

CONTENTS

Sapphire Fibres Limited **Quarterly Accounts September 30, 2018**

Company Profile	02
Directors' Report (English/Urdu)	03
Statement of Financial Position	05
Statement of Profit or Loss	06
Statement of Comprehensive Income	07
Statement of Cash Flows	08
Statement of Changes In Equity	09
Notes to the Financial Statements	10

Company Profile

Board Of Directors

Chairman :

Mr. Amer Abdullah

Chief Executive :

Mr. Shahid Abdullah

Director :

Mr. Nadeem Abdullah

Mr. Yousuf Abdullah

Mr. Shayan Abdullah

Mr. Abdul Sattar

Independent Director:

Mr. Tajammal Husain Bokharee

Mr. Nadeem Arshad Elahi

Audit Committee :

Chairman :

Mr. Nadeem Arshad Elahi

Member :

Mr. Shayan Abdullah

Mr. Yousuf Abdullah

Mr. Tajammal Husain Bokhree

Human Resource

& Remuneration Committee :

Chairman :

Mr. Tajammal Husain Bokharee

Member :

Mr. Yousuf Abdullah

Mr. Shahid Abdullah

Mr. Shayan Abdullah

Chief Financial Officer :

Mr. Jawwad Faisal

Secretary :

Mr. Shaukat Mahmud

Auditors :

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

Tax Consultants :

Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisor :

Hassan & Hassan Advocates

Bankers :

Allied Bank Limited,
Bank Alfalah Limited
MCB Bank Limited, Habib Bank Limited
Habib Metropolitan Bank Ltd.
United Bank Limited

Share Registrar :

THK Associates (Private) Ltd.
1st Floor, 40-C, Block-6
P.E.C.H.S, Karachi-75400

Registered Office :

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

Mills :

Kharianwala
Tehsil and District Sheikhpura.
Feroze Watwan,
Tehsil and District Sheikhpura.
Raiwind Road, Lahore.

Directors' Report

The Directors of the Company are pleased to present un-audited financial statements for the quarter ended 30 September, 2018.

Financial Highlights

	30 September	
	2018	2017
	Rupees in thousand	
Sales & services	4,783,082	4,144,175
Gross profit	522,226	367,462
Profit from operations	396,072	361,155
Other income	119,871	191,782
Profit before taxation	175,662	195,056
Taxation:		
- Current	55,892	62,979
- Deferred	8,553	5,161
	64,445	68,140
Profit after taxation	111,217	126,916

During first quarter of the financial year, your company achieved sales of Rs. 4.78 billion compared to Rs. 4.14 billion during corresponding period of last year, an increase of 15.42%. The gross profit as a percentage of sales increased to 10.92% from 8.87% during last year. Whereas, the company earned profit after tax of Rs.111.22 million as against Rs.126.91 million during last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.5.65 as compared to Rs. 6.45 for the same period of last year.

Future outlook

Pakistan's textile exports face tough challenges in global competition due to significant increase in cost of doing business in the country. We expect that the government will extend immediate support to improve cost competitiveness of the industry through reduction in energy costs, continuation of additional duty drawback scheme and release of tax refunds.

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

For and on behalf of the Board

Lahore
Dated: 29 October, 2018

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ہم 30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جملکیاں

روپے ہزاروں میں		
30 ستمبر 2017ء	30 ستمبر 2018ء	تفصیل
4,144,175	4,783,082	فروخت اور خدمات
367,462	522,226	مجموعی منافع
361,155	396,072	آپریٹنگ منافع
191,782	119,871	دیگر آمدن
195,056	175,662	ٹیکس سے پہلے منافع
		ٹیکسیشن
62,979	55,892	موجودہ
5,161	8,553	فرق
68,140	64,445	
126,916	111,217	ٹیکس کے بعد منافع

کمپنی نے گزشتہ سال کی اسی مدت میں 4.14 ملین روپے کے مقابلے مالی سال کی پہلی سہ ماہی کے دوران 4.78 ملین روپے فروخت حاصل کی جو 15.42 فیصد اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے

دوران 8.87 فیصد سے بڑھ کر 10.92 فیصد ہو گیا۔ جبکہ کمپنی نے گزشتہ سال کی اسی مدت میں درج 126.91 ملین روپے کے مقابلے موجودہ سہ ماہی کے دوران 111.22 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی موجودہ سہ ماہی کی فی شیئر آمدنی (EPS) 5.65 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 6.45 روپے تھی۔

مستقبل کا نقطہ نظر

پاکستان کی ٹیکسٹائل برآمدات ملک میں کاروبار کرنے کے اخراجات میں نمایاں اضافہ کے باعث عالمی مقابلہ میں سخت مشکلات کا سامنا کر رہی ہے۔ امید کرتے ہیں کہ حکومت بجلی کی قیمتوں میں کمی، ڈیوٹی ڈراء بیک اسکیم کا

تسلسل اور ٹیکس ریفرنڈم کی واگڈاری کے ذریعے انڈسٹری کی مسابقت کو بہتر بنانے کے لئے فوری تعاون کو توسیع دے گی۔

اعتراف

ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی سخت محنت اور قابل ستائش خدمات کو سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شاہد عبداللہ

چیف ایگزیکٹو

شایان عبداللہ

ڈائریکٹر

لاہور: تاریخ: 29 اکتوبر 2018ء

Condensed Interim Statement of Financial Position - Unaudited

As at 30 September, 2018

		Unaudited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
Assets	Note		
Non Current Assets			
Property, plant and equipment	5	10,310,810,202	10,304,595,162
Investment property		31,750,000	31,750,000
Intangible assets		3,784,179	4,138,337
Long term investments	6	8,976,895,951	8,885,049,371
Long term loans		351,000	297,000
Long term deposits		28,606,645	28,606,645
		19,352,197,977	19,254,436,515
Current Assets			
Stores, spare parts and loose tools		213,164,889	198,770,544
Stock-in-trade		6,328,242,615	4,796,272,234
Trade debts		3,688,435,010	2,850,910,999
Loans and advances		231,763,166	131,125,089
Trade deposits and short term prepayments		6,470,593	48,843,636
Short term investments		3,607,794,588	3,760,187,223
Other receivables		1,043,177,783	939,634,391
Tax refunds due from Government		729,261,963	651,913,975
Cash and bank balances		31,793,999	24,047,126
		15,880,104,606	13,401,705,217
Total Assets		35,232,302,583	32,656,141,732
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		4,085,453,376	4,258,029,746
Unappropriated profit		11,939,836,187	11,828,618,830
Total equity		16,222,164,563	16,283,523,576
Non current liabilities			
Long term finances		3,805,795,705	3,877,170,007
Staff retirement benefit - gratuity		233,191,738	346,597,468
Deferred taxation		111,889,511	130,643,092
		4,150,876,954	4,354,410,567
Current liabilities			
Trade and other payables		2,357,455,888	1,834,370,527
Accrued mark-up / interest		131,000,677	125,062,516
Short term borrowings		11,240,934,360	9,001,597,944
Current portion of long term finances		821,268,005	804,466,175
Unclaimed dividend		5,353,374	5,353,374
Provision for taxation		303,248,762	247,357,053
		14,859,261,066	12,018,207,589
Total liabilities		19,010,138,020	16,372,618,156
Contingencies and commitments	7		
Total equity and liabilities		35,232,302,583	32,656,141,732

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

Lahore :
Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Condensed Interim Statement of Profit or Loss - Unaudited

For the Three Months Period Ended 30 September 2018

	Note	Three months period ended 30 September,	
		2018 Rupees	2017 Rupees
Sales		4,783,082,626	4,144,175,057
Cost of sales	8	4,260,856,462	3,776,712,933
Gross profit		522,226,164	367,462,124
Distribution cost		(146,026,738)	(113,253,506)
Administrative expenses		(83,681,875)	(76,058,020)
Other expenses		(16,316,779)	(8,777,725)
Other income		119,870,934	191,782,127
Profit from operations		396,071,706	361,155,000
Finance cost		(220,409,328)	(166,098,742)
Profit before taxation		175,662,378	195,056,258
Taxation			
- current		(55,891,704)	(62,979,114)
- deferred		(8,553,317)	(5,161,322)
		(64,445,021)	(68,140,436)
Profit after taxation		111,217,357	126,915,822
Earnings per share - basic and diluted		5.65	6.45

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

Condensed Interim Statement of Other Comprehensive Income - Unaudited

For the Three Months Period Ended 30 September 2018

	Three months period ended	
	30 September,	
	2018	2017
	Rupees	Rupees
Profit after taxation	111,217,357	126,915,822
Other comprehensive income		
Items that may be reclassified subsequently to statement of profit or loss:		
Loss on available for sale investments		
- long term	(47,490,630)	(701,897,739)
- short term	(152,392,635)	(988,951,969)
Impact of deferred tax	27,306,895	153,153,164
	(172,576,370)	(1,537,696,544)
Adjustment for gain realized on settlement of foreign currency contracts	-	(140,343)
	-	(140,343)
	(172,576,370)	(1,537,836,887)
Total comprehensive loss for the period	(61,359,013)	(1,410,921,065)

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

Condensed Interim Statement of Cash Flows - Unaudited

For the Three Months Period Ended 30 September 2018

	Three months period ended 30 September,	
	2018 Rupees	2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	175,662,378	195,056,258
Adjustments for non-cash charges and other items:		
Depreciation	174,236,180	156,887,890
Amortisation of intangible assets	354,158	159,313
Staff retirement benefits - gratuity	22,665,169	23,885,448
Provision for workers' (profit) participation / welfare fund	5,853,545	8,327,725
Gain on disposal of tangible fixed assets	(473,900)	(1,148,464)
Gain on sale of investments	0	(36,829,492)
Gain on sale of stores and spares	(12,605)	(32,649)
Dividend income	(114,076,490)	(148,245,294)
Finance cost	220,409,328	166,098,742
	308,955,385	169,103,219
Cash inflow from operating activities before working capital changes	484,617,763	364,159,477
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(15,034,675)	(101,601,039)
Stock in trade	(1,531,970,381)	527,885,584
Trade debts	(837,524,011)	(153,974,282)
Loans and advances	(100,638,077)	(112,270,728)
Deposits, other receivables and sales tax	27,823,926	(50,673,904)
Increase / (decrease) in trade and other payables	517,231,816	(299,949,028)
	(1,940,111,402)	(190,583,397)
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(1,455,493,639)	173,576,080
Gratuity paid	(136,070,899)	(20,200,040)
Finance cost paid	(214,471,167)	(194,466,516)
Taxes paid / refund received	(149,342,282)	47,989,155
Workers' profit participation fund paid	0	(59,000,000)
Long term loans and deposits	(54,000)	(238,200)
	(499,938,348)	(225,915,601)
Net cash outflow from operating activities	(1,955,431,987)	(52,339,521)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(182,122,321)	(453,069,814)
Sale / purchase of investments available for sale - net	(139,337,210)	33,725,574
Sale proceeds of tangible fixed assets	2,145,001	1,930,001
Purchase / sale proceed of short term investments - net	0	(134,965,857)
Sale proceeds of stores and spares	652,935	170,318
Dividend received	97,076,511	82,590,096
Net cash outflow from investing activities	(221,585,084)	(469,619,682)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Obtained	134,462,000	264,300,000
Long term loans - Repaid	(189,034,472)	(7,284,607)
Dividend paid	0	(203,787)
Short term borrowings - net	2,239,336,416	298,981,964
Net cash inflow from financing activities	2,184,763,944	555,793,570
Net increase in cash and cash equivalents	7,746,873	33,834,367
Cash and cash equivalents - at the beginning of the period	24,047,126	31,508,884
CASH AND CASH EQUIVALENTS- at the end of the period	31,793,999	65,343,251

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

Lahore :
Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Condensed Interim Statement of Changes in Equity - Unaudited

For the Three Months Period Ended 30 September 2018

	Issued, subscribed and paid up capital	Capital	General	Reserves	Unrealised gain on available-for- sale	Unrealised gain on hedging instruments	Sub-total	Unappropriated profit	Total
Balance as at 01 July, 2017	196,875,000	145,740,000	1,183,845,000	4,835,120,062	140,343	6,164,845,405	10,693,287,860	17,055,008,265	
Total comprehensive income for the period ended 30 September, 2017									
Profit for the period	-	-	-	-	-	-	-	126,915,822	126,915,822
Other comprehensive loss	-	-	-	(1,537,696,544)	(140,343)	(1,537,836,887)	-	(1,537,836,887)	(1,537,836,887)
Balance as at 30 September, 2017	196,875,000	145,740,000	1,183,845,000	3,297,423,518	-	4,627,008,518	10,820,203,682	15,644,087,200	
Balance as at 01 July, 2018	196,875,000	145,740,000	1,183,845,000	2,928,444,746	-	4,258,029,746	11,828,618,830	16,283,523,576	
Total comprehensive income for the period ended 30 September, 2018									
Profit for the period	-	-	-	-	-	-	-	111,217,357	111,217,357
Other comprehensive loss	-	-	-	(172,576,370)	-	(172,576,370)	-	-	(172,576,370)
Balance as at 30 September, 2018	196,875,000	145,740,000	1,183,845,000	2,755,868,376	-	4,085,453,376	11,939,836,187	16,222,164,563	

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

Lahore :
Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Notes to the Condensed Interim Financial Information - Unaudited For the Three Months Period Ended 30 September, 2018

1. LEGAL STATUS AND OPERATIONS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 5, 1979 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

Karachi	Purpose
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office
Lahore	
7 A- K, Main Boulevard, Gulberg	Head office
3.5 km, Manga Road, Riawand	Production plant
Shiekhupura	
10 km, Sheikhpura / Faisalabad Road, Kharianwala	Production plant
26 km, Sheikhpura / Faisalabad Road, Feroze wattoan	Production plant

2. BASIS OF PREPARATION

These condensed interim financial information 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 Standards) 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of preceding published financial statements of the Company for the year ended 30 June, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 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 30 June, 2018.

Notes to the Condensed Interim Financial Information - Unaudited

For the Three Months Period Ended 30 September, 2018

		Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	9,318,595,415	9,469,436,155
Capital work in progress	5.2	992,214,787	835,159,007
		10,310,810,202	10,304,595,162
5.1 Operating fixed assets			
Opening book value		9,469,436,155	8,335,534,845
Additions during the quarter / year			
- land (freehold)		15,428,500	41,671,750
- land (leasehold)		-	174,366,450
- factory buildings on freehold land		626,013	315,205,997
- plant and machinery		1,724,528	1,224,716,424
- fire fighting		-	19,145,390
- mill equipment		-	180,000
- electric equipment		-	421,430
- computer hardware		776,000	2,147,250
- vehicles		6,511,500	33,949,091
- furniture and fixtures		-	866,938
		25,066,541	1,812,670,720
Book value of assets disposed-off during the quarter/year		(1,671,101)	(19,676,618)
Depreciation charge for the quarter/year		(174,236,180)	(659,092,792)
Closing book value		9,318,595,415	9,469,436,155
5.2 Capital work-in-progress			
Building		238,731,618	165,158,330
Plant and machinery		730,684,177	579,792,490
Equipments		200,000	200,000
Advance payments:			
- land (freehold)		10,000,000	15,428,500
- factory / office building		7,838,800	45,965,772
- electric installation		-	20,030,273
- vehicles		3,143,567	7,613,667
- computer software		1,616,625	969,975
		992,214,787	835,159,007

Notes to the Condensed Interim Financial Information - Unaudited

For the Three Months Period Ended 30 September, 2018

		Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
6. LONG TERM INVESTMENTS	Note		
Subsidiary Companies - at cost	6.1	3,335,108,316	3,275,008,316
Associated Companies - at cost	6.2	758,276,769	758,276,769
Others - available for sale	6.3	4,804,270,656	4,851,764,286
Deposit for shares in a subsidiary Company		79,240,210	0
		8,976,895,951	8,885,049,371
6.1 172,446,420 shares of the Subsidiary Company - Sapphire Electric Company Limited (SECL) have been pledged with a financial institution under Share Pledge Agreement dated 16 April, 2007 and Working Capital Support Agreement dated 13 August, 2010 as security against finance facilities advanced to the Subsidiary Company.			
6.2 This include 59,251,500 ordinary shares of Rs.10 each of Tricon Boston Consulting Corporation (Private) Limited (TBCCL). The Company has pledged these shares through an Onshore Security Trustee under Share Pledge Agreement dated May 08, 2017 as security against financing facilities advanced to TBCCL.			
6.3 Others - available for sale			
MCB Bank Limited - Quoted			
18,213,195 (30 June, 2018: 18,213,195) ordinary shares of Rs.10 each - cost		896,451,123	896,451,123
Adjustment arising from re-measurement to fair value		2,768,225,843	2,705,572,452
		3,664,676,966	3,602,023,575
Habib Bank Limited - Quoted			
7,244,196 (30 June, 2018: 7,244,196) ordinary shares of Rs.10 each - cost		1,217,073,609	1,217,073,609
Adjustment arising from re-measurement to fair value		(120,519,660)	(11,349,626)
		1,096,553,949	1,205,723,983
Term finance certificates - Habib Bank Limited			
150 (30 June, 2018: 150) Term finance certificates of Rs.100,000 each - cost		14,985,000	14,988,000
Adjustment arising from re-measurement to fair value		(1,161,337)	(187,350)
		13,823,663	14,800,650
Novelty Enterprises (Pvt.) Limited - Unquoted			
2,351,995 ordinary shares of Rs.10 each		28,716,078	28,716,078
TCC Management Services (Pvt.) Limited - Unquoted			
50,000 ordinary shares of Rs.10 each		500,000	500,000
		4,804,270,656	4,851,764,286

Notes to the Condensed Interim Financial Information - Unaudited

For the Three Months Period Ended 30 September, 2018

7. CONTINGENCIES AND COMMITMENTS

- 7.1** Guarantees issued by banks to various Government institutions on behalf of the Company aggregate Rs.538.248 million (30 June, 2018: Rs.538.248 million).

	Note	Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
7.2 Commitments in respect of :			
- letters of credit for capital expenditure		230,680,729	145,536,511
- letters of credit for purchase of raw materials and stores, spare parts & chemicals		182,796,424	220,464,198
- capital expenditure other than letters of credit		181,942,388	205,122,142
		Un-audited 30 September, 2018 Rupees	Un-audited 30 September, 2017 Rupees

8. COST OF SALES

Stocks - opening		642,813,568	696,987,720
Cost of goods manufactured	8.1	4,453,919,097	3,730,118,944
Cost of raw materials sold		3,897,659	5,443,858
		5,100,630,324	4,432,550,522
Stocks - closing		839,773,862	655,837,589
		4,260,856,462	3,776,712,933

8.1 Cost of goods manufactured

Work in process - opening	439,022,953	309,426,974
Raw materials consumed	2,890,046,936	2,400,907,862
Overheads	1,594,367,918	1,365,764,413
	4,484,414,854	3,766,672,275
	4,923,437,807	4,076,099,249
Work in process closing	469,518,710	345,980,305
	4,453,919,097	3,730,118,944

Notes to the Condensed Interim Financial Information - Unaudited

For the Three Months Period Ended 30 September, 2018

9. RELATED PARTY TRANSACTIONS

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

Relationship with the company	Name of transaction	Un-audited 30 September, 2018 Rupees	Un-audited 30 September, 2017 Rupees
I. Subsidiaries	Shares purchased	60,100,000	-
	Deposit for shares	79,240,210	50,000,000
	Expenses charged to	-	10,652,520
II. Associates	Sale of goods and services	159,194,906	254,538,863
	Purchase of goods and services	239,985,749	188,474,180
	Electric power purchased	38,848,900	38,200,176
	Dividend Received	38,246	-
	Assets purchased	-	1,700,000
	Expenses charged to	-	2,378,744
	Expenses charged by	5,802,616	4,759,992
III. Other related parties	Contributions towards provident fund	6,157,007	2,689,214

10. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 October, 2018 by the Board of Directors of the Company.

Lahore :
Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONTENTS

Sapphire Fibres Limited

Consolidated Quarterly Accounts September 30, 2018

Directors' Report (English/Urdu)	17
Statement of Financial Position	19
Statement of Profit or Loss	20
Statement of Comprehensive Income	21
Statement of Cash Flows	22
Statement of Changes In Equity	23
Notes to the Financial Statements	24

Directors' Report

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries Sapphire Electric Company Limited, Sapphire Hydro Limited, Premier Cement Limited, Sapphire Cement Company Limited and Sapphire Energy (Pvt.) Limited for the period ended 30 September, 2018. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 30 September, 2018.

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

SAPPHIRE HYDRO LIMITED

Sapphire Hydro Limited (SHL) was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmal, Khayber Pakhtunkhawa.

Sapphire Hydro Limited (SHL) is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of Sapphire Fibres Limited.

PREMIER CEMENT LIMITED

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 26 July, 2016. SFL holds 100% shares of PCL as on 30 September, 2018.

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

SAPPHIRE CEMENT COMPANY LIMITED

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 28 October, 2016. SFL holds 100% shares of SCCL as on 30 September, 2018.

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

SAPPHIRE ENERGY (PRIVATE) LIMITED

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 30 September, 2018.

SEPL intends to undertake, develop power projects and make equity investment, acquire or hold shares in companies involved in energy generation and operate a terminal for handling, regasification, storage, treatment and processing of all types of gases and all other related liquids, chemical & petroleum products.

For and on behalf of the Board of Directors

Lahore:
Dated: 29 October, 2018

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی کے لئے سفارز فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارز الیکٹرک کمپنی لمیٹڈ، سفارز ہائیڈرو لمیٹڈ، پریمیر سیمنٹ لمیٹڈ، سفارز سیمنٹ کمپنی لمیٹڈ اور سفارز انرجی (پرائیویٹ) لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفارز الیکٹرک کمپنی لمیٹڈ:

سفارز الیکٹرک کمپنی لمیٹڈ (SECL) 18 جنوری 2005ء کلکینیز آرڈیننس 1984ء کے تحت غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ یہ یکم جولائی 2008ء کو سفارز فائبرز لمیٹڈ (ایس ایف ایل) کی ذیلی کمپنی بنی۔ ایس ایف ایل 30 ستمبر 2018ء کے مطابق ایس ای سی ایل کے 68.11% حصص کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی مرید کے ضلع شیخوپورہ میں 212 میگا واٹ کی خالص صلاحیت کے کابائٹ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

سفارز ہائیڈرو لمیٹڈ:

سفارز ہائیڈرو لمیٹڈ (SHL) 07 ستمبر 2017ء کلکینیز ایکٹ 2017ء کے تحت پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمی، خیبر پختونخواہ میں 682 GWh کی سالانہ بجلی کی پیداوار کی پونیشل کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو الیکٹرک پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔ سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل) پیرنٹ کمپنی سفارز فائبرز لمیٹڈ کی ذیلی کمپنی سفارز الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

پریمیر سیمنٹ لمیٹڈ:

پریمیر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کلکینیز آرڈیننس 1984ء (ایکٹ 2017) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 ستمبر 2018ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالہ سے، پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سیمنٹ کمپنی لمیٹڈ:

سفارز سیمنٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016ء کلکینیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 ستمبر 2018ء کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالہ سے، ایس سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ:

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کلکینیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 ستمبر 2018ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔ SEPL بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اور پٹرولیم مصنوعات کی چینڈ لنگ، ری گیسفیکیشن، اسٹوریج، ٹرینٹ اور پروسیسنگ کے لئے ایک ٹرمینل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور: تاریخ: 29 اکتوبر 2018ء

Condensed Interim Consolidated Statement of Financial Position - Unaudited

As at 30 September 2018

	Note	Un-Audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
Assets			
Non Current Assets			
Property, plant and equipment	6	23,687,451,364	23,665,614,952
Investment property		31,750,000	31,750,000
Intangible assets		9,397,083	9,751,241
Long term investments	7	5,782,030,373	5,818,143,428
Long term loans		30,351,000	297,000
Long term deposits		30,706,445	41,606,445
		29,571,686,265	29,567,163,066
Current Assets			
Stores, spare parts and loose tools		414,451,996	198,770,544
Stock-in-trade		6,328,242,615	4,997,559,341
Trade debts		12,518,248,505	10,557,331,224
Loans and advances		244,846,374	171,580,598
Trade deposits and short term prepayments		11,703,210	82,454,092
Short term investments		3,627,444,128	3,760,187,223
Other receivables		1,238,729,324	1,059,715,249
Tax refunds due from Government		729,261,963	751,998,697
Cash and bank balances		391,955,139	534,201,894
		25,504,883,254	22,113,798,862
Total Assets		55,076,569,519	51,680,961,928
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		4,141,081,873	4,293,755,844
Unappropriated profit		17,032,095,678	16,434,544,121
Equity attributable to shareholders of the Parent Company		21,370,052,551	20,925,174,965
Non-controlling interest		3,750,443,308	3,515,865,102
Total equity		25,120,495,859	24,441,040,067
Non current liabilities			
Long term finances		6,027,547,788	6,603,234,422
Staff retirement benefit - gratuity		233,191,738	346,597,468
Deferred taxation		117,100,184	135,561,462
		6,377,839,710	7,085,393,352
Current liabilities			
Trade and other payables		3,629,197,434	3,097,518,728
Unclaimed dividend		5,353,374	5,353,374
Accrued mark-up / interest		208,818,137	171,898,931
Short term borrowings		16,703,445,237	13,992,789,726
Current portion of long term finances		2,727,753,395	2,639,389,553
Provision for taxation		303,666,373	247,578,197
		23,578,233,950	20,154,528,509
Contingencies and commitments	8		
Total equity and liabilities		55,076,569,519	51,680,961,928

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

Lahore :

Dated : October 29, 2018

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss - Unaudited

For the Three Months Period Ended 30 September 2018

		Three months period ended 30 September,	
		2018	2017
		Rupees	Rupees
	Note		
Sales		10,164,989,963	7,356,521,435
Cost of sales	9	8,674,260,871	6,241,141,876
Gross profit		1,490,729,092	1,115,379,559
Distribution cost		146,026,738	113,253,506
Administrative expenses		106,327,394	118,753,133
Other expenses		16,316,779	9,459,026
Other income		(122,154,082)	(191,963,437)
		146,516,829	49,502,228
Profit from operations		1,344,212,263	1,065,877,331
Finance cost		438,661,981	356,631,203
		905,550,282	709,246,128
Share of profit / (loss) of associates		14,000,536	(6,117,603)
Profit before taxation		919,550,818	703,128,525
Taxation			
Current		56,091,321	62,979,114
Deferred		8,845,620	5,892,497
		64,936,941	68,871,611
Profit after taxation		854,613,877	634,256,914
Attributable to:			
- Shareholders of the Parent Company		620,035,671	469,962,563
- Non-controlling interest		234,578,206	164,294,351
		854,613,877	634,256,914
Earnings per share - attributable to the shareholders of the Parent Company		31.49	23.87

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

Lahore :
Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Condensed Interim Consolidated Statement of Other Comprehensive Income - Unaudited

For the Three Months Period Ended 30 September 2018

	Three months period ended 30 September,	
	2018 Rupees	2017 Rupees
Profit after taxation	854,613,877	634,256,914
Other comprehensive income		
Items that may be reclassified subsequently to statement of profit or loss:		
Loss on available for sale investments		
- long term	(47,490,630)	(701,897,739)
- short term	(152,392,635)	(988,951,969)
Impact of deferred tax	27,306,895	153,153,164
Share of fair value loss on re-measurement of available-for-sale investments of Associated Companies	(1,903,321)	(14,234,497)
	(174,479,691)	(1,551,931,041)
Forward foreign exchange contracts		
Adjustment for gain realised on settlement of foreign currency contracts	0	(140,343)
Share of unrealised (loss) / gain on remeasurement of hedging instrument of Associated Companies	(34,828)	31,355
	(34,828)	(108,988)
Total comprehensive gain / (loss) for the period	680,099,358	(917,783,115)
Attributable to:		
- Shareholders of the Parent Company	445,521,152	(1,082,077,466)
- Non-controlling Interest	234,578,206	164,294,351
	680,099,358	(917,783,115)

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

Condensed Interim Consolidated Statement of Cash Flows - Unaudited

For the Three Months Period Ended 30 September 2018

	Three months period ended 30 September,	
	2018 Rupees	2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	905,550,282	709,246,128
Adjustments for non-cash charges and other items:		
Depreciation	322,537,261	302,818,428
Amortisation	354,158	159,313
Staff retirement benefits - gratuity	22,665,169	23,885,448
Provision for workers' (profit) participation / welfare fund	5,853,545	8,327,725
Gain on disposal of operating fixed assets	(473,900)	(1,148,464)
Gain on sale of investments	-	(36,829,492)
Gain on sale of stores & spares	(12,605)	(32,649)
Dividend, interest and other income	(114,262,185)	(148,390,273)
Exchange fluctuation (gain) / loss	(2,045,259)	681,301
Finance cost	438,659,008	356,631,203
	673,275,192	506,102,540
Cash inflow from operating activities before working capital changes	1,578,825,474	1,215,348,668
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(15,034,675)	(101,601,039)
Stock in trade	(1,531,970,381)	668,162,571
Trade debts	(1,960,917,281)	(86,519,467)
Loans and advances	(45,552,271)	(112,270,728)
Deposits, other receivables and sales tax	27,823,926	(7,466,025)
Increase / (decrease) in trade and other payables	514,966,137	(1,100,649,046)
	(3,010,684,545)	(740,343,734)
Cash (outflow) / inflow from operating activities	(1,431,859,071)	475,004,934
Staff retirement benefit paid	(136,070,899)	(20,200,040)
Finance cost paid	(401,739,802)	(396,000,049)
Taxes (paid) / refund received	(149,874,070)	38,970,828
Workers' profit participation fund paid	-	(59,000,000)
Long term loans and deposits	(54,000)	(238,200)
	(687,738,771)	(436,467,461)
Net cash (outflow) / inflow from operating activities	(2,119,597,842)	38,537,473
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(346,044,774)	(412,241,162)
Increase in investments available for sale	-	33,725,574
Redemption/ (purchase) of short term investment	3,000	(134,965,857)
Sale proceeds of operating fixed assets	2,145,001	1,930,001
Sale proceeds of stores & spares	652,935	170,318
Dividend, interest and other income received	97,262,206	82,735,075
Net cash outflow from investing activities	(245,981,632)	(428,646,051)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - obtained	134,462,000	264,300,000
Long term finances - repaid	(621,784,792)	(378,627,578)
Dividend paid	-	(203,787)
Short term borrowings - net	2,710,655,511	440,493,405
Net cash inflow from financing activities	2,223,332,719	325,962,040
Net decrease in cash and cash equivalents	(142,246,755)	(64,146,538)
Cash and cash equivalents - at the beginning of the period	534,201,894	456,720,245
CASH AND CASH EQUIVALENTS- at the end of the period	391,955,139	392,573,707

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

Lahore :

Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity - Unaudited

For the Three Months Period Ended 30 September 2018

	Issued, subscribed and paid-up capital	Reserves						Unappropriated profit	Total	Non Controlling Interest
		Capital		General	Unrealised gain on available-for-sale investments	Unrealised gain on hedging instruments	Sub-total			
		Share premium	Maintenance reserve							
Rupees										
Balance as at 01 July, 2017	196,875,000	145,740,000	336,444,851	1,183,845,000	4,850,890,908	174,046	6,517,094,805	14,382,542,389	21,096,512,194	3,207,187,832
Total comprehensive income for the period ended 30 September, 2017										
Profit for the period	-	-	-	-	-	-	-	469,962,563	469,962,563	164,294,351
Other comprehensive loss	-	-	-	-	(1,551,331,041)	(108,988)	(1,552,040,029)	-	(1,552,040,029)	-
Transfer to maintenance reserve	-	-	-	-	(1,551,331,041)	(108,988)	(1,552,040,029)	469,962,563	(1,082,077,466)	164,294,351
Effect of items directly credited in equity by associates	-	-	23,390,009	-	-	-	23,390,009	(23,390,009)	-	-
Balance as at 30 September, 2017	196,875,000	145,740,000	359,834,860	1,183,845,000	3,298,959,867	65,058	4,988,444,785	14,829,115,828	20,014,435,613	3,371,482,183
Balance as at 01 July, 2018	196,875,000	145,740,000	35,181,732	1,183,845,000	2,928,821,052	168,060	4,293,755,844	16,434,544,121	20,925,174,965	3,515,865,102
Total comprehensive income for the period ended 30 September, 2018										
Profit for the period	-	-	-	-	-	-	-	620,035,671	620,035,671	234,578,206
Other comprehensive loss	-	-	-	-	(174,479,691)	(34,828)	(174,514,519)	-	(174,514,519)	-
Transfer to maintenance reserve	-	-	-	-	(174,479,691)	(34,828)	(174,514,519)	620,035,671	445,521,152	234,578,206
Effect of items directly credited in equity by associates	-	-	21,840,548	-	-	-	21,840,548	(21,840,548)	-	-
Balance as at 30 September, 2018	196,875,000	145,740,000	57,022,280	1,183,845,000	2,754,341,361	133,232	4,141,081,873	17,032,095,678	21,370,052,551	3,750,443,308

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

Lahore :
Dated : October 29, 2018

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1. LEGAL STATUS AND OPERATIONS

The Group consists of following parent and subsidiary companies.

The Parent Company

- Sapphire Fibres Limited

The Parent Company was incorporated in Pakistan on June 05, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Parent Company is located at 316, Cotton Exchange Building, Karachi while its mills and head office are located in Lahore and Sheikhpura districts.

The Subsidiary Companies

- Sapphire Electric Company Limited - SECL

SECL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhpura, Punjab. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for thirty years which commenced from October 05, 2010.

- Premier Cement Limited - PCL

PCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017), on July 26, 2016. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary Company obtained license from Directorate General Mines and Minerals, Khyber Pakhtunkhwa for setting up cement plant in D.I Khan district. The Subsidiary Company is expecting to commence operations in the year 2020.

- Sapphire Cement Company Limited - SCCL

SCCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on October 28, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary company is aiming to set up its plant in the province of Punjab.

- Sapphire Energy (Private) Limited - SEL

SEL is a wholly owned subsidiary and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2017. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore.

- Sapphire Hydro Limited - SHL

SHL is a wholly owned subsidiary of Sapphire Electric Company Limited - SECL which is a subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company is to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharnai, Khyber Pakhtunkhwa. The subsidiary company is in setup phase and has not yet commenced commercial operations. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED 30 SEPTEMBER 2018

2. BASIS OF PREPARATION

These condensed interim consolidated financial information 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 Standards) 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

3. PRINCIPLES OF CONSOLIDATION

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

All material inter-group balances and transactions have been eliminated. Investments in Associated Companies, as defined in the Companies Act, 2017, are accounted for under the equity method of accounting.

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual published consolidated financial statements of the Group for the year ended 30 June, 2018.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited consolidated financial statements for the year ended 30 June, 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 30 June, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

		Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	6.1	22,340,816,661	22,639,958,482
Capital work in progress	6.2	1,346,634,703	1,025,656,470
		23,687,451,364	23,665,614,952
6.1 Operating fixed assets			
Opening book value		22,639,958,482	21,901,722,857
Additions/Adjustments during the period/year			
- land (freehold)		15,428,500	41,671,750
- residential buildings and others		-	174,366,450
- factory buildings		626,013	315,205,997
- plant and machinery		1,724,528	1,438,354,179
- fire fighting equipment		-	19,145,390
- office equipment		-	122,000
- mill equipments		-	180,000
- electric/gas equipments		-	421,430
- computer hardware		776,000	2,628,750
- vehicles		6,511,500	38,231,330
- furniture and fixtures		-	866,938
		25,066,541	2,031,194,214
Book value of assets disposed-off / adjustments during the quarter / year		(1,671,101)	(51,014,486)
Depreciation charge for the quarter / year		(322,537,261)	(1,241,944,103)
Closing book value		22,340,816,661	22,639,958,482
6.2 Capital work-in-progress			
Building		238,731,618	165,158,330
Plant and machinery		730,684,177	579,792,490
Equipments		200,000	200,000
Un-allocated capital expenditure		236,601,903	189,997,463
Advance payments:			
- land (freehold)		127,318,013	15,428,500
- factory / office buildings		7,838,800	45,965,772
- electric installation		-	20,030,273
- vehicles		3,643,567	8,113,667
- computer software		1,616,625	969,975
		1,346,634,703	1,025,656,470

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

		Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
7. LONG TERM INVESTMENTS			
Associates - equity accounted investments	7.1	977,759,717	966,379,142
Others - available for sale	7.2	4,804,270,656	4,851,764,286
		<u>5,782,030,373</u>	<u>5,818,143,428</u>
7.1 Associates - at equity method			
Quoted			
Reliance Cotton Spinning Mills Limited (RCSM)	7.1.1	34,670,409	32,735,607
SFL Limited (SFL)	7.1.2	1,489,116	1,475,225
Un quoted			
Sapphire Power Generation Limited (SPGL)	7.1.3	244,732,662	251,538,962
Sapphire Dairies (Private) Limited (SDL)	7.1.4	102,448,280	104,229,348
Tricon Boston Consulting Corporation (Private) Limited (TBCCL)	7.1.5	594,419,250	576,400,000
Energas Terminal (Private) Limited - ETL	7.1.6	0	-
		<u>977,759,717</u>	<u>966,379,142</u>
7.1.1			
Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% (30 June, 2018: 1.35%) of RCSM's issued, subscribed and paid-up capital as at September 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. The financial information of RCSM for the quarter ended 30 September, 2018 has been used for the purpose of application of equity method, summarized as below:			
Total assets		5,125,247,998	4,580,710,384
Total liabilities		2,556,293,031	2,155,117,379
Net assets		<u>2,568,954,967</u>	<u>2,425,593,005</u>
Revenue		1,245,624,981	4,398,017,387
Profit after tax		153,234,258	358,006,395
Percentage of ownership		1.35%	1.35%
Carrying value		<u>34,670,409</u>	<u>32,735,607</u>
7.1.2			
Investment in SFL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (30 June, 2018: 0.051%) of SFL's issued, subscribed and paid-up capital as at September 30, 2018. SFL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The main business of SFL is to invest in the shares of Associated Companies. SFL is an associate of the Group due to common directorship. The financial information of SFL for the quarter ended 30 September, 2018 has been used for the purpose of application of equity method, summarized as below:			
Total assets		2,950,719,266	2,996,710,871
Total liabilities		17,244,672	90,601,854
Net assets		<u>2,933,474,594</u>	<u>2,906,109,017</u>
Revenue		35,000	650,917
(Loss) / profit after tax		55,402,455	246,147,031
Percentage of ownership		0.051%	0.051%
Carrying value		<u>1,489,116</u>	<u>1,475,225</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED 30 SEPTEMBER 2018

7.1.3 Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% (30 June, 2018: 17.63%) of SPGL's issued, subscribed and paid-up capital as at September 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. SPGL is an associate of the Group due to common directorship. The financial information of SPGL for the quarter ended 30 September, 2018 has been used for the purpose of application of equity method, summarized as below:

	Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
Total assets	1,558,560,098	1,601,578,587
Total liabilities	170,118,006	174,522,316
Net assets	1,388,442,092	1,427,056,271
Revenue	0	573,175,513
Loss after tax	(24,870,763)	(124,930,292)
Percentage of ownership	17.63%	17.63%
Carrying value	244,732,662	251,538,962

7.1.4 Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 9.09% (30 June, 2018: 9.09%) of SDL's issued, subscribed and paid-up capital as at September 30, 2018. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship. The financial information of SDL for the quarter ended 30 September, 2018 has been used for the purpose of application of equity method, summarized as below:

Total assets	1,740,819,063	1,682,210,768
Total liabilities	613,887,985	536,238,155
Net assets	1,126,931,078	1,145,972,613
Revenue	193,468,850	890,073,373
(Loss)/profit after tax	(19,041,535)	78,421,916
Percentage of ownership	9.09%	9.09%
Carrying value	102,448,280	104,229,348

7.1.5 The Parent Company hold 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% (30 June, 2018: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at September 30, 2018. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2017 as security against financing facilities advanced to TBCCL. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. The financial information of TBCCL for the quarter ended 30 September, 2018 has been used for the purpose of application of equity method, summarized as below:

Total assets	43,378,492,933	31,420,705,909
Total liabilities	35,035,766,613	23,330,881,348
Net assets	8,342,726,320	8,089,824,561
Revenue	650,797,053	0
Profit/(loss) after tax	252,901,759	(91,568,073)
Percentage of ownership	7.13%	7.13%
Carrying value	594,419,250	576,400,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

- 7.1.6** The Subsidiary Company - Sapphire Energy (Private) Limited (SEL), during the preceding year, made investment in ETL's 3,000 fully paid ordinary shares of Rs.10 each representing 30% (30 June, 2018: 30%) of ETL's issued, subscribed and paid-up capital as at 30 September, 2018. ETL was incorporated as a private limited company. The principal activity of ETL shall be to undertake, develop power projects and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products.

	Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
Total assets	87,256,865	78,410,718
Total liabilities	96,408,757	84,193,924
Net assets	(9,151,892)	(5,783,206)
Revenue	0	0
Profit/(loss) after tax	3,368,686	(5,883,206)
Percentage of ownership	30.00%	30.00%
Carrying value	0	0

- 7.1.7** Investments made by the Group in the Subsidiary and Associated Companies have been made in accordance with the requirements under the Companies Act, 2017.

7.2 Others - available for sale

Quoted

MCB Bank Limited

18,213,195 (30 June, 2018: 18,213,195) ordinary shares of Rs.10 each - cost

Adjustment arising from re-measurement to fair value

896,451,123	896,451,123
2,768,225,843	2,705,572,452
3,664,676,966	3,602,023,575

Habib Bank Limited

7,244,196 (30 June, 2018: 7,244,196) ordinary shares of Rs.10 each - cost

Adjustment arising from re-measurement to fair value

1,217,073,609	1,217,073,609
(120,519,660)	(11,349,626)
1,096,553,949	1,205,723,983

Term finance certificates - Habib Bank Limited

150 (30 June, 2018: 150) Term finance certificates of Rs.100,000 each - cost

Adjustment arising from re-measurement to fair value

14,985,000	14,988,000
(1,161,337)	(187,350)
13,823,663	14,800,650

Unquoted

Novelty Enterprises (Pvt.) Limited

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

TCC Management Services (Private) Limited

50,000 ordinary shares of Rs.10 each

28,716,078	28,716,078
500,000	500,000
4,804,270,656	4,851,764,286

8. CONTINGENCIES AND COMMITMENTS

- 8.1** Guarantees issued by banks to various Government institutions on behalf of the Parent and Subsidiary Company aggregate Rs.2,567.388 million (30 June, 2018: Rs.2,567.388 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

8.2 SNGPL has claimed late payment surcharge amounting to Rs 369.611 million (30 June, 2018: Rs345.604 million) on account of partial payments made by the Subsidiary Company - SECL against the Regasified Liquefied Natural Gas ('RLNG') consumed by it prior to the Price Determinations of RLNG by the Oil and Gas Regulatory Authority ('OGRA'). The management of the Subsidiary Company - SECL is of the view that, as per the terms of the GSA and the Operating Procedure signed by the Subsidiary Company - SECL Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and Central Power Purchasing Agency (Guarantee) Limited, the Subsidiary Company - SECL is liable to make payments to SNGPL on the basis of the prices notified by OGRA, therefore, the partial payments made by the Subsidiary Company - SECL to SNGPL prior to OGRA price determinations do not constitute a default on the Subsidiary Company's - SECL part. Based on the advice of the Subsidiary Company's - SECL legal counsel, management considers that under the terms of the GSA and the Operating Procedure, there are meritorious grounds to support the Subsidiary Company's - SECL stance. Consequently, no provision for the abovementioned amount has been made in these consolidated financial statements.

8.3 There was no significant change in status of contingencies that were disclosed to the annual audited consolidated financial statements for the year ended 30 June, 2018 except disclosed above.

	Un-audited 30 September, 2018 Rupees	Audited 30 June, 2018 Rupees
8.4 Commitments in respect of :		
- letters of credit for capital expenditure	<u>230,680,729</u>	145,536,511
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>182,796,424</u>	220,464,198
- capital expenditure other than letters of credit	<u>181,942,388</u>	205,122,142

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

		Un-audited 30 September, 2018 Rupees	Un-audited 30 September, 2017 Rupees
9. COST OF SALES	Note		
Stocks - opening		642,813,568	696,987,720
Cost of goods manufactured	9.1	8,867,323,506	6,194,547,887
Cost of raw materials sold		3,897,659	5,443,858
		<u>9,514,034,733</u>	6,896,979,465
Stocks - closing		<u>839,773,862</u>	655,837,589
		<u>8,674,260,871</u>	6,241,141,876
9.1 Cost of goods manufactured			
Work in process - opening		439,022,953	309,426,974
Raw materials consumed		6,888,821,022	4,463,280,170
Overheads		2,008,998,241	1,767,821,048
		<u>8,897,819,263</u>	6,231,101,218
		<u>9,336,842,216</u>	6,540,528,192
Work in process - closing		469,518,710	345,980,305
		<u>8,867,323,506</u>	6,194,547,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED 30 SEPTEMBER 2018

10 SEGMENT INFORMATION

The Group's reportable segments are as follows:

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

10.1 Segment revenues and results

	Spinning	Knitting, Processing and garments	Denim	Power	Elimination of Inter segment transactions	Total
	----- Rupees -----					
For the period ended 30 September, 2018						
Revenue - external Customers	2,723,310,911	1,169,562,426	890,209,289	5,381,907,337	0	10,164,989,963
Inter -segment Sale	398,982,699	0	0	0	0	398,982,699
Segment Results	231,112,914	104,540,519	(179,866,308)	750,253,248	0	906,040,373
For the period ended 30 September, 2017						
Revenue - external Customers	2,651,525,586	904,724,114	587,925,357	3,212,346,378	0	7,356,521,435
Inter -segment Sale	267,292,845	911,364,042	0	0	0	1,178,656,887
Segment Results	167,666,935	70,621,255	(150,178,315)	557,384,975	0	645,494,850

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

	Three months period ended 30 September,	
	2018	2017
	Rupees	Rupees
Total results for reportable segments	906,040,373	645,494,850
Administrative expenses	(106,327,394)	(118,753,133)
Other income	122,154,082	191,963,437
Other expenses	(16,316,779)	(9,459,026)
Share of profit / (loss) of associates	14,000,536	(6,117,603)
Taxation	(64,936,941)	(68,871,611)
Profit after taxation	854,613,877	634,256,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

10.2 Segment assets and liabilities

	Spinning	Knitting, Processing and garments	Denim	Power	Total
	----- Rupees -----				
As at 30 September, 2018					
Segment assets	9,054,527,033	2,434,546,197	6,756,196,167	22,575,885,539	40,821,154,936
Unallocated assets					14,255,414,583
					<u>55,076,569,519</u>
Segment liabilities	8,088,539,427	1,652,432,764	8,792,594,175	10,814,805,499	29,348,371,865
Unallocated liabilities					607,701,795
					<u>29,956,073,660</u>
As at 30 June, 2018					
Segment assets	7,373,735,353	2,170,458,525	6,346,616,964	21,775,061,194	37,665,872,036
Unallocated assets					14,015,089,892
					<u>51,680,961,928</u>
Segment liabilities	6,371,037,579	1,403,458,636	8,158,431,063	10,749,566,624	26,682,493,902
Unallocated liabilities					557,427,959
					<u>27,239,921,861</u>

10.3 Geographical information

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

11. RELATED PARTY TRANSACTIONS

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

		Un-audited 30 September, 2018 Rupees	Un-audited 30 September, 2017 Rupees
I.	Associates		
	Sale of goods and services	159,194,906	254,538,863
	Purchase of goods and services	239,985,749	188,474,180
	Electric power purchased	38,848,900	38,200,176
	Dividend Received	38,246	-
	Assets purchased	-	1,700,000
	Expenses charged to	-	2,378,744
	Expenses charged by	5,802,616	4,759,992
II.	Other related parties		
	Contribution towards provident fund	7,077,145	3,483,752

12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 October, 2018 by the Board of Directors of the Company.

Lahore :
Dated : October 29, 2018

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer