

# HALF YEARLY REPORT 2021

**Sapphire Fibres Limited**

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## Company Profile

### BOARD OF DIRECTORS

**Chairman** : Mr. Yousuf Abdullah

**Chief executive** : Mr. Shahid Abdullah

**Director** : Mr. Nadeem Abdullah  
: Mr. Amer 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 - Chairman  
**Member** : Mr. Shayan Abdullah - Member  
**Member** : Mr. Yousuf Abdullah - Member  
**Member** : Mr. Tajammal Husain Bokhree - Member

**Human Resource and Remuneration Committee**

**Chairman** : Mr. Tajammal Husain Bokhree - Chairman  
**Member** : Mr. Yousuf Abdullah - Member  
**Member** : Mr. Shahid Abdullah - Member  
**Member** : Mr. Shayan Abdullah - Member

**Chief Financial Officer** : Mr. Jawwad Faisal

**Secretary** : Mr. Rameez Ghausi

**Auditors** : Shinewing Hameed Chaudhri & Company  
Chartered Accountants

**Tax Consultants** : Yousuf Adil,  
Chartered Accountants

**Legal Advisor** : Hassan & Hassan Advocates

**Bankers** : Askari Bank Limited  
: Allied Bank Limited  
: Bank Alfalah Limited  
: Bank AL Habib Limited  
: Habib Bank Limited  
: Habib Metropolitan Bank Limited  
: MCB Bank Limited  
: National Bank of Pakistan  
: Soneri Bank Limited  
: The Bank of Khyber  
: United Bank Limited

**Share Registrars** : 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 Sheikhpura.  
: Feroze Watwan,  
: Tehsil and District Sheikhpura.  
: Raiwind road, Lahore.



## Sapphire Fibres Limited

### DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited interim financial statements for the half year ended 31 December 2021, duly reviewed by the auditors.

### Financial Highlights

	31 December	
	2021	2020
	Rupees in thousand	
Sales & services	19,187,245	11,963,266
Gross profit	4,085,728	1,443,940
Profit from operations	3,677,033	1,447,784
Other income	763,211	656,844
Profit before taxation	3,011,029	1,005,494
Provision for tax	257,927	144,817
<b>Profit after taxation</b>	<b>2,753,102</b>	<b>860,677</b>

During first half of the financial year, revenue from operations increased by 60% compared to same period of last year, from Rs. 11,963 million to Rs. 19,187 million. In line with revenue growth, profitability of the Company also improved considerably. Gross profit as a percentage of sales was 21.3% against 12.1% during last year. Whereas, Company earned profit after tax of Rs. 2,753 million compared to Rs. 860 million in first six months of last year.

### Earnings per share

The Company's earnings per share (EPS) were at Rs.133.18 as compared to Rs. 43.46 during the same period of last year.

### Future outlook

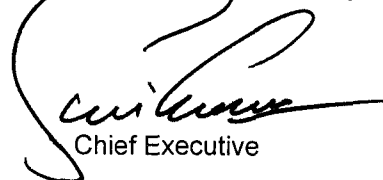
Your Company has witnessed a remarkable growth in terms of revenue and profitability during the period under review and the management remains cautiously optimistic about the performance during second half of the current financial year on the back of adequate raw material coverage and a diversified product portfolio.

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



Director

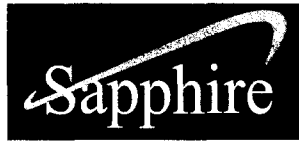
For and on behalf of the Board



Chief Executive

Lahore

Dated: 25 February, 2022



## Sapphire Fibres Limited

### ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2021ء 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 2021ء	31 دسمبر 2020ء
فروخت اور خدمات	19,187,245	11,963,266
مجموعی منافع	4,085,728	1,443,940
آپریٹنگ سے منافع	3,677,033	1,447,784
دیگر آمدن	763,211	656,844
فیکس سے پہلے منافع	3,011,029	1,005,494
فیکس کی پرویژن	257,927	144,817
فیکس کے بعد منافع	2,753,102	860,677

مالی سال کی پہلی ششماہی کے دوران، آپریٹنگ سے آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 60% تک زیادہ ہوئی، جو کہ 11,963 ملین روپے سے بڑھ کر 19,187 ملین روپے ہو گئی۔ آمدنی کی نمو کے لحاظ سے، کمپنی کا منافع بھی قابل ذکر بہتر ہوا۔ اوسط فروخت کے لحاظ سے مجموعی منافع گزشتہ سال کے دوران 12.1% کے برعکس 21.3% تھا۔ جبکہ، کمپنی نے گزشتہ سال کی پہلی ششماہی میں 860 ملین روپے کے مقابلے میں موجودہ مدت کے دوران 2,753 ملین روپے کا فیکس کے بعد منافع کمایا۔

### نی حصص آمدنی

کمپنی کی موجودہ مدت کی فی شیئر آمدنی (EPS) 133.18 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 43.46 روپے تھی۔

### مستقبل کا نقطہ نظر

زیر جائزہ مدت کے دوران آپ کی کمپنی نے آمدنی کے لحاظ سے نمایاں نمو کے منافع کا مشاہدہ کیا اور انتظامیہ خام مال کی کافی کوریج اور متنوع پراڈکٹ پورٹ فولیو کی پشت پر مالی سال کی دوسری ششماہی کے دوران کارکردگی کے بارے میں محتاط طور پر پُر امید ہے۔

### اعتراف

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

*Sayyid Asadullah*

شایان عبداللہ

ڈائریکٹر

*Sayyid Asadullah*

شایان عبداللہ

چیف ایگزیکٹو

لاہور: تاریخ: 25 فروری 2022ء

## **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, 2021 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

#### **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.*

**SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

**LAHORE: FEBRUARY 28, 2022  
UDIN: RR202110104o8NUW3Laf**

**SAPPHIRE FIBRES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

AS AT DECEMBER 31, 2021		Un-audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	13,778,367,641	12,863,179,320
Investment property		31,750,000	31,750,000
Intangible assets		2,111,626	2,844,140
Long term investments	5	8,018,646,676	8,178,072,307
Long term loans		1,225,000	930,000
Long term deposits		60,476,545	28,606,645
		<u>21,892,577,488</u>	<u>21,105,382,412</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		987,435,106	466,689,452
Stock-in-trade	6	16,466,602,151	11,352,379,787
Trade debts		4,591,617,767	2,727,658,571
Loans and advances		224,309,585	144,542,468
Trade deposits and short term prepayments		25,965,215	7,990,921
Short term investments		2,758,823,397	2,977,735,568
Other receivables		855,790,997	902,010,831
Tax refunds due from Government		2,182,246,936	1,110,337,150
Cash and bank balances		42,947,647	64,993,047
		<u>28,135,738,801</u>	<u>19,754,337,795</u>
<b>Total assets</b>		<u><u>50,028,316,289</u></u>	<u><u>40,859,720,207</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital			
20,671,875 ordinary shares of Rs.10 each		<u>206,718,750</u>	<u>206,718,750</u>
Reserves		<u>2,782,902,443</u>	<u>3,178,586,331</u>
Unappropriated profit		<u>18,076,556,383</u>	<u>15,530,173,708</u>
		<u>21,066,177,576</u>	<u>18,915,478,789</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term liabilities	7	5,507,978,264	5,205,402,463
Deferred income - Government grant	8	-	3,487,882
Staff retirement benefit - gratuity		359,928,358	341,556,615
Deferred taxation		131,791,991	123,054,208
		<u>5,999,698,613</u>	<u>5,673,501,168</u>
<b>Current liabilities</b>			
Trade and other payables		4,006,221,370	3,221,855,521
Contract liabilities		831,652,016	492,483,771
Accrued mark-up / interest		255,260,910	195,808,765
Short term borrowings	9	16,499,948,170	10,939,583,162
Current portion of long term liabilities	7	1,113,534,029	1,016,060,869
Unclaimed dividend		7,226,176	6,194,951
Provision for taxation		248,597,429	398,753,211
		<u>22,962,440,100</u>	<u>16,270,740,250</u>
<b>Total liabilities</b>		<u>28,962,138,713</u>	<u>21,944,241,418</u>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u>50,028,316,289</u>	<u>40,859,720,207</u>

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

  
Chief Executive Officer



  
Director

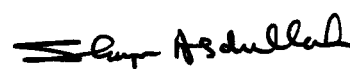
  
Chief Financial Officer

**SAPPHIRE FIBRES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Note	Quarter ended		Six months period ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- Rupees -----			
Sales - net	11	9,971,030,115	6,353,150,123	19,187,244,890	11,963,266,514
Cost of sales	12	(7,777,390,510)	(5,588,180,216)	(15,101,517,164)	(10,519,326,336)
<b>Gross profit</b>		<b>2,193,639,605</b>	<b>764,969,907</b>	<b>4,085,727,726</b>	<b>1,443,940,178</b>
Distribution cost		(470,205,568)	(228,312,790)	(833,055,945)	(415,204,177)
Administrative expenses		(130,074,772)	(94,330,277)	(225,354,833)	(188,297,243)
Other income	13	617,274,570	188,055,553	763,211,415	656,844,221
Other expenses		(54,580,695)	(19,791,605)	(113,495,351)	(49,498,810)
<b>Profit from operations</b>		<b>2,156,053,140</b>	<b>610,590,788</b>	<b>3,677,033,012</b>	<b>1,447,784,169</b>
Finance cost		(375,481,008)	(237,361,757)	(666,004,227)	(442,289,751)
<b>Profit before taxation</b>		<b>1,780,572,132</b>	<b>373,229,031</b>	<b>3,011,028,785</b>	<b>1,005,494,418</b>
Taxation		(158,111,431)	(65,588,536)	(257,927,360)	(144,817,029)
<b>Profit after taxation</b>		<b>1,622,460,701</b>	<b>307,640,495</b>	<b>2,753,101,425</b>	<b>860,677,389</b>
<b>Earnings per share</b>					
- basic and diluted		78.49	16.71	133.18	43.46

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

  
Chief Executive Officer 

  
Director


  
Chief Financial Officer



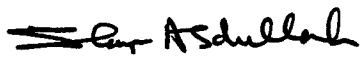
**SAPPHIRE FIBRES LIMITED**  
**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Quarter ended		Six months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- Rupees -----			
Profit after taxation	1,622,460,701	307,640,495	2,753,101,425	860,677,389
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	101,362,403	218,879,277	(159,425,631)	677,245,296
- short term	787,932	118,460,312	(218,912,171)	643,761,154
	102,150,335	337,339,589	(378,337,802)	1,321,006,450
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised (loss) / gain on remeasurement of forward foreign exchange contracts	(17,346,086)	4,087,462	(17,346,086)	4,841,555
Other comprehensive income / (loss) for the period	84,804,249	341,427,051	(395,683,888)	1,325,848,005
<b>Total comprehensive income for the period</b>	<b>1,707,264,950</b>	<b>649,067,546</b>	<b>2,357,417,537</b>	<b>2,186,525,394</b>

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

  
Chief Executive Officer

SHC

  
Director

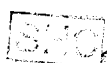
  
Chief Financial Officer

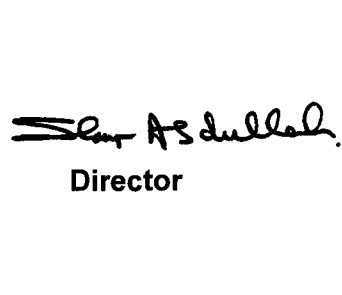
**SAPPHIRE FIBRES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

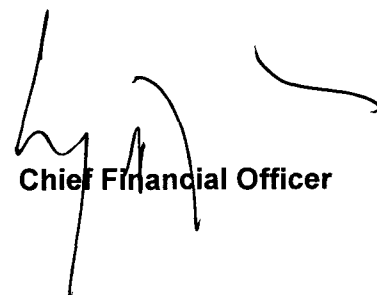
		Six months period ended	
		December 31, 2021	December 31, 2020
	Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	14	(3,251,120,358)	(2,736,945,352)
Staff retirement benefits paid		(44,628,257)	(39,874,295)
Finance cost paid		(606,552,082)	(456,029,372)
Taxes paid - net		(1,107,123,192)	16,764,794
Workers' profit participation fund paid		(119,661,295)	(59,384,037)
Long term loans - net		(295,000)	173,000
<b>Net cash (used in) / generated from operating activities</b>		<b>(5,129,380,184)</b>	<b>(3,275,295,262)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,354,965,939)	(992,548,728)
Proceeds from disposal of operating fixed assets		21,815,786	190,000,000
Proceeds from sale of stores and spares		-	1,172,602
Dividend and interest income received		720,121,408	521,113,445
<b>Net cash used in investing activities</b>		<b>(613,028,745)</b>	<b>(280,262,681)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - obtained		802,309,318	955,521,914
- repaid		(436,623,272)	(4,491,577)
Dividend paid		(205,687,525)	-
Short term borrowings - net		5,560,365,008	2,590,074,741
<b>Net cash generated from financing activities</b>		<b>5,720,363,529</b>	<b>3,541,105,078</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(22,045,400)</b>	<b>(14,452,865)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>64,993,047</b>	<b>68,857,658</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>42,947,647</b>	<b>54,404,793</b>

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

  
Chief Executive Officer



  
Director

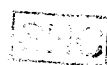
  
Chief Financial Officer


**SAPPHIRE FIBRES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

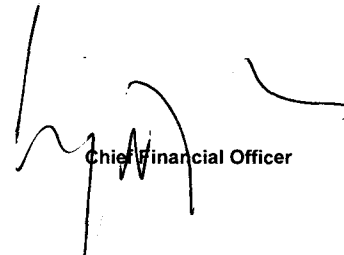
	Issued, subscribed and paid-up capital	Reserves				Other Components of equity			
		Capital	Revenue			Unrealised gain / (loss)			Total
		Share Premium	General	Unappropriated profit	Sub-total	on financial assets at fair value through other comprehensive income	on hedging instrument	Sub-total	
----- Rupees -----									
Balance as at July 1, 2020 (Audited)	206,718,750	391,833,750	1,183,845,000	13,251,717,505	14,827,396,255	854,114,930	-	854,114,930	15,888,229,935
<b>Total comprehensive income for the six months period ended December 31, 2020</b>									
Profit for the period	-	-	-	860,677,389	860,677,389	-	-	-	860,677,389
Other comprehensive income	-	-	-	-	-	1,346,087,375	4,841,555	1,350,928,930	1,350,928,930
	-	-	-	860,677,389	860,677,389	1,346,087,375	4,841,555	1,350,928,930	2,211,606,319
<b>Balance as at December 31, 2020 (Un-audited)</b>	<b>206,718,750</b>	<b>391,833,750</b>	<b>1,183,845,000</b>	<b>14,112,394,894</b>	<b>15,688,073,644</b>	<b>2,200,202,305</b>	<b>4,841,555</b>	<b>2,205,043,860</b>	<b>18,099,836,254</b>
Balance as at July 1, 2021 (Audited)	206,718,750	391,833,750	1,183,845,000	15,530,173,708	17,105,852,458	1,602,907,581	-	1,602,907,581	18,915,478,789
<b>Transactions with owners of the Company</b>									
Final dividend related to the year ended June 30, 2021 at the rate of Rs.10 per share	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)
<b>Total comprehensive income for the six months period ended December 31, 2021</b>									
Profit for the period	-	-	-	2,753,101,425	2,753,101,425	-	-	-	2,753,101,425
Other comprehensive loss	-	-	-	-	-	(378,337,802)	(17,346,086)	(395,683,888)	(395,683,888)
	-	-	-	2,753,101,425	2,753,101,425	(378,337,802)	(17,346,086)	(395,683,888)	2,357,417,537
<b>Balance as at December 31, 2021 (Un-audited)</b>	<b>206,718,750</b>	<b>391,833,750</b>	<b>1,183,845,000</b>	<b>18,076,556,383</b>	<b>19,652,235,133</b>	<b>1,224,569,779</b>	<b>(17,346,086)</b>	<b>1,207,223,693</b>	<b>21,066,177,576</b>

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

  
Chief Executive Officer



  
Director

  
Chief Financial Officer

# **SAPPHIRE FIBRES LIMITED**

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

### **1. LEGAL STATUS AND OPERATIONS**

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:

<b>Karachi</b>	<b>Purpose</b>
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office
<b>Lahore</b>	
7 A- K, Main Boulevard, Gulberg	Head office
3.5 km, Manga Road, Riawand	Production plant
<b>Shiekhupura</b>	
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 (the Act), and
- Provisions of and directives issued under the Act,
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and

Where provisions of and directives issued under the Act, differ with the requirements of IAS 34, the provisions of and directives issued under the Act 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, 2021. 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 approved accounting standards effective in current period and are relevant**

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2021 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 interim financial statements.

**2.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the accounting standards and interpretations that are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

**2.4 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, 2021.

**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, 2021.

**4. PROPERTY, PLANT AND EQUIPMENT**

		Un-audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
Operating fixed assets	4.1	12,015,441,734	11,970,419,683
Capital work-in-progress	4.2	1,762,925,907	892,759,637
		<b>13,778,367,641</b>	<b>12,863,179,320</b>
<b>4.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		11,970,419,683	10,875,747,534
Additions during the period / year	4.1.1	484,799,668	2,073,432,834
Disposals costing Rs.74.548 million (June 30, 2021: Rs.263.932 million) - at net book value		(12,588,994)	(122,129,126)
Depreciation charge for the period / year		(427,188,623)	(856,631,559)
Net book value at end of the period / year		<b>12,015,441,734</b>	<b>11,970,419,683</b>
<b>4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:</b>			
Freehold land		-	830,652,133
Residential buildings and others on freehold land		-	5,541,384
Factory buildings on freehold land		7,505,865	190,204,256
Plant and machinery		423,397,236	998,911,782
Electric installation		28,041,410	3,718,676
Mills equipment		4,035,913	1,433,744
Computer hardware		2,169,300	3,713,855
Vehicles		13,429,000	38,404,505
Furniture and fixtures		6,220,944	852,499
		<b>484,799,668</b>	<b>2,073,432,834</b>

		Un-audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
<b>4.2 Capital work-in-progress</b>	<b>Note</b>		
Buildings		406,788,781	273,269,753
Plant and machinery {including in transit aggregating Rs.115.774 million (June 30, 2021: Rs.50.455 million)		1,216,089,346	557,272,008
Advance payments against:			
• freehold land		39,247,760	24,554,700
• factory / office building		61,287,430	17,175,861
• electric installation		15,764,565	15,764,565
• electric equipment		7,952,025	-
• vehicles		15,796,000	4,203,000
• computer software		-	519,750
		140,047,780	62,217,876
		1,762,925,907	892,759,637
<b>5. LONG TERM INVESTMENTS</b>			
Subsidiary Companies - at cost		3,574,808,316	3,574,808,316
Associated Companies - at cost		758,276,769	758,276,769
Others - equity instruments	5.1	3,638,311,591	3,797,987,222
- debt instruments	5.2	47,250,000	47,000,000
		8,018,646,676	8,178,072,307
<b>5.1 Equity Instruments - at FVTOCI</b>			
<b>Quoted</b>			
<b>MCB Bank Limited</b>			
18,213,195 ordinary shares of Rs.10 each - cost		896,451,123	896,451,123
Adjustment arising from re-measurement to fair value		1,896,542,330	2,014,563,834
		2,792,993,453	2,911,014,957
<b>Habib Bank Limited</b>			
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		(372,255,471)	(330,601,344)
		844,818,138	886,472,265
<b>Unquoted</b>			
<b>TCC Management Services (Private) Limited</b>			
50,000 ordinary shares of Rs. 10 each		500,000	500,000
		3,638,311,591	3,797,987,222

**5.2 Debt Instruments - at FVTOCI****Habib Bank Limited -  
term finance certificates (TFCs)**500 (June 30, 2021: 500) term finance  
certificates of Rs.100,000 each - costAdjustment arising from re-measurement  
to fair value

Note

Un-audited  
December 31,  
2021Audited  
June 30,  
2021

50,000,000

50,000,000

(2,750,000)

(3,000,000)

47,250,000

47,000,000

**6. STOCK-IN-TRADE**

Raw materials

12,342,382,731

8,623,821,262

Work-in-process

1,537,709,265

1,072,589,736

Finished goods

2,586,510,155

1,655,968,789

16,466,602,151

11,352,379,787

**7. LONG TERM LIABILITIES**

Long term finances

7.1

6,317,372,872

5,924,357,343

Provision for Gas Infrastructure  
Development Cess

7.2

304,139,421

297,105,989

6,621,512,293

6,221,463,332

Less: current portion grouped under  
current liabilities

(1,113,534,029)

(1,016,060,869)

5,507,978,264

5,205,402,463

**7.1 Long term finances - secured**

Balance at beginning of the period / year

5,924,357,343

4,886,009,007

Add: disbursements during the  
period / year

7.1.1

802,309,318

1,542,955,065

Less: - repayments made during the period / year  
- other changes / adjustments

(409,293,789)

(481,722,813)

-

(22,883,916)

Balance at end of the period / year

6,317,372,872

5,924,357,343

**7.1.1** Except for the receipt of seventeen tranches of long term finances under the existing finance facilities 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, 2021. These long term finances, during the period, carried mark-up / profit at the rates ranged from 0.60% to 8.58% (June 30, 2021: 0.60% to 14.24%) 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 liability is recognised as per the guidelines issued by The Institute of Chartered Accountants of Pakistan dated January 21, 2021.

#### 8. DEFERRED INCOME - GOVERNMENT GRANT

	Un-audited December 31, 2021	Audited June 30, 2021
Government grant on loan at below market rate of interest - net	11,192,665	16,336,589
Less: current portion grouped under current liabilities	11,192,665	12,848,707
	-	3,487,882

- 8.1 This represents government grant recognised under long term finance facility obtained under the SBP Refinance Scheme for payment of wages and salaries to workers and employees. The Company recorded an amount of Rs.35.733 million as Government grant on loan at below-market rate of interest.

- 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.5.144 million (June 30, 2021 Rs.19.396 million) has been recognized in the condensed interim statement of profit or loss.

#### 9. SHORT TERM BORROWINGS

	Note	Un-audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
Running / cash finances - secured	9.1	13,922,199,848	9,939,583,162
Running musharakah finance - secured	9.1	2,486,600,000	1,000,000,000
Temporary bank overdraft - unsecured		91,148,322	-
		16,499,948,170	10,939,583,162

- 9.1 The Company has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.19,600 million (June 30, 2021: Rs.19,200 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.52,315 million (June 30, 2021: Rs.47,353 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 10.62% (June 30, 2021: 2.25% to 8.84%) per annum. These facilities are expiring on various dates upto December 31, 2022.



**10. CONTINGENCIES AND COMMITMENTS****10.1 Contingencies**

Guarantees aggregating Rs.881.468 million (June 30, 2021: Rs.781.468 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipelines Limited.

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, 2021.

	Un-audited December 31, 2021	Audited June 30, 2021
	----- Rupees -----	
• letters of credit for capital expenditure	664,919,100	1,009,617,786
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	2,950,776,625	1,709,336,309
• capital expenditure other than letters of credit	388,775,882	366,475,127
• foreign bills discounted	2,436,752,517	3,246,576,158

**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, 2021 - Un-audited*

	Spinning	Knits	Denim	Total
	----- Rupees -----			
<b>Types of goods and services</b>				
<b>Local sales</b>				
- Yarn	2,224,949,202	5,745,194	-	2,230,694,396
- Fabric	-	664,392,959	800,002,373	1,464,395,332
- Garments	-	12,301,206	389,954	12,691,160
- Waste	98,293,096	22,665,696	48,862,559	169,821,351
- Raw materials	85,115,571	-	-	85,115,571
- Local steam income	10,466,000	-	-	10,466,000
- Processing income	1,324,651	35,576,592	262,950	37,164,193
	2,420,148,520	740,681,647	849,517,836	4,010,348,003
<b>Export Sales</b>				
- Yarn	7,855,733,942	64,761,573	-	7,920,495,515
- Fabric	-	731,950,756	4,188,802,154	4,920,752,910
- Garments	-	2,060,132,426	-	2,060,132,426
- Waste	243,515,359	-	-	243,515,359
	8,099,249,301	2,856,844,755	4,188,802,154	15,144,896,210
<b>Export rebate</b>				
- Fabric	-	6,114,405	-	6,114,405
- Garments	-	25,886,272	-	25,886,272
	-	32,000,677	-	32,000,677
	10,519,397,821	3,629,527,079	5,038,319,990	19,187,244,890
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	10,518,073,170	3,593,950,487	5,038,057,040	19,150,080,697
Services rendered at a point in time	1,324,651	35,576,592	262,950	37,164,193
	10,519,397,821	3,629,527,079	5,038,319,990	19,187,244,890

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

**12. COST OF SALES**

----- Un-audited -----				
	Quarter ended		Six months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note	----- Rupees -----			
Finished goods at beginning of the period	1,768,211,520	1,326,968,003	1,655,968,789	1,263,603,319
Cost of goods manufactured 12.1	8,545,618,178	5,835,556,843	15,975,443,727	10,789,016,762
Cost of raw materials sold	50,070,967	35,974,810	56,614,803	77,025,695
	8,595,689,145	5,871,531,653	16,032,058,530	10,866,042,457
	10,363,900,665	7,198,499,656	17,688,027,319	12,129,645,776
Finished goods at end of the period	(2,586,510,155)	(1,610,319,440)	(2,586,510,155)	(1,610,319,440)
	7,777,390,510	5,588,180,216	15,101,517,164	10,519,326,336

**12.1 Cost of goods  
manufactured**

	----- Un-audited -----			
	Quarter ended		Six months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- Rupees -----			
Work-in-process at beginning of the period	1,280,295,450	776,880,332	1,072,589,736	798,954,256
Raw materials consumed	6,695,849,002	4,354,289,782	12,438,876,746	7,853,799,595
Direct labour and other overheads	2,101,241,831	1,554,749,394	4,001,686,510	2,986,625,576
	8,797,090,833	5,909,039,176	16,440,563,256	10,840,425,171
	10,077,386,283	6,685,919,508	17,513,152,992	11,639,379,427
Work-in-process at end of the period	(1,537,709,265)	(850,362,665)	(1,537,709,265)	(850,362,665)
	8,539,677,018	5,835,556,843	15,975,443,727	10,789,016,762

**13. OTHER INCOME**

This mainly includes dividend of Rs.433.174 million (December 31, 2020: Rs.433.174 million) received from Sapphire Electric Company Limited - Subsidiary Company.

**14. CASH USED IN  
FROM OPERATIONS**

	Note	Un-audited	
		Six months period ended	
		December 31, 2021	December 31, 2020
		----- Rupees -----	
Profit before taxation		3,011,028,785	1,005,494,418
<b>Adjustments for non-cash and other items:</b>			
Depreciation		427,188,623	418,518,782
Amortization of intangible assets		732,515	732,515
Amortisation of government grant		(5,143,924)	(6,353,849)
Staff retirement benefit - gratuity		63,000,000	57,900,000
Provision for workers' profit participation fund		112,033,434	45,298,810
Provision for impairment in trade debts		-	3,000,000
Gain on disposal of operating fixed assets		(9,226,793)	(108,595,436)
Gain on sale of stores and spares		-	(644,840)
Dividend and interest income		(720,121,408)	(521,113,445)
Finance cost		666,004,227	442,289,751
Working capital changes	14.1	(6,796,615,817)	(4,073,472,058)
		(3,251,120,358)	(2,736,945,352)

## Un-audited

## Six months period ended

December 31, 2021	December 31, 2020
----------------------	----------------------

- - - - Rupees - - - -

**14.1 Working capital changes**

(Increase) / decrease in current assets:

- stores, spare parts and loose tools	(520,745,654)	(1,860,808)
- stock-in-trade	(5,114,222,364)	(3,431,907,743)
- trade debts	(1,863,959,196)	(2,221,858,603)
- loans and advances	(79,767,117)	(90,949,786)
- deposits, other receivables and sales tax	(335,886,413)	(401,615,271)
	<b>(7,914,580,744)</b>	<b>(6,148,192,211)</b>

Increase / (decrease) in current liabilities:

- trade and other payables	<b>778,796,682</b>	2,113,659,038
- contract liabilities	<b>339,168,245</b>	(38,938,885)
	<b>1,117,964,927</b>	2,074,720,153
	<b>(6,796,615,817)</b>	<b>(4,073,472,058)</b>

**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, 2021, 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, 2021.

**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.6,443.885 million (June 30, 2021: Rs.6,822.722 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:**

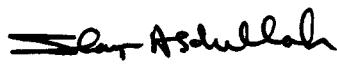
	Un-audited	
	Six months period ended	
	December 31, 2021	December 31, 2020
	----- Rupees -----	
<b>Transactions with Subsidiary Companies</b>		
Dividend received	433,173,900	433,173,900
Expenses charged to	-	7,323,804
Loans provided	149,822,952	191,951,571
Mark-up charged	15,636,894	8,183,117
<b>Transactions with Associated Companies</b>		
Sales:		
• raw material / yarn / fabric / stores	160,750,878	190,599,948
• assets	7,000,000	1,600,000
Purchases:		
• raw material / yarn / fabric / stores	1,520,073,573	1,206,776,303
Services:		
• rendered	169,758	-
• obtained	439,737	164,680
Expenses charged by	20,796,777	18,584,642
Expenses charged to	5,600,830	8,815,495
Dividend:		
• received	769,030	28,245,000
• paid	48,550,990	-
<b>Transactions with Key management personnel</b>		
Remuneration and other benefits	61,050,351	57,495,322
<b>Transactions with Retirement fund</b>		
Contribution made	28,438,544	14,421,333
<b>17.2 Period / year end balances are as follows:</b>	<b>Un-audited December 31, 2021</b>	<b>Audited June 30, 2021</b>
	----- Rupees -----	
<b>Receivables from related parties</b>		
Capital work-in-progress - advances	2,415,000	-
Trade debts	143,872,225	60,847,872
Other receivables	515,954,866	349,248,897
<b>Payable to related parties</b>		
Trade and other payables	893,687,904	227,775,165

**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, 2021, 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, 2020.
- 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 25, 2022.

  
Chief Executive Officer  
Director  
Chief Financial Officer



## DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries.

Sapphire Electric Company Limited, Premier Cement Limited, Sapphire Cement Company Limited, Sapphire Hydro Limited, Sapphire Energy (Pvt.) Limited, Ignite Power (Private) Limited, Sapphire Mining Exploration (Private) Limited, Sapphire Building Materials Limited and Sapphire Power Limited for the period ended 31 December, 2021. 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 was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2021: 68.11%) share capital of the subsidiary.

The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

### **Premier Cement Limited:**

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 31 December, 2021.

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

### **Sapphire Cement Company Limited:**

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 31 December, 2021.

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

### **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.

### **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, 2021.

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.



## Sapphire Fibres Limited

### **Ignite Power (Private) Limited**

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

### **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.

### **Sapphire Building Materials Limited - SBML**

Sapphire Building Materials Limited (SBML) was incorporated in Pakistan as a company limited by shares under the Companies Act, 2017 on March 24, 2021. SBML intends to deal in allied products used in construction industry.

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

### **Sapphire Power limited – SPL**

Sapphire Power Limited (the Company) is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the company is to generate, purchase, import, transform, convert, distribute and supply electricity including the hydri and wind power system. The Company is a wholly owned subsidiary of Sapphire Fibres Limited ('the Holding Company').

For and on behalf of the Board of Directors

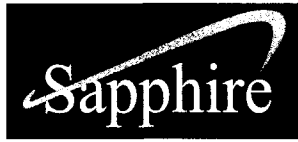
Shahid Abdullah  
Chief Executive

Shayan Abdullah  
Director

Lahore:

Dated: February 25, 2022





## ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والی مدت کے لئے سفارہ فابریز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارہ الیکٹرک کمپنی لمیٹڈ، پریمیر سیمنٹ لمیٹڈ، سفارہ سیمنٹ کمپنی لمیٹڈ، سفارہ ہائیڈرو لمیٹڈ، سفارہ انرجی (پرائیویٹ) لمیٹڈ، اگنائٹ پاور (پرائیویٹ) لمیٹڈ، سفارہ مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفارہ بلڈنگ میٹریلز لمیٹڈ اور سفارہ پاور 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 الگ مالی گوشوارے منسلک کئے ہیں۔

### سفارہ الیکٹرک کمپنی لمیٹڈ:

سفارہ الیکٹرک کمپنی لمیٹڈ (SECL) 18 جنوری 2005 کو کنوینیر آرڈیننس، 1984 کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفارہ فابریز لمیٹڈ ذیلی کمپنی کے 68.11% (2021: 68.11%) حصص کیپٹل کی مالک ہے۔  
ذیلی کمپنی کی اصل سرگرمی 212 میگا واٹ کی خالص صلاحیت کے حامل مہاسنڈ سائیکل پاور سٹیشن کی ملکیت، کوچلانا اور برقرار رکھنا ہے۔

### پریمیر سیمنٹ لمیٹڈ:

پریمیر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016 کو کنوینیر آرڈیننس 1984 کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2021ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔  
پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

### سفارہ سیمنٹ کمپنی لمیٹڈ:

سفارہ سیمنٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016 کو کنوینیر آرڈیننس 1984 کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2021ء کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔  
ایس سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

### سفارہ ہائیڈرو لمیٹڈ:

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

### سفارہ انرجی (پرائیویٹ) لمیٹڈ:

سفارہ انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017 کو کنوینیر ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2021ء 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 گیس فلیشن، اسٹوریج، ٹریڈنگ اور پروسیسنگ کے لئے ایک ٹریڈنگ 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 ایل) پیرنٹ کمپنی سفارہ فابریز لمیٹڈ کی ذیلی کمپنی سفارہ انرجی (پرائیویٹ) لمیٹڈ کی 60% ملکیتی ذیلی کمپنی ہے۔ اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) 03 جولائی 2019 کو کنوینیر ایکٹ 2017ء کے تحت ایک پبلک 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۔



## Sapphire Fibres Limited

### سفار مائنگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (SMEL):

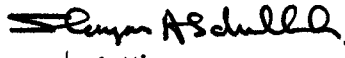
سفار مائنگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020 کنٹینر ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ضروری منظور یوں کے حوالہ سے، ایس ایم ای ایل گلگت میں تمام اقسام کے سیمنٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلانٹ قائم اور نصب کرنے کا کارادہ رکھتی ہے۔ ایس ایم ای ایل سفار فابریز لمیٹڈ کی ذیلی کمپنی پریمر سیمنٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

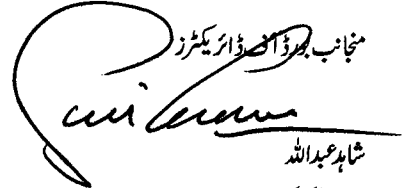
### سفار بلڈنگ میٹریلز لمیٹڈ (SBML):

سفار بلڈنگ میٹریلز لمیٹڈ (ایس بی ایم ایل) 24 مارچ 2021 کنٹینر ایکٹ 2017 کے تحت ایک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس بی ایم ایل تعمیراتی صنعت میں استعمال ہونے والی متعلقہ مصنوعات میں ڈیل کرنے کا ارادہ رکھتی ہے۔ ایس بی ایم ایل سفار فابریز لمیٹڈ کی ذیلی کمپنی پریمر سیمنٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

### سفار پاور لمیٹڈ (SPL):

سفار پاور لمیٹڈ (کمپنی) 19 اپریل 2021 کنٹینر آرڈیننس 1984 (ایکٹ 2017) کے تحت ایک پبلک غیر مندرج کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کی اصل سرگرمی ہائیڈرو پاور سسٹم سمیت بجلی کی پیداوار، خریداری، درآمد، ترانسفارم، کنورٹ، تقسیم اور سپلائی کرنا ہے۔ کمپنی سفار فابریز لمیٹڈ (ہولڈنگ کمپنی) کی مکمل ملکیتی ذیلی کمپنی ہے۔

  
شایان عبداللہ  
ڈائریکٹر

  
مختار احمد ڈائریکٹر  
شاید عبداللہ  
چیف ایگزیکٹو  
لاہور

تاریخ: 25 فروری 2022ء

**SAPPHIRE FIBRES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

AS AT DECEMBER 31, 2021		Un-audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	25,518,026,208	24,882,544,287
Investment property		31,750,000	31,750,000
Intangible assets		7,724,530	8,457,044
Long term investments	5	5,714,730,927	5,633,980,396
Long term loans		1,225,000	6,455,000
Long term deposits		63,157,795	31,406,445
		<b>31,336,614,460</b>	<b>30,594,593,172</b>
<b>Current assets</b>			
Stores, spare parts and loose tools		1,238,624,895	466,689,452
Stock-in-trade	6	16,466,602,151	11,628,834,739
Trade debts	7	17,611,398,042	15,463,264,229
Loans and advances		512,226,568	389,420,341
Trade deposits and short term prepayments		38,997,022	52,542,883
Short term investments		2,767,823,397	2,977,735,568
Other receivables		1,450,643,603	1,192,268,488
Tax refunds due from Government		2,199,356,588	1,566,060,547
Cash and bank balances		534,911,850	518,979,417
		<b>42,820,584,115</b>	<b>34,255,795,664</b>
<b>Total assets</b>		<b>74,157,198,575</b>	<b>64,850,388,836</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		<b>350,000,000</b>	<b>350,000,000</b>
Issued, subscribed and paid-up capital			
20,671,875 (June 30, 2021: 20,671,875)			
ordinary shares of Rs.10 each		<b>206,718,750</b>	<b>206,718,750</b>
Reserves		<b>2,961,042,042</b>	<b>3,359,267,129</b>
Unappropriated profit		<b>29,004,468,841</b>	<b>25,714,887,539</b>
Equity attributable to shareholders of the Parent Company		<b>32,172,229,633</b>	<b>29,280,873,418</b>
Non-controlling interest		<b>6,037,828,049</b>	<b>5,877,689,063</b>
<b>Total equity</b>		<b>38,210,057,682</b>	<b>35,158,562,481</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term liabilities	8	5,507,978,264	5,205,402,463
Deferred income - Government grant		-	3,487,882
Staff retirement benefits - gratuity		359,928,358	341,556,615
Deferred taxation		133,696,298	131,030,214
		<b>6,001,602,920</b>	<b>5,681,477,174</b>
<b>Current liabilities</b>			
Trade and other payables		5,594,025,012	4,902,664,949
Contract liabilities		831,652,016	492,483,771
Accrued mark-up / interest		301,510,361	235,856,893
Short term borrowings	10	21,848,992,951	16,957,573,134
Current portion of long term finances		1,113,534,029	1,016,060,869
Unclaimed dividend		7,226,176	6,194,951
Provision for taxation		248,597,429	399,514,614
		<b>29,945,537,974</b>	<b>24,010,349,181</b>
<b>Total liabilities</b>		<b>35,947,140,894</b>	<b>29,691,826,355</b>
<b>Contingencies and commitments</b>	11		
<b>Total equity and liabilities</b>		<b>74,157,198,575</b>	<b>64,850,388,836</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

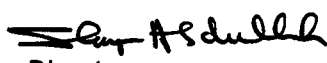
**SAPPHIRE FIBRES LIMITED**


**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Note	Quarter ended		Six months period	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- Rupees -----			
Sales - net	12	14,186,608,802	7,990,109,369	29,466,417,074	17,758,333,575
Cost of Sales	13	(11,196,016,090)	(6,635,081,752)	(24,002,448,630)	(14,520,229,992)
<b>Gross profit</b>		<b>2,990,592,712</b>	<b>1,355,027,617</b>	<b>5,463,968,444</b>	<b>3,238,103,583</b>
Distribution cost		(464,229,762)	(228,312,790)	(833,055,945)	(415,204,177)
Administrative expenses		(182,899,005)	(124,828,264)	(307,467,566)	(245,306,331)
Other income		204,563,293	209,287,749	379,750,296	244,416,000
Other expenses		(54,580,695)	(33,563,087)	(113,495,351)	(68,574,711)
<b>Profit from operations</b>		<b>2,493,446,543</b>	<b>1,177,611,225</b>	<b>4,589,699,878</b>	<b>2,753,434,364</b>
Finance cost		(503,515,133)	(345,493,245)	(919,897,612)	(660,067,282)
		<b>1,989,931,411</b>	<b>832,117,980</b>	<b>3,669,802,267</b>	<b>2,093,367,082</b>
Share of profit of Associated Companies		59,884,278	30,107,468	242,509,964	129,877,155
<b>Profit before taxation</b>		<b>2,049,815,689</b>	<b>862,225,448</b>	<b>3,912,312,231</b>	<b>2,223,244,237</b>
Taxation		(159,482,131)	(68,318,942)	(260,737,754)	(147,516,749)
<b>Profit after taxation</b>		<b>1,890,333,558</b>	<b>793,906,506</b>	<b>3,651,574,477</b>	<b>2,075,727,488</b>
<b>Attributable to:</b>					
- Shareholders of the Parent Company		1,683,743,027	649,518,607	3,288,604,875	1,589,730,789
- Non-controlling interest		206,590,531	144,387,899	362,969,602	485,996,699
		<b>1,890,333,558</b>	<b>793,906,506</b>	<b>3,651,574,477</b>	<b>2,075,727,488</b>
<b>Earnings per share</b>					
- attributable to shareholders of the Parent Company		<b>81.45</b>	<b>31.42</b>	<b>159.09</b>	<b>76.90</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**SAPPHIRE FIBRES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF**  
**OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Quarter ended		Six months period	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- Rupees -----			
Profit after taxation	1,890,333,558	793,906,506	3,651,574,477	2,075,727,488
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	101,362,403	218,879,277	(159,425,631)	677,245,296
- short term	787,932	118,460,312	(218,912,171)	643,761,154
Impact of deferred tax	-	(95,465)		25,080,925
Share of fair value gain on remeasurement of investment at fair value through other comprehensive income by Associated Companies	923,669	2,203,089	(2,507,426)	10,717,594
	103,074,004	339,447,213	(380,845,228)	1,356,804,969
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on remeasurement of forward foreign exchange contracts	(17,346,086)	4,087,462	(17,346,086)	4,841,555
Share of unrealised gain / (loss) on remeasurement of hedging instruments of Associated Companies	42,372	70,084	(33,773)	104,309
	(17,303,714)	4,157,546	(17,379,859)	4,945,864
Other comprehensive gain for the period	85,770,290	343,604,759	(398,225,087)	1,361,750,833
<b>Total comprehensive income for the period</b>	<b>1,976,103,848</b>	<b>1,137,511,265</b>	<b>3,253,349,390</b>	<b>3,437,478,321</b>
Attributable to:				
- Shareholders of the Parent Company	1,769,513,317	993,123,366	2,890,379,788	2,951,481,622
- Non-controlling interest	206,590,531	144,387,899	362,969,602	485,996,699
	<b>1,976,103,848</b>	<b>1,137,511,265</b>	<b>3,253,349,390</b>	<b>3,437,478,321</b>

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

  
Chief Executive Officer

  
Director

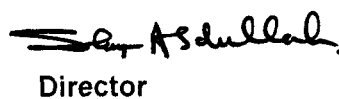
  
Chief Financial Officer

**SAPPHIRE FIBRES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

		Six months period	
		December 31, 2021	December 31, 2020
Note		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	14	(2,149,742,163)	(2,306,642,924)
		(44,628,257)	(39,874,295)
		(845,303,433)	(721,428,898)
		(1,040,874,871)	14,173,117
		(119,661,295)	(59,384,037)
		5,230,000	173,000
		(4,194,980,019)	(3,112,984,037)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		(1,376,084,959)	(1,018,988,326)
		21,815,786	191,280,627
		(3,500,000)	-
		-	1,172,602
		720,121,408	87,939,545
		(637,647,765)	(738,595,552)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		802,309,318	955,521,914
		(436,623,272)	(592,199,434)
		(408,545,646)	(202,858,136)
		4,891,419,817	3,396,606,506
		4,848,560,217	3,557,070,850
		15,932,433	(294,508,739)
		518,979,417	813,632,124
		534,911,850	519,123,385

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

  
Chief Executive Officer

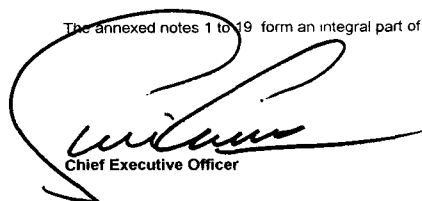
  
Director

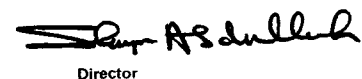
  
Chief Financial Officer

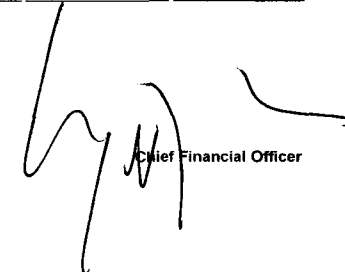
SAPPHIRE FIBRES LIMITED  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Issued, subscribed and paid-up capital	Reserves				Other Components of equity				Total	Non- Controlling Interest
		Capital		Revenue		Unrealised gain / (loss)					
		Share Premium	Maintenance reserve	General	Unappropriated profit	Sub-total	on financial assets at fair value through other comprehensive income	on hedging instrument	Sub-total		
Rupees											
Balance as at July 1, 2020 (Audited)	206,718,750	391,833,750	154,710,148	1,183,845,000	21,937,736,251	23,668,125,149	836,743,345	257,889	837,001,234	24,711,845,133	5,273,421,703
Transaction with owners											
Final dividend for year ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	(202,830,616)
Total comprehensive income for the six months period ended December 31, 2020											
Profit for the period	-	-	-	-	1,589,730,789	1,589,730,789	-	-	-	1,589,730,789	485,996,699
Other comprehensive income	-	-	-	-	-	-	1,356,804,969	4,945,864	1,361,750,833	1,361,750,833	-
	-	-	-	-	1,589,730,789	1,589,730,789	1,356,804,969	4,945,864	1,361,750,833	2,951,481,622	485,996,699
Transfer to maintenance reserve	-	-	18,496,763	-	(18,496,763)	-	-	-	-	-	-
Effect of items directly credited in equity by the Associated companies	-	-	-	-	111,994	111,994	-	-	-	111,994	-
Balance as at December 31, 2020 (Un-audited)	206,718,750	391,833,750	173,206,911	1,183,845,000	23,509,082,271	25,257,967,932	2,193,548,314	5,203,753	2,198,752,067	27,663,438,749	5,556,587,786
Balance as at July 1, 2021 (Audited)	206,718,750	391,833,750	190,833,377	1,183,845,000	25,714,887,539	27,481,399,666	1,592,511,269	243,733	1,592,755,002	29,280,873,418	5,877,689,063
Transaction with owners											
Final dividend for the year ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	(202,830,616)
Total comprehensive income for the six months period ended December 31, 2021											
Profit for the period	-	-	-	-	3,288,604,875	3,288,604,875	-	-	-	3,288,604,875	362,969,602
Other comprehensive profit	-	-	-	-	-	-	(380,845,228)	(17,379,859)	(398,225,087)	(398,225,087)	-
	-	-	-	-	3,288,604,875	3,288,604,875	(380,845,228)	(17,379,859)	(398,225,087)	2,890,379,788	362,969,602
Effect of items directly credited in equity by the Associated companies	-	-	-	-	976,427	976,427	-	-	-	976,427	-
	206,718,750	391,833,750	190,833,377	1,183,845,000	29,004,468,841	30,770,980,968	1,211,666,041	(17,136,126)	1,194,529,915	32,172,229,633	6,037,828,049

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**SAPPHIRE FIBRES LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**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 - SEPL
- Sapphire Hydro Limited - SHL
- Ignite Power (Private) Limited
- Sapphire Power Limited - SPL
- Sapphire Building Materials Limited - SBML

• **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:

<b>Karachi</b>	<b>Purpose</b>
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office
<b>Lahore</b>	
7-A/K, Main Boulevard, Gulberg	Head office
3.5 km, Manga Road, Raiwind	Production plant
<b>Sheikhupura</b>	
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:

<b>Lahore</b>	<b>Purpose</b>
7-A/K, Main Boulevard, Gulberg	Registered office
<b>Sheikhupura</b>	
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.



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

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.

**Hunza****Purpose**

Passu, Gojal, Hunza

Registered office

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

Sapphire Energy (Pvt.) Limited - SEPL 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 Pakhtunkhwa. 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 - IPPL 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 III

Registered office

• **Sapphire Power Limited - SPL**

Sapphire Power Limited - SPL is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Act, 2017. The principal activity of the company generate, purchase, import, transform, convert, distribute and supply electricity including the hydlil and wind power system. SPL is a wholly owned subsidiary of the Parent Company.

• **Sapphire Building Materials Limited - SBML**

Sapphire Building Materials Limited - SBML is a wholly owned subsidiary of Premier Cement Limited - PCL which is a subsidiary of the Parent Company. SBML is a public unlisted company limited by shares incorporated in Pakistan on March 24, 2021 under the Companies Act, 2017. The principal activity of the Subsidiary Company is to deal, trade, import, purchase and sale of cement and allied products.

## 2. BASIS OF PREPARATION AND SIGNIFCANT 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 (the Act), and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

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

2.1.2 These consolidated condensed interim financial statements do not include all the information and disclosures as required in an annual audited consolidated financial statements, and these should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2021. These condensed interim consolidated financial statements are being submitted to the shareholders as required by the section 237 of the Act.

### 2.2 Principal of consolidation

These consolidated condensed 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, 2021, in the SECL is 68.11% (June 30, 2021: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. The Parent Company also completely owns SEPL as on December 31, 2021 and effective holding in IPPL is 60% as IPPL is 60% owned Subsidiary of SEPL. Where as the other companies PCL, SCCL, SPL, SBML and SMEL are wholly owned subsidiaries.

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

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

#### **Transactions with non-controlling interests**

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

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

**2.3.1** Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 01, 2021 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 consolidated condensed interim financial statements.

**2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Group**

There are certain standards, amendments to the accounting standards and interpretations that are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

**2.4 Accounting policies**

All the accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of consolidated annual audited financial statements for the year ended June 30, 2021.

**3. ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

In preparing these consolidated condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated audited annual financial statements for the year ended June 30, 2021.

**4. PROPERTY, PLANT AND EQUIPMENT**

		Un-audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
Operating fixed assets	4.1	23,355,812,395	23,611,318,331
Capital work-in-progress	4.2	2,162,213,813	1,271,225,956
		<u>25,518,026,208</u>	<u>24,882,544,287</u>
<b>4.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		23,611,318,331	23,029,887,357
Additions during the period / year	4.1.1	485,090,765	2,162,055,136
Disposals costing Rs.74.548 million (June 30, 2021: Rs.266.599 million)			
- at net book value		(12,588,994)	(123,409,753)
Depreciation charge for the period / year		(728,007,707)	(1,457,214,409)
Net book value at end of the period / year		<u>23,355,812,395</u>	<u>23,611,318,331</u>

4.1.1 Additions to operating fixed assets,  
including transfer from capital  
work-in-progress, during  
the period / year:

Note

	Un-audited December 31, 2021	Audited June 30, 2021
	----- Rupees -----	
Freehold land	-	830,652,133
Residential buildings and others on freehold land	-	5,541,384
Factory buildings on freehold land	7,505,865	190,204,256
Plant and machinery	423,397,236	1,022,758,377
Electric installations	28,332,507	3,718,676
Equipment:	-	-
• mills	4,035,913	1,433,744
• electric / gas	-	-
Computer hardware	2,169,300	3,993,855
Vehicles	13,429,000	102,900,212
Furniture and fixtures	6,220,944	852,499
	<b>485,090,765</b>	<b>2,162,055,136</b>

## 4.2 Capital work-in-progress

Buildings	406,788,781	273,269,753
Plant and machinery {including in transit aggregating Rs.115.774 million (June 30, 2021: Rs.50.455 million)}	1,216,089,346	557,272,008
Un-allocated capital expenditure	377,538,112	378,466,319
Advance payments against:		
• freehold land	44,026,553	24,554,700
• factory building	72,255,431	17,175,861
• electric installation	15,764,565	15,764,565
• electric equipment	7,952,025	-
• vehicles	21,799,000	4,203,000
• computer software	-	519,750
	<b>161,797,574</b>	<b>62,217,876</b>
	<b>2,162,213,813</b>	<b>1,271,225,956</b>

## 5. LONG TERM INVESTMENTS

Associated Companies	5.1	2,029,169,336	1,788,993,174
Others - equity instruments	5.2	3,638,311,591	3,797,987,222
- debt instruments	5.3	47,250,000	47,000,000
		<b>5,714,730,927</b>	<b>5,633,980,396</b>

5.1 Associated Companies - equity method  
Quoted

Reliance Cotton Spinning Mills Limited (RCSML)	5.1.1	78,174,562	59,854,524
Unquoted			
SFL Limited (SFLL)	5.1.2	2,905,035	2,489,110
Sapphire Power Generation Limited (SPGL)	5.1.3	264,980,333	244,765,165
Sapphire Dairies (Private) Limited (SDLP)	5.1.4	118,280,637	117,900,174
Tricon Boston Consulting Corporation (Private) Limited - TBCCL	5.1.5	1,564,828,769	1,363,984,201
Energas Terminal (Private) Limited - ETL	5.1.6	-	-
Energas Marketing (Private) Limited - EML	5.1.7	-	-
		<b>2,029,169,336</b>	<b>1,788,993,174</b>

**5.1.1**

Investment in RCSML represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% of RCSML's issued, subscribed and paid-up capital as at December 31, 2021. RCSML 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 RCSML is manufacturing and sale of yarn. Market value of the Group's investment in RCSML as at December 31, 2021 was Rs. 29.860 million (June 30, 2021: Rs.26.905 million). RCSML is an associate of the Group due to common directorship.

**5.1.2**

Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% of SFLL's issued, subscribed and paid-up capital as at December 31, 2021. SFLL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The main business of SFLL is to investment in the shares of Related Parties. SFLL is an associate of the Group due to common directorship.

**5.1.3**

Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% of SPGL's issued, subscribed and paid-up capital as at December 31, 2021. 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 SDPL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 5.50% of SDPL's issued, subscribed and paid-up capital as at December 31, 2021. SDPL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDPL 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 as at December 31, 2021. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2018 as security against financing facilities advanced to TBCCL. 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 - SEPL has made investment in ETL's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of ETL's issued, subscribed and paid-up capital. 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.

ETL during the year ended June 30, 2021 incurred loss amounting Rs.13.453 million. Subsidiary Company's - SEPL share of loss was recognised upto the extant of cost of investment of Rs.30,000.

**5.1.7**

The Subsidiary Company - SEPL has 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, 2021. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquefied natural gas all other related items.

EML during the year ended June 30, 2021 incurred loss amounting Rs.0.172 million. Subsidiary Company's - SEPL share of loss was recognised upto the extant of cost of investment of Rs.30,000.

**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

<b>896,451,123</b>	896,451,123
<b>1,896,542,330</b>	2,014,563,834
<b>2,792,993,453</b>	2,911,014,957

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

<b>1,217,073,609</b>	1,217,073,609
<b>(372,255,471)</b>	(330,601,344)
<b>844,818,138</b>	886,472,265

**Unquoted****TCC Management Services (Private) Limited**

50,000 ordinary shares of Rs. 10 each

<b>500,000</b>	500,000
<b>3,638,311,591</b>	3,797,987,222

**5.3 Debt Instruments - at FVTOCI****Habib Bank Limited -****Term finance certificates - Habib Bank Limited**500 (30 June, 2021: 500) term finance certificates  
of Rs.100,000 each - **cost**

Adjustment arising from re-measurement to fair value

<b>50,000,000</b>	50,000,000
<b>(2,750,000)</b>	(3,000,000)
<b>47,250,000</b>	47,000,000

**6. STOCK-IN-TRADE**

Raw materials

Work-in-process

Finished goods

<b>12,342,382,731</b>	8,900,276,214
<b>1,537,709,265</b>	1,072,589,736
<b>2,586,510,155</b>	1,655,968,789
<b>16,466,602,151</b>	11,628,834,739

**7. TRADE DEBTS**

- 7.1** These represent trade receivables from CPPA 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 markup at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within the due dates, with the exception of RLNG fuel cost component invoices, in which case, the delayed payment markup at the rate of three months KIBOR plus 2% is charged on the amounts not paid within a period of thirty days from the due date and at the rate of three months KIBOR plus 4.5% after the first thirty days. The rate of delayed payment markup charged during the preceding year on outstanding amounts ranged from 9.15% to 18.42% per annum. These included unbilled receivables aggregating to Rs.1,765.193 million.

- 7.2** Prior to the signing of the Agreements, included in trade debts was an amount of Rs.576.073 million relating to capacity revenue that was not acknowledged by NTDC/CPPA 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/CPPA. 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/CPPA, therefore, management believes that the 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 took up this issue in consultation with NTDC and 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. Pursuant to the Expert's determination, the Group demanded the payment of the aforesaid amount of Rs.576.073 million from NTDC. The Group filed a request for arbitration in the London Court of International Arbitration ('LCIA') in accordance with the terms of the PPA whereby an Arbitrator was appointed.

On October 29, 2017, the Arbitrator declared his Final Award 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 Group's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC to the Group. The total amount for (ii) to (vi) after translating foreign currency amounts in Pak Rupees aggregated to Rs.572.277 million as of December 31, 2020. Thereafter, on November 29, 2017, the Group filed an application before the Lahore High Court ('LHC') for implementation/enforcement of the Final Award that is pending adjudication. On prudence basis, the aforesaid amount of Rs.572.277 million (other than the principal amount of Rs.576.073 million) were not recognised in the Group's financial statements since their collectibility was not certain.

On February 11, 2021, as part of the PPA Amendment Agreement referred to in note 1.1, the CPPA and the Group acknowledged that the dispute relating to withheld capacity payments of Rs.576.073 million was settled by the LCIA through its Award. The Group and CPPA agreed that the disputed period of 53 days shall be treated as an "Other Force Majeure Event" under the PPA as referred to in note 1.1. Further, CPPA agreed to make certain payments to the Group, subject to certain terms, as compensation of the withheld capacity payments. In return, the Group agreed to forgo the abovementioned LCIA Award amounts aggregating Rs.572.277 million. Further, a joint application to withdraw the Award's enforcement proceedings in LHC will be filed by the Group and CPPA upon the later of the full payment of disputed period payments and the first installment under the payment mechanism defined in the Master Agreement.

Pursuant to the provisions of the PPA Amendment Agreement as mentioned above, out of the recognized receivable of Rs.576.073 million, the Group had assessed that amounts aggregating Rs.145.198 million stood impaired at June 30, 2021 and had been written off during the preceding year in 'Other expenses' as referred to in note 21 to the consolidated annual audited financial statements for the year ended June 30, 2021. However, due to extension in PPA from October 5, 2040 to November 26, 2040, the tariff component representing such amount would be invoiced to CPPA and recognised in such period on satisfying the performance obligation i.e. ensuring plant available for dispatch as per the PPA.

- 7.3** Included in trade debts are amounts aggregating Rs.227.610 million relating to capacity revenue not acknowledged by NTDC/CPPA for the period from March, 2011 to May, 2011 due to non-supply of gas by SNGPL on account of certain force majeure events. The Group's management raised this matter with NTDC, SNGPL and Private Power & Infrastructure Board ('PPIB'), however, the dispute remained unresolved. 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. In August 2015, the Expert gave his determination whereby the Group's claim regarding the above-mentioned amount of Rs.227.610 million was not accepted. In addition to the Expert Determination process mentioned above, the Group had also filed a request for arbitration in the London Court of International Arbitration ('LCIA') in accordance with the terms of the GSA against SNGPL whereby an Arbitrator was appointed. The Arbitrator through his order dated March 9, 2016, 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/enforcement of the Arbitration Award, which is a pending adjudication.

Based on the advice of the Group's legal counsel and Arbitration Award in the Group's favour, management strongly feels that under the terms of the PPA, Implementation Agreement and the GSA, this receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

		Un-audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
<b>8. LONG TERM LIABILITIES</b>	<b>Note</b>		
Long term finances	8.1	6,317,372,872	5,924,357,343
Provision for Gas Infrastructure Development Cess		304,139,421	297,105,989
		<u>6,621,512,293</u>	<u>6,221,463,332</u>
Less: current portion grouped under current liabilities		(1,113,534,029)	(1,016,060,869)
		<u>5,507,978,264</u>	<u>5,205,402,463</u>
<b>8.1 Long term finances - secured</b>			
Balance at beginning of the period / year		5,924,357,343	4,886,009,007
Add: disbursements during the period / year	8.1.1	802,309,318	1,542,955,065
Less: repayments made during the period / year		(409,293,789)	(481,722,813)
- other changes / adjustments		-	(22,883,916)
Balance at end of the period / year		<u>6,317,372,872</u>	<u>5,924,357,343</u>

**8.1.1** In the Parent Company, except for the receipt of seventeen tranches of long term finances under the existing finance facilities 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, 2021. These long term finances, during the period, carried mark-up / profit at the rates ranging from 0.60% to 8.58% (June 30, 2021: 0.60% to 14.24%) 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 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 Parent Company.

The liability is recognised as per the guidelines issued by The Institute of Chartered Accountants of Pakistan dated January 21, 2021.

9. **DEFERRED INCOME -  
GOVERNMENT GRANT**

	Un-audited December 31, 2021	Audited June 30, 2021
Government grant on loan at below market rate of interest - net	11,192,665	16,336,589
Less: current portion grouped under current liabilities	11,192,665	12,848,707
	<u>-</u>	<u>3,487,882</u>

- 9.1 In the Parent Company, this represents government grant recognised under long term finance facility obtained under the SBP Refinance Scheme for payment of wages and salaries to workers and employees. The Company recorded an amount of Rs.35.733 million as Government grant on loan at below-market rate of interest.

- 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.5.144 million (June 30, 2021 Rs.19.396 million) has been recognized in the consolidated condensed interim statement of profit or loss.

10. **SHORT TERM BORROWINGS**

Running / cash finances - secured	10.1	18,771,244,629	15,563,202,993
Running musharakah finance - secured	10.1	2,986,600,000	1,392,219,782
Temporary bank overdraft - unsecured		91,148,322	2,150,359
		<u>21,848,992,951</u>	<u>16,957,573,134</u>

- 10.1 The Group has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.29,186 million (June 30, 2021: Rs.21,600 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.52,315 million (June 30, 2021: Rs.47,353 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 10.62% (June 30, 2021: 2.25% to 8.84%) per annum. These facilities are expiring on various dates upto December 31, 2022.

11. **CONTINGENCIES AND COMMITMENTS**

11.1 **Contingencies**

11.1.1 **Outstanding bank guarantees**

Guarantees aggregating Rs. 2,905.138 million (June 30, 2021: Rs.2805.138 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipelines Limited.

There was no significant change in status of contingencies that were disclosed to the annual audited consolidated financial statements for the year ended 30 June, 2021 except disclosed above.

## 11.2 Commitments in respect of :

• letters of credit for capital expenditure	<u>664,919,100</u>	<u>1,009,617,786</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>2,950,776,625</u>	<u>1,709,336,309</u>
• capital expenditure other than letters of credit	<u>388,775,882</u>	<u>366,475,127</u>
• foreign bills discounted	<u>-</u>	<u>3,246,576,158</u>

11.3 The Group has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the operations and maintenance ('O&M') of the power station that started from the Commercial Operations Date up to the earlier of the time when the power station has run 144,000 Fired Hours and October 4, 2040. Under the terms of the O&M agreement, the Group is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to a minimum annual increase of 3%.

## 12. SALES - NET

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

For the six months period ended December 31, 2021 - Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
<b>Local sales</b>					
- Yarn	2,224,949,202	5,745,194	-	-	2,230,694,396
- Fabric	-	664,392,959	800,002,373	-	1,464,395,332
- Garments	-	12,301,206	389,954	-	12,691,160
- Waste	98,293,096	22,665,696	48,862,559	-	169,821,351
- Raw materials	85,115,571	-	-	-	85,115,571
- Energy purchase price	-	-	-	8,746,252,544	8,746,252,544
- Capacity purchase price	-	-	-	1,532,919,640	1,532,919,640
- Local steam income	10,466,000	-	-	-	10,466,000
- Processing income	1,324,651	35,576,592	262,950	-	37,164,193
	<u>2,420,148,520</u>	<u>740,681,647</u>	<u>849,517,836</u>	<u>10,279,172,184</u>	<u>14,289,520,187</u>
<b>Export Sales</b>					
- Yarn	7,855,733,942	64,761,573	-	-	7,920,495,515
- Fabric	-	731,950,756	4,188,802,154	-	4,920,752,910
- Garments	-	2,060,132,426	-	-	2,060,132,426
- Waste	243,515,359	-	-	-	243,515,359
	<u>8,099,249,301</u>	<u>2,856,844,755</u>	<u>4,188,802,154</u>	<u>-</u>	<u>15,144,896,210</u>
<b>Export rebate</b>					
- Fabric	-	6,114,405	-	-	6,114,405
- Garments	-	25,886,272	-	-	25,886,272
	<u>-</u>	<u>32,000,677</u>	<u>-</u>	<u>-</u>	<u>32,000,677</u>
	<u>10,519,397,821</u>	<u>3,629,527,079</u>	<u>5,038,319,990</u>	<u>10,279,172,184</u>	<u>29,466,417,074</u>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	10,518,073,170	3,593,950,487	5,038,057,040	10,279,172,184	29,429,252,881
Services rendered at a point in time	1,324,651	35,576,592	262,950	-	37,164,193
	<u>10,519,397,821</u>	<u>3,629,527,079</u>	<u>5,038,319,990</u>	<u>10,279,172,184</u>	<u>29,466,417,074</u>

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

## 13. COST OF SALES

----- Un-audited -----				
	Quarter ended		Six months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note	----- Rupees -----			
Finished goods at beginning of the period	1,768,211,520	1,326,968,003	1,655,968,789	1,263,603,319
Cost of goods manufactured	11,964,243,758	6,882,458,379	24,876,375,193	14,789,920,418
Cost of raw materials sold	50,070,967	35,974,810	56,614,803	77,025,695
	12,014,314,725	6,918,433,189	24,932,989,996	14,866,946,113
	13,782,526,245	8,245,401,192	26,588,958,785	16,130,549,432
Finished goods at end of the period	(2,586,510,155)	(1,610,319,440)	(2,586,510,155)	(1,610,319,440)
	11,196,016,090	6,635,081,752	24,002,448,630	14,520,229,992

**13.1 Cost of goods  
manufactured**

Work-in-process at beginning of the period	1,280,295,450	776,880,332	1,072,589,736	798,954,256
Raw materials consumed	9,669,370,492	4,951,911,928	20,425,432,421	10,900,852,045
Direct labour and other overheads	2,552,287,081	2,004,028,784	4,916,062,301	3,940,476,782
	12,221,657,573	6,955,940,712	25,341,494,722	14,841,328,827
	13,501,953,023	7,732,821,044	26,414,084,458	15,640,283,083
Work-in-process at end of the period	(1,537,709,265)	(850,362,665)	(1,537,709,265)	(850,362,665)
	11,964,243,758	6,882,458,379	24,876,375,193	14,789,920,418

**14. CASH USED IN OPERATIONS**

	Note	Un-audited	
		Six months period ended	
		December 31, 2021	December 31, 2020
		----- Rupees -----	
Profit before taxation		3,669,802,267	2,093,367,082
<b>Adjustments for non-cash and other items:</b>			
Depreciation		728,014,045	717,258,397
Amortization of intangible assets		732,515	732,515
Staff retirement benefit - gratuity		63,000,000	57,900,000
Amortisation of government grant		(5,143,924)	(6,353,849)
Provision for workers' profit participation fund		112,033,434	45,298,810
Provision for impairment in trade debts		-	3,000,000
Gain on disposal of operating fixed assets		(9,226,793)	(108,595,436)
Gain on sale of stores and spares		-	(644,840)
Dividend and interest income		(731,904,123)	(87,939,545)
Finance cost		919,897,612	660,053,718
Working capital changes	14.1	(6,896,947,196)	(5,680,719,776)
		(2,149,742,163)	(2,306,642,924)

**14.1 Working capital changes**

Increase in current assets:

- stores, spare parts and loose tools	(771,935,443)	(1,333,046)
- stock-in-trade	(4,837,767,412)	(3,493,553,325)
- trade debts	(2,148,133,813)	(3,057,819,537)
- loans and advances	(155,184,117)	(10,411,078)
- deposits, other receivables and sales tax	(299,675,646)	(459,623,672)
	(8,212,696,431)	(7,022,740,658)

Increase / (decrease) in current liabilities:

- trade and other payables	976,580,990	1,395,849,767
- contract liabilities	339,168,245	(53,828,885)
	(6,896,947,196)	(5,680,719,776)

**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, 2021, 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, 2021.

**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.6,452.884 million (June 30, 2021: Rs.6,822.222 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:**

Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		Six months period ended	
		December 31, 2021	December 31, 2020
----- Rupees -----			
(i) Associates	Sales:		
	• raw material / yarn / fabric / stores	160,750,878	190,599,948
	• assets	7,000,000	1,600,000
	Purchases:		
	• raw material / yarn / fabric / stores	1,520,073,573	1,206,776,303
	Services:		
	• rendered	169,758	-
	• obtained	439,737	164,680
	Expenses charged by	20,796,777	18,584,642
	Expenses charged to	5,600,830	8,815,495
(iii) Key management personnel	Dividend:		
	• received	769,030	28,245,000
	• paid	48,550,990	-
	Remuneration and other benefits	88,632,586	87,645,717
(iv) Retirement fund	Contribution made	29,664,380	15,440,437

**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, 2021															
Revenue - external customers	10,519,397,820	3,629,527,079	5,038,319,991	10,279,172,184	29,466,417,074										
Inter - segment sale	1,293,836,407		194,278		1,294,030,685										
Segment results	2,882,110,917	279,228,479	91,332,386	1,378,240,718	4,630,912,500										
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										
	<table><tr><th colspan="2">Un-audited</th></tr><tr><th colspan="2">Six months period</th></tr><tr><th colspan="2">December 31,</th></tr><tr><th>2021</th><th>2020</th></tr><tr><td colspan="2">----- Rupees -----</td></tr></table>					Un-audited		Six months period		December 31,		2021	2020	----- Rupees -----	
Un-audited															
Six months period															
December 31,															
2021	2020														
----- Rupees -----															
Reconciliation of segment results with profit after tax is as follows:															
Total results for reportable segment				4,630,912,500	2,822,899,406										
Administrative expenses				(307,467,566)	(245,306,331)										
Other expenses				(113,495,351)	(68,574,711)										
Other income				379,750,296	244,416,000										
Finance cost				(919,897,612)	(660,067,282)										
Share of profit of Associated Companies				242,509,964	129,877,155										
Taxation				(260,737,754)	(147,516,749)										
Profit after taxation				3,651,574,477	2,075,727,488										

## 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 -----				
<b>As at December 31, 2021</b>					
Segment assets	17,658,699,355	5,509,979,870	10,384,636,882	25,598,521,122	59,151,837,229
Unallocatable assets					15,005,361,346
Total assets as per balance sheet					74,157,198,575
Segment liabilities	9,362,898,996	4,995,819,447	13,765,217,967	6,678,118,969	34,802,055,379
Unallocatable liabilities					1,145,085,515
Total liabilities as per balance sheet					35,947,140,894
<b>As at June 30, 2021</b>					
Segment assets	11,803,439,035	4,288,192,255	8,994,829,623	25,689,712,536	50,776,173,449
Unallocatable assets					14,074,215,387
Total assets as per balance sheet					64,850,388,836
Segment liabilities	5,916,169,837	3,510,510,292	12,047,169,880	7,270,743,407	28,744,593,416
Unallocatable liabilities					947,232,939
Total liabilities as per balance sheet					29,691,826,355

## 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, 2021, 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, 2020.

## 19. DATE OF AUTHORISATION FOR ISSUE

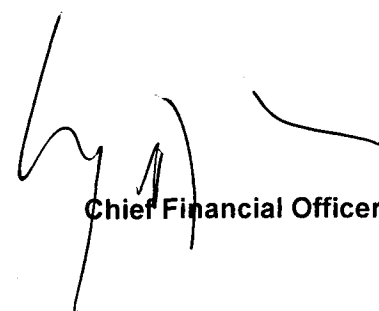
This condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on February 25, 2022.



Chief Executive Officer



Director



Chief Financial Officer