

SAPPHIRE FIBRES LIMITED
Nine Months Accounts March 31, 2016

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Company Profile

BOARD OF DIRECTORS

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Shahid Abdullah
Director	:	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Tajammal Hussain Bokharee
Audit Committee	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Shayan Abdullah
Yousuf Abdullah		Mr. Yousuf Abdullah
Member		Mr. Tajammal Hussain Bokharee
Human Resource & Remuneration Committee	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Shahid Abdullah
Member		Mr. Shayan Abdullah
Chief Financial Officer	:	Mr. Jawwad Faisal
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Shinewing Hameed Chaudhri & Co., Chartered Accountants
Tax Consultants	:	Mushtaq & Company Chartered Accountants
Legal Advisor	:	Hassan & Hassan Advocates
Bankers	:	Allied Bank Limited, Citi Bank N.A., Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, United Bank Limited
Share Registrar	:	THK Associates (private) Ltd
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, Karachi.

DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited financial statements for the period of nine months ended 31 March, 2016.

Financial Highlights

	31 March,	
	2016	2015
	Rupees in thousand	
Sales & services	9,270,727	10,239,084
Gross profit	842,899	1,247,441
Profit from operations	1,682,476	1,365,478
Other income	1,428,999	772,750
Profit before taxation	1,383,498	1,123,032
Taxation:		
- Current	206,368	154,678
- Prior	(805)	(1,388)
- Deferred	7,970	5,643
	213,533	158,933
Profit after taxation	<u>1,169,965</u>	<u>964,099</u>

The Company has earned after tax profit of Rs. 1,169.965 million as against Rs. 964.099 million of the last year's corresponding period. Current period's Profit was higher due to higher dividend income as compared to last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.59.43 as compared to Rs.48.97 during the same period of last year.

Future outlook

Textile sector in Pakistan continued to struggle during the period under review mainly due to stagnant demand and higher cost of production compared with neighboring countries. In spite of the challenging environment, your management is doing its best to make operations as efficient as possible.

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

For and on behalf of the Board of Directors

Lahore
Dated: 26 April, 2016

Shahid Abdullah
Chief Executive

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH , 2016

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,989,164,728	4,342,003,331
Investment property		31,750,000	162,237,097
Intangible assets		3,316,108	4,627,824
Long term investments	6	9,166,947,085	10,200,468,290
Long term loans		551,500	340,000
Long term deposits		28,241,645	28,221,645
		<u>16,219,971,066</u>	<u>14,737,898,187</u>
Current assets			
Stores, spare parts and loose tools		185,012,080	185,025,614
Stock-in-trade	7	3,586,396,302	2,543,316,114
Trade debts		1,302,693,684	1,118,913,594
Loans and advances		135,886,974	46,086,110
Trade deposits and short term prepayments		8,985,501	13,246,526
Short term investments		2,165,149,004	1,921,844,053
Other receivables		402,981,645	387,465,779
Tax refunds due from Government		906,457,045	417,883,638
Cash and bank balances		191,983,373	132,197,163
		<u>8,885,545,608</u>	<u>6,765,978,591</u>
Total assets		<u>25,105,516,674</u>	<u>21,503,876,778</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
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		14,239,204,712	14,736,546,068
		<u>14,436,079,712</u>	<u>14,933,421,068</u>
Non-current liabilities			
Long term finances	8	1,571,411,935	60,697,585
Staff retirement benefit - gratuity		273,430,672	257,188,963
Deferred taxation		103,458,097	139,260,190
Long term security deposit		-	2,100,000
		<u>1,948,300,704</u>	<u>459,246,738</u>
Current liabilities			
Trade and other payables		1,616,128,902	1,323,817,736
Accrued mark-up / interest		73,059,159	73,937,828
Short term borrowings		6,772,391,626	4,456,347,830
Current portion of long term finances		13,382,666	12,712,666
Provision for taxation		246,173,905	244,392,912
		<u>8,721,136,258</u>	<u>6,111,208,972</u>
Total liabilities		<u>10,669,436,962</u>	<u>6,570,455,710</u>
Contingencies and commitments	9		
Total equity and liabilities		<u>25,105,516,674</u>	<u>21,503,876,778</u>

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

Lahore:
Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

Note	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees -----			
Sales - net	3,186,545,686	3,199,535,937	9,270,726,774	10,239,084,146
Cost of sales	10 (2,929,136,288)	(2,866,180,470)	(8,427,827,244)	(8,991,643,049)
Gross profit	257,409,398	333,355,467	842,899,530	1,247,441,097
Distribution cost	(97,127,729)	(122,715,014)	(298,698,454)	(354,891,124)
Administrative expenses	(54,310,930)	(76,516,326)	(189,251,623)	(183,246,516)
Other income	11 222,337,487	126,701,299	1,428,998,764	772,750,176
Other expenses	(3,728,280)	(25,829,390)	(101,471,741)	(116,575,237)
Profit from operations	324,579,946	234,996,036	1,682,476,476	1,365,478,396
Finance cost	(109,090,914)	(74,924,866)	(298,978,490)	(242,446,375)
Profit before taxation	215,489,032	160,071,170	1,383,497,986	1,123,032,021
Taxation	(50,424,688)	(31,965,434)	(213,532,718)	(158,933,085)
Profit after taxation	165,064,344	128,105,736	1,169,965,268	964,098,936
Basic and diluted earnings per share	8.38	6.51	59.43	48.97

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees -----			
Profit after taxation	165,064,344	128,105,736	1,169,965,268	964,098,936
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Unrealised loss due to change in fair values of available for sale investments:				
- long term	(552,481,871)	(1,116,586,788)	(1,320,992,056)	(1,035,373,608)
- short term	(22,441,106)	(37,010,532)	(123,352,807)	(107,991,927)
Impact of deferred tax	95,345,136	14,929,800	43,772,184	19,016,966
Adjustment for (gain) / loss included in profit and loss account upon sale of available-for-sale investments	(8,558,795)	1,721,050	(69,858,945)	(500,529)
Unrealised loss on re-measurement of forward foreign exchange contracts	(628,489)	(8,423,263)	-	-
Other comprehensive loss for the period	(488,765,125)	(1,145,369,733)	(1,470,431,624)	(1,124,849,098)
Total comprehensive loss for the period	(323,700,781)	(1,017,263,997)	(300,466,356)	(160,750,162)

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

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2016

	Note	Nine months ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	12	(764,584,792)	739,679,175
Staff retirement benefits paid		(43,788,291)	(28,721,817)
Finance cost paid		(298,423,731)	(237,719,732)
Taxes paid		(242,492,696)	(110,402,222)
Workers' profit participation fund paid		(65,277,387)	(83,860,355)
Long term loans - net		(211,500)	(27,500)
Long term deposits - net		(20,000)	(227,760)
Net cash (used in) / generated from operating activities		(1,414,798,397)	278,719,789
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,956,540,145)	(467,257,719)
Proceeds from disposal of operating fixed assets		71,137,802	1,903,661
Proceeds from disposal of investment property		150,000,000	-
Investment in Subsidiary Company		-	(23,804,296)
Increase in investments		(994,644,318)	(422,803,454)
Proceeds from sale of investments		340,515,709	39,337,535
Proceeds from sale of stores and spares		1,122,577	2,488,450
Dividend and interest income received		1,238,210,834	643,056,884
Net cash used in investing activities		(2,150,197,541)	(227,078,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		1,521,751,100	8,039,000
- repaid		(10,366,750)	(158,558,833)
Dividend paid		(196,333,533)	(245,444,934)
Short term borrowings - net		2,309,731,331	360,048,610
Net cash generated from / (used in) financing activities		3,624,782,148	(35,916,157)
Net increase in cash and cash equivalents		59,786,210	15,724,693
Cash and cash equivalents - at beginning of the period		132,197,163	149,916,610
Cash and cash equivalents - at end of the period		191,983,373	165,641,303

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH, 2016

	Reserves					Total	
	Issued, subscribed and paid-up capital	Capital	General	Unrealised gain on available for sale investments	Sub - total		Unappropriated profit
	----- Rupees -----						
Balance as at July 1, 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
Transaction with owners							
Final cash dividend for the year ended June 30, 2014 at the rate of Rs.12.5 per share	-	-	-	-	-	(246,093,750)	(246,093,750)
Total comprehensive income for the period ended March 31, 2015							
Profit for the period	-	-	-	-	-	964,098,936	964,098,936
Other comprehensive loss	-	-	-	(1,124,849,098)	(1,124,849,098)	-	(1,124,849,098)
	-	-	-	(1,124,849,098)	(1,124,849,098)	964,098,936	(160,750,162)
Balance as at March 31, 2015	196,875,000	145,740,000	1,183,845,000	4,139,792,303	5,469,377,303	8,723,672,538	14,389,924,841
Balance as at July 1, 2015	196,875,000	145,740,000	1,183,845,000	4,676,631,187	6,006,216,187	8,730,329,881	14,933,421,068
Transaction with owners							
Final cash dividend for the year ended June 30, 2015 at the rate of Rs.10 per share	-	-	-	-	-	(196,875,000)	(196,875,000)
Total comprehensive income for the period ended March 31, 2016							
Profit for the period	-	-	-	-	-	1,169,965,268	1,169,965,268
Other comprehensive loss	-	-	-	(1,470,431,624)	(1,470,431,624)	-	(1,470,431,624)
	-	-	-	(1,470,431,624)	(1,470,431,624)	1,169,965,268	(300,466,356)
Balance as at March 31, 2016	196,875,000	145,740,000	1,183,845,000	3,206,199,563	4,535,784,563	9,703,420,149	14,436,079,712

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

Lahore:

Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

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

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2015.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
Operating fixed assets	5.1	3,724,857,016	3,811,921,872
Capital work-in-progress	5.2	3,264,307,712	530,081,459
		6,989,164,728	4,342,003,331
5.1 Operating fixed assets			
Net book value at beginning of the period / year		3,811,921,872	3,763,786,358
Additions during the period / year	5.1.1	222,313,891	402,008,225
Disposals costing Rs.78.52 million (June 30, 2015: Rs.41.214 million) - at net book value		(55,487,316)	(8,667,256)
Depreciation charge for the period / year		(253,891,431)	(345,205,455)
Net book value at end of the period / year		3,724,857,016	3,811,921,872

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		-	34,328,800
Leasehold land		2,600,000	91,253,250
Residential buildings and others on freehold land		12,620,575	1,383,308
Residential buildings and others on leasehold land		46,420,160	-
Leased office improvements		4,585,964	3,699,088
Factory buildings on freehold land		38,042,692	28,202,881
Plant and machinery		94,326,409	198,933,044
Electrical installations		2,511,433	19,930,188
Office equipment		-	1,287,317
Mills equipment		566,728	90,000
Electric equipment		-	649,532
Computer hardware		923,700	690,697
Vehicles		18,110,000	16,555,713
Furniture and fixtures		1,606,230	5,004,407
		222,313,891	402,008,225
5.2 Capital work-in-progress			
Buildings		976,974,659	323,836,651
Plant and machinery		1,787,817,018	133,279,432
Furniture and fixtures		618,905	1,609,824
Un-allocated capital expenditure		135,657,122	22,296,250
Advance payments against:			
- leasehold land		95,110,000	5,860,000
- factory / office building		244,707,518	30,185,300
- plant and machinery		17,234,762	13,014,002
- vehicles		6,187,728	-
		363,240,008	49,059,302
		3,264,307,712	530,081,459

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
6. LONG TERM INVESTMENTS			
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	5,962,177,000	6,995,698,205
		9,166,947,085	10,200,468,290
6.1 Subsidiary Company- unquoted			
Sapphire Electric Company Limited (SECL) 288,782,600 (June 30, 2015: 288,782,600) ordinary shares of Rs.10 each	6.1.1	3,039,008,316	3,039,008,316
Equity held: 68.11% (June 30, 2015: 68.11%) Break-up value per share on the basis of un-audited financial statements Rs.19.70 (June 30, 2015: Rs.18.87)			
6.1.1 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.			
		Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
6.2 Others - available for sale			
Quoted			
MCB Bank Limited 18,648,786 (June 30, 2015: 18,811,786) ordinary shares of Rs.10 each - cost Adjustment arising from re-measurement to fair value		907,119,613 2,935,089,765 3,842,209,378	915,047,933 3,771,344,194 4,686,392,127
Habib Bank Limited 12,103,600 (June 30, 2015: 10,600,000) ordinary shares of Rs.10 each - cost Adjustment arising from re-measurement to fair value		2,177,700,018 (101,448,474) 2,076,251,544	1,869,400,894 411,189,106 2,280,590,000
Habib Bank Limited - Term Finance Certificates 150 TFC's RS.100,000 each (June 30, 2015: Nil) - cost		15,000,000	-
Unquoted			
Novelty Enterprises (Private) Limited 2,351,995 (June 30, 2015: 2,351,995) ordinary shares of Rs.10 each		28,716,078	28,716,078
		5,962,177,000	6,995,698,205

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
7. STOCK-IN-TRADE			
Raw materials:			
- at mills		2,467,650,031	1,589,187,471
- in transit		399,723,139	267,273,283
- at third party's premises		41,049,875	20,900,625
		2,908,423,045	1,877,361,379
Work-in-process		175,021,776	156,135,025
Finished goods:			
- at mills		431,566,427	463,084,018
- at third party's premises		71,385,054	46,735,692
		502,951,481	509,819,710
		3,586,396,302	2,543,316,114
8. LONG TERM FINANCES - Secured			
From banking companies:			
- NIB Bank Limited	8.1	79,319,501	73,410,251
- Allied Bank Limited	8.2	814,247,100	-
- United Bank Limited	8.3	691,228,000	-
		1,584,794,601	73,410,251
Less: current portion grouped under current liabilities		13,382,666	12,712,666
		1,571,411,935	60,697,585
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 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.814.247 million in nine 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 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.691.228 million in five 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.		

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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.

	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
9.2 Commitments in respect of :		
- letters of credit for capital expenditure	<u>259,065,479</u>	760,637,594
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>198,751,454</u>	173,185,247
- capital expenditure other than through letters of credit	<u>271,481,123</u>	863,988,931
- forward foreign exchange contracts	<u>53,050,000</u>	313,580,000

10. COST OF SALES

	Note	----- Un-audited -----			
		Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		----- Rupees -----			
Finished goods at beginning of the period		496,178,549	450,944,626	509,819,710	540,491,694
Cost of goods manufactured	10.1	<u>2,933,592,659</u>	2,810,522,769	<u>8,399,211,438</u>	8,813,795,285
Cost of raw materials sold		<u>2,316,561</u>	7,034,056	<u>21,747,577</u>	39,677,051
		<u>2,935,909,220</u>	2,817,556,825	<u>8,420,959,015</u>	8,853,472,336
		<u>3,432,087,769</u>	3,268,501,451	<u>8,930,778,725</u>	9,393,964,030
Finished goods at end of the period		<u>(502,951,481)</u>	(402,320,981)	<u>(502,951,481)</u>	(402,320,981)
		<u>2,929,136,288</u>	2,866,180,470	<u>8,427,827,244</u>	8,991,643,049
10.1 Cost of goods manufactured					
Work-in-process at beginning of the period		162,125,725	190,304,608	156,135,025	211,059,838
Raw materials consumed		<u>1,967,096,285</u>	1,822,673,615	<u>5,554,343,643</u>	5,774,598,424
Direct labour and other overheads		<u>979,392,425</u>	960,804,871	<u>2,863,754,546</u>	2,991,397,348
		<u>2,946,488,710</u>	2,783,478,486	<u>8,418,098,189</u>	8,765,995,772
		<u>3,108,614,435</u>	2,973,783,094	<u>8,574,233,214</u>	8,977,055,610
Work-in-process at end of the period		<u>(175,021,776)</u>	(163,260,325)	<u>(175,021,776)</u>	(163,260,325)
		<u>2,933,592,659</u>	2,810,522,769	<u>8,399,211,438</u>	8,813,795,285

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

11. OTHER INCOME

The Company, during the current period, received dividend amounting Rs.866.348 million (March 31, 2015: Rs.431.428 million) from Sapphire Electric Company Limited - Subsidiary Company.

12. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	Un-audited Nine months ended	
		March 31, 2016	March 31, 2015
		Rupees	Rupees
Profit before taxation		1,383,497,986	1,123,032,021
Adjustments for non-cash and other items:			
Depreciation		253,891,431	255,135,973
Depreciation of investment property		544,062	777,232
Amortization of intangible assets		1,311,717	993,090
Staff retirement benefit - gratuity		60,030,000	42,975,000
Provision for workers' profit participation fund		70,350,155	60,313,213
Provision for workers' welfare fund		23,013,909	22,919,021
Gain on disposal of operating fixed assets		(15,650,486)	(1,476,169)
Gain on disposal of investment property		(20,056,965)	-
(Gain) / loss on sale of investments		(69,858,945)	2,016,909
Gain on sale of stores and spares		(106,089)	(53,566)
Dividend and interest income		(1,294,140,541)	(736,535,028)
Finance cost		298,978,490	242,446,375
Exchange loss		6,312,465	27,934,374
Working capital changes	12.1	(1,462,701,981)	(300,799,270)
		(764,584,792)	739,679,175
Un-audited Nine months ended			
		March 31, 2016	March 31, 2015
		Rupees	Rupees
12.1 Working capital changes			
Increase in current assets:			
- Stores, spare parts and loose tools		(1,002,954)	(40,026,128)
- Stock-in-trade		(1,043,080,188)	(483,116,297)
- Trade debts		(183,780,090)	228,328,774
- Loans and advances		(89,800,864)	(41,912,352)
- Deposits, other receivables and sales tax		(405,187,479)	(79,053,972)
		(1,722,851,575)	(415,779,975)
Increase in trade and other payables		260,149,594	114,980,705
		(1,462,701,981)	(300,799,270)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

13. FINANCIAL RISK MANAGEMENT

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

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

14. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		Nine months ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
(i) Subsidiary	Dividend received	866,347,800	431,427,522
(ii) Associates	Sales of raw material / yarn / fabric / stores	389,817,365	343,188,501
	- assets	69,521,250	683,761
	Purchases:		
	- raw material / yarn / fabric / stores	231,889,417	292,913,742
	- electricity	275,733,156	177,463,621
	Expenses charged by	17,426,858	13,884,531
	Expenses charged to	5,634,816	4,573,939
	Dividend:		
	- received	803,175	233,970
	- paid	101,968,960	127,454,952
(iii) Retirement fund	Contribution made	4,288,794	3,590,839

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016****15. 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 period ended March 31, 2015.

16. GENERAL

16.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 26, 2016.

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

Lahore:
Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

SAPPHIRE FIBRES LIMITED

Nine Months Accounts March 31, 2016

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 period of nine months ended 31 March, 2016. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 31 March, 2016.

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

Lahore:
Dated: 26 April, 2016

Shahid Abdullah
Chief Executive

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH , 2016

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	21,284,983,069	19,066,564,093
Investment property		31,750,000	162,237,097
Intangible assets		8,929,012	10,240,728
Long term investments	6	6,364,884,567	7,397,761,427
Long term loans		551,500	340,000
Long term deposits		29,471,445	29,451,445
		<u>27,720,569,593</u>	<u>26,666,594,790</u>
Current assets			
Stores, spare parts and loose tools		185,012,080	185,025,614
Stock-in-trade	7	3,922,580,065	2,702,458,368
Trade debts	8	6,731,497,722	7,916,952,414
Loans and advances		152,208,861	51,269,789
Trade deposits and short term prepayments		87,588,435	68,525,309
Short term investments		2,165,149,004	1,921,844,053
Other receivables		402,981,645	490,074,451
Interest receivable		452,198	2,847,109
Tax refunds due from Government		1,049,485,433	490,865,349
Cash and bank balances	9	528,518,259	641,988,396
		<u>15,225,473,702</u>	<u>14,471,850,852</u>
Total assets		<u>42,946,043,295</u>	<u>41,138,445,642</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
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>17,130,740,178</u>	<u>17,389,518,189</u>
Equity attributable to shareholders of the Parent Company		<u>17,327,615,178</u>	<u>17,586,393,189</u>
Non-controlling interest		<u>2,664,181,808</u>	<u>2,552,572,810</u>
Total Equity		<u>19,991,796,986</u>	<u>20,138,965,999</u>
Non-current liabilities			
Long term finances	10	8,064,351,351	7,547,351,644
Staff retirement benefit - gratuity		273,430,672	257,188,963
Deferred taxation		105,749,806	140,926,128
Long term security deposit		-	2,100,000
		<u>8,443,531,829</u>	<u>7,947,566,735</u>
Current liabilities			
Trade and other payables		2,623,600,070	3,890,635,604
Accrued mark-up / interest		127,611,578	388,056,315
Short term borrowings		10,199,543,135	7,323,128,255
Current portion of long term finances		1,313,785,792	1,205,699,822
Provision for taxation		246,173,905	244,392,912
		<u>14,510,714,480</u>	<u>13,051,912,908</u>
Total liabilities		<u>22,954,246,309</u>	<u>20,999,479,643</u>
Contingencies and commitments	11		
Total equity and liabilities		<u>42,946,043,295</u>	<u>41,138,445,642</u>

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

Lahore:

Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016

	Note	Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees -----					
Sales - net		6,046,985,758	7,704,232,746	18,848,735,257	24,369,130,917
Cost of sales	12	(4,942,975,408)	(6,371,823,796)	(15,552,624,146)	(20,333,908,958)
Gross profit		1,104,010,350	1,332,408,950	3,296,111,111	4,035,221,959
Distribution cost		(97,127,729)	(122,715,014)	(298,698,454)	(354,891,124)
Administrative expenses		(68,501,338)	(86,127,413)	(226,282,628)	(223,648,201)
Other income		220,145,459	130,345,086	563,819,131	349,794,629
Other expenses		(4,182,869)	(25,853,329)	(114,431,715)	(122,298,126)
Profit from operations		1,154,343,873	1,228,058,280	3,220,517,445	3,684,179,137
Finance cost		(359,025,761)	(433,660,775)	(1,081,397,275)	(1,470,884,419)
		795,318,112	794,397,505	2,139,120,170	2,213,294,718
Share of Profit of Associated Companies		12,726,458	10,664,617	16,067,332	13,910,461
Profit before taxation		808,044,570	805,062,122	2,155,187,502	2,227,205,179
Taxation		(49,697,714)	(33,152,685)	(214,713,808)	(162,037,460)
Profit after taxation		758,346,856	771,909,437	1,940,473,694	2,065,167,719
Attributable to:					
- Shareholders of the Parent Company		400,387,761	572,474,772	1,423,148,425	1,580,755,579
- Non-controlling interest		357,959,095	199,434,665	517,325,269	484,412,140
		758,346,856	771,909,437	1,940,473,694	2,065,167,719
Earnings per Share					
- attributable to the shareholders of Parent Company		20.34	29.08	72.29	80.29

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees -----			
Profit after taxation	758,346,856	771,909,437	1,940,473,694	2,065,167,719
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss:				
Unrealised loss due to change in fair values of available for sale investments:				
- long term	(552,481,871)	(1,116,586,788)	(1,320,992,056)	(1,035,373,608)
- short term	(22,441,106)	(37,010,532)	(123,352,807)	(107,991,927)
Impact of deferred tax	95,345,136	14,929,800	43,772,184	19,016,966
Reclassification adjustment relating to gain/ (loss) realised on disposal of available-for-sale investments	(8,558,795)	1,721,050	(69,858,945)	(500,529)
Share of fair value gain / (loss) on re-measurement of available-for-sale investments of Associated Companies	-	106,738	(3,588,013)	1,062,571
	(488,136,636)	(1,136,839,732)	(1,474,019,637)	(1,123,786,527)
Forward foreign exchange contracts				
Share of unrealised loss on re-measurement of hedging instruments	(628,489)	(8,423,263)	-	-
Share of unrealised gain / (loss) on re-measurement of hedging instruments of Associated Companies	273	(76,983)	10,774	(22,617)
	(628,216)	(8,500,246)	10,774	(22,617)
Other comprehensive loss for the period	(488,764,852)	(1,145,339,978)	(1,474,008,863)	(1,123,809,144)
Total comprehensive income/(loss) for the period	269,582,004	(373,430,541)	466,464,831	941,358,575
Attributable to:				
- Shareholders of the Parent Company	(88,377,091)	(739,938,613)	(50,860,438)	456,946,435
- Non-controlling interest	357,959,095	366,508,072	517,325,269	484,412,140
	269,582,004	(373,430,541)	466,464,831	941,358,575

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

Lahore:
Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Nine months ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	1,709,212,479	4,576,606,463
Staff retirement benefits paid		(43,788,291)	(28,721,817)
Finance cost paid		(1,340,408,586)	(1,846,944,385)
Taxes paid		(244,194,686)	(116,595,758)
Workers' profit participation fund paid		(65,277,387)	(83,860,355)
Long term loans - net		(211,500)	(27,500)
Long term deposits - net		(20,000)	(227,760)
Net cash generated from operating activities		15,312,029	2,500,228,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,965,667,189)	(483,337,760)
Investment in Subsidiary Company		-	(23,804,296)
Increase in investments		(994,644,318)	(422,803,454)
Proceeds from sale of investments		340,515,709	39,337,535
Proceeds from disposal of operating fixed assets		71,137,802	1,903,661
Proceeds from disposal of investment property		150,000,000	
Proceeds from disposal of stores and spares		1,122,577	2,488,450
Dividend and interest income received		375,614,965	219,635,178
Net cash used in investing activities		(3,021,920,454)	(666,580,686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		625,085,677	(983,003,954)
Dividend paid		(602,049,804)	(450,049,373)
Short term borrowings - net		2,870,102,415	(850,987,897)
Net cash generated from / (used in) financing activities		2,893,138,288	(2,284,041,224)
Net (decrease) / increase in cash and cash equivalents		(113,470,137)	(450,393,022)
Cash and cash equivalents - at beginning of the period		641,988,396	981,697,073
Cash and cash equivalents - at end of the period		528,518,259	531,304,051

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Reserves							Total	Non-controlling interest	
	Capital			Unrealised gain on available-for-sale investments	Unrealised gain / (loss) on hedging instruments	Sub-total	Unappropriated profit			
	Issued, subscribed and paid-up capital	Share premium	Maintenance reserve							General
	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
Balance as at 01 July, 2014										
Total comprehensive income for the period ended 31 March, 2015										
Profit for the period	-	-	-	-	-	-	-	1,580,755,579	1,580,755,579	484,412,140
Other comprehensive loss	-	-	-	(1,123,786,527)	(1,123,786,527)	(22,617)	(1,123,809,144)	-	(1,123,809,144)	-
	-	-	-	(1,123,786,527)	(1,123,786,527)	(22,617)	(1,123,809,144)	1,580,755,579	456,946,435	484,412,140
Transaction with owners										
Cash dividend for the year ended June 30, 2014 at the rate of Rs. 12.5 per share	-	-	-	-	-	-	-	(246,093,750)	(246,093,750)	(204,604,439)
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	(6,638,183)	(6,638,183)	-
Adjustment in non-controlling interest due to further acquisition	-	-	-	-	-	-	-	(252,731,933)	(252,731,933)	(204,604,439)
Transfer to maintenance reserve										
	-	-	63,300,594	-	-	-	63,300,594	(63,300,594)	-	(23,804,296)
	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2015	196,875,000	145,740,000	93,812,992	1,183,845,000	4,145,554,825	64,871	5,569,017,688	10,917,517,143	16,683,409,831	2,376,252,185
Balance as at July 1, 2015	196,875,000	145,740,000	134,825,918	1,183,845,000	4,682,667,471	34,098	6,147,112,487	11,242,405,702	17,586,393,189	2,552,572,810
Total comprehensive income for the period ended 31 March, 2016										
Profit for the period	-	-	-	-	-	-	-	1,423,148,425	1,423,148,425	517,325,269
Other comprehensive (loss) / income	-	-	-	(1,474,019,637)	(1,474,019,637)	10,774	(1,474,008,863)	-	(1,474,008,863)	-
	-	-	-	(1,474,019,637)	(1,474,019,637)	10,774	(1,474,008,863)	1,423,148,425	(50,860,438)	517,325,269
Transaction with owners										
Cash dividend for the year ended June 30, 2015 at the rate of Rs. 10 per share	-	-	-	-	-	-	-	(196,875,000)	(196,875,000)	(405,716,271)
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	(11,042,573)	(11,042,573)	-
Transfer to maintenance reserve	-	-	76,458,397	-	-	-	76,458,397	(76,458,397)	-	-
	-	-	-	-	-	-	-	(207,917,573)	(207,917,573)	(405,716,271)
Balance as at March 31, 2016	196,875,000	145,740,000	211,284,315	1,183,845,000	3,208,647,834	44,872	4,749,562,021	12,381,178,157	17,327,615,178	2,664,181,808

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

Lahore:

Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

1. THE GROUP AND ITS OPERATIONS

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

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

Sapphire Electric Company Limited (the Subsidiary Company) was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhpura, Punjab.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information of the Group for the period ended March 31, 2016 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 March 31, 2016 is 68.11% (30 June, 2015 68.11%)

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim consolidated financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

In preparing this condensed interim consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual consolidated financial statements for the year ended June 30, 2015.

5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited	Audited
		March 31,	June 30,
		2016	2015
	Note	Rupees	Rupees
Operating fixed assets	5.1	18,009,565,523	18,533,399,691
Capital work-in-progress	5.2	3,275,417,546	533,164,402
		<u>21,284,983,069</u>	<u>19,066,564,093</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
5.1 Operating fixed assets			
Net book value at beginning of the period / year		18,533,399,691	19,060,155,648
Additions during the period / year	5.1.1	224,468,636	410,983,611
Disposals costing Rs.80.25 million (June 30, 2015: Rs.41.214 million) - at net book value		(56,530,611)	(8,667,256)
Depreciation charge for the period / year		(691,772,193)	(929,072,312)
Net book value at end of the period / year		<u>18,009,565,523</u>	<u>18,533,399,691</u>
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Freehold land		-	34,328,800
Leasehold land		2,600,000	91,253,250
Residential buildings and others on freehold land		12,620,575	1,383,308
Residential buildings and others on leasehold land		46,420,160	-
Leased office improvements		4,585,964	3,699,088
Factory buildings on freehold land		38,042,692	29,889,829
Plant and machinery		94,326,409	205,352,950
Electrical installations		2,511,433	19,930,188
Office equipment		93,400	1,766,453
Mills equipment		566,728	90,000
Electric equipment		-	649,532
Computer hardware		999,500	980,343
Vehicles		20,095,545	16,555,713
Furniture and fixtures		1,606,230	5,104,157
		<u>224,468,636</u>	<u>410,983,611</u>
5.2 Capital work-in-progress			
Buildings		978,736,209	324,736,651
Plant and machinery		1,796,665,302	133,586,875
Furniture and fixtures		618,905	1,609,824
Un-allocated capital expenditure		135,657,122	22,296,250
Advance payments against:			
- leasehold land		95,110,000	5,860,000
- factory / office buildings		244,707,518	30,185,300
- plant and machinery		17,234,762	13,014,002
- vehicles		6,687,728	1,875,500
		<u>363,740,008</u>	<u>50,934,802</u>
		<u>3,275,417,546</u>	<u>533,164,402</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

6. LONG TERM INVESTMENTS	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
Associated Companies	6.1	402,707,567	402,063,222
Others - available for sale	6.2	5,962,177,000	6,995,698,205
		6,364,884,567	7,397,761,427
6.1 Associated Companies- equity method			
Quoted			
Reliance Cotton Spinning Mills Limited			
138,900 (June 30, 2015:138,900) ordinary shares of Rs.10 each -cost		1,306,269	1,306,269
Equity held: 1.35%			
Add: share of post acquisition profit		25,177,400	24,809,214
Less: dividend received during the period / year		(777,695)	(233,970)
		25,705,974	25,881,513
SFL Limited			
10,199 (June 30, 2015:10,199) ordinary shares of Rs.10 each -cost		100,000	100,000
Equity held: 0.05%			
Add: share of post acquisition profit		1,393,966	1,377,285
Less: dividend received during the period / year		(25,480)	-
		1,468,486	1,477,285
Unquoted			
Sapphire Power Generation Limited			
2,824,500 (June 30, 2015: 2,824,500) ordinary shares of Rs.10 each -cost		64,355,500	64,355,500
Equity held: 17.63%			
Add: share of post acquisition profit		213,459,585	211,761,782
		277,815,085	276,117,282
Sapphire Dairies (Private) Limited			
10,000,000 (June 30, 2015: 10,000,000) ordinary shares of Rs.10 each -cost		100,000,000	100,000,000
Equity held: 9.52%			
Add: share of post acquisition (loss) / profit		(2,281,978)	(1,412,858)
		97,718,022	98,587,142
		402,707,567	402,063,222

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
6.2 Others - available for sale		
Quoted		
MCB Bank Limited		
18,648,786 (June 30, 2015: 18,811,786) ordinary shares of Rs.10 each - cost	907,119,613	915,047,933
Adjustment arising from re-measurement to fair value	2,935,089,765	3,771,344,194
	3,842,209,378	4,686,392,127
Habib Bank Limited		
12,103,600 (June 30, 2015: 10,600,000) ordinary shares of Rs.10 each - cost	2,177,700,018	1,869,400,894
Adjustment arising from re-measurement to fair value	(101,448,474)	411,189,106
	2,076,251,544	2,280,590,000
Habib Bank Limited - Term Finance Certificates		
150 TFC's RS.100,000 each (June 30, 2015: Nil) - cost	15,000,000	-
Unquoted		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2015: 2,351,995) ordinary shares of Rs.10 each	28,716,078	28,716,078
	5,962,177,000	6,995,698,205
7. STOCK-IN-TRADE		
Raw materials:		
- at mills	2,803,833,794	1,748,329,725
- in transit	399,723,139	267,273,283
- at third party's premises	41,049,875	20,900,625
	3,244,606,808	2,036,503,633
Work-in-process	175,021,776	156,135,025
Finished goods:		
- at mills	431,566,427	463,084,018
- at third party's premises	71,385,054	46,735,692
	502,951,481	509,819,710
	3,922,580,065	2,702,458,368

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016****8. TRADE DEBTS**

These represent trade receivables amounting Rs.5,429 million (30 June, 2015 Rs.6,798 million) from National Transmission and Despatch Company Limited (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 3 months KIBOR plus 4.50% is charged in case the amounts are not paid within due dates. The effective rate of delayed payment mark-up charged during the period on outstanding amounts ranged from 10.85% to 13.01% (June 30, 2015: 11.24% to 14.70%) per annum.

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-utilisation of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that the Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the Subsidiary Company had taken up this issue at appropriate forums. On June 28, 2013, the Subsidiary Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan.

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 regarding the aforesaid amount. As a result of the above mentioned MoU, all disputed amounts have been agreed to be resolved through the dispute resolution mechanism under the PPA.

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 year 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 by NTDC while the company's claim regarding the above-mentioned 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. The Arbitral Proceeding between the Subsidiary Company and SNGPL under the term of Gas supply agreement dated January 24, 2007 concluded during the period as Arbitral Tribunal of London Court of International Arbitration ("LCIA") gave its award on 9th March, 2016 with reference to amount of Rs.226.610 million with claimed interest @ 6% as of August 18, 2014 and also allowed to claim the Arbitrational fees with interest @ 6% as of March 09, 2016. The Subsidiary Company is in process of consultation with the legal advisor to claim the Arbitrational award in favour of the company.

Based on the advice of the Subsidiary Company's legal cocounsel and Expert's determination, management is of the view that under the terms of the PPA, Implementation Agreement and Gas Supply Agreement, there are meritorious grounds to support the Subsidiary Company's instance and both amounts likely to be recovered. Consequently, no provision for the above mentioned amounts aggregating Rs.803.683 million has been made in these financial statements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
9. CASH AND BANK BALANCES			
Cash-in-hand		21,536,421	3,391,274
Balances with banks on:			
- off shore current account		302,313,434	306,249,500
- on shore:			
current accounts		194,307,518	154,898,692
term deposit account (TDA)		6,040,000	173,694,103
dividend account		4,320,886	3,754,827
		506,981,838	638,597,122
		528,518,259	641,988,396
10. LONG TERM FINANCES - Secured			
Parent Company			
From banking companies:			
- NIB Bank Limited	10.1	79,319,501	73,410,251
- Allied Bank Limited	10.2	814,247,100	-
- United Bank Limited	10.3	691,228,000	-
Subsidiary Company			
From banking companies	10.4	7,793,342,542	8,679,641,215
		9,378,137,143	8,753,051,466
Less: current portion grouped under current liabilities		1,313,785,792	1,205,699,822
		8,064,351,351	7,547,351,644
10.1	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.		
10.2	The Parent Company 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.814.247 million in nine 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.		
10.3	The Parent Company 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.691.228 million in five tranches of different amounts and each tranche is repayable in 32 equal quarterly instalments commencing from December, 2017. These finances carry mark-up		

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

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.

- 10.4** 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.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

- 11.1.1** Guarantees aggregating Rs. 2,723.30 million (June 30, 2015: Rs.1,113.30 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.

11.2 Commitments

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

	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
11.2.2 Commitments in respect of :		
- letters of credit for capital expenditure	<u>450,665,479</u>	<u>952,275,100</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>198,751,454</u>	<u>173,185,247</u>
- capital expenditure other than through letters of credit	<u>271,481,123</u>	<u>863,988,931</u>
- forward foreign currency contracts	<u>53,050,000</u>	<u>313,580,000</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

12. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Note		Rupees	Rupees	Rupees	Rupees
	Finished goods at beginning of the period	496,178,549	450,944,626	509,819,710	540,491,694
12.1	Cost of goods manufactured	4,947,431,779	6,316,166,095	15,524,008,340	20,156,061,194
	Cost of raw materials sold	2,316,561	7,034,056	21,747,577	39,677,051
		4,949,748,340	6,323,200,151	15,545,755,917	20,195,738,245
		5,445,926,889	6,774,144,777	16,055,575,627	20,736,229,939
	Finished goods at end of the period	(502,951,481)	(402,320,981)	(502,951,481)	(402,320,981)
		4,942,975,408	6,371,823,796	15,552,624,146	20,333,908,958
12.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	162,125,725	190,304,608	156,135,025	211,059,838
	Raw materials consumed	3,609,743,536	4,935,466,484	11,515,572,525	16,018,930,026
	Direct labour and other overheads	1,350,584,294	1,353,655,328	4,027,322,566	4,089,331,655
		4,960,327,830	6,289,121,812	15,542,895,091	20,108,261,681
		5,122,453,555	6,479,426,420	15,699,030,116	20,319,321,519
	Work-in-process at end of the period	(175,021,776)	(163,260,325)	(175,021,776)	(163,260,325)
		4,947,431,779	6,316,166,095	15,524,008,340	20,156,061,194

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

	Note	Un-audited Nine months ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
13. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,139,120,170	2,213,294,718
Adjustments for non-cash and other items:			
Depreciation		691,760,896	691,451,882
Depreciation of investment property		544,062	777,232
Amortization of intangible assets		1,311,717	993,090
Staff retirement benefit - gratuity		60,030,000	42,975,000
Provision for workers' profit participation / workers' welfare fund		93,364,064	83,232,234
Gain on disposal of operating fixed assets		(15,650,486)	(1,476,169)
Gain on disposal of investment property		(20,056,965)	-
(Gain) / loss on sale of investments		(69,858,945)	2,016,909
Gain on sale of stores and spares		(106,089)	(53,566)
Dividend and interest income		(428,346,586)	(313,446,054)
Finance cost		1,081,397,277	1,470,884,421
Exchange loss		9,744,758	33,657,263
Working capital changes	13.1	(1,834,041,394)	352,299,503
		1,709,212,479	4,576,606,463
13.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(1,002,954)	(40,026,128)
- Stock-in-trade		(1,220,121,697)	(352,228,346)
- Trade debts		1,185,454,692	885,654,867
- Loans and advances		(89,800,864)	(41,912,352)
- Deposits, other receivables and sales tax		(405,941,175)	(65,288,007)
		(531,411,998)	386,200,034
Decrease in trade and other payables		(1,302,629,396)	(33,900,531)
		(1,834,041,394)	352,299,503

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**
14. SEGMENT REPORTING
14.1 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.

14.2 Segment revenues and results

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	----- Rupees -----				
For the period ended March 31, 2016					
Sales	7,155,941,736	2,114,785,038	9,578,008,483	(2,184,853,835)	16,663,881,422
Cost of sales	(6,367,027,650)	(2,060,799,594)	(7,124,796,902)	(2,184,853,835)	(13,367,770,311)
Gross profit	788,914,086	53,985,444	2,453,211,581	-	3,296,111,111
Distribution cost	(246,602,185)	(52,096,269)	-	-	(298,698,454)
Administrative expenses	(168,242,333)	(21,009,290)	(37,031,005)	-	(226,282,628)
Finance cost	(265,105,058)	(33,873,432)	(782,418,785)	-	(1,081,397,275)
	(679,949,576)	(106,978,991)	(819,449,790)	-	(1,606,378,357)
Profit before taxation and unallocated income and expenses	108,964,510	(52,993,547)	1,633,761,791	-	1,689,732,754
Unallocatable income and expenses					
Other expenses					(114,431,715)
Other income					563,819,131
Share of profit of Associated Companies					16,067,332
Taxation					(214,713,808)
Profit after taxation					1,940,473,694
	----- Rupees -----				
For the period ended March 31, 2015					
Sales	7,874,799,056	2,364,285,090	14,130,046,771	(2,265,815,835)	22,103,315,082
Cost of sales	(6,737,458,483)	(2,254,184,566)	(11,342,265,909)	(2,265,815,835)	(18,068,093,123)
Gross profit	1,137,340,573	110,100,524	2,787,780,862	-	4,035,221,959
Distribution cost	(293,466,103)	(61,425,021)	-	-	(354,891,124)
Administrative expenses	(157,424,093)	(25,822,423)	(40,401,685)	-	(223,648,201)
Finance cost	(197,067,819)	(45,378,556)	(1,228,438,044)	-	(1,470,884,419)
	(647,958,015)	(132,626,000)	(1,268,839,729)	-	(2,049,423,744)
Profit / (loss) before taxation and unallocated income and expenses	489,382,558	(22,525,476)	1,518,941,133	-	1,985,798,215
Unallocatable income and expenses					
Other expenses					(122,298,126)
Other income					349,794,629
Share of profit of Associated Companies					13,910,461
Taxation					(162,037,460)
Profit after taxation					2,065,167,719

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016**

14.3 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Power	Total
	----- Rupees -----			
As at March 31, 2016				
Segment assets	7,617,676,895	4,977,469,123	20,493,947,848	33,089,093,866
Unallocatable assets				9,856,949,429
Total assets as per balance sheet				<u>42,946,043,295</u>
Segment liabilities	5,432,220,716	4,646,581,402	12,282,517,638	22,361,319,756
Unallocatable liabilities				592,926,553
Total liabilities as per balance sheet				<u>22,954,246,309</u>
As at June 30, 2015				
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				<u>41,138,445,642</u>
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				<u>20,999,479,643</u>

14.4 Geographical information

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

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited Nine months ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
(i) Associates	Sales of raw material / yarn / fabric / stores	389,817,365	343,188,501
	- assets	69,521,250	683,761
	Purchases:		
	- raw material / yarn / fabric / stores	231,889,417	292,913,742
	- electricity	275,733,156	177,463,621
	Expenses charged by	17,426,858	13,884,531
	Expenses charged to	5,634,816	4,573,939
	Dividend:		
	- received	803,175	233,970
	- paid	101,968,960	127,454,952
(ii) Retirement fund	Contribution made	5,964,598	4,885,972
(iii) Other	Rent expense	3,946,149	3,946,149

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2016****16. GENERAL**

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

16.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on April 26, 2016.

Lahore:
Dated: April 26, 2016

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR