



**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER  
ENDED MARCH 31, 2015**  
(Un-Audited)

**Sapphire Fibres Limited**

**SAPPHIRE FIBRES LIMITED**  
**Third Quarter Accounts March 31, 2015**

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## COMPANY PROFILE

### BOARD OF DIRECTORS

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Shahid Abdullah
Director	:	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Tajammal Hussain Bokharee
Audit Committee	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Shayan Abdullah
Member		Mr. Tajammal Hussain Bokharee
Human Resource & Remuneration Committee	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Shahid Abdullah
Member		Mr. Shayan Abdullah
Chief Financial Officer	:	Mr. Mujahid Akbar Bozdar
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Hameed Chaudhri & Company Chartered Accountants
Management Consultant	:	M. Yousuf Adil Saleem & Company Chartered Accountants
Tax Consultants	:	Mushtaq & Company Chartered Accountants
Legal Advisor	:	Hassan & Hassan Advocates
Bankers	:	Allied Bank Limited, Citi Bank N.A. Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, United Bank Limited
Share Registrar	:	THK Associates (private) Ltd
Registered Office	:	316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.
Mills	:	Kharianwala, Tehsil and District Sheikhpura Feroze Wattoan, Tehsil and District Sheikhpura Raiwind Road, Lahore.

## DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited financial statements for the period of nine months ended 31 March, 2015.

### Financial Highlights

	31 March,	
	2015	2014
	Rupees in thousand	
Sales & services	10,239,084	11,331,627
Gross profit	1,247,441	1,541,413
Profit from operations	1,365,478	2,049,532
Other income	772,750	1,206,405
Profit before taxation	1,123,032	1,642,930
Taxation:		
- Current	154,678	174,128
- Prior	(1,388)	(29,484)
- Deferred	5,643	729
	158,933	145,373
Profit after taxation	964,099	1,497,557

The Company has earned after tax profit of Rs. 964.099 million as against Rs. 1,497.557 million of the last year's corresponding period. Last period's Profit was higher due to better sale rates and of higher dividend income as compared to current year's comparative period.

### Earnings per share

The company's earnings per share (EPS) were at Rs.48.97 as compared to Rs. 76.07 of the same period of the last year.

### Future outlook

Textile sector in Pakistan is passing through a difficult period and facing poor market demand and decline in sale rates. Present conditions of textile industry have made it difficult to work-out production plans and run the mills efficiently. However the management is vigilant of issues and constantly working to coup up the situation.

The directors appreciate the hard work and commendable services rendered by staff and workers of the company.

For and on behalf of the Board

Lahore  
Dated: 24 April, 2015

**Shahid Abdullah**  
Chief Executive

**CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2015**

	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,032,596,373	3,824,088,383
Investment property		162,496,174	163,273,406
Intangible assets		5,065,063	2,871,886
Long term investments	6	7,889,645,515	8,901,214,827
Long term loans		220,500	193,000
Long term deposits		28,050,045	27,822,285
		<u>12,118,073,670</u>	<u>12,919,463,787</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		213,510,992	175,919,748
Stock-in-trade	7	3,663,891,045	3,180,774,748
Trade debts		1,164,099,930	1,392,428,704
Loans and advances		68,570,580	26,658,228
Trade deposits and short term prepayments		19,922,071	3,560,503
Short term investments		1,857,047,333	1,584,090,779
Other receivables		336,028,210	334,578,455
Tax refunds due from Government		383,302,940	331,758,527
Cash and bank balances		165,641,303	149,916,610
		<u>7,872,014,404</u>	<u>7,179,686,302</u>
<b>Total assets</b>		<u><b>19,990,088,074</b></u>	<u><b>20,099,150,089</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
35,000,000 (June 30, 2014: 35,000,000) ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2014: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		5,469,377,303	6,594,226,401
Unappropriated profit		8,723,672,538	8,005,667,352
<b>Total equity</b>		<u><b>14,389,924,841</b></u>	<u><b>14,796,768,753</b></u>
<b>Non-current liabilities</b>			
Long term finances		63,043,501	65,371,251
Staff retirement benefit - gratuity		225,250,876	210,997,693
Deferred taxation		43,159,037	56,532,945
Long term security deposit		2,100,000	2,100,000
		<u>333,553,414</u>	<u>335,001,889</u>
<b>Current liabilities</b>			
Trade and other payables		1,328,313,138	1,210,134,150
Accrued mark-up / interest		60,091,775	58,542,707
Short term borrowings		3,710,814,071	3,322,831,087
Current portion of long term finances		12,712,666	160,904,749
Provision for taxation		154,678,169	214,966,754
		<u>5,266,609,819</u>	<u>4,967,379,447</u>
<b>Total liabilities</b>		<u><b>5,600,163,233</b></u>	<u><b>5,302,381,336</b></u>
<b>Contingencies and commitments</b>	8		
<b>Total equity and liabilities</b>		<u><b>19,990,088,074</b></u>	<u><b>20,099,150,089</b></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore:  
Dated: April 24, 2015

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**YOUSUF ABDULLAH**  
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

	Note	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----					
Sales - net		<b>3,199,535,937</b>	3,873,430,725	<b>10,239,084,146</b>	11,331,626,928
Cost of sales	<b>9</b>	<b>(2,866,180,470)</b>	(3,645,251,012)	<b>(8,991,643,049)</b>	(9,790,214,304)
<b>Gross profit</b>		<b>333,355,467</b>	228,179,713	<b>1,247,441,097</b>	1,541,412,624
Distribution cost		<b>(122,715,014)</b>	(128,040,488)	<b>(354,891,124)</b>	(398,759,589)
Administrative expenses		<b>(76,516,326)</b>	(50,827,866)	<b>(183,246,516)</b>	(158,375,954)
Other income	<b>10</b>	<b>126,701,299</b>	151,378,011	<b>772,750,176</b>	1,206,404,788
Other expenses		<b>(25,829,390)</b>	(4,509,547)	<b>(116,575,237)</b>	(141,150,282)
<b>Profit from operations</b>		<b>234,996,036</b>	196,179,823	<b>1,365,478,396</b>	2,049,531,587
Finance cost		<b>(74,924,866)</b>	(150,245,191)	<b>(242,446,375)</b>	(406,601,756)
<b>Profit before taxation</b>		<b>160,071,170</b>	45,934,632	<b>1,123,032,021</b>	1,642,929,831
Taxation		<b>(31,965,434)</b>	(16,445,387)	<b>(158,933,085)</b>	(145,372,543)
<b>Profit after taxation</b>		<b>128,105,736</b>	29,489,245	<b>964,098,936</b>	1,497,557,288
<b>Basic and diluted earnings per share</b>		<b>6.51</b>	1.50	<b>48.97</b>	76.07

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees -----			
<b>Profit after taxation</b>	<b>128,105,736</b>	29,489,245	<b>964,098,936</b>	1,497,557,288
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit and loss:</b>				
Unrealised gain / (loss) due to change in fair values of available for sale investments:				
- long term	<b>(1,116,586,788)</b>	(82,707,387)	<b>(1,035,373,608)</b>	579,703,767
- short term	<b>(37,010,532)</b>	112,979,058	<b>(107,991,927)</b>	223,370,614
Impact of deferred tax	<b>14,929,800</b>	2,940,932	<b>19,016,966</b>	(1,070,498)
Adjustment for (loss) / profit included in profit and loss account upon sale of available-for-sale investments	<b>1,721,050</b>	2,029,693	<b>(500,529)</b>	3,268,487
Unrealised gain on re-measurement of forward foreign exchange contracts	<b>(8,423,263)</b>	18,765,667	-	18,765,667
Other comprehensive income for the period	<b>(1,145,369,733)</b>	54,007,963	<b>(1,124,849,098)</b>	824,038,037
<b>Total comprehensive income for the period</b>	<b>(1,017,263,997)</b>	<b>83,497,208</b>	<b>(160,750,162)</b>	<b>2,321,595,325</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

	Note	Nine months ended	
		March 31, 2015 Rupees	March 31, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated / (used) in operations	11	739,679,175	(297,522,476)
Staff retirement benefits paid		(28,721,817)	(25,026,352)
Finance cost paid		(237,719,732)	(372,033,806)
Taxes paid		(110,402,222)	(230,566,094)
Workers' profit participation fund paid		(83,860,355)	(82,520,734)
Long term loans - net		(27,500)	857,640
Long term deposits - net		(227,760)	(8,192,020)
<b>Net cash generated / (used) in operating activities</b>		<b>278,719,789</b>	<b>(1,015,003,842)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(467,257,719)	(596,076,672)
Proceeds from disposal of operating fixed assets		1,903,661	11,006,440
Investments in Subsidiary Company		(23,804,296)	(510,000,000)
Short term investments acquired		(422,803,454)	(239,394,155)
Proceeds from sale of short term investments		39,337,535	44,341,223
Proceeds from sale of stores and spares		2,488,450	768,742
Dividend and interest income received		643,056,884	1,058,093,438
<b>Net cash used in investing activities</b>		<b>(227,078,939)</b>	<b>(231,260,984)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - obtained		8,039,000	21,695,000
- repaid		(158,558,833)	(300,000,000)
Dividend paid		(245,444,934)	(98,231,884)
Short term borrowings - net		360,048,610	1,715,639,740
<b>Net cash (used) / generated from financing activities</b>		<b>(35,916,157)</b>	<b>1,339,102,856</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,724,693</b>	<b>92,838,030</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>149,916,610</b>	<b>93,155,833</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>165,641,303</b>	<b>185,993,863</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2015

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Sapphire Fibres Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi, Islamabad and Lahore Stock Exchanges. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2014.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2014.

### 5. PROPERTY, PLANT AND EQUIPMENT

		<b>Un-audited March 31, 2015 Rupees</b>	Audited June 30, 2014 Rupees
	<b>Note</b>		
Operating fixed assets	<b>5.1</b>	<b>3,677,264,819</b>	3,763,786,358
Capital work-in-progress	<b>5.2</b>	<b>355,331,554</b>	60,302,025
		<b><u>4,032,596,373</u></b>	<u>3,824,088,383</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

		Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>5.1 Operating fixed assets</b>	<b>Note</b>		
Net book value at beginning of the period / year		3,763,786,358	3,271,220,504
Additions during the period / year	5.1.1	169,041,927	839,700,791
Disposals costing Rs.2.86 million (June 30, 2014: Rs.31.525 million) - at net book value		(427,493)	(7,055,398)
Depreciation charge for the period / year		(255,135,973)	(340,079,539)
Net book value at end of the period / year		<u>3,677,264,819</u>	<u>3,763,786,358</u>
<b>5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:</b>			
Freehold land		26,698,600	58,377,375
Residential buildings and others on freehold land		1,383,308	207,642,599
Factory buildings on freehold land		27,669,979	84,702,868
Plant and machinery		86,792,469	399,971,382
Electrical installations		8,951,945	75,020,875
Office equipment		711,000	-
Mills equipment		-	234,475
Computer hardware		590,697	893,934
Vehicles		12,038,940	11,807,120
Furniture and fixtures		4,204,989	1,050,163
		<u>169,041,927</u>	<u>839,700,791</u>
<b>5.2 Capital work-in-progress</b>			
Buildings		103,912,075	17,463,693
Plant and machinery		115,797,809	25,031,913
Furniture and fixtures		1,460,409	465,865
Advance payments against:			
- freehold land		83,750,000	-
- factory / office building		29,885,300	7,668,800
- plant and machinery		7,556,955	8,432,000
- computer hardware		67,250	200,754
- vehicles		5,526,500	1,039,000
		126,786,005	17,340,554
Unallocated capital expenditure		7,375,256	-
		<u>355,331,554</u>	<u>60,302,025</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

6. LONG TERM INVESTMENTS	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
Subsidiary Company - at cost	6.1	3,039,008,316	3,015,204,020
Associated Companies - at cost		165,761,769	165,761,769
Others - available for sale	6.2	4,684,875,430	5,720,249,038
		<b>7,889,645,515</b>	<b>8,901,214,827</b>
<b>6.1 Subsidiary Company - unquoted</b>			
Sapphire Electric Company Limited (SECL)			
288,782,600 (June 30, 2014: 287,618,348) ordinary shares of Rs.10 each	6.1.1	<b>3,039,008,316</b>	<b>3,015,204,020</b>
Equity held: 68.11% (June 30, 2014: 67.83%) Break-up value per share on the basis of un-audited financial statements Rs.17.63 (June 30, 2014: Rs.15.53)			
<b>6.1.1</b> The Company has pledged 172,446,420 shares of SECL with a financial institution under Share Pledge Agreement dated April 16, 2007 and Working Capital Support Agreement dated August 13, 2010 as security against financing facilities advanced by these financial institution to SECL.			
<b>6.2 Others - available for sale</b>			
<b>Quoted</b>			
MCB Bank Limited			
18,886,786 (June 30, 2014: 18,886,786) ordinary shares of Rs.10 each - <b>cost</b>		<b>918,695,933</b>	918,695,933
Adjustment arising from re-measurement to fair value		<b>3,737,463,419</b>	4,772,837,027
		<b>4,656,159,352</b>	5,691,532,960
<b>Unquoted</b>			
Novelty Enterprises (Private) Limited			
2,351,995 (June 30, 2014: 2,351,995) ordinary shares of Rs.10 each		<b>28,716,078</b>	28,716,078
		<b>4,684,875,430</b>	<b>5,720,249,038</b>
<b>7. STOCK-IN-TRADE</b>			
Raw materials:			
- at mills		<b>2,519,959,101</b>	2,265,943,835
- in transit		<b>542,797,205</b>	134,809,526
- at third party's premises		<b>35,553,433</b>	28,469,855
		<b>3,098,309,739</b>	2,429,223,216
Work-in-process		<b>163,260,325</b>	211,059,838
Finished goods:			
- at mills		<b>366,713,316</b>	464,125,407
- at third party's premises		<b>35,607,665</b>	76,366,287
		<b>402,320,981</b>	540,491,694
		<b>3,663,891,045</b>	<b>3,180,774,748</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

**8. CONTINGENCIES AND COMMITMENTS**

**8.1 Contingencies**

**8.1.1 Outstanding bank guarantees**

Guarantees aggregating Rs.203.296 million (June 30, 2014: Rs.199.750 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

**8.1.2 Claims not acknowledged as debt**

During the year ended June 30, 2014, it was discovered that there were unauthorised withdrawals of funds from one of the Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Company's authority. On becoming aware of the matter, an FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Company does not have any liability whatsoever in respect of such unauthorised net withdrawal of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges.

Furthermore the Company has filed a suit on March 21, 2014 in the honourable Sindh High Court, which has granted a stay order on April 8, 2014 in favour of the Company whereby the bank has been restrained from placing the Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Company.

	<b>Un-audited March 31, 2015 Rupees</b>	<b>Audited June 30, 2014 Rupees</b>
<b>8.2</b> Commitments in respect of :		
- letters of credit for capital expenditure	<u><b>528,693,209</b></u>	<u>16,093,704</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u><b>85,118,889</b></u>	<u>175,253,535</u>
- capital expenditure other than through letters of credit	<u><b>651,362,000</b></u>	<u>12,788,386</u>
- forward foreign exchange contracts	<u><b>31,925,194</b></u>	<u>-</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

**9. COST OF SALES**

----- Un-audited -----

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Note</b>	----- Rupees -----			
Finished goods at beginning of the period	450,944,626	709,077,485	540,491,694	393,606,498
Cost of goods manufactured	<b>2,810,522,769</b>	3,367,851,802	<b>8,813,795,285</b>	9,790,959,407
Cost of raw materials sold	<b>7,034,056</b>	28,639,031	<b>39,677,051</b>	65,965,705
	<b>2,817,556,825</b>	3,396,490,833	<b>8,853,472,336</b>	9,856,925,112
	<b>3,268,501,451</b>	4,105,568,318	<b>9,393,964,030</b>	10,250,531,610
Finished goods at end of the period	<b>(402,320,981)</b>	(460,317,306)	<b>(402,320,981)</b>	(460,317,306)
	<b>2,866,180,470</b>	3,645,251,012	<b>8,991,643,049</b>	9,790,214,304

**9.1 Cost of goods manufactured**

Work-in-process at beginning of the period	190,304,608	268,910,636	211,059,838	250,170,763
Raw materials consumed	<b>1,822,673,615</b>	2,334,664,770	<b>5,774,598,424</b>	6,874,535,775
Direct labour and other overheads	<b>960,804,871</b>	1,043,862,581	<b>2,991,397,348</b>	2,945,839,054
	<b>2,783,478,486</b>	3,378,527,351	<b>8,765,995,772</b>	9,820,374,829
	<b>2,973,783,094</b>	3,647,437,987	<b>8,977,055,610</b>	10,070,545,592
Work-in-process at end of the period	<b>(163,260,325)</b>	(279,586,185)	<b>(163,260,325)</b>	(279,586,185)
	<b>2,810,522,769</b>	3,367,851,802	<b>8,813,795,285</b>	9,790,959,407

**10. OTHER INCOME**

The Company, during the current period, received dividend amounting Rs.431.428 million (March 31, 2014: Rs.862.855 million) from Sapphire Electric Company Limited - Subsidiary Company.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

**11. CASH GENERATED / (USED) IN OPERATIONS**

	Note	Un-audited Nine months ended	
		March 31, 2015 Rupees	March 31, 2014 Rupees
Profit before taxation		1,123,032,021	1,642,929,831
<b>Adjustments for non-cash and other items:</b>			
Depreciation		255,135,973	245,176,245
Depreciation of investment property		777,232	863,591
Amortization of intangible assets		993,090	1,399,278
Staff retirement benefit - gratuity		42,975,000	38,225,000
Provision for workers' profit participation fund		60,313,213	88,234,685
Provision for workers' welfare fund		22,919,021	33,529,180
Gain on disposal of operating fixed assets		(1,476,169)	(4,022,924)
Loss on sale of short term investments		2,016,909	3,788,337
Gain on sale of stores and spares		(53,566)	(38,206)
Dividend and interest income		(736,535,028)	(1,122,062,763)
Finance cost		242,446,375	406,601,756
Exchange loss / (gain)		27,934,374	(51,165,917)
Working capital changes	11.1	(300,799,270)	(1,580,980,569)
		<b>739,679,175</b>	<b>(297,522,476)</b>
<b>11.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(40,026,128)	(30,239,118)
- Stock-in-trade		(483,116,297)	(1,433,741,862)
- Trade debts		228,328,774	(162,535,236)
- Loans and advances		(41,912,352)	(1,437,684)
- Deposits, other receivables and sales tax		(79,053,972)	(10,333,332)
		<b>(415,779,975)</b>	<b>(1,638,287,232)</b>
Increase in trade and other payables		114,980,705	57,306,663
		<b>(300,799,270)</b>	<b>(1,580,980,569)</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2015

### 12. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2014, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

This condensed interim financial information does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2014.

### 13. TRANSACTIONS WITH RELATED PARTIES

#### 13.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited Nine months ended	
		March 31, 2015 Rupees	March 31, 2014 Rupees
(i) Subsidiary	Dividend received	431,427,522	862,855,044
(ii) Associates	Sales of raw material / yarn / fabric / stores	343,188,501	681,811,820
	- assets	683,761	7,350,000
	Purchases:		
	- raw material / yarn / fabric / stores	292,913,742	295,375,293
	- electricity	177,463,621	187,029,049
	- assets	-	8,000,000
	Expenses charged by	13,884,531	9,606,494
	Expenses charged to	4,573,939	1,436,842
	Dividend:		
	- received	233,970	324,256
- paid	127,454,952	50,763,515	
(iii) Retirement fund	Contribution made	3,590,839	2,854,976

### 14. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

### 15. GENERAL

15.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 24, 2015.

15.2 Figures have been rounded off to the nearest rupee unless otherwise stated.

Lahore:  
Dated: April 24, 2015

SHAHID ABDULLAH  
CHIEF EXECUTIVE

YOUSUF ABDULLAH  
DIRECTOR

**SAPPHIRE FIBRES LIMITED**  
**Third QuarterAccounts March 31, 2015**  
**CONSOLIDATED ACCOUNTS**

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## **DIRECTORS' REPORT**

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiary Sapphire Electric Company Limited for the period of nine months ended 31 March, 2015. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

### **SAPPHIRE ELECTRIC COMPANY LIMITED**

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 31 March, 2015.

The principal activity of the Subsidiary Company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW at Muridke, district Sheikhpura.

For and on behalf of the Board of Directors

Lahore:  
Dated: 24 April, 2015

**Shahid Abdullah**  
Chief Executive

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2015**

	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	18,911,200,682	19,122,928,560
Investment property		162,496,174	163,273,406
Intangible assets		10,677,967	8,484,790
Long term investments	6	5,081,724,944	6,109,020,290
Long term loans		220,500	193,000
Long term deposits		29,279,845	29,052,085
		<u>24,195,600,112</u>	<u>25,432,952,131</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		213,510,992	175,919,748
Stock-in-trade	7	3,769,428,376	3,417,200,030
Trade debts	8	5,928,486,326	6,814,141,193
Loans and advances		214,270,152	54,915,786
Trade deposits and short term prepayments		121,027,175	54,268,348
Short term investments		1,857,047,333	1,584,090,779
Other receivables		336,028,210	816,970,192
Interest receivable		2,964,553	2,397,851
Tax refunds due from Government		746,521,822	390,912,030
Cash and bank balances		531,304,051	981,697,073
		<u>13,720,588,990</u>	<u>14,292,513,030</u>
<b>Total assets</b>		<u><u>37,916,189,102</u></u>	<u><u>39,725,465,161</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
35,000,000 (June 30, 2014: 35,000,000) ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2014: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		5,569,017,688	6,629,526,238
Unappropriated profit		10,917,517,143	9,652,794,091
<b>Equity attributable to shareholders of the Parent Company</b>		<u>16,683,409,831</u>	<u>16,479,195,329</u>
Non-controlling interest		<u>2,376,252,185</u>	<u>2,120,248,780</u>
<b>Total Equity</b>		<u>19,059,662,016</u>	<u>18,599,444,109</u>
<b>Non-current liabilities</b>			
Long term finances		7,856,386,044	8,745,012,465
Staff retirement benefit - gratuity		225,250,876	210,997,693
Deferred taxation		44,855,770	58,039,959
Long term security deposit		2,100,000	2,100,000
		<u>8,128,592,690</u>	<u>9,016,150,117</u>
<b>Current liabilities</b>			
Trade and other payables		2,765,882,486	2,790,861,843
Accrued mark-up / interest		130,934,235	510,171,778
Short term borrowings		6,480,666,517	7,303,720,038
Current portion of long term finances		1,195,772,989	1,290,150,522
Provision for taxation		154,678,169	214,966,754
		<u>10,727,934,396</u>	<u>12,109,870,935</u>
<b>Total liabilities</b>		<u>18,856,527,086</u>	<u>21,126,021,052</u>
<b>Contingencies and commitments</b>	9		
<b>Total equity and liabilities</b>		<u><u>37,916,189,102</u></u>	<u><u>39,725,465,161</u></u>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore:  
Dated: April 24, 2015

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**YOUSUF ABDULLAH**  
DIRECTOR

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015

	Note	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----					
Sales - net		7,704,232,746	6,984,214,512	24,369,130,917	22,307,952,662
Cost of sales	10	(6,371,823,796)	(5,984,234,113)	(20,333,908,958)	(18,477,985,164)
<b>Gross profit</b>		<b>1,332,408,950</b>	999,980,399	<b>4,035,221,959</b>	3,829,967,498
Distribution cost		(122,715,014)	(128,040,488)	(354,891,124)	(398,759,589)
Administrative expenses		(86,127,413)	(59,351,831)	(223,648,201)	(193,960,800)
Other income		130,345,086	134,494,901	349,794,629	666,004,981
Other expenses		(25,853,329)	10,729,646	(122,298,126)	(141,150,282)
<b>Profit from operations</b>		<b>1,228,058,280</b>	957,812,627	<b>3,684,179,137</b>	3,762,101,808
Finance cost		(433,660,775)	(602,850,333)	(1,470,884,419)	(1,668,264,819)
		<b>794,397,505</b>	354,962,294	<b>2,213,294,718</b>	2,093,836,989
Share of Profit of Associated Companies		10,664,617	(305,700)	13,910,461	8,291,402
<b>Profit before taxation</b>		<b>805,062,122</b>	354,656,594	<b>2,227,205,179</b>	2,102,128,391
Taxation		(33,152,685)	(16,477,291)	(162,037,460)	(146,170,030)
<b>Profit after taxation</b>		<b>771,909,437</b>	338,179,303	<b>2,065,167,719</b>	1,955,958,361
<b>Attributable to:</b>					
- Shareholders of the Parent Company		572,474,772	240,803,069	1,580,755,579	1,518,693,746
- Non-controlling interest		199,434,665	97,376,234	484,412,140	437,264,615
		<b>771,909,437</b>	338,179,303	<b>2,065,167,719</b>	1,955,958,361
<b>Earnings per Share</b>					
- attributable to the shareholders of Parent Company		<b>29.08</b>	12.23	<b>80.29</b>	77.14

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2015

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----				
<b>Profit after taxation</b>	<b>771,909,437</b>	338,179,303	<b>2,065,167,719</b>	1,955,958,361
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit and loss:</b>				
Unrealised gain / (loss) due to change in fair values of available for sale investments:				
- long term	(1,116,586,788)	(82,707,387)	(1,035,373,608)	579,703,767
- short term	(37,010,532)	112,979,058	(107,991,927)	223,370,614
Related deferred tax	14,929,800	2,940,932	19,016,966	(1,070,498)
Reclassification adjustment relating to loss / (gain) realised on disposal of available-for-sale investments	1,721,050	2,029,693	(500,529)	3,268,487
Share of fair value gain on re-measurement of available- for-sale investments of Associated Companies	106,738	691,127	1,062,571	744,995
	(1,136,839,732)	35,933,423	(1,123,786,527)	806,017,365
<b>Forward foreign exchange contracts</b>				
Unrealised (loss)/gain on re-measurement of forward foreign exchange contracts	(8,423,263)	18,765,667	-	18,765,667
Share of unrealised (loss) / gain on re-measurement of hedging instruments of Associated Companies	(76,983)	180,852	(22,617)	145,901
	(8,500,246)	18,946,519	(22,617)	18,911,568
Other comprehensive income for the period	(1,145,339,978)	54,879,942	(1,123,809,144)	824,928,933
<b>Total comprehensive income for the period</b>	(373,430,541)	393,059,245	941,358,575	2,780,887,294
<b>Attributable to:</b>				
- Shareholders of the Parent Company	(739,938,613)	295,683,011	456,946,435	2,343,622,679
- Non-controlling interest	366,508,072	97,376,234	484,412,140	437,264,615
	(373,430,541)	393,059,245	941,358,575	2,780,887,294

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore:  
Dated: April 24, 2015

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**YOUSUF ABDULLAH**  
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

	Note	Period ended	
		March 31, 2015 Rupees	March 31, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	11	4,576,606,463	323,356,647
Staff retirement benefits paid		(28,721,817)	(25,026,352)
Finance cost paid		(1,846,944,385)	(1,466,732,972)
Taxes paid		(116,595,758)	(232,982,586)
Workers' profit participation fund paid		(83,860,355)	(82,520,734)
Long term loans - net		(27,500)	857,640
Long term deposits - net		(227,760)	(8,192,020)
<b>Net cash generated from / (used) in operating activities</b>		<b>2,500,228,888</b>	<b>(1,491,240,377)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(483,337,760)	(645,262,593)
Proceeds from disposal of operating fixed assets		1,903,661	11,006,440
Investments in Subsidiary Company		(23,804,296)	(510,000,000)
Short term investments acquired		(422,803,454)	(239,394,155)
Proceeds from disposal of short term investments		39,337,535	44,341,223
Proceeds from disposal of stores and spares		2,488,450	768,742
Dividend and interest income received		219,635,178	197,414,079
<b>Net cash used in investing activities</b>		<b>(666,580,686)</b>	<b>(1,141,126,264)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - net		(983,003,954)	(1,006,959,742)
Dividend paid		(450,049,373)	(507,440,861)
Short term borrowings - net		(850,987,897)	3,253,318,120
<b>Net cash (used) in / generated from financing activities</b>		<b>(2,284,041,224)</b>	<b>1,738,917,517</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(450,393,022)</b>	<b>(893,449,124)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>981,697,073</b>	<b>1,277,541,056</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>531,304,051</b>	<b>384,091,932</b>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015**

	Reserves							Non-controlling interest		
	Issued, subscribed and paid-up capital	Capital		Reserves			Total			
	Share premium	Maintenance reserve	General	Unrealised gain on available-for-sale investments	Unrealised gain / (loss) on hedging instruments	Sub-total		Unappropriated profit		
<b>Balance as at July 1, 2013</b>	196,875,000	145,740,000	261,166,584	1,183,845,000	3,486,456,351	69,191	5,077,277,126	8,276,119,998	13,550,272,124	2,794,434,833
<b>Transaction with owners</b>										
Cash dividend for the year ended June 30, 2013 at the rate of Rs.5 per share	-	-	-	-	-	-	-	(98,437,500)	(98,437,500)	(409,208,977)
<b>Total comprehensive income for the period ended March 31, 2014</b>										
Profit for the period	-	-	-	-	18,911,568	-	824,928,933	1,518,693,746	1,518,693,746	437,264,615
Other comprehensive income	-	-	-	806,017,365	18,911,568	-	824,928,933	1,518,693,746	2,343,622,679	437,264,615
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	2,954,407	2,954,407	-
Transfer to maintenance reserve	-	-	96,775,229	-	-	-	96,775,229	(96,775,229)	-	-
Utilisation of maintenance reserve	-	-	(378,713,196)	-	-	-	(378,713,196)	-	(378,713,196)	(188,968,027)
Adjustment in reserves / non-controlling interest due to further acquisition	-	-	33,857,490	-	-	-	33,857,490	62,032,797	95,890,287	(605,890,287)
<b>Balance as at March 31, 2014</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>13,086,107</b>	<b>1,183,845,000</b>	<b>4,292,473,716</b>	<b>18,980,759</b>	<b>5,654,125,582</b>	<b>9,664,588,219</b>	<b>15,515,588,801</b>	<b>2,027,632,157</b>
<b>Balance as at July 1, 2014</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>30,512,398</b>	<b>1,183,845,000</b>	<b>5,269,341,352</b>	<b>87,488</b>	<b>6,629,526,238</b>	<b>9,652,794,091</b>	<b>16,479,195,329</b>	<b>2,120,248,780</b>
<b>Transaction with owners</b>										
Cash dividend for the year ended June 30, 2014 at the rate of Rs.12.5 per share	-	-	-	-	-	-	-	(246,093,750)	(246,093,750)	(204,604,439)
<b>Total comprehensive income for the period ended March 31, 2015</b>										
Profit for the period	-	-	-	-	(22,617)	-	(1,123,809,144)	1,580,755,579	1,580,755,579	484,412,140
Other comprehensive income	-	-	-	(1,123,786,527)	(22,617)	-	(1,123,809,144)	1,580,755,579	(1,123,809,144)	-
Transfer to maintenance reserve	-	-	63,300,594	-	-	-	63,300,594	(63,300,594)	-	-
Adjustment in non-controlling interest due to further acquisition	-	-	-	-	-	-	-	-	-	(23,804,296)
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	(6,638,183)	(6,638,183)	-
<b>Balance as at March 31, 2015</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>93,812,992</b>	<b>1,183,845,000</b>	<b>4,145,554,825</b>	<b>64,871</b>	<b>5,569,017,888</b>	<b>10,917,517,143</b>	<b>16,883,409,831</b>	<b>2,376,252,185</b>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore:

Dated: April 24, 2015

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**YOUSUF ABDULLAH**  
DIRECTOR

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2015

### 1. THE GROUP AND ITS OPERATIONS

The Group consists of Sapphire Fibres Limited (the Parent Company) and its Subsidiary Company - Sapphire Electric Company Limited.

The Parent Company is a public limited company incorporated in Pakistan and is listed on Karachi, Islamabad and Lahore Stock Exchanges. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

The Subsidiary Company was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhpura, Punjab.

### 2. BASIS OF PREPARATION

This condensed interim consolidated financial information of the Group for the period ended March 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provision of and directive issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of and directive issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information of the Group does not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended June 30, 2014.

These consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Company. The Parent Company's direct interest in the Subsidiary Company, as at March 31, 2015 is 68.11% (June 30, 2014: 67.83%).

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of audited annual consolidated financial statements for the year ended June 30, 2014.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements for the year ended June 30, 2014.

### 5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
	<b>Note</b>		
Operating fixed assets	5.1	18,550,260,504	19,060,155,648
Capital work-in-progress	5.2	360,940,178	62,772,912
		<u>18,911,200,682</u>	<u>19,122,928,560</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH, 2015

	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		19,060,155,648	19,139,699,025
Additions during the period / year	5.1.1	181,984,231	894,742,140
Disposals costing Rs.2.86 million (June 30, 2014: Rs.31.525 million) - at net book value		(427,493)	(7,055,398)
Depreciation charge for the period / year		(691,451,882)	(917,382,266)
Adjustment during the period / year		-	(49,847,853)
Net book value at end of the period / year		<u>18,550,260,504</u>	<u>19,060,155,648</u>
<b>5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:</b>			
Freehold land		26,698,600	58,377,375
Residential buildings and others on freehold land		1,383,308	207,642,599
Factory buildings on freehold land		29,356,927	90,814,180
Plant and machinery		97,252,429	439,063,920
Electrical installations		8,951,945	75,020,875
Office equipment		973,000	1,188,534
Mills equipment		292,500	234,475
Computer hardware		758,843	1,554,412
Vehicles		12,038,940	16,979,520
Furniture and fixtures		4,277,739	3,866,250
		<u>181,984,231</u>	<u>894,742,140</u>
<b>5.2 Capital work-in-progress</b>			
Buildings		103,912,075	17,463,693
Plant and machinery		115,995,009	25,229,113
Furniture and fixtures		1,460,409	465,865
Advance payments against:			
- freehold land		83,750,000	-
- factory / office building		29,885,300	7,668,800
- plant and machinery		7,556,955	10,512,263
- mills equipment		193,424	193,424
- vehicles		10,744,500	1,039,000
- computer hardware		67,250	200,754
		132,197,429	19,614,241
Unallocated capital expenditure		7,375,256	-
		<u>360,940,178</u>	<u>62,772,912</u>

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6. LONG TERM INVESTMENTS	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
Associated Companies	6.1	396,849,514	388,771,252
Others - available for sale	6.2	4,684,875,430	5,720,249,038
		<b>5,081,724,944</b>	<b>6,109,020,290</b>
<b>6.1 Associated Companies - equity method</b>			
<b>Quoted</b>			
Reliance Cotton Spinning Mills Limited			
138,900 (June 30, 2014:138,900) ordinary shares of Rs.10 each - <b>cost</b>		1,306,269	1,306,269
Equity held: 1.35%			
Add: share of post acquisition profit		25,118,628	23,393,388
Less: dividend received during the period / year		(233,970)	(314,064)
		<b>26,190,927</b>	<b>24,385,593</b>
SFL Limited			
10,199 (June 30, 2014:10,199) ordinary shares of Rs.10 each - <b>cost</b>		100,000	100,000
Equity held: 0.05% (June 30, 2014: 0.05%)			
Add: share of post acquisition profit		1,375,818	1,294,163
Less: dividend received during the period / year		-	(10,192)
		<b>1,475,818</b>	<b>1,383,971</b>
<b>Unquoted</b>			
Sapphire Power Generation Limited			
2,824,500 (June 30, 2014: 2,824,500) ordinary shares of Rs.10 each - <b>cost</b>		64,355,500	64,355,500
Equity held: 17.63% (June 30, 2014: 17.63%)			
Add: share of post acquisition profit		208,307,275	199,263,408
		<b>272,662,775</b>	<b>263,618,908</b>
Sapphire Dairies (Private) Limited			
10,000,000 (June 30, 2014: 10,000,000) ordinary shares of Rs.10 each - <b>cost</b>		100,000,000	100,000,000
Equity held: 9.52% (June 30, 2014: 9.52%)			
Add: share of post acquisition loss		(3,480,006)	(617,220)
		<b>96,519,994</b>	<b>99,382,780</b>
		<b>396,849,514</b>	<b>388,771,252</b>

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	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>6.2 Others - available for sale</b>		
<b>Quoted</b>		
MCB Bank Limited		
18,886,786 (June 30, 2014: 18,886,786) ordinary shares of Rs.10 each - <b>cost</b>	<b>918,695,933</b>	918,695,933
Adjustment arising from re-measurement to fair value	<b>3,737,463,419</b>	4,772,837,027
	<b>4,656,159,352</b>	5,691,532,960
<b>Unquoted</b>		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2014: 2,351,995) ordinary shares of Rs.10 each	<b>28,716,078</b>	28,716,078
	<b>4,684,875,430</b>	5,720,249,038
<b>7. STOCK-IN-TRADE</b>		
Raw materials:		
- at mills	<b>2,625,496,432</b>	2,502,369,117
- in transit	<b>542,797,205</b>	134,809,526
- at third party's premises	<b>35,553,433</b>	28,469,855
	<b>3,203,847,070</b>	2,665,648,498
Work-in-process	<b>163,260,325</b>	211,059,838
Finished goods:		
- at mills	<b>366,713,316</b>	464,125,407
- at third party's premises	<b>35,607,665</b>	76,366,287
	<b>402,320,981</b>	540,491,694
	<b>3,769,428,376</b>	3,417,200,030

**8. TRADE DEBTS**

**8.1** These includes trade receivables aggregating Rs.4,764 million (June 30, 2014: Rs.5,422 million) from National Transmission and Despatch Company Limited (NTDC) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of 3 months KIBOR plus 4.50% is charged in case the amounts are not paid within due dates. The effective rate of delayed payment mark-up charged during the period on outstanding amounts ranged from 12.76% to 14.73% (June 30, 2014: 13.39% to 14.73%) per annum.

**8.2** Included in trade debts is an amount of Rs.576.073 million (June 30, 2014: Rs.576.073 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilisation of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since, management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that the Subsidiary Company can not be penalised in the form of payment deductions due to NTDC's default of making timely payments under the Power Purchase Agreement (PPA). Hence, the Subsidiary Company had taken up this issue at appropriate forums. On June 28, 2013, the Subsidiary Company entered into a Memorandum of Understanding (MoU) for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
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abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per the terms of MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan.

Also included in trade debts are amounts aggregating Rs.227.610 million (June 30, 2014: Rs.227.610 million) relating to capacity purchase price not acknowledged by NTDC. The Subsidiary Company's management is under discussion with NTDC, SNGPL and the Private Power and Infrastructure Board ('PPIB') regarding the aforesaid amount. As a result of the abovementioned MoU, all disputed amounts have been agreed to be resolved through the dispute resolution mechanism under the PPA.

Consequently, with respect to both matters discussed above, during the preceding year, the Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. The proceedings before the Expert are under process. Based on the advice of the Subsidiary Company's legal counsel, management is of the view that under the terms of the PPA, Implementation Agreement and the Gas Supply Agreement, there are meritorious grounds to support the Subsidiary Company's stance and both amounts are likely to be recovered. Consequently, no provision for the above mentioned amounts has been made in these consolidated financial statements.

In addition to the Expert Determination process mentioned above, the Subsidiary Company has also filed request for arbitration in respect of the above mentioned disputed amounts in the London Court of International Arbitration in accordance with the terms of the PPA which is pending arbitration.

**9. CONTINGENCIES AND COMMITMENTS****9.1 Contingencies**

- 9.1.1** Guarantees aggregating Rs. 1,113.296 million (June 30, 2014: Rs. 1,109.750 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.
- 9.1.2** Claims against the Subsidiary Company not acknowledged as debts amount to Rs.7.586 million (June 30, 2014: Rs.7.586 million). Provision has not made in this condensed interim consolidated financial information for the aforesaid amount as management is confident that it will not materialize.
- 9.1.3** During the year ended June 30, 2014, it was discovered that there were unauthorised withdrawals of funds from one of the Parent Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Parent Company's authority. On becoming aware of the matter, FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Parent Company does not have any liability whatsoever in respect of such net unauthorised withdrawals of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges.

Furthermore the Parent Company has filed a suit on March 21, 2014 in the honourable Sindh High Court, which has granted a stay order on April 08, 2014 in favour of the Parent Company whereby the bank has been restrained from placing the Parent Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Parent Company.

**9.2 Commitments**

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

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	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>9.2.2</b> Commitments in respect of :		
- letters of credit for capital expenditure	<u>528,693,209</u>	<u>16,093,704</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>85,118,889</u>	<u>175,253,535</u>
- capital expenditure other than through letters of credit	<u>651,362,000</u>	<u>12,788,386</u>
- forward foreign exchange contract	<u>31,925,194</u>	<u>-</u>

**10. COST OF SALES**

	----- Un-audited -----			
	Quarter ended		Nine months ended	
Note	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees -----			
Finished goods at beginning of the period	450,944,626	709,077,485	540,491,694	393,606,498
Cost of goods manufactured	<b>6,316,166,095</b>	5,706,834,903	<b>20,156,061,194</b>	18,478,730,267
Cost of raw materials sold	7,034,056	28,639,031	39,677,051	65,965,705
	<b>6,323,200,151</b>	5,735,473,934	<b>20,195,738,245</b>	18,544,695,972
	<u>6,774,144,777</u>	6,444,551,419	<u>20,736,229,939</u>	18,938,302,470
Finished goods at end of the period	<b>(402,320,981)</b>	(460,317,306)	<b>(402,320,981)</b>	(460,317,306)
	<u><b>6,371,823,796</b></u>	5,984,234,113	<u><b>20,333,908,958</b></u>	18,477,985,164

**10.1 Cost of goods  
manufactured**

Work-in-process at beginning of the period	190,304,608	268,910,636	211,059,838	250,170,763
Raw materials consumed	<b>4,935,466,484</b>	4,290,202,885	<b>16,018,930,026</b>	14,350,124,427
Direct labour and other overheads	<b>1,353,655,328</b>	1,427,307,567	<b>4,089,331,655</b>	4,158,021,262
	<b>6,289,121,812</b>	5,717,510,452	<b>20,108,261,681</b>	18,508,145,689
	<u>6,479,426,420</u>	5,986,421,088	<u>20,319,321,519</u>	18,758,316,452
Work-in-process at end of the period	<b>(163,260,325)</b>	(279,586,185)	<b>(163,260,325)</b>	(279,586,185)
	<u><b>6,316,166,095</b></u>	5,706,834,903	<u><b>20,156,061,194</b></u>	18,478,730,267

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
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11. CASH GENERATED FROM OPERATIONS

	Note	Un-audited Nine months ended	
		March 31, 2015 Rupees	March 31, 2014 Rupees
Profit before taxation		2,213,294,718	2,093,836,989
<b>Adjustments for non-cash and other items:</b>			
Depreciation		691,451,882	684,193,963
Depreciation of investment property		777,232	863,591
Amortization of intangible assets		993,090	1,399,278
Staff retirement benefit - gratuity		42,975,000	38,225,000
Provision for workers' profit participation / workers' welfare fund		83,232,234	121,763,865
Gain on disposal of operating fixed assets		(1,476,169)	(4,022,924)
Loss on sale of short term investments		2,016,909	3,788,337
Gain on sale of stores and spares		(53,566)	(38,206)
Dividend and interest income		(313,446,054)	(261,092,860)
Finance cost		1,470,884,421	1,668,264,819
Exchange loss / (gain)		33,657,263	(72,593,942)
Working capital changes	11.1	352,299,503	(3,951,231,263)
		<b>4,576,606,463</b>	<b>323,356,647</b>
<b>11.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(40,026,128)	(30,239,118)
- Stock-in-trade		(352,228,346)	(1,465,029,385)
- Trade debts		885,654,867	(1,901,081,169)
- Loans and advances		(41,912,352)	(1,437,684)
- Deposits, other receivables and sales tax		(65,288,007)	(548,682,592)
		<b>386,200,034</b>	<b>(3,946,469,948)</b>
Decrease in trade and other payables		(33,900,531)	(4,761,315)
		<b>352,299,503</b>	<b>(3,951,231,263)</b>

12. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

This condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statement for the year ended June 30, 2014.

There has been no change in Group's sensitivity to these risks since June 30, 2014 except for the changes in exposure from liquidity risks due to increase in short term borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Group. Further, no re-classifications in the categories of financial assets have been made since June 30, 2014.

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13 SEGMENT REPORTING

13.1 Reportable segments

The Group's reportable segments are as follows:

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

Information regarding the Group's reportable segments is presented below.

13.2 Segment revenues and results

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	----- Rupees -----				
<b>For the period ended March 31, 2015</b>					
Sales	7,874,799,056	2,364,285,090	14,130,046,771	(2,265,815,835)	22,103,315,082
Cost of sales	(6,737,458,483)	(2,254,184,566)	(11,342,265,909)	(2,265,815,835)	(18,068,093,123)
<b>Gross profit</b>	<b>1,137,340,573</b>	<b>110,100,524</b>	<b>2,787,780,862</b>	<b>-</b>	<b>4,035,221,959</b>
Distribution cost	(293,466,103)	(61,425,021)	-	-	(354,891,124)
Administrative expenses	(157,424,093)	(25,822,423)	(40,401,685)	-	(223,648,201)
Finance cost	(197,067,819)	(45,378,556)	(1,228,438,044)	-	(1,470,884,419)
	(647,958,015)	(132,626,000)	(1,268,839,729)	-	(2,049,423,744)
<b>Profit / (loss) before and unallocated income and expenses</b>	<b>489,382,558</b>	<b>(22,525,476)</b>	<b>1,518,941,133</b>	<b>-</b>	<b>1,985,798,215</b>
<b>Unallocatable income and expenses</b>					
Other expenses					(122,298,126)
Other income					349,794,629
Share of profit of Associated Companies					13,910,461
Taxation					(162,037,460)
<b>Profit after taxation</b>					<b>2,065,167,719</b>

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	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	----- Rupees -----				
<b>For the period ended March 31, 2014</b>					
Sales	8,927,344,938	4,837,700,553	10,976,325,734	(2,433,418,563)	22,307,952,662
Cost of sales	(7,658,698,742)	(4,564,934,125)	(8,687,770,860)	(2,433,418,563)	(18,477,985,164)
<b>Gross profit</b>	<b>1,268,646,196</b>	<b>272,766,428</b>	<b>2,288,554,874</b>	<b>-</b>	<b>3,829,967,498</b>
Distribution cost	(294,703,247)	(104,056,342)	-	-	(398,759,589)
Administrative expenses	(141,412,196)	(16,963,758)	(35,584,846)	-	(193,960,800)
Finance cost	(339,615,930)	(66,985,826)	(1,261,663,063)	-	(1,668,264,819)
	(775,731,373)	(188,005,926)	(1,297,247,909)	-	(2,260,985,208)
<b>Profit before taxation and unallocated income and expenses</b>	<b>492,914,823</b>	<b>84,760,502</b>	<b>991,306,965</b>	<b>-</b>	<b>1,568,982,290</b>
<b>Unallocatable income and expenses</b>					
Other expenses					(141,150,282)
Other income					666,004,981
Share of profit of Associated Companies					8,291,402
Taxation					(146,170,030)
<b>Profit after taxation</b>					<b>1,955,958,361</b>

### 13.3 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Power	Total
	----- Rupees -----			
<b>As at March 31, 2015</b>				
Segment assets	7,770,834,104	1,728,806,356	20,365,189,813	29,864,830,273
Unallocatable assets				8,051,358,829
Total assets as per balance sheet				<b>37,916,189,102</b>
Segment liabilities	3,885,619,996	1,325,574,235	13,254,667,120	18,465,861,351
Unallocatable liabilities				390,665,735
Total liabilities as per balance sheet				<b>18,856,527,086</b>
<b>As at June 30, 2014</b>				
Segment assets	7,093,227,507	1,734,131,670	22,171,412,513	30,998,771,690
Unallocatable assets				8,726,693,471
Total assets as per balance sheet				<b>39,725,465,161</b>
Segment liabilities	3,558,235,530	1,267,655,039	15,743,442,661	20,569,333,230
Unallocatable liabilities				556,687,822
Total liabilities as per balance sheet				<b>21,126,021,052</b>

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13.4 Geographical information

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

14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	Un-audited Nine months ended	
		March 31, 2015 Rupees	March 31, 2014 Rupees
(i) Associates	Sales of raw material / yarn / fabric / stores	343,188,501	681,811,820
	- assets	683,761	7,350,000
	Purchases:		
	- raw material / yarn / fabric / stores	292,913,742	295,375,293
	- electricity	177,463,621	187,029,049
	- assets	-	8,000,000
	Expenses charged by	13,884,531	9,606,494
	Expenses charged to	4,573,939	1,436,842
	Dividend:		
	- received	233,970	324,256
- paid	127,454,952	50,763,515	
(iii) Retirement fund	Contribution made	4,885,972	4,334,470
(iv) Other	Rent expense	3,946,149	3,587,409

15. GENERAL

15.1 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on April 24, 2015.

15.2 Figures have been rounded off to the nearest rupee unless otherwise stated.