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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

Dr. Marium Chughtai

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 :**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 (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase VII,
Karachi- 75500, Pakistan.**Registered Office :**316, Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.**Mills :**Kharianwala
Tehsil and District Sheikhupura.
Feroze Watwan,
Tehsil and District Sheikhupura.
Raiwind Road, Lahore.

Directors' Report to the Shareholders

The Directors of your Company are pleased to present un-audited interim financial statements for the half year ended 31 December 2020, duly reviewed by the auditors.

Financial Highlights

	31 December	
	2020	2019
	Rupees in thousand	
Sales & services	11,963,266	12,709,536
Gross profit	1,443,940	1,720,672
Other Income	656,844	699,169
Profit from operations	1,447,784	1,741,395
Profit before taxation	1,005,494	997,661
Taxation:		
- Current	147,012	216,217
- Deferred	(2,195)	1,150
	144,817	217,367
Profit after taxation	860,677	780,294

During the period under review, the Company achieved sales of Rs.11,963 million compared to Rs.12,710 million during corresponding period of last year; a drop of 5.87%. As a result, gross profit also decreased to 12.07% from 13.54% during last year. However, Company's operations remained profitable mainly due to reduced cost of borrowing. During the period, Profit after tax increased to Rs.860 million compared to Rs.780 million during same period of last year.

Earnings per share

The earnings per share were Rs.43.46 as compared to Rs. 39.40 during the same period of last year.

Future outlook

The biggest challenge for Pakistan's textile sector is the drop in country's cotton production in the current season that results in an undesirable level of reliance on imported raw materials. However, the management has made sure that the company has adequately covered its raw materials for the complete year which will greatly help in maintaining Company's profits during remaining part of the financial year.

The management of your Company remains focused on sustained profitable growth through product and market diversification and investment in modernization of plant & machinery.

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: 24 February, 2021

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ عبوری مالیاتی گوشواروں پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں		تفصیل
31 دسمبر 2019ء	31 دسمبر 2020ء	
12,709,536	11,963,266	فروخت اور خدمات
1,720,672	1,443,940	مجموعی منافع
699,169	656,844	دیگر آمدن
1,741,395	1,447,784	آپریشنز سے منافع
997,661	1,005,494	ٹیکس سے پہلے منافع
		ٹیکسیشن
216,217	147,012	موجودہ
1,150	(2,195)	فرق
217,367	144,817	
780,294	860,677	ٹیکس کے بعد منافع

کمپنی نے گزشتہ سال کی اسی مدت میں 12,710 ملین روپے کے مقابلے میں 11,963 ملین روپے فروخت حاصل کی جو 5.87 فیصد کمی ہے۔ جس کے نتیجے میں مجموعی منافع بھی گزشتہ سال کے 13.54 فیصد سے کم ہو کر 12.07 فیصد ہو گیا۔ تاہم، کمپنی کے آپریشنز بنیادی طور پر قرضہ کی قیمت کم ہونے کی وجہ سے منافع بخش رہے ہیں۔ کمپنی نے گزشتہ سال کی اسی مدت میں درج 780 ملین روپے کے مقابلے میں موجودہ مدت کے دوران 860 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی موجودہ مدت کی فی شیئر آمدنی (EPS) 43.4 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 39.40 روپے تھی۔

مستقبل کا نقطہ نظر

رواں سیزن میں ملک کی کپاس کی پیداوار میں نمایاں کمی پاکستان کی ٹیکسٹائل انڈسٹری کے لئے ایک بہت بڑا خطرہ ہے جس کے نتیجے میں درآمد شدہ خام مواد پر انحصار کرنا پڑا ہے۔ تاہم، انتظامیہ نے یقینی بنایا ہے کہ کمپنی نے پورے سال کے لئے کافی خام مال کا احاطہ کر لیا ہے جو مالی سال کے باقی عرصے میں کمپنی کے منافع جات کو برقرار رکھنے میں بہت معاون ہوگا۔ آپ کی کمپنی کی انتظامیہ مصنوعات اور مارکیٹ تنوع اور پلانٹ اینڈ مشینری کی جدت میں سرمایہ کاری کے ذریعے مستقل منافع بخش نمونہ پر توجہ مرکوز رکھتی ہے۔

اعتراف

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 آفیسر

لاہور

تاریخ: 24 فروری 2021ء

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Sapphire Fibres Limited (the Company) as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

Scope of Review

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

Conclusion

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

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

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Lahore :
Dated: 25 February, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	Un-audited December 31, 2020	Audited June 30, 2020
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,360,486,861	11,867,917,137
Investment property		31,750,000	31,750,000
Intangible assets		3,576,655	4,309,170
Long term investments	5	8,756,277,720	8,079,035,424
Long term loans		89,000	262,000
Long term deposits		28,606,645	28,606,645
		21,180,786,881	20,011,880,376
Current assets			
Stores, spare parts and loose tools		359,360,663	358,027,617
Stock-in-trade	6	10,969,804,871	7,537,897,128
Trade debts		4,444,969,226	2,226,110,623
Loans and advances		251,350,057	160,400,271
Trade deposits and short term prepayments		32,666,443	5,413,764
Short term investments		3,040,109,423	2,394,357,739
Other receivables		546,593,239	673,310,150
Tax refunds due from Government		977,399,724	880,506,826
Cash and bank balances		54,404,793	68,857,658
		20,676,658,439	14,304,881,776
Total assets		41,857,445,320	34,316,762,152
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,671,875 ordinary shares of Rs.10 each		206,718,750	206,718,750
Reserves		3,780,722,610	2,429,793,680
Unappropriated profit		14,112,394,894	13,251,717,505
		18,099,836,254	15,888,229,935
Liabilities			
Non-current liabilities			
Long term liabilities	7	5,064,393,198	4,510,411,784
Deferred income - Government grant	8	10,478,377	-
Staff retirement benefit - gratuity		328,616,852	310,591,147
Deferred taxation		116,217,742	143,493,774
		5,519,706,169	4,964,496,705
Current liabilities			
Trade and other payables		3,944,670,833	2,022,566,851
Contract liabilities		415,305,727	454,244,612
Accrued mark-up / interest		172,777,861	186,517,482
Short term borrowings	9	12,616,331,126	10,026,256,385
Current portion of long term finances		933,026,769	375,597,223
Unclaimed dividend		6,131,706	6,137,961
Provision for taxation		149,658,875	392,714,998
		18,237,902,897	13,464,035,512
Total liabilities		23,757,609,066	18,428,532,217
Contingencies and commitments	10		
Total equity and liabilities		41,857,445,320	34,316,762,152

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

		Quarter ended		Six months period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	----- Rupees -----			
Sales - net	11	6,353,150,123	6,490,433,411	11,963,266,514	12,709,536,245
Cost of sales	12	(5,588,180,216)	(5,740,378,849)	(10,519,326,336)	(10,988,864,744)
Gross profit		764,969,907	750,054,562	1,443,940,178	1,720,671,501
Distribution cost		(228,312,790)	(237,655,951)	(415,204,177)	(456,565,641)
Administrative expenses		(94,330,277)	(84,388,099)	(188,297,243)	(170,611,614)
Other income	13	188,055,553	570,755,197	656,844,221	699,168,919
Other expenses		(19,791,605)	(28,689,673)	(49,498,810)	(51,268,093)
Profit from operations		610,590,788	970,076,036	1,447,784,169	1,741,395,072
Finance cost		(237,361,757)	(358,462,043)	(442,289,751)	(743,733,829)
Profit before taxation		373,229,031	611,613,993	1,005,494,418	997,661,243
Taxation		(65,588,536)	(125,410,198)	(144,817,029)	(217,367,476)
Profit after taxation		307,640,495	486,203,795	860,677,389	780,293,767
Earnings per share					
- basic and diluted		16.71	24.46	43.46	39.40

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Quarter ended		Six months period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit after taxation	307,640,495	486,203,795	860,677,389	780,293,767
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	218,879,277	927,835,505	677,245,296	874,149,775
- short term	118,460,312	865,664,904	643,761,154	748,668,305
Impact of deferred tax	(95,465)	(35,908,193)	25,080,925	(35,908,193)
Realised loss on sale of investment at fair value through other comprehensive income	-	(97,974,692)	-	(97,974,692)
	337,244,124	1,659,617,524	1,346,087,375	1,488,935,195
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on remeasurement of forward foreign exchange contracts	4,087,462	(16,858,836)	4,841,555	5,958,540
Other comprehensive income for the period	341,331,586	1,642,758,688	1,350,928,930	1,494,893,735
Total comprehensive income for the period	648,972,081	2,128,962,483	2,211,606,319	2,275,187,502

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

		Six months period ended	
		December 31, 2020	December 31, 2019
Note		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash (used in) / generated from operations	14 (2,736,945,352)	1,294,776,221
	Staff retirement benefits paid	(39,874,295)	(39,249,405)
	Finance cost paid	(456,029,372)	(787,809,089)
	Taxes paid	16,764,794	(200,760,092)
	Workers' profit participation fund paid	(59,384,037)	(43,373,043)
	Long term loans - net	173,000	90,000
	Net cash (used in) / generated from operating activities	(3,275,295,262)	223,674,592
CASH FLOWS FROM INVESTING ACTIVITIES			
	Fixed capital expenditure	(992,548,728)	(1,358,618,554)
	Proceeds from disposal of operating fixed assets	190,000,000	24,155,139
	Short term investments - net	-	274,348,845
	Proceeds from sale of stores and spares	1,172,602	307,980
	Dividend and interest income received	521,113,445	695,936,646
	Net cash used in investing activities	(280,262,681)	(363,869,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Long term finances - obtained	955,521,914	166,550,000
	- repaid	(4,491,577)	(424,367,837)
	Share capital issued	-	255,937,500
	Dividend paid	-	(157,132,145)
	Short term borrowings - net	2,590,074,741	268,440,285
	Net cash generated from financing activities	3,541,105,078	109,427,803
	Net decrease in cash and cash equivalents	(14,452,865)	(30,767,549)
	Cash and cash equivalents - at beginning of the period	68,857,658	76,712,566
	Cash and cash equivalents - at end of the period	54,404,793	45,945,017

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

[illegible]

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 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	
7 A- K, Main Boulevard, Gulberg	Head office
3.5 km, Manga Road, Riawand	Production plant
Shiekhupura	
10 km, Shiekhupura / Faisalabad Road, Kharianwala	Production plant
26 km, Shiekhupura / Faisalabad Road, Feroze wattoan	Production plant

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Standards, amendments to published standards, interpretations and guidelines that are effective in the current period

2.2.1 Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed financial statements.

2.2.2 The Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess Act, 2015 (GIDC) to be constitutional and intra vires and has allowed the settlement of amount over a period of time. The Institute of Chartered Accountants of Pakistan (ICAP) vide a circular dated January 19, 2021 issued certain guidelines with respect to accounting treatment and financial reporting for GIDC. The Company has complied with the ICAP guidelines and relevant accounting standards in this regard.

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, 2020.

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, 2020.

4. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	----- Rupees -----	
Operating fixed assets	4.1	10,713,695,716	10,875,747,534
Capital work-in-progress	4.3	1,646,791,145	992,169,603
		<u>12,360,486,861</u>	<u>11,867,917,137</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		10,875,747,534	10,434,625,536
Additions during the period / year	4.1.1	337,927,186	1,289,783,053
Disposals costing Rs.88.125 million (June 30, 2020: Rs.199.853 million) - at net book value		(81,460,222)	(36,988,751)
Depreciation charge for the period / year		(418,518,782)	(811,672,304)
Net book value at end of the period / year		<u>10,713,695,716</u>	<u>10,875,747,534</u>
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		-	10,008,500
Residential buildings and others on freehold land		-	7,340,151
Factory buildings on freehold land		46,654,706	33,144,343
Plant and machinery		282,619,931	1,196,020,251
Electric installation		3,168,676	12,133,403
Equipment:			
• mills		973,744	1,056,400
• electric / gas		-	188,631
Computer hardware		2,250,855	1,083,500
Vehicles		1,730,000	25,722,394
Furniture and fixtures		529,274	3,085,480
		<u>337,927,186</u>	<u>1,289,783,053</u>

- 4.2** The Company, during the period, sold free hold costing Rs.80.685 million. The land was registered in name of the Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (related parties). The Company held 30% shares in this jointly controlled property.

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	----- Rupees -----	
4.3 Capital work-in-progress			
Buildings		245,354,981	177,159,344
Plant and machinery (including in transit aggregating Rs.50.651 million (June 30, 2020: Rs.18.439 million)		493,600,106	401,629,894
Advance payments against:			
• freehold land		862,762,000	390,000,000
• factory / office building		6,668,800	6,668,800
• electric installation		15,764,565	15,764,565
• Furniture and fixtures		109,550	-
• vehicles		22,009,287	-
• computer software		521,856	947,000
		907,836,058	413,380,365
		1,646,791,145	992,169,603
5. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost		3,574,308,316	3,574,308,316
Associated Companies - at cost		758,276,769	758,276,769
Others - equity instruments	5.1	4,362,019,095	3,682,773,859
- debt instruments	5.2	61,673,540	63,676,480
		8,756,277,720	8,079,035,424
5.1 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited			
18,213,195 ordinary shares of Rs.10 each -cost		896,451,123	896,451,123
Adjustment arising from re-measurement to fair value		2,478,089,647	2,055,361,391
		3,374,540,770	2,951,812,514
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		(258,811,362)	(515,328,342)
		958,262,247	701,745,267
Unquoted			
Novelty Enterprises (Private) Limited			
2,351,995 ordinary shares of Rs.10 each		28,716,078	28,716,078
TCC Management Services (Private) Limited			
50,000 ordinary shares of Rs. 10 each		500,000	500,000
		4,362,019,095	3,682,773,859

5.2	Debt Instruments - at FVTOCI	Note	Un-audited December 31, 2020	Audited June 30, 2020
	Habib Bank Limited - term finance certificates (TFCs)			
	650 (June 30, 2020: 650) term finance certificates of Rs.100,000 each - cost		64,973,000	64,976,000
	Adjustment arising from re-measurement to fair value		(3,299,460)	(1,299,520)
			61,673,540	63,676,480
6.	STOCK-IN-TRADE			
	Raw materials		8,502,239,817	5,475,339,552
	Work-in-process		857,245,614	798,954,257
	Finished goods		1,610,319,440	1,263,603,319
			10,969,804,871	7,537,897,128
7.	LONG TERM LIABILITIES			
	Long term finances	7.1	5,801,563,587	4,886,009,007
	Provision for Gas Infrastructure Development Cess	7.2	285,830,833	-
			6,087,394,420	4,886,009,007
	Less: current portion grouped under current liabilities		(1,023,001,222)	(375,597,223)
			5,064,393,198	4,510,411,784
7.1	Long term finances - secured			
	Balance at beginning of the period / year		4,886,009,007	4,445,606,115
	Add: disbursements during the period / year	7.1.1 & 7.1.2	920,046,157	990,153,577
	Less: repayments made during the period / year		(4,491,577)	(549,750,685)
	Balance at end of the period / year		5,801,563,587	4,886,009,007
7.1.1	The Company, during the period, arranged a demand finance facility of Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the Scheme, the Company after availing this loan will not to lay off its workers / employees at least during three months from the date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million till the reporting date. This finance facility is repayable in 8 equal quarterly instalments commencing January, 2021. This finance facility carries mark-up at a reduced rate of 0.6% per annum, payable on quarterly basis. The finance facility is secured against pari passu charge over present and future plant and machinery of the Company for Rs.583.33 million.			
	As the above loan is below-market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market-related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as Government grant.			
7.1.2	Except for the above 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, 2020. Long term finances, during the period, carried mark-up / profit at the rates ranged from 0.60% to 8.43% (June 30, 2020: 2.50% to 14.66%) per annum.			
7.2	The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.			

The Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Company falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against the Company.

The Company has already recorded a provision for GIDC (included in trade and other payable in the preceding year). The amount has now been classified as long term liability at its present value, by discounting future estimated cash flows using risk free rate of return. This resulted in income of Rs.48.196 million which has been netted-off against the cost of sales.

**8. DEFERRED INCOME -
GOVERNMENT GRANT**

	Un-audited December 31, 2020	Audited June 30, 2020
Government grant on loan at below market rate of interest - net	29,121,908	-
Less: current portion grouped under current liabilities	18,643,531	-
	<u>10,478,377</u>	<u>-</u>

8.1 As fully detailed in note 7.1.1 to these condensed interim financial statements, the Company has recorded Rs.35.476 million as Government grant on loan at below-market rate of interest, as per the requirements of IAS-20 'Accounting for government grant and disclosure of government assistance'.

8.2 The Company has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the period, Rs.6.354 million has been recognized in the statement of profit or loss.

9. SHORT TERM BORROWINGS

	Un-audited December 31, 2020	Audited June 30, 2020
Note	----- Rupees -----	
Running / cash finances - secured	9.1 11,521,653,758	9,026,256,385
Running musharakah finance - secured	9.1 1,000,000,000	1,000,000,000
Temporary bank overdraft - unsecured	94,677,368	-
	<u>12,616,331,126</u>	<u>10,026,256,385</u>

9.1 The Company has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.19,200 million (June 30, 2020: Rs.19,800 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.51,489 million (June 30, 2020: Rs.42,820 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 2.25% to 8.53% (June 30, 2020: 2.15% to 14.81%) per annum. These facilities are expiring on various dates upto December 31, 2021.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Guarantees aggregating Rs.719.685 million (June 30, 2020: Rs.697.685 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipelines Limited.

Except for the note 7.2 to these condensed interim financial statements, there has been no material change in the status of other contingencies as disclosed in the audited annual financial statements of the Company for the year ended June 30, 2020.

10.2 Commitments in respect of :

- letters of credit for capital expenditure
- letters of credit for purchase of raw materials and stores, spare parts & chemicals
- capital expenditure other than letters of credit
- foreign bills discounted

Un-audited December 31, 2020	Audited June 30, 2020
----- Rupees -----	
547,492,478	174,371,178
1,040,363,453	449,831,421
189,011,625	704,279,646
717,954,764	2,599,128,792

11. SALES - net

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

For the six months period ended December 31, 2020- Un-audited

	Spinning	Knits	Denim	Total
----- Rupees -----				
Types of goods and services				
Local sales				
- Yarn	2,094,429,602	3,712,352	20,799,862	2,118,941,816
- Fabric	-	380,934,680	1,410,103,905	1,791,038,585
- Garments	-	16,476,194	-	16,476,194
- Waste	70,510,902	12,958,752	25,072,236	108,541,890
- Raw materials	74,703,397	-	-	74,703,397
- Local steam income	8,457,000	-	-	8,457,000
- Processing income	825,340	79,590,715	1,667,025	82,083,080
	2,248,926,241	493,672,693	1,457,643,028	4,200,241,962
Export Sales				
- Yarn	3,816,638,278	80,113,720	-	3,896,751,998
- Fabric	-	377,942,626	2,391,792,905	2,769,735,531
- Garments	-	858,434,925	-	858,434,925
- Waste	194,458,612	-	-	194,458,612
	4,011,096,890	1,316,491,271	2,391,792,905	7,719,381,066
Export rebate				
- Fabric	-	2,275,707	30,042,427	32,318,134
- Garments	-	11,325,352	-	11,325,352
	-	13,601,059	30,042,427	43,643,486
	6,260,023,131	1,823,765,023	3,879,478,360	11,963,266,514
Timing of revenue recognition				
Goods transferred at a point in time	6,259,197,791	1,744,174,308	3,877,811,335	11,881,183,434
Services rendered at a point in time	825,340	79,590,715	1,667,025	82,083,080
	6,260,023,131	1,823,765,023	3,879,478,360	11,963,266,514

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

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

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		----- Rupees -----			
Note	Finished goods at beginning of the period	1,326,968,003	1,393,858,461	1,263,603,319	1,309,473,560
	Cost of goods manufactured	5,835,556,843	5,697,796,392	10,789,016,762	11,012,328,825
12.1	Cost of raw materials sold	35,974,810	39,555,835	77,025,695	57,894,198
		5,871,531,653	5,737,352,227	10,866,042,457	11,070,223,023
		7,198,499,656	7,131,210,688	12,129,645,776	12,379,696,583
	Finished goods at end of the period	(1,610,319,440)	(1,390,831,839)	(1,610,319,440)	(1,390,831,839)
		5,588,180,216	5,740,378,849	10,519,326,336	10,988,864,744

12.1 Cost of goods manufactured

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		----- Rupees -----			
	Work-in-process at beginning of the period	776,880,332	824,060,819	798,954,256	830,588,354
	Raw materials consumed	4,354,289,782	3,671,497,614	7,853,799,595	7,016,785,183
	Direct labour and other overheads	1,554,749,394	2,055,305,876	2,986,625,576	4,018,023,205
		5,909,039,176	5,726,803,490	10,840,425,171	11,034,808,388
		6,685,919,508	6,550,864,309	11,639,379,427	11,865,396,742
	Work-in-process at end of the period	(850,362,665)	(853,067,917)	(850,362,665)	(853,067,917)
		5,835,556,843	5,697,796,392	10,789,016,762	11,012,328,825

13. OTHER INCOME

This mainly includes dividend of Rs.433.174 million (December 31, 2019: Rs.433.174 million) received from Sapphire Electric Company Limited - Subsidiary Company.

14. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	Un-audited	
		Six months period ended	
		December 31, 2020	December 31, 2019
		----- Rupees -----	
Profit before taxation		1,005,494,418	997,661,243
Adjustments for non-cash and other items:			
Depreciation		418,518,782	397,811,658
Amortization of intangible assets		732,515	1,051,142
Amortisation of government grant		(6,353,849)	-
Staff retirement benefit - gratuity		57,900,000	65,557,233
Provision for workers' profit participation fund		45,298,810	41,068,093
Provision for doubtful tax refunds		-	9,000,000
Provision for impairment in trade debts		3,000,000	-
Gain on disposal of operating fixed assets		(108,595,436)	(2,484,058)
Gain on sale of stores and spares		(644,840)	(9,893)
Dividend and interest income		(521,113,445)	(679,450,518)
Finance cost		442,289,751	743,733,829
Working capital changes	14.1	(4,073,472,058)	(279,162,508)
		(2,736,945,352)	1,294,776,221

14.1 Working capital changes

(Increase) / decrease in current assets:

- stores, spare parts and loose tools	(1,860,808)	(53,306,024)
- stock-in-trade	(3,431,907,743)	(2,295,249,703)
- trade debts	(2,221,858,603)	1,407,571,532
- loans and advances	(90,949,786)	(84,851,013)
- deposits, other receivables and sales tax	(401,615,271)	(664,571,609)
	(6,148,192,211)	(1,690,406,817)

Increase / (decrease) in current liabilities:

- trade and other payables	2,113,659,038	1,349,193,323
- contract liabilities	(38,938,885)	62,050,986
	2,074,720,153	1,411,244,309
	(4,073,472,058)	(279,162,508)

15. 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, 2020, 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, 2020.

16. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

-Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].

-Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

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

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.7,434.585 million (June 30, 2020: Rs.6,111.592 million).

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

17. TRANSACTIONS WITH RELATED PARTIES**17.1 Significant transactions with related parties are as follows:****Transactions with Subsidiary Companies**

	Un-audited	
	Six months period ended	
	December 31, 2020	December 31, 2019
	----- Rupees -----	
Dividend received	433,173,900	433,173,900
Expenses charged to	7,323,804	7,130,298
Loans provided	191,951,571	129,213,036
Mark-up charged	8,183,117	1,616,659

Transactions with Associated Companies**Sales:**

• raw material / yarn / fabric / stores	190,599,948	116,963,813
• assets	1,600,000	125,000

Purchases:

• raw material / yarn / fabric / stores	1,206,776,303	839,802,102
• assets	-	2,223,414
• electricity	-	78,598

Services:

• rendered	-	1,873,953
• obtained	164,680	698,482

Expenses charged by	18,584,642	13,723,710
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Expenses charged to	8,815,495	17,128,603
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		Un-audited	
		Six months period ended	
		December 31,	December 31,
		2020	2019
		----- Rupees -----	
Dividend:			
• received		28,245,000	1,231,648
• paid		-	81,580,768
Loans repaid		-	56,645,000
Shares allotted		-	134,082,520
Transactions with Directors and their related parties			
Loans repaid		-	67,262,000
Shares allotted		-	61,586,200
Transactions with Key management personnel			
Remuneration and other benefits		57,495,322	58,106,356
Transactions with Retirement fund			
Contribution made		14,421,333	14,112,516
17.2 Period / year end balances are as follows:		Un-audited	Audited
		December 31,	June 30,
		2020	2019
		----- Rupees -----	
Receivables from related parties			
Trade debts		108,391,544	59,265,270
Other receivables		299,111,580	132,863,570
Payable to related parties			
Trade and other payables		599,831,980	438,393,951

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, 2020, whereas, the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the six months period ended December 31, 2019.
- Comparative information has been re-classified, re-arranged or additionally incorporated in these interim financial statements, where necessary, to facilities better comparison and to conform with the changes in presentation.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on February 24, 2021.

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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Directors' Report to 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 Mining Exploration (Private) Limited, Sapphire Cement Company Limited, Sapphire Energy (Pvt.) Limited and Ignite Power (Private) Limited for the period ended 31 December, 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 December, 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 Pakhtunkhwa.

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

PREMIER CEMENT LIMITED

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

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

SAPPHIRE MINING EXPLORATION (PRIVATE) LIMITED

Sapphire Mining Exploration (Private) Limited (SMEL) was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing of all kinds of cement and its allied products in Gilgit.

SMEL is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

SAPPHIRE CEMENT COMPANY LIMITED

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 28 October, 2016. SFL holds 100% shares of SCCL as on 31 December, 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 December, 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: February 24, 2021

Shahid Abdullah **Shayan Abdullah**
Chief Executive Officer Director

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی مدت کے لئے سفار فابریز لمیٹڈ اور اسکی ذیلی کمپنیوں سفار لیکٹر کمپنی لمیٹڈ، سفار ہائیڈرو لمیٹڈ، پریمیر سیمنٹ لمیٹڈ، سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفار سیمنٹ کمپنی لمیٹڈ، سفار انرجی (پرائیویٹ) لمیٹڈ اور اگناٹ پاور (پرائیویٹ) لمیٹڈ کے اشتہال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتہال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتہال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ مالی گوشوارے منسلک کئے ہیں۔

سفار لیکٹر کمپنی لمیٹڈ:

سفار لیکٹر کمپنی لمیٹڈ (SECL) 18 جنوری 2005ء کیپٹیز آرڈیننس، 1984 (ایکٹ 1984) کے تحت غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ یہ یکم جولائی 2008ء کو سفار فابریز لمیٹڈ (ایس ایف ایل) کی ذیلی کمپنی بنی۔ ایس ایف ایل 31 دسمبر 2020ء کے مطابق ایس ای سی ایل کے 68.11% حصص کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی مرید کے ضلع شیخوپورہ میں 212 میگا واٹ کی خالص صلاحیت کے کمباؤنڈ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

سفار ہائیڈرو لمیٹڈ:

سفار ہائیڈرو لمیٹڈ (SHL) 07 ستمبر 2017ء کیپٹیز ایکٹ 2017ء کے تحت پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمی، خیبر پختونخواہ میں 682 GWh کی سالانہ بجلی کی پیداوار کی پوٹینشل کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو لیکٹر پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔ سفار ہائیڈرو لمیٹڈ (ایس ایچ ایل) پیرنٹ کمپنی سفار فابریز لمیٹڈ کی ذیلی کمپنی سفار لیکٹر کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

پریمیر سیمنٹ لمیٹڈ:

پریمیر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کیپٹیز آرڈیننس 1984 (ایکٹ 1984) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2020ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظوریوں کے حوالہ 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۔

سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ

سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020ء کیپٹیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ضروری منظوریوں کے حوالہ سے، ایس ایم ای ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے گلگت میں پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔ ایس ایم ای ایل، سفار فابریز لمیٹڈ کی ذیلی کمپنی پریمیر سیمنٹ لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

سفار سیمنٹ کمپنی لمیٹڈ:

سفار سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل) 28 اکتوبر 2016ء کیپٹیز آرڈیننس 1984 (ایکٹ 1984) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2020ء کے مطابق ایس سی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظوریوں کے حوالہ سے، ایس سی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارنرجی (پرائیویٹ) لمیٹڈ:

سفارنرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء تکینیز ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2020ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔

SEPL بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اور پٹرولیم مصنوعات کی ہینڈلنگ، ری گسی فلیشن، اسٹوریج، ٹریڈنگ اور پروسسنگ کے لئے ایک ٹرینل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ:

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل) 03 جولائی 2019ء تکینیز ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سولر 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 پی ایل) پیرنٹ کمپنی سفار فائبرز لمیٹڈ کی ذیلی کمپنی سفارنرجی پرائیویٹ لمیٹڈ کی 60% ملکیتی ذیلی کمپنی ہے۔

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو آفیسر

لاہور

تاریخ: 24 فروری 2021ء

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT DECEMBER 31, 2020

	Note	Un-audited December 31, 2020 ----- Rupees -----	Audited June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	24,622,334,057	24,384,906,761
Investment property		31,750,000	31,750,000
Intangible assets		9,189,559	9,922,074
Long term investments	5	6,012,540,096	5,222,731,748
Long term loans		89,000	262,000
Long term deposits		42,106,445	31,206,445
		<u>30,718,009,157</u>	<u>29,680,779,028</u>
Current assets			
Stores, spare parts and loose tools		359,360,663	358,027,617
Stock-in-trade	6	11,149,154,582	7,655,601,257
Trade debts	7	15,817,841,848	12,760,022,311
Loans and advances		346,888,793	336,477,715
Trade deposits and short term prepayments		32,666,443	46,301,440
Short term investments		3,245,174,423	2,394,357,739
Other receivables		797,686,708	950,517,918
Tax refunds due from Government		1,271,990,490	1,185,320,807
Cash and bank balances		519,123,385	813,632,124
		<u>33,539,887,335</u>	<u>26,500,258,928</u>
Total assets		<u>64,257,896,492</u>	<u>56,181,037,956</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 (June 30, 2020: 20,671,875)			
ordinary shares of Rs.10 each		206,718,750	206,718,750
Reserves		3,947,637,728	2,567,390,132
Unappropriated profit		23,509,082,271	21,937,736,251
Equity attributable to shareholders of the Parent Company		27,663,438,749	24,711,845,133
Non-controlling interest		5,556,587,786	5,273,421,703
Total equity		<u>33,220,026,535</u>	<u>29,985,266,836</u>
Liabilities			
Non-current liabilities			
Long term liabilities	8	5,064,393,198	4,510,411,784
Deferred income - Government grant		10,478,377	-
Staff retirement benefit - gratuity		328,616,852	310,591,147
Deferred taxation		114,904,358	148,638,412
		<u>5,518,392,785</u>	<u>4,969,641,343</u>
Current liabilities			
Trade and other payables		5,121,585,065	3,847,677,442
Contract liabilities		415,305,727	469,134,612
Accrued mark-up / interest		231,047,227	280,910,442
Short term borrowings	10	18,660,927,555	15,264,321,049
Current portion of long term finances		933,026,769	963,305,080
Unclaimed dividend		6,131,706	6,137,961
Provision for taxation		151,453,123	394,643,191
		<u>25,519,477,172</u>	<u>21,226,129,777</u>
Total liabilities		<u>31,037,869,957</u>	<u>26,195,771,120</u>
Contingencies and commitments			
Total equity and liabilities	11	<u>64,257,896,492</u>	<u>56,181,037,956</u>

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Quarter ended		Six months period	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		----- Rupees -----			
Sales - net	12	7,990,109,369	8,708,926,606	17,758,333,575	19,381,525,905
Cost of sales	13	(6,635,081,752)	(6,788,777,719)	(14,520,229,992)	(15,314,888,969)
Gross profit		1,355,027,617	1,920,148,887	3,238,103,583	4,066,636,936
Distribution cost		(228,312,790)	(237,655,951)	(415,204,177)	(456,565,641)
Administrative expenses		(124,828,264)	(116,176,803)	(245,306,331)	(231,876,758)
Other income		209,287,749	138,105,877	244,416,000	269,354,079
Other expenses		(33,563,087)	(28,442,219)	(68,574,711)	(56,121,890)
Profit from operations		1,177,611,225	1,675,979,791	2,753,434,364	3,591,426,726
Finance cost		(345,493,245)	(620,666,584)	(660,067,282)	(1,292,153,129)
		832,117,980	1,055,313,207	2,093,367,082	2,299,273,597
Share of profit of Associated Companies		30,107,468	22,117,724	129,877,155	143,846,028
Profit before taxation		862,225,448	1,077,430,931	2,223,244,237	2,443,119,625
Taxation		(68,318,942)	(126,204,737)	(147,516,749)	(219,077,948)
Profit after taxation		793,906,506	951,226,194	2,075,727,488	2,224,041,677
Attributable to:					
- Shareholders of the Parent Company		649,518,607	668,348,003	1,589,730,789	1,665,674,071
- Non-controlling interest		144,387,899	282,878,191	485,996,699	558,367,606
		793,906,506	951,226,194	2,075,727,488	2,224,041,677
Earnings per share					
- attributable to shareholders of the Parent Company		31.42	33.95	76.90	84.10

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Quarter ended		Six months period	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit after taxation	793,906,506	951,226,194	2,075,727,488	2,224,041,677
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised gain on remeasurement of investment at fair value through other comprehensive income				
- long term	218,879,277	927,835,505	677,245,296	874,149,775
- short term	118,460,312	865,664,904	643,761,154	748,668,305
Impact of deferred tax	(95,465)	(34,533,453)	25,080,925	(35,908,193)
Realised loss on sale of investment at fair value through other comprehensive income	-	(97,974,692)	-	(97,974,692)
Share of fair value gain on remeasurement of investment at fair value through other comprehensive income by Associated Companies	2,203,089	11,672,055	10,717,594	11,672,055
	339,447,213	1,672,664,319	1,356,804,969	1,500,607,250
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on remeasurement of forward foreign exchange contracts	4,087,462	(16,858,836)	4,841,555	5,958,540
Share of unrealised gain / (loss) on remeasurement of hedging instruments of Associated Companies	70,084	(89,409)	104,309	13,741
	4,157,546	(16,948,245)	4,945,864	5,972,281
Other comprehensive gain for the period	343,604,759	1,655,716,074	1,361,750,833	1,506,579,531
Total comprehensive income for the period	1,137,511,265	2,606,942,268	3,437,478,321	3,730,621,208
Attributable to:				
- Shareholders of the Parent Company	993,123,366	2,324,064,077	2,951,481,622	3,172,253,602
- Non-controlling interest	144,387,899	282,878,191	485,996,699	558,367,606
	1,137,511,265	2,606,942,268	3,437,478,321	3,730,621,208

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Six months period	
		December 31,	December 31,
		2020	2019
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(2,306,642,924)	4,867,955,968
Staff retirement benefits paid		(39,874,295)	(39,249,405)
Finance cost paid		(721,428,898)	(1,456,335,578)
Taxes refund received / (paid)		14,173,117	(208,319,856)
Workers' profit participation fund paid		(59,384,037)	(43,373,043)
Long term loans - net		173,000	90,000
Net cash generated from/ (used) in operating activities		(3,112,984,037)	3,120,768,086
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,018,988,326)	(1,387,793,176)
Proceeds from disposal of operating fixed assets		191,280,627	24,174,139
Short term investments- net		-	298,654,515
Proceeds from sale of stores and spares		1,172,602	307,980
Dividend and interest income received		87,939,545	263,456,291
Net cash used in investing activities		(738,595,552)	(801,200,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		955,521,914	166,550,000
- repaid		(592,199,434)	(1,938,043,097)
Dividend paid		(202,858,136)	(359,990,281)
Share allotted		-	255,937,500
Short term borrowings - net		3,396,606,506	(1,005,776,756)
Net cash (used in) / generated from financing activities		3,557,070,850	(2,881,322,634)
Net decrease in cash and cash equivalents		(294,508,739)	(561,754,799)
Cash and cash equivalents - at beginning of the period		813,632,124	1,064,060,078
Cash and cash equivalents - at end of the period		519,123,385	502,305,279

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

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

[illegible]

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

Jawwad Faisal
Chief Financial Officer

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 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 Mining Exploration (Private) Limited - SMEL

-Sapphire Energy (Private) Limited - SEL

-Sapphire Hydro Limited - SHL

-Ignite Power (Private) Limited

- **Sapphire Fibres Limited**

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

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

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

- **Sapphire Electric Company Limited**

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

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

Lahore**Purpose**

7 A/ K, Main Boulevard, Gulberg

Registered office

Sheikhupura

Muridke, District Sheikhupura

Production plant

- **Premier Cement Limited**

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

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

Lahore**Purpose**

7 - A/K, Main Boulevard, Gulberg

Registered office

- **Sapphire Cement Company Limited**

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

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

Lahore**Purpose**

7 - A/K, Main Boulevard, Gulberg

Registered office

- **Sapphire Mining Exploration (Private) Limited - SMEL**

Sapphire Mining Exploration (Private) Limited (SMEL) was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing of all kinds of cement and its allied products in Gilgit. SMEL is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

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

Hunza**Purpose**

Passu, Gojal, Hunza

Registered office

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

Sapphire Energy (Pvt.) Limited - SEL is a wholly owned subsidiary and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2018. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and

processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations.

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

Lahore

Purpose

7 - A/K, Main Boulevard, Gulberg

Registered office

• **Sapphire Hydro Limited - SHL**

Sapphire Hydro Limited - SHL is a wholly owned subsidiary of Sapphire Electric Company Limited - SECL which is a subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2018. The principal business of the subsidiary company is to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhawa. The subsidiary company is in setup phase and has not yet commenced commercial operations.

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

Lahore

Purpose

7 - A/K, Main Boulevard, Gulberg

Registered office

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

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

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

Lahore

Purpose

7 E 3, Main Boulevard, Gulberg 3

Registered office

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

2.1.2 These condensed consolidated interim financial statements does not include all the information and disclosures as required in an annual audited consolidated financial statements, and these should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2020. These condensed consolidated interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Principal of consolidation

These condensed consolidated interim financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Companies. The Parent Company's direct interest, as at December 31, 2020, in the SECL is 68.11% (June 30, 2020: 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 December 31, 2020 and effective holding in IPPL is 60% as IPPL is 60% owned Subsidiary of SEL. Where as the other three companies PCL, SMEL and SCCL are wholly owned subsidiaries.

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

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

Transactions and non-controlling interests

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

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

- 2.3.1 Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed consolidated financial statements.

The Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess Act, 2015 (GIDC) to be constitutional and intra vires and has allowed the settlement of amount over a period of time. The Institute of Chartered Accountants of Pakistan (ICAP) vide a circular dated January 19, 2021 issued certain guidelines with respect to accounting treatment and financial reporting for GIDC. The Group has complied with the ICAP guidelines and relevant accounting standards in this regard.

2.4 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2020.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	----- Rupees -----	
Operating fixed assets	4.1	22,602,073,298	23,029,887,357
Capital work-in-progress	4.3	2,020,260,759	1,355,019,404
		<u>24,622,334,057</u>	<u>24,384,906,761</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		23,029,887,357	23,179,031,125
Additions during the period / year	4.1.1	372,185,187	1,290,947,259
Disposals costing Rs.90.792 million (June 30, 2020: Rs.199.913 million) - at net book value		(82,740,849)	(36,988,751)
Depreciation charge for the period / year		(717,258,397)	(1,403,102,276)
Net book value at end of the period / year		<u>22,602,073,298</u>	<u>23,029,887,357</u>
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		10,311,341	10,717,700
Residential buildings and others on freehold land		-	7,340,151
Factory buildings on freehold land		46,654,706	33,144,343
Plant and machinery		306,466,526	1,196,020,251
Electric installations		3,168,676	12,133,403
Equipment			
• mills		973,744	1,056,400
• electric / gas		-	188,631
Computer hardware		2,350,920	1,538,506
Vehicles		1,730,000	25,722,394
Furniture and fixtures		529,274	3,085,480
		<u>372,185,187</u>	<u>1,290,947,259</u>
4.2	The Parent Company, during the period, sold free hold costing Rs.80.685 million. The land was registered in name of the Parent Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (related parties). The Parent Company held 30% shares in this jointly controlled property.		
4.3 Capital work-in-progress			
Buildings		245,354,981	177,159,344
Plant and machinery (including in transit aggregating Rs. 50.651 million (June 30, 2020: Rs. 18.439 million)		493,600,106	401,629,894
Un-allocated capital expenditure		371,554,614	362,849,801
Advance payments against:			
• freehold land		862,762,000	390,000,000
• factory building		6,668,800	6,668,800
• electric installation		15,764,565	15,764,565
• furniture and fixtures		109,550	-
• vehicles		23,924,287	-
• computer software		521,856	947,000
		<u>909,751,058</u>	<u>413,380,365</u>
		<u>2,020,260,759</u>	<u>1,355,019,404</u>

5. LONG TERM INVESTMENTS

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	----- Rupees -----	
Associated Companies	5.1	1,588,847,461	1,476,281,409
Others - equity instruments	5.2	4,362,019,095	3,682,773,859
- debt instruments	5.3	61,673,540	63,676,480
		6,012,540,096	5,222,731,748
5.1 Associated Companies- equity method			
Quoted			
Reliance Cotton Spinning Mills Limited (RCSM)	5.1.1	46,654,419	41,384,808
Unquoted			
SFL Limited (SFL)	5.1.2	2,364,511	2,083,041
Sapphire Power Generation Limited (SPGL)	5.1.3	236,067,557	246,203,156
Sapphire Dairies (Private) Limited (SDL)	5.1.4	94,954,825	116,228,510
Tricon Boston Consulting Corporation (Private) Limited - TBCCL	5.1.5	1,208,806,149	1,070,381,894
Energas Terminal (Private) Limited - ETL	5.1.6	-	-
Energas Marketing (Private) Limited (EML)	5.1.7	-	-
		1,588,847,461	1,476,281,409

- 5.1.1** Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% of RCSM's issued, subscribed and paid-up capital as at December 31, 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 December 31, 2020 was Rs. 18.126 million (June 30, 2020: Rs.17.779 million). RCSM is an associate of the Group due to common directorship.
- 5.1.2** Investment in SFL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% of SFL's issued, subscribed and paid-up capital as at December 31, 2020. SFL was incorporated on April 26, 2010 as a public limited company. The main business of SFL is to invest in the shares of Associated Companies. SFL is an associate of the Group due to common directorship.
- 5.1.3** Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% of SPGL's issued, subscribed and paid-up capital as at December 31, 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 8.00% of SDL's issued, subscribed and paid-up capital as at December 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, had made investment in ETL's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of ETL's issued, subscribed and paid-up capital as at December 31, 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 had made investment in EML's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of EML's issued, subscribed and paid-up capital as at December 31, 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 Equity Instruments - at FVTOCI

**Quoted
MCB Bank Limited**

18,213,195 ordinary shares of Rs.10 each **cost**
Adjustment arising from re-measurement
to fair value

Un-audited December 31, 2020	Audited June 30, 2020
----- Rupees -----	
896,451,123	896,451,123
2,478,089,647	2,055,361,391
3,374,540,770	2,951,812,514

Habib Bank Limited

7,244,196 ordinary shares of Rs.10 each **cost**
Adjustment arising from re-measurement
to fair value

1,217,073,609	1,217,073,609
(258,811,362)	(515,328,342)
958,262,247	701,745,267

Unquoted

Novelty Enterprises (Private) Limited

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

28,716,078 28,716,078

TCC Management Services (Private) Limited

50,000 ordinary shares of Rs. 10 each

500,000	500,000
4,362,019,095	3,682,773,859

5.3 Debt Instruments - at FVTOCI

Habib Bank Limited -

Term finance certificates - Habib Bank Limited

650 (30 June, 2020: 650) term finance certificates
of Rs.100,000 each - cost

64,973,000 64,976,000

Adjustment arising from re-measurement to fair value

(3,299,460) (1,299,520)

61,673,540	63,676,480
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6. STOCK-IN-TRADE

Raw materials
Work-in-process
Finished goods

8,681,589,528	5,593,043,681
857,245,614	798,954,257
1,610,319,440	1,263,603,319
11,149,154,582	7,655,601,257

7. TRADE DEBTS

- 7.1** These represent trade receivables 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 9.19 % to 18.35% (June 30, 2020: 10.29% to 18.42%) per annum.

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

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that group cannot be

penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the group had taken up this issue at appropriate forums.

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

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

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

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

In respect of the matter of Rs 227.610 million, the Arbitrator through his order dated March 9, 2016, (the 'First Arbitration') decided the matter in the Group's favor 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 (also refer note 10.1 regarding the First Arbitration).

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

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

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

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

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

On October 29, 2017, the Arbitrator declared his Final Award (the 'Second Arbitration') whereby he ordered NTDC to pay to the group: i) Rs 576.073 million pursuant to Expert's determination; ii) Rs 133.695 million being Pre award interest; iii) Rs

9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,311 for the group's cost of proceedings; v) GBP 30,157 for company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 290 million upto Sep 30, 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.

Based on the advice of the Group's legal counsel, Expert's determination and Arbitration Awards, management strongly feels that under the terms of the PPA, Implementation Agreement and the GSA, there are meritorious grounds to support the Group'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, Group'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 its collectability is certain.

8. LONG TERM LIABILITIES	Note	Un-audited December 31, 2020	Audited June 30, 2020
		----- Rupees -----	
Long term finances	8.1	5,801,563,587	5,473,716,864
Provision for Gas Infrastructure Development Cess		285,830,833	-
		<u>6,087,394,420</u>	<u>5,473,716,864</u>
Less: current portion grouped under current liabilities		<u>(1,023,001,222)</u>	<u>(963,305,080)</u>
		<u>5,064,393,198</u>	<u>4,510,411,784</u>
8.1 Long term finances - secured			
Balance at beginning of the period / year		5,473,716,864	7,657,052,951
Add: disbursements during the period / year	8.1.1 & 8.1.2	920,046,157	990,153,577
Less: repayments made during the period / year		(592,199,434)	(3,173,489,664)
Balance at end of the period / year		<u>5,801,563,587</u>	<u>5,473,716,864</u>

- 8.1.1** The Parent Company, during the period, arranged a demand finance facility of Rs.525 million from Habib Bank Limited under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the Scheme, the Parent Company after availing this loan will not to lay off its workers / employees at least during three months from the date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million till the reporting date. This finance facility is repayable in 8 equal quarterly instalments commencing January, 2021. This finance facility carries mark-up at a reduced rate of 0.6% per annum, payable on quarterly basis. The finance facility is secured against pari passu charge over present and future plant and machinery of the Company for Rs.583.33 million.

As the above loan is below-market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market-related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as Government grant.

8.1.2 Except for the above 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, 2020. Long term finances, during the period, carried mark-up / profit at the rates ranged from 0.60% to 8.43% (June 30, 2020: 2.50% to 14.66%) per annum.

8.2 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Parent Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

The Parent Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Company fall under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against the Parent Company.

The Parent Company has already recorded a provision for GIDC (included in trade and other payable in the preceding year). The amount has now been classified as long term liability at its value, by discounting future estimated cash flows using risk free rate of return. This resulted in income of Rs.48.196 million which has been netted off against cost of sale.

**9. DEFERRED INCOME -
GOVERNMENT GRANT**

	Un-audited December 31, 2020 ----- Rupees -----	Audited June 30, 2020
Government grant on loan at below market rate of interest - net	29,121,908	-
Less: current portion grouped under current liabilities	18,643,531	-
	<u>10,478,377</u>	<u>-</u>

9.1 As fully detailed in note 9.1.1 to these condensed interim consolidated financial statements, the Parent Company has recorded Rs.35.476 million as Government grant on loan at below-market rate of interest, as per the requirements of IAS-20' Accounting for government grant and disclosure of government assistance.

9.2 The Parent Company has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the period Rs.6.354 million has been recognized in the statement of profit or loss.

10. SHORT TERM BORROWINGS

Running / cash finances - secured	10.1	17,566,250,187	13,768,753,299
Running musharakah finance - secured	10.1	1,000,000,000	1,495,567,750
Temporary bank overdraft - unsecured		94,677,368	-
		<u>18,660,927,555</u>	<u>15,264,321,049</u>

10.1 The Group has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.28,086 million (June 30, 2020: Rs.37,705 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 2.25% to 9.26% (June 30, 2020: 2.15% to 15.86%) per annum. These facilities are expiring on various dates upto December 31, 2021.

11. CONTINGENCIES AND COMMITMENTS**11.1 Contingencies****11.1.1 Outstanding bank guarantees**

Guarantees aggregating Rs.2,744.645 million (June 30, 2020: Rs.2,722.998 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 27 to the annual audited consolidated financial statements of the Group.

11.2 Commitments in respect of :

- letters of credit for capital expenditure
- letters of credit for purchase of raw materials and stores, spare parts & chemicals
- capital expenditure other than letters of credit
- foreign bills discounted

Un-audited December 31, 2020	Audited June 30, 2020
----- Rupees -----	
547,492,478	174,371,178
1,040,363,453	449,831,421
189,011,625	704,279,646
717,954,764	2,599,128,792

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

For the six months period ended December 31, 2020-Un-audited

	Spinning	Knits	Denim	Power	Total
----- Rupees -----					
Local sales					
- Yarn	2,094,429,602	3,712,352	20,799,862	-	2,118,941,816
- Fabric	-	380,934,680	1,410,103,905	-	1,791,038,585
- Garments	-	16,476,194	-	-	16,476,194
- Waste	70,510,902	12,958,752	25,072,236	-	108,541,890
- Raw materials	74,703,397	-	-	-	74,703,397
- Energy purchase price	-	-	-	3,378,728,970	3,378,728,970
- Capacity purchase price	-	-	-	2,416,338,091	2,416,338,091
- Local steam income	8,457,000	-	-	-	8,457,000
- Processing income	825,340	79,590,715	1,667,025	-	82,083,080
	2,248,926,241	493,672,693	1,457,643,028	5,795,067,061	9,995,309,023
Export Sales					
- Yarn	3,816,638,278	80,113,720	-	-	3,896,751,998
- Fabric	-	377,942,626	2,391,792,905	-	2,769,735,531
- Garments	-	858,434,925	-	-	858,434,925
- Waste	194,458,612	-	-	-	194,458,612
	4,011,096,890	1,316,491,271	2,391,792,905	-	7,719,381,066
Export rebate					
- Fabric	-	2,275,707	30,042,427	-	32,318,134
- Garments	-	11,325,352	-	-	11,325,352
	-	13,601,059	30,042,427	-	43,643,486
	6,260,023,131	1,823,765,023	3,879,478,360	5,795,067,061	17,758,333,575
Timing of revenue recognition					
Goods transferred at a point in time	6,259,197,791	1,744,174,308	3,877,811,335	5,795,067,061	17,676,250,495
Services rendered at a point in time	825,340	79,590,715	1,667,025	-	82,083,080
	6,260,023,131	1,823,765,023	3,879,478,360	5,795,067,061	17,758,333,575

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

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Local sales					
- Yarn	1,771,723,592	7,578,373	16,739,797		1,796,041,762
- Fabric	-	54,343,929	980,971,592		1,035,315,521
- Garments	-	7,322,120	24,315,573		31,637,693
- Waste	110,956,826	19,984,471	23,382,930		154,324,227
- Raw materials	39,221,797	-	-		39,221,797
- Energy purchase price				3,670,997,250	3,670,997,250
- Capacity purchase price				3,000,992,410	3,000,992,410
- Local steam income	9,153,000				9,153,000
- Processing income	3,208,784	32,049,280	3,448,973		38,707,037
	1,934,263,999	121,278,173	1,048,858,865	6,671,989,660	9,776,390,697
Export Sales					
- Yarn	4,266,500,355	175,420,228	-		4,441,920,583
- Fabric	-	367,990,341	2,229,767,695		2,597,758,036
- Garments	-	2,306,346,326	-		2,306,346,326
- Waste	197,657,602	-	-		197,657,602
	4,464,157,957	2,849,756,895	2,229,767,695	-	9,543,682,547
Export rebate					
- Fabric	-	2,783,512	22,449,899		25,233,411
- Garments	-	36,219,250	-		36,219,250
	-	39,002,762	22,449,899	-	61,452,661
	6,398,421,956	3,010,037,830	3,301,076,459	6,671,989,660	19,381,525,905
Timing of revenue recognition					
Goods transferred at a point in time	6,395,213,172	2,977,988,550	3,297,627,486	6,671,989,660	19,342,818,868
Services rendered at a point in time	3,208,784	32,049,280	3,448,973	-	38,707,037
	6,398,421,956	3,010,037,830	3,301,076,459	6,671,989,660	19,381,525,905

13. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		----- Rupees -----			
Note					
Finished goods at beginning of the period		1,326,968,003	1,393,858,461	1,263,603,319	1,309,473,560
Cost of goods manufactured	13.1	6,882,458,379	6,746,195,262	14,789,920,418	15,338,353,050
Cost of raw materials sold		35,974,810	39,555,835	77,025,695	57,894,198
		6,918,433,189	6,785,751,097	14,866,946,113	15,396,247,248
		8,245,401,192	8,179,609,558	16,130,549,432	16,705,720,808
Finished goods at end of the period		(1,610,319,440)	(1,390,831,839)	(1,610,319,440)	(1,390,831,839)
		6,635,081,752	6,788,777,719	14,520,229,992	15,314,888,969
13.1 Cost of goods manufactured					
Work-in-process at beginning of the period		776,880,332	824,060,819	798,954,256	830,588,354
Raw materials consumed		4,951,911,928	4,288,297,322	10,900,852,045	10,416,610,609
Direct labour and other overheads		2,004,028,784	2,486,905,038	3,940,476,782	4,944,222,004
		6,955,940,712	6,775,202,360	14,841,328,827	15,360,832,613
		7,732,821,044	7,599,263,179	15,640,283,083	16,191,420,967
Work-in-process at end of the period		(850,362,665)	(853,067,917)	(850,362,665)	(853,067,917)
		6,882,458,379	6,746,195,262	14,789,920,418	15,338,353,050

14. CASH USED IN OPERATIONS

	Note	Un-audited	
		Six months period ended	
		December 31, 2020	December 31, 2019
		----- Rupees -----	
Profit before taxation		2,093,367,082	2,299,273,597
Adjustments for non-cash and other items:			
Depreciation		717,258,397	693,597,403
Amortization of intangible assets		732,515	1,051,142
Staff retirement benefit - gratuity		57,900,000	65,557,233
Amortisation of government grant		(6,353,849)	-
Provision for workers' profit participation fund		45,298,810	41,068,093
Provision for doubtful tax refunds		-	9,000,000
Provision for impairment in trade debts		3,000,000	-
Gain on disposal of operating fixed assets		(108,595,436)	(2,503,058)
Gain on sale of stores and spares		(644,840)	(9,893)
Dividend and interest income		(87,939,545)	(248,725,647)
Finance cost		660,053,718	1,292,153,129
Exchange loss / (gain)		-	4,853,797
Working capital changes	14.1	(5,680,719,776)	712,640,172
		<u>(2,306,642,924)</u>	<u>4,867,955,968</u>

14.1 Working capital changes

(Increase) / decrease in current assets:

- stores, spare parts and loose tools	(1,333,046)	(53,306,024)
- stock-in-trade	(3,493,553,325)	(2,290,311,856)
- trade debts	(3,057,819,537)	2,504,735,809
- loans and advances	(10,411,078)	(85,257,013)
- deposits, other receivables and sales tax	(459,623,672)	(659,401,607)
	<u>(7,022,740,658)</u>	<u>(583,540,691)</u>

Increase / (decrease) in current liabilities:

- trade and other payables	1,395,849,767	1,234,129,877
- contract liabilities	(53,828,885)	62,050,986
	<u>(5,680,719,776)</u>	<u>712,640,172</u>

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, 2020, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Group during the period.

This condensed consolidated interim financial statement does not include all financial risk management information and disclosures as are required in the audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statement as at June 30, 2020.

15.1 Fair value estimation

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

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

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.7,639.650 million (June 30, 2020: Rs.6,111.592 million) and level 3 financial assets amounting Rs.29.216 million (June 30, 2020: Rs.29.216 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

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

Relationship with the Company	Nature of transactions	Un-audited	
		Six months period ended	
		December 31, 2020	December 31, 2019
		----- Rupees -----	
(i) Associates	Sales:		
	• raw material / yarn / fabric / stores	190,599,948	116,963,813
	• assets	1,600,000	125,000
	Purchases:		
	• raw material / yarn / fabric / stores	1,206,776,303	839,802,102
	• assets	-	2,223,414
	• electricity	-	78,598
	Services:		
	• rendered	-	1,873,953
	• obtained	164,680	698,482
	Expenses charged by	18,584,642	13,723,710
	Expenses charged to	8,815,495	17,128,603
	Dividend:		
	• received	28,245,000	1,231,648
	• paid	-	81,580,768
	Loans repaid	-	56,645,000
(ii) Directors and their related parties	Loans repaid	-	67,262,000
	Shares allotted	-	61,586,200
(iii) Key management personnel	Remuneration and other benefits	87,645,717	84,936,356
(iv) Retirement fund	Contribution made	15,440,437	16,229,293

16.2 Period / year end balances are as follows:

	Un-audited December 31, 2020	Audited June 30, 2020
Receivables from related parties	----- Rupees -----	
Trade debts	108,391,544	20,316,151
Other receivables	299,111,580	-
Payable to related parties		
Trade and other payables	599,831,980	121,002,444

17. SEGMENT REPORTING**17.1 Reportable segments**

The Group's reportable segments are as follows:

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

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

	Spinning	Knitting, processing and garments	Denim	Power	Total
----- Rupees -----					
For the six months period ended December 31, 2020					
Revenue - external customers	6,259,664,739	1,824,123,416	3,879,478,359	5,795,067,061	17,758,333,575
Inter - segment sale	1,129,611,865		126,110		1,129,737,975
Segment results	530,921,994	137,985,173	359,828,834	1,794,163,405	2,822,899,406
For the six months period ended December 31, 2019					
Revenue - external customers	6,398,421,956	3,034,353,402	3,276,760,887	6,671,989,660	19,381,525,905
Inter - segment sale	1,074,468,820	0	266,530		1,074,735,350
Segment results	728,020,125	428,041,444	108,044,291	2,345,965,435	3,610,071,295

	Un-audited	
	Six months period	
	December 31,	
	2020	2019
	----- Rupees -----	
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segment	2,822,899,406	3,610,071,295
Administrative expenses	(245,306,331)	(231,876,758)
Other expenses	(68,574,711)	(56,121,890)
Other income	244,416,000	269,354,079
Finance cost	(660,067,282)	(1,292,153,129)
Share of profit of Associated Companies	129,877,155	143,846,028
Taxation	(147,516,749)	(219,077,948)
Profit after taxation	2,075,727,488	2,224,041,677

17.3 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Denim	Power	Total
	----- Rupees -----				
As at December 31, 2020					
Segment assets	12,618,738,690	4,081,300,427	9,014,168,705	24,373,515,070	50,087,722,892
Unallocatable assets					14,170,173,600
Total assets as per balance sheet					64,257,896,492
Segment liabilities	8,804,531,142	2,694,693,579	11,914,669,505	6,954,342,770	30,368,236,995
Unallocatable liabilities					669,632,962
Total liabilities as per balance sheet					31,037,869,957
As at June 30, 2020					
Segment assets	9,237,612,509	2,989,109,344	7,145,432,753	23,933,473,688	43,305,628,294
Unallocatable assets					12,875,409,662
Total assets as per balance sheet					56,181,037,956
Segment liabilities	6,136,570,231	1,848,361,257	10,121,017,756	7,405,252,575	25,511,201,819
Unallocatable liabilities					684,569,301
Total liabilities as per balance sheet					26,195,771,120

17.4 Geographical information

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

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed consolidated interim statement of financial position has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended June 30, 2020, whereas, the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity have been compared with the balances of comparable period of condensed consolidated interim financial statements of the Group for the six months period ended December 31, 2019.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on February 24, 2021.

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer