

CONTENTS

Sapphire Textile Mills Limited

Company Profile	03
Directors' Report (English/Urdu)	04
Statement of Financial Position	07
Statement of Profit or Loss	08
Statement of Comprehensive Income	09
Statement of Cash Flows	10
Statement of Changes In Equity	11
Notes to the Financial Statements	12

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 :

E. Y Ford Rhodes,

Chartered Accountants

Tax Consultants :

Deloitte Yousuf Adil,

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.

Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the Quarter ended September 30, 2018.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Quarter Ended September 30, 2018	2017
Net Turnover	8,094,732	6,511,980
Gross Profit	1,271,761	686,701
Other Income	133,447	653,716
Profit before taxation	620,185	671,922
Taxation		
- Current	(117,784)	(180,734)
- Deferred	4,857	(894)
	(112,927)	(181,625)
Profit after taxation	507,258	490,294

REVIEW OF OPERATIONS

During the period the Company has achieved sales of Rs. 8.095 billion as compared to Rs. 6.512 billion in the corresponding year. The gross profit as a percentage of sales was 15.71% as compared to 10.55% in the corresponding period. The profit before tax for the first quarter of the current financial year was Rs.620.185 million compared to Rs.671.922 million in the corresponding period of previous year.

EARNINGS PER SHARE

The earnings per share for the first quarter ended September 30, 2018 is Rs. 25.26 as compared to Rs. 24.41 for previous year's corresponding period.

FUTURE PROSPECTS

Pakistan Textile industry has been under pressure to compete internationally due to high cost of doing business. The commitment of Government to support textile sector in the form of supply of energy at lower cost, release of funds against rebate claims / tax refunds and continuation of rebate scheme will help industry to compete internationally.

ACKNOWLEDGEMENTS

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

On behalf of the Board

Karachi
Dated: October 29, 2018

NADEEM ABDULLAH **MOHAMMAD ABDULLAH**
CHIEF EXECUTIVE DIRECTOR

ڈائریکٹر رپورٹ برائے حصص یافتگان

مستقبل کا منظر نامہ:

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 ریٹس اور ری بیٹ کے ریفرنڈ کی صورت میں انڈسٹری کے عالمی مقابلے کے لئے اہم ہے۔

اظہار تشکر:

کمپنی اپنے ڈائریکٹران، ریگولیٹری اتھارٹیز، حصص یافتگان، کسٹمرز، مالیاتی اداروں، سپلائرز کے تعاون اور عملے کی بے لوث خدمات کو قدر کی نگاہ سے دیکھتی ہے۔

منجانب بورڈ

محمد عبداللہ

ڈائریکٹر

ندیم عبداللہ

چیف ایگزیکٹو

کراچی۔

مورخہ 29 اکتوبر 2018ء

ڈائریکٹر رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹر ان نہایت مسرت کے ساتھ 30 ستمبر 2018ء کو اختتام پذیر ہونے والی سہ ماہی کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔

مالیاتی نتائج:

30 ستمبر 2017	30 ستمبر 2018	
		رقم ہزاروں میں
6,511,980	8,094,732	نیٹ کل فروخت
686,701	1,271,761	مجموعی منافع
653,716	133,447	دیگر ذرائع سے آمدنی
671,922	620,185	قبل از ٹیکس منافع
		ٹیکس
(180,734)	(117,784)	موجودہ سال
(894)	4,857	موخر
(181,628)	(112,927)	
490,294	507,258	بعد از ٹیکس منافع

کاروباری کارکردگی کا جائزہ:

رواں سال کی پہلی سہ ماہی کیلئے کمپنی نے 8.095 بلین روپے کی فروخت حاصل کی جب کہ گزشتہ سال کی اسی سہ ماہی کیلئے کمپنی کی فروخت 6.512 بلین روپے تھی۔ شرح کل منافع فروخت کا 15.71 فیصد رہا جبکہ یہی شرح گزشتہ سال کی اسی سہ ماہی کیلئے 10.55 فیصد تھی۔ ٹیکس سے قبل منافع رواں سال کی پہلی سہ ماہی کیلئے 620.185 بلین روپے رہا جبکہ گزشتہ سال کے پہلی سہ ماہی میں یہ منافع 671.922 بلین تھا۔

آمدنی فی حصص:

30 ستمبر 2018ء کو ختم ہونے والے پہلی سہ ماہی کی آمدنی فی حصص 25.26 روپے رہی جبکہ پچھلے سال کی پہلی سہ ماہی میں یہ 24.41 روپے تھی۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,686,680,786	11,415,325,178
Investment property		31,750,000	31,750,000
Intangible assets		1,683,151	2,035,188
Long term investments		14,494,161,996	14,926,618,637
Long term loans and advances		520,730,646	518,741,452
Long term deposits		88,434,708	88,434,708
		26,823,441,287	26,982,905,163
CURRENT ASSETS			
Stores, spares and loose tools		402,156,863	390,369,902
Stock-in-trade		7,227,869,473	5,471,700,519
Trade debts		2,839,271,631	2,947,183,401
Loans and advances		317,673,864	119,636,806
Trade deposits and short term prepayments		26,666,655	7,839,896
Other receivables		572,067,335	566,397,978
Other financial assets		4,133,360,085	4,103,068,742
Tax refunds due from Government		1,858,317,249	1,685,599,982
Cash and bank balances		98,003,670	55,448,646
		17,475,386,825	15,347,245,872
TOTAL ASSETS		44,298,828,112	42,330,151,035
EQUITY AND LIABILITIES			
Authorized share capital			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		15,909,092,831	15,821,423,802
		16,109,924,231	16,022,255,202
NON-CURRENT LIABILITIES			
Long term financing		12,599,528,188	12,857,957,903
Deferred liabilities		488,761,559	478,375,674
		13,088,289,747	13,336,333,577
CURRENT LIABILITIES			
Trade and other payables		3,986,699,263	3,867,282,911
Accrued Interest / mark-up		191,374,337	184,774,201
Unclaimed dividend		1,309,519	1,309,519
Short term borrowings		9,065,068,583	7,302,116,241
Current portion of long term financing		1,261,756,483	1,139,457,250
Provision for taxation		594,405,949	476,622,134
		15,100,614,134	12,971,562,256
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		44,298,828,112	42,330,151,035

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		September 30, 2018	2017
	Note	----- Rupees -----	
Net turnover		8,094,731,881	6,511,980,446
Cost of sales	7	(6,822,970,745)	(5,825,279,650)
Gross profit		1,271,761,136	686,700,796
Distribution cost		(277,840,861)	(239,305,710)
Administrative expenses		(100,697,850)	(94,853,329)
Other operating expenses		(42,167,648)	(26,910,223)
Other income		133,446,960	653,715,518
		(287,259,399)	292,646,256
Profit from operations		984,501,737	979,347,052
Finance cost		(364,317,032)	(307,425,393)
Profit before taxation		620,184,705	671,921,659
Taxation			
Current		(117,783,815)	(180,733,469)
Deferred		4,857,025	(894,017)
		(112,926,790)	(181,627,486)
Profit for the period after taxation		507,257,915	490,294,173
Earnings per share - basic and diluted		25.26	24.41

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
	-----Rupees-----	
Profit for the period after taxation	507,257,915	490,294,173
Other comprehensive income / (loss):		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Loss on remeasurement of available for sale investments	(402,165,297)	(2,723,179,480)
Forward foreign currency contracts		
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(35,074,636)	14,924,616
Reclassification adjustments relating to loss / (gain) realized on settlement of forward foreign currency contracts	17,651,047	(7,764,396)
	(17,423,589)	7,160,220
Other comprehensive loss for the period	(419,588,886)	(2,716,019,260)
Total comprehensive income / (loss) for the period	87,669,029	(2,225,725,087)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30, 2018	September 30, 2017
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	8	(516,630,806)	1,485,997,986
Long term loans and deposits		(1,989,194)	3,167,701
Finance cost paid		(357,716,896)	(322,321,249)
Staff retirement benefits - gratuity paid		(10,068,368)	(10,202,908)
Taxes paid		(172,717,267)	(146,002,994)
		(542,491,725)	(475,359,450)
Net cash (used in) / generated from operating activities		(1,059,122,531)	1,010,638,536
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(613,590,947)	(255,349,617)
Purchase of intangibles		-	(500,000)
Investment in associates and subsidiaries		-	(13,049,480)
Loans to subsidiaries		-	(232,000,000)
Proceeds from disposal of property, plant and equipment		2,563,506	7,751,315
Dividend received		76,899,032	131,225,499
Interest income received		8,916,604	4,221,710
Rental income received		67,500	180,000
Net cash used in investing activities		(525,144,305)	(357,520,573)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		1,736,638,835	(519,812,788)
Proceeds from long term financing		-	70,570,000
Repayment of long term financing		(136,130,482)	(99,575,721)
Dividend paid		-	(170,189)
Net cash generated from / (used in) financing activities		1,600,508,353	(548,988,698)
Net increase in cash and cash equivalents		16,241,517	104,129,265
Cash and cash equivalents at the beginning of the period		54,608,611	70,966,102
Cash and cash equivalents at the end of the period		70,850,128	175,095,367
Cash and cash equivalents			
Cash and bank balances		98,003,670	175,095,367
Bank overdraft - unsecured		(27,153,542)	-
Cash and cash equivalents at the end of the period		70,850,128	175,095,367

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Reserves						Other Components of equity			Total Equity
	Share Capital	Capital	Revenue			SUB TOTAL	Unrealized gain / (loss)	SUB TOTAL		
		Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit					
Balance as at July 01, 2017 (Audited)	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 quarter ended September 30, 2017										
Profit after taxation	-	-	-	-	490,294,173	490,294,173	-	-	-	490,294,173
Other comprehensive (loss) / income	-	-	-	-	-	-	(2,723,179,480)	7,160,220	(2,716,019,260)	(2,716,019,260)
	-	-	-	-	490,294,173	490,294,173	(2,723,179,480)	7,160,220	(2,716,019,260)	(2,225,725,087)
Balance as at September 30, 2017 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	12,572,414,031	14,123,616,231	445,186,108	(604,176)	444,581,932	14,769,029,653
Balance as at July 01, 2018 (Audited)	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
Total comprehensive income for the quarter ended September 30, 2018										
Profit after taxation	-	-	-	-	507,257,915	507,257,915	-	-	-	507,257,915
Other comprehensive loss	-	-	-	-	-	-	(402,165,297)	(17,423,589)	(419,588,886)	(419,588,886)
	-	-	-	-	507,257,915	507,257,915	(402,165,297)	(17,423,589)	(419,588,886)	87,669,029
Balance as at September 30, 2018 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	14,171,909,864	15,723,112,064	185,753,309	227,458	185,980,767	16,109,924,231

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:

Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 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

This condensed interim financial information of the Company for the first quarter ended September 30, 2018 is un-audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standards (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 237 of the Act.

2.2 Functional and presentation currency

This condensed interim 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 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2018.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
	Note	----- Rupees -----	
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		10,796,976,804	11,023,834,392
Capital work-in-progress	5.2	889,703,982	391,490,786
		11,686,680,786	11,415,325,178

5.1 The cost of additions and disposals to operating fixed assets during the first quarter ended September 30, 2018 were as follows.

	(Un-Audited) September 30, 2018		(Audited) June 30, 2018	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Land:				
Freehold	-	-	6,301,600	-
Lease hold	-	-	8,930,000	-
On Freehold land:				
Factory buildings	12,379,320	-	109,693,337	-
Labour, staff colony and others	-	-	5,702,612	-
Office buildings	-	-	144,914,648	-
On lease hold land:				
Factory buildings	5,086,940	-	2,400,000	-
Labour, staff colony and others	-	-	4,591,725	-
Plant & machinery	85,992,780	104,618,351	1,583,400,329	326,850,232
Electric installations	150,000	-	9,944,509	-
Fire Fighting equipment	-	-	131,800	-
Electric equipments	-	-	1,379,200	-
Computers	1,517,217	515,000	11,408,256	2,628,895
Office equipments	-	-	1,033,500	-
Mills equipments	5,069,195	-	4,890,031	-
Furniture & fixtures	223,300	-	2,114,504	-
Vehicles	4,959,000	121,821,826	73,207,701	59,035,821
	115,377,752	226,955,177	1,970,043,752	388,514,948

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	----- Rupees -----	
5.2	Capital work-in-progress	
Advance for land	79,500,000	-
Civil works and Buildings	525,627,174	287,228,119
Plant and machinery	267,623,183	88,086,367
Electric installations	4,762,947	-
Fire fighting equipments	2,669,150	-
Furniture and fixtures	1,177,014	-
Advance for vehicles	8,344,514	16,176,300
	889,703,982	391,490,786

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
		----- Rupees -----	
6	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
6.1	Guarantees issued by banks on behalf of the Company	<u>625,443,587</u>	<u>605,443,587</u>
6.2	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 September 30, 2018 the value of these cheques amounted to Rs.625.935 million (June 30, 2018: Rs.578.991 million).		
6.3	There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.6 and 29.8 of the audited annual financial statements of the Company for the year ended June 30, 2018.		
	Commitments		
6.4	Confirmed letter of credit in respect of:		
	- plant and machinery	747,383,149	1,066,038,792
	- raw material	436,874,370	409,071,691
	- stores and spares	13,359,495	65,461,931
		<u>1,197,617,014</u>	<u>1,540,572,414</u>
7	COST OF SALES		
	Finished goods - Opening stock	850,821,494	955,831,564
	Cost of goods manufactured	7,094,894,065	5,770,769,900
	Cost of raw material sold	7,153,655	60,199,582
		<u>7,952,869,214</u>	<u>6,786,801,046</u>
	Finished goods - Closing stock	(1,129,898,469)	(961,521,396)
		<u>6,822,970,745</u>	<u>5,825,279,650</u>
7.1	Cost of Goods Manufactured		
	Work in process - opening stock	478,749,878	397,339,030
	Raw materials consumed	4,924,029,491	3,751,222,558
	Overheads	2,199,710,850	2,021,442,325
		<u>7,602,490,219</u>	<u>6,170,003,913</u>
	Work in process - closing stock	(507,596,154)	(399,234,013)
		<u>7,094,894,065</u>	<u>5,770,769,900</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		September 30,	
		2018	2017
		----- Rupees -----	
8 CASH (USED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		620,184,705	671,921,659
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		267,030,078	247,918,463
Amortization of intangible assets		352,037	343,704
Interest income		(9,925,768)	(9,626,097)
Loss / (gain) on sale of property, plant and equipment		50,082	(1,426,285)
Dividend income		(114,145,932)	(158,377,259)
Provision for gratuity		25,311,278	22,667,737
Provision / (Reversal of provision) for stores, spares and loose tools		243,633	(1,601,564)
Exchange differences		-	1,546,120
Finance cost		364,317,032	305,934,433
Rental income		(150,000)	(150,000)
		533,082,440	407,229,252
Operating cash flow before changes in working capital		1,153,267,145	1,079,150,911
Changes in working capital (Increase) / Decrease in current assets			
Stores, spares and loose tools		(12,030,594)	(10,200,627)
Stock-in-trade		(1,756,168,954)	783,292,795
Trade debts		107,911,770	(513,175,857)
Loans and advances		(198,037,058)	(72,170,211)
Trade deposits and short term prepayments		(18,826,759)	(20,663,457)
Other receivables		87,837,292	(29,330,031)
		(1,789,314,303)	137,752,612
Increase in current liabilities			
Trade and other payables		119,416,352	269,094,463
		(516,630,806)	1,485,997,986

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

9 TRANSACTIONS WITH RELATED PARTIES

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

	September 30,	
	2018	2017
	----- Rupees -----	
Subsidiaries:		
Sales / processing	536,077,727	839,778,145
Share deposit money	-	7,200,000
Shares received	-	42,200,000
Loans	-	232,000,000
Expenses charged to	110,342	61,846
Markup charged to	9,925,768	9,626,097
Associates:		
Sales / processing	595,582,691	324,272,119
Purchases	124,664,999	127,852,902
Electricity / steam purchased	4,228,916	58,366,444
Expenses charged by	8,702	1,001,145
Expenses charged to	10,498,133	10,368,923
Markup charged by	8,159,432	8,844,839
Dividend received	30,427,407	-
Loans repaid - net	13,186,757	6,323,069
Other related parties:		
Contribution to provident fund	8,668,437	7,193,817
Remuneration to key management personnel	7,800,000	7,800,000

10 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2018 and the Corresponding figures in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended September 30, 2017.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this condensed interim financial information.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 29, 2018.

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONTENTS

Sapphire Textile Mills Limited Consolidated Financial Statements

Directors' Report (English/Urdu)	18
Consolidated Statement of Financial Position	21
Consolidated Statement of Profit or Loss	22
Consolidated Statement of Comprehensive Income	23
Consolidated Statement of Cash Flows	24
Consolidated Statement of Changes In Equity	25
Notes to the Consolidated Financial Statements	26

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited and Sapphire Solar (Private) Limited**, it is our pleasure to present Directors' Report with Un-Audited Consolidated Financial Statement for the Quarter ended September 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. 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 Companies Ordinance, 1984. 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: October 29, 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 کے تحت تشکیل پائی۔ سبسیڈییری الیکٹرک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔ یہ سو فیصد ایکویٹی کی 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۔ آلٹرنیٹو انرجی ڈیولپمنٹ بورڈ سے LOI 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۔

منجانب بورڈ

محمد عبداللہ

ڈائریکٹر

ندیم عبداللہ

چیف ایگزیکٹو

کراچی۔

مورخہ 29 اکتوبر 2018ء

ڈائریکٹر رپورٹ برائے حصص یافتگان

سیفائر ونڈ پاور کمپنی لمیٹڈ، سیفائر ریٹیل لمیٹڈ، ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائر رینویبلز لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ اور سیفائر سولر (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2018ء کو اختتام پذیر ہونے والی سہ ماہی کی مشترکہ غیر آڈٹ شدہ مالی تفصیلات پیش 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 میگا واٹ 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 رینویبلز لمیٹڈ

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	57,397,168,058	51,770,140,053
Investment property		31,750,000	31,750,000
Intangible assets		471,561,415	473,465,504
Long term investments		6,431,665,629	6,879,577,347
Long term loans and advances		38,730,646	36,741,452
Long term deposits and prepayments		251,843,698	249,086,588
		64,622,719,446	59,440,760,944
CURRENT ASSETS			
Stores, spares and loose tools		530,615,206	513,863,819
Stock in trade		9,944,919,139	7,478,759,709
Trade debts		4,585,487,446	3,966,358,463
Loans and advances		476,815,553	217,215,440
Trade deposits and short term prepayments		173,440,801	54,436,381
Other receivables		1,059,570,352	1,054,367,947
Other financial assets		4,133,360,085	4,103,068,742
Tax refunds due from Government		2,158,617,168	2,033,428,680
Cash and bank balances		11,051,658,601	4,617,720,454
		34,114,484,351	24,039,219,635
TOTAL ASSETS		98,737,203,797	83,479,980,579
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		17,139,700,945	16,427,803,268
Equity attributable to holders of parent company		17,340,532,345	16,628,634,668
Non-controlling interest		5,445,628,098	5,082,699,819
Total Equity		22,786,160,443	21,711,334,487
NON-CURRENT LIABILITIES			
Long term financing		49,011,544,387	41,147,456,937
Deferred liabilities		421,373,586	410,333,097
Liabilities against assets subject to finance lease		30,004,571	31,789,874
		49,462,922,544	41,589,579,908
CURRENT LIABILITIES			
Trade and other payables		11,415,229,578	7,729,461,567
Accrued Interest / mark-up		358,547,415	330,132,390
Unclaimed dividend		1,309,519	1,309,519
Short term borrowings		10,285,471,155	8,294,872,401
Current portion of long term financing		3,817,886,106	3,333,466,695
Current portion of liabilities against assets subject to finance lease		9,223,845	8,878,906
Provision for taxation		600,453,192	480,944,706
		26,488,120,810	20,179,066,184
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		98,737,203,797	83,479,980,579

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

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) **FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Note	September 30, 2018	September 30, 2017
		Rupees	
Net turnover		10,626,351,878	7,929,786,932
Cost of sales	7	(7,547,135,924)	(6,529,929,502)
Gross profit		3,079,215,954	1,399,857,430
Distribution cost		(678,224,611)	(503,872,954)
Administrative expenses		(189,174,374)	(173,513,629)
Other operating expenses		(44,648,276)	(39,148,638)
Other income		146,415,548	180,566,471
		(765,631,713)	(535,968,750)
Profit from operations		2,313,584,241	863,888,680
Finance cost		(713,021,987)	(454,089,095)
		1,600,562,254	409,799,585
Share of profit of associated companies		15,085,400	22,890,150
Profit before taxation		1,615,647,654	432,689,735
Taxation			
Current		(125,322,163)	(194,541,670)
Deferred		4,202,421	(2,357,439)
		(121,119,742)	(196,899,109)
Profit after taxation for the period		1,494,527,912	235,790,626
Attributable to:			
Shareholders of Parent Company		1,131,599,633	136,926,857
Non- controlling interest		362,928,279	98,863,769
		1,494,527,912	235,790,626
Earnings per share - attributable to the			
Shareholder of parent company		56.35	6.82

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

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018	2017
	----- Rupees -----	
Profit after taxation for the period	1,494,527,912	235,790,626
Other comprehensive income / (loss):		
Items that may be reclassified subsequently to profit or loss		
Available for sale investments		
Loss on remeasurement of available for sale investments	(402,165,297)	(2,723,179,480)
Loss on remeasurement of available for sale investments - associates	(2,985,357)	(22,170,924)
	(405,150,654)	(2,745,350,404)
Forward foreign currency contracts		
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(35,074,636)	14,924,616
Reclassification adjustments relating to loss / (gain) realized on settlement of forward foreign currency contracts	17,651,047	(7,764,396)
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts - associates	(53,075)	47,775
	(17,476,664)	7,207,995
Exchange difference on translating foreign operation	3,968,229	4,961,840
Items that may not be reclassified subsequently to profit and loss		
Shares of decrease in reserves of associated companies under equity method	(1,042,867)	(3,556)
Other comprehensive loss for the period	(419,701,956)	(2,733,184,125)
Total comprehensive income / (loss) for the period	1,074,825,956	(2,497,393,499)
Attributable to:		
Shareholders of Parent Company	711,897,677	(2,596,257,268)
Non- controlling interest	362,928,279	98,863,769
	1,074,825,956	(2,497,393,499)

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

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) **FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Note	September 30, 2018	September 30, 2017
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	3,114,758,682	1,524,535,522
Long term loans, deposits and prepayments		(4,746,304)	(40,854,600)
Finance cost paid		(676,076,531)	(461,645,639)
Staff retirement benefits - gratuity paid		(10,068,368)	(10,328,908)
Taxes paid		(131,002,165)	(397,898,408)
		(821,893,368)	(910,727,555)
Net cash generated from operating activities		2,292,865,314	613,807,967
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,656,351,654)	(7,560,450,190)
Purchase of intangibles		-	(584,878)
Proceeds from disposal of property, plant and equipment		81,699,252	7,751,315
Dividend received		76,899,032	131,225,499
Interest received		15,738,495	2,716,662
Rental income received		-	150,000
Net cash used in investing activities		(5,482,014,875)	(7,419,191,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		1,964,285,247	(554,598,304)
Proceeds from long term financing		7,799,500,800	6,013,323,250
Repayment of long term financing		(161,130,482)	(61,702,529)
Repayment of long term payable		-	(5,849,480)
Finance lease		(5,881,364)	-
Dividend paid		-	(170,189)
Net cash generated from financing activities		9,596,774,201	5,391,002,748
Net increase / (decrease) in cash and cash equivalents		6,407,624,640	(1,414,380,877)
Cash and cash equivalents at the beginning of the period		4,616,880,419	8,726,567,942
Cash and cash equivalents at the end of the period		11,024,505,059	7,312,187,065
Cash and cash equivalents			
Cash and bank balances		11,051,658,601	7,312,187,065
Bank overdraft - unsecured		(27,153,542)	-
Cash and cash equivalents at the end of the period		11,024,505,059	7,312,187,065

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

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Reserves					Other Components of equity				Total	Non-Controlling Interest	Total Equity		
	Share Capital	Capital	Revenue			Unrealized gain / (loss)			SUB TOTAL					
			Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit	SUB TOTAL	On available for sale investments					On forward foreign exchange contracts	Exchange difference on translation of foreign.
Rupees														
Balance as at July 01, 2017 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	13,372,941,107	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	
Total comprehensive loss for the quarter ended September 30, 2017														
Profit after taxation	-	-	-	-	136,926,857	136,926,857	-	-	-	-	136,926,857	98,863,769	235,790,626	
Other comprehensive (loss) / income	-	-	-	-	-	-	(2,745,350,404)	7,207,995	4,961,840	(2,733,180,569)	(2,733,180,569)	-	(2,733,180,569)	
	-	-	-	-	136,926,857	136,926,857	(2,745,350,404)	7,207,995	4,961,840	(2,733,180,569)	(2,596,253,712)	98,863,769	(2,497,389,943)	
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(3,556)	(3,556)	-	-	-	-	(3,556)	-	(3,556)	
Balance as at September 30, 2017 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	13,509,864,408	15,061,066,608	448,881,158	(608,277)	1,353,137	449,626,018	15,711,524,026	4,992,229,061	20,703,753,087	
Balance as at July 01, 2018 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	14,245,497,876	15,796,700,076	589,844,100	17,804,164	23,454,928	631,103,192	16,628,634,668	5,082,899,819	21,711,334,487	
Total comprehensive income for the quarter ended September 30, 2018														
Profit after taxation	-	-	-	-	1,131,599,633	1,131,599,633	-	-	-	-	1,131,599,633	362,928,279	1,494,527,912	
Other comprehensive (loss) / income	-	-	-	-	-	-	(405,150,654)	(17,476,664)	3,988,229	(418,659,089)	(418,659,089)	-	(418,659,089)	
	-	-	-	-	1,131,599,633	1,131,599,633	(405,150,654)	(17,476,664)	3,988,229	(418,659,089)	712,940,544	362,928,279	1,075,868,823	
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(1,042,867)	(1,042,867)	-	-	-	-	(1,042,867)	-	(1,042,867)	
Balance as at September 30, 2018 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	15,376,054,642	16,927,256,842	184,693,446	327,500	27,423,157	212,444,103	17,340,532,345	5,445,628,098	22,786,160,443	

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

Karachi:

Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited - the Holding Company

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies 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 - 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'). The address of the registered office of the company is 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the company's project is being set up at Jhimpir, District Thatta, Sindh on land that is leased to the company by Alternative Energy Development Board ('AEDB'), Government of Pakistan. The company's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

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

Tricon Boston 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 is a subsidiary of Sapphire Textile Mills Limited, the holding company. The Company's principal business is to operate and maintain wind power plants to generate and supply electricity. The address of the registered office of the company is 7/A- K, Main Boulevard, Gulberg II, Lahore.

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

Sapphire Renewables Limited (the Company) was incorporated in Pakistan as a public limited company by shares under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on May 13, 2016. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited (the holding Company), a listed company. The principal objective of the company is 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.

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

Sapphire Retail Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (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, abroad and through E-store.

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

Sapphire Solar (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 (Now the Companies Act, 2017) as a private company limited by shares. The principal activity of the Company is power generation by means of solar energy and other alternative energy sources. The registered office of the Company is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh. The shareholders of the

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

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

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984 (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 main business of the Company is to set up and operate electrical power generation project for distribution, selling and supply of electric power. 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated condensed interim financial information of the Group for the first quarter ended September 30, 2018 is un-audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standards (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This consolidated condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 237 of the Act.

2.2 Functional and presentation currency

These 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 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2018.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
	Note	Rupees	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		55,982,214,497	23,326,991,850
Capital work-in-progress	5.2	1,345,737,305	28,373,931,947
Major spare parts and stand-by equipment		69,216,256	69,216,256
		57,397,168,058	51,770,140,053

5.1 The cost of additions and disposals to operating fixed assets during first quarter ended September 30, 2018 were as follows.

	(Un-audited) September 30, 2018		(Audited) June 30, 2018	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	Rupees		Rupees	
Land:				
Freehold	-	-	6,301,600	-
Leasehold	-	-	8,930,000	-
On Freehold land:				
Factory buildings	12,379,320	-	110,512,634	-
Labour, staff colony and others	-	-	5,702,612	-
Office buildings	-	-	144,914,648	-
On Leasehold land:				
Factory buildings	2,031,046,658	-	33,066,921	-
Labour, staff colony and others	-	-	4,591,725	-
Leased building improvements	8,401,346	-	86,724,680	16,840,860
Plant & machinery	31,303,806,442	104,618,351	2,828,696,438	326,850,232
Electric installations	150,000	-	109,670,626	-
Fire Fighting equipment	-	-	131,800	-
Electric equipments	5,038,010	-	1,379,200	8,584,708
Computers	9,368,158	1,303,383	65,745,524	16,871,117
Office equipment	-	35,311	4,536,372	1,819,278
Mills equipment	5,069,195	-	4,890,031	-
Furniture & fixtures	5,934,276	-	69,680,352	3,371,520
Vehicles	4,959,000	128,789,779	90,317,670	64,080,706
Vehicles - leased	4,441,000	1,327,000	35,146,000	-
	33,390,593,405	236,073,824	3,610,938,833	438,418,421

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	----- Rupees -----	-----
5.2 Capital work-in-progress		
Advance for freehold land and buildings	515,249,570	435,749,570
Land improvements	10,421,900	6,501,900
Civil works and buildings	525,627,174	2,329,582,529
Plant and machinery	267,623,183	20,294,434,792
Electric installations	4,762,947	-
Fire fighting equipment	2,669,150	-
Advance for vehicles	8,344,514	16,176,300
Furniture & fixture	1,177,014	-
Advances to contractors	9,861,853	1,413,494,631
Un-allocated expenditure	-	3,877,992,225
	1,345,737,305	28,373,931,947
6 CONTINGENCIES AND COMMITMENTS		
Contingencies		
6.1 Guarantees issued by banks on behalf of the Group	626,997,587	606,963,587
6.2 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 September 30, 2018 the value of these cheques amounted to Rs.625.935 million (June 30, 2018: Rs.578.991 million).		
6.3 There is no change in status of the contingencies and commitments as disclosed in notes 30.3, 30.5 to 30.10 and 30.12 to 30.13 of the audited annual financial statements of the Group for the year ended June 30, 2018.		
Commitments		
6.4 Confirmed letter of credit in respect of:		
- plant and machinery	747,383,149	1,066,038,792
- raw material	436,874,370	599,235,302
- stores and spares	13,359,495	65,461,931
	1,197,617,014	1,730,736,025
	September 30,	
	2018	2017
7 COST OF SALES	Note	----- Rupees -----
Finished goods - Opening stock		1,267,695,380
Cost of goods manufactured	7.1	8,370,660,051
Finished goods - Closing stock		(2,127,222,785)
Cost of sales and services owned manufactured		7,511,132,646
Cost of raw material sold		7,153,655
Cost of sales and services - purchased for resale		28,849,623
		7,547,135,924
		6,529,929,502

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		September 30,	
		2018	2017
		Rupees	
		-----	-----
7.1 Cost of Goods Manufactured	Note		
Work in process - opening stock		1,686,535,501	921,557,555
Raw materials consumed		4,983,360,311	3,861,085,545
Overheads		3,518,554,897	2,814,862,928
		10,188,450,709	7,597,506,028
Work in process - closing stock		(1,817,790,658)	(904,457,697)
		8,370,660,051	6,693,048,331
8 CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit of associated companies		1,600,562,254	409,799,585
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		653,639,482	425,721,286
Amortization of intangible assets		1,904,089	370,454
Interest income		(15,738,495)	(2,716,662)
Loss / (gain) on sale of property, plant and equipment		32,028	(1,426,285)
Dividend income		(83,718,525)	(158,377,259)
Provision for gratuity		25,311,278	24,860,920
Amortization of transaction cost		8,530,431	-
Provision / (reversal of provision) for stores, spares and loose tools		243,633	(1,601,564)
Exchange differences		-	1,546,121
Finance cost		704,491,556	452,598,134
Rental income		-	(150,000)
		1,294,695,477	740,825,145
Operating cash flow before changes in working capital		2,895,257,731	1,150,624,730
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(16,995,020)	(10,200,627)
Stock-in-trade		(2,466,159,430)	693,039,562
Trade debts		(619,128,983)	125,277,684
Loans and advances		(259,600,113)	(282,099,134)
Trade deposits and short term prepayments		(119,004,420)	(16,338,141)
Other receivables		14,620,906	73,828,055
		(3,466,267,060)	583,507,399
Increase / (decrease) in current liabilities			
Trade and other payables		3,685,768,011	(209,596,607)
		3,114,758,682	1,524,535,522

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

9 SEGMENT ANALYSIS

9.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	----- Rupees -----				
For the first quarter ended September 30, 2018					
Revenue - external customers	3,627,761,737	2,177,010,843	2,905,431,529	1,916,147,769	10,626,351,878
Inter - segment sales	1,100,432,238	373,847,819	246,669,991	-	1,720,950,048
Segment results	477,048,298	285,128,737	93,429,801	1,356,210,133	2,211,816,969
For the first quarter ended September 30, 2017					
Revenue - external customers	3,031,559,318	1,936,733,981	2,223,157,744	738,335,889	7,929,786,932
Inter - segment sales	720,199,335	295,712,685	32,084,762	-	1,047,996,782
Segment results	123,784,938	196,308,905	(73,277,913)	475,654,917	722,470,847

Reconciliation of segment results with profit after tax is as follows:

	September 30, 2018	September 30, 2017
	----- Rupees -----	
Total results for reportable segments	2,211,816,969	722,470,847
Other operating expenses	(44,648,276)	(39,148,638)
Other income	146,415,548	180,566,471
Finance Cost	(713,021,987)	(454,089,095)
Share of profit of associated companies	15,085,400	22,890,150
Profit before taxation	1,615,647,654	432,689,735
Taxation	(121,119,742)	(196,899,109)
Profit after taxation for the period	1,494,527,912	235,790,626

9.2 SEGMENT ASSETS

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	----- Rupees -----				
As at September 30, 2018					
Segment assets	12,116,618,935	5,167,998,010	8,863,728,959	58,302,333,244	84,450,679,148
As at June 30, 2018					
Segment assets	10,281,873,413	5,211,651,310	8,249,556,698	45,167,099,941	68,910,181,362
Reconciliation of segment assets with total assets is as follows:					
	(Un-audited) September 30, 2018	(Audited) June 30, 2018			
	----- Rupees -----				
Total assets for reportable segments	84,450,679,148	68,910,181,362			
Unallocated assets	14,286,524,649	14,569,799,217			
Total assets as per statement of financial position	98,737,203,797	83,479,980,579			

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

10 TRANSACTIONS WITH RELATED PARTIES

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

	September 30,	
	2018	2017
	----- Rupees -----	
Associates:		
Sales / processing	595,582,691	324,272,119
Purchases	124,664,999	133,061,364
Electricity / steam purchased	4,225,916	58,366,444
Expenses charged by	8,702	1,001,145
Expenses charged to	10,498,133	10,368,922
Mark-up charged by	8,159,432	10,606,241
Dividend received	30,427,407	-
Loans repaid - net	13,186,757	6,323,069
Other related parties:		
Contribution to provident fund	9,769,856	10,143,071
Remuneration to key management personnel	71,572,652	95,290,137

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the consolidated condensed interim statement of financial position comprise of balances as per the annual audited financial statements of the Group for the year ended June 30, 2018 and the Corresponding figures in the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended September 30, 2017.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this consolidated condensed interim financial information.

12 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved by the Board of Directors of Holding Company and authorized for issue on October 29, 2018.

Karachi:
Dated: October 29, 2018

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Director

Abdul Sattar
Chief Financial Officer