is disclosed in note 43. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Nature of transaction	Relationship with the Company	2015	2014
		----- Rupees -----	
<u>Sales, services provided, rental income and reimbursement of expenses</u>			
Amer Cotton Mills (Private) Limited	Related party	1,450,575	134,928
Creadore A/S, Denmark	Associate	496,640,031	426,011,024
Diamond Fabrics Limited	Related party	212,798,324	94,947,019
Reliance Cotton Spinning Mills Limited	Associate	4,905,844	2,380,537
Sapphire Fibres Limited	Related party	1,754,337	3,345,522
Sapphire Finishing Mills Limited	Related party	421,971,206	311,763,076
Sapphire Retail Limited	Subsidiary	354,841,270	-
		<u>1,494,361,587</u>	<u>838,582,106</u>
<u>Donations</u>			
Abdullah Foundation	Related party	20,200,000	17,050,000
Jamal-ud-din Fatima Charitable Trust	Related party	600,000	600,000
		<u>20,800,000</u>	<u>17,650,000</u>
<u>Rent and other expenses</u>			
Yousuf Agencies (Private) Limited	Related party	<u>3,297,849</u>	<u>2,855,172</u>
<u>Purchases, services received, mark-up and reimbursement of expenses</u>			
Amer Cotton Mills (Private) Limited	Related party	5,040,044	4,569,264
Bank Alfalah Limited	Related party	33,468,281	5,401,253
Diamond Fabrics Limited	Related party	3,029,700	1,493,415
Reliance Cotton Spinning Mills Limited	Associate	101,849,454	127,182,302
Sapphire Fibres Limited	Related party	224,262,695	483,444,640
Sapphire Finishing Mills Limited	Related party	867,231	3,916,042
Sapphire Power Generation Limited	Associate	399,661,028	256,050,294
Sapphire Retail Limited	Subsidiary	210,725	-
		<u>768,389,158</u>	<u>882,057,210</u>
<u>Expenses charged by</u>			
Sapphire Fibres Limited	Related party	2,698,642	1,286,061
Amer Cotton Mills (Private) Limited	Related party	4,244,290	35,970
Diamond Fabrics Limited	Related party	1,379,124	-
		<u>8,322,056</u>	<u>1,322,031</u>
<u>Contribution to provident fund</u>			
Sapphire Textile Mills Limited - Employees Provident Fund	Retirement benefit fund	14,852,482	12,465,845
<u>Expenses charged to</u>			
Amer Cotton Mills (Private) Limited	Related party	7,073,354	736,311
Diamond Fabrics Limited	Related party	3,007,502	912,619
Reliance Cotton Spinning Mills Limited	Associate	3,270,853	3,310,383
Sapphire Dairies (Private) Limited	Associate	60,391	13,441
Sapphire Electric Company Limited	Associate	9,926	2,542
Sapphire Fibres Limited	Related party	15,807,326	1,887,740
Sapphire Finishing Mills Limited	Related party	4,510,071	3,154,841
Sapphire Power Generation Limited	Associate	74,065	13,441
Sapphire Wind Power Company Limited	Subsidiary	17,392,387	13,124,004
		<u>51,205,875</u>	<u>23,155,322</u>

Notes to the Financial Statements

For the year ended June 30, 2015

Nature of transaction	Relationship with the Company	2015	2014
		----- Rupees -----	
<u>Purchase of property, plant and equipment</u>			
Neelum Textile Mills (Private) Limited	Related party	-	500,000
<u>Long term and short term loans obtained</u>			
Bank Alfalah Limited	Related party	536,545,000	530,737,000
<u>Share deposit money</u>			
Sapphire Wind Power Company Limited	Subsidiary	1,302,700,000	533,501,300
Sapphire Solar (Private) Ltd	Subsidiary	-	10,000
Sapphire Tech (Private) Ltd	Subsidiary	-	100,000
Sapphire Retail Limited	Subsidiary	240,000,000	10,000,000
Sapphire Power Generation Limited	Associate	-	93,957,500
Tricon Boston Consulting Corporate (Pvt.) Limited	Subsidiary	44,000,000	-
		1,586,700,000	637,568,800
<u>Shares received</u>			
Sapphire Wind Power Company Limited	Subsidiary	1,302,700,000	580,521,300
Sapphire Solar (Private) Ltd	Subsidiary	-	10,000
Sapphire Tech (Private) Ltd	Subsidiary	-	100,000
Sapphire Retail Limited	Subsidiary	190,000,000	10,000,000
Sapphire Power Generation Limited	Associate	-	93,957,500
Tricon Boston Consulting Corporate (Pvt.) Limited	Subsidiary	44,000,000	-
		1,536,700,000	684,588,800
<u>Dividend paid</u>			
Amer Tex (Pvt.) Ltd.	Related party	11,305,680	10,065,312
Galaxy Agencies (Pvt.) Ltd.	Related party	5,046,110	4,541,499
Nadeem Enterprises (Pvt.) Ltd.	Related party	5,862,420	5,276,178
Neelum Textile Mills (Pvt.) Ltd.	Related party	4,190,940	2,585,196
Reliance Cotton Spinning Mills Ltd.	Associate	1,002,230	902,007
Sapphire Agencies (Pvt.) Ltd.	Related party	22,382,680	20,144,412
Sapphire Holding Limited	Associate	2,646,380	2,381,742
Sapphire Power Generation Ltd.	Associate	725,420	2,552,778
		53,161,860	48,449,124
<u>Dividend received</u>			
Reliance Cotton Spinning Mills Limited	Associate	475,038	635,354
Sapphire Fibres Limited	Related party	1,812	725
SFL Limited	Related party	-	147
Sapphire Electric Company Limited	Associate	9,000,000	18,000,000
		9,476,850	18,636,226
41 NUMBER OF EMPLOYEES		2015	2014
Number of employees at June 30			
- Permanent		6,210	5,621
- Contractual		430	77
Average number of employees during the year			
- Permanent		5,924	5,708
- Contractual		225	75

Notes to the Financial Statements

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	-----
42 PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Total number of spindles installed	129,652	126,931
Average number of spindles worked	122,996	122,933
Total number of rotors installed	3,120	3,120
Average number of rotors worked	3,034	3,065
Number of shifts worked per day	3	3
Total days worked	360	360
Installed capacity after conversion into 20/s lbs.	108,152,115	106,010,603
Actual production after conversion into 20/s lbs	95,970,161	90,973,529
Weaving		
Total number of looms installed	293	299
Average number of looms worked	293	299
Number of shifts worked per day	3	3
Total days worked	360	360
Installed capacity at 50 picks per inch of fabric square meters	98,560,313	100,456,657
Actual production converted at 50 picks per inch of fabric square meters	104,313,033	103,829,499
Finishing and Printing		
Production capacity metres	21,600,000	-
Actual production metres	9,831,493	-
Home Textile Product		
The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.		
43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		
Chief Executive		
Remuneration	8,040,000	8,040,000
Rent and utilities	3,960,000	3,960,000
	<u>12,000,000</u>	<u>12,000,000</u>
Number of person	<u>1</u>	<u>1</u>
Directors		
Remuneration	7,220,000	7,220,000
Rent and utilities	3,580,000	3,580,000
	<u>10,800,000</u>	<u>10,800,000</u>
Number of persons	<u>2</u>	<u>2</u>
Meeting fee		
Number of persons	<u>300,000</u>	<u>50,000</u>
	<u>1</u>	<u>1</u>
Executives		
Managerial remuneration	137,219,719	115,520,694
House rent	64,234,654	54,241,760
Cost of living allowance	117,202	77,000
Bonus	18,997,570	17,257,387
Medical	3,216,583	2,704,538
Utilities	8,421,522	6,750,905
Leave encashment and other benefits	7,620,211	12,732,882
	<u>239,827,461</u>	<u>209,285,166</u>
Number of persons	<u>115</u>	<u>98</u>
Number of executives provided with the Company maintained cars	<u>100</u>	<u>91</u>

The Chief Executive and two Directors were also provided with cars maintained by the Company and telephones at residence.

Notes to the Financial Statements

For the year ended June 30, 2015

44	PROVIDENT FUND RELATED DISCLOSURES	2015	2014
		----- Rupees '000 -----	-----
44.1	The following information is based on audited financial statements of the Fund as at June 30, 2015		
	Size of the fund - Total assets	135,239	108,033
	Cost of investments made	111,100	100,600
	Fair value of investments	131,173	107,832
	Percentage of Investments made	97%	99%
44.2	The break-up of fair value of investments is as follows:		
		2015	2014
		-----	-----
		Percentage	Rupees '000
	National Saving Schemes	100%	100%
		-----	-----
		131,173	107,832
44.3	The investments out of provident fund have made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.		
45	FINANCIAL INSTRUMENTS		
	The Company has exposures to the following risks from its use of financial instruments:		
45.1	- Credit risk		
45.2	- Liquidity risk		
45.3	- Market risk		
	The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.		
45.1	Credit risk		
45.1.1	Exposure to credit risk		
	Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.10,246.699 million (2014:Rs.7,484.370 million), financial assets which are subject to credit risk aggregate to Rs.10,196.619 million (2014:Rs.7,386.656 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.		
		2015	2014
		-----	-----
		Rupees	-----
	Long term investments	6,590,303,811	4,178,698,287
	Long term deposits	77,676,268	60,832,084
	Trade debts	1,297,680,833	1,224,423,835
	Trade deposits and short term prepayments	1,091,445	1,166,445
	Other receivables	84,201,973	6,516,307
	Short term investments	2,145,664,201	1,915,019,331
	Cash and bank balances	50,080,021	97,713,627
		-----	-----
		10,246,698,552	7,484,369,916
45.1.2	The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows.		
	Domestic	713,941,842	764,444,125
	Export	583,738,991	459,979,710
		-----	-----
		1,297,680,833	1,224,423,835
	The majority of export debts of the Company are situated in Asia, Europe, Australia and North America.		
45.1.3	The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:		
	Yarn	766,473,352	681,186,671
	Fabric	329,892,556	457,146,810
	Home textile product	93,371,058	57,793,985
	Waste	12,333,813	20,908,352
	Processing services	91,896,169	402,244
	Others	3,713,885	6,985,773
		-----	-----
		1,297,680,833	1,224,423,835

Notes to the Financial Statements

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	
45.1.4 The aging of trade debts at the reporting date is as follows:		
Not past due	993,238,643	736,596,588
Past due 0 - 30 days	268,558,480	327,318,721
Past due 31 - 60 days	12,268,162	33,736,048
Past due 61 - 90 days	9,594,293	12,008,594
Past due 91 - 1 year	9,024,625	87,359,083
More than one year	4,996,630	27,404,801
	1,297,680,833	1,224,423,835

Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good. The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

45.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2 0 1 5				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	5,502,387,005	6,945,476,996	896,003,207	4,569,228,764	1,480,245,025
Trade and other payables	1,560,379,755	1,560,379,755	1,560,379,755	-	-
Accrued interest / mark-up	149,867,565	149,867,565	149,867,565	-	-
Short term borrowings	4,717,101,062	4,879,646,207	4,879,646,207	-	-
	11,929,735,387	13,535,370,523	7,485,896,734	4,569,228,764	1,480,245,025
	2 0 1 4				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	2,747,393,073	3,679,836,224	655,785,483	2,651,159,738	372,891,003
Trade and other payables	1,220,831,848	1,220,831,848	1,220,831,848	-	-
Accrued interest / mark-up	100,982,389	100,982,389	100,982,389	-	-
Short term borrowings	3,191,827,645	3,299,730,898	3,299,730,898	-	-
	7,261,034,955	8,301,381,359	5,277,330,618	2,651,159,738	372,891,003

45.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

45.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

45.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Company's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2 0 1 5				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(583,738,991)	(5,347,330)	(378,846)	-	-
Bank balances	(9,636,200)	(13,704)	(72,601)	-	-
Gross Balance sheet exposure	(593,375,191)	(5,361,034)	(451,447)	-	-
Outstanding letters of credit	266,379,073	1,904,272	333,448	2,652,618	297,031
Forward exchange contracts	570,401,219	801,143	4,320,000	-	-
Net Exposures	243,405,101	(2,655,619)	4,202,001	2,652,618	297,031
	2 0 1 4				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(459,979,710)	(4,276,633)	(286,267)	-	-
Bank balances	(37,904,126)	(22,361)	(265,510)	-	-
Gross Balance sheet exposure	(497,883,836)	(4,298,994)	(551,777)	-	-
Outstanding letters of credit	83,163,533	396,749	326,464	-	-
Forward exchange contracts	207,828,439	-	1,550,000	-	-
Net Exposures	(206,891,864)	(3,902,245)	1,324,687	-	-

Notes to the Financial Statements

For the year ended June 30, 2015

The following significant exchange rates have been applied:

	Reporting date rate	
	2015	2014
US \$ to Rupees	101.5 / 101.7	98.55 / 98.75
Euro to Rupees	113.57 / 113.79	134.46 / 134.73

Sensitivity analysis

10 percent strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Equity	Profit & loss
	Rupees	
As at June 30, 2015		
Effect in US Dollar	-	(54,414,495)
Effect in Euro	-	(5,127,084)
As at June 30, 2014		
Effect in US Dollar	-	(42,366,586)
Effect in Euro	-	(7,419,194)

10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

45.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	Effective rate		Carrying Amount	
	2015	2014	2015	2014
----- Rupees -----				
Fixed rate instruments				
Financial liabilities				
Long term financing	5% to 8.9%	7.00% to 10.20%	1,506,498,505	1,469,491,073
Short term borrowings				
- foreign currency loan	3%	-	26,173,595	-
- local currency loan	5.25%	8.65%	800,000,000	800,000,000
Variable rate instruments				
Financial liabilities				
Long term financing	7.26% to 8.51%	10.42% to 11.67%	3,995,888,500	1,277,902,000
Short term borrowings				
- foreign currency loan	2.33% to 2.44%	0.77% to 2.23%	71,050,945	1,350,715,606
- local currency loan	6.98% to 8.45%	8.65% to 11.94%	3,819,876,522	1,041,112,039

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit and loss 100 bps	
	Increase	Decrease
----- Rupees -----		
As at June 30, 2015		
Cash flow sensitivity - variable rate instruments	78,868,160	(78,868,160)
As at June 30, 2014		
Cash flow sensitivity - variable rate instruments	36,697,296	(36,697,296)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

45.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the company diversify its portfolio and continuously monitor developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the balance sheet date would have increased / decreased the Company's unrealized gain on 'available for sale' investments as follows:

	2015	2014
	----- Rupees -----	
Effect on equity	864,981,978	600,756,938
Effect on investments	864,981,978	600,756,938

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Company.

45.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Notes to the Financial Statements

For the year ended June 30, 2015

45.5 Financial instruments by Category

	2015	2014
	----- Rupees -----	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	77,676,268	61,936,668
Trade debts	1,297,680,833	1,224,423,835
Trade deposits and short term prepayments	1,091,445	1,166,445
Other receivables	84,201,973	6,516,307
Cash and bank balances	50,080,021	97,713,627
	1,510,730,540	1,391,756,882
At fair value through Other Comprehensive Income		
Long term investments	6,504,155,575	4,092,550,051
Short term investments	2,145,664,201	1,915,019,331
	8,649,819,776	6,007,569,382
Long term investment at cost		
Long term investments	86,148,236	86,148,236
FINANCIAL LIABILITIES		
At amortized Cost		
Long term loans	5,502,387,005	2,747,393,073
Trade and other payables	1,560,379,755	1,220,831,848
Accrued Interest / mark-up	149,867,565	100,982,389
Short term borrowings	4,717,101,062	3,191,827,645
	11,929,735,387	7,261,034,955

45.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1. Quoted market price (unadjusted) in an active market for identical instrument.
- Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	----- Rupees -----		
As at June 30, 2015			
Assets carried at fair value			
Available for sale investments	8,649,819,776	-	86,148,236
Forward exchange contracts used for hedging	-	-	-
	8,649,819,776	-	86,148,236
As at June 30, 2014			
Assets carried at fair value			
Available for sale investments	6,007,569,382	-	86,148,236
Forward exchange contracts used for hedging	-	1,003,061	-
	6,007,569,382	1,003,061	86,148,236
As at June 30, 2015			
Liabilities carried at fair value			
Long term payables	-	-	431,631,479
Forward exchange contracts used for hedging	-	2,647,824	-
	-	2,647,824	431,631,479
As at June 30, 2014			
Liabilities carried at fair value			
Forward exchange contracts used for hedging	-	-	-

45.7 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2015	2014
	----- Rupees -----	
Total borrowings	10,220,601,523	5,948,826,908
Less: Cash and bank balances	50,080,021	97,713,627
Net debt	10,170,521,502	5,851,113,281
Total equity	14,370,171,153	13,340,615,177
Total capital	24,540,692,655	19,191,728,458
	Percentage	
Gearing ratio	41.44	30.49

Notes to the Financial Statements

For the year ended June 30, 2015

46 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors in its meeting held on September 28, 2015 proposed cash dividend of Rs. 200,831,400 (2014: Rs.200,831,400) at the rate of Rs. 10 (2014: Rs.10) per ordinary share of Rs.10 each. Proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the period of payment.

47 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and comparison. However, no significant reclassification has been made in these financial statements.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on September 28, 2015.

Karachi:
Dated: September 28, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Pattern of Shareholding

As At June 30, 2015

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
327	1	100	5,133
45	101	500	13,524
24	501	1,000	18,387
26	1,001	5,000	48,891
10	5,001	10,000	75,846
3	10,001	15,000	36,083
1	15,001	20,000	18,000
2	20,001	25,000	41,623
2	25,001	30,000	55,500
2	30,001	35,000	65,900
2	35,001	40,000	73,283
1	45,001	50,000	46,617
1	50,001	55,000	52,600
1	55,001	65,000	62,167
1	65,001	70,000	67,400
1	70,001	75,000	72,542
1	75,001	80,000	75,400
1	90,001	95,000	93,241
1	105,001	110,000	107,500
1	115,001	120,000	118,109
1	130,001	135,000	131,000
1	145,001	150,000	146,500
1	170,001	175,000	172,200
1	175,001	180,000	175,500
1	200,001	205,000	201,800
1	210,001	215,000	211,100
1	260,001	265,000	264,638
1	270,001	275,000	272,594
1	375,001	380,000	378,057
1	395,001	400,000	400,000
1	460,001	465,000	461,532
1	495,001	500,000	496,183
1	500,001	505,000	504,611
1	560,001	565,000	564,522
1	585,001	590,000	586,242
1	605,001	610,000	609,063
2	635,001	640,000	1,272,191
1	740,001	745,000	743,123
1	895,001	900,000	900,000
1	920,001	925,000	924,088
1	945,001	950,000	950,000
1	1,070,001	1,075,000	1,073,289
1	1,475,001	1,480,000	1,475,106
1	1,675,001	1,680,000	1,677,128
1	2,105,001	2,110,000	2,106,659
1	2,235,001	2,240,000	2,238,268
480			20,083,140

Note: There is no shareholding in the slab not mentioned

Categories of Shareholders

As At June 30, 2015

Particulars	No. of Shares Held	Percentage %
Directors, CEO, and their Spouses and Minor Children	11,792,546	58.72
Associated Companies, Undertakings and Related Parties	6,215,349	30.95
NIT & ICP	929,970	4.63
Banks, Development Finance Institutions, Non- Banking Financial Institutions	129	0.00
Insurance Company	33,400	0.17
Others Companies	199,463	0.99
General Public (Local)	912,283	4.54
	20,083,140	100.00

Pattern of Shareholding

As At June 30, 2015

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	NO OF SHARES
Reliance Cotton Spinning Mills Limited	100,223
Sapphire Agencies (Pvt.) Limited	2,331,509
Amer Tex (Pvt.) Limited	1,132,868
Sapphire Power Generation Limited	283,642
Neelum Textile Mills (Private) Limited	419,094
Galaxy Agencies (Pvt.) Limited	504,611
Salman Ismail (SMC-Private) Limited	592,522
Nadeem Enterprise (Pvt.) Limited	586,242
Sapphire Holding Limited	264,638
 B) NIT & ICP	
CDC - Trustee National Investement (Unit) Trust	924,088
National Investment Trust Limited	5,882
 C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	
<u>DIRECTORS & THEIR SPOUSES</u>	
Mr. Mohammad Abdullah	461,532
Mr. Yousuf Abdullah	2,120,042
Mr. Amer Abdullah	1,709,628
Mr. Shahid Abdullah	396,057
Mr. Nabeel Abdullah	900,000
Mr. Shayan Abdullah	950,000
Mr. Nadeem Karamat	500
Mrs. Shamshad Begum	636,563
Mrs. Ambareen Amer	811,006
Mrs. Usma Yousuf	107,500
Mrs. Shireen Shahid	1,606,106
 <u>CHIEF EXECUTIVE OFFICER & HIS SPOUSE</u>	
Mr. Nadeem Abdullah	1,148,689
Mrs. Noshaba Nadeem	944,923

Pattern of Shareholding

As At June 30, 2015

D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	NO OF SHARES
<u>BANKS</u>	
National Bank of Pakistan	129
<u>INSURANCE COMPANY</u>	
EFU Life Assurance Ltd	33,400
E) SHAREHOLDERS HOLDING 05% OR MORE	
Mr. Yousuf Abdullah	2,120,042
Mr. Amer Abdullah	1,709,628
Mr. Nadeem Abdullah	1,148,689
Mrs. Shireen Shahid	1,606,106
Sapphire Agencies (Pvt.) Limited	2,331,509
Amer Tex (Pvt.) Limited	1,132,868
F) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXCEUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDERN	
	NIL

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Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited, Sapphire Home Incorporation, Sapphire Retail Limited, and TriconBoston Consulting Corporation (Private) Limited**, it is my pleasure to present Directors' Report with Audited Consolidated Financial Statement of the Group and Auditor's report thereon for the year ended June 30, 2015.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Alfalah Bank Ltd. Construction works at the wind farm site are in progress. It is expected that the project will commence commercial operation by the end of November, 2015.

Sapphire Tech (Private) 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. No progress has yet been made. It is proposed to get the approval for winding up / sales of the Company in the upcoming general meeting.

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 and it is proposed to get the approval for winding up / sales of the Company in the upcoming general meeting.

Sapphire Home Incorporation

Sapphire Home Incorporation is 100% owned by Sapphire Textile Mills Ltd and was incorporated under the laws of the State of New York in United States of America (USA). There are certain customers in the USA which need goods on landed duty paid basis. Sapphire Home Inc. provides this service for the home textile products for these customers.

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate retail outlets for sale of textile and other products. The Company has already set up three retail outlets in Karachi, Lahore and Islamabad. The consumers' response is satisfactory and the management is working on expanding the operations.

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. During the period, Sapphire Textile Mills Limited has acquired 100% shares of Tricon Boston Consulting Corporation (Pvt.) Limited. Technical Studies are in progress to develop the project.

CLARIFICATION TO QUALIFICATION IN AUDIT REPORT

In their Report to the Members, Auditors have stated that Consolidated Financial Statements include un-audited figures pertaining to a Subsidiary Company, Sapphire Home Incorporation. The Subsidiary Company is incorporated under the laws of the State of New York in United States of America (USA). The governing laws does not require audit of financial statements of the Subsidiary Company. Hence, we have used un-audited financial statements of the Subsidiary Company to prepare Consolidated Financial Statements.

On behalf of the Board

Karachi
Dated: September 28, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Sapphire Textile Mills Limited (the holding company) and its subsidiary companies (together referred to as group) as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Sapphire Textile Mills Limited. The financial statements of Sapphire Wind Power Company Limited, Sapphire Retail Limited, Sapphire Solar (Pvt.) Limited, Sapphire Tech (Pvt.) Limited and Tricon Boston Consulting Corporation (Pvt.) Limited were audited by other firms of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Sapphire Home, Inc. (subsidiary company) for the year ended June 30, 2015 were un-audited. Hence, total assets and total liabilities of Rs. 2,970,708 and Rs. Nil respectively as at June 30, 2015 and net loss of Rs. 1,013,804 for the year ended June 30, 2015 relating to such subsidiary company have been incorporated in these consolidated financial statements by the management using the un-audited financial statements.

In our opinion, except for the effect of any adjustments that may have been required due to the un-audited figures in respect of Sapphire Home, Inc. (subsidiary company) as referred in previous paragraph of the report, the consolidated financial statements present fairly the financial position of Sapphire Textile Mills Limited and its subsidiary companies as at June 30, 2015 and the results of their operations for the year then ended.

LAHORE:
Date: September 28, 2015

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, FCA

Consolidated Balance Sheet as at June 30, 2015

	Note	2015 ----- Rupees -----	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	16,546,335,874	8,354,069,498
Investment property	7	162,237,097	163,273,406
Intangible assets	8	463,055,181	3,766,739
Long term investments	9	7,477,119,413	5,021,770,687
Long term loans and advances	10	58,202,397	70,905,506
Long term deposits and prepayments	11	129,947,175	210,370,915
		24,836,897,137	13,824,156,751
CURRENT ASSETS			
Stores, spares and loose tools	12	309,958,010	270,214,278
Stock in trade	13	4,205,271,398	3,776,222,400
Trade debts	14	1,211,609,370	1,224,423,835
Loans and advances	15	172,279,598	191,781,695
Trade deposits and short term prepayments	16	53,205,298	13,555,061
Other receivables	17	115,975,668	57,005,083
Other financial assets	18	2,145,664,201	1,915,019,331
Tax refunds due from Government	19	1,129,955,962	781,906,641
Cash and bank balances	20	2,298,034,770	683,194,598
		11,641,954,275	8,913,322,922
TOTAL ASSETS		36,478,851,412	22,737,479,673
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	21	200,831,400	200,831,400
Reserves		14,428,904,744	13,439,345,719
Equity attributable to holders of parent company		14,629,736,144	13,640,177,119
Non-controlling interest		812,156,782	259,526,886
Total Equity		15,441,892,926	13,899,704,005
NON-CURRENT LIABILITIES			
Long term financing	22	11,834,215,878	2,352,644,005
Deferred liabilities	23	477,118,917	417,488,978
Long term payable	24	431,631,479	-
		12,742,966,274	2,770,132,983
CURRENT LIABILITIES			
Trade and other payables	25	2,577,608,219	2,157,032,937
Accrued Interest / mark-up	26	214,938,544	100,982,389
Short term borrowings	27	4,720,514,518	3,203,733,835
Current portion of long term financing	22	650,563,571	394,749,068
Provision for taxation	28	130,367,360	211,144,456
		8,293,992,212	6,067,642,685
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		36,478,851,412	22,737,479,673

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

NADEEM ABDULLAH

MOHAMMAD ABDULLAH

Dated: September 28, 2015

CHIEF EXECUTIVE

DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
Sales and services	30	23,322,851,055	25,411,301,753
Cost of sales and services	31	(20,654,203,272)	(22,623,272,169)
Gross profit		2,668,647,783	2,788,029,584
Distribution cost	32	(1,016,712,115)	(942,782,782)
Administrative expenses	33	(315,346,203)	(267,553,630)
Other operating expenses	34	(125,586,398)	(132,365,195)
Other income	35	554,025,176	473,889,564
		(903,619,540)	(868,812,043)
Profit from operations		1,765,028,243	1,919,217,541
Finance cost	36	(672,344,286)	(715,768,723)
		1,092,683,957	1,203,448,818
Share of profit of Associated Companies		65,130,979	49,912,949
Profit before taxation		1,157,814,936	1,253,361,767
Taxation			
Current			
- for the year		(130,369,861)	(211,146,921)
- prior year		265,629	46,157,048
Deferred		(18,120,804)	(122,334,872)
	37	(148,225,036)	(287,324,745)
Profit after taxation for the year		1,009,589,900	966,037,022
Attributable to:			
Shareholders of Parent Company		1,012,468,504	966,285,192
Non- controlling interest		(2,878,604)	(248,170)
		1,009,589,900	966,037,022
Earnings per share - attributable to the Shareholder of parent company	38	50.41	48.10

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

Dated: September 28, 2015

NADEEM ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	
Profit after taxation for the year	1,009,589,900	966,037,022
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized gain on remeasurement of available for sale investments	433,860,910	1,240,883,320
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(218,600,485)	(90,645,762)
Unrealized gain on remeasurement of available for sale investments - associates	2,003,435	801,603
	217,263,860	1,151,039,161
Forward foreign currency contracts		
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(2,647,824)	1,003,061
Reclassification adjustments relating to loss realized on settlement of forward foreign currency contracts	(1,003,061)	(2,345,865)
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts - associates	(81,570)	28,236
	(3,732,455)	(1,314,568)
Exchange difference on translation of foreign operations	(10,990,314)	2,252,424
Items that may not be reclassified subsequently to profit and loss		
Loss on remeasurement of staff retirement benefits	(16,363,523)	(9,833,283)
Impact of deferred tax	1,005,898	614,600
Loss on remeasurement of staff retirement benefits - associates	(644,749)	(459,836)
	(16,002,374)	(9,678,519.00)
Share of (decrease) / increase in reserves of associated companies under equity method	(2,103,296)	99,556,541
Other comprehensive income for the year	184,435,421	1,241,855,039
Total comprehensive income for the year	1,194,025,321	2,207,892,061
Attributable to:		
Shareholders of Parent Company	1,196,903,925	2,208,140,231
Non- controlling interest	(2,878,604)	(248,170)
	1,194,025,321	2,207,892,061

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

NADEEM ABDULLAH

MOHAMMAD ABDULLAH

Dated: September 28, 2015

CHIEF EXECUTIVE

DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	2015	2014
Note	----- Rupees -----	----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	39 1,997,077,552	4,369,332,914
Long term loans, deposits and prepayments	93,126,849	(178,419,697)
Finance cost paid	(546,593,114)	(690,218,458)
Staff retirement benefits - gratuity paid	(70,265,970)	(56,872,161)
Taxes paid	(558,930,649)	(397,162,289)
	(1,082,662,884)	(1,322,672,605)
Net cash generated from operating activities	914,414,668	3,046,660,309
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,927,314,189)	(3,084,849,028)
Subsidiary acquisition	(31,282,298)	26,868
Purchase of intangible assets	(6,540,743)	-
Investment in associates	9,469,943	(77,585,452)
Investment others	(2,952,333,763)	(760,418,871)
Proceeds from disposal of property, plant and equipment	25,967,752	34,108,669
Proceeds from sale of investments	593,391,167	461,556,434
Dividend received	378,857,424	315,529,064
Rental income received	15,991,008	14,952,720
Net cash used in investing activities	(10,893,793,699)	(3,096,679,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	1,518,294,302	(849,131,062)
Proceeds from long term financing	10,240,435,444	1,745,893,016
Repayment of long term financing	(503,049,068)	(369,205,417)
Exchange difference on translation of foreign operation	101,340	2,252,424
Issuance of shares - net	548,995,000	276,935,130
Dividend paid	(202,065,081)	(183,423,905)
Net cash generated from financing activities	11,602,711,937	623,320,186
Net increase in cash and cash equivalents	1,623,332,906	573,300,899
Cash and cash equivalents at the beginning of the year	673,588,408	100,287,509
Cash and cash equivalents at the end of the year	2,296,921,314	673,588,408
Cash and cash equivalents		
Cash and bank balances	2,298,034,770	683,194,598
Book overdrafts - unsecured	(1,113,456)	(9,606,190)
Cash and cash equivalents at the end of the year	2,296,921,314	673,588,408

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

NADEEM ABDULLAH

MOHAMMAD ABDULLAH

Dated: September 28, 2015

CHIEF EXECUTIVE

DIRECTOR

Sapphire Textile Mills Limited and its subsidiaries

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

	Reserves				Other Components of equity				Total	Non-Controlling Interest	Total Equity		
	Capital		Revenue		Unrealized gain / (loss)		SUB TOTAL	SUB TOTAL					
	Share Premium	Fixed Assets Replacement	General Reserves	Unappropriated Profit	On available for sale investments	On forward foreign exchange contracts						Exchange difference on translation of foreign operations	
	200,831,400	156,202,200	65,000,000	1,330,000,000	7,236,761,118	8,767,963,316	2,803,717,005	2,347,780	765,571	2,606,830,356	11,595,625,074	-	11,595,625,074
Balance as at July 01, 2013													
Total comprehensive income for the year ended June 30, 2014													
Profit after taxation for the year					966,285,192	966,285,192							966,285,192
Other comprehensive income for the year					(6,678,519)	(6,678,519)	1,151,039,161	(1,314,588)	2,252,424	1,151,977,017	1,142,298,698		1,142,298,698
					956,606,673	956,606,673	1,151,039,161	(1,314,588)	2,252,424	1,151,977,017	2,108,583,690	(246,170)	2,108,335,520
Share of increase in reserves of associated companies under equity method					99,556,541	99,556,541							99,556,541
Transaction with owners													
Issuance of shares of subsidiary - SWPCL					27,461,890	27,461,890							27,461,890
Share issuance cost of subsidiary - SWPCL					(10,301,616)	(10,301,616)							(10,301,616)
Final dividend for the year ended June 30, 2013 @ Rs. 9 per share					(180,748,260)	(180,748,260)							(180,748,260)
Balance as at June 30, 2014	200,831,400	156,202,200	65,000,000	1,330,000,000	8,128,336,146	9,680,538,346	3,754,756,166	1,033,212	3,017,995	3,758,807,373	13,640,177,119	259,526,886	13,899,704,005
Balance as at July 01, 2014													
Total comprehensive income for the year ended June 30, 2015													
Profit after taxation for the year					1,072,468,504	1,072,468,504							1,072,468,504
Other comprehensive income for the year					(16,002,374)	(16,002,374)	217,263,860	(3,732,655)	(10,990,314)	202,541,091	186,538,717		186,538,717
					996,466,130	996,466,130	217,263,860	(3,732,655)	(10,990,314)	202,541,091	1,199,007,221	(2,878,604)	1,196,128,617
Share of decrease in reserves of associated companies under equity method					(2,103,296)	(2,103,296)							(2,103,296)
Transaction with owners													
Issuance of shares of subsidiary - SWPCL													538,300,000
Share issuance cost of subsidiary - SWPCL					(6,513,500)	(6,513,500)							(2,791,500)
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share					(200,831,400)	(200,831,400)							(200,831,400)
Balance as at June 30, 2015	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	10,467,556,800	3,972,020,026	(2,699,243)	(7,972,319)	3,964,348,464	14,629,736,144	812,156,782	15,441,892,926

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

Dated: September 28, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited - the Holding Company

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 Karachi 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.

The company is currently in the process of setting up an approximately 50 MW wind power station at the above mentioned location. The company's tariff has been determined by National Electric Power Regulatory Authority (NEPRA) through order dated November 21, 2013. Further, NEPRA has issued a Generation License to the company on July 27, 2012 for a term of twenty years.

During the previous year, the company signed the Project Agreements including Implementation Agreement ('IA') with Government of Pakistan, the Energy Purchase Agreement ('EPA') with National Transmission and Dispatch Company Limited ('NTDC'), the Finance Agreement with Overseas Private Investment Corporation ('OPIC'), United States of America, the Engineering, Procurement & Construction ('EPC') and Warranty Period Operations and Maintenance ('WP O&M') Contracts for the execution of the EPC works necessary for the Project. The company has achieved the Financial Closing on July 7, 2014 as per the terms of the IA. Resultantly, the IA and EPA are fully effective from the Financial Closing date of July 7, 2014.

Tricon Boston Consulting Corporation (Private) Limited (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 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. During the year, The Holding Company has purchased the 100% share holding 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 Power (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 project for development of solar energy is at its planning stage.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

The Company was issued letter of intent (LOI) by the Alternate Energy Development Board, Government of Pakistan vide letter No. B/3/2/SPV/LOI-018 dated March 25, 2013 for setting up 10 MW Solar PV Power Project at Punjab. The LOI of the Company expired on September 24, 2014 as per terms stated therein as the Company could not achieve the milestones stipulated under the LOI within given time frame. The Guarantee provided by the Company to AEDB was encashed. The accumulated losses of the Company at the balance sheet are Rs.2,367,542 (2014:Rs.607,420), moreover the current liabilities of the company exceed its current assets by Rs.2,357,542. In view of the aforementioned circumstances the company is not considered a going concern.

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.

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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of The Companies Ordinance, 1984 and the requirements of the said directives shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value, recognition of employee benefits at present value and the financial statements of Sapphire Solar (Private) Limited have been prepared on an alternative basis.

2.3 Functional and presentation currency

These financial statements 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 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Property, Plant and equipment

The Group reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stock-in-trade and stores, spares and loose tools

The Group reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 23.2 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgement (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Trade debts and other receivables

The Group's management reviews its trade debtors on a continuous basis to identify receivables where collection of an amount is no longer probable. These estimates are based on historical experience and are subject to changes in conditions at the time of actual recovery.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2014:

IAS 32, 'Financial Instruments: Presentation' (effective for the periods beginning on or after January 1, 2014). These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Group's financial statements.

IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Group's financial statements.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Group

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relates to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Group is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Group's financial assets.

IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the financial statements of the Group.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Group does not expect to have a material impact on its financial statements due to application of these amendments.

4.3 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' and IFRIC 12 'Service Concession Arrangements' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease under IAS 17 'Leases'. The company's wind power plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. The company is yet to assess its impact on the financial statements. Currently, it has no effect on the profit or loss of the Group for the year as the subsidiary company (SWPCL) has not yet commenced commercial operations.

4.4 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Group and therefore have not been presented here.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from date of control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material intra-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognised at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognised in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

of the investments. A reversal of impairment loss is recognised in the profit and loss account.

Translation of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Balance sheet items are translated at the exchange rate at the balance sheet date and profit and loss account items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

5.2 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the profit and loss account.

The Group reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements is allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

5.3 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment property comprises of land and buildings. The Group has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets.

5.4 Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to profit and loss account on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

5.5 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each balance sheet date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales are recognized on the trade date which is the date that the Group commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment if any. Items in transit are valued at cost accumulated to balance sheet date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

5.7 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

Provision for obsolete and slow moving stock in trade is determined based on management estimate regarding their future usability.

5.8 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision.

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For the year ended June 30, 2015

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

5.10 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.11 Employee benefits

Compensated absences

The Group accounts for all accumulated compensated absences in the period in which absences accrue.

Defined benefits plans

The Group operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. The amount arising as a result of remeasurements are recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The liability recognized in the balance sheet in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

Defined Contribution Plan

There is an approved contributory provident fund for staff for which contributions are charged to income for the year.

The Group and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary in the case of management staff, and 8.33% of basic salary and cost of living allowance in case of non-management staff. The assets of the fund are held separately under the control of trustees.

5.12 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.13 Taxation

Current year

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

The profits and gains of the Subsidiary company - Sapphire Wind Power Company Limited (SWPCL) derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary company (SWPCL) is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of comprehensive income on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred tax

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date

Notes to the Consolidated Financial Statements

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between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regards, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the each reporting date.

5.14 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.16 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.17 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

The grants are disclosed as a deduction from the related expense.

5.18 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its' commencing.

5.19 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account except for exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets which are capitalised over the period of the Implementation Agreement in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP. Previously, the subsidiary company (SWPCL) recognised all exchange differences in the profit and loss account. However, there is no effect of this change in accounting policy on the financial statements of prior periods as there was no such foreign currency loan. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Had there been no change in accounting policy, there would have been no change in the financial statements as of and for the year ended June 30, 2015.

5.20 Impairment

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account.

5.21 Financial instruments

Financial assets

5.21.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Group has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

5.21.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'. 'Financial assets carried at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Group has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the profit and loss account when the Group's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.21.3 Measurement

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the profit and loss account in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the profit and loss account.

5.21.4 Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the profit and loss account.

5.21.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

5.21.6 Derivative financial instruments

The Group designates derivative financial instruments as either fair value hedge or cash flow hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

5.21.7 Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the obliging instrument/contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

Notes to the Consolidated Financial Statements

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5.22 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Parent Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 Segment reporting

Segment reporting is based on the operating (business) segment of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of Property, plant and equipment, inventories, trade debts, loans and advances and cash & bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products and Power generation which also reflects the management structure of Group.

5.24 Related party transactions

All transactions with related parties are carried out by the Group at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

	Note	2015 ----- Rupees -----	2014
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1 8,346,834,734	6,007,190,843
	Capital work-in-progress	6.6 8,199,501,140	2,346,878,655
		<u>16,546,335,874</u>	<u>8,354,069,498</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014
6.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales and services	31	689,425,013	559,980,231
Distribution cost	32	1,992,755	-
Administrative expenses	33	23,887,658	20,451,100
		715,305,426	580,431,331

6.3 Particulars of disposal of operating fixed assets during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of disposal	Particulars of Buyers
Rupees						
Plant and Machinery						
Combers	4,974,924	4,692,304	282,620	450,000	Negotiation	Abdul Hafeez, Faisalabad.
Uni Lap	1,658,308	1,561,041	97,267	150,000	--- - do --- -	Abdul Hafeez, Faisalabad.
Ring frames	2,627,041	2,271,428	355,613	847,458	--- - do --- -	Abdul Hafeez, Faisalabad.
Simple frame	2,958,383	2,652,942	305,441	600,000	--- - do --- -	Zain International, Lahore.
Gas Generator	14,470,770	12,054,367	2,416,403	854,701	--- - do --- -	Encon Power Engineering, Karachi.
Sketcher	1,000,000	698,974	301,026	427,350	--- - do --- -	Pakistan Spinning Mills, Faisalabad
Step Cleaner	241,873	235,420	6,453	42,735	--- - do --- -	Pakistan Spinning Mills, Faisalabad
Comber	1,992,543	1,893,405	99,138	85,470	--- - do --- -	Famous Textile Mills (Pvt) Ltd., Kotri
Mach Coner	4,645,000	4,327,978	317,022	341,880	--- - do --- -	Famous Textile Mills (Pvt) Ltd., Kotri
Draw Frames	3,956,044	3,540,298	415,746	363,196	--- - do --- -	Shafqat Ali, Faisalabad.
Draw Frames	4,606,330	4,238,010	368,320	544,794	--- - do --- -	Shafqat Ali, Faisalabad.
Draw Frames	500,000	32,917	467,083	363,196	--- - do --- -	Shafqat Ali, Faisalabad.
Auto Mach Cone	4,623,022	4,276,656	346,366	600,000	--- - do --- -	Muhammad Adnan Razzaq, Faisalabad.
Air Jet Looms	15,368,708	11,845,015	3,523,693	3,900,000	--- - do --- -	Hantex, Karachi.
Diesel Engine	3,983,726	3,625,870	357,856	847,458	--- - do --- -	Javaid Iqbal, Lahore.
	67,606,672	57,946,625	9,660,047	10,418,238		
Computers						
Laptops	492,033	306,304	185,729	196,389	As per Company Policy	Various Employees
Laptop	135,417	26,068	109,349	110,773	As per Company Policy	Employee - Adnan Saeed, Lahore
	627,450	332,372	295,078	307,162		
Vehicles						
Honda Civic	1,368,020	1,104,715	263,305	600,000	Negotiation	Mubashar Fareed, Karachi
Suzuki Alto	662,000	417,358	244,642	330,000	--- - do --- -	Muhammad Ali, Karachi
Toyota Camry	3,860,104	2,377,824	1,482,280	1,600,000	--- - do --- -	Khurram Imtiaz, Lahore
Daihatsu Cuore	669,000	467,594	201,406	350,000	--- - do --- -	Malik Nadeem, Lahore
Honda Civic	1,842,000	1,253,503	588,497	800,000	--- - do --- -	Rameez Sheryar Hussain, Lahore
Toyota Corolla	1,169,000	1,089,441	79,559	700,000	--- - do --- -	Robert Cotton Association, Khanewal
Honda Civic	1,686,000	1,177,269	508,731	700,000	--- - do --- -	Asad Ijaz Minhas, Rawalpindi
Suzuki Alto	593,000	410,561	182,439	350,000	--- - do --- -	Arif Qureshi, Karachi
Honda Civic	1,769,000	1,204,430	564,570	800,000	--- - do --- -	Muhammad Rashid Malik, Karachi
Honda Civic	1,506,000	1,256,669	249,331	650,000	--- - do --- -	Muhammad Shehzad Dadabhai, Kotri
Suzuki Cultus	896,000	565,061	330,939	750,000	--- - do --- -	Javaid Sanwar, Karachi
Suzuki Mehran	544,000	396,937	147,063	200,000	--- - do --- -	Muhammad Atiq sheikh, Karachi
Honda Citi	835,000	744,502	90,498	400,000	--- - do --- -	Deeba Shahbaz, Lahore
Toyota Corolla	1,869,500	543,401	1,326,099	1,375,000	--- - do --- -	Muhammad Ali, Lahore
Honda Civic	1,793,000	1,263,203	529,797	800,000	--- - do --- -	Umar Dawood, Lahore
Honda City	1,340,000	765,218	574,782	800,000	--- - do --- -	Muhammad Adnan Razzaq, Lahore
Suzuki Swift	1,096,000	534,848	561,152	900,000	Insurance claim	Adamjee Insurance Company Ltd, Karachi.
Honda Citi	1,449,380	826,649	622,731	800,000	Negotiation	Muhammad Awais Kamal, Lahore
Daihatsu Cuore	679,265	492,235	187,030	250,000	--- - do --- -	Muhammad Wasim, Lahore
Daihatsu Cuore	788,090	473,695	314,395	400,000	--- - do --- -	Kashif Ali, Lahore
Honda Citi	1,081,360	790,998	290,362	400,000	--- - do --- -	Muhammad Imran, Lahore
Daihatsu Cuore	593,622	442,330	151,292	350,000	--- - do --- -	Syed Waqas Hussain Shah, Kasur
Daihatsu Cuore	593,922	436,499	157,423	350,000	--- - do --- -	Falak Sher, Sheikhupura
Suzuki Cultus	677,100	563,068	114,032	400,000	--- - do --- -	Hasan Amir Mirza, Lahore
Vehicles having book value of less than Rs.50,000 each	614,147	589,240	24,907	412,000	--- - do --- -	Various parties
	29,974,510	20,187,248	9,787,262	15,467,000		
	98,208,632	78,466,245	19,742,387	26,192,400		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

6.4 Additions to plant & machinery include borrowing cost aggregating Rs.99.189 million; the borrowing rate range from 6.50% to 10.93% per annum.

6.5 During the year finishing and printing unit has been capitalized which commenced commercial production from January 01, 2015.

6.6 Capital work-in-progress	Note	2015	2014
		----- Rupees -----	
Civil works and Buildings		572,445,018	535,378,272
Plant and machinery		5,668,859,623	1,442,131,351
Electric installations		7,102,670	84,901,000
Fire fighting equipment		2,106,000	1,580,220
Electric equipments		894,246	-
Mills equipments		968,730	17,490,163
Furniture & Fixtures		1,730,093	3,343,460
Advances to contractors		1,225,453,997	-
Un-allocated expenditure	6.7	719,940,763	262,054,189
		8,199,501,140	2,346,878,655

6.7 Un-allocated expenditure		2015	2014
Salaries, wages and benefits		36,102,801	25,867,601
Stores consumed		-	9,881
Travelling and conveyance		24,021,144	21,158,397
Consultancy charges		156,553,390	77,784,116
Legal and professional		139,851,714	89,639,903
Communication		188,119	130,140
Vehicle running expenses		2,047,606	698,300
Fee and subscription		41,900,685	39,818,957
Rent		3,162,623	1,403,030
Insurance		60,080,877	3,528,998
Net mark-up on long term finance (net of interest income Rs.168,927)		199,307,086	-
Lender's fees and charges		12,389,605	-
Miscellaneous		1,005,239	1,418,643
Finance costs		12,249,874	596,223
Exchange loss	6.7.1	31,080,000	-
		719,940,763	262,054,189

6.7.1 This represents the exchange difference on the foreign currency loan as referred to in note 22.2. Had the Group followed International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates", there would no change in the Group's financial statements as of and for the year ended June 30, 2015.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

7 INVESTMENT PROPERTY	Land		Building on	Total
	Leasehold	Freehold	Leasehold land	
----- Rupees -----				
Net carrying value as at July 01, 2014				
Opening net book value (NBV)	121,160,317	31,750,000	10,363,089	163,273,406
Depreciation charged	-	-	(1,036,309)	(1,036,309)
Balance as at June 30, 2015 (NBV)	121,160,317	31,750,000	9,326,780	162,237,097
Gross carrying value as at June 30, 2015				
Cost	121,160,317	31,750,000	19,999,980	172,910,297
Accumulated depreciation	-	-	(10,673,200)	(10,673,200)
Net book value - June 30, 2015	121,160,317	31,750,000	9,326,780	162,237,097
Net carrying value as at July 01, 2013				
Opening net book value (NBV)	121,160,317	31,750,000	11,514,543	164,424,860
Depreciation charged	-	-	(1,151,454)	(1,151,454)
Balance as at June 30, 2014 (NBV)	121,160,317	31,750,000	10,363,089	163,273,406
Depreciation rate % per annum	-	-	10	

7.1 The investment property includes Holding Company's 50% share valuing Rs.141,160,297 represents cost of jointly controlled leasehold land measuring 8,888.88 square yards with building thereon located at sector 23, Korangi Industrial Area, Korangi Township, Karachi, registered jointly in the name of Company and Sapphire Fibres Limited (related party).

7.2 In the opinion of the Directors the market value of investment property as on June 30, 2015 is not materially different from the book value.

7.3	The depreciation charge for the year has been allocated as follows:	Note	2015	2014
			----- Rupees -----	
	Other operating expenses	34	1,036,309	1,151,454
8 INTANGIBLE ASSETS				
	Computer software	8.1	7,514,871	3,189,494
	Goodwill	8.3	455,540,310	577,245
			463,055,181	3,766,739
8.1 Computer software				
Net carrying value as at July 01, 2014				
	Net book value as at July 01, 2014		3,189,494	5,572,830
	Addition during the year		6,540,743	-
	Amortization		(2,215,366)	(2,383,336)
	Net book value as at June 30, 2015		7,514,871	3,189,494
Gross carrying value as at June 30, 2015				
	Cost		24,492,360	17,951,617
	Accumulated amortization		(16,977,489)	(14,762,123)
	Net book value as at June 30, 2015		7,514,871	3,189,494
	Amortization rate % per annum		20	20
8.2 Amortization charge for the year has been allocated as follows:				
	Other operating expenses	34	2,215,366	2,383,336

Notes to the Consolidated Financial Statements

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	Note	2015 ----- Rupees -----	2014
8.3 Goodwill			
Opening balance		577,245	-
Addition during the year	8.4	455,540,310	577,245
Impairment charged during the year	34	(577,245)	
Closing balance		455,540,310	577,245
8.4			
Goodwill represents excess of the amount paid / payable by the holding company over fair value of net assets of Tricon Boston Consulting Corporation (Private) Limited.			
9 LONG TERM INVESTMENTS			
Related parties			
Associates			
- listed	9.1	58,376,879	55,002,766
- unlisted	9.2	828,438,723	788,069,634
		886,815,602	843,072,400
Other companies - Available for sale	9.5	6,590,303,811	4,178,698,287
		7,477,119,413	5,021,770,687

All investments have a face value of Rs.10 per share unless stated otherwise.

	2015 Number of Shares	2014	Name of Company	2015 ----- Rupees -----	2014
9.1 Investments in associates - listed					
	313,295	313,295	Reliance Cotton Spinning Mills Limited (RCML)	8,461,851	8,461,851
			Equity Interest Held 3.04%		
			Share of post acquisition profit	50,384,971	47,167,505
			Less: Dividend received during the year	(469,943)	(626,590)
			Fair value of the ordinary shares as at June 30, 2015 amounted to Rs.29.096 million (2014: Rs.27.225 million).		
				58,376,879	55,002,766
9.2 Investments in associates - unlisted					
	4,234,500	4,234,500	Sapphire Power Generation Limited (SPGL)	113,705,500	113,705,500
			Equity Interest Held 26.43%		
			Share of post acquisition profit	300,250,467	281,512,862
			Break up value on the basis of un-audited accounts for the year ended June 30, 2015 Rs.97.76 (2014: Rs.93.33) per share.		
				413,955,967	395,218,362
	6,000,000	6,000,000	Sapphire Electric Company Limited (SECL)	60,000,000	60,000,000
			Equity Interest Held 1.42%		
			Share of post acquisition profit	62,262,759	51,260,831
			Less: Dividend received during the year	(9,000,000)	(18,000,000)
			Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs.18.88 (2014: Rs.15.54) per share.		
				113,262,759	93,260,831
				527,218,726	488,479,193

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

2015 Number of Shares	2014 Number of Shares	Name of Company	2015 ----- Rupees -----	2014 ----- Rupees -----
10,000	10,000	Sapphire Holding Limited (SHL) Equity Interest Held 0.05% Share of post acquisition profit Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs. 306.99 (2014: Rs.285.33) per share.	100,000 3,067,435 3,167,435	100,000 2,701,172 2,801,172
23,500,000	23,500,000	Sapphire Dairies (Private) Limited (SDL) Equity Interest Held 22.38% Share of post acquisition (loss) Break up value on the basis of audited accounts for the year ended June 30, 2015 Rs.9.86 (2014: Rs.9.94) per share.	235,000,000 (3,320,217) 231,679,783	235,000,000 (1,450,467) 233,549,533
3,675	3,675	Creadore A/S Denmark (CD) 3,675 shares of Danish Krone (DKK) 1000 per share Equity Interest Held 49% Share of Post acquisition profit Break up value on the basis of audited accounts for the year ended April 30, 2015 DKK 1,186.64 (2014: DKK 953.89) equivalent to Rs.18,061 (2014: Rs.17,294) per share.	58,708,925 7,663,854 66,372,779 828,438,723	58,708,925 4,530,811 63,239,736 788,069,634

9.3 Summarised financial information of equity accounted Investee

	JUNE 30, 2015					APRIL 30, 2015
	RCML	SPGL	SECL	SHL	SDL	CD
	----- Rupees in thousand -----					
Assets	3,730,857	1,855,703	22,431,663	6,392,535	1,302,634	546,587
Liabilities	1,813,780	289,207	14,427,358	224,109	267,469	411,132
Revenue	4,007,150	900,082	18,846,928	10,402	637,624	1,035,527
Profit / (loss) after tax	142,722	75,706	2,049,573	520,095	(8,378)	29,030
	JUNE 30, 2014					APRIL 30, 2014
	RCML	SPGL	SECL	SHL	SDL	CD
	----- Rupees in thousand -----					
Assets	4,203,199	1,895,652	22,412,896	5,925,815	1,293,073	600,219
Liabilities	2,396,313	400,063	15,822,133	192,690	249,553	471,159
Revenue	4,243,955	737,584	16,211,645	4,986	597,344	873,608
Profit / (loss) after tax	125,558	60,223	1,033,808	761,199	(23,124)	41,620

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

- 9.4 The share of profit / loss after acquisition is recognised based on financial statements as at June 30, 2015 except Creadore A/S, Denmark whose financial year ended on April 30, 2015.

	2015	2014	Name of Company	2015	2014
	Number of Shares			----- Rupees -----	
9.5	Other companies - Available for sale				
	Quoted				
	13,320,940	13,580,540	MCB Bank Limited	714,545,120	728,470,245
			Add: Adjustment arising from measurement at fair value	2,603,967,453	3,364,079,806
				3,318,512,573	4,092,550,051
	14,806,614	-	Habib Bank Limited	2,597,809,355	-
			Add: Adjustment arising from measurement at fair value	587,833,647	-
				3,185,643,002	-
	Unquoted				
	7,055,985	7,055,985	Novelty Enterprises (Pvt) Limited	86,148,236	86,148,236
				6,590,303,811	4,178,698,287

- 9.6 The Group has pledged 900,000 shares of MCB and 700,000 shares of HUBCO with Bank Alfalah Limited (related party) on behalf of SWPCL (subsidiary company) as security for issue of bank guarantee of US \$ 1,732,500 in favour of National Transmission and Despatch Company Limited.

- 9.7 The Group has pledged 3.4 million (2014:9.4 million) shares of MCB with financial institution as security for issue of irrevocable standby letter of credit in favour of a financial institution of US \$ 5.626 million (2014:US \$ 18.550 million) for equity injection in SWPCL in accordance with Shareholders Contribution Agreement.

- 9.8 The Group has pledged 4,650,000 million shares of MCB, 13,064,444 million shares of HUBCO and 11,500,000 shares of Habib Bank Limited with financial institutions for arrangement of finance facilities.

		2015	2014
	Note	----- Rupees -----	
10	LONG TERM LOANS AND ADVANCES		
	Loan to employees - unsecured (considered good)		
	Executives	10.3	76,076,358
	Other employees		18,562,180
			94,638,538
	Current portion of loans shown under current assets	15	36,436,141
			58,202,397
			87,539,265
			17,814,751
			105,354,016
			34,448,510
			70,905,506

- 10.1 All the loans are granted to the employees, free of interest in accordance with their terms of employment.

- 10.2 Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.87,364,521 (2014: Rs.89,358,817).

10.3 Movement in loans to executives

Balance at the beginning of the year	87,539,265	50,389,866
Amount disbursed during the year	14,346,595	59,671,312
	101,885,860	110,061,178
Amount recovered during the year	25,809,502	22,521,913
Balance at the end of the year	76,076,358	87,539,265

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

11	LONG TERM DEPOSITS AND PREPAYMENTS	Note	2015	2014
			----- Rupees -----	
	Security deposits			
	- WAPDA		74,948,446	57,148,446
	- SNGPL		1,097,000	1,097,000
	- PTCL		179,843	179,843
	- Others	11.1	18,754,457	2,945,295
			94,979,746	61,370,584
	Lease deposit money	11.2	30,000,000	-
	Prepayments			
	- Loan transaction cost	11.3	-	141,575,677
	- Prepaid rent	11.4	4,560,477	6,320,070
	- Others		406,952	1,104,584
			4,967,429	149,000,331
			129,947,175	210,370,915
11.1	It includes an amount of Rs.36,000 (2014: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.			
11.2	This represents payment made by the former owner of the Sapphire Solar (Private) Limited to Government of Sindh on behalf of the Company for acquisition of land measuring 3,852 acres situated at Deh Kohistan 7/1 Tapo Jhampir, Taluka & district Thatta in the province of Sindh for a period of 10 years commencing from year November 2011.			
11.3	This represents transaction costs incurred in respect of debt financing of USD 95 million by Overseas Private Investment Corporation ('OPIC') in pursuance of the Finance Agreement dated March 31, 2014. During the year, the subsidiary company - SWPCL received the loan proceeds and accordingly, the transaction costs have been netted off from borrowings as referred to in note 22.2 in line with the company's accounting policy.			
11.4	This represents prepaid portion of rentals to AEDB for a period up to January 31, 2018 for a 20 year lease of 1,372 acres of land, situated in Jhimpir, District Thatta. The aforementioned land has been allocated to the subsidiary company - SWPCL by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated February 13, 2008. The company, in order to gain access to the land for conducting feasibility/other associated studies had signed an Agreement to Lease with AEDB dated September 21, 2008. However, the formal site sub-lease agreement has been signed on March 11, 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.			
12	STORES, SPARES AND LOOSE TOOLS	Note	2015	2014
			----- Rupees -----	
	Stores		156,569,206	145,620,043
	Spares - in hand		154,241,025	141,991,427
	Spares - in transit		22,295,451	4,237,225
			176,536,476	146,228,652
	Loose tools		288,083	265,383
			333,393,765	292,114,078
	Provision for slow moving stores, spares and loose tools	12.1	(23,435,755)	(21,899,800)
			309,958,010	270,214,278
12.1	Provision for slow moving stores, spares and loose tools			
	Balance at the beginning of the year		21,899,800	21,078,419
	Provision made during the year	34	1,535,955	821,381
	Balance at the end of the Year		23,435,755	21,899,800

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

		2015	2014
	Note	----- Rupees -----	
13 STOCK-IN-TRADE			
Raw material - in hand		2,912,643,914	2,618,242,324
Raw material - in transit		197,429,070	67,556,714
		<u>3,110,072,984</u>	<u>2,685,799,038</u>
Work in process		395,499,800	299,835,103
Finished goods		671,281,771	769,317,241
Waste		28,416,843	21,271,018
		<u>699,698,614</u>	<u>790,588,259</u>
		<u>4,205,271,398</u>	<u>3,776,222,400</u>
13.1	Stock in trade as at June 30, 2015 include items valued at Net Realizable value (NRV) as follows. The write down to NRV amounting Rs.151.133 million (2014: Rs. 340.892 million) has been recognized in cost of goods sold and the disclosure is in accordance with the requirements of IAS 2.		
	Cost		
	Raw material	1,164,642,142	2,259,462,454
	Work in process	-	159,029,078
	Finished goods	196,774,144	420,455,376
		<u>1,361,416,286</u>	<u>2,838,946,908</u>
	Net Realizable value		
	Raw material	1,051,469,715	1,976,116,188
	Work in process	-	149,411,445
	Finished goods	158,814,043	372,526,843
		<u>1,210,283,758</u>	<u>2,498,054,476</u>
14 TRADE DEBTS			
	Foreign debts - against export		
	Secured - considered good	583,738,991	459,979,710
	Secured - considered doubtful	-	3,878,456
	Provision for doubtful debts	-	(3,878,456)
		<u>583,738,991</u>	<u>459,979,710</u>
	Unsecured - considered good		
	Domestic debts	612,674,955	736,550,000
	Waste	12,333,813	20,908,352
	Others	2,861,611	6,985,773
		<u>627,870,379</u>	<u>764,444,125</u>
	Unsecured - considered doubtful		
	Provision for doubtful debts	107,388,408	164,351,988
		<u>(107,388,408)</u>	<u>(164,351,988)</u>
		<u>627,870,379</u>	<u>764,444,125</u>
		<u>1,211,609,370</u>	<u>1,224,423,835</u>
14.1	Domestic debts include amount of Rs.67,084,719 (2014: Rs.57,426,390) receivable against indirect export sales.		
14.2	Trade debts include the following amounts due from related parties:		
	Domestic debts		
	Diamond Fabrics Limited	3,857,045	1,617
	Sapphire Fibres Limited	95,340	1,286,369
	Sapphire Finishing Mills Limited	43,489,444	21,773,476
	Reliance Cotton Spinning Mills Limited	40,555	-
		<u>47,482,384</u>	<u>23,061,462</u>
14.3	The aging of trade debts receivable from related parties as at balance sheet date are as under:		
	0 - 30 days	47,425,485	23,060,595
	31 - 60 days	56,899	867
		<u>47,482,384</u>	<u>23,061,462</u>
14.4	Provision for doubtful debts		
	Balance at the beginning of the year	168,230,444	160,559,770
	Provision made during the year	-	12,000,000
	Bad debts written-off during the year	(60,842,036)	(4,329,326)
	Balance at the end of the year	<u>107,388,408</u>	<u>168,230,444</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
15 LOANS AND ADVANCES			
Considered good			
Advances - unsecured			
- to suppliers		56,720,578	76,782,248
- to contractors		255,721	511,314
- to excise and taxation	15.1	70,056,823	58,141,001
- to others		5,353,080	18,590,639
		132,386,202	154,025,202
Current portion of long term loans			
- due from executives		22,503,744	22,624,064
- due from other employees		13,932,397	11,824,446
	10	36,436,141	34,448,510
Short term loans to employees		3,457,255	3,307,983
		172,279,598	191,781,695
15.1	This represents 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee. (refer to note 25.5)		
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		1,263,445	1,166,445
Prepayments	16.1	51,941,853	12,388,616
		53,205,298	13,555,061
16.1	It includes an amount of Rs.1.633 million paid against rent to Yousuf Agencies (Private) Limited - related party.		
17 OTHER RECEIVABLES			
Claims receivable from insurance companies		918,213	3,120
Receivable from related parties against shared expenses	17.1	-	4,696,352
Export rebate receivable		61,773,695	46,531,684
Receivable against sales of fixed assets		-	872,285
Dividend receivable		53,283,760	944,550
Unrealized gain on measurement of forward foreign currency contracts		-	1,003,061
Others		-	2,954,031
		115,975,668	57,005,083
17.1	Receivable from related parties against shared expenses		
Amer Cotton Mills (Private) Limited		-	513,508
Diamond Fabrics Limited		-	714,940
Reliance Cotton Spinning Mills Limited		-	3,094,924
Sapphire Fibres Limited		-	199,387
Sapphire Power Generation Limited		-	173,593
		-	4,696,352

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

18 OTHER FINANCIAL ASSETS - AVAILABLE FOR SALE

2015	2014	Name of Company	Cost	2015 Fair value	2014
Number of shares				Rupees	
74,800	74,800	Aisha Steel Limited	748,748	629,816	643,280
3,903,346	3,903,346	Bank Al-Habib Limited	98,768,184	171,552,057	175,572,503
100,000	-	D.G.Khan Cement Company Limited	12,407,321	14,277,000	-
320,000	-	Engro Corporation (Pakistan) Limited	85,232,334	94,976,000	-
100,000	-	Engro Fertilizer Limited	7,405,018	8,869,000	-
3,773,500	5,333,500	Fatima Fertilizer Company Limited	74,667,746	147,430,645	154,671,500
274,617	274,617	Fauji Fertilizer Company Limited	23,127,429	41,033,272	30,825,758
972,295	972,295	Gulshan Spinning Mills Limited	17,441,370	2,090,434	3,305,803
13,764,444	13,312,444	Hub Power Company Limited	795,453,632	1,287,939,025	781,972,961
50,000	-	Lucky Cement Limited	25,085,305	25,981,000	-
-	419,800	Oil and Gas Development Co Limited	-	-	109,685,344
20,000	-	Pak Suzuki Motor Company Limited	8,356,835	8,718,200	-
-	382,252	Pakistan Oilfields Limited	-	-	219,527,324
-	1,009,800	Pakistan Petroleum Limited	-	-	226,538,532
665,408	545,908	Pakistan State Oil Limited	150,202,317	256,707,752	212,276,326
500,000	-	United Bank Limited	76,923,214	85,460,000	-
			1,375,819,453	2,145,664,201	1,915,019,331

19 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2015 Rupees	2014
Income tax		715,449,308	579,548,875
Sales tax receivable		414,506,654	202,357,766
		1,129,955,962	781,906,641

20 CASH AND BANK BALANCES

		2015 Rupees	2014
With banks on:			
- current accounts		529,004,216	637,180,273
- deposit and saving accounts	20.1	1,750,062,958	-
- current accounts - USD	20.2	4,361,655	6,086,802
- current accounts - Euro	20.3	8,245,253	35,700,496
		2,291,674,082	678,967,571
Cash in hand		6,360,688	4,227,027
		2,298,034,770	683,194,598

20.1 This includes an Escrow account of US \$ 17.181 million (2014: Nil) equivalent to Rs 1,743.919 million (2014: Nil), established and maintained by the Sapphire Wind Power Company, pursuant to the Finance Agreement dated March 31, 2014 entered into by the company with the lender (OPIC), for payment against the offshore agreement with the EPC contractor.

20.2 Cash at bank on USD account of US \$ 42,972 (2014: US\$ 61,764).

20.3 Cash at bank on EURO account of EURO 72,600 (2014: EURO 265,510).

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015 Rupees	2014
Number of shares			Rupees	
6,206,740	6,206,740	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	62,067,400	62,067,400
13,876,400	13,876,400	Ordinary shares of Rs. 10 each issued as bonus shares	138,764,000	138,764,000
20,083,140	20,083,140		200,831,400	200,831,400

21.1 The Holding Company has only one class of shares which carry no right to fixed income.

21.2 6,215,349 (2014: 6,211,849) shares of the Holding Company are held by associated companies as at the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

22	LONG TERM FINANCING	Note	2015	2014
			----- Rupees -----	
	Loans from banking companies	22.1	5,502,387,005	2,747,393,073
	Loans from Overseas Private Investment Corporation	22.2	6,982,392,444	-
			<u>12,484,779,449</u>	<u>2,747,393,073</u>
	Less: Current portion shown under current liabilities			
	Loans from banking companies	22.1	(489,359,511)	(394,749,068)
	Loans from Overseas Private Investment Corporation	22.2	(161,204,060)	-
			<u>(650,563,571)</u>	<u>(394,749,068)</u>
			<u>11,834,215,878</u>	<u>2,352,644,005</u>
22.1	Loans from banking companies			
	Allied Bank Limited	22.1.1	50,000,000	75,000,000
	Allied Bank Limited	22.1.2	50,000,000	75,000,000
	Allied Bank Limited	22.1.3	50,000,000	75,000,000
	Allied Bank Limited	22.1.4	50,000,000	75,000,000
	Allied Bank Limited	22.1.5	89,484,089	122,023,757
	Allied Bank Limited	22.1.6	50,000,000	75,000,000
	Allied Bank Limited	22.1.7	65,034,200	74,324,800
	Allied Bank Limited	22.1.8	19,189,249	19,189,249
	Allied Bank Limited	22.1.9	80,207,685	80,207,685
	Allied Bank Limited	22.1.10	100,506,746	100,506,746
	Allied Bank Limited	22.1.11	197,064,000	197,064,000
	Allied Bank Limited	22.1.12	202,297,536	202,297,536
	Allied Bank Limited	22.1.13	87,500,000	100,000,000
	Allied Bank Limited	22.1.14	93,750,000	100,000,000
	Allied Bank Limited	22.1.15	1,000,000,000	-
	Allied Bank Limited	22.1.16	115,000,000	-
	Bank Alfalah Limited - Related Party	22.1.17	170,000,000	170,000,000
	Bank Alfalah Limited - Related Party	22.1.18	75,000,000	75,000,000
	Bank Al Habib Limited	22.1.19	1,000,000,000	-
	Bank Al Habib Limited	22.1.20	58,043,000	-
	Faysal Bank Limited	22.1.21	36,000,000	-
	Faysal Bank Limited	22.1.22	49,000,000	-
	Habib Bank Limited	22.1.23	1,000,000,000	-
	Habib Bank Limited	22.1.24	-	8,334,300
	Habib Bank Limited	22.1.25	2,369,000	8,620,000
	Habib Bank Limited	22.1.26	9,375,000	21,875,000
	Habib Bank Limited	22.1.27	65,625,000	103,125,000
	Habib Bank Limited	22.1.28	28,780,000	28,780,000
	Habib Bank Limited	22.1.29	30,484,000	30,484,000
	Habib Bank Limited	22.1.30	18,243,000	18,243,000
	Habib Bank Limited	22.1.31	20,358,000	20,358,000
	Habib Bank Limited	22.1.32	44,749,000	44,749,000
	Habib Bank Limited	22.1.33	168,288,000	168,288,000
	Habib Bank Limited	22.1.34	76,731,000	76,731,000
	Habib Bank Limited	22.1.35	4,300,000	4,300,000
	Habib Bank Limited	22.1.36	34,670,000	34,670,000
	Habib Bank Limited	22.1.37	65,700,000	65,700,000
	MCB Bank Limited	22.1.38	-	6,594,000
	Meezan Bank Limited	22.1.39	130,500,000	174,000,000
	Samba Bank Limited	22.1.40	1,875,000	9,375,000
	Standard Chartered Bank Pakistan Limited	22.1.41	105,000,000	135,000,000
	United Bank Limited	22.1.42	-	30,978,000
	United Bank Limited	22.1.43	-	105,048,000
	United Bank Limited	22.1.44	7,263,500	14,527,000
	United Bank Limited	22.1.45	-	22,000,000
			<u>5,502,387,005</u>	<u>2,747,393,073</u>
	Less: Current portion shown under current liabilities		<u>(489,359,511)</u>	<u>(394,749,068)</u>
			<u>5,013,027,494</u>	<u>2,352,644,005</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Lenders	Security	Mark-up rate	No. of installments outstanding	Date of final repayment
22.1.1	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.75%	8 Quarterly	Jun 2017
22.1.2	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.75%	8 Quarterly	Mar 2017
22.1.3	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	8 Quarterly	May 2017
22.1.4	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.122 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	8 Quarterly	Apr 2017
22.1.5	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.158 million on the specific plant & machinery of the Company.	8.90%	11 Quarterly	Mar 2018
22.1.6	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	8 Quarterly	May 2017
22.1.7	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the company.	8.90%	14 Quarterly	Oct 2018
22.1.8	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.24 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Nov 2020
22.1.9	ABL LTFF	The loan is secured against exclusive hypothecation charge of Rs.96 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Nov 2020
22.1.10	ABL LTFF	The loan is secured against exclusive hypothecation charge of Rs.119 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Dec 2020
22.1.11	ABL LTFF	The loan is secured against exclusive hypothecation charge of Rs.233 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Dec 2020
22.1.12	ABL LTFF	The loan is secured against exclusive hypothecation charge of Rs.239 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Jan 2021
22.1.13	ABL LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	14 Quarterly	Oct 2018
22.1.14	ABL LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	15 Quarterly	Jan 2019
22.1.15	ABL LTL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Apr 2025
22.1.16	ABL - LTFF	The loan is secured against exclusive hypothecation charge of Rs. 136 million on the specific plant & machinery of the company.	6.50%	20 Quarterly	Jul 2021
22.1.17	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	16 Quarterly	Apr 2019
22.1.18	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	16 Quarterly	Apr 2019

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Lenders	Security	Mark-up rate	No. of installments outstanding	Date of final repayment
22.1.19	BAHL - TFL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Feb 2025
22.1.20	BAHL - LTF	The loan is secured against exclusive hypothecation charge of Rs.71 million on the specific plant & machinery of the company.	5.50%	32 Quarterly	Jun 2025
22.1.21	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Company.	6.50%	24 Quarterly	Jan 2022
22.1.22	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Company.	5.00%	24 Quarterly	Feb 2022
22.1.23	HBL - TFL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	KIBOR plus 0.25 %	4 Quarterly	Apr 2017
22.1.24	HBL - LTF-EOP	The term loan is secured against hypothecation of plant and machinery at unit no. 6 of the Company.	3 Months 7%	Payment during the year	Sep 2014
22.1.25	HBL - LTF-EOP	The loan is secured against first specific hypothecation charge on plant and machinery of Rs. 53.2 million of Unit No. 5 of the Company.	7%	1 Semi-annually	Dec 2015
22.1.26	HBL-Non-LTF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company.	3 Months KIBOR plus 1.50%	3 Quarterly	Jan 2016
22.1.27	HBL-Non-LTF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company.	3 Months KIBOR plus 150 bps	7 Quarterly	Jan 2017
22.1.28 to 22.1.36	HBL - LTF	The loan is secured against exclusive hypothecation charge of Rs. 687 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Apr 2021
22.1.37	HBL - LTF	The loan is secured against exclusive hypothecation charge of Rs. 687 million on the specific plant & machinery of the company.	8.90%	20 Quarterly	Feb 2021
22.1.38	MCB - LTF	The loan is secured against 1st registered hypothecation charge for Rs. 54 million over present & future plant & machinery of Unit No.1 of the Company.	9.7%	Payment during the year	Jan 2015
22.1.39	MBL Diminishing Musharka	The loan is secured against exclusive charge over specific plant and machinery of amounting Rs.174 million of Unit No. 6 of the Company.	3 Months KIBOR plus 0.50 %	12 Quarterly	May 2018
22.1.40	SAMBA - Non-LTF	The term loan is secured against exclusive hypothecation charge over plant and machinery at Unit No. 4 of the Company.	3 Months KIBOR plus 1.50 %	1 Quarterly	Jul 2015
22.1.41	SCB - LTF	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.25%	14 Quarterly	Dec 2017
22.1.42	UBL - LTF	The loan is secured against first exclusive hypothecation charge of Rs.185 million on imported machinery of Unit No.6 of the Company. Initially loan was payable in 20 Quarterly installments. The company has paid the loan before maturity.	10.20%	Payment during the year	Apr 2015

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Lenders	Security	Mark-up rate	No. of installments outstanding	Date of final repayment
22.1.43	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs.375 million on imported machinery of Unit No.6 of the Company. Initially loan was payable in 20 Quarterly installments. The company has paid the loan before maturity.	10.20%	Payment during the year	Jun 2015
22.1.44	UBL - LTL	The loan is secured against first exclusive hypothecation charge of Rs. 200 million over plant and machinery of Unit No.5 of the Company.	3 Months KIBOR plus 1.5%	4 Quarterly	Jun 2016
22.1.45	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs. 375 million over plant and machinery of Unit No.6 of the Company. Initially loan was payable in 20 Quarterly installments. The company has paid the loan before maturity.	9.40%	Payment during the year	Apr 2015
				2015	2014
				----- Rupees -----	
22.2	Loans from Overseas Private Investment Corporation				
	Receipt			7,159,110,000	-
	Transaction cost			(224,846,476)	-
	Amortisation of transaction cost			17,048,920	-
	Exchange loss			31,080,000	-
				6,982,392,444	-
	Less: Current portion shown under current liabilities			(161,204,060)	-
				6,821,188,384	-
22.2.1	This represents long term finance facility of USD 95 million obtained from OPIC for the construction of the wind power project at Jhimpir in accordance with the Finance Agreement dated March 31, 2014. Of the facility of USD 95 million, USD 70.7 million has been availed by the subsidiary company - SWPCL as of June 30, 2015. The security for the loan includes all the current and future assets of the subsidiary company. It carries mark-up, payable quarterly, at the rate of three months London Inter-Bank Offered Rate (LIBOR) plus 3.7% OPIC guarantee fee. The mark-up rate charged during the year on the outstanding balance ranges from 3.84% to 3.98%. The principal amount is repayable in twenty semi annual installments starting from April 10, 2016. The repayments are to be made in accordance with the amortisation schedule to be provided by OPIC.				
			Note	2015	2014
				----- Rupees -----	
23	DEFERRED LIABILITIES				
	Deferred taxation		23.1	205,099,181	187,984,275
	Staff retirement benefits - gratuity		23.2	272,019,736	229,504,703
				477,118,917	417,488,978
23.1	Deferred taxation				
	Deferred tax credits / (debits) arising in respect of:				
	Taxable temporary differences (deferred tax liabilities)				
	Accelerated tax depreciation allowances			223,337,205	203,671,740
	Investment in associates			4,991,503	4,654,092
				228,328,708	208,325,832
	Deductible temporary differences (deferred tax assets)				
	Staff retirement benefits - gratuity			(15,676,497)	(14,344,503)
	Provision for repair and maintenances (Generator overhauling)			(6,202,427)	(4,628,273)
	Provision for stores, spares and loose tools			(1,350,603)	(1,368,781)
				(23,229,527)	(20,341,557)
				205,099,181	187,984,275
23.1.1	In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.				

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	
23.2 Staff retirement benefits		
Movement in the net liability recognized in the Balance sheet		
Opening net liability	229,504,703	191,731,749
Expense for the year in profit and loss account	96,793,797	84,811,832
Remeasurement recognized in other comprehensive income	16,363,523	9,833,283
	<u>342,662,023</u>	<u>286,376,864</u>
Benefits paid during the year	(70,265,970)	(56,872,161)
Benefits due but not paid	(376,317)	-
Closing net liability	<u>272,019,736</u>	<u>229,504,703</u>
Expense recognized in the profit and loss account		
Current service cost	71,064,475	64,679,998
Interest cost	25,729,322	20,131,834
	<u>96,793,797</u>	<u>84,811,832</u>
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation	229,504,703	191,731,749
Current service cost	71,064,475	64,679,998
Interest cost	25,729,322	20,131,834
Actuarial loss	16,363,523	9,833,283
Benefits paid	(70,265,970)	(56,872,161)
Benefits due but not paid	(376,317)	-
	<u>272,019,736</u>	<u>229,504,703</u>

Historical information	2015	2014	2013	2012	2011
	----- R U P E E S -----				
Present value of defined benefit obligation	<u>272,019,736</u>	<u>229,504,703</u>	<u>191,731,749</u>	<u>146,055,958</u>	<u>131,743,627</u>
Experience adjustments on plan liabilities	<u>(16,363,523)</u>	<u>(9,833,283)</u>	<u>(18,461,246)</u>	<u>14,383,827</u>	<u>(8,172,015)</u>

Expected gratuity expenses charged to profit and loss for the year ending June 30, 2016 works out Rs.113,500,759.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation.

	2015	2014
	%	%
Discount rate	9.75	13.25
Expected rate of increase in salary	8.75	12.25

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	----- Rupees in 000 -----	
Discount rate	<u>257,851</u>	<u>288,165</u>
Increase in future salaries	<u>289,069</u>	<u>256,758</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

		2015	2014
	Note	----- Rupees -----	
24 LONG TERM PAYABLE			
Gross payable		442,198,200	-
Deferred notional income	24.2	(10,566,721)	-
		<u>431,631,479</u>	<u>-</u>
24.1	Long term payable represent amortized value of balance consideration payable amounting to US \$ 4,378,200 payable to Ex-shareholders of Tricon Boston Consulting Corporation (Private) Limited. The Holding Company has also issued a corporate guarantee of amounting US\$ 4,378,200.		
24.2	This represent the difference between amortized cost and face value of interest free long term payable to Ex-Shareholders of Tricon Boston Consulting Corporation (Private) Limited. Amortized cost has been determined using effective interest rate of 2.86% per annum being the weighted average rate applicable to the company for borrowings in US\$. Movement of the deferred notional income is as follows:		
	Deferred notional income		
	Opening balance	-	-
	Unwinding income	18,320,390	-
	Unwinding cost of long term liability	(4,815,902)	-
	Exchange loss on revaluation of foreign currency	(2,937,767)	-
		<u>10,566,721</u>	<u>-</u>
25 TRADE AND OTHER PAYABLES			
Creditors	25.1	451,368,595	384,084,303
Accrued liabilities	25.2	1,298,612,953	874,860,404
Advances from customers	25.3	433,941,129	543,843,294
Workers' profit participation fund	25.4	59,705,075	62,615,970
Workers' welfare fund		152,003,146	127,954,270
Sindh development and maintenance infrastructure fee	25.5	167,661,261	143,508,042
Unclaimed dividend		886,820	2,120,501
Lender fees and charges payable		7,659,198	10,423,611
Tax deducted at source		272,246	9,017
Unrealized loss on measurement of forward foreign currency contracts		2,647,824	-
Others		2,849,972	7,613,525
		<u>2,577,608,219</u>	<u>2,157,032,937</u>
25.1	These balances include the following amounts due to related parties:		
	Amer Cotton Mills (Private) Limited	1,760,385	54,156
	Diamond Fabrics Limited	931,164	190,500
	Reliance Cotton Spinning Mills Limited	604,012	2,605,979
	Sapphire Fibres Limited	19,621,054	25,494,175
	Sapphire Finishing Mills Limited	161,544	33,309
	Nadeem Abdullah	-	4,866,880
		<u>23,078,159</u>	<u>33,244,999</u>
25.2	These balances include the following amounts due to related parties:		
	Sapphire Power Generation Limited	1,880,596	30,705,631
25.3	These balances include the following amounts received from related parties:		
	Creadore A/S Denmark	121,333,941	166,196,240
25.4	Workers' profit participation fund		
	Balance at the beginning of the year	62,615,970	124,669,920
	Allocation for the year	34 59,705,075	62,615,970
	Interest on fund utilized in the Group's business	36 2,454,852	34,429,392
		<u>62,159,927</u>	<u>97,045,362</u>
		124,775,897	221,715,282
	Less: Payments during the year	(65,070,822)	(159,099,312)
	Balance at the end of the year	<u>59,705,075</u>	<u>62,615,970</u>
25.5	The Company had filed a suit against levy of Infrastructure fee, decision of the Honourable Sindh High Court dated 17 September 2008 in which the imposition of levy of infrastructure cess before 28 December 2006 had been declared as void and invalid. However, the Excise and Taxation Department had filed an appeal before the Honourable Supreme Court of Pakistan against the order of the Honourable Sindh High Court. During the financial year ended June 30, 2011, the Honourable Supreme Court of Pakistan had disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

existence which was not the subject matter of the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. On May 31, 2011, the High Court of Sindh had granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of fifth version of the law and its retrospective application the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner. In the light of interim relief the Company has paid 50% of the amount of Infrastructure cess payable from December 27, 2006 to May 31, 2011. Subsequent imports of the Company be released against 50% payment of Infrastructure cess to Excise and Taxation Department and furnishing of bank guarantee of balance amount. However the full amount of Infrastructure Cess form component of cost of imported items and provision recorded in books. Bank guarantees amounting to Rs.74.823 million (2014: Rs.59.823 million) have been provided to the department.

		2015	2014
	Note	----- Rupees -----	
26	ACCRUED INTEREST / MARK-UP		
	Accrued interest / mark-up on secured:		
	- long term financing	159,902,821	48,901,138
	- short term borrowings	55,035,723	52,081,251
		<u>214,938,544</u>	<u>100,982,389</u>
26.1	Accrued mark-up includes amounting Rs.5,925,548 (2014: Rs. 447,218) due to Bank Alfalah Limited - related party.		
27	SHORT TERM BORROWINGS		
	Banks		
	Short term loans	3,492,721,764	2,608,844,552
	Running finance under mark-up arrangements	1,224,379,298	582,983,093
		<u>4,717,101,062</u>	3,191,827,645
	Book overdrafts	1,113,456	9,606,190
		<u>4,718,214,518</u>	3,201,433,835
	Short term loan from Directors and others	<u>2,300,000</u>	2,300,000
		<u>4,720,514,518</u>	3,203,733,835
27.1	Aggregate facilities amounting to Rs.15,745 million (2014: Rs.15,820 million) were available to the Company from banking companies. These are secured against hypothecation charge on stock in trade, book debts and export bills under collection. These carry mark up ranging from 2.33% to 3% (2014: 0.77% to 2.33%) on foreign currency loans and 5.25% to 8.454% (2014: 8.65% to 11.94%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.103.718 million (2014: Rs.147.201 million) due to Bank Alfalah Limited (related party).		
27.2	This represents cheques issued by the Group in excess of balance at banks which remained unrepresented till June 30, 2015.		
28	PROVISION FOR TAXATION		
	Balance at the beginning of the year	211,144,456	196,524,344
	Provision made for current year - net	130,104,232	164,989,873
		<u>341,248,688</u>	361,514,217
	Less: Adjusted advance tax during the year against completed assessments	(210,881,328)	(150,369,761)
		<u>130,367,360</u>	211,144,456
29	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
29.1	Guarantees issued by banks on behalf of the Group	<u>267,051,368</u>	253,081,635
29.2	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 June 30, 2015 the value of these cheques amounted to Rs.110.835 million (2014: Rs.91.311 million)		
29.3	The Holding Company had filed a suit No.204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

- 29.4** The Holding Company had filed a petition against Mohammad Farooq Textile Mills Limited for recovery of Rs. 9.135 million under section 305 of Companies Ordinance, 1984 in the Honourable Sindh High Court, Sindh, praying that the honourable court may be pleased to pass the orders regarding winding up the liquidation of the company, to appoint provisional manager or official liquidator, to restrain the officers of the company from disposing of the assets of the company till final adjudication, to grant any other relief deemed to be appropriate and to grant cost.
- 29.5** The Holding Company had filed a suit No. RA 233 of 2011 against Indus Steel Pipe Factory (Pvt) Limited before the Honourable Sindh High Court, Sindh to review the decision regarding dispute of title of land, as a result the court has issued order to remand the case for deciding the controversy strictly in accordance with law after considering the report of the revenue authorities which has been placed on record and after deciding the objection of either parties. Currently the case is pending in the Honourable Court of District Judge Jamshoro, Kotri.
- 29.6** The financial institution has issued a guarantee of amounting Rs.45 million in favour of Excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed asset of the Group.
- 29.7** Also refer to contents to note 9.6 to 9.8.

	2015	2014
	----- Rupees -----	
Commitments		
29.8 Confirmed letter of credit in respect of:		
- plant and machinery	89,386,896	38,845,624
- raw material	140,306,178	35,234,533
- stores and spares	36,685,999	9,083,376
	<u>266,379,073</u>	<u>83,163,533</u>
29.9 Commitments in respect of expenditure contracted by SWPCL but not incurred as at June 30, 2015 amounts to US \$ 48.533 million (2014: Rs Nil million).		
29.10 The amount of future payments under operating leases and the period in which these payments will become due are as follows:		
Later than one year but not later than five years	8,232,000	5,488,000
Later than five years	72,903,945	75,647,945
	<u>81,135,945</u>	<u>81,135,945</u>

30 SALES AND SERVICES - NET

Note	Export Sales		Local Sales		Total	
	2015	2014	2015	2014	2015	2014
Rupees						
Yarn	10,313,844,025	12,220,006,954	2,630,095,167	2,975,846,655	12,943,939,192	15,195,853,609
Fabric	5,624,293,526	6,247,568,452	1,335,021,942	1,238,695,907	6,959,315,468	7,486,264,359
Home textile products	3,003,523,987	2,514,217,798	35,789,815	13,103,426	3,039,313,802	2,527,321,224
Raw material	90,404,916	29,972,989	12,824,791	28,872,321	103,229,707	58,845,310
Waste	64,172,661	97,050,349	164,435,945	194,178,538	228,608,606	291,228,887
Processing income	-	-	183,112,477	13,567,745	183,112,477	13,567,745
	<u>19,096,239,115</u>	<u>21,108,816,542</u>	<u>4,361,280,137</u>	<u>4,464,264,592</u>	<u>23,457,519,252</u>	<u>25,573,081,134</u>
Export rebate					36,546,116	27,724,535
Duty drawback					17,687,702	836,455
Less: Sales tax					(188,902,015)	(190,340,371)
					<u>23,322,851,055</u>	<u>25,411,301,753</u>
30.1 Export sales - Yarn						
Direct export					8,101,474,038	8,813,797,482
In-direct export					2,212,369,987	3,406,209,472
					<u>10,313,844,025</u>	<u>12,220,006,954</u>
30.2 Export sales - Fabric						
Direct export					4,800,772,780	4,931,674,994
In-direct export					823,520,746	1,315,893,458
					<u>5,624,293,526</u>	<u>6,247,568,452</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

30.3	Waste sales includes comber noil sales Rs.63,456,238 (2014:Rs.96,730,959).		
30.4	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.117.857 million (2014: Rs.217.939 million) has been included in export sales.		
30.5	The duty drawback has been given by Ministry of Textile Industries from government of Pakistan vide S.R.O 3(1)TID/09-P-I Dated 1st September 2009 in order to encourage the exporters.		
31	COST OF SALES AND SERVICES	Note	2015 2014 ----- Rupees -----
	Raw material consumed	31.1	13,493,133,649 16,705,749,011
	Cost of raw material sold	31.2	97,167,098 69,096,361
	Packing material consumed		352,928,232 321,577,764
	Stores and spares consumed		815,519,294 574,247,609
	Salaries, wages and benefits	31.3 & 31.4	1,856,048,112 1,582,756,255
	Fuel, power and water		2,257,406,709 1,898,687,269
	Other manufacturing expenses	31.5	832,711,331 572,537,140
	Repair and maintenance		123,893,768 73,196,324
	Vehicle running expenses		28,696,523 30,860,366
	Travelling and conveyance		24,656,303 21,090,664
	Insurance expenses		41,619,405 57,328,865
	Rent, rates and taxes		6,876,307 5,429,311
	Fees and subscription		5,050,498 6,583,198
	Communication expenses		11,932,985 9,369,890
	Printing and stationery		6,267,874 2,129,692
	Legal and professional charges		7,113,077 7,205,323
	Depreciation	6.2	689,425,013 559,980,231
	Miscellaneous expenses		8,532,146 4,638,504
			20,658,978,324 22,502,463,777
	Work in process		
	Opening stock		299,835,103 347,731,791
	Closing stock	13	(395,499,800) (299,835,103)
			(95,664,697) 47,896,688
	Cost of goods manufactured		20,563,313,627 22,550,360,465
	Finished goods		
	Opening stock		790,588,259 863,499,963
	Closing stock	13	(699,698,614) (790,588,259)
			20,654,203,272 22,623,272,169
31.1	Raw material consumed		
	Opening stock		2,618,242,324 3,687,487,096
	Purchases		13,787,535,239 15,636,504,239
			16,405,777,563 19,323,991,335
	Closing stock	13	(2,912,643,914) (2,618,242,324)
			13,493,133,649 16,705,749,011
31.2	It includes Salaries, wages & benefits, Insurance and Finance cost amounting Rs.859,611 (2014: Rs.611,472), Rs.1,719,224 (2014: Rs.1,222,944) and Rs.8,596,118 (2014: Rs.6,114,722) respectively.		
31.3	Salaries, wages and benefits include Rs.96,417,397 (2014:Rs.84,811,832) in respect of post employment benefits - gratuity.		
31.4	Salaries, wages and benefits include Rs.5,406,992 (2014:Rs.4,540,855) in respect of provident fund contribution.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014
31.5 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		130,037,876	173,745,316
Yarn dyeing and bleaching charges		53,900,499	51,586,537
Fabric dyeing, bleaching, knitting and processing charges		242,506,388	275,012,205
Yarn doubling charges		60,591,625	4,146,303
Stitching, spinning and other charges		201,305,992	54,213,613
Designer and Embroidery charges		144,368,951	13,833,166
		832,711,331	572,537,140
32 DISTRIBUTION COST			
On export sales			
Export development surcharge		41,039,707	45,292,115
Insurance		8,653,959	9,803,710
Commission		223,808,188	275,731,633
Ocean freight and forwarding		365,925,238	342,106,569
		639,427,092	672,934,027
On local sales			
Inland freight and handling		35,284,630	40,651,502
Commission		22,546,999	37,119,949
		57,831,629	77,771,451
Other distribution cost			
Salaries and benefits	32.1	110,654,850	82,045,704
Rent and utilities		27,615,188	6,045,741
Communication		12,933,844	11,639,695
Travelling, conveyance and entertainment		61,994,328	60,044,440
Repair and maintenance		5,291,102	1,623,895
Fees and subscription		1,917,926	1,986,040
Samples and advertising		54,297,443	16,425,130
Packing material		4,366,092	-
Exhibition expenses		29,701,343	9,605,233
Depreciation	6.2	1,992,755	-
Printing and stationery		4,113,257	1,554,555
Others		4,575,266	1,106,871
		319,453,394	192,077,304
		1,016,712,115	942,782,782
32.1	Salaries and benefits include Rs.4,056,378 (2014:Rs.3,490,575) in respect of provident fund contribution.		
33 ADMINISTRATIVE EXPENSES			
Directors' remuneration		22,800,000	22,800,000
Directors' meeting fee		300,000	50,000
Salaries and benefits	33.1	138,289,730	109,638,398
Rent, rates and utilities		12,568,554	11,579,209
Communication		6,923,955	5,802,788
Printing and stationery		2,526,115	2,727,778
Travelling, conveyance and entertainment		36,792,569	24,483,886
Motor vehicle expenses		12,469,245	11,644,953
Repair and maintenance		6,518,222	9,061,282
Insurance expense		2,015,021	1,505,225
Legal and professional charges		28,344,257	34,408,095
Fees and subscription		9,248,686	2,777,120
Computer expenses		8,892,085	6,690,928
Advertisement		818,013	156,720
Security expenses		1,329,610	1,723,300
Depreciation	6.2	23,887,658	20,451,100
Others		1,622,483	2,052,848
		315,346,203	267,553,630
33.1	Salaries and benefits include Rs.5,389,112 (2014:Rs.4,434,415) in respect of provident fund contribution.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

34	OTHER OPERATING EXPENSES	Note	2015 ----- Rupees -----	2014
	Workers' profit participation fund	25.4	59,705,075	62,615,970
	Workers' welfare fund		24,048,876	25,922,613
	Auditors' remuneration	34.1	4,284,273	4,569,142
	Donations	34.2	23,376,040	19,021,089
	Depreciation on investment property	7.3	1,036,309	1,151,454
	Amortization of intangible asset	8.2	2,215,366	2,383,336
	Provision for doubtful debts	14.4	-	12,000,000
	Encashment of bank guarantee		503,000	-
	Impairment of good will	8.3	577,245	-
	Impairment of equipment		1,214,037	-
	Provision for stores, spares and loose tools	12.1	1,535,955	821,381
	Exchange loss on foreign currency accounts		4,152,455	-
	Exchange loss on long term liability		2,937,767	97,391
	Realized loss on measurement of derivative financial instruments - net		-	3,782,819
			125,586,398	132,365,195
34.1	Auditors' remuneration			
	Mushtaq & Co.			
	Audit fee		1,467,450	1,397,550
	Half yearly review fee		403,000	366,025
	Code of corporate governance review fee		85,850	85,850
	Other certification / services		823,184	875,049
	Out of pocket expenses		13,750	13,750
			2,793,234	2,738,224
	A.F.Ferguson & Co.			
	Audit fee		1,000,000	400,000
	Other assurance services		237,100	1,250,000
	Taxation services		-	52,174
	Out of pocket expenses		73,939	68,744
			1,311,039	1,770,918
	Hameed Chaudhri & Co.			
	Audit fee		30,000	30,000
	M.Yousuf Adil Saleem & Co.			
	Audit fee		130,000	30,000
	Out of pocket expenses		20,000	-
			150,000	30,000
			4,284,273	4,569,142
34.2	Donations include the following in which a director is interested:			
	Name of director	Interest in donee	Name and address of donee	
	Mr. Mohammad Abdullah	Director	Abdullah Foundation	20,200,000
	Mr. Shahid Abdullah	Director	312, Cotton Exchange Building,	17,050,000
	Mr. Yousuf Abdullah	Director	I.I. Chundrigar Road, Karachi.	
	Mr. Nadeem Abdullah	Director		
	Mr. Amer Abdullah	Director		
	Mr. Mohammad Abdullah	Trustee	Jamal-ud-din Fatima Charitable Trust	600,000
	Mr. Shahid Abdullah	Trustee	149, Cotton Exchange Building,	600,000
	Mr. Nadeem Abdullah	Trustee	I.I. Chundrigar Road, Karachi.	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

35	OTHER INCOME	Note	2015	2014
			----- Rupees -----	
	Income from financial assets			
	Dividend income:			
	- from other companies		431,189,727	315,729,328
	- from associated companies	35.1	6,907	9,636
	Gain on sale of investments		68,047,373	106,427,221
	Profit on saving account		1,707,321	104,006
	Exchange gain		2,522,353	-
	Exchange gain on foreign currency account		-	1,381,617
	Income from non-financial assets			
	Gain on sale of property, plant and equipment - net		6,225,365	9,325,658
	Rental income		15,991,008	14,952,720
	Custom duty written-back		-	3,262,068
	Credit balance written-back		1,970,556	2,447,929
	Realized gain on measurement of derivative financial instruments - net		4,359,543	-
	Scrap sales [Net of sales tax aggregating Rs.3.924 million (2014: Rs.3.787 million)]		22,005,023	20,249,381
			<u>554,025,176</u>	<u>473,889,564</u>
35.1	Dividend income from associated companies			
	Reliance Cotton Spinning Mills Limited	35.2	5,095	8,764
	Sapphire Fibres Limited	35.3	1,812	725
	SFL Limited		-	147
			<u>6,907</u>	<u>9,636</u>
35.2	Sapphire Textile Mills Limited distributed shares of Reliance Cotton Spinning Mills Limited as Stock dividend @ 4.50% for the year ended June 30, 2008. The dividend of amounting Rs.5,096 (2014: Rs.8,764) representing number of shares 3,397 (2014:4,382) which were not transferred by shareholders at that time.			
35.3	Sapphire Textile Mills Limited distributed shares of Sapphire Fibres Limited as Stock dividend @ 10% for the year ended September 30,1991. This amount represents dividend of 145 shares which were not transferred by shareholders at that time.			
36	FINANCE COST	Note	2015	2014
			----- Rupees -----	
	Interest / mark-up on :			
	- short term finances		273,061,148	393,100,507
	- long term loans		259,755,572	146,369,091
	- workers' profit participation fund	25.4	2,454,852	34,429,392
	Bank charges, commission and others charges		125,277,697	149,109,292
	Unwinding cost of long term liability		4,815,902	-
	Exchange loss / (gain) on foreign currency loans		6,979,115	(7,239,559)
			<u>672,344,286</u>	<u>715,768,723</u>
36.1	Finance cost includes amounting Rs. 33,468,281 (2014: Rs.5,623,687) charged by Bank Alfalah Limited (related party) on borrowings obtained.			
37	TAXATION			
	Current			
	- for the year		130,369,861	211,146,921
	- prior year		(265,629)	(46,157,048)
	Deferred		18,120,804	122,334,872
			<u>148,225,036</u>	<u>287,324,745</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	2015	2014
	----- Rupees -----	
37.1 Relationship between taxation expense and accounting profit		
Profit before taxation	1,157,814,936	1,253,361,767
Tax at the applicable rate of 33% (2014: 34%)	382,078,929	426,143,001
Tax effect of income taxed at a lower rate	(44,189,310)	(6,156,388)
Reduction in rate	(5,555,460)	(2,484,788)
Prior year tax effect	265,629	(46,157,048)
Tax credit effect	(184,374,752)	(84,020,032)
	148,225,036	287,324,745
37.2		
The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year. The Board of Directors in their meeting held on September 28, 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 47) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2015.		
38 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the year	Rupees 1,012,468,504	966,037,022
Weighted average number of ordinary shares	Number 20,083,140	20,083,140
Earnings per share - basic and diluted	Rupees 50.41	48.10
38.1		
There is no dilutive effect on basic earnings per share.		
39 CASH GENERATED FROM OPERATIONS		
Profit before taxation and share of profit of associated companies	1,092,683,957	1,203,448,818
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	715,305,426	580,431,331
Depreciation on investment property	1,036,309	1,151,454
Gain on sale of investments	(68,047,373)	(106,427,221)
Amortization of intangible assets	2,215,366	2,383,336
Gain on sale of property, plant and equipment	(6,225,365)	(9,325,658)
Dividend income - others	(431,189,727)	(315,729,328)
Dividend income - associates	(6,907)	(9,636)
Provision for gratuity	96,793,797	84,811,832
Provision for doubtful debts	-	12,000,000
Impairment of equipment	1,214,037	-
Custom duty written-back	-	(3,262,068)
Impairment of goodwill	577,245	-
Credit balances written-back	(1,970,556)	(2,447,929)
Provision for stores, spares and loose tools	(188,223,949)	821,381
Unwinding cost of long term liability	4,815,902	-
Exchange differences	9,916,882	(7,239,559)
Finance cost	660,549,269	723,008,282
Rental income	(15,991,008)	(14,952,720)
	780,769,348	945,213,497
Operating cash flow before changes in working capital	1,873,453,305	2,148,662,315

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	2015	2014	
	----- Rupees -----		
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools	(41,279,687)	(42,126,820)	
Stock-in-trade	(239,289,094)	1,131,824,275	
Trade debts	12,814,465	474,075,954	
Loans and advances	19,502,097	(9,050,778)	
Trade deposits and short term prepayments	(39,650,237)	(6,908,088)	
Other receivables	(7,634,436)	7,937,733	
	(295,536,892)	1,555,752,276	
Increase in current liabilities			
Trade and other payables	419,161,139	664,918,323	
	1,997,077,552	4,369,332,914	
40 RELATED PARTY DISCLOSURES			
The related parties comprise associated companies (due to common directorship), directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements and remuneration key management personnel has been disclosed in note 44. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:			
Nature of transaction	Relationship with the Company	2015	2014
		----- Rupees -----	
<u>Sales, services provided, rental income and reimbursement of expenses</u>			
Amer Cotton Mills (Private) Limited	Related party	1,450,575	134,928
Creadore A/S, Denmark	Associate	496,640,031	426,011,024
Diamond Fabrics Limited	Related party	212,798,324	94,947,019
Reliance Cotton Spinning Mills Limited	Associate	4,905,844	2,380,537
Sapphire Fibres Limited	Related party	1,754,337	3,345,522
Sapphire Finishing Mills Limited	Related party	421,971,206	311,763,076
		1,139,520,317	838,582,106
<u>Donations</u>			
Abdullah Foundation	Related party	20,200,000	17,050,000
Jamal-ud-din Fatima Charitable Trust	Related party	600,000	600,000
		20,800,000	17,650,000
<u>Rent and other expenses</u>			
Yousuf Agencies (Private) Limited	Related party	3,297,849	2,855,172
<u>Purchases, services received, markup and reimbursement of expenses</u>			
Amer Cotton Mills (Private) Limited	Related party	5,040,044	4,569,264
Bank Alfalah Limited	Related party	33,468,281	5,401,253
Diamond Fabrics Limited	Related party	3,029,700	1,493,415
Reliance Cotton Spinning Mills Limited	Associate	101,849,454	127,182,302
Sapphire Fibres Limited	Related party	224,262,695	483,444,640
Sapphire Finishing Mills Limited	Related party	867,231	3,916,042
Sapphire Power Generation Limited	Associate	399,661,028	256,050,294
		768,178,433	882,057,210
<u>Expenses charged by</u>			
Sapphire Fibres Limited	Related party	2,698,642	1,286,061
Amer Cotton Mills (Private) Limited	Related party	4,244,290	35,970
Diamond Fabrics Limited	Related party	1,379,124	-
		8,322,056	1,322,031
<u>Contribution to provident fund</u>			
Sapphire Textile Mills Limited - Employees Provident Fund	Retirement benefit fund	14,852,482	12,300,988

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Nature of transaction	Relationship with the	2015	2014
		----- Rupees -----	
<u>Expenses charged to</u>			
Amer Cotton Mills (Private) Limited	Related party	7,073,354	736,311
Diamond Fabrics Limited	Related party	3,007,502	912,619
Reliance Cotton Spinning Mills Limited	Associate	3,270,853	3,310,383
Sapphire Dairies (Private) Limited	Associate	60,391	13,441
Sapphire Electric Company Limited	Associate	9,926	2,542
Sapphire Fibres Limited	Related party	15,807,326	1,887,740
Sapphire Finishing Mills Limited	Related party	4,510,071	3,154,841
Sapphire Power Generation Limited	Associate	74,065	13,441
		33,813,488	10,031,318
<u>Purchase of property, plant and equipment</u>			
Neelum Textile Mills (Private) Limited	Related party	-	500,000
<u>Share deposit money</u>			
Sapphire Power Generation Limited	Associate	-	93,957,500
Nature of transaction			
Relationship with the Company			
<u>Shares received</u>			
Sapphire Power Generation Limited	Associate	-	93,957,500
<u>Long term and short term loans obtained</u>			
Bank Alfalah Limited	Related party	536,545,000	530,737,000
Nadeem Abdullah	Chief Executive	-	400,000
Mohammad Abdullah	Director	-	800,000
		536,545,000	531,937,000
<u>Dividend paid</u>			
Amer Tex (Pvt) Ltd.	Related party	11,305,680	10,065,312
Galaxy Agencies (pvt) Ltd.	Related party	5,046,110	4,541,499
Nadeem Enterprises (pvt) Ltd.	Related party	5,862,420	5,276,178
Neelum Textile Mills (pvt) Ltd.	Related party	4,190,940	2,585,196
Reliance Cotton Spinning Mills Ltd.	Associate	1,002,230	902,007
Sapphire Agencies (pvt) Ltd.	Related party	22,382,680	20,144,412
Sapphire Holding Limited	Associate	2,646,380	2,381,742
Sapphire Power Generation Ltd.	Associate	725,420	2,552,778
		53,161,860	48,449,124
<u>Dividend received</u>			
Reliance Cotton Spinning Mills Limited	Associate	475,038	635,354
Sapphire Fibres Limited	Related party	1,812	715
Sapphire Electric Company Limited	Related party	9,000,000	-
SFL Limited	Related party	-	147
		9,476,850	636,069

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

41 SEGMENT ANALYSIS

41.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation	Elimination of inter segment transaction	Total
----- Rupees -----						
For the year ended June 30, 2015						
Sales and services - net	15,512,488,668	7,347,568,922	4,378,224,931	-	(3,915,431,466)	23,322,851,055
Cost of sales and services	(14,104,654,520)	(6,582,983,815)	(3,881,996,403)	-	3,915,431,466	(20,654,203,272)
Gross Profit	1,407,834,148	764,585,107	496,228,528	-	-	2,668,647,783
Distribution cost	(430,621,556)	(280,397,249)	(305,687,397)	(5,913)	-	(1,016,712,115)
Administrative expenses	(221,694,423)	(46,647,381)	(30,761,932)	(16,242,467)	-	(315,346,203)
Finance cost	(535,432,899)	(69,756,437)	(67,144,579)	(10,371)	-	(672,344,286)
	(1,187,748,878)	(396,801,067)	(403,593,908)	(16,258,751)	-	(2,004,402,604)
Profit / (loss) before taxation and unallocated income and expenses	220,085,270	367,784,040	92,634,620	(16,258,751)	-	664,245,179
Depreciation	409,931,165	168,577,831	133,589,976	3,206,454	-	715,305,426
For the year ended June 30, 2014						
Sales and services - net	16,921,155,280	8,070,398,446	2,729,694,746	-	(2,309,946,719)	25,411,301,753
Cost of sales and services	(15,574,995,810)	(7,066,255,454)	(2,291,967,624)	-	2,309,946,719	(22,623,272,169)
Gross Profit	1,346,159,470	1,004,142,992	437,727,122	-	-	2,788,029,584
Distribution cost	(493,084,528)	(289,572,578)	(160,125,676)	-	-	(942,782,782)
Administrative expenses	(179,730,238)	(41,946,969)	(18,659,698)	(27,216,725)	-	(267,553,630)
Finance cost	(591,554,657)	(96,559,924)	(27,653,803)	(339)	-	(715,768,723)
	(1,264,369,423)	(428,079,471)	(206,439,177)	(27,217,064)	-	(1,926,105,135)
Profit / (loss) before taxation and unallocated income and expenses	81,790,047	576,063,521	231,287,945	(27,217,064)	-	861,924,449
Depreciation	386,285,174	168,126,754	25,020,529	998,874	-	580,431,331

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

	2015	2014
----- Rupees -----		
Total results for reportable segments	664,245,179	861,924,449
Other operating expenses	(125,586,398)	(132,365,195)
Other operating income	554,025,176	473,889,564
Share of profit of associated companies	65,130,979	49,912,949
Profit before taxation	1,157,814,936	1,253,361,767
Taxation	(148,225,036)	(287,324,745)
Profit for the year	1,009,589,900	966,037,022

41.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, Printing and Home Textile	Power Generation	Total
----- Rupees -----					
As at June 30, 2015					
Segment assets	8,313,505,510	2,657,955,995	4,007,503,290	10,033,740,438	25,012,705,233
Segment Liabilities	20,654,887,326	2,902,406,926	3,454,769,311	7,245,063,930	34,257,127,493
As at June 30, 2014					
Segment assets	7,978,897,402	2,967,920,804	2,854,751,735	996,990,145	14,798,560,086
Segment Liabilities	15,659,710,812	2,646,624,811	3,014,127,124	371,825,654	21,692,288,401

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Reconciliation of segment assets and liabilities with total assets and liabilities in the balance sheet is as follows:

	2015	2014
	----- Rupees -----	
Total for reportable segments assets	25,012,705,233	14,798,560,086
Unallocated assets	11,466,146,179	7,938,919,587
Total assets as per balance sheet	36,478,851,412	22,737,479,673
Total for reportable segments liabilities	34,257,127,493	21,692,288,401
Unallocated liabilities	2,221,723,919	1,045,191,272
Total liabilities as per balance sheet	36,478,851,412	22,737,479,673

41.3 Revenue from major products

The analysis of the Group's revenue from external customers for its products is given in note 30 to these financial statements.

41.4 Information about major customers

Revenue from major customers of Weaving and Processing, Printing and Home Textile segments for the year ended June 30, 2015 is Rs.1,478.934 million (2014:Rs.2,580.661million) and Rs.2,454.914 million (2014: Rs.2,320.093 million), where as in Spinning segment there is no major customer whose revenue accounts for more than 10% of total Spinning segment's revenue.

41.5 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2015	2014
	----- Rupees -----	
Domestic sales	4,172,378,122	4,273,924,221
Export sales	19,150,472,933	21,137,377,532
	23,322,851,055	25,411,301,753

The Group mainly exports its products to Asia, Europe, Australia and North America.

42 NUMBER OF EMPLOYEES

Number of employees as at June 30

- Permanent

	2015	2014
- Permanent	6,316	5,627
- Contractual	430	82

- Contractual

Average number of employees during the year

- Permanent

- Permanent	5,979	5,708
- Contractual	225	75

- Contractual

43 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

Total number of spindles installed

Total number of spindles installed	129,652	126,931
Average number of spindles worked	122,996	122,933
Total number of rotors installed	3,120	3,120
Average number of rotors worked	3,034	3,065
Number of shifts worked per day	3	3
Total days worked	360	360
Installed capacity after conversion into 20/s lbs.	108,152,115	106,010,603
Actual production after conversion into 20/s lbs	95,970,161	90,973,529

Average number of spindles worked

Total number of rotors installed

Average number of rotors worked

Number of shifts worked per day

Total days worked

Installed capacity after conversion into 20/s lbs.

Actual production after conversion into 20/s lbs

Weaving

Total number of looms installed

Total number of looms installed	293	299
Average number of looms worked	293	299
Number of shifts worked per day	3	3
Total days worked	360	360
Installed capacity at 50 picks per inch of fabric square meters	98,560,313	100,456,657
Actual production converted at 50 picks per inch of fabric square meters	104,313,033	103,829,499

Average number of looms worked

Number of shifts worked per day

Total days worked

Installed capacity at 50 picks per inch of fabric square meters

Actual production converted at 50 picks per inch of fabric square meters

Finishing and Printing

Production capacity metres

Production capacity metres	21,600,000	-
Actual production metres	9,831,493	-

Actual production metres

Home Textile Product

The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

44	REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES	2015	2014
		----- Rupees -----	
	Chief Executive		
	Remuneration	8,040,000	8,040,000
	Rent and utilities	3,960,000	3,960,000
		<u>12,000,000</u>	<u>12,000,000</u>
	Number of person	<u>1</u>	<u>1</u>
	Director		
	Remuneration	12,497,214	7,220,000
	Rent and utilities	7,338,612	3,580,000
		<u>19,835,826</u>	<u>10,800,000</u>
	Number of persons	<u>2</u>	<u>2</u>
	Meeting Fee	<u>300,000</u>	<u>50,000</u>
	Number of persons	<u>1</u>	<u>1</u>
	Executives		
	Managerial remuneration	154,512,142	119,299,973
	House rent	68,568,734	55,942,438
	Cost of living allowance	117,202	77,000
	Bonus	19,601,221	17,592,387
	Medical	3,326,613	3,044,244
	Utilities	8,831,199	6,911,662
	Leave encashment and other benefits	11,459,481	12,983,750
		<u>266,416,592</u>	<u>215,851,454</u>
	Number of persons	<u>130</u>	<u>101</u>
	Number of executives provided with the Group maintained cars	<u>105</u>	<u>93</u>

The Chief Executive and two Directors were also provided with cars maintained by the Group and telephones at residence.

45	PROVIDENT FUND RELATED DISCLOSURES	2015	2014
		----- Rupees '000 -----	
	The following information is based on audited financial statements of the Fund as at June 30, 2015		
	Size of the fund - Total assets	135,239	108,033
	Cost of investments made	111,100	100,600
	Fair value of investments	131,173	107,832
	Percentage of Investments made	97%	99%
	The break-up of fair value of investments is as follows:		
		2015	2014
		----- Percentage -----	----- Rupees '000 -----
	National Saving Schemes	<u>100%</u>	<u>100%</u>
		<u>131,173</u>	<u>107,832</u>

The investments out of provident fund have made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

46 FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from its use of financial instruments:

- 46.1 - Credit risk
46.2 - Liquidity risk
46.3 - Market risk

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

46.1 Credit risk

46.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.12,396.057 million (2014:Rs.8,222.344 million), financial assets which are subject to credit risk aggregate to Rs.10,098.023 million (2014:Rs.7,539.149 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2015	2014
	----- Rupees -----	
Long term investments	6,590,303,811	4,178,698,287
Long term deposits	94,979,746	210,370,915
Trade debts	1,211,609,370	1,224,423,835
Trade deposits and short term prepayments	1,263,445	1,166,445
Other receivables	54,201,973	9,470,338
Short term investments	2,145,664,201	1,915,019,331
Cash and bank balances	2,298,034,770	683,194,598
	<u>12,396,057,316</u>	<u>8,222,343,749</u>

46.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows.

Domestic	627,870,379	764,444,125
Export	583,738,991	459,979,710
	<u>1,211,609,370</u>	<u>1,224,423,835</u>

The majority of export debts of the Group are situated in Asia, Europe, Australia and North America.

46.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:

Yarn	766,473,352	681,186,671
Fabric	243,821,093	457,146,810
Home textile product	93,371,058	57,793,985
Waste	12,333,813	20,908,352
Processing services	91,896,169	402,244
Others	3,713,885	6,985,773
	<u>1,211,609,370</u>	<u>1,224,423,835</u>

46.1.4 The aging of trade debts at the reporting date is as follows:

Not past due	907,167,180	736,596,588
Past due 0 - 30 days	268,558,480	327,318,721
Past due 31 - 60 days	12,268,162	33,736,048
Past due 61 - 90 days	9,594,293	12,008,594
Past due 91 - 1 year	9,024,625	87,359,083
More than one year	4,996,630	27,404,801
	<u>1,211,609,370</u>	<u>1,224,423,835</u>

Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good. The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

46.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Group's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

2015					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term financing	12,484,779,449	14,135,666,996	1,057,207,267	8,154,401,302	4,924,058,427
Trade and other payables	1,823,730,437	1,823,730,437	1,823,730,437	-	-
Accrued interest / mark-up	214,938,544	214,938,544	214,938,544	-	-
Short term borrowings	4,719,401,062	4,879,646,207	4,879,646,207	-	-
	19,242,849,492	21,053,982,184	7,975,522,455	8,154,401,302	4,924,058,427
2014					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term financing	2,747,393,073	3,679,836,224	655,785,483	2,651,159,738	372,891,003
Trade and other payables	1,341,718,314	1,341,718,314	1,341,718,314	-	-
Accrued interest / mark-up	100,982,389	100,982,389	100,982,389	-	-
Short term borrowings	3,194,127,645	3,299,730,898	3,299,730,898	-	-
	7,384,221,421	8,422,267,825	5,398,217,084	2,651,159,738	372,891,003

46.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

46.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments.

46.3.1 Currency risk

The Group is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Group's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

2015					
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(583,738,991)	(5,347,330)	(378,846)	-	-
Bank balances	(1,756,694,219)	(17,196,830)	(72,601)	-	-
Gross Balance sheet exposure	(2,340,433,210)	(22,544,160)	(451,447)	-	-
Outstanding letters of credit	266,379,073	1,904,272	333,448	2,652,618	297,031
Forward exchange contracts	570,349,800	801,143	4,320,000	-	-
Net Exposures	(1,503,704,337)	(19,838,745)	4,202,001	2,652,618	297,031
2014					
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(459,979,710)	(4,276,633)	(286,267)	-	-
Bank balances	(41,787,298)	(61,764)	(265,510)	-	-
Gross Balance sheet exposure	(501,767,008)	(4,338,397)	(551,777)	-	-
Outstanding letters of credit	83,163,533	396,749	326,464	-	-
Forward exchange contracts	207,828,439	-	1,550,000	-	-
Net Exposures	(210,775,036)	(3,941,648)	1,324,687	-	-

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

The following significant exchange rates have been applied:

	Reporting date rate	
	2015	2014
US \$ to Rupees	101.5 / 101.7	98.55 / 98.75
Euro to Rupees	113.57 / 113.79	134.46 / 134.73

Sensitivity analysis

A 10 percent strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Equity	Profit & loss
	Rupees	
As at June 30, 2015		
Effect in US Dollar	-	(228,823,224)
Effect in Euro	-	(5,127,084)
As at June 30, 2014		
Effect in US Dollar	-	(93,641,583)
Effect in Euro	-	(13,894,076)

10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

46.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Group's significant financial assets and liabilities is as follows:

			2015	2014	2015	2014
			Effective rate	Carrying Amount	----- Rupees -----	
Fixed rate instruments						
Financial liabilities						
Long term financing		5% to 8.9%	7.00% to 10.20%		1,469,491,073	1,469,491,073
Short term borrowings	- foreign currency loan	3%			26,173,595	-
	- local currency loan	5.25%	8.65%		800,000,000	800,000,000
Variable rate instruments						
Financial liabilities						
Long term financing	- local currency loan	7.26% to 8.51%	10.42% to 11.67%		4,194,099,992	1,277,902,000
	- foreign currency loan	3.84% to 3.98%			6,821,188,384	-
Short term borrowings	- foreign currency loan	2.33% to 2.44%	0.77% to 2.23%		71,050,945	1,350,715,606
	- local currency loan	6.98% to 8.45%	8.65% to 11.94%		4,622,176,522	1,043,412,039

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Profit and loss 100 bps	
	Increase	Decrease
	----- Rupees -----	
As at June 30, 2015		
Cash flow sensitivity - variable rate instruments	<u>157,085,158</u>	<u>(157,085,158)</u>
As at June 30, 2014		
Cash flow sensitivity - variable rate instruments	<u>36,720,296</u>	<u>(36,720,296)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

46.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the company diversify its portfolio and continuously monitor developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the balance sheet date would have increased / decreased the Group's unrealized gain on 'available for sale' investments as follows:

	2015	2014
	----- Rupees -----	
Effect on equity	<u>546,417,677</u>	<u>600,756,938</u>
Effect on investments	<u>546,417,677</u>	<u>600,756,938</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Company.

46.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

46.5 Financial instruments by Category

	2015	2014
	----- Rupees -----	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	94,979,746	210,370,915
Trade debts	1,211,609,370	1,224,423,835
Trade deposits and short term prepayments	1,263,445	1,166,445
Other receivables	54,201,973	9,470,338
Cash and bank balances	2,298,034,770	683,194,598
	<u>3,660,089,304</u>	<u>2,128,626,131</u>
At fair value through Other Comprehensive Income		
Long term investments	3,318,512,573	4,092,550,051
Short term investments	2,145,664,201	1,915,019,331
	<u>5,464,176,774</u>	<u>6,007,569,382</u>
Long term investment at cost		
Long term investments	<u>86,148,236</u>	<u>86,148,236</u>
FINANCIAL LIABILITIES		
At amortized Cost		
Long term loans	12,484,779,449	2,747,393,073
Trade and other payables	1,823,730,437	1,341,718,314
Accrued Interest / mark-up	214,938,544	100,982,389
Short term borrowings	4,719,401,062	3,194,127,645
	<u>19,242,849,492</u>	<u>7,384,221,421</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

46.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1. Quoted market price (unadjusted) in an active market for identical instrument.
 Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
 Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	----- Rupees -----		
As at June 30, 2015			
Assets carried at fair value			
Available for sale investments	5,464,176,774	-	86,148,236
Forward exchange contracts used for hedging	-	-	-
	<u>5,464,176,774</u>	<u>-</u>	<u>86,148,236</u>
As at June 30, 2014			
Assets carried at fair value			
Available for sale investments	6,007,569,382	-	86,148,236
Forward exchange contracts used for hedging	-	1,003,061	-
	<u>6,007,569,382</u>	<u>1,003,061</u>	<u>86,148,236</u>
As at June 30, 2015			
Liabilities carried at fair value			
Long term payables	-	-	431,631,479
Forward exchange contracts used for hedging	-	2,699,243	-
	<u>-</u>	<u>2,699,243</u>	<u>431,631,479</u>
As at June 30, 2014			
Liabilities carried at fair value			
Forward exchange contracts used for hedging	-	-	-

46.7 Capital risk management

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2015	2014
	----- Rupees -----	
Total borrowings	17,205,293,967	5,951,126,908
Less: Cash and bank balances	2,298,034,770	683,194,598
Net debt	<u>14,907,259,197</u>	5,267,932,310
Total equity	<u>14,629,736,144</u>	13,640,177,119
Total capital	<u>29,536,995,341</u>	<u>18,908,109,429</u>
	Percentage	
Gearing ratio	<u>50.47</u>	<u>27.86</u>

Notes to the Consolidated Financial Statements

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47 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors in its meeting held on September 28, 2015 proposed cash dividend of Rs.200,831,400 (2014: Rs.200,831,400) at the rate of Rs.10 (2014: Rs.10) per ordinary share of Rs.10 each. Proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the period of payment.

48 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and comparison. However, no significant reclassification has been made in these financial statements.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors of holding company and authorized for issue on September 28, 2015.

Karachi:
Dated: September 28, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Form of Proxy

I / we

Folio No.

of

a member(s) of **Sapphire Textile Mills Limited** and a holder of

Ordinary Shares,

do hereby appoint

of

or failing him/her

of

a member of **Sapphire Textile Mills Limited**, vide Registered Folio No. _____ as my/our Proxy to act on my/our behalf at 47th Annual General Meeting of the Company to be held on Monday the 26th October, 2015 at 03:00 p.m. at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi and / or any adjournment thereof.

Signed this _____ day of _____ 2015

Signature _____

(Signature should agree with the specimen signature registered with the Company)

REVENUE
STAMP OF
RS.5/-

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company atleast 48 hours before the time of holding the meeting.
5. In case of CDC account holder :
 - i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
 - iv) In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness :

Name

Address

NIC No.

Name

Address

NIC No.

