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Company Profile

Board Of Directors

Chairman :

Mr. Mohammad Abdullah

Chief Executive :

Mr. Nadeem Abdullah

Director :

Mr. Shahid Abdullah

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Mr. Nabeel Abdullah

Mr. Shayan Abdullah

Independent Director:

Mr. Nadeem Karamat

Audit Committee

Chairman :

Mr. Nadeem Karamat

Member :

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Human Resource & Remuneration Committee :

Chairman :

Mr. Nadeem Karamat

Member :

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Chief Financial Officer :

Mr. Abdul Sattar

Secretary :

Mr. Zeeshan

Auditors :

Mushtaq & Company,
Chartered Accountants

Tax Consultants :

Mushtaq & Company,
Chartered Accountants

Legal Advisor :

A. K. Brohi & Company

Bankers :

Allied Bank Limited,
Habib Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
United Bank Limited,
Bank Alfalah Limited,
Bank Al Habib Ltd.

Share Registrar :

Hameed Majeed Associates (Pvt.) Ltd.

Registered Office :

212, Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.

Mills :

S. I. T. E. Kotri,
S. I. T. E. Nooriabad,
Chunian, District Kasur
Feroze Watwan,
Bhopattian, Lahore.

Vision

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality.

Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business , our customers and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning, the fostering of learning and the fostering of teamwork and the security of the safest work environment possible recognised as excellent citizen in the local and regional community through our financial and human resources support and our sensitivity to the environment.

Mission

Our mission is to be recognised as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers.

Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates.

We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

Notice of Annual General Meeting

Notice is hereby given that 50th Annual General Meeting of Sapphire Textile Mills Limited will be held on Wednesday, October 24, 2018 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 03:00 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended 30th June, 2018.
3. To approve and declare the final dividend.
4. To appoint auditors for the year ending 30th June 2019 and fix their remuneration. The board has recommended the name of M/s. EY Ford Rhodes Chartered Accountants, Lahore as statutory auditors of the company for the year ending June 30, 2019 in place of retiring Auditors, M/s Mushtaq & Company, Chartered Accountants.

Special Business

5. To approve by way of special resolution with or without modification the following resolutions in respect of related party transaction in terms of Section 208 of the Companies Act, 2017:

"RESOLVED THAT the related Parties transactions conducted during the year in which the majority of Directors are interested as disclosed in the note 40 of the unconsolidated financial statements for the year ended June 30, 2018 and specified in the Statement of Material Information under Section 134 (3) be and are hereby ratified, approved and confirmed."

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the financial year ending June 30, 2019.

"FURTHER RESOLVED that transactions approved by Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

Any other Business

6. To transact any other business with the permission of the chair.

(Attached to this Notice is a Statement of Material Facts covering the above- mentioned Special Business, as required under section 134(3) of the Companies Act, 2017).

By Order of the Board

Karachi
Dated: September 27, 2018

Zeeshan
Company Secretary

NOTE

- 1) Closure of share transfer books:

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 18th October, 2018 to 24th October, 2018 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 17th October, 2018, will be considered in time for the payment of dividend.

- 2) Participation in the Annual General Meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

- 3) Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.

Notice of Annual General Meeting

- 4) Any change of address of members should be immediately notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
- 5) The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:
 - a) For attending the meeting:
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.
 - b) For appointing proxies:
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
- 6) In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1)2012 dated July 05, 2012 dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.
- 7) Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends) Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, Sapphire Textiles Mills Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders.

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi (in case of shareholding in Physical Form).

1. Shareholders' Detail	
Name	
Folio# / CDS Account No.	
CNIC No. (Copy attached)	
Mobile/ Landline No.	
2. Shareholders' Bank Detail	
Title of Bank Account	
International Bank Account No. (IBAN)	
Bank's Name	
Branch Name and Address	

Notice of Annual General Meeting

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

- 8) (i) The Government of Pakistan through Finance Act, 2017 had made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:
- a) For filers of income tax returns: 15%
 - b) For non-filers of income tax returns: 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principal Share Holder		Joint Holder	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or, Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- 9) The Company shall provide video conference facility to its members for attending the Annual General Meeting at places other than the town in which general meeting is taking place, provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting:

"I/We, _____ of _____ being a member of Sapphire Textile Mills Ltd, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member

Notice of Annual General Meeting

Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2017

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company (SWPCL) Limited 17th February, 2014 & subsequently amended on 26th Oct, 2015	Collateral/security as may be required by the issuing bank to issue a Stand by Letter of Credit(SBLC) in PKR equivalent upto approximately USD 10 Million in order to secure certain obligations of SWPCL	SBLC = USD 2.73 million	This amount was amended in AGM held on 26th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve
Triconboston Consultancy Corporation (Private) Limited (TBCCPL) , 27th March 2017	By way of subscription in ordinary shares of PKR 10 (Pakistani Rupees Ten) each of TBCCPL in the PKR equivalent of up-to USD 46.5 Million from time to time over a period of two years.	Investment = USD 45.243 Million	STML has fully subscribed its share in accordance with the Sponsor Support Agreement signed between the Sponsors.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL) , 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue standby letters of credit together with any replacement standby letters of credit in order to secure the equity amount up-to USD 16.3 Million (United States Dollars Sixteen Million Three Hundred Thousand);	Nil	STML has fully subscribed its share of equity (57.125%) upfront before Financial Close.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL) , 27th March 2017	Security/ collateral as may be required by the issuing banks to issue an standby letter of credit (SBLC) for an amount of USD 5.25 Million in order to secure certain obligations of TBCCPL	SBLC = USD 5.222 million	This amount was approved in the EOGM passed on 27th March, 2017 in relation to issuance of Energy Purchase Agreement SBLC in favor of CPPA(G) Ltd.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL) , 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty Four Million);	Nil	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL) , 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million)	Nil	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required
Triconboston Consultancy Corporation (Private) Limited (TBCCPL) , 27th March 2017	To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Pproject, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/security trustee	SBLC = USD 11.3 Million	This amount of loan was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required

Notice of Annual General Meeting

Material Changes in Financial Statements of Associated Company

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in November, 2015 – the project is operating following best industry practices and is yielding satisfactory results.

Triconboston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. Item Number 5 of the notice – Ratification and approval of the related party transactions

The Company carries out transactions with its associates and related parties in accordance with its policies, applicable laws, regulations and with approval of board of directors of the company. However, during the year since majority of the Company's Directors are interested in certain transactions (by virtue of being the shareholder or common directorship), therefore due to absent of requisite quorum for approval in Board of Directors meeting, these transactions are being placed for the approval by shareholders in the Annual General Meeting.

All transactions with related parties to be ratified have been disclosed in the note 40 to the unconsolidated financial statements for the year ended June 30, 2018.

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business and periodically reviewed by the Board Audit Committee. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments made (in accordance with the approval of shareholders and board where applicable) and sharing of common expenses.

The nature of relationship with these related parties has also been indicated in the note 40.1 to the unconsolidated financial statements for the year ended June 30, 2018.

2. Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2019

The Company shall be conducting transactions with its related parties during the year ending June 30, 2019 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2019 and such transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

Review Report by the Chairman

The Board of Directors is performing its duties in accordance with law and in the best interest of company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Sapphire Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been assessed as Satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

Sapphire Textile Mills Limited Complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the board.

Karachi :

Dated: September 27, 2018

Mohammad Abdullah

Chairman

چیرمین کی جائزہ رپورٹ

کمپنی کے ڈائریکٹران اپنے فرائض قانون کے مطابق اور حصص یافتگان کے بہترین مفادات میں ادا کر رہے ہیں۔ سیفائر ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے ۲۰۱۸ء کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دوراندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی سرگرمیوں کو انداز سے پورا کرنا شامل ہیں۔

سیفائر ٹیکسٹائل ملز بورڈ کی تشکیل، طریقہ کار اور بورڈ اور اس کی کمیٹی کی میٹنگز کے سلسلے میں تمام قوانین کی پاس داری کرتا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت فراہم کئے گئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لئے باقاعدگی سے ملاقات کرتا ہے۔ بورڈ نے اپنے تمام اختیارات کا استعمال قانونی اور ریگولیشن کے مطابق کیا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

محمد عبداللہ
چیرمین

کراچی
27 ستمبر 2018ء

Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	2018	2017
Net Turnover	28,896,327	25,583,975
Gross Profit	3,536,240	2,677,818
Profit from Operations	3,340,232	3,944,310
Other Income	1,348,444	2,917,232
Profit before taxation	1,948,742	2,975,364
Profit after taxation	1,595,059	2,721,747

Review of Operations

During the year the Company has performed well due to continues availability of energy at reasonable cost, support from Government in the form of rebate and positive impact of currency devaluation on exports. The Company has achieved sales of Rs. 28.896 billion as compared to Rs. 25.584 billion in the corresponding year. The Gross profit as a percentage of sales stood at 12.24% as compared to 10.47% last year. Other income during the year decreased to Rs. 1.348 billion from Rs. 2.917 billion in the previous year. Other income was higher in previous year due to significant capital gain on sale of shares. The Profit before tax is Rs. 1.949 billion as compared to Rs. 2.975 billion in the corresponding year.

Appropriation of Profit

	Rupees In Thousand
Profit Before Taxation	1,948,742
Less: Taxation	
For the year	(305,227)
Prior year	47
Deferred	(48,503)
	(353,683)
Profit after taxation	1,595,059
Gain on remeasurement of staff retirement benefits - net of tax	(12,527)
Add: Unappropriated profit brought forward	12,082,120
	13,664,652
Unappropriated Profit Carried Forward	13,664,652
Subsequent Effects	
Proposed Final cash dividend for the year ended June 30, 2018	(321,330)
	13,343,322

Directors' Report to the Shareholders

Earnings per Share

The earnings per share for the year ended June 30, 2018 is Rs. 79.42 as compared to Rs. 135.52 for last year ended June 30, 2017.

Dividend

The Board of Directors of the company is pleased to recommend a cash dividend of 160% i.e. Rs.16 per share for the year ended June 30, 2018. (2017: 140%).

Future Prospects

Pakistan Textile industry has been under pressure to compete internationally due to high cost of doing business. The Government support in the form of availability of energy at reduced prices, continuation of rebate scheme and release of funds against rebate claims / tax refunds is imperative for industry to compete internationally.

The Company has invested heavily in value addition and hopes these efforts will yield long term positive results. In addition, investments in subsidiary companies are expected to generate good returns in coming years which will strengthen the profitability of the company.

Subsidiaries of Sapphire Textile Mills Limited

There are six (6) subsidiaries out of which four (4) are 100% equity owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products.

Business Diversification

For the purpose of Business Diversification and to meet shortage of electricity in the country the Company has decided to invest in Renewable Energy sector and as such has established the following five (5) subsidiaries:

2. Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir Sindh which started Commercial operations in November 2015 – the project is operating following best industry practices and is yielding satisfactory results.

3. Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018.

4. Sapphire Tech (Pvt.) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984 (now the Companies Act, 2017). The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Directors' Report to the Shareholders

5. Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

6. Sapphire Renewables Limited

Sapphire Renewables Limited, is wholly owned subsidiary of Sapphire Textile Mills Limited, incorporated on May 30, 2016. The main business of the company is to make investment in Renewable Energy Projects. The company has obtained certificate of commencement of business on August 19, 2016.

Board of Directors

The Board of Directors comprises of eight (8) Directors.

During the Year Four (4) meetings of the Board of Directors were held. The number of meetings attended by each Director is given hereunder:

Name	No of Meetings
Mr. Mohammad Abdullah	4
Mr. Shahid Abdullah	4
Mr. Nadeem Abdullah	4
Mr. Amer Abdullah	4
Mr. Yousuf Abdullah	4
Mr. Nabeel Abdullah	3
Mr. Shayan Abdullah	4
Mr. Nadeem Karamat	4

Audit Committee

The Audit Committee held Four (4) meetings during the year. Attendance by each member was as follows:

Name	No of Meetings
Mr. Amer Abdullah	4
Mr. Yousuf Abdullah	4
Mr. Nadeem Karamat	4

Human Resource & Remuneration Committee

The Board of Directors of the Company in compliance to the Code of Corporate Governance has formed a Human Resource & Remuneration Committee and two (2) meetings were held during the year.

Statement on Corporate and Financial Reporting Frame Work

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.

Directors' Report to the Shareholders

- b) The company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.
- f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- g) There are no doubts about the company's ability to continue as a going concern.
- h) There has been no material departure from the best practice of Corporate Governance.
- i) The key operating and financial data and key ratios of six years are annexed.
- j) The Company established Management Staff Gratuity Fund from July 1, 2005 which is initially for the Head office and will gradually be applicable to the other units/mills of the Company. The company has also introduced Employees' Provident Fund for the staff from July 1, 2006. The persons who join the Provident Fund will not be eligible for Gratuity Fund. Provision has been made in the accounts accordingly. The value of investment of Gratuity Fund and Provident Fund as on June 30, 2018 amounting Rs.20.327 million and Rs.227.974 million respectively.
- k) Following trade in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children.

450,000 Shares	Gifted by Mr. Nadeem Abdullah to Mr. Umer Abdullah
450,000 Shares	Gifted by Mrs. Noshaba Nadeem to Mr. Umer Abdullah

Code of Conduct

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the company.

Related Party Transactions

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of stock exchange in Pakistan. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note 40 to unconsolidated financial statements attached therein.

Details of pertinent related party transactions are placed before the Audit Committee, and upon recommendation of the Board Audit Committee, the same are placed before the Board of Directors for review and approval in accordance with regulatory requirements.

Corporate Environment, Health & Social Responsibility

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety especially with regards to the safe, production, delivery, storage and handling of the materials. Your company always ensures environment preservation and adopts all possible means for environment protection.

Directors' Report to the Shareholders

We maintain our commitment to raise the educational, health and environment standards of the community & made generous donations for health, education and social welfare projects as reported in Note no. 34.

Auditors

The present Auditors, M/s. Mushtaq & Company (Chartered Accountants) will retire in Annual General Meeting. In order to follow the best corporate governance practice of rotation of external auditors, the Board of Directors on recommendation of Audit Committee, proposes the appointment of M/s. EY Ford Rhodes, Chartered Accountants, as external auditor of the Company for the year ending June 30, 2019.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2018 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Acknowledgment

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

On behalf of the Board

Karachi :
Dated: September 27, 2018

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

ڈائریکٹر پورٹ برائے حصص یافتگان

بعد کے واقعات

مالی سال کے اختتام کے دوران اور رپورٹ ہذا کی تاریخ تک کمپنی کی مالی حالت میں کوئی بڑی تبدیلی یا معاہدے ظہور میں نہیں آئے۔

شکرگزاری

میںجمنٹ بورڈ آف ڈائریکٹرز، ریگولیٹری اتھارٹیز، شیئر ہولڈرز، صارفین، مالیاتی اداروں، سپلائرز کے تعاون اور عملہ اور ورکرز کی بے لوث خدمات کو سراہتے ہوئے ریکارڈ میں درج کرنا چاہتی ہے۔

منجانب بورڈ

محمد عبداللہ (ڈائریکٹر) ندیم عبداللہ (چیف ایگزیکٹو)

کراچی -

مورخہ 27 ستمبر 2018ء

ڈائریکٹر رپورٹ برائے حصص یافتگان

کوڈ آف کنڈکٹ (ضابطہ اخلاق)

کوڈ آف کنڈکٹ عمل میں لایا گیا اور کمپنی کے ہر ڈائریکٹر اور ملازمین سے تسلیم کرایا گیا۔

ریلیٹیڈ پارٹی ٹرانزیکشنز

کمپنی نے اسٹاک ایکس چینج آف پاکستان کے لسٹنگ ریگولیشن میں درج منتقلی کے اخراجات پر عمدہ عملدرآمد کے ساتھ تعمیل کی ہے۔ ریلیٹیڈ پارٹیوں کے ساتھ ٹرانزیکشنز آرم لینتھ، بلاکٹرول قیمتوں کے طریقہ کار کے مقابلہ میں طے شدہ قابل قبول نرخوں پر کئے گئے۔ رواں سال میں کمپنی نے ریلیٹیڈ پارٹی کے ساتھ ٹرانزیکشنز کی ہیں جس کی تفصیل سنگل اکاؤنٹ کے نوٹ نمبر ۳۸ میں درج ہیں۔ معتبر ریلیٹیڈ پارٹی کی لین دین کے بارے میں تفصیلات آڈٹ کمیٹی کے سامنے پیش کی جاتی ہے۔ ریگولیٹری ضروریات کے مطابق آڈٹ کمیٹی کی سفارشات کو جائزے کے لئے بورڈ کو پیش کیا جاتا ہے۔

کارپوریٹ ماحول، صحت اور سماجی ذمہ داریاں

کمپنی نے کام کی صورتحال ایسی رکھی ہے جو تمام ملازمین اور بڑے پیمانہ پر عوام کیلئے محفوظ اور صحت کے خدشہ سے پاک ہے ہماری پوری توجہ تمام پہلوؤں کو بہتر بنانے پر مرکوز ہے خصوصاً تحفظ، پروڈکشن، ڈیلیوری، اسٹوریج اور سامان کی نقل و حمل میں تحفظ کے ضمن میں۔ آپ کے کمپنی ہمیشہ ماحول کے تحفظ اور ماحولیاتی تحفظ کیلئے تمام ممکنہ اقدامات اختیار کرنے کو یقینی بناتی ہے۔ ہم تعلیم، صحت اور کمیونٹی کے ماحولیاتی معیار کو بلند کرنے کا عزم رکھتے ہیں اور صحت، تعلیم اور سماجی بہبود کے منصوبوں کیلئے عطیات دیتے ہیں جسکی تفصیل نوٹ نمبر ۳۴ میں دی ہوئی ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی (چارٹرڈ اکاؤنٹینٹس) کمپنی کے سالانہ جنرل اجلاس سے سبکدوش ہو جائیں گے۔ بہترین کارپوریٹ گورننس کی پیروی کرتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز ای وائے فورڈ روڈز (چارٹرڈ اکاؤنٹینٹس) کو آڈیٹر کے طور پر 30 جون 2019ء کے آڈٹ کے لئے تجویز کیا۔

شیئر ہولڈنگ کا طریقہ کار

30 جون 2018ء کو کمپنی کی شیئر ہولڈنگ کا طریقہ کار منسلک ہذا ہے۔ یہ گوشوارہ سیکشن (f)(2) 227 کمپنیز ایکٹ مجریہ 2017ء کے مطابق تیار کیا گیا ہے۔

ڈائریکٹر رپورٹ برائے حصص یافتگان

کارپوریٹ و فنانشل رپورٹنگ فریم ورک پر گوشوارہ

بورڈ آف ڈائریکٹرز مقررہ مدت میں کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ بزنس پلان اور ہدف چیف ایگزیکٹو طے کرتے ہیں اور بورڈ جائزہ لیتا ہے۔ بورڈ نے اعلیٰ درجہ کی کارپوریٹ گورننس قائم رکھنے کا تہیہ کر رکھا ہے۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کا جائزہ لیا اور تصدیق کی ہے کہ:

- (۱) مالیاتی گوشوارے اور ان پرنٹس کمپنیز ایکٹ ۲۰۱۷ء کے مطابق بنائے گئے ہیں۔ یہ امور کارکردگی کے نتائج نقد کے لین دین اور ایکویٹی میں تبدیلی کے بارے میں شفاف صورتحال پیش کرتے ہیں۔
- (۲) کمپنی نے اکاؤنٹس کی باقاعدہ کتب بنائی ہوئی ہیں۔
- (۳) مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں اختیار کی گئی ہیں اور مالیاتی تخمینے موزوں اور منصفانہ بنیادوں پر ہیں۔
- (۴) پاکستان میں نافذ العمل انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز مالیاتی گوشواروں کی تیاری میں بروئے عمل لائے گئے ہیں۔
- (۵) انٹرئل کنٹرول کا نظام رائج ہے اور انٹرئل آڈٹ جائزہ لیا جاتا ہے جس پر موثر طور پر عملدرآمد ہوتا ہے۔ جائزہ نگرانی کا مسلسل عمل اس کو مزید بہتر بنانے کیلئے ہے۔
- (۶) ٹیکس ڈیوٹیوں واجبات کی مد میں ادائیگی کے ضمن میں تمام واجب الادا قومی مکمل طور پر فراہم کر دی گئی ہیں اور جلد ادا کر دی جائیں گی یا جہاں طلب نہیں کی گئی ہے وہاں کٹوتی کر کے اکاؤنٹس کے نوٹس میں عارضی ادائیگیوں میں ظاہر کر دی گئی ہیں۔
- (۷) کمپنی کے برقرار رہنے اور مسلسل کام کرنے کی اہلیت میں کوئی شبہ نہیں۔
- (۸) کارپوریٹ گورننس پر بہترین عملدرآمد کوئی ٹھوس فروگزاشت نہیں ہوئی۔
- (۹) چھ سال کا فنانشل ڈیٹا، خاص آپریٹنگ اور خاص ریشوز منسلک ہذا ہیں۔
- (۱۰) کمپنی نے یکم جولائی ۲۰۰۵ء سے مینجمنٹ اسٹاف گریجویٹ فنڈ قائم کر دیا ہے جو ابتداء ہیڈ آفس کیلئے ہے اور بتدریج کمپنی کے دیگر یونٹوں/ملوں میں نافذ العمل ہوگا۔ کمپنی نے یکم جولائی ۲۰۰۶ء سے عملہ کیلئے ایمپلائز پراویڈنٹ فنڈ بھی متعارف کرا دیا ہے۔ پراویڈنٹ فنڈ میں شمولیت کرنے والے افراد گریجویٹ فنڈ کے اہل نہ ہوں گے اور اس کی پروویژن اکاؤنٹس میں ڈال دی گئی ہے۔ گریجویٹ فنڈ اور پراویڈنٹ فنڈ میں سرمایہ کاری کی مالیت ۳۰ جون ۲۰۱۸ء کو بالترتیب ۲۰.۳۲۷ ملین روپے اور ۲۲۷.۹۷۴ ملین روپے تک ہو گئی تھی۔
- (۱۱) ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے اہل خانہ اور نابالغ بچوں نے کمپنی کے حصص کا مندرجہ ذیل کاروبار کیا۔

ندیم عبداللہ صاحب نے عمر عبداللہ صاحب کو تحفے میں دیئے

450,000 shares

نوشابہ ندیم محترمہ نے عمر عبداللہ صاحب کو تحفے میں دیئے

450,000 shares

ڈائریکٹر پورٹ برائے حصص یافتگان

6- سیفائر نیویگیشن لمیٹڈ

سیفائر نیویگیشن لمیٹڈ، مکمل طور پر سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی سبڈییری ہے جو 30 مئی 2016ء کو تشکیل ہوئی تھی۔ کمپنی کا اصل کاروبار ریونیبل انرجی پروجیکٹس میں سرمایہ کاری ہے۔ کمپنی کو 19 اگست 2016ء کو کاروبار کے آغاز کا سرٹیفکیٹ حاصل ہوا ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز آٹھ (8) ڈائریکٹرز پر مشتمل ہے۔ سال رواں کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ فی ڈائریکٹر اجلاس میں شرکت کی تفصیل حسب ذیل ہے:

نام	اجلاس کی تعداد
جناب محمد عبداللہ	4
جناب شاہد عبداللہ	4
جناب ندیم عبداللہ	4
جناب عامر عبداللہ	4
جناب یوسف عبداللہ	4
جناب نبیل عبداللہ	3
جناب شایان عبداللہ	4
جناب ندیم کرامت	4

آڈٹ کمیٹی

سال رواں کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ فی ممبر شرکت کی تفصیل حسب ذیل ہے:

نام	اجلاس کی تعداد
جناب عامر عبداللہ	4
جناب یوسف عبداللہ	4
جناب ندیم کرامت	4

افراد قوت اور مشاہیرہ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک افرادی قوت و مشاہیرہ کمیٹی تشکیل دی ہے جس کی سال رواں کے دوران دو (2) اجلاس منعقد ہوئے ہیں۔

ڈائریکٹر رپورٹ برائے حصص یافتگان

سیفائر ٹیکسٹائل ملز لمیٹڈ کی سبسڈیریاں

کمپنی کی چھ (6) سبسڈیریاں ہیں جن میں سے چار (4) سیفائر ٹیکسٹائل ملز لمیٹڈ کی سو فیصد ایکویٹی ملکیت ہیں۔ تمام سبسڈیریوں کا مختصر جائزہ مندرجہ ذیل ہے:

1- سیفائر ٹیکسٹائل لمیٹڈ

سیفائر ٹیکسٹائل لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسڈیری ہے۔ اس سبسڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے ”سیفائر برانڈ“ ٹیکسٹائل آؤٹ لیٹس چلانا ہے۔

کاروباری تبدیلی

کاروباری تبدیلی کے مقصد سے اور ملک میں بجلی کی قلت سے نبٹنے کیلئے کمپنی نے Renewable Energy کے شعبہ میں سرمایہ کاری کا فیصلہ کیا ہے اور مندرجہ ذیل پانچ (5) سبسڈیریاں قائم کی گئی ہیں۔

2- سیفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی 70 فیصد سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیت اور 30 فیصد بینک الفلاح لمیٹڈ کی ملکیت ہے۔ کمپنی نے جھمپیر میں 52.80 میگا واٹ کی گنجائش کے ونڈ فارم لگائے ہیں جنہوں نے نومبر 2015ء میں تجارتی سرگرمیاں شروع کر دی ہیں۔ پروجیکٹ بہترین صنعتی عمل انجام دے رہا ہے اور اطمینان بخش نتائج حاصل ہو رہے ہیں۔

3- ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ جھمپیر سندھ میں پاکستانی قوانین کے تحت تشکیل پائی ہے اور 3X50 میگا واٹ ونڈ انرجی کے (3) پروجیکٹس چلا رہی ہے۔ تینوں پروجیکٹ کی تجارتی سرگرمیاں ستمبر 2018 سے کامیابی کے ساتھ شروع ہو گئی ہیں۔

4- سیفائر ٹیک (پرائیویٹ) لمیٹڈ

سیفائر ٹیک (پرائیویٹ) لمیٹڈ کمپنیز آرڈیننس مجریہ 1984ء (موجودہ کمپنی ایکٹ، 2017) کے تحت تشکیل پائی۔ سبسڈیری الیکٹرک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔ یہ سو فیصد ایکویٹی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

5- سیفائر سولر (پرائیویٹ) لمیٹڈ

سیفائر سولر (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی سبسڈیری ہے۔ آلٹرنیٹو انرجی ڈیولپمنٹ بورڈ سے LO1 ایک آئی پی پی 10 میگا واٹ سولر انرجی پروجیکٹ کی تشکیل منسوخ ہو گئی ہے۔ یہ سو فیصد ایکویٹی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

ڈائریکٹر رپورٹ برائے حصص یافتگان

روپے (ہزاروں میں)

1,948,742

(305,227)

47

(48,503)

(353,683)

1,595,059

(12,527)

12,082,120

13,664,652

منافع کے حصول

منافع قبل از ٹیکسیشن

ٹیکس جات:

موجودہ سال

گزشتہ سال

موخر

منافع بعد از ٹیکس

عملہ کے ریٹائرمنٹ مراعات پر نظر ثانی

میں اضافہ۔ ٹیکس کے علاوہ

مزید: غیر تخمینہ منافع آگے بڑھانا

تفصیلات

30 جون 2018ء کو مکمل ہونیوالے سال

حتمی ڈیویڈنڈ

(321,330)

13,343,322

غیر تخمینہ منافع۔ آگے بڑھانا

فی حصص آمدنی

30 جون 2018ء کو مکمل ہونے والے سال کیلئے فی حصص آمدنی 79.42 روپے ہے جبکہ اس کے مقابلے میں فی حصص آمدنی گزشتہ

30 جون 2017ء میں 135.52 روپے ہے۔

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 16 روپے یعنی 160 فیصد 30 جون 2018ء کا مشورہ پیش کرتے ہیں۔

(2017: 140%)

آئندہ کا لائحہ عمل (پروپسیکٹس)

پاکستانی ٹیکسٹائل کاروبار کرنے کی لاگت میں اضافہ کی وجہ سے عالمی سطح پر مقابلے میں دباؤ کا شکار ہے۔ گورنمنٹ کی سپورٹ بجلی کی قیمت میں کمی، ری بیٹ اسکیم کے تسلسل اور ری بیٹ کے ریفرنڈ کی صورت میں انڈسٹری کے عالمی مقابلے کے لئے اہم ہے۔ کمپنی نے بھاری مالیت کی سرمایہ کاری کی ہے اور امید ہے کہ اس جدوجہد کے طویل المدتی مثبت نتائج حاصل ہوں گے۔ کمپنی اپنی سبڈریوں میں انویسٹمنٹ سے اچھا منافع منقسمہ کی امید رکھتی ہے۔

ڈائریکٹر رپورٹ برائے حصص یافتگان

ڈائریکٹر 30 جون 2018ء کو ختم ہونے والے سال کیلئے سالانہ آڈٹ کردہ مالیاتی اسٹیٹمنٹ بمعہ اپنی رپورٹ نہایت مسرت کے ساتھ پیش کرتے ہیں۔

اس سال کیلئے مالیاتی نتائج درج ذیل ہیں:

مالیاتی نتائج:

2017 جون 30	2018 جون 30
رقم ہزاروں میں	
25,583,975	28,896,327
2,677,818	3,536,240
3,944,310	3,340,232
2,917,232	1,348,444
2,975,364	1,948,742
2,721,747	1,595,059

نیٹ کل فروخت

مجموعی منافع

آپریشن سے منافع

دیگر ذرائع سے آمدنی

قبل از ٹیکس منافع

بعد از ٹیکس منافع

کاروباری کارکردگی کا جائزہ:

رواں سال میں کمپنی کی بہتر کارکردگی کی وجہ مناسب قیمت پر توانائی کی مسلسل دستیابی، رپیٹ کی صورت میں گورنمنٹ کی سپورٹ اور برآمدگی پر روپے کی قدر میں کمی کے مثبت اثر ہیں۔ کمپنی نے اس سال 28.896 بلین روپے کی فروخت حاصل کی جب کہ گزشتہ سال کمپنی کی فروخت 25.584 بلین روپے تھی۔ فروخت پر مجموعی منافع 12.24 فیصد ہوا جبکہ گزشتہ سال 10.47 فیصد تھا۔ سال رواں کے دوران دیگر ذرائع سے آمدنی کم ہو کر 1.348 بلین رہی جبکہ گزشتہ سال دیگر آمدنی 2.917 بلین تھی۔ گزشتہ سال دیگر آمدنی میں یہ اضافہ دراصل انویسٹمنٹ کی سیل پر منافع میں اضافہ کے باعث ہوا۔ قبل از ٹیکس منافع 1.949 بلین روپے ہے جبکہ گزشتہ سال 2.975 بلین روپے تھا۔

Six Years Growth at a Glance

YEARS		2018	2017	2016	2015	2014	2013
		----- (Rupees in Million) -----					
Sales		28,896.33	25,583.98	23,110.56	23,315.33	25,411.30	25,283.15
Gross Profit		3,536.24	2,677.82	2,562.57	2,607.73	2,788.03	4,204.86
Profit Before Tax		1,948.74	2,975.36	1,736.72	1,178.39	1,270.21	2,365.97
Profit After Tax		1,595.06	2,721.75	1,448.21	1,034.15	983.40	2,136.47
Share Capital		200.83	200.83	200.83	200.83	200.83	200.83
Shareholder's Equity		16,022.25	16,994.75	14,903.98	14,370.18	13,340.62	11,398.28
Fixed Assets - Net		11,449.11	10,609.98	9,559.60	8,920.46	8,247.40	5,943.04
Total Assets		42,330.15	42,415.54	31,800.66	28,087.80	22,050.55	18,842.13
DIVIDEND - Cash	%	160	140	140	100	100	210
RATIOS:							
Profitability							
Gross Profit	%	12.24	10.47	11.09	11.18	10.97	16.63
Profit Before Tax	%	6.74	11.63	7.51	5.05	5.00	9.36
Profit After Tax	%	5.52	10.64	6.27	4.44	3.87	8.45
Return To Shareholders							
R.O.E-Before Tax	%	12.16	17.51	11.65	8.20	9.52	20.76
R.O.E After Tax	%	9.96	16.02	9.72	7.20	7.37	18.74
Basic E.P.S-After Tax	Rs.	79.42	135.52	72.11	51.49	48.97	106.38
Activity							
Sales To Total Assets	Times	0.68	0.60	0.73	0.83	1.15	1.34
Sales To Fixed Assets	Times	2.52	2.41	2.42	2.61	3.08	4.25
Liquidity/Leverage							
Current Ratio		1.18:1	1.19:1	1.20:1	1.18:1	1.40:1	1.49:1
Debt Equity Ratio	Times	0.80	0.78	0.45	0.35	0.18	0.09
Total Liabilities to Equity.	Times	1.64	1.50	1.13	0.95	0.65	0.65
Break up value per share	Rs.	797.80	846.22	742.11	715.53	664.27	567.56

Independent Auditor's Review Report

To the members of Sapphire Textile Mills Limited
on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Sapphire Textile Mills Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Place: Karachi
Dated: September 27, 2018

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra, (FCA)

Statement Of Compliance With Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company **SAPPHIRE TEXTILE MILLS LIMITED** year ended June 30, 2018.

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Regulations in the following manner:

1. The total number of directors are 08 as per the following:

- a. Male: 08
- b. Female: Nil

2. The composition of the Board is as follows

Category	Names
Independent Director	Mr. Nadeem Karamat
Executive Directors	Mr. Nadeem Abdullah Mr. Nabeel Abdullah
Non-Executive Directors	Mr. Mohammad Abdullah Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of Directors of the Company are exempted from the requirement of directors' training program under the criteria prescribed by the Code of Corporate Governance and the rest of the Directors are trained.
10. There was no new appointment of CFO / Company Secretary and Head of Internal Audit during the year.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

Statement Of Compliance With Listed Companies (Code of Corporate Governance) Regulations, 2017

12. The Board has formed committees comprising of members given below:
- a) Audit Committee
 - Mr. Nadeem Karamat (Chairman)
 - Mr. Yousuf Abdullah (Member)
 - Mr. Amer Abdullah (Member)
 - b) HR and Remuneration Committee
 - Mr. Nadeem Karamat (Chairman)
 - Mr. Amer Abdullah (Member)
 - Mr. Yousuf Abdullah (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- a) Audit Committee [Quarterly]
 - b) HR and Remuneration Committee [Bi-annually]
15. The Board has set up an effective Internal Audit Function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the Partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Karachi
Dated: 27th September, 2018

MOHAMMAD ABDULLAH **NADEEM ABDULLAH**
CHAIRMAN CHIEF EXECUTIVE

Independent auditor's report to the members of Sapphire Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sapphire Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Key audit matter(s)	How the matter was addressed in our audit
<p>1 Preparation of Financial Statements Under Companies Act, 2017</p> <p>As referred in note 4.4 to the annexed financial statements, the Companies Act, 2017 (the Act) had been promulgated on May 30, 2017. The financial statements for year ended as on June 30, 2018 are prepared under first time application of the Act.</p> <p>The Act and 4th schedule has revised the disclosure requirements of repealed Companies Ordinance 1984 and 4th Schedule. Some disclosures which are duplicative to the IFRS disclosures requirements are eliminated and some additional significant disclosures are required.</p> <p>Management performed the comparison of old and new disclosure requirements of 4th schedule in order to identify the changes in new reporting framework and assessed the impacts of such changes.</p> <p>This transition to new reporting framework is considered as key audit matter because of their significant impacts in the financial statements.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> - We obtained an understanding of the related provisions and schedules of the Act applicable to the Company and prepared a checklist to assess the Company's compliance with the disclosure requirement of the Act and 4th schedule. - Discussed with the management and those charged with governance about how the Company is in compliance with all such changes. <p>We ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act.</p>

Independent auditor's report to the members of Sapphire Textile Mills Limited

Report on the Audit of the Financial Statements

2 Valuation of Inventory

We refer to accounting policies, note 12 & 13.

The total value of inventory consisting of Stores and Stocks as of June 30, 2018, is amounted to Rs. 5.86 billion representing 13.84 % of the total assets (2017: Rs. 5.75 billion, 13.56 % of the total assets). Inventories are measured at the lower of cost and net realizable value. As a result, the management apply judgement in determining the appropriate values for slow-moving or obsolete items.

The inventory is material to our audit because the inventory is exposed to price fluctuation due to market factors. The valuation of Finished Goods also involves complex methods of allocation of factory overheads to inventory.

Due to above said factors, inventory costing was considered a significant risk of inventory overvaluation.

We checked the appropriateness of management's assumptions applied in calculating the value of the inventory and provisions by:

- assessing the Company's accounting policies over recognizing inventory in compliance with applicable accounting standards;
- attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;
- evaluating the design and implementation of key inventory controls;
- testing the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value, obtained through a detailed review of sales subsequent to the year-end;
- assessing whether bases of allocation of the variable and fixed costs are reasonable; and
- an analytic review was also performed on inventory.

We assessed the Company's disclosures in the financial statements in respect of inventory.

3 Contingent Liabilities

The Company has disclosed significant open legal cases and other contingencies in Note 29. The assessment of the existence of the present legal obligation, and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures.

Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.

As part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with IAS 37 requirements.

We have analyzed significant changes from prior periods and obtained an understanding of these items and assumptions applied.

We have obtained legal representation letters on the main outstanding legal cases. As part of our audit procedures we have reviewed minutes of board meetings.

We have held regular meetings with management and legal counsels. We have assessed the appropriateness of presentation in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises chairman's review report, director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Sapphire Textile Mills Limited Report on the Audit of the Financial Statements

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the members of Sapphire Textile Mills Limited Report on the Audit of the Financial Statements

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mushtaq Ahmed Vohra, FCA.

Karachi.

Dated: September 27, 2018

MUSHTAQ & CO

Chartered Accountants

Statement of Financial Position

as at June 30, 2018

	Note	2018 ----- Rupees -----	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	11,415,325,178	10,575,291,482
Investment property	7	31,750,000	31,750,000
Intangible assets	8	2,035,188	2,943,337
Long term investments	9	14,926,618,637	17,512,696,959
Long term loans and advances	10	518,741,452	296,798,432
Long term deposits	11	88,434,708	82,182,808
		26,982,905,163	28,501,663,018
CURRENT ASSETS			
Stores, spares and loose tools	12	390,369,902	329,519,474
Stock in trade	13	5,471,700,519	5,424,521,859
Trade debts	14	2,947,183,401	1,723,627,585
Loans and advances	15	119,636,806	369,434,725
Trade deposits and short term prepayments	16	7,839,896	17,459,152
Other receivables	17	566,397,978	266,589,119
Other financial assets	18	4,103,068,742	4,048,906,258
Tax refunds due from Government	19	1,685,599,982	1,661,686,845
Cash and bank balances	20	55,448,646	72,134,493
		15,347,245,872	13,913,879,510
TOTAL ASSETS		42,330,151,035	42,415,542,528
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid up capital	21	200,831,400	200,831,400
Reserves		15,821,423,802	16,793,923,250
		16,022,255,202	16,994,754,650
NON-CURRENT LIABILITIES			
Long term financing	22	12,857,957,903	13,325,515,200
Deferred liabilities	23	478,375,674	405,432,998
		13,336,333,577	13,730,948,198
CURRENT LIABILITIES			
Trade and other payables	25	3,867,282,911	3,106,559,172
Accrued Interest / mark-up	26	184,774,201	175,351,733
Unclaimed dividend		1,309,519	1,361,643
Short term borrowings	27	7,302,116,241	7,463,846,283
Current portion of long term payable	24	-	5,794,320
Current portion of long term financing	22	1,139,457,250	557,461,636
Provision for taxation	28	476,622,134	379,464,893
		12,971,562,256	11,689,839,680
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		42,330,151,035	42,415,542,528

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
Net Turnover	30	28,896,327,034	25,583,975,268
Cost of sales	31	(25,360,086,618)	(22,906,156,922)
Gross profit		3,536,240,416	2,677,818,346
Distribution cost	32	(1,011,944,024)	(925,752,838)
Administrative expenses	33	(413,537,884)	(360,275,393)
Other operating expenses	34	(118,970,100)	(364,712,412)
Other income	35	1,348,444,070	2,917,232,076
		(196,007,938)	1,266,491,433
Profit from operations		3,340,232,478	3,944,309,779
Finance cost	36	(1,391,490,732)	(968,945,979)
Profit before taxation		1,948,741,746	2,975,363,800
Taxation			
Current			
- for the year		(305,227,121)	(298,606,425)
- prior year		46,892	8,771,354
Deferred		(48,502,497)	36,217,866
	37	(353,682,726)	(253,617,205)
Profit after taxation for the year		1,595,059,020	2,721,746,595
Earnings per share - basic and diluted	38	79.42	135.52

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Statement of Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	----- Rupees -----	
Profit after taxation for the year	1,595,059,020	2,721,746,595
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized (loss) / gain on remeasurement of available for sale investments	(2,575,444,139)	1,980,839,584
Reclassification adjustments for gain on available for sale investments included in profit and loss account	(5,002,843)	(2,040,163,471)
	(2,580,446,982)	(59,323,887)
Forward foreign currency contracts		
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	33,179,839	(24,558,804)
Reclassification adjustments relating to (loss) / gain realized on settlement of forward foreign currency contracts	(7,764,396)	8,397,204
	25,415,443	(16,161,600)
Items that may not be reclassified subsequently to profit and loss		
(Loss) / gain on remeasurement of staff retirement benefits	(13,604,382)	7,398,993
Impact of deferred tax	1,077,453	(558,698)
	(12,526,929)	6,840,295
Other comprehensive loss for the year	(2,567,558,468)	(68,645,192)
Total comprehensive (loss) / income for the year	(972,499,448)	2,653,101,403

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018	2017
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	2,871,033,352	1,510,384,950
Long term loans and deposits		3,805,080	5,527,633
Finance cost paid		(1,380,599,033)	(915,038,386)
Staff retirement benefits - gratuity paid		(76,488,022)	(132,701,566)
Taxes paid		(231,936,125)	(233,415,510)
		(1,685,218,100)	(1,275,627,829)
Net cash generated from operating activities		1,185,815,252	234,757,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,039,969,109)	(2,111,513,298)
Purchase of intangibles		(500,000)	-
Investment in associates and subsidiaries		(513,049,480)	(5,224,984,841)
Investment others		(500,000)	(6,075,995,688)
Loans to subsidiaries		30,150,000	(250,000,000)
Proceeds from disposal of property, plant and equipment		96,841,993	39,143,772
Proceeds from sale of investments		505,109,950	4,824,068,214
Dividend received		705,145,255	757,592,070
Interest received		60,901,641	10,981,733
Rental income received		712,500	50,000
Net cash used in investing activities		(1,155,157,250)	(8,030,658,038)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(161,401,686)	2,804,145,374
Proceeds from long term financing		2,012,968,000	8,229,846,474
Repayment of long term financing		(1,898,529,683)	(2,704,430,041)
Dividend paid		(52,124)	(562,000,246)
Net cash (used in) / generated from financing activities		(47,015,493)	7,767,561,561
Net decrease in cash and cash equivalents		(16,357,491)	(28,339,356)
Cash and cash equivalents at the beginning of the year		70,966,102	99,305,458
Cash and cash equivalents at the end of the year		54,608,611	70,966,102
Cash and cash equivalents			
Cash and bank balances		55,448,646	72,134,493
Book overdrafts - unsecured		(840,035)	(1,168,391)
Cash and cash equivalents at the end of the year		54,608,611	70,966,102

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2018

	Share Capital		Reserves				Other Components of equity				Total Equity
	Capital		Revenue		SUB TOTAL	Unrealized gain / (loss)			SUB TOTAL		
	Share Premium	Fixed Assets Replacement	General Reserves	Unappropriated Profit		On available for sale investments	On forward foreign exchange contracts				
-----Rupees -----											
Balance as at July 01, 2016	200,831,400	156,202,200	65,000,000	1,330,000,000	9,915,860,888	11,467,063,088	3,227,689,475	8,397,204	3,236,086,679	14,903,981,167	
Total comprehensive income for the year ended June 30, 2017											
Profit after taxation for the year	-	-	-	-	2,721,746,595	2,721,746,595	-	-	-	2,721,746,595	
Other comprehensive income / (loss) for the year	-	-	-	-	6,840,295	6,840,295	(59,323,887)	(16,161,600)	(75,485,487)	(68,645,192)	
	-	-	-	-	2,728,586,890	2,728,586,890	(59,323,887)	(16,161,600)	(75,485,487)	2,653,101,403	
Transaction with owners											
Final dividend for the year ended June 30, 2016 @ Rs. 14 per share	-	-	-	-	(281,163,960)	(281,163,960)	-	-	-	(281,163,960)	
Interim dividend for the year ended June 30, 2017 @ Rs.14 per share	-	-	-	-	(281,163,960)	(281,163,960)	-	-	-	(281,163,960)	
Balance as at June 30, 2017	200,831,400	156,202,200	65,000,000	1,330,000,000	12,082,119,858	13,633,322,058	3,168,365,588	(7,764,396)	3,160,601,192	16,994,754,650	
Balance as at July 01, 2017	200,831,400	156,202,200	65,000,000	1,330,000,000	12,082,119,858	13,633,322,058	3,168,365,588	(7,764,396)	3,160,601,192	16,994,754,650	
Total comprehensive loss for the year ended June 30, 2018											
Profit after taxation for the year	-	-	-	-	1,595,059,020	1,595,059,020	-	-	-	1,595,059,020	
Other comprehensive (loss) / income for the year	-	-	-	-	(12,526,929)	(12,526,929)	(2,580,446,982)	25,415,443	(2,555,031,539)	(2,567,558,468)	
	-	-	-	-	1,582,532,091	1,582,532,091	(2,580,446,982)	25,415,443	(2,555,031,539)	(972,499,448)	
Balance as at June 30, 2018	200,831,400	156,202,200	65,000,000	1,330,000,000	13,664,651,949	15,215,854,149	587,918,606	17,651,047	605,569,653	16,022,255,202	

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:

Dated: September 27, 2018

Nadeem Abdullah
Chief ExecutiveMohammad Abdullah
DirectorAbdul Sattar
Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2018

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and Provision of and directives issued under the Companies Act, 2017. Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

2.3 Functional and presentation currency

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

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 5.1, 5.2 and 5.3]
- b) Classification and valuation of investments [note 5.4]
- c) Provision for obsolete and slow moving stores, spares and loose tools [note 5.5]
- d) Net realisable values of stock-in-trade [note 5.6]
- e) Provision for doubtful debts [note 5.7]
- f) Provision for employees' retirement benefits [note 5.10]
- g) Provision for taxation [note 5.12]

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 01, 2017:

Notes to the Financial Statements

For the year ended June 30, 2018

Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 01, 2017. The amendment clarifies that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The Company's current accounting treatment is already in line with the requirements of this standard.

Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 01, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only resulted in some additional disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 01, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 01, 2018). The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The Company has yet to assess the impact of this standard on its financial statements.

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

4.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4.4 New disclosure requirements due to adoption of Companies Act, 2017

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the international financial reporting standards. The relevant notes have been updated accordingly.

Notes to the Financial Statements

For the year ended June 30, 2018

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit or loss.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

5.2 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of land. The company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets.

5.3 Intangible assets

Intangible assets (including computer software) acquired by the company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to profit and loss account on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

5.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investment in subsidiary and associated companies

Investments in subsidiaries and associates are recognized at cost less impairment loss, if any. At each reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

Notes to the Financial Statements

For the year ended June 30, 2018

Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the statement of profit or loss.

All purchases and sales are recognized on the trade date which is the date that the company commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.5 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

5.6 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

5.9 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.10 Employee benefits

Compensated absences

The company accounts for all accumulated compensated absences in the period in which absences accrue.

Notes to the Financial Statements

For the year ended June 30, 2018

Defined benefit plan

The company operates an unfunded gratuity scheme for its eligible permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each reporting date. The amount arising as a result of remeasurement are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

Defined Contribution Plan

There is an approved contributory provident fund for its eligible permanent employees as per terms of employment for which contributions are charged to income for the year.

The Company and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary. The assets of the fund are held separately under the control of trustees.

5.11 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.12 Taxation

Current year

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.13 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.15 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Notes to the Financial Statements

For the year ended June 30, 2018

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.16 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

The grants are disclosed as a deduction from the related expense.

5.17 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its' commencing.

5.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.19 Impairment

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the statement of profit or loss.

5.20 Financial instruments

Financial assets

5.20.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Company has the positive intent and ability to hold to maturity. There were no held to maturity investments as at reporting date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

Notes to the Financial Statements

For the year ended June 30, 2018

5.20.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'. 'Financial assets carried at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the statement of profit or loss. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the statement of profit or loss when the Company's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.20.3 Measurement

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the statement of profit or loss in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the statement of profit or loss.

5.20.4 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the statement of profit or loss for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the statement of profit or loss.

5.20.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

5.20.6 Derivative financial instruments

The Company designates derivative financial instruments as either cash flow hedge or fair value hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Amounts accumulated in equity are reclassified to the statement of profit or loss in the periods in which the hedged item will affect the statement of profit or loss.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Notes to the Financial Statements

For the year ended June 30, 2018

The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

c) Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the obliging instrument/ contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

5.21 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.22 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Act, 2017.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2018 ----- Rupees -----	2017
Operating fixed assets	6.1	11,023,834,392	10,253,726,053
Capital work-in-progress	6.6	391,490,786	321,565,429
		<u>11,415,325,178</u>	<u>10,575,291,482</u>

Notes to the Financial Statements

For the year ended June 30, 2018

6.1 Operating fixed assets

	June 30, 2018																	
	Land		On free- hold				On lease- hold				Rupees							
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment	Mills equipment	Furniture & fixture	Vehicles	Total
At July 01, 2017																		
Cost	317,957,458	106,108,377	2,081,191,450	435,593,868	259,409,100	313,046,843	73,619,838	89,436,813	12,908,818,419	499,358,479	19,771,018	66,893,727	71,191,593	39,873,281	93,279,414	66,472,881	344,589,391	17,785,811,950
Accumulated depreciation	-	-	(926,282,986)	(143,048,166)	(44,092,229)	(191,335,847)	(22,291,778)	(51,266,457)	(5,641,139,705)	(993,548,095)	(4,833,932)	(27,731,969)	(44,541,595)	(28,904,146)	(37,460,177)	(22,738,433)	(153,470,992)	(7,531,885,897)
Net book value	317,957,458	106,108,377	1,154,909,054	292,545,702	214,316,871	121,710,996	51,328,060	38,170,356	7,267,678,634	305,810,384	15,737,086	39,161,758	26,650,088	10,969,135	55,819,237	43,734,448	191,118,409	10,253,726,053
Year ended June 30, 2018																		
Additions	6,301,600	8,930,000	109,693,337	5,702,612	144,914,648	2,400,000	4,591,725	-	1,583,400,329	9,944,509	131,800	1,379,200	11,408,256	1,033,500	4,890,031	2,114,504	73,207,701	1,970,043,752
Disposals:																		
- Cost									326,850,232				2,628,895				59,035,821	388,514,948
- Depreciation									(247,892,177)				(1,775,621)				(35,542,229)	(285,210,027)
Depreciation charge for the year	-	-	(123,454,971)	(14,461,261)	(12,172,842)	(11,548,969)	(3,027,892)	(7,634,071)	(823,325,927)	(30,991,390)	(1,714,482)	(4,036,876)	(9,444,158)	(1,124,642)	(5,721,975)	(4,463,619)	(43,507,417)	(1,096,630,492)
Closing net book value - June 30, 2018	324,259,058	115,038,377	1,141,147,420	283,787,053	347,058,677	112,562,027	52,891,893	30,536,285	7,948,794,981	284,763,503	14,154,404	36,504,082	27,760,912	10,877,993	54,987,293	41,385,333	197,325,101	11,023,834,392
As at June 30, 2018																		
Cost	324,259,058	115,038,377	2,190,884,787	441,296,480	403,323,748	315,446,843	78,211,563	89,436,813	14,165,368,516	509,302,988	19,902,818	68,272,927	79,970,954	40,906,781	98,169,445	68,587,385	358,761,271	19,367,140,754
Accumulated depreciation	-	-	(1,049,737,367)	(157,509,427)	(56,265,071)	(202,884,816)	(25,319,670)	(58,900,528)	(6,216,573,535)	(224,539,485)	(5,748,414)	(31,768,845)	(52,210,042)	(30,028,788)	(43,182,152)	(27,202,052)	(161,436,170)	(8,343,306,362)
Net book value - 2018	324,259,058	115,038,377	1,141,147,420	283,787,053	347,058,677	112,562,027	52,891,893	30,536,285	7,948,794,981	284,763,503	14,154,404	36,504,082	27,760,912	10,877,993	54,987,293	41,385,333	197,325,101	11,023,834,392
Depreciation rate % per annum																		
	-	-	10	5	5	10	5	20	10	10	10	10	30	10	10	10	10	20

Notes to the Financial Statements

For the year ended June 30, 2018

	June 30, 2017																		
	Land		On free - hold			On lease - hold			Plant & machinery		Electric installations	Fire fighting equipment	Electric equipments	Computers	Office equipments	Mills equipments	Furniture & fixtures	Vehicles	Total
	Free - hold	Lease - hold	Factory building	Office building	Labour, staff colony and others	Factory building	Labour, staff colony and others	Leased building improvements											
Rupees																			
At July 01, 2016																			
Cost	211,956,245	92,899,377	1,828,540,203	387,645,742	258,409,100	271,812,585	38,109,815	89,436,813	11,417,452,051	472,040,967	11,886,431	62,775,735	62,821,539	39,873,281	85,981,826	55,640,776	305,749,549	15,693,032,035	
Accumulated depreciation	-	-	(800,501,606)	(130,042,612)	(32,812,394)	(179,958,076)	(19,982,632)	(41,723,868)	(5,011,588,636)	(161,415,982)	(2,441,043)	(23,482,600)	(35,179,730)	(27,703,729)	(36,000,947)	(18,303,628)	(133,689,859)	(6,654,807,342)	
Net book value	211,956,245	92,899,377	1,028,038,597	257,603,130	225,596,706	91,854,509	18,127,183	47,712,945	6,405,863,415	310,624,985	9,445,388	39,293,135	27,641,809	12,169,552	49,980,879	37,337,148	172,059,690	9,038,224,693	
Year ended June 30, 2017																			
Additions	106,001,213	13,209,000	252,651,247	47,948,126	-	41,234,258	35,510,023	-	1,635,548,185	27,317,512	7,884,387	4,117,992	9,562,819	-	11,407,499	10,832,105	71,338,934	2,274,563,500	
Disposals:																			
- Cost	-	-	-	-	-	-	-	-	144,181,817	-	-	-	1,192,765	-	4,109,911	-	32,499,092	181,983,585	
- Depreciation	-	-	-	-	-	-	-	-	(124,437,551)	-	-	-	(800,499)	-	(3,969,263)	-	(21,854,963)	(151,062,276)	
Depreciation charge for the year	-	-	(125,780,790)	(13,005,554)	(11,279,835)	(11,377,771)	(2,309,146)	(9,542,588)	(754,008,700)	(32,132,113)	(1,592,888)	(4,249,389)	(10,162,274)	(1,200,417)	(5,428,493)	(4,434,805)	(41,636,086)	(1,028,140,831)	
Closing net book value - June 30, 2017	317,957,458	106,108,377	1,154,909,054	292,545,702	214,316,871	121,710,996	51,328,060	38,170,356	7,267,678,634	305,810,384	15,737,086	39,161,768	26,650,088	10,969,135	55,819,237	43,734,448	191,118,409	10,253,726,053	
As at June 30, 2017																			
Cost	317,957,458	106,108,377	2,081,191,450	435,593,868	258,409,100	313,046,843	73,619,838	89,436,813	12,908,818,419	499,358,479	19,771,018	66,893,727	71,191,593	39,873,281	93,279,414	66,472,881	344,589,391	17,785,611,950	
Accumulated depreciation	-	-	(926,282,396)	(143,048,166)	(44,092,229)	(191,335,847)	(22,291,778)	(51,266,457)	(5,641,139,785)	(193,546,095)	(4,033,932)	(27,731,969)	(44,541,505)	(28,904,146)	(37,460,177)	(22,738,433)	(153,470,982)	(7,531,885,897)	
Net book value - 2017	317,957,458	106,108,377	1,154,909,054	292,545,702	214,316,871	121,710,996	51,328,060	38,170,356	7,267,678,634	305,810,384	15,737,086	39,161,768	26,650,088	10,969,135	55,819,237	43,734,448	191,118,409	10,253,726,053	
Depreciation rate % per annum	-	-	10	5	5	10	5	20	10	10	10	10	30	10	10	10	20		

Notes to the Financial Statements

For the year ended June 30, 2018

6.2 Free hold lands of the Company are located at Sheikhpura, Kasur, Lahore with an area of 1,077,327 square yards and leasehold lands of the Company are located at Kotri, Nooriabad and Karachi with an area of 435,964 square yards.

6.3 Freehold land includes Rs.80.685 million representing the Company's 30% share of jointly controlled property located at Block-D/1, Gulberg, Lahore, registered in the name of the Company along with Sapphire Fibres Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (Associated Companies).

6.4 The depreciation charge for the year has been allocated as follows:

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
Cost of sales and services	31	1,067,564,046	1,002,348,362
Administrative expenses	33	29,066,446	25,792,469
		<u>1,096,630,492</u>	<u>1,028,140,831</u>

6.5 Particulars of disposal of operating fixed assets during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers
	----- Rupees -----						
Plant and Machinery							
Marozoli Cards	2,693,838	2,547,858	145,980	400,000	254,020	Negotiation	International Textile Machinery, Karachi
Air Filtration	3,793,790	3,599,985	193,805	288,353	94,548	--- do ---	Muhammad Idrees, Faisalabad
Bale Breaker	290,004	250,305	39,699	28,235	(11,464)	--- do ---	Muhammad Idrees, Faisalabad
3 Draw Frames	4,381,135	4,137,089	244,046	300,000	55,954	--- do ---	Latif Worsted Spinning Mills, Gujranwala
Air Compressors	817,544	684,217	133,327	147,899	14,572	--- do ---	Abdullah Textile Traders, Faisalabad
Balling Press	278,000	188,283	89,717	105,042	15,325	--- do ---	Abdullah Textile Traders, Faisalabad
Auto Cone Murata	18,591,710	15,760,226	2,831,484	2,846,154	14,670	--- do ---	Shahabit Ali, Lahore
Card DK 740 with Chuet	1,538,214	1,435,982	102,232	128,205	25,973	--- do ---	Jilani Textile Traders, Hyderabad
DOUBLER MACHINE	958,656	882,709	75,947	170,940	94,993	--- do ---	Jilani Textile Traders, Hyderabad
Gen Set JGS-320	174,262,396	125,778,126	48,484,270	104,085,000	55,600,730	--- do ---	Orient Energy system (Pvt) Ltd., Karachi
Tsudakoma Air Jet looms	19,200,000	14,751,481	4,448,519	4,545,456	96,937	--- do ---	Khawaja Fabrics, Karachi
Hydraulic Plaiting Conveyor	1,107,379	159,947	947,432	956,000	8,568	--- do ---	Shan Associates, Faisalabad
Tsudakoma Zex-e Air Jet	14,400,000	11,127,094	3,272,906	3,409,092	136,186	--- do ---	Khawaja Fabrics, Karachi
Compressor ZR 315	10,662,533	8,925,293	1,737,240	1,740,171	2,931	--- do ---	Air MEC, Lahore
Air Jet Shuttle less Loom	21,600,000	16,732,962	4,867,038	5,060,502	193,464	--- do ---	Yasir Ikram Textile Industries, Gujranwala.
Air Jet Shuttle less Loom	21,600,000	16,775,285	4,824,715	5,060,502	235,787	--- do ---	Air MEC, Lahore
Compressor	10,662,533	8,970,222	1,692,311	1,740,171	47,860	--- do ---	Air MEC, Lahore
08 Sets Tsudakoma	19,200,000	14,948,984	4,251,016	5,200,000	948,984	--- do ---	Shabbir Textile Mills (Pvt.) Ltd, Lahore.
Single Needle Sewing Machines	812,500	236,129	576,371	576,371	-	Donation	The Hunar Foundation, Karachi.
	326,850,232	247,892,177	78,958,055	136,788,093	57,830,038		

Notes to the Financial Statements

For the year ended June 30, 2018

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers
Vehicles	----- Rupees -----						
Suzuki Swift	1,031,000	738,207	292,793	500,000	207,207	Negotiation	Muhammad Naeem, Lahore
Suzuki Swift	1,031,000	742,148	288,852	700,000	411,148	--- - do --- -	Shakeel Ahmad, Karachi
Honda Civic	1,982,000	1,287,437	694,563	706,966	12,403	--- - do --- -	Muhammad Amin, Kotri
Coure	950,200	657,866	292,334	400,000	107,666	--- - do --- -	Rizwan Ahmad Sheikh, Lahore
Toyota Hilux	1,399,000	1,191,344	207,656	400,000	192,344	--- - do --- -	Muhammad Shahbaz, Lahore
Honda Civic	1,923,000	1,515,937	407,063	700,000	292,937	--- - do --- -	Sheikh Khalil Ur Rehman, Karachi
Toyota Corolla	902,629	812,934	89,695	700,000	610,305	--- - do --- -	Axiom World (Pvt) Ltd., Lahore
Honda City	1,447,000	1,051,873	395,127	600,000	204,873	--- - do --- -	World Sports Emporium, Karachi
Suzuki Swift	1,056,000	738,806	317,194	505,000	187,806	--- - do --- -	Sabahat Ali Khan, Lahore
Toyota Corolla	1,269,000	1,061,641	207,359	700,000	492,641	--- - do --- -	Mansoor Atta, Lahore
Suzuki swift	984,000	760,175	223,825	600,000	376,175	--- - do --- -	Khursheed Ahmed, Lahore
Honda Civic	1,923,000	1,551,924	371,076	800,000	428,924	--- - do --- -	Muhammad Saleem Anjum, Lahore
Suzuki Cultus	930,000	645,320	284,680	400,000	115,320	--- - do --- -	Qamar Zaman, Bahawalpur
Fork Lifter	1,544,782	1,422,997	121,785	600,000	478,215	--- - do --- -	Muhammad Akram, Lahore
Land Cruiser	10,362,700	7,510,354	2,852,346	4,000,000	1,147,654	--- - do --- -	Muhammad Danish, Karachi
Cuore	943,000	669,619	273,381	405,000	131,619	--- - do --- -	Muhammad Saleem Anjum, Lahore
Honda City	1,432,000	1,238,465	193,535	600,000	406,465	--- - do --- -	Muhammad Saleem Anjum, Lahore
Suzuki Alto	776,000	550,680	225,320	400,000	174,680	--- - do --- -	Muhammad Moin Gull, Lahore
BMW	16,164,229	4,698,403	11,465,826	9,500,000	(1,965,826)	--- - do --- -	Al Rehman Hospitality (Pvt) Ltd, Lahore
Coure	580,311	541,471	38,840	250,000	211,160	--- - do --- -	Rana Amer Faheem, Sahiwal
Toyota Corolla	1,296,180	1,084,078	212,102	600,000	387,898	--- - do --- -	Humaira Zeeshan, Lahore
Toyota Corolla	1,689,500	1,199,320	490,180	700,000	209,820	--- - do --- -	Mansoor Atta, Lahore
Suzuki Cultus	1,039,000	473,322	565,678	554,364	(11,314)	--- - do --- -	Muhammad Zulqarnain Qureshi, Lahore
Honda City	1,703,500	624,617	1,078,883	1,400,000	321,117	--- - do --- -	Irfan Ullah Khan, Lahore
Honda Civic	2,438,000	1,629,408	808,592	1,200,000	391,408	--- - do --- -	Abid Ali, Lahore
Cuore	486,290	442,759	43,531	300,000	256,469	--- - do --- -	Muhammad Ashfaq, Lahore
Suzuki Cultus	1,054,000	308,002	745,998	800,000	54,002	--- - do --- -	Junaid Khan, Lahore
Tractor	698,500	393,122	305,378	415,000	109,622	--- - do --- -	Muhammad Shafique, Sheikhupura
	59,035,821	35,542,229	23,493,592	29,436,330	5,942,738		
Computers							
Laptops having book value less than Rs.500,000	2,628,895	1,775,621	853,274	651,653	(201,621)	As per Company Policy To various employees	
2018	388,514,948	285,210,027	103,304,921	166,876,076	63,571,155		
2017	181,983,585	151,062,276	30,921,309	39,321,709	8,400,400		

		2018	2017
6.6 Capital work-in-progress	Note	----- Rupees -----	-----
Advance for land		-	7,263,500
Civil works and buildings		287,228,119	148,646,410
Plant and machinery		88,086,367	156,078,754
Electric installations		-	9,576,765
Advance for Vehicles		16,176,300	-
		391,490,786	321,565,429
7 INVESTMENT PROPERTY			
Freehold land		31,750,000	31,750,000

7.1 This represents free-hold land situated at Raiwind Road, Lahore having an area of 5,000 square yards.

7.2 Fair value of the investment property, based on the estimation, as at June 30, 2018 was Rs.45 million (2017: Rs.40 million).

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
8 INTANGIBLE ASSETS - (Computer software)			
Net carrying value as at July 01			
Net book value as at July 01		2,943,337	5,009,968
Addition during the year		500,000	-
Amortization	8.1	(1,408,149)	(2,066,631)
Net book value as at June 30		2,035,188	2,943,337
Gross carrying value as at June 30			
Cost		24,992,360	24,492,360
Accumulated amortization		(22,957,172)	(21,549,023)
Net book value as at June 30		2,035,188	2,943,337
Amortization rate % per annum		20	20
8.1 Amortization charge for the year has been allocated as follows:			
Other operating expenses	34	1,408,149	2,066,631
9 LONG TERM INVESTMENTS			
Related parties - at cost:			
Subsidiaries - unlisted	9.1	8,630,113,070	8,122,913,070
Associates - listed	9.4	8,461,851	8,461,851
- unlisted	9.5	467,514,425	467,514,425
		475,976,276	475,976,276
Other companies - Available for sale	9.6	5,820,529,291	8,913,807,613
		14,926,618,637	17,512,696,959

All investments have a face value of Rs.10 per share unless stated otherwise.

Notes to the Financial Statements

For the year ended June 30, 2018

9.1 Investments in subsidiary companies - unlisted

2018 Number of Shares	2017	Name of Company	2018 ----- Rupees -----	2017
228,228,737	228,228,737	Sapphire Wind Power Company Limited (SWPCL) Equity Interest Held 70% Break up value on the basis of audited accounts for the year ended June 30, 2018 Rs.16.53 (2017: Rs.14.20) per share.	2,282,287,370	2,282,287,370
10,000	10,000	Sapphire Tech (Private) Limited Equity Interest Held 100% Less: Impairment charged Break up value on the basis of audited accounts for the year ended June 30, 2018 Rs.Nil (2017: Rs.Nil) per share.	100,000 (100,000)	100,000 (100,000)
1,000	1,000	Sapphire Solar (Private) Limited Equity Interest Held 100% Less: Impairment charged Break up value on the basis of audited accounts for the year ended June 30, 2018 Rs.Nil (2017: Rs.Nil) per share.	10,000 (10,000)	10,000 (10,000)
100,000,000	50,000,000	Sapphire Retail Limited Equity Interest Held 100% Break up value on the basis of audited accounts for the year ended June 30, 2018 Rs.1.28 (2017: Rs.9.09) per share.	1,000,000,000	500,000,000
475,051,500	475,051,500	Triconboston Consulting Corporation (Private) Limited (TBCL) Equity Interest Held 57.125% (2017:57.125%) Face value of Rs.10 (2017:Rs.10 per share) Break up value on the basis of audited accounts for the year ended June 30, 2018 Rs.9.73 (2017: Rs.9.84) per share.	5,224,375,700	5,224,375,700
1,234,500	812,500	Sapphire Renewables Limited Equity Interest Held 100% (Face value of Rs.100 per share) Break up value on the basis of audited accounts for the year ended June 30, 2018 Rs.99.53 (2017: Rs.99.27) per share. Share deposit money	123,450,000 - 123,450,000	81,250,000 35,000,000 116,250,000
			8,630,113,070	8,122,913,070

9.2 The shares of SWPCL and TBCL held by the Company are under pledge as a security for debt finance arrangement for the wind energy project of SWPCL and TBCL respectively.

9.3 During the year, the company has made investment in Sapphire Retail Limited (wholly owned subsidiary) and Sapphire Renewables Limited (wholly owned subsidiary) in accordance with the requirements under the Companies Act, 2017.

Notes to the Financial Statements

For the year ended June 30, 2018

9.4 Investments in associates - listed

2018 Number of Shares	2017	Name of Company	2018 ----- Rupees -----	2017
313,295	313,295	Reliance Cotton Spinning Mills Limited Equity Interest Held 3.04% Fair value of the ordinary shares as at June 30, 2018 amounted to Rs.49.999 million (2017: Rs.41.336 million).	<u>8,461,851</u>	<u>8,461,851</u>

9.5 Investments in associates - unlisted

4,234,500	4,234,500	Sapphire Power Generation Limited Equity Interest Held 26.43% Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs. 89.06 (2017: Rs.101.91) per share.	113,705,500	113,705,500
6,000,000	6,000,000	Sapphire Electric Company Limited Equity Interest Held 1.42% Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs. 26.00 (2017: Rs. 23.72) per share.	60,000,000	60,000,000
10,000	10,000	Sapphire Holding Limited Equity Interest Held 0.05% Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs.328.29 (2017: Rs.333.71) per share.	100,000	100,000
23,500,000	23,500,000	Sapphire Dairies (Private) Limited Equity Interest Held 21.36% (2017: 21.36%) Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs.10.42 (2017: Rs.9.71) per share.	235,000,000	235,000,000
3,675	3,675	Foreign Company - Creadore A/S Denmark 3,675 shares of Danish Krone (DKK) 1000 per share Beneficial ownership: Sapphire Textile Mills Limited - 49% and Beirholm holding A/S Nordager 20, 6000 Kolding, Denmark- 51% Break up value on the basis of audited accounts for the year ended April 30, 2018 DKK 2,924 (April 30, 2017: DKK 2,246) equivalent to Rs.55,474 (April 30, 2017: Rs.36,205) per share.	58,708,925	58,708,925
			<u>467,514,425</u>	<u>467,514,425</u>

Notes to the Financial Statements

For the year ended June 30, 2018

9.6 Other companies - Available for sale

2018 Number of Shares	2017	Name of Company	2018 ----- Rupees -----	2017
Quoted - conventional				
4,061,840	4,061,840	MCB Bank Limited	217,880,150	217,880,150
		Add: Adjustment arising from measurement at fair value	585,429,947	636,852,841
			803,310,097	854,732,991
29,623,714	29,623,714	Habib Bank Limited	5,926,153,798	5,926,153,798
		Add: Adjustment arising from measurement at fair value	(995,582,840)	2,046,772,588
			4,930,570,958	7,972,926,386
Unquoted				
7,055,985	7,055,985	Novelty Enterprises (Pvt) Limited	86,148,236	86,148,236
50,000	-	TCC Management Services (Pvt) Limited	500,000	-
			5,820,529,291	8,913,807,613

9.7 The Company has pledged 2.770 million (2017:1.650 million) shares of Habib Bank Limited with Bank Alfalah Limited (related party) as a security for issuance of debt service reserve standby letter of credit amounting US \$ 2.73 million in favour of a financial institution in order to secure the obligation of SWPCL in relation to the required balance of debt service reserve account pursuant to Agreement.

9.8 The Company has pledged 2.427 (2017:2.895) million shares of Habib Bank Limited, 1.400 (2017:0.350) million shares of MCB Bank Limited and 2.500 million shares of Bank Al-Habib Limited with Bank Alfalah Limited (related party) as security for issuance of EPA standby letter of credit amounting US \$ 5.222 million in order to secure the obligation of TBCL in pursuant to Agreement.

9.9 The Company has pledged 4.407 (2017: 5.406) million shares of Engro Corporation Limited, 6 million shares of Bank Al-Habib Limited and 1.230 million shares of MCB Bank Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting US \$ 11.300 million in favour of a financial institutions for contingency support in TBCL in accordance with Sponsors Support Agreement.

9.10 The Company has pledged 1,305,000 (2017: 3,305,000) shares of MCB Bank Limited, 28,383 (2017: Nil) shares of Engro Corporation Limited, 19,605,846 (2017: 25,605,846) shares of Bank Al-Habib Limited and 24,426,559 (2017: 25,078,714) shares of Habib Bank Limited with financial institutions for arrangement of finance facilities.

	Note	2018 ----- Rupees -----	2017
10 LONG TERM LOANS AND ADVANCES			
Loan to employees	10.1	36,741,452	46,798,432
Loan to Subsidiary Company	10.3	482,000,000	250,000,000
		518,741,452	296,798,432

Notes to the Financial Statements

For the year ended June 30, 2018

10.1	Loan to employees - unsecured (considered good)	Note	2018	2017
			----- Rupees -----	-----
	Loans to employees		51,024,641	79,632,114
	Current portion of loans shown under current assets	15	14,283,189	32,833,682
			<u>36,741,452</u>	<u>46,798,432</u>
10.2	These represent interest free loans to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case.			
10.3	This represents loan given to Sapphire Retail Limited (wholly owned subsidiary) for period of 3 years till February 23, 2021. The loan is unsecured and the Company has charged mark-up against this loan at the rate of its borrowing cost. The maximum aggregate amount outstanding during the year calculated by reference to month-end balance is Rs.482 million.			
11	LONG TERM DEPOSITS			
	Security deposits			
	- WAPDA		86,038,576	79,781,676
	- SNGPL		1,097,000	1,097,000
	- PTCL		179,843	179,843
	- Others	11.1	1,119,289	1,124,289
			<u>88,434,708</u>	<u>82,182,808</u>
11.1	It includes an amount of Rs.36,000 (2017: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.			
12	STORES, SPARES AND LOOSE TOOLS			
	Stores		196,397,413	157,290,340
	Spares - in hand		190,138,319	179,433,015
	Spares - in transit		59,489,932	44,349,675
			<u>249,628,251</u>	<u>223,782,690</u>
	Loose tools		150,872	745,267
			<u>446,176,536</u>	<u>381,818,297</u>
	Provision for slow moving stores, spares and loose tools	12.1	(55,806,634)	(52,298,823)
			<u>390,369,902</u>	<u>329,519,474</u>
12.1	Provision for slow moving stores, spares and loose tools			
	Balance at the beginning of the year		52,298,823	33,479,793
	Provision made during the year - net	34	3,507,811	18,819,030
	Balance at the end of the year		<u>55,806,634</u>	<u>52,298,823</u>

Notes to the Financial Statements

For the year ended June 30, 2018

13	STOCK IN TRADE	Note	2018 ----- Rupees -----	2017
	Raw material - in hand	31.1	4,045,463,922	3,788,923,340
	Raw material - in transit		96,665,225	282,427,925
			<u>4,142,129,147</u>	<u>4,071,351,265</u>
	Work in process	31	478,749,878	397,339,030
	Finished goods		835,636,686	915,925,843
	Waste		15,184,808	39,905,721
		31	<u>850,821,494</u>	<u>955,831,564</u>
			<u>5,471,700,519</u>	<u>5,424,521,859</u>
14	TRADE DEBTS			
	Considered good			
	Foreign debts	14.1	1,156,637,120	507,065,432
	Considered good			
	Domestic debts	14.2 & 14.3	1,735,850,079	1,194,557,170
	Waste		29,733,386	19,724,335
	Others		24,962,816	2,280,648
			<u>1,790,546,281</u>	<u>1,216,562,153</u>
	Considered doubtful		44,925,809	44,925,809
	Provision for doubtful debts	14.6	(44,925,809)	(44,925,809)
			<u>1,790,546,281</u>	<u>1,216,562,153</u>
			<u>2,947,183,401</u>	<u>1,723,627,585</u>

14.1 The outstanding export debts with respect to foreign jurisdiction and category of credit terms are given below.

Foreign jurisdictions	Credit terms		
Asia	LC	475,046,517	186,051,223
Africa	LC	-	14,455,135
Europe	LC	275,907,607	124,513,267
America	LC	5,141,530	4,262,465
		<u>756,095,654</u>	<u>329,282,091</u>
Foreign jurisdictions	Credit terms		
Asia	Contract	62,243,571	9,059,208
Africa	Contract	28,037,534	7,416,402
Europe	Contract	228,996,622	86,519,002
America	Contract	81,263,739	74,788,729
		<u>400,541,466</u>	<u>177,783,341</u>
		<u>1,156,637,120</u>	<u>507,065,432</u>

Notes to the Financial Statements

For the year ended June 30, 2018

14.2 Domestic debts include amount of Rs.259,929,969 (2017: Rs.92,513,689) receivable against indirect export sales.

14.3 Trade debts include the following amounts due from related parties (Domestic debts)	Note	2018	2017
		----- Rupees -----	
Diamond Fabrics Limited		3,588,017	17,568,183
Sapphire Fibres Limited		12,065	-
Sapphire Finishing Mills Limited		140,199,063	92,596,854
Sapphire Retail Limited		645,247,398	305,193,121
		789,046,543	415,358,158

14.4 The aging of trade debts receivable from related parties as at reporting date are as under:

0 - 90 days	789,046,543	415,358,158
-------------	--------------------	--------------------

14.5 Maximum amount due from associates and related parties during the year, calculated by reference to month-end balances, was Rs.1,082,667,176 (2017: Rs.679,697,375).

14.6 Provision for doubtful debts

Balance at the beginning of the year	44,925,809	36,505,865
Provision made during the year	-	8,419,944
Balance at the end of the year	44,925,809	44,925,809

15 LOANS AND ADVANCES

Considered good

Advances - unsecured

- to suppliers

- to contractors

- to others

85,281,131	54,615,757
1,286,370	10,955,300
-	1,000,000
86,567,501	66,571,057
7,405,940	7,405,940
(7,405,940)	(7,405,940)
86,567,501	66,571,057

Unsecured - considered doubtful

Provision for doubtful advance

Current portion of long term

loans to employees

Short term loans to employees

Short term loans to subsidiaries

- Sapphire Wind Power Company Limited

- Sapphire Solar (Private) Limited

(Wholly owned subsidiary)

Less: Impairment

- Sapphire Tech (Private) Limited

(Wholly owned subsidiary)

Less: Impairment

10.1	14,283,189	32,833,682
	18,786,116	5,240,586
15.1	-	262,150,000
	2,500,662	2,500,662
	(2,500,662)	-
	138,738	138,738
	(138,738)	-
	-	264,789,400
	119,636,806	369,434,725

Notes to the Financial Statements

For the year ended June 30, 2018

- 15.1** This represents the amount of share deposit money paid to Sapphire Wind Power Company Limited (SWPCL) against the offer for issue of right shares under section 83 of the Act. Since the shares were not issued within ninety days of the receipt of money, such share deposit money has been treated as a loan in accordance with Regulation 6(4) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. Markup is charged at the rate of borrowing cost of the Company from the date of payment of money in accordance with the requirements of section 199 of the Act. During the year SWPCL has repaid the loan to the company.

16	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2018	2017
			----- Rupees -----	-----
	Security deposits		3,870,501	3,753,501
	Prepayments		3,969,395	13,705,651
			<u>7,839,896</u>	<u>17,459,152</u>
17	OTHER RECEIVABLES			
	Claims receivable		23,762,477	3,107,888
	Export rebate receivable		415,252,268	172,211,879
	Receivable against sale of fixed assets		70,028,082	-
	Dividend receivable		600,000	27,542,500
	Unrealized gain on measurement of forward foreign currency contracts		17,651,047	-
	Mark-up receivable from Sapphire Retail Limited (Subsidiary)		8,916,604	4,221,710
	Mark-up receivable from Sapphire Wind Power Company Limited (Subsidiary)		-	26,019,247
	Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary)		30,000,000	30,000,000
	Receivable from subsidiaries against shared expenses	17.1	-	3,185,895
	Rent receivable		187,500	300,000
			<u>566,397,978</u>	<u>266,589,119</u>
17.1	Receivable from subsidiaries against shared expenses			
	Sapphire Wind Power Company Limited		-	817,200
	Triconboston consulting Corporation (Pvt) Limited		-	2,368,695
			<u>-</u>	<u>3,185,895</u>

Notes to the Financial Statements

For the year ended June 30, 2018

18 OTHER FINANCIAL ASSETS - AVAILABLE FOR SALE

2018	2017	Name of Company	Cost	Fair value / cost	
Number of shares				Rupees	
28,105,846	28,105,846	Bank Al-Habib Limited	1,151,228,062	2,215,583,840	1,595,006,761
-	8,641,000	Bank Al-Falah Limited	-	-	347,368,200
-	100,000	D.G.Khan Cement Company Limited	-	-	21,316,000
5,406,700	5,406,700	Engro Corporation (Pakistan) Limited	1,681,677,147	1,696,946,862	1,762,097,597
-	50,000	Lucky Cement Limited	-	-	41,813,000
-	20,000	Pak Suzuki Motor Company Limited	-	-	15,607,200
60,000	50,000	Pakistan State Oil Limited	11,286,649	19,098,600	19,367,500
30,183,000	35,700,000	K Electric Limited	260,805,385	171,439,440	246,330,000
			3,104,997,243	4,103,068,742	4,048,906,258
972,295	972,295	Gulshan Spinning Mills Limited	17,441,370	17,441,370	17,441,370
		Less: impairment loss		(17,441,370)	(17,441,370)
			3,122,438,613	4,103,068,742	4,048,906,258

19 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2018	2017
		Rupees	
Income tax		1,394,412,186	1,153,816,058
Sales tax receivable		426,193,860	642,876,851
Less: provision against doubtful sales tax refunds	34	(135,006,064)	(135,006,064)
		1,685,599,982	1,661,686,845

20 CASH AND BANK BALANCES

With banks on:

- current accounts		19,612,763	31,493,681
- current accounts - USD	20.1	1,799,625	3,111,363
- current accounts - Euro	20.2	546,489	463,663
- saving account	20.3	32,392,196	31,310,638
		54,351,073	66,379,345
Cash in hand		1,097,573	5,755,148
		55,448,646	72,134,493

20.1 Cash at bank on USD account of US\$ 14,824 (2017: US \$ 29,689).

20.2 Cash at bank on EURO account of EURO 3,867 (2017: EURO 3,867).

20.3 Balance with bank carry profit at the rate ranging from 3.75% to 3.86% (2017: 3.75% to 4.50%) per annum.

Notes to the Financial Statements

For the year ended June 30, 2018

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
Number of shares			Rupees	
6,206,740	6,206,740	Ordinary shares of Rs.10 each allotted for consideration paid in cash	62,067,400	62,067,400
13,876,400	13,876,400	Ordinary shares of Rs.10 each issued as bonus shares	138,764,000	138,764,000
20,083,140	20,083,140		200,831,400	200,831,400

21.1 The Company has only one class of shares which carry no right to fixed income.

21.2 6,215,749 (2017: 6,215,349) shares of the Company are held by associated companies as at the reporting date.

22 LONG TERM FINANCING**Loans from banking companies - secured**

	Note	2018	2017
		Rupees	
Allied Bank Limited	22.1	1,910,213,552	3,368,739,659
Bank Alfalah Limited - Related Party	22.2	499,905,000	53,750,000
Bank Al Habib Limited	22.3	2,114,464,268	2,253,725,177
Faysal Bank Limited	22.4	124,634,000	154,262,000
Habib Bank Limited	22.5	8,359,728,333	7,590,100,000
United Bank Limited	22.6	988,470,000	462,400,000
		13,997,415,153	13,882,976,836
Less: Current portion shown under current liabilities		(1,139,457,250)	(557,461,636)
		12,857,957,903	13,325,515,200

22.1 These loans carry mark-up ranging from 2.50% to 6.85% (2017: 2.50% to 6.86%) obtained in different tranches and are repayable in quarterly installments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.1,841 million (2017: Rs.3,117 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.848.489 million (2017: Rs.3,028.835 million) as on reporting date.

22.2 These loans carry mark-up of 2.50% (2017: ranging from 2.50% to 6.85%) obtained in different tranches and are repayable in quarterly installments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.509.435 million (2017: Rs.353 million) over specific plant & machinery.

22.3 These loans carry mark-up ranging from 2.50% to 6.17% (2017: 2.50% to 6.60%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.328 million (2017: Rs.328 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.2,602.425 million (2017: Rs.2,981.318 million) as on reporting date.

22.4 These loans carry mark-up ranging from 2.50% to 6.50% (2017: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.202.700 million (2017: Rs.202.700 million) over specific plant & machinery.

22.5 These loans carry mark-up ranging from 2.50% to 6.73% (2017: 2.50% to 6.69%) obtained in different tranches and are repayable in quarterly installments ranging from 4 to 32. These loans are secured against exclusive hypothecation charge of Rs.8,523.975 million (2017: Rs.9,748 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,712.653 million (2017: Rs.1,533.492 million) as on reporting date.

22.6 These loans carry mark-up at the rate of 2.50% (2017: 2.50%) obtained in different tranches and are repayable in 32 quarterly installments. These loan are secured against exclusive hypothecation charge of Rs.988.553 million (2017: Rs.462.400 million) over specific plant & machinery.

Notes to the Financial Statements

For the year ended June 30, 2018

23	DEFERRED LIABILITIES	Note	2018	2017
			----- Rupees -----	-----
	Deferred taxation	23.1	252,518,368	205,093,324
	Staff retirement benefits - gratuity	23.2	225,857,306	200,339,674
			<u>478,375,674</u>	<u>405,432,998</u>
23.1	Deferred taxation			
	Deferred tax credits / (debits) arising in respect of:			
	Taxable temporary differences			
	(deferred tax liabilities)			
	Accelerated tax depreciation allowances		274,825,871	224,170,057
	Deductible temporary differences			
	(deferred tax assets)			
	Staff retirement benefits - gratuity		(17,887,673)	(15,127,649)
	Provision for stores, spares and loose tools		(4,419,830)	(3,949,084)
			<u>(22,307,503)</u>	<u>(19,076,733)</u>
			<u>252,518,368</u>	<u>205,093,324</u>
23.1.1	In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.			
23.2	Staff retirement benefits			
	Movement in the net liability recognized in the Statement of Financial Position			
	Opening net liability		200,339,674	250,766,027
	Expense for the year in profit and loss	23.2.1	88,856,272	89,674,205
	Remeasurement recognized in other comprehensive income		13,604,382	(7,398,992)
			<u>302,800,328</u>	<u>333,041,240</u>
	Benefits paid during the year		(76,488,022)	(132,701,566)
	Benefits due but not paid		(455,000)	-
	Closing net liability		<u>225,857,306</u>	<u>200,339,674</u>
23.2.1	Expense recognized in the statement of profit or loss			
	Current service cost		76,311,489	76,304,100
	Interest cost		12,544,783	13,370,105
			<u>88,856,272</u>	<u>89,674,205</u>
	Movement in the present value of defined benefit obligation			
	Present value of defined benefit obligation		200,339,674	250,766,027
	Current service cost		76,311,489	76,304,100
	Interest cost		12,544,783	13,370,105
	Actuarial loss / (gain)		13,604,382	(7,398,992)
	Benefits paid		(76,488,022)	(132,701,566)
	Benefits due but not paid		(455,000)	-
			<u>225,857,306</u>	<u>200,339,674</u>

Notes to the Financial Statements

For the year ended June 30, 2018

Historical information	2018	2017	2016	2015	2014
	----- R U P E E S -----				
Present value of defined benefit obligation	<u>225,857,306</u>	<u>200,339,674</u>	<u>250,766,027</u>	<u>272,019,736</u>	<u>229,504,703</u>
Experience adjustments on plan liabilities	<u>(13,604,382)</u>	<u>7,398,992</u>	<u>9,965,376</u>	<u>(16,363,523)</u>	<u>(9,833,283)</u>

Expected gratuity expenses charged to profit and loss for the year ending June 30, 2019 works out Rs.110,034,066.

The weighted average duration of defined benefit obligation is 5 years.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period.

Annual charge is made using the actuarial technique of Projected Unit Credit Method.

Principal actuarial assumption

	2018	2017
Following are a few important actuarial assumption used in the valuation:	%	%
Discount rate	9.00	7.75
Expected rate of increase in salary	8.00	6.75
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	----- Rupees in 000 -----	
Discount rate	<u>214,666</u>	<u>238,610</u>
Increase in future salaries	<u>239,433</u>	<u>213,693</u>

Notes to the Financial Statements

For the year ended June 30, 2018

24	LONG TERM PAYABLE	Note	2018	2017
			----- Rupees -----	-----
	Gross payable		442,198,200	442,198,200
	Exchange loss on revaluation of foreign currency		22,146,000	22,090,840
	Payments		(464,344,200)	(458,494,720)
			-	5,794,320
	Less: Current portion of long term payable		-	(5,794,320)
			-	-
24.1 Long term payable represented amortized value of balance consideration amounting US \$ 4,378,200 payable to Ex-shareholders of Triconboston Consulting Corporation (Private) Limited. The Company has also issued a corporate guarantee amounting US\$ 4,378,200. The Company has paid US \$ 55,184 (2017:US \$ 4,323,016) during the current year.				
	Deferred notional income			
	Opening balance		-	1,306,761
	Unwinding cost of long term liability		-	(1,306,761)
			-	-
25 TRADE AND OTHER PAYABLES				
	Creditors	25.1	698,488,962	557,907,706
	Accrued liabilities	25.2	1,798,358,782	1,468,206,556
	Advances from customers	25.3	848,204,618	631,069,019
	Workers' profit participation fund	25.4	59,029,338	48,729,015
	Workers' welfare fund		287,938,361	248,168,121
	Infrastructure fee	25.5	171,604,152	142,069,579
	Payable to provident fund		2,858,698	2,244,780
	Unrealized loss on derivative financial instruments		-	7,764,396
	Others		800,000	400,000
			3,867,282,911	3,106,559,172
25.1 These balances include the following amounts due to related parties:				
	Amer Cotton Mills (Private) Limited		281,201	386,523
	Diamond Fabrics Limited		-	1,374,775
	Reliance Cotton Spinning Mills Limited		2,389,600	-
	Sapphire Fibres Limited		19,952,380	35,919,163
			22,623,181	37,680,461
25.2 These balances include the following amount due to related party:				
	Sapphire Power Generation Limited		6,322,962	19,501,468

Notes to the Financial Statements

For the year ended June 30, 2018

25.3

These balances include the following amount received from related party:
Creadore A/S Denmark

Note

2018
----- Rupees -----
15,321,986

2017
83,894,788

25.4

Workers' profit participation fund

Balance at the beginning of the year

Allocation for the year

Interest on funds utilized in the Company's business

34

36

48,729,015

62,861,249

59,029,338

48,729,015

3,784,843

1,378,211

62,814,181

50,107,226

111,543,196

112,968,475

(52,513,858)

(64,239,460)

59,029,338

48,729,015

Less: Payments during the year

Balance at the end of the year

25.5

It includes Rs.170,290,058 (2017:Rs.141,531,167) represents provision recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the Sindh High Court (the High Court). The Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2018, the Company has provided bank guarantees aggregating Rs.174.823 million (2017: Rs.124.823 million) in favour of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Company's favour.

26

ACCRUED INTEREST / MARK-UP

Note

2018
----- Rupees -----
97,940,682

2017
106,499,509

Accrued interest / mark-up on secured:

- long term financing

- short term borrowings

86,833,519

68,852,224

184,774,201

175,351,733

26.1

Accrued mark-up includes amounting Rs.7,992,059 (2017: Rs.7,117,910) due to Bank Alfalah Limited - related party.

27

SHORT TERM BORROWINGS

Short term loans

Running finance under mark-up arrangements

Book overdrafts

27.2

5,100,000,000

5,230,323,382

2,201,276,206

2,232,354,510

7,301,276,206

7,462,677,892

840,035

1,168,391

7,302,116,241

7,463,846,283

Notes to the Financial Statements

For the year ended June 30, 2018

- 27.1** Aggregate facilities amounting to Rs.13,580 million (2017: Rs.14,634 million) were available to the Company from banking companies. These are secured against hypothecation charge on stock in trade, book debts, export bills under collection and pledge of shares. These carry mark up ranging 1% for the year ended June 30, 2017 on foreign currency loans and 2.15% to 7.42% (2017: 2.15% to 7.02%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.694.849 million (2017: Rs.840.033 million) due to Bank Alfalah Limited (related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.8,080.865 million (2017: Rs.7,565 million) out of which the amount remained unutilised at the year-end was Rs.3,218.531 million (2017: Rs.3,119.316 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and pledge of shares.

- 27.2** This represents cheques issued by the Company in excess of balance at banks which remained unrepresented till June 30, 2018.

	2018	2017
	----- Rupees -----	-----
28 PROVISION FOR TAXATION		
Balance at the beginning of the year	379,464,893	283,198,131
Provision made for the year - net	305,180,229	289,835,071
	<u>684,645,122</u>	<u>573,033,202</u>
Less: Adjusted advance tax during the year against completed assessments	(208,022,988)	(193,568,309)
	<u>476,622,134</u>	<u>379,464,893</u>

29 CONTINGENCIES AND COMMITMENTS
Contingencies

- 29.1** Guarantees issued by banks on behalf of the Company 605,443,587 410,002,988
- 29.2** Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2018 the value of these cheques amounted to Rs.578.991 million (2017: Rs.202.870 million).
- 29.3** The Company had filed a suit No.204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh, seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.
- 29.4** The Company had filed a petition against Mohammad Farooq Textile Mills Limited for recovery of Rs.9.135 million under section 305 of Repealed Companies Ordinance, 1984 in the Honourable Sindh High Court, Sindh, praying that the honourable court may be pleased to pass the orders regarding winding up and liquidation of the company, to appoint provisional manager or official liquidator, to restrain the officers of the company from disposing of the assets of the company till final adjudication, to grant any other relief deemed to be appropriate and to grant cost.
- 29.5** The Company has filed a case against Indus Steel Pipe Factory (Pvt) Limited for title and occupation of land at Kotri before the Honourable Hyderabad High Court, Sindh. Prayer of the Company to the Honourable Court is to set aside judgement & decree of District & Session Judge, Kotri and allow appeal in Honourable Hyderabad High Court or in the alternative, remand the case for decision on merits.
- 29.6** The financial institution has issued a guarantee amounting Rs.45 million in favour of Excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the Company.
- 29.7** The financial institution has issued guarantees amounting Nil (2017: US\$ 450,000) in favour of Alternative Energy Development on request of Company on behalf of Triconboston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Company.
- 29.8** Also refer to content of note 9.7 to 9.10.

Notes to the Financial Statements

For the year ended June 30, 2018

Commitments		2018	2017
		----- Rupees -----	
29.9	Confirmed letter of credit in respect of:		
	- plant and machinery	1,066,038,792	1,057,781,017
	- raw material	409,071,691	81,358,424
	- stores and spares	65,461,931	48,879,305
		1,540,572,414	1,188,018,746

30 NET TURNOVER

	Note	Export Sales		Local Sales		Total	
		2018	2017	2018	2017	2018	2017
		----- Rupees -----					
Yarn	30.1	9,471,685,784	7,916,131,059	3,233,972,878	3,886,477,139	12,705,658,662	11,802,608,198
Fabric	30.2	7,230,285,519	6,320,348,284	1,894,675,443	2,399,141,701	9,124,960,962	8,719,489,985
Home textile products		4,406,382,128	3,610,420,539	83,686,393	31,182,166	4,490,068,521	3,641,602,705
Raw material		-	-	167,293,148	113,392,640	167,293,148	113,392,640
Waste	30.3	196,986,230	44,644,224	215,155,865	164,541,047	412,142,095	209,185,271
Processing income		-	-	1,474,503,097	960,573,559	1,474,503,097	960,573,559
		21,305,339,661	17,891,544,106	7,069,286,824	7,555,308,252	28,374,626,485	25,446,852,358
Export rebate						530,178,001	165,206,647
Less: Sales tax						(8,477,452)	(28,083,737)
						28,896,327,034	25,583,975,268

		2018	2017
		----- Rupees -----	
30.1	Export sales - Yarn		
	Direct export	5,462,045,092	4,255,394,858
	In-direct export	4,009,640,692	3,660,736,201
		9,471,685,784	7,916,131,059
30.2	Export sales - Fabric		
	Direct export	6,262,731,478	5,523,531,883
	In-direct export	967,554,041	796,816,401
		7,230,285,519	6,320,348,284

30.3 Waste sales include comber noil sales Rs.196,986,230 (2017: Rs.44,644,224).

30.4 Exchange (loss) / gain due to currency rate fluctuations relating to export sales amounting to Rs.(28.849) million (2017: Rs.100.577 million) has been included in export sales.

Notes to the Financial Statements

For the year ended June 30, 2018

31	COST OF SALES	Note	2018	2017
			----- Rupees -----	-----
	Raw material consumed	31.1	16,979,359,791	15,358,151,457
	Packing material consumed		391,844,257	338,316,021
	Stores and spares consumed		836,920,422	820,986,177
	Salaries, wages and benefits	31.2	3,013,925,706	2,660,595,692
	Fuel, power and water		2,160,442,339	2,060,690,106
	Other manufacturing expenses	31.3	471,507,764	644,656,275
	Repair and maintenance		77,054,783	104,308,987
	Vehicle running expenses		30,934,913	26,488,787
	Travelling and conveyance		36,916,303	35,170,741
	Insurance expenses		26,839,048	39,246,298
	Rent, rates and taxes		23,360,372	13,701,035
	Fees and subscription		5,943,976	7,523,918
	Communication expenses		13,125,056	13,165,133
	Printing and stationery		2,463,199	1,115,402
	Legal and professional charges		1,971,482	2,207,368
	Depreciation	6.4	1,067,564,046	1,002,348,362
	Miscellaneous expenses		4,187,146	3,148,913
			25,144,360,603	23,131,820,672
	Work in process			
	Opening stock		397,339,030	316,706,076
	Closing stock	13	(478,749,878)	(397,339,030)
			(81,410,848)	(80,632,954)
	Cost of goods manufactured		25,062,949,755	23,051,187,718
	Finished goods			
	Opening stock		955,831,564	703,267,694
	Closing stock	13	(850,821,494)	(955,831,564)
			105,010,070	(252,563,870)
	Cost of goods sold - manufactured		25,167,959,825	22,798,623,848
	Cost of raw material sold	31.4	192,126,793	107,533,074
			25,360,086,618	22,906,156,922
31.1	Raw material consumed			
	Opening balance		3,788,923,340	3,220,273,162
	Purchases		17,235,900,373	15,926,801,635
			21,024,823,713	19,147,074,797
	Closing stock	13	(4,045,463,922)	(3,788,923,340)
			16,979,359,791	15,358,151,457
31.2	Salaries, wages and benefits include Rs.88,856,272 (2017: Rs.89,674,205) in respect of post employment benefits - gratuity and Rs.23,583,576 (2017: Rs.22,535,731) in respect of provident fund contribution.			

Notes to the Financial Statements

For the year ended June 30, 2018

		2018	2017
	Note	----- Rupees -----	-----
31.3 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		166,818,944	161,723,327
Yarn dyeing and bleaching charges		34,505,720	56,707,195
Fabric dyeing, bleaching, knitting and processing charges		72,477,202	146,237,165
Weaving and yarn doubling charges		73,440,836	108,552,148
Stitching, spinning and other charges		50,974,728	11,387,700
Designer and embroidery charges		73,290,334	160,048,740
		471,507,764	644,656,275

- 31.4** It includes Salaries, wages & benefits, Insurance and Finance cost amounting Rs.1,221,371 (2017: Rs.977,574), Rs.2,442,743 (2017: Rs.1,955,147) and Rs.8,549,601 (2017: Rs.6,843,013) respectively.

32 DISTRIBUTION COST**On export sales**

Export development surcharge	41,541,227	33,360,460
Insurance	4,979,842	10,660,464
Commission	256,771,709	202,145,213
Ocean freight and forwarding	371,767,472	323,943,593
	675,060,250	570,109,730

On local sales

Inland freight and handling	45,828,682	42,385,727
Commission	41,052,315	44,495,919
	86,880,997	86,881,646

Other distribution cost

Salaries and benefits	32.1	145,625,338	133,746,743
Rent and utilities		583,958	484,055
Communication		12,549,332	14,245,654
Travelling, conveyance and entertainment		59,695,302	56,800,203
Repair and maintenance		650,815	401,394
Fees and subscription		4,580,890	2,407,993
Samples and advertising		2,457,502	42,054,279
Exhibition expenses		22,691,168	13,362,688
Printing and stationery		921,698	2,038,857
Others		246,774	3,219,596
		250,002,777	268,761,462
		1,011,944,024	925,752,838

- 32.1** Salaries and benefits include Rs.6,351,220 (2017: Rs.5,718,652) in respect of provident fund contribution.

Notes to the Financial Statements

For the year ended June 30, 2018

33	ADMINISTRATIVE EXPENSES	Note	2018	2017
			----- Rupees -----	-----
	Directors' remuneration		31,200,000	38,700,000
	Directors' meeting fee		400,000	450,000
	Salaries and benefits	33.1	203,517,936	176,570,950
	Rent, rates and utilities		18,164,962	11,671,237
	Communication		8,845,777	7,005,781
	Printing and stationery		4,369,664	3,995,869
	Travelling, conveyance and entertainment		36,843,752	32,234,130
	Motor vehicle expenses		14,882,522	10,466,097
	Repair and maintenance		14,474,738	10,356,124
	Insurance expense		2,333,578	1,877,400
	Legal and professional charges		33,746,407	24,546,483
	Fees and subscription		6,966,511	8,900,528
	Computer expenses		7,886,901	6,560,357
	Advertisement		96,390	684,975
	Depreciation	6.4	29,066,446	25,792,469
	Others		742,300	462,993
			<u>413,537,884</u>	<u>360,275,393</u>

33.1 Salaries and benefits include Rs.8,122,000 (2017: Rs.6,759,739) in respect of provident fund contribution.

34	OTHER OPERATING EXPENSES			
	Workers' profit participation fund	25.4	59,029,338	48,729,015
	Workers' welfare fund		39,770,240	60,721,710
	Auditors' remuneration	34.1	2,447,517	2,353,600
	Donations	34.2	10,112,485	56,769,102
	Amortization of intangible assets	8.1	1,408,149	2,066,631
	Provision for stores, spares and loose tools	12.1	3,507,811	18,819,030
	Provision for doubtful debt and advance		-	15,825,884
	Impairment on loans to subsidiaries	15	2,639,400	-
	Provision for doubtful tax refund	19	-	135,006,064
	Loss on winding up of subsidiary company - Sapphire Home Inc.		-	73,051
	Impairment loss on investment		-	17,441,370
	Exchange loss on foreign currency accounts		-	115,908
	Realized loss on measurement of derivative financial instruments - net		-	899,548
	Exchange loss on remeasurement of long term liability		55,160	5,891,499
			<u>118,970,100</u>	<u>364,712,412</u>

Notes to the Financial Statements

For the year ended June 30, 2018

34.1	Auditors' remuneration	Note	2018 ----- Rupees -----	2017 -----
	Audit fee		1,618,000	1,541,000
	Half yearly review fee		423,000	423,000
	Code of corporate governance review fee		85,850	85,850
	Other certification / services		306,917	290,000
	Out of pocket expenses		13,750	13,750
			2,447,517	2,353,600

34.2 Donation to following organisations exceeds Rs.0.5 million.

Abdullah Foundation	34.2.1	-	50,400,000
The Kidney Centre Post Graduate Training Institute		1,000,000	1,000,000
The Hunar Foundation		1,576,371	-
NOWPDP		1,000,000	-
Daud Bandagi Development Trust		600,000	600,000
National Saving Scheme		-	1,000,000
Textile Institute Of Pakistan		-	525,000

34.2.1 The Directors of the Company who have interest in Abdullah Foundation (donee) are following.

Name of director	Interest in donee	Name and address of donee
Mr. Mohammad Abdullah	Director	Abdullah Foundation
Mr. Shahid Abdullah	Director	312, Cotton Exchange Building,
Mr. Nadeem Abdullah	Director	I.I. Chundrigar Road, Karachi.
Mr. Amer Abdullah	Director	
Mr. Yousuf Abdullah	Director	
Mr. Shayan Abdullah	Director	

35	OTHER INCOME	2018 ----- Rupees -----	2017 -----
	Income from financial assets		
	Dividend income		
	- from other companies	428,728,105	720,622,079
	- from subsidiary and associated companies	249,474,650	19,627,972
		678,202,755	740,250,051
	Gain on sale of investments	45,941,094	2,110,234,230
	Interest income on saving account, term deposit receipts and HBL TFC's	1,202,045	3,204,877
	Mark-up income on loans to subsidiaries	38,375,243	27,361,656
	Exchange gain on Foreign currency accounts	1,077,885	-
	Income from non-financial assets		
	Gain on sale of property, plant and equipment - net	63,565,154	8,222,463
	Credit balances written-back	1,240,625	-
	Rental income	600,000	350,000
	Technical services	469,917,434	-
	Scrap sales [Net of sales tax aggregating Rs.5.708 million (2017: Rs.5.335 million)]	48,321,835	27,608,799
		1,348,444,070	2,917,232,076

Notes to the Financial Statements

For the year ended June 30, 2018

36 FINANCE COST

	Note	2018 ----- Rupees -----	2017 -----
Interest / mark-up on :			
- short term finances		449,535,542	320,389,807
- long term loans		795,013,130	556,768,761
- workers' profit participation fund	25.4	3,784,843	1,378,211
Bank charges, commission and others charges		141,687,986	87,558,519
Unwinding cost of long term liability		-	1,306,761
Exchange loss on foreign currency loans		1,469,231	1,543,920
		1,391,490,732	968,945,979

37 TAXATION

Current			
- for the year		305,227,121	298,606,425
- prior year		(46,892)	(8,771,354)
Deferred		47,425,044	(36,217,866)
		352,605,273	253,617,205

37.1 Relationship between taxation expense and accounting profit

Profit before taxation		1,948,741,746	2,975,363,800
Tax at the applicable rate of 30% (2017: 31%)		584,622,524	922,362,778
Tax effect of income taxed at a lower rate		(65,172,507)	(492,135,100)
Reduction in rate		(6,836,445)	-
Prior year tax effect		(46,892)	(8,771,354)
Tax credit effect		(159,961,407)	(167,839,119)
		352,605,273	253,617,205

37.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
	Rupees		
Income tax provision for the year - accounts	298,606,425	248,581,115	126,741,696
Income tax as per assessment orders	311,521,317	249,420,676	129,225,323

The excess tax mainly pertains to super tax provisions in the respective years which have not become due as the Company has filed petitions in the High Court of Sindh for the tax year 2015 against the levy of Super Tax. The Company has also file appeal for tax year 2016 and 2017 to commissioner Inland Revenue (Appeals) against order passed by the Additional Commissioner Inland Revenue challenging levy of super tax.

37.3 The Finance Act, 2017 has amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 7.5%, for the year ended June 30, 2017, of its accounting profit before tax for the year. However, this tax shall not apply in case the Company distribute 40% of the accounting profit through cash dividend within six months of the end of the said year. The Company filed a Constitutional Petition (CP) before the Honourable Sindh High Court (SHC), Sindh on July 28, 2017 challenging the vires of amended Section 5A of the Income Tax Ordinance, 2001, and SHC accepted the CP and granted stay against the newly amended section 5A. In case the SHC's decision is not in favour of the Company; the Company will either be required to declare amount of dividend or it will be liable to pay additional tax at the rate of 7.5% of its profit before tax for the financial year ended June 30, 2017. As at reporting date no charge has been recorded in this respect.

Notes to the Financial Statements

For the year ended June 30, 2018

38 EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
Profit after taxation for the year	Rupees 1,595,059,020	2,721,746,595
Weighted average number of ordinary shares	Number 20,083,140	20,083,140
Earnings per share - basic and diluted	Rupees 79.42	135.52

39 CASH GENERATED FROM OPERATIONS

	2018	2017
	----- Rupees -----	
Profit before taxation	1,948,741,746	2,975,363,800
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,096,630,492	1,028,140,831
Gain on sale of investments	(45,941,094)	(2,110,234,230)
Amortization of intangible assets	1,408,149	2,066,631
Interest income	(39,577,288)	(30,566,533)
Gain on sale of property, plant and equipment	(63,565,154)	(8,222,463)
Dividend income - others	(428,728,105)	(720,622,079)
Dividend income - subsidiary and associates	(249,474,650)	(19,627,972)
Provision for doubtful debts and advances	-	15,825,884
Provision for tax refunds doubtful	-	135,006,064
Provision for gratuity	88,856,272	89,674,205
Provision for stores, spares and loose tools	3,507,811	18,819,030
Credit balances written-back	(1,240,625)	-
Loss on winding up of subsidiary company	-	73,051
Impairment loss	2,639,400	17,441,370
Amortization of unwinding up of liability	-	1,306,761
Exchange differences	55,160	7,435,419
Finance cost	1,390,021,501	966,095,298
Rental income	(600,000)	(350,000)
	1,753,991,869	(607,738,733)
Operating cash flow before changes in working capital	3,702,733,615	2,367,625,067
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spare and loose tools	(64,358,239)	(117,640,097)
Stock-in-trade	(47,178,660)	(1,045,117,497)
Trade debts	(1,223,555,816)	(258,387,426)
Loans and advances	(14,991,481)	5,542,642
Trade deposits and short term prepayments	9,619,256	(4,601,404)
Other receivables	(260,509,083)	(101,938,209)
	(1,600,974,023)	(1,522,141,991)
Increase in current liabilities		
Trade and other payables	769,273,760	664,901,874
	2,871,033,352	1,510,384,950

Notes to the Financial Statements

For the year ended June 30, 2018

40 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), subsidiaries, directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements and remuneration of key management personnel is disclosed in note 43. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2018	2017
		----- Rupees -----	
(i) Subsidiaries	Sales of fabric / processing / stores	2,231,520,066	1,044,197,654
	Purchase of fabric	-	5,562,020
	Shares deposit money	507,200,000	4,767,403,070
	Shares received	542,200,000	4,842,465,000
	Expenses charged to	247,386	3,185,495
	Markup charged to	29,458,639	27,361,656
	Loans - net	(30,150,000)	250,000,000
	Dividend received	230,999,997	-
(ii) Associates	Sales of yarn / fabric / processing / stores	1,682,722,816	1,627,083,914
	Purchase of yarn / fabric / processing / stores / rent / fixed assets	571,612,288	338,611,867
	Purchase of electricity / steam	185,673,211	234,206,975
	Expenses charged to	40,661,316	39,556,636
	Expenses charged by	6,348,750	6,901,583
	Markup charged by	37,305,064	28,692,453
	Dividend paid	-	78,719,578
	Dividend received	18,474,652	19,627,972
	Loans obtained / (repaid)- net	269,120,929	(67,145,418)
(iii) Others	Contribution to provident fund	38,056,796	35,014,122
	Donations	-	50,400,000

40.1 The Related parties with whom the Company had entered into transactions or have arrangement / agreement in place are following:

Company Name	Basis of association	Aggregate % of shareholding
Sapphire Wind Power Company Limited	Subsidiary	70%
Triconboston consulting Corporation (Pvt.) Limited	Subsidiary	57.125%
Sapphire Retail Limited	Subsidiary	100%
Sapphire Renewables Limited	Subsidiary	100%
Sapphire Solar (Pvt.) Limited	Subsidiary	100%
Sapphire Tech (Pvt.) Limited	Subsidiary	100%
Creadore A/S	Associated Company	49%
Sapphire Power Generation Limited	Associated Company	26.43%
Sapphire Dairies (Pvt.) Limited	Associated Company	22.38%
Reliance Cotton Spinning Mills Limited	Common directorship	3.04%
Sapphire Electric Company Limited	Common directorship	1.42%
Sapphire Holding Limited	Common directorship	0.05%
Sapphire Fibres Limited	Common directorship	N/A
Yousuf Agencies (Pvt.) Limited	Common directorship	N/A
Sapphire Finishing Mills (Pvt.) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Amer Cotton Mills (Pvt.) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Bank Alfalah Limited	Related party	N/A
Amer Tex (Pvt.) Ltd.	Common directorship	N/A
Galaxy Agencies (Pvt.) Ltd.	Common directorship	N/A
Nadeem Enterprises (Pvt.) Ltd.	Common directorship	N/A
Neelum Textile Mills (Pvt.) Ltd.	Common directorship	N/A
Sapphire Agencies (Pvt.) Ltd.	Common directorship	N/A

Notes to the Financial Statements

For the year ended June 30, 2018

- 40.2** Creadore A/S (Creadore) is a company incorporated in Denmark, having registered office at Nordager 20, DK-6000, Kolding, Denmark. The Company holds 49% shares in the Creadore. Mr. Peter Beirholm is the Chief Executive Officer of Creadore. Creadore is primarily engaged in product development and marketing of textiles for the global hotel industry. Auditors have expressed unqualified opinion on the financial statements of Creadore for the year ended April 30, 2018.

41	NUMBER OF EMPLOYEES	2018	2017
	Number of employees worked at June 30		
	- Factory	<u>8,044</u>	<u>6,677</u>
	- Others	<u>259</u>	<u>209</u>
	Average number of employees worked during the year		
	- Factory	<u>7,960</u>	<u>6,497</u>
	- Others	<u>273</u>	<u>209</u>

42 PLANT CAPACITY AND ACTUAL PRODUCTION**Spinning**

Total number of spindles installed	136,689	130,407
Average number of spindles worked	135,210	129,416
Total number of rotors installed	3,120	3,120
Average number of rotors worked	-	3,078
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity after conversion into 20/s lbs.	116,402,443	109,867,178
Actual production after conversion into 20/s lbs	94,254,079	99,947,948

Weaving

Total number of looms installed	371	345
Average number of looms worked	349	345
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity at 50 picks per inch of fabric square meters	134,694,682	122,946,331
Actual production converted at 50 picks per inch of fabric square meters	133,169,328	127,473,002

Finishing and Printing

Production capacity meters	38,400,000	36,000,000
Actual production meters	35,983,431	33,231,522

Home Textile Product

The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.

42.1 Reason for low production

Under utilization of available capacity for spinning, weaving, finishing and printing is mainly due to normal maintenance / temporarily shut down and changes in production pattern.

Notes to the Financial Statements

For the year ended June 30, 2018

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
	----- Rupees -----					
Remuneration	24,000,000	7,200,000	232,907,156	24,000,000	14,700,000	205,472,395
Bonus	-	-	22,385,463	-	-	20,036,631
Medical	-	-	3,323,400	-	-	2,711,468
Contribution to provident fund	-	-	11,374,954	-	-	9,901,035
Leave encashment and other benefits	-	-	11,514,168	-	-	10,123,218
	<u>24,000,000</u>	<u>7,200,000</u>	<u>281,505,141</u>	<u>24,000,000</u>	<u>14,700,000</u>	<u>248,244,747</u>
Number of persons	<u>1</u>	<u>1</u>	<u>68</u>	<u>1</u>	<u>2</u>	<u>65</u>

43.1 The Company considers its Chief Executive and the Executive Director as its key management personnel.

43.2 Meeting fee of Rs.0.400 million (2017: Rs.0.450 million) has been paid to independent non-executive director.

43.3 The Chief Executive and Executive Directors were also provided with cars maintained by the Company and telephones at residence. The Company has not paid any remuneration to non-executive directors except meeting fee to independent non-executive director. The Company has also provided vehicles to certain executives of the Company.

2018 2017
----- Rupees '000 -----

44 PROVIDENT FUND RELATED DISCLOSURES

44.1 The following information is based on un-audited financial statements of the Fund as at June 30, 2018

Size of the fund - Total assets	231,002	199,467
Cost of investments made	209,071	186,786
Fair value of investments	227,974	196,051
Percentage of Investments made	98.69%	98.29%

44.2 The break-up of fair value of investments is as follows:

	2018	2017	2018	2017
	----- Percentage -----	-----	----- Rupees '000 -----	-----
National Saving Schemes	99.20%	99.87%	226,143	195,805
Loan to members	0.25%	0.13%	582	246
Bank Balance - saving	0.55%	0.00%	1,249	-
	<u>100%</u>	<u>100%</u>	<u>227,974</u>	<u>196,051</u>

44.3 The investments out of provident fund have made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

Notes to the Financial Statements

For the year ended June 30, 2018

45 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- 45.1** - Credit risk
45.2 - Liquidity risk
45.3 - Market risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

45.1 Credit risk**45.1.1 Exposure to credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.13,152.030 million (2017: Rs.15,203.579 million), financial assets which are subject to credit risk aggregate to Rs.13,096.581 million (2017: Rs.15,131.444 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	----- Rupees -----	
Long term investments	5,820,529,291	8,913,807,613
Long term deposits	88,434,708	82,182,808
Trade debts	2,947,183,401	1,723,627,585
Loans and advances	-	264,789,400
Trade deposits	3,870,501	3,753,501
Other receivables	133,494,663	94,377,240
Short term investments	4,103,068,742	4,048,906,258
Cash and bank balances	55,448,646	72,134,493
	<u>13,152,029,952</u>	<u>15,203,578,898</u>
45.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:		
Domestic	1,790,546,281	1,216,562,153
Export	1,156,637,120	507,065,432
	<u>2,947,183,401</u>	<u>1,723,627,585</u>

The majority of export debts of the Company are situated in Asia, Europe and North America.

Notes to the Financial Statements

For the year ended June 30, 2018

45.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:

	2018	2017
	----- Rupees -----	
Yarn	1,084,647,932	752,904,788
Fabric	982,905,967	516,751,032
Home textile product	252,179,449	154,345,392
Waste	59,278,193	39,550,996
Processing services	543,193,950	255,967,740
Others	24,977,910	4,107,637
	2,947,183,401	1,723,627,585

45.1.4 The aging of trade debts at the reporting date is as follows:

Not past due	2,259,551,171	882,641,800
Past due 0 - 30 days	567,862,697	710,303,326
Past due 31 - 60 days	54,364,330	122,051,209
Past due 61 - 90 days	51,247,633	8,631,250
Past due 91 - 1 year	14,157,570	-
	2,947,183,401	1,723,627,585

Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good.

The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

45.1.5 Cash is held only with reputable banks with high quality external credit enhancements. Following are the credit ratings of banks with which balances are held or credit lines available:

Name of bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank N.A.	Moody's	P-1	A1
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-
Deutsche Bank AG	S&P	A-2	BBB+
Allied Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Industrial and Commercial Bank of China	Moody's	P-1	A1
Bank Alfalah Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-

Notes to the Financial Statements

For the year ended June 30, 2018

45.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

2018					
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
Rupees					
Long term financing	13,997,415,153	17,187,294,587	1,927,036,866	11,940,730,341	3,319,527,380
Trade and other payables	2,559,535,780	2,559,535,780	2,559,535,780	-	-
Accrued interest / mark-up	184,774,201	184,774,201	184,774,201	-	-
Short term borrowings	7,301,276,206	7,375,599,394	7,375,599,394	-	-
	24,043,001,340	27,307,203,962	12,046,946,241	11,940,730,341	3,319,527,380

2017					
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
Rupees					
Long term financing	13,882,976,836	17,715,744,542	1,265,123,833	11,075,920,062	5,374,700,647
Trade and other payables	2,077,488,057	2,077,488,057	2,077,488,057	-	-
Accrued interest / mark-up	175,351,733	175,351,733	175,351,733	-	-
Short term borrowings	7,462,677,892	7,525,647,991	7,525,647,991	-	-
	23,598,494,518	27,494,232,323	11,043,611,614	11,075,920,062	5,374,700,647

45.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

45.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

Notes to the Financial Statements

For the year ended June 30, 2018

45.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Company's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2 0 1 8				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(1,156,637,120)	(8,380,344)	(985,377)	-	-
Bank balances	(2,346,114)	(14,824)	(3,867)	-	-
Gross Balance sheet exposure	(1,158,983,234)	(8,395,168)	(989,244)	-	-
Outstanding letters of credit	1,540,572,414	9,512,741	2,465,381	-	284,493
Forward exchange contracts	418,358,982	2,185,556	1,202,560	-	-
Net Exposures	799,948,162	3,303,129	2,678,697	-	284,493

	2 0 1 7				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(507,065,432)	(4,295,457)	(474,535)	-	-
Bank balances	(3,575,026)	(29,689)	(3,867)	-	-
Gross Balance sheet exposure	(510,640,458)	(4,325,146)	(478,402)	-	-
Outstanding letters of credit	1,188,018,746	4,948,635	5,434,643	426,976	137,522
Forward exchange contracts	822,832,974	5,837,178	1,812,000	-	-
Net Exposures	1,500,211,262	6,460,667	6,768,241	426,976	137,522

The following significant exchange rates have been applied:

	Reporting date rate	
	2018	2017
US \$ to Rupees	121.4 / 121.6	104.8 / 105
Euro to Rupees	141.33 / 141.57	119.91 / 120.14

Sensitivity analysis

A 10 percent strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Equity	Profit & loss
	Rupees	
As at June 30, 2018		
Effect in US Dollar	(101,917,340)	(101,917,340)
Effect in Euro	(13,980,985)	(13,980,985)
As at June 30, 2017		
Effect in US Dollar	(45,327,530)	(45,327,530)
Effect in Euro	(5,736,518)	(5,736,518)

10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

Notes to the Financial Statements

For the year ended June 30, 2018

45.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	2018	2017	2018	2017
	Effective rate		Carrying Amount	
			----- Rupees -----	
Fixed rate instruments				
Financial liabilities				
Long term financing	2.5% to 6.5%	2.5% to 6.5%	3,506,932,975	2,624,558,884
Short term borrowings - foreign currency loan	-	1%	-	218,323,000
- local currency loan	2.15% to 2.50%	2.15% to 2.25%	1,800,000,000	1,500,000,000
Variable rate instruments				
Financial liabilities				
Long term financing	6.10% - 6.85%	6.10% - 6.45%	10,490,482,178	11,258,417,952
Short term borrowings - local currency	6.43% to 7.42%	6.13% to 7.02%	5,501,276,206	5,744,354,892

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit and loss 100 bps	
	Increase	Decrease
	----- Rupees -----	
As at June 30, 2018		
Cash flow sensitivity - variable rate instruments	159,917,584	(159,917,584)
As at June 30, 2017		
Cash flow sensitivity - variable rate instruments	170,027,728	(170,027,728)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

45.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the company diversify its portfolio and continuously monitor developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the reporting date would have increased / decreased the Company's unrealized gain on 'available for sale' investments as follows:

	2018	2017
	----- Rupees -----	
Effect on equity	983,694,980	1,287,656,564
Effect on investments	983,694,980	1,287,656,564

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Company.

Notes to the Financial Statements

For the year ended June 30, 2018

45.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

45.5 Financial instruments by Category

	2018	2017
	----- Rupees -----	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	88,434,708	82,182,808
Trade debts	2,947,183,401	1,723,627,585
Loans and advances	-	264,789,400
Trade deposits	3,870,501	3,753,501
Other receivables	151,145,710	94,377,240
Cash and bank balances	55,448,646	72,134,493
	<u>3,246,082,966</u>	<u>2,240,865,027</u>
At fair value through Other Comprehensive Income		
Long term investments	5,733,881,055	8,827,659,377
Short term investments	4,103,068,742	4,048,906,258
	<u>9,836,949,797</u>	<u>12,876,565,635</u>
Long term investment at cost		
Long term investments	<u>86,648,236</u>	<u>86,148,236</u>
FINANCIAL LIABILITIES		
At amortized Cost		
Long term loans	13,997,415,153	13,882,976,836
Trade and other payables	2,559,535,780	2,077,488,057
Accrued Interest / mark-up	184,774,201	175,351,733
Short term borrowings	7,301,276,206	7,462,677,892
	<u>24,043,001,340</u>	<u>23,598,494,518</u>

45.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1. Quoted market price (unadjusted) in an active market for identical instrument.
- Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

For the year ended June 30, 2018

	Level 1	Level 2	Level 3
	----- Rupees -----		
As at June 30, 2018			
Assets carried at fair value			
Available for sale investments	9,836,949,797	-	86,648,236
Forward exchange contracts used for hedging	-	17,651,047	-
	9,836,949,797	17,651,047	86,648,236
As at June 30, 2017			
Assets carried at fair value			
Available for sale investments	12,876,565,635	-	86,148,236
Forward exchange contracts used for hedging	-	-	-
	12,876,565,635	-	86,148,236
As at June 30, 2018			
Liabilities carried at fair value			
Long term payables	-	-	-
Forward exchange contracts used for hedging	-	-	-
	-	-	-
As at June 30, 2017			
Liabilities carried at fair value			
Liabilities carried at fair value	-	-	5,794,320
Forward exchange contracts used for hedging	-	7,764,396	-
	-	7,764,396	5,794,320

45.7 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'short term borrowings' as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

Notes to the Financial Statements

For the year ended June 30, 2018

	2018	2017
	----- Rupees -----	-----
Total borrowings	21,299,531,394	21,346,823,119
Less: Cash and bank balances	55,448,646	72,134,493
Net debt	21,244,082,748	21,274,688,626
Total equity	16,022,255,202	16,994,754,650
Total capital	37,266,337,950	38,269,443,276
	Percentage	
Gearing ratio	57.01	55.59

46 Reconciliation of movements of liabilities to cash flows arising from Financing activities.

	2018			
	Liabilities			
	Long term financing	Short term borrowings	Unclaimed dividend	Total
	Rupees			
Balance as at July 01, 2017	13,882,976,836	7,462,677,892	1,361,643	21,347,016,371
Receipts from long term finances	2,012,968,000	-	-	2,012,968,000
Repayment of long term finances	(1,898,529,683)	-	-	(1,898,529,683)
Short term borrowing repaid net of receipts	-	(159,932,455)	-	(159,932,455)
Exchange loss on repayment of loans	-	(1,469,231)	-	(1,469,231)
Dividend paid	-	-	(52,124)	(52,124)
Total changes from financing cash flows	114,438,317	(161,401,686)	(52,124)	(47,015,493)
Closing balance as at June 30, 2018	13,997,415,153	7,301,276,206	1,309,519	21,300,000,878

47 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

48 EVENTS AFTER REPORTING DATE

The board of directors in its meeting held on September 27, 2018 proposed cash dividend of Rs.321,330,240 (2017: interim dividend of Rs.281,163,960) at the rate of Rs.16 (2017: Rs.14) per ordinary share of Rs.10 each. Proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the period of payment.

Notes to the Financial Statements

For the year ended June 30, 2018

49 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made, except for the following:

	2017 Rupees
'Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position.	<u>1,361,643</u>
'Advance to excise and taxation' previously presented under 'Loans and advances' now net-off against 'Infrastructure fee' payable presented under 'Trade and other payables'.	<u>116,481,490</u>
'Payable to Provident fund' previously grouped in 'Accrued liabilities' and presented under 'Trade and other payables' now separately presented under 'Trade and other payables'.	<u>2,244,780</u>
Dyes and chemical stocks' previously made part of stores, spare parts and tools' now have been reclassified and made part of raw material stocks.	<u>97,933,523</u>
- This also resulted in reclassification of dyes and chemicals consumed from stores consumed to raw material consumed.	<u>456,663,000</u>

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on September 27, 2018.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Pattern of Shareholding

As At June 30, 2018

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
291	1	100	4,352
43	101	500	11,781
16	501	1,000	11,822
26	1,001	5,000	54,586
5	5,001	10,000	38,815
2	10,001	15,000	27,633
2	15,001	20,000	34,370
2	20,001	25,000	41,623
2	25,001	30,000	55,500
1	30,001	35,000	32,500
2	35,001	40,000	73,283
1	45,001	50,000	46,617
1	50,001	55,000	51,420
2	60,001	65,000	127,087
1	70,001	75,000	72,542
1	75,001	80,000	75,400
1	90,001	95,000	93,241
1	105,001	110,000	107,500
1	125,001	130,000	128,401
1	130,001	135,000	131,000
1	145,001	150,000	146,500
1	175,001	180,000	175,500
1	200,001	205,000	201,800
1	210,001	215,000	211,100
1	230,001	235,000	231,073
1	260,001	265,000	264,638
1	270,001	275,000	272,594
1	290,001	295,000	293,123
1	375,001	380,000	378,057
1	395,001	400,000	400,000
1	460,001	465,000	461,532
1	495,001	500,000	496,183
1	500,001	505,000	504,611
1	560,001	565,000	564,522
1	585,001	590,000	586,242
1	605,001	610,000	609,063
1	620,001	625,000	623,289
2	635,001	640,000	1,272,591
2	895,001	900,000	1,800,000
1	920,001	925,000	924,088
1	945,001	950,000	950,000
1	1,475,001	1,480,000	1,475,106
1	1,675,001	1,680,000	1,677,128
1	2,105,001	2,110,000	2,106,659
1	2,235,001	2,240,000	2,238,268
429			20,083,140

* Note: There is no shareholding in the slab not mentioned

Categories of Shareholders

As At June 30, 2018

Particulars	No. of Shares Held	Percentage %
Directors, CEO, and their spouse and minor children	10,892,546	54.24
Associated Companies, Undertakings and Related Parties	6,215,749	30.95
NIT & ICP	929,028	4.63
Banks, Development Finance Institutions, Non- Banking Finance Institutions	129	0.00
Insurance Companies	14,250	0.07
Others Companies	257,546	1.28
Modarabas & Mutual Funds	0.00	0.00
General Public (Local)	1,773,892	8.83
	20,083,140	100.00

Pattern of Shareholding

As At June 30, 2018

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

Reliance Cotton Spinning Mills Limited	100,223
Sapphire Power Generation Limited	283,642
Sapphire Agencies (Pvt.) Limited	2,331,509
Amer Tex (Pvt.) Limited	1,133,268
Neelum Textile Mills (Pvt.) Limited	419,094
Galaxy Agencies (Pvt.) Limited	504,611
Salman Ismail (SMC-PRIVATE) Limited	592,522
Nadeem Enterprise (Pvt.) Limited	586,242
Sapphire Holding Limited	264,638

B) NIT & ICP

National Bank of Pakistan - Trustee Department NI(U)T Fund	924,088
National Investment Trust Limited	4,940

C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN

DIRECTORS & THEIR SPOUSES

Mr. Yousuf Abdullah	2,120,042
Mr. Shahid Abdullah	396,057
Mr. Nabeel Abdullah	900,000
Mr. Shayan Abdullah	950,000
Mr. Mohammad Abdullah	461,532
Mr. Amer Abdullah	1,709,628
Mrs. Ambareen Amer	811,006
Mrs. Shamshad Begum	636,563
Mrs. Shireen Shahid	1,606,106
Mrs. Usma Yousuf	107,500
Mr. Nadeem Karamat	500

CHIEF EXECUTIVE OFFICER & HIS SPOUSES

Mr. Nadeem Abdullah	698,689
Mrs. Noshaba Nadeem	494,923

Pattern of Shareholding

As At June 30, 2018

D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS

BANKS

National Bank of Pakistan	129
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INSURANCE COMPANIES

EFU Life Assurance Limited	14,250
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E) SHAREHOLDERS HOLDING 5% OR MORE

Mr. Amer Abdullah	1,709,628
Mrs. Shireen Shahid	1,606,106
Mr. Yousuf Abdullah	2,120,042
Sapphire Agencies (Pvt.) Limited	2,331,509
Amer Tex (Private) Limited	1,133,268

F) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

Gifted by Mr. Nadeem Abdullah to Mr. Umer Abdullah	450,000
Gifted by Mrs. Noshaba Nadeem to Mr. Umer Abdullah	450,000

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Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Tricon Boston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited**, it is my pleasure to present Directors' Report with Audited Consolidated Financial Statement of the Group and Auditor's report thereon for the year ended June 30, 2018.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in November 2015 – the project is operating following best industry practices and is yielding satisfactory results.

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018.

Sapphire Renewables Limited

Sapphire Renewables Limited, is wholly owned subsidiary of Sapphire Textile Mills Limited, incorporated on May 30, 2016. The main business of the company is to make investment in Renewable Energy Projects. The company has obtained certificate of commencement of business on August 19, 2016.

Sapphire Tech (Pvt.) Limited

Sapphire Tech (Private) Limited is incorporated under the Companies Ordinance, 1984 (now the Companies Act, 2017). The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

On behalf of the Board

Karachi :
Dated: September 27, 2018

NADEEM ABDULLAH	MOHAMMAD ABDULLAH
CHIEF EXECUTIVE	DIRECTOR

ڈائریکٹر رپورٹ برائے حصص یافتگان

سیفائر ٹیک (پرائیویٹ) لمیٹڈ

سیفائر ٹیک (پرائیویٹ) لمیٹڈ کمپنیز آرڈیننس مجریہ 1984ء (موجودہ کمپنی ایکٹ، 2017) کے تحت تشکیل پائی۔ سبسیڈییری الیکٹرک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔ یہ سو فیصد اکیوٹی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

سیفائر سولر (پرائیویٹ) لمیٹڈ

سیفائر سولر (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی سبسیڈییری ہے۔ آئٹریٹیو انرجی ڈیولپمنٹ بورڈ سے LO1 ایک آئی پی پائیم ڈبلیو سولر انرجی پروجیکٹ کی تشکیل منسوخ ہو گئی ہے۔ یہ سو فیصد اکیوٹی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

مخائب بورڈ

محمد عبداللہ

ڈائریکٹر

ندیم عبداللہ

چیف ایگزیکٹو

کراچی۔

مورخہ 27 ستمبر 2018ء

ڈائریکٹر رپورٹ برائے حصص یافتگان

ڈائریکٹر رپورٹ برائے شیئر ہولڈرز

سیفائر ونڈ پاور کمپنی لمیٹڈ، سیفائر ریٹیل لمیٹڈ، ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائر رینو ویبلز لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ، سیفائر سولر (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018ء کو مکمل ہونے والے سال کیلئے ڈائریکٹرز کی رپورٹ معہ گروپ کے آڈٹ شدہ کنسالیدیٹڈ اسٹیٹمنٹس اور آڈیٹرز کی رپورٹ پیش کرنے کا اعزاز حاصل کر رہے ہیں:

سیفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی 70 فیصد سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیت اور 30 فیصد بینک الفلاح لمیٹڈ کی ملکیت ہے۔ کمپنی نے جھمپیر میں 52.80 ایم ڈبلیو گنجائش کے ونڈ فارم لگائے ہیں جنہوں نے نومبر 2015ء میں تجارتی سرگرمیاں شروع کر دی ہیں۔ پروجیکٹ بہترین صنعتی عمل انجام دے رہا ہے اور اطمینان بخش نتائج حاصل ہو رہے ہیں۔

سیفائر ریٹیل لمیٹڈ

سیفائر ریٹیل لمیٹڈ، سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے۔ اس سبسیڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے 'سیفائر برانڈ' ریٹیل آؤٹ لیٹس چلانا ہے۔

ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ جھمپیر سندھ میں پاکستانی قوانین کے تحت تشکیل پائی ہے اور 3X50 میگا واٹ ونڈ انرجی کے (3) پروجیکٹس چلا رہی ہے۔ تینوں پروجیکٹ کی تجارتی سرگرمیاں ستمبر 2018ء سے کامیابی کے ساتھ شروع ہو گئی ہیں۔

سیفائر رینو ویبلز لمیٹڈ

سیفائر رینو ویبلز لمیٹڈ، مکمل طور پر سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی سبسیڈیری ہے جو 30 مئی 2016ء کو تشکیل ہوئی تھی۔ کمپنی کا اصل کاروبار رینو ویبل انرجی پروجیکٹس میں سرمایہ کاری ہے۔ کمپنی کو 19 اگست 2016ء کو کاروبار کے آغاز کا سرٹیفکیٹ حاصل ہوا ہے۔

Independent auditor's report to the members of Sapphire Textile Mills Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Sapphire Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information.

In our opinion, the consolidated financial statements give a true & fair view of the consolidated financial position of the group as at June 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Key audit matter(s)	How the matter was addressed in our audit
<p>1 Preparation of Consolidated Financial Statements Under Companies Act, 2017</p> <p>As referred in note 4.4 to the annexed consolidated financial statements, the Companies Act, 2017 had been promulgated on May 30, 2017. Consolidated financial statements for year ended as on June 30, 2018 are prepared under first time application of the Act.</p> <p>The Act and 4th schedule has revised the disclosure requirements of repealed Companies Ordinance 1984 and 4th Schedule. Some disclosures which are duplicative to the IFRS disclosures requirements are eliminated and some additional significant disclosures are required.</p> <p>Management performed the comparison of old and new disclosure requirements of 4th schedule in order to identify the changes in new reporting framework and assessed the impacts of such changes.</p> <p>This transition to new reporting framework is considered as key audit matter because of their significant impacts in the consolidated financial statements.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> - We obtained an understanding of the related provisions and schedules of the Act applicable to the Company and prepared a checklist to assess the Company's compliance with the disclosure requirement of the Act and 4th schedule. - Discussed with the management and those charged with governance about how the Company is in compliance with all such changes. <p>We ensured that the consolidated financial statements have been prepared in accordance with the approved accounting standards and the Act.</p>

Independent auditor's report to the members of Sapphire Textile Mills Limited

Report on the Audit of the Consolidated Financial Statements

2 Valuation of Inventory

We refer to accounting policies, note 12 & 13.

The total value of inventory consisting of Stores and Stocks as of June 30, 2018, is amounted to Rs. 7.99 billion representing 9.57 % of the total assets (2017: Rs. 6.99 billion, 11.76 % of the total assets). Inventories are measured at the lower of cost and net realizable value. As a result, the management apply judgement in determining the appropriate values for slow-moving or obsolete items.

The inventory is material to our audit because the inventory is exposed to price fluctuation due to market factors. The valuation of Finished Goods also involves complex methods of allocation of factory overheads to inventory.

Due to above said factors, inventory costing was considered a significant risk of inventory overvaluation.

We checked the appropriateness of management's assumptions applied in calculating the value of the inventory and provisions by:

- assessing the Company's accounting policies over recognizing inventory in compliance with applicable accounting standards;
- attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;
- evaluating the design and implementation of key inventory controls;
- testing the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value, obtained through a detailed review of sales subsequent to the year-end;
- assessing whether bases of allocation of the variable and fixed costs are reasonable; and
- an analytic review was also performed on inventory.

We assessed the Company's disclosures in the consolidated financial statements in respect of inventory.

3 Contingent Liabilities

The Company has disclosed significant open legal cases and other contingencies in Note 30. The assessment of the existence of the present legal obligation, and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures.

Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.

As part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with IAS 37 requirements.

We have analyzed significant changes from prior periods and obtained an understanding of these items and assumptions applied.

We have obtained legal representation letters on the main outstanding legal cases. As part of our audit procedures we have reviewed minutes of board meetings.

We have held regular meetings with management and legal counsels. We have assessed the appropriateness of presentation in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of director's report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and

Independent auditor's report to the members of Sapphire Textile Mills Limited Report on the Audit of the Consolidated Financial Statements

for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mushtaq Ahmed Vohra, FCA.

Karachi.
Dated: September 27, 2018

MUSHTAQ & CO
Chartered Accountants

Consolidated Statement of Financial Position

as at June 30, 2018

		2018	2017
	Note	----- Rupees -----	----- Rupees -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	51,770,140,053	23,635,517,666
Investment property	7	31,750,000	31,750,000
Intangible assets	8	473,465,504	458,996,284
Long term investments	9	6,879,577,347	9,917,836,164
Long term loans and advances	10	36,741,452	46,798,432
Long term deposits and prepayments	11	249,086,588	604,239,546
		59,440,760,944	34,695,138,092
CURRENT ASSETS			
Stores, spares and loose tools	12	513,863,819	440,570,259
Stock in trade	13	7,478,759,709	6,552,955,575
Trade debts	14	3,966,358,463	2,715,777,025
Loans and advances	15	217,215,440	152,202,971
Trade deposits and short term prepayments	16	54,436,381	60,167,286
Other receivables	17	1,054,367,947	375,876,259
Other financial assets	18	4,103,068,742	4,048,906,258
Tax refunds due from Government	19	2,033,428,680	1,638,370,468
Cash and bank balances	20	4,617,720,454	8,758,510,152
		24,039,219,635	24,743,336,253
TOTAL ASSETS		83,479,980,579	59,438,474,345
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid up capital	21	200,831,400	200,831,400
Reserves		16,427,803,268	18,106,949,894
Equity attributable to holders of parent company		16,628,634,668	18,307,781,294
Non-controlling interest		5,082,699,819	4,893,365,292
Total Equity		21,711,334,487	23,201,146,586
NON-CURRENT LIABILITIES			
Long term financing	22	41,147,456,937	21,073,237,674
Deferred liabilities	23	410,333,097	335,834,432
Liabilities against assets subject to finance lease	24	31,789,874	11,961,692
		41,589,579,908	21,421,033,798
CURRENT LIABILITIES			
Trade and other payables	26	7,729,461,567	4,420,095,018
Accrued interest / mark-up	27	330,132,390	306,682,461
Unclaimed dividend		1,309,519	1,361,643
Short term borrowings	28	8,294,872,401	8,214,590,310
Current portion of long term financing	22	3,333,466,695	1,482,471,736
Current portion of liabilities against assets subject to finance lease	24	8,878,906	3,260,817
Current portion of long term payable	25	-	5,794,320
Provision for taxation	29	480,944,706	382,037,656
		20,179,066,184	14,816,293,961
CONTINGENCIES AND COMMITMENTS	30		
TOTAL EQUITY AND LIABILITIES		83,479,980,579	59,438,474,345

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
Net turnover	31	35,380,562,771	30,240,880,104
Cost of sales	32	(28,782,312,393)	(25,219,775,419)
Gross profit		6,598,250,378	5,021,104,685
Distribution cost	33	(2,779,104,842)	(1,840,668,372)
Administrative expenses	34	(815,612,092)	(619,232,572)
Other operating expenses	35	(198,358,220)	(370,760,395)
Other income	36	719,449,519	2,885,654,637
		(3,073,625,635)	54,993,298
Profit from operations		3,524,624,743	5,076,097,983
Finance cost	37	(2,029,864,129)	(1,528,576,743)
		1,494,760,614	3,547,521,240
Share of profit of Associated Companies		70,330,585	82,728,732
Profit before taxation		1,565,091,199	3,630,249,972
Taxation			
Current			
- for the year		(337,511,322)	(335,161,842)
- prior year		46,892	8,771,354
Deferred		(53,830,286)	116,000,793
	38	(391,294,716)	(210,389,695)
Profit after taxation for the year		1,173,796,483	3,419,860,277
Attributable to:			
Shareholders of Parent Company		885,461,953	3,195,066,797
Non- controlling interest		288,334,530	224,793,480
		1,173,796,483	3,419,860,277
Earnings per share - basic and diluted	39	44.09	159.09

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 27, 2018Nadeem Abdullah
Chief ExecutiveMohammad Abdullah
DirectorAbdul Sattar
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	----- Rupees -----	
Profit after taxation for the year	1,173,796,483	3,419,860,277
Other comprehensive (loss) / income:		
Items that may be reclassified subsequently to profit or loss		
Available for sale investments		
Unrealized (loss) / gain on remeasurement of available for sale investments	(2,575,444,139)	1,980,839,584
Reclassification adjustments for gain on available for sale investments included in the statement of profit or loss	(5,002,843)	(2,040,163,471)
Unrealized (loss) / gain on remeasurement of available for sale investments - associates	(23,940,480)	20,870,957
	(2,604,387,462)	(38,452,930)
Forward foreign currency contracts		
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	33,179,839	(24,558,804)
Reclassification adjustments relating to (gain) / loss realized on settlement of forward foreign currency contracts	(7,764,396)	8,397,204
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts - associates	204,993	(61,660)
	25,620,436	(16,223,260)
Exchange difference on translation of foreign operations	27,063,631	3,392,942
Reclassification adjustments for gain on winding-up of foreign subsidiary included in the statement of profit or loss	-	(929,760)
	27,063,631	2,463,182
Items that may not be reclassified subsequently to profit or loss		
(Loss) / gain on remeasurement of staff retirement benefits	(13,604,382)	7,398,993
Impact of deferred tax	1,077,453	(558,698)
Loss on remeasurement of staff retirement benefits - associates	(51,175)	(258,765)
	(12,578,104)	6,581,530
Share of decrease in reserves of associated companies under equity method	(118,106)	(8,754,623)
Other comprehensive loss for the year	(2,564,399,605)	(54,386,101)
Total comprehensive (loss) / income for the year	(1,390,603,122)	3,365,474,176
Attributable to:		
Shareholders of Parent Company	(1,678,937,652)	3,140,680,696
Non- controlling interest	288,334,530	224,793,480
	(1,390,603,122)	3,365,474,176

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 27, 2018Nadeem Abdullah
Chief ExecutiveMohammad Abdullah
DirectorAbdul Sattar
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	5,219,964,795	2,471,221,173
Long term loans, deposits and prepayments		365,209,938	(423,592,344)
Finance cost paid		(1,984,106,448)	(1,441,194,515)
Staff retirement benefits - gratuity paid		(83,132,355)	(132,701,566)
Taxes paid		(633,615,592)	(171,052,428)
		(2,335,644,457)	(2,168,540,853)
Net cash generated from operating activities		2,884,320,338	302,680,320
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26,331,703,365)	(3,968,316,828)
Purchase of intangibles		(18,591,937)	(532,700)
Investment in associates		18,469,943	19,601,475
Investment others		(500,000)	(6,075,995,688)
Proceeds from disposal of property, plant and equipment		185,467,145	41,502,804
Proceeds from sale of investments		505,109,950	4,824,068,214
Dividend received		455,675,315	737,990,595
Interest received		13,973,582	10,934,033
Net cash used in investing activities		(25,172,099,367)	(4,410,748,095)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		80,610,447	3,056,791,422
Proceeds from long term financing		21,455,757,570	8,571,846,474
Repayment of long term financing		(3,274,240,020)	(3,551,369,268)
Repayment of long term payable		(5,849,480)	(458,494,720)
Finance lease		(9,699,729)	-
Issuance of shares - net		(208,974)	3,565,485,000
Dividend paid		(99,052,127)	(562,000,246)
Net cash generated from financing activities		18,147,317,687	10,622,258,662
Net (decrease) / increase in cash and cash equivalents		(4,140,461,342)	6,514,190,887
Cash and cash equivalents at the beginning of the year		8,757,341,761	2,243,150,874
Cash and cash equivalents at the end of the year		4,616,880,419	8,757,341,761
Cash and cash equivalents			
Cash and bank balances		4,617,720,454	8,758,510,152
Bank overdrafts - unsecured		(840,035)	(1,168,391)
Cash and cash equivalents at the end of the year		4,616,880,419	8,757,341,761

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Reserves				Other Components of equity				Total	Non-Controlling Interest	Total Equity		
	Share Capital	Fixed Assets Replacement	Revenue		Unrealized gain / (loss)								
			Share Premium	General Reserves	Unappropriated Profit	SUB TOTAL	On available for sale investments	On forward foreign exchange contracts				Exchange difference on translation of foreign operations	SUB TOTAL
-----Rupees-----													
	200,831,400	156,202,200	65,000,000	1,330,000,000	10,702,304,260	12,253,506,460	3,232,684,492	8,406,988	(6,071,885)	3,235,019,595	15,689,357,455	1,143,157,875	16,832,515,330
Balance as at July 01, 2016													
Total comprehensive income for the year ended June 30, 2017													
Profit after taxation for the year	-	-	-	-	3,195,066,797	3,195,066,797	-	-	-	-	3,195,066,797	224,793,480	3,419,860,277
Other comprehensive income / (loss) for the year	-	-	-	-	6,581,530	6,581,530	(38,452,930)	(16,223,260)	2,463,182	(52,213,008)	(45,631,478)	-	(45,631,478)
Share of decrease in reserves of associated companies under equity method	-	-	-	-	3,201,648,327	3,201,648,327	(38,452,930)	(16,223,260)	2,463,182	(52,213,008)	3,149,435,319	224,793,480	3,374,228,799
Transaction with owners													
Issuance of shares of subsidiary - TBCL	-	-	-	-	(8,754,623)	(8,754,623)	-	-	-	-	(8,754,623)	-	(8,754,623)
Final dividend for the year ended June 30, 2016 @ Rs.14 per share	-	-	-	-	40,071,063	40,071,063	-	-	-	-	40,071,063	3,525,413,937	3,565,485,000
Interim dividend for the year ended June 30, 2017 @ Rs.14 per share	-	-	-	-	(281,163,960)	(281,163,960)	-	-	-	-	(281,163,960)	-	(281,163,960)
Balance as at June 30, 2017													
200,831,400	156,202,200	65,000,000	1,330,000,000	13,372,941,107	14,924,143,307	14,924,143,307	3,194,231,562	(7,816,272)	(3,608,703)	3,182,806,587	18,307,781,294	4,893,365,292	23,201,146,586
Balance as at July 01, 2017													
Total comprehensive loss for the year ended June 30, 2018													
Profit after taxation for the year	-	-	-	-	885,461,953	885,461,953	(2,604,387,462)	25,620,436	27,063,631	(2,551,703,395)	(2,564,281,499)	-	(2,564,281,499)
Other comprehensive loss for the year	-	-	-	-	872,883,849	872,883,849	(2,604,387,462)	25,620,436	27,063,631	(2,551,703,395)	(1,678,819,546)	288,334,530	(1,390,485,016)
Share of decrease in reserves of associated companies under equity method	-	-	-	-	(118,106)	(118,106)	-	-	-	-	(118,106)	-	(118,106)
Transaction with owners													
Share issuance cost incurred by Sapphire Renewables Ltd. (subsidiary company)	-	-	-	-	(208,974)	(208,974)	-	-	-	-	(208,974)	-	(208,974)
Interim dividend @ Rs.1.012 per share - SWPCL	-	-	-	-	-	-	-	-	-	-	-	(99,000,003)	(99,000,003)
Balance as at June 30, 2018													
200,831,400	156,202,200	65,000,000	1,330,000,000	14,245,497,876	15,796,700,076	15,796,700,076	589,844,100	17,804,164	23,454,928	631,103,192	16,628,634,668	5,082,699,819	21,711,334,487

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Karachi:

Dated: September 27, 2018

Nadeem Abdullah
Chief ExecutiveMohammad Abdullah
DirectorAbdul Sattar
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited (STML) - the Holding Company

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

Sapphire Wind Power Company Limited (SWPCL) - the subsidiary company (Holding - 70%)

Sapphire Wind Power Company Limited (the 'Company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on December 27, 2006. The Company is a subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding Company', hereinafter referred to as 'STML'). The address of the registered office of the Company is 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the Company's wind power plant has been set up at Jhimpir, District Thatta, Sindh on land that is leased to the company by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

The Company's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

The Company has set up a wind power station of 52.80 MW gross capacity at the abovementioned location and achieved Commercial Operations Date ('COD') on November 22, 2015. The company has an Energy Purchase Agreement ('EPA') with its sole customer, Central Power Purchasing Agency Guarantee Limited ('CPPAGL') for twenty years which commenced from the COD.

During the previous year, the Company executed a Novation Agreement with National Transmission and Dispatch Company Limited ('NTDC') and CPPA-G whereby all the rights and obligations of NTDC under the EPA were transferred to CPPA-G as per section 19.9 of the EPA. Consequently, NTDC ceased to be a party to EPA and CPPA-G became a party in place of NTDC assuming all of NTDC's rights and obligations thereunder.

Tricon Boston Consulting Corporation (Private) Limited (TBCL) - the subsidiary company (Holding 57.125%)

Triconboston Consulting Corporation (Private) Limited (the Company) was incorporated in Pakistan as a private Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on August 13, 2012. The Company's principle objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity. The address of the registered office of the Company is 7/A-K, Main Boulevard, Gulberg II, Lahore, Punjab.

The Company is currently in the process of setting up three wind power plant projects of 49.375 MW (the Projects) each at Deh Kohistan 7/1 Tapo Jhampir, Talukra & District Thatta in the province of Sindh, spread over area measuring 3,852 acres. The Company's tariff has been determined by National Electric Power Regulatory Authority (NEPRA) through order dated May 13, 2016. Further, NEPRA has issued a Generation License to the Company on October 21, 2016.

Sapphire Retail Limited (SRL) - the subsidiary company (Holding 100%)

Sapphire Retail Limited (the 'Company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on June 11, 2014. The Company is a wholly owned subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the Company is 7 A/K Main Boulevard, Gulberg-II, Lahore. The Company is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through E-store.

Sapphire Renewables Limited (SRNL) - the subsidiary company (Holding 100%)

Sapphire Renewables Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on May 30, 2016. The company is a wholly owned subsidiary of a listed company, Sapphire Textile Mills Limited (the holding company). The principal objective of the company is

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

to invest, manage, operate, run, own and build power projects. The address of the registered office of the company is 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab, Pakistan.

Sapphire Solar (Private) Limited (SSPL) - the subsidiary company (Holding 100%)

Sapphire Solar Power (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principle activity of the Company is power generation by means of solar energy and other alternative energy sources. The registered office of the Company is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh. The Company is wholly owned subsidiary of Sapphire Textile Mills Limited.

The Company was issued letter of intent (LOI) by the Alternate Energy Development Board (AEDB), Government of Pakistan vide letter No. B/3/2/SPV/LOI-018 dated March 25, 2013 for setting up 10 MW Solar PV Power Project in Punjab. The LOI of the Company expired on September 24, 2014 as per terms stated therein as the Company could not achieve the milestones stipulated under the LOI within given time frame. The Guarantee provided by the Company to AEDB was encashed. The accumulated loss of the Company at the reporting date is Rs.2,513,554 (2017: Rs.2,468,059), moreover, the current liabilities of the Company exceed its assets by Rs.2,503,554 (2017: Rs.2,458,059). In view of the aforementioned circumstances the Company is not considered a going concern.

Sapphire Tech (Private) Limited (STPL) - the subsidiary company (Holding 100%)

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited. The registered office of the Company is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

The Company was originally incorporated for power generation project but it was not involved in any operational activity since its inception. Further, the Company has negative equity of Rs. 133,388 (2017: Rs.87,888) and its accumulated losses aggregate to Rs.233,388 (2017: Rs.187,888). The current liabilities also exceed current assets by Rs.133,388 (2017: Rs.87,888) as of that date. Due to these conditions the Company is not considered as going concern.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the international Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value, recognition of employee benefits at present value and the financial statements of Sapphire Solar (Private) Limited and Sapphire Tech (Private) Limited have been prepared on an alternative basis i.e. realizable value.

2.3 Functional and presentation currency

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

3 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

of applying the Group's accounting policies, the management has made the following estimates and judgements which are significant to the consolidated financial statements:

- a) Estimate of useful lives and residual values of property, plant & equipment, investment property and intangible assets [notes 5.2, 5.3 and 5.4]
- b) Classification and valuation of investments [note 5.5]
- c) Provision for obsolete and slow moving stores, spares and loose tools [note 5.6]
- d) Net realisable values of stock-in-trade [note 5.7]
- e) Provision for doubtful debts [note 5.8]
- f) Provision for employees' retirement benefits [note 5.11]
- g) Provision for taxation [note 5.13]

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 01, 2017:

Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 01, 2017. The amendment clarifies that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The Group's current accounting treatment is already in line with the requirements of this standard.

Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 01, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only resulted in some additional disclosures in the Consolidated financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2017 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Group

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Group has yet to assess the impact of these changes on its consolidated financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the SECP to be effective for annual periods beginning on or after July 01, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Group has yet to assess the impact of this standard on its consolidated financial statements.

IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 01, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the reporting date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has yet to assess the impact of this standard on its consolidated financial statements.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 01, 2018). The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The Group has yet to assess the impact of this standard on its consolidated financial statements.

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is yet to assess the full impact of the interpretation.

4.3 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretation Committee ('IFRIC') 4 'Determining whether an Arrangement contains a Lease' and IFRIC 12 'Service Concession Arrangements' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease under International Accounting Standard ('IAS') 17 'Leases'. SWPCL's wind power plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. Consequently, if the Group were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows. However the subsidiary company (TBCL) has not yet commenced operations so impact of IFRIC-4 and IAS-17 has not been assessed.

	2018	2017
	----- Rupees -----	
De-recognition of property, plant and equipment	(11,386,353,850)	(10,700,449,587)
Recognition of lease debtor	10,619,045,760	10,976,958,211
Increase in un-appropriated profit at the beginning of the year	276,508,624	21,394,118
(Decrease) / increase in profit for the year	(1,043,816,714)	255,114,506
(Decrease) / increase in un-appropriated profit at the end of the year	(767,308,090)	276,508,624

- 4.4** In case of Triconboston Consulting Corporation (Pvt.) Ltd. - a subsidiary company, Group is yet to assess its impact on the consolidated financial statements. Currently, it has no impact on the statement of profit or loss as the subsidiary company has not yet commenced commercial operation.

4.5 New disclosure requirements due to adoption of Companies Act, 2017

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the international financial reporting standards. The relevant notes have been updated accordingly.

- 4.6** There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Group and therefore have not been presented here.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary companies.

Subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiary;
- is exposed to variable returns from the subsidiary; and
- decision making power allows the Group to affects its variable returns from the subsidiary.

Subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-recognized from the date the control ceases.

All material intra-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognised at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit or loss of associates is recognised in the statement of profit or loss. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted Investee, the carrying amount of that investment is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognised in the statement of profit or loss.

Translation of the financial statements of foreign associate

The financial statements of foreign associate of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and the statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

5.2 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method except to the effect that straight line method is used for assets of SWPCL and TBCL and charged to the statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

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For the year ended June 30, 2018

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit or loss.

The Group reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Assets subject to finance lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased assets or if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognized in profit or loss.

Leased assets are depreciated over the useful life of the asset at the rates stated in note 6.1. However, if there is no reasonable certainty that the Group will obtain ownership by the end of lease term, the asset is depreciated over the shorter of estimated useful life of the asset and lease term.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

5.3 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment Property comprises of land. The Group has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets.

5.4 Intangible assets

Intangible assets (including computer software) acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to the statement of profit or loss on straight line basis over a period ranging from three to five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

5.5 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each reporting date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in the statement of profit or loss, is removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

All purchases and sales are recognized on the trade date which is the date that the Group commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

5.7 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses. Provision for obsolete stock is determined based on management estimate regarding their future usability.

5.8 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

5.10 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.11 Employee benefits

Compensated absences

The Group accounts for all accumulated compensated absences in the period in which absences accrue.

Defined benefit plan

The Group operates an unfunded gratuity scheme for its eligible permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

each reporting date. The amount arising as a result of remeasurement are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

Defined Contribution Plan

There is an approved contributory provident fund for its eligible permanent employees as per terms of employment for which contributions are charged to income for the year.

The Group and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary. The assets of the fund are held separately under the control of trustees.

5.12 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.13 Taxation

Current year

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

The profits and gains of the Subsidiary companies - Sapphire Wind Power Company Limited (SWPCL) and Tricon Boston Consulting Corporation (Private) Limited derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary companies (SWPCL & TBCL) are also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.14 Leases

The Group is the lessee:

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At commencement, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term, depending upon the timing of the payment.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit or loss over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease term.

5.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.17 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.18 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

The grants are disclosed as a deduction from the related expense.

5.19 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its' commencing.

5.20 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss except for exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets of SWPCL and TBCL which are capitalised over the period of the Implementation Agreement in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP.

5.21 Impairment

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.22 Financial instruments

Financial assets

5.22.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Group has the positive intent and ability to hold to maturity. There were no held to maturity investments as at reporting date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

5.22.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'. 'Financial assets carried at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the statement of profit or loss. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Group has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the statement of profit or loss when the Group's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.22.3 Measurement

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the statement of profit or loss in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.22.4 Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the statement of profit or loss for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the statement of profit or loss.

5.22.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

5.22.6 Derivative financial instruments

The Group designates derivative financial instruments as either fair value hedge or cash flow hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Amounts accumulated in equity are reclassified to the statement of profit or loss in the periods in which the hedged item will affect the statement of profit or loss.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

5.22.7 Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the obliging instrument / contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

5.23 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.24 Segment reporting

Segment reporting is based on the operating (business) segment of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of Property, plant and equipment, inventories, trade debts, loans and advances and cash & bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products, Textile retail and Power generation which also reflects the management structure of Group.

5.25 Related party transactions

All transactions with related parties are carried out by the Group at arms' length price using the method prescribed under the Companies Act, 2017.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the consolidated financial statements.

6	PROPERTY, PLANT AND EQUIPMENT	Note	2018	2017
			----- Rupees -----	
	Operating fixed assets	6.1	23,326,991,850	21,691,976,667
	Capital work-in-progress	6.8	28,373,931,947	1,874,324,743
	Major spare parts and stand-by equipment	6.9	69,216,256	69,216,256
			<u>51,770,140,053</u>	<u>23,635,517,666</u>

Notes to the Consolidated Financial Statements

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Land		On free - hold			On lease - hold			June 30, 2018											
Free - hold	Lease - hold	Factory building	Labour staff colony and others	Office building	Factory building	Labour staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment	Mills equipment	Furniture & fixture	Vehicles	Vehicles - leased	Total	
At July 01, 2017																			
Cost	318,586,358	105,477,477	2,087,170,425	435,593,868	258,409,100	595,519,556	73,619,838	433,608,723	24,293,105,139	502,157,686	19,771,018	252,914,330	136,513,523	48,647,427	93,279,414	228,257,709	398,596,843	17,151,500	30,298,381,934
Accumulated depreciation	-	-	(926,581,345)	(143,046,166)	(44,092,229)	(214,520,015)	(22,291,778)	(104,742,417)	(6,592,153,399)	(194,247,827)	(4,033,932)	(39,455,056)	(59,504,335)	(31,166,254)	(37,480,177)	(31,083,386)	(189,601,134)	(2,423,817)	(8,066,405,267)
Net book value	318,586,358	105,477,477	1,160,589,080	292,546,702	214,316,871	380,999,541	51,328,060	328,866,306	17,710,951,740	307,909,859	15,737,086	213,459,274	77,009,188	17,481,173	55,819,237	197,174,323	228,995,709	14,727,683	21,691,976,667
Year ended June 30, 2018																			
Additions	6,301,600	8,930,000	110,512,634	5,702,612	144,914,648	33,066,921	4,591,725	86,724,680	2,828,696,438	109,670,626	131,800	1,379,200	65,745,524	4,536,372	4,890,031	69,680,352	90,317,670	35,146,000	3,610,938,833
Disposals:																			
- Cost	-	-	-	-	-	-	-	16,840,860	326,850,232	-	-	8,584,708	16,871,117	1,819,278	-	3,371,520	64,000,706	-	438,418,421
- Depreciation	-	-	-	-	-	-	-	(4,987,722)	(247,892,177)	-	-	(1,540,439)	(7,869,080)	(186,333)	-	(605,009)	98,959,635	-	(300,039,795)
	-	-	-	-	-	-	-	11,853,738	78,958,055	-	-	7,044,269	9,002,037	1,632,945	-	2,766,511	21,721,071	-	138,378,626
Depreciation charge for	-	-	(123,762,868)	(14,461,261)	(12,172,842)	(25,835,369)	(3,027,892)	(72,993,571)	(1,399,203,339)	(31,691,145)	(1,714,482)	(25,576,608)	(32,281,363)	(3,759,367)	(5,721,975)	(23,486,009)	(54,725,110)	(7,730,803)	(1,837,545,024)
Closing net book value - 2018	324,889,958	114,407,477	1,147,338,846	283,787,053	347,058,677	388,230,093	52,891,893	330,743,677	19,061,486,784	385,889,340	14,154,404	182,217,597	101,471,292	16,625,233	54,987,293	240,602,155	237,467,198	42,742,880	23,326,991,850
As at June 30, 2018																			
Cost	324,889,958	114,407,477	2,197,683,059	441,296,480	403,323,748	628,566,477	78,211,563	503,492,543	26,794,951,345	611,828,312	19,902,818	245,708,822	185,387,930	51,364,521	96,169,445	294,566,541	424,833,807	52,297,500	33,470,902,346
Accumulated depreciation	-	-	(800,501,606)	(130,042,612)	(32,812,394)	(240,356,394)	(25,319,670)	(172,748,866)	(7,733,464,561)	(225,938,972)	(5,748,114)	(63,491,225)	(83,916,638)	(34,739,288)	(43,182,152)	(53,964,386)	(187,366,609)	(9,554,620)	(10,143,910,496)
Net book value - 2018	324,889,958	114,407,477	1,147,338,846	283,787,053	347,058,677	388,230,093	52,891,893	330,743,677	19,061,486,784	385,889,340	14,154,404	182,217,597	101,471,292	16,625,233	54,987,293	240,602,155	237,467,198	42,742,880	23,326,991,850
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	10	10	10	10	30	10 & 33.33	10	10 & 15	20	20	
June 30, 2017																			
Free - hold	Lease - hold	Factory building	Labour staff colony and others	Office building	Factory building	Labour staff colony and others	Leased building improvements	Plant & machinery	Electric installations	Fire fighting equipment	Electric equipment	Computers	Office equipments	Mills equipments	Furniture & fixtures	Vehicles	Vehicles - leased	Total	
At July 01, 2016																			
Cost	212,587,145	92,286,477	1,828,540,203	387,645,742	258,409,100	551,549,946	38,109,815	187,234,738	22,776,787,754	472,040,967	11,886,431	100,911,931	87,655,594	43,446,400	85,981,626	82,909,537	339,882,181	-	27,557,847,787
Accumulated depreciation	-	-	(800,501,606)	(130,042,612)	(32,812,394)	(240,356,394)	(25,319,670)	(172,748,866)	(7,733,464,561)	(225,938,972)	(5,748,114)	(63,491,225)	(83,916,638)	(34,739,288)	(43,182,152)	(53,964,386)	(187,366,609)	-	(7,066,601,080)
Net book value	212,587,145	92,286,477	1,028,038,597	257,603,130	225,596,706	382,406,127	18,271,883	133,039,261	17,392,276,252	310,624,985	9,446,388	75,505,465	48,723,622	15,171,013	49,980,079	63,028,315	196,823,942	-	20,497,246,707
Year ended June 30, 2017																			
Additions	106,001,213	13,209,000	258,630,222	47,948,126	-	43,969,610	35,510,023	249,318,972	1,660,499,202	30,116,719	7,884,587	152,335,068	50,256,684	5,201,027	11,407,499	145,348,172	93,952,369	17,151,500	2,928,742,003
Disposals:																			
- Cost	-	-	-	-	-	-	-	2,944,987	144,181,817	-	-	332,689	1,400,765	-	4,109,911	-	35,237,707	-	188,207,856
- Depreciation	-	-	-	-	-	-	-	(566,910)	(124,437,551)	-	-	(27,440)	(862,899)	-	(3,969,263)	-	(22,664,261)	-	(152,528,324)
	-	-	-	-	-	-	-	2,378,077	19,744,266	-	-	305,229	537,866	-	140,648	-	12,573,446	-	35,679,532
Depreciation charge for the year	-	-	(126,079,739)	(13,005,554)	(11,279,835)	(25,376,196)	(2,309,146)	(51,113,870)	(1,322,079,448)	(32,831,845)	(1,592,889)	(14,076,030)	(21,435,462)	(2,890,867)	(5,428,493)	(11,202,164)	(49,207,156)	(2,423,817)	(1,692,332,511)
Closing net book value - 2017	318,586,358	105,477,477	1,160,589,080	292,546,702	214,316,871	380,999,541	51,328,060	328,866,306	17,710,951,740	307,909,859	15,737,086	213,459,274	77,009,188	17,481,173	55,819,237	197,174,323	228,995,709	14,727,683	21,691,976,667
As at June 30, 2017																			
Cost	318,586,358	105,477,477	2,087,170,425	435,593,868	258,409,100	595,519,556	73,619,838	433,608,723	24,293,105,139	502,157,686	19,771,018	252,914,330	136,513,523	48,647,427	93,279,414	228,257,709	398,596,843	17,151,500	30,298,381,934
Accumulated depreciation	-	-	(926,581,345)	(143,046,166)	(44,092,229)	(214,520,015)	(22,291,778)	(104,742,417)	(6,592,153,399)	(194,247,827)	(4,033,932)	(39,455,056)	(59,504,335)	(31,166,254)	(37,460,177)	(31,083,386)	(189,601,134)	(2,423,817)	(8,066,405,267)
Net book value - 2017	318,586,358	105,477,477	1,160,589,080	292,546,702	214,316,871	380,999,541	51,328,060	328,866,306	17,710,951,740	307,909,859	15,737,086	213,459,274	77,009,188	17,481,173	55,819,237	197,174,323	228,995,709	14,727,683	21,691,976,667
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	10	10	10	10	30	10 & 33.33	10	10 & 15	20	20	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 6.2** Free hold lands of the Holding Company are located at Sheikhpura, Kasur, Lahore with an area of 1,077,327 square yards and leasehold lands of the Holding Company are located at Kotri, Nooriabad and Karachi with an area of 435,964 square yards.
- 6.3** Freehold land includes Rs.80.685 million representing the Holding Company's 30% share of jointly controlled property located at Block-D/1, Gulberg, Lahore, registered in the name of the Holding Company along with Sapphire Fibres Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (Associated Companies).
- 6.4** Addition in operating fixed assets during the year include the exchange difference of amounting Rs.1,275.963 million (2017:Rs.25.565 million) on the foreign currency loan, as referred to in note 22.2 to these consolidated financial statements, capitalised in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP (as fully explained in note 5.20 to these consolidated financial statements). Had the subsidiary company followed IAS 21 "The Effects of Changes in Foreign Exchange Rates", the effect on the consolidated financial statements would be as follows:

	2018	2017
	----- Rupees -----	
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30	(1,473,485,471)	(215,375,854)
Decrease in cost of sales	17,853,413	10,484,495
Increase in other expenses	(1,275,963,030)	(25,565,466)
Decrease in profit for the year	(1,258,109,617)	(15,080,971)

- 6.5** Operating fixed assets includes assets of Group amounting Rs. Nil (2017: Rs.13.366 million) in possession of third party for use under the Designing and Related Services Agreement.

6.6 The depreciation charge for the year has been allocated as follows:

Cost of sales and services	32	1,669,094,247	1,590,168,711
Distribution cost	33	112,774,756	60,794,326
Administrative expenses	34	55,676,021	41,369,474
		1,837,545,024	1,692,332,511

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

6.7 Particulars of disposal of operating fixed assets during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers
Rupees							
Leashold Improvements							
Main Construction Work	14,408,075	4,226,287	10,181,788	5,661,620	(4,520,168)	Negotiation	ELAN Facon SMC (Private) Limited
Dismantelling work for new head office of SRL	2,432,785	760,835	1,671,950	-	(1,671,950)	Write Off	
	16,840,860	4,987,122	11,853,738	5,661,620	(6,192,118)		
Plant and Machinery							
Marozoli Cards	2,693,838	2,547,858	145,980	400,000	254,020	Negotiation	International Textile Machinery, Karachi
Air Filtration	3,793,790	3,599,985	193,805	288,353	94,548	--- do ---	Muhammad Idrees, Faisalabad
Bale Breaker	290,004	250,305	39,699	28,235	(11,464)	--- do ---	Muhammad Idrees, Faisalabad
3 Draw Frames	4,381,135	4,137,089	244,046	300,000	55,954	--- do ---	Latif Worsted Spinning Mills, Gujranwala
Air Compressors	817,544	684,217	133,327	147,899	14,572	--- do ---	Abdullah Textile Traders, Faisalabad
Balling Press	278,000	188,283	89,717	105,042	15,325	--- do ---	Abdullah Textile Traders, Faisalabad
Auto Cone Murata	18,591,710	15,760,226	2,831,484	2,846,154	14,670	--- do ---	Shahab Ali, Lahore
Card DK 740 with Chuet	1,538,214	1,435,982	102,232	128,205	25,973	--- do ---	Jilani Textile Traders, Hyderabad
DOUBLER MACHINE	958,656	882,709	75,947	170,940	94,993	--- do ---	Jilani Textile Traders, Hyderabad
Gen Set JGS-320	174,262,396	125,778,126	48,484,270	104,085,000	55,600,730	--- do ---	Orient Energy system (Pvt) Ltd., Karachi
Tsudakoma Air Jet looms	19,200,000	14,751,481	4,448,519	4,545,456	96,937	--- do ---	Khawaja Fabrics, Karachi
Hydraulic Plaiting Conveyor	1,107,379	159,947	947,432	956,000	8,568	--- do ---	Shan Associates, Faisalabad
Tsudakoma Zex-e Air Jet	14,400,000	11,127,094	3,272,906	3,409,092	136,186	--- do ---	Khawaja Fabrics, Karachi
Compressor ZR 315	10,662,533	8,925,293	1,737,240	1,740,171	2,931	--- do ---	Air MEC, Lahore
Air Jet Shuttle less Loom	21,600,000	16,732,962	4,867,038	5,060,502	193,464	--- do ---	Yasir Ikram Textile Industries, Gujranwala
Air Jet Shuttle less Loom	21,600,000	16,775,285	4,824,715	5,060,502	235,787	--- do ---	Air MEC, Lahore
Compressor	10,662,533	8,970,222	1,692,311	1,740,171	47,860	--- do ---	Air MEC, Lahore
08 Sets Tsudakoma	19,200,000	14,948,984	4,251,016	5,200,000	948,984	--- do ---	Shabbir Textile Mills (Pvt.) Ltd, Lahore.
Single Needle Sewing Machines	812,500	236,129	576,371	576,371	-	Donation	The Hunar Foundation, Karachi.
	326,850,232	247,892,177	78,958,055	136,788,093	57,830,038		
Electric Equipments							
Main AC Wiring	950,246	256,073	694,173	-	(694,173)	Write Off	
Heating & Cooling Installation	1,938,735	522,454	1,416,281	-	(1,416,281)	Write Off	
UPS	1,061,500	137,480	924,020	915,985	(8,035)	Settlement	ELAN Facon SMC (Private) Limited
Electric equipments having book value less than Rs.500,000	4,634,227	624,432	4,009,795	609,369	(3,400,426)	Write Off	
	8,584,708	1,540,439	7,044,269	1,525,354	(5,518,915)		
Furniture & Fittings							
Furniture & fittings having book value less than Rs.500,000	916,174	116,305	799,869	792,913	(6,956)	Settlement	ELAN Facon SMC (Private) Limited
Furniture & fittings having book value less than Rs.500,000	2,455,346	488,704	1,966,642	-	(1,966,642)	Write Off	
	3,371,520	605,009	2,766,511	792,913	(1,973,598)		
Office Equipment							
Office equipments having book value less than Rs.500,000	1,625,600	168,698	1,456,902	-	(1,456,902)	Write Off	
Office equipments having book value less than Rs.500,000	193,678	17,635	176,043	174,513	(1,530)	Settlement	ELAN Facon SMC (Private) Limited
	1,819,278	186,333	1,632,945	174,513	(1,458,432)		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers
	Rupees						
Vehicles							
Suzuki Swift	1,031,000	738,207	292,793	500,000	207,207	Negotiation	Muhammad Naeem, Lahore
Suzuki Swift	1,031,000	742,148	288,852	700,000	411,148	--- do ---	Shakeel Ahmad, Karachi
Honda Civic	1,982,000	1,287,437	694,563	706,966	12,403	--- do ---	Muhammad Amin, Kotri
Coure	950,200	657,866	292,334	400,000	107,666	--- do ---	Rizwan Ahmad Sheikh, Lahore
Toyota Hilux	1,399,000	1,191,344	207,656	400,000	192,344	--- do ---	Muhammad Shahbaz, Lahore
Honda Civic	1,923,000	1,515,937	407,063	700,000	292,937	--- do ---	Sheikh Khalil Ur Rehman, Karachi
Toyota Corolla	902,629	812,934	89,695	700,000	610,305	--- do ---	Axiom World (Pvt) Ltd., Lahore
Honda City	1,447,000	1,051,873	395,127	600,000	204,873	--- do ---	World Sports Emporium, Karachi
Suzuki Swift	1,056,000	738,806	317,194	505,000	187,806	--- do ---	Sabahat Ali Khan, Lahore
Toyota Corolla	1,269,000	1,061,641	207,359	700,000	492,641	--- do ---	Mansoor Atta, Lahore
Suzuki swift	984,000	760,175	223,825	600,000	376,175	--- do ---	Khursheed Ahmed, Lahore
Honda Civic	1,923,000	1,551,924	371,076	800,000	428,924	--- do ---	Muhammad Saleem Anjum, Lahore
Suzuki Cultus	930,000	645,320	284,680	400,000	115,320	--- do ---	Qamar Zaman, Bahawalpur
Fork Lifter	1,544,782	1,422,997	121,785	600,000	478,215	--- do ---	Muhammad Akram, Lahore
Land Cruiser	10,362,700	7,510,354	2,852,346	4,000,000	1,147,654	--- do ---	Muhammad Danish, Karachi
Cuore	943,000	669,619	273,381	405,000	131,619	--- do ---	Muhammad Saleem Anjum, Lahore
Honda City	1,432,000	1,238,465	193,535	600,000	406,465	--- do ---	Muhammad Saleem Anjum, Lahore
Suzuki Alto	776,000	550,680	225,320	400,000	174,680	--- do ---	Muhammad Moin Gull, Lahore
BMW	16,164,229	4,698,403	11,465,826	9,500,000	(1,965,826)	--- do ---	Al Rehman Hospitality (Pvt) Ltd, Lahore
Coure	580,311	541,471	38,840	250,000	211,160	--- do ---	Rana Amer Faheem, Sahiwal
Toyota Corolla	1,296,180	1,084,078	212,102	600,000	387,898	--- do ---	Humaira Zeeshan, Lahore
Toyota Corolla	1,689,500	1,199,320	490,180	700,000	209,820	--- do ---	Mansoor Atta, Lahore
Suzuki Cultus	1,039,000	473,322	565,678	554,364	(11,314)	--- do ---	Muhammad Zulfarnain Qureshi, Lahore
Honda City	1,703,500	624,617	1,078,883	1,400,000	321,117	--- do ---	Irfan Ullah Khan, Lahore
Honda Civic	2,438,000	1,629,408	808,592	1,200,000	391,408	--- do ---	Abid Ali, Lahore
Cuore	486,290	442,759	43,531	300,000	256,469	--- do ---	Muhammad Ashfaq, Lahore
Suzuki Cultus	1,054,000	308,002	745,998	800,000	54,002	--- do ---	Junaid Khan, Lahore
Tractor	698,500	393,122	305,378	415,000	109,622	--- do ---	Muhammad Shafique, Sheikhpura
Honda Civic	2,503,000	971,164	1,531,836	1,950,254	418,418	--- do ---	Nadeem Rehmani, Lahore
Honda Civic	2,541,885	446,242	2,095,643	2,200,000	104,357	--- do ---	Saqib Ijaz, Lahore
	64,080,706	36,959,635	27,121,071	33,586,584	6,465,513		
Computers							
Laptops having book value less than Rs.500,000	4,237,487	1,796,454	2,441,033	1,801,115	(639,918)	Settlement	ELAN Facon SMC (Private) Limited
Printer and Laptop	1,560,000	570,376	989,624	419,974	(569,650)	Settlement	ELAN Facon SMC (Private) Limited
Laptops	1,024,000	374,400	649,600	-	(649,600)	Write Off	
Computer accessories	535,500	215,707	319,793	-	(319,793)	Write Off	
Dell system	6,141,700	2,768,964	3,372,736	3,721,729	348,993	Settlement	ELAN Facon SMC (Private) Limited
Laptops	608,400	310,284	298,116	289,598	(8,518)	Settlement	ELAN Facon SMC (Private) Limited
Laptops having book value less than Rs.500,000	2,764,030	1,832,895	931,135	711,653	(219,482)	As per Company Policy	To various employees
	16,871,117	7,869,080	9,002,037	6,944,069	(2,057,968)		
2018	438,418,421	300,039,795	138,378,626	185,473,146	47,094,520		
2017	188,207,856	152,528,324	35,679,532	41,586,241	5,906,709		

		2018	2017
	Note	Rupees	
6.8 Capital work-in-progress			
Advance for freehold land		-	7,263,500
Advance for freehold land and buildings	6.8.1	435,749,570	435,749,570
Land improvements		6,501,900	35,425,189
Civil works and buildings		2,329,582,529	179,968,240
Plant and machinery		20,294,434,792	156,078,754
Electric installations		-	9,576,765
Advance for vehicles		16,176,300	-
Advances to contractors		1,413,494,631	130,743,013
Un-allocated expenditure	6.8.2	3,877,992,225	919,519,712
		28,373,931,947	1,874,324,743

6.8.1 This represents land and building requiring levelling / construction.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
6.8.2 Unallocated expenditure			
Salaries, wages and other benefits		244,403,654	108,400,919
Travelling and conveyance		65,949,028	41,480,868
Telephone and communication		1,159,737	955,615
Consultancy charges		190,753,346	-
Legal and professional charges		133,535,898	180,600,403
Fee and subscription		84,795,185	81,175,135
Bank guarantee commission		-	2,464,409
Rent		-	6,322,185
Insurance		86,597,795	86,462,747
Security expenses and utilities		24,812,487	10,254,111
Net markup on long term finance	6.8.3	768,990,005	-
Exchange loss / (gain)		1,605,098,997	(4,056,234)
Lender's fees and charges		612,425,500	398,570,059
Bank charges		17,306,844	-
Site office and others expenses		23,603,916	6,889,495
Amortisation of lease deposit money		12,644,370	-
Others		5,915,463	-
		3,877,992,225	919,519,712
6.8.3 Borrowing costs capitalized			
Markup on long term finance		816,325,039	-
Loan transaction cost		17,790,920	-
Interest income on temporary investment of borrowings		(65,125,954)	-
		768,990,005	-

- 6.9** These major spare parts and stand-by equipment are in the possession and control of the SWPCL's O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary company's plant as per the terms of the O & M Agreement dated October 13, 2011 and as amended by Novation Agreement dated June 29, 2018. Previously, these were in the possession and control of former O & M contractor, HydroChina International Engineering Company Limited ('HydroChina') as per the terms of O & M Agreement dated December 12, 2013. Upon completion of the term of the said agreement on March 07, 2018, HydroChina handed over the major spare parts and stand-by equipment to General Electric. As per the terms of the above mentioned O & M Agreement, General Electric will replenish and hand over these items to SWPCL on the expiry of their respective O & M Agreement i.e. eight years from Taking-Over Date.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

7	INVESTMENT PROPERTY	Note	2018	2017
			----- Rupees -----	-----
	Freehold land		<u>31,750,000</u>	<u>31,750,000</u>
7.1	This represents free-hold land situated at Raiwind Road, Lahore having an area of 5,000 square yards.			
7.2	Fair value of the investment property, based on the estimation, as at June 30, 2018 was Rs.45 million (2017: Rs.40 million).			
8	INTANGIBLE ASSETS			
	Computer software	8.1	17,925,194	3,455,974
	Goodwill	8.3	455,540,310	455,540,310
			<u>473,465,504</u>	<u>458,996,284</u>
8.1	Computer software			
	Net carrying value as at July 01			
	Net book value as at July 01,		3,455,974	5,009,968
	Addition during the year		18,591,937	532,700
	Amortization	8.2	(4,122,717)	(2,086,694)
	Net book value as at June 30		<u>17,925,194</u>	<u>3,455,974</u>
	Gross carrying value as at June 30			
	Cost		43,616,997	25,025,060
	Accumulated amortization		(25,691,803)	(21,569,086)
	Net book value as at June 30		<u>17,925,194</u>	<u>3,455,974</u>
	Amortization rate % per annum		<u>20 & 33.33</u>	<u>20 & 33.33</u>
8.2	Amortization for the year has been charged as follows:			
	Other operating expenses	35	<u>4,122,717</u>	<u>2,086,694</u>
8.3	Goodwill			
	Balance as at June 30		<u>455,540,310</u>	<u>455,540,310</u>
8.3.1	Goodwill represents excess of the amount paid by the holding company over fair value of net assets of Tricon Boston Consulting Corporation (Private) Limited (subsidiary company).			

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

9	LONG TERM INVESTMENTS	Note	2018	2017
			----- Rupees -----	----- Rupees -----
	Associates - listed	9.1	73,836,587	65,607,233
	- unlisted	9.2	985,211,469	938,421,318
			1,059,048,056	1,004,028,551
	Other companies - Available for sale	9.4	5,820,529,291	8,913,807,613
			6,879,577,347	9,917,836,164

All investments have a face value of Rs. 10 per share unless stated otherwise.

9.1 Investments in associates - listed

2018	2017	Name of Company	Note	2018	2017
Number of Shares	Number of Shares			----- Rupees -----	----- Rupees -----
313,295	313,295	Reliance Cotton Spinning Mills Limited - (RCSML)		8,461,851	8,461,851
		Equity Interest Held 3.04%			
		Share of post acquisition profit		65,844,679	58,711,857
		Less: Dividend received during the year		(469,943)	(1,566,475)
		Fair value of the ordinary shares as at June 30, 2018 amounted to Rs.49.999 million (2017: Rs.41.336 million).			
			9.1.1	73,836,587	65,607,233

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

9.2 Investments in associates - unlisted

2018	2017	Name of Company	Note	----- Rupees -----
Number of Shares				
4,234,500	4,234,500	Sapphire Power Generation Limited - (SPGL) Equity Interest Held 26.43% Share of post acquisition profit Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs.89.06 (2017: Rs.101.91) per share.		113,705,500 263,402,566
			9.2.1	377,108,066
				431,537,592
6,000,000	6,000,000	Sapphire Electric Company Limited - (SECL) Equity Interest Held 1.42% Share of post acquisition profit Less: Dividend received during the year Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs.26.00 (2017: Rs.23.72) per share		60,000,000 114,013,291 (18,000,000)
			9.2.2	156,013,291
				142,314,221
10,000	10,000	Sapphire Holding Limited - (SHL) Equity Interest Held 0.05% Share of post acquisition profit Less: Dividend received during the year Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs.328.29 (2017: Rs.333.71) per share.		100,000 3,182,908 -
			9.2.3	3,282,908
				3,337,100

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

2018	2017	Name of Company	Note	2018	2017
Number of Shares				Rupees	
23,500,000	23,500,000	Sapphire Dairies (Private) Limited - (SDL)		235,000,000	235,000,000
		Equity Interest Held 21.36% (2017: 21.36%)			
		Share of post acquisition loss		9,938,967	(6,820,353)
		Break up value on the basis of un-audited accounts for the year ended June 30, 2018 Rs.10.42 (2017: Rs.9.71) per share.			
			9.2.4	244,938,967	228,179,647
3,675	3,675	Foreign Company - Creadore A/S Denmark		58,708,925	58,708,925
		3,675 shares of Danish Krone (DKK) per share			
		Share of post acquisition profit		145,159,312	74,343,833
		Beneficial ownership: Sapphire Textile Mills Limited - 49% and Beirholm holding A/S Nordager 20, 6000 Kolding, Denmark- 51%			
		Break up value on the basis of audited accounts for the year ended April 30, 2018 DKK 2,924 (April 30, 2017: DKK 2,246) equivalent to Rs.55,474 (April 30, 2017: Rs.36,205) per share.			
			9.2.5	203,868,237	133,052,758
				985,211,469	938,421,318
9.1.1 Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 3.04% (2017: 3.04%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2018. 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.					
9.2.1 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2017: 26.43%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2018. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution.					
9.2.2 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2017: 1.42%) of SECL's issued, subscribed and paid-up capital as at June 30, 2018. SECL was incorporated in Pakistan as a public limited company and the principal activity of the company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhpura. SECL is an associate of the Group due to common directorship.					
9.2.3 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2017: 0.05%) of SHL's issued, subscribed and paid-up capital as at June 30, 2018. SHL was incorporated in Pakistan as a public limited company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.					
9.2.4 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 21.36% (2017: 21.36%) of SDL's issued, subscribed and paid-up capital as at June 30, 2018. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products.					

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

9.2.5 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2017: 49%) of Creadore's share capital as at April 30, 2018. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

9.3 The summary of financial statements / reconciliation as at June 30, 2018 and 2017 is as follows:

June 30, 2018					April 30, 2018
RCSML	SPGL	SECL	SHL	SDL	Creadore
----- Rupees -----					

Summarised Statement of Financial Position

Non current assets	2,188,080,153	1,201,076,071	13,228,925,615	7,053,129,858	1,340,435,563	-
Current assets	2,392,630,231	400,502,515	8,658,287,841	116,099,463	341,775,205	514,835,936
	4,580,710,384	1,601,578,586	21,887,213,456	7,169,229,321	1,682,210,768	514,835,936
Non-current and current liabilities	2,155,117,379	174,522,316	10,861,718,886	572,835,408	535,687,943	98,778,308
Net assets	2,425,593,005	1,427,056,270	11,025,494,570	6,596,393,913	1,146,522,825	416,057,628
Reconciliation to carrying amount						
Opening net assets	2,155,251,899	1,633,030,048	10,057,378,204	6,705,280,969	1,068,074,945	271,536,242
Profit / (loss) for the year	358,006,396	(124,930,292)	2,240,180,437	463,735,773	78,421,916	89,289,486
Other comprehensive (loss) / income	(70,633,114)	(80,809,892)	-	(556,322,928)	25,964	-
Other adjustments	(1,594,176)	(233,594)	-	(16,299,901)	-	55,231,900
Dividend paid during the year	(15,438,000)	-	(1,272,064,071)	-	-	-
Closing net assets	2,425,593,005	1,427,056,270	11,025,494,570	6,596,393,913	1,146,522,825	416,057,628
Group's share (%)	3.04%	26.43%	1.42%	0.05%	21.36%	49.00%
Carrying amount of investment	73,836,587	377,108,066	156,013,291	3,282,908	244,938,967	203,868,237

Summarised Statement of Profit or Loss

Revenue	4,398,017,387	573,175,513	13,198,101,314	(23,887,270)	890,073,373	905,201,622
Profit / (loss) before tax	396,930,207	(111,434,538)	2,240,342,787	556,438,948	153,631,237	114,136,020
Profit / (loss) after tax	358,006,396	(124,930,292)	2,240,180,437	463,735,774	78,421,916	89,289,486

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

June 30, 2017					April 30, 2017
RCSML	SPGL	SECL	SHL	SDL	Creadore
----- Rupees -----					

Summarised Statement of Financial Position

Non current assets	2,154,720,053	1,307,038,904	13,783,122,767	7,051,717,954	1,092,296,098	-
Current assets	1,529,155,658	495,459,500	7,090,349,224	148,600,126	305,710,651	355,955,392
	3,683,875,711	1,802,498,404	20,873,471,991	7,200,318,080	1,398,006,749	355,955,392
Non-current and current liabilities	1,528,623,812	169,468,356	10,816,093,787	495,037,111	329,931,804	84,419,150
Net assets	2,155,251,899	1,633,030,048	10,057,378,204	6,705,280,969	1,068,074,945	271,536,242
Reconciliation to carrying amount						
Opening net assets	1,963,242,216	1,615,058,078	8,946,030,456	6,262,689,903	1,030,333,322	160,934,729
Profit / (loss) for the year	228,994,025	(24,257,767)	2,383,411,819	313,921,954	(11,775,107)	103,677,140
Other comprehensive income / (loss)	57,808,725	69,525,338	-	474,846,440	(483,270)	-
Other adjustments	(43,333,067)	(27,295,601)	-	(257,767,512)	-	6,924,373
Shares issued	-	-	-	-	50,000,000	-
Dividend paid during the year	(51,460,000)	-	(1,272,064,071)	(88,409,816)	-	-
Closing net assets	2,155,251,899	1,633,030,048	10,057,378,204	6,705,280,969	1,068,074,945	271,536,242
Group's share (percentage)	3.04%	26.43%	1.42%	0.05%	21.36%	49.00%
Carrying amount of investment	65,607,233	431,537,592	142,314,221	3,337,100	228,179,647	133,052,758

Summarised Statement of Profit or Loss

Revenue	3,570,713,354	867,853,465	13,876,004,384	20,629,075	746,765,529	985,598,598
Profit / (loss) before tax	253,791,704	(10,025,803)	2,378,875,493	379,641,913	(11,567,991)	132,555,248
Profit / (loss) after tax	228,994,025	(24,257,767)	2,383,411,819	313,921,954	(11,775,107)	103,677,140

9.3.1 The share of profit or loss after acquisition is recognised based on financial statements as at June 30, 2018 except Creadore A/S, Denmark whose financial year ended on April 30, 2018.

9.4 Other companies - Available for sale

Other companies - Available for sale			2018	2017
2018	2017	Name of Company	----- Rupees -----	
Number of Shares				
Quoted				
4,061,840	4,061,840	MCB Bank Limited	217,880,150	217,880,150
		Add: Adjustment arising from measurement at fair value	585,429,947	636,852,841
			803,310,097	854,732,991
29,623,714	29,623,714	Habib Bank Limited	5,926,153,798	5,926,153,798
		Add: Adjustment arising from measurement at fair value	(995,582,840)	2,046,772,588
			4,930,570,958	7,972,926,386
Unquoted				
7,055,985	7,055,985	Novelty Enterprises (Pvt.) Limited	86,148,236	86,148,236
50,000	-	TCC Management Services (Pvt.) Limited	500,000	-
			5,820,529,291	8,913,807,613

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 9.5** The Holding Company has pledged 2.770 million (2017: 1.650 million) shares of Habib Bank Limited with Bank Alfalah (related party) as a security for issuance of debt service reserve standby letter of credit amounting US \$ 2.73 million in favour of a financial institution in order to secure the obligation of SWPCL in relation to the required balance of debt service reserve account pursuant to Agreement.
- 9.6** The Holding Company has pledged 2.427 million (2017: 2.895 million) shares of Habib Bank Limited, 1.400 million (2017: 0.350 million) shares of MCB Bank Limited and 2.500 million shares of Bank Al-Habib Limited with Bank Alfalah (related party) as security for issuance of EPA standby letter of credit amounting US \$ 5.222 million in order to secure the obligation of TBCL in pursuant to Agreement.
- 9.7** The Holding Company has pledged 4.407 million (2017: 5.406 million) shares of Engro Corporation Limited, 6 million shares of Bank Al-Habib Limited and 1.230 million shares of MCB Bank Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting US \$ 11.300 million in favour of a financial institutions for contingency support in TBCL in accordance with Sponsors Support Agreement.
- 9.8** The Holding Company has pledged 1.305 million (2017: 3.305 million) shares of MCB Bank Limited, 28,383 shares of Engro Corporation Limited, 19.606 million (2017: 25.606 million) shares of Bank Al-Habib Limited and 24.427 million (2017: 25.079) shares of Habib Bank Limited with financial institutions for arrangement of finance facilities.

10 LONG TERM LOANS AND ADVANCES**Loan to employees - unsecured
(considered good)**

	Note	2018 ----- Rupees -----	2017 -----
Loan to employees	10.1	51,024,641	79,632,114
Less: Current portion of loans shown under current assets	15	14,283,189	32,833,682
		36,741,452	46,798,432

- 10.1** These represent interest free loans to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case.

11 LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits

- WAPDA		86,038,576	79,781,676
- SNGPL		1,097,000	1,097,000
- PTCL		179,843	179,843
- Leased vehicles		-	393,751
- Others (including Retail outlets)	11.1	134,639,626	108,717,739
		221,955,045	190,170,009
Lease deposit money	11.2	27,131,543	32,969,109
Prepayments - loan transaction cost	11.3	-	381,100,428
		249,086,588	604,239,546

- 11.1** It includes an amount of Rs.36,000 (2017: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.
- 11.2** This includes payment made to Government of Sindh on behalf of the subsidiary Company for lease of land measuring 3,852 acres situated at Deh Kohistan 7/1 Tapo Jhampir, Taluka & District Thatta in the province of Sindh.
- 11.3** This represented transaction costs incurred in respect of obtaining debt financing of USD 237.6 million for the projects (refer note 22.3).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

		2018	2017
	Note	----- Rupees -----	-----
12 STORES, SPARES AND LOOSE TOOLS			
Stores	12.1	319,891,330	268,341,125
Spares - in hand		190,138,319	179,433,015
Spares - in transit		59,489,932	44,349,675
		249,628,251	223,782,690
Loose tools		150,872	745,267
		569,670,453	492,869,082
Provision for slow moving stores, spares and loose tools	12.2	(55,806,634)	(52,298,823)
		513,863,819	440,570,259
12.1	This includes stores and spares amounting Rs.111.051 million (2017: Rs.111.051 million) of SPWCL which are in the possession and control of the SWPCL's O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary company's plant as per the terms of the O & M Agreement dated October 13, 2011 and as amended by Novation Agreement dated June 29, 2018. Previously, these were in the possession and control of former O & M contractor, HydroChina as per the terms of O & M Agreement dated December 12, 2013. Upon completion of the term of the said agreement on March 07, 2018, HydroChina handed over the stores & spares to General Electric. As per the terms of the above mentioned O & M Agreement, General Electric will replenish and hand over these items to SWPCL on the expiry of their respective O & M Agreement i.e. eight years from Taking-Over Date.		
12.2 Provision for slow moving stores, spares and loose tools			
Balance at the beginning of the year		52,298,823	33,479,793
Provision made during the year - net	35	3,507,811	18,819,030
Balance at the end of the year		55,806,634	52,298,823
13 STOCK IN TRADE			
Raw material - in hand	32.1	4,446,479,832	4,052,008,827
Raw material - in transit		96,665,225	279,830,702
		4,543,145,057	4,331,839,529
Work in process	32	1,686,535,501	921,557,555
Provision for obsolete stock	13.2	(61,825,350)	-
		1,624,710,151	921,557,555
Finished goods - manufactured			
Finished goods		1,252,510,572	1,205,565,409
Provision for obsolete stock	13.3	(5,872,188)	-
Waste		15,184,808	39,905,721
		1,261,823,192	1,245,471,130
Finished goods - purchase for resale			
Finished goods		56,254,103	51,490,138
Provision for obsolete stock	13.4	(7,172,794)	-
Waste		-	2,597,223
		49,081,309	54,087,361
		7,478,759,709	6,552,955,575

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 13.1** Stock in trade include items of finished goods costing Rs.514.65 million (2017: Rs 454.19 million) valued at their net realizable value (NRV) of Rs.455.15 million (2017: Rs.305.35 million). The write down to NRV amounting Rs.59.50 million (2017: Rs.148.840 million) has been recognized in cost of goods sold.

	Note	2018 ----- Rupees -----	2017 -----
13.2 Provision for obsolete stock - (work-in-process)			
Opening balance		-	2,307,545
Add: Provision for the year		61,825,350	-
Less: Reversal during the year		-	(2,307,545)
Closing balance		61,825,350	-
13.3 Provision for obsolete stock - (finished goods) (own manufactured)			
Opening balance		-	3,190,302
Add: Provision for the year		5,872,188	-
Less: Reversal during the year		-	(3,190,302)
Closing balance		5,872,188	-
13.4 Provision for obsolete stock - (Accessories)			
Opening balance		-	-
Add: Provision for the year		7,172,794	-
Less: Reversal during the year		-	-
Closing balance		7,172,794	-
14 TRADE DEBTS			
Considered good			
Foreign debts	14.1	1,156,637,120	507,065,432
Domestic debts	14.2	1,663,413,729	1,290,293,622
Considered good			
Domestic debts	14.3	1,091,611,412	896,412,988
Waste		29,733,386	19,724,335
Others		24,962,816	2,280,648
		1,146,307,614	918,417,971
Considered doubtful		44,925,809	44,925,809
Provision for doubtful debts	14.7	(44,925,809)	(44,925,809)
		1,146,307,614	918,417,971
		3,966,358,463	2,715,777,025

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 14.1 The outstanding export debts with respect to foreign jurisdiction and category of credit terms are given below.

		Note	2018 ----- Rupees -----	2017 -----
Foreign jurisdictions	Credit terms			
Asia	LC		475,046,517	186,051,223
Africa	LC		-	14,455,135
Europe	LC		275,907,607	124,513,267
America	LC		5,141,530	4,262,465
			756,095,654	329,282,091
Foreign jurisdictions	Credit terms			
Asia	Contract		62,243,571	9,059,208
Africa	Contract		28,037,534	7,416,402
Europe	Contract		228,996,622	86,519,002
America	Contract		81,263,739	74,788,729
			400,541,466	177,783,341
			1,156,637,120	507,065,432

- 14.2 These represent trade receivables from CPPA-G 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 markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 10.64% to 11.31% (2017: 10.48% to 10.99%) per annum.

- 14.3 Domestic debts include amount of Rs.259,929,969 (2017: Rs.92,513,689) receivable against indirect export sales.

- 14.4 Trade debts include the following amounts due from related parties:

Domestic debts

Diamond Fabrics Limited	3,588,017	17,568,183
Sapphire Fibres Limited	12,065	-
Sapphire Finishing Mills Limited	140,199,063	92,596,854
	143,799,145	110,165,037

- 14.5 The aging of trade debts receivable from related parties as at reporting date are as under:

0 - 90 days	143,799,145	110,165,037
-------------	--------------------	--------------------

- 14.6 Maximum amount due from associates and related parties during the year, calculated by reference to month-end balances, was Rs.262,932,719 (2017: Rs.169,800,911).

- 14.7 Provision for doubtful debts

Balance at the beginning of the year	44,925,809	36,505,865
Provision made during the year	-	8,419,944
Balance at the end of the year	44,925,809	44,925,809

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
15 LOANS AND ADVANCES -			
Advances - considered good			
- to suppliers		181,325,074	84,900,660
- to contractors		1,286,370	10,955,300
- to others		917,366	1,000,000
		183,528,810	96,855,960
Considered doubtful		7,405,940	7,405,940
Provision for doubtful advance		(7,405,940)	(7,405,940)
		183,528,810	96,855,960
Current portion of long term loans			
- due from executives		9,669,451	14,445,320
- due from other employees		4,613,738	18,388,362
	10	14,283,189	32,833,682
Short term loans to employees		19,403,441	22,513,329
		217,215,440	152,202,971
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits	16.1	9,342,801	4,752,501
Prepayments		45,093,580	55,414,785
		54,436,381	60,167,286
16.1	This includes cash margin amounting Rs.4.348 million (2017: Rs. Nil) deposited with a bank on behalf of Triconboston Consulting Corporation (Pvt.) Ltd., a subsidiary company, against issuance of letter of guarantee.		
17 OTHER RECEIVABLES			
Claims receivable		23,762,477	3,107,888
Export rebate receivable		415,252,268	172,211,879
Dividend receivable		600,000	27,542,500
Receivable against sale of fixed assets		70,028,082	-
Unrealized gain on measurement of forward foreign currency contracts		17,651,047	-
Claims recoverable from NTDC for pass through items:			
- Workers' profit participation fund	17.1	129,174,909	74,399,599
Receivables from CPPA (G) Ltd.	17.2	289,940,275	1,090,170
Rent receivable		120,000	-
Receivables from contractor	17.3	-	32,034,158
Receivables from project developers	17.4	107,838,889	65,490,065
		1,054,367,947	375,876,259
17.1	Under section 9.2(a) of the EPA with NTDC, payments to Workers' Profit Participation Fund by Sapphire Wind Power Company Limited (SWPCL) are recoverable from NTDC as a pass through item.		
Opening balance		74,399,599	33,930,704
Accrued for the year		54,775,310	40,468,895
Closing balance		129,174,909	74,399,599

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 17.2** This represents amount receivable from CPPA in respect of infrastructure cess paid to Government of Sindh as per Sindh Finance Act, 1994. In accordance with the EPA entered on April 13, 2017, the subsidiary Company is entitled to claim the amount after the commencement of commercial production as pass through item.
- 17.3** This represented amount receivable for carrying out various technical studies on behalf of Hydro China International Engineering Company Limited (EPC Construction Contractor).
- 17.4** It represents receivables from the two Project Developers with whom the Sapphire Renewables Limited - subsidiary company has signed separate agreements for joint investment in renewable energy and hydro power projects in Asia and Africa. As per the terms of the agreements, the Project Developers will return the amount given to them if the subsidiary company decides not to pursue any of the energy projects identified by the Project Developers. As of the reporting date, no specific projects have been identified yet hence, it has been shown as a receivable from the Project Developers.

18 OTHER FINANCIAL ASSETS - AVAILABLE FOR SALE

2018	2017		2018	2017
		Name of Company	Cost	Fair value / cost
Number of shares				Fair value
				Rupees
28,105,846	28,105,846	Bank Al-Habib Limited	1,151,228,062	2,215,583,840
-	8,641,000	Bank Al-Falah Limited	-	-
-	100,000	D.G.Khan Cement Company Limited	-	-
5,406,700	5,406,700	Engro Corporation (Pakistan) Limited	1,681,677,147	1,696,946,862
-	50,000	Lucky Cement Limited	-	-
-	20,000	Pak Suzuki Motor Company Limited	-	-
60,000	50,000	Pakistan State Oil Limited	11,286,649	19,098,600
30,183,000	35,700,000	K Electric Limited	260,805,385	171,439,440
			3,104,997,243	4,103,068,742
972,295	972,295	Gulshan Spinning Mills Limited	17,441,370	17,441,370
		Less: impairment loss	-	(17,441,370)
			3,122,438,613	4,103,068,742

19 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2018	2017
		Rupees	
Income tax		1,431,340,277	1,154,873,925
Federal Excise Duty		-	10,931,607
Sales tax		737,094,467	607,571,000
Less: provision against doubtful sales tax refunds		(135,006,064)	(135,006,064)
		2,033,428,680	1,638,370,468

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

		2018	2017
	Note	----- Rupees -----	-----
20 CASH AND BANK BALANCES			
With banks on:			
- current accounts		360,151,785	7,674,078,967
- current accounts - USD	20.1	1,799,625	3,111,363
- current accounts - Euro	20.2	546,489	463,663
- saving accounts	20.3 to 20.5	4,013,072,954	1,033,297,997
		4,375,570,853	8,710,951,990
Cash in hand	20.6	242,149,601	47,558,162
		4,617,720,454	8,758,510,152
20.1	Cash at bank on USD account of US\$ 14,824 (2017: US\$ 29,689).		
20.2	Cash at bank on EURO account of EURO 3,867 (2017: EURO 3,867).		
20.3	This includes the following balances as at June 30, 2018 held in various accounts, mentioned below, established and maintained by the subsidiary company in pursuance to the Finance Agreement dated March 31, 2014 entered into by the company with OPIC and the Accounts Agreement dated May 7, 2014 entered into by the company with OPIC and various branches of Citibank, N.A.:		
	<ul style="list-style-type: none"> - USD 9.786 million equivalent to Rs.1,188.028 million (2017: USD 6.197 million equivalent to Rs 649.488 million) in Debt Service Reserve account for repayment of long term finance and payment of interest accrued and other related costs thereon to OPIC; and - USD 1.003 million equivalent to Rs.121.719 million (2017: USD 0.991 million equivalent to Rs 103.826 million) in Maintenance Reserve account for payments against O & M Agreements as fully explained in note 30.12 to these consolidated financial statements. 		
20.4	Balances with banks carry markup ranges from 0.70% to 3.86% (2017: 0.01% to 4.5%) per annum.		
20.5	This includes foreign currency saving deposits of USD 22 million equivalent to Rs.2,670 million (2017: Rs. Nil).		
20.6	This includes receivable from commercial banks against credit card sales aggregating Rs.101.100 million (2017: Rs.20.900 million) and receivable from agents against E-store sales amounting Rs.45.710 million (2017: Rs.9.850 million).		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
--- Number of shares ---			----- Rupees -----	
6,206,740	6,206,740	Ordinary shares of Rs.10 each allotted for consideration paid in cash	62,067,400	62,067,400
13,876,400	13,876,400	Ordinary shares of Rs.10 each issued as bonus shares	138,764,000	138,764,000
20,083,140	20,083,140		200,831,400	200,831,400

21.1 The Holding Company has only one class of shares which carry no right to fixed income.

21.2 6,215,749 (2017: 6,215,349) shares of the Holding Company are held by associated companies as at the reporting date.

22 LONG TERM FINANCING

	Note	2018	2017
		----- Rupees -----	
Loans from banking companies	22.1	14,614,415,153	14,224,976,836
Loans from Overseas Private Investment Corporation	22.2	9,031,048,357	8,330,732,574
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG	22.3	20,835,460,122	-
		44,480,923,632	22,555,709,410
Less: Current portion shown under current liabilities			
Loans from banking companies	22.1	(1,271,519,750)	(557,461,636)
Loans from Overseas Private Investment Corporation	22.2	(1,249,364,000)	(925,010,100)
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG	22.3	(812,582,945)	-
		(3,333,466,695)	(1,482,471,736)
		41,147,456,937	21,073,237,674
22.1 Loans from banking companies - secured			
Allied Bank Limited	22.1.1	1,910,213,552	3,368,739,659
Bank Alfalah Limited - Related Party	22.1.2	499,905,000	53,750,000
Bank Al Habib Limited	22.1.3	2,389,464,268	2,253,725,177
Faysal Bank Limited	22.1.4	124,634,000	154,262,000
Habib Bank Limited	22.1.5	8,359,728,333	7,590,100,000
Meezan Bank Limited	22.1.6	342,000,000	342,000,000
United Bank Limited	22.1.7	988,470,000	462,400,000
		14,614,415,153	14,224,976,836
Less: Current portion shown under current liabilities	22	(1,271,519,750)	(557,461,636)
		13,342,895,403	13,667,515,200

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 22.1.1** These loans carry mark-up ranging from 2.50% to 6.85% (2017: 2.50% to 6.86%) obtained in different tranches and are repayable in quarterly installments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.1,841 million (2017: Rs.3,117 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.848.489 million (2017: Rs.3,028.835 million) as on reporting date.
- 22.1.2** These loans carry mark-up of 2.50% (2017: ranging from 2.50% to 6.85%) obtained in different tranches and are repayable in quarterly installments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.509.435 million (2017: Rs.353 million) over specific plant & machinery.
- 22.1.3** These loans carry mark-up ranging from 2.50% to 6.17% (2017: 2.50% to 6.60%) obtained in different tranches and are repayable in 12 to 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.728 million (2017: Rs.328 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.2,602.425 million (2017: Rs.2,981.318 million) as on reporting date.
- 22.1.4** These loans carry mark-up ranging from 2.50% to 6.50% (2017: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.202.700 million (2017: Rs.202.700 million) over specific plant & machinery.
- 22.1.5** These loans carry mark-up ranging from 2.50% to 6.73% (2017: 2.50% to 6.69%) obtained in different tranches and are repayable in quarterly installments ranging from 4 to 32. These loans are secured against exclusive hypothecation charge of Rs.8,523.975 million (2017: Rs.9,748 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,712.653 million (2017: Rs.1,533.492 million) as on reporting date.
- 22.1.6** The Group has obtained long term facility from Meezan Bank Limited for the purchase of Land, Building and its Commercialization fee. The facility is for 10 years tenure including 2 years grace period after which principal is repayable in quarterly installments. The markup rate is 3 months Kibor + 0.45% per annum. The facility is secured against first charge over the purchased Land and Building of the Group.
- 22.1.7** These loans carry mark-up at the rate of 2.50% (2017: 2.50%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.988.553 million (2017: Rs.462.400 million) over specific plant & machinery.

22.2	Loans from Overseas Private Investment Corporation (OPIC)	Note	2018	2017
			----- Rupees -----	-----
	Opening balance		8,330,732,574	9,177,671,801
	Receipt		403,200,000	-
	Exchange loss		1,264,668,962	25,565,467
	Transaction cost		(18,385,560)	-
	Amortisation of transaction cost		20,838,521	20,204,076
			10,001,054,497	9,223,441,344
	Repaid during the year		(970,006,140)	(892,708,770)
			9,031,048,357	8,330,732,574
	Less: Current portion shown under current liabilities	22	(1,249,364,000)	(925,010,100)
			7,781,684,357	7,405,722,474

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 22.2.1** It represents long term finance facility of USD 95 million obtained from OPIC for the construction of the wind power project at Jhimpir in accordance with the Finance Agreement dated March 31, 2014. The Subsidiary Company has fully availed the loan facility during the year. The security for the loan includes all the current and future assets of the Subsidiary Company. It carries markup, payable quarterly, at the rate of three months London Inter-Bank Offered Rate ('LIBOR') plus 3.7% OPIC guarantee fee per annum. The effective rate charged during the year on the outstanding balance is 5.26% per annum (2017: 4.62% per annum). As of June 30, 2018, the principal amount is repayable in fifteen unequal semi annual installments ending on October 10, 2025 in accordance with the amortization schedule provided by OPIC.

22.3 Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG

	Note	2018 ----- Rupees -----	2017 -----
Receipt		18,764,589,570	-
Transaction cost		(425,948,078)	-
Amortisation of transaction cost		17,790,920	-
Exchange loss		2,479,027,710	-
		<u>20,835,460,122</u>	-
Less: Current portion shown under current liabilities	22	(812,582,945)	-
		<u>20,022,877,177</u>	-

- 22.3.1** It represents long term finance facility of USD 237.60 million (equivalent to Rs.28,893 million) obtained from IFC, ADB, IsDB and DEG for the construction of the projects at Jhimpir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of the subsidiary company. It carries markup, payable quarterly, at the rate of three months London Inter-Bank Offered Rate ('LIBOR') plus 4.5% fee per annum. The principal amount is repayable in twenty unequal semi annual installments.

23 DEFERRED LIABILITIES

Deferred taxation	23.1	184,475,791	131,722,958
Staff retirement benefits - gratuity	23.2	225,857,306	204,111,474
		<u>410,333,097</u>	<u>335,834,432</u>

23.1 Deferred taxation

Deferred tax credits / (debits) arising in respect of:

Taxable temporary differences -
deferred tax liabilities

Accelerated tax depreciation allowances	319,034,694	264,673,459
Investment in associates	9,806,211	7,143,173
	<u>328,840,905</u>	<u>271,816,632</u>

Deductible temporary differences -
(deferred tax assets)

Staff retirement benefits - gratuity	(17,887,673)	(15,127,649)
Provision for stores, spares and loose tools	(4,419,830)	(3,949,084)
Provision for leave encashment and bonus	(6,283,957)	(4,264,497)
Minimum tax available for carry forward	(47,631,479)	(43,503,411)
Business loss carry forward	(68,142,175)	(73,249,033)
	<u>(144,365,114)</u>	<u>(140,093,674)</u>
	<u>184,475,791</u>	<u>131,722,958</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

23.1.1 In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.

23.2 Staff retirement benefits

Movement in the net liability recognized in the statement of financial position

	Note	2018 ----- Rupees -----	2017 -----
Opening net liability		204,111,474	250,766,027
Expense for the year in the statement of profit or loss	23.2.	91,728,805	93,446,005
Remeasurement recognized in other comprehensive income		13,604,382	(7,398,992)
		<u>309,444,661</u>	<u>336,813,040</u>
Benefits paid during the year		(83,132,355)	(132,701,566)
Benefits due but not paid		(455,000)	-
Closing net liability		<u>225,857,306</u>	<u>204,111,474</u>

23.2.1 Expense recognized in the statement of profit or loss

Current service cost	79,184,022	80,075,900
Interest cost	12,544,783	13,370,105
	<u>91,728,805</u>	<u>93,446,005</u>

23.2.2 Movement in the present value of defined benefit obligation

Present value of defined benefit obligation	204,111,474	250,766,027
Current service cost	79,184,022	80,075,900
Interest cost	12,544,783	13,370,105
Actuarial loss / (gain)	13,604,382	(7,398,992)
Benefits paid	(83,132,355)	(132,701,566)
Benefits due but not paid	(455,000)	-
	<u>225,857,306</u>	<u>204,111,474</u>

Historical information

	2018	2017	2016	2015	2014
	----- R U P E E S -----				
Present value of defined benefit obligation	225,857,306	204,111,474	250,766,027	272,019,736	229,504,703
Experience adjustments on plan liabilities	(13,604,382)	7,398,992	9,965,376	(16,363,523)	(9,833,283)

Expected gratuity expenses charged to profit or loss for the year ending June 30, 2019 works out Rs.110,034,066.

The weighted average duration of defined benefit obligation is 5 years.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation:

	2018	2017
	%	%
Discount rate	9.00	7.75
Expected rate of increase in salary	8.00	6.75
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions ----- Rupees in '000' -----	Decrease in assumptions ----- Rupees in '000' -----
Discount rate	214,666	238,610
Increase in future salaries	239,433	213,693

24 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments

Less: Current portion shown
under current liabilities

	2018	2017
	----- Rupees -----	----- Rupees -----
Present value of minimum lease payments	40,668,780	15,222,509
Less: Current portion shown under current liabilities	(8,878,906)	(3,260,817)
	31,789,874	11,961,692

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	2018		
	----- Rupees -----		
Not later than one year	11,552,883	2,673,977	8,878,906
Later than one year but not later than five years	35,848,674	4,058,800	31,789,874
	47,401,557	6,732,777	40,668,780
	2017		
	----- Rupees -----		
Not later than one year	4,120,272	859,455	3,260,817
Later than one year but not later than five years	13,545,243	1,583,551	11,961,692
	17,665,515	2,443,006	15,222,509

Salient features of the leases are as follows:

	2018	2017
Applicable rate	1 Month KIBOR + 0.5%	1 Month KIBOR + 0.5%
Discounting factor	5.07% - 5.12%	5.07% - 5.12%
Period of lease	60 months	60 months
Security deposits	15%	15%

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

The Group has entered into finance lease arrangements with Bank Al Habib Limited for lease vehicles. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of minimum lease payments.

Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

		2018	2017
	Note	Rupees	
25 LONG TERM PAYABLE			
Gross payable		442,198,200	442,198,200
Exchange loss on revaluation of foreign currency		22,146,000	22,090,840
Payments made during the year		(464,344,200)	(458,494,720)
		-	5,794,320
Less: Current portion of long term payable		-	(5,794,320)
		-	-
25.1	Long term payable represented amortized value of balance consideration amounting US \$ 4,378,200 payable to Ex-shareholders of Triconboston Consulting Corporation (Private) Limited. The Holding Company has also issued a corporate guarantee of amounting US\$ 4,378,200. The Holding Company has paid US \$ 55,184 (2017:US \$ 4,323,016) during the current year.		
	Deferred notional income		
	Opening balance	-	1,306,761
	Unwinding cost of long term liability	-	(1,306,761)
		-	-
26 TRADE AND OTHER PAYABLES			
Creditors	26.1	4,117,067,181	1,506,629,452
Accrued liabilities	26.2	2,146,704,609	1,654,160,339
Advances from customers	26.3	848,204,618	631,069,019
Workers' profit participation fund	26.4	113,804,648	89,197,910
Workers' welfare fund	26.6	287,938,361	248,168,121
Infrastructure fee	26.5	171,604,152	142,069,579
Lender fees and charges payable		15,727,063	114,072,093
Tax deducted at source		8,161,458	638,222
Unrealized loss on measurement of forward foreign currency contracts		-	7,764,396
Provision against accumulating compensated absences		5,591,638	4,779,112
Provident fund payable		7,270,759	2,295,592
Others		7,387,080	19,251,183
		7,729,461,567	4,420,095,018
26.1	These balances include the following amounts due to related parties:		
	Amer Cotton Mills (Private) Limited	281,201	386,523
	Diamond Fabrics Limited	906,830	1,374,775
	Reliance Cotton Spinning Mills Limited	2,389,600	-
	Sapphire Fibres Limited	19,952,380	35,919,163
	Sapphire Finishing Mills Limited	2,378,650	1,118,327
	Bank Alfalah Limited	-	6,284,000
		25,908,661	45,082,788

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 26.1.1** This includes amounting to USD 19.425 million (equivalent of Rs. 2,362 million) payable to Hydrochina Corporation against supply of machinery.

- 26.2** **These balances include the following amounts due to related party:**

Sapphire Power Generation Limited

Note	2018 ----- Rupees -----	2017 -----
	6,322,962	19,501,468

- 26.3** **These balances include the following amounts received from related party:**

Creadore A/S

	15,321,986	83,894,788
--	-------------------	------------

- 26.4** **Workers' profit participation fund**

Balance at the beginning of the year

89,197,910 96,791,953

Allocation for the year

113,804,648 89,197,910

Interest on funds utilized in the Group's business

37 3,784,843 1,378,211

117,589,491 90,576,121

206,787,401 187,368,074

Less: Payments during the year

(92,982,753) (98,170,164)

Balance at the end of the year

113,804,648 89,197,910

- 26.5** It includes Rs.170,290,058 (2017:Rs.141,531,167) which represents provision recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Group has contested this issue in the Sindh High Court (the High Court). The Group filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2018, the Group has provided bank guarantees aggregating Rs.221.073 million (2017: Rs.169.823 million) in favour of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Group's favour.

- 26.6** Workers' Welfare Fund (WWF) has not been provided for in the separate financial statements of SWPCL on the advice of the Group's legal consultant. However, in case the subsidiary company pays WWF, the same is recoverable from CPPA-G as a pass through item under section 9.2(a) of the EPA with CPPA-G.

- 27** **ACCRUED INTEREST / MARK-UP**

Accrued interest / mark-up on secured:

- long term financing

237,441,131 221,940,680

- short term borrowings

92,691,259 84,741,781

330,132,390 306,682,461

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 27.1 Accrued mark-up includes amounting Rs.7,992,059 (2017: Rs.18,288,538) due to Bank Alfalah Limited - related party.

28 **SHORT TERM BORROWINGS**

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
Short term loans		5,100,000,000	5,230,323,382
Running finance under mark-up arrangements		2,908,899,448	2,779,992,749
Murabaha and musharka facilities	28.2	285,132,918	90,755,788
		8,294,032,366	8,101,071,919
Book overdrafts	28.3	840,035	1,168,391
		8,294,872,401	8,102,240,310
Short term loans from related parties	28.4	-	112,350,000
		8,294,872,401	8,214,590,310

- 28.1 Aggregate facilities amounting to Rs.15,080 million (2017: Rs.15,534 million) were available to the Group from banking companies. These are secured against hypothecation charge on stock in trade, book debts and export bills under collection. These carry mark up at the rate of 1% on foreign currency loan for the financial year ended June 30, 2017 and 2.15% to 7.42% (2017: 2.15% to 7.02%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.694.849 million (2017: Rs.840.033 million) due to Bank Alfalah Limited (related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.8,330.865 million (2017: Rs.7,815 million) out of which the amount remained unutilised at the year-end was Rs.3,408.531 million (2017: Rs.3,158.116 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

- 28.2 Murabaha and Musharka facilities available from commercial banks aggregate to Rs.300 million (2017: Rs.200 million) at mark-up rate of 3 month KIBOR plus 0.05% and 0.15% (2017: 3 month KIBOR plus 0.05%) per annum. The amount utilised as at 30 June 2018, for Murabaha facilities was Nil (2017: Nil) and for Musharka was Rs.285 million (2017: Rs.90.76 million). Mark-up on Murabaha is payable at the maturity of the respective Murabaha transaction. Whereas, the mark-up on Musharka is payable quarterly on the balance outstanding. The facilities are secured against pari passu charge on the current assets of the company with 25% risk margin. The mark-up rate charged during the year on the outstanding balance ranges from 6.19% to 6.65% (2017: 6.13% to 6.17%) per annum.

- 28.3 This represents cheques issued by the Group in excess of balance at banks which remained unrepresented till June 30, 2018.

- 28.4 This represented the amount of share deposit money received by SWPCL during the year ended June 30, 2016 against which shares were not issued. Such money was received from the existing member (Bank Alfalah Limited) of the subsidiary company (SWPCL) against the offer of right shares under section 86 of the repealed Companies Ordinance, 1984 (now section 83 of the Act). The funds were required to meet the subsidiary company's capital expenditure requirements for commissioning of the wind power plant as the lender, OPIC, had deferred the disbursement of last tranche of USD 3.5 million of the loan referred to in note 22.2 to these consolidated financial statements, on the completion of the Novation Agreement between the subsidiary company, NTDC and CPPA-G in respect of the EPA.

As explained in note 1 to these consolidated financial statements, the aforementioned Novation Agreement was signed, during the previous year, on May 5, 2017. Consequently, the subsidiary company had applied to OPIC for the disbursement of the aforementioned last tranche of loan which was received during the current year. Resultantly, the subsidiary company did not issue the shares and refunded the share deposit money during the current year.

Since the shares were not issued within ninety days of the receipt of money, such share deposit money had been treated as a loan in accordance with Regulation 6(4) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. Markup was payable at the rate of borrowing cost of the related parties from the date of receipt of money in accordance with the requirements of section 208 of the repealed Ordinance (now section 199 of the Act). The effective markup rate charged during the year on the outstanding balance is 6.23% (2017: 6.16%) per annum.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	2018	2017
	Rupees	
29 PROVISION FOR TAXATION		
Balance at the beginning of the year	382,037,656	283,808,589
Provision made for current year - net	337,416,161	326,390,488
	719,453,817	610,199,077
Less: Adjusted advance tax during the year against completed assessments	(238,509,111)	(228,161,421)
	480,944,706	382,037,656
30 CONTINGENCIES AND COMMITMENTS		
Contingencies		
30.1 Guarantees issued by banks on behalf of the Group	606,963,587	410,002,988
30.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2018 the value of these cheques amounted to Rs.578.991 million (2017: Rs.202.870 million).		
30.3 The financial institution has issued a guarantee amounting Rs.46.25 million (2017: Rs.45 million) in favour of Excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the Company.		
30.4 The financial institution has issued guarantees amounting Nil (2017: US\$ 450,000) in favour of Alternative Energy Development on request of Holding Company on behalf of Triconboston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Holding Company.		
30.5 The Holding Company had filed a petition against Mohammad Farooq Textile Mills Limited for recovery of Rs.9.135 million under section 305 of Repealed Companies Ordinance, 1984 in the Honourable Sindh High Court, Sindh, praying that the honourable court may be pleased to pass the orders regarding winding up and liquidation of the company, to appoint provisional manager or official liquidator, to restrain the officers of the company from disposing of the assets of the company till final adjudication, to grant any other relief deemed to be appropriate and to grant cost.		
30.6 The Holding Company has filed a case against Indus Steel Pipe Factory (Pvt.) Limited for title and occupation of land at Kotri before the Honourable Hyderabad High Court, Sindh. Prayer of the Holding Company to the Honourable Court is to set aside judgement & decree of District & Session Judge, Kotri and allow appeal in Honourable Hyderabad High Court or in the alternative, remand the case for decision on merits.		
30.7 Irrevocable letter of credit of USD 3.9 million equivalent to Rs 474.24 million (2017: USD 3.9 million equivalent to Rs 409.5 million) in favour of CitiBank, N.A. as per the terms of the Finance Agreement dated March 31, 2014;		
30.8 The Holding Company had filed a suit No.204 of 2011 against Enshaa NLC Development (Pvt.) Limited before the Honourable Sindh High Court, Sindh, seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the Holding Company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		
30.9 Irrevocable letter of credit amounting USD 1,740,725 equivalent to Rs.211.672 million (2017: Rs.184.604 million) each in the favour of Central Power Purchasing Agency Guarantee Limited (CPPA) under paragraph 2.7 of the Energy Purchase Agreement (EPA) of the Projects.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

30.10 Also refer to content of note 9.5 to 9.8.

Commitments

2018 2017

----- Rupees -----

30.11 Confirmed letter of credit in respect of:

- plant and machinery
- raw material
- stores and spares

1,066,038,792	1,057,781,017
599,235,302	84,980,924
65,461,931	52,134,305
1,730,736,025	1,194,896,246

30.12 Sapphire Wind Power Company Limited - subsidiary company has an agreement with General Electric International Inc. ('General Electric') for the Operations and Maintenance ('O & M') of the wind power plant for a period of eight years from the Taking-Over Date i.e. March 07, 2018 as per terms of the O & M Agreement dated October 13, 2011 and as amended by Novation agreement dated June 29, 2018. Under the terms of above mentioned O & M Agreement, the subsidiary company is required to pay a monthly fixed O & M fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the O & M Agreements.

30.22 Commitments relating to the capital expenditures contracted for but not uncurrred amounts to USD 52.29 million equivalent to Rs.6,359 million (2017: Nil).

30.13 The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Later than one year but not later than five years

47,160,025 52,240,000

Later than five years

138,798,795 141,542,795

185,958,820 193,782,795

31 NET TURNOVER

Note	Export Sales		Local Sales		Total		
	2018	2017	2018	2017	2018	2017	
	Rupees						
Yarn	31.1	9,471,685,784	7,916,131,059	3,233,972,878	3,886,477,139	12,705,658,662	11,802,608,198
Fabric	31.2	7,238,209,936	6,320,348,284	7,644,727,217	5,373,135,926	14,882,937,153	11,693,484,210
Home textile products		4,406,382,128	3,610,420,539	83,686,393	31,182,166	4,490,068,521	3,641,602,705
Raw material		-	-	167,293,148	113,392,640	167,293,148	113,392,640
Waste	31.3	196,986,230	44,644,224	215,155,865	164,541,047	412,142,095	209,185,271
Processing income		-	-	1,474,503,097	960,573,559	1,474,503,097	960,573,559
Power Generation		-	-	2,904,920,608	2,636,926,210	2,904,920,608	2,636,926,210
		21,313,264,078	17,891,544,106	15,724,259,206	13,166,228,687	37,037,523,284	31,057,772,793
Export rebate						530,178,001	165,206,647
Less: Sales tax						(765,059,178)	(577,592,298)
Less: Discounts to customers						(1,422,079,336)	(404,507,038)
						35,380,562,771	30,240,880,104

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	Note	2018	2017
		----- Rupees -----	
31.1 Export sales - Yarn			
Direct export		5,462,045,092	4,255,394,858
In-direct export		4,009,640,692	3,660,736,201
		9,471,685,784	7,916,131,059
31.2 Export sales - Fabric			
Direct export		6,270,655,895	5,523,531,883
In-direct export		967,554,041	796,816,401
		7,238,209,936	6,320,348,284
31.3	Waste sales include comber noil sales Rs.196,986,230 (2017: Rs.44,644,224).		
31.4	Exchange (loss) / gain due to currency rate fluctuations relating to export sales amounting to Rs.(28.849) million (2017: Rs.100.577 million) has been included in export sales.		
32 COST OF SALES			
Raw material consumed	32.1	17,212,736,572	15,358,558,301
Packing material consumed		472,220,608	390,810,281
Stores and spares consumed		836,920,422	820,986,177
Salaries, wages and benefits	32.2	3,366,066,861	2,763,153,637
Fuel, power and water		2,172,225,230	2,068,806,965
Other manufacturing expenses	32.3	2,727,255,729	2,109,420,943
Repair and maintenance		325,913,094	328,558,693
Vehicle running expenses		37,836,183	32,245,231
Travelling and conveyance		58,606,058	43,298,819
Insurance expenses		54,518,518	69,565,055
Rent, rates and taxes		58,530,597	16,602,081
Fees and subscription		8,878,974	7,523,918
Communication expenses		25,807,781	16,763,849
Printing and stationery		4,970,166	8,345,927
Legal and professional charges		2,516,035	26,404,356
Security		9,636,465	7,443,142
Depreciation	6.6	1,669,094,247	1,590,168,711
Miscellaneous expenses		11,877,083	17,950,090
		29,055,610,623	25,676,606,176
Work in process			
Opening stock		921,557,555	566,547,230
Closing stock	13	(1,686,535,501)	(921,557,555)
		(764,977,946)	(355,010,325)
Cost of goods manufactured		28,290,632,677	25,321,595,851
Finished goods			
Opening stock		1,245,471,130	960,907,826
Closing stock		(1,267,695,380)	(1,245,471,130)
Cost of sales and services - own manufactured		28,268,408,427	25,037,032,547
Cost of raw material sold	32.4	192,126,793	107,533,074
Cost of sales and services- purchased for resale		321,777,173	75,209,798
		28,782,312,393	25,219,775,419

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

32.1 Raw material consumed

	Note	2018 ----- Rupees -----	2017 -----
Opening balance		4,103,498,965	3,345,538,508
Purchases		17,555,717,439	16,116,518,758
		<u>21,659,216,404</u>	<u>19,462,057,266</u>
Closing stock	13	(4,446,479,832)	(4,103,498,965)
		<u>17,212,736,572</u>	<u>15,358,558,301</u>

32.2 Salaries, wages and benefits include Rs.91,728,805 (2017: Rs.93,446,005) in respect of post employment benefits - gratuity and Rs.30,861,747 (2017: Rs.24,569,752) in respect of provident fund contribution.

32.3 Other manufacturing expenses

Cotton dyeing, bleaching and bale pressing charges		166,818,944	161,723,327
Yarn dyeing and bleaching charges		34,505,720	56,707,195
Fabric dyeing, bleaching, knitting and processing charges		2,244,049,156	1,459,581,996
Yarn doubling charges		73,440,836	108,552,148
Stitching, spinning and other charges		50,974,728	11,369,970
Designer and embroidery charges		157,466,345	311,486,307
		<u>2,727,255,729</u>	<u>2,109,420,943</u>

32.4 It includes Salaries, wages & benefits, Insurance and Finance cost amounting Rs.1,221,371 (2017: Rs.977,574), Rs.2,442,743 (2017: Rs.1,955,147) and Rs.8,549,601 (2017: Rs.6,843,013) respectively.

33 DISTRIBUTION COST**On export sales**

Export development surcharge		41,541,227	33,360,460
Insurance		4,979,842	10,660,464
Commission		256,771,709	202,145,213
Ocean freight and forwarding		371,767,472	323,943,593
		<u>675,060,250</u>	<u>570,109,730</u>

On local sales

Inland freight and handling		105,167,065	71,023,338
Commission		41,052,315	44,495,919
		<u>146,219,380</u>	<u>115,519,257</u>

Other distribution cost

Salaries and benefits	33.1	346,851,243	251,941,576
Rent and utilities		368,510,900	256,622,584
Communication		21,311,320	26,165,677
Travelling, conveyance and entertainment		74,358,398	75,922,811
Repair and maintenance		207,969,023	84,487,554
Fees and subscription		4,580,890	2,462,125
Samples and advertising		302,263,381	191,060,106
Packing material		63,316,501	5,938,802
Exhibition expenses		22,691,168	13,362,688
Designer charges	33.2	366,521,130	123,540,396
Retail outlet expenses		45,435,133	40,385,267
Legal and professional charges		3,228,060	1,403,275
Depreciation	6.6	112,774,756	60,794,326
Computer, printing and stationery		7,420,722	16,446,007
Others		10,592,587	4,506,191
		<u>1,957,825,212</u>	<u>1,155,039,385</u>
		<u>2,779,104,842</u>	<u>1,840,668,372</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

33.1 Salaries and benefits include Rs.11,506,517 (2017: Rs.8,648,669) in respect of provident fund contribution.

33.2 This includes an aggregate amount of Rs. 351.32 million (2017: Rs. Nil) paid to ELAN Facon SMC (Private) Limited and Khadija Salman Shah during the year for the termination of designing contract of the subsidiary company (Sapphire Retail Limited) under a settlement agreement.

34 ADMINISTRATIVE EXPENSES

		2018	2017
	Note	Rupees	
Directors' remuneration		31,200,000	38,700,000
Directors' meeting fee		400,000	450,000
Salaries and benefits	34.1	436,536,583	300,572,836
Rent, rates and utilities		33,996,456	20,645,078
Communication		15,123,345	15,628,401
Printing and stationery		9,543,045	6,074,793
Travelling, conveyance and entertainment		65,504,678	50,705,852
Motor vehicle expenses		17,355,175	12,066,888
Repair and maintenance		35,175,732	18,887,408
Insurance expense		4,952,202	3,990,473
Legal and professional charges		57,169,451	51,106,633
Fees and subscription		31,293,325	39,437,186
Computer expenses		12,050,628	9,624,493
Advertisement		1,131,435	3,332,515
Depreciation	6.6	55,676,021	41,369,474
Others		8,504,016	6,640,542
		815,612,092	619,232,572

34.1 Salaries and benefits include Rs.13,916,707 (2017: Rs.9,296,315) in respect of provident fund contribution.

35 OTHER OPERATING EXPENSES

Workers' profit participation fund		59,029,338	48,729,015
Workers' welfare fund		39,770,240	60,721,710
Auditors' remuneration	35.1	6,890,137	8,155,165
Donations	35.2	10,112,485	56,769,102
Provision for obsolete stock	13	74,870,332	-
Amortization of intangible asset	8.2	4,122,717	2,086,694
Provision for stores, spares and loose tools	12.2	3,507,811	18,819,030
Provision for doubtful debt and advance		-	15,825,884
Provision for doubtful tax refund		-	135,006,064
Impairment loss on investment		-	17,441,370
Exchange loss		-	299,406
Realized loss on measurement of derivative financial instruments - net		-	899,548
Exchange loss on foreign currency accounts		-	115,908
Exchange loss on remeasurement of long term liability		55,160	5,891,499
		198,358,220	370,760,395

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

35.1	Auditors' remuneration Mushtaq & Co.	Note	2018	2017
			----- Rupees -----	-----
	Audit fee		1,618,000	1,541,000
	Half yearly review fee		423,000	423,000
	Code of corporate governance review fee		85,850	85,850
	Other certification / services		306,917	290,000
	Out of pocket expenses		13,750	13,750
			2,447,517	2,353,600
	A.F.Ferguson & Co.			
	Audit fee		1,000,000	850,000
	Other assurance services		669,000	734,500
	Taxation services		-	344,736
	Out of pocket expenses		199,435	145,761
			1,868,435	2,074,997
	E Y Ford Rhodes			
	Statutory audit fee		835,000	700,000
	Tax services		-	945,000
	Out of pocket expenses		56,785	114,368
			891,785	1,759,368
	Shinewing Hameed Chaudhri & Co.			
	Audit fee		32,400	32,400
	Deloitte Yousuf Adil			
	Audit fee		630,000	432,400
	Other assurance services		970,000	1,450,000
	Out of pocket expenses		50,000	52,400
			1,650,000	1,934,800
			6,890,137	8,155,165
35.2				
	Donation to following organisations exceeds Rs. 0.5 million.			
	Abdullah Foundation	35.2.	-	50,400,000
	The Kidney Centre Post Graduate Training Institute		1,000,000	1,000,000
	The Hunar Foundation		1,576,371	-
	NOWPDP		1,000,000	-
	Daud Bandagi Development Trust		600,000	600,000
	National Saving Scheme		-	1,000,000
	Textile Institute Of Pakistan		-	525,000

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

35.2.1 The Directors of the Holding Company who have interest in Abdullah Foundation (donee) are following.

<u>Name of director</u>	<u>Interest in donee</u>	<u>Name and address of donee</u>
Mr. Mohammad Abdullah	Director	Abdullah Foundation
Mr. Shahid Abdullah	Director	312, Cotton Exchange Building,
Mr. Nadeem Abdullah	Director	I.I. Chundrigar Road, Karachi.
Mr. Amer Abdullah	Director	
Mr. Yousuf Abdullah	Director	
Mr. Shayan Abdullah	Director	

36	OTHER INCOME	Note	2018 ----- Rupees -----	2017 -----
	Income from financial assets			
	Dividend income		428,732,815	720,648,576
	Gain on sale of investments		45,941,094	2,110,234,230
	Interest income on saving account, term deposit receipts and HBL TFC's		13,973,582	10,559,083
	Exchange gain - net		134,151,049	2,616,364
	Income from non-financial assets			
	Gain on sale of property, plant and equipment - net		47,088,519	5,823,272
	Credit balance written-back		1,240,625	-
	Freight income		-	1,710,464
	Reversal of provision for obsolete stock		-	5,497,847
	Scrap sales [Net of sales tax aggregating Rs.5.708 million (2017: Rs.5.335 million)]		48,321,835	27,635,041
	Exchange gain on winding-up of foreign subsidiary - Sapphire Home		-	929,760
			719,449,519	2,885,654,637
37	FINANCE COST			
	Interest / mark-up on :			
	- short term finances		488,335,964	354,495,270
	- long term loans		1,292,194,982	990,456,554
	- workers' profit participation fund	26.4	3,784,843	1,378,211
	- finance lease		1,946,888	741,156
	Bank charges, commission and others charges		189,922,288	125,844,280
	Lender's fees and charges		31,371,412	32,606,515
	Amortization of loan transaction cost		20,838,521	20,204,076
	Unwinding cost of long term liability		-	1,306,761
	Exchange loss on foreign currency loans		1,469,231	1,543,920
			2,029,864,129	1,528,576,743

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

38 TAXATION

	2018	2017
	----- Rupees -----	
Current		
- for the year	337,511,322	335,161,842
- prior year	(46,892)	(8,771,354)
Deferred	53,830,286	(116,000,793)
	<u>391,294,716</u>	<u>210,389,695</u>

38.1 Relationship between taxation expense and accounting profit:

Profit before taxation	1,565,091,199	3,630,249,972
Tax at the applicable rate of 30% (2017: 31%)	469,527,360	1,125,377,491
Tax effect of income taxed at a lower rate	(48,646,115)	(506,273,041)
Tax effect of intra-group elimination of income	227,682,599	-
Tax effect due to losses	234,608,631	-
Reduction in rate	(6,836,445)	-
Exempt	(325,126,799)	(249,646,990)
Prior year tax effect	46,892	8,771,354
Tax credit effect	(159,961,407)	(167,839,119)
	<u>391,294,716</u>	<u>210,389,695</u>

The Group computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
	Rupees		
Income tax provision for the year - accounts	335,161,842	271,952,152	130,369,861
Income tax as per assessment orders	347,063,004	272,624,531	132,850,987

The excess tax mainly pertains to super tax provisions in the respective years which have not become due as the Holding Company has filed petitions in the High Court of Sindh for the tax year 2015 against the levy of Super Tax. The Holding Company has also filed appeal for tax years 2016 and 2017 to commissioner Inland Revenue (Appeals) against order passed by the Additional Commissioner Inland Revenue challenging levy of super tax.

38.2 The Finance Act, 2017 has amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 7.5%, for the year ended June 30, 2017, of its accounting profit before tax for the year. However, this tax shall not apply in case the Company distribute 40% of the accounting profit through cash dividend within six months of the end of the said year. The Holding Company filed a Constitutional Petition (CP) before the Honourable Sindh High Court (SHC), Sindh on July 28, 2017 challenging the vires of amended Section 5A of the Income Tax Ordinance, 2001, and SHC accepted the CP and granted stay against the newly amended section 5A. In case the SHC's decision is not in favour of the Holding Company; the Holding Company will either be required to declare amount of dividend or it will be liable to pay additional tax at the rate of 7.5% of its profit before tax for the financial year ended June 30, 2017. As at reporting date no charge has been recorded in this respect.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

39 EARNINGS PER SHARE - BASIC AND DILUTED

		2018	2017
Profit after taxation for the year	Rupees	885,461,953	3,195,066,797
Weighted average number of ordinary shares	Number	20,083,140	20,083,140
Earnings per share - basic and diluted	Rupees	44.09	159.09

39.1 There is no dilutive effect on basic earnings per share.**40 CASH GENERATED FROM OPERATIONS**

	2018	2017
	----- Rupees -----	
Profit before taxation	1,494,760,614	3,547,521,240
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,837,545,024	1,692,332,511
Gain on sale of investments	(45,941,094)	(2,110,234,230)
Amortization of intangible assets	4,122,717	2,086,694
Interest income	(13,973,582)	(10,559,083)
Gain on sale of property, plant and equipment	(47,088,519)	(5,823,272)
Dividend income	(428,732,815)	(720,648,576)
Provision for doubtful debts and advances	-	15,825,884
Provision for gratuity	91,728,805	93,446,005
Provision for sales tax refunds doubtful	-	135,006,064
Provision for stock in trade, stores, spares and loose tools	78,378,143	18,819,030
Impairment loss on investment	-	17,441,370
Amortization of unwinding up of liability	-	1,306,761
Exchange differences	55,160	6,505,659
Finance cost	2,007,556,377	1,525,726,062
	3,483,650,216	661,230,879
Operating cash flow before changes in working capital	4,978,410,830	4,208,752,119
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare and loose tools	(76,801,371)	(117,640,097)
Stock-in-trade	(1,000,674,466)	(1,540,804,581)
Trade debts	(1,250,581,438)	(515,566,280)
Loans and advances	(65,012,469)	(46,900,579)
Trade deposits and short term prepayments	5,730,905	(6,710,278)
Other receivables	(687,783,141)	(210,573,808)
	(3,075,121,980)	(2,438,195,623)
Increase in current liabilities		
Trade and other payables	3,316,675,945	700,664,677
	5,219,964,795	2,471,221,173

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

41 RELATED PARTY DISCLOSURES

The related parties comprise associated companies (due to common directorship), directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the consolidated financial statements and remuneration of key management personnel is disclosed in note 45. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2018 ----- Rupees -----	2017
(i) Associates	Sales of yarn / fabric / processing / stores	1,682,722,816	1,627,083,914
	Purchase of yarn / fabric / processing / stores / rent	579,806,538	366,748,819
	Purchase of electricity / steam	185,673,211	234,206,975
	Expenses charged to	40,661,316	39,556,636
	Expenses charged by	6,348,750	6,901,583
	Markup charged by	51,687,622	28,692,453
	Dividend paid	99,000,001	78,719,578
	Dividend received	18,474,652	19,627,972
	Loans - net	156,770,929	(67,145,418)
	Shares deposit money received	-	3,565,485,000
(ii) Others	Shares issued against share deposit money	-	3,565,485,000
	Contribution to provident fund	56,284,971	42,514,736
	Donations	-	50,400,000

41.1 The Related parties with whom the Group has entered into transactions or have arrangement / agreement in place are following.

Company Name	Basis of association	Aggregate % of shareholding
Creadore A/S	Associated Company	49%
Sapphire Power Generation Limited	Associated Company	26.43%
Sapphire Dairies (Pvt.) Limited	Associated Company	22.38%
Reliance Cotton Spinning Mills Limited	Common directorship	3.04%
Sapphire Electric Company Limited	Common directorship	1.42%
Sapphire Holding Limited	Common directorship	0.05%
Sapphire Fibres Limited	Common directorship	N/A
Yousuf Agencies (Pvt.) Limited	Common directorship	N/A
Sapphire Finishing Mills (Pvt.) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Amer Cotton Mills (Pvt.) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Bank Alfalah Limited	Related party	N/A
Amer Tex (Pvt.) Ltd.	Common directorship	N/A
Galaxy Agencies (Pvt.) Ltd.	Common directorship	N/A
Nadeem Enterprises (Pvt.) Ltd.	Common directorship	N/A
Neelum Textile Mills (Pvt.) Ltd.	Common directorship	N/A
Sapphire Agencies (Pvt.) Ltd.	Common directorship	N/A

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

- 41.2** Creadore A/S (Creadore) is a company incorporated in Denmark, having registered office at Nordager 20, DK-6000, Kolding, Denmark. The Group holds 49% shares in the Creadore. Mr. Peter Beirholm is the Chief Executive Officer of Creadore. Creadore is primarily engaged in product development and marketing of textiles for the global hotel industry. Auditors have expressed unqualified opinion on the financial statements of Creadore for the year ended April 30, 2018.

42 SEGMENT ANALYSIS**42.1 SEGMENT RESULTS**

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Elimination of inter segment transaction	Total
----- Rupees -----						
For the year ended June 30, 2018						
Net turnover	16,714,642,741	10,231,570,712	11,164,066,685	2,510,988,607	(5,240,705,974)	35,380,562,771
Cost of sales	(15,315,455,894)	(8,727,750,009)	(9,025,181,936)	(954,630,528)	5,240,705,974	(28,782,312,393)
Gross Profit	1,399,186,847	1,503,820,703	2,138,884,749	1,556,358,079	-	6,598,250,378
Distribution cost	(377,797,545)	(354,246,521)	(2,047,060,776)	-	-	(2,779,104,842)
Administrative expenses	(222,410,358)	(112,132,716)	(334,854,428)	(146,214,590)	-	(815,612,092)
	(600,207,903)	(466,379,237)	(2,381,915,204)	(146,214,590)	-	(3,594,716,934)
Profit before taxation and unallocated income and expenses	798,978,944	1,037,441,466	(243,030,455)	1,410,143,489	-	3,003,533,444
Depreciation	523,414,937	223,539,013	486,542,680	604,048,394	-	1,837,545,024
For the year ended June 30, 2017						
Net turnover	15,235,661,532	9,187,469,121	8,596,646,491	2,272,976,155	(5,051,873,195)	30,240,880,104
Cost of sales	(14,423,152,825)	(7,731,425,764)	(7,197,025,143)	(920,044,882)	5,051,873,195	(25,219,775,419)
Gross Profit	812,508,707	1,456,043,357	1,399,621,348	1,352,931,273	-	5,021,104,685
Distribution cost	(315,139,694)	(349,785,027)	(1,176,093,651)	350,000	-	(1,840,668,372)
Administrative expenses	(163,682,863)	(123,166,991)	(200,774,990)	(131,607,728)	-	(619,232,572)
Profit before taxation and unallocated income and expenses	(478,822,557)	(472,952,018)	(1,376,868,641)	(131,257,728)	-	(2,459,900,944)
	333,686,150	983,091,339	22,752,707	1,221,673,545	-	2,561,203,741
Depreciation	505,411,615	201,619,610	393,131,852	592,169,434	-	1,692,332,511

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

	2018	2017
	Rupees	
Total results for reportable segments	3,003,533,444	2,561,203,741
Other operating expenses	(198,358,220)	(370,760,395)
Other income	719,449,519	2,885,654,637
Finance cost	(2,029,864,129)	(1,528,576,743)
Share of profit of associated companies	70,330,585	82,728,732
Profit before taxation	1,565,091,199	3,630,249,972
Taxation	(391,294,716)	(210,389,695)
Profit for the year	1,173,796,483	3,419,860,277

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

42.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	----- Rupees -----				
As at June 30, 2018					
Segment assets	<u>10,281,873,413</u>	<u>5,211,651,310</u>	<u>8,249,556,698</u>	<u>45,167,099,941</u>	<u>68,910,181,362</u>
Segment Liabilities	<u>19,952,179,577</u>	<u>2,311,737,080</u>	<u>5,622,178,903</u>	<u>32,814,077,509</u>	<u>60,700,173,069</u>
As at June 30, 2017					
Segment assets	<u>9,847,934,715</u>	<u>3,464,695,676</u>	<u>7,243,636,645</u>	<u>22,561,992,510</u>	<u>43,118,259,546</u>
Segment Liabilities	<u>20,882,824,686</u>	<u>993,004,644</u>	<u>4,140,569,163</u>	<u>9,343,964,733</u>	<u>35,360,363,226</u>

	2018	2017
	----- Rupees -----	
Reconciliation of segment assets and liabilities with total assets and liabilities in the balance sheet is as follows:		
Total for reportable segments assets	68,910,181,362	43,288,700,225
Unallocated assets	14,569,799,217	16,266,255,610
Total assets as per statement of financial position	<u>83,479,980,579</u>	<u>59,554,955,835</u>
Total for reportable segments liabilities	60,700,173,069	35,530,803,905
Unallocated liabilities	1,068,473,023	823,005,344
Total liabilities as per balance sheet	<u>61,768,646,092</u>	<u>36,353,809,249</u>

42.3 Revenue from major products

The analysis of the Group's revenue from external customers for its products is given in note 31 to these financial statements.

42.4 Information about major customers

Revenue from major customers of Weaving and Processing, Printing and Home Textile segments for the year ended June 30, 2018 is Rs.2,739.413million (2017: Rs.1,928.893million) and Rs.2,467.373million (2017: Rs.1,617.124million), where as in Spinning segment there is no major customer whose revenue accounts for more than 10% of total Spinning segment's revenue.

42.5 Geographical information

	2018	2017
	----- Rupees -----	
Domestic sales	13,537,120,692	12,184,129,351
Export sales	21,843,442,079	18,056,750,753
	<u>35,380,562,771</u>	<u>30,240,880,104</u>

The Group mainly exports its products to Asia, Europe and North America.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

43	NUMBER OF EMPLOYEES	2018	2017
	Number of employees worked at June 30		
	- Factory	8,089	6,677
	- Others	1,104	716
	Average number of employees worked during the year		
	- Factory	8,002	6,497
	- Others	897	599
44	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Spinning		
	Total number of spindles installed	136,689	130,407
	Average number of spindles worked	135,210	129,416
	Total number of rotors installed	3,120	3,120
	Average number of rotors worked	-	3,078
	Number of shifts worked per day	3	3
	Total days worked	365	365
	Installed capacity after conversion into 20/s lbs.	116,402,443	109,867,178
	Actual production after conversion into 20/s lbs	94,254,079	99,947,948
	Weaving		
	Total number of looms installed	371	345
	Average number of looms worked	349	345
	Number of shifts worked per day	3	3
	Total days worked	365	365
	Installed capacity at 50 picks per inch of fabric square meters	134,694,682	122,946,331
	Actual production converted at 50 picks per inch of fabric square meters	133,169,328	127,473,002
	Finishing and Printing		
	Production capacity meters	38,400,000	36,000,000
	Actual production meters	35,983,431	33,231,522
	Power Generation		
	Installed capacity (MWh)	143,384	143,384
	Actual energy delivered (MWh)	140,344	154,981
	Home Textile Product		
	The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.		
44.1	Reason for low production		
	Under utilization of available capacity for spinning, weaving, finishing and printing is mainly due to normal maintenance / temporarily shut down and changes in production pattern.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees -----					
Remuneration	66,000,000	59,079,323	272,400,071	48,000,000	61,314,737	277,341,712
Bonus	-	67,303,650	33,656,469	-	3,205,950	26,275,513
Medical	-	-	3,726,680	-	-	3,566,495
Contribution to provident fund	-	-	12,662,718	-	-	12,979,718
Leave encashment and other benefits	-	-	21,094,268	-	-	16,207,788
	66,000,000	126,382,973	343,540,206	48,000,000	64,520,687	336,371,226
Number of persons	1	3	77	1	3	86

45.1 The Company considers its Chief Executive and the Executive Director as its key management personnel.

45.2 Meeting fee of Rs.2.050 million (2017: Rs.0.450 million) has been paid to non-executive director.

45.3 The Chief Executive and Executive Directors were also provided with cars maintained by the Group and telephones at residence. The Group has also provided vehicles to certain executives of the Group.

46 PROVIDENT FUND RELATED DISCLOSURES

2018 2017
----- Rupees '000' -----

46.1 The following information is based on un-audited financial statements of the Fund as at June 30, 2018

Size of the fund - Total assets	279,051	216,394
Cost of investments made	250,812	201,303
Fair value of investments	271,595	211,385
Percentage of Investments made	97%	98%

46.2 The break-up of fair value of investments is as follows:

	2018	2017	2018	2017
	Percentage		Rupees '000	
National Saving Schemes	97.80%	99.50%	265,632	210,336
Loan to members	0.21%	0.12%	582	246
Balances with banks - savings	1.98%	0.38%	5,381	803
	100%	100%	271,595	211,385

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

46.3 The investments out of provident fund have made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

47 FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from its use of financial instruments:

- 47.1** - Credit risk
47.2 - Liquidity risk
47.3 - Market risk

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

47.1 Credit risk

47.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.19,276.047 million (2017: Rs.24,794.157 million), financial assets which are subject to credit risk aggregate to Rs.14,658.327 million (2017: Rs.16,035.647 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	----- Rupees -----	
Long term investments	5,820,529,291	8,913,807,613
Long term deposits	249,086,588	223,139,118
Trade debts	3,966,358,463	2,715,777,025
Trade deposits	9,342,801	4,752,501
Other receivables	509,940,770	129,264,781
Short term investments	4,103,068,742	4,048,906,258
Cash and bank balances	4,617,720,454	8,758,510,152
	19,276,047,109	24,794,157,448

47.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

Domestic	2,809,721,343	2,208,711,593
Export	1,156,637,120	507,065,432
	3,966,358,463	2,715,777,025

The majority of export debts of the Group are situated in Asia, Europe and North America.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

47.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:

	2018	2017
	----- Rupees -----	
Yarn	1,084,647,932	752,904,788
Power generation	1,663,413,729	1,290,293,622
Fabric	338,667,300	466,631,346
Home textile product	252,179,449	138,801,776
Waste	59,278,193	39,550,996
Processing services	543,193,950	33,337,738
Others	24,977,910	4,107,637
	3,966,358,463	2,725,627,903

47.1.4 The aging of trade debts at the reporting date is as follows:

Not past due	2,515,981,326	1,834,738,298
Past due 0 - 30 days	795,739,239	707,912,838
Past due 31 - 60 days	54,364,330	169,789,092
Past due 61 - 90 days	345,307,390	8,710,485
Past due 91 - 1 year	245,943,389	421,194
Above 365 days	9,022,789	4,055,996
	3,966,358,463	2,725,627,903

Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good. The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

47.1.5 Cash is held only with reputable banks with high quality external credit enhancements. Following are the credit ratings of banks within which balances are held or credit lines available:

Name of bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank N.A. London	Moody's	P-1	A1
Citibank N.A. Pakistan	PACRA	P-1	A1
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-
Deutsche Bank AG	S&P	A-2	BBB+
Allied Bank Limited	PACRA	A1+	AAA

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Name of bank	Rating Agency	Rating	
		Short term	Long term
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Industrial and Commercial Bank of China	Moody's	P-1	A1
Bank Alfalah Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-

47.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Group's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

2 0 1 8					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term financing	44,480,923,632	49,278,037,932	4,004,901,940	25,738,307,090	19,534,828,902
Liabilities against assets subject to finance lease	40,668,780	40,668,780	8,878,906	31,789,874	-
Trade and other payables	6,587,686,691	6,587,686,691	6,587,686,691	-	-
Accrued interest / mark-up	330,132,390	330,132,390	330,132,390	-	-
Short term borrowings	8,294,032,366	8,368,355,554	8,368,355,554	-	-
	59,733,443,859	64,604,881,347	19,299,955,481	25,770,096,964	19,534,828,902
2 0 1 7					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term financing	22,555,709,410	27,320,949,723	2,190,133,933	15,055,730,862	10,075,084,928
Liabilities against assets subject to finance lease	15,222,509	15,222,509	3,260,817	11,961,692	-
Trade and other payables	3,549,355,892	3,549,355,892	3,549,355,892	-	-
Accrued interest / mark-up	306,682,461	306,682,461	306,682,461	-	-
Short term borrowings	8,213,421,919	8,276,419,018	8,276,419,018	-	-
	34,640,392,191	39,468,629,603	14,325,852,121	15,067,692,554	10,075,084,928

47.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

47.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments.

47.3.1 Currency risk

The Group is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Group's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2 0 1 8					
	Rupees	US \$	EURO	JPY	CHF	GBP
Trade debts	(1,156,637,093)	(8,380,344)	(985,377)	-	-	-
Bank balances	(3,982,930,757)	(32,803,824)	(3,867)	-	-	-
Long term finance - secured	29,866,508,479	245,612,734	-	-	-	-
Creditors and accrued liabilities	2,365,982,357	19,425,000	-	-	-	24,480
Gross Balance sheet exposure	27,092,922,986	223,853,566	(989,244)	-	-	24,480
Outstanding letters of credit	1,540,572,478	9,512,741	2,465,381	-	284,493	-
Forward exchange contracts	412,860,749	2,185,556	1,202,560	-	-	-
Net Exposures	29,046,356,213	235,551,863	2,678,697	-	284,493	24,480

	2 0 1 7					
	Rupees	US \$	EURO	JPY	CHF	GBP
Trade debts	(507,065,432)	(4,295,457)	(474,535)	-	-	-
Bank balances	(1,373,767,160)	(13,104,041)	(3,867)	-	-	-
Creditors and accrued liabilities	109,395,820	991,788	-	-	-	38,470
Gross Balance sheet exposure	(1,771,436,772)	(16,407,710)	(478,402)	-	-	38,470
Outstanding letters of credit	1,194,896,246	5,230,791	5,434,643	426,976	137,522	-
Forward exchange contracts	1,100,378,613	7,880,033	2,300,085	-	-	-
Net Exposures	523,838,087	(3,296,887)	7,256,326	426,976	137,522	38,470

The following significant exchange rates have been applied:

	Reporting date rate	
	2018	2017
US \$ to Rupees	121.4 / 121.6	104.8 / 105
Euro to Rupees	141.33 / 141.57	119.91 / 120.14

Sensitivity analysis

A 10 percent strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	Equity	Profit & loss
	Rupees	
As at June 30, 2018		
Effect in US Dollar	2,345,985,372	2,345,985,372
Effect in Euro	(11,862,025)	(11,862,025)
As at June 30, 2017		
Effect in US Dollar	(171,952,803)	(171,952,803)
Effect in Euro	(5,736,518)	(5,736,518)

10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

47.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Group's significant financial assets and liabilities is as follows:

	2018	2017	2018	2017
	Effective rate		Carrying Amount	
	----- Rupees -----			
Fixed rate instruments				
Financial liabilities				
Long term financing	2.5% to 6.5%	2.5% to 6.5%	<u>3,506,932,975</u>	<u>2,624,558,884</u>
Short term borrowings				
- foreign currency loan	-	1%	<u>-</u>	<u>218,323,000</u>
- local currency loan	2.15% to 2.50%	2.15% to 2.25%	<u>1,800,000,000</u>	<u>1,500,000,000</u>
Variable rate instruments				
Financial liabilities				
Long term financing				
- foreign currency loan	5.26% to 6.83%	4.62%	<u>29,866,508,479</u>	<u>8,330,732,574</u>
- local currency loan	6.10% to 6.85%	6.10% to 6.45%	<u>11,107,482,178</u>	<u>11,600,417,952</u>
Short term borrowings				
- local currency loan	6.19% to 7.42%	6.13% to 7.02%	<u>6,494,032,366</u>	<u>6,495,098,919</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit and loss 100 bps	
	Increase	(Decrease)
	----- Rupees -----	
As at June 30, 2018		
Cash flow sensitivity - variable rate instruments	474,680,230	(474,680,230)
As at June 30, 2017		
Cash flow sensitivity - variable rate instruments	264,262,494	(264,262,494)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

47.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the group diversify its portfolio and continuously monitor developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the reporting date would have increased / decreased the Group's unrealized gain on 'available for sale' investments as follows:

	2018	2017
	----- Rupees -----	
Effect on equity	<u>983,694,980</u>	1,287,656,564
Effect on investments	<u>983,694,980</u>	<u>1,287,656,564</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Group.

47.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

47.5 Financial instruments by Category

FINANCIAL ASSETS

Loans and receivables

Long term deposits	249,086,588	604,239,546
Trade debts	3,966,358,463	2,715,777,025
Trade deposits	9,342,801	4,752,501
Other receivables	132,201,366	128,174,611
Cash and bank balances	4,617,720,454	8,758,510,152
	<u>8,974,709,672</u>	<u>12,211,453,835</u>

At fair value through Other Comprehensive Income

Long term investments	5,733,881,055	8,827,659,377
Short term investments	4,103,068,742	4,048,906,258
	<u>9,836,949,797</u>	<u>12,876,565,635</u>

Long term investment at cost

Long term investments	<u>86,648,236</u>	<u>86,148,236</u>
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FINANCIAL LIABILITIES

At amortized Cost

Long term loans	44,480,923,632	22,555,709,410
Trade and other payables	6,587,686,691	3,549,355,892
Accrued Interest / mark-up	330,132,390	306,682,461
Short term borrowings	8,294,032,366	8,213,421,919
	<u>59,692,775,079</u>	<u>34,625,169,682</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

47.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1. Quoted market price (unadjusted) in an active market for identical instrument.

Level 2.

Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	Rupees		
As at June 30, 2018			
Assets carried at fair value			
Available for sale investments	9,836,949,797	-	86,648,236
Forward exchange contracts used for hedging	-	17,651,047	-
	9,836,949,797	17,651,047	86,648,236
As at June 30, 2017			
Assets carried at fair value			
Available for sale investments	12,876,565,635	-	86,148,236
Forward exchange contracts used for hedging	-	-	-
	12,876,565,635	-	86,148,236
As at June 30, 2017			
Liabilities carried at fair value			
Liabilities carried at fair value	-	-	-
Forward exchange contracts used for hedging	-	-	-
	-	-	-
As at June 30, 2017			
Liabilities carried at fair value	-	-	5,794,320
Forward exchange contracts used for hedging	-	7,764,396	-
	-	7,764,396	5,794,320

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

47.7 Capital risk management

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2018	2017
	----- Rupees -----	
Total borrowings	52,775,796,033	30,770,299,720
Less: Cash and bank balances	4,617,720,454	8,758,510,152
Net debt	48,158,075,579	22,011,789,568
Equity	16,628,634,668	18,307,781,294
Capital	64,786,710,247	40,319,570,862
	----- Percentage -----	
Gearing ratio	74.33	54.59

48 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

All significant transactions and events that have affected the Group's financial position and performance during the year have been adequately disclosed in the notes to these consolidated financial statements.

49 Reconciliation of movements of liabilities to cash flows arising from Financing activities.

	2018						
	Liabilities						
	Long term financing	Long term payable	Short term borrowings	Unclaimed dividend	Lease finance	Share issuance cost	Total
	Rupees						
Balance as at July 01, 2017	22,555,709,410	5,794,320	8,213,421,919	1,361,643	15,222,509	-	30,791,509,801
Receipts from long term finances	21,455,757,570	-	-	-	-	-	21,455,757,570
Addition during the year	-	-	-	-	-	-	-
Repayments	(3,274,240,020)	(5,794,320)	-	-	(9,699,729)	-	(3,289,734,069)
Short term borrowing receipts net of repaid	-	-	82,079,678	-	-	-	82,079,678
Exchange loss on repayment of loans	-	(55,160)	(1,469,231)	-	-	-	(1,524,391)
Share issuance cost paid	-	-	-	-	-	(208,974)	(208,974)
Dividend paid	-	-	-	(99,052,127)	-	-	(99,052,127)
Total changes from financing cash flows	18,181,517,550	(5,849,480)	80,610,447	(99,052,127)	(9,699,729)	(208,974)	18,147,317,687
Other changes							
New leases	-	-	-	-	35,146,000	-	35,146,000
Dividend	-	-	-	99,000,003	-	-	99,000,003
Exchange loss	3,743,696,672	55,160	-	-	-	-	3,743,751,832
Share issuance cost	-	-	-	-	-	208,974	208,974
Total liability related other changes	3,743,696,672	55,160	-	99,000,003	35,146,000	208,974	3,878,106,809
Closing balance as at June 30, 2018	44,480,923,632	-	8,294,032,366	1,309,519	40,668,780	-	52,816,934,297

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

50 EVENTS AFTER REPORTING DATE

The board of directors of the Holding Company in its meeting held on September 27, 2018 proposed cash dividend of Rs.321,330,240 (2017: interim dividend of Rs.281,163,960) at the rate of Rs.16 (2017: Rs.14) per ordinary share of Rs.10 each. Proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these consolidated financial statements. This will be accounted for subsequently in the period of payment.

51 CORRESPONDING FIGURES

Corresponding figures for the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes thereof, of the Sapphire Renewables Ltd. (a subsidiary company), are for the period from May 30, 2016 to June 30, 2017 and hence, not comparable.

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made, except for the following:

	2017 Rupees
'Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the consolidated statement of financial position.	<u>1,361,643</u>
'Advance to excise and taxation' previously presented under 'Loans and advances' now net-off against 'Infrastructure fee' payable presented under 'Trade and other payables'.	<u>116,481,490</u>
'Payable to Provident fund' previously grouped in 'Accrued liabilities' and presented under 'Trade and other payables' now separately presented under 'Trade and other payables'.	<u>2,295,592</u>
'Provision against accumulating compensated absences' previously grouped in 'Accrued liabilities' and presented under 'Trade and other payables' now separately presented under 'Trade and other payables'.	<u>4,779,112</u>
'Receivable from banks against credit card sales' previously presented under 'Other receivables - considered good' now separately presented under 'Cash in hand and transit'.	<u>20,922,941</u>
'Receivable from agents against E-store sales' previously presented under 'Trade debts - unsecured' now separately presented under 'Cash in hand and transit'.	<u>9,850,878</u>
'Receivable from CPPA previously grouped under 'advances to contractors' and presented under 'Capital work in progress' now separately presented under 'Other receivables'.	<u>1,090,170</u>
Dyes and chemical stocks' previously made part of stores, spare parts and tools now have been reclassified and made part of raw material stocks.	<u>97,933,523</u>
- This also resulted in reclassification of dyes and chemicals consumed from stores consumed to raw material consumed.	<u>456,663,000</u>

52 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors of Holding Company and authorized for issue on September 27, 2018.

Karachi:
Dated: September 27, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

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Form of Proxy

Sapphire Textile Mills Limited

I / we _____

Folio No. _____ of _____

a member(s) of **Sapphire Textile Mills Limited** and a holder of _____ Ordinary Shares,

do hereby appoint _____

of _____

or failing him/her _____

of _____

a member of **Sapphire Textile Mills Limited**, vide Registered Folio No. _____ as my/our Proxy to act on my/our behalf at 50th Annual General Meeting of the Company to be held on Wednesday the 24th October, 2018 at 03:00 p.m. at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi and / or any adjournment thereof.

Signed this _____ day of _____ 2018

Signature _____

(Signature should agree with the specimen signature registered with the Company)

REVENUE
STAMP OF
RS.5/-

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company atleast 48 hours before the time of holding the meeting.
5. In case of CDC account holder :
 - i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
 - iv) In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness :

Name

Address

NIC No.

Name

Address

NIC No.

فارم برائے قائم مقام / متبادل

سفارت ٹیکسٹائل ملز لمیٹڈ

میں/ہم

سفائر ٹیکسٹائل ملز لمیٹڈ کے ممبر ہونے کے ناطے اپنا / اپنے مندرجہ ذیل قائم مقام / متبادل مقرر کرتا ہوں / کرتے ہیں۔

نام (جناب/محترمہ) _____

.....: ۱۰۰

اور اُن کی غیر موجودگی میں جناب/محترمہ

.....: ❁❁❁

میری/ ہماری غیر موجودگی میں قائم مقام/ متبادل کمپنی کی سالانہ جنرل میٹنگ میں شرکت کریں گے جو بروز بدھ 24 اکتوبر 2018ء کو بوقت 03:00 بجے شام، ٹریڈنگ ہال، کاٹن ایسچینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی میں منعقد ہوگی۔

اس دستاویز پر مورخہ _____ 2018 کو دستخط ہوئے۔

گواہان:

.....: دستخط (1)

نام: _____

.....: ❁❁❁

_____ CNIC یا سپورٹ نمبر _____

شیر ہولڈر کے دستخط

(1) دستخط: _____ شیئر ہولڈر کا فلیو نمبر: _____

نام: _____ اور/یا C D _____

پتہ: _____

شتریک ہونے والے ID نمبر: _____

CNIC یا سپورٹ نمبر _____ اور سب اکاؤنٹ نمبر _____

نوٹ: یہ قائم مقام/متبادل فارم مکمل کر کے میٹنگ کی تاریخ سے 48 گھنٹے پہلے تک کمپنی دفتر بمقام کاٹن ایکسچینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی جمع کروائیں۔

C D C شیئر ہولڈر اور اُن کے قائم مقام/متبادل ہر ایک سے گزارش ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی فوٹو کاپی اس فارم کے ساتھ کمپنی میں جمع کروائیں۔

C D C شیئر ہولڈر یا اُن کے قائم مقام/ متبادل سے گزارش ہے کہ اپنے اصلی کمپیوٹر انڈسٹری کارڈ یا پاسپورٹ ہمراہ شرکت کا I.D. نمبر اور اپنا کاؤنٹ نمبر سالانہ جنرل میٹنگ میں شرکت کے لیے آتے ہوئے ساتھ لائیں تاکہ اُن کی شناخت میں آسانی ہو۔