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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 financial statements for the period of nine months ended 31 March, 2020.

Financial Highlights

	31 March,	
	2020	2019
	Rupees in thousand	
Sales & services	19,114,431	15,132,190
Gross profit	2,489,313	1,938,618
Profit from operations	2,774,289	1,521,009
Other income	1,305,713	384,991
Profit before taxation	1,555,444	619,528
Taxation:		
- Current	322,555	176,450
- Prior	(275)	1,699
- Deferred	2,648	13,030
	324,928	191,179
Profit after taxation	<u>1,230,516</u>	<u>428,349</u>

During the period under review, your company achieved sales of Rs.19.1 billion compared to Rs. 15.1 billion during corresponding period of last year, an increase of 26.3%. The gross profit as a percentage of sales was 13.0% compared to 12.8% during previous year. Whereas, the Company earned profit after tax of Rs. 1,230 million as against Rs. 428 million during corresponding period of last year.

Earnings per share

The earnings per share (EPS) were at Rs.61.24 as compared to Rs.20.78 during same period of last year.

Future outlook

The world is going through an unprecedented phase of lockdown and halt of economic activity due to Covid-19 pandemic. Global demand of textile products is not expected to resume anytime soon in current circumstances. As a result, your Company's earnings in the last quarter of this financial year are expected to drop considerably. The management is committed to protect interest of all stakeholders during these challenging times.

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: 28 April, 2020

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ہم 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں		تفصیل
31 مارچ 2019ء	31 مارچ 2020ء	
15,132,190	19,114,431	فروخت اور خدمات
1,938,618	2,489,313	مجموعی منافع
1,521,009	2,774,289	آپریشنز سے منافع
384,991	1,305,713	دیگر آمدن
619,528	1,555,444	ٹیکس سے پہلے منافع
		ٹیکسیشن
176,450	322,555	موجودہ
1,699	(275)	گزشتہ
13,030	2,648	فرق
191,179	324,928	
428,349	1,230,516	ٹیکس کے بعد منافع

کمپنی نے گزشتہ سال کی اسی مدت کے دوران 15.1 بلین روپے کے مقابلے میں 19.1 بلین روپے فروخت حاصل کی جو 26.3 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 12.8 فیصد کے برعکس 13 فیصد ہوا۔ کمپنی نے گزشتہ سال کی اسی مدت میں 428 بلین روپے کے مقابلے میں 1,230 بلین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی فی حصص آمدنی (EPS) 61.24 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 20.78 روپے تھی۔

مستقبل کا نقطہ نظر

دنیا کو ویڈ 19 وبائی مرض کی وجہ سے لاک ڈاؤن اور نصف معاشی سرگرمیوں کو روکنے کے ناگہانی مرحلے سے گذر رہی ہے۔ موجودہ حالات میں ٹیکسٹائل کی مصنوعات کی عالمی طلب میں جلد اضافہ متوقع نہیں ہے۔ اس کے نتیجے میں، اس مالی سال کی آخری سہ ماہی میں آپ کی کمپنی کی آمدنی میں نمایاں کمی ہونے کی توقع ہے۔ انتظامیہ ان مشکل حالات کے دوران تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے پُر عزم ہے۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور: تاریخ: 28 اپریل 2020ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020	Audited June 30, 2019
----- Rupees -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,830,553,933	10,557,238,378
Investment property		31,750,000	31,750,000
Intangible assets		4,675,417	6,092,817
Long term investments	5	7,875,961,746	8,407,678,480
Long term loans		302,500	442,000
Long term deposits		28,866,645	28,606,645
		<u>19,772,110,241</u>	<u>19,031,808,320</u>
Current assets			
Stores, spare parts and loose tools		358,328,587	248,085,374
Stock-in-trade	6	7,796,665,806	6,830,630,079
Trade debts		2,941,470,385	4,232,884,737
Loans and advances		210,004,195	96,814,093
Trade deposits and short term prepayments		13,968,338	77,925,574
Short term investments		2,323,667,768	2,908,132,483
Other receivables	7	802,184,225	744,598,891
Tax refunds due from Government		1,255,420,296	655,226,989
Cash and bank balances		53,232,668	76,712,566
		<u>15,754,942,268</u>	<u>15,871,010,786</u>
Total assets		<u><u>35,527,052,509</u></u>	<u><u>34,902,819,106</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		20,671,875	19,687,500
20,671,875 (June 30, 2019: 19,687,500)			
ordinary shares of Rs.10 each	8	206,718,750	196,875,000
Reserves		2,115,090,553	2,696,666,077
Unappropriated profit		13,367,627,048	12,393,666,121
		<u>15,689,436,351</u>	<u>15,287,207,198</u>
Liabilities			
Non-current liabilities			
Long term finances	9	4,024,569,988	3,559,813,830
Staff retirement benefit - gratuity		291,569,340	242,930,143
Deferred taxation		128,544,192	125,895,975
		<u>4,444,683,520</u>	<u>3,928,639,948</u>
Current liabilities			
Trade and other payables		2,938,088,437	2,258,009,039
Contract liabilities		428,088,079	313,963,434
Accrued mark-up / interest		173,916,233	217,497,816
Short term borrowings	10	10,904,276,398	11,772,445,051
Current portion of long term finances		596,163,942	885,792,285
Unclaimed dividend		6,223,724	5,967,559
Provision for taxation		346,175,825	233,296,776
		<u>15,392,932,638</u>	<u>15,686,971,960</u>
Total liabilities		<u><u>19,837,616,158</u></u>	<u><u>19,615,611,908</u></u>
Contingencies and commitments	11		
Total equity and liabilities		<u><u>35,527,052,509</u></u>	<u><u>34,902,819,106</u></u>

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Quarter ended		Nine months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		----- Rupees -----			
		(Restated)		(Restated)	
Sales - net	12	6,404,894,503	5,649,970,039	19,114,430,748	15,132,190,463
Cost of sales	13	(5,636,252,530)	(5,001,374,490)	(16,625,117,274)	(13,193,572,250)
Gross profit		768,641,973	648,595,549	2,489,313,474	1,938,618,213
Distribution cost		(233,694,849)	(159,422,003)	(690,260,490)	(481,357,868)
Administrative expenses		(84,301,537)	(84,927,706)	(254,913,151)	(245,330,715)
Other income	14	606,544,588	136,373,698	1,305,713,507	384,990,840
Other expenses		(24,295,844)	(19,905,332)	(75,563,937)	(75,911,084)
Profit from operations		1,032,894,331	520,714,206	2,774,289,403	1,521,009,386
Finance cost		(475,111,839)	(354,587,811)	(1,218,845,668)	(901,481,157)
Profit before taxation		557,782,492	166,126,395	1,555,443,735	619,528,229
Taxation		(107,560,751)	(46,028,558)	(324,928,227)	(191,179,345)
Profit after taxation		450,221,741	120,097,837	1,230,515,508	428,348,884
Earnings per share					
- basic and diluted		22.41	5.83	61.24	20.78

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2020

	Quarter ended		Nine months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees -----			
		(Restated)		(Restated)
Profit after taxation	450,221,741	120,097,837	1,230,515,508	428,348,884
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	(1,405,860,510)	75,903,267	(531,710,735)	(334,239,702)
- short term	(957,863,482)	395,513,468	(209,195,177)	(268,936,746)
Impact of deferred tax	35,908,193	-	-	28,064,658
Realised (loss) / gain on sale of investment at fair value through other comprehensive income	(1,079,889)	4,536,671	(99,054,581)	14,311,361
	(2,328,895,688)	475,953,406	(839,960,493)	(560,800,429)
Items that will be reclassified to statement of profit or loss subsequently	-	-	-	-
Unrealised (loss) / gain on remeasurement of forward foreign exchange contracts	(92,721,902)	-	(86,763,362)	-
Other comprehensive income / (loss) for the period	(2,421,617,590)	475,953,406	(926,723,855)	(560,800,429)
Total comprehensive income / (loss) for the period	(1,971,395,849)	596,051,243	303,791,653	(132,451,545)

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Nine months period ended	
		March 31, 2020	March 31, 2019
		----- Rupees -----	
		(Restated)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	2,573,396,157	(1,470,494,433)
Staff retirement benefits paid		(50,196,652)	(172,703,721)
Finance cost paid		(1,262,427,251)	(820,395,411)
Taxes paid		(309,608,005)	(223,255,495)
Workers' profit participation fund paid		(47,685,708)	(67,999,400)
Long term loans - net		139,500	-
Long term deposits - net		(260,000)	-
Net cash generated / (used) in operating activities		903,358,040	(2,754,848,460)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,908,329,722)	(510,674,178)
Proceeds from disposal of operating fixed assets		46,554,050	43,165,870
Investment in a Subsidiary Company		-	(166,840,210)
Short term investments		276,214,955	-
Proceeds from sale of stores and spares		395,780	5,819,908
Dividend and interest income received		1,252,674,172	259,125,278
Net cash used in investing activities		(332,490,765)	(369,403,331)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		830,503,000	360,736,000
- repaid		(655,375,185)	(558,105,451)
Share capital issued		255,937,500	-
Dividend paid		(157,243,835)	(235,606,709)
Short term borrowings - net		(868,168,653)	3,578,368,463
Net cash (used) / generated from financing activities		(594,347,173)	3,145,392,303
Net (decrease) / increase in cash and cash equivalents		(23,479,898)	21,140,512
Cash and cash equivalents - at beginning of the period		76,712,566	24,047,126
Cash and cash equivalents - at end of the period		53,232,668	45,187,638

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE PERIOD ENDED MARCH 31, 2020

	Capital		Reserves		Other Components of equity			Total
	Share Premium	General	Revenue	Unappropriated profit	Sub-total	Unrealised gain / (loss) on financial assets at fair value through other comprehensive income	Sub-total	
Issued, subscribed and paid-up capital	145,740,000	1,183,845,000	11,828,618,830	2,928,444,746	13,158,203,830	-	2,928,444,746	16,283,523,576
Balance as at July 1, 2018 (Audited)	196,875,000	1,183,845,000	11,828,618,830	2,928,444,746	13,158,203,830	-	2,928,444,746	16,283,523,576
Transaction with owners								
Final dividend for the year ended June 30, 2018 at the rate of Rs.12 per share	-	-	(236,250,000)	-	(236,250,000)	-	-	(236,250,000)
Total comprehensive income / (loss) for the nine months period ended March 31, 2019								
Profit for the period	-	-	428,348,884	-	428,348,884	-	-	428,348,884
Other comprehensive loss	-	-	-	(560,800,429)	-	(560,800,429)	(560,800,429)	(560,800,429)
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income	-	-	428,348,884	(560,800,429)	-	(560,800,429)	(560,800,429)	(132,451,545)
Balance as at March 31, 2019 (Un-audited)	196,875,000	1,183,845,000	12,035,029,075	14,311,361	13,364,614,075	2,353,332,956	(14,311,361)	15,914,822,031
Balance as at July 1, 2019 (Audited)	196,875,000	1,183,845,000	12,393,666,121	1,367,081,077	13,723,251,121	-	1,367,081,077	15,287,207,198
Transaction with owners								
Issuance of right shares (note 8)	9,843,750	246,093,750	-	-	246,093,750	-	-	255,937,500
Final dividend for the year ended June 30, 2019 at the rate of Rs.8 per share	-	-	(157,500,000)	-	(157,500,000)	-	-	(157,500,000)
Total comprehensive income / (loss) for the nine months period ended March 31, 2020								
Profit for the period	-	-	1,230,515,508	-	1,230,515,508	-	-	1,230,515,508
Other comprehensive loss	-	-	-	(839,960,493)	-	(86,763,362)	(926,723,855)	(926,723,855)
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income	-	-	1,230,515,508	(839,960,493)	-	(86,763,362)	(926,723,855)	303,791,653
Balance as at March 31, 2020 (Un-audited)	206,718,750	391,833,750	13,367,627,048	99,054,581	14,943,305,798	626,175,165	539,411,803	15,689,436,351

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

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	
7A- 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 March 31, 2020	Audited June 30, 2019
		----- Rupees -----	
Operating fixed assets	4.1	10,085,105,275	10,434,625,536
Capital work-in-progress	4.3	1,745,448,658	122,612,842
		<u>11,830,553,933</u>	<u>10,557,238,378</u>
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	285,493,907	1,735,612,001
Disposals costing Rs.164.620 million (June 30, 2019: Rs.136.887 million) - at net book value		(36,218,987)	(38,070,514)
Depreciation charge for the period / year		(598,795,181)	(732,352,106)
Net book value at end of the period / year		<u>10,085,105,275</u>	<u>10,434,625,536</u>
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		241,824,633	1,273,853,514
Electric installation		3,503,717	40,799,859
Equipment:			
• fire fighting		-	590,000
• mills		1,056,400	799,885
• electric / gas		188,631	-
Computer hardware		989,500	3,657,904
Vehicles		21,320,000	28,966,442
Furniture and fixtures		2,595,003	251,177
		<u>285,493,907</u>	<u>1,735,612,001</u>
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 March 31, 2020	Audited June 30, 2019
	Note	----- Rupees -----	
4.3 Capital work-in-progress			
Buildings		178,363,278	12,570,215
Plant and machinery (including in transit aggregating Rs.33.966 million (June 30, 2019: Rs.78.400 million)		1,164,912,282	78,404,642
Advance payments against:			
• freehold land and building		390,000,000	-
• plant and machinery		-	245,620
• factory / office building		6,668,800	6,668,800
• electric installation		-	15,764,565
• vehicles		4,400,378	8,959,000
• computer software		1,103,920	-
		402,173,098	31,637,985
		1,745,448,658	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	3,495,900,181	4,026,985,585
- debt instruments	5.2	63,676,480	64,307,810
		7,875,961,746	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		1,822,414,626	2,280,840,745
		2,718,865,749	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		(469,255,255)	(396,595,970)
		747,818,354	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
		3,495,900,181	4,026,985,585

	Note	Un-audited March 31, 2020	Audited June 30, 2019
----- Rupees -----			
5.2 Debt Instruments - at FVTOCI			
Term finance certificates - Habib Bank Limited			
650 (June 30, 2019: 150) term finance certificates of Rs.100,000 each - cost		64,976,000	14,982,000
Adjustment arising from re-measurement to fair value		(1,299,520)	(674,190)
		63,676,480	14,307,810
Advance against purchase of TFCs		-	50,000,000
		63,676,480	64,307,810
6. STOCK-IN-TRADE			
Raw materials		5,785,771,030	4,690,568,165
Work-in-process		809,918,242	830,588,354
Finished goods		1,200,976,534	1,309,473,560
		7,796,665,806	6,830,630,079
7. OTHER RECEIVABLES			
These include short term loan amounted Rs.99 million provided to Sapphire Energy (Pvt.) Limited - Subsidiary Company and Rs.39.771 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 13.67% 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			
Balance at beginning of the period / year		4,445,606,115	4,681,636,182
Add: disbursements during the period / year	9.1 - 9.3	830,503,000	626,337,000
Less: repayments made during the period / year		(655,375,185)	(862,367,067)
Balance at end of the period / year		4,620,733,930	4,445,606,115
Less: current portion grouped under current liabilities		(596,163,942)	(885,792,285)
		4,024,569,988	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.564.003 million in ten 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** The Company, during the period, arranged a long term finance facility amounted Rs.500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs. 242.500 million in Seven tranches of different amounts. This finance facility is secured against first joint pari passu charge of Rs.667 million over plant and machinery of the Company with 25% margin.
- 9.4** 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 14.85% (June 30, 2019: 2.50% to 13.29%) per annum.

10. SHORT TERM BORROWINGS

- 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

11.1.1 Outstanding bank guarantees

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.

- 11.1.2** 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.

	Un-audited March 31, 2020	Audited June 30, 2019
	----- Rupees -----	
11.2 Commitments in respect of :		
• letters of credit for capital expenditure	<u>345,996,409</u>	<u>310,189,435</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>1,505,437,607</u>	<u>243,265,201</u>
• capital expenditure other than letters of credit	<u>311,208,894</u>	<u>5,418,822</u>

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 nine months period ended March 31, 2020- Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	2,713,368,100	8,673,186	36,262,298	2,758,303,584
- Fabric	-	114,191,684	1,688,804,475	1,802,996,159
- Garments	-	35,081,493	-	35,081,493
- Waste	163,028,706	28,794,834	34,291,010	226,114,550
- Raw materials	46,251,537	-	-	46,251,537
- Local steam income	13,143,000	-	-	13,143,000
- Processing income	4,173,541	52,011,682	3,448,973	59,634,196
	2,939,964,884	238,752,879	1,762,806,756	4,941,524,519
Export Sales				
- Yarn	6,506,896,263	225,863,152	-	6,732,759,415
- Fabric	-	614,608,789	3,381,019,287	3,995,628,076
- Garments	-	3,065,114,747	-	3,065,114,747
- Waste	287,183,780	-	-	287,183,780
	6,794,080,043	3,905,586,688	3,381,019,287	14,080,686,018
Export rebate				
- Fabric	-	4,580,418	38,337,310	42,917,728
- Garments	-	49,302,483	-	49,302,483
	-	53,882,901	38,337,310	92,220,211
	9,734,044,927	4,198,222,468	5,182,163,353	19,114,430,748
Timing of revenue recognition				
Goods transferred at a point in time	9,729,871,386	4,146,210,786	5,178,714,380	19,054,796,552
Services rendered at a point in time	4,173,541	52,011,682	3,448,973	59,634,196
	9,734,044,927	4,198,222,468	5,182,163,353	19,114,430,748

For the nine months period ended March 31, 2019 - Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	2,084,272,101	7,966,723	10,940,753	2,103,179,577
- Fabric	-	30,104,898	811,202,873	841,307,771
- Garments	-	19,967,766	-	19,967,766
- Waste	133,903,018	27,855,609	22,473,419	184,232,046
- Raw materials	30,625,942	-	267,120	30,893,062
- Local steam income	6,480,000	-	-	6,480,000
- Processing income	164,400	34,087,567	6,346,832	40,598,799
	2,255,445,461	119,982,563	851,230,998	3,226,659,022
Export Sales				
- Yarn	6,107,661,582	198,765,977	-	6,306,427,559
- Fabric	-	481,597,242	2,162,608,937	2,644,206,179
- Garments	-	2,628,415,366	-	2,628,415,366
- Waste	211,793,460	-	-	211,793,460
	6,319,455,042	3,308,778,585	2,162,608,937	11,790,842,564
Export rebate				
- Fabric	-	3,605,620	18,764,425	22,370,045
- Garments	-	92,318,832	-	92,318,832
	-	95,924,452	18,764,425	114,688,877
	8,574,900,503	3,524,685,600	3,032,604,360	15,132,190,463
Timing of revenue recognition				
Goods transferred at a point in time	8,574,736,103	3,490,598,033	3,026,257,528	15,091,591,663
Services rendered at a point in time	164,400	34,087,567	6,346,832	40,598,799
	8,574,900,503	3,524,685,600	3,032,604,360	15,132,190,463

13. COST OF SALES

----- Un-audited -----				
	Quarter ended		Nine months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees -----			
Finished goods at beginning of the period	1,390,831,839	1,493,148,207	1,309,473,560	642,813,568
Cost of goods manufactured	5,432,552,665	4,830,310,034	16,444,881,490	13,850,793,597
Cost of raw materials sold	13,844,560	11,030,534	71,738,758	33,079,370
	5,446,397,225	4,841,340,568	16,516,620,248	13,883,872,967
	6,837,229,064	6,334,488,775	17,826,093,808	14,526,686,535
Finished goods at end of the period	(1,200,976,534)	(1,333,114,285)	(1,200,976,534)	(1,333,114,285)
	5,636,252,530	5,001,374,490	16,625,117,274	13,193,572,250

Note

		----- Un-audited -----			
		Quarter ended		Nine months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note		----- Rupees -----			
13.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	853,067,917	581,282,838	830,588,354	439,022,953
	Raw materials consumed	3,519,479,495	3,268,201,394	10,536,264,678	9,201,529,044
	Direct labour and other overheads	1,869,923,495	1,756,021,473	5,887,946,700	4,985,437,271
		5,389,402,990	5,024,222,867	16,424,211,378	14,186,966,315
		6,242,470,907	5,605,505,705	17,254,799,732	14,625,989,268
	Work-in-process at end of the period	(809,918,242)	(775,195,671)	(809,918,242)	(775,195,671)
		5,432,552,665	4,830,310,034	16,444,881,490	13,850,793,597

14. OTHER INCOME

Current period figure include dividend amounted Rs.866.348 million (March 31, 2019: Rs. Nil) received from Sapphire Electric Company Limited - Subsidiary Company.

15. CASH USED IN OPERATIONS

		Un-audited	
		Nine months period ended	
		March 31, 2020	March 31, 2019
Note		----- Rupees -----	
	Profit before taxation	1,555,443,735	633,839,590
	Adjustments for non-cash and other items:		
	Depreciation	598,795,181	533,124,054
	Amortization of intangible assets	1,417,399	1,062,475
	Staff retirement benefit - gratuity	98,835,849	68,055,506
	Provision for workers' profit participation fund	69,748,923	23,486,363
	Provision for doubtful tax refunds	9,000,000	52,005,880
	Gain on disposal of operating fixed assets	(10,335,063)	(8,823,250)
	Gain on sale of stores and spares	(97,693)	(334,894)
	Dividend and interest income	(1,264,565,081)	(356,795,521)
	Finance cost	1,218,845,668	901,481,157
	Working capital changes	296,307,238	(3,317,595,792)
		2,573,396,157	(1,470,494,433)

	Un-audited	
	Nine months period ended	
	March 31, 2020	March 31, 2019
	----- Rupees -----	
15.1 Working capital changes		
(Increase) / decrease in current assets:		
- stores, spare parts and loose tools	(110,541,300)	(86,535,025)
- stock-in-trade	(966,035,727)	(3,343,830,856)
- trade debts	1,291,414,352	(542,883,816)
- loans and advances	(113,190,102)	(43,055,744)
- deposits, other receivables and sales tax	(569,752,858)	97,876,123
	(468,105,635)	(3,918,429,319)
Increase / (decrease) in current liabilities:		
- trade and other payables	650,288,228	396,509,002
- contract liabilities	114,124,645	204,324,524
	296,307,238	(3,317,595,792)

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.

		Un-audited	
		Nine months period ended	
		March 31, 2020	March 31, 2019
		----- Rupees -----	
17.	TRANSACTIONS WITH RELATED PARTIES		
17.1	Significant transactions with related parties are as follows:		
	Relationship with the Company	Nature of transactions	
	(i) Subsidiaries	Dividend received	866,347,800
		Deposit for shares	-
		Shares allotted	34,500,000
		Expenses charged to	-
		Loans provided	132,340,210
		Mark-up Charged	7,130,298
	(ii) Associates	Sales:	6,630,808
		• raw material / yarn / fabric / stores	138,771,376
		• assets	6,143,985
		Purchases:	-
		• raw material / yarn / fabric / stores	164,904,360
		• assets	472,875,744
		• electricity	18,880,000
		Services:	-
		• rendered	1,316,687,215
		• obtained	849,584,719
		Expenses charged by	2,223,414
		Expenses charged to	-
		Dividend:	42,328,084
		• received	78,598
		• paid	2,391,898
		Loans obtained	175,333
		Loans repaid	698,482
		Shares allotted	792,830
	(iii) Directors and their related parties	Expenses charged by	22,138,677
		Expenses charged to	21,549,030
		Dividend:	17,842,759
		• received	10,307,306
		• paid	1,231,648
		Loans obtained	1,039,272
		Loans repaid	81,580,768
		Shares allotted	122,371,152
	(iv) Key Management Personnel	Loans obtained	-
		Loans repaid	56,645,000
		Shares allotted	134,082,520
	(v) Retirement fund	Remuneration and other benefits	-
		Contribution made	67,262,000
			-
			86,957,727
			78,208,516
			21,340,881
			18,970,937

18. 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 nine months period ended March 31, 2019.

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.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on April 28, 2020.

Shahid Abdullah
Chief Executive

Shayan 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, Sapphire Energy (Pvt.) Limited and Ignite Power (Private) Limited for the period ended 31 March, 2020. 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 March, 2020.

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 Pakhtunkhawa.

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

PREMIER CEMENT LIMITED

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 26 July, 2016. SFL holds 100% shares of PCL as on 31 March, 2020.

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 March, 2020.

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 March, 2020.

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: April 28, 2020

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 مارچ 2020ء کو جمع ہونے والی نوامی کے لئے سفارز فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارز ایکسٹریکٹ کمپنی لمیٹڈ، سفارز ہائیڈرولیمینٹڈ، پریمیئر سیمنٹ لمیٹڈ، سفارز سیمنٹ کمپنی لمیٹڈ، سفارز انرجی (پرائیویٹ) لمیٹڈ اور اگنائٹ پاور (پرائیویٹ) لمیٹڈ کے اہتمام شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (استعمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق استعمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفارز ایکسٹریکٹ کمپنی لمیٹڈ:

سفارز ایکسٹریکٹ کمپنی لمیٹڈ (SECL) 18 جنوری 2005ء کو رجسٹرڈ بینس، 1984 (ایپیکیز ایکٹ 2017) کے تحت غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ یہ کم جولائی 2008 کو سفارز فائبرز لمیٹڈ (ایس ایف ایل) کی ذیلی کمپنی بنی۔ ایس ایف ایل 31 مارچ 2020ء کے مطابق ایس ای سی ایل کے 68.11% حصص کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی مرید کے ضلع شیٹو پورہ میں 212 میگا واٹ کی خالص صلاحیت کے کماہنڈ سائیکل پاور سٹیشن کی تکمیل، کو چلانا اور برقرار رکھنا ہے۔

سفارز ہائیڈرولیمینٹڈ:

سفارز ہائیڈرولیمینٹڈ (SHL) 07 ستمبر 2017ء کو رجسٹرڈ ایکٹ 2017ء کے تحت پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شمسی، خمیر پختو، تھوہ میں 682 GWH کی سالانہ بجلی کی پیداوار کی پمپنگ کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو ایکسٹریکٹ پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔ سفارز ہائیڈرولیمینٹڈ (ایس ایف ایل) بیزنس کمپنی سفارز فائبرز لمیٹڈ کی ذیلی کمپنی سفارز ایکسٹریکٹ کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

پریمیئر سیمنٹ لمیٹڈ:

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کو رجسٹرڈ ایکٹ 1984 (ایپیکیز ایکٹ 2017) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 مارچ 2020ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالے سے، پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سیمنٹ کمپنی لمیٹڈ:

سفارز سیمنٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016ء کو رجسٹرڈ ایکٹ 1984 (ایپیکیز ایکٹ 2017) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 مارچ 2020ء کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالے سے، ایس سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ:

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو رجسٹرڈ ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 مارچ 2020ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔ SEPL بجلی پیدا کرنے اور تمام دیگر متعلقہ مانتات، کیمیکل اور پٹرولیم مصنوعات کی پینڈنگ، ری گیس کیشن، اسٹوریج، ٹرینٹ اور پروسیڈنگ کے لئے ایک ٹریٹل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، بٹرکٹ کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ:

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) 03 جولائی 2019ء کو رجسٹرڈ ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سلور انرجی سسٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور پروجیکٹس حاصل، ترقی دینے کا ارادہ رکھتی ہے۔ اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) بیزنس کمپنی سفارز فائبرز لمیٹڈ کی ذیلی کمپنی سفارز انرجی پرائیویٹ لمیٹڈ کی 60% ملکیتی ذیلی کمپنی ہے۔

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور
تاریخ: 28 اپریل 2020ء

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	Un-audited March, 2020	Audited June 30, 2019
----- Rupees -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	24,494,358,813	23,634,642,148
Investment property		31,750,000	31,750,000
Intangible assets		10,288,321	11,705,721
Long term investments	5	4,873,441,835	5,219,025,045
Long term loans		302,500	442,000
Long term deposits		31,466,445	42,106,445
		29,441,607,914	28,939,671,359
Current assets			
Stores, spare parts and loose tools		358,328,587	248,085,374
Stock-in-trade	6	7,950,311,250	6,992,281,448
Trade debts	7	13,459,816,843	14,867,544,760
Loans and advances		367,496,266	139,485,191
Trade deposits and short term prepayments		83,909,932	119,201,441
Short term investments		2,323,667,768	2,908,132,483
Other receivables		1,123,406,889	916,496,927
Tax refunds due from Government		1,255,420,296	826,956,709
Cash and bank balances		558,483,682	1,064,060,078
		27,480,841,513	28,082,244,411
Total assets		56,922,449,427	57,021,915,770
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
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		2,228,403,150	2,799,006,787
Unappropriated profit		21,279,886,047	19,214,376,030
Equity attributable to shareholders of the Parent Company		23,715,007,947	22,210,257,817
Non-controlling interest		4,972,946,137	4,529,981,873
Total equity		28,687,954,084	26,740,239,690
Liabilities			
Non-current liabilities			
Long term finances	9	4,024,569,988	4,147,521,687
Staff retirement benefit - gratuity		291,569,340	242,930,143
Deferred taxation		134,695,233	131,621,754
		4,450,834,561	4,522,073,584
Current liabilities			
Trade and other payables		4,158,656,246	3,689,161,254
Contract liabilities		428,088,079	313,963,434
Accrued mark-up / interest		300,121,742	414,784,309
Short term borrowings	10	16,793,425,428	17,591,614,934
Current portion of long term finances		1,749,519,767	3,509,531,264
Unclaimed dividend		6,223,724	5,967,559
Provision for taxation		347,625,796	234,579,742
		23,783,660,782	25,759,602,496
Total liabilities		28,234,495,343	30,281,676,080
Contingencies and commitments	11		
Total equity and liabilities		56,922,449,427	57,021,915,770

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Quarter ended		Nine months period	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
----- Rupees -----					
		(Restated)		(Restated)	
Sales - net	12	8,048,787,994	7,814,542,617	27,430,313,899	24,823,823,609
Cost of sales	13	(6,106,910,413)	(6,081,831,105)	(21,421,799,382)	(19,835,536,261)
Gross profit		1,941,877,581	1,732,711,512	6,008,514,517	4,988,287,348
Distribution cost		(233,694,849)	(159,422,003)	(690,260,490)	(481,357,868)
Administrative expenses		(111,055,238)	(104,142,973)	(342,931,996)	(310,413,428)
Other income		175,135,095	122,794,692	444,489,174	392,361,702
Other expenses		(43,067,813)	(19,900,982)	(99,189,703)	(75,915,759)
Profit from operations		1,729,194,776	1,572,040,246	5,320,621,502	4,512,961,995
Finance cost		(710,926,933)	(623,372,425)	(2,003,080,062)	(1,629,873,269)
		1,018,267,843	948,667,821	3,317,541,440	2,883,088,726
Share of profit / (loss) of Associated Companies		53,904,143	(4,645,437)	197,750,171	22,568,551
Profit before taxation		1,072,171,986	944,022,384	3,515,291,611	2,905,657,277
Taxation		(107,923,448)	(46,539,333)	(327,001,396)	(192,800,223)
Profit after taxation		964,248,538	897,483,051	3,188,290,215	2,712,857,054
Attributable to:					
- Shareholders of the Parent Company		676,717,117	641,972,596	2,342,391,188	1,987,569,728
- Non-controlling interest		287,531,421	255,510,455	845,899,027	725,287,326
		964,248,538	897,483,051	3,188,290,215	2,712,857,054
Earnings per share					
- attributable to shareholders of the Parent Company		33.68	31.15	116.58	96.44

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2020

	Quarter ended		Nine months period	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees -----			
		(Restated)		(Restated)
Profit after taxation	964,248,538	897,483,051	3,188,290,215	2,712,857,054
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income				
- long term	(1,405,860,510)	75,903,267	(531,710,735)	(334,239,702)
- short term	(957,863,482)	395,513,468	(209,195,177)	(268,936,746)
Impact of deferred tax	35,908,193	-	-	28,064,658
Realised (loss) / gain on sale of investment at fair value through other comprehensive income	(1,079,889)	21,423,236	(99,054,581)	14,311,361
Share of fair value gain/(loss) on remeasurement of investment at fair value through other comprehensive income by Associated Companies	(18,261,753)	4,840,864	(6,589,698)	(4,549,253)
	(2,347,157,441)	497,680,835	(846,550,191)	(565,349,682)
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised loss on remeasurement of forward foreign exchange contracts	(92,721,902)	-	(86,763,362)	-
Share of unrealised (loss)/ gain on remeasurement of hedging instruments of Associated Companies	(841,856)	(2,753)	(828,115)	22,133
	(93,563,758)	(2,753)	(87,591,477)	22,133
Other comprehensive (loss) / gain for the period	(2,440,721,199)	497,678,082	(934,141,668)	(565,327,549)
Total comprehensive (loss) / income for the period	(1,476,472,661)	1,395,161,133	2,254,148,547	2,147,529,505
Attributable to:				
- Shareholders of the Parent Company	(1,764,004,082)	1,139,650,678	1,408,249,520	1,422,242,179
- Non-controlling interest	287,531,421	255,510,455	845,899,027	725,287,326
	(1,476,472,661)	1,395,161,133	2,254,148,547	2,147,529,505

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2020

	Nine months period	
	March 31, 2020	March 31, 2019
Note	----- Rupees ----- (Restated)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	14 6,219,438,176	509,426,292
Staff retirement benefits paid	(50,196,652)	(172,703,721)
Finance cost paid	(2,119,600,891)	(1,503,020,516)
Taxes paid	(321,951,333)	(233,042,873)
Workers' profit participation fund paid	(47,685,708)	(67,999,400)
Long term loans - net	139,500	-
Long term deposits - net	10,640,000	10,900,000
Net cash generated / (used) in operating activities	3,690,783,091	(1,456,440,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,938,343,558)	(786,787,546)
Short term investments	276,214,955	(5,244,579)
Proceeds from disposal of operating fixed assets	66,526,249	45,052,747
Proceeds from disposal of stores and spares	395,780	5,819,908
Dividend and interest income received	387,022,396	259,994,341
Net cash used in investing activities	(1,208,184,178)	(481,165,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - net	(1,882,963,196)	(1,546,910,409)
Dividend paid	(562,960,107)	(235,606,709)
Share capital issued	255,937,500	-
Short term borrowings - net	(798,189,506)	3,643,624,196
Net cash (used) / generated from financing activities	(2,988,175,309)	1,861,107,078
Net decrease in cash and cash equivalents	(505,576,396)	(76,498,269)
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	558,483,682	457,703,625

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE PERIOD ENDED MARCH 31, 2020

Issued, subscribed and paid-up capital	Capital		Reserves Revenue				Other Components of equity				Non- Controlling Interest
	Share Premium	Maintenance reserve	General	Unappropriated profit	Sub-total	on financial assets at fair value through other comprehensive income	on hedging instrument	Sub-total	Total	Total	
196,875,000	145,740,000	35,181,732	1,183,845,000	16,434,544,121	17,799,310,853	2,928,821,052	168,060	2,928,989,112	20,925,174,965	3,515,865,102	
Transaction with owners											
Final dividend for the year ended June 30, 2018 at the rate of Rs.12 per share											
Total comprehensive income / (loss) for the nine months period ended March 31, 2019											
-	-	-	(236,250,000)	-	(236,250,000)	-	-	-	(236,250,000)	-	
-	-	-	-	1,987,569,728	1,987,569,728	-	-	-	1,987,569,728	725,287,326	
-	-	-	-	-	-	(565,349,692)	22,133	(565,327,549)	(565,327,549)	-	
-	-	-	-	1,987,569,728	1,987,569,728	(565,349,692)	22,133	(565,327,549)	1,422,242,179	725,287,326	
Transfer to maintenance reserve											
Effect of items directly credited in equity by the Associated companies											
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income											
-	-	38,381,930	-	(38,381,930)	-	-	-	-	-	-	
Effect of items directly credited in equity by the Associated companies											
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income											
-	-	-	-	(551,435)	(551,435)	-	-	-	(551,435)	-	
Balance as at March 31, 2019 (Un-audited)											
196,875,000	145,740,000	73,563,662	1,183,845,000	18,161,241,845	19,564,390,507	2,349,160,009	190,193	2,349,350,202	22,110,615,709	4,241,152,428	
Transaction with owners											
Final dividend for the year ended June 30, 2019 at the rate of Rs.8 per share											
9,843,750	246,093,750	-	-	-	246,093,750	-	-	-	246,093,750	-	
Effect of items directly credited in equity by the Associated companies											
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income											
-	-	-	-	(157,500,000)	(157,500,000)	-	-	-	(157,500,000)	(405,496,115)	
Total comprehensive income / (loss) for the nine months period ended March 31, 2020											
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	2,342,391,188	2,342,391,188	-	-	-	2,342,391,188	845,899,027	
-	-	-	-	-	-	(846,550,191)	(87,591,477)	(934,141,668)	(934,141,668)	-	
-	-	-	-	2,342,391,188	2,342,391,188	(846,550,191)	(87,591,477)	(934,141,668)	1,408,249,520	845,899,027	
Transfer to maintenance reserve											
Effect of items directly credited in equity by the Associated companies											
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income											
-	-	18,389,700	-	(18,389,700)	-	-	-	-	-	-	
Effect of items directly credited in equity by the Associated companies											
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income											
-	-	-	-	(1,936,890)	(1,936,890)	-	-	-	(1,936,890)	-	
Effect of items directly credited in equity by the Associated companies											
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income											
-	-	-	-	(99,054,581)	(99,054,581)	99,054,581	-	99,054,581	-	-	
Balance as at March 31, 2020 (Un-audited)											
206,718,750	391,833,750	132,141,979	1,183,845,000	21,279,866,047	22,987,706,776	607,882,416	(87,299,995)	520,582,421	23,715,007,947	4,972,946,137	

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

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

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 - IPPL

- **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.

- **Sapphire Electric Company Limited**

Sapphire Electric Company Limited (the Subsidiary Company) was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhpura, Punjab.

- **Premier Cement Limited**

Premier Cement Limited is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984, 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.

- **Sapphire Cement Company Limited**

Sapphire Cement Company Limited is also a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on October 28, 2016. The principal activity of the 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.

- **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, 2017. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in

energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations.

- **Sapphire Hydro Limited (the Subsidiary Company)**

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

- **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 public 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These condensed interim consolidated 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 consolidated financial statements do 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 Parent Company annual audited consolidated financial statements for the year ended June 30, 2019.

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 March 31, 2020, 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, March, 2020 and effective holding in IPPL is 60% as IPPL is 60% owned Subsidiary of SEL. Where as 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 Group

During the period, the Group adopted following new standards / interpretations:

The Parent 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 Parent 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.

2.4 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 consolidated financial statements for the year ended June 30, 2019.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated 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 consolidated financial statements, the significant judgements made by management in applying Group'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 March 31, 2020	Audited June 30, 2019
	Note	----- Rupees -----	
Operating fixed assets	4.1	22,386,143,137	23,179,031,125
Capital work-in-progress	4.2	2,108,215,676	455,611,023
		<u>24,494,358,813</u>	<u>23,634,642,148</u>

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	285,738,907	1,907,787,361
Disposals costing Rs. 164.620 million (June 30, 2019: Rs.144.801 million) - at net book value		(36,218,987)	(44,128,140)
Depreciation charge for the period / year		(1,042,407,908)	(1,324,586,578)
Net book value at end of the period / year		<u>22,386,143,137</u>	<u>23,179,031,125</u>

	Note	Un-audited March 31, 2020	Audited June 30, 2019
		----- Rupees -----	
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		-	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		241,824,633	1,273,853,514
Electric installations		3,503,717	40,799,859
Equipment:			
• fire fighting		-	590,000
• office		-	115,000
• mills		1,056,400	799,885
• electric / gas		188,631	-
Computer hardware		1,234,500	3,743,404
Vehicles		21,320,000	35,207,102
Furniture and fixtures		2,595,003	251,177
		285,738,907	1,907,787,361
4.2 Capital work-in-progress			
Buildings		178,363,278	12,570,215
Plant and machinery		1,164,912,282	78,404,642
Un-allocated capital expenditure		362,767,018	332,998,181
Advance payments against:			
• freehold land and building		390,000,000	-
• factory / office building		6,668,800	6,668,800
• plant and machinery		-	245,620
• electric installation		-	15,764,565
• vehicles		4,400,378	8,959,000
• computer software		1,103,920	-
		402,173,098	31,637,985
		2,108,215,676	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			
Associated Companies	5.1	1,313,865,175	1,127,731,650
Others - equity instruments	5.2	3,495,900,181	4,026,985,585
- debt instruments	5.3	63,676,479	64,307,810
		4,873,441,835	5,219,025,045

		Un-audited March 31, 2020	Audited June 30, 2019
		----- Rupees -----	
5.1	Associated Companies- equity method		
	Quoted		
	Reliance Cotton Spinning Mills Limited (RCSM)	40,318,714	37,768,806
	SFL Limited (SFLL)	2,109,928	1,824,769
	Unquoted		
	Sapphire Power Generation Limited (SPGL)	242,673,984	244,500,471
	Sapphire Dairies (Private) Limited (SDL)	107,555,498	118,705,227
	Tricon Boston Consulting Corporation (Private) Limited - TBCCL	921,199,199	724,924,525
	Energas Terminal (Private) Limited - ETL	-	-
	Energas Marketing (Private) Limited (EML)	7,852	7,852
		1,313,865,175	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 March 31,2020. 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 March 31, 2020 was Rs. 17.779 million (June 30, 2019: Rs.20.279 million). RCSM is an associate of the Group due to common directorship.
- 5.1.2** Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% of SFLL's issued, subscribed and paid-up capital as at March 31,2020. SFLL was incorporated on April 26, 2010 as a public limited company. The main business of SFLL is to investment in the shares of Associated Companies. Market value of the Group's investment in SFLL as at March 31, 2020 was Rs. 1.632 million (June 30, 2019: Rs.1.632 million). SFLL 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 March 31, 2020. 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 8% (30 June, 2019: 9.09%) of SDL's issued, subscribed and paid-up capital as at March 31, 2020. 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 March 31, 2020. 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 March 31,2020. 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	Other - available for sale	Un-audited March 31, 2020	Audited June 30, 2019
		----- Rupees -----	
	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	1,822,414,626	2,280,840,745
		2,718,865,749	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	(469,255,255)	(396,595,970)
		747,818,354	820,477,639
	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
		3,495,900,181	4,026,985,585
	5.3 Debt Instruments - at FVTOCI		
	Habib Bank Limited -		
	Term finance certificates - Habib Bank Limited		
	650 (June 30, 2019: 150) term finance certificates of Rs.100,000 each - cost	64,976,000	14,982,000
	Adjustment arising from re-measurement to fair value	(1,299,521)	(674,190)
		63,676,479	14,307,810
	Advance against purchase of TFCs	-	50,000,000
		63,676,479	64,307,810
	6. STOCK-IN-TRADE		
	Raw materials	5,939,416,474	4,852,219,534
	Work-in-process	809,918,242	830,588,354
	Finished goods	1,200,976,534	1,309,473,560
		7,950,311,250	6,992,281,448
	7. TRADE DEBTS		
	7.1 These mainly include trade receivables amounting to 10,518 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 15.72% (Jun 2019: 8.48% to 17.40%) per annum.		
	7.1.1 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.

- 7.1.2** 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.

- 7.1.3** 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.

7.1.4 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/PIB filed revision petitions in the LHC, which are currently pending adjudication.

7.1.5 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 semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 162.8 million upto March 31, 2020. 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.

7.1.6 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's 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 March 31, 2020	Audited June 30, 2019
	----- Rupees -----	
	Note	
Balance at beginning of the period / year	7,657,052,951	9,242,623,975
Add: disbursements during the period / year	9.1- 9.3 830,503,000	626,337,000
Less: repayments made during the period / year	(2,713,466,196)	(2,211,908,024)
Balance at end of the period / year	5,774,089,755	7,657,052,951
Less: current portion grouped under current liabilities	(1,749,519,767)	(3,509,531,264)
	4,024,569,988	4,147,521,687

- 9.1** The Parent 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.564.003 million in ten 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 Parent Company.
- 9.2** The Parent 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 Parent Company with 25% margin.
- 9.3** The Parent Company, during the period, arranged a long term finance facility amounted Rs.500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs. 242.500 million in Seven tranches of different amounts. This finance facility is secured against first joint pari passu charge of Rs.667 million over plant and machinery of the Parent Company with 25% margin.
- 9.4** Except for the above two new facilities obtained by the Parent 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 16.85% (June 30, 2019: 2.50% to 13.29%) per annum.

	Note	Un-audited March 31, 2020	Audited June 30, 2019
----- Rupees -----			
10. SHORT TERM BORROWINGS			
From banking companies - secured	10.1	7,935,258,653	17,456,006,081
Temporary bank overdraft - unsecured		8,858,166,775	11,701,853
From related parties - unsecured	10.2	0	123,907,000
		<u>16,793,425,428</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.25,521 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 15.80% (June 30, 2019: 2.25% to 14.50%) per annum. These facilities are expiring on various dates upto December 31, 2020.
- 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. 2,559.48 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>345,996,409</u>	<u>326,157,435</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>1,505,437,607</u>	<u>243,265,201</u>
• capital expenditure other than letters of credit	<u>311,208,894</u>	<u>5,418,822</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 nine months period ended March 31, 2020 Un-audited

	Spinning	Knits	Denim	Power	Total
----- Rupees -----					
Types of goods and services					
Local sales					
- Yarn	2,713,368,101	8,673,186	36,262,298	-	2,758,303,585
- Fabric		114,191,685	1,688,804,475	-	1,802,996,160
- Garments		35,081,493		-	35,081,493
- Waste	163,028,706	28,794,834	34,291,010	-	226,114,550
- Raw materials	46,251,537			-	46,251,537
- Energy purchase price				3,711,325,601	3,711,325,601
- Capacity purchase price				4,604,557,548	4,604,557,548
- Local steam income	13,143,000			-	13,143,000
- Processing income	4,173,541	52,011,682	3,448,973	-	59,634,196
	2,939,964,885	238,752,880	1,762,806,756	8,315,883,149	13,257,407,670
Export Sales					
- Yarn	6,506,896,263	225,863,152		-	6,732,759,415
- Fabric		614,608,788	3,381,019,288	-	3,995,628,076
- Garments		3,065,114,747		-	3,065,114,747
- Waste	287,183,780			-	287,183,780
	6,794,080,043	3,905,586,687	3,381,019,288	-	14,080,686,018
Export rebate					
- Fabric		4,580,418	38,337,310	-	42,917,728
- Garments		49,302,483		-	49,302,483
	-	53,882,901	38,337,310	-	92,220,211
	9,734,044,928	4,198,222,468	5,182,163,354	8,315,883,149	27,430,313,899
Timing of revenue recognition					
Goods transferred at a point in time	9,729,871,387	4,146,210,786	5,178,714,381	8,315,883,149	19,054,796,554
Services rendered at a point in time	4,173,541	52,011,682	3,448,973	-	59,634,196
	9,734,044,928	4,198,222,468	5,182,163,354	8,315,883,149	27,430,313,899

For the nine months period ended March 31, 2019- Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Types of goods and services					
Local sales					
- Yarn	2,084,272,101	7,966,723	10,940,753	-	2,103,179,577
- Fabric	-	30,104,898	811,202,873	-	841,307,771
- Garments	-	19,967,766	-	-	19,967,766
- Waste	133,903,018	27,855,609	22,473,419	-	184,232,046
- Raw materials	30,625,942	-	267,120	-	30,893,062
- Energy purchase price				5,942,087,982	5,942,087,982
- Capacity purchase price				3,749,545,164	3,749,545,164
- Local steam income	6,480,000	-	-	-	6,480,000
- Processing income	164,400	34,087,567	6,346,832	-	40,598,799
	2,255,445,461	119,982,563	851,230,998	9,691,633,146	12,918,292,168
Export Sales					
- Yarn	6,107,661,582	198,765,977	-	-	6,306,427,559
- Fabric	-	481,597,242	2,162,608,937	-	2,644,206,179
- Garments	-	2,628,415,366	-	-	2,628,415,366
- Waste	211,793,460	-	-	-	211,793,460
	6,319,455,042	3,308,778,585	2,162,608,937	-	11,790,842,564
Export rebate					
- Yarn	-	-	-	-	-
- Fabric	-	3,605,620	18,764,425	-	22,370,045
- Garments	-	92,318,832	-	-	92,318,832
	-	95,924,452	18,764,425	-	114,688,877
	8,574,900,503	3,524,685,600	3,032,604,360	9,691,633,146	24,823,823,609
Timing of revenue recognition					
Goods transferred at a point in time	8,574,736,103	3,490,598,033	3,026,257,528	9,691,633,146	15,091,591,663
Services rendered at a point in time	164,400	34,087,567	6,346,832	-	40,598,799
	8,574,900,503	3,524,685,600	3,032,604,360	9,691,633,146	24,823,823,609

13. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Nine months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note		----- Rupees -----			
	Finished goods at beginning of the period	1,390,831,839	1,493,148,207	1,309,473,560	642,813,568
13.1	Cost of goods manufactured	5,903,210,547	5,910,766,649	21,241,563,597	20,492,757,608
	Cost of raw materials sold	13,844,561	11,030,534	71,738,759	33,079,370
		5,917,055,108	5,921,797,183	21,313,302,356	20,525,836,978
		7,307,886,947	7,414,945,390	22,622,775,916	21,168,650,546
	Finished goods at end of the period	(1,200,976,534)	(1,333,114,285)	(1,200,976,534)	(1,333,114,285)
		6,106,910,413	6,081,831,105	21,421,799,382	19,835,536,261
13.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	853,067,917	581,282,838	830,588,354	439,022,953
	Raw materials consumed	3,540,995,164	3,939,362,754	13,957,605,773	14,620,644,213
	Direct labour and other overheads	2,319,065,708	2,165,316,728	7,263,287,712	6,208,286,113
		5,860,060,872	6,104,679,482	21,220,893,485	20,828,930,326
		6,713,128,789	6,685,962,320	22,051,481,839	21,267,953,279
	Work-in-process at end of the period	(809,918,242)	(775,195,671)	(809,918,242)	(775,195,671)
		5,903,210,547	5,910,766,649	21,241,563,597	20,492,757,608

14. CASH USED IN OPERATIONS

	Note	Un-audited	
		Nine months period ended	
		March 31, 2020	March 31, 2019
		----- Rupees -----	
Profit before taxation		3,317,541,440	2,883,088,726
Adjustments for non-cash and other items:			
Depreciation		1,042,407,908	977,525,553
Amortization of intangible assets		1,417,399	1,062,475
Staff retirement benefit - gratuity		98,835,849	68,055,506
Provision for workers' profit participation fund		69,748,923	23,486,363
Provision for doubtful tax refunds		9,000,000	52,005,880
Gain on disposal of operating fixed assets		(10,354,063)	(9,692,313)
Gain on sale of stores and spares		(97,693)	(334,894)
Dividend and interest income		(398,913,305)	(355,828,639)
Finance cost		1,995,455,634	1,629,873,269
Exchange loss		21,833,481	(3,754,506)
Working capital changes	14.1	72,562,602	(4,756,061,128)
		6,219,438,176	509,426,292
14.1 Working capital changes			
(Increase) / decrease in current assets:			
- stores, spare parts and loose tools		(110,541,300)	(86,535,025)
- stock-in-trade		(958,029,802)	(3,303,392,076)
- trade debts		1,407,727,917	(1,897,277,171)
- loans and advances		(113,368,102)	(43,055,744)
- deposits, other receivables and sales tax		(670,397,290)	(21,093,727)
		(444,608,577)	(5,351,353,743)
Increase / (decrease) in current liabilities:			
- trade and other payables		403,046,534	390,968,091
- contract liabilities		114,124,645	204,324,524
		72,562,602	(4,756,061,128)

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 interim consolidated 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.

16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		Nine months period ended	
		March 31, 2020	March 31, 2019
		----- Rupees -----	
(i) Associates	Sales of raw material / yarn / fabric / stores	164,904,360	472,875,744
	- assets	550,000	18,880,000
	Purchases:		
	- raw material / yarn / fabric / stores	1,316,687,215	849,584,719
	- assets	2,223,414	-
	- electricity	78,598	42,328,084
	Services:		
	- rendered	2,391,898	175,333
	- obtained	698,482	792,830
	Expenses charged by	22,138,677	21,549,030
	Expenses charged to	17,842,759	10,307,306
	Dividend:		
	- received	1,231,648	1,039,272
	- paid	81,580,768	122,371,152
Loans obtained	-	56,645,000	
Loan Repaid	56,645,000	-	
Share Allotted	134,082,520	-	
(ii) Directors and their related parties	Loans obtained	-	67,262,000
	Loans Repaid	67,262,000	-
	Shares allotted	61,586,200	-
(iii) Key Management Personnel	Remuneration and other benefits	128,995,012	117,831,185
(iv) Retirement fund	Contribution made	24,493,882	21,880,001

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 nine months period ended March 31, 2020					
Revenue - external customers	9,734,044,927	4,198,222,468	5,182,163,353	8,315,883,150	27,430,313,898
Inter - segment sale	1,500,272,586		385,200		1,500,657,786
Segment results	1,060,715,778	505,476,992	232,860,214	3,519,201,043	5,318,254,027
For the nine months period ended March 31, 2019					
Revenue - external customers	8,574,900,502	3,524,685,601	3,032,604,360	9,691,633,146	24,823,823,609
Inter - segment sale	1,465,225,766				1,465,225,766
Segment results	1,164,312,272	463,937,850	(170,989,778)	3,049,669,136	4,506,929,480

	Un-audited Nine months period March 31,	
	2020	2019
----- Rupees -----		
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segment	5,318,254,027	4,506,929,480
Administrative expenses	(342,931,996)	(310,413,428)
Other expenses	(99,189,703)	(75,915,759)
Other income	444,489,174	392,361,702
Finance Cost	(2,003,080,062)	(1,629,873,269)
Share of profit of Associated Companies	197,750,171	22,568,551
Taxation	(327,001,396)	(192,800,223)
Profit after taxation	3,188,290,215	2,712,857,054

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 March 31, 2020					
Segment assets	9,421,619,463	3,243,916,443	7,618,746,861	23,808,678,642	44,092,961,408
Unallocatable assets					12,829,488,019
Total assets as per balance sheet					<u>56,922,449,427</u>
Segment liabilities	7,120,392,056	2,088,583,366	10,354,100,418	8,222,649,214	27,785,725,054
Unallocatable liabilities					448,770,289
Total liabilities as per balance sheet					<u>28,234,495,343</u>
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					<u>57,021,915,770</u>
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					<u>30,281,676,080</u>

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 interim consolidated 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 interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of condensed interim consolidated financial statements of the Group for the nine months period ended March 31, 2019.

Comparative information has been re-classified, re-arranged or additionally incorporated in these interim consolidated 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 consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows have been restated so to comply with the change in accounting policy as detailed in note 3.2 to the Company's audited annual consolidated 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 parent Company during the period.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on 28 April, 2020.

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer