

Sapphire Fibres Limited

Quarterly Accounts September 30, 2014

CONTENTS

COMPANY PROFILE	03
DIRECTORS' REPORT	04
BALANCE SHEET	05
PROFIT & LOSS ACCOUNT	06
STATEMENT OF COMPREHENSIVE INCOME	07
CASH FLOW STATEMENT	08
STATEMENT OF CHANGES IN EQUITY	09
NOTES TO THE FINANCIAL STATEMENTS	10

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. Mohammad Yamin Mr. Tajammal Hussain Bokharee
Audit Committee	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Mohammad Yamin
Member		Mr. Tajammal Hussain Bokharee
Humon Resource & Remuneration Committee	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Shahid Abdullah
Member		Mr. Mohammad Yamin
Chief Financial Officer	:	Mr. Mujahid Akbar Bozdar
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Hameed Chaudhri & Company Chartered Accountants
Management Consultant	:	M. Yousuf Adil Saleem & Company 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
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 quarter ended 30 September, 2014.

Financial Highlights

	30 September	
	2014	2013
	<u>Rupees in thousand</u>	
Sales & services	3,579,515	3,934,640
Gross profit	550,002	739,152
Profit from operations	465,948	1,415,903
Other income	111,190	969,268
Profit before taxation	358,690	1,313,080
Taxation:		
- Current	46,781	113,248
- Deferred	5,782	(4,774)
	52,563	108,474
Profit after taxation	306,127	1,204,606

The Company has earned after tax profit of Rs. 306.127 million as against Rs. 1,204.606 million of the last year's corresponding period. Last year's Profit of September quarter was higher due to dividend income as compared to current year's quarter. The company's sales of the current period are lower as compared to last period due to declined sale rates and strengthening of Pak rupee against other currencies. Gross profit ratio decreased from 18.79% to 15.37% due to hike in input costs.

Earnings per share

The company's earnings per share (EPS) were at Rs.15.55 as compared to Rs. 61.19 of the same period of the last year.

Future outlook

Textile sector in Pakistan is facing challenges of continuous decline in sale rates due to globally depressed demand and of unstable cotton prices in domestic and international markets. This situation is not only resulting un-stability in sales but also making it difficult to work out future production plans. Further, the industry is also facing major cost challenges mainly, of increase in fuel and power costs and rise in wage rates. However the management is vigilant of these issues and constantly working to mitigate these costs by implementing energy management plans and increasing production efficiencies. The balancing and modernization programs are well under way and we are confident that the Company will take benefit of these measures in coming period of this financial year.

The management is working hard to moderate profitability by exploring new markets, increase in production efficiencies for a diverse customer base and adopting cost reduction plans in order to mitigate rising trend of input costs.

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

For and on behalf of the Board

Karachi
Dated: 30 October, 2014

MOHAMMAD ABDULLAH
Chairman

BALANCE SHEET
AS AT SEPTEMBER 30, 2014 (UN-AUDITED)

ASSETS	NOTE	Un-Audited 30 September 2014 Rupees	Audited 30 June 2014 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	3,810,450,359	3,824,088,383
Investment property		163,014,329	163,273,406
Intangible assets		2,593,961	2,871,886
Long term investments	6	8,546,520,986	8,901,214,827
Long term loans		264,000	193,000
Long term deposits		27,822,285	27,822,285
		12,550,665,920	12,919,463,787
CURRENT ASSETS			
Stores, spare parts and loose tools		229,255,644	175,919,748
Stock-in-trade		2,786,496,411	3,180,774,748
Trade debts		1,470,509,482	1,392,428,704
Loans and advances		131,225,406	26,658,228
Trade deposits and short term prepayments		5,646,701	3,560,503
Short term investments		1,740,544,087	1,584,090,779
Other receivables		430,583,104	334,578,455
Tax refunds due from Government		276,021,382	331,758,527
Cash and bank balances		216,869,932	149,916,610
		7,287,152,149	7,179,686,302
TOTAL ASSETS		19,837,818,069	20,099,150,089
EQUITY AND LIABILITIES			
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 19,687,500 ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		6,210,135,901	6,594,226,401
Unappropriated profit		8,311,794,456	8,005,667,352
Shareholders' Equity		14,718,805,357	14,796,768,753
NON CURRENT LIABILITIES			
Long term finances		63,168,751	65,371,251
Staff retirement benefits - gratuity		219,801,131	210,997,693
Deferred taxation		59,921,957	56,532,945
Long term security deposit		2,100,000	2,100,000
		344,991,839	335,001,889
CURRENT LIABILITIES			
Trade and other payables		1,185,402,084	1,210,134,150
Accrued Markup/Interest		54,178,603	58,542,707
Short term borrowings		3,261,787,788	3,322,831,087
Current maturity of long term finances		10,904,749	160,904,749
Taxation		261,747,649	214,966,754
		4,774,020,873	4,967,379,447
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		19,837,818,069	20,099,150,089

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

Karachi:

Dated:30 October, 2014

Yousuf Abdullah

Director

Mohammad Abdullah

Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		September 2014 Rupees	September 2013 Rupees
	Note		
Sales		3,579,515,348	3,934,640,459
Cost of sales	8	<u>3,029,513,248</u>	<u>3,195,488,036</u>
Gross profit		550,002,100	739,152,423
Selling and distribution expenses		<u>114,160,731</u>	143,821,398
Administrative expenses		53,494,672	49,516,060
Other expenses		27,588,754	99,180,434
Other income		<u>(111,190,268)</u>	<u>(969,268,346)</u>
		<u>84,053,889</u>	<u>(676,750,454)</u>
Operating profit		465,948,211	1,415,902,877
Finance cost		<u>107,258,044</u>	102,823,084
Profit before taxation		<u>358,690,167</u>	1,313,079,793
TAXATION			
Current		<u>46,780,895</u>	113,248,076
Deferred		<u>5,782,168</u>	<u>(4,774,294)</u>
		<u>52,563,063</u>	108,473,782
Profit after taxation		<u><u>306,127,104</u></u>	<u><u>1,204,606,011</u></u>
Basic Earnings per share		<u><u>15.55</u></u>	<u><u>61.19</u></u>

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

Karachi:

Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 2014 Rupees	September 2013 Rupees
Profit after taxation	306,127,104	1,204,606,011
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss		
Unrealised (loss) / gain due to change in fair value of available for sale investments		
- long term	(354,693,841)	351,294,251
- short term	(29,734,154)	(53,246,787)
Impact of deferred tax	2,393,159	-
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(2,055,664)	-
	(384,090,500)	298,047,464
Total comprehensive (Loss) / income for the period	(77,963,396)	1,502,653,475

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

Karachi:
Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

CASH FLOW STATEMENT (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 2014 Rupees	September 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	358,690,167	1,313,079,793
Adjustments for non cash charges and other items		
Depreciation	84,275,134	79,140,407
Amortisation of intangible assets	277,925	466,426
Staff retirement benefits - gratuity	14,025,000	10,575,000
Provision for workers' profit participation / welfare fund	26,583,911	97,317,407
Gain on disposal of tangible fixed assets	(543,012)	(564,722)
Gain on sale of short term investments	(263,438)	(10,763)
Gain on sale of stores and spares	(28,468)	(8,482)
Dividend and interest income	(102,521,752)	(958,829,444)
Finance cost	107,258,044	102,823,084
Cash inflow from operating activities before working capital changes	487,753,511	643,988,706
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(53,705,093)	(22,073,724)
Stock in trade	394,278,337	(108,399,647)
Trade debts	(78,080,778)	(165,226,501)
Loans and advances	(104,567,178)	(90,261,352)
Deposits, other receivables and sales tax	(32,614,070)	(30,049,240)
Increase in trade and other payables	(51,315,978)	205,156,695
	73,995,240	(210,853,769)
CASH INFLOW FROM OPERATING ACTIVITIES	561,748,751	433,134,937
Gratuity paid	(5,221,562)	(2,199,187)
Finance cost paid	(111,622,148)	(115,556,518)
Income taxes refund / (paid) - net	34,473,882	(112,180,239)
Long term loans and deposits	(71,000)	(7,659,490)
	(82,440,828)	(237,595,434)
NET CASH INFLOW FROM OPERATING ACTIVITIES	479,307,923	195,539,503
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(70,440,017)	(81,637,980)
Increase in investment in subsidiary company	-	(510,000,000)
Increase in investments available for sale	(198,613,768)	(140,413,950)
Sale proceeds of tangible fixed assets	600,000	852,900
Sale proceed of short term investments	10,634,080	2,115,775
Sale proceeds of stores and spares	397,665	370,227
Dividend, interest and other income received	58,313,238	915,996,355
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES	(199,108,802)	187,283,327
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Obtained	-	21,695,000
Long term loans - Repaid	(152,202,500)	(150,000,000)
Dividend paid	-	(10,128)
Short term borrowings - net	(61,043,299)	(199,595,553)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(213,245,799)	(327,910,681)
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,953,322	54,912,149
CASH AND CASH EQUIVALENTS - at the beginning of the period	149,916,610	93,155,833
CASH AND CASH EQUIVALENTS - at the end of the period	216,869,932	148,067,982

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

Karachi:

Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Share capital	Reserves			Sub-total	Unappropriated profit	Total
		Capital	General	Unrealised gain on available-for-sale investments			
----- Rupees -----							
Balance as at 01 July, 2013 (re-stated)	196,875,000	145,740,000	1,183,845,000	3,482,291,086	4,811,876,086	6,816,488,488	11,825,239,574
Total comprehensive income for the period ended 30 Sept, 2013							
Profit for the period	-	-	-	-	-	1,204,606,011	1,204,606,011
Other comprehensive income	-	-	-	298,047,464	298,047,464	-	298,047,464
Balance as at 30 Sept, 2013	196,875,000	145,740,000	1,183,845,000	3,780,338,550	5,109,923,550	8,021,094,499	13,327,893,049
Balance as at 01 July, 2014	196,875,000	145,740,000	1,183,845,000	5,264,641,401	6,594,226,401	8,005,667,352	14,796,768,753
Total comprehensive income for the period ended 30 Sept, 2014							
Profit for the period	-	-	-	-	-	306,127,104	306,127,104
Other comprehensive loss	-	-	-	(384,090,500)	(384,090,500)	-	(384,090,500)
Balance as at 30 Sept, 2014	196,875,000	145,740,000	1,183,845,000	4,880,550,901	6,210,135,901	8,311,794,456	14,718,805,357

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

Karachi:

Dated: 30 October, 2014

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Yousuf Abdullah
Director

Mohammad Abdullah
Director

NOTES TO THE FINANCIAL STATEMENTS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1. CORPORATE INFORMATION

The Company was incorporated in Pakistan on 05 June, 1979 as a Public Limited Company and its shares are quoted on Karachi, Islamabad and Lahore Stock Exchanges. It is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Company is located at 316, Cotton Exchange Building, Karachi and its mills are located at Raiwind Road Lahore, Feroze Wattoan and Kharianwala in district Sheikhpura.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 (Interim Financial Reporting). This condensed interim financial information do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended 30 June, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended 30th June, 2014.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information requires 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 this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2014.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June, 2014.

	Note	Un-audited 30 September, 2014 Rupees	Audited 30 June, 2014 Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	5.1	3,719,182,587	3,763,786,358
Capital work in progress	5.2	91,267,772	60,302,025
		<u>3,810,450,359</u>	<u>3,824,088,383</u>
5.1 Tangible fixed assets			
Opening book value		3,763,786,358	3,271,220,504
Additions during the period			
- land (freehold)		-	58,377,375
- residential buildings and others		-	207,642,599
- factory buildings		14,146,527	84,702,868
- plant and machinery		19,760,502	399,971,382
- electric installations		-	75,020,875
- office equipment		711,000	-
- mill equipment		-	234,475
- computer hardware		121,693	893,934
- vehicles		3,486,900	11,807,120
- furniture and fixtures		1,242,648	1,050,163
		39,469,270	839,700,791
Book value of assets disposed-off during the quarter/year		(56,988)	(7,055,398)
Depreciation charge for the quarter/year		(84,016,053)	(340,079,539)
		<u>3,719,182,587</u>	<u>3,763,786,358</u>

NOTES TO THE FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Un-audited 30 September, 2014 Rupees	Audited 30 June, 2014 Rupees
5.2 Capital work-in-progress		
Building	11,671,210	17,463,693
Plant and machinery	26,802,355	25,031,913
Furniture and fixture	465,865	465,865
Computer	3,186,267	-
Advance payments:		
- free hold land	22,375,000	-
- buildings	14,268,800	7,668,800
- plant & machinery	7,952,000	8,432,000
- computer hardware	200,754	200,754
- vehicles	4,345,521	1,039,000
	91,267,772	60,302,025
6. LONG TERM INVESTMENTS		
Subsidiary Company - at cost	6.1 3,015,204,020	3,015,204,020
Associated Companies - at cost	165,761,769	165,761,769
Others - available for sale	6.2 5,365,555,197	5,720,249,038
	8,546,520,986	8,901,214,827
6.1 172,446,420 shares of the Subsidiary Company have been pledged with a financial institution under Share Pledge Agreement dated 16 April, 2007 and Working Capital Support Agreement dated 13 August, 2010 as security against finance facilities advanced to the Subsidiary Company.		
6.2 Others - available for sale		
MCB Bank Limited - Quoted		
18,886,786 ordinary shares of Rs.10 each	918,695,933	918,695,933
Adjustment arising from re-measurement to fair value	4,418,143,186	4,772,837,027
	5,336,839,119	5,691,532,960
Novelty Enterprises (Pvt.) Limited - Unquoted		
2,351,995 ordinary shares of Rs.10 each	28,716,078	28,716,078
	5,365,555,197	5,720,249,038
7. CONTINGENCIES AND COMMITMENTS		
7.1 Guarantees issued by banks to various Government institutions on behalf of the Company aggregate Rs.199.750 million (30 June, 2014: Rs.199.750 million).		
7.2 During the year ended 30 June, 2014, it was discovered that there were unauthorised withdrawals of funds from one of the Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Company's authority. On becoming aware of the matter, FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Company does not have any liability whatsoever in respect of such net unauthorised withdrawals of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges. Furthermore the Company has filed a suit on March 21, 2014 in the honourable Sindh High Court, which has granted a stay order on April 08, 2014 in favour of the Company whereby the bank has been restrained from placing the Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Company.		
7.3 Commitments in respect of confirmed letters of credit:		
Raw Materials, Stores, spares and chemicals	69,117,250	175,253,535
Plant and machinery	62,111,016	16,093,704
Other than letters of credit	16,693,920	12,788,386
	147,922,186	204,135,625

NOTES TO THE FINANCIAL STATEMENTS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

8. COST OF SALES	Note	Un-audited 30 September, 2014 Rupees	Un-audited 30 September, 2013 Rupees
Stocks - opening		540,491,694	393,606,498
Cost of goods manufactured	8.1	2,970,322,277	3,190,128,886
Cost of raw materials sold		<u>25,316,889</u>	<u>26,071,593</u>
		<u>3,536,130,860</u>	<u>3,609,806,977</u>
Stocks - closing		<u>506,617,612</u>	<u>414,318,941</u>
		<u>3,029,513,248</u>	<u>3,195,488,036</u>
8.1 Cost of goods manufactured			
Work in process - opening		211,059,838	250,170,763
Raw materials consumed		<u>1,945,858,209</u>	<u>2,286,916,045</u>
Overheads		<u>1,007,081,249</u>	<u>925,212,063</u>
		<u>2,952,939,458</u>	<u>3,212,128,108</u>
		<u>3,163,999,296</u>	<u>3,462,298,871</u>
Work in process closing		<u>193,677,019</u>	<u>272,169,985</u>
		<u>2,970,322,277</u>	<u>3,190,128,886</u>

9. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with associated companies during the period were as follows:

Relationship with the company	Name of transaction	Un-audited 30 September, 2014 Rupees	Un-audited 30 September, 2013 Rupees
I. Associates	Sale of goods and services	126,162,145	234,988,017
	Purchase of goods and services	149,941,610	96,912,120
	Electric power purchased	42,481,779	57,486,714
	Assets purchased	-	8,000,000
	Expenses charged to	44,060	-
	Expenses charged by	2,084,407	2,288,033
II. Other related parties	Contributions towards provident fund	1,231,451	980,574

10. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 October, 2014 by the Board of Directors of the Company.

11. PRESENTATION

Figures in the financial statements have been rounded-off to the nearest rupee.

Karachi:

Dated: 30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Sapphire Fibres Limited

Quarterly Accounts September 30, 2014

CONTENTS

CONSOLIDATED ACCOUNTS

DIRECTORS' REPORT	15
BALANCE SHEET	16
PROFIT & LOSS ACCOUNT	17
STATEMENT OF COMPREHENSIVE INCOME	18
CASH FLOW STATEMENT	19
STATEMENT OF CHANGES IN EQUITY	20
NOTES TO THE FINANCIAL STATEMENTS	21

Directors' Report

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiary Sapphire Electric Company Limited for the quarter ended 30 September, 2014. 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 67.83% shares of SECL as on 30 September, 2014.

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.

For and on behalf of the Board

Karachi
Dated: 30 October, 2014

MOHAMMAD ABDULLAH
Chairman

**BALANCE SHEET
AS AT SEPTEMBER 30, 2014**

ASSETS	NOTE	Un-Audited 30 September 2014 Rupees	Audited 30 June 2014 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	6	18,964,208,114	19,122,928,560
Investment Property		163,014,329	163,273,406
Intangible assets		8,206,865	8,484,790
Long term investments	7	5,752,609,600	6,109,020,290
Long term loans - secured		264,000	193,000
Long term deposits and prepayments		29,052,085	29,052,085
		24,917,354,993	25,432,952,131
CURRENT ASSETS			
Stores, spare parts and loose tools		229,255,644	175,919,748
Stock-in-trade		3,388,373,553	3,417,200,030
Trade debts		6,917,407,106	6,814,141,193
Loans and advances		260,339,607	54,915,786
Trade deposits and short term prepayments		11,647,071	54,268,348
Short term investments		1,740,544,087	1,584,090,779
Other receivables		894,517,117	816,970,192
Interest receivable		975,265	2,397,851
Tax refunds due from the Government		431,279,844	390,912,030
Cash and bank balances		1,215,198,414	981,697,073
		15,089,537,708	14,292,513,030
TOTAL ASSETS		40,006,892,701	39,725,465,161
EQUITY AND LIABILITIES			
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		196,875,000	196,875,000
Reserves		6,273,772,139	6,629,526,238
Unappropriated profit		10,177,374,625	9,652,794,091
Shareholders' Equity		16,648,021,764	16,479,195,329
NON CONTROLLING INTEREST		2,238,152,848	2,120,248,780
TOTAL EQUITY		18,886,174,612	18,599,444,109
NON CURRENT LIABILITIES			
Long term finances		8,435,784,711	8,745,012,465
Staff retirement benefits - gratuity		219,801,131	210,997,693
Deferred taxation		61,521,387	58,039,959
Long term security deposit		2,100,000	2,100,000
		8,719,207,229	9,016,150,117
CURRENT LIABILITIES			
Trade and other payables		2,942,607,797	2,790,861,843
Accrued Markup/Interest		489,806,893	510,171,778
Short term borrowings		7,528,397,816	7,303,720,038
Current maturity of long term finances		1,178,950,705	1,290,150,522
Taxation		261,747,649	214,966,754
		12,401,510,860	12,109,870,935
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		40,006,892,701	39,725,465,161

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

Karachi:

Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		September 2014 Rupees	September 2013 Rupees
	Note		
Sales		10,243,674,085	7,617,810,711
Cost of sales	9	<u>8,864,398,900</u>	<u>6,215,580,821</u>
Gross profit		1,379,275,185	1,402,229,890
Selling and distribution expenses		114,160,731	143,821,398
Administrative expenses		69,193,629	60,717,238
Other expenses		34,016,432	116,017,586
Other income		<u>(112,023,673)</u>	<u>(107,003,623)</u>
		<u>105,347,119</u>	<u>213,552,599</u>
Operating profit		1,273,928,066	1,188,677,291
Finance cost		548,451,377	495,817,231
		<u>725,476,689</u>	<u>692,860,060</u>
Share of profit of associates		438,687	2,581,607
Profit before taxation		<u>725,915,376</u>	<u>695,441,667</u>
TAXATION			
Current		47,064,253	113,454,688
Deferred		5,874,584	(4,503,421)
		<u>52,938,837</u>	<u>108,951,267</u>
Profit after taxation		<u>672,976,539</u>	<u>586,490,400</u>
Attributable to:			
Shareholders of the Parent Company		555,072,471	508,501,088
Non controlling interest		<u>117,904,068</u>	<u>77,989,312</u>
		<u>672,976,539</u>	<u>586,490,400</u>
Basic Earnings per share		<u>28.19</u>	<u>25.83</u>

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

Karachi:

Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 2014 Rupees	September 2013 Rupees
Profit after taxation	672,976,539	586,490,400
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss		
Unrealised (loss) / gain due to change in fair value of available for sale investments		
- long term	(354,693,841)	351,294,251
- short term	(29,734,154)	(53,246,787)
Impact of deferred tax	2,393,159	-
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(2,055,664)	-
Share of fair value gain on re-measurement of available-for-sale investments of Associated Companies	22,355	53,868
	(384,068,145)	298,101,332
Unrealised loss on remeasurement of forward foreign exchange contracts	(4,024)	(55,137)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	288,904,370	884,536,595
Attributable to:		
Shareholders of the Parent Company	171,000,302	806,547,283
Non-controlling Interest	117,904,068	77,989,312
	288,904,370	884,536,595

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

Karachi:
Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

**CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 2014 Rupees	September 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation and share of profit of associates	725,476,689	1,555,715,104
Adjustments for non cash charges and other items		
Depreciation	229,357,557	224,808,236
Amortisation of intangible assets	277,925	466,426
Staff retirement benefits - gratuity	14,025,000	10,575,000
Provision for workers' profit participation / welfare fund	26,583,911	97,317,407
Gain on disposal of tangible fixed assets	(543,012)	(564,722)
Gain on disposal of investments	(263,438)	(10,763)
Gain on sale of stores & spares	(28,468)	(8,482)
Dividend, interest and other income	(103,355,157)	(959,419,765)
Exchange fluctuation loss	6,427,678	16,837,152
Finance cost	548,451,379	495,817,233
	720,933,375	(114,182,278)
Cash inflow from operating activities before working capital changes	1,446,410,064	1,441,532,826
Decrease/(increase) in current assets		
Stores, spares and loose tools	(53,705,093)	(22,073,724)
Stock in trade	28,826,477	(185,685,411)
Trade debts	(103,265,913)	(627,598,506)
Loans and advances	(104,567,178)	(90,261,352)
Deposits, other receivables and sales tax	(164,099,220)	130,272,514
Increase in trade and other payables	119,104,295	628,616,457
	(277,706,632)	(166,730,022)
CASH INFLOW FROM OPERATING ACTIVITIES	1,168,703,432	1,274,802,804
Gratuity paid	(5,221,562)	(2,199,187)
Finance cost paid	(568,816,249)	(271,919,786)
Income taxes refund / (paid) - net	31,609,322	(112,804,723)
Long term loans and deposits	(171,000)	(7,659,490)
	(542,599,489)	(394,583,186)
NET CASH INFLOW FROM OPERATING ACTIVITIES	626,103,943	880,219,618
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(70,440,017)	(84,242,095)
Increase in investment in subsidiary company	-	(510,000,000)
Increase in investments available for sale	(198,613,768)	(140,413,950)
Sale proceeds of investments	10,634,080	2,115,775
Sale proceeds of tangible fixed assets	600,000	852,900
Sale proceeds of stores & spares	397,665	370,227
Dividend, interest and other income received	60,569,229	916,668,832
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES	(196,852,811)	185,351,689
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Obtained	-	21,695,000
Long term loans - Repaid	(420,427,571)	(384,930,640)
Dividend paid	-	(1,272,074,149)
Short term borrowings - net	224,677,778	(25,367,456)
	(195,749,793)	(1,660,677,245)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(195,749,793)	(1,660,677,245)
NET DECREASE IN CASH AND CASH EQUIVALENTS	233,501,339	(595,105,938)
CASH AND CASH EQUIVALENTS - at the beginning of the period	981,697,075	1,277,541,056
CASH AND CASH EQUIVALENTS - at the end of the period	1,215,198,414	682,435,118

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

Karachi:

Dated:30 October, 2014

Yousuf Abdullah
Director

Mohammad Abdullah
Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Reserves							Sub-total	Unappropri- ated profit	Total	Non Controlling Interest	
	Capital		General	Unrealised gain on available-for- sale investments	Unrealised gain on hedging instruments	Unrealised gain on sale instruments	Share premium					Maintenance reserve
	Share capital	Maintenance reserve										
Balance as at 01 July, 2013 (re-stated)	196,875,000	145,740,000	261,166,584	1,183,845,000	3,486,456,351	69,191	5,077,277,126	8,276,119,998	13,550,272,124	2,794,434,833		
Total comprehensive income for the period ended 30 Sept, 2013	-	-	-	-	-	-	-	-	-	-		
Profit for the period	-	-	-	-	-	-	-	-	-	-		
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-		
Transfer to maintenance reserve	-	-	52,793,788	-	-	-	-	(52,793,788)	-	-		
Further acquisition	-	-	-	-	-	-	-	-	-	(510,000,000)		
Dividend paid	-	-	-	-	-	-	-	(409,208,977)	(409,208,977)	-		
Effect of items directly credited in equity by associates	-	-	-	-	-	-	-	(1,732,342)	(1,732,342)	-		
Balance as at 30 Sept, 2013	196,875,000	145,740,000	313,960,372	1,183,845,000	3,784,557,683	14,054	5,428,117,109	8,320,885,979	13,945,878,088	2,362,424,145		
Balance as at 01 July, 2014	196,875,000	145,740,000	30,512,398	1,183,845,000	5,269,341,352	87,488	6,629,526,238	9,652,794,091	16,479,195,329	2,120,248,780		
Total comprehensive income for the period ended 30 Sept, 2014	-	-	-	-	-	-	-	-	-	-		
Profit for the period	-	-	-	-	-	-	-	-	-	-		
Other comprehensive loss	-	-	-	-	(384,068,145)	(4,024)	(384,072,169)	-	(384,072,169)	-		
Transfer to maintenance reserve	-	-	28,318,070	-	-	-	-	(28,318,070)	-	-		
Further acquisition	-	-	-	-	-	-	-	-	-	-		
Dividend paid	-	-	-	-	-	-	-	-	-	-		
Effect of items directly credited in equity by associates	-	-	-	-	(384,068,145)	(4,024)	(384,072,169)	555,072,471	(2,173,867)	-		
Balance as at 30 Sept, 2014	196,875,000	145,740,000	58,830,468	1,183,845,000	4,885,273,207	83,464	6,273,772,139	10,177,374,625	16,648,021,764	2,238,152,848		

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

Karachi:

Dated: 30 October, 2014

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Yousuf Abdullah

Director

Mohammad Abdullah

Director

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014****1. LEGAL STATUS AND OPERATIONS**

The Group consists of Sapphire Fibres Limited (the Parent Company) and its Subsidiary Company - Sapphire Electric Company Limited.

The Parent Company was incorporated in Pakistan on 05 June, 1979 as a Public Limited Company and its shares are quoted on Karachi, Islamabad and Lahore Stock Exchanges. It is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Parent Company is located at 316, Cotton Exchange Building, Karachi and its mills are located at Raiwind Road Lahore, Feroze Wattoan and Kharianwala in district Sheikhpura.

The Subsidiary Company was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on 18 January, 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. The address of registered office of the Subsidiary Company is 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Parent Company's direct interest, as at 30 September, 2014 in the Subsidiary Company is 67.83% (30 June, 2014: 67.83%).

2. BASIS OF PREPARATION

2.1 This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This condensed interim consolidated financial information does not include all the information required for annual 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 30 June, 2014.

2.2 This condensed interim consolidated financial information is presented in Pak Rupee, which is the functional currency of the Group. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

3. PRINCIPLES OF CONSOLIDATION

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid-up capital of the Subsidiary Company.

All Intra-group balances and transactions are eliminated.

Investments in Associated Companies, as defined in the Companies Ordinance, 1984, are accounted for using the equity method of accounting.

Non-controlling interest is calculated on the basis of their proportionate share in the net assets of the Subsidiary Company.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual published consolidated financial statements of the Group for the year ended 30 June, 2014.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim consolidated financial information requires 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 this condensed interim consolidated financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited consolidated financial statements for the year ended 30 June, 2014.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		Un-audited 30 September, 2014 Rupees	Audited 30 June, 2014 Rupees
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Tangible fixed assets	6.1	18,872,549,718	19,060,155,648
Capital work in progress	6.2	91,658,396	62,772,912
		18,964,208,114	19,122,928,560
6.1 Tangible fixed assets			
Opening book value		19,060,155,648	19,139,699,025
Additions/Adjustments during the period/year			
- land (free hold)		-	58,377,375
- residential buildings and others		-	207,642,599
- factory buildings		14,146,527	90,814,180
- plant and machinery		21,840,766	439,063,920
- electric installations		-	75,020,875
- mill equipments		-	234,475
- office equipments		711,000	1,188,534
- computer hardware		121,693	1,554,412
- vehicles		3,486,900	16,979,520
- furniture and fixtures		1,242,648	3,866,250
		41,549,534	894,742,140
Book value of assets disposed-off / adjustments during the quarter/year		(56,988)	(56,903,251)
Depreciation charge for the quarter/year		(229,098,476)	(917,382,266)
Closing book value		18,872,549,718	19,060,155,648
6.2 Capital work-in-progress			
Building		11,671,210	17,463,693
Plant and machinery		26,999,555	25,229,113
Furniture and fixtures		465,865	465,865
Computer		3,186,267	-
Advance payments:			
- free hold land		22,375,000	-
- buildings		14,268,800	7,668,800
- plant and machinery		7,952,000	10,512,263
- mills equipment		193,424	193,424
- computer hardware		200,754	200,754
- vehicles		4,345,521	1,039,000
		91,658,396	62,772,912
7. LONG TERM INVESTMENTS			
Associated Companies	7.1	387,054,403	388,771,252
Others - available for sale	7.2	5,365,555,197	5,720,249,038
		5,752,609,600	6,109,020,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Un-audited 30 September, 2014 Rupees	Audited 30 June, 2014 Rupees
7.1 Associated Companies		
Quoted		
Reliance Cotton Spinning Mills Limited		
138,900 ordinary shares of Rs.10 each Equity held: 1.35%	1,306,269	1,306,269
Add: share of post acquisition profit	23,994,693	23,393,388
Less: dividend received during the period / year	-	(314,064)
	25,300,962	24,385,593
SFL Limited		
10,199 ordinary shares of Rs.10 each Equity held: 0.051%	100,000	100,000
Add: share of post acquisition profit	1,292,760	1,294,163
Less: dividend received during the period / year	-	(10,192)
	1,392,760	1,383,971
Un-quoted		
Sapphire Power Generation Limited		
2,824,500 ordinary shares of Rs.10 each Equity held: 17.63%	64,355,500	64,355,500
Add: share of post acquisition profit	201,794,476	199,263,408
	266,149,976	263,618,908
Sapphire Dairies (Pvt.) Limited		
10,000,000 ordinary shares of Rs.10 each Equity held: 9.52 %	100,000,000	100,000,000
Add: share of post acquisition profit	(5,789,295)	(617,220)
	94,210,705	99,382,780
	387,054,403	388,771,252
7.2 Others - available for sale		
MCB Bank Limited - Quoted		
18,886,786 ordinary shares of Rs.10 each	918,695,933	918,695,933
Adjustment arising from re-measurement to fair value	4,418,143,186	4,772,837,027
	5,336,839,119	5,691,532,960
Novelty Enterprises (Pvt.) Limited - Unquoted		
2,351,995 ordinary shares of Rs.10 each	28,716,078	28,716,078
	5,365,555,197	5,720,249,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

8. CONTINGENCIES AND COMMITMENTS

- 8.1** Guarantees issued by banks to various Government institutions on behalf of the Parent and Subsidiary Company aggregate Rs.1,109.750 million (30 June, 2014: Rs.1,109.750 million).
- 8.2** During the year ended 30 June, 2014 it was discovered that there were unauthorised withdrawals of funds from one of the Parent Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Parent Company's authority. On becoming aware of the matter, FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Parent Company does not have any liability whatsoever in respect of such net unauthorised withdrawals of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges. Furthermore the Parent Company has filed a suit on March 21, 2014 in the honourable Sindh High Court, which has granted a stay order on April 08, 2014 in favour of the Parent Company whereby the bank has been restrained from placing the Parent Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Parent Company.
- 8.3** Claims against the subsidiary company not acknowledged as debt Rs.7.586 million (30 June, 2014:Rs.7.586 million).Provision has not been made in these financial statements for the aforesaid amount as management is confident that it will not materialize.

	Un-audited 30 September, 2014 Rupees	Audited 30 June, 2014 Rupees
8.4 Commitments in respect of confirmed letters of credit:		
Raw Materials,Stores, spares and chemicals	69,117,250	175,253,535
Plant and machinery	62,111,016	16,093,704
Other than letters of credit	16,693,920	12,788,386
	147,922,186	204,135,625

- 8.5** The Subsidiary Company entered into an agreement for High speed Diesel (HSD) supply from Shell Pakistan Limited (SPL) for a period up to twelve years from the Commercial Operations Date of the power station i.e. October 05, 2010. Under the terms of the HSD Supply Agreement, the Subsidiary Company is not required to buy any minimum quantity of HSD from SPL.
- 8.6** 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 started from the Commercial Operations Date of the power station 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		Un-audited 30 September, 2014 Rupees	Un-audited 30 September, 2013 Rupees
9. COST OF SALES			
	Note		
Stocks - opening		540,491,694	393,606,498
Cost of goods manufactured	9.1	8,805,207,929	6,210,221,671
Cost of raw materials sold		<u>25,316,889</u>	<u>26,071,593</u>
		9,371,016,512	6,629,899,762
Stocks - closing		<u>506,617,612</u>	<u>414,318,941</u>
		8,864,398,900	6,215,580,821
9.1 Cost of goods manufactured			
Work in process - opening		211,059,838	250,170,763
Raw materials consumed		<u>7,374,112,097</u>	<u>4,891,009,477</u>
Overheads		<u>1,413,713,013</u>	<u>1,341,211,416</u>
		8,787,825,110	6,232,220,893
		8,998,884,948	6,482,391,656
Work in process - closing		<u>193,677,019</u>	<u>272,169,985</u>
		8,805,207,929	6,210,221,671

10 SEGMENT INFORMATION

The Group's reportable segments are as follows:

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

10.1 Segment revenues and results

	Spinning	Knitting, Processing and garments	Power	Elimination of Inter segment transactions	Total
	----- Rupees -----				
For the period ended 30 September, 2014					
Sales	2,762,728,640	1,665,547,742	6,664,158,737	(848,761,034)	10,243,674,085
Cost of sales	<u>2,304,901,051</u>	<u>1,573,373,231</u>	<u>5,834,885,652</u>	<u>(848,761,034)</u>	<u>8,864,398,900</u>
Gross profit	457,827,589	92,174,511	829,273,085	-	1,379,275,185
Selling and distribution cost	<u>93,513,305</u>	<u>20,647,426</u>	-	-	<u>114,160,731</u>
Administrative expenses	<u>44,998,362</u>	<u>8,496,310</u>	<u>15,698,957</u>	-	<u>69,193,629</u>
Finance cost	<u>92,118,598</u>	<u>15,139,446</u>	<u>441,193,333</u>	-	<u>548,451,377</u>
	<u>230,630,265</u>	<u>44,283,182</u>	<u>456,892,290</u>	-	<u>731,805,737</u>
Profit before taxation and unallocated income/expenses	227,197,324	47,891,329	372,380,795	-	647,469,448
Unallocated income and expenses					
Other income					112,023,673
Other expenses					(34,016,432)
Share of profit of associates					438,687
Taxation					(52,938,837)
Profit after taxation					672,976,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Spinning	Knitting, Procssing and garments	Power	Elimination of Inter segment transactions	Total
----------	--	-------	---	-------

----- Rupees -----

**For the period ended
30 September, 2013**

Sales	3,137,202,221	1,611,410,668	3,683,170,252	(813,972,430)	7,617,810,711
Cost of sales	2,510,582,686	1,498,877,780	3,020,092,785	(813,972,430)	6,215,580,821
Gross profit	626,619,535	112,532,888	663,077,467	-	1,402,229,890
Selling and distribution cost	104,293,991	39,527,407	-	-	143,821,398
Administrative expenses	43,700,953	5,815,107	11,201,178	-	60,717,238
Finance cost	82,531,771	20,291,313	392,994,147	-	495,817,231
	230,526,715	65,633,827	404,195,325	-	700,355,867

**Profit before taxation
and unallocated
income/expenses**

	226,922,924	6,042,679	274,290,219	-	701,874,023
--	-------------	-----------	-------------	---	-------------

Unallocated income and expenses

Other income					107,003,623
Other expenses					(116,017,586)
Share of profit of associates					2,581,607
Taxation					(108,951,267)
Profit after taxation					<u>586,490,400</u>

10.2 Segment assets and liabilities

Spinning	Knitting, Procssing and garments	Power	Total
----------	--	-------	-------

----- Rupees -----

As at 30 September, 2014

Segment assets	6,974,396,703	1,792,516,241	22,619,783,963	31,386,696,907
Unallocated assets				<u>8,620,195,794</u>
				<u>40,006,892,701</u>
Segment liabilities	3,260,189,605	1,305,578,520	15,921,415,906	20,487,184,031
Unallocated liabilities				633,534,058
				<u>21,120,718,089</u>

As at 30 June, 2014

Segment assets	7,093,227,507	1,734,131,670	22,171,412,513	30,998,771,690
Unallocated assets				<u>8,726,693,471</u>
				<u>39,725,465,161</u>
Segment liabilities	3,558,235,530	1,267,655,039	15,743,442,661	20,569,333,230
Unallocated liabilities				556,687,822
				<u>21,126,021,052</u>

10.3 Geographical information

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

11. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with associated companies during the period were as follows:

Relationship with the company	Name of transaction	Un-audited	Un-audited
		30 September, 2014	30 September, 2013
		Rupees	Rupees
I. Associates	Sale of goods and services	126,162,145	234,988,017
	Purchase of goods and services	149,941,610	96,912,120
	Electric power purchased	42,481,779	57,486,714
	Assets purchased	-	8,000,000
	Expenses charged to	44,060	-
	Expenses charged by	2,084,407	2,288,033
II. Other related parties	Contribution towards provident fund	1,675,612	1,427,410
	Rent expenses	1,315,383	1,195,803

12. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, of the Subsidiary Company have declared a cash dividend of Rs.1.5 per share amounting to Rupees 636,032,036 at their meeting held on October 04, 2014 for approval of the members at the Annual General Meeting to be held on October 30, 2014. These financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is declared.

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 October, 2014 by the Board of Directors of the Company.

14. PRESENTATION

Figures in the financial statements have been rounded-off to the nearest rupee.

Karachi:

Dated: 30 October, 2014

Yousuf Abdullah

Director

Mohammad Abdullah

Director

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.