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## Sapphire Textile Mills Limited

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## Company Profile

**Board Of Directors****Chairman :**

Mr. Mohammad Abdullah

**Chief Executive :**

Mr. Nadeem Abdullah

**Director :**

Mr. Shahid Abdullah

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Mr. Nabeel Abdullah

Mr. Shayan Abdullah

**Independent Director:**

Mr. Nadeem Karamat

**Audit Committee****Chairman :**

Mr. Nadeem Karamat

**Member :**

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Mr. Shayan 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 half year ended December 31, 2018 duly reviewed by external auditors, who have issued a review report, which is annexed to the financial statements.

### FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Half Year Ended December 31	
	2018	2017
Turnover	16,260,158	13,380,525
Gross Profit	2,500,238	1,519,614
Other Income	519,140	757,003
Profit before taxation	1,290,437	889,741
Taxation		
- Current	(178,888)	(154,799)
- Prior year	834	47
- Deferred	696	(15,898)
	(177,358)	(170,650)
Profit after taxation	1,113,079	719,091

### REVIEW OF OPERATIONS

During the period the Company has achieved sales of Rs. 16.260 billion as compared to Rs. 13.381 billion in the corresponding year. The gross profit as a percentage of sales was 15.38% as compared to 11.35% in the corresponding period. The profit before tax for the half year ended of current financial year was Rs.1,290.437 million as compared to Rs.889.741 million in the corresponding period of previous year.

### EARNINGS PER SHARE

The earnings per share for the half year ended December 31, 2018 is Rs. 55.42 as compared to Rs. 35.81 for previous year's corresponding period.

### FUTURE PROSPECTS

Textile sector is expected to perform well due to various initiatives of Government particularly lower energy cost, exchange adjustments and elimination of import duty along with sales tax on cotton. The Commitment of Government to release funds against pending rebate claims / tax refunds will further 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

Lahore:  
Dated: February 26, 2019

**NADEEM ABDULLAH** **MOHAMMAD ABDULLAH**  
CHIEF EXECUTIVE DIRECTOR

## ڈائریکٹر رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹر ان نہایت مسرت کے ساتھ 31 دسمبر 2018ء کو اختتام پذیر ہونے والی ششماہی کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔ جس کا جائزہ حسب دستور بیرونی آڈیٹر نے لے کر اپنی جائزہ رپورٹ مالیاتی تفصیلات کے ساتھ منسلک کر دی ہے۔

مالیاتی نتائج درج ذیل ہیں:

مالیاتی نتائج:

31 دسمبر 2017	31 دسمبر 2018	
		رقم ہزاروں میں
13,380,525	16,260,158	نیٹ کل فروخت
1,519,614	2,500,238	مجموعی منافع
757,003	519,140	دیگر ذرائع سے آمدنی
889,741	1,290,437	قبل از ٹیکس منافع
		ٹیکس
(154,799)	(178,888)	موجودہ سال
47	834	گزشتہ سال
(15,898)	696	موخر
(170,650)	(177,358)	
719,091	1,113,079	بعد از ٹیکس منافع

کاروباری کارکردگی کا جائزہ:

رواں سال کی پہلی ششماہی کیلئے کمپنی نے 16.260 بلین کی فروخت حاصل کی جبکہ گزشتہ سال اسی مدت میں فروخت 13.381 بلین تھی۔ شرح کل منافع فروخت کا 15.38 فیصد تھا جبکہ یہی شرح گزشتہ سال کی اسی مدت میں 11.36 فیصد تھی۔ ٹیکس سے قبل منافع 1,290.437 بلین روپے رہا جبکہ گزشتہ سال اسی مدت میں یہ منافع 889.741 بلین تھا۔

آمدنی فی حصص:

31 دسمبر 2018ء کو ختم ہونے والے ششماہی کیلئے آمدنی فی حصص 55.42 روپے ہے جبکہ پچھلے سال کی اسی مدت میں یہ 35.81 روپے تھی۔

مستقبل کا منظر نامہ:

گورنمنٹ کے مختلف اقدامات، خاص طور پر کم توانائی کی لاگت، تبادلہ ایڈجسٹمنٹ اور کاٹن کی امپورٹ ڈیوٹی کے ساتھ سیلز ٹیکس کے خاتمے کی وجہ سے ٹیکسٹائل سیکٹر میں بہتری آنے کی امید ہے۔ موخر ریپیٹ ٹیکس ریفرنڈم کی ترسیل کے سلسلے میں گورنمنٹ کے عزم سے بین الاقوامی سطح پر مقابلہ کرنے میں انڈسٹری کو مزید مدد ملے گی۔

اظہار تشکر:

کمپنی اپنے ڈائریکٹر ان، ریگولیٹری اتھارٹیز، حصص یافتگان، کسٹمرز، مالیاتی اداروں، سپلائرز اور کارکنوں کی شراکت داری کو قدر کی نگاہ سے دیکھتی ہے۔

منجانب بورڈ

محمد عبداللہ  
ڈائریکٹر

ندیم عبداللہ  
چیف ایگزیکٹو

لاہور

مورخہ 26 فروری 2019ء

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Sapphire Textile Mills Limited  
Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Sapphire Textile Mills Limited as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matters**

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and related notes for the quarter ended 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2018.

The interim financial statements for the six-month period ended 31 December 2017 and the annual financial statements for the year ended 30 June 2018 of the Company were reviewed and audited, by another firm of chartered accountants who expressed an unmodified opinion and conclusion on those interim and annual financial statements on 22 February 2018 and 27 September 2018, respectively.

The engagement partner on the audit resulting in this independent auditor's review report is Farooq Hameed .

Lahore :  
Dated : 26 February 2019

**EY Ford Rhodes**  
Chartered Accountants

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2018

	Note	(Un-audited) 31 December 2018 ( Rupees )	(Audited) 30 June 2018 ( Rupees )
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	12,388,162,871	11,415,325,178
Investment property		31,750,000	31,750,000
Intangible assets		1,331,112	2,035,188
Long term investments		14,547,164,303	14,926,618,637
Long term loans and advances		38,466,199	518,741,452
Long term deposits		88,389,109	88,434,708
		<b>27,095,263,594</b>	<b>26,982,905,163</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		436,747,651	390,369,902
Stock-in-trade		11,042,586,138	5,471,700,519
Trade debts		2,566,278,809	2,947,183,401
Loans and advances		159,128,489	119,636,806
Trade deposits and short term prepayments		20,526,073	7,839,896
Other receivables		523,252,163	566,397,978
Other financial assets		3,702,701,363	4,103,068,742
Tax refundable due from Government		1,815,629,993	1,685,599,982
Cash and bank balances		89,210,957	55,448,646
		<b>20,356,061,636</b>	<b>15,347,245,872</b>
<b>TOTAL ASSETS</b>		<b>47,451,325,230</b>	<b>42,330,151,035</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized share capital</b>			
35,000,000 (30 June 2018: 35,000,000) ordinary shares of Rs. 10 each		<b>350,000,000</b>	<b>350,000,000</b>
<b>Issued, subscribed and paid-up capital</b>			
20,083,140 (30 June 2018: 20,083,140) ordinary shares of Rs.10 each		<b>200,831,400</b>	<b>200,831,400</b>
Reserves		<b>14,815,700,144</b>	<b>15,821,423,802</b>
		<b>15,016,531,544</b>	<b>16,022,255,202</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		<b>12,645,552,118</b>	<b>12,857,957,903</b>
Deferred liabilities		<b>497,562,713</b>	<b>478,375,674</b>
		<b>13,143,114,831</b>	<b>13,336,333,577</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>3,236,594,550</b>	<b>3,019,078,293</b>
Contract liabilities		<b>827,296,014</b>	<b>848,204,618</b>
Accrued interest / mark-up		<b>308,728,512</b>	<b>184,774,201</b>
Unclaimed dividend		<b>2,330,442</b>	<b>1,309,519</b>
Short term borrowings		<b>13,076,521,526</b>	<b>7,302,116,241</b>
Current portion of long term financing		<b>1,415,153,198</b>	<b>1,139,457,250</b>
Provision for taxation		<b>425,054,613</b>	<b>476,622,134</b>
		<b>19,291,678,855</b>	<b>12,971,562,256</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47,451,325,230</b>	<b>42,330,151,035</b>

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

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Half Year Ended 31 December		Quarter Ended 31 December	
		2018	2017	2018	2017
		( Rupees )	( Rupees )	( Rupees )	( Rupees )
Net Turnover	7	16,260,158,064	13,380,524,664	8,165,426,183	6,868,544,218
Cost of sales	8	(13,759,919,566)	(11,860,910,204)	(6,936,948,821)	(6,035,630,554)
<b>Gross profit</b>		<b>2,500,238,498</b>	<b>1,519,614,460</b>	<b>1,228,477,362</b>	<b>832,913,664</b>
Distribution cost		(521,655,007)	(474,407,741)	(243,814,146)	(235,102,031)
Administrative expenses		(211,478,051)	(199,349,949)	(110,780,201)	(104,496,620)
Other operating expenses		(92,673,975)	(49,174,247)	(50,506,327)	(22,264,024)
Other income		519,140,458	757,002,622	385,693,498	103,287,104
		(306,666,575)	34,070,685	(19,407,176)	(258,575,571)
<b>Profit from operations</b>		<b>2,193,571,923</b>	<b>1,553,685,145</b>	<b>1,209,070,186</b>	<b>574,338,093</b>
Finance cost		(903,134,843)	(663,944,548)	(538,817,811)	(356,519,155)
<b>Profit before taxation</b>		<b>1,290,437,080</b>	<b>889,740,597</b>	<b>670,252,375</b>	<b>217,818,938</b>
<b>Taxation</b>					
Current					
- for the period		(178,887,917)	(154,798,607)	(61,104,102)	25,934,862
- prior year		834,128	46,892	834,128	46,892
Deferred		696,053	(15,898,301)	(4,160,972)	(15,004,284)
		(177,357,736)	(170,650,016)	(64,430,946)	10,977,470
<b>Profit for the period</b>		<b>1,113,079,344</b>	<b>719,090,581</b>	<b>605,821,429</b>	<b>228,796,408</b>
<b>Earnings per share - basic and diluted</b>		<b>55.42</b>	<b>35.81</b>	<b>30.17</b>	<b>11.39</b>

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

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director



# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Half Year Ended 31 December		Quarter Ended 31 December	
	2018 ( Rupees )	2017 ( Rupees )	2018 ( Rupees )	2017 ( Rupees )
<b>Profit after taxation for the period</b>	<b>1,113,079,344</b>	719,090,581	<b>605,821,429</b>	228,796,408
<b>Other comprehensive income / (loss):</b>				
<b>Items to be reclassified to profit or loss in subsequent periods (net of tax):</b>				
<b>Available for sale investments</b>				
Unrealized loss on remeasurement of available for sale investments	(1,779,821,715)	(3,279,435,352)	(1,377,656,418)	(556,255,872)
<b>Forward foreign currency contracts</b>				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	-	11,796,832	35,074,636	(3,127,784)
Reclassification adjustments relating to (gain) realized on settlement of forward foreign currency contracts	(17,651,047)	(7,764,396)	(35,302,094)	-
	(17,651,047)	4,032,436	(227,458)	(3,127,784)
<b>Other comprehensive loss for the period</b>	<b>(1,797,472,762)</b>	(3,275,402,916)	<b>(1,377,883,876)</b>	(559,383,656)
<b>Total comprehensive loss for the period</b>	<b>(684,393,418)</b>	(2,556,312,335)	<b>(772,062,447)</b>	(330,587,248)

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

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

## FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Capital Reserves			Revenue Reserves			Total Equity
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on available for sale investments	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	
Balance as at 01 July 2017 (Audited)	200,831,400	156,202,200	65,000,000	3,168,365,588	(7,764,396)	1,330,000,000	16,994,754,650
Total comprehensive loss for the half year ended 31 December 2017							
Profit after taxation for the period	-	-	-	-	-	719,090,581	719,090,581
Other comprehensive (loss) / income	-	-	-	(3,279,435,352)	4,032,436	-	(3,275,402,916)
	-	-	-	(3,279,435,352)	4,032,436	719,090,581	(2,556,312,335)
Balance as at 31 December 2017 (Un-audited)	200,831,400	156,202,200	65,000,000	(111,069,764)	(3,731,960)	12,801,210,439	14,438,442,315
Balance as at 01 July 2018 (Audited)	200,831,400	156,202,200	65,000,000	587,918,606	17,651,047	1,330,000,000	16,022,255,202
Total comprehensive loss for the half year ended 31 December 2018							
Profit after taxation for the period	-	-	-	-	-	1,113,079,344	1,113,079,344
Other comprehensive loss for the period	-	-	-	(1,779,821,715)	(17,651,047)	-	(1,797,472,762)
	-	-	-	(1,779,821,715)	(17,651,047)	1,113,079,344	(684,393,418)
Transaction with owners							
Final dividend for the year ended 30 June 2018 @ Rs.16 per share	-	-	-	-	-	(321,330,240)	(321,330,240)
Balance as at 31 December 2018 (Un-audited)	200,831,400	156,202,200	65,000,000	(1,191,903,109)	-	14,456,401,053	15,016,531,544

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

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note	Half Year Ended 31 December	
	2018 ( Rupees )	2017 ( Rupees )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	9 (2,790,287,173)	(1,007,352,260)
Long term loans and deposits	(1,679,148)	4,083,154
Finance cost paid	(779,180,532)	(601,301,286)
Staff retirement benefits - gratuity paid	(31,339,464)	(37,546,017)
Taxes paid	(359,651,321)	(151,356,730)
	(1,171,850,465)	(786,120,879)
Net cash used in operating activities	(3,962,137,638)	(1,793,473,139)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,617,014,693)	(1,524,499,634)
Purchase of intangibles	-	(500,000)
Investment in associates and subsidiaries	(1,000,000,000)	(513,049,480)
Loans to subsidiaries	482,000,000	30,150,000
Proceeds from disposal of property, plant and equipment	122,486,447	37,275,351
Dividend received	480,819,546	243,991,311
Interest income received	9,907,518	43,842,538
Rental income received	315,000	307,500
Net cash used in investing activities	(1,521,486,182)	(1,682,482,414)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	5,750,720,095	3,209,032,811
Proceeds from long term financing	431,836,000	923,725,000
Repayment of long term financing	(368,545,837)	(559,764,047)
Dividend paid	(320,309,317)	(190,139)
Net cash generated from financing activities	5,493,700,941	3,572,803,625
<b>Net increase in cash and cash equivalents</b>	<b>10,077,121</b>	<b>96,848,072</b>
Cash and cash equivalents at the beginning of the period	54,608,611	70,966,102
<b>Cash and cash equivalents at the end of the period</b>	<b>64,685,732</b>	<b>167,814,174</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	89,210,957	196,396,430
Bank overdraft - unsecured	(24,525,225)	(28,582,256)
<b>Cash and cash equivalents at the end of the period</b>	<b>64,685,732</b>	<b>167,814,174</b>

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

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on 11 March 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 Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the company along with their respective location:

#### BUSINESS UNIT LOCATION

##### Production Plants

Spinning	A-17, SITE, Kotri
Spinning	A-84, SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur
Spinning	1.5-KM, Warburtan Road, Feroze Watwan, Sheikhpura.
Weaving	2-KM, Warburtan Road, Feroze Watwan, Sheikhpura.
Printing and processing	2-KM, Warburtan Road, Feroze Watwan, Sheikhpura.
Stitching and Home textile	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore
Registered Office Karachi	212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have 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.

**2.2** The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2018.

**2.3** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

**2.4** The condensed interim financial statements have been prepared under the historical cost convention. These financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

**2.5** These are separate financial statements, where the investment in subsidiaries and associates is shown at cost; consolidated financial statements are separately presented.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 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 the preparation of the financial statements for the year ended 30 June 2018, except as follows:

#### 3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40 - Transfers to investment Property (Amendments)

IFRS 2 - Share based Payments — Classification and Measurement (Amendments)

IFRIC 2 - Foreign Currency Transactions and Advance Consideration

IFRS 15 - Revenue from Contracts with Customers

Further, IFRS - 9 "Financial Instruments" replaces IAS - 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018. However, the Securities and Exchange Commission of Pakistan vide its notification dated 14 February 2019 has deferred the applicability of IFRS - 9 on interim period ending before 30 June 2019. Therefore, these condensed interim financial statements do not include the impact of adoption of the standard.

The adoption of above standards did not have a significant impact on the financial statements except for IFRS 15 which is disclosed below:

#### - IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

#### Statement of financial Position

Description	Under IAS 18	Under IFRS 15	
	Carrying Amount	Reclassification	Carrying Amount
	<b>30 June 2018</b>		
Trade and other payables	3,867,282,911	(848,204,618)	3,019,078,293
Contract Liabilities	-	848,204,618	848,204,618
	<u>3,867,282,911</u>	<u>-</u>	<u>3,867,282,911</u>
	<b>1 July 2017</b>		
Trade and other payables	3,106,559,172	(631,069,019)	2,475,490,153
Contract Liabilities	-	631,069,019	631,069,019
	<u>3,106,559,172</u>	<u>-</u>	<u>3,106,559,172</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

The adoption of revenue recognition standard did not have a material impact on amounts in statement of profit or loss, statement of other comprehensive income, statement of cash flows or earnings per share for the prior period as the Company did not have any incomplete existing customers contracts from prior periods.

The Company is in the business of providing yarn, fabric, home textile products and processing services. The products and services are sold on their own in separately identified contracts with customers. According to the requirements of IFRS 15, the Company has formulated the following policies for recognition of revenue earned from different sources:

**(a) Sale of Goods**

The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

**Local Sales**

The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory. Therefore, the adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition as there are no terms resulting in variable consideration.

**Export Sales**

The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer which depends on the related inco-terms; generally on date of bill of lading or delivery of the product to the port of destination.

**(b) Rendering of services**

The Company provides garments stitching and fabric processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

The Company has concluded that revenue from services will continue to be recognised at the point in time, generally on dispatch of the stitched/processed fabric from the factory. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition or amount of revenue recognition as there are no terms resulting in variable consideration.

**4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial statements 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 these condensed interim financial statements are the same as those that were applied to the financial statements as at and 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 STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		(Un-audited) 31 December 2018 ( Rupees )	(Audited) 30 June 2018 ( Rupees )
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	<b>5.1</b> 11,303,778,267	11,023,834,392
	Capital work-in-progress	<b>5.2</b> 1,084,384,604	391,490,786
		<b>12,388,162,871</b>	<b>11,415,325,178</b>
<b>5.1</b>	<b>Operating fixed assets</b>		
	Opening book value	11,023,834,392	10,253,726,053
	Cost of additions during the period/year	<b>5.1.1</b> 924,120,874	1,970,043,752
	Book value of disposals during the period/year	(93,249,006)	(103,304,921)
		830,871,868	1,866,738,831
	Depreciation during the period/year	(550,927,993)	(1,096,630,492)
		279,943,875	770,108,339
	Closing book value	<b>11,303,778,267</b>	<b>11,023,834,392</b>

**5.1.1** The cost of additions and book value of disposals to operating fixed assets during the half year ended 31 December 2018 and year ended 30 June 2018 are as follows.

	(Un-Audited) 31 December 2018		(Audited) 30 June 2018	
	Addition Cost ( Rupees )	Disposal Book Value ( Rupees )	Addition Cost ( Rupees )	Disposal Book Value ( Rupees )
Land:				
Freehold	-	-	6,301,600	-
Lease hold	-	-	8,930,000	-
On Freehold land:				
Factory buildings	115,591,253	-	109,693,337	-
Labour, staff colony and others	-	-	5,702,612	-
Office buildings	10,433,500	-	144,914,648	-
On lease hold land:				
Factory buildings	7,268,313	-	2,400,000	-
Labour, staff colony and others	-	-	4,591,725	-
Plant & machinery	749,576,772	25,153,236	1,583,400,329	78,958,055
Electric installations	150,000	-	9,944,509	-
Fire Fighting equipment	3,577,407	-	131,800	-
Electric equipments	4,867,620	-	1,379,200	-
Computers	7,296,777	206,660	11,408,256	853,274
Office equipments	999,998	-	1,033,500	-
Mills equipments	6,979,195	-	4,890,031	-
Furniture & fixtures	4,935,814	-	2,114,504	-
Vehicles	12,444,225	67,889,110	73,207,701	23,493,592
	<b>924,120,874</b>	<b>93,249,006</b>	<b>1,970,043,752</b>	<b>103,304,921</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	(Un-audited) 31 December 2018 ( Rupees )	(Audited) 30 June 2018 ( Rupees )
<b>5.2 Capital work-in-progress</b>		
Advance for land	79,500,000	-
Civil works and Buildings	649,056,282	287,228,119
Plant and machinery	331,747,631	88,086,367
Electric installations	9,853,010	-
Advance for vehicles	14,227,681	16,176,300
	<b>1,084,384,604</b>	<b>391,490,786</b>

## 6 CONTINGENCIES AND COMMITMENTS

### Contingencies

<b>6.1</b>	Guarantees issued by banks on behalf of the Company	<b>625,443,587</b>	605,443,587
<b>6.2</b>	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 31 December 2018 the value of these cheques amounted to Rs.724.667 million (30 June 2018: Rs.578.991 million).		
<b>6.3</b>	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 30 June 2018.		

	(Un-audited) 31 December 2018 ( Rupees )	(Audited) 30 June 2018 ( Rupees )
<b>Commitments</b>		
<b>6.4</b>	Confirmed letter of credit in respect of:	
- plant and machinery	<b>481,396,471</b>	1,066,038,792
- raw material	<b>1,145,382,124</b>	409,071,691
- stores and spares	<b>54,118,870</b>	65,461,931
	<b>1,680,897,465</b>	<b>1,540,572,414</b>

## 7 NET TURNOVER

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Export Sales		Local Sales		Total	
	31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017
----- Rupees -----						
Yarn	5,223,674,309	3,420,899,901	1,943,389,374	2,362,951,574	7,167,063,683	5,783,851,475
Fabric	5,024,928,241	3,367,070,812	346,998,600	942,220,992	5,371,926,841	4,309,291,804
Home textile products	2,302,840,787	1,996,239,743	56,588,750	40,195,653	2,359,429,537	2,036,435,396
Raw material	-	-	11,747,788	104,469,815	11,747,788	104,469,815
Waste	88,312,413	93,899,278	113,099,383	99,481,688	201,411,796	193,380,966
Processing income	-	-	1,129,623,214	632,367,323	1,129,623,214	632,367,323
	<b>12,639,755,750</b>	8,878,109,734	<b>3,601,447,109</b>	4,181,687,045	<b>16,241,202,859</b>	13,059,796,779
Export rebate					<b>18,955,205</b>	320,727,885
					<b>16,260,158,064</b>	<b>13,380,524,664</b>

**7.1** Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

8	COST OF SALES	Note	(Un-Audited) Half Year ended 31 December		(Un-Audited) Quarter ended 31 December	
			2018	2017	2018	2017
			( Rupees )	( Rupees )	( Rupees )	( Rupees )
	Finished goods - Opening stock		850,821,494	955,831,564	1,129,898,469	961,521,396
	Cost of goods manufactured	8.1	14,431,301,008	11,595,309,042	7,336,406,943	5,824,539,142
	Cost of raw material sold		12,204,883	92,922,666	5,051,228	32,723,084
			15,294,327,385	12,644,063,272	8,471,356,640	6,818,783,622
	Finished goods - Closing stock		(1,534,407,819)	(783,153,068)	(1,534,407,819)	(783,153,068)
			13,759,919,566	11,860,910,204	6,936,948,821	6,035,630,554
8.1	Cost of goods manufactured		(Un-Audited) Half Year ended 31 December		(Un-Audited) Quarter ended 31 December	
			2018	2017	2018	2017
			( Rupees )	( Rupees )	( Rupees )	( Rupees )
	Work in process - opening stock		478,749,878	397,339,030	507,596,154	399,234,013
	Raw material consumed		9,875,441,578	7,480,794,164	4,951,412,087	3,729,571,606
	Overheads		4,562,393,846	4,137,991,688	2,362,682,996	2,116,549,363
			14,916,585,302	12,016,124,882	7,821,691,237	6,245,354,982
	Work in process - closing stock		(485,284,294)	(420,815,840)	(485,284,294)	(420,815,840)
			14,431,301,008	11,595,309,042	7,336,406,943	5,824,539,142
9	CASH USED IN OPERATIONS		(Un-audited) Half Year ended 31 December			
			2018	2017		
			( Rupees )	( Rupees )		
	Profit before taxation				1,290,437,080	889,740,597
	Adjustments for non-cash charges and other items:					
	Depreciation on operating fixed assets				550,927,993	506,387,632
	Amortization of intangible assets				704,074	704,074
	Interest income				(13,813,093)	(21,814,332)
	Gain on sale of property, plant and equipment				(1,748,978)	(2,448,201)
	Dividend income				(480,237,046)	(232,696,171)
	Provision for gratuity				51,222,556	42,095,878
	Provision for stores, spares and loose tools				1,721,796	801,093
	Credit balance written back				(568,072)	(1,240,625)
	Exchange differences				-	1,524,391
	Finance cost				903,134,843	662,475,317
	Rental income				(300,000)	(300,000)
					1,011,044,073	955,489,056
	Operating cash flow before changes in working capital				2,301,481,153	1,845,229,653
	Changes in working capital					
	(Increase) / decrease in current assets					
	Stores, spares and loose tools				(48,099,545)	(49,884,310)
	Stock-in-trade				(5,570,885,619)	(2,216,986,888)
	Trade debts				380,904,592	(640,335,208)
	Loans and advances				(39,491,682)	(279,161,564)
	Trade deposits and short term prepayments				(12,686,177)	(7,777,625)
	Other receivables				1,314,380	(181,906,698)
					(5,288,944,051)	(3,376,052,293)
	Increase/ (decrease) in current liabilities					
	Trade and other payables				218,084,329	362,617,451
	Contract liabilities				(20,908,605)	160,852,929
					(2,790,287,173)	(1,007,352,260)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 10 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:

	(Un-audited) Half Year ended 31 December	
	2018 ( Rupees )	2017 ( Rupees )
<b>Subsidiaries:</b>		
Sales / processing	1,170,200,998	1,324,713,300
Share deposit money	1,000,000,000	507,200,000
Shares received	1,000,000,000	542,200,000
Loans (recovered) / given	(482,000,000)	232,000,000
Expenses charged to	220,686	123,693
Markup charged to	12,822,179	21,222,381
Rental Income	300,000	300,000
Dividend received	279,999,998	-
<b>Associates:</b>		
Sales / processing	942,933,016	732,954,668
Purchases	229,752,102	308,671,734
Electricity / steam purchased	6,851,402	103,756,630
Expenses charged by	4,226,269	3,836,645
Expenses charged to	22,103,130	20,164,821
Markup charged by	23,996,747	17,307,105
Dividend received	32,501,100	18,474,652
Dividend paid	89,971,632	-
Loans obtained - net	212,398,876	285,768,971
<b>Other related parties:</b>		
Contribution to provident fund	20,250,855	18,522,011
Loans from directors and related parties	167,583,000	-
Remuneration to key management personnel	20,400,000	15,600,000

### 11 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. half year ended December 31, 2017.

### 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized by the Board of Directors of the Company and authorized for issue on 26 February 2019.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

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## Sapphire Textile Mills Limited

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## Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited and Sapphire Solar (Private) Limited, it is my pleasure to present Directors' Report with Un-Audited Consolidated Financial Statement for the half year ended December 31, 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 Nov 2015 – the project is operating following best industry practice 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

Lahore :  
Dated: February 26, 2019

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

## ڈائریکٹر رپورٹ برائے حصص یافتگان

سیفائز ونڈ پاور کمپنی لمیٹڈ، سیفائز ٹریڈل لمیٹڈ، ٹرانیکو، بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائز رینیو ایبل لمیٹڈ، سیفائز ٹیک (پرائیویٹ) لمیٹڈ اور سیفائز سولر (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018ء کو اختتام پذیر ہونے والی شتاہی کی غیر آڈٹ شدہ مالیاتی تفصیلات پیش کر رہے ہیں۔

سیفائرونڈیاور کمپنی لمیٹڈ

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

سیفائر ریشیل لمیٹڈ

سیفائز ٹیلی ویژن سیفائز ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبڈیری ہے۔ اس سبڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے "سیفائز برانڈ"، "ٹیلی آؤٹ" لیس چلانا ہے۔

ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

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

سیفائے رینیویبلز لمیٹڈ

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

سیفائز ٹیک (پرائیویٹ) لمیٹڈ

سیفائز ٹیک (پرائیویٹ) لمیٹڈ کمپنیز آرڈیننس مجریہ 1984ء کے تحت تشکیل پائی۔ سیڈیزری الیکٹرک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔ یہ سو فیصد اکیوٹی 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۔

سیفائز سولر (پرائیویٹ) لمیٹڈ

عقیقا سولر (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی سسائیڈ میزری ہے۔ آلٹرنیٹو انرجی ڈیولپمنٹ بورڈ سے LO1 ایک آئی پی پی 10 ایم ڈبلیو 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 منجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

## منجانب بورڈ

محمد عبداللہ  
ڈائریکٹر

ندیم عبد اللہ  
چیف ایگزیکٹو

لاہور

مورخہ 26 فروری 2019ء

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION** **AS AT 31 DECEMBER 2018**

		(Un-audited) 31 December 2018	(Audited) 30 June 2018
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	62,275,279,202	51,770,140,053
Investment property		31,750,000	31,750,000
Intangible assets		469,982,871	473,465,504
Long term investments		5,532,177,560	6,879,577,347
Long term loans and advances		38,466,199	36,741,452
Long term deposits and prepayments		247,692,614	249,086,588
		<b>68,595,348,446</b>	<b>59,440,760,944</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		559,162,590	513,863,819
Stock-in-trade		14,111,541,633	7,478,759,709
Trade debts		3,847,129,721	3,966,358,463
Loans and advances		317,776,110	217,215,440
Trade deposits and short term prepayments		56,525,616	54,436,381
Other receivables		1,471,375,228	1,054,367,947
Other financial assets		3,702,701,362	4,103,068,742
Tax refunds due from Government		2,068,582,214	2,033,428,680
Cash and bank balances		10,390,207,511	4,617,720,454
		<b>36,525,001,985</b>	<b>24,039,219,635</b>
<b>TOTAL ASSETS</b>		<b>105,120,350,431</b>	<b>83,479,980,579</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		350,000,000	350,000,000
35,000,000 (30 June 2018: 35,000,000) ordinary shares of Rs.10 each			
Issued, subscribed and paid up capital		200,831,400	200,831,400
20,083,140 (30 June 2018: 20,083,140) ordinary shares of Rs.10 each			
Reserves		15,747,127,773	16,427,803,268
Equity attributable to holders of parent company		15,947,959,173	16,628,634,668
Non-controlling interest		5,370,835,478	5,082,699,819
<b>Total Equity</b>		<b>21,318,794,651</b>	<b>21,711,334,487</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		51,346,428,435	41,147,456,937
Deferred liabilities		430,318,689	410,333,097
Liabilities against assets subject to finance lease		25,040,522	31,789,874
		<b>51,801,787,646</b>	<b>41,589,579,908</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		10,642,020,899	6,881,256,949
Contract liabilities		827,296,014	848,204,618
Accrued Interest / mark-up		478,727,660	330,132,390
Unclaimed dividend		2,330,442	1,309,519
Short term borrowings		14,155,233,239	8,294,872,401
Current portion of long term financing		5,456,730,498	3,333,466,695
Current portion of liabilities against assets subject to finance lease		8,177,868	8,878,906
Provision for taxation		429,251,514	480,944,706
		<b>31,999,768,134</b>	<b>20,179,066,184</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>105,120,350,431</b>	<b>83,479,980,579</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Note	Half Year Ended 31 December		Quarter Ended 31 December	
		2018	2017	2018	2017
		Rupees		Rupees	
Net turnover	7	21,476,279,334	15,725,730,290	10,849,927,456	7,795,943,358
Cost of sales	8	(16,323,923,015)	(13,128,898,990)	(8,776,787,091)	(6,598,969,488)
<b>Gross profit</b>		<b>5,152,356,319</b>	<b>2,596,831,300</b>	<b>2,073,140,365</b>	<b>1,196,973,870</b>
Distribution cost		(1,365,188,065)	(998,359,450)	(686,963,454)	(494,486,496)
Administrative expenses		(392,713,452)	(373,981,302)	(203,539,078)	(200,467,673)
Other operating expenses		(99,365,210)	(51,152,238)	(54,716,934)	(12,003,600)
Other income		734,738,775	285,663,039	588,323,227	105,096,568
		(1,122,527,952)	(1,137,829,951)	(356,896,239)	(601,861,201)
<b>Profit from operations</b>		<b>4,029,828,367</b>	<b>1,459,001,349</b>	<b>1,716,244,126</b>	<b>595,112,669</b>
Finance cost		(2,054,420,566)	(959,474,835)	(1,341,398,579)	(505,385,740)
		1,975,407,801	499,526,514	374,845,547	89,726,929
Share of profit of associated companies		52,981,174	33,370,736	37,895,774	10,480,586
<b>Profit before taxation</b>		<b>2,028,388,975</b>	<b>532,897,250</b>	<b>412,741,321</b>	<b>100,207,515</b>
<b>Taxation</b>					
Current					
- for the period		(194,412,133)	(178,438,584)	(69,089,970)	16,103,086
- prior year		834,128	46,892	834,128	46,892
Deferred		(102,500)	(17,530,149)	(4,304,921)	(15,172,710)
		(193,680,505)	(195,921,841)	(72,560,763)	977,268
<b>Profit for the period</b>		<b>1,834,708,470</b>	<b>336,975,409</b>	<b>340,180,558</b>	<b>101,184,783</b>
<b>Attributable to:</b>					
Shareholders of Parent Company		1,426,572,809	211,476,248	294,973,176	74,549,391
Non- controlling interest		408,135,661	125,499,161	45,207,382	26,635,392
		1,834,708,470	336,975,409	340,180,558	101,184,783
<b>Earnings per share - basic and diluted</b>					
attributable to the Shareholder of the parent company		71.03	10.53	14.69	3.71

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director



# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Half Year Ended		Quarter Ended	
	31 December		31 December	
	2018	2017	2018	2017
	Rupees		Rupees	
<b>Profit after taxation for the period</b>	<b>1,834,708,470</b>	<b>336,975,409</b>	<b>340,180,558</b>	<b>101,184,783</b>
<b>Other comprehensive income / (loss):</b>				
<b>Items to be reclassified to profit or loss in subsequent periods (net of tax):</b>				
<b>Available for sale investments</b>				
Unrealized loss on remeasurement of available for sale investments	(1,779,821,715)	(3,279,435,352)	(1,377,656,418)	(556,255,872)
Unrealised loss on remeasurement of available for sale investments - associates	(14,547,903)	(26,717,747)	(11,562,546)	(4,546,823)
	(1,794,369,618)	(3,306,153,099)	(1,389,218,964)	(560,802,695)
Exchange difference on translation of foreign operation	27,093,386	14,307,272	23,125,157	9,345,432
<b>Forward foreign currency contracts</b>				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	-	11,796,832	35,074,636	(3,127,784)
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	(17,651,047)	(7,764,396)	(35,302,094)	-
Unrealised gain on remeasurement of forward foreign currency contracts - associates	38,065	175,377	91,140	127,602
	(17,612,982)	4,207,813	(136,318)	(3,000,182)
<b>Items not to be reclassified to profit or loss in subsequent periods (net of tax):</b>				
Share of (decrease) / increase in reserves of associated companies under equity method	(1,028,850)	(2,401)	14,017	1,155
<b>Other comprehensive loss for the period</b>	<b>(1,785,918,064)</b>	<b>(3,287,640,415)</b>	<b>(1,366,216,108)</b>	<b>(554,456,290)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>48,790,406</b>	<b>(2,950,665,006)</b>	<b>(1,026,035,550)</b>	<b>(453,271,507)</b>
<b>Attributable to:</b>				
Shareholders of Parent Company	(359,345,255)	(3,076,164,167)	(1,071,242,932)	(479,906,899)
Non- controlling interest	408,135,661	125,499,161	45,207,382	26,635,392
	<b>48,790,406</b>	<b>(2,950,665,006)</b>	<b>(1,026,035,550)</b>	<b>(453,271,507)</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director



# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Capital Reserves			Revenue Reserves					Non-Controlling Interest	Total	Total Equity
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on sale investments	Unrealized (Loss)/gain on forward currency contracts	Unrealized gain / (loss) on translation of foreign operation	General Reserves	Unappropriated profit			
<b>Balance as at 01 July 2017 (Audited)</b>	200,831,400	156,202,200	65,000,000	3,194,231,562	(7,816,272)	(3,606,703)	1,330,000,000	13,372,941,107	4,893,365,292	18,307,781,294	23,201,146,586
<b>Total comprehensive loss for the half year ended 31 December 2017</b>	-	-	-	-	-	-	-	211,476,248	125,499,161	211,476,248	336,975,409
Profit after taxation for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) for the period	-	-	-	4,207,813	(3,306,153,099)	14,307,272	-	-	-	(3,287,638,014)	(3,287,638,014)
Share of decrease in reserves of associated companies under equity method	-	-	-	4,207,813	(3,306,153,099)	14,307,272	-	211,476,248	125,499,161	(3,076,161,766)	(2,950,662,605)
<b>Balance as at 31 December 2017 (Un-audited)</b>	200,831,400	156,202,200	65,000,000	3,198,439,375	(3,313,969,371)	10,696,168	1,330,000,000	13,584,417,355	5,018,864,453	15,231,617,127	20,250,481,580
<b>Balance as at 01 July 2018 (Audited)</b>	200,831,400	156,202,200	65,000,000	589,844,100	17,804,164	23,454,928	1,330,000,000	14,245,497,876	5,082,699,819	16,628,634,688	21,711,334,487
<b>Total comprehensive income for the half year ended 31 December 2018</b>	-	-	-	-	-	-	-	1,426,572,809	408,135,661	1,426,572,809	1,834,708,470
Profit after taxation for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss) / income for the period	-	-	-	(17,612,982)	(1,794,369,618)	27,093,386	-	-	-	(1,784,889,214)	(1,784,889,214)
Share of decrease in reserves of associated companies under equity method	-	-	-	(17,612,982)	(1,794,369,618)	27,093,386	-	1,426,572,809	408,135,661	(358,316,405)	49,819,256
Final dividend for the year ended 30 June 2018 @ Rs. 16 per share	-	-	-	-	-	(1,028,850)	-	-	-	(1,028,850)	(1,028,850)
Interim dividend @ Rs.1.23 per share - SWPCL	-	-	-	-	-	(321,330,240)	-	-	-	(321,330,240)	(321,330,240)
<b>Balance as at 31 December 2018 (Un-audited)</b>	200,831,400	156,202,200	65,000,000	572,231,118	(1,776,565,454)	(271,810,776)	1,330,000,000	15,672,070,685	(120,000,002)	15,947,959,173	21,318,794,651

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Note	Half Year Ended 31 December	
		2018	2017
		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	9	2,093,368,058	(677,120,253)
Long term loans and deposits		(330,773)	(53,339,061)
Finance cost paid		(1,881,907,406)	(919,743,822)
Staff retirement benefits - gratuity paid		(31,339,464)	(37,672,017)
Taxes paid		(280,424,731)	(441,564,329)
		(2,194,002,374)	(1,452,319,229)
Net cash used in operating activities		(100,634,316)	(2,129,439,482)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(6,890,377,223)	(10,956,356,066)
Purchase of intangibles		(347,400)	(650,817)
Investment in associates		32,481,325	18,469,942
Proceeds from disposal of property, plant and equipment		109,594,784	48,231,422
Dividend received		168,338,223	225,521,369
Interest income received		60,724,597	5,529,257
Rental income received		-	300,000
Net cash used in investing activities		(6,519,585,694)	(10,658,954,893)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		5,836,675,648	3,206,810,593
Proceeds from long term financing		8,231,336,800	16,214,361,203
Repayment of long term financing		(1,240,723,962)	(640,391,839)
Repayment of long term payable		-	(5,849,480)
Finance lease		(17,957,290)	-
Dividend paid		(440,309,319)	(190,139)
Net cash generated from financing activities		12,369,021,877	18,774,740,338
<b>Net increase in cash and cash equivalents</b>		5,748,801,867	5,986,345,963
Cash and cash equivalents at the beginning of the period		4,616,880,419	8,726,567,942
<b>Cash and cash equivalents at the end of the period</b>		10,365,682,286	14,712,913,905
<b>Cash and cash equivalents</b>			
Cash and bank balances		10,390,207,511	14,741,496,161
Bank overdraft - unsecured		(24,525,225)	(28,582,256)
<b>Cash and cash equivalents at the end of the period</b>		10,365,682,286	14,712,913,905

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

#### **Sapphire Textile Mills Limited - the Holding Company**

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on 11 March 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 Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the company along with their respective location:

BUSINESS UNIT	LOCATION
Production Plants	
Spinning	A-17, SITE, Kotri
Spinning	A-84, SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur
Spinning	1.5-KM, Warburton Road, Feroze Watwan, Sheikhpura.
Weaving	2-KM, Warburton Road, Feroze Watwan, Sheikhpura.
Printing and processing	2-KM, Warburton Road, Feroze Watwan, Sheikhpura.
Stitching and Home textile	1.5-KM Off, Defence Road - Bhubtian Chowk, Raiwind Road, Lahore

#### **Registered Office**

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

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 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 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

These consolidated condensed interim financial statements have 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.

- 2.2** The consolidated condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018.
- 2.3** These consolidated condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 2.4** The consolidated condensed interim financial statements have been prepared under the historical cost convention. These consolidated financial statements are prepared in Pak Rupees, which is the functional currency of the Group. Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2018, except as follows:

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 3.1 New / Revised Standards, Interpretations and Amendments

The Group has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40 - Transfers to investment Property (Amendments)

IFRS 2 - Share based Payments — Classification and Measurement (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 15 - Revenue from Contracts with Customers

Further, IFRS - 9 "Financial Instruments" replaces IAS - 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018. However, the Securities and Exchange Commission of Pakistan vide its notification dated 14 February 2019 has deferred the applicability of IFRS - 9 on interim period ending before 30 June 2019. Therefore, these consolidated condensed interim financial statements do not include the impact of adoption of the standard.

The adoption of above standards did not have a significant impact on the consolidated financial statements except for IFRS 15 which is disclosed below:

#### - IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

#### Consolidated statement of financial Position

Description	Under IAS 18 Carrying Amount	Reclassification	Under IFRS 15 Carrying Amount
	30 June 2018		
	----- Rupees -----		
Trade and other payables	7,729,461,567	(848,204,618)	6,881,256,949
Contract liabilities	-	848,204,618	848,204,618
	<u>7,729,461,567</u>	<u>-</u>	<u>7,729,461,567</u>
	1 July 2017		
	----- Rupees -----		
Trade and other payables	4,420,095,018	(631,069,019)	3,789,025,999
Contract liabilities	-	631,069,019	631,069,019
	<u>4,420,095,018</u>	<u>-</u>	<u>4,420,095,018</u>

The adoption of revenue recognition standard did not have a material impact on amounts in consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows or earnings per share for the prior period as the Group did not have any incomplete existing customers contracts from prior periods.

The Group is in the business of providing yarn, fabric, home textile products, processing services, textile retail and electricity sales. The products and services are sold on their own in separately identified contracts with customers.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### (a) Sale of Goods

The Group's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

#### Local Sales

The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory. Revenue on account of energy is recognised on transmission of electricity to CPPA-G on a monthly basis, whereas on account of Non-Project Missed Volume is recognised when these are due and invoiced when underlying data is available on monthly basis. Therefore, the adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition as there are no terms resulting in variable consideration.

#### Export Sales

The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, dependent on the related inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

### (b) Rendering of services

The Group provides garments stitching and fabric processing services to local customers. These services are sold separately and the Group's contract with the customer for services constitute a single performance obligation.

The Group has concluded that revenue from services will continue to be recognised at the point in time, generally on dispatch of the stitched/processed fabric from the factory. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition or amount of revenue recognition as there are no terms resulting in variable consideration.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Group expects that such improvements to the standards do not have any material impact on the Group's consolidated condensed interim financial statements for the period.

## 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.

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	Rupees	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	60,678,255,018	23,326,991,850
Capital work-in-progress	5.2	1,527,807,928	28,373,931,947
Major spare parts and stand-by equipment		69,216,256	69,216,256
		<b>62,275,279,202</b>	<b>51,770,140,053</b>
<b>5.1 Operating fixed assets</b>			
Opening book value		23,326,991,850	21,691,976,667
Cost of additions during the period / year	5.1.1	39,054,712,713	3,610,938,833
Book value of disposal during the period / year	5.1.1	(107,827,752)	(138,378,626)
		<b>38,946,884,961</b>	<b>3,472,560,207</b>
Depreciation during the period / year		(1,595,621,793)	(1,837,545,024)
		<b>37,351,263,168</b>	<b>1,635,015,183</b>
Closing book value		<b>60,678,255,018</b>	<b>23,326,991,850</b>

**5.1.1** The cost of additions and book value of disposals to operating fixed assets during the half year ended December 31, 2018 and year ended 30 June 2018 are as follows.

	(Un-audited) 31 December 2018		(Audited) 30 June 2018	
	Addition Cost	Disposal Book value	Addition Cost	Disposal Book value
	Rupees		Rupees	
Land:				
Freehold	-	-	6,301,600	-
Leasehold	7,268,313	-	8,930,000	-
On Freehold land:				
Factory buildings	115,591,253	-	110,512,634	-
Labour, staff colony and others	-	-	5,702,612	-
Office buildings	10,433,500	-	144,914,648	-
On Leasehold land:				
Factory buildings	2,268,141,305	-	33,066,921	-
Labour, staff colony and others	-	-	4,591,725	-
Leased building improvements	78,633,968	-	86,724,680	11,853,738
Plant & machinery	36,370,891,486	25,153,236	2,828,696,438	78,958,055
Electric installations	150,000	-	109,670,626	-
Fire Fighting equipment	3,577,407	-	131,800	-
Electric equipments	90,619,149	-	1,379,200	7,044,269
Computers	29,322,772	501,139	65,745,524	9,002,037
Office equipment	2,483,681	-	4,536,372	1,632,945
Mills equipment	6,979,195	-	4,890,031	-
Furniture & fixtures	35,090,380	-	69,680,352	2,766,511
Vehicles	25,023,404	75,708,773	90,317,670	27,121,071
Vehicles - leased	10,506,900	6,464,604	35,146,000	-
	<b>39,054,712,713</b>	<b>107,827,752</b>	<b>3,610,938,833</b>	<b>138,378,626</b>



# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	----- Rupees -----	
<b>5.2 Capital work-in-progress</b>		
Advance for freehold land and buildings	515,249,570	435,749,570
Land improvements	-	6,501,900
Civil works and buildings	649,056,282	2,329,582,529
Plant and machinery	331,747,631	20,294,434,792
Electric installations	9,853,010	-
Advance for vehicles	14,227,681	16,176,300
Advances to contractors	7,673,754	1,413,494,631
Un-allocated expenditure	-	3,877,992,225
	<b>1,527,807,928</b>	<b>28,373,931,947</b>

## **6 CONTINGENCIES AND COMMITMENTS**

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	----- Rupees -----	
<b>Contingencies</b>		
<b>6.1</b> Guarantees issued by banks on behalf of the Group	<b>626,997,587</b>	<b>606,963,587</b>
<b>6.2</b> 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 31 December 2018 the value of these cheques amounted to Rs.724.667 million (30 June 2018: Rs.578.991 million).		
<b>6.3</b> 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 consolidated financial statements of the Group for the year ended 30 June 2018.		
<b>Commitments</b>		
<b>6.4</b> Confirmed letter of credit in respect of:		
- plant and machinery	481,396,471	1,066,038,792
- raw material	1,145,382,124	599,235,302
- stores and spares	54,118,870	65,461,931
	<b>1,680,897,465</b>	<b>1,730,736,025</b>

## **7 NET TURNOVER**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Export Sales		Local Sales		Total	
	31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Yarn	5,223,674,309	3,420,899,901	1,943,330,474	2,362,951,574	7,167,004,783	5,783,851,475
Fabric	5,024,928,241	3,372,263,545	4,215,837,512	3,155,232,820	9,240,765,753	6,527,496,365
Home textile products	2,308,924,373	1,996,239,743	4,576,157	3,861,600	2,313,500,530	2,000,101,343
Raw material	-	-	11,747,788	104,469,815	11,747,788	104,469,815
Waste	88,312,413	93,899,278	113,099,383	99,481,688	201,411,796	193,380,966
Processing income	-	-	70,033,198	45,263,414	70,033,198	45,263,414
Power Generation	-	-	3,287,562,600	1,184,593,310	3,287,562,600	1,184,593,310
	<b>12,645,839,336</b>	<b>8,883,302,467</b>	<b>9,646,187,112</b>	<b>6,955,854,221</b>	<b>22,292,026,448</b>	<b>15,839,156,688</b>
Export rebate					18,955,205	320,727,885
Less: Discounts to customers					(834,702,319)	(434,154,283)
					<b>21,476,279,334</b>	<b>15,725,730,290</b>

**7.1** Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.



# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

## **8 COST OF SALES**

	Note	(Un-audited) Half Year ended 31 December		(Un-audited) Quarter ended 31 December	
		2018	2017	2018	2017
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Finished goods - Opening stock		1,267,695,380	1,245,471,130	2,127,222,785	1,500,695,172
Cost of goods manufactured	8.1	17,608,636,424	13,036,618,069	9,237,976,373	6,343,569,738
Cost of raw material sold		12,204,883	169,570,200	5,051,228	109,370,618
Cost of sales - purchased for resale		220,908,423	55,926,975	192,058,800	24,021,344
Cost of sales owned manufactured		19,109,445,110	14,507,586,374	11,562,309,186	7,977,656,872
Finished goods - Closing stock		(2,785,522,095)	(1,378,687,384)	(2,785,522,095)	(1,378,687,384)
		<b>16,323,923,015</b>	<b>13,128,898,990</b>	<b>8,776,787,091</b>	<b>6,598,969,488</b>

  

	Note	(Un-audited) Half Year ended 31 December		(Un-audited) Quarter ended 31 December	
		2018	2017	2018	2017
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Work in process - opening stock		1,686,535,501	921,557,555	1,817,790,658	904,457,697
Raw materials consumed		9,976,105,945	7,242,259,439	4,992,745,634	3,381,173,894
Overheads		7,895,474,932	5,834,199,945	4,376,920,035	3,019,337,017
		19,558,116,378	13,998,016,939	11,187,456,327	7,304,968,608
Work in process - closing stock		(1,949,479,954)	(961,398,870)	(1,949,479,954)	(961,398,870)
		<b>17,608,636,424</b>	<b>13,036,618,069</b>	<b>9,237,976,373</b>	<b>6,343,569,738</b>

## **8.1 Cost of goods manufactured**

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

		(Un-audited) Half Year ended 31 December	
		2018	2017
		----- Rupees -----	
<b>9 CASH GENERATED FROM OPERATIONS</b>		<b>1,975,407,801</b>	<b>499,526,514</b>
Profit before taxation and share of profit of associated companies			
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation on operating fixed assets		1,595,621,794	865,814,794
Amortization of intangible assets		3,830,033	782,130
Interest income		(60,724,597)	(5,529,257)
Gain on sale of property, plant and equipment		(1,767,032)	(747,413)
Dividend income		(167,755,723)	(214,226,229)
Provision for gratuity		51,222,556	44,968,411
Credit balances written-back		(568,072)	(1,240,625)
Amortization of transaction cost		23,917,890	-
Provision for stores, spares and loose tools		1,721,796	801,093
Exchange differences		-	1,133,456
Finance cost		2,030,502,676	958,396,539
Rental income		-	(300,000)
		<b>3,476,001,321</b>	<b>1,649,852,899</b>
<b>Operating cash flow before changes in working capital</b>		<b>5,451,409,122</b>	<b>2,149,379,413</b>
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(47,020,567)	(66,331,434)
Stock-in-trade		(6,632,781,924)	(2,780,128,952)
Trade debts		119,228,742	(178,893,002)
Loans and advances		(100,560,670)	(542,032,979)
Trade deposits and short term prepayments		(2,089,235)	(17,168,306)
Other receivables		(435,240,828)	(189,212,185)
		<b>(7,098,464,482)</b>	<b>(3,773,766,858)</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		3,761,332,023	786,414,263
Contract liabilities		(20,908,605)	160,852,929
		<b>2,093,368,058</b>	<b>(677,120,253)</b>

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)** **FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

**10 SEGMENT ANALYSIS**
**10.1 SEGMENT RESULTS**

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	----- Rupees -----				
For the half year ended 31 December 2018 (Un-audited)					
Revenue - external customers	7,285,400,982	4,232,398,194	6,670,917,559	3,287,562,599	21,476,279,334
Inter - segment sales	2,175,204,370	778,931,025	557,078,967	-	3,511,214,362
Segment results	720,326,716	674,563,890	273,976,294	1,725,587,902	3,394,454,802
For the half year ended 31 December 2017 (Un-audited)					
Revenue - external customers	6,151,849,923	4,350,874,025	4,038,413,032	1,184,593,310	15,725,730,290
Inter - segment sales	1,622,307,348	649,002,121	423,738,013	-	2,695,047,482
Segment results	277,554,064	446,045,904	(154,508,957)	655,399,537	1,224,490,548

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

	(Un-audited 31 December 2018      2017 ----- Rupees -----)	
Total results for reportable segments	3,394,454,802	1,224,490,548
Other operating expenses	(99,365,210)	(51,152,238)
Other income	734,738,775	285,663,039
Finance Cost	(2,054,420,566)	(959,474,835)
Share of profit of associated companies	52,981,174	33,370,736
Profit before taxation	2,028,388,975	532,897,250
Taxation	(193,680,505)	(195,921,841)
Profit after taxation for the period	1,834,708,470	336,975,409

**10.2 SEGMENT ASSETS AND LIABILITIES**

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	----- Rupees -----				
As at 31 December 2018 (Un-audited)					
Segment assets	15,668,934,252	4,600,583,827	10,480,630,647	61,093,632,464	91,843,781,190
Segment liabilities	25,509,889,947	2,639,365,567	7,329,543,319	47,280,526,877	82,759,325,710
As at 30 June 2018 (Audited)					
Segment assets	10,281,873,413	5,211,651,310	8,249,556,698	45,167,099,941	68,910,181,362
Segment liabilities	19,952,179,577	2,311,737,080	5,622,178,903	32,814,077,509	60,700,173,069

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Reconciliation of segment assets and liabilities with total assets and liabilities is as follows:

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	----- Rupees -----	-----
<b>Total assets for reportable segments</b>	<b>91,843,781,190</b>	68,910,181,362
<b>Unallocated assets</b>	<b>13,276,569,241</b>	14,569,799,217
<b>Total as per statement of financial position assets</b>	<b>105,120,350,431</b>	83,479,980,579
<b>Total for reportable segments liabilities</b>	<b>82,759,325,710</b>	60,700,173,069
<b>Unallocated liabilities</b>	<b>1,042,230,070</b>	1,068,473,023
<b>Total liabilities as per statement of financial position</b>	<b>83,801,555,780</b>	61,768,646,092

### 11 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:

	(Un-audited) 31 December 2018	2017
	----- Rupees -----	-----
<b>Associates:</b>		
Sales / processing	942,933,016	732,954,668
Purchases	229,752,102	313,880,196
Electricity / steam purchased	6,851,402	103,756,630
Expenses charged by	4,226,269	3,836,645
Expenses charged to	22,103,130	20,164,821
Mark-up charged by	23,996,747	17,307,105
Dividend paid	209,971,634	-
Dividend received	32,501,100	18,474,652
Loans obtained - net	212,398,876	285,768,971
<b>Other related parties:</b>		
Contribution to provident fund	22,859,857	25,222,117
Remuneration to key management personnel	120,025,916	117,515,678
Loan from directors and related parties	167,583,000	-

### 12 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. half year ended December 31, 2017.

### 13 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized by the Board of Directors of Holding Company and authorized for issue on 26 February 2019.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director