

**Sapphire Textile Mills Limited**  
**Half Yearly Accounts December, 2013**

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**Un-Consolidated**

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## COMPANY PROFILE

### BOARD OF DIRECTORS

<b>CHAIRMAN</b>	: MR. MOHAMMAD ABDULLAH
<b>CHIEF EXECUTIVE</b>	: MR. NADEEM ABDULLAH
<b>DIRECTOR</b>	: MR. AMER ABDULLAH
	MR. YOUSUF ABDULLAH
	MR. NABEEL ABDULLAH
	MR. SHAYAN ABDULLAH
	MR. MOHAMMAD YOUNUS
	MR. SHAHID ABDULLAH
<b>AUDIT COMMITTEE</b>	
<b>CHAIRMAN</b>	: MR. YOUSUF ABDULLAH
<b>MEMBER</b>	: MR. NABEEL ABDULLAH
<b>MEMBER</b>	: MR. SHAYAN ABDULLAH
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	
<b>CHAIRMAN</b>	: MR. AMER ABDULLAH
<b>MEMBER</b>	: MR. NABEEL ABDULLAH
<b>MEMBER</b>	: MR. MOHAMMAD YOUNUS
<b>CHIEF FINANCIAL OFFICER</b>	: MR. ABDUL SATTAR
<b>SECRETARY</b>	: MR. ZEESHAN
<b>AUDITORS</b>	: MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
<b>MANAGEMENT CONSULTANT</b>	: M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
<b>TAX CONSULTANTS</b>	: MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
<b>LEGAL ADVISOR</b>	: A. K. BROHI & COMPANY
<b>BANKERS</b>	: ALLIED BANK LIMITED HABIB BANK LIMITED STANDARD CHARTERED BANK (PAKISTAN) LIMITED UNITED BANK LIMITED MCB BANK LIMITED CITIBANK N.A.
<b>SHARE REGISTRAR</b>	: HAMEED MAJEED ASSOCIATES (PVT) LTD
<b>REGISTERED OFFICE</b>	: 212, COTTON EXCHANGE BUILDING, I.I.CHUNDRIGAR ROAD, KARACHI.
<b>MILLS</b>	: S.I.T.E KOTRI, S.I.T.E NOORIABAD CHUNIAN, DISTRICT KASUR FEROZE WATWAN BHOPATTIAN, LAHORE.

## Directors' Report to the Shareholders

On behalf of the Board of Directors of Sapphire Textile Mills Limited, it is my pleasure to present un-audited financial statements of the company for the half year ended December 31, 2013 duly reviewed by the external auditors, who have issued a Review Report, which is annexed to the financial statements.

### FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Half year Ended December 31	
	2013	2012
<b>Sales &amp; Services</b>	<b>13,606,516</b>	11,551,935
<b>Gross Profit</b>	<b>1,769,692</b>	1,669,556
<b>Other Operating Income</b>	<b>330,571</b>	144,052
<b>Profit before taxation</b>	<b>947,596</b>	893,128
<b>Taxation</b>		
- Current	(139,625)	(85,347)
- Prior year	46,157	-
- Deferred	(75,446)	(7,327)
	<b>(168,914)</b>	(92,674)
<b>Profit after taxation</b>	<b>778,682</b>	800,454

### REVIEW OF OPERATIONS

During the period under review, the profit before tax for the half year of the current financial year was Rs.947.596 million, as compared to Rs. 893.128 million in the corresponding period of previous year. The gross profit reduced to 13.01% from 14.45%. Profit before taxation for the second quarter was Rs.322.084 million compared to Rs.492.504 million during the corresponding period of previous year. The profitability of the company started reducing in second quarter of this year, primarily due to higher prices of cotton, increased energy cost, raise in interest rate by SBP and also the sale prices of the end products have also been under pressure.

Earnings per share is Rs.38.77 as compared to Rs.39.86 per share for the last year's corresponding period.

### SUBSIDIARY COMPANIES

#### SAPPHIRE WIND POWER COMPANY LIMITED

The Sapphire Wind Power Company Limited is in process of financial close and Shareholders of Sapphire Textile Mills Limited have also approved certain Special Resolutions in respect of Investment, Project Finance and related documents in EOGM held on 17th February, 2014. Further, Bank Alfalah Limited has also agreed to contribute up to 30% in the equity of the company.

#### SAPPHIRE SOLAR (PRIVATE) LIMITED

In AGM held on October 29, 2013 the members of company have approved the acquisition of 100% Share Capital of Sapphire Solar (Pvt.) limited, an associated company. The company had obtained an LOI from Alternative Energy Development Board to set up an IPP, Solar Energy Project of 10 MW. However, the company has not made any investment in the subsidiary company during the half year under consideration.

**SAPPHIRE TECH (PRIVATE) LIMITED**

The company has established a wholly owned subsidiary "Sapphire Tech (Pvt.) Limited" under Companies Ordinance, 1984. The company has made initial investment of Rs.100,000 in the company. The subsidiary is established to setup electric power generation project and sell electric power.

**FUTURE PROSPECTS**

The cost of production has increased significantly. The raw cotton prices this year are much higher. In addition the cost of energy, financial cost and cost of other inputs have also increased. However, the sale prices have not kept pace with the increased costs. We therefore, expect pressure on the profitability of the company. Furthermore, company has also under taken installation of a wide width finishing plant which is under erection. Considering that Pakistan has now obtained the GSP Plus status and this year would be entitled to duty free access into Europe, and the company will drive benefits from it.

**ACKNOWLEDGEMENTS**

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

On behalf of the Board

Karachi  
Dated: February 27, 2014

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

## Auditor's Report to the Members on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Sapphire Textile Mills Limited as at December 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi  
Date : February 27, 2014

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Mushtaq Ahmed Vohra  
F.C.A

**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2013**

		(Un-audited) December 31, 2013	(Audited) (Restated) June 30, 2013
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	7,084,114,891	5,773,038,211
Investment property		163,849,133	164,424,860
Intangible assets		4,191,730	5,572,830
Long term investments	6	4,207,430,765	3,593,058,918
Long term loans and advances		74,439,351	43,443,630
Long term deposits and prepayments		60,974,544	58,874,594
		<b>11,595,000,414</b>	<b>9,638,413,043</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		321,398,768	228,908,839
Stock-in-trade		8,419,222,144	4,908,046,675
Trade debts		1,641,014,508	1,710,499,789
Loans and advances		240,989,627	175,007,817
Trade deposits and short term prepayments		17,936,587	6,646,973
Other receivables		60,385,101	79,063,838
Other financial assets		1,808,562,066	1,457,039,126
Tax refunds due from Government		569,269,310	535,065,386
Cash and bank balances		159,535,109	103,436,686
		<b>13,238,313,220</b>	<b>9,203,715,129</b>
		<b>24,833,313,634</b>	<b>18,842,128,172</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
35,000,000 (2013: 35,000,000) ordinary shares of Rs. 10 each		<b>350,000,000</b>	<b>350,000,000</b>
<b>Issued, subscribed and paid-up capital</b>			
20,083,140 (2013: 20,083,140) ordinary shares of Rs.10 each		<b>200,831,400</b>	<b>200,831,400</b>
Reserves		<b>12,229,634,073</b>	<b>11,197,493,502</b>
		<b>12,430,465,473</b>	<b>11,398,324,902</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		1,522,298,653	1,001,498,908
Deferred liabilities	7	355,616,426	253,818,372
		<b>1,877,915,079</b>	<b>1,255,317,280</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,373,647,197	1,496,888,582
Accrued Interest / mark-up		116,859,368	68,192,565
Short term borrowings		7,505,699,796	4,057,673,933
Current portion of long term financing		389,101,551	369,206,566
Provision for taxation		139,625,170	196,524,344
		<b>10,524,933,082</b>	<b>6,188,485,990</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,833,313,634</b>	<b>18,842,128,172</b>

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

Karachi:

**NADEEM ABDULLAH**

**MOHAMMAD ABDULLAH**

Dated: February 27, 2014

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

Note	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	----- Rupees -----		----- Rupees -----	
Sales and services	13,606,515,534	11,551,935,276	6,671,325,996	5,886,223,361
Cost of sales and services	(11,836,823,496)	(9,882,378,910)	(5,810,562,704)	(4,984,735,883)
<b>Gross profit</b>	<b>1,769,692,038</b>	<b>1,669,556,366</b>	<b>860,763,292</b>	<b>901,487,478</b>
Distribution cost	(594,737,430)	(463,671,239)	(316,989,129)	(233,408,931)
Administrative expenses	(118,911,235)	(93,138,857)	(59,234,337)	(43,073,624)
Other operating expenses	(80,515,077)	(82,022,674)	(32,890,944)	(46,668,816)
Other operating income	330,571,337	144,052,223	76,770,674	64,107,957
	(463,592,405)	(494,780,547)	(332,343,736)	(259,043,414)
<b>Profit from operations</b>	<b>1,306,099,633</b>	<b>1,174,775,819</b>	<b>528,419,556</b>	<b>642,444,064</b>
Finance cost	(358,503,469)	(281,648,407)	(206,335,288)	(149,939,363)
<b>Profit before taxation</b>	<b>947,596,164</b>	<b>893,127,412</b>	<b>322,084,268</b>	<b>492,504,701</b>
<b>Taxation</b>				
Current				
- for the period	(139,625,170)	(85,346,563)	(85,359,745)	(81,843,202)
- prior year	46,157,048	-	46,157,048	-
Deferred	(75,445,889)	(7,326,763)	(35,446,884)	14,252,414
	(168,914,011)	(92,673,326)	(74,649,581)	(67,590,788)
<b>Profit after taxation</b>	<b>778,682,153</b>	<b>800,454,086</b>	<b>247,434,687</b>	<b>424,913,913</b>
<b>Earnings per share - basic and diluted</b>	<b>38.77</b>	<b>39.86</b>	<b>12.32</b>	<b>21.16</b>

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

Karachi:

Dated: February 27, 2014

**NADEEM ABDULLAH**

CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	Rupees		Rupees	
<b>Profit after taxation</b>	<b>778,682,153</b>	800,454,086	<b>247,434,687</b>	424,913,913
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit and loss</b>				
<b>Available for sale investments</b>				
Unrealized gain on remeasurement of available for sale investments	<b>539,644,372</b>	555,624,811	<b>319,507,220</b>	342,141,940
Reclassification adjustments relating to gain realised on disposal of available for sale investments	<b>(90,645,762)</b>	-	<b>(869,014)</b>	-
	<b>448,998,610</b>	555,624,811	<b>318,638,206</b>	342,141,940
<b>Forward foreign currency contracts</b>				
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	<b>(17,137,797)</b>	(18,002,827)	<b>8,231,529</b>	(10,307,557)
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	<b>2,345,865</b>	26,899,054	-	-
	<b>(14,791,932)</b>	8,896,227	<b>8,231,529</b>	(10,307,557)
<b>Other comprehensive income for the period</b>	<b>434,206,678</b>	564,521,038	<b>326,869,735</b>	331,834,383
<b>Total comprehensive income for the period</b>	<b>1,212,888,831</b>	1,364,975,124	<b>574,304,422</b>	756,748,296

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

Karachi:

Dated: February 27, 2014

**NADEEM ABDULLAH**

CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**

DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	December 31,	
		2013	2012
		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	10	(1,412,603,676)	(2,903,559,882)
Long term loans, deposits and prepayments		(33,095,671)	(25,819,189)
Finance cost paid		(309,836,666)	(278,274,245)
Staff retirement benefits - gratuity paid		(21,724,835)	(11,477,105)
Taxes paid		(184,571,220)	(147,443,195)
		(549,228,392)	(463,013,734)
Net cash used in operating activities		(1,961,832,068)	(3,366,573,616)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,594,672,775)	(470,285,224)
Investment in associated undertakings / subsidiaries		(130,100,000)	(86,200,000)
Investment others		(733,960,140)	(99,705,073)
Proceeds from disposal of property, plant and equipment		9,318,083	31,589,460
Proceeds from sale of investments		461,556,434	-
Proceeds from derivative financial instruments		1,496,837	(537,703)
Dividend received		178,210,690	118,459,836
Profit received		101,386	126,417
Rental income received		7,476,360	7,021,500
Net cash used in investing activities		(1,800,573,125)	(499,530,787)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		3,467,107,002	4,241,325,401
Proceeds from long term financing		721,292,480	200,000,000
Repayment of long term financing		(180,597,750)	(469,954,750)
Dividend paid		(182,528,614)	(99,272,036)
Net cash generated from financing activities		3,825,273,118	3,872,098,615
<b>Net increase in cash and cash equivalents</b>		<b>62,867,925</b>	<b>5,994,212</b>
Cash and cash equivalents at the beginning of the period		93,961,019	75,487,220
<b>Cash and cash equivalents at the end of the period</b>		<b>156,828,944</b>	<b>81,481,432</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances		159,535,109	82,375,897
Temporary overdraft - unsecured		(2,706,165)	(894,465)
<b>Cash and cash equivalents at the end of the period</b>		<b>156,828,944</b>	<b>81,481,432</b>

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

Karachi:

**NADEEM ABDULLAH**

**MOHAMMAD ABDULLAH**

Dated: February 27, 2014

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Reserves				Other Components of equity			Total Equity		
	Capital		Revenue		On available for sale investments	On forward foreign exchange contracts	SUB TOTAL			
	Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit					Unrealized gain / (loss)	
Share Capital	200,831,400	156,202,200	65,000,000	1,330,000,000	5,266,230,588	6,817,432,788	1,335,756,184	(26,899,054)	1,308,857,130	8,327,121,318
Balance as at July 01, 2012 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	5,266,230,588	6,817,432,788	1,335,756,184	(26,899,054)	1,308,857,130	8,327,121,318
Effect of change in accounting policy with respect to actuarial gains on recognition of actuarial gains on staff retirement benefits - net of tax (note 3)	-	-	-	-	3,776,130	3,776,130	-	-	-	3,776,130
Balance as at July 01, 2012 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	5,270,006,718	6,821,208,918	1,335,756,184	(26,899,054)	1,308,857,130	8,330,897,448
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	800,454,086	800,454,086	-	-	-	800,454,086
Profit after taxation	-	-	-	-	800,454,086	800,454,086	-	-	-	800,454,086
Other comprehensive income	-	-	-	-	-	-	555,624,811	8,896,227	564,521,038	1,364,975,124
Transaction with owners	-	-	-	-	800,454,086	800,454,086	555,624,811	8,896,227	564,521,038	1,364,975,124
Final dividend for the year ended June 30, 2012 @ Rs. 5 per share	-	-	-	(100,415,700)	(100,415,700)	(100,415,700)	-	-	-	(100,415,700)
Balance as at December 31, 2012 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	5,970,045,104	7,521,247,304	1,891,380,995	(18,002,827)	1,873,378,168	9,595,456,872
Balance as at July 01, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,061,284,695	8,612,486,895	2,596,147,865	2,345,865	2,598,493,730	11,411,812,025
Effect of change in accounting policy with respect to actuarial losses on recognition of actuarial losses on staff retirement benefits - net of tax (note 3)	-	-	-	-	(13,487,123)	(13,487,123)	-	-	-	(13,487,123)
Balance as at July 01, 2013 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	7,047,797,572	8,598,999,772	2,596,147,865	2,345,865	2,598,493,730	11,398,324,902
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	778,682,153	778,682,153	-	-	-	778,682,153
Profit after taxation	-	-	-	-	778,682,153	778,682,153	-	-	-	778,682,153
Other comprehensive income	-	-	-	-	-	-	448,998,610	(14,791,932)	434,206,678	1,212,868,831
Transaction with owners	-	-	-	-	778,682,153	778,682,153	448,998,610	(14,791,932)	434,206,678	1,212,868,831
Final dividend for the year ended June 30, 2013 @ Rs. 9 per share	-	-	-	(180,748,260)	(180,748,260)	(180,748,260)	-	-	-	(180,748,260)
Balance as at December 31, 2013 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,645,731,465	9,196,933,665	3,045,146,475	(12,446,067)	3,032,700,408	12,430,465,473

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

Karachi:

NADEEM ABDULLAH  
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH  
DIRECTOR

Dated: February 27, 2014

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013****1 LEGAL STATUS AND NATURE OF BUSINESS**

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 and processing of fabrics.

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

This condensed interim financial information of the Company for the half year ended December 31, 2013 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2013.

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

**2.2 Functional and presentation currency**

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013 except as described below:

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Company's policy for staff retirement benefits in respect of remeasurements stands amended as follows:

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to Other comprehensive income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarized below:

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	<b>June 30, 2013 Rupees</b>	June 30, 2012 Rupees
<b>Impact on Balance Sheet</b>		
Increase / (decrease) in staff retirement benefits	14,387,707	(4,073,539)
(Decrease) / increase in deferred taxation liability	(900,584)	297,409
Decrease / (increase) in reserves	13,487,123	(3,776,130)
Decrease / (increase) in unappropriated profit		
Cumulative effect from prior years	-	(3,776,130)
Impact for the year ended June 30, 2013	17,263,253	-

The company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial, therefore, additional third statement of condensed interim balance sheet as at the beginning of the preceeding period has not been presented. Above stated facts are based on relevant available actuarial valuation.

**4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

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

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2013.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2013.

		<b>(Un-audited) December 31, 2013</b>	<b>(Audited) June 30, 2013</b>
		----- Rupees -----	-----
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	<b>5,680,647,028</b>	5,416,477,867
	Capital work-in-progress	<b>1,403,467,863</b>	356,560,344
		<b><u>7,084,114,891</u></b>	<b><u>5,773,038,211</u></b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

5.1 The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2013 were as follows.

	(Un-audited) December 31, 2013		(Audited) June 30, 2013	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Land:				
Freehold	18,998,000	-	-	20,907,438
Lease hold	-	-	52,314,759	-
On Freehold land:				
Factory buildings	72,292,186	-	47,710,080	-
Labour, staff colony and others	43,756,031	-	-	-
Office building	-	-	184,200,855	-
On Leasehold land:				
Factory buildings	30,619,846	-	-	-
Labour, staff colony and others	-	-	7,956,241	-
Leased building improvements	-	-	1,889,722	-
Plant & machinery	353,231,918	22,907,938	774,122,750	96,863,975
Electric installations	7,257,284	-	122,764,521	-
Fire Fighting equipment	2,956,185	-	286,910	-
Electric equipments	52,229	-	639,000	311,850
Computers	2,968,178	-	8,441,222	113,793
Office equipments	743,059	-	801,250	-
Mills equipments	-	-	4,360,525	-
Furniture & fixtures	126,340	-	2,797,703	255,674
Vehicles	14,764,000	7,699,195	35,627,583	18,435,894
	<b>547,765,256</b>	<b>30,607,133</b>	<b>1,243,913,121</b>	<b>136,888,624</b>

5.2 Capital work-in-progress

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	----- Rupees -----	
Advance for Land	26,844,802	24,619,802
Civil works and Buildings	268,542,609	230,850,196
Plant and machinery	1,100,750,522	93,004,666
Electric installations	5,501,950	3,518,800
Fire fighting equipment	1,580,220	1,994,720
Office equipments	217,760	217,760
Mills equipments	30,000	30,000
Furniture & Fixtures	-	2,324,400
	<b>1,403,467,863</b>	<b>356,560,344</b>

6 LONG TERM INVESTMENT

During the period, a wholly owned subsidiary "Sapphire Tech (Pvt.) Limited" was incorporated under Companies Ordinance, 1984. The authorised as well as paid up share capital of Sapphire Tech (Pvt.) Limited comprises of Rs.100,000 which consist of 10,000 ordinary shares having face value of Rs.10 each. The subsidiary is established to setup Electric Power Generation Project and sell of Electric Power.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	(Un-audited) December 31, 2013	(Audited) (Restated) June 30, 2013
<b>7 DEFERRED LIABILITIES</b>	<b>----- Rupees -----</b>	
Deferred taxation	137,532,512	62,086,623
Staff retirement benefits - gratuity	218,083,914	191,731,749
	<b>355,616,426</b>	<b>253,818,372</b>
<b>8 CONTINGENCIES AND COMMITMENTS</b>	<b>----- Rupees -----</b>	
<b>Contingencies</b>		
<b>8.1</b> Guarantees issued by banks on behalf of the Company	<b>244,237,767</b>	<b>234,237,767</b>
<b>8.2</b> 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 December 31, 2013, the value of these cheques amounted to Rs.165.928 million (June 30, 2013: Rs.50.139 million).		
<b>8.3</b> There is no change in status of the contingencies as disclosed in notes from 28.3 to 28.7 of the audited annual financial statements of the Company for the year ended June 30, 2013.		
<b>Commitments</b>		
<b>8.4</b> Confirmed letter of credit in respect of:		
- plant and machinery	523,548,388	1,030,756,555
- raw material	125,987,278	51,660,249
- stores and spares	41,240,158	16,782,566
	<b>690,775,824</b>	<b>1,099,199,370</b>
	<b>Half Year ended</b>	<b>Quarter ended</b>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2013</b>	<b>2013</b>
	<b>2012</b>	<b>2012</b>
<b>9 COST OF SALES AND SERVICES</b>	<b>----- Rupees -----</b>	
Finished goods - Opening stock	863,499,963	595,840,946
Cost of goods manufactured	11,810,085,107	10,010,698,882
	<b>12,673,585,070</b>	<b>6,647,324,278</b>
Finished goods - Closing stock	<b>(836,761,574)</b>	<b>(724,160,918)</b>
	<b>11,836,823,496</b>	<b>5,810,562,704</b>
<b>Cost of Goods Manufactured</b>		
Work in process - opening stock	347,731,791	325,046,975
Raw materials consumed	8,782,435,617	7,420,676,333
Cost of raw material sold	19,314,529	67,257,370
Overheads	3,017,515,053	2,543,824,502
	<b>12,166,996,990</b>	<b>6,239,548,060</b>
Work in process - closing stock	<b>(356,911,883)</b>	<b>(346,106,298)</b>
	<b>11,810,085,107</b>	<b>5,882,636,177</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	December 31,	
	2013	2012
	----- Rupees -----	
<b>10 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	947,596,164	893,127,412
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	277,780,556	243,064,298
Depreciation on investment property	575,727	639,697
Gain on sale of investments	(106,427,221)	-
Amortization of intangible assets	1,381,100	1,381,098
Gain on sale of property, plant and equipment	(3,502,544)	(6,121,865)
Dividend income	(178,315,640)	(118,459,836)
Provision for gratuity	48,077,000	31,887,000
Provision for doubtful debts	6,000,000	6,000,000
Exchange differences	(20,276,887)	(2,172,750)
Realised (gain) / loss on measurement of derivative financial instrument	(1,496,837)	537,703
Finance cost	358,503,469	281,648,407
Profit on saving account	(101,386)	(126,417)
Rental income	(7,476,360)	(6,927,000)
	<b>374,720,977</b>	<b>431,350,335</b>
Operating cash flow before changes in working capital	<b>1,322,317,141</b>	<b>1,324,477,747</b>
<b>Changes in working capital</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores, spares and loose tools	(92,489,929)	(3,845,191)
Stock-in-trade	(3,511,175,469)	(4,330,170,222)
Trade debts	63,485,281	(130,326,262)
Loans and advances	(65,981,810)	(212,103,310)
Trade deposits and short term prepayments	(11,289,614)	(16,158,622)
Other receivables	16,437,822	(13,820,292)
	<b>(3,601,013,719)</b>	<b>(4,706,423,899)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	866,092,902	478,386,270
	<b>(1,412,603,676)</b>	<b>(2,903,559,882)</b>

**11 TRANSACTIONS WITH RELATED PARTIES**

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

**Subsidiaries:**

Sales	-	28,796,602
Share deposit money	130,100,000	26,200,000
Shares received	175,120,000	-
Expenses charged to	8,746,272	8,043,363

**Associates:**

Sales	462,373,764	689,981,918
Purchases	309,500,076	206,444,276
Electricity purchased	120,460,123	252,936,334
Expenses charged by	-	134,260
Expenses charged to	7,320,046	7,222,126
Dividend paid	48,449,124	23,736,525
Dividend received	18,636,226	397,215
Shares deposit money	-	60,000,000
Shares received	-	100,000,000

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	December 31,	
	2013	2012
	----- Rupees -----	
<b>Other related parties:</b>		
Donations	6,450,000	4,400,000
Contribution to provident fund	6,042,027	4,656,796
Remuneration to key management personnel	112,041,398	104,349,102

**12 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2013 and the corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. half year ended December 31, 2012.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. For the purpose of implementation of IAS-19 - Employee benefits (revise in June 2011), certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarized in note 3. Significant reclassification includes following:

Re-classification from component	Re-classification to component	Note	Rupees
Goods purchased - Cotton purchases	Cost of raw material sold	9	67,257,370
Finance cost	Other operating expenses		537,703

**13 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were approved by the board of directors and authorized for issue on February 27, 2014.

Karachi:  
Dated: February 27, 2014

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR



Sapphire Textile Mills Limited  
Half Yearly Accounts December, 2013

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**Consolidated**

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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 Home Incorporation, and Sapphire Tech (Pvt.) Limited, it is my pleasure to present Directors' report with the un-audited Consolidated Financial Statements of the Group for the half year ended December 31, 2013.

### **SAPPHIRE WIND POWER COMPANY LIMITED**

The Company obtained a LOI for developing a 50 MW wind farm at Jhumpir and was allocated 1372 acres of land for the purpose by AEDB. Wind resource assessment and detailed project feasibility were completed and approved by AEDB. The Company followed a tendering process following which GE wind turbines had been selected; SWPCL has signed an EPC contract with Hydrochina Corporation, China and a 10 years O&M contract with GE. The company has signed a Letter of Commitment with Overseas Private Investment Corporation (OPIC), USA under which OPIC has committed to finance 100% debt for the project up to US\$ 95 million. The Company was awarded an Upfront Tariff by NEPRA on November 21, 2013; negotiations of the concession documents are also at an advanced stage. SWPCL team is actively engaged with all stakeholders and aim to achieve financial close shortly.

### **SAPPHIRE HOME INCORPORATION**

Sapphire Home Incorporation is 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 TECH (PVT) LIMITED**

Sapphire Tech (Pvt.) Limited was incorporated under Companies Ordinance, 1984. The company is established to setup electric power generation project and sell electric power.

On behalf of the Board

Karachi  
Dated: February 27, 2014

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

## Auditor's Report to the Members on Review of Consolidated Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Sapphire Textile Mills Limited and its subsidiaries (the group) as at December 31, 2013, and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "consolidated interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. The figures of the consolidated interim profit and loss account and consolidated interim statement of comprehensive income for the quarter ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi.

Dated: February 27, 2014

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Mushtaq Ahmed Vohra  
F.C.A

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2013**

	Note	(Un-audited) December 31, 2013	(Audited) (Restated) June 30, 2013
		----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	7,211,727,556	5,873,220,775
Investment property		163,849,133	164,424,860
Intangible assets		4,191,730	5,572,830
Long term investments		4,200,886,547	3,696,798,731
Long term loans and advances		74,439,351	43,443,630
Long term deposits		60,974,544	58,874,594
		<b>11,716,068,861</b>	<b>9,842,335,420</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		321,398,768	228,908,839
Stock-in-trade		8,419,222,144	4,908,046,675
Trade debts		1,641,014,508	1,710,499,789
Loans and advances		248,712,727	182,730,917
Trade deposits and short term prepayments		17,936,587	6,646,973
Other receivables		60,385,101	66,075,720
Other financial assets		1,808,562,066	1,457,039,126
Tax refunds due from Government		569,444,301	535,114,113
Cash and bank balances		166,268,977	109,763,176
		<b>13,252,945,179</b>	<b>9,204,825,328</b>
<b>TOTAL ASSETS</b>		<b>24,969,014,040</b>	<b>19,047,160,748</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
35,000,000 (2013 : 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
<b>Issued, subscribed and paid-up capital</b>			
20,083,140 (2013 : 20,083,140) ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		12,338,962,929	11,394,836,104
		<b>12,539,794,329</b>	<b>11,595,667,504</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		1,522,298,653	1,001,498,908
Deferred liabilities	6	360,326,073	257,953,322
		<b>1,882,624,726</b>	<b>1,259,452,230</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,395,309,100	1,500,443,606
Accrued Interest / mark-up		116,859,368	68,192,565
Short term borrowings		7,505,699,796	4,057,673,933
Current portion of long term financing		389,101,551	369,206,566
Provision for taxation		139,625,170	196,524,344
		<b>10,546,594,985</b>	<b>6,192,041,014</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,969,014,040</b>	<b>19,047,160,748</b>

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

Karachi:

**NADEEM ABDULLAH**

**MOHAMMAD ABDULLAH**

Dated: February 27, 2014

CHIEF EXECUTIVE

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Half Year Ended		Quarter Ended	
		December 31,		December 31,	
		2013	2012	2013	2012
		----- Rupees -----		----- Rupees -----	
Sales and services		13,606,515,534	11,553,219,184	6,671,325,996	5,907,395,707
Cost of sales and services	8	(11,841,808,542)	(9,887,074,428)	(5,815,547,750)	(5,005,869,367)
<b>Gross profit</b>		<b>1,764,706,992</b>	1,666,144,756	<b>855,778,246</b>	901,526,340
Distribution cost		(594,789,360)	(464,823,015)	(316,989,052)	(234,175,872)
Administrative expenses		(221,394,905)	(102,130,316)	(93,516,120)	(50,237,034)
Other operating expenses		(80,537,731)	(82,022,674)	(31,508,358)	(46,668,816)
Other operating income		311,880,747	143,626,008	76,147,084	63,686,742
		(584,841,249)	(505,349,997)	(365,866,446)	(267,394,980)
<b>Profit from operations</b>		<b>1,179,865,743</b>	1,160,794,759	<b>489,911,800</b>	634,131,360
Finance cost		(358,503,632)	(281,664,156)	(206,335,451)	(149,955,112)
		821,362,111	879,130,603	283,576,349	484,176,248
Share of profit of associated companies		43,290,007	29,029,607	18,463,606	22,239,597
<b>Profit before taxation</b>		<b>864,652,118</b>	908,160,210	<b>302,039,955</b>	506,415,845
<b>Taxation</b>					
Current					
- for the period		(139,625,170)	(85,384,743)	(85,359,745)	(81,862,532)
- prior year		46,157,048	-	46,157,048	-
Deferred		(76,020,586)	(7,701,336)	(35,671,800)	14,098,161
		(169,488,708)	(93,086,079)	(74,874,497)	(67,764,371)
<b>Profit after taxation</b>		<b>695,163,410</b>	815,074,131	<b>227,165,458</b>	438,651,474
<b>Earnings per share - basic and diluted</b>		<b>34.61</b>	40.58	<b>11.31</b>	21.84

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

Karachi:  
Dated: February 27, 2014

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	----- Rupees -----		----- Rupees -----	
<b>Profit after taxation</b>	<b>695,163,410</b>	815,074,131	<b>227,165,458</b>	438,651,474
<b>Other comprehensive income:</b>				
<b>Available for sale investments</b>				
Unrealized gain on remeasurement of available for sale investments	539,644,372	555,624,811	319,507,220	342,141,940
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(90,645,762)	-	(869,014)	-
Unrealized gain on remeasurement of available for sale investments - associates	53,868	323,610	-	349,530
	<b>449,052,478</b>	555,948,421	<b>318,638,206</b>	342,491,470
<b>Forward foreign currency contracts</b>				
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(17,137,797)	(18,002,827)	8,231,529	(10,307,557)
Reclassification adjustments relating to gain realized on settlement of foreign currency contracts	2,345,865	26,899,054	-	-
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts - associates	(36,101)	23,292	20,958	(22,402)
	<b>(14,828,033)</b>	8,919,519	<b>8,252,487</b>	(10,329,959)
Exchange difference on translating foreign operation	288,445	196,058	(19,552)	156,107
<b>Items that may not be reclassified subsequently to profit and loss</b>				
Shares of (decrease) / increase in reserves of associated companies under equity method	(4,801,215)	8,430,358	(2,879,523)	2,140,621
<b>Other comprehensive income for the period</b>	<b>429,711,675</b>	573,494,356	<b>323,991,618</b>	334,458,239
<b>Total comprehensive income for the period</b>	<b>1,124,875,085</b>	1,388,568,487	<b>551,157,076</b>	773,109,713

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

Karachi:  
Dated: February 27, 2014

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	December 31,	
		2013	2012
		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	(1,514,853,572)	(2,919,942,343)
Long term loans and deposits		(33,095,671)	(25,819,189)
Finance cost paid		(309,836,829)	(278,289,994)
Staff retirement benefits - gratuity paid		(21,724,835)	(11,477,105)
Taxes paid		(184,697,484)	(147,525,367)
		(549,354,819)	(463,111,655)
Net cash generated from operating activities		(2,064,208,391)	(3,383,053,998)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,622,277,519)	(493,637,500)
Investment in associated undertakings		18,626,590	(59,602,785)
Investment others		(733,960,140)	(99,705,073)
Proceeds from disposal of property, plant and equipment		9,318,083	31,589,460
Proceeds from sale of investments		461,556,434	-
Proceeds from derivative financial instruments		1,496,837	(537,703)
Dividend received		159,584,100	118,062,621
Profit received		101,386	126,417
Rental income received		7,476,360	7,021,500
Net cash used in investing activities		(1,698,077,869)	(496,683,063)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		3,467,107,002	4,241,325,401
Proceeds from long term financing		721,292,480	200,000,000
Repayment of long term financing		(180,597,750)	(469,954,750)
Exchange difference on translating foreign operation		288,445	196,058
Dividend paid		(182,528,614)	(99,272,036)
Net cash used in financing activities		3,825,561,563	3,872,294,673
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>63,275,303</b>	<b>(7,442,388)</b>
Cash and cash equivalents at the beginning of the period		100,287,509	100,819,730
<b>Cash and cash equivalents at the end of the period</b>		<b>163,562,812</b>	<b>93,377,342</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances		166,268,977	94,271,807
Temporary overdraft - unsecured		(2,706,165)	(894,465)
<b>Cash and cash equivalents at the end of the period</b>		<b>163,562,812</b>	<b>93,377,342</b>

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

Karachi:

**NADEEM ABDULLAH**

**MOHAMMAD ABDULLAH**

Dated: February 27, 2014

CHIEF EXECUTIVE

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Capital				Reserves			Other Components of equity				Total Equity
	Share Capital	Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit	Unrealized gain / (loss)			SUB TOTAL			
						On available for sale investments	On forward foreign exchange contracts	exchange difference on translating foreign operation				
	200,831,400	156,202,200	65,000,000	1,330,000,000	5,445,873,161	6,997,075,361	1,343,088,685	439,837	26,968,687	439,837	1,316,559,835	8,514,466,596
Balance as at July 01, 2012 (Audited)	-	-	-	-	-	3,776,130	-	-	-	-	-	3,776,130
Effect of change in accounting policy with respect to accounting for recognition of actuarial gains on staff retirement benefits - net of tax (note 3)	-	-	-	-	5,449,649,291	7,000,851,491	1,343,088,685	439,837	26,968,687	439,837	1,316,559,835	8,518,242,726
Balance as at July 01, 2012 - restated	-	-	-	-	-	3,776,130	-	-	-	-	-	3,776,130
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	815,074,131	815,074,131	555,948,421	196,058	8,919,519	196,058	565,063,998	815,074,131
Profit after taxation	-	-	-	-	815,074,131	815,074,131	555,948,421	196,058	8,919,519	196,058	565,063,998	815,074,131
Other comprehensive income	-	-	-	-	815,074,131	815,074,131	555,948,421	196,058	8,919,519	196,058	565,063,998	1,380,138,129
Shares of increase in reserves of associated companies under equity method	-	-	-	-	8,430,358	8,430,358	-	-	-	-	-	8,430,358
Transaction with owners	-	-	-	-	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2012 @ Rs. 5 per share	-	-	-	-	(100,415,700)	(100,415,700)	-	-	-	-	-	(100,415,700)
Balance as at December 31, 2012 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	6,172,738,080	7,723,940,280	1,899,037,106	635,895	(18,049,168)	635,895	1,881,623,833	9,806,395,513
Balance as at July 01, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,250,290,671	8,801,492,871	2,603,717,005	2,347,780	765,571	2,347,780	2,606,830,356	11,609,154,827
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on staff retirement benefits - net of tax (note 3)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2013 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	7,236,803,548	8,788,005,748	2,603,717,005	2,347,780	765,571	2,347,780	2,606,830,356	11,595,667,504
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	(13,487,123)	(13,487,123)	-	-	-	-	-	(13,487,123)
Profit after taxation	-	-	-	-	(13,487,123)	(13,487,123)	-	-	-	-	-	(13,487,123)
Other comprehensive income	-	-	-	-	695,163,410	695,163,410	449,052,478	288,445	(14,828,033)	288,445	434,512,890	695,163,410
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	695,163,410	695,163,410	449,052,478	288,445	(14,828,033)	288,445	434,512,890	1,129,676,300
Transaction with owners	-	-	-	-	(4,801,215)	(4,801,215)	-	-	-	-	-	(4,801,215)
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 December 31, 2013 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,746,417,483	9,297,619,683	3,052,769,483	1,054,016	(12,480,263)	1,054,016	3,041,343,246	12,539,794,329

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

Karachi:

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

### 1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

#### **Sapphire Textile Mills Limited - the Holding Company**

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on 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 and processing of fabrics.

#### **Sapphire Wind Power Company Limited - the subsidiary company**

The company was incorporated as an unlisted public limited on December 27, 2006. The main object of the company is power generation through wind mills and sale of power. The company is developing a 50 MW wind power project at Jhimpir. The company's tariff has been determined by National Electric Power Regulatory Authority. The company has entered into the Engineering, Procurement & Construction ('EPC') and Warranty Period Operations and Maintenance ('WP O&M') Contracts on September 20, 2012, aggregating to USD 107.289 million for the execution of the EPC works necessary for the Project. The execution of these contracts is dependent on the Financial Close. The Company has signed a Letter of Commitment with Overseas Private Investment Corporation (OPIC), USA under which OPIC has committed to finance 100% debt for the project up to US \$ 95 million. The Company was awarded an Upfront Tariff by NEPRA on November 21, 2013; negotiations of the concession documents are also at an advanced stage. SWPCL team is actively engaged with all stakeholders and aim to achieve financial close shortly. The registered office of the company is located at 212, Cotton Exchange Building, Karachi.

#### **Sapphire Home Inc - USA - the subsidiary**

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.

#### **Sapphire Tech (Pvt.) Limited - the subsidiary**

During the period, a wholly owned subsidiary "Sapphire Tech (Pvt.) Limited" was incorporated under Companies Ordinance, 1984. The authorised and paid up share capital of Sapphire Tech (Pvt.) Limited comprises of Rs. 100,000 which consist of 10,000 ordinary shares having face value of Rs.10 each. The subsidiary is established to setup electric power generation project and sell electric power.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This consolidated condensed interim financial information of the Group for the half year ended December 31, 2013 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. This consolidated condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended June 30, 2013.

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

#### 2.2 Functional and presentation currency

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013 except as described below:

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Group's policy for Staff Retirement Benefits in respect of remeasurements stands amended as follows:

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Group's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	<b>June 30, 2013 Rupees</b>	June 30, 2012 Rupees
<b>Impact on Balance Sheet</b>		
Increase / (decrease) in staff retirement benefits	14,387,707	(4,073,539)
(Decrease) / increase in deferred taxation liability	(900,584)	297,409
Decrease / (increase) in reserves	13,487,123	(3,776,130)
Decrease / (increase) in unappropriated profit		
Cumulative effect from prior years	-	(3,776,130)
Impact for the year ended June 30, 2013	17,263,253	-

The Group follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial, therefore, additional third statement of condensed interim balance sheet as at the beginning of the preceding period has not been presented. Above stated facts are based on relevant available actuarial valuation.

**4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

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

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2013.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2013.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
		----- Rupees -----	----- Rupees -----
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets		<b>5,683,035,093</b>	5,416,553,075
Capital work-in-progress	<b>5.2</b>	<b>1,528,692,463</b>	456,667,700
		<b><u>7,211,727,556</u></b>	<u>5,873,220,775</u>

5.1 The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2013 were as follows.

	(Un-audited) December 31, 2013		(Audited) June 30, 2013	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Land:				
Freehold	<b>18,998,000</b>	-	-	20,907,438
Lease hold	-	-	52,314,759	-
On Freehold land:				
Factory buildings	<b>72,292,186</b>	-	47,710,080	-
Labour, staff colony and others	<b>43,756,031</b>	-	-	-
Office building	-	-	184,200,855	-
On Leasehold land:				
Factory buildings	<b>30,619,846</b>	-	-	-
Labour, staff colony and others	-	-	7,956,241	-
Leased building improvements	-	-	1,889,722	-
Plant & machinery	<b>353,231,918</b>	<b>22,907,938</b>	774,122,750	96,863,975
Electric installations	<b>7,257,284</b>	-	122,764,521	-
Fire Fighting equipment	<b>2,956,185</b>	-	286,910	-
Electric equipments	<b>52,229</b>	-	639,000	311,850
Computers	<b>2,968,178</b>	-	8,441,222	113,793
Office equipment	<b>761,559</b>	-	801,250	-
Mills equipment	-	-	4,360,525	-
Furniture & fixtures	<b>126,340</b>	-	2,797,703	255,674
Vehicles	<b>17,233,000</b>	<b>7,699,195</b>	35,627,583	18,435,894
	<b><u>550,252,756</u></b>	<b><u>30,607,133</u></b>	<u>1,243,913,121</u>	<u>136,888,624</u>

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	----- Rupees -----	----- Rupees -----
<b>5.2 Capital work-in-progress</b>		
Advance for Land	<b>26,844,802</b>	24,619,802
Civil works and Buildings	<b>274,282,015</b>	236,548,570
Plant and machinery	<b>1,100,750,522</b>	93,004,666
Electric installations	<b>5,501,950</b>	3,518,800
Fire fighting equipment	<b>1,580,220</b>	1,994,720
Office equipments	<b>217,760</b>	217,760
Mills equipments	<b>30,000</b>	30,000
Furniture & Fixtures	-	2,324,400
Unallocated expenditure	<b>119,485,194</b>	94,408,982
	<b><u>1,528,692,463</u></b>	<u>456,667,700</u>

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	(Un-audited) December 31, 2013	(Audited) (Restated) June 30, 2013
	----- Rupees -----	----- Rupees -----
<b>6 DEFERRED LIABILITIES</b>		
Deferred taxation	142,242,159	66,221,573
Staff retirement benefits - gratuity	218,083,914	191,731,749
	<b>360,326,073</b>	<b>257,953,322</b>

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	----- Rupees -----	----- Rupees -----
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
7.1 Guarantees issued by banks on behalf of the Group.	<b>244,237,767</b>	<b>234,237,767</b>

- 7.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at December 31, 2013 the value of these cheques amounted to Rs.165.928 million (June 30, 2013: Rs.50.139 million).
- 7.3 SWPCL has provided a guarantee amounting to USD 250,000 (June 30, 2013 : USD125,000) to AEDB, under the requirements of Policy for Development of Renewable Energy 2006.
- 7.4 Commitments in respect of expenditure contracted by SWPCL but not incurred as at December 31, 2013 amounts to Rs 15.763 million (June 30, 2013: Rs 13.103 million).
- 7.5 There is no change in status of the contingencies as disclosed in notes 28.4 to 28.8 of the audited annual financial statements of the Group for the year ended June 30, 2013.

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	----- Rupees -----	----- Rupees -----
<b>Commitments</b>		
7.6 Confirmed letter of credit in respect of:		
- plant and machinery	523,548,388	1,030,756,555
- raw material	125,987,278	51,660,249
- stores and spares	41,240,158	16,782,566
	<b>690,775,824</b>	<b>1,099,199,370</b>

	Half Year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- Rupees -----		----- Rupees -----	
<b>8 COST OF SALES AND SERVICES</b>				
Finished goods - Opening stock	863,499,963	595,840,946	764,688,101	583,719,623
Cost of goods manufactured	11,815,070,153	10,015,394,400	5,887,621,223	5,146,310,662
	<b>12,678,570,116</b>	10,611,235,346	<b>6,652,309,324</b>	5,730,030,285
Finished goods - Closing stock	(836,761,574)	(724,160,918)	(836,761,574)	(724,160,918)
	<b>11,841,808,542</b>	9,887,074,428	<b>5,815,547,750</b>	5,005,869,367
<b>Cost of Goods Manufactured</b>				
Work in process - opening stock	347,731,791	325,046,975	377,779,798	311,568,869
Raw materials consumed	8,782,435,617	7,425,371,851	4,348,303,374	3,829,118,582
Cost of raw material sold	19,314,529	67,257,370	973,000	16,142,730
Overheads	3,022,500,099	2,543,824,502	1,517,476,934	1,335,586,779
	<b>12,171,982,036</b>	10,361,500,698	<b>6,244,533,106</b>	5,492,416,960
Work in process - closing stock	(356,911,883)	(346,106,298)	(356,911,883)	(346,106,298)
	<b>11,815,070,153</b>	10,015,394,400	<b>5,887,621,223</b>	5,146,310,662

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	December 31,	
	2013	2012
	----- Rupees -----	
<b>9 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation and share of profit of associated companies	821,362,111	879,130,603
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	277,955,199	243,073,807
Depreciation on investment property	575,727	639,697
Gain on sale of investments	(106,427,221)	-
Amortization of intangible assets	1,381,100	1,381,098
Gain on sale of property, plant and equipment	(3,502,544)	(6,121,865)
Dividend income	(159,689,050)	(118,062,621)
Provision for gratuity	48,077,000	31,887,000
Provision for doubtful debts	6,000,000	6,000,000
Exchange differences	(20,212,887)	(2,143,750)
Realized (gain) / loss on measurement of derivative financial instrument	(1,496,837)	537,703
Finance cost	358,503,632	281,664,156
Profit on saving account	(101,386)	(126,417)
Rental income	(7,476,360)	(6,927,000)
	<b>393,586,373</b>	<b>431,801,808</b>
Operating cash flow before changes in working capital	<b>1,214,948,484</b>	<b>1,310,932,411</b>
<b>Changes in working capital</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores, spares and loose tools	(92,489,929)	(3,845,191)
Stock-in-trade	(3,511,175,469)	(4,326,078,542)
Trade debts	63,485,281	(159,881,747)
Loans and advances	(65,981,810)	(212,103,310)
Trade deposits and short term prepayments	(11,289,614)	(16,128,332)
Other receivables	3,449,704	(5,776,929)
	<b>(3,614,001,837)</b>	<b>(4,723,814,051)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	<b>884,199,781</b>	<b>492,939,297</b>
	<b>(1,514,853,572)</b>	<b>(2,919,942,343)</b>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

**10 SEGMENT ANALYSIS**

**10.1 SEGMENT RESULTS**

	Spinning	Weaving	Processing and Home Textile	Power Generation	Deying and Finishing	Total
	----- Rupees -----					
For the half year ended December 31, 2013						
Revenue - external customers	8,196,734,090	4,040,277,095	1,369,504,349	-	-	13,606,515,534
Inter - segment sales	574,710,449	346,703,682	10,768,339	-	-	932,182,470
Segment results	490,314,106	397,952,449	173,441,923	(107,152,831)	(6,032,920)	948,522,727
For the half year ended December 31, 2012						
Revenue - external customers	6,959,695,023	3,329,269,373	1,264,254,788	-	-	11,553,219,184
Inter - segment sales	710,684,706	408,147,886	-	-	-	1,118,832,592
Segment results	957,863,175	140,782,243	7,698,462	(7,152,455)	-	1,099,191,425

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

	December 31,	
	2013	2012
	----- Rupees -----	
<b>Total results for reportable segments</b>	<b>948,522,727</b>	1,099,191,425
<b>Other operating expenses</b>	<b>(80,537,731)</b>	(82,022,674)
<b>Other income</b>	<b>311,880,747</b>	143,626,008
<b>Finance cost</b>	<b>(358,503,632)</b>	(281,664,156)
<b>Share of profit of associated companies</b>	<b>43,290,007</b>	29,029,607
<b>Profit before taxation</b>	<b>864,652,118</b>	908,160,210
<b>Taxation</b>	<b>(169,488,708)</b>	(93,086,079)
<b>Profit after taxation for the period</b>	<b>695,163,410</b>	815,074,131

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

10.2 SEGMENT ASSETS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Deying and Finishing	Total
	----- Rupees -----					
As at December 31, 2013						
Segment assets	<u>12,566,506,057</u>	<u>3,066,310,716</u>	<u>1,246,936,923</u>	<u>137,527,012</u>	<u>1,144,414,454</u>	<u>18,161,695,162</u>
As at June 30, 2013						
Segment assets	<u>8,601,726,897</u>	<u>3,018,457,023</u>	<u>1,333,533,124</u>	<u>109,610,163</u>	<u>58,808,161</u>	<u>13,122,135,368</u>

Reconciliation of segment assets with total assets is as follows:

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	----- Rupees -----	
Total assets for reportable segments	<u>18,161,695,162</u>	13,122,135,368
Unallocated assets	<u>6,807,318,878</u>	5,925,025,380
Total assets as per Balance sheet	<u>24,969,014,040</u>	<u>19,047,160,748</u>

December 31,  
2013                      2012  
----- Rupees -----

11 TRANSACTIONS WITH RELATED PARTIES

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

**Associates:**

Sales	<b>462,373,764</b>	689,981,918
Purchases	<b>309,500,076</b>	206,444,276
Electricity purchased	<b>120,460,123</b>	252,936,334
Expenses charged to	<b>7,320,046</b>	7,222,126
Expenses charged by	-	134,260
Dividend paid	<b>48,449,124</b>	23,736,525
Dividend received	<b>18,636,226</b>	397,215
Shares deposit money	-	60,000,000
Shares received	-	100,000,000

**Other related parties:**

Donations	<b>6,450,000</b>	4,400,000
Contribution to provident fund	<b>6,042,027</b>	4,656,796
Remuneration to key management personnel	<b>115,758,322</b>	104,349,102

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

**12 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2013 and the corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. half year ended December 31, 2012.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. For the purpose of implementation of IAS-19 - Employee benefits (revise in June 2011), certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarized in note 3. Significant reclassification includes following:

Re-classification from component	Re-classification to component	Note	Rupees
Goods purchased - Cotton purchases	Cost of raw material sold	8	67,257,370
Finance cost	Other operating expenses		537,703

**13 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial information were approved by the board of directors of holding company and authorized for issue on February 27, 2014 .

Karachi:

Dated: February 27, 2014

**NADEEM ABDULLAH**

CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**

DIRECTOR

