

Contents

Company Profile	3
Directors' Report (English/Urdu)	4
Statement of Financial Position	6
Statement of Profit or Loss	7
Statement of Comprehensive Income	8
Statement of Changes In Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

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

Mr. Mohammad Abdullah

Chief Executive :

Mr. Nadeem Abdullah

Director :

Mr. Shahid Abdullah

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Mr. Nabeel Abdullah

Mr. Shayan Abdullah

Independent Director:

Mr. Nadeem Karamat

Audit Committee**Chairman :**

Mr. Nadeem Karamat

Member :

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Mr. Shayan Abdullah

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

Mr. Nadeem Karamat

Member :

Mr. Amer Abdullah

Mr. Yousuf Abdullah

Chief Financial Officer :

Mr. Abdul Sattar

Secretary :

Mr. Zeeshan

Auditors :

E. Y Ford Rhodes,

Chartered Accountants

Tax Consultants :

Deloitte Yousuf Adil,

Chartered Accountants

Legal Advisor :

A. K. Brohi & Company

Bankers :

Allied Bank Limited

Habib Bank Limited

Standard Chartered Bank (Pakistan) Ltd.

United Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Meezan Bank Limited

Share Registrar :

Hameed Majeed Associates (Pvt.) Ltd.

Registered Office :

212, Cotton Exchange Building,

I. I. Chundrigar Road,

Karachi.

Mills :

S. I. T. E. Kotri,

S. I. T. E. Nooriabad,

Chunian, District Kasur

Feroze Wattoan,

Bhubtian, Lahore.

Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the Quarter ended September 30, 2019.

Financial Review

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

	(Rupees in Thousand) September 30	
	2019	2018
Net turnover	9,091,915	8,094,732
Gross Profit	1,556,250	1,271,761
Profit from Operations	1,280,128	984,502
Other Income	169,658	133,447
Finance cost	(605,643)	(364,317)
Profit before taxation	674,485	620,185
Profit after taxation	564,087	507,258

During the period the Company's net turnover increased from Rs.8.095 billion to Rs. 9.092 billion. The gross profit as a percentage of sales increased to 17.12% from 15.71% in the corresponding period. The increased profitability of the Company can be attributed to rationalization of energy prices for the export-oriented industry, currency adjustment, Company's continued emphasis on vertical integration and growth in sale of value-added products. The increase in interest rates is a challenge due to high cost of borrowing for working capital. The finance cost during the period increased to Rs.605.643 million representing 6.66% of sales from Rs.364.317 million representing 4.50% of sales in the corresponding period.

Earnings per Share

The earnings per share for the first quarter ended September 30, 2019 is Rs. 28.09 as compared to Rs. 25.26 for previous year's corresponding period.

Future Prospects

The reduction in size of cotton crop this year has become a significant challenge for the textile industry in Pakistan. This will result in significant competitive price disadvantage in raw material compared to other countries and will affect the margins. The Company's investment in energy business is also expected to yield healthy Return.

Acknowledgment

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

On behalf of the Board

Lahore
Dated: October 29, 2019

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے ختمہ مدت 30 ستمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی جائزہ

کمپنی کے مالیاتی نتائج انتہائی حوصلہ افزا ہیں۔ مختصر اہم مالیاتی اعداد و شمار درج ذیل ہیں:

(روپے ہزاروں میں)		
30 ستمبر 2018	30 ستمبر 2019	
8,094,732	9,091,915	خالص فروخت
1,271,761	1,556,250	خام منافع
984,502	1,280,128	کاروباری منافع
133,447	169,658	دیگر آمدن
(364,317)	(605,643)	مالیاتی لاگت
620,185	674,485	منافع قبل از ٹیکس
507,258	564,087	منافع بعد از ٹیکس

جائزہ مدت کے دوران کمپنی کی خالص فروخت 8.095 بلین روپے سے بڑھ کر 9.092 بلین روپے ہو گئیں۔ بلحاظ فروخت خام منافع کی شرح 17.12 فیصد رہی جبکہ گزشتہ مدت میں 15.71 فیصد تھی۔ کمپنی کے منافع میں اضافہ کی وجوہات میں برآمدی صنعت کے لئے توانائی کی معقول قیمتیں، کرنسی میں اضافہ، کمپنی کی تسلسل کے ساتھ عمودی ساکھ پر توجہ اور قیمتی مصنوعات کی فروخت میں اضافہ شامل ہیں۔ شرح سود میں اضافہ کی وجہ سے جاری سرمائے کی ضروریات کو پورا کرنے کے لئے قرضہ جاتی لاگت میں اضافہ ایک چیلنج ہے۔ مالیاتی لاگت اس مدت کے دوران بڑھ کر 605.643 ملین روپے ہو گئی جو کہ بلحاظ فروخت 6.66 فیصد رہی جبکہ گزشتہ سال اسی مدت میں 364.31 روپے تھے جو کہ بلحاظ فروخت 4.50 فیصد تھے۔

فی حصص آمدن

پہلی سہ ماہی ختمہ 30 ستمبر 2019 میں فی حصص آمدن 28.09 روپے رہی جبکہ گزشتہ سال اسی مدت میں 25.26 روپے تھے۔

مستقبل کے امکانات

اس سال کپاس کی فصل کی پیداوار میں کمی ہوئی جو کہ ٹیکسٹائل کے لئے ایک بڑا چیلنج ہے۔ جس کے نتیجے میں دیگر ممالک کی بہ نسبت خام مال کی قابل ذکر مسابقتی قیمتوں کی وجہ سے دشواری کا سامنا رہے گا اور منافع پر اثر انداز ہوگا۔ کمپنی کی توانائی کے کاروبار میں سرمایہ کاری سے بھی توقع ہے کہ صحت مند منفعت حاصل ہوگی۔

اعتراف

انتظامیہ اس موقع پر بورڈ آف ڈائریکٹرز، نگران اداروں، حصص یافتگان، گاہکوں، مالیاتی اداروں، سپلائرز کے تعاون اور ملازمین اور مزدوروں کی انتھک محنت اور جدوجہد پر ان کے لئے ستائش ریکارڈ پر لانا چاہتی ہے۔

منجانب بورڈ

محمد عبداللہ

ڈائریکٹر

ندیم عبداللہ

چیف ایگزیکٹو

لاہور

مورخہ: 29 اکتوبر 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	12,559,081,244	12,679,723,703
Investment property		31,750,000	31,750,000
Intangible assets		283,334	627,039
Long term investments		14,397,898,075	14,256,507,418
Long term loans and advances		51,655,214	51,343,927
Long term deposits		87,909,092	87,909,092
		27,128,576,959	27,107,861,179
CURRENT ASSETS			
Stores, spares and loose tools		401,822,176	393,812,720
Stock in trade		7,678,475,416	7,481,967,254
Trade debts		2,705,053,115	2,197,892,804
Loans and advances		219,087,765	72,388,577
Trade deposits and short term prepayments		24,036,611	6,688,684
Other receivables		1,004,788,741	921,899,641
Short term investments		3,724,326,381	4,030,717,707
Tax refunds due from Government		2,188,873,325	1,901,803,432
Cash and bank balances		91,878,800	96,759,191
		18,038,342,330	17,103,930,010
TOTAL ASSETS		45,166,919,289	44,211,791,189
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (30 June 2019: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 (30 June 2019: 20,083,140) ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		16,549,815,444	16,181,248,942
		16,750,646,844	16,382,080,342
NON-CURRENT LIABILITIES			
Long term financing		11,639,867,504	12,257,108,436
Deferred liabilities		523,885,283	509,584,337
		12,163,752,787	12,766,692,773
CURRENT LIABILITIES			
Trade and other payables		3,695,200,254	3,442,588,442
Contract liabilities		1,027,964,960	850,602,812
Accrued Interest / mark-up		328,417,336	320,423,966
Unclaimed dividend		1,504,905	1,795,457
Short term borrowings		8,175,051,771	7,797,508,535
Current portion of long term financing		2,261,978,901	2,001,251,085
Provision for taxation		762,401,531	648,847,777
		16,252,519,658	15,063,018,074
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		45,166,919,289	44,211,791,189

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

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

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

		30 September	
	Note	2019	2018
		(Rupees)	(Rupees)
Net turnover		9,091,915,090	8,094,731,881
Cost of sales	7	(7,535,664,806)	(6,822,970,745)
Gross profit		1,556,250,284	1,271,761,136
Distribution cost		(272,629,917)	(277,840,861)
Administrative expenses		(115,779,682)	(100,697,850)
Other operating expenses		(57,370,934)	(42,167,648)
Other income		169,658,438	133,446,960
		(276,122,095)	(287,259,399)
Profit from operations		1,280,128,189	984,501,737
Finance cost		(605,642,935)	(364,317,032)
Profit before taxation		674,485,254	620,184,705
Taxation			
Current		(113,553,754)	(117,783,815)
Deferred		3,155,349	4,857,025
		(110,398,405)	(112,926,790)
Profit after taxation for the period		564,086,849	507,257,915
Earnings per share - basic and diluted		28.09	25.26

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	30 September	
	2019	2018
	(Rupees)	(Rupees)
Profit after taxation for the period	564,086,849	507,257,915
Other comprehensive loss:		
Items to be reclassified to profit or loss in subsequent years:		
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	24,640,322	(35,074,636)
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	-	17,651,047
	24,640,322	(17,423,589)
Net loss on debt instruments at fair value through other comprehensive income	(2,050,994)	-
Unrealized loss on available for sale investments	-	(402,165,297)
Items not be reclassified to profit or loss in subsequent years:		
Net loss on equity instruments at fair value through other comprehensive income	(218,109,675)	-
Other comprehensive loss for the period	(195,520,347)	(419,588,886)
Total comprehensive income for the period	368,566,502	87,669,029

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Capital Reserves					Revenue Reserves			
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on available for sale investments	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	Unappropriated profit	Total Equity

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	30 September 2018
		(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	8	977,937,603	(516,630,806)
Long term loans, advances and deposits		(311,287)	(1,989,194)
Finance cost paid		(596,710,157)	(357,716,896)
Staff retirement benefits - gratuity paid		(11,975,831)	(10,068,368)
Taxes paid		(335,419,789)	(172,717,267)
		(944,417,064)	(542,491,725)
Net cash generated from / (used in) operating activities		33,520,539	(1,059,122,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(186,384,581)	(613,590,947)
Investment in subsidiary		(15,760,000)	-
Proceeds from disposal of property, plant and equipment		47,709,580	2,563,506
Dividend received		95,294,503	76,899,032
Interest received		-	8,916,604
Rental income received		-	67,500
Net cash used in investing activities		(59,140,498)	(525,144,305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		368,792,090	1,736,638,835
Proceeds from long term financing		21,500,000	-
Repayment of long term financing		(378,013,116)	(136,130,482)
Dividend paid		(290,552)	-
Net cash generated from financing activities		11,988,422	1,600,508,353
Net (decrease) / increase in cash and cash equivalents		(13,631,537)	16,241,517
Cash and cash equivalents at the beginning of the period		96,759,191	54,608,611
		83,127,654	70,850,128
Cash and cash equivalents			
Cash and bank balances		91,878,800	98,003,670
Bank overdraft - unsecured		(8,751,146)	(27,153,542)
Cash and cash equivalents at the end of the period		83,127,654	70,850,128

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

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

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on 11 March 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the Company along with their respective locations:

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the first quarter ended 30 September 2019 is un-audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 237 of the Act.

2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2019.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

	Note	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
5 PROPERTY, PLANT AND EQUIPMENT		(Rupees)	(Rupees)
Operating fixed assets	5.1	12,210,985,049	12,209,645,502
Capital work-in-progress	5.3	348,096,195	470,078,201
		<u>12,559,081,244</u>	<u>12,679,723,703</u>
5.1 Operating fixed assets			
Opening book value		12,209,645,502	11,023,834,392
Cost of additions during the period/year	5.2	308,366,587	2,581,268,695
Book value of disposals during the period/year	5.2	(10,686,477)	(237,218,795)
		297,680,110	2,344,049,900
Depreciation during the period/year		(296,340,563)	(1,158,238,790)
		1,339,547	1,185,811,110
Closing book value		<u>12,210,985,049</u>	<u>12,209,645,502</u>
5.2	The cost of additions and book value of disposals to operating fixed assets during the first quarter ended 30 September 2019 were as follows.		

	(Un-Audited)		(Audited)	
	30 September 2019		30 June 2019	
	Addition Cost	Disposal Book value	Addition Cost	Disposal Book value
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
On Freehold land:				
Factory buildings	16,216,215	-	781,042,678	-
Labour, staff colony and others	21,441,378	-	90,622,353	-
Office buildings	-	-	17,449,500	-
On lease hold land:				
Factory buildings	-	-	7,268,313	-
Labour, staff colony and others	-	-	8,888,663	-
Plant & machinery	184,354,856	1,770,152	1,514,057,567	150,072,334
Electric installations	11,031,145	-	35,849,684	14,552
Fire Fighting equipment	-	-	6,567,902	-
Electric equipments	46,644,905	-	46,244,821	5,192
Computers	2,961,557	65,313	12,862,294	483,869
Office equipments	-	-	1,276,298	-
Mills equipments	5,613,011	-	8,939,703	-
Furniture & fixtures	18,719,520	-	10,157,249	-
Vehicles	1,384,000	8,851,012	40,041,670	86,642,848
	308,366,587	10,686,477	2,581,268,695	237,218,795
5.3 Capital work-in-progress			(Un-audited) 30 September 2019	(Audited) 30 June 2019
			(Rupees)	(Rupees)
Advance for land			57,000,000	84,500,000
Civil works and buildings			196,943,469	154,608,429
Plant and machinery			91,199,679	184,923,436
Electric installations			2,739,047	44,904,336
Computers			214,000	642,000
Advance for vehicles			-	500,000
			348,096,195	470,078,201
6 CONTINGENCIES AND COMMITMENTS				
Contingencies				
6.1 Guarantees issued by banks on behalf of the Company			677,943,587	617,943,587
6.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at 30 September 2019, the value of these cheques amounted to Rs.737.549 million (30 June 2019: Rs.720.484 million).				
6.3 There is no change in status of the contingencies as disclosed in note 30.3 and 30.4 of the audited annual financial statements of the Company for the year ended 30 June 2019.				

Commitments	Note	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
Commitments in respect of confirmed letter of credit	6.4	2,297,750,059	1,055,047,702
Commitments in respect of capital expenditure	6.5	83,922,395	128,731,342
		<u>2,381,672,454</u>	<u>1,183,779,044</u>
6.4 Confirmed letter of credit in respect of:			
- plant and machinery		1,112,591,019	297,630,174
- raw material		1,167,801,349	706,206,126
- stores and spares		17,357,691	51,211,402
		<u>2,297,750,059</u>	<u>1,055,047,702</u>
6.5 This includes commitments for payments to be made for to various construction companies for the construction and extension on existing building at multiple plants of the Company.			
		(Un-audited) 30 September	
	Note	2019	2018
		(Rupees)	(Rupees)
7 COST OF SALES			
Finished goods - Opening stock		1,491,189,252	850,821,494
Cost of goods manufactured	7.1	7,701,590,703	7,094,894,065
Cost of raw material sold		9,096,695	7,153,655
		<u>9,201,876,650</u>	<u>7,952,869,214</u>
Finished goods - Closing stock		(1,666,211,844)	(1,129,898,469)
		<u>7,535,664,806</u>	<u>6,822,970,745</u>
7.1 Cost of Goods Manufactured			
Work in process - opening stock		589,256,549	478,749,878
Raw materials consumed		5,413,060,562	4,924,029,941
Overheads		2,414,241,942	2,199,710,400
		<u>8,416,559,053</u>	<u>7,602,490,219</u>
Work in process - closing stock		(714,968,350)	(507,596,154)
		<u>7,701,590,703</u>	<u>7,094,894,065</u>
8 CASH GENERATED FROM OPERATIONS			
Profit before taxation		674,485,254	620,184,705
Adjustments for non-cash items:			
Depreciation on operating fixed assets		296,340,563	267,030,078
Amortization of intangible assets		343,705	352,037
Interest income		-	(9,925,768)
(Gain) / loss on sale of property, plant and equipment		(1,566,878)	50,082
Dividend income		(142,873,463)	(114,145,932)
Provision for gratuity		29,432,126	25,311,278
(Reversal of) / provision for stores, spares and loose tools		(7,890,212)	243,633
Provision against doubtful sales tax refundable		8,949,896	-
Finance cost		604,703,527	364,317,032
Rental income		(150,000)	(150,000)
		<u>787,289,264</u>	<u>533,082,440</u>
Operating cash flow before changes in working capital		<u>1,461,774,518</u>	<u>1,153,267,145</u>

		(Un-audited) 30 September	
		2019	2018
		(Rupees)	(Rupees)
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools		(119,244)	(12,030,594)
Stock-in-trade		(196,508,162)	(1,756,168,954)
Trade debts		(507,160,311)	107,911,770
Loans and advances		(146,699,188)	(198,037,058)
Trade deposits and short term prepayments		(17,347,927)	(18,826,759)
Other receivables		(45,976,043)	87,837,292
		(913,810,875)	(1,789,314,303)
Increase in current liabilities			
Trade and other payables		252,611,812	119,416,352
Contract liabilities		177,362,148	-
		977,937,603	(516,630,806)

9 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), subsidiaries, directors and key management personnel. Transactions with related parties are as follows:

		(Un-audited) 30 September	
		2019	2018
		(Rupees)	(Rupees)
Relationship with the Company	Nature of transactions		
(i) Subsidiaries	Sales / processing	467,415,096	535,927,727
	Equity investment	15,760,000	-
	Expenses charged to the Company	136,888	110,342
	Markup charged to the Company	-	9,925,768
	Rental income	150,000	150,000
(ii) Associates	Sales / processing	556,307,592	595,582,691
	Purchases	48,583,682	124,664,999
	Purchase of electricity / steam	-	4,228,916
	Expenses charged to the Company	11,520,363	10,498,133
	Expenses charged by the Company	-	8,702
	Markup charged by the Company	13,121,074	8,159,432
	Dividend received	42,017,500	35,796,949
	Loans repaid - net	48,837,524	13,186,757
(iii) Others	Contribution to provident fund	11,613,709	9,933,781
	Remuneration to key management personnel	16,779,513	11,629,893
	Donation	3,150,000	-

10 CORRESPONDING FIGURES

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

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

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 29 October 2019.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

Contents

Directors' Report (English/Urdu)	18
Statement of Financial Position	20
Statement of Profit or Loss	21
Statement of Comprehensive Income	22
Statement of Changes In Equity	23
Statement of Cash Flows	24
Notes to the Financial Statements	25

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited and Sapphire International APS** it is our pleasure to present Directors' Report with Un-Audited Consolidated Financial Statements for the Quarter ended September 30, 2019.

Sapphire Wind Power Company Limited

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

Sapphire Retail Limited

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

Tricon Boston Consulting Corporation (Private) Limited

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

Sapphire International APS

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

Sapphire Renewables Limited, Sapphire Tech (Private) Limited and Sapphire Solar (Private) Limited

The Company has planned amalgamation of these wholly owned subsidiaries as no business has been materialized.

On behalf of the Board

Lahore
Dated: October 29, 2019

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

ڈائریکٹرز پورٹ برائے حصص یافتگان

سیفائر ونڈ پاور کمپنی لمیٹڈ، سیفائر ٹیکسٹائل لمیٹڈ، ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائر رینیو ایبل لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ، سیفائر سولر (پرائیویٹ) لمیٹڈ اور سیفائر انٹرنیشنل APS کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ہم غیر آڈٹ شدہ مجموعی مالیاتی گوشوارے برائے سہ ماہی مدت ختمہ 30 ستمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

سیفائر ونڈ پاور کمپنی لمیٹڈ

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

سیفائر ٹیکسٹائل لمیٹڈ

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

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

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

سیفائر انٹرنیشنل APS

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

سیفائر رینیو ایبل لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ اور سیفائر سولر (پرائیویٹ) لمیٹڈ

کمپنی نے ان تینوں ذیلی کمپنیوں کی ضم کرنے کی منصوبہ بندی کی ہے کیونکہ ان سے کوئی کاروبار نہیں ہو رہا ہے۔

منجانب بورڈ

محمد عبداللہ

ڈائریکٹر

ندیم عبداللہ

چیف ایگزیکٹو

لاہور

مورخہ: 29 اکتوبر 2019

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	64,732,406,302	67,853,221,445
Investment property		31,750,000	31,750,000
Intangible assets		459,483,790	457,922,727
Long term investments		5,458,789,401	5,392,557,086
Long term loans and advances		51,655,214	51,343,927
Long term deposits and prepayments		258,225,297	255,063,553
		70,992,310,004	74,041,858,738
CURRENT ASSETS			
Stores, spares and loose tools		647,255,259	639,876,314
Stock in trade		9,762,283,497	9,737,203,625
Trade debts		9,442,732,830	5,587,782,714
Loans and advances		374,651,576	137,705,316
Trade deposits and short term prepayments		93,805,940	58,776,966
Other receivables		868,329,606	2,946,182,241
Short term investments		3,724,326,381	4,030,717,707
Tax refunds due from Government		1,868,516,931	1,762,118,693
Cash and bank balances		4,859,049,722	4,414,025,673
		31,640,951,742	29,314,389,249
TOTAL ASSETS		102,633,261,746	103,356,247,987
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (30 June 2019: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 (30 June 2019: 20,083,140) ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		19,811,260,139	17,938,008,345
Equity attributable to equity holders of the parent		20,012,091,539	18,138,839,745
Non-controlling interest		7,177,521,765	6,204,799,788
Total Equity		27,189,613,304	24,343,639,533
NON-CURRENT LIABILITIES			
Long term financing		51,623,730,530	55,768,661,310
Deferred liabilities		454,458,225	439,447,411
Liabilities against assets subject to finance lease		4,844,238	10,644,971
		52,083,032,993	56,218,753,692
CURRENT LIABILITIES			
Trade and other payables		5,121,092,551	5,089,972,393
Contract liabilities		1,027,964,960	850,602,812
Accrued Interest / mark-up		518,929,552	539,247,498
Unclaimed dividend		1,504,905	1,795,457
Short term borrowings		9,131,413,766	8,858,241,142
Current portion of long term financing		6,765,971,611	6,774,126,398
Current portion of liabilities against assets subject to finance lease		2,656,752	3,807,116
Provision for taxation		791,081,352	676,061,946
		23,360,615,449	22,793,854,762
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		102,633,261,746	103,356,247,987

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

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

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

		30 September	
	Note	2019	2018
		(Rupees)	(Rupees)
Net turnover		14,678,459,906	10,626,351,878
Cost of sales	7	(9,229,038,549)	(7,547,135,924)
Gross profit		5,449,421,357	3,079,215,954
Distribution cost		(670,200,980)	(678,224,611)
Administrative expenses		(196,917,172)	(189,174,374)
Other operating expenses		(59,283,027)	(44,648,276)
Other income		144,757,767	146,415,548
		(781,643,412)	(765,631,713)
Profit from operations		4,667,777,945	2,313,584,241
Finance cost		(1,485,620,667)	(713,021,987)
		3,182,157,278	1,600,562,254
Share of profit of associated companies		10,942,183	15,085,400
Profit before taxation		3,193,099,461	1,615,647,654
Taxation			
Current		(126,315,667)	(125,322,163)
Deferred		2,445,481	4,202,421
		(123,870,186)	(121,119,742)
Profit after taxation for the period		3,069,229,275	1,494,527,912
Attributable to:			
Equity holders of the parent		2,096,507,298	1,131,599,633
Non-controlling interest		972,721,977	362,928,279
		3,069,229,275	1,494,527,912
Earnings per share - basic and diluted		104.39	56.35

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	30 September	
	2019	2018
	(Rupees)	(Rupees)
Profit after taxation for the period	3,069,229,275	1,494,527,912
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	24,640,322	(35,074,636)
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	-	17,651,047
Unrealised gain on remeasurement of forward foreign	163,444	(53,075)
	24,803,766	(17,476,664)
Net loss on debt instruments at fair value through other	(2,050,994)	-
Unrealized loss on available for sale investments	-	(402,165,297)
Unrealized loss on available for sale investments - associates	-	(2,985,357)
Exchange difference on translation of foreign operations	(25,739,040)	3,968,229
Items not be reclassified to profit or loss in subsequent periods:		
Net loss on equity instruments at fair value through other	(218,109,675)	-
Net loss on equity instruments at fair value through other comprehensive income - associates	(2,157,860)	-
Other comprehensive loss for the period	(223,253,803)	(418,659,089)
Total comprehensive income for the period	2,845,975,472	1,075,868,823
Attributable to:		
Equity holders of the parent	1,873,253,495	712,940,544
Non- controlling interest	972,721,977	362,928,279
	2,845,975,472	1,075,868,823

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Capital Reserves					Revenue Reserves			Non-Controlling Interest	Total	Total Equity
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on investments available for sale	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (loss)/Gain on transition of foreign operation	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves			
Balance as at 01 July 2018 (Audited)	200,831,400	156,202,200	65,000,000	589,844,100	-	23,454,928	17,804,164	1,330,000,000	14,245,497,876	16,628,634,668	21,711,334,487
Effect of adoption of IFRS 9 by parent company	-	-	-	(589,844,100)	589,844,100	-	-	-	-	-	-
Balance as at 01 July 2018 (restated)	200,831,400	156,202,200	65,000,000	-	589,844,100	23,454,928	17,804,164	1,330,000,000	14,245,497,876	16,628,634,668	21,711,334,487
Total comprehensive income for the quarter ended 30 September 2018											
Profit after taxation for the period	-	-	-	-	-	-	-	-	1,131,599,633	1,131,599,633	1,494,527,912
Other comprehensive (loss) / income for the period	-	-	-	(405,150,654)	-	3,988,229	(17,476,664)	-	-	(418,659,089)	(418,659,089)
Share of decrease in reserves of associated companies under equity method	-	-	-	(405,150,654)	-	3,988,229	(17,476,664)	-	1,131,599,633	712,940,544	1,075,888,823
	-	-	-	-	-	-	-	-	(1,042,867)	(1,042,867)	(1,042,867)
Balance as at 30 September 2018 (Un-audited)	200,831,400	156,202,200	65,000,000	184,693,446	-	27,423,157	327,500	1,330,000,000	15,376,054,642	17,340,532,345	22,786,160,443
Balance as at 01 July 2019 (Audited)	200,831,400	156,202,200	65,000,000	-	(1,281,758,979)	88,788,725	341,217	1,330,000,000	17,579,455,182	18,188,839,745	24,343,839,533
Total comprehensive income for the quarter ended 30 September 2019											
Profit after taxation for the period	-	-	-	-	-	-	-	-	2,096,507,298	2,096,507,298	3,069,229,275
Other comprehensive (loss) / income for the period	-	-	-	-	(222,318,529)	(25,739,040)	24,803,766	-	-	(223,253,803)	(223,253,803)
Share of decrease in reserves of associated companies under equity method	-	-	-	-	(222,318,529)	(25,739,040)	24,803,766	-	2,096,507,298	1,873,253,495	2,845,975,472
	-	-	-	-	-	-	-	-	(1,701)	(1,701)	(1,701)
Balance as at 30 September 2019 (Un-audited)	200,831,400	156,202,200	65,000,000	-	(1,504,077,508)	63,029,885	25,144,983	1,330,000,000	19,675,960,779	20,012,091,539	27,189,613,304

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

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

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

		30 September	
	Note	2019	2018
		(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	3,812,800,154	3,114,758,682
Long term loans, advances and deposits		(3,473,031)	(4,746,304)
Finance cost paid		(1,489,594,568)	(676,076,531)
Staff retirement benefits - gratuity paid		(11,975,831)	(10,068,368)
Taxes paid		(166,044,395)	(131,002,165)
		(1,671,087,825)	(821,893,368)
Net cash generated from operating activities		2,141,712,329	2,292,865,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(235,304,883)	(5,656,351,654)
Purchase of intangibles		(2,355,730)	-
Dividend received from associates		42,017,500	35,796,950
Investments made		(15,760,000)	-
Proceeds from disposal of property, plant and equipment		58,486,278	81,699,252
Dividend received		53,976,767	41,102,082
Interest received		16,445,097	15,738,495
Net cash used in investing activities		(82,494,971)	(5,482,014,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		264,421,478	1,964,285,247
Proceeds from long term financing		21,500,000	7,799,500,800
Repayment of long term financing		(1,901,624,284)	(161,130,482)
Repayment of finance lease obligation		(6,951,097)	(5,881,364)
Dividend paid		(290,552)	-
Net cash (used in) / generated from financing activities		(1,622,944,455)	9,596,774,201
Net increase in cash and cash equivalents		436,272,903	6,407,624,640
Cash and cash equivalents at the beginning of the period		4,414,025,673	4,616,880,419
Cash and cash equivalents at the end of the period		4,850,298,576	11,024,505,059
Cash and cash equivalents			
Cash and bank balances		4,859,049,722	11,051,658,601
Book overdrafts - unsecured		(8,751,146)	(27,153,542)
Cash and cash equivalents at the end of the period		4,850,298,576	11,024,505,059

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

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

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on 11 March 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange.

The Holding Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the Holding Company along with their respective locations:

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

1.1 The Group consists of:

-Sapphire Textile Mills Limited (the Holding Company)

Subsidiary Companies % of shareholding

(i)	Sapphire Retail Limited (SRL)	100%
(ii)	Sapphire Renewables Limited (SRNL)	100%
(iii)	Sapphire Solar (Private) Limited (SSPL)	100%
(iv)	Sapphire Tech (Private) Limited (STPL)	100%
(v)	Sapphire International ApS	100%
(vi)	Sapphire Wind Power Company Limited (SWPCL)	70%
(vii)	Tricon Boston Consulting Corporation (Private) Limited (TBCL)	57.125%

(i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 11 June 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. SRL is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through E-store.

(ii) Sapphire Renewables Limited (SRNL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 30 May 2016. The principal objective of SRNL is to invest, manage, operate, run, own and build power projects. Its registered office is situated at 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab, Pakistan.

(iii) Sapphire Solar (Private) Limited (SSPL) is incorporated in Pakistan on 06 March 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principle activity of SSPL is power generation by means of solar energy and other alternative energy sources. Its registered office is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh.

- (iv) Sapphire Tech (Private) Limited (STPL) is a private limited company incorporated in Pakistan on 05 November 2013, under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi.
- (v) Sapphire International APS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Group.
- (vi) Sapphire Wind Power Company Limited (SWPCL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 27 December 2006. Its registered office is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the it's wind power plant has been set up at Jhimpir, District Thatta, Sindh on land that is leased to the it by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

SWPCL's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim consolidated financial information of the Group for the first quarter ended 30 September 2019 is unaudited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 These condensed interim consolidated financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value, recognition of employee benefits at present value and the financial statements of Sapphire Solar (Private) Limited and Sapphire Tech (Private) Limited have been prepared on an alternative basis i.e. realizable value.

2.3 Functional and presentation currency

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

3 Significant accounting policies

The accounting policies and methods of computation which have been used in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the consolidated financial statements for the preceding year ended 30 June 2019.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

	Note	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	63,879,344,281	66,878,177,418
Capital work-in-progress	5.3	783,845,765	905,827,771
Major spare parts and stand-by equipment		69,216,256	69,216,256
		64,732,406,302	67,853,221,445
5.1 Operating fixed assets			
Opening book value		66,878,177,418	23,194,555,400
Cost of additions during the period / year	5.2	339,838,749	35,810,587,466
Exchange (gain) / loss capitalised during the period / year		(2,263,159,890)	11,624,833,607
Book value of disposals during the period / year	5.2	(20,641,443)	(299,444,061)
		(1,943,962,584)	47,135,977,012
Depreciation during the period/year		(1,054,870,553)	(3,452,354,994)
		(2,998,833,137)	43,683,622,018
Closing book value		63,879,344,281	66,878,177,418

5.2 The cost of additions and book value of disposals to operating fixed assets during the first quarter ended 30 September 2019 were as follows.

	(Un-Audited) 30 September 2019		(Audited) 30 June 2019	
	Addition Cost	Disposal Book value	Addition Cost	Disposal Book value
	----- Rupees		----- Rupees -----	
On Freehold land:				
Factory buildings	76,782,262	-	462,077,461	-
Labour, staff colony and others	21,441,378	-	80,226,232	-
Office buildings	-	-	17,449,500	-
On lease hold land:				
Factory buildings	-	-	1,275,552,540	-
Labour, staff colony and others	-	-	19,284,784	-
Building improvements			186,006,762	16,413,624
Plant & machinery	139,710,968	1,770,152	33,331,492,197	150,072,334
Electric installations	11,031,145	-	35,849,684	14,552
Fire Fighting equipment	-	-	6,567,902	-
Electric equipments	47,249,510	-	164,230,339	10,940,210
Computers	8,070,755	385,514	43,941,807	1,358,565
Office equipments	-	-	3,513,271	25,304
Mills equipments	5,613,011	-	8,939,703	-
Furniture & fixtures	28,555,720	-	106,831,761	1,142,745
Vehicles - owned	1,384,000	11,089,139	58,116,623	87,806,738
Vehicles - leased	-	7,396,638	10,506,900	31,669,989
	339,838,749	20,641,443	35,810,587,466	299,444,061

	(Un-audited) 30 September 2019	(Audited) 30 June 2019
	(Rupees)	(Rupees)
5.3 Capital work-in-progress		
Advance for land	57,000,000	84,500,000
Freehold land and building	435,749,570	435,749,570
Civil works and buildings	196,943,469	154,608,429
Plant and machinery	91,199,679	184,923,436
Electric installations	2,739,047	44,904,336
Computers	214,000	642,000
Advance for vehicles	-	500,000
	783,845,765	905,827,771

		(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
6	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	Guarantees issued by banks on behalf of the Group	682,503,587	624,093,587
6.1	Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at 30 September 2019 the value of these cheques amounted to Rs737.549 million (30 June 2019: Rs.720.484 million).		
6.2	There is no change in status of the contingencies as disclosed in note 32.3 to 32.5, 32.7 to 32.11 of the audited annual consolidated financial statements of the Group for the year ended 30 June 2019.		
	Commitments	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
	Commitments in respect of confirmed letter of credit	2,683,750,059	1,441,047,702
	Commitments in respect of capital expenditure	83,922,395	128,731,342
		2,767,672,454	1,569,779,044
	Confirmed letter of credit in respect of:		
	- plant and machinery	1,112,591,019	297,630,174
	- raw material	1,553,801,349	1,092,206,126
	- stores and spares	17,357,691	51,211,402
		2,683,750,059	1,441,047,702
	This includes commitments for payments to be made for to various construction companies for the construction and extension on existing building at multiple plants of the Holding Company.		
		(Un-audited) 30 September 2019 (Rupees)	2018 (Rupees)
7	COST OF SALES		
	Finished goods - Opening stock	2,230,290,145	1,267,695,380
	Cost of goods manufactured	9,590,390,185	8,370,660,051
	Finished goods - Closing stock	(2,670,162,784)	(2,127,222,785)
	Cost of sales and services owned manufactured	9,150,517,546	7,511,132,646
	Cost of raw material sold	9,096,695	7,153,655
	Cost of sales and services - purchased for resale	69,424,308	28,849,623
		9,229,038,549	7,547,135,924
7.1	Cost of Goods Manufactured		
	Work in process - opening stock	1,705,135,329	1,686,535,501
	Raw materials consumed	5,239,888,020	4,983,360,311
	Overheads	4,141,506,045	3,518,554,897
		11,086,529,394	10,188,450,709
	Work in process - closing stock	(1,496,139,209)	(1,817,790,658)
		9,590,390,185	8,370,660,051

		(Un-audited) 30 September	
		2019	2018
		(Rupees)	(Rupees)
8	CASH GENERATED FROM OPERATIONS		
	Profit before taxation and share of profit of associates	3,182,157,278	1,600,562,254
	Adjustments for non-cash items:		
	Depreciation on operating fixed assets	1,054,870,553	653,639,482
	Amortization of intangible assets	794,668	1,904,089
	Interest income	(16,445,097)	(15,738,495)
	(Gain) / loss on sale of property, plant and equipment	(2,388,610)	32,028
	Dividend income	(100,855,963)	(83,718,525)
	Provision for gratuity	29,432,126	25,311,278
	(Reversal of) / provision for stores, spares and loose tools	(7,890,212)	243,633
	Amortization of transaction cost	15,404,637	8,530,431
	Provision against doubtful sales tax refundable	8,949,896	-
	Finance cost	1,469,276,622	704,491,556
		2,451,148,620	1,294,695,477
	Operating cash flow before changes in working capital	5,633,305,898	2,895,257,731
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spare and loose tools	8,401,479	(16,995,020)
	Stock-in-trade	(25,079,872)	(2,466,159,430)
	Trade debts	(3,854,950,116)	(619,128,983)
	Loans and advances	(236,946,260)	(259,600,113)
	Trade deposits and short term prepayments	(35,028,974)	(119,004,420)
	Other receivables	2,114,615,693	14,620,906
		(2,028,988,050)	(3,466,267,060)
	Increase in current liabilities		
	Trade and other payables	31,120,158	3,685,768,011
	Contract liabilities	177,362,148	-
		3,812,800,154	3,114,758,682

9 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), directors and key management personnel. Transactions with related parties are as follows:

		(Un-audited) 30 September	
		2019	2018
		(Rupees)	(Rupees)
(i)	Associates	Sales / processing	556,307,592
		Purchases	48,583,682
		Purchase of electricity / steam	-
		Expenses charged to the Company	11,520,363
		Expenses charged by the Company	-
		Mark-up charged by the Company	13,121,074
		Dividend received	42,017,500
		Loans obtained net	48,837,524
(ii)	Others	Contribution to provident fund	13,046,524
		Remuneration to key management personnel	42,092,308
		Donation	3,150,000

10 SEGMENT ANALYSIS**10.1 SEGMENT RESULTS**

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

For the first quarter ended 30 September 2019

Revenue - external customers	4,066,851,772	2,697,304,215	3,473,398,303	4,440,905,616	14,678,459,906
Inter - segment sales	1,118,797,250	521,375,134	409,125,938	-	2,049,298,322
Segment results	454,931,783	451,760,550	394,575,178	3,281,035,694	4,582,303,205

For the first quarter ended 30 September 2018

Revenue - external customers	3,627,761,737	2,177,010,843	2,905,431,529	1,916,147,769	10,626,351,878
Inter - segment sales	1,100,432,238	373,847,819	246,669,991	-	1,720,950,048
Segment results	477,048,298	285,128,737	93,429,801	1,356,210,133	2,211,816,969

(Un-audited)

30 September

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

	2019 (Rupees)	2018 (Rupees)
Total results for reportable segments	4,582,303,205	2,211,816,969
Other operating expenses	(59,283,027)	(44,648,276)
Other income	144,757,767	146,415,548
Finance cost	(1,485,620,667)	(713,021,987)
Share of profit of associated companies	10,942,183	15,085,400
Profit before taxation	3,193,099,461	1,615,647,654
Taxation	(123,870,186)	(121,119,742)
Profit for the period	3,069,229,275	1,494,527,912

10.2 SEGMENT ASSETS AND LIABILITIES

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

As at 30 September 2019 (Un-audited)

Segment assets	11,937,230,721	4,454,314,413	10,631,847,459	63,198,673,040	90,222,065,633
Segment Liabilities	20,756,662,445	2,797,582,999	6,402,167,393	43,959,749,183	73,916,162,019

As at 30 June 2019 (Audited)

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

(Un-audited)

30 September

2019

(Audited)

30 June

2019

Reconciliation of segment assets and liabilities with total assets and liabilities in the condensed interim consolidated statement of financial position is as follows:

Total for reportable segments assets	90,222,065,633	88,734,999,532
Unallocated assets	12,411,196,113	14,621,248,455
Total assets as per statement of financial position	102,633,261,746	103,356,247,987
Total for reportable segments liabilities	73,916,162,019	77,553,137,662
Unallocated liabilities	1,527,486,423	1,459,470,792
Total liabilities as per statement of financial position	75,443,648,442	79,012,608,454

11 CORRESPONDING FIGURES

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

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

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on 29 October 2019.

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director