

**SAPPHIRE FIBRES LIMITED**  
**Half Yearly Accounts December 31, 2015**

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## Company Profile

### BOARD OF DIRECTORS

<b>Chairman</b>	:	Mr. Mohammad Abdullah
<b>Chief Executive</b>	:	Mr. Shahid Abdullah
<b>Director</b>	:	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Tajammal Hussain Bokharee
<b>Audit Committee</b>	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Shayan Abdullah
Member		Mr. Tajammal Hussain Bokharee
<b>Human Resource &amp; Remuneration Committee</b>	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Shahid Abdullah
Member		Mr. Shayan Abdullah
<b>Chief Financial Officer</b>	:	Mr. Mujahid Akbar Bozdar
<b>Secretary</b>	:	Mr. Shaukat Mahmud
<b>Auditors</b>	:	Shinewing Hameed Chaudhri & Co., Chartered Accountants
<b>Management Consultant</b>	:	M. Yousuf Adil Saleem & Company Chartered Accountants
<b>Tax Consultants</b>	:	Mushtaq & Company Chartered Accountants
<b>Legal Advisor</b>	:	Hassan & Hassan Advocates
<b>Bankers</b>	:	Allied Bank Limited, Citi Bank N.A., Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, United Bank Limited
<b>Share Registrar</b>	:	THK Associates (private) Ltd
<b>Registered Office</b>	:	316, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.
<b>Mills</b>	:	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 Half Year ended 31 December, 2015 duly reviewed by the auditors.

### Financial Highlights

	31 December	
	<b>2015</b>	2014
	Rupees in thousand	
Sales & services	6,084,181	7,039,548
Gross profit	585,490	914,086
Profit from operations	1,357,896	1,130,482
Other income	1,206,661	646,049
Profit before taxation	1,168,009	962,961
Taxation:		
- Current	155,041	121,420
- Deferred	8,067	5,548
	163,108	126,968
 Profit after taxation	1,004,901	835,993

The Company has earned after tax profit of Rs. 1.004.901 million as against Rs. 835.993 million of the last year's corresponding period. Current year's Profit of Half Year was higher due to higher dividend income as compared to last year's comparative period.

### Earnings per share

The company's earnings per share (EPS) were at Rs.51.04 as compared to Rs. 42.46 of the same period of the last year.

### Future outlook

The textile sector is expected to remain under pressure due to subdued demand in both local and international markets as well as reduced prices of products and increase in cost of production due to shortfall in cotton crop. Furthermore the management is vigilant of issues and constantly working to mitigate by increasing production efficiencies.

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: 23 February, 2016

**Shahid Abdullah**  
Chief Executive

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF  
CONDENSED INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of SAPPHIRE FIBRES LIMITED (the Company) as at December 31, 2015 and the related 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 together with the notes forming part thereof for the half-year then ended (herein-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2015.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:  
Dated : 23 February, 2016

**SHINEWING HAMEED CHAUDHRI & CO.,**  
CHARTERED ACCOUNTANTS  
Engagement Partner:  
Osman Hameed Chaudhri

**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2015**

	Note	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,105,175,243	4,342,003,331
Investment property		161,770,758	162,237,097
Intangible assets		3,753,347	4,627,824
Long term investments	6	9,709,644,838	10,200,468,290
Long term loans		399,000	340,000
Long term deposits		28,236,645	28,221,645
		<u>16,008,979,831</u>	<u>14,737,898,187</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		194,358,462	185,025,614
Stock-in-trade	7	3,783,772,835	2,543,316,114
Trade debts		1,119,922,608	1,118,913,594
Loans and advances		114,626,057	46,086,110
Trade deposits and short term prepayments		5,423,971	13,246,526
Short term investments		2,272,219,705	1,921,844,053
Other receivables		219,432,897	387,465,779
Tax refunds due from Government		736,820,332	417,883,638
Cash and bank balances		200,256,258	132,197,163
		<u>8,646,833,125</u>	<u>6,765,978,591</u>
<b>Total assets</b>		<u><b>24,655,812,956</b></u>	<u><b>21,503,876,778</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
35,000,000 (June 30, 2015: 35,000,000) ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2015: 19,687,500) ordinary shares of Rs.10 each		<u>196,875,000</u>	<u>196,875,000</u>
Reserves		<u>14,562,905,493</u>	<u>14,736,546,068</u>
		<u>14,759,780,493</u>	<u>14,933,421,068</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term finances	8	1,262,091,252	60,697,585
Staff retirement benefit - gratuity		273,252,160	257,188,963
Deferred taxation		198,900,112	139,260,190
Long term security deposit		2,100,000	2,100,000
		<u>1,736,343,524</u>	<u>459,246,738</u>
<b>Current liabilities</b>			
Trade and other payables		1,507,456,022	1,323,817,736
Accrued mark-up / interest		66,294,759	73,937,828
Short term borrowings	9	6,376,903,153	4,456,347,830
Current portion of long term finances		13,382,666	12,712,666
Provision for taxation		195,652,339	244,392,912
		<u>8,159,688,939</u>	<u>6,111,208,972</u>
<b>Total liabilities</b>		<u><b>9,896,032,463</b></u>	<u><b>6,570,455,710</b></u>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u><b>24,655,812,956</b></u>	<u><b>21,503,876,778</b></u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Lahore:

Dated: February 23, 2016

SHAHID ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees -----					
Sales - net		<b>3,084,641,132</b>	3,460,032,861	<b>6,084,181,088</b>	7,039,548,209
Cost of sales	11	<b>(2,848,653,229)</b>	(3,095,949,331)	<b>(5,498,690,956)</b>	(6,125,462,579)
<b>Gross profit</b>		<b>235,987,903</b>	364,083,530	<b>585,490,132</b>	914,085,630
Distribution cost		<b>(88,495,615)</b>	(118,015,379)	<b>(201,570,725)</b>	(232,176,110)
Administrative expenses		<b>(67,315,575)</b>	(53,235,518)	<b>(134,940,693)</b>	(106,730,190)
Other income	12	<b>1,041,220,191</b>	534,858,609	<b>1,206,661,277</b>	646,048,877
Other expenses		<b>(80,247,922)</b>	(63,157,093)	<b>(97,743,461)</b>	(90,745,847)
<b>Profit from operations</b>		<b>1,041,148,982</b>	664,534,149	<b>1,357,896,530</b>	1,130,482,360
Finance cost	13	<b>(115,715,617)</b>	(60,263,465)	<b>(189,887,576)</b>	(167,521,509)
<b>Profit before taxation</b>		<b>925,433,365</b>	604,270,684	<b>1,168,008,954</b>	962,960,851
Taxation		<b>(106,903,757)</b>	(74,404,588)	<b>(163,108,030)</b>	(126,967,651)
<b>Profit after taxation</b>		<b>818,529,608</b>	529,866,096	<b>1,004,900,924</b>	835,993,200
<b>Earnings per share</b>					
- basic and diluted		<b>41.58</b>	26.91	<b>51.04</b>	42.46

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
<b>Profit after taxation</b>	<b>818,529,608</b>	529,866,096	<b>1,004,900,924</b>	835,993,200
<b>Other comprehensive (loss) / income</b>				
<b>Items that may be reclassified subsequently to profit and loss</b>				
Unrealised (loss) / gain due to change in fair values of available for sale investments:				
- long term	(204,846,965)	435,907,021	(768,510,185)	81,213,180
- short term	45,253,046	(41,247,241)	(100,911,701)	(70,981,395)
Impact of deferred tax	(3,128,457)	1,694,007	(51,572,952)	4,087,166
Adjustment for gain included in profit and loss account upon sale of available-for-sale investments	(30,071,659)	(165,915)	(61,300,150)	(2,221,579)
Unrealised (loss) / gain on re-measurement of forward foreign exchange contracts	(6,592,724)	8,423,263	628,489	8,423,263
Other comprehensive (loss) / income for the period	(199,386,759)	404,611,135	(981,666,499)	20,520,635
<b>Total comprehensive income for the period</b>	<b>619,142,849</b>	934,477,231	<b>23,234,425</b>	856,513,835

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half year ended	
		December 31, 2015 Rupees	December 31, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	14	(912,735,649)	(465,651,318)
Staff retirement benefits paid		(23,956,801)	(15,832,652)
Finance cost paid		(196,097,217)	(152,387,620)
Taxes paid		(177,099,781)	(54,972,823)
Workers' profit participation fund paid		(65,277,387)	(83,860,355)
Long term loans - net		(59,000)	(3,000)
Long term deposits - net		(15,000)	(227,760)
<b>Net cash used in operating activities</b>		<b>(1,375,240,835)</b>	<b>(772,935,528)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,940,210,749)	(194,505,915)
Proceeds from disposal of operating fixed assets		11,516,552	600,000
Increase in investments		(948,703,149)	(321,058,347)
Proceeds from sale of investments		198,756,341	29,041,960
Proceeds from sale of stores and spares		766,199	577,423
Dividend and interest income received		1,207,661,719	623,540,496
<b>Net cash (used in) / generated from investing activities</b>		<b>(1,470,213,087)</b>	<b>138,195,617</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - obtained		1,208,420,000	-
- repaid		(6,356,333)	(154,548,416)
Dividend paid		(196,245,077)	(245,019,140)
Short term borrowings - net		1,907,694,427	1,115,071,454
<b>Net cash generated from financing activities</b>		<b>2,913,513,017</b>	<b>715,503,898</b>
<b>Net increase in cash and cash equivalents</b>		<b>68,059,095</b>	<b>80,763,987</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>132,197,163</b>	<b>149,916,610</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>200,256,258</b>	<b>230,680,597</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Reserves						Sub-total	Total
	Issued, subscribed and paid-up capital	Capital	General	Unrealised gain on available for sale investments	Unrealised gain on hedging instrument	Unappropriated profit		
Balance as at July 1, 2014	196,875,000	145,740,000	1,183,845,000	5,264,641,401	-	8,005,667,352	14,599,893,753	14,796,768,753
<b>Transaction with owners</b>								
Final dividend for the year ended June 30, 2014 at the rate of Rs.12.50 per share	-	-	-	-	-	(246,093,750)	(246,093,750)	(246,093,750)
<b>Total comprehensive income for the half year ended December 31, 2015</b>								
Profit for the period	-	-	-	-	-	835,993,200	835,993,200	835,993,200
Other comprehensive income	-	-	-	12,097,372	8,423,263	-	20,520,635	20,520,635
	-	-	-	12,097,372	8,423,263	835,993,200	856,513,835	856,513,835
<b>Balance as at December 31, 2014</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>1,183,845,000</b>	<b>5,276,738,773</b>	<b>8,423,263</b>	<b>8,595,566,802</b>	<b>15,210,313,838</b>	<b>15,407,188,838</b>
Balance as at July 1, 2015	196,875,000	145,740,000	1,183,845,000	4,676,631,187	-	8,730,329,881	14,736,546,068	14,933,421,068
<b>Transaction with owners</b>								
Final dividend for the year ended June 30, 2015 at the rate of Rs.10.00 per share	-	-	-	-	-	(196,875,000)	(196,875,000)	(196,875,000)
<b>Total comprehensive income for the half year ended December 31, 2015</b>								
Profit for the period	-	-	-	-	-	1,004,900,924	1,004,900,924	1,004,900,924
Other comprehensive (loss) / income	-	-	-	(982,294,988)	628,489	-	(981,666,499)	(981,666,499)
	-	-	-	(982,294,988)	628,489	1,004,900,924	23,234,425	23,234,425
<b>Balance as at December 31, 2015</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>1,183,845,000</b>	<b>3,694,336,199</b>	<b>628,489</b>	<b>9,538,355,805</b>	<b>14,562,905,493</b>	<b>14,759,780,493</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Lahore:

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Sapphire Fibres Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi, Islamabad and Lahore Stock Exchanges [Pakistan Stock Exchange Limited with effect from January 11, 2016]. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

### 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2015 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. 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, 2015.

### 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, 2015.

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, 2015. 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 condensed 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 that applied to the audited annual financial statements for the year ended June 30, 2015.

### 5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
	<b>Note</b>		
Operating fixed assets	<b>5.1</b>	<b>3,780,502,535</b>	3,811,921,872
Capital work-in-progress	<b>5.2</b>	<b>2,324,672,708</b>	530,081,459
		<b>6,105,175,243</b>	4,342,003,331
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		<b>3,811,921,872</b>	3,763,786,358
Additions during the period / year	<b>5.1.1</b>	<b>145,619,499</b>	402,008,225
Disposals costing Rs.26.468 million (June 30, 2015: Rs.41.214 million) - at net book value		<b>(9,282,969)</b>	(8,667,256)
Depreciation charge for the period / year		<b>(167,755,867)</b>	(345,205,455)
Net book value at end of the period / year		<b>3,780,502,535</b>	3,811,921,872

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

5.1.1	Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:	Note	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
	Freehold land		-	34,328,800
	Leasehold land		2,600,000	91,253,250
	Residential buildings and others			
	- on freehold land		-	1,383,308
	- on leasehold land		9,802,660	-
	Leased office improvements		-	3,699,088
	Factory buildings on freehold land		28,298,459	28,202,881
	Plant and machinery		92,648,402	198,933,044
	Electrical installations		560,020	19,930,188
	Office equipment		-	1,287,317
	Mills equipment		566,728	90,000
	Electric / gas equipment		-	649,532
	Computer hardware		299,500	690,697
	Vehicles		9,322,500	16,555,713
	Furniture and fixtures		1,521,230	5,004,407
			<b>145,619,499</b>	<b>402,008,225</b>
5.2	<b>Capital work-in-progress</b>			
	Buildings		841,483,611	323,836,651
	Plant and machinery		1,326,946,892	133,279,432
	Furniture and fixtures		465,865	1,609,824
	Un-allocated capital expenditure		79,582,023	22,296,250
	Advance payments against:			
	- leasehold land		6,860,000	5,860,000
	- factory / office building		51,444,078	30,185,300
	- plant and machinery		12,810,563	13,014,002
	- vehicles		5,079,676	-
			76,194,317	49,059,302
			<b>2,324,672,708</b>	<b>530,081,459</b>
6.	<b>LONG TERM INVESTMENTS</b>			
	Subsidiary Company - at cost	6.1	3,039,008,316	3,039,008,316
	Associated Companies - at cost		165,761,769	165,761,769
	Others - available for sale	6.2	6,489,874,753	6,995,698,205
	Advance for acquisition of Term Finance Certificates - Habib Bank Limited		15,000,000	-
			<b>9,709,644,838</b>	<b>10,200,468,290</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

		<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
<b>6.1</b>	<b>Subsidiary Company- unquoted</b>		
	Sapphire Electric Company Limited (SECL)		
	288,782,600 (June 30, 2015: 288,782,600) ordinary shares of Rs.10 each	<b>6.1.1</b>	<b>3,039,008,316</b>
	Equity held: 68.11% (June 30, 2015: 68.11%)		<b>3,039,008,316</b>
	Break-up value per share on the basis of un-audited financial statements Rs.18.33 (June 30, 2015: Rs.18.87)		
<b>6.1.1</b>	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.		
		<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
<b>6.2</b>	<b>Others - available for sale</b>		
	<b>Quoted</b>		
	MCB Bank Limited		
	18,648,786 (June 30, 2015: 18,811,786) ordinary shares of Rs.10 each - <b>cost</b>	<b>907,119,613</b>	915,047,933
	Adjustment arising from re-measurement to fair value	<b>3,136,869,630</b>	3,771,344,194
		<b>4,043,989,243</b>	4,686,392,127
	Habib Bank Limited		
	12,078,600 (June 30, 2015: 10,600,000) ordinary shares of Rs.10 each - <b>cost</b>	<b>2,172,693,818</b>	1,869,400,894
	Adjustment arising from re-measurement to fair value	<b>244,475,614</b>	411,189,106
		<b>2,417,169,432</b>	2,280,590,000
		<b>6,461,158,675</b>	6,966,982,127
	<b>Unquoted</b>		
	Novelty Enterprises (Private) Limited		
	2,351,995 (June 30, 2015: 2,351,995) ordinary shares of Rs.10 each - <b>cost</b>	<b>28,716,078</b>	28,716,078
		<b>6,489,874,753</b>	6,995,698,205

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
<b>7. STOCK-IN-TRADE</b>			
Raw materials		3,125,468,561	1,877,361,379
Work-in-process		162,125,725	156,135,025
Finished goods		496,178,549	509,819,710
		<u>3,783,772,835</u>	<u>2,543,316,114</u>
<b>8. LONG TERM FINANCES - Secured</b>			
From banking companies:			
- NIB Bank Limited	8.1	83,329,918	73,410,251
- Allied Bank Limited	8.2	722,714,000	-
- United Bank Limited	8.3	469,430,000	-
		<u>1,275,473,918</u>	73,410,251
Less: current portion grouped under current liabilities		<u>13,382,666</u>	12,712,666
		<u>1,262,091,252</u>	<u>60,697,585</u>

**8.1** The Company has arranged long term finance facilities amounting Rs.150 million from NIB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. During the current period, the bank against the said facility has further disbursed Rs.16.276 million in three tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from December, 2017. These finances carry mark-up at the rates ranging from 4.00% to 9.40% (June 30, 2015: 5.50% to 9.40%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

**8.2** The Company, during the current period, has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.722.714 million in seven tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from different months of the financial year 2018. These finances carry mark-up at the rate of 2.65% per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Company.

**8.3** The Company, during the current period, has arranged long term finance facilities amounting Rs.1,500 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.469.430 million in three tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from December, 2017. These finances carry mark-up at the rate of 3.50% per annum and are secured against first charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Company.

**9. SHORT TERM BORROWINGS - Secured**

The Company has short term running and cash finance facilities, including facilities for foreign currency loans, aggregating Rs.8,924 million (June 30, 2015: Rs.8,724 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge over current and fixed assets of the Company, lien on export / import documents and trust receipts. These finances carry mark-up at the rates ranging from 1.31% to 8.50% (June 30, 2015: 1.33% to 11.94%) per annum. These facilities are expiring on various dates upto June 2016.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**10. CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

**10.1.1 Outstanding bank guarantees**

Guarantees aggregating Rs.223.296 million (June 30, 2015: Rs.203.296 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

	<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
<b>10.2 Commitments in respect of :</b>		
- letters of credit for capital expenditure	<u>613,647,724</u>	<u>760,637,594</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>267,495,062</u>	<u>173,185,247</u>
- capital expenditure other than letters of credit	<u>502,266,816</u>	<u>863,988,931</u>
- foreign bills discounted	<u>996,768,000</u>	<u>426,138,453</u>
- forward foreign exchange contracts	<u>-</u>	<u>313,580,000</u>

**11. COST OF SALES**

	----- Un-audited -----			
	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	----- Rupees -----			
Finished goods at beginning of the period	516,049,275	506,617,612	509,819,710	540,491,694
Cost of goods manufactured	<b>2,817,771,249</b>	3,032,950,239	<b>5,465,618,779</b>	6,003,272,516
Cost of raw materials sold	<b>11,011,254</b>	7,326,106	<b>19,431,016</b>	32,642,995
	<b>2,828,782,503</b>	3,040,276,345	<b>5,485,049,795</b>	6,035,915,511
	<b>3,344,831,778</b>	3,546,893,957	<b>5,994,869,505</b>	6,576,407,205
Finished goods at end of the period	<b>(496,178,549)</b>	(450,944,626)	<b>(496,178,549)</b>	(450,944,626)
	<u><b>2,848,653,229</b></u>	<u>3,095,949,331</u>	<u><b>5,498,690,956</b></u>	<u>6,125,462,579</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

		----- Un-audited -----			
		Quarter ended		Half year ended	
Note		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		----- Rupees -----			
<b>11.1</b>	<b>Cost of goods manufactured</b>				
	Work-in-process at beginning of the period	158,745,549	193,677,019	156,135,025	211,059,838
	Raw materials consumed	1,876,468,186	2,006,066,600	3,587,247,358	3,951,924,809
	Direct labour and other overheads	944,683,239	1,023,511,228	1,884,362,121	2,030,592,477
		<b>2,821,151,425</b>	3,029,577,828	<b>5,471,609,479</b>	5,982,517,286
		<b>2,979,896,974</b>	3,223,254,847	<b>5,627,744,504</b>	6,193,577,124
	Work-in-process at end of the period	<b>(162,125,725)</b>	(190,304,608)	<b>(162,125,725)</b>	(190,304,608)
		<b>2,817,771,249</b>	3,032,950,239	<b>5,465,618,779</b>	6,003,272,516

**12. OTHER INCOME**

The Company, during the current period, received dividend amounting Rs.866.348 million (December 31, 2014: Rs.431.428 million) from Sapphire Electric Company Limited - Subsidiary Company.

**13. FINANCE COST**

Included in finance cost is an amount of Rs. 14.871 million paid by the Company to National Bank of Pakistan in respect of mark-up and other charges as a settlement.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**14. CASH USED IN OPERATIONS**

	Note	Un-audited Half year ended	
		December 31, 2015 Rupees	December 31, 2014 Rupees
Profit before taxation		1,168,008,954	962,960,851
<b>Adjustments for non-cash and other items:</b>			
Depreciation		167,755,867	168,909,045
Depreciation of investment property		466,339	518,154
Amortization of intangible assets		874,478	555,851
Staff retirement benefit - gratuity		40,020,000	28,050,000
Provision for workers' profit participation fund		61,308,085	51,716,480
Provision for workers' welfare fund		23,297,072	19,652,262
Gain on disposal of operating fixed assets		(2,233,583)	(543,012)
Gain on sale of investments		(40,327,429)	(1,254,079)
Gain on sale of stores and spares		(111,193)	(19,386)
Dividend and interest income		(1,144,846,976)	(623,540,496)
Finance cost		189,887,576	167,521,509
Exchange loss		12,860,896	16,759,567
Working capital changes	14.1	(1,389,695,735)	(1,256,938,064)
		<b>(912,735,649)</b>	<b>(465,651,318)</b>

**14.1 Working capital changes**

Increase in current assets:			
- Stores, spare parts and loose tools		(9,987,855)	(57,662,210)
- Stock-in-trade		(1,240,456,721)	(1,018,767,736)
- Trade debts		(1,009,014)	(175,834,245)
- Loans and advances		(68,539,947)	(8,297,709)
- Deposits, other receivables and sales tax		(231,949,363)	(39,727,378)
		<b>(1,551,942,900)</b>	<b>(1,300,289,278)</b>
Increase in trade and other payables		162,247,165	43,351,214
		<b>(1,389,695,735)</b>	<b>(1,256,938,064)</b>

**15. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2015, 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, 2015.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

16.	TRANSACTIONS WITH RELATED PARTIES	Un-audited	
		Half year ended	
16.1	Significant transactions with related parties are as follows:	December 31, 2015 Rupees	December 31, 2014 Rupees
	<b>Relationship with the Company</b>		
	<b>Nature of transactions</b>		
	(i) Subsidiary	866,347,800	431,427,522
	(ii) Associates		
	Sales:		
	- raw material / yarn / fabric / stores	243,894,775	217,846,143
	- assets	10,200,000	-
	Purchases:		
	- raw material / yarn / fabric / stores	153,196,238	201,310,278
	- electricity	182,908,610	83,343,273
	Expenses charged by	12,475,682	8,508,284
	Expenses charged to	5,634,816	1,453,852
	Dividend:		
	- received	803,175	233,970
	- paid	101,968,960	127,454,952
	(iii) Key management personnel	91,256,942	82,142,171
	(iv) Retirement fund	2,780,366	2,417,564
		<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
16.2	Period / year end balances are as follows:		
	<b>Receivables from related parties</b>		
	Investments	3,204,770,085	3,204,770,085
	Trade debts	28,944,608	35,853,009
	Trade deposits and short time prepayments	-	7,864,152
	Other receivables	2,969,280	-
	<b>Payable to related parties</b>		
	Trade and other payables	120,557,445	18,659,944

**17. CORRESPONDING FIGURES**

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, 2015, 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 half year ended December 31, 2014.

**18. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 23, 2016.

Lahore:

Dated: February 23, 2016

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

**SAPPHIRE FIBRES LIMITED**  
**Half Yearly Accounts December 31, 2015**  
**CONSOLIDATED ACCOUNTS**

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**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 half year ended 31 December, 2015. 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 December, 2015.

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 of Directors

Karachi:  
Dated: 23 February, 2016

**Shahid Abdullah**  
Chief Executive

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	20,538,753,140	19,066,564,093
Investment property		161,770,758	162,237,097
Intangible assets		9,366,251	10,240,728
Long term investments	6	6,898,994,691	7,397,761,427
Long term loans		399,000	340,000
Long term deposits		29,466,445	29,451,445
		<u>27,638,750,285</u>	<u>26,666,594,790</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		194,358,462	185,025,614
Stock-in-trade	7	3,934,906,950	2,702,458,368
Trade debts	8	6,680,649,030	7,916,952,414
Loans and advances		123,153,809	51,269,789
Trade deposits and short term prepayments		5,855,478	68,525,309
Short term investments		2,272,219,705	1,921,844,053
Other receivables		322,041,569	490,074,451
Interest receivable		3,886,151	2,847,109
Tax refunds due from Government		968,918,314	490,865,349
Cash and bank balances		542,887,067	641,988,396
		<u>15,048,876,535</u>	<u>14,471,850,852</u>
<b>Total assets</b>		<u>42,687,626,820</u>	<u>41,138,445,642</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 35,000,000 (June 30, 2015: 35,000,000) ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital 19,687,500 (June 30, 2015: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		17,050,454,865	17,389,518,189
<b>Equity attributable to shareholders of the Parent Company</b>		17,247,329,865	17,586,393,189
Non-controlling interest		2,479,024,219	2,552,572,810
<b>Total Equity</b>		<u>19,726,354,084</u>	<u>20,138,965,999</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term finances	9	8,099,019,318	7,547,351,644
Staff retirement benefit - gratuity		273,252,160	257,188,963
Deferred taxation		201,134,550	140,926,128
Long term security deposit		2,100,000	2,100,000
		<u>8,575,506,028</u>	<u>7,947,566,735</u>
<b>Current liabilities</b>			
Trade and other payables		4,010,969,565	3,890,635,604
Accrued mark-up / interest		317,425,966	388,056,315
Short term borrowings	10	8,596,745,098	7,323,128,255
Current portion of long term finances		1,264,973,740	1,205,699,822
Provision for taxation		195,652,339	244,392,912
		<u>14,385,766,708</u>	<u>13,051,912,908</u>
		<u>22,961,272,736</u>	<u>20,999,479,643</u>
<b>Contingencies and commitments</b>	11		
<b>Total equity and liabilities</b>		<u>42,687,626,820</u>	<u>41,138,445,642</u>

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

Lahore:

Dated: February 23, 2016

SHAHID ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees -----					
Sales - net		<b>5,363,375,586</b>	6,421,224,086	<b>12,801,749,499</b>	16,664,898,171
Cost of sales	12	<b>(4,313,668,943)</b>	(5,097,686,262)	<b>(10,609,648,738)</b>	(13,962,085,162)
<b>Gross profit</b>		<b>1,049,706,643</b>	1,323,537,824	<b>2,192,100,761</b>	2,702,813,009
Distribution cost		<b>(88,495,615)</b>	(118,015,379)	<b>(201,570,725)</b>	(232,176,110)
Administrative expenses		<b>(76,944,953)</b>	(68,327,159)	<b>(157,781,290)</b>	(137,520,788)
Other income		<b>176,186,708</b>	107,425,870	<b>343,673,672</b>	219,449,543
Other expenses		<b>(88,964,421)</b>	(62,428,365)	<b>(110,248,846)</b>	(96,444,797)
<b>Profit from operations</b>		<b>971,488,362</b>	1,182,192,791	<b>2,066,173,572</b>	2,456,120,857
Finance cost	13	<b>(370,657,295)</b>	(488,772,267)	<b>(722,371,514)</b>	(1,037,223,644)
		<b>600,831,067</b>	693,420,524	<b>1,343,802,058</b>	1,418,897,213
Share of (loss) / profit of Associated Companies		<b>(3,795,654)</b>	2,807,157	<b>3,340,874</b>	3,245,844
<b>Profit before taxation</b>		<b>597,035,413</b>	696,227,681	<b>1,347,142,932</b>	1,422,143,057
Taxation		<b>(108,138,773)</b>	(75,945,938)	<b>(165,016,094)</b>	(128,884,775)
<b>Profit after taxation</b>		<b>488,896,640</b>	620,281,743	<b>1,182,126,838</b>	1,293,258,282
<b>Attributable to:</b>					
- Shareholders of the Parent Company		<b>316,095,134</b>	453,208,336	<b>849,959,158</b>	1,008,280,807
- Non-controlling interest		<b>172,801,506</b>	167,073,407	<b>332,167,680</b>	284,977,475
		<b>488,896,640</b>	620,281,743	<b>1,182,126,838</b>	1,293,258,282
<b>Earnings per Share</b>					
- attributable to the shareholders of Parent Company		<b>16.06</b>	23.02	<b>43.17</b>	51.21

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
<b>Profit after taxation</b>	<b>488,896,640</b>	620,281,743	<b>1,182,126,838</b>	1,293,258,282
<b>Other comprehensive (loss) / income</b>				
<b>Items that are or may be reclassified subsequently to profit and loss</b>				
Unrealised (loss) / gain due to change in fair values of available for sale investments:				
- long term	(204,846,965)	435,907,021	(768,510,185)	81,213,180
- short term	45,253,046	(41,247,241)	(100,911,701)	(70,981,395)
Related deferred tax	(3,128,457)	1,694,007	(51,572,952)	4,087,166
Reclassification adjustment relating to gain realised on disposal of available-for-sale investments	(30,071,659)	(165,915)	(61,300,150)	(2,221,579)
Share of fair value (loss) / gain on re-measurement of available-for-sale investments of Associated Companies	(3,949,602)	933,478	(3,588,013)	955,833
	(196,743,637)	397,121,350	(985,883,001)	13,053,205
<b>Forward foreign exchange contracts</b>				
Unrealised (loss) / gain on re-measurement of forward foreign exchange contracts	(6,592,724)	8,423,263	628,489	8,423,263
Share of unrealised gain on re-measurement of hedging instruments of Associated Companies	(16,732)	58,390	10,501	54,366
	(6,609,456)	8,481,653	638,990	8,477,629
Other comprehensive (loss) / income for the period	(203,353,093)	405,603,003	(985,244,011)	21,530,834
<b>Total comprehensive income for the period</b>	<b>285,543,547</b>	1,025,884,746	<b>196,882,827</b>	1,314,789,116
<b>Attributable to:</b>				
- Shareholders of the Parent Company	112,742,041	858,811,339	(135,284,853)	1,029,811,641
- Non-controlling interest	172,801,506	167,073,407	332,167,680	284,977,475
	<b>285,543,547</b>	1,025,884,746	<b>196,882,827</b>	1,314,789,116

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

Lahore:  
Dated: February 23, 2016

SHAHID ABDULLAH  
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH  
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half year ended	
		December 31, 2015 Rupees	December 31, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	2,024,929,306	2,743,149,229
Staff retirement benefits paid		(23,956,798)	(15,832,654)
Finance cost paid		(791,568,446)	(1,055,002,710)
Taxes paid		(178,117,150)	(60,584,810)
Workers' profit participation fund paid		(65,277,387)	(83,860,355)
Long term loans - net		(59,000)	(3,000)
Long term deposits - net		(15,000)	(327,760)
<b>Net cash generated from operating activities</b>		<b>965,935,525</b>	<b>1,527,537,940</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,941,275,748)	(195,319,016)
Increase in investments		(948,703,149)	(321,058,347)
Proceeds from sale of investments		198,756,341	29,041,960
Proceeds from disposal of operating fixed assets		11,516,552	600,000
Proceeds from disposal of stores and spares		766,199	577,423
Dividend and interest income received		344,166,760	194,400,669
<b>Net cash used in investing activities</b>		<b>(2,334,773,045)</b>	<b>(291,757,311)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - obtained		1,208,420,000	-
- repaid		(597,478,408)	(700,149,234)
Dividend paid		(601,961,348)	(449,623,579)
Short term borrowings - net		1,260,755,947	(72,386,511)
<b>Net cash generated form / (used in) financing activities</b>		<b>1,269,736,191</b>	<b>(1,222,159,324)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(99,101,329)</b>	<b>13,621,305</b>
<b>Cash and cash equivalents- at beginning of the period</b>		<b>641,988,396</b>	<b>981,697,073</b>
<b>Cash and cash equivalents- at end of the period</b>		<b>542,887,067</b>	<b>995,318,378</b>

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



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Reserves				Equity					
	Issued, subscribed and paid-up capital	Share premium	Maintenance reserve	General	Unrealised gain on available-for-sale investments	Unrealised gain on hedging instruments	Unappropriated profit	Total Reserves	Equity attributable to shareholders of the Parent Company	Non-controlling interest
<b>Balance as at July 1, 2014</b>	196,875,000	145,740,000	30,512,398	1,183,845,000	5,269,341,352	87,488	9,652,794,091	16,282,320,329	16,479,195,329	2,120,248,780
<b>Transaction with owners</b>										
Cash dividend for the year ended June 30, 2014 at the rate of Rs.12.5 per share	-	-	-	-	-	-	(246,093,750)	(246,093,750)	(246,093,750)	(204,604,439)
<b>Total comprehensive income for the half-year ended December 31, 2014</b>										
Profit for the period	-	-	-	-	13,053,205	8,477,629	1,008,280,807	1,008,280,807	1,008,280,807	284,977,475
Other comprehensive income	-	-	-	-	13,053,205	8,477,629	1,008,280,807	1,029,811,641	1,029,811,641	284,977,475
Transfer to maintenance reserve	-	-	37,394,286	-	-	-	(37,394,286)	-	-	-
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	904,231	904,231	904,231	-
<b>Balance as at December 31, 2014</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>67,906,684</b>	<b>1,183,845,000</b>	<b>5,282,394,557</b>	<b>8,565,117</b>	<b>10,378,491,093</b>	<b>17,066,942,451</b>	<b>17,263,817,451</b>	<b>2,200,621,816</b>
<b>Balance as at July 1, 2015</b>	196,875,000	145,740,000	134,825,918	1,183,845,000	4,682,667,471	34,098	11,242,405,702	17,389,518,189	17,586,393,189	2,552,572,810
<b>Transaction with owners</b>										
Cash dividend for the year ended June 30, 2015 at the rate of Rs.10 per share	-	-	-	-	-	-	(196,875,000)	(196,875,000)	(196,875,000)	(405,716,271)
<b>Total comprehensive income for the half-year ended December 31, 2015</b>										
Profit for the period	-	-	-	-	(985,883,001)	638,990	849,959,158	849,959,158	849,959,158	332,167,680
Other comprehensive (loss) / income	-	-	-	-	(885,883,001)	638,990	849,959,158	(135,284,853)	(135,284,853)	332,167,680
Transfer to maintenance reserve	-	-	54,970,543	-	-	-	(54,970,543)	-	-	-
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	(6,903,471)	(6,903,471)	(6,903,471)	-
<b>Balance as at December 31, 2015</b>	<b>196,875,000</b>	<b>145,740,000</b>	<b>189,796,461</b>	<b>1,183,845,000</b>	<b>3,696,784,470</b>	<b>673,088</b>	<b>11,833,615,846</b>	<b>17,050,454,865</b>	<b>17,247,329,865</b>	<b>2,479,024,219</b>

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

Lahore:

Dated: February 23, 2016

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**1. THE GROUP AND ITS OPERATIONS**

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

The Parent Company is a public limited company incorporated in Pakistan and is listed on Karachi, Islamabad and Lahore Stock Exchanges [Pakistan Stock Exchange Limited with effect from January 11, 2016]. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

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 Sheikhupura, Punjab.

**2. BASIS OF PREPARATION**

This condensed interim consolidated financial information of the Group for the half year ended December 31, 2015 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, 2015.

These consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Company. The Parent Company's direct interest in the Subsidiary Company, as at December 31, 2015 is 68.11% (June 30, 2015: 68.11%).

**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, 2015.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015. 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 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, 2015.

**5. PROPERTY, PLANT AND EQUIPMENT**

		<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
	<b>Note</b>		
Operating fixed assets	<b>5.1</b>	<b>18,212,011,439</b>	18,533,399,691
Capital work-in-progress	<b>5.2</b>	<b>2,326,741,701</b>	533,164,402
		<b><u>20,538,753,140</u></b>	<b><u>19,066,564,093</u></b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

		<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
<b>5.1 Operating fixed assets</b>	<b>Note</b>		
Net book value at beginning of the period / year		<b>18,533,399,691</b>	19,060,155,648
Additions during the period / year	<b>5.1.1</b>	<b>147,698,444</b>	410,983,611
Disposals costing Rs.26.468 million (June 30, 2015: Rs.41.214 million) - at net book value		<b>(9,282,969)</b>	(8,667,256)
Depreciation charge for the period / year		<b>(459,803,727)</b>	(929,072,312)
Net book value at end of the period / year		<b>18,212,011,439</b>	18,533,399,691
<b>5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:</b>			
Freehold land		-	34,328,800
Leasehold land		<b>2,600,000</b>	91,253,250
Residential buildings and others			
- on freehold land		-	1,383,308
- on leasehold land		<b>9,802,660</b>	-
Leased office improvements		-	3,699,088
Factory buildings on freehold land		<b>28,298,459</b>	29,889,829
Plant and machinery		<b>92,648,402</b>	205,352,950
Electrical installations		<b>560,020</b>	19,930,188
Office equipment		<b>93,400</b>	1,766,453
Mills equipment		<b>566,728</b>	90,000
Electric and gas equipment		-	649,532
Computer hardware		<b>299,500</b>	980,343
Vehicles		<b>11,308,045</b>	16,555,713
Furniture and fixtures		<b>1,521,230</b>	5,104,157
		<b>147,698,444</b>	410,983,611
<b>5.2 Capital work-in-progress</b>			
Buildings		<b>843,245,161</b>	324,736,651
Plant and machinery		<b>1,327,254,335</b>	133,586,875
Furniture and fixtures		<b>465,865</b>	1,609,824
Un-allocated capital expenditure		<b>79,582,023</b>	22,296,250
Advance payments against:			
- leasehold land		<b>6,860,000</b>	5,860,000
- factory / office building		<b>51,444,078</b>	30,185,300
- plant and machinery		<b>12,810,563</b>	13,014,002
- vehicles		<b>5,079,676</b>	1,875,500
		<b>76,194,317</b>	50,934,802
		<b>2,326,741,701</b>	533,164,402

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

6. LONG TERM INVESTMENTS	Note	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
Associated Companies	6.1	394,119,938	402,063,222
Others - available for sale	6.2	6,489,874,753	6,995,698,205
Advance for acquisition of Term Finance Certificates - Habib Bank Limited		15,000,000	-
		<b>6,898,994,691</b>	<b>7,397,761,427</b>
<b>6.1 Associated Companies - equity method</b>			
<b>Quoted</b>			
Reliance Cotton Spinning Mills Limited 138,900 (June 30, 2015:138,900) ordinary shares of Rs.10 each - <b>cost</b> Equity held: 1.35% Fair value: Rs.13.751 million (June 30, 2015: Rs.12.900 million) Add: share of post acquisition profit Less: dividend received during the period / year		1,306,269  24,743,789  (777,695) <b>25,272,363</b>	1,306,269  24,809,214  (233,970) <b>25,881,513</b>
SFL Limited 10,199 (June 30, 2015:10,199) ordinary shares of Rs.10 each - <b>cost</b> Fair value: Rs.1.377 million (June 30, 2015: Rs.0.632 million) Equity held: 0.051% Add: share of post acquisition profit Less: dividend received during the period / year		100,000  1,369,405  (25,480) <b>1,443,925</b>	100,000  1,377,285  - <b>1,477,285</b>
<b>Unquoted</b>			
Sapphire Power Generation Limited 2,824,500 (June 30, 2015: 2,824,500) ordinary shares of Rs.10 each - <b>cost</b> Equity held: 17.63% Add: share of post acquisition profit		64,355,500  207,655,432 <b>272,010,932</b>	64,355,500  211,761,782 <b>276,117,282</b>
Sapphire Dairies (Private) Limited 10,000,000 (June 30, 2015: 10,000,000) ordinary shares of Rs.10 each - <b>cost</b> Equity held: 9.52% Add: share of post acquisition loss		100,000,000  (4,607,282) <b>95,392,718</b>	100,000,000  (1,412,858) <b>98,587,142</b>
		<b>394,119,938</b>	<b>402,063,222</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
<b>6.2 Others - available for sale</b>		
<b>Quoted</b>		
MCB Bank Limited		
18,648,786 (June 30, 2015: 18,811,786) ordinary shares of Rs.10 each - <b>cost</b>	<b>907,119,613</b>	915,047,933
Adjustment arising from re-measurement to fair value	<b>3,136,869,630</b>	3,771,344,194
	<b>4,043,989,243</b>	4,686,392,127
Habib Bank Limited		
12,078,600 (June 30, 2015: 10,600,000) ordinary shares of Rs.10 each - <b>cost</b>	<b>2,172,693,818</b>	1,869,400,894
Adjustment arising from re-measurement to fair value	<b>244,475,614</b>	411,189,106
	<b>2,417,169,432</b>	2,280,590,000
<b>Unquoted</b>		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2015: 2,351,995) ordinary shares of Rs.10 each	<b>28,716,078</b>	28,716,078
	<b>6,489,874,753</b>	6,995,698,205
<b>7. STOCK-IN-TRADE</b>		
Raw materials	<b>3,276,602,676</b>	2,036,503,633
Work-in-process	<b>162,125,725</b>	156,135,025
Finished goods	<b>496,178,549</b>	509,819,710
	<b>3,934,906,950</b>	2,702,458,368
<b>8. TRADE DEBTS</b>		
<b>8.1</b>	These include trade receivables aggregating Rs.5,560 million (June 30, 2015: Rs.6,798 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 current period on outstanding amounts ranges from 10.95% to 13.01% (June 30, 2015: 11.24% to 14.70%) per annum.	
<b>8.2</b>	Included in trade debts is an amount of Rs.576.073 million (June 30, 2015: 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.	
<b>8.2.1</b>	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.	
<b>8.3</b>	Also included in trade debts are amounts aggregating Rs.227.610 million (June 30, 2015: Rs.227.610 million) relating to capacity purchase price not acknowledged by NTDC. The Subsidiary Company's management is under discussion with NTDC, SNGPL and the Private Power and Infrastructure Board ('PPIB') regarding the aforesaid amount. As a	

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

result of the abovementioned MoU, all disputed amounts were agreed to be resolved through the dispute resolution mechanism under the PPA.

- 8.4 Consequently, with respect to both matters discussed above, during the previous year, the Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. During the current period, in August 2015, the Expert has given his determination whereby the aforesaid amount of Rs 576.073 million has been determined to be payable to the Subsidiary Company by NTDC while the Subsidiary Company's claim regarding the amount of Rs 227.610 million has not been accepted. Pursuant to the Expert's determination, the Subsidiary Company has demanded the payment of the aforesaid amount of Rs.576.073 million from NTDC.

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 in accordance with the terms of the PPA which is pending arbitration.

- 8.5 Based on the advice of the Subsidiary Company's legal counsel and expert's determination, management is of the view that under the terms of the PPA, Implementation Agreement and the Gas Supply Agreement, 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 information.

**9. LONG TERM FINANCES - Secured**

		<b>Un-audited December 31, 2015 Rupees</b>	Audited June 30, 2015 Rupees
<b>Parent Company</b>	<b>Note</b>		
From banking companies:			
- NIB Bank Limited	<b>9.1</b>	<b>83,329,918</b>	73,410,251
- Allied Bank Limited	<b>9.2</b>	<b>722,714,000</b>	-
- United Bank Limited	<b>9.3</b>	<b>469,430,000</b>	-
<b>Subsidiary Company</b>			
From banking companies	<b>9.4</b>	<b>8,088,519,140</b>	8,679,641,215
		<b>9,363,993,058</b>	8,753,051,466
Less: current portion grouped under current liabilities		<b>1,264,973,740</b>	1,205,699,822
		<b>8,099,019,318</b>	7,547,351,644

- 9.1 The Parent Company has arranged long term finance facilities amounting Rs.150 million from NIB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. During the current period, the bank against the said facility has further disbursed Rs. 16.276 million in three tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from December, 2017. These finances carry mark-up at the rates ranging from 4.00% to 9.40% (June 30, 2015: 5.50% to 9.40%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

- 9.2 The Parent Company, during the current period, has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.722.714 million in seven tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from different months of the financial year 2018. These finances carry mark-up at the rate of 2.65% per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Parent Company.

- 9.3 The Parent Company, during the current period, has arranged long term finance facilities amounting Rs.1,500 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.469.430 million in three tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from December, 2017. These finances carry mark-up at the rate of 3.50% per annum and are secured against first charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Parent Company.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

9.4 There has been no change in the term and condition of long term finances obtained by the Subsidiary Company as reported in the preceding annual audited consolidated financial statements of the Group for the year ended June 30, 2015.

**10. SHORT TERM BORROWINGS - Secured**

The Group has short term running and cash finance facilities limits aggregating Rs.14,806 million (June 30, 2015: Rs.14,606 million) from various commercial banks under mark-up arrangements. The aggregate short term finance facilities are secured against hypothecation / ranking pari passu charge on all present and future current and fixed assets of the Group, first ranking assignment of the energy payment price receivables, exclusive hypothecation charge on the fuel stock / inventory, lien on export / import documents and trust receipts. These finances carry mark-up at the rates ranging from 1.31% to 9.01% (June 30, 2015: 1.33% to 12.18%) per annum.

**11. CONTINGENCIES AND COMMITMENTS**

**11.1 Contingencies**

11.1.1 Guarantees aggregating Rs.2,723.296 million (June 30, 2015: Rs.1,113.300 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.

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, 2015.

	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
<b>11.2 Commitments in respect of :</b>		
- letters of credit for capital expenditure	<u>805,247,724</u>	<u>952,275,100</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>267,495,062</u>	<u>173,185,247</u>
- capital expenditure other than through letters of credit	<u>502,266,816</u>	<u>863,988,931</u>
- foreign bills discounted	<u>996,768,000</u>	<u>426,138,453</u>
- forward foreign exchange contract	<u>-</u>	<u>313,580,000</u>

**12. COST OF SALES**

	----- Un-audited -----			
	Quarter ended		Half year ended	
Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
Finished goods at beginning of the period	516,049,275	506,617,612	509,819,710	540,491,694
Cost of goods manufactured	4,282,786,963	5,034,687,170	10,576,576,561	13,839,895,099
Cost of raw materials sold	11,011,254	7,326,106	19,431,016	32,642,995
	<u>4,293,798,217</u>	5,042,013,276	<u>10,596,007,577</u>	13,872,538,094
	<u>4,809,847,492</u>	5,548,630,888	<u>11,105,827,287</u>	14,413,029,788
Finished goods at end of the period	<u>(496,178,549)</u>	(450,944,626)	<u>(496,178,549)</u>	(450,944,626)
	<u>4,313,668,943</u>	5,097,686,262	<u>10,609,648,738</u>	13,962,085,162

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

		----- Un-audited -----			
		Quarter ended		Half year ended	
12.1	<b>Cost of goods manufactured</b>	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		----- Rupees -----			
	Work-in-process at beginning of the period	158,745,549	193,677,019	156,135,025	211,059,838
	Raw materials consumed	2,953,696,233	3,709,351,445	7,905,828,989	11,083,463,542
	Direct labour and other overheads	1,332,470,906	1,321,963,314	2,676,738,272	2,735,676,327
		4,286,167,139	5,031,314,759	10,582,567,261	13,819,139,869
		4,444,912,688	5,224,991,778	10,738,702,286	14,030,199,707
	Work-in-process at end of the period	(162,125,725)	(190,304,608)	(162,125,725)	(190,304,608)
		4,282,786,963	5,034,687,170	10,576,576,561	13,839,895,099
<b>13.</b>	<b>FINANCE COST</b>				
	Included in finance cost is an amount of Rs.14.871 million paid by the Parent Company to the National Bank of Pakistan in respect of mark-up and other charges as a settlement.				
<b>14.</b>	<b>CASH GENERATED FROM OPERATIONS</b>			<b>Un-audited</b>	
				<b>Half year ended</b>	
				December 31, 2015	December 31, 2014
				Rupees	Rupees
	Profit before taxation			1,343,802,058	1,418,897,213
	<b>Adjustments for non-cash and other items:</b>				
	Depreciation			459,803,727	459,602,728
	Depreciation of investment property			466,339	518,154
	Amortization of intangible assets			874,478	555,851
	Staff retirement benefit - gratuity			40,020,000	28,050,000
	Provision for workers' profit participation / workers' welfare fund			83,576,826	71,368,742
	Gain on disposal of operating fixed assets			(2,233,583)	(543,012)
	Gain on sale of investments			(40,327,429)	(1,254,079)
	Gain on sale of stores and spares			(111,193)	(19,386)
	Dividend and interest income			(281,587,884)	(197,024,047)
	Finance cost			722,371,525	1,037,223,644
	Exchange loss			15,838,600	22,458,517
	Working capital changes		14.1	(317,564,158)	(96,685,096)
				2,024,929,306	2,743,149,229
<b>14.1</b>	<b>Working capital changes</b>				
	(Increase) / decrease in current assets:				
	- Stores, spare parts and loose tools			(9,987,855)	(57,662,210)
	- Stock-in-trade			(1,232,448,582)	(1,194,101,653)
	- Trade debts			1,236,303,384	1,302,990,071
	- Loans and advances			(68,539,947)	(8,297,709)
	- Deposits, other receivables and sales tax			(339,884,624)	(134,237,432)
				(414,557,624)	(91,308,933)
	Increase / (decrease) in trade and other payables			96,993,466	(5,376,163)
				(317,564,158)	(96,685,096)



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**15. SEGMENT REPORTING**

**15.1 Reportable segments**

The Group's reportable segments are as follows:

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

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

**15.2 Segment revenues and results**

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	----- Rupees -----				
<b>For the half year ended December 31, 2015</b>					
Sales	4,997,610,413	2,445,385,155	6,717,568,411	(1,358,814,480)	12,801,749,499
Cost of sales	(4,432,679,998)	(2,424,825,438)	(5,110,957,782)	(1,358,814,480)	(10,609,648,738)
<b>Gross profit</b>	<b>564,930,415</b>	<b>20,559,717</b>	<b>1,606,610,629</b>	<b>-</b>	<b>2,192,100,761</b>
Distribution cost	(165,717,267)	(35,853,458)	-	-	(201,570,725)
Administrative expenses	(120,342,617)	(14,598,076)	(22,840,597)	-	(157,781,290)
Finance cost	(164,463,818)	(25,423,758)	(532,483,938)	-	(722,371,514)
	(450,523,702)	(75,875,292)	(555,324,535)	-	(1,081,723,529)
<b>Profit / (loss) before taxation and unallocated income and expenses</b>	<b>114,406,713</b>	<b>(55,315,575)</b>	<b>1,051,286,094</b>	<b>-</b>	<b>1,110,377,232</b>
<b>Unallocatable income and expenses</b>					
Other expenses					(110,248,846)
Other income					343,673,672
Share of profit of Associated Companies					3,340,874
Taxation					(165,016,094)
<b>Profit after taxation</b>					<b>1,182,126,838</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
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	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
----- Rupees -----					
<b>For the half year ended December 31, 2014</b>					
Sales	5,521,051,362	3,054,525,432	9,625,349,962	(1,536,028,585)	16,664,898,171
Cost of sales	(4,695,996,638)	(2,965,494,526)	(7,836,622,583)	(1,536,028,585)	(13,962,085,162)
<b>Gross profit</b>	<b>825,054,724</b>	<b>89,030,906</b>	<b>1,788,727,379</b>	<b>-</b>	<b>2,702,813,009</b>
Distribution cost	(190,026,089)	(42,150,021)	-	-	(232,176,110)
Administrative expenses	(89,391,163)	(17,339,027)	(30,790,598)	-	(137,520,788)
Finance cost	(136,323,487)	(31,198,022)	(869,702,135)	-	(1,037,223,644)
	(415,740,739)	(90,687,070)	(900,492,733)	-	(1,406,920,542)
<b>Profit / (loss) before taxation and unallocated income and expenses</b>	<b>409,313,985</b>	<b>(1,656,164)</b>	<b>888,234,646</b>	<b>-</b>	<b>1,295,892,467</b>
<b>Unallocatable income and expenses</b>					
Other expenses					(96,444,797)
Other income					219,449,543
Share of profit of Associated Companies					3,245,844
Taxation					(128,884,775)
<b>Profit after taxation</b>					<b>1,293,258,282</b>

**15.3 Segment assets and liabilities**

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

	Spinning	Knitting, processing and garments	Power	Total
----- Rupees -----				
<b>As at December 31, 2015</b>				
Segment assets	7,674,858,643	3,924,758,345	20,502,144,454	32,101,761,442
Unallocatable assets				10,585,865,378
Total assets as per balance sheet				42,687,626,820
Segment liabilities	5,798,835,240	3,471,475,150	13,063,005,835	22,333,316,225
Unallocatable liabilities				627,956,511
Total liabilities as per balance sheet				22,961,272,736
<b>As at June 30, 2015</b>				
Segment assets	6,633,957,220	1,883,077,129	22,329,054,151	30,846,088,500
Unallocatable assets				10,292,357,142
Total assets as per balance sheet				41,138,445,642
Segment liabilities	4,537,281,302	1,430,546,862	14,324,749,323	20,292,577,487
Unallocatable liabilities				706,902,156
Total liabilities as per balance sheet				20,999,479,643

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
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**15.4 Geographical information**

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

**16. TRANSACTIONS WITH RELATED PARTIES**

**16.1 Significant transactions with related parties are as follows:**

Relationship with the Group	Nature of transactions	Un-audited Half year ended	
		December 31, 2015 Rupees	December 31, 2014 Rupees
(i) Associates	Sales:		
	- raw material / yarn / fabric / stores	243,894,775	217,846,143
	- assets	10,200,000	-
	Purchases:		
	- raw material / yarn / fabric / stores	153,196,238	201,310,278
	- electricity	182,908,610	83,343,273
	Expenses charged by	12,475,682	8,508,284
	Expenses charged to	5,634,816	1,453,852
	Dividend:		
	- received	803,175	233,970
- paid	101,968,960	127,454,952	
(ii) Key management personnel	Remuneration and other benefits	119,605,072	100,177,883
(iii) Retirement fund	Contribution made	3,909,444	3,287,830
(iv) Other	Rent expense	2,630,766	2,630,766
		<b>Un-audited December 31, 2015 Rupees</b>	<b>Audited June 30, 2015 Rupees</b>
<b>16.2</b>	<b>Period / year end balances are as follows:</b>		
	<b>Receivables from related parties</b>		
	Investments	394,119,938	402,063,222
	Trade debts	28,944,608	35,853,009
	Other receivables	2,969,280	-
	Trade deposit and short term prepayments	-	7,864,000
	<b>Payable to related parties</b>		
	Trade and other payables	120,557,445	18,659,944

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015****17. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

This condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the audited annual consolidation financial statements and should be read in conjunction with the audited annual consolidated financial statement for the year ended June 30, 2015.

There has been no change in Group's sensitivity to these risks since June 30, 2015 except for the changes 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 the risk management policies during the period.

**18. GENERAL**

This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on February 23, 2016.

Lahore:

Dated: February 23, 2016

**SHAHID ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR