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## Company Profile

### BOARD OF DIRECTORS

#### Board of Directors

<b>Chairman</b>	: Mr. Amer Abdullah
<b>Chief Executive</b>	: Mr. Shahid Abdullah
<b>Director</b>	: Mr. Nadeem Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Abdul Sattar Mr. Tajammal Husain Bokharee Mr. Nadeem Arshad Elahi

#### Audit Committee

Chairman	: Mr. Nadeem Arshad Elahi
Member	: Mr. Shayan Abdullah
Member	: Mr. Yousuf Abdullah
Member	: Mr. Tajammal Husain Bokharee

#### Human Resource And 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 & Company  
Chartered Accountants

#### Tax Consultants

: Mushtaq & Company  
Chartered Accountants

#### Legal Advisor

: Hassan & Hassan Advocates

#### Bankers

: Allied Bank Limited, Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited, United Bank Limited  
National Bank of Pakistan

#### Share Registrars

: THK Associates (Pvt.) Limited,  
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 Watwan,  
Tehsil and District Sheikhpura.

Raiwind Road, Lahore.

# Directors' Report

The Directors of the Company are pleased to present un-audited financial statements for the quarter ended 30 September, 2017.

## Financial Highlights

	30 September	
	2017	2016
	Rupees in thousand	
Sales & services	4,144,175	3,266,017
Gross profit	367,462	259,743
Profit from operations	361,155	287,080
Other income	191,782	192,931
Profit before taxation	195,056	158,786
Taxation:		
- Current	62,979	41,961
- Deferred	5,161	9,227
	68,140	51,188
Profit after taxation	126,916	107,598

During first quarter of the financial year, your company achieved sales of Rs. 4.14 billion compared to Rs. 3.27 billion during corresponding period of last year, an increase of 26.89%. The gross profit as a percentage of sales stood at 8.87% as compared to 7.95% during last year. Whereas, the company earned profit after tax of Rs. 126.92 million as against Rs. 107.60 million during corresponding period.

## Earnings per share

The company's earnings per share (EPS) were at Rs.6.45 as compared to Rs. 5.47 for the same period of last year.

## Future outlook

Pakistan's textile industry is struggling to retain its share in global market, mainly due to the fact that cost of doing business in the country is very high compared with other textile exporting countries in the region. We expect that the incentive package for textile exporters gets implemented in letter and spirit without any further delay to improve cost competitiveness of the industry.

The directors appreciate sincere contribution and the hard work by staff and workers of the company.

For and on behalf of the Board

Lahore  
Dated: 26 October, 2017

**SHAHID ABDULLAH**  
Chief Executive

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران از حدسرت آپ کے سامنے ۳۰ ستمبر ۲۰۱۷ کو اختتام پذیر ہونے والی سہ ماہی کی غیر آڈٹ شدہ رپورٹ پیش کرتے ہیں۔  
مالیاتی اور آپریشنل کارکردگی:

۳۰ ستمبر		
2016	2017	
رقم ہزاروں میں		
3,266,017	4,144,175	فروخت اور خدمات
259,743	367,462	گُل منافع
287,080	361,155	آپریشن سے منافع
192,931	191,782	دیگر ذرائع سے آمدنی
158,786	195,056	قبل از ٹیکس منافع
		ٹیکس:
41,961	62,979	موجودہ سال
9,227	5,161	موخر
51,188	68,140	
107,598	126,916	بعد از ٹیکس منافع

موجودہ سال کی پہلی سہ ماہی میں کمپنی کی فروخت اور خدمات 14 کروڑ ہیں جبکہ گزشتہ سال 3 ارب 27 کروڑ روپے تھیں۔ جو کہ پچھلی سہ ماہی سے 26.89 فیصد زیادہ ہے۔ شرح گُل منافع فروخت اور خدمات کا 8.87 فیصد رہا جبکہ یہی شرح پچھلے سال کی سہ ماہی میں 7.95 فیصد تھا۔ جبکہ موجودہ سہ ماہی کمپنی کا بعد از ٹیکس منافع 12 کروڑ 69 لاکھ روپے رہا جو کہ پچھلے سال 10 کروڑ 76 لاکھ روپے تھا۔

## آمدنی فی حصص:

آمدنی فی حصص 6.45 روپے ہے جو کہ پچھلے سال کی پہلی سہ ماہی 5.47 روپے تھا۔

## مستقبل کا منظر نامہ:

پاکستان ٹیکسٹائل انڈسٹری عالمی منڈی میں اپنی جگہ برقرار رکھنے کے لئے مسلسل تگ و دو کر رہی ہے۔ جس کی سب سے بنیادی حقیقت ہماری پیداواری لاگت ہے، جو خطے کے دیگر ٹیکسٹائل برآمد کنندگان ممالک سے نسبتاً بہت زیادہ ہے۔ ہم امید کرتے ہیں کہ ٹیکسٹائل برآمد کنندگان کے لئے سہولیتی اسکیم کو حقیقی معنوں میں بغیر کسی تاخیر کے نافذ العمل کیا جائے گا، جس بناء پر ہماری انڈسٹری کی پیداواری لاگت مسابقتی انڈسٹریز سے مساوی ہو جائے گی۔

ڈائریکٹرز، 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

لاہور

۲۶ اکتوبر ۲۰۱۷

**Balance Sheet (Un-audited)****As At September 30, 2017**

ASSETS	NOTE	Un-Audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>Non Current Assets</b>			
Property, plant and equipment	5	9,119,798,001	8,824,397,614
Investment property		31,750,000	31,750,000
Intangible assets		1,433,809	1,593,123
Long term investments	6	9,007,832,287	9,656,754,996
Long term loans		3,431,000	3,755,000
Long term deposits		28,803,845	28,241,645
		<b>18,193,048,942</b>	<b>18,546,492,378</b>
<b>Current Assets</b>			
Stores, spare parts and loose tools		326,158,534	224,557,495
Stock-in-trade		3,236,171,454	3,764,057,038
Trade debts		1,866,779,662	1,712,805,380
Loans and advances		250,846,044	138,575,316
Trade deposits and short term prepayments		7,147,568	11,820,029
Short term investments		4,005,733,898	4,859,591,123
Other receivables		779,180,992	593,715,867
Tax refunds due from Government		844,807,247	957,256,586
Cash and bank balances		65,343,251	31,508,884
		<b>11,382,168,650</b>	<b>12,293,887,718</b>
<b>Total Assets</b>		<b>29,575,217,592</b>	<b>30,840,380,096</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital 35,000,000 ordinary shares of Rs.10 each		<b>350,000,000</b>	350,000,000
Issued, subscribed and paid-up capital 19,687,500 ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		4,627,008,518	6,164,845,405
Unappropriated profit		10,820,203,682	10,693,287,860
<b>Total equity</b>		<b>15,644,087,200</b>	<b>17,055,008,265</b>
<b>Non current liabilities</b>			
Long term finances		3,796,308,316	3,590,098,182
Staff retirement benefits - gratuity		326,277,336	322,591,928
Deferred taxation		164,084,605	312,076,447
		<b>4,286,670,257</b>	<b>4,224,766,557</b>
<b>Current liabilities</b>			
Trade and other payables		1,453,522,708	1,754,066,409
Accrued Markup / Interest		85,581,685	113,949,459
Short term borrowings		7,588,545,577	7,289,563,613
Current portion of long term finances		172,481,208	121,675,950
Provision for taxation		344,328,957	281,349,843
		<b>9,644,460,135</b>	<b>9,560,605,274</b>
<b>Contingencies and commitments</b>	7		
<b>Total equity and liabilities</b>		<b>29,575,217,592</b>	<b>30,840,380,096</b>

The annexed notes 1 to 10 form an integral part of these financial statements.

Lahore:  
Dated: October 26, 2017**SHAHID ABDULLAH**  
CHIEF EXECUTIVE**SHAYAN ABDULLAH**  
DIRECTOR

**Profit and Loss Account (Un-audited)****For the Quarter ended September 30, 2017**

	<b>September, 2017 Rupees</b>	<b>September, 2016 Rupees</b>
	<b>Note</b>	
Sales	<b>4,144,175,057</b>	3,266,016,595
Cost of sales	<b>8 3,776,712,933</b>	3,006,273,868
Gross profit	<b>367,462,124</b>	259,742,727
Distribution cost	<b>113,253,506</b>	88,642,900
Administrative expenses	<b>76,058,020</b>	67,322,820
Other expenses	<b>8,777,725</b>	9,627,939
Other income	<b>(191,782,127)</b>	(192,930,796)
	<b>6,307,124</b>	(27,337,137)
Profit from operations	<b>361,155,000</b>	287,079,864
Finance cost	<b>166,098,742</b>	128,293,714
Profit before taxation	<b>195,056,258</b>	158,786,150
<b>TAXATION</b>		
Current	<b>62,979,114</b>	41,961,134
Deferred	<b>5,161,322</b>	9,226,703
	<b>68,140,436</b>	51,187,837
Profit after taxation	<b>126,915,822</b>	107,598,313
<b>Earnings per share</b> - basic and diluted	<b>6.45</b>	5.47

The annexed notes 1 to 10 form an integral part of these financial statements.

## Statement of Comprehensive Income (Un-audited)

For the Quarter ended September 30, 2017

	30 September, 2017 Rupees	30 September, 2016 Rupees
<b>Profit after taxation</b>	<b>126,915,822</b>	107,598,313
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit and loss</b>		
Unrealised (loss) / gain due to change in fair value of available for sale investments		
- long term	(665,210,869)	182,973,610
- short term	(988,809,347)	169,216,202
Impact of deferred tax	153,153,164	(39,048,470)
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(36,829,492)	(36,250,946)
	<b>(1,537,696,544)</b>	276,890,396
Unrealised gain on remeasurement of forward foreign currency contracts	-	1,431,394
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	(140,343)	(1,090,222)
	<b>(140,343)</b>	341,172
	<b>(1,537,836,887)</b>	277,231,568
<b>Total comprehensive (loss) / profit for the period</b>	<b>(1,410,921,065)</b>	384,829,881

The annexed notes 1 to 10 form an integral part of these financial statements.

Lahore:  
Dated: October 26, 2017

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**SHAYAN ABDULLAH**  
DIRECTOR

## Cash Flow Statement (Un-audited)

For the Quarter ended September 30, 2017

	September, 2017 Rupees	September, 2016 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period - before taxation	195,056,258	158,786,150
Adjustments for non-cash charges and other items:		
Depreciation	156,887,890	147,637,043
Amortisation of intangible assets	159,313	437,239
Staff retirement benefits - gratuity	23,885,448	25,080,000
Provision for workers' (profit) participation / welfare fund	8,327,725	9,199,551
Gain on disposal of tangible fixed assets	(1,148,464)	(2,156,013)
Gain on sale of investments	(36,829,492)	(36,250,946)
Gain on sale of stores and spares	(32,649)	(9,919)
Dividend income	(148,245,294)	(149,406,818)
Finance cost	166,098,742	128,293,714
	<b>169,103,219</b>	<b>122,823,851</b>
Cash inflow from operating activities before working capital changes	<b>364,159,477</b>	<b>281,610,001</b>
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(101,601,039)	(56,776,116)
Stock in trade	527,885,584	51,381,694
Trade debts	(153,974,282)	(61,639,512)
Loans and advances	(112,270,728)	(114,744,655)
Deposits, other receivables and sales tax	(50,673,904)	296,117,901
(Decrease) / increase in trade and other payables	(299,949,028)	149,432,057
	<b>(190,583,397)</b>	<b>263,771,369</b>
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>173,576,080</b>	<b>545,381,370</b>
Gratuity paid	(20,200,040)	(4,396,988)
Finance cost paid	(194,466,516)	(119,325,957)
Taxes refund received	47,989,155	49,578,763
Workers' profit participation fund paid	(59,000,000)	-
Long term loans and deposits	(238,200)	15,000
	<b>(225,915,601)</b>	<b>(74,129,182)</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>(52,339,521)</b>	<b>471,252,188</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(453,069,814)	(211,962,342)
Sale / purchase of investments available for sale - net	33,725,574	(367,463,575)
Sale proceeds of tangible fixed assets	1,930,001	3,850,000
Purchase / sale proceed of short term investments - net	(134,965,857)	106,030,935
Sale proceeds of stores and spares	170,318	201,721
Dividend received	82,590,096	27,694,018
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(469,619,682)</b>	<b>(441,649,243)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans - Obtained	264,300,000	280,354,000
Long term loans - Repaid	(7,284,607)	(6,700,250)
Dividend paid	(203,787)	(3,442)
Short term borrowings - net	298,981,964	(261,115,237)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>555,793,570</b>	<b>12,535,071</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>33,834,367</b>	<b>42,138,016</b>
<b>CASH AND CASH EQUIVALENTS</b> - at the beginning of the period	<b>31,508,884</b>	<b>101,213,600</b>
<b>CASH AND CASH EQUIVALENTS</b> - at the end of the period	<b>65,343,251</b>	<b>143,351,616</b>

The annexed notes 1 to 10 form an integral part of these financial statements.

Lahore:

Dated: October 26, 2017

SHAHID ABDULLAH

CHIEF EXECUTIVE

SHAYAN ABDULLAH

DIRECTOR

## Statement of Changes in Equity (Un-audited)

For the Quarter ended September 30, 2017

	Issued, subscribed and paid up capital	Reserves				Sub-total	Unappropriated profit	Total
		Capital	General	Unrealised gain on available-for-sale	Unrealised gain on hedging instruments			
Balance as at 01 July, 2016	196,875,000	145,740,000	1,183,845,000	3,900,388,804	1,090,222	5,231,064,026	9,936,475,908	15,364,414,934
Total comprehensive income for the period ended 30 Sept, 2016								
Profit for the period	-	-	-	-	-	-	107,598,313	107,598,313
Other comprehensive income	-	-	276,890,396	341,172	341,172	277,231,568	-	277,231,568
Balance as at 30 Sept, 2016	196,875,000	145,740,000	1,183,845,000	4,177,279,200	1,431,394	5,508,295,594	10,044,074,221	15,749,244,815
Balance as at 01 July, 2017	196,875,000	145,740,000	1,183,845,000	4,835,120,062	140,343	6,164,845,405	10,693,287,860	17,055,008,265
Total comprehensive income for the period ended 30 Sept, 2017								
Profit for the period	-	-	-	-	-	-	126,915,822	126,915,822
Other comprehensive loss	-	-	(1,537,696,544)	(140,343)	(140,343)	(1,537,836,887)	-	(1,537,836,887)
Balance as at 30 Sept, 2017	196,875,000	145,740,000	1,183,845,000	3,297,423,518	-	4,627,008,518	10,820,203,682	15,644,087,200

The annexed notes 1 to 10 form an integral part of these financial statements.

Lahore:

Dated: October 26, 2017

SHAHID ABDULLAH  
CHIEF EXECUTIVESHAYAN ABDULLAH  
DIRECTOR

# Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2017

## 1. CORPORATE INFORMATION

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. 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

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 04, 2017, has directed the companies whose financial year ends on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. This condensed interim financial information do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended 30 June, 2017.

This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of preceding published financial statements of the Company for the year ended 30 June, 2017.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information requires management to make judgments, 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 judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2017.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June, 2017.

		Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating fixed assets	5.1	8,192,567,391	8,335,534,845
Capital work in progress	5.2	927,230,610	488,862,769
		<u>9,119,798,001</u>	<u>8,824,397,614</u>

## Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2017

		Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>5.1 Operating fixed assets</b>	<b>Note</b>		
Opening book value		8,335,534,845	7,568,105,475
Additions during the quarter / year			
- land (freehold)		-	84,885,473
- land (leasehold)		-	206,531,800
- residential buildings and others		-	71,339,699
- factory buildings on freehold land		934,108	175,400,114
- plant and machinery		4,478,915	785,357,841
- electric installations		-	19,874,153
- fire fighting		-	343,031
- office equipment		-	374,850
- mill equipment		180,000	5,183,717
- electric equipment		-	916,490
- computer hardware		103,000	3,136,569
- vehicles		8,435,791	55,988,064
- furniture and fixtures		570,159	6,692,931
		<b>14,701,973</b>	1,416,024,732
Book value of assets disposed-off during the quarter/year		(781,537)	(16,345,378)
Depreciation charge for the quarter/year		(156,887,890)	(632,249,984)
Closing book value		<b>8,192,567,391</b>	<b>8,335,534,845</b>
<b>5.2 Capital work-in-progress</b>			
Building		292,963,593	132,495,181
Plant and machinery		565,054,274	212,176,425
Advance payments:			
- land (freehold)		41,816,937	38,730,656
- factory / office building		7,838,800	79,210,265
- plant & machinery		3,415,000	13,538,559
- vehicles		11,490,733	9,911,683
- computer hardware		144,000	-
- computer software		4,507,273	2,800,000
		<b>927,230,610</b>	<b>488,862,769</b>
<b>6. LONG TERM INVESTMENTS</b>			
Subsidiary Companies - at cost	6.1	3,040,008,316	3,040,008,316
Associated Companies - at cost	6.2	758,276,769	758,276,769
Others - available for sale	6.3	5,159,547,202	5,858,469,911
Deposit for shares in a subsidiary company		50,000,000	0
		<b>9,007,832,287</b>	<b>9,656,754,996</b>

## Notes to the Condensed Interim Financial Statements

## For the Quarter ended September 30, 2017

6.1 172,446,420 shares of the Subsidiary Company - Sapphire Electric Company Limited (SECL) have been pledged with a financial institution under Share Pledge Agreement dated 16 April, 2007 and Working Capital Support Agreement dated 13 August, 2010 as security against finance facilities advanced to the Subsidiary Company.

6.2 The Company, during the preceding year, had made investment in 59,251,500 ordinary shares of Rs. 10 each of Tricon Boston Consulting Corporation (Private) Limited (TBCCL). The Company has pledged these shares through an Onshore Security Trustee under Share Pledge Agreement dated May 08, 2017 as security against financing facilities advanced to TBCCL.

	Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>6.3 Others - available for sale</b>		
MCB Bank Limited - Quoted		
18,213,195 (30 June, 2017: 18,368,286) ordinary shares of Rs.10 each - cost	896,451,123	893,476,093
Adjustment arising from re-measurement to fair value	2,910,106,632	2,971,762,329
	<b>3,806,557,755</b>	3,865,238,422
Habib Bank Limited - Quoted		
7,244,196 (30 June, 2017: 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	92,387,260	732,629,302
	<b>1,309,460,869</b>	1,949,702,911
Term finance certificates - Habib Bank Limited		
150 (30 June, 2017: 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)
	<b>14,812,500</b>	14,812,500
Novelty Enterprises (Pvt.) Limited - Unquoted		
2,351,995 ordinary shares of Rs.10 each	28,716,078	28,716,078
	<b>5,159,547,202</b>	5,858,469,911

## 7. CONTINGENCIES AND COMMITMENTS

7.1 Guarantees issued by banks to various Government institutions on behalf of the Company aggregate Rs.372.620 million (30 June, 2017: Rs.259.776 million).

	Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>7.2 Commitments in respect of :</b>		
- letters of credit for capital expenditure	688,470,600	699,262,767
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	222,831,638	142,589,420
- capital expenditure other than letters of credit	315,517,088	349,428,568
- foreign currency forward contract	609,879,604	263,145,000

## Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2017

		Un-audited 30 September, 2017 Rupees	Un-audited 30 September, 2016 Rupees
<b>8. COST OF SALES</b>	<b>Note</b>		
Stocks - opening		696,987,720	514,758,796
Cost of goods manufactured	8.1	3,730,118,944	3,157,874,487
Cost of raw materials sold		5,443,858	14,754,174
		<u>4,432,550,522</u>	<u>3,687,387,457</u>
Stocks - closing		655,837,589	681,113,589
		<u>3,776,712,933</u>	<u>3,006,273,868</u>
<b>8.1 Cost of goods manufactured</b>			
Work in process - opening		309,426,974	160,305,731
Raw materials consumed		2,400,907,862	1,989,816,091
Overheads		1,365,764,413	1,178,932,884
		<u>3,766,672,275</u>	<u>3,168,748,975</u>
		4,076,099,249	3,329,054,706
Work in process closing		345,980,305	171,180,219
		<u>3,730,118,944</u>	<u>3,157,874,487</u>

**9. RELATED PARTY TRANSACTIONS**

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with associated companies during the period were as follows:

	Relationship with the company	Name of transaction	Un-audited 30 September, 2017 Rupees	Un-audited 30 September, 2016 Rupees
II.	Subsidiaries	Expenses charged to	10,652,520	-
		Deposit for shares	50,000,000	-
II.	Associates	Sale of goods and services	254,538,863	193,378,612
		Purchase of goods and services	188,474,180	111,966,950
		Electric power purchased	38,200,176	52,303,174
		Assets purchased	1,700,000	-
		Expenses charged to	2,378,744	456,811
		Expenses charged by	4,759,992	5,410,150
III.	Other related parties	Contributions towards provident fund	2,689,214	2,292,128

**10. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 26 October, 2017 by the Board of Directors of the Company.

Lahore:  
Dated: October 26, 2017

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**SHAYAN ABDULLAH**  
DIRECTOR



## Directors' Report

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries Sapphire Electric Company Limited, Premier Cement Limited and Sapphire Cement Company Limited for the quarter ended 30 September, 2017. 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 30 September, 2017.

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 Sheikhupura.

### **PREMIER CEMENT LIMITED**

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 on 26 July, 2016. SFL holds 100% shares of PCL as on 30 September, 2017.

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 on 28 October, 2016. SFL holds 100% shares of SCCL as on 30 September, 2017.

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

Lahore:  
Dated: 26 October, 2017

**Shahid Abdullah**  
Chief Executive

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز ۳۰ ستمبر ۲۰۱۷ کو ختم ہونے والی سہ ماہی کے لئے سفارز فابریز لمیٹیڈ اور اسکے ذیلی اداروں سفارز الیکٹرک کمپنی لمیٹیڈ، پریمیئر سیمنٹ لمیٹیڈ اور سفارز سیمنٹ کمپنی لمیٹیڈ کے غیر آڈٹ شدہ مالیاتی گوشواروں پر اپنی رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ سٹینڈرڈز-27 کی ضرورت کے مطابق غیر آڈٹ شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ مالی گوشوارے منسلک کئے ہیں۔

## سفارز الیکٹرک کمپنی لمیٹیڈ

سفارز الیکٹرک کمپنی لمیٹیڈ ۱۸ جنوری ۲۰۰۵ کو پاکستان میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ جبکہ یکم جولائی ۲۰۰۸ کو یہ سفارز فابریز لمیٹیڈ کی ذیلی کمپنی بنی۔ ۳۰ ستمبر ۲۰۱۷ کو سفارز فابریز لمیٹیڈ کے پاس اس کے 68.11 فیصد حصص تھے۔

ذیلی کمپنی کی بنیادی سرگرمی مرید کے ضلع شیٹوپورہ میں واقع 212 MW کی خالص صلاحیت کے کبائٹنڈ سائیکل پاور اسٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

## پریمیئر سیمنٹ لمیٹیڈ

پریمیئر سیمنٹ لمیٹیڈ ۲۶ جولائی ۲۰۱۶ کو پاکستان میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ ۳۰ ستمبر ۲۰۱۷ کو سفارز فابریز لمیٹیڈ 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۔

## سفارز سیمنٹ کمپنی لمیٹیڈ

سفارز سیمنٹ کمپنی لمیٹیڈ ۲۸ اکتوبر ۲۰۱۶ کو پاکستان میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ ۳۰ ستمبر ۲۰۱۷ کو سفارز فابریز لمیٹیڈ 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

شہد عبداللہ  
چیف ایگزیکٹو

لاہور

۱۲ اکتوبر، 2017

**Balance Sheet (Un-audited)****As At September 30, 2017**

<b>ASSETS</b>	<b>Note</b>	<b>Un-Audited 30 September, 2017 Rupees</b>	<b>Audited 30 June, 2017 Rupees</b>
<b>Non Current Assets</b>			
Property, plant and equipment	6	22,814,391,552	22,620,365,051
Investment Property		31,750,000	31,750,000
Intangible assets		7,046,713	7,206,027
Long term investments	7	6,137,668,867	6,856,911,437
Long term loans		3,431,000	3,755,000
Long term deposits		30,903,645	30,341,445
		<b>29,025,191,777</b>	<b>29,550,328,960</b>
<b>Current Assets</b>			
Stores, spare parts and loose tools		326,158,534	224,557,495
Stock-in-trade		3,337,165,337	4,005,327,908
Trade debts		8,001,511,199	7,914,991,732
Loans and advances		290,205,077	170,209,756
Trade deposits and short term prepayments		12,484,804	41,657,612
Short term investments		4,005,733,898	4,859,591,123
Other receivables		888,609,617	693,038,000
Tax refunds due from the Government		844,807,247	992,588,904
Cash and bank balances		392,573,707	456,720,245
		<b>18,099,249,420</b>	<b>19,358,682,775</b>
<b>Total Assets</b>		<b>47,124,441,197</b>	<b>48,909,011,735</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital 35,000,000 ordinary shares of Rs.10 each		<b>350,000,000</b>	350,000,000
Issued, subscribed and paid-up capital		<b>196,875,000</b>	196,875,000
Reserves		<b>4,988,444,785</b>	6,517,094,805
Unappropriated profit		<b>14,829,115,828</b>	14,382,542,389
Equity attributable to shareholders of the Parent Company		<b>20,014,435,613</b>	21,096,512,194
Non-controlling interest		<b>3,371,482,183</b>	3,207,187,832
<b>Total equity</b>		<b>23,385,917,796</b>	24,303,700,026
<b>Non current liabilities</b>			
Long term finances		7,924,545,788	8,151,085,974
Staff retirement benefits - gratuity		326,277,336	322,591,928
Deferred taxation		168,461,871	315,722,538
		<b>8,419,284,995</b>	8,789,400,440
<b>Current liabilities</b>			
Trade and other payables		2,421,317,266	3,494,306,409
Accrued Markup / Interest		105,147,125	144,515,971
Short term borrowings		10,640,009,085	10,199,515,680
Current maturity of long term finances		1,808,435,973	1,696,223,366
Provision for taxation		344,328,957	281,349,843
		<b>15,319,238,406</b>	15,815,911,269
<b>Contingencies and commitments</b>	8		
<b>Total equity and liabilities</b>		<b>47,124,441,197</b>	<b>48,909,011,735</b>

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

Lahore:

Dated: October 26, 2017

**SHAHID ABDULLAH**

CHIEF EXECUTIVE

**SHAYAN ABDULLAH**

DIRECTOR

## Profit and Loss Account (Un-audited)

For the Quarter ended September 30, 2017

	Note	September, 2017 Rupees	September, 2016 Rupees
Sales		7,356,521,435	6,652,908,831
Cost of sales	9	<u>6,241,141,876</u>	<u>5,654,908,581</u>
<b>Gross profit</b>		<b>1,115,379,559</b>	998,000,250
Distribution cost		<u>113,253,506</u>	88,642,900
Administrative expenses		<u>118,753,133</u>	96,788,146
Other expenses		<u>9,459,026</u>	10,033,365
Other income		<u>(191,963,437)</u>	(193,350,603)
		<u>49,502,228</u>	2,113,808
<b>Profit from operations</b>		<b>1,065,877,331</b>	995,886,442
Finance cost		<u>356,631,203</u>	327,240,420
		<u>709,246,128</u>	668,646,022
Share of (loss) / profit of associates		<u>(6,117,603)</u>	7,524,435
<b>Profit before taxation</b>		<b>703,128,525</b>	676,170,457
<b>Taxation</b>			
Current		<u>62,979,114</u>	42,096,207
Deferred		<u>5,892,497</u>	9,325,049
		<u>68,871,611</u>	51,421,256
<b>Profit after taxation</b>		<b>634,256,914</b>	624,749,201
<b>Attributable to:</b>			
- Shareholders of the Parent Company		<u>469,962,563</u>	462,197,963
- Non-controlling interest		<u>164,294,351</u>	162,551,238
		<u>634,256,914</u>	<u>624,749,201</u>
<b>Earnings per share</b> - attributable to the shareholders of the Parent Company		<u>23.87</u>	<u>23.48</u>

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

Lahore:  
Dated: October 26, 2017

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**SHAYAN ABDULLAH**  
DIRECTOR

## Statement of Comprehensive Income (Un-audited)

For the Quarter ended September 30, 2017

	September, 2017 Rupees	September, 2016 Rupees
<b>Profit after taxation</b>	<b>634,256,914</b>	624,749,201
<b>Other comprehensive (loss) / income</b>		
<b>Items that may be reclassified subsequently to profit and loss:</b>		
Unrealised (loss) / gain due to change in fair value of available for sale investments		
- long term	<b>(665,210,869)</b>	182,973,610
- short term	<b>(988,809,347)</b>	169,216,202
Impact of deferred tax	<b>153,153,164</b>	(39,048,470)
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	<b>(36,829,492)</b>	(36,250,946)
Share of fair value (loss) / gain on re-measurement of available-for-sale investments of Associated Companies	<b>(14,234,497)</b>	1,471,858
	<b>(1,551,931,041)</b>	278,362,254
<b>Forward foreign exchange contracts</b>		
Unrealised gain on remeasurement of forward foreign exchange contracts	-	1,431,394
Adjustment for gain realised on settlement of foreign currency contracts	<b>(140,343)</b>	(1,090,222)
Share of unrealised gain / (loss) on remeasurement of hedging instrument of Associated Companies	<b>31,355</b>	(13,674)
	<b>(108,988)</b>	327,498
<b>Total comprehensive (loss) / income for the period</b>	<b>(917,783,115)</b>	903,438,953
<b>Attributable to:</b>		
- Shareholders of the Parent Company	<b>(1,082,077,466)</b>	740,887,715
- Non-controlling Interest	<b>164,294,351</b>	162,551,238
	<b>(917,783,115)</b>	903,438,953

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

Lahore:  
Dated: October 26, 2017

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**SHAYAN ABDULLAH**  
DIRECTOR

## Cash Flow Statement (Un-audited)

For the Quarter ended September 30, 2017

	September, 2017 Rupees	September, 2016 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	709,246,128	668,646,022
Adjustments for non-cash charges and other items:		
Depreciation	302,818,428	293,568,570
Amortisation	159,313	437,239
Staff retirement benefits - gratuity	23,885,448	25,080,000
Provision for workers' (profit) participation / welfare fund	8,327,725	9,199,551
Gain on disposal of operating fixed assets	(1,148,464)	(2,156,013)
Gain on sale of investments	(36,829,492)	(36,250,946)
Gain on sale of stores & spares	(32,649)	(9,919)
Dividend, interest and other income	(148,390,273)	(149,800,115)
Exchange fluctuation loss	681,301	405,426
Finance cost	356,631,203	327,240,422
	<u>506,102,540</u>	<u>467,714,215</u>
<b>Cash inflow from operating activities before working capital changes</b>	<b>1,215,348,668</b>	<b>1,136,360,237</b>
Decrease / (increase) in current assets		
Stores, spares and loose tools	(101,601,039)	(10,468,761)
Stock in trade	668,162,571	51,381,694
Trade debts	(86,519,467)	(731,417,829)
Loans and advances	(112,270,728)	(114,744,655)
Deposits, other receivables and sales tax	(7,466,025)	456,625,037
(Decrease) / increase in trade and other payables	(1,100,649,046)	181,373,801
	<u>(740,343,734)</u>	<u>(167,250,713)</u>
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>475,004,934</b>	<b>969,109,524</b>
Staff retirement benefit paid	(20,200,040)	(4,396,988)
Finance cost paid	(396,000,049)	(348,443,413)
Taxes refund received / (paid) - net	38,970,828	49,153,277
Workers' profit participation fund paid	(59,000,000)	-
Long term loans and deposits	(238,200)	(855,000)
	<u>(436,467,461)</u>	<u>(304,542,124)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>38,537,473</b>	<b>664,567,400</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(412,241,162)	(218,365,960)
Increase in investments available for sale	33,725,574	(367,463,575)
Sale proceeds of investments	(134,965,857)	106,030,935
Sale proceeds of operating fixed assets	1,930,001	3,850,000
Sale proceeds of stores & spares	170,318	201,721
Dividend, interest and other income received	82,735,075	28,300,004
	<u>(428,646,051)</u>	<u>(447,446,875)</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term finances - obtained	264,300,000	280,354,000
Long term finances - repaid	(378,627,578)	(331,487,797)
Dividend paid	(203,787)	(3,442)
Short term borrowings - net	440,493,405	(270,521,465)
	<u>325,962,040</u>	<u>(321,658,704)</u>
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(64,146,538)</b>	<b>(104,538,179)</b>
<b>CASH AND CASH EQUIVALENTS - at the beginning of the period</b>	<b>456,720,245</b>	<b>608,377,326</b>
<b>CASH AND CASH EQUIVALENTS - at the end of the period</b>	<b>392,573,707</b>	<b>503,839,147</b>

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

Lahore:

Dated: October 26, 2017

SHAHID ABDULLAH

CHIEF EXECUTIVE

SHAYAN ABDULLAH

DIRECTOR

## Statement of Changes in Equity (Un-audited)

For the Quarter ended September 30, 2017

	Reserves							Unappropriated profit	Total	Non Controlling Interest	
	Capital		Share premium	Maintenance reserve	General	Unrealised gain on available-for-sale investments	Unrealised gain on hedging instruments				Sub-total
	Issued, subscribed and paid-up capital										
Balance as at 01 July, 2016	196,875,000	145,740,000	237,251,349	1,183,845,000	3,902,837,075	1,164,210	5,470,837,634	12,998,223,115	18,665,935,749	2,852,834,074	
Total comprehensive income for the period ended 30 Sept, 2016	-	-	-	-	-	-	-	-	-	-	
Profit for the period	-	-	-	-	278,362,254	327,498	278,689,752	-	462,197,963	162,551,238	
Other comprehensive income	-	-	-	-	278,362,254	327,498	278,689,752	-	462,197,963	162,551,238	
Transfer to maintenance reserve	-	-	28,823,247	-	-	-	28,823,247	(28,823,247)	-	-	
Effect of items directly credited in equity by associates	-	-	-	-	-	-	-	(121,464)	(121,464)	-	
Balance as at 30 Sept, 2016	196,875,000	145,740,000	266,074,596	1,183,845,000	4,181,199,329	1,491,708	5,778,350,633	13,431,476,367	19,406,702,000	3,015,385,312	
Balance as at 01 July, 2017	196,875,000	145,740,000	336,444,851	1,183,845,000	4,850,890,908	174,046	6,517,094,805	14,382,542,389	21,096,512,194	3,207,187,832	
Total comprehensive income / (loss) for the period ended 30 Sept, 2017	-	-	-	-	(1,551,931,041)	(108,988)	(1,552,040,029)	-	469,962,563	164,294,351	
Profit for the period	-	-	-	-	(1,551,931,041)	(108,988)	(1,552,040,029)	-	469,962,563	164,294,351	
Other comprehensive loss	-	-	-	-	(1,551,931,041)	(108,988)	(1,552,040,029)	-	(1,552,040,029)	-	
Transfer to maintenance reserve	-	-	23,390,009	-	-	-	23,390,009	(23,390,009)	-	-	
Effect of items directly credited in equity by associates	-	-	-	-	-	-	-	885	885	-	
Balance as at 30 Sept, 2017	196,875,000	145,740,000	359,834,860	1,183,845,000	3,298,959,867	65,058	4,988,444,785	14,829,115,828	20,014,435,613	3,371,482,183	

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

Lahore:

SHAHID ABDULLAH  
CHIEF EXECUTIVESHAYAN ABDULLAH  
DIRECTOR

Dated: October 26, 2017

## Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter ended September 30, 2017

### 1. LEGAL STATUS AND OPERATIONS

The Group consists of Sapphire Fibres Limited (the Parent Company) and its Subsidiary Companies- Sapphire Electric Company Limited (SECL), Premier Cement Limited (PCL) and Sapphire Cement Company Limited (SCCL).

The Parent Company was incorporated in Pakistan on 05 June, 1979 as a Public Limited Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Parent 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.

Sapphire Electric Company Limited - SECL 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. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for thirty years which commenced from October 05, 2010.

Premier Cement Limited - PCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984, on July 26, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary Company obtained license from Directorate General Mines and Minerals, Khyber Pakhtunkhwa for setting up cement plant in D.I Khan district. The Subsidiary Company is expecting to commence operations in the year 2018/2019.

Sapphire Cement Company Limited - SCCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on October 28, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary company is aiming to set up its plant in the province of Punjab.

### 2. BASIS OF PREPARATION

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 04, 2017, has directed the companies whose financial year ends on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. This condensed interim consolidated financial information do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended 30 June, 2017.

This condensed interim consolidated financial information is presented in Pak Rupee, which is the functional currency of the Group. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

### 3. PRINCIPLES OF CONSOLIDATION

The assets and liabilities of the Subsidiary Companies have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid-up capital of the Subsidiary Companies.

All Intra-group balances and transactions are eliminated.

Investments in Associated Companies, as defined in the Companies Ordinance, 1984, are accounted for using the equity method of accounting.

Non-controlling interest is calculated on the basis of their proportionate share in the net assets of the Subsidiary Company.

## Notes to the Condensed Interim Financial Statements (Un-audited)

### For the Quarter ended September 30, 2017

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual published consolidated financial statements of the Group for the year ended 30 June, 2017.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim consolidated financial information requires management to make judgments, 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 judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited consolidated financial statements for the year ended 30 June, 2017.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June, 2017.

6. PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
Operating fixed assets	6.1	21,612,824,865	21,901,722,857
Capital work in progress	6.2	987,928,932	505,004,439
Stand-by-equipment		213,637,755	213,637,755
		22,814,391,552	22,620,365,051

## Notes to the Condensed Interim Financial Statements (Un-audited)

## For the Quarter ended September 30, 2017

	Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>6.1 Operating fixed assets</b>		
Opening book value	21,901,722,857	21,710,885,357
Additions/Adjustments during the period/year		
- land (freehold)	-	84,885,473
- land (leasehold)	-	206,531,800
- residential buildings and others	-	71,339,699
- factory buildings	934,108	175,400,114
- plant and machinery	4,478,915	785,357,841
- electric installations	-	19,874,153
- fire fighting equipment	-	343,031
- office equipment	-	1,287,159
- mill equipments	180,000	5,183,717
- electric/gas equipments	-	916,490
- computer hardware	103,000	4,263,069
- vehicles	8,435,791	62,354,644
- furniture and fixtures	570,159	7,391,431
	14,701,973	1,425,128,621
Book value of assets disposed-off / adjustments during the quarter / year	(781,537)	(18,018,867)
Depreciation charge for the quarter / year	(302,818,428)	(1,216,272,254)
Closing book value	21,612,824,865	21,901,722,857
<b>6.2 Capital work-in-progress</b>		
Building	292,963,593	132,495,181
Plant and machinery	565,251,474	212,373,625
Un-allocated capital expenditure	57,637,122	14,944,470
Advance payments:		
- land (freehold)	41,816,937	38,730,656
- factory / office buildings	7,838,800	79,210,265
- plant and machinery	3,415,000	13,538,559
- vehicles	14,212,733	10,911,683
- computer hardware	286,000	-
- computer software	4,507,273	2,800,000
	987,928,932	505,004,439

## Notes to the Condensed Interim Financial Statements (Un-audited)

## For the Quarter ended September 30, 2017

		Un-audited 30 September, 2017 Rupees	Audited 30 June, 2017 Rupees
<b>7. LONG TERM INVESTMENTS</b>	<b>Note</b>		
Associated Companies	7.1	978,121,665	998,441,526
Others - available for sale	7.2	5,159,547,202	5,858,469,911
		<u>6,137,668,867</u>	<u>6,856,911,437</u>
<b>7.1 Associates - at equity method</b>			
<b>Quoted</b>			
Reliance Cotton Spinning Mills Limited (RCSM)	7.1.1	29,189,927	29,087,105
SFL Limited (SFLL)	7.1.2	1,413,549	1,487,881
<b>Un quoted</b>			
Sapphire Power Generation Limited (SPGL)	7.1.3	274,703,604	287,844,593
Sapphire Daries (Private) Limited (SDL)	7.1.4	91,993,907	97,097,722
Tricon Boston Consulting Corporation (Private) Limited (TBCCL)	7.1.5	580,820,678	582,924,225
		<u>978,121,665</u>	<u>998,441,526</u>
<b>7.1.1</b>	Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% (30 June, 2017: 1.35%) of RCSM's issued, subscribed and paid-up capital as at September 30, 2017. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. RCSM is an associate of the Group due to common directorship. The financial information of RCSM for the quarter ended 30 September, 2017 has been used for the purpose of application of equity method, summarized as below:		
		3,796,043,034	3,683,875,711
Total assets		<u>1,633,152,770</u>	1,528,623,812
Total liabilities		<u>2,162,890,264</u>	2,155,251,899
Net assets		<u>989,470,526</u>	3,570,713,354
Revenue		<u>76,873,523</u>	228,994,025
Profit after tax		1.35%	1.35%
Percentage of ownership		<u>29,189,927</u>	29,087,105
Carrying value			

## Notes to the Condensed Interim Financial Statements (Un-audited)

## For the Quarter ended September 30, 2017

**7.1.2** Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (30 June, 2017: 0.051%) of SFLL's issued, subscribed and paid-up capital as at September 30, 2017. SFLL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The main business of SFLL is to investment in the shares of Associated Companies. SFLL is an associate of the Group due to common directorship. The financial information of SFLL for the quarter ended 30 September, 2017 has been used for the purpose of application of equity method, summarized as below:

	<b>Un-audited 30 September, 2017 Rupees</b>	Audited 30 June, 2017 Rupees
Total assets	<b>528,453,115</b>	2,941,998,996
Total liabilities	<b>1,063,426</b>	10,958,798
Net assets	<b>527,389,689</b>	2,931,040,198
Revenue	<b>(2,928,530)</b>	(4,363,651)
(Loss) / profit after tax	<b>(3,301,964)</b>	22,218,191
Percentage of ownership	<b>0.051%</b>	0.051%
Carrying value	<b>1,413,549</b>	1,487,881

**7.1.3** Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% (30 June, 2017: 17.63%) of SPGL's issued, subscribed and paid-up capital as at September 30, 2017. 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. The financial information of SPGL for the quarter ended 30 September, 2017 has been used for the purpose of application of equity method, summarized as below:

Total assets	<b>1,792,486,715</b>	1,802,498,404
Total liabilities	<b>162,879,672</b>	169,468,356
Net assets	<b>1,629,607,043</b>	1,633,030,048
Revenue	<b>157,367,912</b>	867,853,465
Loss after tax	<b>(3,410,369)</b>	(24,257,767)
Percentage of ownership	<b>17.63%</b>	17.63%
Carrying value	<b>274,703,604</b>	287,844,593

**7.1.4** Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 9.09% (30 June, 2017: 9.09%) of SDL's issued, subscribed and paid-up capital as at September 30, 2017. 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. The financial information of SDL for the quarter ended 30 September, 2017 has been used for the purpose of application of equity method, summarized as below;

Total assets	<b>1,456,352,865</b>	1,398,006,749
Total liabilities	<b>444,419,883</b>	329,931,804
Net assets	<b>1,011,932,982</b>	1,068,074,945
Revenue	<b>143,310,716</b>	746,765,529
Loss after tax	<b>(56,141,964)</b>	(11,775,107)
Percentage of ownership	<b>9.09%</b>	9.09%
Carrying value	<b>91,993,907</b>	97,097,722

## Notes to the Condensed Interim Financial Statements (Un-audited)

## For the Quarter ended September 30, 2017

7.1.5 The Parent Company, during the preceding year, has made investment in Tricon Boston Consulting Corporation (Private) Limited (TBCCL). The Parent Company hold 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% of TBCCL's issued, subscribed and paid-up capital as at September 30, 2017. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2017 as security against financing facilities advanced to TBCCL. The financial information of TBCCL for the quarter ended 30 September, 2017 has been used for the purpose of application of equity method, summarized as below:

	<b>Un-audited 30 September, 2017 Rupees</b>	<b>Audited 30 June, 2017 Rupees</b>
Total assets	<b>14,272,848,571</b>	8,422,376,346
Total liabilities	<b>6,120,979,404</b>	240,983,712
Net assets	<b>8,151,869,167</b>	8,181,392,634
Revenue	<b>0</b>	0
Loss after tax	<b>(29,523,466)</b>	(95,055,582)
Percentage of ownership	<b>7.13%</b>	7.13%
Carrying value	<b>580,820,678</b>	582,924,225

## 7.2 Others - available for sale

## MCB Bank Limited - Quoted

18,213,195 (30 June, 2017: 18,368,286) ordinary shares of Rs.10 each - cost

896,451,123

893,476,093

Adjustment arising from re-measurement to fair value

2,910,106,632

2,971,762,329

3,806,557,755

3,865,238,422

## Habib Bank Limited - Quoted

7,244,196 (30 June, 2017: 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

92,387,260

732,629,302

1,309,460,869

1,949,702,911

## Term finance certificates - Habib Bank Limited

150 (30 June, 2017: 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

## Novelty Enterprises (Pvt.) Limited - Unquoted

2,351,995 ordinary shares of Rs.10 each

28,716,078

28,716,078

5,159,547,202

5,858,469,911

## Notes to the Condensed Interim Financial Statements (Un-audited)

**8. CONTINGENCIES AND COMMITMENTS**

- 8.1** Guarantees issued by banks to various Government institutions on behalf of the Parent and Subsidiary Company aggregate Rs. 388.22 million (30 June, 2017: Rs.275.376 million).
- 8.2** SNGPL has claimed late payment surcharge amounting to Rs 266.743 million (30 June, 2017: Rs245.866 million) on account of partial payments made by the Subsidiary Company - SECL against the Regasified Liquefied Natural Gas ('RLNG') consumed by it prior to the Price Determinations of RLNG by the Oil and Gas Regulatory Authority ('OGRA'). The management of the Subsidiary Company - SECL is of the view that, as per the terms of the GSA and the Operating Procedure signed by the Subsidiary Company - SECL Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and Central Power Purchasing Agency (Guarantee) Limited, the Subsidiary Company - SECL is liable to make payments to SNGPL on the basis of the prices notified by OGRA, therefore, the partial payments made by the Subsidiary Company - SECL to SNGPL prior to OGRA price determinations do not constitute a default on the Subsidiary Company's - SECL part. Based on the advice of the Subsidiary Company's - SECL legal counsel, management considers that under the terms of the GSA and the Operating Procedure, there are meritorious grounds to support the Subsidiary Company's - SECL stance. Consequently, no provision for the abovementioned amount has been made in these consolidated financial statements.
- 8.3** There was no significant change in status of contingencies that were disclosed to the annual audited consolidated financial statements for the year ended 30 June, 2017 except disclosed above.

	<b>Un-audited 30 September, 2017 Rupees</b>	<b>Audited 30 June, 2017 Rupees</b>
<b>8.4</b> Commitments in respect of :		
- letters of credit for capital expenditure	<b>688,470,600</b>	699,262,767
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<b>222,831,638</b>	142,589,420
- capital expenditure other than letters of credit	<b>315,517,088</b>	349,428,568
- foreign currency forward contract	<b>609,879,604</b>	263,145,000

- 8.5** 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 started from the Commercial Operations Date of the power station 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%.

## Notes to the Condensed Interim Financial Statements (Un-audited)

		Un-audited 30 September, 2017 Rupees	Un-audited 30 September, 2016 Rupees
<b>9. COST OF SALES</b>			
	<b>Note</b>		
Stocks - opening		696,987,720	514,758,796
Cost of goods manufactured	9.1	6,194,547,887	5,806,509,200
Cost of raw materials sold		5,443,858	14,754,174
		<u>6,896,979,465</u>	<u>6,336,022,170</u>
Stocks - closing		655,837,589	681,113,589
		<u>6,241,141,876</u>	<u>5,654,908,581</u>
<b>9.1 Cost of goods manufactured</b>			
Work in process - opening		309,426,974	160,305,731
Raw materials consumed		4,463,280,170	4,247,681,865
Overheads		1,767,821,048	1,569,701,823
		<u>6,231,101,218</u>	<u>5,817,383,688</u>
		<u>6,540,528,192</u>	<u>5,977,689,419</u>
Work in process - closing		345,980,305	171,180,219
		<u>6,194,547,887</u>	<u>5,806,509,200</u>

## Notes to the Condensed Interim Financial Statements (Un-audited)

## For the Quarter ended September 30, 2017

## 10 SEGMENT INFORMATION

The Group's reportable segments are as follows:

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

## 10.1 Segment revenues and results

	Spinning	Knitting, Processing and garments	Denim	Power	Elimination of Inter segment transactions	Total
----- Rupees -----						
<b>For the period ended</b>						
<b>30 September, 2017</b>						
Sales	2,918,818,432	1,816,088,157	587,925,356	3,212,346,378	(1,178,656,888)	7,356,521,435
Cost of sales	2,585,384,838	1,706,916,555	663,068,428	2,464,428,943	(1,178,656,888)	6,241,141,876
Gross profit	333,433,594	109,171,602	(75,143,072)	747,917,435	-	1,115,379,559
Selling and distribution cost	71,362,201	29,552,507	12,338,798	-	-	113,253,506
Finance cost	94,404,458	8,997,840	62,696,445	190,532,460	-	356,631,203
	165,766,659	38,550,347	75,035,243	190,532,460	-	469,884,709
<b>Profit before taxation and unallocated income/expenses</b>	<b>167,666,935</b>	<b>70,621,255</b>	<b>(150,178,315)</b>	<b>557,384,975</b>	<b>-</b>	<b>645,494,850</b>
<b>Unallocated income and expenses</b>						
Administrative expenses						(118,753,133)
Other income						191,963,437
Other expenses						(9,459,026)
Share of loss of associates						(6,117,603)
Taxation						(68,871,611)
<b>Profit after taxation</b>						<b>634,256,914</b>
----- Rupees -----						
<b>For the period ended</b>						
<b>30 September, 2016</b>						
Sales	2,577,291,378	1,584,800,440	15,286,600	3,386,892,236	(911,361,823)	6,652,908,831
Cost of sales	2,251,673,217	1,502,696,458	163,266,016	2,648,634,713	(911,361,823)	5,654,908,581
Gross profit	325,618,161	82,103,982	(147,979,416)	738,257,523	-	998,000,250
Selling and distribution cost	68,828,336	19,558,955	255,609	-	-	88,642,900
Finance cost	102,173,403	10,060,911	16,059,400	198,946,706	-	327,240,420
	171,001,739	29,619,866	16,315,009	198,946,706	-	415,883,320
<b>Profit before taxation and unallocated income/expenses</b>	<b>154,616,422</b>	<b>52,484,116</b>	<b>(164,294,425)</b>	<b>539,310,817</b>	<b>-</b>	<b>582,116,930</b>
<b>Unallocated income and expenses</b>						
Administrative expenses						(96,788,146)
Other income						193,350,603
Other expenses						(10,033,365)
Share of profit of associates						7,524,435
Taxation						(51,421,256)
<b>Profit after taxation</b>						<b>624,749,201</b>

**Notes to the Condensed Interim Financial Statements (Un-audited)**  
**For the Quarter ended September 30, 2017**

**10.2 Segment assets and liabilities**

	Spinning	Knitting, Processing and garments	Denim	Power	Total
	----- Rupees -----				
<b>As at 30 September, 2017</b>					
Segment assets	5,305,287,516	2,009,312,392	5,085,907,057	20,274,029,226	32,674,536,191
Unallocated assets					<u>14,449,905,006</u>
					<u>47,124,441,197</u>
Segment liabilities	5,911,880,503	1,316,933,226	6,172,148,971	9,701,460,206	23,102,422,906
Unallocated liabilities					<u>636,100,495</u>
					<u>23,738,523,401</u>
<b>As at 30 June, 2017</b>					
Segment assets	10,371,564,854	1,844,380,631	2,800,321,491	20,754,528,216	35,770,795,192
Unallocated assets					<u>13,138,216,543</u>
					<u>48,909,011,735</u>
Segment liabilities	8,255,389,405	1,159,985,256	3,703,940,688	10,697,150,012	23,816,465,361
Unallocated liabilities					<u>788,846,348</u>
					<u>24,605,311,709</u>

**10.3 Geographical information**

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

## Notes to the Condensed Interim Financial Statements (Un-audited)

### For the Quarter ended September 30, 2017

#### 11. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with associated companies during the period were as follows:

Relationship with the company	Name of transaction	Un-audited 30 September, 2017 Rupees	Un-audited 30 September, 2016 Rupees
I. Associates	Sale of goods and services	254,538,863	193,378,612
	Purchase of goods and services	188,474,180	111,966,950
	Electric power purchased	38,200,176	52,303,174
	Assets purchased	1,700,000	-
	Expenses charged to	2,378,744	456,811
	Expenses charged by	4,759,992	5,410,150
II. Other related parties	Contribution towards provident fund	3,483,752	2,896,102
	Rent expenses	-	241,154

#### 12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26 October, 2017 by the Board of Directors of the Company.

Lahore:  
Dated: October 26, 2017

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**SHAYAN ABDULLAH**  
DIRECTOR