



Sapphire

2023
HALF YEARLY REPORT

SAPPHIRE FIBRES LIMITED

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. Muhammad Naeem Khan

Mr. Nadeem Arshad Elahi

Dr. Marium Chughtai

Audit Committee

Mr. Nadeem Arshad Elahi – Chairman

Mr. Shayan Abdullah – Member

Mr. Yousuf Abdullah – Member

Mr. Amer Abdullah – Member

Human Resource and

Remuneration Committee

Mr. Muhammad Naeem Khan – 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, Sheikhupura Faisalabad Road, Kharianwala

District Sheikhupura

26 KM, Sheikhupura Faisalabad Road, Ferozewattuan

District Sheikhupura

Fabric Knitting Unit

7 KM, Warburton Road, Ferozewattuan District

Sheikhupura

Fabric Dyeing and Denim Units

3.5 Km, Raiwind Manga Road, Raiwind

CONTENTS

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Directors' Report (English)

Directors' Report (Urdu)

Independent Auditors' Review Report

Unconsolidated Condensed Interim Statement of Financial Position

Unconsolidated Condensed Interim Statement of Profit or Loss

Unconsolidated Condensed Interim Statement of Comprehensive Income

Unconsolidated Condensed Interim Statement of Cash Flows

Unconsolidated Condensed Interim Statement of Changes in Equity

Notes to the Unconsolidated Condensed Interim Financial Statements

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Directors' Report (English)

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Consolidated Condensed Interim Statement of Comprehensive Income

Consolidated Condensed Interim Statement of Cash Flows

Consolidated Condensed Interim Statement of Changes in Equity

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Sapphire Fibres Limited

DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited interim financial statements for the half year ended 31 December 2023, duly reviewed by the auditors.

Financial Highlights

	31 December	
	2023	2022
	Rupees in thousand	
Sales	22,898,994	21,514,886
Gross profit	2,828,281	3,852,163
Profit from operations	3,340,232	3,803,890
Other income	1,611,326	1,311,343
Profit before taxation	1,841,245	2,872,838
Provision for tax	659,371	415,422
Profit after taxation	1,181,874	2,457,416

During first half of the current financial year, your company achieved sales of Rs. 22.9 billion compared to Rs. 21.5 billion during corresponding period of last year, showing an increase of 6.4%. The gross profit as a percentage of sales decreased from last year's 17.9% to 12.4% due to weak demand and unprecedented inflationary pressures. The company earned profit after tax of Rs. 1,182 million compared to Rs. 2,457 million during last year's corresponding period.

Earnings per share

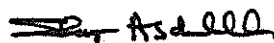
The Company's earnings per share (EPS) were at Rs.57.17 as compared to Rs. 118.88 during the same period of last year.

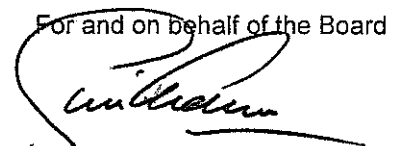
Future outlook

Global growth expectations point to a deeper slowdown in 2024 reflecting effects of tight monetary policies and high inflation. We anticipate a deceleration in demand for textiles in both domestic and export markets resulting in sustained pressure on profitability during remainder of the financial year.

While these circumstances are posing a considerable challenge, the management is steadfastly dedicated to safeguarding and enhancing competitive advantage of Company's diversified products and services to ensure sustainable success.

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


Director

For and on behalf of the Board

Chief Executive

Lahore
Dated: 26 February, 2024



Sapphire Fibres Limited

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2023ء کو ختم ہونے والی ششماہی کے لئے آڈیٹرز کی طرف سے باقاعدہ جائزہ شدہ، کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں

تفصیل	31 دسمبر 2023ء	31 دسمبر 2022ء
فروخت	22,898,994	21,514,886
مجموعی منافع	2,828,281	3,852,163
آپریٹنگ منافع	3,340,232	3,803,890
دیگر آمدنی	1,611,326	1,311,343
ٹیکس سے قبل منافع	1,841,245	2,872,838
پروویژن برائے ٹیکس	659,371	415,422
ٹیکس کے بعد منافع	1,181,874	2,457,416

مالی کارکردگی

کمپنی نے گزشتہ سال کی اسی مدت کے دوران 21.5 بلین روپے کے مقابلے اس مالی سال کی پہلی ششماہی کے دوران 22.9 بلین روپے کی فروخت حاصل کی، جو 6.4 فیصد کا اضافہ ظاہر کرتی ہے۔ کم طلب اور بے مثال افراط زر کے دباؤ کی وجہ سے فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے 17.9 فیصد سے کم ہو کر 12.4 فیصد ہو گیا۔ کمپنی نے گزشتہ سال کی اسی مدت کے دوران 2,457 بلین روپے کے مقابلے موجودہ مدت کے دوران 1,182 بلین روپے ٹیکس کے بعد منافع کمایا ہے۔

نی حصص آمدنی

کمپنی کی موجودہ مدت کی نی شیئر آمدنی (EPS) 57.17 روپے ہے جو کہ پچھلے سال کی اسی مدت کے دوران 118.88 روپے تھی۔

مستقبل کا نقطہ نظر

عالمی ٹیکسٹائل تو تھنات 2024 میں گہری سست رومی ظاہر کرتی ہیں جو سخت مالیاتی پالیسیوں اور زیادہ افراط زر کے اثرات کی عکاسی کرتی ہیں۔ ہمیں توقع ہے کہ دونوں ملکی اور برآمدی مارکیٹوں میں ٹیکسٹائل کی طلب میں کمی آئے گی جس کے نتیجے میں مالی سال کی دوسری ششماہی کے دوران منافع پر مستقل دباؤ پڑے گا۔ اگرچہ یہ حالات کافی مشکلات پیش کر رہے ہیں، انتظامیہ پائیدار کامیابی کو یقینی بنانے کے لئے کمپنی کی متنوع مصنوعات اور خدمات کی حفاظت اور مسابقتی فوائد کو بڑھانے کے لئے مستقل کوشاں ہے۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

Ser Asadullah

ڈائریکٹر

چیف ایگزیکٹو

لاہور

تاریخ: 26 فروری 2024ء

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sapphire Fibres Limited** (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

Scope of Review

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

Conclusion

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

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

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE: FEBRUARY 28, 2024

UDIN:RR2023101048Wn1kv09K

Principal Office:

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

Other Offices:

Karachi, Islamabad & Multan

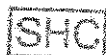


SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	15,265,909,072	15,148,289,454
Investment property		31,750,000	31,750,000
Intangible assets		3,702,258	4,804,321
Long term investments	5	8,532,653,572	7,095,441,990
Long term loans		680,570	1,510,000
Long term deposits		62,018,345	60,496,545
		<u>23,896,713,817</u>	<u>22,342,292,310</u>
Current assets			
Stores, spare parts and loose tools		1,478,790,007	963,705,040
Stock-in-trade	6	19,713,896,583	14,503,077,307
Trade debts		5,374,625,018	7,446,623,923
Loans and advances		311,473,617	281,444,587
Trade deposits and short term prepayments		57,612,503	53,587,970
Short term investments		2,452,703,391	1,609,381,756
Other receivables		1,577,843,930	1,678,329,389
Tax refunds due from Government		1,989,495,341	1,917,204,275
Cash and bank balances		531,869,279	359,991,393
		<u>33,488,309,669</u>	<u>28,813,345,640</u>
Total assets		<u><u>57,385,023,486</u></u>	<u><u>51,155,637,950</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		3,298,910,830	972,715,713
Unappropriated profit		27,428,791,748	26,529,231,407
		<u>30,934,421,328</u>	<u>27,708,665,870</u>
Liabilities			
Non-current liabilities			
Long term liabilities	7	4,391,288,957	4,881,704,404
Staff retirement benefit - gratuity		555,090,779	513,768,596
Deferred taxation		125,939,819	128,141,084
		<u>5,072,319,555</u>	<u>5,523,614,084</u>
Current liabilities			
Trade and other payables		4,710,244,425	5,819,666,818
Contract liabilities		921,680,377	727,672,349
Accrued mark-up / interest		512,550,849	360,624,213
Short term borrowings	8	12,999,455,983	8,871,715,921
Current portion of long term liabilities	7	1,258,685,097	1,172,524,522
Unclaimed dividend		8,053,772	7,213,927
Provision for taxation	9	967,612,100	963,940,246
		<u>21,378,282,603</u>	<u>17,923,357,996</u>
Total liabilities		<u>26,450,602,158</u>	<u>23,446,972,080</u>
Contingencies and commitments	10		
Total equity and liabilities		<u><u>57,385,023,486</u></u>	<u><u>51,155,637,950</u></u>

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

Chief Executive Officer



Director

Chief Financial Officer

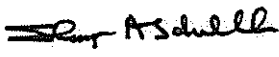
SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2023


	Note	Quarter ended		Six months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- Rupees -----					
Sales - net	11	10,619,739,265	9,297,050,312	22,898,993,963	21,514,886,399
Cost of sales	12	(9,500,304,126)	(7,841,731,155)	(20,070,713,082)	(17,662,723,007)
Gross profit		1,119,435,139	1,455,319,157	2,828,280,881	3,852,163,392
Distribution cost		(262,974,501)	(337,190,741)	(734,551,979)	(967,107,205)
Administrative expenses		(154,832,269)	(130,898,216)	(325,673,920)	(259,342,728)
Other income	13	920,688,771	1,151,678,225	1,611,326,313	1,311,343,022
Other expenses		(10,982,205)	(56,237,754)	(39,149,679)	(133,166,649)
Profit from operations		1,611,334,935	2,082,670,671	3,340,231,616	3,803,889,832
Finance cost		(828,210,936)	(453,301,740)	(1,498,986,614)	(931,051,371)
Profit before taxation		783,123,999	1,629,368,931	1,841,245,002	2,872,838,461
Taxation		(317,924,877)	(242,509,094)	(659,370,624)	(415,421,521)
Profit after taxation		465,199,122	1,386,859,837	1,181,874,378	2,457,416,940
Earnings per share - basic and diluted		22.50	67.09	57.17	118.88

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


Chief Executive Officer

SHC

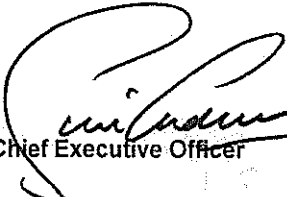

Director


Chief Financial Officer

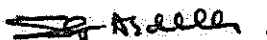
SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

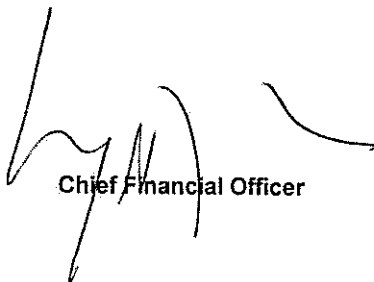
	Quarter ended		Six months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Profit after taxation	465,199,122	1,386,859,837	1,181,874,378	2,457,416,940
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on remeasurement of investment at fair value through other comprehensive income:				
- long term	961,551,880	(104,584,496)	1,348,713,484	(324,226,242)
- short term	788,406,946	11,048,133	977,481,633	(257,193,848)
	1,749,958,826	(93,536,363)	2,326,195,117	(581,420,090)
Realised loss on sale of investment at fair value through other income	(56,485,883)	-	(75,595,287)	-
Other comprehensive gain / (loss) for the period	1,693,472,943	(93,536,363)	2,250,599,830	(581,420,090)
Total comprehensive income for the period	<u>2,158,672,065</u>	<u>1,293,323,474</u>	<u>3,432,474,208</u>	<u>1,875,996,850</u>

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


Chief Executive Officer

SHC



Director


Chief Financial Officer

SAPPHIRE FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

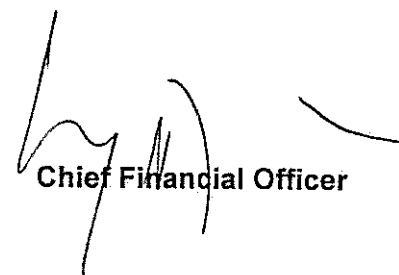
	Note	Six months period ended	
		December 31, 2023	December 31, 2022
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(2,156,593,150)	1,733,916,731
Staff retirement benefits paid		(66,077,817)	(38,038,511)
Finance cost paid		(1,347,059,978)	(847,344,004)
Taxes paid - net		(421,590,738)	(1,148,488,035)
Workers' profit participation fund paid		(199,260,238)	(272,680,123)
Long term loans - net		(692,370)	697,500
Net cash used in operating activities		(4,191,274,291)	(571,936,442)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(633,854,158)	(687,661,797)
Long term investment made		(88,498,098)	(100,000,000)
Proceeds from disposal of operating fixed assets		13,167,239	17,140,937
Proceeds from sale of stores		738,200	3,565,812
Proceeds from disposal of short term investment		58,564,712	-
Dividend and interest income received		1,498,373,842	1,254,685,460
Net cash generated from investing activities		848,491,737	487,730,412
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		-	152,410,000
- repaid		(407,200,717)	(457,840,825)
Dividend paid		(205,878,905)	(202,937,802)
Short term borrowings - net		4,127,740,062	614,487,486
Net cash generated from financing activities		3,514,660,440	106,118,859
Net increase in cash and cash equivalents		171,877,886	21,912,829
Cash and cash equivalents - at beginning of the period		359,991,393	45,831,510
Cash and cash equivalents - at end of the period		531,869,279	67,744,339

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


Chief Executive Officer

SHC



Director


Chief Financial Officer


SAPPHIRE FIBRES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

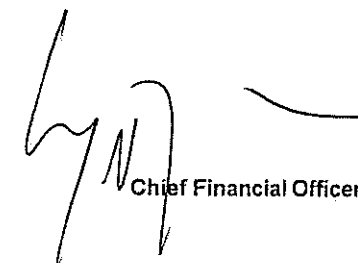
	Reserves				Sub-total	Other Components	Total
	Capital		Revenue			of equity	
	Share Premium	General	Unappropriated profit	Unrealised gain / (loss)			
	Issued, subscribed and paid-up capital					on financial assets at fair value through other comprehensive income	
----- Rupees -----							
Balance as at 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	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)
	-	-	-	2,457,416,940	2,457,416,940	(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)	25,038,243,422
Balance as at July 1, 2023 (Audited)	206,718,750	391,833,750	1,183,845,000	26,529,231,407	28,104,910,157	(602,963,037)	27,708,665,870
Transaction with owners of the Company							
Final dividend related to the year ended June 30, 2023 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, 2023							
Profit for the period	-	-	-	1,181,874,378	1,181,874,378	-	1,181,874,378
Other comprehensive income	-	-	-	-	-	2,250,599,830	2,250,599,830
Reclassification adjustment of realised loss on sale of equity instrument at fair value through other comprehensive income	-	-	-	1,181,874,378	1,181,874,378	2,250,599,830	3,432,474,208
	-	-	-	(75,595,287)	(75,595,287)	75,595,287	-
Balance as at December 31, 2023 (Un-audited)	206,718,750	391,833,750	1,183,845,000	27,428,791,748	29,004,470,498	1,723,232,080	30,934,421,328

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


 Chief Executive Officer

SHC


 Director


 Chief Financial Officer

SAPPHIRE FIBRES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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, 2023. 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, 2023 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, 2024 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, 2023.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgments, 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 judgments 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, 2023.

4. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
Operating fixed assets	4.1	13,622,494,303	13,524,386,843
Capital work-in-progress	4.2	1,643,414,769	1,623,902,611
		<u>15,265,909,072</u>	<u>15,148,289,454</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		13,524,386,843	12,885,466,235
Additions during the period / year	4.1.1	614,342,000	1,652,601,346
Disposals costing Rs.14.397 million (June 30, 2023: Rs.69.279 million) - at net book value		(3,686,692)	(15,029,860)
Depreciation charge for the period / year		(512,547,848)	(998,650,878)
Net book value at end of the period / year		<u>13,622,494,303</u>	<u>13,524,386,843</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		9,852,468	150,281,345
Factory buildings on freehold land		153,049,944	337,051,450
Plant and machinery		369,907,680	769,045,594
Electric installation		21,325,058	97,225,380
Equipment			
- Office		11,750,985	3,056,107
- Mills		-	38,819,709
- Fire fighting		-	1,586,000
Computer hardware		9,039,426	15,322,555
Vehicles		35,227,100	140,616,796
Furniture and fixtures		4,189,339	59,880,300
		<u>614,342,000</u>	<u>1,652,601,346</u>

4.1.2 These include transfer from capital work-in-progress amounting Rs.614.324 million (June 30, 2023: Rs.1,652.601 million).

	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
4.2 Capital work-in-progress			
Buildings		724,047,639	767,616,165
Furniture and fixtures		3,255,475	3,255,475
Plant and machinery	4.2.1 & 4.2.2	782,406,253	554,428,850
Advance payments against:			
• factory / office building		6,668,800	6,668,800
• electric installation		118,235,507	278,811,721
• vehicles		8,726,095	11,077,100
• computers		75,000	2,044,500
		133,705,402	298,602,121
		1,643,414,769	1,623,902,611

4.2.1 The company during the period has capitalized borrowing cost of Rs.32.550 million (June 30, 2023: Rs.10.605 million) charged at the rate ranging from 15.81% to 23.28% (June 30, 2023: 2.85% to 22.98%) per annum.

4.2.2 These include purchase of machinery of Rs.25 million from Reliance Cotton Spinning Mills Limited (a related party).

5. LONG TERM INVESTMENTS

	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
Subsidiary Companies - at cost		3,675,058,316	3,675,058,316
Associated Companies - at cost		758,276,769	758,276,769
Others - equity instruments	5.1	4,053,818,487	2,615,856,905
- debt instruments	5.2	45,500,000	46,250,000
		8,532,653,572	7,095,441,990

5.1 Equity Instruments - at FVTOCI

Quoted

MCB Bank Limited

18,837,275 (June 30, 2023: 18,213,195)

ordinary shares of Rs.10 each - cost

984,949,221 896,451,123

Adjustment arising from

re-measurement to fair value

2,265,422,581 1,188,413,309

3,250,371,802 2,084,864,432

Habib Bank Limited

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

1,217,073,609 1,217,073,609

Adjustment arising from

re-measurement to fair value

(414,126,924) (686,581,136)

802,946,685 530,492,473

Unquoted

TCC Management Services (Private) Limited

50,000 ordinary shares of Rs. 10 each

500,000 500,000

4,053,818,487 2,615,856,905

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
5.2 Debt Instruments - at FVTOCI			
Habib Bank Limited - term finance certificates (TFCs)			
500 (June 30, 2023: 500) term finance certificates of Rs.100,000 each - cost		50,000,000	50,000,000
Adjustment arising from re-measurement to fair value		(4,500,000)	(3,750,000)
		<u>45,500,000</u>	<u>46,250,000</u>
6. STOCK-IN-TRADE			
Raw materials		15,169,932,593	9,778,943,759
Work-in-process		1,194,389,844	1,264,365,323
Finished goods		3,349,574,146	3,459,768,225
		<u>19,713,896,583</u>	<u>14,503,077,307</u>
7. LONG TERM LIABILITIES			
Long term finances	7.1	5,325,622,589	5,732,823,306
Provision for Gas Infrastructure Development Cess	7.2	324,351,465	321,405,620
		<u>5,649,974,054</u>	<u>6,054,228,926</u>
Less: current portion grouped under current liabilities		(1,258,685,097)	(1,172,524,522)
		<u>4,391,288,957</u>	<u>4,881,704,404</u>
7.1 Long term finances - secured			
Balance at beginning of the period / year		5,732,823,306	6,405,605,255
Add: disbursements during the period / year	7.1.1	-	152,410,000
Less: repayments made during the period / year		(407,200,717)	(825,191,949)
Balance at end of the period / year		<u>5,325,622,589</u>	<u>5,732,823,306</u>
7.1.1			
All the 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, 2023. These long term finances, during the period, carried mark-up / profit at the rates ranged from 2.00% to 23.91% (June 30, 2023: 0.60% to 5.50%) per annum.			
7.2			
The Honorable Supreme Court of Pakistan (SCP) vide its judgment 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 judgment 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, 2023	Audited June 30, 2023
		----- Rupees -----	
Running / cash finances - secured	8.1	10,721,342,728	7,594,853,715
Running musharakah finance - secured	8.1	2,171,706,136	1,276,862,206
Temporary bank overdraft - unsecured		106,407,119	-
		<u>12,999,455,983</u>	<u>8,871,715,921</u>

8.1 The Company has obtained short term finance facilities, aggregating Rs.27,300 million (June 30, 2023: Rs.27,300 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.61,668 million (June 30, 2023: Rs.71,697 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 16.25% to 23.99% (June 30, 2023: 2.25% to 22.94%) per annum. These facilities are expiring on various dates upto September 30, 2025.

9. PROVISION FOR TAXATION

The provision for taxation for the six month period ended and quarter ended December 31, 2023 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.1,195.018 million (June 30, 2023: Rs.1,075.018 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, 2023.

10.2 Commitments in respect of :

	Un-audited December 31, 2023	Audited June 30, 2023
		----- Rupees -----
• letters of credit for capital expenditure	<u>1,314,620,873</u>	<u>1,235,628,309</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>1,845,711,175</u>	<u>2,677,418,828</u>
• capital expenditure other than letters of credit	<u>203,984,001</u>	<u>216,929,844</u>
• foreign bills discounted	<u>3,530,247,942</u>	<u>1,357,638,826</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, 2023 - Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	1,722,057,960	13,007,134	-	1,735,065,094
- Fabric	-	257,143,302	760,704,465	1,017,847,767
- Garments	-	95,885,555	-	95,885,555
- Waste	137,599,846	23,260,695	78,609,296	239,469,837
- Raw materials	57,788,884	-	-	57,788,884
- Local steam income	7,473,700	-	-	7,473,700
- Processing income	13,309,958	535,466,544	12,406,379	561,182,881
	1,938,230,348	924,763,230	851,720,140	3,714,713,718
Export Sales				
- Yarn	11,888,073,275	92,508,053	-	11,980,581,328
- Fabric	-	237,269,104	4,955,355,392	5,192,624,496
- Garments	-	1,723,006,362	-	1,723,006,362
- Waste	244,858,235	-	-	244,858,235
	12,132,931,510	2,052,783,519	4,955,355,392	19,141,070,421
Export rebate				
- Yarn	335,190	-	-	335,190
- Fabric	-	910,177	9,481,531	10,391,708
- Garments	-	32,482,926	-	32,482,926
	335,190	33,393,103	9,481,531	43,209,824
	14,071,497,048	3,010,939,852	5,816,557,063	22,898,993,963
Timing of revenue recognition				
Goods transferred at a point in time	14,058,187,090	2,475,473,308	5,804,150,684	22,337,811,082
Services rendered at a point in time	13,309,958	535,466,544	12,406,379	561,182,881
	14,071,497,048	3,010,939,852	5,816,557,063	22,898,993,963

11.1 This includes sales made to direct exporters against Export facilitation Scheme (EFS) to related parties under S.R.O 957(1)/ 2021 dated July 30, 2021, amounting to Rs.2,220.712 million (December 31, 2022: Rs. Nil)

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

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note		----- Rupees -----			
	Finished goods at beginning of the period	2,783,049,448	2,383,642,924	3,459,768,225	3,153,668,218
	Cost of goods manufactured	10,063,598,987	7,904,290,827	19,901,095,788	16,955,257,385
	Cost of raw materials sold	59,423,216	37,295,010	59,423,216	37,295,010
		10,123,022,203	7,941,585,837	19,960,519,004	16,992,552,395
		12,906,071,651	10,325,228,761	23,420,287,229	20,146,220,613
	Finished goods at end of the period	(3,349,574,147)	(2,483,497,606)	(3,349,574,147)	(2,483,497,606)
		9,556,497,504	7,841,731,155	20,070,713,082	17,662,723,007

12.1 Cost of goods manufactured

	Work-in-process at beginning of the period	1,408,655,303	1,425,442,446	1,264,365,323	1,296,808,329
	Raw materials consumed	7,011,838,609	5,454,861,492	14,427,893,627	12,035,584,624
	Direct labour and other overheads	2,836,843,501	2,414,723,540	5,403,226,680	5,013,601,083
		9,848,682,110	7,869,585,032	19,831,120,307	17,049,185,707
		11,257,337,413	9,295,027,478	21,095,485,630	18,345,994,036
	Work-in-process at end of the period	(1,194,389,844)	(1,390,736,651)	(1,194,389,844)	(1,390,736,651)
		10,062,947,569	7,904,290,827	19,901,095,786	16,955,257,385

13. OTHER INCOME

This mainly includes dividend of Rs.866.348 million (December 31, 2022: Rs.866.348 million) received from Sapphire Electric Company Limited - a Subsidiary Company.

14. CASH (USED IN) /
GENERATED FROM OPERATIONS

Un-audited

Six months period ended

December 31, 2023 December 31, 2022

----- Rupees -----

	Note	December 31, 2023	December 31, 2022
Profit before taxation		1,841,245,002	2,872,838,461
Adjustments for non-cash and other items:			
Depreciation		512,547,848	475,175,634
Amortization of intangible assets		1,102,063	407,773
Amortisation of government grant		-	(1,178,823)
Staff retirement benefit - gratuity		107,400,000	81,900,000
Provision for workers' profit participation fund		-	72,559,261
Provision for workers' welfare fund		37,438,643	59,162,138
Gain on disposal of operating fixed assets		(9,480,548)	(8,754,274)
Gain on sale of stores and spares		(738,199)	(2,100,898)
Dividend and interest income		(1,498,373,842)	(1,254,685,460)
Finance cost		1,498,986,614	931,051,371
Working capital changes	14.1	(4,646,720,731)	(1,492,458,452)
		(2,156,593,150)	1,733,916,731

14.1 Working capital changes

(Increase) / decrease in current assets:

- stores, spare parts and loose tools	(515,084,967)	(444,530,710)
- stock-in-trade	(5,210,819,276)	140,331,175
- trade debts	2,071,998,905	(197,528,838)
- loans and advances	(30,029,030)	272,468,630
- deposits and other receivables	(214,745,749)	(337,342,623)
	(3,898,680,117)	(566,602,366)

(Decrease) / increase in current liabilities:

- trade and other payables	(942,048,642)	(872,493,655)
- contract liabilities	194,008,028	(53,362,431)
	(748,040,614)	(925,856,086)
	(4,646,720,731)	(1,492,458,452)

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, 2023, 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, 2023.

16. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.6,552.928 million (June 30, 2023: Rs.4,272.395 million).

During the period ended December 31, 2023, 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, 2023	December 31, 2022
	----- Rupees -----	
Transactions with Subsidiary Companies		
Dividend received	866,347,800	866,347,800
Expenses charged to	164,317	553,105
Loans provided	36,616,031	203,812,517
Mark-up charged	94,079,791	53,818,601
Investment made	-	100,000,000
Transactions with Associated Companies		
Sales:		
• raw material / yarn / fabric / stores	291,079,732	103,377,363
Purchases:		
• raw material / yarn / fabric / stores	1,532,432,599	1,450,791,473
• assets	25,000,000	7,000,000
Services:		
• rendered	9,271,900	2,516,700
• obtained	8,967,807	-

	Un-audited	
	Six months period ended	
	December 31, 2023	December 31, 2022
	----- Rupees -----	
Expenses charged by	48,812,868	17,009,741
Expenses charged to	35,351,247	1,863,449
Dividend:		
• received	71,864,472	66,921,675
• paid	111,201,540	107,150,550
Transactions with Key management personnel		
Remuneration and other benefits	301,791,593	83,819,588
Transactions with Retirement fund		
Contribution made	23,840,244	39,914,802
	Un-audited	Audited
	December 31, 2023	June 30, 2023
	----- Rupees -----	
17.2 Period / year end balances are as follows:		
Receivables from related parties		
Trade debts	102,375,871	86,255,592
Other receivables	1,142,638,521	1,011,257,641
Payable to related parties		
Trade and other payables	270,146,531	744,094,881


18. CORRESPONDING FIGURES

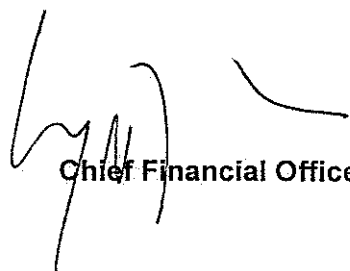
- In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2023, whereas, 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, 2022.
- 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 **26-02-24**


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, 2023. 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 (SECL):

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% (2023: 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 (PCL):

Premier Cement Limited 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, 2023.

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

Sapphire Cement Company Limited (SCCL):

Sapphire Cement Company Limited 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, 2023.

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

Sapphire Hydro Limited (SHL):

Sapphire Hydro Limited 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 (SEPL):

Sapphire Energy (Private) Limited 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, 2023.

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



Sapphire Fibres Limited

Ignite Power (Private) Limited (IPPL):

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

Sapphire Properties (Private) Limited (SPPL):

Sapphire Properties (Private) Limited was 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 26, 2024



ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2023ء کو ختم ہونے والی مدت کے لئے سفار فاہرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفار الیکٹرک کمپنی لمیٹڈ، پریمیر سینٹ لمیٹڈ، سفار سینٹ کمپنی لمیٹڈ، سفار ہائیڈرو لمیٹڈ، سفار انرجی (پرائیویٹ) لمیٹڈ، اگنائٹ پاور (پرائیویٹ) لمیٹڈ، سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفار بلڈنگ میٹریل لمیٹڈ، سفار پاور لمیٹڈ اور سفار پرائیویٹ (پرائیویٹ) لمیٹڈ کے اشتمال 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 اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفار الیکٹرک کمپنی لمیٹڈ (SECL):

سفار الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005ء کو گھنیز آرڈیننس، 1984ء کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفار فاہرز لمیٹڈ ذیلی کمپنی کے 68.11% (2023) حصص کیپٹل کی مالک ہے۔
ذیلی کمپنی کی اصل سرگرمی 212 میگا واٹ کی خالص صلاحیت کے حامل کبائٹ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

پریمیر سینٹ لمیٹڈ (PCL):

پریمیر سینٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کو گھنیز آرڈیننس، 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2023ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔
پی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفار سینٹ کمپنی لمیٹڈ (SCCL):

سفار سینٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016ء کو گھنیز آرڈیننس، 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2023ء کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔
ایس سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفار ہائیڈرو لمیٹڈ (SHL):

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

سفار انرجی (پرائیویٹ) لمیٹڈ (SEPL):

سفار انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو گھنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 دسمبر 2023ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔
ایس ای پی ایل بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اور پیرو لیم مصنوعات کی پینڈنگ، ری گیس فیکشن، اسٹوریج، ٹریڈنگ اور پروسیسنگ کے لئے ایک ٹریڈنگ جٹا نے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔



Sapphire Fibres Limited

آگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL):

آگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) بیزنس کمپنی سفائر فائبرز لمیٹڈ کی ذیلی کمپنی۔ سفائر انرجی پرائیویٹ لمیٹڈ کی 99.93% ملکیتی ذیلی کمپنی ہے۔ آگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) 03 جولائی 2019ء کو گھنیزا ایکٹ 2017ء کے تحت ایک پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سو لاکھ روپے کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور پروجیکٹس حاصل، ترقی دینے کا ارادہ رکھتی ہے۔

سفائر مائنگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (SMEL):

سفائر مائنگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020ء کو گھنیزا ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ضروری منظور یوں کے حوالہ سے، ایس ایم ای ایل گلگت میں تمام اقسام کے سینٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔ ایس ایم ای ایل سفائر فائبرز لمیٹڈ کی ذیلی کمپنی پریئر سینٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر بلڈنگ میٹریل لمیٹڈ (SBML):

سفائر بلڈنگ میٹریل لمیٹڈ (ایس بی ایم ایل) 24 مارچ 2021ء کو گھنیزا ایکٹ 2017ء 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 فائبرز لمیٹڈ کی ذیلی کمپنی پریئر سینٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پاور لمیٹڈ (SPL):

سفائر پاور لمیٹڈ (کمپنی) 19 اپریل 2021ء کو گھنیزا ایکٹ 2017ء کے تحت ایک پبلک غیر مندرج کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کی اصل سرگرمی ہائیڈرو پاور اور وینڈ پاور سسٹم سمیت بجلی کی پیداوار، خریداری، درآمد، ٹرانسمیشن، کنورٹ، تقسیم اور سپلائی کرنا ہے۔ کمپنی سفائر فائبرز لمیٹڈ (ہولڈنگ کمپنی) کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (SPPL):

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

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

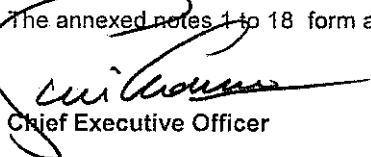
لاہور

تاریخ: 26 فروری 2024ء

SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	Un-audited December 31, 2023	Audited June 30, 2023
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	25,775,982,506	25,941,999,805
Investment property		31,750,000	31,750,000
Intangible assets		9,315,162	10,417,225
Long term investments	5	7,568,306,936	5,649,807,415
Long term loans		3,570,570	4,400,000
Long term deposits		63,948,145	62,426,345
		33,452,873,319	31,700,800,790
Current assets			
Stores, spare parts and loose tools		1,488,641,647	973,556,680
Stock-in-trade	6	20,012,520,123	14,806,602,454
Trade debts	7	15,657,934,464	19,608,973,872
Loans and advances		652,054,426	592,488,078
Trade deposits and short term prepayments		71,397,711	121,116,289
Short term investments		2,987,595,053	3,243,639,904
Other receivables		1,846,224,384	1,748,760,568
Tax refunds due from Government		2,624,198,441	2,567,218,953
Cash and bank balances		1,512,700,752	1,399,220,229
		46,853,267,001	45,061,577,027
Total assets		80,306,140,320	76,762,377,817
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,671,875 (June 30, 2023: 20,671,875) ordinary shares of Rs.10 each		206,718,750	206,718,750
Reserves		3,304,396,075	1,531,851,130
Unappropriated profit		40,995,832,653	39,301,687,521
Equity attributable to shareholders of the Parent Company		44,506,947,478	41,040,257,401
Non-controlling interest		6,885,530,664	6,955,409,522
Total equity		51,392,478,142	47,995,666,923
Liabilities			
Non-current liabilities			
Long term liabilities	8	4,391,288,958	4,881,704,404
Staff retirement benefits - gratuity		555,090,779	513,768,596
Deferred taxation		140,267,394	140,579,850
		5,086,647,131	5,536,052,850
Current liabilities			
Trade and other payables		6,923,001,148	8,750,053,148
Contract liabilities		921,680,377	727,672,349
Accrued mark-up / interest		654,098,993	469,764,094
Short term borrowings	9	13,092,319,843	10,901,144,743
Current portion of long term finances	8	1,258,685,096	1,172,524,522
Unclaimed dividend		8,053,772	241,818,718
Provision for taxation		969,175,818	967,680,470
		23,827,015,047	23,230,658,044
Total liabilities		28,913,662,178	28,766,710,894
Contingencies and commitments	10		
Total equity and liabilities		80,306,140,320	76,762,377,817

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


Chief Executive Officer


Director

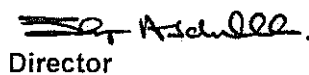

Chief Financial Officer

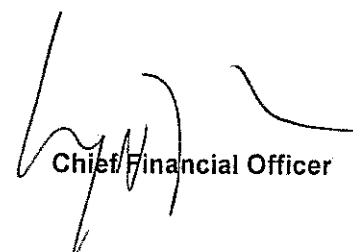
SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Quarter ended		Six months period	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- Rupees -----			
Sales - net	11	12,344,832,074	10,516,067,972	34,308,388,314	29,471,669,279
Cost of Sales	12	(11,296,636,826)	(8,529,229,589)	(30,323,944,157)	(23,812,527,537)
Gross profit		1,048,195,248	1,986,838,383	3,984,444,157	5,659,141,742
Distribution cost		(262,974,501)	(337,190,741)	(734,551,979)	(967,107,205)
Administrative expenses		(196,230,493)	(170,483,990)	(420,586,720)	(340,676,680)
Other income		465,775,187	189,499,220	745,460,352	397,640,313
Other expenses		(10,982,205)	(56,246,664)	(39,149,679)	(161,607,200)
Profit from operations		1,043,783,236	1,612,416,208	3,535,616,131	4,587,390,970
Finance cost		(912,447,649)	(497,744,326)	(1,665,921,751)	(1,023,524,283)
		131,335,587	1,114,671,882	1,869,694,380	3,563,866,687
Share of profit of Associated Companies		198,459,659	25,608,249	535,977,729	150,324,044
Profit before taxation		329,795,246	1,140,280,131	2,405,672,109	3,714,190,731
Taxation		(330,945,781)	(242,008,468)	(664,255,429)	(415,623,926)
Profit after taxation		(1,150,535)	898,271,663	1,741,416,680	3,298,566,805
Attributable to:					
- Shareholders of the Parent Company		23,364,235	691,681,132	1,405,634,315	2,762,985,256
- Non-controlling interest		(24,514,770)	206,590,531	335,782,365	535,581,549
		(1,150,535)	898,271,663	1,741,416,680	3,298,566,805
Earnings per share					
- attributable to shareholders of the Parent Company		1.13	33.46	68.00	133.66

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


Chief Executive Officer


Director

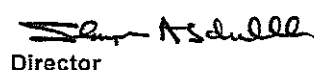

Chief Financial Officer

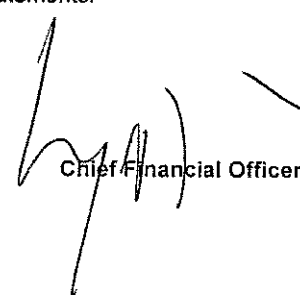
SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Quarter ended		Six months period	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Profit after taxation	(1,150,535)	898,271,663	1,741,416,680	3,298,566,805
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	961,551,880	(104,584,496)	1,348,713,484	(324,226,242)
- short term	788,406,946	11,048,133	977,481,633	(257,193,848)
Impact of deferred tax	-	-	-	-
Realised loss on sale of investment at fair value through other comprehensive income	(56,485,883)	-	(75,595,287)	-
Share of fair value gain / (loss) on remeasurement of investment at fair value through other comprehensive income by Associated Companies	12,721,951	(513,976)	17,114,111	(5,106,092)
	1,706,194,894	(94,050,339)	2,267,713,941	(586,526,182)
Items that will be reclassified to statement of profit or loss subsequently				
Impact of deferred tax of staff retirement benefit obligation	-	207,533	-	-
Share of unrealised gain / (loss) on remeasurement of hedging instruments of Associated Companies	(91,517)	25,360	-	318,574
	(91,517)	232,893	-	318,574
Other comprehensive gain/(loss) for the period	1,706,103,377	(93,817,446)	2,267,713,941	(586,207,608)
Total comprehensive income for the period	1,704,952,842	804,454,217	4,009,130,621	2,712,359,197
Attributable to:				
- Shareholders of the Parent Company	1,729,467,612	661,495,556	3,673,348,256	2,349,389,595
- Non-controlling interest	(24,514,770)	142,958,661	335,782,365	362,969,602
	1,704,952,842	804,454,217	4,009,130,621	2,712,359,197

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


Chief Executive Officer


Director

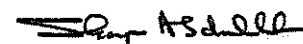

Chief Financial Officer

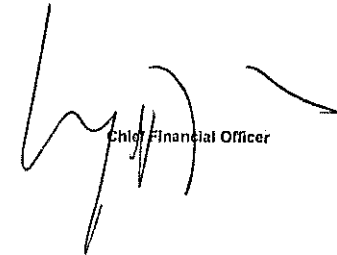
SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Capital		Reserves			Other Components of equity				Total	Non-Controlling Interest
	Issued, subscribed and paid-up capital	Share Premium	Maintenance reserve	General Revenue	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, 2022 (Audited)	206,718,750	391,833,750	347,810,242	1,183,845,000	32,879,156,697	34,802,645,689	24,717,363	252,160	24,969,523	35,034,333,962	6,338,808,434
Transaction with owners											
Final dividend for year ended June 30, 2022	-	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)	(405,661,223)
Total comprehensive income for the six months period ended December 31, 2022											
Profit for the period	-	-	-	-	2,762,985,256	2,762,985,256	-	-	-	2,762,985,256	535,581,549
Other comprehensive income	-	-	-	-	-	-	(586,526,182)	318,574	(586,207,608)	(586,207,608)	-
	-	-	-	-	2,762,985,256	2,762,985,256	(586,526,182)	318,574	(586,207,608)	2,176,777,648	535,581,549
Effect of items directly credited in equity by the Associated companies	-	-	-	-	976,427	976,427	-	-	-	976,427	-
Balance as at December 31, 2022 (Un-audited)	206,718,750	391,833,750	347,810,242	1,183,845,000	35,436,399,630	37,359,888,622	(561,808,819)	570,734	(561,238,085)	37,005,369,287	6,468,728,760
Balance as at July 1, 2023 (Audited)	206,718,750	391,833,750	584,910,480	1,183,845,000	39,301,687,521	41,462,276,751	(629,691,620)	953,520	(629,738,100)	41,040,257,401	6,955,409,522
Transaction with owners											
Final dividend for the year ended June 30, 2023	-	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)	(405,661,223)
Total comprehensive income for the six months period ended December 31, 2023											
Profit for the period	-	-	-	-	1,405,634,315	1,405,634,315	-	-	-	1,405,634,315	335,782,365
Other comprehensive profit	-	-	-	-	-	-	2,267,713,941	-	2,267,713,941	2,267,713,941	-
	-	-	-	-	1,405,634,315	1,405,634,315	2,267,713,941	-	2,267,713,941	3,673,348,256	335,782,365
Transfer to maintenance reserve	-	-	(570,764,283)	-	570,764,283	-	-	-	-	-	-
Reclassification adjustment of realised loss on sale of equity instrument at fair value through OCI	-	-	-	-	(75,595,287)	(75,595,287)	75,595,287	-	75,595,287	-	-
Effect of items directly credited in equity by the Associated companies	-	-	-	-	60,571	60,571	-	-	-	60,571	-
Balance as at December 31, 2023 (Un-audited)	206,718,750	391,833,750	14,146,197	1,183,845,000	40,995,832,653	42,585,657,600	1,713,617,608	953,520	1,714,571,128	44,506,947,478	6,885,530,664

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


Chief Executive Officer


Director

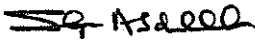

Chief Financial Officer

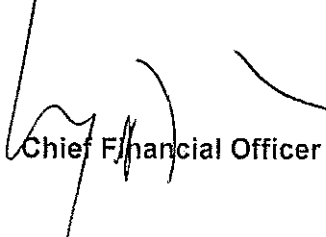
SAPPHIRE FIBRES LIMITED
CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Six months period	
		December 31, 2023	December 31, 2022
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated in operations	13	348,612,760	362,310,378
Staff retirement benefits paid		(66,077,817)	(38,038,511)
Finance cost paid		(1,481,586,852)	(908,910,423)
Taxes paid		(490,413,860)	(787,889,985)
Workers' profit participation fund paid		(197,175,906)	(268,466,172)
Long term loans - net		829,430	(2,915,500)
Long term deposits - net		(1,521,800)	-
Net cash used in operating activities		(1,887,334,045)	(1,643,910,213)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(648,648,660)	(712,308,977)
Proceeds from disposal of operating fixed assets		13,167,239	18,217,012
Long term investments- net		(88,498,098)	(262,500,071)
Short term investments- net		1,154,200,382	4,747,661,211
Proceeds from sale of stores and spares		738,199	3,558,312
Dividend and interest income received		632,026,042	483,967,681
Net cash generated from investing activities		1,062,985,104	4,278,595,168
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		-	152,410,000
- repaid		(407,200,717)	(457,840,825)
Dividend paid		(846,144,919)	(608,599,025)
Short term borrowings - net		2,191,175,100	(1,657,679,611)
Net cash generated from / (used in) financing activities		937,829,464	(2,571,709,461)
Net increase in cash and cash equivalents		113,480,523	62,975,494
Cash and cash equivalents - at beginning of the period		1,399,220,229	671,581,706
Cash and cash equivalents - at end of the period		1,512,700,752	734,557,200

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, 2023

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

Purpose

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

Purpose

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

Purpose

Registered office

• **Sapphire Hydro Limited - SHL**

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

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

Lahore

7 - A/K, Main Boulevard, Gulberg

Purpose

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

Purpose

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 hydril 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 SIGNIFCANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

2.1.2 These consolidated condensed interim financial statements do not include all the information and disclosures as required in an annual audited consolidated financial statements, and these should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2023. 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, 2023, in the SECL is 68.11% (June 30, 2023: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. SEPL is a wholly owned subsidiary company and effective holding of the Parent Company in IPPL is also 100% as it is wholly owned Subsidiary of SEPL. The other companies PCL, SCCL, SPL, SBML, SMEL and SPPL are wholly owned Subsidiary Companies of the Parent Company.

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, 2023 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, 2023 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, 2023.

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, 2023.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
Operating fixed assets	4.1	23,703,828,793	23,893,565,448
Capital work-in-progress	4.2	2,072,153,713	2,048,434,357
		25,775,982,506	25,941,999,805
4.1 Operating fixed assets			
Net book value at beginning of the period / year		23,893,565,448	23,835,249,035
Additions during the period / year	4.1.1	624,929,304	1,673,954,117
Disposals costing Rs.14.397 million (June 30, 2023: Rs.76.523 million) - at net book value		(3,686,692)	(18,759,441)
Depreciation charge for the period / year		(810,979,267)	(1,596,878,263)
Net book value at end of the period / year		23,703,828,793	23,893,565,448

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, 2023	June 30, 2023
			----- Rupees -----	
Freehold land			-	15,751,760
Leasehold land			-	24,218,750
Residential buildings and others on freehold land			9,852,472	150,281,345
Factory buildings on freehold land			153,049,944	345,006,800
Plant and machinery			369,907,680	769,045,594
Electric installations			21,325,058	105,150,501
Equipment at mills			11,750,985	43,461,816
Computer hardware			9,928,726	15,934,955
Vehicles			44,925,100	145,222,296
Furniture and fixtures			4,189,339	59,880,300
			<u>624,929,304</u>	<u>1,673,954,117</u>
4.2 Capital work-in-progress				
Buildings			724,047,639	767,616,165
Furniture and fixtures			3,255,475	3,255,475
Plant and machinery {including in transit aggregating Rs. Nil (June 30, 2023: Nil)}			782,406,253	554,428,850
Un-allocated capital expenditure			428,538,944	422,831,746
Advance payments against:				
• factory building			6,668,800	6,668,800
• electric installation			118,235,507	278,811,721
• vehicles			8,926,095	12,777,100
• computer software			75,000	2,044,500
			<u>133,830,402</u>	<u>300,302,121</u>
			<u>2,072,153,713</u>	<u>2,048,434,357</u>
5. LONG TERM INVESTMENTS				
Associated Companies		5.1	3,468,988,449	2,987,700,510
Others - equity instruments		5.2	4,053,818,487	2,615,856,905
- debt instruments		5.3	45,500,000	46,250,000
			<u>7,568,306,936</u>	<u>5,649,807,415</u>
5.1 Associated Companies - equity method				
Quoted				
Reliance Cotton Spinning Mills Limited (RCSML)		5.1.1	128,651,544	118,043,827
Unquoted				
SFL Limited (SFLL)		5.1.2	5,599,145	5,235,247
Sapphire Power Generation Limited (SPGL)		5.1.3	347,257,450	314,069,934
Sapphire Dairies (Private) Limited (SDLP)		5.1.4	206,892,500	206,595,712
Tricon Boston Consulting Corporation (Private) Limited - TBCCL		5.1.5	2,456,147,506	2,019,315,486
Energas Terminal (Private) Limited - ETL		5.1.6	-	-
Energas Marketing (Private) Limited - EML		5.1.7	-	-
Creek Properties (Pvt) Ltd. - CPPL		5.1.8	324,440,304	324,440,304
			<u>3,468,988,449</u>	<u>2,987,700,510</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, 2023. 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, 2023 was Rs. 75.006 million (June 30, 2023: Rs.71.025 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, 2023. 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, 2023. 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, 2023. 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, 2023. 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, 2023: 2500) of Rs.10 each representing 25% (30 June, 2023: 25%) of ETL's issued, subscribed and paid-up capital as at December 31, 2023. 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.21.640 million during the year ended June 30, 2023 and has accumulated losses aggregated Rs. 115.898 million as on June 30, 2023. 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 2,500 fully paid ordinary shares of Rs.10 each representing 25% of EML's issued, subscribed and paid-up capital as at December 31, 2023. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquefied natural gas all other related items.
- EML has incurred loss amounted Rs.236 thousand during the year ended June 30, 2023 and it has accumulated losses aggregated Rs.899 thousand as on June 30, 2023. Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment.
- 5.1.8 Investment in CPPL represents 5,047,489 fully paid ordinary shares having face value of PKR 10/- each representing 17.50% of Creek Properties (Pvt) Limited 's issued, subscribed and paid-up capital as at December 31, 2023. CPPL was incorporated as a private limited company and is principally engaged in marketing and development of real estate projects. CPPL is an associate of the Group due to common directorship.

5.2 Equity Instruments - at FVTOCI

	Un-audited December 31, 2023	Audited June 30, 2023
	----- Rupees -----	
Quoted		
MCB Bank Limited		
18,213,195 ordinary shares of Rs.10 each - cost	984,949,221	896,451,123
Adjustment arising from re-measurement to fair value	2,265,422,581	1,188,413,309
	3,250,371,802	2,084,864,432
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	(414,126,924)	(686,581,136)
	802,946,685	530,492,473
Unquoted		
TCC Management Services (Private) Limited		
50,000 ordinary shares of Rs. 10 each	500,000	500,000
	4,053,818,487	2,615,856,905

5.3 Debt Instruments - at FVTOCI

Habib Bank Limited -

Term finance certificates - Habib Bank Limited

500 (30 June, 2023: 500) term finance certificates of Rs.100,000 each - cost

Adjustment arising from re-measurement to fair value

50,000,000	50,000,000
(4,500,000)	(3,750,000)
45,500,000	46,250,000

6. STOCK-IN-TRADE

Raw materials

Work-in-process

Finished goods

15,468,556,133	10,082,468,906
1,194,389,844	1,264,365,323
3,349,574,146	3,459,768,225
20,012,520,123	14,806,602,454

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 is charged in case the amounts are not paid within the due dates. The delayed payment markup at the rate of three months KIBOR plus 2% is charged on the amounts not paid within a period of the sixty days from the due date and at the rate of three months KIBOR plus 4.5% after the first sixty days, 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 amount 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 year on outstanding amounts ranges from 17.71% to 28.49% (2023: 16.06% to 26.58%) per annum. These include unbilled amounts aggregating to Rs 573.732 million .

Included in trade debts are amounts aggregating Rs 227.610 million relating to capacity revenue not acknowledged by NTDC/CPA 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 company's management raised this matter with NTDC, SNGPL and Private Power & Infrastructure Board ('PPIB'), however, the dispute remained unresolved. Hence, the company had taken up this issue at appropriate forums.

7.2 On June 28, 2013, the company 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 company 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 company 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 company in consultation with NTDC, appointed an Expert for dispute resolution under PPA. In August 2015, the Expert gave his determination whereby the company'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 company 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 company's favor whereby the aforesaid amount of Rs 227.610 million was determined to be payable to the company 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 company along with interest at the rate of 6% per annum from the date of award till the date of actual payment . Consequently, under the relevant provisions of the Arbitration Act, 1940, the company 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 company's legal counsel and Arbitration Award in the company'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.

KH Dispute amounting Rs.344.419 million included in trade debts have positively been resolved in company favor after negotiation with CPPA in current six month period ended on 31 December, 2023 . The invoices of the deducted / disputed amounts has been raised and duly accepted by CPPA in December, 2023.

8. LONG TERM LIABILITIES	Un-audited December 31, 2023	Audited June 30, 2023
Note	----- Rupees -----	
Long term finances	5,325,622,589	5,732,823,306
Provision for Gas Infrastructure Development Cess	324,351,465	321,405,620
	<u>5,649,974,054</u>	<u>6,054,228,926</u>
Less: current portion grouped under current liabilities	<u>(1,258,685,096)</u>	<u>(1,172,524,522)</u>
	<u>4,391,288,958</u>	<u>4,881,704,404</u>

8.1 Long term finances - secured		Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
Balance at beginning of the period / year		5,732,823,306	6,405,605,255
Add: disbursements during the period / year	8.1.1	-	152,410,000
Less: repayments made during the period / year		(407,200,717)	(825,191,949)
Balance at end of the period / year		<u>5,325,622,589</u>	<u>5,732,823,306</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	10,814,206,588	9,624,282,537
Running musharakah finance - secured	9.1	2,171,706,136	1,276,862,206
Temporary bank overdraft - unsecured		106,407,119	-
		<u>13,092,319,843</u>	<u>10,901,144,743</u>

9.1 The Group has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.36,886 million (June 30, 2023: Rs.38,846 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.61,668 million (June 30, 2023: Rs.71,697 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 16.25% to 24.66% (June 30, 2023: 2.25% to 24.08%) 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.3,238.005 million (June 30, 2023: Rs.3,120.505 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, 2023 except disclosed above.

10.2 Commitments in respect of :	Un-audited	Audited
	December 31, 2023	June 30, 2023
	----- Rupees -----	
• letters of credit for capital expenditure	<u>1,314,620,873</u>	<u>1,235,628,309</u>
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>1,845,711,175</u>	<u>2,677,418,828</u>
• capital expenditure other than letters of credit	<u>203,984,001</u>	<u>216,929,844</u>
• foreign bills discounted	<u>3,530,247,942</u>	<u>1,357,638,826</u>

10.3 The company has entered into an agreement and the subsequent amendments with a consortium consisting of General Electric International, Inc. and General Electric Energy Parts, Inc. for the operation and maintenance (O&M) of the power station. The O&M agreement commenced from the Commercial Operations Date and will continue until either the power station has operated for 188,000 Fired Hours or until October 4, 2040, whichever occurs earlier.

According to the terms of the O&M agreement, the company is obligated to make Quarterly payments that include a fixed O&M fee and a variable O&M fee based on the operation of the plant using either gas or diesel. These fees will be subject to an annual increase based on the US Consumer Price Index (CPI), with a minimum increase of 1.5% for Offshore Payments. On the other hand, Onshore Payments will be subject to an annual increase based on the average National Consumer Price Index (NCPI), with a minimum increase of 3.5%.

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, 2023 - Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Local sales					
- Yarn	1,722,057,960	13,007,134	-	-	1,735,065,094
- Fabric	-	257,143,302	760,704,465	-	1,017,847,767
- Garments	-	95,885,555	-	-	95,885,555
- Waste	137,599,846	23,260,695	78,609,296	-	239,469,837
- Raw materials	57,788,884	-	-	34,000,000	91,788,884
- Energy purchase price	-	-	-	9,269,540,674	9,269,540,674
- Capacity purchase price	-	-	-	2,105,853,677	2,105,853,677
- Local steam income	7,473,700	-	-	-	7,473,700
- Processing income	13,309,958	535,466,544	12,406,379	-	561,182,881
	<u>1,938,230,348</u>	<u>924,763,230</u>	<u>851,720,140</u>	<u>11,409,394,351</u>	<u>15,124,108,069</u>
Export Sales					
- Yarn	11,888,073,275	92,508,053	-	-	11,980,581,328
- Fabric	-	237,269,104	4,955,355,392	-	5,192,624,496
- Garments	-	1,723,006,362	-	-	1,723,006,362
- Waste	244,858,235	-	-	-	244,858,235
	<u>12,132,931,510</u>	<u>2,052,783,519</u>	<u>4,955,355,392</u>	<u>-</u>	<u>19,141,070,421</u>
Export rebate					
- Yarn	335,190	0	-	-	335,190
- Fabric	-	910,177	9,481,531	-	10,391,708
- Garments	-	32,482,926	-	-	32,482,926
	<u>335,190</u>	<u>33,393,103</u>	<u>9,481,531</u>	<u>-</u>	<u>43,209,824</u>
	<u>14,071,497,048</u>	<u>3,010,939,852</u>	<u>5,816,557,063</u>	<u>11,409,394,351</u>	<u>34,308,388,314</u>
Timing of revenue recognition					
Goods transferred at a point in time	14,058,187,090	2,475,473,308	5,804,150,684	11,409,394,351	33,747,205,433
Services rendered at a point in time	13,309,958	535,466,544	12,406,379	-	561,182,881
	<u>14,071,497,048</u>	<u>3,010,939,852</u>	<u>5,816,557,063</u>	<u>11,409,394,351</u>	<u>34,308,388,314</u>

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	0	-	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
	3,045,575,902	309,316,485	812,761,299	7,956,782,880	12,124,436,566
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	7,956,782,880	29,471,669,279
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
	11,167,480,114	5,749,301,072	4,598,105,213	7,956,782,880	29,471,669,279

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Six months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note		----- Rupees -----			
	Finished goods at beginning of the period	2,383,642,924	2,383,642,924	3,459,768,225	3,153,668,218
	Cost of goods manufactured	15,674,148,630	8,591,789,260	30,154,326,863	23,105,061,915
	Cost of raw materials sold	59,423,216	37,295,010	59,423,216	37,295,010
		15,733,571,846	8,629,084,270	30,213,750,079	23,142,356,925
		18,117,214,770	11,012,727,194	33,673,518,304	26,296,025,143
	Finished goods at end of the period	(3,349,574,147)	(2,483,497,606)	(3,349,574,147)	(2,483,497,606)
		14,767,640,623	8,529,229,588	30,323,944,157	23,812,527,537

12.1 Cost of goods manufactured	----- Un-audited -----			
	Quarter ended		Six months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Work-in-process at beginning of the period	1,425,442,446	1,425,442,446	1,263,713,907	1,296,808,329
Raw materials consumed	10,966,676,989	5,686,299,430	22,482,438,333	17,202,060,774
Direct labour and other overheads	4,476,419,039	2,870,784,035	7,602,564,467	5,996,929,463
	15,443,096,028	8,557,083,465	30,085,002,800	23,198,990,237
	16,868,538,474	9,982,525,911	31,348,716,707	24,495,798,566
Work-in-process at end of the period	(1,194,389,844)	(1,390,736,651)	(1,194,389,844)	(1,390,736,651)
	15,674,148,630	8,591,789,260	30,154,326,863	23,105,061,915

13. CASH USED IN OPERATIONS

	Note	Un-audited	
		Six months period ended	
		December 31, 2023	December 31, 2022
Profit before taxation		1,869,694,380	3,563,866,687
Adjustments for non-cash and other items:			
Depreciation		810,979,267	772,847,941
Amortization of intangible assets		1,102,063	407,773
Staff retirement benefit - gratuity		107,400,000	81,900,000
Provision for workers' profit participation fund		-	72,559,261
Provision for workers' welfare fund		37,438,643	59,162,138
Loss on sale of short term investment		75,595,287	28,282,086
Gain on disposal of operating fixed assets		(9,480,547)	(7,844,803)
Gain on sale of stores and spares		(738,199)	(2,100,898)
Dividend and interest income		(632,026,042)	(388,337,660)
Finance cost		1,665,921,751	1,023,524,283
Working capital changes	13.1	(3,577,273,843)	(4,841,956,430)
		348,612,760	362,310,378
13.1 Working capital changes			
Increase / (decrease) in current assets:			
- stores, spare parts and loose tools		(515,084,967)	(445,314,504)
- stock-in-trade		(5,205,917,669)	150,573,144
- trade debts		3,951,039,408	(2,004,431,905)
- loans and advances		(59,566,348)	306,119,507
- deposits, other receivables and sales tax		(279,891,080)	(1,245,559,377)
		(2,109,420,656)	(3,238,613,135)
Increase / (decrease) in current liabilities:			
- trade and other payables		(1,664,807,060)	(1,555,761,502)
- Gas Infrastructure Development Cess		2,945,845	5,780,638
- contract liabilities		194,008,028	(53,362,431)
		(3,577,273,843)	(4,841,956,430)

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, 2023, 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, 2023.

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.7,086.413 million (June 30, 2023: Rs.4,270.989 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, 2023	December 31, 2022
----- Rupees -----			
(i) Associates	Sales:		
	• raw material / yarn / fabric / stores	291,079,732	103,377,363
	Purchases:		
	• raw material / yarn / fabric / stores	1,532,432,599	1,450,791,473
	• assets	25,000,000	7,000,000
	Services:		
	• rendered	9,271,900	2,516,700
	• obtained	8,967,807	-
	Expenses charged by	48,812,868	17,009,741
	Expenses charged to	35,351,247	1,863,449
	Dividend:		
	• received	71,864,472	66,921,675
	• paid	111,201,540	107,150,550
(iii) Key management personnel	Remuneration and other benefits	358,276,905	122,931,710
(iv) Retirement fund	Contribution made	26,972,524	42,666,565

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, 2023					
Revenue - external customers	14,071,497,048	3,010,939,852	5,816,557,063	11,409,394,351	34,308,388,314
Inter - segment sale	1,638,254,942	0	0	0	1,638,254,942
Segment results	1,658,077,623	105,882,080	329,769,199	1,156,163,276	3,249,892,178
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

	Un-audited Six months period December 31, 2023 2022 ----- Rupees -----	
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segment	3,249,892,178	4,692,034,537
Administrative expenses	(420,586,720)	(340,676,680)
Other expenses	(39,149,679)	(161,607,200)
Other income	745,460,352	397,640,313
Finance cost	(1,665,921,751)	(1,023,524,283)
Share of profit of Associated Companies	535,977,729	150,324,044
Taxation	(664,255,429)	(415,623,926)
Profit after taxation	1,741,416,680	3,298,566,805

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, 2023					
Segment assets	24,940,199,858	6,117,538,274	10,282,243,342	23,536,132,726	64,876,114,200
Unallocatable assets					15,430,026,120
Total assets as per balance sheet					<u>80,306,140,320</u>
Segment liabilities	8,830,396,063	2,922,630,885	13,784,257,026	1,890,625,933	27,427,909,907
Unallocatable liabilities					1,485,752,271
Total liabilities as per balance sheet					<u>28,913,662,178</u>
As at June 30, 2023					
Segment assets	16,371,057,874	6,478,223,456	10,320,312,281	26,506,042,769	59,675,636,380
Unallocatable assets					17,086,741,437
Total assets as per balance sheet					<u>76,762,377,817</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					(2,620,943,722)
Total liabilities as per balance sheet					<u>28,766,710,894</u>

16.4 Geographical information

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

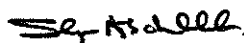
17. CORRESPONDING FIGURES

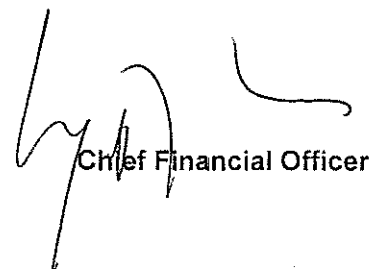
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed consolidated interim statement of financial position has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended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

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 26, 2024.


Chief Executive Officer


Director


Chief Financial Officer



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