

SAPPHIRE FIBRES LIMITED

Third Quarter Accounts March 31, 2017

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COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Shahid Abdullah
Director	:	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Tajammal Hussain Bokharee
Audit Committee	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Shayan Abdullah
Member		Mr. Yousuf Abdullah
Member		Mr. Tajammal Hussain Bokharee
Human Resource & Remuneration Committee	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Shahid Abdullah
Member		Mr. Shayan Abdullah
Chief Financial Officer	:	Mr. Jawwad Faisal
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Shinewing Hameed Chaudhri & Co., Chartered Accountants
Tax Consultants	:	Mushtaq & Company Chartered Accountants
Legal Advisor	:	Hassan & Hassan Advocates
Bankers	:	Allied Bank Limited, Citi Bank N.A., Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, United Bank Limited
Share Registrar	:	Thk Associates (private) Ltd. 1st Floor, 40-C, Block-6 P.E.C.H.S, Karachi
Registered Office	:	316, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.
Mills	:	Kharianwala, Tehsil and District Sheikhpura Feroze Wattoan, Tehsil and District Sheikhpura Raiwind Road, Lahore

DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited financial statements for the period of nine months ended 31 March, 2017.

Financial Highlights

	31 March,	
	2017	2016
	Rupees in thousand	
Sales & services	10,498,263	9,270,727
Gross profit	712,920	842,899
Profit from operations	1,580,768	1,682,476
Other income	1,493,384	1,428,999
Profit before taxation	1,168,524	1,383,498
Taxation:		
- Current	177,529	206,368
- Prior	(1,532)	(805)
- Deferred	17,106	7,970
	193,103	213,533
Profit after taxation	975,421	1,169,965

Your Company's revenue during the period under review increased to Rs.10,498 million from Rs.9,271 million during the same period of last year. Whereas, the Company has earned after tax profit of Rs. 975 million as against Rs. 1,170 million during last year's corresponding period.

The board of Directors declared cash dividend of Rs.5.00 per share for the nine months period ended 31 March, 2017.

Earnings per share

The company's earnings per share (EPS) were at Rs.49.55 as compared to Rs.59.43 during the same period of last year.

Future outlook

The textile sector in Pakistan is expected to remain under pressure in near future due to subdued demand from customers and reduced industry margins. However, management is making every effort to improve operational efficiency and optimize cost structure to enhance shareholder value.

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

For and on behalf of the Board

Lahore
Dated: 20 April, 2017

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران بے حد مسرت کے ساتھ ۳۱ مارچ ۲۰۱۷ کو مکمل ہونے والے ۹ ماہ کے اکاؤنٹس کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔
مالیاتی نتائج:

۳۱ مارچ

2016

2017

رقم ہزاروں میں

9,270,727	10,498,263	فروخت اور خدمات
842,899	712,920	کل منافع
1,682,476	1,580,768	آپریشن سے منافع
1,428,999	1,493,384	دیگر ذرائع سے آمدنی
1,383,498	1,168,524	قبل از ٹیکس منافع
		ٹیکس:
206,368	177,529	موجودہ سال
(805)	(1,532)	گزشتہ سال
7,970	17,106	موخر
213,533	193,103	
1,169,965	975,421	بعد از ٹیکس منافع

موجودہ نو ماہ میں آپ کی کمپنی کی فروخت اور خدمات 9 ارب 27 کروڑ روپے سے بڑھ کر 10 ارب 49 کروڑ ہو گئی ہیں۔ جبکہ بعد از ٹیکس کمپنی کا منافع 97 کروڑ روپے رہا جو کہ پچھلے سال 1 ارب 17 کروڑ روپے تھا۔

بورڈ آف ڈائریکٹرز نے ۳۱ مارچ ۲۰۱۷ کو اختتام پذیر نو ماہ کے عرصے کیلئے 5 روپے فی حصص کا عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔

آمدنی فی حصص:

آمدنی فی حصص 49.55 روپے ہے جو کہ پچھلے سال میں 59.43 روپے تھا۔

مستقبل کا منظر نامہ:

مستقبل قریب میں پاکستانی ٹیکسٹائل کی صنعت دباؤ میں رہے گی جسکی وجہ طلب اور شرح منافع کے مارجن میں کمی ہے۔ آپ کی انتظامیہ حصص یافتگان کی قدر کو بڑھانے کے لئے آپریشنل کارکردگی اور لاگت کی ساخت کو بہتر بنانے کے لئے ہر ممکن کوشش کر رہی ہے۔

ڈائریکٹران، کمپنی کے عملے اور کارکنان کی محنت اور مخلص شراکت داری کو قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے مامرد

شاہد عبداللہ
چیف ایگزیکٹو

لاہور
۲۰ اپریل، ۲۰۱۷

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2017

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,828,968,112	8,253,968,815
Investment property		31,750,000	31,750,000
Intangible assets		3,852,436	2,878,869
Long term investments	6	9,393,703,523	8,782,567,920
Long term loans		4,061,500	20,000
Long term deposits		28,241,645	28,236,645
		18,290,577,216	17,099,422,249
Current assets			
Stores, spare parts and loose tools		211,503,348	183,035,986
Stock-in-trade	7	5,130,885,683	2,892,976,240
Trade debts		1,295,656,822	1,265,131,685
Loans and advances		165,008,562	158,626,922
Trade deposits and short term prepayments		7,073,882	3,339,843
Short term investments		4,888,551,860	3,403,993,067
Other receivables		508,168,524	349,536,167
Tax refunds due from Government		945,610,190	1,069,011,845
Cash and bank balances		66,552,305	101,213,600
		13,219,011,176	9,426,865,355
Total assets		31,509,588,392	26,526,287,604
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (June 30, 2016: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2016: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		17,284,088,845	15,167,539,934
		17,480,963,845	15,364,414,934
Non-current liabilities			
Long term finances	8	2,644,264,757	2,114,448,632
Staff retirement benefit - gratuity		305,653,022	283,847,228
Deferred taxation		336,159,958	179,983,406
		3,286,077,737	2,578,279,266
Current liabilities			
Trade and other payables		1,698,683,907	1,494,734,160
Accrued mark-up / interest		89,342,684	71,181,315
Short term borrowings		8,653,887,083	6,894,488,380
Current portion of long term finances		67,509,375	14,052,666
Provision for taxation		233,123,761	109,136,883
		10,742,546,810	8,583,593,404
Total liabilities		14,028,624,547	11,161,872,670
Contingencies and commitments	9		
Total equity and liabilities		31,509,588,392	26,526,287,604

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Lahore:
Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017**

	Note	Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Rupees			
Sales - net		3,698,272,741	3,186,545,686	10,498,263,023	9,270,726,774
Cost of sales	10	(3,397,962,245)	(2,929,136,288)	(9,785,342,588)	(8,427,827,244)
Gross profit		300,310,496	257,409,398	712,920,435	842,899,530
Distribution cost		(114,428,619)	(97,127,729)	(314,116,838)	(298,698,454)
Administrative expenses		(82,510,720)	(54,310,930)	(230,361,733)	(189,251,623)
Other income	11	212,418,935	222,337,487	1,493,384,210	1,428,998,764
Other expenses		(10,429,632)	(3,728,280)	(81,058,554)	(101,471,741)
Profit from operations		305,360,460	324,579,946	1,580,767,520	1,682,476,476
Finance cost		(139,849,595)	(109,090,914)	(412,243,965)	(298,978,490)
Profit before taxation		165,510,865	215,489,032	1,168,523,555	1,383,497,986
Taxation		(51,162,183)	(50,424,688)	(193,102,722)	(213,532,718)
Profit after taxation		114,348,682	165,064,344	975,420,833	1,169,965,268
Basic and diluted earnings per share		5.81	8.38	49.55	59.43

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) **FOR THE PERIOD ENDED 31 MARCH, 2017**

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees -----			
Profit after taxation	114,348,682	165,064,344	975,420,833	1,169,965,268
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Unrealised gain / (loss) due to change in fair values of available for sale investments:				
- long term	(163,521,069)	(552,481,871)	712,870,798	(1,320,992,056)
- short term	8,785,022	(22,441,106)	935,065,660	(123,352,807)
Impact of deferred tax	41,440,448	95,345,136	(139,070,644)	43,772,184
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(26,766,649)	(8,558,795)	(92,160,859)	(69,858,945)
Unrealised (loss) / gain on re-measurement of forward foreign exchange contracts	(1,096,187)	(628,489)	48,123	-
Other comprehensive (loss) / gain for the period	(141,158,435)	(488,765,125)	1,416,753,078	(1,470,431,624)
Total comprehensive (loss) / gain for the period	(26,809,753)	(323,700,781)	2,392,173,911	(300,466,356)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED 31 MARCH, 2017

		Nine months ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	12	(1,216,974,002)	(764,584,792)
Staff retirement benefits paid		(48,034,206)	(43,788,291)
Finance cost paid		(394,082,596)	(298,423,731)
Taxes paid		(128,327,158)	(242,492,696)
Workers' profit participation fund paid		(76,195,156)	(65,277,387)
Long term loans - net		(4,041,500)	(211,500)
Long term deposits - net		(5,000)	(20,000)
Net cash used in operating activities		(1,867,659,618)	(1,414,798,397)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,054,996,367)	(2,956,540,145)
Proceeds from disposal of operating fixed assets		31,457,840	71,137,802
Proceeds from disposal of investment property		-	150,000,000
Investment in Subsidiary Company		(1,000,000)	-
Increase in investments		(1,165,141,011)	(994,644,318)
Proceeds from sale of investments		718,383,074	340,515,709
Proceeds from sale of stores and spares		766,486	1,122,577
Dividend and interest income received		1,235,154,408	1,238,210,834
Net cash used in investing activities		(235,375,570)	(2,150,197,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		592,989,000	1,521,751,100
- repaid		(9,716,166)	(10,366,750)
Dividend paid		(274,297,644)	(196,333,533)
Short term borrowings - net		1,759,398,703	2,309,731,331
Net cash generated from financing activities		2,068,373,893	3,624,782,148
Net (decrease) / increase in cash and cash equivalents		(34,661,295)	59,786,210
Cash and cash equivalents- at beginning of the period		101,213,600	132,197,163
Cash and cash equivalents- at end of the period		66,552,305	191,983,373

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017

[illegible]

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Lahore:

Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

Sapphire Fibres Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2016.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires 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 this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2016 except for the changes stated in note 5.1.2..

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
Operating fixed assets	5.1	8,034,649,069	7,568,105,475
Capital work-in-progress	5.2	794,319,043	685,863,340
		8,828,968,112	8,253,968,815

5.1 Operating fixed assets

Net book value at beginning of the period / year		7,568,105,475	3,811,921,872
Additions during the period / year	5.1.1	945,567,097	4,187,040,567
Disposals costing Rs.70.52 million (June 30, 2016: Rs.85.984 million) - at net book value		(13,344,376)	(57,639,739)
Depreciation charge for the period / year		(465,679,127)	(373,217,225)
Net book value at end of the period / year		8,034,649,069	7,568,105,475

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:		
Freehold land	69,998,213	5,530,000
Leasehold land	206,531,800	9,460,000
Residential buildings and others on freehold land	21,213,448	138,422,512
Leased office improvements	-	5,664,901
Factory buildings on freehold land	3,949,507	1,259,299,978
Plant and machinery	596,713,684	2,544,062,266
Electrical installations	-	173,141,723
Office equipment	374,850	-
Mills equipment	320,000	4,770,988
Electric equipment	5,832,575	-
Computer hardware	783,433	2,903,399
Vehicles	37,619,500	42,028,670
Furniture and fixtures	2,230,087	1,756,130
	945,567,097	4,187,040,567
5.1.2 The management of the Company, during the current period, carried out an internal exercise to ascertain the useful life of plant and machinery of newly installed Denim unit. Keeping in consideration the assessed useful life of these depreciable assets, the depreciation rate has been reduced to 5% per annum from 10% per annum. The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors). The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current period. Had there been no revision, profit before taxation and the carrying value of operating fixed assets would have been lower by Rs.90.466 million.		
5.2 Capital work-in-progress		
Buildings	347,765,506	112,389,415
Plant and machinery	341,185,404	302,858,011
Furniture and fixtures	1,454,150	-
Advance payments against:		
- leasehold land	-	206,531,800
- freehold land	12,533,781	4,500,000
- factory / office building	71,733,279	40,980,105
- plant and machinery	3,507,078	5,035,858
- vehicles	16,139,845	13,568,151
	103,913,983	270,615,914
	794,319,043	685,863,340

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
6. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	6.1	3,040,008,316	3,039,008,316
Associated Companies - at cost		165,761,769	165,761,769
Others - available for sale	6.2	6,187,933,438	5,577,797,835
		9,393,703,523	8,782,567,920
6.1 Subsidiary Company- unquoted			
Sapphire Electric Company Limited (SECL)			
288,782,600 (June 30, 2016: 288,782,600) ordinary shares of Rs.10 each	6.1.1	3,039,008,316	3,039,008,316
Equity held: 68.11% (June 30, 2016: 68.11%)			
Premier Cement Limited (PCL)			
50,000 (June 30, 2016: Nil) ordinary shares of Rs.10 each	6.1.2	500,000	-
Equity held: 100% (June 30, 2016: Nil)			
Sapphire Cement Company Limited (SCCL)			
50,000 (June 30, 2016: Nil) ordinary shares of Rs.10 each	6.1.3	500,000	-
Equity held: 100% (June 30, 2016: Nil)			
		3,040,008,316	3,039,008,316
6.1.1	SECL was incorporated in January 18, 2005 as a public limited company. 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 at Muridke, District Sheikhpura, Punjab.		
	The Company has pledged 172,446,420 shares of SECL with a financial institution under Share Pledge Agreement dated April 16, 2007 and Working Capital Support Agreement dated August 13, 2010 as security against financing facilities advanced by these financial institution to SECL.		
6.1.2	PCL is a wholly owned Subsidiary Company incorporated during the current period as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.		
6.1.3	SCCL is a wholly owned Subsidiary Company incorporated during the current period as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
6.2 Others - available for sale		
Quoted		
MCB Bank Limited		
18,431,386 (June 30, 2016: 18,648,786)		
ordinary shares of Rs.10 each -cost	896,545,278	907,119,613
Adjustment arising from re-measurement to fair value	3,294,751,898	3,195,986,282
	4,191,297,176	4,103,105,895
Habib Bank Limited		
7,244,196 (June 30, 2016: 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	736,034,075	214,089,753
	1,953,107,684	1,431,163,362
Habib Bank Limited - Term Finance Certificates		
150 TFC's RS.100,000 each (June 30, 2016: 150) - Cost	15,000,000	15,000,000
Adjustment arising from re-measurement to fair value	(187,500)	(187,500)
	14,812,500	14,812,500
Unquoted		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2016: 2,351,995)		
ordinary shares of Rs.10 each	28,716,078	28,716,078
	6,187,933,438	5,577,797,835
7. STOCK-IN-TRADE		
Raw materials:		
- at mills	3,812,534,110	1,612,021,059
- in transit	275,923,679	544,853,839
- at third party's premises	32,431,411	43,362,451
	4,120,889,200	2,200,237,349
Work-in-process	315,026,526	176,994,465
Finished goods:		
- at mills	628,753,594	445,178,549
- at third party's premises	66,216,363	70,565,877
	694,969,957	515,744,426
	5,130,885,683	2,892,976,240

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
8. LONG TERM FINANCES - Secured			
Balance at beginning of the period / year		2,128,501,298	73,410,251
Add: disbursements during the period / year	8.1	592,989,000	2,065,783,880
Less: repayments made during the period / year		(9,716,166)	(10,692,833)
Balance at end of the period / year		2,711,774,132	2,128,501,298
Less: current portion grouped under current liabilities		(67,509,375)	(14,052,666)
		<u>2,644,264,757</u>	<u>2,114,448,632</u>
8.1	The Company had arranged long term finance facilities aggregating Rs.4,350 million from commercial banks to retire import documents for imported plant and machinery. During the current period, the banks have further disbursed Rs.592.989 million in tranches of different amounts.		
8.2	During the current period, four tranches of long term finance facilities amounting Rs.46.302 million were converted into a demand finance facility by NIB Bank Limited. This finance facility is repayable in seven equal semi-annual instalments commencing from June, 2017 and carries mark-up at the rate of 3 month Kibor + 1%; effective mark-up rate charged during the current period was 7.10% per annum. This finance facility is secured against joint pari passu charge of Rs.200 million over the imported machinery.		
8.3	Effective mark-up rates charged, during the current period, ranged from 2.50% to 9.40% (June 30, 2016: 2.50% to 9.40%) per annum.		
8.4	Except for the above changes, all other term and conditions of the long term financing are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2016.		
9. CONTINGENCIES AND COMMITMENTS			
9.1 Contingencies			
Guarantees aggregating Rs.256.866 million (June 30, 2016: Rs.223.296 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.			
9.2 Commitments in respect of :			
- letters of credit for capital expenditure		139,211,426	383,657,523
- letters of credit for purchase of raw materials and stores, spare parts & chemicals		197,448,611	157,215,284
- capital expenditure other than through letters of credit		71,295,360	36,907,280
- forward foreign exchange contracts		871,983,450	141,432,994
- foreign bills discounted		560,824,933	680,036,430

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

10. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Note		----- Rupees -----			
Finished goods at beginning of the period		621,908,727	496,178,549	514,758,796	509,819,710
Cost of goods manufactured	10.1	3,461,214,215	2,933,592,659	9,928,767,640	8,399,211,438
Cost of raw materials sold		9,809,260	2,316,561	36,786,109	21,747,577
		3,471,023,475	2,935,909,220	9,965,553,749	8,420,959,015
		4,092,932,202	3,432,087,769	10,480,312,545	8,930,778,725
Finished goods at end of the period		(694,969,957)	(502,951,481)	(694,969,957)	(502,951,481)
		3,397,962,245	2,929,136,288	9,785,342,588	8,427,827,244

10.1 Cost of goods manufactured

Work-in-process at beginning of the period	188,268,097	162,125,725	160,305,731	156,135,025
Raw materials consumed	2,302,724,008	1,967,096,285	6,472,202,963	5,554,343,643
Direct labour and other overheads	1,285,248,636	979,392,425	3,611,285,472	2,863,754,546
	3,587,972,644	2,946,488,710	10,083,488,435	8,418,098,189
	3,776,240,741	3,108,614,435	10,243,794,166	8,574,233,214
Work-in-process at end of the period	(315,026,526)	(175,021,776)	(315,026,526)	(175,021,776)
	3,461,214,215	2,933,592,659	9,928,767,640	8,399,211,438

11. OTHER INCOME

The Company, during the current period, received dividend amounting Rs.866.348 million (March 31, 2016: Rs.866.348 million) from Sapphire Electric Company Limited - Subsidiary Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

12. CASH USED IN OPERATIONS

	Note	Un-audited Nine months ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
Profit before taxation		1,168,523,555	1,383,497,986
Adjustments for non-cash and other items:			
Depreciation		465,679,127	253,891,431
Depreciation of investment property		0	544,062
Amortization of intangible assets		1,126,433	1,311,717
Staff retirement benefit - gratuity		69,840,000	60,030,000
Provision for workers' profit participation fund		56,194,361	70,350,155
Provision for workers' welfare fund		21,353,857	23,013,909
Gain on disposal of operating fixed assets		(18,113,464)	(15,650,486)
Gain on disposal of investment property		0	(20,056,965)
Gain on sale of investments		(92,160,860)	(69,858,945)
Loss / (gain) on sale of stores and spares		247,098	(106,089)
Dividend and interest income		(1,353,173,485)	(1,294,140,541)
Finance cost		412,243,965	298,978,490
Exchange (gain) / loss		(9,151,509)	6,312,465
Working capital changes	12.1	(1,939,583,080)	(1,462,701,981)
		(1,216,974,002)	(764,584,792)
12.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(28,467,362)	(1,002,954)
- Stock-in-trade		(2,237,909,443)	(1,043,080,188)
- Trade debts		(30,525,137)	(183,780,090)
- Loans and advances		(6,381,640)	(89,800,864)
- Deposits, other receivables and sales tax		165,691,678	(405,187,479)
		(2,137,591,904)	(1,722,851,575)
Increase in trade and other payables		198,008,824	260,149,594
		(1,939,583,080)	(1,462,701,981)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

13. 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, 2016, 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.

This condensed interim financial information 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, 2016.

14. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited Nine months ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
(i) Subsidiary	Dividend received	866,347,800	866,347,800
	Expenses charged to	1,264,183	-
(ii) Associates	Sales:		
	- raw material / yarn / fabric / stores	522,215,095	389,817,365
	- assets	18,321,000	69,521,250
	Purchases:		
	- raw material / yarn / fabric / stores	364,723,662	231,889,417
	- assets	10,824,557	-
	- electricity	16,026,732	275,733,156
	Services:		
	- rendered	38,423,629	-
	- obtained	2,888,702	-
	Expenses charged by	17,445,454	17,426,858
	Expenses charged to	8,300,684	5,634,816
	Dividend:		
	- received	782,027	803,175
	- paid	142,756,544	101,968,960
(iii) Retirement fund	Contribution made	7,587,493	4,288,794

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017****15. NON ADJUSTING EVENT**

The Board of Directors in its meeting held on April 20, 2017 has announced a cash dividend in respect of nine months period ended 31 March, 2017 of Rs.5 (31 March, 2016: Nil) per share. This condensed interim financial statements for the nine months ended 31 March, 2017 does not include of this appropriation which will be accounted for subsequent to the period end.

16. GENERAL

16.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 20, 2017.

16.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2016, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the period ended March 31, 2016.

16.3 Figures have been rounded off to the nearest rupee unless otherwise stated.

Lahore:
Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

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 and Sapphire Cement Company Limited for the period of nine months ended 31 March, 2017. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 31 March, 2017.

The principal activity of the Subsidiary Company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW at Muridke, district Sheikhpura.

PREMIER CEMENT LIMITED

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 during the period. SFL holds 100% shares of PCL as on 31 March, 2017.

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

SAPPHIRE CEMENT COMPANY LIMITED

and its subsidiaries

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 31 March, 2017.

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

For and on behalf of the Board of Directors

Lahore:
Dated: 20 April, 2017

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ ۳۱ مارچ ۲۰۱۷ کو مکمل ہونے والے ۹ ماہ کی مشترکہ غیر آڈٹ شدہ مالی تفصیلات اپنے ذیلی اداروں سفارز الیکٹرک کمپنی لمیٹڈ، سفارز سیمنٹ کمپنی لمیٹڈ اور پریکیمز سیمنٹ لمیٹڈ کے ساتھ پیش کر رہے ہیں۔ کمپنی بین الاقوامی اکاؤنٹنگ سٹینڈرڈز 27 کے مطابق اپنی علیحدہ غیر آڈٹ شدہ مالی تفصیلات کے ساتھ مشترکہ مالی تفصیلات بھی پیش کر رہی ہے۔

سفارز الیکٹرک کمپنی لمیٹڈ

سفارز الیکٹرک کمپنی لمیٹڈ ۱۸ جنوری ۲۰۰۵ کو کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ جبکہ یکم جولائی ۲۰۰۸ کو یہ سفارز فابریز لمیٹڈ کی ذیلی کمپنی بنی۔ ۳۱ مارچ ۲۰۱۷ کو سفارز فابریز لمیٹڈ کے پاس اس کے 68.11 فیصد حصص تھے۔ ذیلی کمپنی کی بنیادی سرگرمی ضلع شیخوپورہ میں واقع 212 MW صلاحیت والے کارخانے سے بجلی پیدا کرنا ہے۔

پریکیمز سیمنٹ لمیٹڈ

پریکیمز سیمنٹ لمیٹڈ موجودہ سال میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ ۳۱ مارچ ۲۰۱۷ کو سفارز فابریز لمیٹڈ کے پاس اس کے 100 فیصد حصص تھے۔ انضباطی منظوری کے بعد یہ کمپنی سیمنٹ اور اس سے منسلک مصنوعات بنانے کا کارخانہ لگائے گی۔

سفارز سیمنٹ کمپنی لمیٹڈ

سفارز سیمنٹ کمپنی لمیٹڈ موجودہ سال میں کمپنیز آرڈیننس 1984 کے تحت محدود حصص والی غیر مندرج پبلک کمپنی کے طور پر رجسٹر ہوئی۔ ۳۱ مارچ ۲۰۱۷ کو سفارز فابریز لمیٹڈ کے پاس اس کے 100 فیصد حصص تھے۔ انضباطی منظوری کے بعد یہ کمپنی سیمنٹ اور اس سے منسلک مصنوعات بنانے کا کارخانہ لگائے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے نامزد

شاہد عبداللہ
چیف ایگزیکٹو

لاہور

۲۰ اپریل، ۲۰۱۷

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	22,755,357,082	22,610,222,260
Investment property		31,750,000	31,750,000
Intangible assets		9,465,340	8,491,773
Long term investments	6	6,610,639,729	5,988,603,936
Long term loans		4,061,500	20,000
Long term deposits		30,341,445	29,466,445
		29,441,615,096	28,668,554,414
Current assets			
Stores, spare parts and loose tools		211,503,348	183,035,986
Stock-in-trade	7	5,321,132,161	3,060,816,493
Trade debts	8	6,723,422,646	5,281,582,714
Loans and advances		225,861,594	168,142,264
Trade deposits and short term prepayments		66,740,089	48,278,847
Short term investments		4,888,551,860	3,403,993,067
Other receivables		740,749,622	466,950,703
Interest receivable		-	605,986
Tax refunds due from Government		945,610,190	1,209,431,227
Cash and bank balances	9	390,053,394	608,377,326
		19,513,624,904	14,431,214,613
		48,955,240,000	43,099,769,027
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (June 30, 2016: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2016: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		20,883,424,204	18,469,060,749
Equity attributable to shareholders of the Parent Company		21,080,299,204	18,665,935,749
Non-controlling interest		2,986,768,851	2,852,834,074
Total Equity		24,067,068,055	21,518,769,823
Non-current liabilities			
Long term finances	10	7,621,759,115	8,249,983,841
Staff retirement benefit - gratuity		305,653,022	283,847,228
Deferred taxation		339,625,203	183,307,893
		8,267,037,340	8,717,138,962
Current liabilities			
Trade and other payables		3,730,944,642	3,182,266,175
Accrued mark-up / interest		109,152,437	291,917,995
Short term borrowings		10,964,959,333	7,909,229,462
Current portion of long term finances		1,582,954,432	1,371,309,727
Provision for taxation		233,123,761	109,136,883
		16,621,134,605	12,863,860,242
Total liabilities		24,888,171,945	21,580,999,204
Contingencies and commitments			
Total equity and liabilities	11	48,955,240,000	43,099,769,027

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

Lahore:

Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017

	Note	Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		----- Rupees -----			
Sales - net		6,827,106,724	6,046,985,758	19,842,425,154	18,848,735,257
Cost of sales	12	(5,697,416,654)	(4,942,975,408)	(16,781,874,179)	(15,552,624,146)
Gross profit		1,129,690,070	1,104,010,350	3,060,550,975	3,296,111,111
Distribution cost		(114,428,619)	(97,127,729)	(314,116,838)	(298,698,454)
Administrative expenses		(96,717,653)	(68,501,338)	(289,898,901)	(226,282,628)
Other income		212,647,900	220,145,459	626,927,990	563,819,131
Other expenses		(13,783,765)	(4,182,869)	(85,062,204)	(114,431,715)
Profit from operations		1,117,407,933	1,154,343,873	2,998,401,022	3,220,517,445
Finance cost		(334,868,564)	(359,025,761)	(1,004,982,261)	(1,081,397,275)
		782,539,369	795,318,112	1,993,418,761	2,139,120,170
Share of Profit of Associated Companies		(1,585,183)	12,726,458	1,998,342	16,067,332
Profit before taxation		780,954,186	808,044,570	1,995,417,103	2,155,187,502
Taxation		(51,240,209)	(49,697,714)	(193,269,616)	(214,713,808)
Profit after taxation		729,713,977	758,346,856	1,802,147,487	1,940,473,694
Attributable to:					
- Shareholders of the Parent Company		532,943,587	400,387,761	1,262,551,502	1,423,148,425
- Non-controlling interest		196,770,390	357,959,095	539,595,985	517,325,269
		729,713,977	758,346,856	1,802,147,487	1,940,473,694
Earnings per Share					
- attributable to the shareholders of Parent Company		27.07	20.34	64.13	72.29

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017**

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees			
Profit after taxation	729,713,977	758,346,856	1,802,147,487	1,940,473,694
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss:				
Unrealised gain / (loss) due to change in fair values of available for sale investments:				
- long term	(163,521,069)	(552,481,871)	712,870,798	(1,320,992,056)
- short term	8,785,022	(22,441,106)	935,065,660	(123,352,807)
Impact of deferred tax	41,440,448	95,345,136	(139,070,644)	43,772,184
Reclassification adjustment relating to gain / (loss) realised on disposal of available-for-sale investments	(26,766,649)	(8,558,795)	(92,160,859)	(69,858,945)
Share of fair value gain / (loss) on re-measurement of available-for-sale investments of Associated Companies	6,256,332	-	13,322,575	(3,588,013)
	(133,805,916)	(488,136,636)	1,430,027,530	(1,474,019,637)
Forward foreign exchange contracts				
Share of unrealised loss on re-measurement of hedging instruments	(1,096,187)	(628,489)	48,123	-
Share of unrealised gain / (loss) on re-measurement of hedging instruments of Associated Companies	(26,021)	273	(35,063)	10,774
	(1,122,208)	(628,216)	13,060	10,774
Other comprehensive loss for the period	(134,928,124)	(488,764,852)	1,430,040,590	(1,474,008,863)
Total comprehensive income / (loss) for the period	594,785,853	269,582,004	3,232,188,077	466,464,831
Attributable to:				
- Shareholders of the Parent Company	398,015,463	(88,377,091)	2,692,592,092	(50,860,438)
- Non-controlling interest	196,770,390	357,959,095	539,595,985	517,325,269
	594,785,853	269,582,004	3,232,188,077	466,464,831

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

Lahore:

Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017

		Nine months ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	385,187,427	1,709,212,479
Staff retirement benefits paid		(48,034,206)	(43,788,291)
Finance cost paid		(1,187,747,819)	(1,340,408,586)
Taxes paid		(137,902,678)	(244,194,686)
Workers' profit participation fund paid		(76,195,156)	(65,277,387)
Long term loans - net		(4,041,500)	(211,500)
Long term deposits - net		(875,000)	(20,000)
Net cash (use in)/generated from operating activities		(1,069,608,932)	15,312,029
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,064,860,171)	(2,965,667,189)
Increase in investments		(1,165,141,011)	(994,644,318)
Proceeds from sale of investments		718,383,074	340,515,709
Proceeds from disposal of operating fixed assets		33,257,840	71,137,802
Proceeds from disposal of investment property		-	150,000,000
Proceeds from disposal of stores and spares		766,486	1,122,577
Dividend and interest income received		369,742,772	375,614,965
Net cash used in investing activities		(1,107,851,010)	(3,021,920,454)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(416,580,021)	625,085,677
Dividend paid		(680,013,840)	(602,049,804)
Short term borrowings - net		3,055,729,871	2,870,102,415
Net cash generated from / (used in) financing activities		1,959,136,010	2,893,138,288
Net (decrease) / increase in cash and cash equivalents		(218,323,932)	(113,470,137)
Cash and cash equivalents- at beginning of the period		608,377,326	641,988,396
Cash and cash equivalents- at end of the period		390,053,394	528,518,259

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

	Issued, subscribed and paid-up capital	Reserves					Unrealised gain / (loss) on hedging instruments	Sub-total	Unappropriated profit	Total	Non-controlling interest
		Capital		General	Unrealised gain on available-for-sale investments	Rupees					
		Share premium	Maintenance reserve								
Balance as at 01 July, 2015	196,875,000	145,740,000	134,825,918	1,183,845,000	4,682,667,471	34,098	6,147,112,487	11,242,405,702	17,586,393,189	2,552,572,810	
Total comprehensive income for the period ended 31 March, 2016											
Profit for the period	-	-	-	-	-	-	-	1,423,148,425	1,423,148,425	517,325,269	
Other comprehensive loss	-	-	-	-	(1,474,019,637)	10,774	(1,474,008,863)	-	(1,474,008,863)	-	
	-	-	-	-	(1,474,019,637)	10,774	(1,474,008,863)	1,423,148,425	(50,860,438)	517,325,269	
Transaction with owners											
Cash dividend for the year ended June 30, 2015 at the rate of Rs.12.5 per share	-	-	-	-	-	-	-	(196,875,000)	(196,875,000)	(405,716,271)	
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	(11,042,573)	(11,042,573)	-	
Adjustment in non-controlling interest due to further acquisition	-	-	-	-	-	-	-	(207,917,573)	(207,917,573)	(405,716,271)	
Transfer to maintenance reserve											
Balance as at March 31, 2016	196,875,000	145,740,000	211,284,315	1,183,845,000	3,208,647,834	44,872	4,749,562,021	12,381,178,157	17,327,615,178	2,664,181,808	
Balance as at July 1, 2016	196,875,000	145,740,000	237,251,349	1,183,845,000	3,902,837,075	1,164,210	5,470,837,634	12,998,223,115	18,665,935,749	2,852,834,074	
Total comprehensive income for the period ended 31 March, 2017											
Profit for the period	-	-	-	-	-	-	-	1,262,551,502	1,262,551,502	539,595,985	
Other comprehensive (loss) / income	-	-	-	-	1,430,027,530	13,060	1,430,040,590	-	1,430,040,590	-	
	-	-	-	-	1,430,027,530	13,060	1,430,040,590	1,262,551,502	2,692,592,092	539,595,985	
Transaction with owners											
Cash dividend for the year ended June 30, 2016 at the rate of Rs.14 per share	-	-	-	-	-	-	-	(275,625,000)	(275,625,000)	(405,661,208)	
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	(2,603,637)	(2,603,637)	-	
Transfer to maintenance reserve	-	-	65,578,627	-	-	-	65,578,627	(278,228,637)	(278,228,637)	(405,661,208)	
Balance as at March 31, 2017	196,875,000	145,740,000	302,829,976	1,183,845,000	5,332,864,605	1,177,270	6,966,456,851	13,916,967,353	21,080,299,204	2,986,768,851	

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

Lahore:

Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017****1. THE GROUP AND ITS OPERATIONS****1.1 Sapphire Fibres Limited (the Parent Company)**

The Parent Company is a public limited company incorporated in Pakistan and its shares are listed on Pakistan Stock Exchange Limited. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

1.2 Sapphire Electric Company Limited (the Subsidiary Company)

The Subsidiary Company was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 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 at Muridke, District Sheikhpura, Punjab.

1.3 Premier Cement Limited (the Subsidiary Company)

The Subsidiary Company was incorporated during the current period as a public limited company and it intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

1.4 Sapphire Cement Company Limited (the Subsidiary Company)

The Subsidiary Company was incorporated during the current period as a public limited company and it intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information of the Group for the nine months ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provision of and directive issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of and directive issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information of the Group does not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended June 30, 2016.

These consolidated financial statements of the Group include the financial statements of the Parent Company and of its Subsidiary Companies. The Parent Company's direct interest in Sapphire Electric Company Limited, as at March 31, 2017 is 68.11% (June 30, 2016: 68.11%) where as the other two companies Premier Cement Limited and Sapphire Cement Company Limited are wholly owned Subsidiaries.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of audited annual consolidated financial statements for the year ended June 30, 2016.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These are considered not to be relevant or to have any significant effect on Group's financial reporting and operations and are, therefore, not disclosed in the condensed interim consolidated financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim consolidated financial information requires 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 this condensed interim consolidated financial information, 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 applied to the consolidated financial statements for the year ended June 30, 2016 except for the changes stated in note 5.1.2.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017**

5. PROPERTY, PLANT AND EQUIPMENT		Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
	Note		
Operating fixed assets	5.1	21,746,407,476	21,710,885,357
Capital work-in-progress	5.2	1,008,949,606	899,336,903
		<u>22,755,357,082</u>	<u>22,610,222,260</u>
5.1 Operating fixed assets			
Net book value at beginning of the period / year		21,710,885,357	18,533,399,691
Additions during the period / year	5.1.1	954,273,901	4,193,496,612
Disposals costing Rs.72.40 million (June 30, 2016: Rs.88.58 million) - at net book value		(15,017,865)	(58,996,334)
Depreciation charge for the period / year		(903,733,917)	(957,014,612)
Net book value at end of the period / year		<u>21,746,407,476</u>	<u>21,710,885,357</u>
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Freehold land		69,998,213	5,530,000
Leasehold land		206,531,800	9,460,000
Residential buildings and others on freehold land		21,213,448	138,422,512
Leased office improvements		-	5,664,901
Factory buildings on freehold land		3,949,507	1,261,608,468
Plant and machinery		596,713,684	2,544,062,266
Electrical installations		-	173,141,723
Office equipment		957,159	93,400
Mills equipment		320,000	4,770,988
Electric equipment		5,832,575	-
Computer hardware		1,909,933	2,979,199
Vehicles		43,918,995	45,891,025
Furniture and fixtures		2,928,587	1,872,130
		<u>954,273,901</u>	<u>4,193,496,612</u>
5.1.2	The management of the Parent Company, during the current period, carried out an internal exercise to ascertain the useful life of plant and machinery of newly installed Denim unit. Keeping in consideration the assessed useful life of these depreciable assets, the depreciation rate has been reduced to 5% per annum from 10% per annum. The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors). The effect of this change in accounting estimate has been recognised prospectively in the consolidated profit and loss account of the current period. Had there been no revision, profit before taxation and the carrying value of operating fixed assets would have been lower by Rs.90.466 million.		

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017**

			Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
5.2 Capital work-in-progress	Note			
Buildings			348,561,114	112,389,415
Plant and machinery			555,020,359	515,331,574
Furniture and fixtures			1,454,150	-
Advance payments against:				
- leasehold land			-	206,531,800
- freehold land			12,533,781	4,500,000
- factory / office buildings			71,733,279	40,980,105
- plant and machinery			3,507,078	5,035,858
- vehicles			16,139,845	14,568,151
			103,913,983	271,615,914
			1,008,949,606	899,336,903
6. LONG TERM INVESTMENTS				
Associated Companies	6.1		422,706,291	410,806,101
Others - available for sale	6.2		6,187,933,438	5,577,797,835
			6,610,639,729	5,988,603,936
6.1 Associated Companies- equity method Quoted				
Reliance Cotton Spinning Mills Limited 138,900 (June 30, 2016:138,900) ordinary shares of Rs.10 each -cost			1,306,269	1,306,269
Equity held: 1.35%				
Add: share of post acquisition profit			27,528,282	25,967,184
Less: dividend received during the period / year			(771,835)	(777,695)
			28,062,716	26,495,758
SFL Limited 10,199 (June 30, 2016:10,199) ordinary shares of Rs.10 each -cost			100,000	100,000
Equity held: 0.05%				
Add: share of post acquisition profit			1,415,633	1,431,886
Less: dividend received during the period / year			(10,192)	(25,480)
			1,505,441	1,506,406
Unquoted				
Sapphire Power Generation Limited 2,824,500 (June 30, 2016: 2,824,500) ordinary shares of Rs.10 each -cost			64,355,500	64,355,500
Equity held: 17.63%				
Add: share of post acquisition profit			229,594,847	220,321,454
			293,950,347	284,676,954
Sapphire Dairies (Private) Limited 10,000,000 (June 30, 2016: 10,000,000) ordinary shares of Rs.10 each -cost			100,000,000	100,000,000
Equity held: 9.52%				
Add: share of post acquisition (loss) / profit			(812,213)	(1,873,017)
			99,187,787	98,126,983
			422,706,291	410,806,101

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017**

	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
6.2 Others - available for sale		
Quoted		
MCB Bank Limited		
18,431,386 (June 30, 2016: 18,648,786)	896,545,278	907,119,613
ordinary shares of Rs.10 each - cost		
Adjustment arising from re-measurement to fair value	3,294,751,898	3,195,986,282
	4,191,297,176	4,103,105,895
Habib Bank Limited		
7,244,196 (June 30, 2016: 7,244,196)	1,217,073,609	1,217,073,609
ordinary shares of Rs.10 each - cost		
Adjustment arising from re-measurement to fair value	736,034,075	214,089,753
	1,953,107,684	1,431,163,362
Habib Bank Limited - Term Finance Certificates		
150 TFC's RS.100,000 each (June 30, 2016: 150) - Cost	15,000,000	15,000,000
Adjustment arising from re-measurement to fair value	(187,500)	(187,500)
	14,812,500	14,812,500
Unquoted		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2016: 2,351,995)	28,716,078	28,716,078
ordinary shares of Rs.10 each	6,187,933,438	5,577,797,835
7. STOCK-IN-TRADE		
Raw materials:		
- at mills	4,002,780,588	1,779,861,312
- in transit	275,923,679	544,853,839
- at third party's premises	32,431,411	43,362,451
	4,311,135,678	2,368,077,602
Work-in-process	315,026,526	176,994,465
Finished goods:		
- at mills	628,753,594	445,178,549
- at third party's premises	66,216,363	70,565,877
	694,969,957	515,744,426
	5,321,132,161	3,060,816,493
8. TRADE DEBTS		
8.1 These include trade receivables aggregating Rs.5,428 million (June 30, 2016: Rs.4,016 million) from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranges from 10.40% to 13.01% (June 30, 2016: 10.60% to 13.01%) per annum.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

Included in trade debts is an amount of Rs.576.073 million (June 30, 2016: Rs.576.073 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that the Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the Subsidiary Company had taken up this issue at appropriate forums. On June 28, 2013, the Subsidiary 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 Subsidiary Company before the Supreme Court of Pakistan on the abovementioned 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 Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan.

- 8.2** Also included in trade debts are amounts aggregating Rs.227.610 million (June 30, 2016: Rs.227.610 million) relating to capacity purchase price not acknowledged by NTDC. The Subsidiary Company's management raised this matter with NTDC, SNGPL and the Private Power and Infrastructure Board ('PPIB'), however, the dispute remained unresolved. As a result of the abovementioned MoU, all disputed amounts were agreed to be resolved through the dispute resolution mechanism under the PPA.

Consequently, with respect to both matters discussed above, during the year ended June 30, 2014, the Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. During the preceding financial year, the Expert gave his determination whereby the aforesaid amount of Rs 576.073 million was determined to be payable to the Subsidiary Company by NTDC while the Subsidiary Company's claim regarding the amount of Rs 227.610 million was not accepted. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rs.576.073 million from NTDC that has not yet been paid by NTDC.

- 8.3** In addition to the Expert Determination process mentioned above, the Subsidiary Company had also filed request for arbitration in respect of the above mentioned disputed amounts in the London Court of International Arbitration (LCIA) in accordance with the terms of the PPA and Gas Supply Agreement (GSA) against NTDC and SNGPL, whereby arbitrators were appointed.
- 8.4** In respect of the matter of Rs.576.073 million, during the preceding year, the Government of Pakistan (GOP) through PPIB has filed a case in the court of senior Civil Judge, Lahore against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication. Furthermore, During the preceding financial year, NTDC filed a stay application in LCIA before the Arbitrator to stay the arbitration proceedings. During the current period, in response to NTDC's stay application, the Arbitrator through his order dated July 08, 2016 has declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator has ordered NTDC to withdraw the abovementioned case filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any steps therein to disrupt the arbitration proceedings.
- 8.5** In respect of the matter of Rs.227.610 million, during the preceding year, the Arbitrator through his order dated March 09, 2016, has decided the matter in the Subsidiary Company's favour whereby the aforementioned amount of Rs.227.610 million has been determined to be payable to the Subsidiary Company by SNGPL. Furthermore, the Arbitrator has also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of actual payment and reimbursement of certain arbitration costs incurred by the Subsidiary 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 Subsidiary Company has filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award, which is pending adjudication.
- 8.6** Based on the advice of the Subsidiary Company's legal counsel, expert's determination and Arbitration Award, the management strongly feels that under the terms of the PPA, Implementation Agreement and GSA, there are meritorious grounds to support the Subsidiary Company's stance and both amounts are likely to be recovered. Consequently, no provision for the above mentioned amounts aggregating Rs 803.683 million has been made in these consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

9. CASH AND BANK BALANCES	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
Cash-in-hand		15,297,171	2,928,899
Balances with banks on:			
- off shore current account		297,510,323	299,921,522
- on shore:			
current accounts		66,105,075	140,028,622
term deposit account (TDA)		6,040,000	161,191,345
dividend account		5,100,825	4,306,938
		<u>374,756,223</u>	<u>605,448,427</u>
		<u>390,053,394</u>	<u>608,377,326</u>
10. LONG TERM FINANCES - Secured			
Balance at beginning of the period / year		9,621,293,568	8,753,051,466
Add: disbursements during the period / year	10.1	592,989,000	2,065,783,880
Less: repayments made during the period / year		<u>(1,009,569,021)</u>	<u>(1,197,541,778)</u>
		9,204,713,547	9,621,293,568
Less: current portion grouped under current liabilities		<u>1,582,954,432</u>	<u>1,371,309,727</u>
		<u>7,621,759,115</u>	<u>8,249,983,841</u>
10.1	The Parent Company had arranged long term finance facilities aggregating Rs.4,350 million from commercial banks to retire import documents for imported plant and machinery. During the current period, the banks have further disbursed Rs.592.989 million in tranches of different amounts.		
10.2	During the current period, four tranches of long term finance facilities of the Parent Company aggregating Rs.46.302 million were converted into a demand finance facility by NIB Bank Limited. This finance facility is repayable in seven equal semi-annual instalments commencing from June, 2017 and carries mark-up at the rate of 3 month Kibor + 1%; effective mark-up rate charged during the current period was 7.10% per annum. This finance facility is secured against joint pari passu charge of Rs.200 million over the imported machinery.		
10.3	Effective mark-up rates charged on the Parent Company, during the current period, ranged from 2.50% to 9.40% (June 30, 2016: 2.50% to 9.40%) per annum.		
10.4	The Subsidiary Company Sapphire Electric Company Limited obtained long term finances from a consortium of banks led by United Bank Limited (Agent Bank). The overall financing is secured against all and each of the Subsidiary Company's mortgaged project receivables, lien over the project bank accounts, mortgage of immoveable property, hypothecation of all present and future assets and properties of the Subsidiary Company (excluding the mortgaged project receivables and the mortgaged immoveable property) and by the collectively agreed pledge of 51% shares of the Subsidiary Company held by the sponsors. It carries mark-up at the rate of three months KIBOR plus three percent per annum, payable on quarterly basis. The mark-up rate ranged from 9.04% to 9.12% (June 30, 2016: 9.84%) per annum. As of March 31, 2017, the principal is repayable in fourteen quarterly instalments ending on September 30, 2020.		
10.5	Except for the above changes, all other term and conditions of the long term financing are same as disclosed in audited annual consolidated financial statements of the Parent Company for the year ended June 30, 2016.		
11. CONTINGENCIES AND COMMITMENTS			
11.1 Contingencies			
11.1.1	Guarantees aggregating Rs. 2,756.866 million (June 30, 2016: Rs.2,723.300 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

11.1.2 Except for the above, there has been no significant change in the status of contingencies as reported in the preceding annual audited consolidated financial statements of the Group for the year ended June 30, 2016.

11.2 Commitments

11.2.1 The Subsidiary Company has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the operations and maintenance (O&M) of the power station starting from the Commercial Operations Date upto earlier of the time when the power station has run 144,000 Fired Hours and February 14, 2030. Under the terms of the O&M agreement, the Subsidiary Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to an annual increase of 3%.

	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
11.2.2 Commitments in respect of :		
- letters of credit for capital expenditure	<u>139,211,426</u>	<u>383,657,523</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>197,448,611</u>	<u>157,215,284</u>
- capital expenditure other than through letters of credit	<u>71,295,360</u>	<u>36,907,280</u>
- foreign bills discounted	<u>560,824,933</u>	<u>680,036,430</u>
- forward foreign currency contracts	<u>871,983,450</u>	<u>141,423,994</u>

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Note		----- Rupees -----			
Finished goods at beginning of the period		621,908,727	496,178,549	514,758,796	509,819,710
Cost of goods manufactured	12.1	5,760,668,624	4,947,431,779	16,925,299,231	15,524,008,340
Cost of raw materials sold		9,809,260	2,316,561	36,786,109	21,747,577
		<u>5,770,477,884</u>	4,949,748,340	<u>16,962,085,340</u>	15,545,755,917
		<u>6,392,386,611</u>	5,445,926,889	<u>17,476,844,136</u>	16,055,575,627
Finished goods at end of the period		(694,969,957)	(502,951,481)	(694,969,957)	(502,951,481)
		<u>5,697,416,654</u>	4,942,975,408	<u>16,781,874,179</u>	15,552,624,146

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2017**

		----- Un-audited -----			
		Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		----- Rupees -----			
12.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	188,268,097	162,125,725	160,305,731	156,135,025
	Raw materials consumed	4,223,547,601	3,609,743,536	12,345,830,628	11,515,572,525
	Direct labour and other overheads	1,663,879,452	1,350,584,294	4,734,189,398	4,027,322,566
		5,887,427,053	4,960,327,830	17,080,020,026	15,542,895,091
		6,075,695,150	5,122,453,555	17,240,325,757	15,699,030,116
	Work-in-process at end of the period	(315,026,526)	(175,021,776)	(315,026,526)	(175,021,776)
		5,760,668,624	4,947,431,779	16,925,299,231	15,524,008,340
				Un-audited	
				Nine months ended	
				March 31, 2017	March 31, 2016
		Note		Rupees	Rupees
13.	CASH GENERATED FROM OPERATIONS				
	Profit before taxation			1,993,418,761	2,139,120,170
	Adjustments for non-cash and other items:				
	Depreciation			903,733,917	691,760,896
	Depreciation of investment property			-	544,062
	Amortization of intangible assets			1,126,433	1,311,717
	Staff retirement benefit - gratuity			69,840,000	60,030,000
	Provision for workers' profit participation / workers' welfare fund			77,548,218	93,364,064
	Gain on disposal of operating fixed assets			(18,239,975)	(15,650,486)
	Gain on disposal of investment property			-	(20,056,965)
	Gain on sale of investments			(92,160,860)	(69,858,945)
	Loss / (gain) on sale of stores and spares			247,098	(106,089)
	Dividend and interest income			(486,398,350)	(428,346,586)
	Finance cost			1,004,982,261	1,081,397,277
	Exchange (gain) / loss			(5,147,859)	9,744,758
	Working capital changes	13.1		(3,063,762,217)	(1,834,041,394)
				385,187,427	1,709,212,479

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

		Un-audited Nine months ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
13.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(28,467,362)	(1,002,954)
- Stock-in-trade		(2,260,315,668)	(1,220,121,697)
- Trade debts		(1,441,839,932)	1,185,454,692
- Loans and advances		(6,381,640)	(89,800,864)
- Deposits, other receivables and sales tax		133,992,806	(405,941,175)
		(3,603,011,796)	(531,411,998)
Increase / (decrease) in trade and other payables		539,249,579	(1,302,629,396)
		(3,063,762,217)	(1,834,041,394)

14. SEGMENT REPORTING

14.1 Reportable segments

The Group's reportable segments are as follows:

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

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

14.2 Segment revenues and results

	Spinning	Knitting, processing and garments	Power	Denim	Elimination of inter segment transactions	Total
	Rupees					
For the period ended March 31, 2017						
Sales	7,964,316,533	5,216,133,338	9,344,162,131	273,129,657	(2,955,316,505)	19,842,425,154
Cost of sales	(7,198,062,838)	(4,977,857,590)	(6,996,531,591)	(564,738,665)	2,955,316,505	(16,781,874,179)
Gross profit	766,253,695	238,275,748	2,347,630,540	(291,609,008)	-	3,060,550,975
Distribution cost	(218,575,763)	(78,027,824)	-	(17,513,251)	-	(314,116,838)
Finance cost	(214,153,160)	(17,276,281)	(592,738,296)	(180,814,524)	-	(1,004,982,261)
	(432,728,923)	(95,304,105)	(592,738,296)	(198,327,775)	-	(1,319,099,099)
Profit before taxation and unallocated income and expenses	333,524,772	142,971,643	1,754,892,244	(489,936,783)	-	1,741,451,876
Unallocatable income and expenses						
Administrative expenses						(289,898,901)
Other expenses						(85,062,204)
Other income						626,927,990
Share of profit of Associated Companies						1,998,342
Taxation						(193,269,616)
Profit after taxation						1,802,147,487

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

Segment revenues and results

	Spinning	Knitting, processing and garments	Power	Denim	Elimination of inter segment transactions	Total
	----- Rupees -----					
For the period ended March 31, 2016						
Sales	9,340,795,571	2,114,785,038	9,578,008,483	-	(2,184,853,835)	18,848,735,257
Cost of sales	(8,551,881,485)	(2,060,799,594)	(7,124,796,902)	-	2,184,853,835	(15,552,624,146)
Gross profit	788,914,086	53,985,444	2,453,211,581	-	-	3,296,111,111
Distribution cost	(246,602,185)	(52,096,269)	-	-	-	(298,698,454)
Finance cost	(265,105,058)	(33,873,432)	(782,418,785)	-	-	(1,081,397,275)
	(511,707,243)	(85,969,701)	(782,418,785)	-	-	(1,380,095,729)
Profit / (loss) before taxation and unallocated income and expenses	277,206,843	(31,984,257)	1,670,792,796	-	-	1,916,015,382
Unallocatable income and expenses						
Administrative expenses						(226,282,628)
Other expenses						(114,431,715)
Other income						563,819,131
Share of profit of Associated Companies						16,067,332
Taxation						(214,713,808)
Profit after taxation						1,940,473,694

14.3 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 March 31, 2017					
Segment assets	6,605,452,278	1,833,232,641	4,762,992,336	20,222,102,500	33,423,779,755
Unallocatable assets					15,531,460,245
Total assets as per balance sheet					48,955,240,000
Segment liabilities	6,539,806,281	1,248,975,883	5,417,297,137	10,856,082,152	24,062,161,453
Unallocatable liabilities					826,010,492
Total liabilities as per balance sheet					24,888,171,945
As at June 30, 2016					
Segment assets	7,146,392,020	1,648,129,147	4,126,625,638	19,259,223,831	32,180,370,636
Unallocatable assets					10,919,398,391
Total assets as per balance sheet					43,099,769,027
Segment liabilities	5,264,637,989	1,127,581,963	4,233,338,443	10,305,079,886	20,930,638,281
Unallocatable liabilities					650,360,923
Total liabilities as per balance sheet					21,580,999,204

14.4 Geographical information

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2017

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited Nine months ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
(i) Associates	Sales of raw material / yarn / fabric / stores	522,215,095	389,817,365
	- assets	18,321,000	69,521,250
	Purchases:		
	- raw material / yarn / fabric / stores	364,723,662	231,889,417
	- assets	10,824,557	-
	- electricity	16,026,732	275,733,156
	Services:		
	- rendered	38,423,629	-
	- obtained	2,888,702	-
	Expenses charged by	17,445,454	17,426,858
	Expenses charged to	8,300,684	5,634,816
	Dividend:		
	- received	782,027	803,175
	- paid	142,756,544	101,968,960
(ii) Retirement fund	Contribution made	9,746,380	5,964,598
(iii) Other	Rent expense	1,061,076	3,946,149

16. GENERAL

16.1 Figures have been rounded off to the nearest rupee except stated otherwise.

16.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on April 20, 2017.

16.3 The Board of Directors of the Parent Company in its meeting held on April 20, 2017 has announced a cash dividend in respect of nine months period ended 31 March, 2017 of Rs.5 (31 March, 2016: Nil) per share. This condensed interim consolidated financial information for the nine months ended 31 March, 2017 does not include of this appropriation which will be accounted for subsequent to the period end.

Lahore:
Dated: April 20, 2017

SHAHID ABDULLAH
CHIEF EXECUTIVE

SHAYAN ABDULLAH
DIRECTOR