

Sapphire Textile Mills Limited

Half Yearly Accounts December 31, 2014

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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.

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, 2014 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	
	2014	2013
Sales & Services	11,554,699	13,606,516
Gross Profit	1,440,366	1,769,692
Other Income	229,644	318,260
Profit before taxation	731,421	947,596
Taxation		
- Current	(125,499)	(139,625)
- Prior year	266	46,157
- Deferred	(2,980)	(75,446)
	(128,213)	(168,914)
Profit after taxation	603,208	778,682

REVIEW OF OPERATIONS

The Company during first six months of this financial year achieved after tax profit of Rs.603 million compared to profit of Rs.779 million during the corresponding period last year.

Sales turnover for the period reduced by 15% in comparison with corresponding period. Gross profit as a percentage of sales remains 12.47% compared to 13% in corresponding period. Sales of the company decreased due to reduction in prices of textile products and strengthening of Pak rupee against other currencies.

Earnings per share is Rs.30.04 as compared to Rs.38.77 per share for the last year's corresponding period.

FUTURE PROSPECTS

The textile sector particularly spinning segment is expected to remain under pressure due to low demand and reduced prices 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 period. 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.

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 23, 2015

MOHAMMAD ABDULLAH
CHAIRMAN/DIRECTOR

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, 2014, 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, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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 condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:
Date: February 23, 2015

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

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	8,301,757,304	8,080,933,699
Investment property		162,755,252	163,273,406
Intangible assets		3,592,116	3,189,494
Long term investments	6	5,612,216,363	5,346,291,863
Long term loans and advances		63,432,058	70,905,506
Long term deposits and prepayments		84,025,030	61,936,668
		14,227,778,123	13,726,530,636
CURRENT ASSETS			
Stores, spares and loose tools		261,509,851	270,214,278
Stock-in-trade		6,359,623,210	3,776,222,400
Trade debts		1,379,276,177	1,224,423,835
Loans and advances		315,279,114	191,781,695
Trade deposits and short term prepayments		35,028,917	13,555,061
Other receivables		91,266,210	54,051,052
Other financial assets		2,158,833,995	1,915,019,331
Tax refunds due from Government		777,673,790	781,038,372
Cash and bank balances		206,756,710	97,713,627
		11,585,247,974	8,324,019,651
TOTAL ASSETS		25,813,026,097	22,050,550,287
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		13,751,667,606	13,139,783,777
		13,952,499,006	13,340,615,177
NON-CURRENT LIABILITIES			
Long term financing		2,268,594,821	2,352,644,005
Deferred liabilities		419,425,794	412,834,886
		2,688,020,615	2,765,478,891
CURRENT LIABILITIES			
Trade and other payables		2,718,355,113	2,036,146,471
Accrued Interest / mark-up		112,155,269	100,982,389
Short term borrowings		5,772,192,879	3,201,433,835
Current portion of long term financing		444,304,368	394,749,068
Provision for taxation		125,498,847	211,144,456
		9,172,506,476	5,944,456,219
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		25,813,026,097	22,050,550,287

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

	Note	Half Year Ended		Quarter Ended	
		December 31,		December 31,	
		2014	2013	2014	2013
		Rupees		Rupees	
Sales and services		11,554,698,628	13,606,515,534	5,880,367,104	6,671,325,996
Cost of sales and services	8	(10,114,332,133)	(11,836,823,496)	(5,172,714,896)	(5,810,562,704)
Gross profit		1,440,366,495	1,769,692,038	707,652,208	860,763,292
Distribution cost		(479,338,807)	(594,737,430)	(251,230,255)	(316,989,129)
Administrative expenses		(146,964,397)	(118,911,235)	(67,306,115)	(59,234,337)
Other operating expenses		(76,365,491)	(80,515,077)	(44,705,605)	(32,890,944)
Other income		229,644,258	318,259,700	146,363,767	64,459,037
		(473,024,437)	(475,904,042)	(216,878,208)	(344,655,373)
Profit from operations		967,342,058	1,293,787,996	490,774,000	516,107,919
Finance cost		(235,921,117)	(346,191,832)	(95,937,376)	(194,023,651)
Profit before taxation		731,420,941	947,596,164	394,836,624	322,084,268
Taxation					
Current					
- for the period		(125,498,847)	(139,625,170)	(47,520,879)	(85,359,745)
- prior year		265,629	46,157,048	265,629	46,157,048
Deferred		(2,979,869)	(75,445,889)	27,408,875	(35,446,884)
		(128,213,087)	(168,914,011)	(19,846,375)	(74,649,581)
Profit after taxation		603,207,854	778,682,153	374,990,249	247,434,687
Earnings per share - basic and diluted		30.04	38.77	18.67	12.32

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	----- Rupees -----		----- Rupees -----	
Profit after taxation	603,207,854	778,682,153	374,990,249	247,434,687
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	182,126,286	539,644,372	432,324,443	319,507,220
Reclassification adjustments relating to gain / (loss) realised on disposal of available for sale investments	19,251,929	(90,645,762)	5,159,056	(869,014)
	201,378,215	448,998,610	437,483,499	318,638,206
Forward foreign currency contracts				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	7,126,099	(17,137,797)	6,069,018	8,231,529
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	1,003,061	2,345,865	2,006,122	-
	8,129,160	(14,791,932)	8,075,140	8,231,529
Other comprehensive income for the period	209,507,375	434,206,678	445,558,639	326,869,735
Total comprehensive income for the period	812,715,229	<u>1,212,888,831</u>	820,548,888	<u>574,304,422</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

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**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Note	December 31,	
		2014	2013
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(1,130,677,349)	(1,411,005,453)
Long term loans, deposits and prepayments		(14,614,914)	(33,095,671)
Finance cost paid		(252,040,779)	(309,836,666)
Staff retirement benefits - gratuity paid		(35,715,961)	(21,724,835)
Taxes paid		(207,514,245)	(184,571,220)
		(509,885,899)	(549,228,392)
Net cash used in operating activities		(1,640,563,248)	(1,960,233,845)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(523,324,992)	(1,594,672,775)
Purchase of intangible assets		(1,080,000)	-
Investment in associated undertakings / subsidiaries		(207,582,500)	(130,100,000)
Investment others		(140,664,059)	(733,960,140)
Proceeds from disposal of property, plant and equipment		10,251,503	9,318,083
Proceeds from sale of investments		57,171,365	461,556,434
Dividend received		185,159,876	178,210,690
Rental income received		7,995,504	7,476,360
Net cash used in investing activities		(612,073,303)	(1,802,171,348)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,575,627,200	3,467,107,002
Proceeds from long term financing		151,000,000	721,292,480
Repayment of long term financing		(185,493,884)	(180,597,750)
Dividend paid		(201,878,068)	(182,528,614)
Net cash generated from financing activities		2,339,255,248	3,825,273,118
Net increase in cash and cash equivalents		86,618,697	62,867,925
Cash and cash equivalents at the beginning of the period		88,107,437	93,961,019
Cash and cash equivalents at the end of the period		174,726,134	156,828,944
Cash and cash equivalents			
Cash and bank balances		206,756,710	159,535,109
Temporary overdraft - unsecured		(32,030,576)	(2,706,165)
Cash and cash equivalents at the end of the period		174,726,134	156,828,944

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Reserves				Other Components of equity			Total Equity	
	Share Capital	Capital		Revenue	Unrealized gain / (loss)	On forward foreign exchange contracts	SUB TOTAL		
		Share Premium	Fixed Assets Replacement						General reserves
Balance as at July 01, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,047,755,142	2,596,147,865	2,345,865	2,598,493,730	11,398,282,472
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	778,682,153	-	-	-	778,682,153
Profit after taxation	-	-	-	-	-	448,998,610	(14,791,932)	-	434,206,678
Other comprehensive income	-	-	-	-	778,682,153	448,998,610	(14,791,932)	-	1,212,888,831
Transaction with owners	-	-	-	-	(180,748,260)	-	-	-	(180,748,260)
Final dividend for the year ended June 30, 2013 @ Rs. 9 per share	-	-	-	-	(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	7,645,689,035	3,045,146,475	(12,446,067)	3,032,700,408	12,430,423,043
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,841,193,093	3,746,385,423	1,003,061	3,747,388,484	13,340,615,177
Total comprehensive income for the half year ended December 31, 2014	-	-	-	-	603,207,854	-	-	-	603,207,854
Profit after taxation	-	-	-	-	-	201,378,215	8,129,160	-	209,507,375
Other comprehensive income	-	-	-	-	603,207,854	201,378,215	8,129,160	-	812,715,229
Transaction with owners	-	-	-	-	(200,831,400)	-	-	-	(200,831,400)
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	-	-	-	(200,831,400)
Balance as at December 31, 2014 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,243,569,547	3,947,763,638	9,132,221	3,956,895,859	13,952,499,006

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Karachi:

Dated: February 23, 2015

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014****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 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, 2014 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, 2014.

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, 2014.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2014.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- Rupees -----	----- Rupees -----
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		5,963,748,671	5,994,977,274
Capital work-in-progress	5.2	2,338,008,633	2,085,956,425
		8,301,757,304	8,080,933,699

5.1 The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2014 were as follows.

	(Un-audited) December 31, 2014		Audited June 30, 2014	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Land:				
Freehold	3,728,400	-	32,021,300	-
Leasehold	-	-	26,844,802	-
On Freehold land:				
Factory buildings	29,463,500	-	101,446,083	-
Labour, staff colony and others	8,536,868	-	62,460,040	-
On Leasehold land:				
Factory buildings	4,218,478	-	30,619,846	-
Leased building improvements	-	-	5,535,060	-
Plant and machinery	68,756,538	24,628,982	855,204,111	111,360,039
Electric installations	101,060,938	-	20,168,268	-
Fire Fighting equipment	55,000	-	2,956,185	-
Electric equipments	5,966,822	-	387,229	-
Computers	4,534,563	394,637	8,368,435	-
Office equipments	165,000	-	1,263,119	-
Mills equipments	78,000	-	300,000	75,000
Furniture and fixtures	577,162	-	3,025,839	-
Vehicles	44,131,515	9,132,069	32,114,558	14,582,270
	271,272,784	34,155,688	1,182,714,875	126,017,309

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees -----	----- Rupees -----
5.2 Capital work-in-progress		
Advance for land	42,000,000	-
Civil works and buildings	487,614,460	529,638,866
Plant and machinery	1,747,674,900	1,440,917,314
Electric installations	12,209,413	84,901,000
Fire fighting equipment	1,580,220	1,580,220
Mills equipments	21,247,883	17,490,163
Furniture and fixtures	103,754	3,343,460
Unallocated expenditure	25,578,003	8,085,402
	2,338,008,633	2,085,956,425

6 Long term investments

During the period, the Company has entered into a Share Purchase Agreement (SPA) with shareholders of Tricon Boston Consulting (Pvt.) Limited, a company incorporated under the laws of Pakistan having office at 251-HH, Street-11, Phase 4, DHA, Lahore, for purchase of 100% shares of Tricon Boston Consulting (Pvt.) Limited. As per the terms and conditions of the agreement, the total purchase consideration is agreed at US \$ 5,028,200. Out of which the company has paid US \$ 50,000 (equivalent to PKR 4,982,500) to the shareholders of Tricon Boston Consulting (Pvt.) Limited, this amount has been classified as share deposit money under the head long term investments. In addition, the Company had also transferred US\$ 600,000 (equivalent to PKR 61,680,000) to ESCROW account, which has been released by the bank on completion of transaction on February 10, 2015 and the shares of Tricon Boston Consulting (Pvt.) Limited has been transferred to the company as per terms of Share Purchase Agreement. For the remaining balance of purchase consideration the Company has issued a corporate guarantee amounting to US\$ 4.3782 million (equivalent to PKR 440.447 million) to be paid upon financial close of the project.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees -----	
7 CONTINGENCIES AND COMMITMENTS		
Contingencies		
7.1 Guarantees issued by banks on behalf of the Company	257,587,385	252,587,385
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, 2014 the value of these cheques amounted to Rs.103.226 million (June 30, 2014: Rs.91.311 million)		
7.3 There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.8 of the audited annual financial statements of the Company for the year ended June 30, 2014.		
Commitments		
7.4 Confirmed letter of credit in respect of:		
- plant and machinery	184,659,165	38,845,624
- raw material	84,348,151	35,234,533
- stores and spares	35,072,738	9,083,376
	304,080,054	83,163,533

		(Un-audited) Half Year ended December 31,		(Un-audited) Quarter ended December 31,	
		2014	2013	2014	2013
		----- Rupees -----			
8 COST OF SALES AND SERVICES	Note	----- Rupees -----		----- Rupees -----	
Finished goods - Opening stock		790,588,259	863,499,963	653,015,381	764,688,101
Cost of goods manufactured	8.1	9,902,907,303	11,810,085,107	5,098,862,944	5,882,636,177
		10,693,495,562	12,673,585,070	5,751,878,325	6,647,324,278
Finished goods - Closing stock		(579,163,429)	(836,761,574)	(579,163,429)	(836,761,574)
		10,114,332,133	11,836,823,496	5,172,714,896	5,810,562,704
8.1 Cost of Goods Manufactured					
Work in process - opening stock		299,835,103	347,731,791	291,005,428	377,779,798
Raw material consumed		6,551,214,624	8,782,435,617	3,400,241,533	4,348,303,374
Cost of raw material sold		79,544,390	19,314,529	6,706,158	973,000
Overheads		3,258,171,002	3,017,515,053	1,686,767,641	1,512,491,888
		10,188,765,119	12,166,996,990	5,384,720,760	6,239,548,060
Work in process - closing stock		(285,857,816)	(356,911,883)	(285,857,816)	(356,911,883)
		9,902,907,303	11,810,085,107	5,098,862,944	5,882,636,177

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	(Un-audited)	
	Half Year ended	
	December 31,	
	2014	2013
	----- Rupees -----	
9 CASH USED IN OPERATIONS		
Profit before taxation	731,420,941	947,596,164
Adjustments for non-cash charges and other items:		
Depreciation	294,721,478	277,780,556
Depreciation on investment property	518,154	575,727
Gain on sale of investments	(17,285,755)	(106,427,221)
Amortization of intangible assets	677,378	1,381,100
Gain on sale of property, plant and equipment	(2,471,594)	(3,502,544)
Dividend income	(186,294,640)	(178,315,640)
Provision for gratuity	39,327,000	48,077,000
Provision for doubtful debts	6,000,000	6,000,000
Provision for stores, spares and loose tools	6,087,181	-
Exchange differences	(27,292,542)	(20,276,887)
Finance cost	263,213,659	358,503,469
Rental income	(7,995,504)	(7,476,360)
	369,204,815	376,319,200
Operating cash flows before changes in working capital	1,100,625,756	1,323,915,364
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	2,617,246	(92,489,929)
Stock-in-trade	(2,583,400,810)	(3,511,175,469)
Trade debts	(160,852,342)	63,485,281
Loans and advances	(123,497,419)	(65,981,810)
Trade deposits and short term prepayments	(21,473,856)	(11,289,614)
Other receivables	(27,951,234)	16,437,822
	(2,914,558,415)	(3,601,013,719)
Increase in current liabilities		
Trade and other payables	683,255,310	866,092,902
	(1,130,677,349)	(1,411,005,453)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

10 TRANSACTIONS WITH RELATED PARTIES

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

	(Un-audited)	
	Half Year ended December 31,	
	2014	2013
	----- Rupees -----	-----
Subsidiaries:		
Sales	13,560,014	-
Share deposit money	202,600,000	130,100,000
Shares received	124,600,000	175,120,000
Expenses charged to	5,325,726	8,746,272
Associates:		
Sales	388,005,624	462,373,764
Purchases	219,132,306	309,500,076
Electricity purchased	168,222,897	120,460,123
Expenses charged by	1,163,095	-
Expenses charged to	10,332,667	7,320,046
Dividend paid	53,161,860	48,449,124
Dividend received	9,476,850	18,636,226
Loans obtained	777,580,000	-
Markup charged by	16,617,278	-
Interest received	1,091,599	-
Other related parties:		
Donations	5,250,000	6,450,000
Contribution to provident fund	7,352,503	6,042,027
Remuneration to key management personnel	137,407,672	112,041,398

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2014 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, 2013.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Significant reclassification has been made in these financial statements is given below:

Re-classification from component	Re-classification to component	Rupees
Other income - exchange gain on foreign currency loan	Finance cost - exchange gain on foreign currency loan	12,311,637

12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were approved by the board of directors and authorized for issue on February 23, 2015.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Sapphire Textile Mills Limited
Half Yearly Accounts December 31, 2014
CONSOLIDATED ACCOUNTS

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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, and Sapphire Retail Limited, it is my pleasure to present Directors' Report with Un-audited Consolidated Financial Statement of the Group for the half year ended December 31, 2014.

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 have been undertaken and 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.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The company had obtained an LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW.

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 opened its first retail store in Karachi.

On behalf of the Board

Karachi
Dated: February 23, 2015

MOHAMMAD ABDULLAH
CHAIRMAN/DIRECTOR

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, 2014, 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore.
Dated: February 23, 2015

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

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,095,031,814	8,354,069,498
Investment property		162,755,252	163,273,406
Intangible assets		4,169,361	3,766,739
Long term investments	6	5,086,833,284	5,021,770,687
Long term loans and advances		63,432,058	70,905,506
Long term deposits and prepayments		89,996,572	210,370,915
		16,502,218,341	13,824,156,751
CURRENT ASSETS			
Stores, spares and loose tools		261,509,851	270,214,278
Stock-in-trade		6,361,048,478	3,776,222,400
Trade debts		1,379,276,177	1,224,423,835
Loans and advances		321,935,114	191,781,695
Trade deposits and short term prepayments		98,310,093	13,555,061
Other receivables		88,638,158	57,005,083
Other financial assets		2,158,833,995	1,915,019,331
Tax refunds due from Government		795,838,362	781,906,641
Cash and bank balances		671,890,837	683,194,598
		12,137,281,065	8,913,322,922
TOTAL ASSETS		28,639,499,406	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			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		13,983,748,843	13,439,345,719
Equity attributable to holders of parent company		14,184,580,243	13,640,177,119
Non-controlling interest		311,173,912	259,526,886
Total Equity		14,495,754,155	13,899,704,005
NON-CURRENT LIABILITIES			
Long term financing	7	4,448,039,693	2,352,644,005
Deferred liabilities		424,448,606	417,488,978
		4,872,488,299	2,770,132,983
CURRENT LIABILITIES			
Trade and other payables		2,788,717,616	2,157,032,937
Accrued Interest / mark-up		133,700,981	100,982,389
Short term borrowings		5,779,035,140	3,203,733,835
Current portion of long term financing		444,304,368	394,749,068
Provision for taxation		125,498,847	211,144,456
		9,271,256,952	6,067,642,685
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		28,639,499,406	22,737,479,673

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

Note	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	----- Rupees -----		----- Rupees -----	
Sales and services	11,563,692,242	13,606,515,534	5,889,360,718	6,671,325,996
Cost of sales and services	(10,158,000,813)	(11,841,808,542)	(5,214,818,593)	(5,815,547,750)
Gross profit	1,405,691,429	1,764,706,992	674,542,125	855,778,246
Distribution cost	(507,027,720)	(594,789,360)	(271,755,039)	(316,989,052)
Administrative expenses	(153,658,699)	(221,394,905)	(69,300,623)	(93,516,120)
Other operating expenses	(76,877,061)	(80,537,731)	(45,104,334)	(31,508,358)
Other income	220,174,315	299,569,110	136,893,824	63,835,447
	(517,389,165)	(597,152,886)	(249,266,172)	(378,178,083)
Profit from operations	888,302,264	1,167,554,106	425,275,953	477,600,163
Finance cost	(236,132,747)	(346,191,995)	(96,122,813)	(194,023,814)
	652,169,517	821,362,111	329,153,140	283,576,349
Share of profit of associated companies	14,036,808	43,290,007	6,697,963	18,463,606
Profit before taxation	666,206,325	864,652,118	335,851,103	302,039,955
Taxation				
Current				
- for the period	(125,498,847)	(139,625,170)	(47,520,879)	(85,359,745)
- prior year	265,629	46,157,048	265,629	46,157,048
Deferred	(3,348,589)	(76,020,586)	27,246,620	(35,671,800)
	(128,581,807)	(169,488,708)	(20,008,630)	(74,874,497)
Profit after taxation	537,624,518	695,163,410	315,842,473	227,165,458
Attributable to:				
Shareholders of Parent Company	539,110,492	695,163,410	316,002,252	227,165,458
Non- controlling interest	(1,485,974)	-	(159,779)	-
	537,624,518	695,163,410	315,842,473	227,165,458
Earnings per share - basic and diluted	26.84	34.61	15.73	11.31

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	Rupees		Rupees	
Profit after taxation	537,624,518	695,163,410	315,842,473	227,165,458
Other comprehensive income:				
Available for sale investments				
Unrealized gain on remeasurement of available for sale investments	182,126,286	539,644,372	432,324,443	319,507,220
Reclassification adjustments relating to gain / (loss) realised on disposal of available for sale investments	19,251,929	(90,645,762)	5,159,056	(869,014)
Unrealised gain on remeasurement of available for sale investments - associates	1,432,988	53,868	1,399,473	-
	202,811,203	449,052,478	438,882,972	318,638,206
Forward foreign currency contracts				
Unrealised gain / (loss) on remeasurement of forward foreign currency contracts	7,126,099	(17,137,797)	6,069,018	8,231,529
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	1,003,061	2,345,865	2,006,122	-
Unrealised gain / (loss) on remeasurement of forward foreign currency contracts - associates	85,265	(36,101)	91,290	20,958
	8,214,425	(14,828,033)	8,166,430	8,252,487
Exchange difference on translating foreign operation	(5,671,650)	288,445	(3,738,789)	(19,552)
Items that may not be reclassified subsequently to profit and loss				
Share of increase / (decrease) in reserves of associated companies under equity method	1,393,054	(4,801,215)	4,723,998	(2,879,523)
Other comprehensive income for the period	206,747,032	429,711,675	448,034,611	323,991,618
Total comprehensive income for the period	744,371,550	1,124,875,085	763,877,084	551,157,076
Attributable to:				
Shareholders of Parent Company	745,857,524	1,124,875,085	764,036,863	551,157,076
Non- controlling interest	(1,485,974)	-	(159,779)	-
	744,371,550	1,124,875,085	763,877,084	551,157,076

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial information.

Karachi:

Dated: February 23, 2015

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Note	December 31,	
		2014	2013
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	10	(1,315,000,991)	(1,513,255,349)
Long term loans, deposits and prepayments		127,847,791	(33,095,671)
Finance cost paid		(230,706,697)	(309,836,829)
Staff retirement benefits - gratuity paid		(35,715,961)	(21,724,835)
Taxes paid		(224,810,548)	(184,697,484)
		(363,385,415)	(549,354,819)
Net cash used in operating activities		(1,678,386,406)	(2,062,610,168)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,045,014,236)	(1,622,277,519)
Purchase of intangible assets		(1,080,000)	-
Investment in associated undertakings		9,469,943	18,626,590
Subsidiary acquisition		(4,982,500)	-
Investment others		(140,664,059)	(733,960,140)
Proceeds from disposal of property, plant and equipment		10,251,503	9,318,083
Proceeds from sale of investments		57,171,365	461,556,434
Dividend received		175,689,933	159,584,100
Rental income received		7,995,504	7,476,360
Net cash used in investing activities		(2,931,162,547)	(1,699,676,092)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,575,627,200	3,467,107,002
Proceeds from long term financing		2,330,444,872	721,292,480
Repayment of long term financing		(185,493,884)	(180,597,750)
Exchange difference on translating foreign operation		68,425	288,445
Issuance of shares - net		52,510,000	-
Dividend paid		(201,878,068)	(182,528,614)
Net cash generated from financing activities		4,571,278,545	3,825,561,563
Net (decrease) / increase in cash and cash equivalents		(38,270,408)	63,275,303
Cash and cash equivalents at the beginning of the period		673,588,408	100,287,509
Cash and cash equivalents at the end of the period		635,318,000	163,562,812
Cash and cash equivalents			
Cash and bank balances		671,890,837	166,268,977
Temporary overdraft - unsecured		(36,572,837)	(2,706,165)
Cash and cash equivalents at the end of the period		635,318,000	163,562,812

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial information.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Share Capital		Reserves			Other Components of equity				Total	Non-Controlling Interest	Total Equity	
	Share Capital	Share Premium	Fixed Assets Replacement	Revenue		Unrealized gain / (loss)		On forward foreign exchange contracts	exchange difference on translating foreign operation				SUB TOTAL
				General reserves	Unappropriated Profit	On available for sale investments	SUB TOTAL						
Balance as at July 01, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,236,761,118	8,787,963,318	2,603,717,005	2,347,780	765,571	2,606,830,356	11,595,625,074	-	11,595,625,074
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	695,163,410	695,163,410	449,052,478	(14,828,033)	288,445	434,512,890	695,163,410	-	695,163,410
Profit after taxation	-	-	-	-	-	-	449,052,478	(14,828,033)	288,445	434,512,890	434,512,890	-	434,512,890
Other comprehensive income	-	-	-	-	695,163,410	695,163,410	449,052,478	(14,828,033)	288,445	434,512,890	1,129,676,300	-	1,129,676,300
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(4,801,215)	(4,801,215)	-	-	-	-	(4,801,215)	-	(4,801,215)
Transaction with owners	-	-	-	-	(180,748,260)	(180,748,260)	-	-	-	-	(180,748,260)	-	(180,748,260)
Final dividend for the year ended June 30, 2013 @ Rs. 9 per share	-	-	-	-	7,746,375,053	9,297,577,253	3,052,769,483	(12,480,253)	1,054,016	3,041,343,246	12,539,751,899	-	12,539,751,899
Balance as at December 31, 2013 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,129,336,146	9,680,536,346	3,754,756,166	1,033,212	3,017,995	3,759,807,373	13,640,177,119	259,526,886	13,899,704,005
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,129,336,146	9,680,536,346	3,754,756,166	1,033,212	3,017,995	3,759,807,373	13,640,177,119	259,526,886	13,899,704,005
Total comprehensive income for the half year ended December 31, 2014	-	-	-	-	539,110,492	539,110,492	202,811,203	8,214,425	(5,671,650)	205,353,978	539,110,492	(1,485,974)	537,624,518
Profit after taxation	-	-	-	-	-	-	202,811,203	8,214,425	(5,671,650)	205,353,978	205,353,978	-	205,353,978
Other comprehensive income	-	-	-	-	539,110,492	539,110,492	202,811,203	8,214,425	(5,671,650)	205,353,978	744,464,470	(1,485,974)	742,978,496
Shares of increase in reserves of associated companies under equity method	-	-	-	-	1,393,054	1,393,054	-	-	-	-	1,393,054	-	1,393,054
Transaction with owners	-	-	-	-	(623,000)	(623,000)	-	-	-	-	(623,000)	53,400,000	53,400,000
Issuance of shares of subsidiary - SWPCL	-	-	-	-	(623,000)	(623,000)	-	-	-	-	(623,000)	(267,000)	(890,000)
Share Issuance cost of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)
Balance as at December 31, 2014 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,466,385,292	10,019,587,492	3,957,567,369	9,247,637	(2,653,655)	3,964,161,351	14,184,580,243	311,173,912	14,495,754,155

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial information.

Karachi:

Dated: February 23, 2015

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014****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 (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 abovementioned 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. 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.

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.

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 with own or 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.

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.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014****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, 2014 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. This consolidated condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended June 30, 2014.

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, 2014.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information is in conformity with approved accounting standards which requires the management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities and income and expenses. Estimates, assumptions and judgements 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, 2014.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
		----- Rupees -----	
5 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets		5,984,238,494	6,007,190,843
Capital work-in-progress	5.2	5,110,793,320	2,346,878,655
		11,095,031,814	8,354,069,498

5.1 The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2014 are as follows.

	(Un-audited) December 31, 2014		(Audited) June 30, 2014	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Land:				
Freehold	3,728,400	-	32,021,300	-
Leasehold	-	-	26,844,802	-
On freehold land:				
Factory buildings	29,463,500	-	101,446,083	-
Labour, staff colony and others	8,536,868	-	62,460,040	-
On leasehold land:				
Factory buildings	4,218,478	-	30,619,846	-
Leased building improvements	7,313,827	-	5,535,060	-
Plant and machinery	68,756,538	24,628,982	855,204,111	111,360,039
Electric installations	101,060,938	-	20,168,268	-
Fire fighting equipment	55,000	-	2,956,185	-
Electric equipments	5,966,822	-	387,229	-
Computers	4,911,318	394,637	8,368,435	-
Office equipment	165,000	-	1,281,619	-
Mills equipment	78,000	-	300,000	75,000
Furniture and fixtures	577,162	-	3,025,839	-
Vehicles	46,267,720	9,132,069	45,233,293	14,582,270
	281,099,571	34,155,688	1,195,852,110	126,017,309

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees -----	
5.2 Capital work-in-progress		
Advance for land	42,000,000	-
Civil work and buildings	502,362,997	535,378,272
Plant and machinery	4,119,229,710	1,442,131,351
Electric installations	14,902,971	84,901,000
Fire fighting equipment	1,580,220	1,580,220
Mills equipments	21,247,883	17,490,163
Furniture and fixtures	103,754	3,343,460
Unallocated expenditure	409,365,785	262,054,189
	5,110,793,320	2,346,878,655

6 LONG TERM INVESTMENTS

During the period, the Holding Company has entered into a Share Purchase Agreement (SPA) with shareholders of Tricon Boston Consulting (Pvt.) Limited, a company incorporated under the laws of Pakistan having office at 251-HH, Street-11, Phase 4, DHA, Lahore, for purchase of 100% shares of Tricon Boston Consulting (Pvt.) Limited. As per the terms and conditions of the agreement, the total purchase consideration is agreed at US \$ 5,028,200. Out of which the company has paid US \$ 50,000 (equivalent to PKR 4,982,500) to the shareholders of Tricon Boston Consulting (Pvt.) Limited, this amount has been classified as share deposit money under the head long term investments. In addition, the Holding Company had also transferred US\$ 600,000 (equivalent to PKR 61,680,000) to ESCROW account, which has been released by the bank on completion of transaction on February 10, 2015 and the shares of Tricon Boston Consulting (Pvt.) Limited has been transferred to the company as per terms of Share Purchase Agreement. For the remaining balance of purchase consideration the Holding Company has issued a corporate guarantee amounting to US\$ 4.3782 million (equivalent to PKR 440.447 million) to be paid upon financial close of the project.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

7 LONG TERM FINANCING

It includes Rs. 2.179 billion represents debt financing by Overseas Private Investment Corporation in Sapphire Wind Power Company Limited (subsidiary company) in pursuance of the Finance Agreement dated March 31, 2014. The loan is secured by way of a first priority security interest on over all current and future assets of the company. The loan is repayable in 20 semi-annual installments. The interest on this loan is charged at the rate of 3 months LIBOR plus 3.7 percent. The interest is payable quarterly.

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees -----	
8 CONTINGENCIES AND COMMITMENTS		
Contingencies		
8.1 Guarantees issued by banks on behalf of the Group	<u>257,587,385</u>	<u>253,081,635</u>
8.2 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, 2014 the value of these cheques amounted to Rs.103.226 million (June 30, 2014: Rs.91.311 million)		
8.3 Commitments in respect of expenditure contracted by SWPCL but not incurred as at December 31, 2014 amounts to USD 81.989 million (June 30, 2014: Rs Nil million).		
8.4 There is no change in status of the contingencies as disclosed in notes 29.2, 29.4 to 29.9 and 29.12 of the audited annual financial statements of the Group for the year ended June 30, 2014.		

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees -----	
Commitments		
8.5 Confirmed letter of credit in respect of:		
- plant and machinery	184,659,165	38,845,624
- raw material	84,348,151	35,234,533
- stores and spares	35,072,738	9,083,376
	<u>304,080,054</u>	<u>83,163,533</u>

	Note	(Un-audited) Half Year ended December 31,		(Un-audited) Quarter ended December 31,	
		2014	2013	2014	2013
		----- Rupees -----			
9 COST OF SALES AND SERVICES					
Finished goods - Opening stock		790,588,259	863,499,963	653,015,381	764,688,101
Cost of goods manufactured	9.1	9,946,575,983	11,815,070,153	5,140,966,641	5,887,621,223
		<u>10,737,164,242</u>	12,678,570,116	<u>5,793,982,022</u>	6,652,309,324
Finished goods - Closing stock		(579,163,429)	(836,761,574)	(579,163,429)	(836,761,574)
		<u>10,158,000,813</u>	11,841,808,542	<u>5,214,818,593</u>	5,815,547,750
9.1 Cost of goods manufactured					
Work in process - opening stock		299,835,103	347,731,791	291,005,428	377,779,798
Raw material consumed		6,550,561,616	8,782,435,617	3,399,383,496	4,348,303,374
Cost of raw material sold		79,544,390	19,314,529	6,706,158	973,000
Overheads		3,302,492,690	3,022,500,099	1,729,729,375	1,517,476,934
		<u>10,232,433,799</u>	12,171,982,036	<u>5,426,824,457</u>	6,244,533,106
Work in process - closing stock		(285,857,816)	(356,911,883)	(285,857,816)	(356,911,883)
		<u>9,946,575,983</u>	11,815,070,153	<u>5,140,966,641</u>	5,887,621,223

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	(Un-audited) Half Year ended December 31,	
	2014	2013
	----- Rupees -----	
10 CASH USED IN OPERATIONS		
Profit before taxation and share of profit of associated companies	652,169,517	821,362,111
Adjustments for non-cash charges and other items:		
Depreciation	296,272,011	277,955,199
Depreciation on investment property	518,154	575,727
Gain on sale of investments	(17,285,755)	(106,427,221)
Amortization of intangible assets	677,378	1,381,100
Gain on sale of property, plant and equipment	(2,471,594)	(3,502,544)
Dividend income	(176,824,697)	(159,689,050)
Provision for gratuity	39,327,000	48,077,000
Provision for doubtful debts	6,000,000	6,000,000
Provision for stores, spares and loose tools	6,087,181	-
Exchange differences	(27,292,542)	(20,212,887)
Finance cost	263,425,289	358,503,632
Rental income	(7,995,504)	(7,476,360)
	380,436,921	395,184,596
Operating cash flow before changes in working capital	1,032,606,438	1,216,546,707
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	2,617,246	(92,489,929)
Stock-in-trade	(2,584,826,078)	(3,511,175,469)
Trade debts	(160,852,342)	63,485,281
Loans and advances	(130,153,419)	(65,981,810)
Trade deposits and short term prepayments	(84,755,032)	(11,289,614)
Other receivables	(22,369,151)	3,449,704
	(2,980,338,776)	(3,614,001,837)
Increase in current liabilities		
Trade and other payables	632,731,347	884,199,781
	(1,315,000,991)	(1,513,255,349)

11 SEGMENT ANALYSIS

11.1 SEGMENT RESULTS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Dyeing and Finishing	Total
	----- Rupees -----					
For the half year ended December 31, 2014						
Revenue - external customers	6,706,343,848	3,502,168,226	1,355,180,168	-	-	11,563,692,242
Inter - segment sales	1,416,424,012	503,893,766	4,178,547	-	57,286,183	1,981,782,508
Segment results	341,388,814	192,536,002	(7,384,808)	(4,627,305)	(13,040,440)	508,872,263
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	226,215,543	347,139,974	142,223,873	(107,152,994)	(6,095,664)	602,330,732

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	(Un-audited) Half Year ended	
	December 31,	
	2014	2013
	----- Rupees -----	
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segments	508,872,263	602,330,732
Other operating expenses	(76,877,061)	(80,537,731)
Other income	220,174,315	299,569,110
Share of profit of associated companies	14,036,808	43,290,007
Profit before taxation	666,206,325	864,652,118
Taxation	(128,581,807)	(169,488,708)
Profit after taxation for the period	<u>537,624,518</u>	<u>695,163,410</u>

11.2 SEGMENT ASSETS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Dyeing and Finishing	Total
	----- Rupees -----					
As at December 31, 2014						
Segment assets	<u>10,489,238,763</u>	<u>2,857,352,034</u>	<u>1,580,135,295</u>	<u>3,300,116,449</u>	<u>2,136,709,049</u>	<u>20,363,551,590</u>
As at June 30, 2014						
Segment assets	<u>7,978,897,402</u>	<u>2,967,920,804</u>	<u>1,004,424,532</u>	<u>996,990,145</u>	<u>1,850,327,203</u>	<u>14,798,560,086</u>

	(Un-audited)		(Audited)	
	December 31,		June 30,	
	2014	2014	2014	2014
	----- Rupees -----			
Reconciliation of segment assets with total assets is as follows:				
Total assets for reportable segments	20,363,551,590	14,798,560,086		
Unallocated assets	8,275,947,816	7,938,919,587		
Total assets as per balance sheet	<u>28,639,499,406</u>	<u>22,737,479,673</u>		

12 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:

	(Un-audited) Half Year ended	
	December 31,	
	2014	2013
	----- Rupees -----	
Associates:		
Sales	388,005,624	462,373,764
Purchases	219,132,306	309,500,076
Electricity purchased	168,222,897	120,460,123
Expenses charged to	1,163,095	7,320,046
Expenses charged by	10,332,667	-
Dividend paid	53,161,860	48,449,124
Dividend received	9,476,850	18,636,226
Loan obtained	777,580,000	-
Markup charged by	16,617,278	-
Interest income	1,091,599	-
Other related parties:		
Donations	5,250,000	6,450,000
Contribution to provident fund	7,352,503	6,042,027
Remuneration to key management personnel	156,726,861	115,758,322

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014****13 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Group for the year ended June 30, 2014 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, 2013.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Significant reclassification has been made in these financial statements is given below:

Re-classification from component	Re-classification to component	Rupees
Other income - exchange gain on foreign currency loan	Finance cost - exchange gain on foreign currency loan	12,311,637

14 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information were approved by the board of directors of holding company and authorised for issue on February 23, 2015.

Karachi:

Dated: February 23, 2015

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR

NABEEL ABDULLAH

DIRECTOR

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.