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Sapphire Fibres Limited ***Un-Consolidated Financial Statements (Un-Audited)***

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*Company Profile***Board Of Directors****Chairman :**

Mr. Amer Abdullah

Chief Executive :

Mr. Shahid Abdullah

Director :

Mr. Nadeem Abdullah

Mr. Yousuf Abdullah

Mr. Shayan Abdullah

Mr. Abdul Sattar

Independent Director:

Mr. Tajammal Husain Bokharee

Mr. Nadeem Arshad Elahi

Audit Committee :**Chairman :**

Mr. Nadeem Arshad Elahi

Member :

Mr. Shayan Abdullah

Mr. Yousuf Abdullah

Mr. Tajammal Husain Bokharee

Human Resource**& Remuneration Committee :****Chairman :**

Mr. Tajammal Husain Bokharee

Member :

Mr. Yousuf Abdullah

Mr. Shahid Abdullah

Mr. Shayan Abdullah

Chief Financial Officer :

Mr. Jawwad Faisal

Secretary :

Mr. Rameez Ghausi

Auditors :Shinewing Hameed Chaudhri & Co.,
Chartered Accountants**Tax Consultants :**Deloitte Yousuf Adil,
Chartered Accountants**Legal Advisor :**

Hassan & Hassan Advocates

Bankers :Allied Bank Limited,
Bank Alfalah Limited
MCB Bank Limited, Habib Bank Limited
Habib Metropolitan Bank Ltd.
United Bank Limited**Share Registrar :**THK Associates (Private) Ltd.
1st Floor, 40-C, Block-6
P.E.C.H.S, Karachi-75400**Registered Office :**316, Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.**Mills :**Kharianwala
Tehsil and District Sheikhpura.
Feroze Watwan,
Tehsil and District Sheikhpura.
Raiwind Road, Lahore.

Directors' Report to the Shareholders

The Directors of the Company are pleased to present un-audited interim financial statements for the half year ended 31 December 2019, duly reviewed by the auditors.

Financial Highlights

	31 December	
	2019	2018
	Rupees in thousand	
Sales & services	12,709,536	9,482,220
Gross profit	1,720,672	1,290,023
Other Income	699,16	248,617
Profit from operations	1,741,395	1,000,295
Profit before taxation	997,661	453,402
Taxation:		
- Current	216,217	136,175
- Deferred	1,150	8,976
	217,367	145,151
Profit after taxation	780,294	308,251

The Company achieved sales of Rs.12,710 million compared to Rs.9,482 million during corresponding period of last year; an increase of 34.04%. Gross profit as a percentage of sales was 13.54% against 13.60% during last year. The Company earned profit after tax of Rs.780 million as compared to Rs.308 million in the same period of last year.

Earnings per share

The Company's earnings per share (EPS) were at Rs.39.40 as compared to Rs. 15.38 during the same period of last year.

Future outlook

Your Company's financial results have shown considerable improvement during the period under review. However, decline in country's cotton production resulting in greater reliance on imported raw materials may negatively impact margins in remaining part of the financial year.

The management is focused on achieving a greater scale in value added textile segment, evident from the fact that these divisions witnessed sales growth of over 60% during first half of the year compared to corresponding period in last year.

The directors appreciate the hard work and commendable services rendered by staff and workers of the Company.

For and on behalf of the Board

Lahore
Dated: 26 February, 2020

Yousuf Abdullah
Director

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشواروں پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں		تفصیل
31 دسمبر 2018ء	31 دسمبر 2019ء	
9,482,220	12,709,536	فروخت اور خدمات
1,290,023	1,720,672	مجموعی منافع
248,617	699,169	دیگر آمدن
1,000,295	1,741,395	آپریٹنگ منافع
453,402	997,661	ٹیکس سے پہلے منافع
		ٹیکسیشن
		موجودہ
		فرق
136,175	216,217	
8,976	1,150	
145,151	217,367	
308,251	780,294	ٹیکس کے بعد منافع

کمپنی نے گزشتہ سال کی اسی مدت میں 9,482 ملین روپے کے مقابلے مالی سال کی پہلی ششماہی کے دوران 12,710 ملین روپے فروخت حاصل کی جو 34.04 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 13.60 فیصد کے مقابلے موجودہ ششماہی میں 13.54 فیصد ہوا۔ کمپنی نے گزشتہ سال کی اسی مدت میں 308 ملین روپے کے مقابلے موجودہ ششماہی کے دوران 780 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی موجودہ مدت کی فی شیئر آمدنی (EPS) 39.40 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 15.38 روپے تھی۔

مستقبل کا نقطہ نظر

زیر جائزہ مدت کے دوران کمپنی کے مالی نتائج میں خاطر خواہ بہتری آئی ہے۔ تاہم، ملک میں کپاس کی پیداوار میں کمی کے نتیجے میں درآمد شدہ خام مال پر زیادہ انحصار کرنا پڑتا ہے جس سے مالی سال کے باقی عرصہ میں منافع منفی طور پر متاثر ہو سکتے ہیں۔

انتظامیہ نے ویلیو ایڈڈ ٹیکسٹائل شعبے میں اہم اسکیل کے حصول پر توجہ مرکوز کی ہے، جو اس حقیقت سے واضح ہوتا ہے کہ گزشتہ سال کی اسی مدت کے مقابلے میں سال کی پہلی ششماہی کے دوران ان ڈویژنوں کی فروخت میں 60 فیصد سے زیادہ نمو دیکھنے میں آئی ہے۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

یوسف عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور: تاریخ: 26 فروری 2020ء

Independent Auditors' Review Report
To the Members of Sapphire Fibres Limited
Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Sapphire Fibres Limited (the Company) as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

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.

The engagement partner on the review resulting in this independent auditors' review report is Osman Hameed Chaudhri.

Karachi
Dated: 27 February, 2020

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,496,374,193	10,557,238,378
Investment property		31,750,000	31,750,000
Intangible assets		5,041,675	6,092,817
Long term investments	5	9,281,825,255	8,407,678,480
Long term loans		352,000	442,000
Long term deposits		28,866,645	28,606,645
		20,844,209,768	19,031,808,320
Current assets			
Stores, spare parts and loose tools		301,093,311	248,085,374
Stock-in-trade	6	9,125,879,782	6,830,630,079
Trade debts		2,825,313,205	4,232,884,737
Loans and advances		181,665,106	96,814,093
Trade deposits and short term prepayments		33,480,830	77,925,574
Short term investments		3,284,477,250	2,908,132,483
Other receivables	7	710,536,023	744,598,891
Tax refunds due from Government		1,379,137,763	655,226,989
Cash and bank balances		45,945,017	76,712,566
		17,887,528,287	15,871,010,786
Total assets		38,731,738,055	34,902,819,106
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,671,875 (June 30, 2019: 19,687,500)			
ordinary shares of Rs.10 each	8	206,718,750	196,875,000
Reserves		4,535,628,254	2,696,666,077
Unappropriated profit		12,918,485,196	12,393,666,121
		17,660,832,200	15,287,207,198
Liabilities			
Non-current liabilities			
Long term finances	9	3,488,518,603	3,559,813,830
Staff retirement benefit - gratuity		269,237,971	242,930,143
Deferred taxation		163,229,590	125,895,975
		3,920,986,164	3,928,639,948
Current liabilities			
Trade and other payables		3,614,154,420	2,258,009,039
Contract liabilities		376,014,420	313,963,434
Accrued mark-up / interest		173,422,556	217,497,816
Short term borrowings	10	12,040,885,336	11,772,445,051
Current portion of long term finances		699,269,675	885,792,285
Unclaimed dividend		6,335,414	5,967,559
Provision for taxation		239,837,870	233,296,776
		17,149,919,691	15,686,971,960
Total liabilities		21,070,905,855	19,615,611,908
Contingencies and commitments	11		
Total equity and liabilities		38,731,738,055	34,902,819,106

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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

FOR THE QUARTER AND SIX MONTHS PERIOD DECEMBER 31, 2019

		Quarter ended		Six months period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note		----- Rupees -----			
			(Restated)		(Restated)
Sales - net	12	6,490,433,411	4,699,137,798	12,709,536,245	9,482,220,424
Cost of sales	13	(5,740,378,849)	(3,931,341,298)	(10,988,864,744)	(8,192,197,760)
Gross profit		750,054,562	767,796,500	1,720,671,501	1,290,022,664
Distribution cost		(237,655,951)	(175,909,127)	(456,565,641)	(321,935,865)
Administrative expenses		(84,388,099)	(76,721,134)	(170,611,614)	(160,403,009)
Other income	14	570,755,197	138,520,898	699,168,919	248,617,142
Other expenses		(28,689,673)	(39,688,973)	(51,268,093)	(56,005,752)
Profit from operations		970,076,036	613,998,164	1,741,395,072	1,000,295,180
Finance cost		(358,462,043)	(326,484,018)	(743,733,829)	(546,893,346)
Profit before taxation		611,613,993	287,514,146	997,661,243	453,401,834
Taxation		(125,410,198)	(80,705,766)	(217,367,476)	(145,150,787)
Profit after taxation		486,203,795	206,808,380	780,293,767	308,251,047
Earnings per share					
- basic and diluted		24.46	10.50	39.40	15.38

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD DECEMBER 31, 2019

	Quarter ended		Six months period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Rupees -----			
		(Restated)		(Restated)
Profit after taxation	486,203,795	206,808,380	780,293,767	308,251,047
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on remeasurement of investment at fair value through other comprehensive income				
- long term	927,835,505	(362,652,339)	874,149,775	(410,142,969)
- short term	865,664,904	(512,057,579)	748,668,305	(664,450,214)
Impact of deferred tax	(35,908,193)	757,763	(35,908,193)	28,064,658
Realised (loss) / gain on sale of investment at fair value through other comprehensive income	(97,974,692)	-	(97,974,692)	9,774,690
	1,659,617,524	(873,952,155)	1,488,935,195	(1,036,753,835)
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised (loss) / gain on remeasurement of forward foreign exchange contracts	(16,858,836)	-	5,958,540	-
Other comprehensive income / (loss) for the period	1,642,758,688	(873,952,155)	1,494,893,735	(1,036,753,835)
Total comprehensive income / (loss) for the period	<u>2,128,962,483</u>	<u>(667,143,775)</u>	<u>2,275,187,502</u>	<u>(728,502,788)</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE SIX MONTHS PERIOD DECEMBER 31, 2019

	Note	Six months period ended	
		December 31,	December 31,
		2019	2018
		----- Rupees -----	
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	15	1,294,776,221	(3,165,270,832)
Staff retirement benefits paid		(39,249,405)	(157,644,620)
Finance cost paid		(787,809,089)	(479,611,772)
Taxes paid		(200,760,092)	(148,000,794)
Workers' profit participation fund paid		(43,373,043)	(58,012,182)
Long term loans - net		90,000	(30,000)
Net cash generated from / (used in) operating activities		223,674,592	(4,008,570,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,358,618,554)	(415,597,316)
Proceeds from disposal of operating fixed assets		24,155,139	4,140,000
Investment in a Subsidiary Company		-	(166,840,210)
Short term investments - net		274,348,845	-
Proceeds from sale of stores and spares		307,980	6,027,336
Dividend and interest income received		695,936,646	238,676,059
Net cash used in investing activities		(363,869,944)	(333,594,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		166,550,000	198,029,000
- repaid		(424,367,837)	(386,525,337)
Share capital issued		255,937,500	-
Dividend paid		(157,132,145)	(235,079,719)
Short term borrowings - net		268,440,285	4,777,821,947
Net cash generated from financing activities		109,427,803	4,354,245,891
Net (decrease) / increase in cash and cash equivalents		(30,767,549)	12,081,560
Cash and cash equivalents - at beginning of the period		76,712,566	24,047,126
Cash and cash equivalents - at end of the period		45,945,017	36,128,686

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

[illegible]

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE SIX MONTHS PERIOD DECEMBER 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2019. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 New standards, amendments to approved accounting standards and interpretations that are effective during the period and are relevant to the Company

2.2.1 During the period, the Company has adopted following new standard / interpretation:

The Company has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a lease', SIC-15 'Operating leases - incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a lease'. Adoption of IFRS 16 resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The adoption of IFRS 16 does not have a material impact on the Company's financial reporting, as the management has decided not to recognise right to use assets and its corresponding liabilities in respect of low-value operating leases and for the operating leases having a remaining lease term of 12 months or less.

2.3 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2019.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2019.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2019 ----- Rupees -----	Audited June 30, 2019
Operating fixed assets	4.1	10,290,135,901	10,434,625,536
Capital work-in-progress	4.3	1,206,238,292	122,612,842
		11,496,374,193	10,557,238,378
4.1 Operating fixed assets			
Net book value at beginning of the period / year		10,434,625,536	9,469,436,155
Additions during the period / year	4.1.1	274,993,104	1,735,612,001
Disposals costing Rs.106.998 million (June 30, 2019: Rs.136.887 million) - at net book value		(21,671,081)	(38,070,514)
Depreciation charge for the period / year		(397,811,658)	(732,352,106)
Net book value at end of the period / year		10,290,135,901	10,434,625,536
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		-	15,428,500
Residential buildings and others on freehold land		2,157,492	83,640,352
Factory buildings on freehold land		11,858,531	287,624,368
Plant and machinery		233,899,430	1,273,853,514
Electric installation		3,503,717	40,799,859
Equipment			
• fire fighting		-	590,000
• mills		664,200	799,885
• electric / gas		188,631	-
Computer hardware		745,500	3,657,904
Vehicles		21,320,000	28,966,442
Furniture and fixtures		655,603	251,177
		274,993,104	1,735,612,001

- 4.2** Operating fixed assets includes freehold land valuing Rs.80.685 million representing the Company's 30% share of jointly controlled freehold land located at Block-D/1, Gulberg, Lahore, registered in the name of the Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (related parties).

		Un-audited December 31, 2019	Audited June 30, 2019
		----- Rupees -----	
4.3 Capital work-in-progress	Note		
Buildings		95,015,522	12,570,215
Plant and machinery (including in transit aggregating Rs.427.522 million (June 30, 2019: Rs.78.400 million)		908,885,050	78,404,642
Advance payments against:			
• freehold land		195,000,000	-
• factory / office building		6,668,800	6,668,800
• plant and machinery		-	245,620
• electric installation		-	15,764,565
• vehicles		-	8,959,000
• computer software		668,920	-
		202,337,720	31,637,985
		1,206,238,292	122,612,842
5. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost		3,558,108,316	3,558,108,316
Associated Companies - at cost		758,276,769	758,276,769
Others - equity instruments	5.1	4,902,209,595	4,026,985,585
- debt instruments	5.2	63,230,575	64,307,810
		9,281,825,255	8,407,678,480
5.1 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited			
18,213,195 ordinary shares of Rs.10 each - cost		896,451,123	896,451,123
Adjustment arising from re-measurement to fair value		2,836,161,060	2,280,840,745
		3,732,612,183	3,177,291,868
Habib Bank Limited			
7,244,196 ordinary shares of Rs.10 each - cost		1,217,073,609	1,217,073,609
Adjustment arising from re-measurement to fair value		(76,692,275)	(396,595,970)
		1,140,381,334	820,477,639
Unquoted			
Novelty Enterprises (Private) Limited			
2,351,995 ordinary shares of Rs.10 each		28,716,078	28,716,078
TCC Management Services (Private) Limited			
50,000 ordinary shares of Rs. 10 each		500,000	500,000
		4,902,209,595	4,026,985,585

5.2 Debt Instruments - at FVTOCI**Habib Bank Limited -
term finance certificates (TFCs)**

650 (June 30, 2019: 150) term finance certificates
of Rs.100,000 each - cost

Adjustment arising from re-measurement to fair value

Advance against purchase of TFCs

Un-audited December 31, 2019	Audited June 30, 2019
64,979,000	14,982,000
(1,748,425)	(674,190)
63,230,575	14,307,810
-	50,000,000
63,230,575	64,307,810

6. STOCK-IN-TRADE

Raw materials

Work-in-process

Finished goods

6,881,980,026	4,690,568,165
853,067,917	830,588,354
1,390,831,839	1,309,473,560
9,125,879,782	6,830,630,079

7. OTHER RECEIVABLES

These include short term loan amounted Rs.99.000 million provided to Sapphire Energy (Pvt.) Limited - Subsidiary Company and Rs.29.013 million provided to Premier Cement Limited - Subsidiary Company. These loans have been provided to meet the Subsidiary Companies working capital requirements and carry mark-up at the rate of average borrowing cost of the Company. Effective mark-up rates charged during the period ranged from 9.97% to 10.88% per annum.

8. SHARE CAPITAL

The Company, during the period, issued 984,375 ordinary shares of Rs.10 each as right shares at a premium of Rs.250 per share.

9. LONG TERM FINANCES - secured

	Note	Un-audited December 31, 2019	Audited June 30, 2019
Balance at beginning of the period / year		4,445,606,115	4,681,636,182
Add: disbursements during the period / year	9.1 & 9.2	166,550,000	626,337,000
Less: repayments made during the period / year		(424,367,837)	(862,367,067)
Balance at end of the period / year		4,187,788,278	4,445,606,115
Less: current portion grouped under current liabilities		(699,269,675)	(885,792,285)
		3,488,518,603	3,559,813,830

9.1 The Company, during the period, has entered into a Diminishing Musharakah arrangement amounted Rs. 675 million with Faysal Bank Limited (Islamic) to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.142.550 million in two tranches of different amounts. This finance facility is secured against first pari passu hypothecation charge of Rs.900 million over all present and future plant and machinery of the Company.

9.2 The Company, during the period, arranged a long term finance facility amounted Rs.1,000 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs. 24 million in three tranches of different amounts. This finance facility is secured against first joint pari passu charge of Rs.1,333 million over plant and machinery of the Company with 25% margin.

- 9.3** Except for the above two new facilities obtained by the Company, all other terms and conditions of long term finances are materially same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2019. Long term finances, during the period, carried mark-up / profit at the rates ranged from 2.50% to 14.66% (June 30, 2019: 2.50% to 13.29%) per annum.

10. SHORT TERM BORROWINGS

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		----- Rupees -----	
Running / cash finances - secured	10.1	10,974,872,510	10,648,538,051
Running musharakah finance - secured	10.1	1,000,000,000	1,000,000,000
Temporary bank overdraft - unsecured		66,012,826	-
From related parties - unsecured	10.2	-	123,907,000
		12,040,885,336	11,772,445,051

- 10.1** The Company has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.19,800 million (June 30, 2019: Rs.17,200 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.41,659 million (June 30, 2019: Rs.35,006 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors. These finances carry mark-up / profit at the rates ranging from 2.15% to 14.81% (June 30, 2019: 2.25% to 13.80%) per annum. These facilities are expiring on various dates upto December 31, 2020.
- 10.2** The Company, during the preceding year, obtained short term loans aggregated Rs.67.262 million from directors of the Company and their related parties and Rs.56.645 million from its associated companies to meet its working capital requirements. These loans were interest free and have been repaid during the period.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Guarantees aggregating Rs.534.468 million (June 30, 2019: Rs.514.468 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

There is no change in the status of other contingencies as disclosed in the note 27.1.2 to the audited annual financial statements of the Company for the year ended June 30, 2019.

11.2 Commitments in respect of :

	Un-audited December 31, 2019	Audited June 30, 2019
	----- Rupees -----	
• letters of credit for capital expenditure	180,351,176	310,189,435
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	545,865,303	243,265,201
• capital expenditure other than letters of credit	200,204,499	5,418,822
• foreign bills discounted	1,060,779,932	336,152,581

12. SALES - net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

For the six months period ended December 31, 2019- Un-audited

	Spinning	Knits	Denim	Total
----- Rupees -----				
Types of goods and services				
Local sales				
- Yarn	1,771,723,592	7,578,373	16,739,797	1,796,041,762
- Fabric	-	54,343,929	980,971,592	1,035,315,521
- Garments	-	7,322,120	24,315,573	31,637,693
- Waste	110,956,826	19,984,471	23,382,930	154,324,227
- Raw materials	39,221,797	-	-	39,221,797
- Local steam income	9,153,000	-	-	9,153,000
- Processing income	3,208,784	32,049,280	3,448,973	38,707,037
	1,934,263,999	121,278,173	1,048,858,865	3,104,401,037
Export Sales				
- Yarn	4,266,500,355	175,420,228	-	4,441,920,583
- Fabric	-	367,990,341	2,229,767,695	2,597,758,036
- Garments	-	2,306,346,326	-	2,306,346,326
- Waste	197,657,602	-	-	197,657,602
	4,464,157,957	2,849,756,895	2,229,767,695	9,543,682,547
Export rebate				
- Fabric	-	2,783,512	22,449,899	25,233,411
- Garments	-	36,219,250	-	36,219,250
	-	39,002,762	22,449,899	61,452,661
	6,398,421,956	3,010,037,830	3,301,076,459	12,709,536,245
Timing of revenue recognition				
Goods transferred at a point in time	6,395,213,172	2,977,988,550	3,297,627,486	12,670,829,208
Services rendered at a point in time	3,208,784	32,049,280	3,448,973	38,707,037
	6,398,421,956	3,010,037,830	3,301,076,459	12,709,536,245

For the six months period ended December 31, 2018 - Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	1,212,369,091	5,918,851	10,248,929	1,228,536,871
- Fabric	-	16,343,457	372,325,860	388,669,317
- Garments	-	15,383,824	-	15,383,824
- Waste	83,666,590	17,473,960	13,809,719	114,950,269
- Raw materials	21,843,715	-	-	21,843,715
- Local steam income	3,475,000	-	-	3,475,000
- Processing income	46,800	28,519,730	-	28,566,530
	1,321,401,196	83,639,822	396,384,508	1,801,425,526
Export Sales				
- Yarn	4,097,972,661	115,126,821	-	4,213,099,482
- Fabric	-	281,460,758	1,298,318,779	1,579,779,537
- Garments	-	1,673,611,158	-	1,673,611,158
- Waste	133,382,168	-	-	133,382,168
	4,231,354,829	2,070,198,737	1,298,318,779	7,599,872,345
Export rebate				
- Fabric	-	2,041,304	10,864,156	12,905,460
- Garments	-	68,017,093	-	68,017,093
	-	70,058,397	10,864,156	80,922,553
	5,552,756,025	2,223,896,956	1,705,567,443	9,482,220,424
Timing of revenue recognition				
Goods transferred at a point in time	5,552,709,225	2,195,377,226	1,705,567,443	9,453,653,894
Services rendered at a point in time	46,800	28,519,730	-	28,566,530
	5,552,756,025	2,223,896,956	1,705,567,443	9,482,220,424

13. COST OF SALES

		----- Un-audited -----			
		Quarter ended	Six months period ended		
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees -----			
Finished goods at beginning of the period	Note	1,393,858,461	839,773,862	1,309,473,560	642,813,568
Cost of goods manufactured	13.1	5,697,796,392	4,566,564,466	11,012,328,825	9,020,483,563
Cost of raw materials sold		39,555,835	18,151,177	57,894,198	22,048,836
		5,737,352,227	4,584,715,643	11,070,223,023	9,042,532,399
		7,131,210,688	5,424,489,505	12,379,696,583	9,685,345,967
Finished goods at end of the period		(1,390,831,839)	(1,493,148,207)	(1,390,831,839)	(1,493,148,207)
		5,740,378,849	3,931,341,298	10,988,864,744	8,192,197,760

----- Un-audited -----				
Quarter ended		Six months period ended		
December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
----- Rupees -----				
13.1 Cost of goods manufactured				
Work-in-process at beginning of the period	824,060,819	469,518,710	830,588,354	439,022,953
Raw materials consumed	3,671,497,614	3,043,280,714	7,016,785,183	5,933,327,650
Direct labour and other overheads	2,055,305,876	1,635,047,880	4,018,023,205	3,229,415,798
	5,726,803,490	4,678,328,594	11,034,808,388	9,162,743,448
	6,550,864,309	5,147,847,304	11,865,396,742	9,601,766,401
Work-in-process at end of the period	(853,067,917)	(581,282,838)	(853,067,917)	(581,282,838)
	5,697,796,392	4,566,564,466	11,012,328,825	9,020,483,563

14. OTHER INCOME

Current period figure, mainly include dividend amounted Rs.433.174 million (December 31, 2018: Rs.Nil) received from Sapphire Electric Company Limited - Subsidiary Company.

15. CASH USED IN OPERATIONS

		Un-audited	
		Six months period ended	
		December 31, 2019	December 31, 2018
		----- Rupees -----	
Profit before taxation	Note	997,661,243	463,176,524
Adjustments for non-cash and other items:			
Depreciation		397,811,658	350,823,089
Amortization of intangible assets		1,051,142	708,316
Staff retirement benefit - gratuity		65,557,233	45,310,338
Provision for workers' profit participation fund		41,068,093	16,223,255
Provision for doubtful tax refunds		9,000,000	38,882,497
Gain on disposal of operating fixed assets		(2,484,058)	(1,537,233)
Gain on sale of stores and spares		(9,893)	(642,882)
Dividend and interest income		(679,450,518)	(234,527,443)
Finance cost		743,733,829	546,151,245
Exchange loss		-	742,101
Working capital changes	15.1	(279,162,508)	(4,390,580,639)
		1,294,776,221	(3,165,270,832)

15.1 Working capital changes

(Increase) / decrease in current assets:

	Un-audited	
	Six months period ended	
	December 31, 2019	December 31, 2018
	----- Rupees -----	
- stores, spare parts and loose tools	(53,306,024)	(97,036,329)
- stock-in-trade	(2,295,249,703)	(4,366,592,567)
- trade debts	1,407,571,532	(172,962,030)
- loans and advances	(84,851,013)	16,200,413
- deposits, other receivables and sales tax	(664,571,609)	(65,375,824)
	(1,690,406,817)	(4,685,766,337)

Increase in current liabilities:

- trade and other payables	1,349,193,323	192,075,077
- contract liabilities	62,050,986	103,110,621
	1,411,244,309	295,185,698
	(279,162,508)	(4,390,580,639)

16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2019, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statement does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2019.

17. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.8,220.701 million (June 30, 2019: Rs.6,920.210 million) and level 3 financial assets amounting Rs.29.216 million (June 30, 2019: Rs.29.216 million).

The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

18. TRANSACTIONS WITH RELATED PARTIES**18.1 Significant transactions with related parties are as follows:**

Relationship	Nature of transactions	Un-audited	
		Six months period ended	
		December 31, 2019	December 31, 2018
		----- Rupees -----	
(i) Subsidiaries	Dividend received	433,173,900	-
	Deposit for shares	-	34,500,000
	Shares allotted	-	132,340,210
	Expenses charged to	7,130,298	-
	Loans provided	129,213,036	-
	Mark-up charged	1,616,659	-
(ii) Associates	Sales:		
	• raw material / yarn / fabric / stores	116,963,813	288,798,477
	• assets	125,000	600,000
	Purchases:		
	• raw material / yarn / fabric / stores	839,802,102	503,085,236
	• assets	2,223,414	-
	• electricity	78,598	38,848,900
	Services:		
	• rendered	1,873,953	137,294
	• obtained	698,482	211,998
	Expenses charged by	13,723,710	15,311,893
	Expenses charged to	17,128,603	9,451,264
	Dividend:		
	• received	1,231,648	1,001,026
	• paid	81,580,768	4,724,364
(iii) Directors and their related parties	Loans obtained	-	56,645,000
	Loans repaid	56,645,000	-
	Shares allotted	134,082,520	-
	Loans obtained	-	67,262,000
	Loans repaid	67,262,000	-
(iv) Key management personnel	Shares allotted	61,586,200	-
	Remuneration and other benefits	58,106,356	44,742,984
(v) Retirement fund	Contribution made	14,112,516	12,846,107

18.2 Period / year end balances are as follows:

	Un-audited December 31, 2019	Audited June 30, 2019
	----- Rupees -----	
Receivables from related parties		
Trade debts	59,265,270	33,745,219
Other receivables	132,863,570	2,033,875
Payable to related parties		
Trade and other payables	438,393,951	144,152,488
Short term borrowings	-	123,907,000

19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2019, whereas, the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the six months period ended December 31, 2018.

Comparative information has been re-classified, re-arranged or additionally incorporated in these interim financial statements, where necessary, to facilitate better comparison and to conform with the changes in presentation. Figures of the prior period in the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows have been restated so to comply with the change in accounting policy as detailed in note 3.2.4 to the Company's audited annual financial statement for the year-ended June 30, 2019. Earnings per share of the prior period has also been restated so to account for the effect of above change and the issuance of right shares by the Company during the period.

20. DATE OF AUTHORISATION FOR ISSUE

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

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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Directors' Report to the Shareholders

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries Sapphire Electric Company Limited, Sapphire Hydro Limited, Premier Cement Limited, Sapphire Cement Company Limited and Sapphire Energy (Pvt.) Limited for the period ended 31 December, 2019. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 31 December, 2019.

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

SAPPHIRE HYDRO LIMITED

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

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

PREMIER CEMENT LIMITED

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 26 July, 2016. SFL holds 100% shares of PCL as on 31 December, 2019.

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

SAPPHIRE CEMENT COMPANY LIMITED

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 28 October, 2016. SFL holds 100% shares of SCCL as on 31 December, 2019.

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

SAPPHIRE ENERGY (PRIVATE) LIMITED

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 31 December, 2019.

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

IGNITE POWER (PRIVATE) LIMITED

Ignite Power (Private) Limited (IPPL) was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on July 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Ignite Power (Private) Limited (IPPL) is a 60% owned subsidiary of Sapphire Energy Private Limited which is a wholly owned subsidiary of Sapphire Fibres Limited.

For and on behalf of the Board of Directors

Lahore:
Dated: February 26, 2020

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

اگنائٹ پاور (پرائیویٹ) لمیٹڈ:

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL) 03 جولائی 2019 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ آئی پی ایل سولاز جی اور دوسرے تمام توانائی کے ذرائع استعمال کرتے ہوئے بجلی بنانے اور اس طرح کی دوسری خدمات کا ارادہ کارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL)، سفاثرانز جی (پرائیویٹ) لمیٹڈ (SEPL) کی 60% کی ذیلی کمپنی ہے، جو کہ سفاثرانز جی کی مکمل ذیلی کمپنی ہے۔

منجانب بورڈ آف ڈائریکٹرز

یوسف عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور

تاریخ: 26 ستمبر 2020ء

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2019ء کو ختم ہونے والے سال کے لئے سفارز فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارز الیکٹرک کمپنی لمیٹڈ، سفارز ہائیڈرو لمیٹڈ، پریمیر سینٹ لمیٹڈ، سفارز سینٹ کمپنی لمیٹڈ، سفارز انرجی (پرائیویٹ) لمیٹڈ اور اگنائٹ پاور (پرائیویٹ) لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ مالی گوشوارے منسلک کئے ہیں۔

سفارز الیکٹرک کمپنی لمیٹڈ:

سفارز الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 (ایکمپنیز ایکٹ 2017) کے تحت شیئرز کے ذریعے غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ یہ یکم جولائی 2008 کو سفارز فائبرز لمیٹڈ (ایس ای سی ایل) کی ذیلی کمپنی بنی۔ ایس ای سی ایل 31 دسمبر 2019 کے مطابق ایس ای سی ایل کے 68.11% حصص کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی مرید کے ضلع شیخوپورہ میں 212 میگا واٹ کی خالص صلاحیت کے کبائینڈ سائیکل پاور سٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

سفارز ہائیڈرو لمیٹڈ:

سفارز ہائیڈرو لمیٹڈ (ایس ای سی ایل)، 07 ستمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمش، خیبر پختونخواہ میں 682 GWh کی سالانہ انرجی جنریشن کی پینٹشل کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ہائیڈرو الیکٹرک پاور جنریشن پراجیکٹ کی تعمیر، قیام اور چلانا ہوگا۔ ایس ای سی ایل سفارز الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے جو خود سفارز فائبرز لمیٹڈ کی ایک ذیلی کمپنی ہے۔

پریمیر سینٹ لمیٹڈ:

پریمیر سینٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016 کو کمپنیز آرڈیننس 1984 (ایکمپنیز ایکٹ 2017) کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ای سی ایل 31 دسمبر 2019 کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظوریوں کے حوالہ سے، پی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سینٹ کمپنی لمیٹڈ:

سفارز سینٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016 کو کمپنیز آرڈیننس 1984 (ایکمپنیز ایکٹ 2017) کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ای سی ایل 31 دسمبر 2019 کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظوریوں کے حوالہ سے، ایس سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ:

سفارز انرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ای سی ایل 31 دسمبر 2019 کے مطابق ایس ای سی ایل کے 100% حصص کی مالک ہے۔

ایس ای سی ایل بجلی کی پیداوار میں مصروف عمل کمپنیوں میں انڈر ٹیک، پاور پروڈیکٹس کوڈ ویلپ اور ایکوئیٹی سرمایہ کاری، حصص رکھنے یا خریدنے کا اور تمام اقسام کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اینڈ پیرولیم مصنوعات کو پینڈنگ، ری گیس فلیش، سٹوریج، ٹریڈنگ اور پروسیسنگ کے لئے ٹرمینل چلانے کا ارادہ رکھتی ہے۔

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	24,307,166,840	23,634,642,148
Investment property		31,750,000	31,750,000
Intangible assets		10,654,579	11,705,721
Long term investments	5	6,246,605,487	5,219,025,045
Long term loans		352,000	442,000
Long term deposits		42,366,445	42,106,445
		30,638,895,351	28,939,671,359
Current assets			
Stores, spare parts and loose tools		301,093,311	248,085,374
Stock-in-trade	6	9,282,593,304	6,992,281,448
Trade debts	7	12,248,808,951	14,867,544,760
Loans and advances		329,576,966	139,485,191
Trade deposits and short term prepayments		33,480,830	119,201,441
Short term investments		3,295,301,015	2,908,132,483
Other receivables		949,122,166	916,496,927
Tax refunds due from Government		1,379,137,763	826,956,709
Cash and bank balances		502,305,279	1,064,060,078
		28,321,419,585	28,082,244,411
Total assets		58,960,314,936	57,021,915,770
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,671,875 (June 30, 2019: 19,687,500)			
ordinary shares of Rs.10 each	8	206,718,750	196,875,000
Reserves		4,667,029,729	2,799,006,787
Unappropriated profit		20,606,333,931	19,214,376,030
Equity attributable to shareholders of the Parent Company		25,480,082,410	22,210,257,817
Non-controlling interest		4,888,248,455	4,529,981,873
Total equity		30,368,330,865	26,740,239,690
Liabilities			
Non-current liabilities			
Long term finances	9	3,488,518,603	4,147,521,687
Staff retirement benefit - gratuity		269,237,971	242,930,143
Deferred taxation		169,402,471	131,621,754
		3,927,159,045	4,522,073,584
Current liabilities			
Trade and other payables		4,793,245,737	3,689,161,254
Contract liabilities		376,014,420	313,963,434
Accrued mark-up / interest		245,748,063	414,784,309
Short term borrowings	10	16,605,536,839	17,591,614,934
Current portion of long term finances		2,397,041,251	3,509,531,264
Unclaimed dividend		6,335,414	5,967,559
Provision for taxation		240,903,302	234,579,742
		24,664,825,026	25,759,602,496
Total liabilities		28,591,984,071	30,281,676,080
Contingencies and commitments	11		
Total equity and liabilities		58,960,314,936	57,021,915,770

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD DECEMBER 31, 2019

	Note	Quarter ended		Six months period	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees -----			
Sales - net	12	8,708,926,606	6,844,291,029	19,381,525,905	17,009,280,992
Cost of sales	13	(6,788,777,719)	(5,079,444,285)	(15,314,888,969)	(13,753,705,156)
Gross profit		1,920,148,887	1,764,846,744	4,066,636,936	3,255,575,836
Distribution cost		(237,655,951)	(175,909,127)	(456,565,641)	(321,935,865)
Administrative expenses		(116,176,803)	(99,943,061)	(231,876,758)	(206,270,455)
Other income		138,105,877	140,301,053	269,354,079	262,455,135
Other expenses		(28,442,219)	(39,697,998)	(56,121,890)	(56,014,777)
Profit from operations		1,675,979,791	1,589,597,611	3,591,426,726	2,933,809,874
Finance cost		(620,666,584)	(567,838,863)	(1,292,153,129)	(1,006,500,844)
		1,055,313,207	1,021,758,748	2,299,273,597	1,927,309,030
Share of profit of Associated Companies		22,117,724	13,213,452	143,846,028	27,213,988
Profit before taxation		1,077,430,931	1,034,972,200	2,443,119,625	1,954,523,018
Taxation		(126,204,737)	(81,323,949)	(219,077,948)	(146,260,890)
Profit after taxation		951,226,194	953,648,251	2,224,041,677	1,808,262,128
Attributable to:					
- Shareholders of the Parent Company		668,348,003	718,449,586	1,665,674,071	1,338,485,257
- Non-controlling interest		282,878,191	235,198,665	558,367,606	469,776,871
		951,226,194	953,648,251	2,224,041,677	1,808,262,128
Earnings per share					
- attributable to shareholders of the Parent Company		33.95	36.49	84.10	67.99

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE QUARTER AND SIX MONTHS PERIOD DECEMBER 31, 2019

	Quarter ended		Six months period	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Rupees -----			
Profit after taxation	951,226,194	953,648,251	2,224,041,677	1,808,262,128
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on remeasurement of investment at fair value through other comprehensive income				
- long term	927,835,505	(362,652,339)	874,149,775	(410,142,969)
- short term	865,664,904	(504,745,704)	748,668,305	(664,450,214)
Impact of deferred tax	(34,533,453)	757,763	(35,908,193)	28,064,658
Realised (loss) / gain on sale of investment at fair value through other comprehensive income	(97,974,692)	(7,311,875)	(97,974,692)	9,774,690
Share of fair value gain/(loss) on remeasurement of investment at fair value through other comprehensive income by Associated Companies	11,672,055	(7,486,796)	11,672,055	(9,390,117)
	1,672,664,319	(881,438,951)	1,500,607,250	(1,046,143,952)
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised (loss) / gain on remeasurement of forward foreign exchange contracts	(16,858,836)	-	5,958,540	-
Share of unrealised (loss)/ gain on remeasurement of hedging instruments of Associated Companies	(89,409)	59,714	13,741	24,886
	(16,948,245)	59,714	5,972,281	24,886
Other comprehensive gain/(loss) for the period	1,655,716,074	(881,379,237)	1,506,579,531	(1,046,119,066)
Total comprehensive income for the period	2,606,942,268	72,269,014	3,730,621,208	762,143,062
Attributable to:				
- Shareholders of the Parent Company	2,324,064,077	(162,929,651)	3,172,253,602	292,366,191
- Non-controlling interest	282,878,191	235,198,665	558,367,606	469,776,871
	2,606,942,268	72,269,014	3,730,621,208	762,143,062

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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

FOR THE SIX MONTHS PERIOD DECEMBER 31, 2019

Note	Six months period		
	December 31, 2019	December 31, 2018	
	----- Rupees -----		
CASH FLOWS FROM OPERATING ACTIVITIES			
	14	4,867,955,968	(2,410,577,571)
Cash used in operations		(39,249,405)	(157,644,620)
Staff retirement benefits paid		(1,456,335,578)	(902,263,507)
Finance cost paid		(208,319,856)	(155,911,902)
Taxes paid		(43,373,043)	(58,012,182)
Workers' profit participation fund paid		90,000	(30,000)
Long term loans - net		3,120,768,086	(3,684,439,782)
Net cash generated from/ (used) in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,387,793,176)	(474,986,815)
Proceeds from disposal of operating fixed assets		24,174,139	4,206,600
Short term investments- net		298,654,515	(157,065,519)
Proceeds from sale of stores and spares		307,980	6,027,336
Dividend and interest income received		263,456,291	239,515,248
Net cash used in investing activities		(801,200,251)	(382,303,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		166,550,000	198,029,000
- repaid		(1,938,043,097)	(1,268,903,238)
Dividend paid		(359,990,281)	(235,079,719)
Share allotted		255,937,500	-
Short term borrowings - net		(1,005,776,756)	5,271,011,613
Net cash (used in) / generated from financing activities		(2,881,322,634)	3,965,057,656
Net decrease in cash and cash equivalents		(561,754,799)	(101,685,276)
Cash and cash equivalents - at beginning of the period		1,064,060,078	534,201,894
Cash and cash equivalents - at end of the period		502,305,279	432,516,618

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER AND SIX MONTHS PERIOD DECEMBER 31, 2019

[illegible]

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)

FOR THE SIX MONTHS PERIOD DECEMBER 31, 2019

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

- Sapphire Fibres Limited

Subsidiary Companies

- Sapphire Electric Company Limited - SECL
- Premier Cement Limited - PCL
- Sapphire Cement Company Limited - SCCL
- Sapphire Energy (Private) Limited - SEL
- Sapphire Hydro Limited - SHL
- Ignite Power (Private) Limited

Sapphire Fibres Limited

The Parent Company was incorporated in Pakistan on June 05, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

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

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

• **Sapphire Electric Company Limited**

Sapphire Electric Company Limited - SECL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for thirty years which commenced from October 05, 2010.

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

Lahore

7 A/ K, Main Boulevard, Gulberg

Purpose

Registered office

Sheikhupura

Muridke, District Sheikhupura

Production plant

- **Premier Cement Limited**

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

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore

7 - A/K, Main Boulevard, Gulberg

Purpose

Registered office

- **Sapphire Cement Company Limited**

Sapphire Cement Company Limited - SCCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on October 28, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary company is aiming to set up its plant in the province of Punjab, however license application has not been filed with Directorate General Mines and Minerals, Punjab till the reporting date due to delay in grant of requisite approvals.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore

7 - A/K, Main Boulevard, Gulberg

Purpose

Registered office

- **Sapphire Energy (Pvt.) Limited - SEL**

Sapphire Energy (Pvt.) Limited - SEL is a wholly owned subsidiary and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2018. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore

7 - A/K, Main Boulevard, Gulberg

Purpose

Registered office

- **Sapphire Hydro Limited - SHL**

Sapphire Hydro Limited - SHL is a wholly owned subsidiary of Sapphire Electric Company Limited - SECL which is a subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the

Companies Act, 2017 on September 07, 2018. The principal business of the subsidiary company is to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhawa. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
7 - A/K, Main Boulevard, Gulberg	Registered office

• **Ignite Power (Private) Limited - IPPL**

Ignite power (Private) Limited is a 60% owned subsidiary of Sapphire Energy (Private) Limited -SEPL which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on July, 03,2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
7 E 3, Main Boulevard, Gulberg 3	Registered office

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These condensed consolidated 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 Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These condensed consolidated interim financial statements does not include all the information and disclosures as required in an annual audited consolidated financial statements, and these should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2019. These condensed consolidated interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Principal of consolidation

These condensed consolidated interim financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Companies. The Parent Company's direct interest, as at December 31, 2019, in the SECL is 68.11% (June 30, 2019: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. Also the Parent Company completely owns SEL as on 31, December, 2019 and effective holding in IPPL is 60% as IPPL is 60% owned Subsidiary of SEL. Whereas the other two companies PCL and SCCL are wholly owned subsidiaries.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in these condensed consolidated interim financial statements.

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

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 New standards, amendments to approved accounting standards and interpretations that are effective during the period and are relevant to the Company**2.3.1** During the period, the Group has adopted following new standard / interpretation:

The Group has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a lease', SIC-15 'Operating leases - incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a lease'. Adoption of IFRS 16 resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The adoption of IFRS 16 does not have a material impact on the Group's financial reporting, as the management has decided not to recognise right to use assets and its corresponding liabilities in respect of low-value operating leases and for the operating leases having a remaining lease term of 12 months or less.

2.4 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2019.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended June 30, 2019.

4. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	----- Rupees -----	
Operating fixed assets	4.1	22,745,242,493	23,179,031,125
Capital work-in-progress	4.2	1,561,924,347	455,611,023
		24,307,166,840	23,634,642,148
4.1 Operating fixed assets			
Net book value at beginning of the period / year		23,179,031,125	22,639,958,482
Additions during the period / year	4.1.1	281,479,852	1,907,787,361
Disposals costing Rs.106.998 million (June 30, 2019: Rs.144.801 million)		(21,671,081)	(44,128,140)
- at net book value		(693,597,403)	(1,324,586,578)
Depreciation charge for the period / year		22,745,242,493	23,179,031,125
Net book value at end of the period / year			
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		6,241,748	180,535,100
Leasehold Land		-	627,600
Residential buildings and others on freehold land		2,157,492	83,640,352
Factory buildings on freehold land		11,858,531	287,624,368
Plant and machinery		233,899,430	1,273,853,514
Electric installations		3,503,717	40,799,859
Equipment:			
• fire fighting		-	590,000
• office		-	115,000
• mills		664,200	799,885
• electric / gas		188,631	-
Computer hardware		990,500	3,743,404
Vehicles		21,320,000	35,207,102
Furniture and fixtures		655,603	251,177
		281,479,852	1,907,787,361
4.2 Capital work-in-progress			
Buildings		95,015,522	12,570,215
Plant and machinery {including in transit aggregating Rs. 427.522 million (June 30, 2019: Rs. 78.4 million)		908,885,050	78,404,642
Un-allocated capital expenditure		355,686,055	332,998,181
Advance payments against:			
• freehold land		201,668,800	-
• factory building		-	6,668,800
• plant and machinery		-	245,620
• electric installation		-	15,764,565
• vehicles		-	8,959,000
• computer software		668,920	-
		202,337,720	31,637,985
		1,561,924,347	455,611,023
4.3	Operating fixed assets includes freehold land valuing Rs.80.685 million representing the Parent's Company 30% share of jointly controlled freehold land located at Block-D/1, Gulberg, Lahore, registered in the name of the Parent Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (related parties).		

5. LONG TERM INVESTMENTS

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	----- Rupees -----	
Associated Companies	5.1	1,281,165,317	1,127,731,650
Others - equity instruments	5.2	4,902,209,595	4,026,985,585
- debt instruments	5.3	63,230,575	64,307,810
		6,246,605,487	5,219,025,045
5.1 Associated Companies - equity method			
Quoted			
Reliance Cotton Spinning Mills Limited (RCSM)	5.1.1	40,470,334	37,768,806
SFL Limited (SFL)	5.1.2	2,103,920	1,824,769
Unquoted			
Sapphire Power Generation Limited (SPGL)	5.1.3	256,152,775	244,500,471
Sapphire Dairies (Private) Limited (SDL)	5.1.4	107,829,085	118,705,227
Tricon Boston Consulting Corporation (Private) Limited - TBCCL	5.1.5	874,601,351	724,924,525
Energas Terminal (Private) Limited - ETL	5.1.6	-	-
Energas Marketing (Private) Limited (EML)	5.1.7	7,852	7,852
		1,281,165,317	1,127,731,650

5.1.1 Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% of RCSM's issued, subscribed and paid-up capital as at December 31, 2019. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of RCSM is manufacturing and sale of yarn. Market value of the Group's investment in RCSM as at December 31, 2019 was Rs. 18.752 million (June 30, 2019: Rs.20.279 million). RCSM is an associate of the Group due to common directorship.

5.1.2 Investment in SFL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% of SFL's issued, subscribed and paid-up capital as at December 31, 2019. SFL was incorporated on April 26, 2010 as a public limited company. The main business of SFL is to investment in the shares of Associated Companies. Market value of the Group's investment in SFL as at December 31, 2019 was Rs. 1.632 million (June 30, 2019: Rs.1.632 million). SFL is an associate of the Group due to common directorship.

5.1.3 Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% of SPGL's issued, subscribed and paid-up capital as at December 31, 2019. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.

5.1.4 Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 9.09% of SDL's issued, subscribed and paid-up capital as at December 31, 2019. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.

5.1.5 Investment in TBCCL represents 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% of TBCCL's issued, subscribed and paid-up capital. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. TBCCL is an associate of the Group due to common directorship.

5.1.6 The Subsidiary Company - SEL, has made investment in ETL's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of ETL's issued, subscribed and paid-up capital as at December 31, 2019. ETL was incorporated as a private limited company. The principal activity of ETL shall be to undertake, develop power projects and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products.

- 5.1.7** The Subsidiary Company - SEL, during the preceding year, made investment in EML's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of EML's issued, subscribed and paid-up capital as at December 31, 2019. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquified natural gas all other related items.

5.2 Equity Instruments - at FVTOCI

**Quoted
MCB Bank Limited**

18,213,195 ordinary shares of Rs.10 each **cost**

Adjustment arising from re-measurement
to fair value

Habib Bank Limited

7,244,196 ordinary shares of Rs.10 each **cost**

Adjustment arising from re-measurement
to fair value

Unquoted

Novelty Enterprises (Private) Limited

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

TCC Management Services (Private) Limited

50,000 ordinary shares of Rs. 10 each

**Un-audited
December 31,
2019** **Audited
June 30,
2019**
----- Rupees -----

896,451,123	896,451,123
2,836,161,060	2,280,840,745
3,732,612,183	3,177,291,868

1,217,073,609	1,217,073,609
(76,692,275)	(396,595,970)
1,140,381,334	820,477,639

28,716,078	28,716,078
500,000	500,000
4,902,209,595	4,026,985,585

5.3 Debt Instruments - at FVTOCI

Habib Bank Limited -

Term finance certificates - Habib Bank Limited

650(2019:150) term finance certificates
of Rs.100,000 each - cost

Adjustment arising from re-measurement to fair value

Advance against purchase of TFCs

64,979,000	14,982,000
(1,748,425)	(674,190)
63,230,575	14,307,810
-	50,000,000
63,230,575	64,307,810

6. STOCK-IN-TRADE

Raw materials

Work-in-process

Finished goods

7,038,693,548	4,852,219,534
853,067,917	830,588,354
1,390,831,839	1,309,473,560
9,282,593,304	6,992,281,448

7. TRADE DEBTS

- 7.1** These mainly include trade receivables amounted 9,423 million from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranges from 10.63% to 18.42% (Jun 2019: 8.48% to 17.40%) per annum.

- 7.2** Included in trade debts is an amount of Rs 576.073 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that group cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the group had taken up this issue at appropriate forums.

On June 28, 2013, the group entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the group before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the group applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the group in consultation with NTDC, appointed an Expert for dispute resolution under PPA.

Also included in trade debts are amounts aggregating Rs 227.610 million relating to capacity purchase price not acknowledged by NTDC. The group's management raised this matter with NTDC, SNGPL and Private Power & Infrastructure Board ('PPIB'), however, the dispute remained unresolved. As a result of the abovementioned MoU, all disputed amounts were agreed to be resolved through the dispute resolution mechanism under the PPA.

Consequently, with respect to both matters discussed above, during the financial year 2014, the group in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. In August 2015, the Expert gave his determination whereby the aforesaid amount of Rs 576.073 million was determined to be payable to the group by NTDC while the group's claim regarding the above-mentioned amount of Rs 227.610 million was not accepted. Pursuant to the Expert's determination, the group has demanded the payment of the aforesaid amount of Rs 576.073 million from NTDC that has not yet been paid by NTDC.

In addition to the Expert Determination process mentioned above, the group had also filed requests for arbitration in respect of both the abovementioned disputed amounts in the London Court of International Arbitration ('LCIA') in accordance with the terms of the PPA and GSA against NTDC and SNGPL, whereby Arbitrators were appointed.

In respect of the matter of Rs 227.610 million, the Arbitrator through his order dated March 9, 2016, (the 'First Arbitration') decided the matter in the group's favour whereby the aforesaid amount of Rs 227.610 million was determined to be payable to the group by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of the actual payment and reimbursement of certain arbitration costs incurred by the group along with interest at the rate of 6% per annum from the date of award till the date of actual payment. Consequently, under the relevant provisions of the Arbitration Act, 1940, the group filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award, which is pending adjudication.

In respect of the matter of Rs 576.073 million, in October 2015, the Government of Pakistan ('GOP') through PPIB filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned determination of the Expert, praying it to be illegal, which is pending adjudication.

With respect to the arbitration of the Rs 576.073 million dispute, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The group filed applications in the Civil Court where the group prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected group's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 Civil Suits. Being aggrieved, the group challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the group's continued participation in the arbitration proceedings, PPIB filed contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The group challenged the LHC's order before the Division Bench of LHC, which decided the matter in favor of the group through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended.

The Arbitrator, on June 08, 2017, declared his Partial Final Award and decided the matter principally in group's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award").

Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on July 10, 2017. In response to this decision of Civil Court, the group filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the group, suspended the Civil Court's order on August 12, 2017. Along with challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign legal counsel, the group also filed a case for anti suit injunction in Commercial Court of England against NTDC on August 14, 2017.

The District Judge, Lahore through its order dated July 8, 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated April 18, 2017 and accepted company's appeals but dismissed the company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On October 29, 2017, the Arbitrator declared his Final Award (the 'Second Arbitration') whereby he ordered NTDC to pay to the group: i) Rs 576.073 million pursuant to Expert's determination; ii) Rs 133.695 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,311 for the group's cost of proceedings; v) GBP 30,157 for company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 157.8 million upto December 31, 2019.

On November 24, 2017, NTDC challenged the Final Award in Commercial Court of England. On November 29, 2017, group filed an application before LHC for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated July 06, 2017 and November 24, 2017 filed before Commercial Court of England against the group, pertaining to Partial Final Award and Final Award respectively.

On May 4, 2018, the Commercial Court of England issued a favorable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC has sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

Based on the advice of the company's legal counsel, Expert's determination and Arbitration Awards, management strongly feels the aforesaid under the terms of the PPA, Implementation Agreement and the GSA, there are meritorious grounds to support the groups' stance and both amounts are likely to be recovered. Consequently, no provision for the abovementioned amounts aggregating Rs 803.683 million has been made in these financial statements.

Further, on prudence basis, the group has not recognised the abovementioned amounts in these financial statements for pre-award interest, breach of arbitration agreement, group's cost of proceedings, company's LCIA cost of arbitration and interest thereon on all these amounts as per the Final Award of the Second Arbitration due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award of Second Arbitration would be recognized when it attains finality and it is certain.

8. SHARE CAPITAL

The Parent Company, during the period, issued 984,375 ordinary shares of Rs.10 each as right shares at a premium of Rs.250 per share.

9. LONG TERM FINANCES - secured		Un-audited December 31, 2019	Audited June 30, 2019
	Note	----- Rupees -----	
Balance at beginning of the period / year		7,657,052,951	9,242,623,975
Add: disbursements during the period / year		166,550,000	626,337,000
Less: repayments made during the period / year		(1,938,043,097)	(2,211,908,024)
Balance at end of the period / year		5,885,559,854	7,657,052,951
Less: current portion grouped under current liabilities		(2,397,041,251)	(3,509,531,264)
		<u>3,488,518,603</u>	<u>4,147,521,687</u>

- 9.1 The parent company, during the period, as entered into a diminishing musarkah arrangement amounted Rs. 675 million with Faisal Bank Limited (Islamic) and long term finance facility amounted Rs. 1,000 million from Bank Alfalah Limited to retire import documents under SBP Scheme for imported plant and machinery. All the terms and conditions of the long term finances are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2019. Effective mark-up rates charged, during the period, ranged from 2.50% to 16.85% (June 30, 2019: 2.50% to 13.29%) per annum.

10. SHORT TERM BORROWINGS

Running / cash finances - secured	10.1	15,538,440,781	15,456,007,634
Running musharakah finance - secured	10.1	1,000,000,000	1,999,998,447
Temporary bank overdraft - unsecured		67,096,058	11,701,853
From related parties - unsecured	10.2	-	123,907,000
		<u>16,605,536,839</u>	<u>17,591,614,934</u>

- 10.1 The Group has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.24,364 million (June 30, 2019: Rs.22,959 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge over current assets of the Group, lien on export / import documents, trust receipts and promissory notes duly signed by the directors. These finances carry mark-up at the rates ranging from 2.15 to 15.64% (June 30, 2019: 2.25% to 14.50%) per annum. These facilities are expiring on various dates upto December 31, 2019.

- 10.2 The Parent Company, during the preceding year, obtained short term loans aggregated Rs.67.262 million from directors of the Company and their related parties and Rs.56.645 million from its associated companies to meet its working capital requirements. These loans were interest free and have been repaid during the period.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.2,557.768 million (June 30, 2019: Rs.2,538.546 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.

- 11.1.2 There has been no material change in status of contingencies as reported in note 28 to the annual audited consolidated financial statements of the Group.

11.2 Commitments in respect of :

• letters of credit for capital expenditure	<u>180,351,176</u>	<u>326,157,435</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>545,865,303</u>	<u>243,265,201</u>
• capital expenditure other than letters of credit	<u>200,204,499</u>	<u>5,418,822</u>
• foreign bills discounted	<u>1,060,779,932</u>	<u>336,152,581</u>

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

For the six months period ended December 31, 2019 - Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Local sales					
- Yarn	1,771,723,592	7,578,373	16,739,797		1,796,041,762
- Fabric	-	54,343,929	980,971,592		1,035,315,521
- Garments	-	7,322,120	24,315,573		31,637,693
- Waste	110,956,826	19,984,471	23,382,930		154,324,227
- Raw materials	39,221,797	-	-		39,221,797
- Energy purchase price				3,670,997,250	3,670,997,250
- Capacity purchase price				3,000,992,410	3,000,992,410
- Local steam income	9,153,000				9,153,000
- Processing income	3,208,784	32,049,280	3,448,973		38,707,037
	1,934,263,999	121,278,173	1,048,858,865	6,671,989,660	9,776,390,697
Export Sales					
- Yarn	4,266,500,355	175,420,228	-		4,441,920,583
- Fabric	-	367,990,341	2,229,767,695		2,597,758,036
- Garments	-	2,306,346,326	-		2,306,346,326
- Waste	197,657,602	-	-		197,657,602
	4,464,157,957	2,849,756,895	2,229,767,695	-	9,543,682,547
Export rebate					
- Fabric	-	2,783,512	22,449,899		25,233,411
- Garments	-	36,219,250	-		36,219,250
	-	39,002,762	22,449,899	-	61,452,661
	6,398,421,956	3,010,037,830	3,301,076,459	6,671,989,660	19,381,525,905
Timing of revenue recognition					
Goods transferred at a point in time	6,395,213,172	2,977,988,550	3,297,627,486	6,671,989,660	12,670,829,208
Services rendered at a point in time	3,208,784	32,049,280	3,448,973	-	38,707,037
	6,398,421,956	3,010,037,830	3,301,076,459	6,671,989,660	19,381,525,905

For the six months period ended December 31, 2018 - Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Local sales					
- Yarn	1,212,369,091	5,918,851	10,248,929	-	1,228,536,871
- Fabric	-	16,343,457	372,325,860	-	388,669,317
- Garments	-	15,383,824	-	-	15,383,824
- Waste	83,666,590	17,473,960	13,809,719	-	114,950,269
- Raw materials	21,843,715	-	-	-	21,843,715
- Energy purchase price	-	-	-	5,139,563,747	5,139,563,747
- Capacity purchase price	-	-	-	2,387,496,821	2,387,496,821
- Local steam income	3,475,000	-	-	-	3,475,000
- Processing income	46,800	28,519,730	-	-	28,566,530
	1,321,401,196	83,639,822	396,384,508	7,527,060,568	9,328,486,094
Export Sales					
- Yarn	4,097,972,661	115,126,821	-	-	4,213,099,482
- Fabric	-	281,460,758	1,298,318,779	-	1,579,779,537
- Garments	-	1,673,611,158	-	-	1,673,611,158
- Waste	133,382,168	-	-	-	133,382,168
	4,231,354,829	2,070,198,737	1,298,318,779	-	7,599,872,345
Export rebate					
- Fabric	-	2,041,304	10,864,156	-	12,905,460
- Garments	-	68,017,093	-	-	68,017,093
	-	70,058,397	10,864,156	-	80,922,553
	5,552,756,025	2,223,896,956	1,705,567,443	7,527,060,568	17,009,280,992
Timing of revenue recognition					
Goods transferred at a point in time	5,552,709,225	2,195,377,226	1,705,567,443	7,527,060,568	9,453,653,894
Services rendered at a point in time	46,800	28,519,730	-	-	28,566,530
	5,552,756,025	2,223,896,956	1,705,567,443	7,527,060,568	17,009,280,992

13. COST OF SALES

----- Un-audited -----				
	Quarter ended		Six months period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note	----- Rupees -----			
Finished goods at beginning of the period	1,393,858,461	839,773,862	1,309,473,560	642,813,568
Cost of goods manufactured	6,746,195,262	5,714,667,453	15,338,353,050	14,581,990,959
Cost of raw materials sold	39,555,835	18,151,177	57,894,198	22,048,836
	6,785,751,097	5,732,818,630	15,396,247,248	14,604,039,795
	8,179,609,558	6,572,592,492	16,705,720,808	15,246,853,363
Finished goods at end of the period	(1,390,831,839)	(1,493,148,207)	(1,390,831,839)	(1,493,148,207)
	6,788,777,719	5,079,444,285	15,314,888,969	13,753,705,156

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees -----			
13.1 Cost of goods manufactured					
Work-in-process at beginning of the period		824,060,819	469,518,710	830,588,354	439,022,953
Raw materials consumed		4,288,297,322	3,792,460,437	10,416,610,609	10,681,281,459
Direct labour and other overheads		2,486,905,038	2,033,971,144	4,944,222,004	4,042,969,385
		6,775,202,360	5,826,431,581	15,360,832,613	14,724,250,844
		7,599,263,179	6,295,950,291	16,191,420,967	15,163,273,797
Work-in-process at end of the period		(853,067,917)	(581,282,838)	(853,067,917)	(581,282,838)
		6,746,195,262	5,714,667,453	15,338,353,050	14,581,990,959
14. CASH USED IN OPERATIONS					
				Un-audited	
				Six months period ended	
				December 31, 2019	December 31, 2018
				----- Rupees -----	
Profit before taxation				2,299,273,597	1,927,309,030
Adjustments for non-cash and other items:					
Depreciation				693,597,403	647,170,314
Amortization of intangible assets				1,051,142	708,316
Staff retirement benefit - gratuity				65,557,233	45,310,338
Provision for workers' profit participation fund				41,068,093	16,223,255
Provision for doubtful tax refunds				9,000,000	38,882,497
Gain on disposal of operating fixed assets				(2,503,058)	(1,513,274)
Gain on sale of investments				-	(9,774,691)
Gain on sale of stores and spares				(9,893)	(643,215)
Dividend and interest income				(248,725,647)	(235,366,632)
Finance cost				1,292,153,129	1,007,909,446
Exchange loss/(gain)				4,853,797	(1,408,602)
Working capital changes	14.1			712,640,172	(5,845,384,353)
				4,867,955,968	(2,410,577,571)
14.1 Working capital changes					
(Increase) / decrease in current assets:					
- stores, spare parts and loose tools				(53,306,024)	(91,628,613)
- stock-in-trade				(2,290,311,856)	(4,344,764,484)
- trade debts				2,504,735,809	(1,253,898,267)
- loans and advances				(85,257,013)	(122,877,255)
- deposits, other receivables and sales tax				(659,401,607)	(65,375,824)
				(583,540,691)	(5,878,544,443)
Increase / (decrease) in current liabilities:					
- trade and other payables				1,234,129,877	(69,950,531)
- contract liabilities				62,050,986	103,110,621
				712,640,172	(5,845,384,353)

15. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Group's sensitivity to these risks since June 30, 2019, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Group during the period.

This condensed consolidated interim financial statement does not include all financial risk management information and disclosures as are required in the audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statement as at June 30, 2019.

15.1 Fair value estimation

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.8,220.701 million (June 30, 2019: Rs.6,920.210 million) and level 3 financial assets amounting Rs.29.216 million (June 30, 2019: Rs.29.216 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

16. TRANSACTIONS WITH RELATED PARTIES**16.1 Significant transactions with related parties are as follows:**

Relationship with the Company	Nature of transactions	Un-audited	
		Six months period ended	
		December 31, 2019	December 31, 2018
		----- Rupees -----	
(i) Associates	Sales:		
	• raw material / yarn / fabric / stores	116,963,813	288,798,477
	• assets	125,000	600,000
	Purchases:		
	• raw material / yarn / fabric / stores	839,802,102	503,085,236
	• assets	2,223,414	-
	• electricity	78,598	38,848,900
	Services:		
	• rendered	1,873,953	137,294
	• obtained	698,482	211,998
	Expenses charged by	13,723,710	15,311,893
	Expenses charged to	17,128,603	9,451,264
	Dividend:		
(ii) Directors and their related parties	• received	1,231,648	1,001,026
	• paid	81,580,768	4,724,364
	Loans obtained	-	56,645,000
	Loans repaid	56,645,000	-
	Loans obtained	-	67,262,000
(iii) Key management personnel	Loans repaid	67,262,000	-
	Shares allotted	61,586,200	-
	Remuneration and other benefits	84,936,356	67,696,220
(iv) Retirement fund	Contribution made	16,229,293	14,779,006

16.2 Period / year end balances are as follows:

	Un-audited December 31, 2019	Audited June 30, 2019
Receivables from related parties	----- Rupees -----	
Trade debts	59,265,270	33,745,219
Other receivables	1,865,275	1,865,275
Payable to related parties		
Trade and other payables	445,621,730	144,152,488

17. SEGMENT REPORTING**17.1 Reportable segments**

The Group's reportable segments are as follows:

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

17.2 Information regarding the Group's reportable segments is presented below.

	Spinning	Knitting, processing and garments	Denim	Power	Total
----- Rupees -----					
For the six months period ended December 31, 2019					
Revenue - external customers	6,398,421,956	3,034,353,402	3,276,760,887	6,671,989,660	19,381,525,905
Inter - segment sale	1,074,468,820		266,530		1,074,735,350
Segment results	381,278,403	412,447,852	(273,375,164)	1,797,567,075	2,317,918,166
For the six months period ended December 31, 2018					
Revenue - external customers	5,552,756,025	2,223,896,955	1,705,567,444	7,527,060,568	17,009,280,992
Inter - segment sale	806,283,676	0	0	0	806,283,676
Segment results	506,494,980	284,604,611	(369,925,276)	1,505,964,812	1,927,139,127

	Un-audited Six months period December 31,	
	2019	2018
----- Rupees -----		
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segment	2,317,918,166	1,927,139,127
Administrative expenses	(231,876,758)	(206,270,455)
Other expenses	(56,121,890)	(56,014,777)
Other income	269,354,079	262,455,135
Share of profit of Associated Companies	143,846,028	27,213,988
Taxation	(219,077,948)	(146,260,890)
Profit after taxation	2,224,041,677	1,808,262,128

17.3 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Denim	Power	Total
	----- Rupees -----				
As at December 31, 2019					
Segment assets	10,231,137,262	3,226,482,579	7,656,269,089	22,672,361,793	43,786,250,723
Unallocatable assets					15,174,064,213
Total assets as per balance sheet					58,960,314,936
Segment liabilities	8,535,452,301	1,917,575,357	10,316,731,362	7,351,935,390	28,121,694,410
Unallocatable liabilities					470,289,661
Total liabilities as per balance sheet					28,591,984,071
As at June 30, 2019					
Segment assets	8,804,619,975	3,019,297,370	7,559,246,293	24,701,731,474	44,084,895,112
Unallocatable assets					12,937,020,658
Total assets as per balance sheet					57,021,915,770
Segment liabilities	7,813,374,935	1,662,202,238	10,013,081,249	10,496,190,584	29,984,849,006
Unallocatable liabilities					296,827,074
Total liabilities as per balance sheet					30,281,676,080

17.4 Geographical information

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

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed consolidated interim statement of financial position has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended June 30, 2019, whereas, the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity have been compared with the balances of comparable period of condensed consolidated interim financial statements of the Group for the six months period ended December 31, 2018.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on February 26, 2020.

Shahid Abdullah
Chief Executive

Yousuf Abdullah
Director

Jawwad Faisal
Chief Financial Officer