

The logo for Sapphire, featuring the word "Sapphire" in a blue serif font with a yellow swoosh above it.

Sapphire

The text "Half Yearly Report" in blue and "2022" in yellow, positioned to the right of the central collage.

Half Yearly Report
2022

The text "Sapphire Fibres Limited" in blue, positioned to the right of the central collage.

Sapphire Fibres
Limited



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Sapphire Fibres Limited

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COMPANY INFORMATION

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. Mariam Chughtai

Audit Committee

Mr. Nadeem Arshad Elahi – Chairman

Mr. Shayan Abdullah – Member

Mr. Yousuf Abdullah – Member

Mr. Tajammal Husain Bokhree – Member

Human Resource and

Remuneration Committee

Mr. Tajammal Husain Bokhree – Chairman

Mr. Yousuf Abdullah – Member

Mr. Shahid Abdullah – 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

Allied Bank Limited

Bank Alfalah Limited

MCB Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

United Bank Limited

Askari Bank Limited

Bank Al Habib Limited

National Bank of Pakistan

The Bank of Khyber

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.

Corporate Office

1st Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II, Lahore. Pakistan.

Mills

Spinning Units

10 KM, Sheikhpura Faisalabad Road, Kharianwala

District Sheikhpura

26 KM, Sheikhpura Faisalabad Road, Ferozewattuan

District Sheikhpura

Fabric Knitting Unit

7 KM, Warburton Road, Ferozewattuan District Sheikhpura

Fabric Dyeing and Denim Units

3.5 Km, Raiwind Manga Road, Raiwind



DIRECTORS' REPORT

The Directors of your Company are pleased to present un-audited financial statements for the half year ended 31st December 2022.

Financial Highlights

	31 December	
	2022	2021
	Rupees in thousand	
Sales & services	21,514,886	19,187,245
Gross profit	3,852,164	4,085,728
Profit from operations	3,803,890	3,677,033
Other income	1,311,344	763,211
Profit before taxation	2,872,838	3,011,029
Provision for tax	415,422	257,927
Profit after taxation	2,457,416	2,753,102

During first half of the financial year, your company has achieved sales of Rs.21.51 billion as compared to Rs.19.19 billion during corresponding period of last year; showing increase of 12.13%. The gross profit as a percentage of sales decreased from last year's 21.29% to 17.90% during the period. Whereas, profit after tax was Rs.2,457 million against Rs.2,753 million during last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.118.88 as compared to Rs.133.18 for the same period of last year.

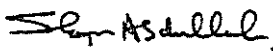
Future Outlook

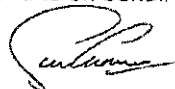
Global outlook remains tilted to the downside due to lower growth projections and higher inflation, with the possibility of any additional adverse shocks pushing world economy into recession. Whereas in Pakistan, deteriorating macroeconomic indicators pose significant challenges for growth during remainder of the financial year and beyond.

Despite these challenging circumstances, the management is taking every possible measure to maximize capacity utilization of all business segments to maintain growth and profitability.

The directors appreciate sincere contribution and the hard work by staff and workers of the company.

For and on behalf of the Board


Shayan Abdullah
Director


Shahid Abdullah
Chief Executive

Lahore
Dated: 23 February, 2023



Sapphire Fibres Limited

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر عانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھٹکیاں

روپے ہزاروں میں

تفصیل	31 دسمبر 2022	31 دسمبر 2021
فروخت اور خدمات	21,514,886	19,187,245
مزدوں کی منافع	3,852,164	4,085,728
آپریٹنگ سے منافع	3,803,890	3,677,033
دیگر آمدنی	1,311,344	763,211
ٹیکس سے پہلے منافع	2,872,838	3,011,029
ٹیکس کی پروویژن	415,422	257,927
ٹیکس کے بعد منافع	2,457,416	2,753,102

مالی سال کی پہلی ششماہی کے دوران آپ کی کمپنی نے گزشتہ سال کی اسی مدت میں 19.19 بلین روپے کے مقابلے مالی سال کی پہلی ششماہی کے دوران 21.51 بلین روپے کی فروخت حاصل کی، جو کہ 12.13 فیصد کا اضافہ ظاہر کرتی ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے 21.29 فیصد سے کم ہو کر اسی مدت کے دوران 17.90 فیصد ہو گیا۔ جبکہ کمپنی نے گزشتہ سال اسی مدت میں درج 2,753 بلین روپے کے مقابلے موجودہ مالی سال کے دوران 2,457 بلین روپے ٹیکس کے بعد منافع کمایا ہے۔

نی حصص آمدنی

کمپنی کی موجودہ ششماہی کی نی حصص آمدنی (EPS) 118.88 روپے ہے جو کہ پچھلے سال کی اسی ششماہی کی 133.18 روپے تھی۔

مستقبل کا نقطہ نظر

ترقی کی کہ تو قیامت اور افراط زر میں اضافے کی وجہ سے دنیا کا نقطہ نظر اب بھی مایوسی کا شکار ہے، اس بات کا امکان موجود ہے کہ مزید منتقلی رجحان عالمی معیشت کو معاشی زوال کی طرف لے جاسکتا ہے۔ جبکہ پاکستان میں جلتے ہوئے وسیع اقتصادی اعداد و شمار مالی سال کی بنیہ مدت اور اس کے بعد کی ترقی کی راہ میں سنگین رکاوٹ ہیں۔ ان مشکل حالات کے باوجود انتظامیہ ترقی اور منافع کو برقرار رکھنے کے لئے صلاحیت کو زیادہ سے زیادہ استعمال کرنے کی ہر ممکن کوشش کر رہی ہے۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

(شایان عبد اللہ)

ڈائریکٹر

(شایان عبد اللہ)

چیف ایگزیکٹو

لاہور

تاریخ: 23 فروری 2023ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SAPPHIRE FIBRES LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statements of financial position of **Sapphire Fibres Limited** as at December 31, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year 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 financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

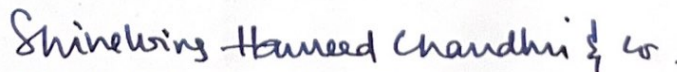
Scope of Review

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 auditor's review report is Osman Hameed Chaudhri.



SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

LAHORE; FEBRUARY 23, 2023

UDIN: RR202210104nZPXOIJS

Principal Office:
HM House
7-Bank Square, Lahore.
Tel: +92 42 37235084-87
Email: lhr@hccpk.com

Other Offices:
Karachi, Islamabad & Multan

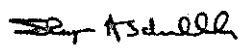


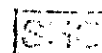
SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

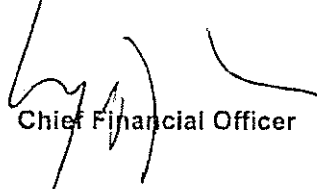
		Un-audited December 31, 2022	Audited June 30, 2022
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	14,835,765,852	14,631,666,353
Investment property		31,750,000	31,750,000
Intangible assets		971,337	1,379,110
Long term investments	5	7,057,402,427	7,281,628,669
Long term loans		573,750	1,271,250
Long term deposits		60,496,545	60,496,545
		<u>21,986,959,911</u>	<u>22,008,191,927</u>
Current assets			
Stores, spare parts and loose tools		1,202,110,932	759,045,137
Stock-in-trade	6	14,203,945,084	14,344,276,259
Trade debts		5,274,806,471	5,077,277,633
Loans and advances		220,018,955	492,487,585
Trade deposits and short term prepayments		144,965,341	39,688,825
Short term investments		2,060,250,200	2,317,444,048
Other receivables		1,275,973,534	1,355,114,102
Tax refunds due from Government		3,078,328,862	2,461,078,774
Cash and bank balances		67,744,339	45,831,510
		<u>27,528,143,718</u>	<u>26,892,243,873</u>
Total assets		<u><u>49,515,103,629</u></u>	<u><u>48,900,435,800</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
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		206,718,750	206,718,750
Reserves		1,040,431,083	1,621,851,173
Unappropriated profit		23,791,093,589	21,540,395,399
		<u>25,038,243,422</u>	<u>23,368,965,322</u>
Liabilities			
Non-current liabilities			
Long term liabilities	7	5,371,532,613	5,644,921,664
Staff retirement benefit - gratuity		443,400,007	399,538,518
Deferred taxation		119,340,262	117,823,533
		<u>5,934,272,882</u>	<u>6,162,283,715</u>
Current liabilities			
Trade and other payables		4,155,105,001	5,175,516,843
Contract liabilities		998,265,580	1,051,628,011
Accrued mark-up / interest		336,071,280	252,363,913
Short term borrowings	8	11,582,569,970	10,968,082,484
Current portion of long term liabilities	7	1,045,739,982	1,072,001,118
Unclaimed dividend		10,451,774	6,670,826
Provision for taxation	9	414,383,738	842,923,568
		<u>18,542,587,325</u>	<u>19,369,186,763</u>
Total liabilities		<u>24,476,860,207</u>	<u>25,531,470,478</u>
Contingencies and commitments	10		
Total equity and liabilities		<u><u>49,515,103,629</u></u>	<u><u>48,900,435,800</u></u>

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


Chief Executive Officer


Director

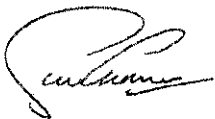


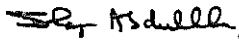


Chief Financial Officer

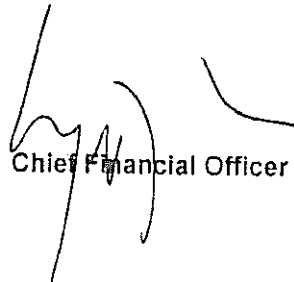
SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Quarter ended		Six months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- Rupees -----					
Sales - net	11	9,297,050,312	9,971,030,115	21,514,886,399	19,187,244,890
Cost of sales	12	(7,841,731,155)	(7,777,390,510)	(17,662,723,007)	(15,101,517,164)
Gross profit		1,455,319,157	2,193,639,605	3,852,163,392	4,085,727,726
Distribution cost		(337,190,741)	(470,205,568)	(967,107,205)	(833,055,945)
Administrative expenses		(130,898,216)	(130,074,772)	(259,342,728)	(225,354,833)
Other income	13	1,151,678,225	617,274,570	1,311,343,022	763,211,415
Other expenses		(56,237,754)	(54,580,695)	(133,166,649)	(113,495,351)
Profit from operations		2,082,670,671	2,156,053,140	3,803,889,832	3,677,033,012
Finance cost		(453,301,740)	(375,481,008)	(931,051,371)	(666,004,227)
Profit before taxation		1,629,368,931	1,780,572,132	2,872,838,461	3,011,028,785
Taxation		(242,509,094)	(158,111,431)	(415,421,521)	(257,927,360)
Profit after taxation		1,386,859,837	1,622,460,701	2,457,416,940	2,753,101,425
Earnings per share					
- basic and diluted		67.09	78.49	118.88	133.18

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


Chief Executive Officer

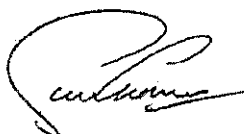

Director 


Chief Financial Officer

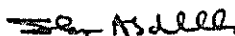
SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Quarter ended		Six months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees -----			
Profit after taxation	1,386,859,837	1,622,460,701	2,457,416,940	2,753,101,425
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income				
- long term	(104,584,496)	101,362,403	(324,226,242)	(159,425,631)
- short term	11,048,133	787,932	(257,193,848)	(218,912,171)
	(93,536,363)	102,150,335	(581,420,090)	(378,337,802)
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised loss on remeasurement of forward foreign exchange contracts	-	(17,346,086)	-	(17,346,086)
Other comprehensive (loss) / gain for the period	(93,536,363)	84,804,249	(581,420,090)	(395,683,888)
Total comprehensive income for the period	<u>1,293,323,474</u>	<u>1,707,264,950</u>	<u>1,875,996,850</u>	<u>2,357,417,537</u>

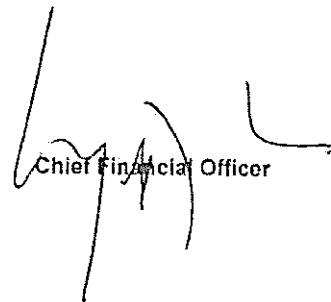
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Chief Executive Officer



Director

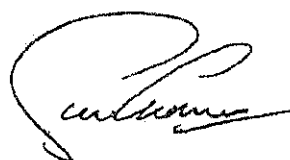



Chief Financial Officer

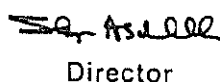
SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Six months period ended	
		December 31, 2022	December 31, 2021
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	14	1,733,916,731	(3,251,120,358)
Staff retirement benefits paid		(38,038,511)	(44,628,257)
Finance cost paid		(847,344,004)	(606,552,082)
Taxes paid - net		(1,148,488,035)	(1,107,123,192)
Workers' profit participation fund paid		(272,680,123)	(119,661,295)
Long term loans - net		697,500	(295,000)
Net cash used in operating activities		(571,936,442)	(5,129,380,184)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(687,661,797)	(1,354,965,939)
Long term investment made		(100,000,000)	-
Proceeds from disposal of operating fixed assets		17,140,937	21,815,786
Proceeds from sale of stores		3,565,812	-
Dividend and interest income received		1,254,685,460	720,121,408
Net cash generated from / (used in) investing activities		487,730,412	(613,028,745)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		152,410,000	802,309,318
- repaid		(457,840,825)	(436,623,272)
Dividend paid		(202,937,802)	(205,687,525)
Short term borrowings - net		614,487,486	5,560,365,008
Net cash generated from financing activities		106,118,859	5,720,363,529
Net increase / (decrease) in cash and cash equivalents		21,912,829	(22,045,400)
Cash and cash equivalents - at beginning of the period		45,831,510	64,993,047
Cash and cash equivalents - at end of the period		67,744,339	42,947,647

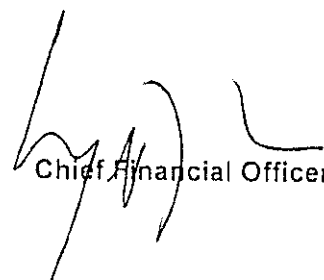
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



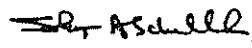
Chief Financial Officer

SAPPHIRE FIBRES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

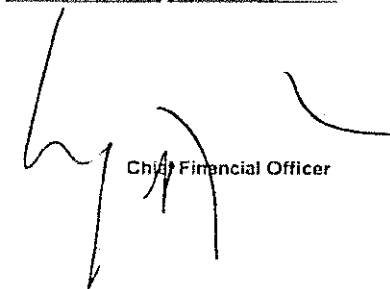
	Capital		Reserves		Other Components of equity			Total	
	Share Premium	General	Revenue		Unrealised gain / (loss)				
			Unappropriated profit	Sub-total	on financial assets at fair value through other comprehensive income	on hedging instrument	Sub-total		
	----- Rupees -----								
Balance as at July 1, 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
Transaction with owners of the Company									
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)
Total comprehensive income for the six months period ended December 31, 2021									
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
Balance as at December 31, 2021 (Un-audited)	206,718,750	391,833,750	1,183,845,000	18,076,556,383	19,652,235,133	1,224,569,779	(17,346,086)	1,207,223,693	21,056,177,576
Balance as at July 1, 2022 (Audited)	206,718,750	391,833,750	1,183,845,000	21,540,395,399	23,116,074,149	46,172,423	-	46,172,423	23,368,965,322
Transaction with owners of the Company									
Final dividend related to the year ended June 30, 2022 at the rate of Rs. 10 per share	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)
Total comprehensive income for the six months period ended December 31, 2022									
Profit for the period	-	-	-	2,457,416,940	2,457,416,940	-	-	-	2,457,416,940
Other comprehensive loss	-	-	-	-	-	(581,420,090)	-	(581,420,090)	(581,420,090)
	-	-	-	2,457,416,940	2,457,416,940	(581,420,090)	-	(581,420,090)	1,875,996,850
Balance as at December 31, 2022 (Un-audited)	206,718,750	391,833,750	1,183,845,000	23,791,093,589	25,366,772,339	(535,247,667)	-	(535,247,667)	25,038,243,422

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, 2022

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:

Karachi	Purpose
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office
Lahore	
First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.	Head office
3.5 km, Manga Road, Riawand	Production plant
Shiekhupura	
10 km, Shiekhupura / Faisalabad Road, Kharianwala	Production plant
26 km, Shiekhupura / Faisalabad Road, Feroze wattoan	Production plant

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Act; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified 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 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, 2022. 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, 2022 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, 2023 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, 2022.

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, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2022	Audited June 30, 2022
----- Rupees -----			
Operating fixed assets	4.1	12,989,235,452	12,885,466,235
Capital work-in-progress	4.2	1,846,530,400	1,746,200,118
		<u>14,835,765,852</u>	<u>14,631,666,353</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		12,885,466,235	11,970,419,683
Additions during the period / year	4.1.1	587,331,515	1,822,969,450
Disposals costing Rs.26.804 million (June 30, 2022: Rs.130.739 million) - at net book value		(8,386,664)	(18,889,713)
Depreciation charge for the period / year		(475,175,634)	(889,033,185)
Net book value at end of the period / year		<u>12,989,235,452</u>	<u>12,885,466,235</u>
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		15,497,360	-
Leasehold land		24,218,750	-
Residential buildings and others on freehold land		142,380,752	3,823,726
Factory buildings on freehold land		109,709,787	23,496,438
Plant and machinery		209,208,287	1,653,206,673
Electric installation		25,692,738	27,376,410
Equipment			
- Office		2,386,000	25,758,534
- Mills		-	4,186,309
Computer hardware		2,600,480	16,843,386
Vehicles		45,310,406	52,041,895
Furniture and fixtures		10,326,955	16,236,079
		<u>587,331,515</u>	<u>1,822,969,450</u>

4.1.2 These include transfer from capital work-in-progress amounting Rs.587.331 million (June 30, 2022: Rs.1,822.969 million).

		Un-audited December 31, 2022	Audited June 30, 2022
		----- Rupees -----	
I.2	Capital work-in-progress		
	Buildings	720,951,360	645,081,936
	Furniture and fixtures	23,310,859	19,680,831
	Plant and machinery (including in transit aggregating Rs.85.988 million (June 30, 2022: Rs.240.002 million)	820,407,613	521,326,846
	Advance payments against:		
	• freehold land	-	36,680,950
	• factory / office building	6,668,800	78,192,418
	• plant and machinery	21,240,822	207,634,403
	• electric installation	240,486,466	206,328,734
	• vehicles	13,464,480	31,274,000
		281,860,568	560,110,505
		<u>1,846,530,400</u>	<u>1,746,200,118</u>
i.	LONG TERM INVESTMENTS		
	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	2,577,817,342	2,902,043,584
	- debt instruments	46,500,000	46,500,000
	Advance for shares subscription	100,000,000	-
		<u>7,057,402,427</u>	<u>7,281,628,669</u>
.1	Equity Instruments - at FVTOCI		
	Quoted		
	MCB Bank Limited		
	18,213,195 ordinary shares of Rs.10 each - cost	896,451,123	896,451,123
	Adjustment arising from re-measurement to fair value	1,219,193,608	1,343,407,598
		<u>2,115,644,731</u>	<u>2,239,858,721</u>
	Habib Bank Limited		
	7,244,196 ordinary shares of Rs.10 each - cost	1,217,073,609	1,217,073,609
	Adjustment arising from re-measurement to fair value	(755,400,998)	(555,388,746)
		<u>461,672,611</u>	<u>661,684,863</u>
	Unquoted		
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs. 10 each	500,000	500,000
		<u>2,577,817,342</u>	<u>2,902,043,584</u>

		Un-audited December 31, 2022	Audited June 30, 2022
5.2	Debt Instruments - at FVTOCI		
	Habib Bank Limited - term finance certificates (TFCs)		
	500 (June 30, 2022: 500) term finance certificates of Rs.100,000 each - cost	50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value	(3,500,000)	(3,500,000)
		<u>46,500,000</u>	<u>46,500,000</u>
5.3	This represents advance amounting Rs.100 million paid to Sapphire Properties (Pvt.) Limited (a related party) for subscription of ordinary shares.		
6.	STOCK-IN-TRADE	Un-audited December 31, 2022	Audited June 30, 2022
		Note	
	Raw materials	10,329,710,827	9,893,799,712
	Work-in-process	1,390,736,651	1,296,808,329
	Finished goods	2,483,497,606	3,153,668,218
		<u>14,203,945,084</u>	<u>14,344,276,259</u>
7.	LONG TERM LIABILITIES		
	Long term finances	7.1	6,100,174,430
	Provision for Gas Infrastructure Development Cess	7.2	317,098,165
			<u>6,417,272,595</u>
	Less: current portion grouped under current liabilities		(1,045,739,982)
			<u>5,371,532,613</u>
7.1	Long term finances - secured		
	Balance at beginning of the period / year		6,405,605,255
	Add: disbursements during the period / year	7.1.1	152,410,000
	Less: - repayments made during the period / year		(457,840,825)
	- other changes / adjustments		-
			1,339,284
	Balance at end of the period / year		<u>6,100,174,430</u>
7.1.1	The Company, during the current period, arranged a long term finance facility amounting Rs.250 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.93.760 million in a single tranche and the loan is repayable in 40 equal quarterly installments commencing from February, 2025. These finances carry mark-up at the rate of SBP plus 1.5% per annum and are secured against joint pari pasu charge of Rs.334 million over the plant and machinery of the Company.		
	Except for the above new facilities obtained by the Company and the receipt of Rs.58.650 from Askari Bank Limited 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, 2022. These long term finances, during the period, carried mark-up / profit at the rates ranged from 0.60% to 17.08% (June 30, 2022: 0.60% to 8.58%) per annum.		

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

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

The Company has recorded a liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return.

8. SHORT TERM BORROWINGS

	Note	Un-audited December 31, 2022	Audited June 30, 2022
----- Rupees -----			
Running / cash finances - secured	8.1	9,540,895,910	8,518,082,484
Running musharakah finance - secured	8.1	1,950,339,889	2,450,000,000
Temporary bank overdraft - unsecured		91,334,171	-
		<u>11,582,569,970</u>	<u>10,968,082,484</u>

8.1 The Company has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.24,400 million (June 30, 2022: Rs.21,600 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.63,706 million (June 30, 2022: Rs.57,986 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 17.61% (June 30, 2022: 2.25% to 16.55%) per annum. These facilities are expiring on various dates upto December 31, 2023.

9. PROVISION FOR TAXATION

The provision for taxation for the six month period ended and quarter ended December 31, 2022 has been made using the best possible estimate of total annual tax liability of the Company. Amount accrued may has to be adjusted in the subsequent period.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Guarantees aggregating Rs.981.468 million (June 30, 2022: Rs.981.468 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, 2022.

	Un-audited December 31, 2022	Audited June 30, 2022
----- Rupees -----		
10.2 Commitments in respect of :		
• letters of credit for capital expenditure	<u>844,825,666</u>	<u>1,393,549,471</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>1,725,903,852</u>	<u>1,245,777,622</u>
• capital expenditure other than letters of credit	<u>477,208,053</u>	<u>685,315,214</u>
• foreign bills discounted	<u>181,809,215</u>	<u>3,870,571,986</u>

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, 2022 - Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	2,864,549,356	14,137,143	-	2,878,686,499
- Fabric	-	202,584,580	769,331,371	971,915,951
- Garments	-	27,466,746	-	27,466,746
- Waste	125,972,301	34,255,570	41,136,523	201,364,394
- Raw materials	46,466,720	-	-	46,466,720
- Local steam income	5,755,500	-	-	5,755,500
- Processing income	2,832,025	30,872,446	2,293,405	35,997,876
	3,045,575,902	309,316,485	812,761,299	4,167,653,686
Export Sales				
- Yarn	7,740,285,187	89,664,159	-	7,829,949,346
- Fabric	-	923,752,193	3,778,476,984	4,702,229,177
- Garments	-	4,386,991,180	-	4,386,991,180
- Waste	381,610,059	-	-	381,610,059
	8,121,895,246	5,400,407,532	3,778,476,984	17,300,779,762
Export rebate				
- Yarn	8,966	-	-	8,966
- Fabric	-	3,712,065	6,866,930	10,578,995
- Garments	-	35,864,990	-	35,864,990
	8,966	39,577,055	6,866,930	46,452,951
	11,167,480,114	5,749,301,072	4,598,105,213	21,514,886,399
Timing of revenue recognition				
Goods transferred at a point in time	11,164,648,089	5,718,428,626	4,595,811,808	21,478,888,523
Services rendered at a point in time	2,832,025	30,872,446	2,293,405	35,997,876
	11,167,480,114	5,749,301,072	4,598,105,213	21,514,886,399

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

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- 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
Export Sales				
- 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
Export rebate				
- 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
Timing of revenue recognition				
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

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note		----- Rupees -----			
	Finished goods at beginning of the period	2,383,642,924	1,768,211,520	3,153,668,218	1,655,968,789
12.1	Cost of goods manufactured	7,904,290,827	8,545,618,178	16,955,257,385	15,975,443,727
	Cost of raw materials sold	37,295,010	50,070,967	37,295,010	56,614,803
		7,941,585,837	8,595,689,145	16,992,552,395	16,032,058,530
		10,325,228,761	10,363,900,665	20,146,220,613	17,688,027,319
	Finished goods at end of the period	(2,483,497,606)	(2,586,510,155)	(2,483,497,606)	(2,586,510,155)
		7,841,731,155	7,777,390,510	17,662,723,007	15,101,517,164

12.1 Cost of goods manufactured

	Work-in-process at beginning of the period	1,425,442,446	1,280,295,450	1,296,808,329	1,072,589,736
	Raw materials consumed	5,454,861,492	6,695,849,002	12,035,584,624	12,438,876,746
	Direct labour and other overheads	2,414,723,540	2,101,241,831	5,013,601,083	4,001,686,510
		7,869,585,032	8,797,090,833	17,049,185,707	16,440,563,256
		9,295,027,478	10,077,386,283	18,345,994,036	17,513,152,992
	Work-in-process at end of the period	(1,390,736,651)	(1,537,709,265)	(1,390,736,651)	(1,537,709,265)
		7,904,290,827	8,539,677,018	16,955,257,385	15,975,443,727

13. OTHER INCOME

This mainly includes dividend of Rs.866.348 million (December 31, 2021: Rs.433.174 million) received from Sapphire Electric Company Limited - a Subsidiary Company.

14. CASH GENERATED FROM /
(USED IN) OPERATIONS

		Un-audited	
		Six months period ended	
		December 31, 2022	December 31, 2021
		----- Rupees -----	
	Note		
Profit before taxation		2,872,838,461	3,011,028,785
Adjustments for non-cash and other items:			
Depreciation		475,175,634	427,188,623
Amortization of intangible assets		407,773	732,515
Amortisation of government grant		(1,178,823)	(5,143,924)
Staff retirement benefit - gratuity		81,900,000	63,000,000
Provision for workers' profit participation fund		72,559,261	112,033,434
Provision for workers' welfare fund		59,162,138	-
Gain on disposal of operating fixed assets		(8,754,274)	(9,226,793)
Gain on sale of stores and spares		(2,100,898)	-
Dividend and interest income		(1,254,685,460)	(720,121,408)
Finance cost		931,051,371	666,004,227
Working capital changes	14.1	(1,492,458,452)	(6,796,615,817)
		<u>1,733,916,731</u>	<u>(3,251,120,358)</u>
14.1 Working capital changes			
Decrease / (increase) in current assets:			
- stores, spare parts and loose tools		(444,530,710)	(520,745,654)
- stock-in-trade		140,331,175	(5,114,222,364)
- trade debts		(197,528,838)	(1,863,959,196)
- loans and advances		272,468,630	(79,767,117)
- deposits and other receivables		(337,342,623)	(335,886,413)
		<u>(566,602,366)</u>	<u>(7,914,580,744)</u>
(Decrease) / increase in current liabilities:			
- trade and other payables		(872,493,655)	778,796,682
- contract liabilities		(53,362,431)	339,168,245
		<u>(925,856,086)</u>	<u>1,117,964,927</u>
		<u>(1,492,458,452)</u>	<u>(6,796,615,817)</u>

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, 2022, 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, 2022.

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.4,685.474 million (June 30, 2022: Rs.5,266.894 million).

During the period ended December 31, 2022, there were no transfers amongst the levels. Further, there were no changes in the valuation techniques during the period.

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, 2022	December 31, 2021
	----- Rupees -----	
Transactions with Subsidiary Companies		
Dividend received	866,347,800	433,173,900
Expenses charged to	553,105	-
Loans provided	203,812,517	149,822,952
Mark-up charged	53,818,601	15,636,894
Investment made	100,000,000	-
Transactions with Associated Companies		
Sales:		
• raw material / yarn / fabric / stores	103,377,363	160,750,878
• assets	-	7,000,000
Purchases:		
• raw material / yarn / fabric / stores	1,450,791,473	1,520,073,573
• assets	7,000,000	-
Services:		
• rendered	2,516,700	169,758
• obtained	-	439,737

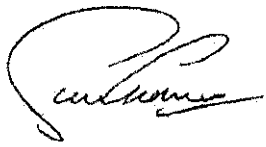
	Un-audited	
	Six months period ended	
	December 31, 2022	December 31, 2021
	----- Rupees -----	
Expenses charged by	17,009,741	20,796,777
Expenses charged to	1,863,449	5,600,830
Dividend:		
• received	66,921,675	769,030
• paid	107,150,550	48,550,990
Transactions with Key management personnel		
Remuneration and other benefits	83,819,588	61,050,351
Transactions with Retirement fund		
Contribution made	39,914,802	28,438,544
17.2 Period / year end balances are as follows:	Un-audited December 31, 2022	Audited June 30, 2022
Receivables from related parties	----- Rupees -----	
Trade debts	104,759,980	30,361,179
Other receivables	888,056,759	632,589,936
Payable to related parties		
Trade and other payables	592,411,035	728,996,091

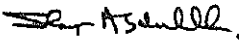
18. CORRESPONDING FIGURES

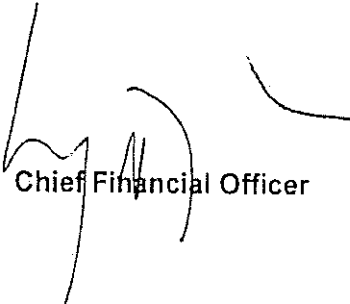
- In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2022, whereas, 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, 2021.
- 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 23, 2023.


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, Sapphire Power Limited and Sapphire Properties (Private) Limited for the period ended 31 December, 2022. 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% (2022: 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, 2022.

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, 2022.

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 Pakhtunkhawa.

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, 2022.

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

Ignite Power (Private) Limited

Ignite power (Private) Limited is a 99.93% 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.

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.

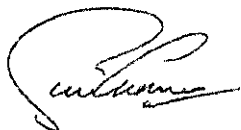
Sapphire Power limited – SPL

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 hydriil and wind power system. The Company is a wholly owned subsidiary of Sapphire Fibres Limited ("the Holding Company").


Sapphire Properties (Private) Limited – SPPL

Sapphire Properties (Private) Limited (SPPL) is incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 5, 2022. The purpose of Company is to investment in real estate projects. SPPL is a wholly owned subsidiary of Sapphire Fibres Limited.

For and on behalf of the Board of Directors



Shahid Abdullah
Chief Executive



Shayan Abdullah
Director

Lahore:

Dated: February 23, 2023



ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والی مدت کے لئے - سفائز فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفائز ایکسٹرنل کمپنی لمیٹڈ، پری میجر سینٹ لمیٹڈ، سفائز سینٹ کمپنی لمیٹڈ، سفائز ہائیڈرو لمیٹڈ، سفائز انرجی (پرائیویٹ) لمیٹڈ، اگنامت پاور (پرائیویٹ) لمیٹڈ، سفائز مانگنگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفائز بلڈنگ میٹریل لمیٹڈ، سفائز پاور لمیٹڈ اور سفائز پراپرٹیز (پرائیویٹ) لمیٹڈ کے اشتہال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتہال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفائز ایکسٹرنل کمپنی لمیٹڈ (SECL):

- سفائز ایکسٹرنل کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005ء کو کمپنیز آرڈیننس، 1984ء کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفائز فائبرز لمیٹڈ ذیلی کمپنی کے 68.11% (2022: 68.11%) حصص کی مالک ہے۔
ذیلی کمپنی کی اصل سرگرمی 212 میگا واٹ کی خالص صلاحیت کے حامل کمپائٹڈ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

پری میجر سینٹ لمیٹڈ (PCL):

پری میجر سینٹ لمیٹڈ (پی ای ایل) کمپنیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ای سی ایل 31 دسمبر 2022ء کے مطابق پی ای ایل کے 100% حصص کی مالک ہے۔
پی ای سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفائز سینٹ کمپنی لمیٹڈ (SCCL):

- سفائز سینٹ کمپنی لمیٹڈ (ایس سی سی ایل) کمپنیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ای سی ایل 31 دسمبر 2022ء کے مطابق ایس سی سی ایل کے 100% حصص کی مالک ہے۔
ایس سی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفائز ہائیڈرو لمیٹڈ (SHL):

- سفائز ہائیڈرو لمیٹڈ (ایس ایچ ایل) 07 ستمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شمسی انجیر پمپنگ سٹووا میں 682 GWh کی سالانہ بجلی کی پیداوار کی پمپنگ کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو ایکسٹرنل پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔
سفائز ہائیڈرو لمیٹڈ (ایس ایچ ایل) ہیرنٹ کمپنی سفائز فائبرز لمیٹڈ کی ذیلی کمپنی سفائز ایکسٹرنل کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

سفائز انرجی (پرائیویٹ) لمیٹڈ (SEPL):

- سفائز انرجی (پرائیویٹ) لمیٹڈ (ایس ای سی ایل) 11 دسمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ای سی ایل 31 دسمبر 2022ء کے مطابق ایس ای سی ایل کے 100% حصص کی مالک ہے۔
ایس ای سی ایل بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اور پٹرولیم مصنوعات کی ہینڈلنگ، ری کوسی فیکشن، اسٹوریج، ٹرانسپورٹ اور پروسیسنگ کے لئے ایک ٹرینٹل 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۔

انگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL):

انگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) ہیڈ کیمپنی سفائر فائبر لمیٹڈ کی ذیلی کمپنی سفائر انڈیا پرائیویٹ لمیٹڈ کی 99.93% ملکیتی ذیلی کمپنی ہے۔ انگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) ایل) 03 جولائی 2019ء کو کینیڈا کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سولہ ماہ کی سسٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور پروفیکٹس حاصل ہوتی دینے کا ارادہ رکھتی ہے۔

سفائر ہانگ کانگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (SMEL):

سفائر ہانگ کانگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020 کو کینیڈا ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ضروری منظور یوں کے حوالے سے، ایس ایم ای ایل ہانگ کانگ میں تمام اقسام کے سینٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔ ایس ایم ای ایل سفائر فائبر لمیٹڈ کی ذیلی کمپنی پریمر سسٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر ہانگ کانگ میٹریل لمیٹڈ (SBML):

سفائر ہانگ کانگ میٹریل لمیٹڈ (ایس بی ایم ایل) 24 مارچ 2021 کو کینیڈا 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 سفائر فائبر لمیٹڈ کی ذیلی کمپنی پریمر سسٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پاور لمیٹڈ (SPL):

سفائر پاور لمیٹڈ (کمپنی) 19 اپریل 2021 کو کینیڈا آرڈیننس 1984 (اب کینیڈا ایکٹ 2017) کے تحت ایک پبلک غیر مندرج کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کی اصل سرگرمی بانڈز اور ڈولڈ پاور سسٹم سمیت بجلی کی پیداوار خریداری، درآمد، ٹرانسفارم، کنورٹ، تقسیم اور سپلائی کرنا ہے۔ کمپنی سفائر فائبر لمیٹڈ (ہولڈنگ کمپنی) کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پرائیویٹ (پرائیویٹ) لمیٹڈ:

سفائر پرائیویٹ (پرائیویٹ) لمیٹڈ (ایس پی ایل) 5 اگست 2022 کو کینیڈا ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کا مقصد ریکل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنا ہے۔ سفائر پرائیویٹ (پرائیویٹ) لمیٹڈ، سفائر فائبر لمیٹڈ کی مکمل ملکیتی ذیلی ادارہ ہے۔

منجانب بورڈ آف ڈائریکٹرز



شاہد عبداللہ

چیف ایگزیکٹو

لاہور

تاریخ: 23 فروری 2023ء



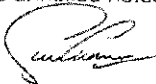
شاہد عبداللہ

ڈائریکٹر

SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	25,916,828,542	25,987,739,715
Investment property		31,750,000	31,750,000
Intangible assets		6,584,241	6,992,014
Long term investments	5	5,166,814,923	5,149,820,289
Long term loans		7,261,750	4,346,250
Long term deposits		62,426,345	62,426,345
		<u>31,191,665,801</u>	<u>31,243,074,613</u>
Current assets			
Stores, spare parts and loose tools		1,211,962,572	768,105,482
Stock-in-trade	6	14,504,074,109	14,654,647,253
Trade debts	7	15,961,186,890	13,956,754,985
Loans and advances		512,896,125	819,015,632
Trade deposits and short term prepayments		175,362,765	104,341,667
Short term investments		2,060,250,200	7,093,387,345
Other receivables		2,384,013,608	1,549,390,347
Tax refunds due from Government		3,192,474,807	2,936,119,117
Cash and bank balances		734,557,200	671,581,706
		<u>40,736,778,276</u>	<u>42,553,343,534</u>
Total assets		<u><u>71,928,444,077</u></u>	<u><u>73,796,418,147</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
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 (June 30, 2022: 20,671,875) ordinary shares of Rs.10 each		206,718,750	206,718,750
Reserves			
Unappropriated profit		1,423,372,424	1,948,458,515
Equity attributable to shareholders of the Parent Company		<u>35,374,407,640</u>	<u>32,879,156,697</u>
Non-controlling interest		37,004,498,814	35,034,333,962
Total equity		<u>6,468,728,760</u>	<u>6,338,808,434</u>
		<u>43,473,227,574</u>	<u>41,373,142,396</u>
Liabilities			
Non-current liabilities			
Long term liabilities	8	5,371,532,613	5,644,921,664
Staff retirement benefits - gratuity		443,400,007	399,538,518
Deferred taxation		133,446,473	131,893,344
		<u>5,948,379,093</u>	<u>6,176,353,526</u>
Current liabilities			
Trade and other payables		6,361,148,151	8,053,654,426
Contract liabilities		998,265,580	1,051,628,011
Accrued mark-up / interest		456,894,997	342,281,137
Short term borrowings	9	13,219,460,641	14,877,140,252
Current portion of long term finances	8	1,045,739,982	1,072,001,118
Unclaimed dividend		10,451,774	6,670,826
Provision for taxation		414,876,285	843,546,455
		<u>22,506,837,410</u>	<u>26,246,922,225</u>
Total liabilities		<u>28,455,216,503</u>	<u>32,423,275,751</u>
Contingencies and commitments	10		
Total equity and liabilities		<u><u>71,928,444,077</u></u>	<u><u>73,796,418,147</u></u>

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Director

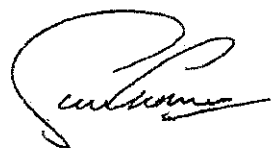

Chief Financial Officer

SAPPHIRE FIBRES LIMITED

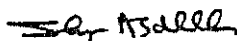
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Quarter ended		Six months period	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- Rupees -----					
Sales - net	11	10,516,067,972	14,186,608,802	29,471,669,279	29,466,417,074
Cost of Sales	12	(8,529,229,589)	(11,196,016,090)	(23,812,527,537)	(24,002,448,630)
Gross profit		1,986,838,383	2,990,592,712	5,659,141,742	5,463,968,444
Distribution cost		(337,190,741)	(464,229,762)	(967,107,205)	(833,055,945)
Administrative expenses		(170,483,990)	(182,899,005)	(340,676,680)	(307,467,566)
Other income		189,499,220	204,563,293	397,640,313	379,750,296
Other expenses		(56,246,664)	(54,580,695)	(161,607,200)	(113,495,351)
Profit from operations		1,612,416,208	2,493,446,543	4,587,390,970	4,589,699,878
Finance cost		(497,744,326)	(503,515,132)	(1,023,524,283)	(919,897,611)
		1,114,671,882	1,989,931,411	3,563,866,687	3,669,802,267
Share of profit of Associated Companies		25,608,249	59,884,278	150,324,044	242,509,964
Profit before taxation		1,140,280,131	2,049,815,689	3,714,190,731	3,912,312,231
Taxation		(242,008,468)	(159,482,131)	(415,623,926)	(260,737,754)
Profit after taxation		898,271,663	1,890,333,558	3,298,566,805	3,651,574,477
Attributable to:					
- Shareholders of the Parent Company		755,313,002	1,683,743,027	2,762,985,256	3,288,604,875
- Non-controlling interest		142,958,661	206,590,531	535,581,549	362,969,602
		898,271,663	1,890,333,558	3,298,566,805	3,651,574,477
Earnings per share - attributable to shareholders of the Parent Company		36.54	81.45	133.66	159.09

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



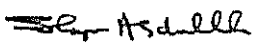
Chief Financial Officer

SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Quarter ended		Six months period	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees -----			
Profit after taxation	898,271,663	1,890,333,558	3,298,566,805	3,651,574,477
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	(104,584,496)	101,362,403	(324,226,242)	(159,425,631)
- short term	11,048,133	787,932	(257,193,848)	(218,912,171)
Impact of deferred tax	-	-	-	-
Share of fair value gain / (loss) on remeasurement of investment at fair value through other comprehensive income by Associated Companies	(513,976)	923,669	(5,106,092)	(2,507,426)
	(94,050,339)	103,074,004	(586,526,182)	(380,845,228)
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised loss on remeasurement of forward foreign exchange contracts	-	(17,346,086)	-	(17,346,086)
Impact of deferred tax of staff retirement benefit obligation	207,533	-	-	-
Share of unrealised gain / (loss) on remeasurement of hedging instruments of Associated Companies	25,360	42,372	318,574	(33,773)
	232,893	(17,303,714)	318,574	(17,379,859)
Other comprehensive gain/(loss) for the period	(93,817,446)	85,770,290	(586,207,608)	(398,225,087)
Total comprehensive income for the period	804,454,217	1,976,103,848	2,712,359,197	3,253,349,390
Attributable to:				
- Shareholders of the Parent Company	661,495,556	1,769,513,317	2,176,777,648	2,890,379,788
- Non-controlling interest	142,958,661	206,590,531	535,581,549	362,969,602
	804,454,217	1,976,103,848	2,712,359,197	3,253,349,390

The annexed notes 1 to 18 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, 2022

	Note	Six months period	
		December 31, 2022	December 31, 2021
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used) in operations	13	362,310,378	(2,149,742,163)
Staff retirement benefits paid		(38,038,511)	(44,628,257)
Finance cost paid		(908,910,423)	(845,303,433)
Taxes paid		(787,889,985)	(1,040,874,871)
Workers' profit participation fund paid		(268,466,172)	(119,661,295)
Long term loans - net		(2,915,500)	5,230,000
Net cash used in operating activities		(1,643,910,213)	(4,194,980,019)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(712,308,977)	(1,376,084,959)
Proceeds from disposal of operating fixed assets		18,217,012	21,815,786
Long term investments- net		(262,500,071)	-
Short term investments- net		4,747,661,211	(3,500,000)
Proceeds from sale of stores and spares		3,558,312	-
Dividend and interest income received		483,967,681	720,121,408
Net cash generated / (used) in investing activities		4,278,595,168	(637,647,765)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		152,410,000	802,309,318
- repaid		(457,840,825)	(436,623,272)
Dividend paid		(608,599,025)	(408,545,646)
Short term borrowings - net		(1,657,679,611)	4,891,419,817
Net cash generated / (used) from financing activities		(2,571,709,461)	4,848,560,217
Net increase in cash and cash equivalents		62,975,494	15,932,433
Cash and cash equivalents - at beginning of the period		671,581,706	518,979,417
Cash and cash equivalents - at end of the period		734,557,200	534,911,850

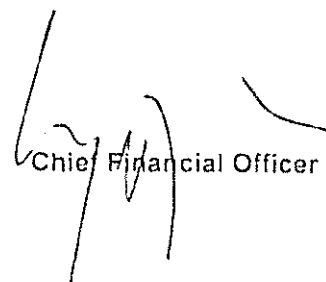
The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



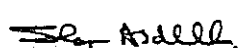
Chief Financial Officer

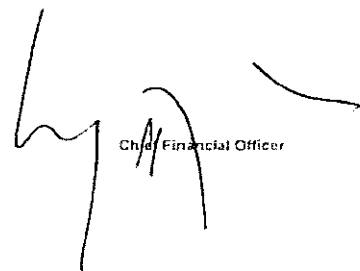
SAPPHIRE FIBRES LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Capital		Reserves Revenue			Other Components of equity			Total	Non-Controlling Interest	
	Issued, subscribed and paid-up capital	Share Premium	Maintenance reserve	General	Unappropriated profit	Sub-total	Unrealised gain / (loss) on financial assets at fair value through other comprehensive income	on hedging instrument			Sub-total
Rupees											
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	28,289,873,418	5,877,689,063
Transaction with owners	-	-	-	-	-	-	-	-	-	-	-
Final dividend for year ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	(202,830,616)
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	(202,830,616)
Profit for the period	-	-	-	-	3,288,604,875	3,288,604,875	-	-	-	1,283,504,875	362,969,602
Other comprehensive income	-	-	-	-	-	-	(380,845,228)	(17,379,853)	(398,225,081)	(398,225,081)	-
Transfer to maintenance reserve	-	-	-	-	3,288,604,875	3,288,604,875	(380,845,228)	(17,379,853)	(398,225,081)	2,893,379,788	362,969,602
Effect of items directly credited in equity by the Associated companies	-	-	-	-	976,427	976,427	-	-	-	976,427	-
Balance as at December 31, 2021 (Un-audited)	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
Balance as at July 1, 2022 (Audited)	206,718,750	391,833,750	347,810,242	1,183,845,000	32,879,155,697	34,802,645,989	24,117,363	252,160	24,969,523	35,034,333,962	6,338,808,434
Transaction with owners	-	-	-	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2022	-	-	-	-	(298,718,750)	(298,718,750)	-	-	-	(298,718,750)	(405,661,223)
Total comprehensive income for the six months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	(405,661,223)
Profit for the period	-	-	-	-	2,762,985,256	2,762,985,256	-	-	-	2,762,985,256	535,581,549
Other comprehensive profit	-	-	-	-	-	-	(586,526,182)	318,574	(586,207,608)	(586,207,608)	-
Transfer to maintenance reserve	-	-	61,121,517	-	(61,121,517)	-	-	-	-	-	-
Effect of items directly credited in equity by the Associated companies	-	-	-	-	105,954	105,954	-	-	-	105,954	-
Balance as at December 31, 2022 (Un-audited)	206,718,750	391,833,750	408,931,759	1,183,845,000	35,374,407,640	37,359,018,149	(561,808,819)	570,734	(561,238,085)	37,004,498,814	6,468,728,760

The annexed notes 1 to 18 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, 2022

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

- Sapphire Fibres Limited

Subsidiary Companies

- Sapphire Electric Company Limited - SECL
- Sapphire Hydro Limited - SHL
- Sapphire Energy (Private) Limited - SEPL
- Ignite Power (Private) Limited
- Premier Cement Limited - PCL
- Sapphire Mining Exploration (Private) Limited - SMEL
- Sapphire Building Materials Limited - SBML
- Sapphire Cement Company Limited - SCCL
- Sapphire Power Limited - SPL
- Sapphire Properties (Private) Limited - SPPL

• **Sapphire Fibres Limited**

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

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

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

• **Sapphire Electric Company Limited**

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

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

Lahore	Purpose
7-A/K, Main Boulevard, Gulberg	Registered office
Sheikhupura	
Muridke, District Sheikhupura	Production plant

• **Premier Cement Limited**

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

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

- Lahore
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
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
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
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 Sharmal, Khayber Pakhtunkhawa. The subsidiary company is in setup phase and has not yet commenced commercial operations.
- Geographical location and address of major business unit of the Subsidiary Company is as under:
- Lahore
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
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 hydriil 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.

- **Sapphire Properties (Private) Limited - SPPL**

Sapphire Properties (Private) Limited (SPPL) is incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 5, 2022. The purpose is to investment in real estate projects. SPPL is a wholly owned subsidiary of Sapphire Fibres Limited.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 (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, 2022. 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, 2022, in the SECL is 68.11% (June 30, 2022: 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, 2022 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, 2022 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, 2022.

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, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2022	Audited June 30, 2022
----- Rupees -----			
Operating fixed assets	4.1	23,656,321,821	23,835,249,035
Capital work-in-progress	4.2	2,260,506,721	2,152,490,680
		<u>25,916,828,542</u>	<u>25,987,739,715</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		23,835,249,035	23,611,318,331
Additions during the period / year	4.1.1	604,292,936	1,849,954,134
Disposals costing Rs.28.788 million (June 30, 2022: Rs.319.255 million) - at net book value		(10,372,209)	(138,623,389)
Depreciation charge for the period / year		(772,847,941)	(1,487,400,041)
Net book value at end of the period / year		<u>23,656,321,821</u>	<u>23,835,249,035</u>

4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:		Note	Un-audited	Audited
			December 31, 2022	June 30, 2022
----- Rupees -----				
Freehold land			15,751,760	-
Leasehold land			24,218,750	-
Residential buildings and others on freehold land			142,380,752	3,823,726
Factory buildings on freehold land			113,273,787	39,419,019
Plant and machinery			209,208,287	1,653,206,673
Electric installations			33,617,859	29,037,970
Equipment at mills			2,386,000	30,229,459
Computer hardware			3,212,880	17,281,886
Vehicles			49,915,906	60,719,322
Furniture and fixtures			10,326,955	16,236,079
			<u>604,292,936</u>	<u>1,849,954,134</u>
4.2 Capital work-in-progress				
Buildings			720,951,360	645,081,936
Furniture and fixtures			23,310,859	19,680,831
Plant and machinery (including in transit aggregating Rs.85.915 million (June 30, 2022: Rs.240.002 million))			820,407,613	728,961,249
Un-allocated capital expenditure			413,976,321	406,290,562
Advance payments against:				
• freehold land			-	36,680,950
• factory building			6,668,800	78,192,418
• plant and machinery			21,240,822	-
• electric installation			240,486,466	206,328,734
• vehicles			13,464,480	31,274,000
			<u>281,860,568</u>	<u>352,476,102</u>
			<u>2,260,506,721</u>	<u>2,152,490,680</u>
5. LONG TERM INVESTMENTS				
Associated Companies		5.1	2,542,497,581	2,201,276,705
Others - equity instruments		5.2	2,577,817,342	2,902,043,584
- debt instruments		5.3	46,500,000	46,500,000
			<u>5,166,814,923</u>	<u>5,149,820,289</u>
5.1 Associated Companies - equity method				
Quoted				
Reliance Cotton Spinning Mills Limited (RCSML)		5.1.1	108,334,161	99,577,454
Unquoted				
SFL Limited (SFLL)		5.1.2	3,768,954	3,391,544
Sapphire Power Generation Limited (SPGL)		5.1.3	290,732,893	281,925,998
Sapphire Dairies (Private) Limited (SDLP)		5.1.4	194,286,179	190,433,942
Tricon Boston Consulting Corporation (Private) Limited - TBCCL		5.1.5	1,682,875,323	1,625,947,767
Energas Terminal (Private) Limited - ETL		5.1.6	-	-
Energas Marketing (Private) Limited - EML		5.1.7	-	-
Creek Properties (Pvt) Ltd.		5.1.8	262,500,071	-
			<u>2,542,497,581</u>	<u>2,201,276,705</u>

- 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, 2022. 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, 2022 was Rs. 95.146 million (June 30, 2022: Rs.53.556 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, 2022. 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, 2022. 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, 2022. 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, 2022. 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 Group has made investment in ETL's 2500 fully paid ordinary shares (30 June, 2022: 2500) of Rs.10 each representing 25% (30 June, 2022: 25%) of ETL's issued, subscribed and paid-up capital as at December 31, 2022. ETL was incorporated as a private limited company and its principal business is to undertake and develop power projects.
- ETL has incurred loss amounted Rs.13.674 million during the year ended June 30, 2022 and has accumulated losses aggregated Rs. 94.257 million as on June 30, 2022. Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment.
- 5.1.7 The Subsidiary Company - Sapphire Energy (Private) Limited 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, 2022. 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
- EML has incurred loss amounted Rs.208 thousand during the year ended June 30, 2022 and it has accumulated losses aggregated Rs.662 thousand as on June 30, 2022. Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment.
- 5.1.8 Investment in Creek Properties (Pvt) Limited represents 497,489 fully paid ordinary shares having face value of PKR 10/- each offered at a price of PKR 527.65 each representing 12.95% of Creek Properties (Pvt) Limited 's issued, subscribed and paid-up capital as at December 31, 2022. Creek Properties (Pvt) Limited was incorporated as a private limited company and is principally engaged in investments in real estate segments.

5.2 Equity Instruments - at FVTOCI

Un-audited December 31, 2022	Audited June 30, 2022
----- Rupees -----	

Quoted

MCB Bank Limited

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

896,451,123

896,451,123

Adjustment arising from re-measurement
to fair value

1,219,193,608

1,343,407,598

2,115,644,731

2,239,858,721

Habib Bank Limited

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

1,217,073,609

1,217,073,609

Adjustment arising from re-measurement
to fair value

(755,400,998)

(555,388,746)

461,672,611

661,684,863

Unquoted

TCC Management Services (Private) Limited

50,000 ordinary shares of Rs. 10 each

500,000

500,000

2,577,817,342

2,902,043,584

5.3 Debt Instruments - at FVTOCI

Habib Bank Limited -

Term finance certificates - Habib Bank Limited

500 (30 June, 2022. 500) term finance certificates
of Rs.100,000 each - cost

50,000,000

50,000,000

Adjustment arising from re-measurement to fair value

(3,500,000)

(3,500,000)

46,500,000

46,500,000

6. STOCK-IN-TRADE

Raw materials

10,629,839,852

10,204,170,706

Work-in-process

1,390,736,651

1,296,808,329

Finished goods

2,483,497,606

3,153,668,218

14,504,074,109

14,654,647,253

7. TRADE DEBTS

- 7.1 These include 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 ranges from 9.38% to 19.53% per annum. These include unbilled receivables aggregating to Rs. 3,914.912 million.

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.

- 7.2 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, that works out to Rs.117.052 million as of June 30, 2022 and has been recognised as a receivable (out of which Rs.6.801 million is classified in other receivables. 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 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.

Also included in trade debts are amounts aggregating Rs 282.963 million relating to energy revenue not acknowledged by CPPA for the period from January 2020 to June 2022 on account of differences in the heat rates correction ('KH') factor. The Part Load Correction Curve ('PLAC') used in the computation of KH factor by the Group was based upon the tested capacity as per the terms of the PPA, however, CPPA based it on the total available capacity. The Group has always invoiced the energy revenue based on tested capacity as per the terms of PPA from COD and that have been acknowledged by CPPA till December 2019.

Based on the advice of the Group's legal counsel, management strongly feels that under the terms of the PPA, the Group's claim is correct and such receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

8. LONG TERM LIABILITIES	Un-audited December 31, 2022	Audited June 30, 2022
	----- Rupees -----	
Long term finances	6,100,174,430	6,405,605,255
Provision for Gas Infrastructure Development Cess	317,098,165	311,317,527
	<u>6,417,272,595</u>	<u>6,716,922,782</u>
Less: current portion grouped under current liabilities	(1,045,739,982)	(1,072,001,118)
	<u>5,371,532,613</u>	<u>5,644,921,664</u>

		Un-audited December 31, 2022 ----- Rupees -----	Audited June 30, 2022 -----
8.1	Long term finances - secured		
	Balance at beginning of the period / year	6,405,605,255	5,924,357,343
	Add: disbursements during the period / year	8.1.1 152,410,000	1,323,473,590
	Less: repayments made during the period / year	(457,840,825)	(843,564,962)
	- other changes / adjustments	-	1,339,284
	Balance at end of the period / year	<u>6,100,174,430</u>	<u>6,405,605,255</u>

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 Parent Company has recorded a liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return.

9. SHORT TERM BORROWINGS

Running / cash finances - secured	9.1	11,177,786,581	11,427,140,251
Running musharakah finance - secured	9.1	1,950,339,889	3,450,000,001
Temporary bank overdraft - unsecured		91,334,171	-
		<u>13,219,460,641</u>	<u>14,877,140,252</u>

9.1 The Group has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.39,955 million (June 30, 2022: Rs.35,455 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.63,705 million (June 30, 2022: Rs.57,986 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 17.61% (June 30, 2022: 2.25% to 14.61%) per annum. These facilities are expiring on various dates upto December 31, 2023.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Outstanding bank guarantees

Guarantees aggregating Rs. Rs.3007.860 million (June 30, 2022: Rs.3007.860 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, 2022 except disclosed above.

10.2 Commitments in respect of :	Un-audited December 31, 2022	Audited June 30, 2022
	----- Rupees -----	
• letters of credit for capital expenditure	<u>844,825,666</u>	<u>1,393,549,471</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>1,725,903,852</u>	<u>1,245,777,622</u>
• capital expenditure other than letters of credit	<u>477,208,053</u>	<u>685,315,214</u>
• foreign bills discounted	<u>181,809,215</u>	<u>3,870,571,986</u>

10.3 The Subsidiary Company - SECL has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the 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 RLNG or HSD, both of which shall be subject to a minimum annual increase of 3%.

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, 2022 - Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Local sales					
- Yarn	2,864,549,356	14,137,143	-	-	2,878,686,499
- Fabric	-	202,584,580	769,331,371	-	971,915,951
- Garments	-	27,466,746	-	-	27,466,746
- Waste	125,972,301	34,255,570	41,136,523	-	201,364,394
- Raw materials	46,466,720	-	-	-	46,466,720
- Energy purchase price	-	-	-	5,920,711,259	5,920,711,259
- Capacity purchase price	-	-	-	2,036,071,621	2,036,071,621
- Local steam income	5,755,500	-	-	-	5,755,500
- Processing income	2,832,025	30,872,446	2,293,405	-	35,997,876
	<u>3,045,575,902</u>	<u>309,316,485</u>	<u>812,761,299</u>	<u>7,956,782,880</u>	<u>12,124,436,566</u>
Export Sales					
- Yarn	7,740,285,187	89,664,159	-	-	7,829,949,346
- Fabric	-	923,752,193	3,778,476,984	-	4,702,229,177
- Garments	-	4,386,991,180	-	-	4,386,991,180
- Waste	381,610,059	-	-	-	381,610,059
	<u>8,121,895,246</u>	<u>5,400,407,532</u>	<u>3,778,476,984</u>	<u>-</u>	<u>17,300,779,762</u>
Export rebato					
- Yarn	8,966	0	-	-	8,966
- Fabric	-	3,712,065	6,866,930	-	10,578,995
- Garments	-	35,864,990	-	-	35,864,990
	<u>8,966</u>	<u>39,577,055</u>	<u>6,866,930</u>	<u>-</u>	<u>46,452,951</u>
	<u>11,167,480,114</u>	<u>5,749,301,072</u>	<u>4,598,105,213</u>	<u>7,956,782,880</u>	<u>29,471,669,279</u>
Timing of revenue recognition					
Goods transferred at a point in time	11,164,648,089	5,718,428,626	4,595,811,808	7,956,782,880	29,435,671,403
Services rendered at a point in time	2,832,025	30,872,446	2,293,405	-	35,997,876
	<u>11,167,480,114</u>	<u>5,749,301,072</u>	<u>4,598,105,213</u>	<u>7,956,782,880</u>	<u>29,471,669,279</u>

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

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Local sales					
- 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
	2,420,148,520	740,681,647	849,517,836	10,279,172,184	14,289,520,187
Export Sales					
- 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
Export rebate					
- 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	10,279,172,184	29,466,417,074
Timing of revenue recognition					
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
	10,519,397,821	3,629,527,079	5,038,319,990	10,279,172,184	29,466,417,074

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	Note	----- Rupees -----			
Finished goods at beginning of the period		2,383,642,924	1,768,211,520	3,153,668,218	1,655,968,789
Cost of goods manufactured	12.1	8,591,789,260	11,964,243,758	23,105,061,915	24,876,375,193
Cost of raw materials sold		37,295,010	50,070,967	37,295,010	56,614,803
		8,629,084,270	12,014,314,725	23,142,356,925	24,932,989,996
		11,012,727,194	13,782,526,245	26,296,025,143	26,588,958,785
Finished goods at end of the period		(2,483,497,606)	(2,586,510,155)	(2,483,497,606)	(2,586,510,155)
		8,529,229,588	11,196,016,090	23,812,527,537	24,002,448,630

12.1 Cost of goods manufactured	----- Un-audited -----			
	Quarter ended		Six months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Work-in-process at beginning of the period	1,425,442,446	1,280,295,450	1,296,808,329	1,072,589,736
Raw materials consumed	5,686,299,430	9,669,370,492	17,202,060,774	20,425,432,421
Direct labour and other overheads	2,870,784,035	2,552,287,081	5,996,929,463	4,916,062,301
	8,557,083,465	12,221,657,573	23,198,990,237	25,341,494,722
	9,982,525,911	13,501,953,023	24,495,798,566	26,414,084,458
Work-in-process at end of the period	(1,390,736,651)	(1,537,709,265)	(1,390,736,651)	(1,537,709,265)
	8,591,789,260	11,964,243,758	23,105,061,915	24,876,375,193

13. CASH USED IN OPERATIONS

	Note	Un-audited	
		Six months period ended	
		December 31, 2022	December 31, 2021
Profit before taxation		3,563,866,687	3,669,802,267
Adjustments for non-cash and other items:			
Depreciation		772,847,941	728,014,045
Amortization of intangible assets		407,773	732,515
Staff retirement benefit - gratuity		81,900,000	63,000,000
Amortisation of government grant		-	(5,143,924)
Provision for workers' profit participation fund		72,559,261	112,033,434
Provision for workers' welfare fund		59,162,138	-
Loss on sale of short term investment		28,282,086	-
Gain on disposal of operating fixed assets		(7,844,803)	(9,226,793)
Gain on sale of stores and spares		(2,100,898)	-
Dividend and interest income		(388,337,660)	(731,904,123)
Finance cost		1,023,524,283	919,897,612
Working capital changes	13.1	(4,841,956,430)	(6,896,947,196)
		362,310,378	(2,149,742,163)

13.1 Working capital changes

Increase / (decrease) in current assets:			
- stores, spare parts and loose tools		(445,314,504)	(771,935,443)
- stock-in-trade		150,573,144	(4,837,767,412)
- trade debts		(2,004,431,905)	(2,148,133,813)
- loans and advances		306,119,507	(155,184,117)
- deposits, other receivables and sales tax		(1,245,559,377)	(299,675,646)
		(3,238,613,135)	(8,212,696,431)
Increase / (decrease) in current liabilities:			
- trade and other payables		(1,555,761,502)	976,580,990
- Gas Infrastructure Development Cess		5,780,638	-
- contract liabilities		(53,362,431)	339,168,245
		(4,841,956,430)	(6,896,947,196)

14. 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, 2022, 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, 2022.

14.1 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.5,995.920 million (June 30, 2022: Rs.8,882.116 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

15. TRANSACTIONS WITH RELATED PARTIES**15.1 Significant transactions with related parties are as follows:**

Relationship with the Company	Nature of transactions	Un-audited	
		Six months period ended	
		December 31, 2022	December 31, 2021
----- Rupees -----			
(i) Associates	Sales:		
	• raw material / yarn / fabric / stores	103,377,363	160,750,878
	• assets	-	7,000,000
	Purchases:		
	• raw material / yarn / fabric / stores	1,450,791,473	1,520,073,573
	• assets	7,000,000	-
	Services:		
	• rendered	2,516,700	169,758
	• obtained	-	439,737
	Expenses charged by	17,009,741	20,796,777
	Expenses charged to	1,863,449	5,600,830
	Dividend:		
	• received	66,921,675	769,030
	• paid	107,150,550	48,550,990
(iii) Key management personnel	Remuneration and other benefits	122,931,710	88,632,586
(iv) Retirement fund	Contribution made	42,666,565	29,664,380

16. SEGMENT REPORTING

16.1 Reportable segments

The Group's reportable segments are as follows:

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

16.2 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, 2022					
Revenue - external customers	11,167,480,114	5,749,301,072	4,598,105,213	7,956,782,880	29,471,669,279
Inter - segment sale	1,523,708,149	0	0	0	1,523,708,149
Segment results	1,852,227,101	573,176,475	459,652,611	1,806,978,350	4,692,034,537
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

	Un-audited Six months period December 31, 2022 2021 ----- Rupees -----	
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segment	4,692,034,537	4,630,912,500
Administrative expenses	(340,676,680)	(307,467,566)
Other expenses	(161,607,200)	(113,495,351)
Other income	397,640,313	379,750,296
Finance cost	(1,023,524,283)	(919,897,612)
Share of profit of Associated Companies	150,324,044	242,509,964
Taxation	(415,623,926)	(260,737,754)
Profit after taxation	3,298,566,805	3,651,574,477

16.3 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Denim	Power	Total
	----- Rupees -----				
As at December 31, 2022					
Segment assets	19,200,860,983	5,045,990,002	10,328,023,833	22,972,042,947	57,546,917,765
Unallocatable assets					14,381,526,312
Total assets as per balance sheet					<u>71,928,444,077</u>
Segment liabilities	6,400,663,872	4,186,687,533	13,573,950,073	2,687,449,756	26,848,751,235
Unallocatable liabilities					1,606,465,268
Total liabilities as per balance sheet					<u>28,455,216,503</u>
As at June 30, 2022					
Segment assets	16,371,057,874	6,478,223,456	10,320,312,281	26,506,042,769	59,675,636,380
Unallocatable assets					14,129,781,767
Total assets as per balance sheet					<u>73,795,418,147</u>
Segment liabilities	4,516,855,511	6,824,138,457	13,471,902,285	6,574,758,363	31,387,654,616
Unallocatable liabilities					1,035,621,135
Total liabilities as per balance sheet					<u>32,423,275,751</u>

16.4 Geographical information

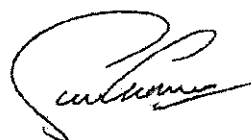
All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

17. 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, 2022, 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, 2021.

18. DATE OF AUTHORISATION FOR ISSUE

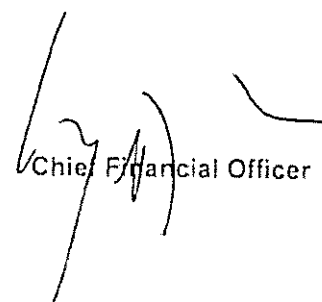
This condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on February 23, 2023.



Chief Executive Officer



Director



Chief Financial Officer