

SAPPHIRE FIBRES LIMITED
Half Yearly Accounts December 31, 2016

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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. Yousuf 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. Jawwad Faisal
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Shinewing Hameed Chaudhri & Co., 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. 1st Floor, 40-C, Block-6 P.E.C.H.S, Karachi
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

We are pleased to present un-audited interim financial statements of the Company for the half year ended 31 December 2016, duly reviewed by the auditors.

Financial Highlights

	31 December	
	2016	2015
	Rupees in thousand	
Sales & services	6,799,990	6,084,181
Gross profit	412,610	585,490
Profit from operations	1,275,407	1,357,896
Other income	1,280,965	1,206,661
Profit before taxation	1,003,013	1,168,009
Taxation:		
- Current	128,293	155,041
- Deferred	13,648	8,067
	141,941	163,108
Profit after taxation	861,072	1,004,901

The Company achieved sales of Rs.6,800 million compared to Rs.6,084 million during corresponding period of last year; an increase of 11.76%. During the period, the Company earned profit after tax of Rs.861 million compared to Rs.1,005 million in the same period of last year. The decrease in profitability is mainly attributable to the fact that the denim plant has just started its commercial operations and it will take some time to start contributing positively towards bottom line of the Company.

Earnings per share

The company's earnings per share (EPS) were at Rs.43.74 as compared to Rs. 51.04 during the same period of last year.

Future outlook

Despite the fact that prevailing trend of subdued demands in both global and domestic markets is expected to continue, your Company's operational income is expected to improve in near future, backed by recent announcement of incentives for textile exporters and decent returns of our portfolio of investments.

The management is working hard to improve cost competitiveness of Company's core textile operations through process improvements and cost optimization. Furthermore, recent addition of denim division will broaden business base of the Company in value added segment resulting in long term competitive advantage.

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

For and on behalf of the Board

Karachi:
Dated: 23 February, 2017

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی کی ڈائریکٹران بے حد مسرت کے ساتھ آڈیٹر کے جائزہ لینے کے بعد ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والے ششماہی اکاؤنٹس کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔

مالیاتی نتائج:

۳۱ دسمبر		
2015	2016	
رقم ہزاروں میں		
6,084,181	6,799,990	فروخت اور خدمات
585,490	412,610	گل منافع
1,357,896	1,275,407	آپریشن سے منافع
1,206,661	1,280,965	دیگر ذرائع سے آمدنی
1,168,009	1,003,013	قبل از ٹیکس منافع
		ٹیکس:
155,041	128,293	موجودہ
8,067	13,648	موخر
163,108	141,941	
1,004,901	861,072	بعد از ٹیکس منافع

موجودہ ششماہی میں کمپنی کی فروخت اور خدمات 6 ارب 80 کروڑ روپے سے جبکہ گزشتہ سال کی ششماہی میں یہ 6 ارب 8 کروڑ روپے رہی۔ جو کہ پچھلے سال کی نسبت 11.76 فیصد زیادہ ہے۔ موجودہ ششماہی میں کمپنی کا بعد از ٹیکس منافع 86 کروڑ روپے رہا جو کہ گزشتہ ششماہی میں 1 ارب روپے تھا۔ شرح منافع میں کمی کی بنیادی وجہ ہمارے نئے ڈینم پلانٹ کی پیداوار کا آغاز ہے، لیکن ہم پر امید ہیں کہ آئندہ کچھ عرصے میں یہ پلانٹ کمپنی کے شرح منافع میں اضافے کے لئے اہم کردار ادا کرے گا۔

آمدنی فی حصص:

آمدنی فی حصص 43.74 روپے ہے جو کہ پچھلے سال کی پہلی ششماہی میں 51.04 روپے تھا۔

مستقبل کا منظر نامہ:

ملکی اور غیر ملکی طلب میں کمی کی صورتحال کے باوجود امید کی جاتی ہے کہ گورنمنٹ کی طرف سے برآمد کنندگان کے لئے اعلان کردہ مراعات اور ہماری انوسٹمنٹ سے حاصل کردہ منافع کی بدولت مستقبل قریب میں کمپنی کی پیداواری آمدن میں بہتری آئے گی۔ آپ کی انتظامیہ نیکسٹل کے کاروبار کو مزید بہتر بنانے اور ایشیا پر آنے والی لاگت کو کم کرنے کے لئے تین وہی سے کام کر رہی ہے۔ مزید یہ کہ حالیہ ڈینم پلانٹ کا اضافہ کمپنی کے ویلیو ایڈڈ کاروبار میں مزید وسعت کا باعث بنے گا اور کمپنی مسابقت کی دوڑ میں مزید آگے بڑھے گی۔

ڈائریکٹران، کمپنی کے عملے اور کارکنان کی محنت اور مخلص شراکت داری کو قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے نامزد

شاہد عبداللہ
چیف ایگزیکٹو

کراچی
۲۳ فروری، ۲۰۱۷

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **SAPPHIRE FIBRES LIMITED** (the Company) as at December 31, 2016 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 for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2016.

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 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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
Dated : 23 February, 2017

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner:
Osman Hameed Chaudhri

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

	Note	Un-audited December 31, 2016	Audited June 30, 2016
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,798,027,236	8,253,968,815
Investment property		31,750,000	31,750,000
Intangible assets		2,004,391	2,878,869
Long term investments	6	9,612,127,439	8,782,567,920
Long term loans		4,290,500	20,000
Long term deposits		28,241,645	28,236,645
		<u>18,476,441,211</u>	<u>17,099,422,249</u>
Current assets			
Stores, spare parts and loose tools		253,424,719	183,035,986
Stock-in-trade	7	5,351,797,042	2,892,976,240
Trade debts		1,405,221,089	1,265,131,685
Loans and advances		155,621,149	158,626,922
Trade deposits and short term prepayments		4,947,478	3,339,843
Short term investments		4,751,614,242	3,403,993,067
Other receivables		232,187,160	349,536,167
Tax refunds due from Government		889,220,351	1,069,011,845
Cash and bank balances		69,185,358	101,213,600
		<u>13,113,218,588</u>	<u>9,426,865,355</u>
Total assets		<u>31,589,659,799</u>	<u>26,526,287,604</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
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 ordinary shares of Rs.10 each		<u>196,875,000</u>	<u>196,875,000</u>
Reserves		<u>17,310,898,598</u>	<u>15,167,539,934</u>
		<u>17,507,773,598</u>	<u>15,364,414,934</u>
Liabilities			
Non-current liabilities			
Long term finances	8	2,545,429,088	2,114,448,632
Staff retirement benefit - gratuity		304,587,109	283,847,228
Deferred taxation		374,142,035	179,983,406
		<u>3,224,158,232</u>	<u>2,578,279,266</u>
Current liabilities			
Trade and other payables		1,732,214,427	1,494,734,160
Accrued mark-up / interest		97,485,431	71,181,315
Short term borrowings	9	8,812,860,120	6,894,488,380
Current portion of long term finances		29,748,044	14,052,666
Provision for taxation		185,419,947	109,136,883
		<u>10,857,727,969</u>	<u>8,583,593,404</u>
Total liabilities		<u>14,081,886,201</u>	<u>11,161,872,670</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>31,589,659,799</u>	<u>26,526,287,604</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016

	Note	Quarter ended		Half year ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		----- Rupees -----			
Sales - net		3,533,973,687	3,084,641,132	6,799,990,282	6,084,181,088
Cost of sales	11	(3,381,106,475)	(2,848,653,229)	(6,387,380,343)	(5,498,690,956)
Gross profit		152,867,212	235,987,903	412,609,939	585,490,132
Distribution cost		(111,045,319)	(88,495,615)	(199,688,219)	(201,570,725)
Administrative expenses		(80,528,193)	(67,315,575)	(147,851,013)	(134,940,693)
Other income	12	1,088,034,479	1,041,220,191	1,280,965,275	1,206,661,277
Other expenses		(61,000,983)	(80,247,922)	(70,628,922)	(97,743,461)
Profit from operations		988,327,196	1,041,148,982	1,275,407,060	1,357,896,530
Finance cost		(144,100,656)	(115,715,617)	(272,394,370)	(189,887,576)
Profit before taxation		844,226,540	925,433,365	1,003,012,690	1,168,008,954
Taxation		(90,752,702)	(106,903,757)	(141,940,539)	(163,108,030)
Profit after taxation		753,473,838	818,529,608	861,072,151	1,004,900,924
Earnings per share					
- basic and diluted		38.27	41.58	43.74	51.04

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016**

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Profit after taxation	753,473,838	818,529,608	861,072,151	1,004,900,924
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit and loss				
Unrealised gain / (loss) due to change in fair values of available for sale investments:				
- long term	693,418,257	(204,846,965)	876,391,867	(768,510,185)
- short term	757,064,436	45,253,046	926,280,638	(100,911,701)
Impact of deferred tax	(141,462,622)	(3,128,457)	(180,511,092)	(51,572,952)
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(29,143,264)	(30,071,659)	(65,394,210)	(61,300,150)
	1,279,876,807	(192,794,035)	1,556,767,203	(982,294,988)
Unrealised gain / (loss) on remeasurement of forward foreign exchange contracts	803,138	(6,592,724)	2,234,532	628,489
Adjustment for gain included in profit and loss account upon settlement of forward exchange contracts	-	-	(1,090,222)	-
	803,138	(6,592,724)	1,144,310	628,489
Other comprehensive income / (loss) for the period	1,280,679,945	(199,386,759)	1,557,911,513	(981,666,499)
Total comprehensive income for the period	2,034,153,783	619,142,849	2,418,983,664	23,234,425

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	Half year ended	
		December 31, 2016	December 31, 2015
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(1,664,830,265)	(912,735,649)
Staff retirement benefits paid		(29,420,119)	(23,956,801)
Finance cost paid		(244,455,542)	(196,097,217)
Taxes paid		(71,004,831)	(177,099,781)
Workers' profit participation fund paid		(76,195,156)	(65,277,387)
Long term loans - net		(4,270,500)	(59,000)
Long term deposits - net		(5,000)	(15,000)
Net cash used in operating activities		(2,090,181,413)	(1,375,240,835)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(856,196,175)	(1,940,210,749)
Proceeds from disposal of operating fixed assets		25,217,902	11,516,552
Investment in Subsidiary Companies		(1,000,000)	-
Increase in investments		(1,017,953,792)	(948,703,149)
Proceeds from sale of investments		640,645,712	198,756,341
Proceeds from sale of stores and spares		766,486	766,199
Dividend and interest income received		1,169,659,216	1,207,661,719
Net cash used in investing activities		(38,860,651)	(1,470,213,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		455,722,000	1,208,420,000
- repaid		(9,046,166)	(6,356,333)
Dividend paid		(274,995,077)	(196,245,077)
Short term borrowings - net		1,925,333,065	1,907,694,427
Net cash generated from financing activities		2,097,013,822	2,913,513,017
Net (decrease) / increase in cash and cash equivalents		(32,028,242)	68,059,095
Cash and cash equivalents - at beginning of the period		101,213,600	132,197,163
Cash and cash equivalents - at end of the period		69,185,358	200,256,258

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Reserves					Sub-total	Total
	Issued, subscribed and paid-up capital	Capital	General	Unrealised gain on available for sale investments	Unrealised gain on hedging instrument		
Balance as at July 1, 2015	196,875,000	145,740,000	1,183,845,000	4,676,631,187	-	8,730,329,881	14,933,421,068
Transaction with owners							
Final dividend for the year ended June 30, 2015 at the rate of Rs.10 per share	-	-	-	-	-	(196,875,000)	(196,875,000)
Total comprehensive income for the half year ended December 31, 2015							
Profit for the period	-	-	-	-	-	1,004,900,924	1,004,900,924
Other comprehensive (loss) / income	-	-	-	(982,294,988)	628,489	(981,666,499)	(981,666,499)
Balance as at December 31, 2015	196,875,000	145,740,000	1,183,845,000	3,694,336,199	628,489	14,562,905,493	14,759,780,493
Balance as at July 1, 2016	196,875,000	145,740,000	1,183,845,000	3,900,388,804	1,090,222	9,936,475,908	15,364,414,934
Transaction with owners							
Final dividend for the year ended June 30, 2016 at the rate of Rs.14 per share	-	-	-	-	-	(275,625,000)	(275,625,000)
Total comprehensive income for the half year ended December 31, 2016							
Profit for the period	-	-	-	-	-	861,072,151	861,072,151
Other comprehensive income	-	-	-	1,556,767,203	1,144,310	1,557,911,513	1,557,911,513
Balance as at December 31, 2016	196,875,000	145,740,000	1,183,845,000	5,457,156,007	2,234,532	10,521,923,059	17,310,898,598

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 5, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Company is located at 316, Cotton Exchange Building, Karachi and its mills are located at Raiwind Road Lahore, Feroze Wattoan and Kharianwala in district Sheikhpura.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2016 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. 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, 2016.

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, 2016.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed 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 that applied to the audited annual financial statements for the year ended June 30, 2016 except for the changes stated in note 5.1.2.

5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	----- Rupees -----	
Operating fixed assets	5.1	8,130,261,679	7,568,105,475
Capital work-in-progress	5.2	667,765,557	685,863,340
		<u>8,798,027,236</u>	<u>8,253,968,815</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	----- Rupees -----	
5.1 Operating fixed assets			
Net book value at beginning of the period / year		7,568,105,475	3,811,921,872
Additions during the period / year	5.1.1	874,293,958	4,187,040,567
Disposals costing Rs. 52.162 million (June 30, 2016: Rs.85.985 million) - at net book value		(8,029,332)	(57,639,739)
Depreciation charge for the period / year		(304,108,422)	(373,217,225)
Net book value at end of the period / year		<u>8,130,261,679</u>	<u>7,568,105,475</u>
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land	5.1.3	64,845,000	5,530,000
Leasehold land		206,531,800	9,460,000
Residential buildings and others on freehold land		18,727,163	138,422,512
Leased office improvements		-	5,664,901
Factory buildings on freehold land		1,558,288	1,259,299,978
Plant and machinery		543,965,290	2,544,062,266
Electric installations		5,832,575	173,141,723
Office equipment		374,850	-
Mills equipment		145,000	4,770,988
Computer hardware		663,933	2,903,399
Vehicles		30,003,000	42,028,670
Furniture and fixtures		1,647,059	1,756,130
		<u>874,293,958</u>	<u>4,187,040,567</u>
5.1.2	The management of the Company, during the current period, carried out an internal exercise to ascertain the useful life of plant and machinery of newly installed Denim unit. Keeping in consideration the assessed useful life of these depreciable assets, the depreciation rate has been reduced to 5% per annum from 10% per annum. The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors). The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current period. Had there been no revision, profit before taxation and the carrying value of operating fixed assets would have been lower by Rs.60.311 million. Accordingly, earning per share for the current period ended December 31, 2016 would have been Rs.40.67 instead of Rs.43.74.		
5.1.3	Current period figure represents the Company's 30% share of jointly controlled freehold land located at Block-D/1, Gulberg, Lahore, registered in the name of the Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (Associated Companies).		

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	----- Rupees -----	
5.2 Capital work-in-progress			
Buildings		197,712,692	112,389,415
Plant and machinery		307,134,904	302,858,011
Furniture and fixtures		1,059,200	-
Advance payments against:			
- leasehold land		-	206,531,800
- freehold land		8,500,000	4,500,000
- factory / office building		137,436,978	40,980,105
- plant and machinery		3,521,981	5,035,858
- computer hardware		-	13,568,151
- computer software		1,400,000	-
- vehicles		10,999,802	-
		161,858,761	270,615,914
		667,765,557	685,863,340
6. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	6.1	3,040,008,316	3,039,008,316
Associated Companies - at cost		165,761,769	165,761,769
Others - available for sale	6.2	6,406,357,354	5,577,797,835
		9,612,127,439	8,782,567,920
6.1 Subsidiary Companies- unquoted			
Sapphire Electric Company Limited (SECL)			
288,782,600 (June 30, 2016: 288,782,600)			
ordinary shares of Rs.10 each	6.1.1	3,039,008,316	3,039,008,316
Equity held: 68.11% (June 30, 2016: 68.11%)			
Premier Cement Limited (PCL)			
50,000 (June 30, 2016: Nil)			
ordinary shares of Rs.10 each	6.1.2	500,000	-
Equity held: 100% (June 30, 2016: Nil)			
Sapphire Cement Company Limited (SCCL)			
50,000 (June 30, 2016: Nil)			
ordinary shares of Rs.10 each	6.1.3	500,000	-
Equity held: 100% (June 30, 2016: Nil)			
		3,040,008,316	3,039,008,316
6.1.1			
SECL was incorporated in January 18, 2005 as a public limited company. 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.			
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.			
6.1.2			
PCL is a wholly owned Subsidiary Company incorporated during the current period as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.			
6.1.3			
SCCL is a wholly owned Subsidiary Company incorporated during the current period as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.			

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Un-audited December 31, 2016	Audited June 30, 2016
	----- Rupees -----	
6.2 Others - available for sale		
Quoted		
MCB Bank Limited		
18,431,386 (June 30, 2016: 18,648,786) ordinary shares of Rs.10 each - cost	896,545,277	907,119,613
Adjustment arising from re-measurement to fair value	3,486,806,942	3,195,986,282
	4,383,352,219	4,103,105,895
Habib Bank Limited		
7,244,196 (June 30, 2016: 7,244,196) ordinary shares of Rs.10 each - cost	1,217,073,609	1,217,073,609
Adjustment arising from re-measurement to fair value	762,402,948	214,089,753
	1,979,476,557	1,431,163,362
Term finance certificates - Habib Bank Limited		
150 (June 30, 2016: 150) Term finance certificates of Rs.100,000 each - cost	15,000,000	15,000,000
Adjustment arising from re-measurement to fair value	(187,500)	(187,500)
	14,812,500	14,812,500
	6,377,641,276	5,549,081,757
Unquoted		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2016: 2,351,995) ordinary shares of Rs.10 each - cost	28,716,078	28,716,078
	6,406,357,354	5,577,797,835
7. STOCK-IN-TRADE		
Raw materials	4,541,620,218	2,200,237,349
Work-in-process	188,268,097	176,994,465
Finished goods	621,908,727	515,744,426
	5,351,797,042	2,892,976,240
8. LONG TERM FINANCES - secured		
Balance at beginning of the period / year	2,128,501,298	73,410,251
Add: disbursements during the period / year (note 8.1 to 8.4)	455,722,000	2,065,783,880
Less: repayments made during the period / year	(9,046,166)	(10,692,833)
Balance at end of the period / year	2,575,177,132	2,128,501,298
Less: current portion grouped under current liabilities	(29,748,044)	(14,052,666)
	2,545,429,088	2,114,448,632
8.1		
NIB Bank Limited (NIB) against the long term finance facilities amounting Rs.150 million has further disbursed Rs.51.916 million in five tranches of different amounts and each tranche is repayable in 16 equal semi-annual instalments commencing in different months of financial year 2019.		

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

- 8.2** MCB Bank Limited against the long term finance facilities amounting Rs.850 million has further disbursed Rs.232.677 million in eleven tranches of different amounts and each tranche is repayable in 16 equal semi-annually instalments commencing from different months of financial year 2019.
- 8.3** Allied Bank Limited against the long term finance facilities amounting Rs.1,000 million has further disbursed Rs.18.608 million in three tranches of different amounts and each tranche is repayable in 16 equal semi-annually instalments commencing from January, 2019.
- 8.4** United Bank Limited against the long term finance facilities amounting Rs.1,500 million has further disbursed Rs.152.521 million in eleven tranches of different amounts and each tranche is repayable in 16 equal semi-annually instalments commencing from January, 2019.
- 8.5** NIB, during the current period, converted four tranches of long term finance facilities amounting Rs.46.302 million into a demand finance facility. This finance facility is repayable in seven equal semi-annual instalments commencing from June, 2017 and carries mark-up at the rate of 3 month Kibor + 1%; effective mark-up rate charged during the current period was 7.10% per annum. This finance facility is secured against joint pari passu charge of Rs.200 million over the imported machinery.
- 8.6** Effective mark-up rates charged, during the current period, ranged from 2.50% to 9.40% (June 30, 2016: 2.50% to 9.40%) per annum.
- 8.7** Except for the above changes, all other term and conditions of the long term financing are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2016.

9. SHORT TERM BORROWINGS - secured

The Company has short term running and cash finance facilities, including facilities for foreign currency loans, aggregating Rs.12,929 million (June 30, 2016: Rs.10,704 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge over current and fixed assets of the Company, lien on export / import documents and trust receipts. These finances carry mark-up at the rates ranging from 1.15% to 7.32% (June 30, 2016: 1.10% to 8.22%) per annum. These facilities are expiring on various dates upto September 30, 2017.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.249.746 million (June 30, 2016: Rs.223.296 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

	Un-audited December 31, 2016	Audited June 30, 2016
	----- Rupees -----	
10.2 Commitments in respect of :		
- letters of credit for capital expenditure	<u>12,349,220</u>	<u>383,657,523</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>380,461,540</u>	<u>157,215,284</u>
- capital expenditure other than letters of credit	<u>92,574,964</u>	<u>36,907,280</u>
- foreign bills discounted	<u>988,008,293</u>	<u>680,036,430</u>
- forward foreign exchange contracts	<u>254,762,640</u>	<u>141,432,994</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

11. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Half year ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note		----- Rupees -----			
	Finished goods at beginning of the period	681,113,589	516,049,275	514,758,796	509,819,710
11.1	Cost of goods manufactured	3,309,678,938	2,817,771,249	6,467,553,425	5,465,618,779
	Cost of raw materials sold	12,222,675	11,011,254	26,976,849	19,431,016
		3,321,901,613	2,828,782,503	6,494,530,274	5,485,049,795
		4,003,015,202	3,344,831,778	7,009,289,070	5,994,869,505
	Finished goods at end of the period	(621,908,727)	(496,178,549)	(621,908,727)	(496,178,549)
		3,381,106,475	2,848,653,229	6,387,380,343	5,498,690,956
11.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	171,180,219	158,745,549	160,305,731	156,135,025
	Raw materials consumed	2,179,662,864	1,876,468,186	4,169,478,955	3,587,247,358
	Direct labour and other overheads	1,147,103,952	944,683,239	2,326,036,836	1,884,362,121
		3,326,766,816	2,821,151,425	6,495,515,791	5,471,609,479
		3,497,947,035	2,979,896,974	6,655,821,522	5,627,744,504
	Work-in-process at end of the period	(188,268,097)	(162,125,725)	(188,268,097)	(162,125,725)
		3,309,678,938	2,817,771,249	6,467,553,425	5,465,618,779

12. OTHER INCOME

The Company, during the current period, received dividend amounting Rs.866.348 million (December 31, 2015: Rs.866.348 million) from Sapphire Electric Company Limited - Subsidiary Company.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

13. CASH USED IN OPERATIONS

	Note	Un-audited	
		Half year ended	
		December 31, 2016	December 31, 2015
		----- Rupees -----	
Profit before taxation		1,003,012,690	1,168,008,954
Adjustments for non-cash and other items:			
Depreciation		304,108,422	167,755,867
Depreciation of investment property		-	466,339
Amortization of intangible assets		874,478	874,478
Staff retirement benefit - gratuity		50,160,000	40,020,000
Provision for workers' profit participation fund		50,559,526	61,308,085
Provision for workers' welfare fund		19,212,620	23,297,072
Gain on disposal of operating fixed assets		(17,188,570)	(2,233,583)
Gain on sale of investments		(61,594,318)	(40,327,429)
Gain on sale of stores and spares		(49,960)	(111,193)
Dividend and interest income		(1,183,116,679)	(1,144,846,976)
Finance cost		272,394,370	189,887,576
Exchange (gain) / loss		(6,961,325)	12,860,896
Working capital changes	13.1	(2,096,241,519)	(1,389,695,735)
		<u>(1,664,830,265)</u>	<u>(912,735,649)</u>

13.1 Working capital changes

(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(70,213,143)	(9,987,855)
- Stock-in-trade		(2,458,820,802)	(1,240,456,721)
- Trade debts		(140,089,404)	(1,009,014)
- Loans and advances		3,005,773	(68,539,947)
- Deposits, other receivables and sales tax		328,237,415	(231,949,363)
		<u>(2,337,880,161)</u>	<u>(1,551,942,900)</u>
Increase in trade and other payables		241,638,642	162,247,165
		<u>(2,096,241,519)</u>	<u>(1,389,695,735)</u>

14. 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, 2016, 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 current 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, 2016.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		Half year ended	
		December 31, 2016	December 31, 2015
----- Rupees -----			
(i) Subsidiary	Dividend received	866,647,800	866,347,800
	Expenses charged to	1,264,183	-
(ii) Associates	Sales:		
	- raw material / yarn / fabric / stores	367,480,203	243,894,775
	- assets	15,000,000	10,200,000
	Purchases:		
	- raw material / yarn / fabric / stores	211,613,743	153,196,238
	- assets	10,824,557	-
	- electricity	112,165,646	182,908,610
	Services:		
	- rendered	26,890,059	-
	- obtained	1,059,831	-
	Expenses charged by	11,669,235	12,475,682
	Expenses charged to	8,272,899	5,634,816
	Dividend:		
	- received	782,027	803,175
	- paid	142,756,544	101,968,960
(iii) Key management personnel	Remuneration and other benefits	128,358,126	91,256,942
(iv) Retirement fund	Contribution made	5,051,570	2,780,366

15.2 Period / year end balances are as follows:

Receivables from related parties

	Un-audited December 31, 2016	Audited June 30, 2016
----- Rupees -----		
Investments	3,205,770,085	3,204,770,085
Trade debts	70,742,983	49,236,959
Other receivables	6,214,036	-

Payable to related parties

Trade and other payables	113,788,074	41,886,589
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16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2016, whereas, 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 have been compared with the balances of comparable period of condensed interim financial information of the Company for the half year ended December 31, 2015.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 23, 2017.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

SAPPHIRE FIBRES LIMITED
Half Yearly Accounts December 31, 2016
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 Companies Sapphire Electric Company Limited, Sapphire Cement Company Limited and Premier Cement Limited for the half year ended 31 December, 2016. 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 December, 2016.

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.

PREMIER CEMENT LIMITED

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 during the period. SFL holds 100% shares of PCL as on 31 December, 2016.

Subject to necessary approvals, PCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

SAPPHIRE CEMENT COMPANY LIMITED

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 31 December, 2016.

Subject to necessary approvals, SCCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

For and on behalf of the Board of Directors

Karachi:
Dated: 23 February, 2017

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ ۳۱ دسمبر ۲۰۱۶ کو اختتام پذیر ہونے والی ششماہی کی مشترکہ غیر آڈٹ شدہ مالی تفصیلات اپنے ذیلی اداروں سفائز الیکٹریک کمپنی لمیٹڈ، سفائز سیمنٹ کمپنی لمیٹڈ اور پریکمیٹر سیمنٹ لمیٹڈ کے ساتھ پیش کر رہے ہیں۔ کمپنی بین الاقوامی اکاؤنٹنگ سٹینڈرڈز 27 کے مطابق اپنی علیحدہ غیر آڈٹ شدہ مالی تفصیلات کے ساتھ مشترکہ مالی تفصیلات بھی پیش کر رہی ہے۔

سفائز الیکٹریک کمپنی لمیٹڈ

سفائز الیکٹریک کمپنی لمیٹڈ ۱۸ جنوری ۲۰۰۵ کو کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ جبکہ یکم جولائی ۲۰۰۸ کو یہ سفائز فائبرز لمیٹڈ کی ذیلی کمپنی بنی۔ ۳۱ دسمبر ۲۰۱۶ کو سفائز فائبرز لمیٹڈ کے پاس اس کے 68.11 فیصد حصص تھے۔ ذیلی کمپنی کی بنیادی سرگرمی ضلع شیخوپورہ میں واقع 212 MW صلاحیت والے کارخانے سے بجلی پیدا کرنا ہے۔

پریکمیٹر سیمنٹ لمیٹڈ

پریکمیٹر سیمنٹ لمیٹڈ موجودہ سال میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ ۳۱ دسمبر ۲۰۱۶ کو سفائز فائبرز لمیٹڈ کے پاس اس کے 100 فیصد حصص تھے۔ انضباطی منظوری کے بعد یہ کمپنی سیمنٹ اور اس سے منسلک مصنوعات بنانے کا کارخانہ لگائے گی۔

سفائز سیمنٹ کمپنی لمیٹڈ

سفائز سیمنٹ کمپنی لمیٹڈ موجودہ سال میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ ۳۱ دسمبر ۲۰۱۶ کو سفائز فائبرز لمیٹڈ کے پاس اس کے 100 فیصد حصص تھے۔ انضباطی منظوری کے بعد یہ کمپنی سیمنٹ اور اس سے منسلک مصنوعات بنانے کا کارخانہ لگائے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے نامزد

شاد عبداللہ
چیف ایگزیکٹو

کراچی
۲۳ فروری، ۲۰۱۷

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2016**

	Note	Un-audited December 31, 2016	Audited June 30, 2016
----- Rupees -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	22,870,704,703	22,610,222,260
Investment property		31,750,000	31,750,000
Intangible assets		7,617,295	8,491,773
Long term investments	6	6,833,919,821	5,988,603,936
Long term loans		4,290,500	20,000
Long term deposits		30,341,445	29,466,445
		29,778,623,764	28,668,554,414
Current assets			
Stores, spare parts and loose tools		253,424,719	183,035,986
Stock-in-trade	7	5,554,941,597	3,060,816,493
Trade debts	8	6,331,558,882	5,281,582,714
Loans and advances		173,668,995	168,142,264
Trade deposits and short term prepayments		95,874,585	48,278,847
Short term investments		4,751,614,242	3,403,993,067
Other receivables		357,226,326	466,950,703
Interest receivable		393,298	605,986
Tax refunds due from Government		1,259,405,781	1,209,431,227
Cash and bank balances		501,831,796	608,377,326
		19,279,940,221	14,431,214,613
		49,058,563,985	43,099,769,027
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (June 30, 2016: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2016: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		20,494,910,045	18,469,060,749
Equity attributable to shareholders of the Parent Company		20,691,785,045	18,665,935,749
Non-controlling interest		2,789,998,461	2,852,834,074
Total Equity		23,481,783,506	21,518,769,823
Liabilities			
Non-current liabilities			
Long term finances	9	7,923,795,982	8,249,983,841
Staff retirement benefit - gratuity		304,587,109	283,847,228
Deferred taxation		377,584,295	183,307,893
		8,605,967,386	8,717,138,962
Current liabilities			
Trade and other payables		3,324,947,514	3,182,266,175
Accrued mark-up / interest		290,160,705	291,917,995
Short term borrowings	10	11,681,975,713	7,909,229,462
Current portion of long term finances		1,488,309,214	1,371,309,727
Provision for taxation		185,419,947	109,136,883
		16,970,813,093	12,863,860,242
		25,576,780,479	21,580,999,204
Contingencies and commitments	11		
Total equity and liabilities		49,058,563,985	43,099,769,027

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016**

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note	----- Rupees -----			
Sales - net	6,362,409,599	5,363,375,586	13,015,318,430	12,801,749,499
Cost of sales	12 (5,429,548,944)	(4,313,668,943)	(11,084,457,525)	(10,609,648,738)
Gross profit	932,860,655	1,049,706,643	1,930,860,905	2,192,100,761
Distribution cost	(111,045,319)	(88,495,615)	(199,688,219)	(201,570,725)
Administrative expenses	(96,393,102)	(76,944,953)	(193,181,248)	(157,781,290)
Other income	220,929,487	176,186,708	414,280,090	343,673,672
Other expenses	(61,245,074)	(88,964,421)	(71,278,439)	(110,248,846)
Profit from operations	885,106,647	971,488,362	1,880,993,089	2,066,173,572
Finance cost	(342,873,277)	(370,657,295)	(670,113,697)	(722,371,514)
	542,233,370	600,831,067	1,210,879,392	1,343,802,058
Share of (loss) / profit of Associated Companies	(3,940,910)	(3,795,654)	3,583,525	3,340,874
Profit before taxation	538,292,460	597,035,413	1,214,462,917	1,347,142,932
Taxation	(90,608,151)	(108,138,773)	(142,029,407)	(165,016,094)
Profit after taxation	447,684,309	488,896,640	1,072,433,510	1,182,126,838
Attributable to:				
- Shareholders of the Parent Company	267,409,952	316,095,134	729,607,915	849,959,158
- Non-controlling interest	180,274,357	172,801,506	342,825,595	332,167,680
	447,684,309	488,896,640	1,072,433,510	1,182,126,838
Earnings per share				
- attributable to the shareholders of Parent Company	13.58	16.06	37.06	43.17

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016**

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Profit after taxation	447,684,309	488,896,640	1,072,433,510	1,182,126,838
Other comprehensive income / (loss)				
Items that are or may be reclassified subsequently to profit and loss				
Unrealised gain / (loss) due to change in fair values of available for sale investments:				
- long term	693,418,257	(204,846,965)	876,391,867	(768,510,185)
- short term	757,064,436	45,253,046	926,280,638	(100,911,701)
Impact of deferred tax	(141,462,622)	(3,128,457)	(180,511,092)	(51,572,952)
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(29,143,264)	(30,071,659)	(65,394,210)	(61,300,150)
Share of fair value gain / (loss) on remeasurement of available for sale investments of Associated Companies	5,594,385	(3,949,602)	7,066,243	(3,588,013)
	1,285,471,192	(196,743,637)	1,563,833,446	(985,883,001)
Forward foreign exchange contracts				
Unrealised gain / (loss) on remeasurement of forward foreign exchange contracts	803,138	(6,592,724)	2,234,532	628,489
Adjustment for gain included in profit and loss account upon settlement of forward exchange contracts	-	-	(1,090,222)	-
Share of unrealised gain / (loss) on remeasurement of hedging instruments of Associated Companies	4,632	(16,732)	(9,042)	10,501
	807,770	(6,609,456)	1,135,268	638,990
Other comprehensive income / (loss) for the period	1,286,278,962	(203,353,093)	1,564,968,714	(985,244,011)
Total comprehensive income for the period	1,733,963,271	285,543,547	2,637,402,224	196,882,827
Attributable to:				
- Shareholders of the Parent Company	1,553,688,914	112,742,041	2,294,576,629	(135,284,853)
- Non-controlling interest	180,274,357	172,801,506	342,825,595	332,167,680
	1,733,963,271	285,543,547	2,637,402,224	196,882,827

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	Half year ended	
		December 31, 2016	December 31, 2015
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	13	(1,238,069,893)	2,024,929,306
Staff retirement benefits paid		(29,420,119)	(23,956,798)
Finance cost paid		(670,181,237)	(791,568,446)
Taxes paid		(73,528,478)	(178,117,150)
Workers' profit participation fund paid		(76,195,156)	(65,277,387)
Long term loans - net		(4,270,500)	(59,000)
Long term deposits - net		(5,000)	(15,000)
Net cash (used in) / generated from operating activities		(2,091,670,383)	965,935,525
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(864,633,311)	(1,941,275,748)
Increase in investments		(1,017,953,792)	(948,703,149)
Proceeds from sale of investments		640,645,712	198,756,341
Proceeds from disposal of operating fixed assets		25,217,902	11,516,552
Proceeds from disposal of stores and spares		766,486	766,199
Dividend and interest income received		317,221,486	344,166,760
Net cash used in investing activities		(898,735,517)	(2,334,773,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		455,722,000	1,208,420,000
- repaid		(664,910,372)	(597,478,408)
Dividend paid		(680,711,323)	(601,961,348)
Short term borrowings - net		3,773,760,065	1,260,755,947
Net cash generated form financing activities		2,883,860,370	1,269,736,191
Net decrease in cash and cash equivalents		(106,545,530)	(99,101,329)
Cash and cash equivalents- at beginning of the period		608,377,326	641,988,396
Cash and cash equivalents- at end of the period		501,831,796	542,887,067

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Reserves				Equity			Non-controlling interest		
	Issued, subscribed and paid-up capital	Capital	Share premium	Maintenance reserve	General	Unrealised gain on available-for-sale investments	Unrealised gain on hedging instruments		Unappropriated profit	Total Reserves
Balance as at July 1, 2015	196,875,000	145,740,000	134,825,918	1,183,845,000	4,682,667,471	34,098	11,242,405,702	17,389,518,189	17,586,393,189	2,552,572,810
Transaction with owners										
Cash dividend for the year ended June 30, 2015 at the rate of Rs.10 per share	-	-	-	-	-	-	(196,875,000)	(196,875,000)	(196,875,000)	(405,716,271)
Total comprehensive (loss) / income for the half-year ended December 31, 2015										
Profit for the period	-	-	-	-	-	-	849,959,158	849,959,158	849,959,158	332,167,680
Other comprehensive (loss) / income	-	-	-	-	(985,883,001)	638,990	-	(985,244,011)	(985,244,011)	-
Transfer to maintenance reserve	-	-	-	-	(985,883,001)	638,990	849,959,158	(135,284,853)	(135,284,853)	332,167,680
Effect of items directly credited in equity by the Associated Companies	-	-	-	54,970,543	-	-	(54,970,543)	-	-	-
Balance as at December 31, 2015	196,875,000	145,740,000	189,796,461	1,183,845,000	3,696,784,470	673,088	11,833,615,846	17,050,454,865	17,247,329,865	2,479,024,219
Balance as at July 1, 2016	196,875,000	145,740,000	237,251,349	1,183,845,000	3,902,837,075	1,164,210	12,998,223,115	18,469,060,749	18,665,935,749	2,852,834,074
Transaction with owners										
Cash dividend for the year ended June 30, 2016 at the rate of Rs.14 per share	-	-	-	-	-	-	(275,625,000)	(275,625,000)	(275,625,000)	(405,661,208)
Total comprehensive income for the half-year ended December 31, 2016										
Profit for the period	-	-	-	-	-	-	729,607,915	729,607,915	729,607,915	342,825,595
Other comprehensive income	-	-	-	-	1,563,833,446	1,135,268	-	1,564,968,714	1,564,968,714	-
Transfer to maintenance reserve	-	-	-	-	1,563,833,446	1,135,268	729,607,915	2,294,576,629	2,294,576,629	342,825,595
Effect of items directly credited in equity by the Associated Companies	-	-	-	43,292,404	-	-	(43,292,404)	-	-	-
Balance as at December 31, 2016	196,875,000	145,740,000	280,543,753	1,183,845,000	5,466,670,521	2,299,478	13,415,811,293	20,494,910,045	20,691,785,045	2,789,998,461

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Karachi:

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016****1. THE GROUP AND ITS OPERATIONS****1.1 Sapphire Fibres Limited (the Parent Company)**

The Parent Company is a public limited company incorporated in Pakistan and its shares are listed on Pakistan Stock Exchange Limited. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

1.2 Sapphire Electric Company Limited (the Subsidiary Company)

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.

1.3 Premier Cement Limited (the Subsidiary Company)

The Subsidiary Company was incorporated during the current period as a public limited company and it intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

1.4 Sapphire Cement Company Limited (the Subsidiary Company)

The Subsidiary Company was incorporated during the current period as a public limited company and it intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information of the Group for the half year ended December 31, 2016 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, 2016.

These consolidated financial statements of the Group include the financial statements of the Parent Company and of its Subsidiary Companies. The Parent Company's direct interest in Sapphire Electric Company Limited, as at December 31, 2016 is 68.11% (June 30, 2016: 68.11%) where as the other two companies Premier Cement Limited and Sapphire Cement Company Limited are wholly owned Subsidiaries.

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, 2016.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These are considered not to be relevant or to have any significant effect on Group's financial reporting and operations and are, therefore, not disclosed in the condensed interim consolidated financial information.

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 consolidated 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, 2016 except for the changes stated in note 5.1.2.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

5. PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited December 31, 2016 ----- Rupees -----	Audited June 30, 2016
Operating fixed assets	5.1	21,987,193,691	21,710,885,357
Capital work-in-progress	5.2	883,511,012	899,336,903
		22,870,704,703	22,610,222,260
5.1 Operating fixed assets			
Net book value at beginning of the period / year		21,710,885,357	18,533,399,691
Additions during the period / year	5.1.1	880,459,202	4,193,496,612
Disposals costing Rs.52.162 million (June 30, 2016: Rs.88.576 million) - at net book value		(8,029,332)	(58,996,334)
Depreciation charge for the period / year		(596,121,536)	(957,014,612)
Net book value at end of the period / year		21,987,193,691	21,710,885,357
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Freehold land	5.1.3	64,845,000	5,530,000
Leasehold land		206,531,800	9,460,000
Residential buildings and others on freehold land		18,727,163	138,422,512
Leased office improvements		-	5,664,901
Factory buildings on freehold land		1,558,288	1,261,608,468
Plant and machinery		543,965,290	2,544,062,266
Electrical installations		5,832,575	173,141,723
Office equipment		957,159	93,400
Mills equipment		145,000	4,770,988
Computer hardware		1,621,933	2,979,199
Vehicles		34,378,435	45,891,025
Furniture and fixtures		1,896,559	1,872,130
		880,459,202	4,193,496,612
5.1.2			
The management of the Parent Company, during the current period, carried out an internal exercise to ascertain the useful life of plant and machinery of newly installed Denim unit. Keeping in consideration the assessed useful life of these depreciable assets, the depreciation rate has been reduced to 5% per annum from 10% per annum. The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors). The effect of this change in accounting estimate has been recognised prospectively in the consolidated profit and loss account of the current period. Had there been no revision, profit before taxation and the carrying value of operating fixed assets would have been lower by Rs.60.311 million. Accordingly, consolidated earning per share for the current period ended December 31, 2016 would have been Rs.33.99 instead of Rs.37.06.			
5.1.3			
Current period figure represents the Parent Company's 30% share of jointly controlled freehold land located at Block-D/1, Gulberg, Lahore, registered in the name of the Parent Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (Associated Companies).			

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

		Un-audited December 31, 2016	Audited June 30, 2016
5.2 Capital work-in-progress	Note	----- Rupees -----	
Buildings		197,712,692	112,389,415
Plant and machinery		520,969,859	515,331,574
Furniture and fixtures		1,059,200	-
Advance payments against:			
- leasehold land		-	206,531,800
- on freehold land		8,500,000	4,500,000
- factory / office building		137,436,978	40,980,105
- plant and machinery		3,521,981	5,035,858
- computer software		1,400,000	-
- computer hardware		-	13,568,151
- vehicles		12,910,302	1,000,000
		163,769,261	271,615,914
		883,511,012	899,336,903
6. LONG TERM INVESTMENTS			
Associated Companies	6.1	427,562,467	410,806,101
Others - available for sale	6.2	6,406,357,354	5,577,797,835
		6,833,919,821	5,988,603,936
6.1 Associated Companies- equity method			
Quoted			
Reliance Cotton Spinning Mills Limited (RCSM)	6.1.1	27,440,264	26,495,758
SFL Limited (SFL)	6.1.2	1,504,060	1,506,406
Unquoted			
Sapphire Power Generation Limited (SPGL)	6.1.3	302,307,227	284,676,954
Sapphire Dairies (Private) Limited (SDL)	6.1.4	96,310,916	98,126,983
		427,562,467	410,806,101
6.1.1			
Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% (June 30, 2016: 1.35%) of RCSM's issued, subscribed and paid-up capital as at December 31, 2016. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of RCSM is manufacturing and sale of yarn. Market value of the Group's investment in RCSM as at December 31, 2016 was Rs.21.099 million (June 30, 2016: Rs.11.420 million). RCSM is an associate of the Group due to common directorship.			
6.1.2			
Investment in SFL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (June 30, 2016: 0.051%) of SFL's issued, subscribed and paid-up capital as at December 31, 2016. SFL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The main business of SFL is to investment in the shares of Associated Companies. Market value of the Group's investment in SFL as at December 31, 2016 was Rs.1.530 million (June 30, 2016: Rs.1.020 million). SFL is an associate of the Group due to common directorship.			
6.1.3			
Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% (June 30, 2016: 17.63%) of SPGL's issued, subscribed and paid-up capital as at December 31, 2016. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.			
6.1.4			
Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 9.52% (June 30, 2016: 9.52%) of SDL's issued, subscribed and paid-up capital as at December 31, 2016. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.			

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Un-audited December 31, 2016	Audited June 30, 2016
	----- Rupees -----	
6.2 Others - available for sale		
Quoted		
MCB Bank Limited		
18,431,386 (June 30, 2016: 18,648,786) ordinary shares of Rs.10 each - cost	896,545,277	907,119,613
Adjustment arising from remeasurement to fair value	3,486,806,942	3,195,986,282
	4,383,352,219	4,103,105,895
Habib Bank Limited		
7,244,196 (June 30, 2016: 7,244,196) ordinary shares of Rs.10 each - cost	1,217,073,609	1,217,073,609
Adjustment arising from remeasurement to fair value	762,402,948	214,089,753
	1,979,476,557	1,431,163,362
Term finance certificates - Habib Bank Limited		
150 (June 30, 2016: 150) Term finance certificates of Rs.100,000 each - cost	15,000,000	15,000,000
Adjustment arising from remeasurement to fair value	(187,500)	(187,500)
	14,812,500	14,812,500
Unquoted		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2016: 2,351,995) ordinary shares of Rs.10 each - cost	28,716,078	28,716,078
	6,406,357,354	5,577,797,835
7. STOCK-IN-TRADE		
Raw materials	4,744,764,773	2,368,077,602
Work-in-process	188,268,097	176,994,465
Finished goods	621,908,727	515,744,426
	5,554,941,597	3,060,816,493
8. TRADE DEBTS		
8.1	These include trade receivables aggregating Rs.4,926 million (June 30, 2016: Rs.4,016 million) from 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 three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranges from 10.40% to 13.01% (June 30, 2016: 10.60% to 13.01%) per annum.	
8.1.2	Included in trade debts is an amount of Rs.576.073 million (June 30, 2016: 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-utilization 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 cannot be penalized in the form of payment deductions due to NTDC's default of making timely	

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

payments under the 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 abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan.

- 8.2 Also included in trade debts are amounts aggregating Rs.227.610 million (June 30, 2016: Rs.227.610 million) relating to capacity purchase price not acknowledged by NTDC. The Subsidiary Company's management raised this matter with NTDC, SNGPL and the Private Power and Infrastructure Board ('PPIB'), however, the dispute remained unresolved. As a result of the abovementioned MoU, all disputed amounts were agreed to be resolved through the dispute resolution mechanism under the PPA.

Consequently, with respect to both matters discussed above, during the year ended June 30, 2014, the Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. During the preceding financial year, the Expert gave his determination whereby the aforesaid amount of Rs 576.073 million was determined to be payable to the Subsidiary Company by NTDC while the Subsidiary Company's claim regarding the amount of Rs 227.610 million was not accepted. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rs.576.073 million from NTDC that has not yet been paid by NTDC.

- 8.3 In addition to the Expert Determination process mentioned above, the Subsidiary Company had also filed request for arbitration in respect of the above mentioned disputed amounts in the London Court of International Arbitration (LCIA) in accordance with the terms of the PPA and Gas Supply Agreement (GSA) against NTDC and SNGPL, whereby arbitrators were appointed.
- 8.4 In respect of the matter of Rs.576.073 million, during the year in November 2015, the Government of Pakistan (GOP) through PPIB has filed a case in the court of senior Civil Judge, Lahore against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication. Furthermore, During the preceding financial year, NTDC filed a stay application in LCIA before the Arbitrator to stay the arbitration proceedings. During the current period, in response to NTDC's stay application, the Arbitrator through his order dated July 08, 2016 has declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator has ordered NTDC to withdraw the abovementioned case filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any steps therein to disrupt the arbitration proceedings.
- 8.5 In respect of the matter of Rs.227.610 million, during the preceding year, the Arbitrator through his order dated March 09, 2016, has decided the matter in the Subsidiary Company's favour whereby the aforementioned amount of Rs.227.610 million has been determined to be payable to the Subsidiary Company by SNGPL. Furthermore, the Arbitrator has also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of actual payment and reimbursement of certain arbitration costs incurred by the Subsidiary Company along with interest at the rate of 6% per annum from the date of award till the date of actual payment. Consequently, under the relevant provisions of the Arbitration Act, 1940, the Subsidiary Company has filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award, which is pending adjudication.

- 8.6 Based on the advice of the Subsidiary Company's legal counsel, expert's determination and Arbitration Award, the management strongly feels that under the terms of the PPA, Implementation Agreement and GSA, 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 aggregating Rs 803.683 million has been made in these consolidated financial statements.

9. LONG TERM FINANCES - Secured	Un-audited	Audited
	December 31,	June 30,
	2016	2016
	----- Rupees -----	
Balance at beginning of the period / year	9,621,293,568	8,753,051,466
Add: disbursements during the period / year (note 9.1.1 to 9.1.4)	455,722,000	2,065,783,880
Less: repayments made during the period / year	(664,910,372)	(1,197,541,778)
Balance at end of the period / year	9,412,105,196	9,621,293,568
Less: current portion grouped under current liabilities	1,488,309,214	1,371,309,727
	7,923,795,982	8,249,983,841

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

9.1 Parent Company

- 9.1.1** NIB Bank Limited (NIB) against the long term finance facilities amounting Rs.150 million has further disbursed Rs.51.916 million in five tranches of different amounts and each tranche is repayable in 16 equal semi-annual instalments commencing in different months of financial year 2019.
- 9.1.2** Allied Bank Limited against the long term finance facilities amounting Rs. 1,000 million has further disbursed Rs. 18.608 million in three tranches of different amounts and each tranche is repayable in 16 equal semi-annually instalments commencing from January, 2019.
- 9.1.3** United Bank Limited against the long term finance facilities amounting Rs.1,500 million has further disbursed Rs.152.521 million in eleven tranches of different amounts and each tranche is repayable in 16 equal semi-annually instalments commencing from January, 2019.
- 9.1.4** MCB Bank Limited against the long term finance facilities amounting Rs.850 million has further disbursed Rs.232.677 million in eleven tranches of different amounts and each tranche is repayable in 16 equal semi-annually instalments commencing from different months of financial year 2019.
- 9.1.5** NIB, during the current period, converted four tranches of long term finance facilities amounting Rs.46.302 million into a demand finance facility. This finance facility is repayable in seven equal semi-annual instalments commencing from June, 2017 and carries mark-up at the rate of 3 month Kibor + 1%; effective mark-up rate charged during the current period was 7.10% per annum. This finance facility is secured against joint pari passu charge of Rs.200 million over the imported machinery.
- 9.1.6** Except for the above changes, all other term and conditions of the long term financing are same as disclosed in audited annual consolidated financial statements of the Group for the year ended June 30, 2016.

9.2 Subsidiary Company

The Subsidiary Company Sapphire Electric Company Limited obtained long term finances from a consortium of banks led by United Bank Limited (Agent Bank). The overall financing is secured against all and each of the Subsidiary Company's mortgaged project receivables, lien over the project bank accounts, mortgage of immovable property, hypothecation of all present and future assets and properties of the Subsidiary Company (excluding the mortgaged project receivables and the mortgaged immovable property) and by the collectively agreed pledge of 51% shares of the Subsidiary Company held by the sponsors. It carries mark-up at the rate of three months KIBOR plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the current period on outstanding balance is 9.84% (June 30, 2016: 9.84%) per annum. As of December 31, 2016, the principal is repayable in fifteen quarterly instalments ending on September 30, 2020.

10. SHORT TERM BORROWINGS - secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.20,361 million (June 30, 2016: Rs.17,336 million). These finance facilities, during the current period, carried mark-up at the rates ranged from 1.15% to 7.32% (June 30, 2016: 1.10% to 11.34%) per annum. The aggregate short term finance facilities are secured against hypothecation / ranking pari passu charge on all present and future current and fixed assets of the Group, first ranking assignment of the energy payment price receivables, exclusive hypothecation charge on the fuel stock / inventory, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

- 11.1.1** Guarantees aggregating Rs.2,749.746 million (June 30, 2016: Rs.2,723.300 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
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11.1.2 Except for the above, there has been no significant change in the status of contingencies as reported in the preceding annual audited consolidated financial statements of the Group for the year ended June 30, 2016.

	Un-audited December 31, 2016	Audited June 30, 2016
	----- Rupees -----	
11.2 Commitments in respect of :		
- letters of credit for capital expenditure	12,349,220	383,657,523
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	380,461,540	157,215,284
- capital expenditure other than through letters of credit	92,574,964	36,907,280
- foreign bills discounted	988,088,293	680,036,430
- forward foreign exchange contract	254,762,640	141,432,994

12. COST OF SALES

	----- Un-audited -----			
	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note	----- Rupees -----			
Finished goods at beginning of the period	681,113,589	516,049,275	514,758,796	509,819,710
Cost of goods manufactured	5,358,121,407	4,282,786,963	11,164,630,607	10,576,576,561
Cost of raw materials sold	12,222,675	11,011,254	26,976,849	19,431,016
	5,370,344,082	4,293,798,217	11,191,607,456	10,596,007,577
	6,051,457,671	4,809,847,492	11,706,366,252	11,105,827,287
Finished goods at end of the period	(621,908,727)	(496,178,549)	(621,908,727)	(496,178,549)
	5,429,548,944	4,313,668,943	11,084,457,525	10,609,648,738
12.1 Cost of goods manufactured				
Work-in-process at beginning of the period	171,180,219	158,745,549	160,305,731	156,135,025
Raw materials consumed	3,874,601,162	2,953,696,233	8,122,283,027	7,905,828,989
Direct labour and other overheads	1,500,608,123	1,332,470,906	3,070,309,946	2,676,738,272
	5,375,209,285	4,286,167,139	11,192,592,973	10,582,567,261
	5,546,389,504	4,444,912,688	11,352,898,704	10,738,702,286
Work-in-process at end of the period	(188,268,097)	(162,125,725)	(188,268,097)	(162,125,725)
	5,358,121,407	4,282,786,963	11,164,630,607	10,576,576,561

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

13. CASH GENERATED FROM OPERATIONS		Un-audited Half year ended	
	Note	December 31, 2016	December 31, 2015
		----- Rupees -----	
Profit before taxation		1,210,879,392	1,343,802,058
Adjustments for non-cash and other items:			
Depreciation		596,121,536	459,803,727
Depreciation of investment property		-	466,339
Amortization of intangible assets		874,478	874,478
Staff retirement benefit - gratuity		50,160,000	40,020,000
Provision for workers' profit participation / workers' welfare fund		69,772,146	83,576,826
Gain on disposal of operating fixed assets		(17,188,570)	(2,233,583)
Gain on sale of investments		(61,594,318)	(40,327,429)
Gain on sale of stores and spares		(49,960)	(111,193)
Dividend and interest income		(316,380,202)	(281,587,884)
Finance cost		670,058,659	722,371,525
Exchange (gain) / loss		(6,311,808)	15,838,600
Working capital changes	13.1	(3,434,411,246)	(317,564,158)
		<u>(1,238,069,893)</u>	<u>2,024,929,306</u>
13.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(70,213,143)	(9,987,855)
- Stock-in-trade		(2,494,125,104)	(1,232,448,582)
- Trade debts		(1,049,976,168)	1,236,303,384
- Loans and advances		3,005,773	(68,539,947)
- Deposits, other receivables and sales tax		30,053,670	(339,884,624)
		<u>(3,581,254,972)</u>	<u>(414,557,624)</u>
Increase in trade and other payables		146,843,726	96,993,466
		<u>(3,434,411,246)</u>	<u>(317,564,158)</u>
14. SEGMENT REPORTING			
14.1 Reportable segments			
The Group's reportable segments are as follows:			
- Spinning;			
- Knitting, processing & garments;			
- Denim; and			
- Power.			

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

14.2 Information regarding the Group's reportable segments is presented below:

Segment revenues and results

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
----- Rupees -----						
For the half year ended December 31, 2016						
Sales	5,279,518,544	3,222,184,017	91,852,631	6,215,328,148	(1,793,564,910)	13,015,318,430
Cost of sales	(4,765,673,800)	(3,096,413,658)	(318,857,795)	(4,697,077,182)	1,793,564,910	(11,084,457,525)
Gross profit / (loss)	513,844,744	125,770,359	(227,005,164)	1,518,250,966	-	1,930,860,905
Distribution cost	(145,223,923)	(47,325,316)	(7,138,980)	-	-	(199,688,219)
Finance cost	(199,238,549)	(11,615,428)	(61,540,393)	(397,719,327)	-	(670,113,697)
	(344,462,472)	(58,940,744)	(68,679,373)	(397,719,327)	-	(869,801,916)
Profit / (loss) before taxation and unallocated income and expenses	169,382,272	66,829,615	(295,684,537)	1,120,531,639	-	1,061,058,989
Unallocatable income and expenses						
Administrative expenses						(193,181,248)
Other expenses						(71,278,439)
Other income						414,280,090
Share of profit of Associated Companies						3,583,525
Taxation						(142,029,407)
Profit after taxation						1,072,433,510
----- Rupees -----						
For the half year ended December 31, 2015						
Sales	4,997,610,413	2,445,385,155	6,717,568,411	(1,358,814,480)		12,801,749,499
Cost of sales	(4,432,679,998)	(2,424,825,438)	(5,110,957,782)	1,358,814,480		(10,609,648,738)
Gross profit	564,930,415	20,559,717	1,606,610,629	-	-	2,192,100,761
Distribution cost	(165,717,267)	(35,853,458)	-	-	-	(201,570,725)
Finance cost	(164,463,818)	(25,423,758)	(532,483,938)	-	-	(722,371,514)
	(330,181,085)	(61,277,216)	(532,483,938)	-	-	(923,942,239)
Profit / (loss) before taxation and unallocated income and expenses	234,749,330	(40,717,499)	1,074,126,691	-	-	1,268,158,522
Unallocatable income and expenses						
Administrative expenses						(157,781,290)
Other expenses						(110,248,846)
Other income						343,673,672
Share of profit of Associated Companies						3,340,874
Taxation						(165,016,094)
Profit after taxation						1,182,126,838

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

14.3 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Denim	Power	Total
----- Rupees -----					
As at December 31, 2016					
Segment assets	10,596,973,057	1,706,536,817	4,464,090,618	20,129,776,738	36,897,377,230
Unallocatable assets					12,161,186,755
Total assets as per balance sheet					49,058,563,985
Segment liabilities	7,732,609,881	1,144,898,092	4,889,994,843	11,380,631,513	25,148,134,329
Unallocatable liabilities					428,646,150
Total liabilities as per balance sheet					25,576,780,479
As at June 30, 2016					
Segment assets	7,146,392,020	1,648,129,147	4,126,625,638	19,259,223,831	32,180,370,636
Unallocatable assets					10,919,398,391
Total assets as per balance sheet					43,099,769,027
Segment liabilities	5,264,637,989	1,127,581,963	4,233,338,443	10,305,079,886	20,930,638,281
Unallocatable liabilities					650,360,923
Total liabilities as per balance sheet					21,580,999,204

14.4 Geographical information

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

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	Un-audited Half year ended	
		December 31, 2016	December 31, 2015
----- Rupees -----			
(i) Associates	Sales:		
	- raw material / yarn / fabric / stores	367,480,203	243,894,775
	- assets	15,000,000	10,200,000
	Purchases:		
	- raw material / yarn / fabric / stores	211,613,743	153,196,238
	- assets	10,824,557	-
	- electricity	112,165,646	182,908,610
	Services:		
	- rendered	26,890,059	-
	- obtained	1,059,831	-
	Expenses charged by	11,669,235	12,475,682
	Expenses charged to	8,272,899	5,634,816
	Dividend:		
- received	782,027	803,175	
- paid	142,756,544	101,968,960	
(ii) Key management personnel	Remuneration and other benefits	167,527,499	119,605,072
(iii) Retirement fund	Contribution made	6,473,087	3,909,444
(iv) Other	Rent expense	1,061,076	2,630,766

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Un-audited December 31, 2016	Audited June 30, 2016
	----- Rupees -----	
15.2 Period / year end balances are as follows:		
Receivables from related parties		
Investments	427,562,467	410,806,101
Trade debts	70,742,983	49,236,959
Other receivables	6,214,036	-
Payable to related parties		
Trade and other payables	113,788,074	41,886,589

16. 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 consolidation financial statements and should be read in conjunction with the audited annual consolidated financial statement for the year ended June 30, 2016.

There has been no change in Group's sensitivity to these risks since June 30, 2016 except for the changes 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 the risk management policies during the period.

17. GENERAL

This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on February 23, 2017.

Karachi:
Dated: February 23, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR