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## ***Sapphire Textile Mills Limited*** ***Un-Consolidated Condensed Interim Financial Statements (Un-Audited)***

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## ***Consolidated Condensed Interim Financial Statements (Un-Audited)***

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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 Limited

Meezan Bank Limited

**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 Wattoan,

Bhubtian, 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, 2019 duly reviewed by External Auditors, who have issued a review report, which is annexed to the financial statements.

**Financial Review**

The Company's financial results have been quite encouraging. The Summary of key financial numbers are presented below:

	(Rupees in Thousand)	
	<b>December 31</b>	
	2019	2018
Net turnover	18,588,474	16,260,158
Gross Profit	3,308,380	2,500,238
Profit from Operations	2,698,794	2,193,572
Other Income	311,136	519,140
Finance cost	(1,226,647)	(903,135)
Profit before taxation	1,472,147	1,290,437
Profit after taxation	1,353,579	1,113,079

During the period the Company's net turnover increased from Rs.16.260 billion to Rs. 18.589 billion. The gross profit as a percentage of sales increased to 17.80% from 15.38% in the corresponding period. The increased profitability of the Company can be attributed to rationalization of energy prices for the export-oriented industry, currency adjustment, Company's continued emphasis on vertical integration and growth in sale of value-added products. The increase in interest rates is a challenge due to high cost of borrowing for working capital. The finance cost during the period increased to Rs.1.226 billion representing 6.60% of sales from Rs.0.903 billion representing 5.55% of sales in the corresponding period.

**Earnings per Share**

The earnings per share for the half year ended December 31, 2019 is Rs. 63.95 as compared to Rs. 52.76 for previous year's corresponding period.

**Future Prospects**

The Government through its policies is quite supportive of textile exports. The biggest challenge for the textile industry is the lower domestic cotton crop and the high markup rates. Overall demand for value added products is robust and the Company is also growing in this direction.

**Acknowledgment**

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

On behalf of the Board

Lahore  
Dated: February 26, 2020

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران نہایت مسرت کے ساتھ 31 دسمبر 2019ء 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:

مالیاتی نتائج درج ذیل ہیں:

31 دسمبر 2018	31 دسمبر 2019	رقم ہزاروں میں
16,260,158	18,588,474	نیٹ کل فروخت
2,500,238	3,308,380	مجموعی منافع
2,193,572	2,698,794	کاروباری منافع
519,140	311,136	دیگر ذرائع سے آمدنی
(903,135)	(1,226,647)	مالیاتی لاگت
1,290,437	1,472,147	قبل از ٹیکس منافع
1,113,079	1,353,579	بعد از ٹیکس منافع

رواں سال کی پہلی ششماہی میں کمپنی نے 18.589 ملین کی فروخت حاصل کی جبکہ گزشتہ سال اسی مدت میں فروخت 16.260 ملین تھی۔ شرح کل منافع فروخت کا 17.80 فیصد تھا جبکہ یہی شرح گزشتہ سال کی اسی مدت میں 15.38 فیصد تھی۔ کمپنی کے بڑھتے ہوئے منافع کا سبب برآمدی صنعت کے لئے توانائی کی قیمتوں میں توازن، روپے کی قدر میں اتار چڑھاؤ، کمپنی کا مستقل عمودی انضمام پر زور، ویلیووائڈ مصنوعات فروخت میں اضافہ ہے۔ شرح سود میں اضافہ کاروباری لاگت کے لیے ایک چیلنج ہے۔ رواں سال کی پہلی ششماہی کیلئے سود اخراجات 1.226 ملین روپے رہے جو کہ فروخت کا 6.60 فیصد ہے۔ جبکہ گزشتہ سال اسی مدت میں سود اخراجات 0.903 ملین روپے رہے جو کہ فروخت کا 5.55 فیصد تھا۔

آمدنی فی حصص:

31 دسمبر 2019ء کو ختم ہونے والے ششماہی کیلئے آمدنی فی حصص 63.95 روپے ہے جبکہ پچھلے سال کی اسی مدت میں یہ 52.76 روپے تھی۔

مستقبل کا منظر نامہ:

حکومت کی پالیسیاں ٹیکسٹائل کی برآمدات کے لئے کافی مددگار ہے۔ ٹیکسٹائل کی صنعت کے بڑے چیلنجز کپاس کی فصل میں کمی اور شرح سود میں اضافہ ہے۔ ویلیووائڈ مصنوعات کی مجموعی طور پر مانگ مضبوط ہوئی ہے اور کمپنی بھی اس سمت میں بڑھ رہی ہے۔

اظہار تشکر:

کمپنی اپنے ڈائریکٹران، 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 2020ء

***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 un-consolidated condensed interim statement of financial position of **Sapphire Textile Mills Limited** as at **31 December 2019** and the related un-consolidated condensed interim statement of profit or loss, un-consolidated condensed interim statement of other comprehensive income, un-consolidated condensed interim statement of changes in equity, un-consolidated condensed interim statement of cash flows and notes to the un-consolidated 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 un-consolidated condensed interim statement of profit or loss, un-consolidated condensed interim statement of other comprehensive income and related notes for the quarter ended 31 December 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2019.

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

**EY Ford Rhodes**

Chartered Accountants

Lahore :

Dated : 26 February 2020

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2019

	Note	(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	12,676,695,796	12,679,723,703
Investment property		31,750,000	31,750,000
Intangible assets		258,333	627,039
Long term investments	6	15,580,846,130	14,256,507,418
Long term loans and advances		50,666,668	51,343,927
Long term deposits		87,684,092	87,909,092
		<b>28,427,901,019</b>	<b>27,107,861,179</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		427,872,706	393,812,720
Stock in trade		10,241,282,138	7,481,967,254
Trade debts		2,776,899,823	2,197,892,804
Loans and advances		127,923,419	72,388,577
Trade deposits and short term prepayments		30,846,932	6,688,684
Other receivables		1,001,937,575	921,899,641
Short term investments		4,391,773,923	4,030,717,707
Tax refund due from government		2,166,398,796	1,901,803,432
Cash and bank balances		155,470,745	96,759,191
		<b>21,320,406,057</b>	<b>17,103,930,010</b>
<b>TOTAL ASSETS</b>		<b>49,748,307,076</b>	<b>44,211,791,189</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid up capital		216,897,910	200,831,400
Reserves		19,409,963,487	16,181,248,942
		<b>19,626,861,397</b>	<b>16,382,080,342</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		11,413,741,843	12,257,108,436
Deferred liabilities		428,725,838	509,584,337
		<b>11,842,467,681</b>	<b>12,766,692,773</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,647,526,224	3,442,588,442
Contract liabilities		1,069,452,755	850,602,812
Accrued Interest / mark-up		450,386,351	320,423,966
Unclaimed dividend		1,727,377	1,795,457
Short term borrowings		10,547,181,012	7,797,508,535
Current portion of long term financing		2,042,787,394	2,001,251,085
Provision for taxation		519,916,885	648,847,777
		<b>18,278,977,998</b>	<b>15,063,018,074</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49,748,307,076</b>	<b>44,211,791,189</b>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

	Note	Half Year Ended		Quarter Ended	
		31 December		31 December	
		2019	2018	2019	2018
		( Rupees )	( Rupees )	( Rupees )	( Rupees )
Net turnover	8	18,588,473,542	16,260,158,064	9,496,558,452	8,165,426,183
Cost of sales	9	(15,280,093,308)	(13,759,919,566)	(7,744,428,502)	(6,936,948,821)
<b>Gross profit</b>		<b>3,308,380,234</b>	<b>2,500,238,498</b>	<b>1,752,129,950</b>	<b>1,228,477,362</b>
Distribution cost		(545,688,597)	(521,655,007)	(273,058,680)	(243,814,146)
Administrative expenses		(234,637,614)	(211,478,051)	(118,857,932)	(110,780,201)
Other operating expenses		(140,396,144)	(92,673,975)	(83,025,210)	(50,506,327)
Other income		311,136,009	519,140,458	141,477,571	385,693,498
		(609,586,346)	(306,666,575)	(333,464,251)	(19,407,176)
<b>Profit from operations</b>		<b>2,698,793,889</b>	<b>2,193,571,923</b>	<b>1,418,665,700</b>	<b>1,209,070,186</b>
Finance cost		(1,226,646,971)	(903,134,843)	(621,004,036)	(538,817,811)
<b>Profit before taxation</b>		<b>1,472,146,918</b>	<b>1,290,437,080</b>	<b>797,661,664</b>	<b>670,252,375</b>
<b>Taxation</b>					
Current					
- for the period		(222,478,358)	(178,887,917)	(108,924,604)	(61,104,102)
- prior year		(516,265)	834,128	(516,265)	834,128
Deferred		104,426,405	696,053	101,271,056	(4,160,972)
		(118,568,218)	(177,357,736)	(8,169,813)	(64,430,946)
<b>Profit after taxation for the period</b>		<b>1,353,578,700</b>	<b>1,113,079,344</b>	<b>789,491,851</b>	<b>605,821,429</b>
<b>Earnings per share - basic and diluted</b>		<b>63.95</b>	Restated 52.76	<b>37.18</b>	Restated 28.72

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

	Half Year Ended 31 December		Quarter Ended 31 December	
	2019	2018	2019	2018
	( Rupees )	( Rupees )	( Rupees )	( Rupees )
<b>Profit after taxation for the period</b>	<b>1,353,578,700</b>	<b>1,113,079,344</b>	<b>789,491,851</b>	<b>605,821,429</b>
<b>Other comprehensive income:</b>				
<b>Items to be reclassified to profit or loss in subsequent period:</b>				
<b>Forward foreign currency contracts</b>				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	20,839,139	-	(3,801,183)	35,074,636
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	-	(17,651,047)	-	(35,302,094)
	20,839,139	(17,651,047)	(3,801,183)	(227,458)
(Loss) / Gain on debt instruments at fair value through other comprehensive income	(625,000)	-	1,425,994	-
<b>Items not be reclassified to profit or loss in subsequent years:</b>				
Net gain/ (loss) on equity instruments at fair value through other comprehensive income	1,823,359,731	(1,779,821,715)*	2,041,469,406	(1,377,656,418)*
Gain on disposal of investments at fair value through OCI	35,929,308	-	35,929,308	-
	1,859,289,039	(1,779,821,715)	2,077,398,714	(1,377,656,418)
<b>Other comprehensive income / (loss) for the period</b>	<b>1,879,503,178</b>	<b>(1,797,472,762)</b>	<b>2,075,023,525</b>	<b>(1,377,883,876)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>3,233,081,878</b>	<b>(684,393,418)</b>	<b>2,864,515,376</b>	<b>(772,062,447)</b>

\*Refer to note 3.2.

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director

# UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Capital Reserves				Revenue Reserves				
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on investments available for sale	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	Unappropriated profit	Total Equity
	200,831,400	156,202,200	65,000,000	587,918,606	-	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
	-	-	-	(587,918,606)	587,918,606	-	-	-	-
	200,831,400	156,202,200	65,000,000	-	587,918,606	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
	-	-	-	-	-	-	-	1,113,079,344	1,113,079,344
	-	-	-	-	(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)
	-	-	-	-	-	-	-	(321,330,240)	(321,330,240)
	200,831,400	156,202,200	65,000,000	-	(1,191,903,109)	-	1,330,000,000	14,456,401,053	15,016,531,544
	200,831,400	156,202,200	65,000,000	-	(1,264,743,649)	-	1,330,000,000	15,894,790,391	16,382,080,342
	-	-	-	-	-	-	-	1,353,578,700	1,353,578,700
	-	-	-	-	-	-	-	(108,799,583)	(108,799,583)
	-	-	-	-	1,858,664,039	20,839,139	-	-	1,879,503,178
	-	-	-	-	1,858,664,039	20,839,139	-	1,244,779,117	3,124,282,295
	-	-	-	-	(35,929,308)	-	-	35,929,308	-
	16,066,510	626,593,890	-	-	-	-	-	-	642,660,400
	-	-	-	-	-	-	-	(522,161,640)	(522,161,640)
	216,897,910	782,796,090	65,000,000	-	557,991,082	20,839,139	1,330,000,000	16,653,337,176	19,626,861,397

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Note	Half Year Ended	
	31 December	
	2019	2018
	( Rupees )	( Rupees )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	10 (23,325,547)	(2,790,287,173)
Long term loans and deposits	902,259	(1,679,148)
Finance cost paid	(1,102,797,590)	(779,180,532)
Staff retirement benefits - gratuity paid	(36,491,846)	(31,339,464)
Taxes paid	(575,230,477)	(359,651,321)
	(1,713,617,654)	(1,171,850,465)
Net cash used in operating activities	(1,736,943,201)	(3,962,137,638)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(629,208,195)	(1,617,014,693)
Investment in subsidiary	(15,760,000)	(1,000,000,000)
Short term investment in equity instruments	(74,958,830)	-
Loans to subsidiaries	-	482,000,000
Proceeds from disposal of property, plant and equipment	97,638,732	122,486,447
Proceeds from sale of investments	80,337,940	-
Dividend received	256,426,465	480,819,546
Interest received	5,213,534	9,907,518
Rental income received	-	315,000
Net cash used in investing activities	(280,310,354)	(1,521,486,182)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	2,741,976,155	5,750,720,095
Proceeds from long term financing	67,700,000	431,836,000
Repayment of long term financing	(869,530,285)	(368,545,837)
Share issuance	642,660,400	-
Dividend paid	(522,229,720)	(320,309,317)
Net cash generated from financing activities	2,060,576,550	5,493,700,941
<b>Net increase in cash and cash equivalents</b>	<b>43,322,995</b>	<b>10,077,121</b>
Cash and cash equivalents at the beginning of the period	96,759,191	54,608,611
Transfer upon merger	7,692,237	-
<b>Cash and cash equivalents at the end of the period</b>	<b>147,774,423</b>	<b>64,685,732</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	155,470,745	89,210,957
Book overdrafts - unsecured	(7,696,322)	(24,525,225)
<b>Cash and cash equivalents at the end of the period</b>	<b>147,774,423</b>	<b>64,685,732</b>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

Nadeem Abdullah  
Chief Executive

Abdul Sattar  
Chief Financial Officer

Mohammad Abdullah  
Director

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

### 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 locations:

BUSINESS UNIT	LOCATION
<b>Production Plants</b>	
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 Wattoan, Sheikhpura.
Weaving and Yarn Dying	2-KM, Warburtan Road, Feroze Wattoan, Sheikhpura.
Printing, Processing and Home Textile	2-KM, Warburtan Road, Feroze Wattoan, Sheikhpura.
Stitching	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore
<b>Registered Office</b>	
Karachi	212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These unconsolidated 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 unconsolidated 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 2019.
- 2.3** These unconsolidated 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 unconsolidated 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 Pak 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.

- 2.6** The figures of the un-consolidated condensed interim statement of profit or loss, un-consolidated condensed interim statement of other comprehensive income and related notes for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of unconsolidated condensed interim financial statements are consistent with those followed in the preparation of annual financial statements for the year ended 30 June 2019, except for the adoption of new standards with are effective for annual period beginning on 01 July 2019, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19	Plant Amendment, Curtailment or Settlement — (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after 01 June 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information, except for the following:

#### **Impact on adoption of IFRS 16**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The adoption of IFRS 16 did not have material impact on the amounts recognized in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of cash flows or earnings per share as the Company does not have any operating lease contract which is not short term or of immaterial value.

- 3.2** "The Company has adopted IFRS 9, Financial Instruments while preparing its annual financial statements for the year ended 30 June 2019. However, for the comparative period presented in these condensed interim financial statements, the Securities and Exchange Commission of Pakistan (SECP) vide its notification dated 14 February 2019 had deferred the adoption of IFRS 9 particularly for that period. Therefore the condensed interim financial statements for the six months ended 31 December 2018 did not include the impact of adoption of this standard.

Gain or (loss) on the Company's equity investments was previously classified under items to be reclassified to profit or loss in subsequent periods in the statement of comprehensive income, as required under the accounting framework prior to adoption of IFRS 9. Due to adoption of IFRS 9, such gains / (losses) are being classified as items not to be reclassified to profit or loss in subsequent periods.

Comparatives for the six months ended 31 December 2019 have been restated in these financial statements to bring them in line with requirements of IFRS 9 for consistency in accounting for gain / (loss) on the investments at fair value through other comprehensive income throughout the period from 01 July 2018 to 30 June 2019 i.e. reclassification as items not to be reclassified to profit or loss in subsequent periods as required under IFRS 9."

### **3.3 Operating segment disclosure**

Disclosure of operating segments has been made in consolidated condensed interim financial statements of the Company.

## **4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these unconsolidated 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 this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

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 2019.

	<b>Note</b>	<b>(Un-audited) 31 December 2019 ( Rupees )</b>	<b>(Audited) 30 June 2019 ( Rupees )</b>
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	<b>5.1</b>	<b>12,297,599,194</b>	12,209,645,502
Capital work-in-progress	<b>5.2</b>	<b>379,096,602</b>	470,078,201
		<b><u>12,676,695,796</u></b>	<u>12,679,723,703</u>
<b>5.1 Operating fixed assets</b>			
<b>Opening book value</b>		<b>12,209,645,502</b>	11,023,834,392
Cost of additions during the period/year		<b>720,189,796</b>	2,581,268,695
Book value of disposals during the period/year	<b>5.1.1</b>	<b>(27,747,601)</b>	(237,218,795)
		<b>692,442,195</b>	2,344,049,900
Depreciation during the period/year		<b>(604,488,503)</b>	(1,158,238,790)
		<b>87,953,692</b>	1,185,811,110
<b>Closing book value</b>		<b><u>12,297,599,194</u></b>	<u>12,209,645,502</u>

**5.1.1** The cost of additions and book value of disposals to operating fixed assets during the half year ended 31 December 2019 and year ended 30 June 2019 are as follows.

	(Un-Audited) 31 December 2019		(Audited) 30 June 2019	
	Addition Cost	Disposal Book Value	Addition Cost	Disposal Book Value
	( Rupees )	( Rupees )	( Rupees )	( Rupees )
Land:				
Freehold	434,500	-	-	-
On Freehold land:				
Factory buildings	88,331,597	-	781,042,678	-
Labour, staff colony and others	48,381,956	-	90,622,353	-
Office buildings	-	-	17,449,500	-
On lease hold land:				
Factory buildings	-	-	7,268,313	-
Labour, staff colony and others	-	-	8,888,663	-
Plant & machinery	466,684,662	10,143,285	1,514,057,567	150,072,334
Electric installations	16,281,336	-	35,849,684	14,552
Fire Fighting equipment	2,629,700	-	6,567,902	-
Electric equipments	47,095,229	-	46,244,821	5,192
Computers	3,752,457	71,307	12,862,294	483,869
Office equipments	-	-	1,276,298	-
Mills equipments	8,449,010	-	8,939,703	-
Furniture & fixtures	21,316,728	-	10,157,249	-
Vehicles	16,832,621	17,533,009	40,041,670	86,642,848
	<b>720,189,796</b>	<b>27,747,601</b>	<b>2,581,268,695</b>	<b>237,218,795</b>
			(Un-audited) 31 December 2019	(Audited) 30 June 2019
		Note	( Rupees )	( Rupees )
<b>5.2 Capital work-in-progress</b>				
Advance for land			57,000,000	84,500,000
Civil works and buildings			174,519,666	154,608,429
Plant and machinery			137,701,463	184,923,436
Electric equipments			7,757,476	-
Electric installations			1,399,397	44,904,336
Computers			718,600	642,000
Advance for vehicles			-	500,000
			<b>379,096,602</b>	<b>470,078,201</b>
<b>6 LONG TERM INVESTMENTS</b>				
<b>Related parties - at cost:</b>				
Subsidiaries - unlisted	6.1		9,522,423,070	9,630,113,070
Associates - listed			8,461,851	8,461,851
Associates - unlisted			467,514,425	467,514,425
			475,976,276	475,976,276
<b>Other companies - Fair value through other comprehensive income 6.2</b>			5,582,446,784	4,150,418,072
			<b>15,580,846,130</b>	<b>14,256,507,418</b>



## 6.1 Investments in subsidiary companies - unlisted

			(Un-audited) 31 December 2019	(Audited) 30 June 2019
No. of Shares	Name of Company	Note	( Rupees )	( Rupees )
<b>December 2019 (Unaudited)</b>	<b>June 2019 (Audited)</b>			
228,228,737	228,228,737	<b>Sapphire Wind Power Company Limited</b>	<b>2,282,287,370</b>	2,282,287,370
-	10,000	<b>Sapphire Tech (Private) Limited</b>	-	100,000
		Less: Impairment charged	-	(100,000)
			-	-
-	1,000	<b>Sapphire Solar (Private) Limited</b>	-	10,000
		Less: Impairment charged	-	(10,000)
			-	-
200,000,000	200,000,000	<b>Sapphire Retail Limited</b>	<b>2,000,000,000</b>	2,000,000,000
475,051,500	475,051,500	<b>Triconboston Consulting Corporation (Private) Limited</b>	<b>5,224,375,700</b>	5,224,375,700
-	1,234,500	<b>Sapphire Renewables Limited</b>	-	123,450,000
673,780	-	<b>Sapphire International ApS</b>	<b>15,760,000</b>	-
			<b>9,522,423,070</b>	<b>9,630,113,070</b>

- 6.1.1 On 29 October 2019, the Board of Directors of the Company passed a resolution approving a Scheme of Amalgamation under Section 284 of the Companies Act, 2017, to amalgamate its wholly owned subsidiaries, Sapphire Solar (Private) Limited (SSPL), Sapphire Tech (Private) Limited (STPL) and Sapphire Renewables Limited (SRL) with and into the Company. As such, as of the Completion Date of 31 December 2019, the entire undertaking of SSPL, STPL and SRL stands merged with and into the Company. As a result the entire business of SSPL, STPL and SRL including its properties, assets, liabilities and rights and obligations vested into the Company. Since SSPL, STPL, SRL were group companies under common control, the merger has been accounted for as a common control transaction. The acquired net assets of SSPL, STPL and SRL are included in the financial statements of the Company at the same carrying values as recorded in SSPL's, STPL's and SRL's own financial statements as on 31 December 2019. The results and the statement of financial position of SSPL, STPL and SRL are consolidated prospectively from the date of merger.

Under merger accounting, the carrying values of the assets and liabilities of the parties to the combination are as follows:

	Carrying value on the date of merger			Total
	SSPL	STPL	SRL	
<b>Assets</b>	-----Rupees-----			
Deposits and other receivables	-	-	6,827,900	6,827,900
Cash at bank	22,618	90,690	7,578,929	7,692,237
Income tax recoverable	-	-	442,260	442,260
	<b>22,618</b>	<b>90,690</b>	<b>14,849,089</b>	<b>14,962,397</b>
<b>Liabilities</b>				
Accrued and other liabilities	80,170	140,170	-	220,340
Short term loans	2,500,662	138,738	-	2,639,400
Withholding sales tax payable	-	-	91,640	91,640
	<b>2,580,832</b>	<b>278,908</b>	<b>91,640</b>	<b>2,951,380</b>
<b>Net assets acquired</b>	<b>(2,558,214)</b>	<b>(188,218)</b>	<b>14,757,449</b>	<b>12,011,017</b>

Reconciliation of the net assets acquired to amount transferred to reserves is as follows:

	Amount ( Rupees )
Net assets acquired	12,011,017
Less: Investment in subsidiaries	(123,450,000)
	(111,438,983)
Short term loan receivable - written off	2,639,400
Net loss transferred to reserves	(108,799,583)

- 6.1.2 The Company has incorporated <sup>a</sup> wholly owned subsidiary in Kolding, Denmark for the facilitation of its exports.



6.2	No. of Shares		Name of Company	2019	2019
	December 2019 (Unaudited)	June 2019 (Audited)		( Rupees ) (Un-audited)	( Rupees ) (Audited)
				31 December	30 June
	<b>Quoted</b>				
	4,061,840	4,061,840	MCB Bank Limited	217,880,150	217,880,150
			Add: Adjustment arising from measurement at fair value	614,553,339	490,707,838
				832,433,489	708,587,988
	29,623,714	29,623,714	Habib Bank Limited	5,926,153,79	5,926,153,798
			Add: Adjustment arising from measurement at fair value	(1,262,788,740)	(2,570,971,950)
				4,663,365,059	3,355,181,848
	<b>Unquoted</b>				
	7,055,985	7,055,985	Novelty Enterprises (Private) Limited	86,148,236	86,148,236
	50,000	50,000	TCC Management Services (Private) Limited	500,000	500,000
				5,582,446,784	4,150,418,072

## 7 CONTINGENCIES AND COMMITMENTS

### Contingencies

- 7.1 Guarantees issued by banks on behalf of the Company 617,943,587 617,943,587
- 7.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at 31 December 2019 the value of these cheques amounted to Rs.982.250 million (30 June 2019: Rs.720.484 million).
- 7.3 There is no change in status of the contingencies as disclosed in notes from 30.3 and 30.4 of the audited annual financial statements of the Company for the year ended 30 June 2019.

	Note	(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
<b>Commitments</b>			
<b>Commitments in respect of:</b>			
- letter of credit	7.4	3,346,240,911	1,055,047,702
- capital expenditure	7.5	30,997,026	128,731,342
		<u>3,377,237,937</u>	<u>1,183,779,044</u>
7.4 Confirmed letter of credit in respect of:			
- plant and machinery		990,407,020	297,630,174
- raw material		2,314,383,666	706,206,126
- stores and spares		41,450,225	51,211,402
		<u>3,346,240,911</u>	<u>1,055,047,702</u>
7.5 This includes commitments for payments to be made to various construction companies for the construction and extension on existing building at multiple plants of the Company.			

**8 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	
	2019	2018	2019	2018	2019	2018
	----- Rupees -----					
Yarn	5,310,930,697	5,223,674,309	2,562,250,235	1,943,389,374	7,873,180,932	7,167,063,683
Fabric	5,046,309,524	5,024,928,241	681,607,917	346,998,600	5,727,917,441	5,371,926,841
Home textile products	3,301,456,506	2,302,840,787	51,140,246	56,588,750	3,352,596,752	2,359,429,537
Raw material	-	-	2,845,934	11,747,788	2,845,934	11,747,788
Waste	120,356,696	88,312,413	163,333,705	113,099,383	283,690,401	201,411,796
Processing income	-	-	906,307,788	1,129,623,214	906,307,788	1,129,623,214
	<b>13,779,053,423</b>	12,639,755,750	<b>4,367,485,825</b>	3,601,447,109	<b>18,146,539,248</b>	16,241,202,859
Export rebate					<b>441,934,294</b>	18,955,205
					<b>18,588,473,542</b>	16,260,158,064

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

	Note	(Un-Audited) Half Year ended 31 December		(Un-Audited) Quarter ended 31 December	
		2019	2018	2019	2018
		( Rupees )	( Rupees )	( Rupees )	( Rupees )
<b>9 COST OF SALES</b>					
Finished goods - Opening stock		1,491,189,252	850,821,494	1,665,965,268	1,129,898,469
Cost of goods manufactured	9.1	15,530,732,201	14,431,301,008	7,829,388,074	7,336,406,943
Cost of raw material sold		15,272,775	12,204,883	6,176,080	5,051,228
		<b>17,037,194,228</b>	15,294,327,385	<b>9,501,529,422</b>	8,471,356,640
Finished goods - Closing stock		(1,757,100,920)	(1,534,407,819)	(1,757,100,920)	(1,534,407,819)
		<b>15,280,093,308</b>	13,759,919,566	<b>7,744,428,502</b>	6,936,948,821

9.1	Cost of goods manufactured	(Un-Audited) Half Year ended 31 December		(Un-Audited) Quarter ended 31 December	
		2019	2018	2019	2018
		( Rupees )	( Rupees )	( Rupees )	( Rupees )
	Work in process - opening stock	589,256,549	478,749,878	714,968,350	507,596,154
	Raw material consumed	10,810,267,932	9,875,441,578	5,397,207,370	4,951,412,087
	Overheads	4,870,387,399	4,562,393,846	2,456,392,033	2,362,682,996
		16,269,911,880	14,916,585,302	8,568,567,753	7,821,691,237
	Work in process - closing stock	(739,179,679)	(485,284,294)	(739,179,679)	(485,284,294)
		15,530,732,201	14,431,301,008	7,829,388,074	7,336,406,943

10	CASH USED IN OPERATIONS	(Un-audited) Half Year ended 31 December	
		2019	2018
		( Rupees )	( Rupees )
	Profit before taxation	1,472,146,918	1,290,437,080
	<b>Adjustments for non-cash charges and other items:</b>		
	Depreciation on operating fixed assets	604,488,503	550,927,993
	Amortization of intangible assets	368,705	704,074
	Interest income	(5,213,534)	(13,813,093)
	Gain on sale of property, plant and equipment	(3,130,230)	(1,748,978)
	Dividend income	(256,426,465)	(480,237,046)
	Provision for gratuity	60,059,752	51,222,556
	(Reversal of) / provision for stores, spares and loose tools	(9,257,434)	1,721,796
	Credit balance written back	-	(568,072)
	Provision against doubtful sales tax refundable	19,351,862	-
	Finance cost	1,232,759,975	903,134,843
	Rental income	(300,000)	(300,000)
		1,642,701,135	1,011,044,073
	Operating cash flow before changes in working capital	3,114,848,052	2,301,481,153
	<b>Changes in working capital</b>		
	<b>(Increase) / decrease in current assets</b>		
	Stores, spares and loose tools	(24,802,554)	(48,099,545)
	Stock-in-trade	(2,759,314,884)	(5,570,885,619)
	Trade debts	(579,007,019)	380,904,592
	Loans and advances	(55,534,842)	(39,491,682)
	Trade deposits and short term prepayments	(17,330,348)	(12,686,177)
	Other receivables	(125,659,697)	1,314,380
		(3,561,649,344)	(5,288,944,051)
	<b>Increase/ (decrease) in current liabilities</b>		
	Trade and other payables	204,625,802	218,084,329
	Contract liabilities	218,849,943	(20,908,605)
		(23,325,546)	(2,790,287,173)

**11 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:

	<b>(Un-audited)</b>	
	<b>Half Year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>( Rupees )</b>	<b>( Rupees )</b>
<b>Subsidiaries:</b>		
Sales / processing	1,275,651,395	1,170,200,998
Investment made	15,760,000	1,000,000,000
Loans recovered	-	(482,000,000)
Expenses charged to	273,778	220,686
Markup charged to	-	12,822,179
Rental Income	300,000	300,000
Dividend received	-	279,999,998
<b>Associates:</b>		
Sales / processing	1,240,264,298	942,933,016
Purchases	83,732,087	229,752,102
Electricity / steam purchased	-	6,851,402
Expenses charged by	2,702,926	4,226,269
Expenses charged to	20,162,462	22,103,130
Markup charged by	31,305,046	23,996,747
Dividend received	53,546,540	32,501,100
Dividend paid	126,829,352	89,971,632
Loans obtained - net	259,284,981	212,398,876
Right shares issued	200,158,000	-
<b>Other related parties:</b>		
Contribution to provident fund	24,216,877	20,250,855
Loans from directors and others - net	(167,583,000)	167,583,000
Right shares issued	394,444,400	-
Donation	11,950,000	-
Remuneration to key management personnel	28,135,192	23,084,762

**12 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the unconsolidated condensed interim statement of financial position comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June 2019 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 31 December 2018.

**13 FINANCIAL INSTRUMENTS**

	(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
<b>13.1 Fair value of financial instruments</b>		
<b>FINANCIAL ASSETS</b>		
<b>Debt instruments at amortised cost</b>		
Long term deposits	87,684,092	87,909,092
Trade debts	2,776,899,823	2,197,892,804
Loan to employees	50,666,668	51,343,927
Trade deposits	10,857,893	4,065,140
Other receivables	859,986,889	822,655,494
Bank balances	139,795,430	95,242,191
	<b>3,925,890,795</b>	<b>3,259,108,648</b>
<b>Debt instruments at fair value through OCI</b>		
Habib Bank Limited TFCs	49,375,000	-
Sales tax refund bonds	-	53,443,295
	<b>49,375,000</b>	<b>53,443,295</b>
<b>Equity instruments at fair value through OCI</b>		
Quoted equity shares	9,838,197,470	7,991,044,248
Unquoted equity shares	86,648,236	86,648,236
	<b>9,924,845,706</b>	<b>8,077,692,484</b>
<b>Total current</b>	<b>8,129,938,958</b>	<b>6,951,887,850</b>
<b>Total non current</b>	<b>5,770,172,543</b>	<b>4,438,356,577</b>
<b>FINANCIAL LIABILITIES</b>		
<b>At amortized cost</b>		
Trade and other payables	2,978,565,373	2,781,266,216
Accrued interest / mark-up	450,386,351	320,423,966
Unclaimed dividend	1,727,377	1,795,457
Secured bank loan	13,456,529,236	12,257,108,436
Bank overdrafts	7,696,322	-
Short term finances from banks	10,539,484,690	9,560,916,620
Other current loans	-	237,843,000
	<b>27,434,389,349</b>	<b>25,159,353,695</b>
<b>Total current</b>	<b>16,020,647,506</b>	<b>12,580,025,836</b>
<b>Total non current</b>	<b>11,413,741,843</b>	<b>12,579,327,859</b>

**13.2 Fair value of financial instruments**

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

**13.3 Fair value hierarchy**

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

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

Level 1. Quoted market price (unadjusted) in an active market for identical instrument.

Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The main level of inputs used by the Company for its financial assets are derived and evaluated as follows:

	<b>Level 1</b> <b>(Rupees)</b>	<b>Level 2</b> <b>(Rupees)</b>	<b>Level 3</b> <b>(Rupees)</b>
<b>As at 31 December 2019</b>			
<b>Assets carried at fair value</b>			
Debt instruments at fair value through OCI	<b>49,375,000</b>	-	-
Equity instruments at fair value through OCI	<b>9,838,197,470</b>	-	<b>86,648,236</b>
	<b>9,887,572,470</b>	-	<b>86,648,236</b>
<b>As at 30 June 2019</b>			
<b>Assets carried at fair value</b>			
Debt instruments at fair value through OCI	-	53,443,295	-
Equity instruments at fair value through OCI	7,991,044,248	-	86,648,236
	7,991,044,248	53,443,295	86,648,236

**14 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorized by the Board of Directors of the Company and authorized for issue on 26 February 2020.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director

*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 and Sapphire International APS it is our pleasure to present Directors' Report with Un-Audited Consolidated Financial Statements for the half year ended December 31, 2019.

**Sapphire Wind Power Company Limited**

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

**Sapphire Retail Limited**

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

**Tricon Boston Consulting Corporation (Private) Limited**

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

**Sapphire International APS**

Sapphire International APS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Company.

On behalf of the Board

Lahore  
Dated: February 26, 2020

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

سیفائر وونڈ پاور کمپنی لمیٹڈ، سیفائر ٹیکسٹائل لمیٹڈ، ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ اور سیفائر انٹرنیشنل APS کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ہم غیر آڈٹ شدہ مجموعی مالیاتی گوشوارے برائے ششماہی مدت ختمہ 31 دسمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

## سیفائر وونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سیفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد ملکیت بینک الفلاح لمیٹڈ کے پاس ہے۔ کمپنی نے 52.80 میگا واٹ گنجائش کا حامل ایک وونڈ فارم قائم کیا ہے جس نے اپنی تجارتی پیداوار کا آغاز نومبر 2015 میں کر دیا تھا، یہ پروجیکٹ بہترین صنعتی طور طریقوں کے مطابق چل رہا ہے اور تسلی بخش نتائج فراہم کر رہا ہے۔

## سیفائر ٹیکسٹائل لمیٹڈ

سیفائر ٹیکسٹائل لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت میں ذیلی کمپنی ہے۔ ذیلی کمپنی کا بنیادی کاروبار ”سیفائر برانڈ“ کے نام سے خوردہ فروشی کے آؤٹ لیٹس چلانا ہے، جس میں ٹیکسٹائل اور دیگر مصنوعات فروخت کی جاتی ہیں۔

## ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کی تشکیل پاکستانی قوانین کے تحت ہوئی اور اس وقت تین پروجیکٹس جھمپیر میں چلا رہی ہے جن میں سے ہر ایک کی گنجائش 50 میگا واٹ ہے۔ تمام پروجیکٹس نے ستمبر 2018 میں کامیابی کے ساتھ تجارتی پیداوار کا آغاز کر دیا ہے۔

## سیفائر انٹرنیشنل APS

سیفائر انٹرنیشنل APS ایک لمیٹڈ (محدود ذمہ داری کی حامل) کمپنی ہے جس کی تشکیل ڈنمارک میں ہوئی جس کا مقصد کمپنی کی برآمدات کو مضبوط کرنا ہے۔

## منجانب بورڈ

محمد عبداللہ

ڈائریکٹر

ندیم عبداللہ

چیف ایگزیکٹو

لاہور

مورخہ: 26 فروری 2020



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT 31 December 2019

		(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	63,802,922,872	67,853,221,445
Investment property		31,750,000	31,750,000
Intangible assets		459,762,200	457,922,727
Long term investments		6,811,960,115	5,392,557,086
Long term loans and advances		50,666,668	51,343,927
Long term deposits and prepayments		225,319,632	255,063,553
		71,382,381,487	74,041,858,738
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		680,600,293	639,876,314
Stock in trade		12,610,065,011	9,737,203,625
Trade debts		8,779,351,176	5,587,782,714
Loans and advances		192,031,114	137,705,316
Trade deposits and short term prepayments		94,541,176	58,776,966
Other receivables		881,641,706	2,946,182,241
Short term investments		4,391,773,923	4,030,717,707
Tax refunds due from Government		2,226,843,624	1,762,118,693
Cash and bank balances		5,658,852,663	4,414,025,673
		35,515,700,686	29,314,389,249
<b>TOTAL ASSETS</b>		<b>106,898,082,173</b>	<b>103,356,247,987</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		216,897,910	200,831,400
Reserves		23,172,884,623	17,938,008,345
Equity attributable to equity holders of the parent		23,389,782,533	18,138,839,745
Non-controlling interest		7,362,379,748	6,204,799,788
<b>Total Equity</b>		<b>30,752,162,281</b>	<b>24,343,639,533</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		50,307,129,159	55,768,661,310
Deferred liabilities		359,502,924	439,447,411
Lease liabilities		46,338,627	10,644,971
		50,712,970,710	56,218,753,692
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,305,096,711	5,089,972,393
Contract liabilities		1,069,452,754	850,602,812
Accrued Interest / mark-up		613,547,060	539,247,498
Unclaimed dividend		1,727,377	1,795,457
Short term borrowings		11,367,034,241	8,858,241,142
Current portion of long term financing		6,523,924,842	6,774,126,398
Current portion of lease liabilities		5,400,752	3,807,116
Provision for taxation		546,765,445	676,061,946
		25,432,949,182	22,793,854,762
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>106,898,082,173</b>	<b>103,356,247,987</b>

The annexed notes from 1 to 14 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 SIX MONTHS ENDED 31 DECEMBER 2019**

	Note	Half Year Ended		Quarter Ended	
		31 December		31 December	
		2019	2018	2019	2018
		( Rupees )	( Rupees )	( Rupees )	( Rupees )
Net turnover	7	27,708,838,503	21,476,279,334	13,030,378,597	10,849,927,456
Cost of sales	8	(18,663,782,147)	(16,323,923,015)	(9,434,743,598)	(8,776,787,091)
<b>Gross profit</b>		<b>9,045,056,356</b>	<b>5,152,356,319</b>	<b>3,595,634,999</b>	<b>2,073,140,365</b>
Distribution cost		(1,363,734,256)	(1,365,188,065)	(693,533,276)	(686,963,454)
Administrative expenses		(400,049,035)	(392,713,452)	(203,131,863)	(203,539,078)
Other operating expenses		(162,770,090)	(99,365,210)	(103,487,063)	(54,716,934)
Other income		288,503,590	734,738,775	143,745,823	588,323,227
		(1,638,049,791)	(1,122,527,952)	(856,406,379)	(356,896,239)
<b>Profit from operations</b>		<b>7,407,006,565</b>	<b>4,029,828,367</b>	<b>2,739,228,620</b>	<b>1,716,244,126</b>
Finance cost		(2,905,903,355)	(2,054,420,566)	(1,420,282,688)	(1,341,398,579)
		<b>4,501,103,210</b>	<b>1,975,407,801</b>	<b>1,318,945,932</b>	<b>374,845,547</b>
Share of profit of associated companies		<b>48,576,703</b>	<b>52,981,174</b>	<b>37,634,520</b>	<b>37,895,774</b>
<b>Profit before taxation</b>		<b>4,549,679,913</b>	<b>2,028,388,975</b>	<b>1,356,580,452</b>	<b>412,741,321</b>
<b>Taxation</b>					
Current					
- for the period		(248,676,009)	(194,412,133)	(122,360,342)	(69,089,970)
- prior year		(516,265)	834,128	(516,265)	834,128
Deferred		103,512,394	(102,500)	101,066,913	(4,304,921)
		(145,679,880)	(193,680,505)	(21,809,694)	(72,560,763)
<b>Profit after taxation for the period</b>		<b>4,404,000,033</b>	<b>1,834,708,470</b>	<b>1,334,770,758</b>	<b>340,180,558</b>
<b>Attributable to:</b>					
Equity holders of the parent		<b>3,250,288,258</b>	<b>1,426,572,809</b>	<b>1,153,780,960</b>	<b>294,973,176</b>
Non-controlling interest		<b>1,153,711,775</b>	<b>408,135,661</b>	<b>180,989,798</b>	<b>45,207,382</b>
		<b>4,404,000,033</b>	<b>1,834,708,470</b>	<b>1,334,770,758</b>	<b>340,180,558</b>
<b>Earnings per share - basic and diluted</b>		<b>153.57</b>	<b>67.62</b>	<b>54.34</b>	<b>13.98</b>

The annexed notes from 1 to 14 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 SIX MONTHS ENDED 31 DECEMBER 2019**

	Half Year Ended 31 December		Quarter Ended 31 December	
	2019 ( Rupees )	2018 ( Rupees )	2019 ( Rupees )	2018 ( Rupees )
<b>Profit after taxation for the period</b>	<b>4,404,000,033</b>	<b>1,834,708,470</b>	<b>1,334,770,758</b>	<b>340,180,558</b>
<b>Other comprehensive income:</b>				
<b>Items to be reclassified to profit or loss in subsequent period:</b>				
<b>Forward foreign currency contracts</b>				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	20,839,139	-	(3,801,183)	35,074,636
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	-	(17,651,047)	-	(35,302,094)
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts - associates	19,659	38,065	(143,785)	91,140
	20,858,798	(17,612,982)	(3,944,968)	(136,318)
Exchange difference on translation of foreign operations	(22,690,177)	27,093,386	3,048,863	23,125,157
(Loss) / Gain on debt instruments at fair value through other comprehensive income	(625,000)	-	1,425,994	-
<b>Items not be reclassified to profit or loss in subsequent years:</b>				
Net gain/ (loss) on equity instruments at fair value through other comprehensive income	1,823,359,731	(1,779,821,715)*	2,041,469,406	(1,377,656,418)*
Net gain / (loss) on equity instruments at fair value through other comprehensive income - associates	18,200,884	(14,547,903)	20,358,744	(11,562,546)
Gain on disposal of investments at fair value through OCI	35,929,308	-	35,929,308	-
	1,877,489,923	(1,794,369,618)	2,097,757,458	(1,389,218,964)
<b>Other comprehensive income / (loss) for the period</b>	<b>1,875,033,544</b>	<b>(1,784,889,214)</b>	<b>2,098,287,347</b>	<b>(1,366,230,125)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>6,279,033,577</b>	<b>49,819,256</b>	<b>3,433,058,105</b>	<b>(1,026,049,567)</b>
<b>Attributable to:</b>				
Equity holders of the parent	5,125,321,802	(358,316,405)	2,460,336,128	(1,071,256,949)
Non- controlling interest	1,153,711,775	408,135,661	972,721,977	45,207,382
	<b>6,279,033,577</b>	<b>49,819,256</b>	<b>3,433,058,105</b>	<b>(1,026,049,567)</b>

\*Refer to note 3.3.

The annexed notes from 1 to 14 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 SIX MONTHS ENDED 31 DECEMBER 2019

	Capital Reserves				Revenue Reserves				Non-Controlling Interest	Total	Total Equity	
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on investments available for sale	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (loss)/Gain on translation of foreign operation	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves				Unappropriated profit
Balance as at 01 July 2018 (Audited)	200,831,400	156,202,200	65,000,000	589,844,100	-	23,454,928	17,804,164	1,330,000,000	14,245,497,876	16,628,634,668	5,082,699,819	21,711,334,487
Effect of adoption of IFRS 9 by parent company	-	-	-	(589,844,100)	589,844,100	-	-	-	-	-	-	-
Balance as at 01 July 2018 (restated)	200,831,400	156,202,200	65,000,000	-	589,844,100	23,454,928	17,804,164	1,330,000,000	14,245,497,876	16,628,634,668	5,082,699,819	21,711,334,487
Total comprehensive income for the half year ended 31 December 2018												
Profit after taxation for the period	-	-	-	-	-	-	-	-	1,426,572,809	1,426,572,809	408,135,661	1,834,708,470
Other comprehensive (loss) / income for the period	-	-	-	-	(1,794,369,618)	27,093,386	(17,612,982)	-	-	(1,784,889,214)	-	(1,784,889,214)
	-	-	-	-	(1,794,369,618)	27,093,386	(17,612,982)	-	1,426,572,809	(358,316,405)	408,135,661	49,819,256
Share of decrease in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	(1,028,850)	(1,028,850)	-	(1,028,850)
Transaction with owners												
Final dividend for the year ended 30 June 2018 @ Rs. 16 per share	-	-	-	-	-	-	-	-	(321,330,240)	(321,330,240)	-	(321,330,240)
Interim dividend @ Rs. 1.23 per share-SNPCL	-	-	-	-	-	-	-	-	-	-	(120,000,002)	(120,000,002)
Balance as at 31 December 2018 (Un-audited)	200,831,400	156,202,200	65,000,000	-	(1,204,525,518)	50,548,314	191,182	1,330,000,000	15,349,711,595	15,947,959,173	5,370,835,478	21,318,794,651
Balance as at 01 July 2019 (Audited)	200,831,400	156,202,200	65,000,000	-	(1,281,758,979)	88,768,725	341,217	1,330,000,000	17,579,455,182	18,138,839,745	6,204,799,788	24,343,639,533
Effect of change in accounting policy due to adoption of IFRS-16	-	-	-	-	-	-	-	-	7,893,675	7,893,675	3,868,185	11,761,860
Balance as at July 01, 2019 (restated)	200,831,400	156,202,200	65,000,000	-	(1,281,758,979)	88,768,725	341,217	1,330,000,000	17,587,348,857	18,146,733,420	6,208,667,973	24,355,401,393
Total comprehensive income for the quarter ended 31 December 2019												
Profit after taxation for the period	-	-	-	-	-	-	-	-	3,250,288,258	3,250,288,258	1,153,711,775	4,404,000,033
Other comprehensive (loss) / income for the period	-	-	-	-	1,876,864,923	(22,690,177)	20,858,798	-	-	1,875,033,544	-	1,875,033,544
	-	-	-	-	1,876,864,923	(22,690,177)	20,858,798	-	3,250,288,258	5,125,321,802	1,153,711,775	6,279,033,577
Share of decrease in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	(2,771,449)	(2,771,449)	-	(2,771,449)
Transfer of gain on sale of investment at fair value through OCI to un-appropriated profit	-	-	-	-	(35,929,308)	-	-	-	35,929,308	-	-	-
Transaction with owners												
Right shares 1,606,651 issued at the rate of Rs. 400 per share (Rs. 10 par value and Rs. 390 premium per share)	16,066,510	626,593,890	-	-	-	-	-	-	-	642,660,400	-	642,660,400
Final dividend for the year ended June 30, 2019 @ Rs. 26 per share	-	-	-	-	-	-	-	-	(522,161,640)	(522,161,640)	-	(522,161,640)
Balance as at 31 December 2019 (Un-audited)	216,897,910	782,796,090	65,000,000	-	559,176,636	66,078,548	21,200,015	1,330,000,000	20,348,633,334	23,389,762,533	7,362,379,748	30,752,162,281

The annexed notes from 1 to 14 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 SIX MONTHS ENDED 31 DECEMBER 2019**

		31 December	
	Note	2019	2018
		( Rupees )	( Rupees )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	5,653,696,716	2,093,368,058
Long term loans, advances and deposits		30,421,180	(330,773)
Finance cost paid		(2,806,907,523)	(1,881,907,406)
Staff retirement benefits - gratuity paid		(36,491,846)	(31,339,464)
Taxes paid		(862,123,306)	(280,424,731)
		(3,675,101,495)	(2,194,002,374)
Net cash generated from / (used in) operating activities		1,978,595,221	(100,634,316)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(720,099,816)	(6,890,377,223)
Purchase of intangibles		(3,170,960)	(347,400)
Investments in equity investments		(74,958,830)	-
Investment in subsidiary		(15,760,000)	32,481,325
Investments in associates		53,523,860	-
Proceeds from disposal of property, plant and equipment		114,447,871	109,594,784
Proceeds from sale of investments		80,337,940	-
Dividend received		202,902,605	168,338,223
Interest received		37,278,824	60,724,597
Net cash used in investing activities		(325,498,506)	(6,519,585,694)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		2,501,096,777	5,836,675,648
Proceeds from long term financing		217,700,000	8,231,336,800
Repayment of long term financing		(3,296,223,033)	(1,240,723,962)
Repayment of finance lease obligation		33,337,292	(17,957,290)
Dividend paid		(522,229,720)	(440,309,319)
Right shares issued		642,660,400	-
Net cash (used in) / generated from financing activities		(423,658,284)	12,369,021,877
<b>Net increase in cash and cash equivalents</b>		<b>1,229,438,431</b>	<b>5,748,801,867</b>
Cash and cash equivalents at the beginning of the period		4,414,025,673	4,616,880,419
Transfer upon merger		7,692,237	-
<b>Cash and cash equivalents at the end of the period</b>		<b>5,651,156,341</b>	<b>10,365,682,286</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances		5,658,852,663	10,390,207,511
Bank overdrafts - unsecured		(7,696,322)	(24,525,225)
<b>Cash and cash equivalents at the end of the period</b>		<b>5,651,156,341</b>	<b>10,365,682,286</b>

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

### 1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Holding 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 Holding 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 Holding Company along with their respective locations:

BUSINESS UNIT	LOCATION
<b>Production Plants</b>	
Spinning	A-17, SITE, Kotri
Spinning	A-84, SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumbler Khurd, Chunian, District Kasur
Spinning	1.5-KM, Warburton Road, Feroze Wattoan, Sheikhpura.
Weaving and Yarn Dying	2-KM, Warburton Road, Feroze Wattoan, Sheikhpura.
Printing, Processing and Home Textile	2-KM, Warburton Road, Feroze Wattoan, Sheikhpura.
Stitching	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.
<b>Registered Office</b>	
Karachi	212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi

#### 1.1 The Group consists of:

- Sapphire Textile Mills Limited (the Holding Company)

Subsidiary Companies	% of shareholding
(i) Sapphire Retail Limited (SRL)	100%
(ii) Sapphire International ApS	100%
(iii) Sapphire Wind Power Company Limited (SWPCL)	70%
(iv) Tricon Boston Consulting Corporation (Private) Limited (TBCL)	57.125%

- (i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 11 June 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. SRL is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through E-store.
- (ii) Sapphire International APS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Group.
- (iii) Sapphire Wind Power Company Limited (SWPCL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 27 December 2006. Its registered office is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the it's wind power plant has been set up at Jhimpir, District Thatta, Sindh on land that is leased to the it by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

SWPCL'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.

It has set up a wind power station of 52.80 MW gross capacity at the above mentioned location and achieved Commercial Operations Date ('COD') on November 22, 2015. It has an Energy Purchase Agreement ('EPA') with its sole customer, Central Power Purchasing Agency Guarantee Limited ('CPPAGL') for twenty years which commenced from the COD on 05 May 2017.



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

TBCL has set up three wind power station of each 49.735 MW gross capacity at Deh, Kohistan 7/1 Tapo Jhimpir, Taluka and District Thatta in the province of Sindh. Measuring 3,852 acres. It has achieved Commercial Operations Date ('COD') on August 16, 2018, 14 September 2018 and 11 September 2018 by Project A, B and C respectively (collectively defined as 'Projects'). It has also signed three Energy Purchase Agreement ('EPA') with its sole customer for its Projects, Central Power Purchaser Agency (Guarantee) Limited ('CPPA-G') for twenty years which commenced from the COD.

- 1.2 On 29 October 2019, the Board of Directors of the Holding Company passed a resolution approving a Scheme of Amalgamation under Section 284 of the Companies Act, 2017, to amalgamate its wholly owned subsidiaries, Sapphire Solar (Private) Limited (SSPL), Sapphire Tech (Private) Limited (STPL) and Sapphire Renewables Limited (SRL) with and into the Holding Company. As such, as of the Completion Date of 31 December 2019, the entire undertaking of SSPL, STPL and SRL stands merged with and into the Holding Company. As a result the entire business of SSPL, STPL and SRL including its properties, assets, liabilities and rights and obligations vested into the Holding Company. Since SSPL, STPL, SRL were group companies under common control, the merger has been accounted for as a common control transaction. The acquired net assets of SSPL, STPL and SRL are included in the financial statements of the Holding Company at the same carrying values as recorded in SSPL's, STPL's and SRL's own financial statements as on 31 December 2019.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group 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 financial statements and should be read in conjunction with the financial statements of the Group for the year ended 30 June 2019.
- 2.3 These consolidated condensed interim financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value.

### 2.4 Functional and presentation currency

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

## 3 Significant accounting policies

The accounting policies adopted in the preparation of consolidated condensed interim financial statements are consistent with those followed in the preparation of annual financial statements for the year ended 30 June 2019, except for the adoption of new standards which are effective for annual period beginning on 01 July 2019, as listed below. The Group has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19	Plant Amendment, Curtailment or Settlement — (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after 01 June 2019 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information, except for the following:

**3.2 Impact on adoption of IFRS 16**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. The exemption is limited to the extent of power purchase agreements only.



- 3.3** The Group has adopted IFRS 9, Financial Instruments while preparing its annual financial statements for the year ended 30 June 2019. However, for the comparative period presented in these consolidated condensed interim financial statements, the Securities and Exchange Commission of Pakistan (SECP) vide its notification dated 14 February 2019 had deferred the adoption of IFRS 9 particularly for that period. Therefore the consolidated condensed interim financial statements for the six months ended 31 December 2018 did not include the impact of adoption of this standard.

Gain or (loss) on the group's equity investments was previously classified under items to be reclassified to profit or loss in subsequent periods in the statement of comprehensive income, as required under the accounting framework prior to adoption of IFRS 9. Due to adoption of IFRS 9, such gains / (losses) are being classified as items not to be reclassified to profit or loss in subsequent periods.

Comparatives for the six months ended 31 December 2019 have been restated in these financial statements to bring them in line with requirements of IFRS 9 for consistency in accounting for gain / (loss) on the investments at fair value through other comprehensive income throughout the period from 01 July 2018 to 30 June 2019 i.e. reclassification as items not to be reclassified to profit or loss in subsequent periods as required under IFRS 9.

#### **4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

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

Judgments and estimates made by management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the consolidated financial statements as at and for the year ended June 30, 2019.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2019.

	Note	(Un-audited) 31 December 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	62,853,005,578	66,878,177,418
Capital work-in-progress	5.3	816,846,172	905,827,771
Right of use asset		63,854,866	-
Major spare parts and stand-by equipment		69,216,256	69,216,256
		<b>63,802,922,872</b>	<b>67,853,221,445</b>

**5.1 Operating fixed assets**

<b>Opening book value</b>		<b>66,878,177,418</b>	23,194,555,400
Cost of additions during the period / year	5.2	<b>760,776,695</b>	35,810,587,466
Exchange (gain) / loss capitalised during the period / year		<b>(2,611,650,524)</b>	11,624,833,607
Book value of disposals during the period / year	5.2	<b>(42,852,290)</b>	(299,444,061)
		<b>(1,893,726,119)</b>	47,135,977,012
Depreciation during the period/year		<b>(2,131,445,721)</b>	(3,452,354,994)
		<b>(4,025,171,840)</b>	43,683,622,018
<b>Closing book value</b>		<b>62,853,005,578</b>	<b>66,878,177,418</b>

**5.2** The cost of additions and book value of disposals to operating fixed assets during the half year ended 31 December 2019 and year ended 30 June 2019 are as follows.

	(Un-Audited) 31 December 2019		(Audited) 30 June 2019	
	Addition Cost	Disposal Book value	Addition Cost	Disposal Book value
	Rupees		Rupees	
Land:				
Freehold	434,500	-	-	-
On Freehold land:				
Factory buildings	88,331,597	-	462,077,461	-
Labour, staff colony and others	48,381,956	-	80,226,232	-
Office buildings	-	-	17,449,500	-
On lease hold land:				
Factory buildings	-	-	1,275,552,540	-
Labour, staff colony and others	-	-	19,284,784	-
Building improvements	-	-	186,006,762	16,413,624
Plant & machinery	466,684,662	10,143,285	33,331,492,197	150,072,334
Electric installations	16,281,336	-	35,849,684	14,552
Fire Fighting equipment	2,629,700	-	6,567,902	-
Electric equipments	57,015,752	-	164,230,339	10,940,210
Computers	10,796,074	738,236	43,941,807	1,358,565
Office equipments	371,080	-	3,513,271	25,304
Mills equipments	8,449,010	-	8,939,703	-
Furniture & fixtures	34,834,009	-	106,831,761	1,142,745
Vehicles - owned	22,617,019	22,658,907	58,116,623	87,806,738
Vehicles - leased	3,950,000	9,311,862	10,506,900	31,669,989
	<b>760,776,695</b>	<b>42,852,290</b>	<b>35,810,587,466</b>	<b>299,444,061</b>

**5.3 Capital work-in-progress**

	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Advance for land	57,000,000	84,500,000
Freehold land and building	437,749,570	435,749,570
Civil works and buildings	174,519,666	154,608,429
Plant and machinery	137,701,463	184,923,436
Electric installations	1,399,397	44,904,336
Electric equipment	7,757,476	-
Computers	718,600	642,000
Advance for vehicles	-	500,000
	<b>816,846,172</b>	<b>905,827,771</b>

**6 CONTINGENCIES AND COMMITMENTS**

	<b>(Un-audited) 31 December</b>	
<b>Contingencies</b>	<b>2019</b>	<b>2018</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Guarantees issued by banks on behalf of the Group	<b>623,769,587</b>	<b>626,997,587</b>

- 6.1** 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 2019 the value of these cheques amounted to Rs.982.250 million (30 June 2019: Rs.720.484 million).
- 6.2** There is no change in status of the contingencies as disclosed in note 32.3, 32.5 and 32.7 to 32.11 of the audited annual consolidated financial statements of the Group for the year ended 30 June 2019.
- 6.3** Irrevocable letter of credit of USD 1.17 million equivalent to Rs 181.76 million (30 June 2019: USD 1.17 million equivalent to Rs 192.47 million) in favour of Citibank, N.A. as per the terms of the Finance Agreement dated March 31, 2014.

<b>Commitments</b>	<b>Note</b>	<b>(Un-audited) 31 December 2019</b>	<b>(Audited) 30 June 2019</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
Commitment in respect of confirmed letter of credit	<b>6.4</b>	<b>3,742,240,911</b>	1,441,047,702
Commitment in respect of capital expenditure	<b>6.5</b>	<b>30,997,026</b>	128,731,342
		<b>3,773,237,937</b>	<b>1,569,779,044</b>

**6.4** Confirmed letter of credit in respect of:

- plant and machinery	<b>990,407,020</b>	297,630,174
- raw material and accessories	<b>2,710,383,666</b>	1,092,206,126
- stores and spares	<b>41,450,225</b>	51,211,402
	<b>3,742,240,911</b>	<b>1,441,047,702</b>

- 6.5** This includes commitments for payments to be made for to various construction companies for the construction and extension on existing building at multiple plants of the Holding Company.

**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	
	2019	2018	2019	2018	2019	2018
	Rupees					
Yarn	5,284,266,203	5,223,674,309	2,562,250,235	1,943,330,474	7,846,516,438	7,167,004,783
Fabric	4,839,773,017	5,024,928,241	562,994,371	282,375,525	5,402,767,388	5,307,303,766
Clothing items	-	-	3,748,689,005	3,694,579,573	3,748,689,005	3,694,579,573
Home textile products	3,563,662,518	2,308,924,373	72,650,408	82,195,987	3,636,312,926	2,391,120,360
Raw material	-	-	2,845,934	11,747,788	2,845,934	11,747,788
Accessories	-	-	83,084,455	161,262,584	83,084,455	161,262,584
Waste	120,356,696	88,312,413	163,333,654	113,099,383	283,690,350	201,411,796
Processing income	-	-	40,257,092	70,033,198	40,257,092	70,033,198
Power Generation	-	-	6,832,212,182	3,287,562,600	6,832,212,182	3,287,562,600
	13,808,058,434	12,645,839,336	14,068,317,336	9,646,187,112	27,876,375,770	22,292,026,448
Export rebate					441,934,293	18,955,205
Less: Discounts to customers					(609,471,560)	(834,702,319)
					27,708,838,503	21,476,279,334

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

Note	(Un-audited) Half Year Ended 31 December		(Un-audited) Quarter Ended 31 December	
	2019	2018	2019	2018
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
<b>8 COST OF SALES</b>				
Finished goods - Opening stock	2,230,290,145	1,267,695,380	2,670,162,784	2,127,222,785
Cost of goods manufactured	18,780,861,595	17,608,636,424	9,190,471,410	9,237,976,373
Finished goods - Closing stock	(2,816,198,811)	(2,785,522,095)	(2,816,198,811)	(2,785,522,095)
Cost of sales and services owned manufactured	18,194,952,929	16,090,809,709	9,044,435,383	8,579,677,063
Cost of raw material sold	15,272,775	12,204,883	6,176,080	5,051,228
Cost of sales and services - purchased for resale	453,556,443	220,908,423	384,132,135	192,058,800
	18,663,782,147	16,323,923,015	9,434,743,598	8,776,787,091
<b>8.1 Cost of Goods Manufactured</b>				
Work in process - opening stock	1,705,135,329	1,686,535,501	1,496,139,209	1,817,790,658
Raw materials consumed	10,279,708,103	9,976,105,945	5,039,820,083	4,992,745,634
Overheads	8,355,187,002	7,895,474,932	4,213,680,957	4,376,920,035
	20,340,030,434	19,558,116,378	10,749,640,249	11,187,456,327
Work in process - closing stock	(1,559,168,839)	(1,949,479,954)	(1,559,168,839)	(1,949,479,954)
	18,780,861,595	17,608,636,424	9,190,471,410	9,237,976,373

**9 CASH GENERATED FROM OPERATIONS**

		(Un-audited) 31 December	
		2019	2018
		(Rupees)	(Rupees)
Profit before taxation and share of profit of associates		4,501,103,210	1,975,407,801
<b>Adjustments for non-cash items:</b>			
Depreciation on operating fixed assets		2,131,445,721	1,595,621,794
Amortization of intangible assets		1,331,487	3,830,033
Interest income		(36,784,029)	(60,724,597)
Gain on sale of property, plant and equipment		(4,834,679)	(1,767,032)
Dividend income		(202,902,605)	(167,755,723)
Provision for gratuity		60,059,752	51,222,556
(Reversal of) / provision for stores, spares and loose tools		(9,257,434)	1,721,796
Credit balances written-back		-	(568,072)
Amortization of transaction cost		30,809,274	23,917,890
Provision against doubtful sales tax refundable		19,351,862	-
Finance cost		2,881,207,085	2,030,502,676
		4,870,426,434	3,476,001,321
Operating cash flow before changes in working capital		9,371,529,644	5,451,409,122
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spare and loose tools		(31,466,545)	(47,020,567)
Stock-in-trade		(2,872,861,386)	(6,632,781,924)
Trade debts		(3,191,568,462)	119,228,742
Loans and advances		(54,325,798)	(100,560,670)
Trade deposits and short term prepayments		(28,936,310)	(2,089,235)
Other receivables		2,018,123,977	(435,240,828)
		(4,161,034,524)	(7,098,464,482)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		224,351,654	3,761,332,023
Contract liabilities		218,849,942	(20,908,605)
		5,653,696,716	2,093,368,058

**10 RELATED PARTY DISCLOSURES**

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	
		2019	2018
		(Rupees)	(Rupees)
<b>(i) Associates</b>	<b>Relationship with the</b>		
	<b>Nature of transactions</b>		
	Sales / processing	1,240,264,298	942,933,016
	Purchases	83,732,087	229,752,102
	Purchase of electricity / steam	-	6,851,402
	Expenses charged to the Company	20,162,462	22,103,130
	Expenses charged by the Company	2,702,462	4,226,269
	Mark-up charged by the Company	31,305,046	23,996,747
	Dividend paid	126,829,352	209,971,634
	Dividend received	53,546,540	32,501,100
	Loans - net	259,284,981	212,398,876
	Right shares issued	200,158,000	-
<b>(ii) Others</b>	Contribution to provident fund	27,196,083	22,859,857
	Remuneration to key management personnel	97,398,265	122,710,678
	Loan from directors and related parties	(167,583,000)	167,583,000
	Share issued	394,444,400	-
	Donation	11,950,000	-

**11 SEGMENT ANALYSIS****11.1 SEGMENT RESULTS**

Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
----- Rupees -----				

For the half year ended 31 December 2019

Revenue - external customers	<u>8,160,043,133</u>	<u>5,641,754,364</u>	<u>7,074,828,824</u>	<u>6,832,212,182</u>	<u>27,708,838,503</u>
Inter - segment sales	<u>2,493,981,674</u>	<u>1,028,618,204</u>	<u>803,815,001</u>	<u>-</u>	<u>4,326,414,879</u>
Segment results	<u>975,713,648</u>	<u>948,864,590</u>	<u>855,731,566</u>	<u>4,500,963,260</u>	<u>7,281,273,064</u>

For the half year ended 31 December 2018

Revenue - external customers	<u>7,285,400,982</u>	<u>4,232,398,194</u>	<u>6,670,917,559</u>	<u>3,287,562,599</u>	<u>21,476,279,334</u>
Inter - segment sales	<u>2,175,204,370</u>	<u>778,931,025</u>	<u>557,078,967</u>	<u>-</u>	<u>3,511,214,362</u>
Segment results	<u>720,326,716</u>	<u>674,563,890</u>	<u>273,976,294</u>	<u>1,725,587,902</u>	<u>3,394,454,802</u>

Reconciliation of operating results with profit after tax is as follows:	(Un-audited) 31 December	
	2019 ( Rupees )	2018 ( Rupees )
Total results for reportable segments	7,281,273,064	3,394,454,802
Other operating expenses	(162,770,090)	(99,365,210)
Other income	288,503,590	734,738,775
Finance cost	(2,905,903,354)	(2,054,420,566)
Share of profit of associated companies	48,576,703	52,981,174
Profit before taxation	4,549,679,913	2,028,388,975
Taxation	(145,679,880)	(193,680,505)
Profit for the period	4,404,000,033	1,834,708,470

**11.2 SEGMENT ASSETS AND LIABILITIES**

Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
----- Rupees -----				

As at 31 December 2019 (Un-audited)

Segment assets	<u>14,304,498,094</u>	<u>4,718,196,742</u>	<u>11,138,083,341</u>	<u>61,933,572,427</u>	<u>92,094,350,604</u>
Segment Liabilities	<u>22,838,255,601</u>	<u>2,651,609,743</u>	<u>6,853,556,901</u>	<u>42,549,441,688</u>	<u>74,892,863,932</u>

As at 30 June 2019 (Audited)

Segment assets	<u>11,820,053,480</u>	<u>4,594,319,755</u>	<u>10,011,348,139</u>	<u>62,309,278,158</u>	<u>88,734,999,532</u>
Segment Liabilities	<u>20,631,414,203</u>	<u>2,626,065,688</u>	<u>6,264,377,710</u>	<u>48,031,280,061</u>	<u>77,553,137,662</u>

	(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
<b>Reconciliation of segment assets and liabilities with total assets and liabilities in the condensed interim consolidated statement of financial position is as follows:</b>		
<b>Total for reportable segments assets</b>	<b>92,094,350,604</b>	88,734,999,532
<b>Unallocated assets</b>	<b>14,803,731,569</b>	14,621,248,455
<b>Total assets as per statement of financial position</b>	<b>106,898,082,173</b>	103,356,247,987
<b>Total for reportable segments liabilities</b>	<b>74,892,863,932</b>	77,553,137,662
<b>Unallocated liabilities</b>	<b>1,253,055,960</b>	1,459,470,792
<b>Total liabilities as per statement of financial position</b>	<b>76,145,919,892</b>	79,012,608,454

## 12 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated statement of financial position comprise of balances as per the annual audited consolidated financial statements of the Group for the year ended 30 June 2019 and the Corresponding figures in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows comprise of balances comparable period of the immediately preceding financial year i.e. half year ended 31 December 2018.

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

## 13 FINANCIAL INSTRUMENTS

### 13.1 Fair value of financial instruments

	(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
<b>FINANCIAL ASSETS</b>		
<b>Debt instruments at amortised cost</b>		
Long term deposits	225,319,632	239,969,798
Trade debts	8,779,351,176	5,587,782,714
Loan to employees	73,438,870	78,281,393
Trade deposits	14,753,393	9,462,040
Other receivables	739,691,019	2,846,938,094
Cash and Bank balances	5,658,852,663	4,414,025,673
	<b>15,491,406,753</b>	13,176,459,712
<b>Debt instruments at fair value through OCI</b>		
Habib Bank Limited TFCs	49,375,000	-
Sales tax refund bonds	-	53,443,295
	<b>49,375,000</b>	53,443,295
<b>Equity instruments at fair value through OCI</b>		
Quoted equity shares	9,887,572,470	7,991,044,248
Unquoted equity shares	86,648,236	86,648,236
	<b>9,974,220,706</b>	8,077,692,484
<b>Total current</b>	<b>19,520,293,781</b>	16,776,020,893
<b>Total non current</b>	<b>5,994,708,678</b>	4,531,574,598

	(Un-audited) 31 December 2019 ( Rupees )	(Audited) 30 June 2019 ( Rupees )
<b>FINANCIAL LIABILITIES</b>		
<b>At amortized cost</b>		
Trade and other payables	4,374,198,065	4,211,351,512
Accrued interest / mark-up	613,547,060	539,247,498
Unclaimed dividend	1,727,377	1,795,457
Secured bank loan	50,307,129,159	55,768,661,310
Lease liabilities	46,338,627	10,644,971
Bank overdrafts	7,696,322	-
Short term borrowings	17,888,663,513	15,398,331,656
Other current loans	-	237,843,000
	<b>73,239,300,123</b>	<b>76,167,875,404</b>
<b>Total current</b>	<b>22,885,832,337</b>	<b>20,388,569,123</b>
<b>Total non current</b>	<b>50,353,467,786</b>	<b>55,779,306,281</b>

### 13.2 Fair value of financial instruments

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

### 13.3 Fair value hierarchy

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

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

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

The main level of inputs used by the Group for its financial assets are derived and evaluated as follows:

	Level 1 (Rupees)	Level 2 (Rupees)	Level 3 (Rupees)
<b>As at 31 December 2019</b>			
<b>Assets carried at fair value</b>			
Debt instruments at fair value through OCI	49,375,000	-	-
Equity instruments at fair value through OCI	9,974,220,706	-	86,648,236
	<b>10,023,595,706</b>	<b>-</b>	<b>86,648,236</b>
<b>As at 30 June 2019</b>			
<b>Assets carried at fair value</b>			
Debt instruments at fair value through OCI	-	53,443,295	-
Equity instruments at fair value through OCI	7,991,044,248	-	86,648,236
	<b>7,991,044,248</b>	<b>53,443,295</b>	<b>86,648,236</b>

### 14 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 February 2020.

**Nadeem Abdullah**  
Chief Executive

**Abdul Sattar**  
Chief Financial Officer

**Mohammad Abdullah**  
Director