

SAPPHIRE FIBRES LIMITED

Half Yearly Accounts December, 2013

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COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Shahid Abdullah
Directors	:	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Mohammad Yamin Mr. Naveed-ul-Islam
Audit Committee	:	
Chairman		Mr. Nadeem Abdullah
Member		Mr. Amer Abdullah
Member		Mr. Mohammad Yamin
Human Resource & Remuneration Committee	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Naveed-ul-Islam
Member		Mr. Mohammad Yamin
Chief Financial Officer	:	Mr. Mujahid Akbar Bozdar
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Hameed Chaudhri & Company Chartered Accountants
Management Consultants	:	M. Yousuf Adil Saleem & Company Chartered Accountants
Tax Consultants	:	Mushtaq & Company Chartered Accountants
Legal Advisors	:	Hassan & Hassan Advocates
Bankers	:	Allied Bank Limited, Citi Bank N.A. Habib Bank Limited, Habib Metropolitan Bank Limited National Bank of Pakistan, MCB Bank Limited United Bank Limited
Share Registrar		THK Associates (private) Ltd
Registered Office	:	316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.
Mills	:	Kharianwala, Tehsil and District Sheikhpura Feroze Wattoan, Tehsil and District Sheikhpura Raiwind Road, Lahore.

DIRECTORS' REPORT

On behalf of the Board of Directors of Sapphire Fibres Limited, we are pleased to present un-audited financial statements of the company for the half year ended 31 December, 2013 duly reviewed by the auditors.

The company's sales have increased to Rs. 7,458 million as compared to Rs. 6,604 million of the same period of last year showing an increase of 12.93%. Gross profit increased to 17.61% as compared to 14.86% of the last period. Increase in gross profit is attributed to devaluation of rupee versus dollar. The company has posted pre-tax profit of Rs. 1,597 million as compared to Rs. 543 million of the corresponding period. This increase in pre-tax profit owes to dividend income of Rs. 863 million (December 2012: nil) from the subsidiary company.

Performance of the Company

In spite of several challenges, the performance of your company remained satisfactory.

Financial highlights are as under:

	2013	31 December, 2012
	(Rupees '000)	
Sales	7,458,196	6,603,548
Gross profit	1,313,233	981,910
Profit from operations	1,853,352	743,703
Profit before taxation	1,596,995	543,253
Taxation:		
- Current	158,843	64,996
- Prior	(29,485)	863
- Deferred	(431)	(14,374)
Profit after taxation	1,468,068	491,768

Earnings per share

The company's earnings per share came to Rs. 74.57 as compared to Rs. 24.98 of the last year's corresponding period.

Future Outlook

Your company has achieved better results as compared to the corresponding period of last year but remaining period of the year will be very challenging for the industry due to increase in cotton prices and energy crises.

There is a slight improvement in global economic activities but textile sector in Pakistan is facing difficulties to grab this opportunity fully because of severe energy crises, inflation and security situation. Expensive sources of power generation using diesel and furnace oil are increasing cost of production but sale rates are not supportive in that proportion.

The management is committed to face the prevailing challenges through increase in efficiencies, product development, energy efficiency measures and exploring new markets.

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

Karachi:
Dated: 27 February, 2014

Mohammad Abdullah
Chairman

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, 2013 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 (here-in-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 31 December, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2013.

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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:
Dated : February 27, 2014

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

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013**

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,880,819,010	3,557,779,240
Investment property		163,849,133	164,424,860
Intangible assets		3,741,905	4,674,757
Long term investments	6	7,992,709,000	6,820,297,846
Long term loans		301,000	940,540
Long term deposits		27,822,285	19,630,265
		12,069,242,333	10,567,747,508
Current assets			
Stores, spare parts and loose tools		172,478,151	145,290,525
Stock-in-trade	7	6,309,972,273	3,596,007,453
Trade debts		1,308,331,058	1,295,501,814
Loans and advances		46,725,440	40,575,649
Trade deposits and short term prepayments		20,090,998	9,749,300
Short term investments		1,333,864,885	1,044,511,205
Other receivables		222,152,922	227,158,398
Tax refunds due from Government		340,861,200	245,985,590
Cash and bank balances	8	187,648,024	93,155,833
		9,942,124,951	6,697,935,767
		22,011,367,284	17,265,683,275
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (June 30, 2013: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2013: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		5,581,906,160	4,811,876,086
Unappropriated profit		8,185,986,608	6,816,356,065
		13,964,767,768	11,825,107,151
Liabilities			
Non-current liabilities			
Long term finances		71,727,584	204,581,000
Staff retirement benefit - gratuity		181,181,994	169,798,106
Deferred taxation		41,964,558	38,383,702
Long term security deposit		2,100,000	2,100,000
		296,974,136	414,862,808
Current liabilities			
Trade and other payables		1,139,289,256	1,011,933,374
Accrued mark-up / interest		88,180,124	52,238,618
Short term borrowings	9	6,058,764,916	3,518,582,681
Current portion of long term finances		304,548,416	300,000,000
Provision for taxation		158,842,668	142,958,643
		7,749,625,380	5,025,713,316
		8,046,599,516	5,440,576,124
Contingencies and commitments			
	10		
Total equity and liabilities		22,011,367,284	17,265,683,275

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

Karachi:

Dated: 27 February, 2014

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

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Quarter ended		Half year ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		----- Rupees -----			
Sales - net		3,523,555,744	3,418,600,666	7,458,196,203	6,603,548,310
Cost of sales	11	(2,949,475,256)	(2,923,250,290)	(6,144,963,292)	(5,621,638,260)
Gross profit		574,080,488	495,350,376	1,313,232,911	981,910,050
Distribution cost		(126,897,703)	(150,818,586)	(270,719,101)	(275,068,737)
Administrative expenses		(58,032,028)	(38,942,840)	(107,548,088)	(78,065,326)
Other income	12	85,758,431	87,066,813	1,055,026,777	165,373,762
Other expenses		(37,460,301)	(20,652,711)	(136,640,735)	(50,446,863)
Profit from operations		437,448,887	372,003,052	1,853,351,764	743,702,886
Finance cost		(153,533,481)	(110,228,522)	(256,356,565)	(200,449,956)
Profit before taxation		283,915,406	261,774,530	1,596,995,199	543,252,930
Taxation	13	(20,453,374)	(26,646,834)	(128,927,156)	(51,485,023)
Profit after taxation		263,462,032	235,127,696	1,468,068,043	491,767,907
Earnings per share		13.38	11.94	74.57	24.98

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

Karachi:

Dated: 27 February, 2014

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MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees -----			
Profit after taxation	263,462,032	235,127,696	1,468,068,043	491,767,907
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss				
Unrealised gain due to change in fair values of available for sale investments:				
- long term	311,116,903	370,399,577	662,411,154	679,300,024
- short term	163,638,343	26,369,916	110,391,556	73,039,702
Related deferred tax	(4,011,430)	(716,744)	(4,011,430)	(716,744)
Reclassification adjustment relating to loss realised on disposal of available-for-sale investments	1,238,794	-	1,238,794	-
Other comprehensive income for the period	471,982,610	396,052,749	770,030,074	751,622,982
Total comprehensive income for the period	735,444,642	631,180,445	2,238,098,117	1,243,390,889

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

Karachi:

Dated: 27 February, 2014

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MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(1,587,389,566)	(1,865,362,798)
Staff retirement benefits paid		(13,166,112)	(10,807,073)
Finance cost paid		(208,268,314)	(194,456,897)
Taxes paid		(182,921,410)	(95,586,972)
Workers' profit participation fund paid		(82,520,733)	(4,928,351)
Long term loans - net		639,540	(72,562)
Long term deposits - net		(8,192,020)	-
Net cash used in operating activities		(2,081,818,615)	(2,171,214,653)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(484,833,449)	(224,041,153)
Investments acquired in a Subsidiary Company / an Associated Company		(510,000,000)	(60,000,000)
Short term investments acquired		(213,923,795)	(76,775,155)
Proceeds from disposal of short term investments		33,609,252	-
Proceeds from disposal of operating fixed assets		3,040,400	1,484,999
Proceeds from disposal of stores and spares		488,472	450,554
Dividend and interest income received		1,029,097,525	149,918,152
Net cash used in investing activities		(142,521,595)	(208,962,603)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		21,695,000	-
Long term finances - repaid		(150,000,000)	(155,000,000)
Dividend paid		(98,061,179)	(97,450,109)
Short term borrowings - net		2,545,198,580	2,667,417,443
Net cash generated from financing activities		2,318,832,401	2,414,967,334
Net increase in cash and cash equivalents		94,492,191	34,790,078
Cash and cash equivalents - at beginning of the period		93,155,833	88,817,298
Cash and cash equivalents - at end of the period		187,648,024	123,607,376

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

Karachi:

Dated: 27 February, 2014

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MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	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, 2012 - as previously reported	196,875,000	145,740,000	1,183,845,000	1,771,245,002	3,100,830,002	5,874,999,004	9,172,704,006
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 - net of tax	-	-	-	-	-	9,257,668	9,257,668
Balance as at July 1, 2012 - as restated	196,875,000	145,740,000	1,183,845,000	1,771,245,002	3,100,830,002	5,884,256,672	9,181,961,674
Profit for the half year ended December 31, 2012	-	-	-	-	-	491,767,907	491,767,907
Other comprehensive income	-	-	-	751,622,982	751,622,982	-	751,622,982
Total comprehensive income for the period	-	-	-	751,622,982	751,622,982	491,767,907	1,243,390,889
Transaction with owners							
Final cash dividend for the year ended June 30, 2012 at the rate of Rs.5 per share	-	-	-	-	-	(98,437,500)	(98,437,500)
Balance as at December 31, 2012 - as restated	196,875,000	145,740,000	1,183,845,000	2,522,867,984	3,852,452,984	6,277,587,079	10,326,915,063
Balance as at July 1, 2013 - as previously reported	196,875,000	145,740,000	1,183,845,000	3,482,291,086	4,811,876,086	6,827,943,789	11,836,694,875
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 - net of tax	-	-	-	-	-	(11,587,724)	(11,587,724)
Balance as at July 1, 2013 - as restated	196,875,000	145,740,000	1,183,845,000	3,482,291,086	4,811,876,086	6,816,356,065	11,825,107,151
Profit for the half year ended December 31, 2013	-	-	-	-	-	1,468,068,043	1,468,068,043
Other comprehensive income	-	-	-	770,030,074	770,030,074	-	770,030,074
Total comprehensive income for the period	-	-	-	770,030,074	770,030,074	1,468,068,043	2,238,098,117
Transaction with owners							
Final cash dividend for the year ended June 30, 2013 at the rate of Rs.5 per share	-	-	-	-	-	(98,437,500)	(98,437,500)
Balance as at December 31, 2013	196,875,000	145,740,000	1,183,845,000	4,252,321,160	5,581,906,160	8,185,986,608	13,964,767,768

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

Karachi:

Dated: 27 February, 2014

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

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013****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. 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. The figures for the half year ended December 31, 2013 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 for the year ended June 30, 2013.

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as detailed in note 3.2.1.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates.

3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and an interpretation to accounting standards are effective for accounting period beginning on July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore not detailed in this condensed interim financial information except for IAS 19 - Employee Benefits (revised in June 2011) as detailed below.

IAS 19 (Revised) requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all re-measurement gain or loss / actuarial gain or loss in the other comprehensive income immediately as they occur.

The Company has applied IAS 19 retrospectively in accordance with the transitional provisions as set out in this standard and consequently the earliest period presented in condensed interim balance sheet and condensed interim statement of changes in equity has been restated. The impacts of retrospective application are as follows:

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Unappropriated profit	Staff retirement benefit - gratuity	Deferred taxation
	----- Rupees -----		
Balance as at June 30, 2012 - as previously reported	5,874,999,004	141,194,159	54,769,353
Restatement - recognition of re-measurement gain	9,257,668	(9,737,042)	479,374
Balance as at June 30, 2012 - as restated	<u>5,884,256,672</u>	<u>131,457,117</u>	<u>55,248,727</u>
Balance as at June 30, 2013 - as previously reported	6,827,943,789	157,919,549	38,674,535
Restatement - recognition of re-measurement gain / (loss)			
- For the year 2012	9,257,668	(9,737,042)	479,374
- For the year 2013	(20,845,392)	21,615,599	(770,207)
Balance as at June 30, 2013 - as restated	<u>6,816,356,065</u>	<u>169,798,106</u>	<u>38,383,702</u>

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim profit and loss account are not quantifiable and are also considered immaterial.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim 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 Company'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 financial information, the significant judgements made by the 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, 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
Operating fixed assets	5.1	3,407,730,743	3,271,220,504
Capital work-in-progress	5.2	473,088,267	286,558,736
		<u>3,880,819,010</u>	<u>3,557,779,240</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

		Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
5.1	Operating fixed assets		
	Net book value at beginning of the period / year	3,271,220,504	2,938,162,595
	Additions during the period / year	298,303,918	642,081,060
	Disposals costing Rs.9.860 million (June 30, 2013: Rs.73.891 million) - at net book value	(1,648,682)	(9,568,853)
	Depreciation charge for the period / year	(160,144,997)	(299,454,298)
	Net book value at end of the period / year	<u>3,407,730,743</u>	<u>3,271,220,504</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	41,577,375	79,033,196
	Residential buildings and others on freehold land	-	96,802,921
	Factory buildings on freehold land	50,831,659	103,831,390
	Plant and machinery	203,876,794	320,412,467
	Electrical installations	-	11,387,295
	Mills equipment	87,975	583,000
	Computer hardware	609,495	3,866,767
	Vehicles	1,320,620	22,585,646
	Furniture and fixtures	-	3,578,378
		<u>298,303,918</u>	<u>642,081,060</u>
5.2	Capital work-in-progress		
	Buildings	203,221,632	39,974,474
	Plant and machinery	243,384,589	234,618,262
	Advance payments against:		
	- factory / office building	11,246,343	4,000,000
	- plant and machinery	8,687,000	7,966,000
	- Office equipment	776,703	-
	- vehicles	5,772,000	-
		<u>26,482,046</u>	<u>11,966,000</u>
		<u>473,088,267</u>	<u>286,558,736</u>
6.	LONG TERM INVESTMENTS		
	Subsidiary Company - at cost	3,015,204,020	2,505,204,020
	Associated Companies - at cost	121,154,269	121,154,269
	Others - available for sale	4,856,350,711	4,193,939,557
		<u>7,992,709,000</u>	<u>6,820,297,846</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
6.1	Subsidiary Company - unquoted		
	Sapphire Electric Company Limited (SECL)		
	287,618,348 (June 30, 2013: 250,520,402) ordinary shares of Rs.10 each	3,015,204,020	2,505,204,020
	Equity held: 67.83% (June 30, 2013: 59.08%) Break-up value per share on the basis of un-audited financial statements Rs.14.14 (June 30, 2013: Rs.16.10)		
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 to SECL.		
6.2	Others - available for sale		
	Quoted		
	MCB Bank Limited		
	17,169,807 (June 30, 2013: 17,169,807) ordinary shares of Rs.10 each - cost Adjustment arising from re-measurement to fair value	918,695,933	918,695,933
		3,908,938,700	3,246,527,546
		4,827,634,633	4,165,223,479
	Unquoted		
	Novelty Enterprises (Private) Limited		
	2,351,995 (June 30, 2013: 2,351,995) ordinary shares of Rs.10 each	28,716,078	28,716,078
		4,856,350,711	4,193,939,557
7.	STOCK-IN-TRADE		
	Raw materials:		
	- at mills	5,073,684,586	2,658,458,768
	- in transit	234,704,942	243,008,340
	- at third party's premises	23,594,624	50,763,084
		5,331,984,152	2,952,230,192
	Work-in-process	268,910,636	250,170,763
	Finished goods:		
	- at mills	629,406,172	331,212,735
	- at third party's premises	79,671,313	62,393,763
		709,077,485	393,606,498
		6,309,972,273	3,596,007,453
8.	CASH AND BANK BALANCES		
	Cash-in-hand	11,117,949	8,333,114
	Balances with banks on:		
	- current accounts	167,173,924	75,842,854
	- term deposit account (TDA)	6,040,000	6,040,000
	- dividend account	3,316,151	2,939,865
		176,530,075	84,822,719
		187,648,024	93,155,833

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

9. SHORT TERM BORROWINGS - Secured

The Company has short term running and cash finance facilities limits aggregating Rs.8,711 million (June 30, 2013: Rs.8,561 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 8.70% to 11.65% (June 30, 2013: 8.70% to 13.74%) per annum. These facilities are expiring on various dates upto June 30, 2014.

10. CONTINGENCIES AND COMMITMENTS

10.1 Guarantees aggregating Rs.186.814 million (June 30, 2013: Rs.161.614 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

10.2 During the current period banks of the Company, on request, have cancelled irrevocable standby letter of credit and guarantee amounting Rs.400 million and Rs.5 million respectively. The letter of credit was issued for equity injection in Sapphire Electric Company Limited (the Subsidiary Company) in favour of syndicate lenders of the Subsidiary Company in accordance with Project Funds Agreement and bank guarantee was issued as security against the Subsidiary Company's short term borrowings.

10.3 During the current period it was discovered that there were unauthorised withdrawals of funds from one of the Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Company's authority. On becoming aware of the matter, an FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Company does not have any liability whatsoever in respect of such unauthorised net withdrawal of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges.

		Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
10.4	Commitments in respect of :		
	- letters of credit for capital expenditure	<u>16,815,192</u>	<u>102,079,920</u>
	- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>139,474,789</u>	<u>96,846,515</u>
	- capital expenditure other than through letters of credit	<u>33,719,256</u>	<u>42,300,000</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

11. COST OF SALES

		----- Un-audited -----			
		Quarter ended		Half year ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Note		----- Rupees -----			
	Finished goods at beginning of the period	414,318,941	387,501,603	393,606,498	346,787,722
	Cost of goods manufactured	3,232,978,719	2,868,607,229	6,423,107,605	5,597,423,085
	Cost of raw materials sold	11,255,081	910,876	37,326,674	11,196,871
		3,244,233,800	2,869,518,105	6,460,434,279	5,608,619,956
		3,658,552,741	3,257,019,708	6,854,040,777	5,955,407,678
	Finished goods at end of the period	(709,077,485)	(333,769,418)	(709,077,485)	(333,769,418)
		2,949,475,256	2,923,250,290	6,144,963,292	5,621,638,260

11.1 Cost of goods manufactured

	Work-in-process at beginning of the period	272,169,985	205,022,463	250,170,763	196,702,362
	Raw materials consumed	2,252,954,960	2,089,508,858	4,539,871,005	4,143,186,454
	Direct labour and other overheads	976,764,410	789,929,920	1,901,976,473	1,473,388,281
		3,229,719,370	2,879,438,778	6,441,847,478	5,616,574,735
		3,501,889,355	3,084,461,241	6,692,018,241	5,813,277,097
	Work-in-process at end of the period	(268,910,636)	(215,854,012)	(268,910,636)	(215,854,012)
		3,232,978,719	2,868,607,229	6,423,107,605	5,597,423,085

12. OTHER INCOME

The Company, during the current period, received dividend amounting Rs.862.855 million from Sapphire Electric Company Limited - Subsidiary Company.

13. TAXATION

	Current				
	- for the period	45,594,592	34,364,592	158,842,668	64,996,101
	- for prior year	(29,484,938)	863,385	(29,484,938)	863,385
		16,109,654	35,227,977	129,357,730	65,859,486
	Deferred	4,343,720	(8,581,143)	(430,574)	(14,374,463)
		20,453,374	26,646,834	128,927,156	51,485,023

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

14. CASH USED IN OPERATIONS		Un-audited	
		Half year ended	
	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
Profit before taxation		1,596,995,199	543,252,930
Adjustments for non-cash and other items:			
Depreciation		160,144,997	142,958,764
Depreciation of investment property		575,727	639,697
Amortization of intangible assets		932,852	932,852
Staff retirement benefit - gratuity		24,550,000	24,450,000
Provision for workers' profit participation fund		85,767,250	29,241,264
Provision for workers' welfare fund		32,591,555	11,111,680
Gain on disposal of operating fixed assets		(1,391,720)	(831,546)
Loss on sale of short term investments		2,591,213	-
Gain on sale of stores and spares		(17,853)	(53,600)
Dividend and interest income		(1,029,097,525)	(149,918,152)
Finance cost		256,356,565	200,449,956
Exchange (gain) / loss		(5,016,345)	8,012,346
Working capital changes	14.1	(2,712,371,481)	(2,675,608,989)
		(1,587,389,566)	(1,865,362,798)
14.1 Working capital changes			
Increase in current assets:			
- Stores, spare parts and loose tools		(27,658,245)	(53,904,981)
- Stock-in-trade		(2,713,964,820)	(2,469,989,769)
- Trade debts		(12,829,244)	(292,228,761)
- Loans and advances		(6,149,791)	(68,886,989)
- Deposits, other receivables and sales tax		(30,764,127)	(41,845,093)
		(2,791,366,227)	(2,926,855,593)
Increase in trade and other payables		78,994,746	251,246,604
		(2,712,371,481)	(2,675,608,989)

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 other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2013.

There has been no change in Company's sensitivity to these risks since June 30, 2013 except for the changes in exposure from liquidity risks due to increase in short term 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
(i) Subsidiary	Commission of letter of credit reimbursed	-	4,800,000
	Dividend received	862,855,044	-
(ii) Associates	Sales of raw material / yarn / fabric / stores	448,680,029	358,547,052
	Purchases:		
	- raw material / yarn / fabric / stores	215,450,926	382,875,771
	- electricity	115,531,911	116,979,393
	- assets	8,000,000	16,039,375
	Shares allotted by an Associate	-	100,000,000
	Expenses charged by	7,305,040	5,603,449
	Expenses charged to	34,000	1,125,430
	Dividend:		
	- received	324,256	198,626
- paid	50,763,515	48,217,940	
(iii) Key management personnel	Remuneration and other benefits	64,407,639	67,161,316
(iv) Retirement fund	Contribution made	1,919,008	1,864,424

	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
16.2 Period / year end balances are as follows:		
Receivables from related parties		
Investments	3,136,358,289	2,626,358,289
Trade debts	109,392,261	62,196,140
Other receivables	-	1,464,647
Payable to related parties		
Trade and other payables	170,051,735	61,975,529

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013****17. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 27, 2014 by the Board of Directors of the Company.

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of implementation of IAS 19 - 'Employee Benefits', certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarised in note 3.2.1.

Karachi:

Dated: 27 February, 2014

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

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

SAPPHIRE FIBRES LIMITED

Half Yearly Accounts December, 2013

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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, 2013. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 67.83% shares of SECL as on 31 December, 2013.

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. The registered office of the company is located at 7 - A/ K, Main Boulevard, Gulberg II, Lahore.

For and on behalf of the Board of Directors

Karachi:
Dated: 27 February, 2014

Mohammad Abdullah
Chairman

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2013**

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,464,264,710	19,431,432,155
Investment property		163,849,133	164,424,860
Intangible assets		9,354,809	10,287,661
Long term investments	6	5,180,112,839	4,506,388,924
Long term loans		301,000	940,540
Long term deposits		28,952,085	20,860,065
		24,846,834,576	24,134,334,205
Current assets			
Stores, spare parts and loose tools		172,478,151	145,290,525
Stock-in-trade	7	6,416,980,211	3,695,671,569
Trade debts	8	6,303,850,627	4,882,524,483
Loans and advances		71,673,609	84,974,856
Trade deposits and short term prepayments		186,377,804	54,504,906
Short term investments		1,333,864,885	1,044,511,205
Other receivables		861,817,629	889,653,416
Interest receivable		1,373,569	672,477
Tax refunds due from Government		435,083,168	271,537,066
Cash and bank balances	9	801,733,962	1,277,541,056
		16,585,233,615	12,346,881,559
Total assets		41,432,068,191	36,481,215,764
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (June 30, 2013: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 (June 30, 2013: 19,687,500) ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		5,586,159,533	5,077,277,126
Unappropriated profit		9,438,843,390	8,275,987,575
Equity attributable to shareholders of the Parent Company		15,221,877,923	13,550,139,701
Non-controlling interest		1,928,217,959	2,794,434,833
Total Equity		17,150,095,882	16,344,574,534
Liabilities			
Non-current liabilities			
Long term finances		9,335,013,752	10,013,467,987
Staff retirement benefit - gratuity		181,181,994	169,798,106
Deferred taxation		43,492,039	39,639,932
Long term security deposit		2,100,000	2,100,000
		9,561,787,785	10,225,006,025
Current liabilities			
Trade and other payables		2,804,621,293	2,002,580,899
Accrued mark-up / interest		478,156,188	320,933,790
Short term borrowings	10	9,918,055,999	6,157,089,256
Current portion of long term finances		1,360,508,376	1,288,072,617
Provision for taxation		158,842,668	142,958,643
		14,720,184,524	9,911,635,205
		24,281,972,309	20,136,641,230
Contingencies and commitments	11		
Total equity and liabilities		41,432,068,191	36,481,215,764

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

Karachi:

Dated: 27 February, 2014

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

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

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Quarter ended		Half year ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- Rupees -----					
Sales - net		7,705,927,439	8,853,527,580	15,323,738,150	16,992,999,526
Cost of sales	12	(6,278,170,230)	(7,014,894,300)	(12,493,751,051)	(13,782,339,460)
Gross profit		1,427,757,209	1,838,633,280	2,829,987,099	3,210,660,066
Distribution cost		(126,897,703)	(150,818,586)	(270,719,101)	(275,068,737)
Administrative expenses		(73,891,731)	(48,925,851)	(134,608,969)	(100,659,337)
Other income		424,506,457	88,262,977	531,510,080	168,414,591
Other expenses		(35,862,342)	(30,046,293)	(151,879,928)	(69,017,074)
Profit from operations		1,615,611,890	1,697,105,527	2,804,289,181	2,934,329,509
Finance cost		(569,597,255)	(620,597,646)	(1,065,414,486)	(1,309,384,973)
		1,046,014,635	1,076,507,881	1,738,874,695	1,624,944,536
Share of Profit of Associated Companies		6,015,495	8,804,342	8,597,102	11,873,136
Profit before taxation		1,052,030,130	1,085,312,223	1,747,471,797	1,636,817,672
Taxation	13	(20,741,472)	(27,405,834)	(129,692,739)	(52,498,208)
Profit after taxation		1,031,288,658	1,057,906,389	1,617,779,058	1,584,319,464
Attributable to:					
- Shareholders of the Parent Company		769,389,589	724,679,124	1,277,890,677	1,141,916,923
- Non-controlling interest		261,899,069	333,227,265	339,888,381	442,402,541
		1,031,288,658	1,057,906,389	1,617,779,058	1,584,319,464
Earnings per Share					
- attributable to the shareholders of Parent Company		39.08	36.81	64.91	58.00

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

Karachi:

Dated: 27 February, 2014

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

MOHAMMAD ABDULLAH
DIRECTOR

YOUSUF ABDULLAH
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013**

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees -----			
Profit after taxation	1,031,288,658	1,057,906,389	1,617,779,058	1,584,319,464
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss				
Unrealised gain due to change in fair values of available for sale investments:				
- long term	311,116,903	370,399,577	662,411,154	679,300,024
- short term	163,638,343	26,485,077	110,391,556	73,607,695
Related deferred tax	(4,011,430)	(716,744)	(4,011,430)	(716,744)
Reclassification adjustment relating to loss / (gain) realised on disposal of available-for-sale investments	1,238,794	-	1,238,794	(1,534,821)
Share of fair value gain on re-measurement of available- for-sale investments of Associated Companies	-	347,901	53,868	337,291
	471,982,610	396,515,811	770,083,942	750,993,445
Forward foreign exchange contracts				
Share of unrealised gain / (loss) on re-measurement of hedging instruments of Associated Companies	20,186	22,442	(34,951)	22,442
Other comprehensive income for the period	472,002,796	396,538,253	770,048,991	751,015,887
Total comprehensive income for the period	1,503,291,454	1,454,444,642	2,387,828,049	2,335,335,351
Attributable to:				
- Shareholders of the Parent Company	1,241,392,385	1,121,170,253	2,047,939,668	1,893,328,436
- Non-controlling interest	261,899,069	333,274,389	339,888,381	442,006,915
	1,503,291,454	1,454,444,642	2,387,828,049	2,335,335,351

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

Karachi:

Dated: 27 February, 2014

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

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(939,871,415)	(20,059,564)
Staff retirement benefits paid		(13,166,112)	(10,807,073)
Finance cost paid		(896,045,343)	(1,387,055,189)
Taxes paid		(183,869,611)	(96,481,413)
Workers' profit participation fund paid		(82,520,733)	(4,928,351)
Long term loans - net		639,540	(72,562)
Long term deposits - net		(8,192,020)	-
Net cash used in operating activities		(2,123,025,694)	(1,519,404,152)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(485,643,952)	(224,324,621)
Investments in an Subsidiary / Associated Company		(510,000,000)	(60,000,000)
Short term investments acquired		(213,923,795)	(98,289,347)
Proceeds from disposal of short term investments		33,609,252	33,981,180
Proceeds from disposal of operating fixed assets		3,040,400	1,980,000
Proceeds from disposal of stores and spares		488,472	450,554
Dividend and interest income received		166,953,767	150,796,714
Net cash used in investing activities		(1,005,475,856)	(195,405,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(606,018,476)	(682,335,632)
Dividend paid		(507,270,156)	(97,450,109)
Short term borrowings - net		3,765,983,088	2,333,120,918
Net cash generated from financing activities		2,652,694,456	1,553,335,177
Net decrease in cash and cash equivalents		(475,807,094)	(161,474,495)
Cash and cash equivalents - at beginning of the period		1,277,541,056	324,837,751
Cash and cash equivalents - at end of the period		801,733,962	163,363,256

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

Karachi:

Dated: 27 February, 2014

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

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Reserves							Total	Non-controlling interest	
	Issued, subscribed and paid-up capital	Capital		Unrealised gain on available-for-sale investments	Unrealised gain / (loss) on hedging instruments	Sub-total	Unappropriated profit			
		Share premium	Maintenance reserve							General
Balance as at July 1, 2012 - as previously reported	196,875,000	145,740,000	158,253,530	1,183,845,000	1,775,891,776	-	3,263,730,306	6,535,053,656	9,995,658,962	2,191,427,518
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 - net of tax	-	-	-	-	-	-	-	9,257,668	9,257,668	-
Balance as at July 1, 2012 - as restated	196,875,000	145,740,000	158,253,530	1,183,845,000	1,775,891,776	-	3,263,730,306	6,544,311,324	10,004,916,630	2,191,427,518
Profit for the period	-	-	-	-	-	-	-	1,141,916,923	1,141,916,923	442,402,541
Other comprehensive income	-	-	-	-	751,389,071	22,442	751,411,513	-	751,411,513	(395,626)
Total comprehensive income for the period	-	-	-	-	751,389,071	22,442	751,411,513	1,141,916,923	1,893,328,436	442,006,915
Transfer to maintenance reserve	-	-	58,513,959	-	-	-	58,513,959	(58,513,959)	-	-
Transaction with owners	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year ended June 30, 2011 at the rate of Rs.5 per share	-	-	-	-	-	-	-	(98,437,500)	(98,437,500)	-
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	8,953,208	8,953,208	-
	-	-	-	-	-	-	(89,484,292)	-	(89,484,292)	-
Balance as at December 31, 2012 - as restated	196,875,000	145,740,000	216,767,489	1,183,845,000	2,527,280,847	22,442	4,073,655,778	7,538,229,996	11,808,760,774	2,633,434,833
Balance as at July 1, 2013 - as previously reported	196,875,000	145,740,000	261,166,584	1,183,845,000	3,486,456,351	69,191	5,077,277,126	8,287,575,299	13,561,727,425	2,794,434,833
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 - net of tax	-	-	-	-	-	-	-	(11,587,724)	(11,587,724)	-
Balance as at July 1, 2013 - as restated	196,875,000	145,740,000	261,166,584	1,183,845,000	3,486,456,351	69,191	5,077,277,126	8,275,987,575	13,550,139,701	2,794,434,833
Profit for the period	-	-	-	-	-	-	-	1,277,890,677	1,277,890,677	339,888,381
Other comprehensive income / (loss)	-	-	-	-	770,083,942	(34,951)	770,048,991	-	770,048,991	-
Total comprehensive income for the period	-	-	-	-	770,083,942	(34,951)	770,048,991	1,277,890,677	2,047,939,668	339,888,381
Transaction with owners	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year ended June 30, 2013 at the rate of Rs.5 per share	-	-	-	-	-	-	-	(98,437,500)	(98,437,500)	(409,208,977)
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	-	-	3,020,998	3,020,998	-
	-	-	-	-	-	-	-	(95,416,502)	(95,416,502)	(409,208,977)
Transfer to maintenance reserve	-	-	83,217,161	-	-	-	83,217,161	(83,217,161)	-	-
Adjustment in reserves / non-controlling interest due to further acquisition	-	-	31,225,930	-	-	-	31,225,930	63,598,801	94,824,731	(604,824,730)
Utilisation of maintenance reserve	-	-	(375,609,675)	-	-	-	(375,609,675)	-	(375,609,675)	(192,071,548)
Balance as at December 31, 2013	196,875,000	145,740,000	-	1,183,845,000	4,256,540,293	34,240	5,586,159,533	9,438,843,390	15,221,877,923	1,928,217,959

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

Karachi: **MOHAMMAD ABDULLAH** DIRECTOR

YOUSUF ABDULLAH DIRECTOR

Dated: 27 February, 2014

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013****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 Karachi, Islamabad and Lahore Stock Exchanges. 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 half year ended December 31, 2013 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, 2013.

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, 2013 is 67.83% (June 30, 2013: 59.08%).

3. ACCOUNTING POLICIES

3.1 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, 2013 except for the adoption of a new accounting policy as detailed in note 3.2.1.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates.

3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and an interpretation to accounting standards are effective for accounting period beginning on July 1, 2013 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore not detailed in this condensed interim consolidated financial information except for IAS 19 - Employee Benefits (revised in June 2011) as detailed below.

IAS 19 (Revised) requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all re-measurement gain or loss / actuarial gain or loss in the other comprehensive income immediately as they occur.

The Group has applied IAS 19 retrospectively in accordance with the transitional provisions as set out in this standard and consequently the earliest period presented in condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity has been restated. The impacts of retrospective application are as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Unappropriated profit	Staff retirement benefit - gratuity	Deferred taxation
	----- Rupees -----		
Balance as at June 30, 2012 - as previously reported	5,874,999,004	141,194,159	54,769,353
Restatement - recognition of re-measurement gain	9,257,668	(9,737,042)	479,374
Balance as at June 30, 2012 - as restated	5,884,256,672	131,457,117	55,248,727
Balance as at June 30, 2013 - as previously reported	6,827,943,789	157,919,549	38,674,535
Restatement - recognition of re-measurement gain / (loss)			
- For the year 2012	9,257,668	(9,737,042)	479,374
- For the year 2013	(20,845,392)	21,615,599	(770,207)
Balance as at June 30, 2013 - as restated	6,816,356,065	169,798,106	38,383,702

The Group follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim consolidated profit and loss account are not quantifiable and are also considered immaterial.

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, 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
Operating fixed assets	5.1	18,989,511,017	19,139,699,025
Capital work-in-progress	5.2	474,753,693	291,733,130
		19,464,264,710	19,431,432,155

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
5.1 Operating fixed assets			
Net book value at beginning of the period / year		19,139,699,025	19,594,004,871
Additions during the period / year	5.1.1	306,488,796	649,374,076
Disposals costing Rs.9.860 million (June 30, 2013: Rs.74.889 million) - at net book value		(1,648,682)	(10,048,026)
Depreciation charge for the period / year		(451,162,715)	(868,609,761)
Adjustment during the period / year		(3,865,407)	(225,022,135)
Net book value at end of the period / year		<u>18,989,511,017</u>	<u>19,139,699,025</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		41,577,375	79,033,196
Residential buildings and others on freehold land		-	96,802,921
Factory buildings on freehold land		56,202,804	104,121,390
Plant and machinery		203,876,794	320,831,427
Electrical installations		-	11,387,295
Office equipment		149,735	1,032,572
Mills equipment		87,975	583,000
Computer hardware		1,051,113	4,187,984
Vehicles		3,543,000	24,314,486
Furniture and fixtures		-	7,079,805
		<u>306,488,796</u>	<u>649,374,076</u>
5.2 Capital work-in-progress			
Buildings		204,471,633	44,926,864
Plant and machinery		243,384,589	234,618,262
Advance payments against:			
- factory / office building		11,246,343	4,000,000
- plant and machinery		8,884,199	8,163,201
- Office equipment		776,703	-
- mills equipment		193,423	-
- vehicles		5,772,000	-
- furniture and fixtures		24,803	24,803
		<u>26,897,471</u>	<u>12,188,004</u>
		<u>474,753,693</u>	<u>291,733,130</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

6. LONG TERM INVESTMENTS	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
Associated Companies	6.1	323,762,128	312,449,367
Others - available for sale	6.2	4,856,350,711	4,193,939,557
		5,180,112,839	4,506,388,924
6.1 Associated Companies - equity method			
Quoted			
Reliance Cotton Spinning Mills Limited			
138,900 (June 30, 2013:138,900) ordinary shares of Rs.10 each - cost		1,306,269	1,306,269
Equity held: 1.35%			
Add: share of post acquisition profit		23,639,696	20,976,326
Less: dividend received during the period / year		(314,064)	(198,626)
		24,631,901	22,083,969
SFL Limited			
10,199 (June 30, 2013:10,199) ordinary shares of Rs.10 each - cost		100,000	100,000
Equity held: 0.051%			
Add: share of post acquisition profit		1,252,522	1,077,754
Less: dividend received during the period / year		(10,192)	-
		1,342,330	1,177,754
Unquoted			
Sapphire Power Generation Limited			
1,550,000 (June 30, 2013: 1,550,000) ordinary shares of Rs.10 each - cost		19,748,000	19,748,000
Equity held: 16.54%			
Add: share of post acquisition profit		180,005,361	167,865,773
		199,753,361	187,613,773
Sapphire Dairies (Private) Limited			
10,000,000 (June 30, 2013: 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		(1,965,464)	1,573,871
		98,034,536	101,573,871
		323,762,128	312,449,367

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
6.2 Others - available for sale		
Quoted		
MCB Bank Limited		
17,169,807 (June 30, 2013: 17,169,807) ordinary shares of Rs.10 each - cost	918,695,933	918,695,933
Adjustment arising from re-measurement to fair value	3,908,938,700	3,246,527,546
	4,827,634,633	4,165,223,479
Unquoted		
Novelty Enterprises (Private) Limited		
2,351,995 (June 30, 2013: 2,351,995) ordinary shares of Rs.10 each	28,716,078	28,716,078
	4,856,350,711	4,193,939,557
7. STOCK-IN-TRADE		
Raw materials:		
- at mills	5,180,692,524	2,758,122,884
- in transit	234,704,942	243,008,340
- at third party's premises	23,594,624	50,763,084
	5,438,992,090	3,051,894,308
Work-in-process	268,910,636	250,170,763
Finished goods:		
- at mills	629,406,172	331,212,735
- at third party's premises	79,671,313	62,393,763
	709,077,485	393,606,498
	6,416,980,211	3,695,671,569

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

8. TRADE DEBTS

These include trade receivables aggregating Rs.4,996 million (June 30, 2013: Rs.3,587 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 13.39% to 14.53% (June 30, 2013: 13.76% to 16.46%) per annum.

Included in trade debts is an amount of Rs.597.484 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, it believes that the Subsidiary Company cannot be penalised in the form of payment deductions due to NTDC's default of making timely payments under the Power Purchase Agreement (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 the terms of MoU, subsequent to year end, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan, and initiated the process of appointment of Expert for dispute resolution under the PPA. Based on the advice of the legal council, management feels that there are meritorious grounds to support the Subsidiary Company's stance and such amounts are likely to be recovered. Consequently, no provision for the abovementioned amount has been made in this condensed interim consolidated financial information.

Also included in trade debts are amounts aggregating Rs.245.106 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. As discussed above, subsequent to year end, the Subsidiary Company has initiated the process of appointment of Expert for dispute resolution under the PPA. Based on the advice of legal council management is of the view that under the terms of the PPA, Implementation Agreement and the Gas Supply Agreement, there are meritorious grounds that the dispute would be resolved in the Subsidiary Company's favour and such amounts are likely to be recovered. Consequently no provision of the above mentioned amount has been made in this condensed interim consolidated financial information.

9. CASH AND BANK BALANCES

	Un-audited December 31, 2012 Rupees	Audited June 30, 2013 Rupees
Cash-in-hand	11,368,613	8,333,114
Balances with banks on:		
- off shore current account	397,434,691	135,976,276
- on shore:		
current accounts	189,172,900	1,017,356,190
term deposit account (TDA)	200,441,607	112,935,611
dividend account	3,316,151	2,939,865
	790,365,349	1,269,207,942
	801,733,962	1,277,541,056

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

10. SHORT TERM BORROWINGS - Secured

The Group has short term running and cash finance facilities limits aggregating Rs.15,393 million (June 30, 2013: Rs.14,822 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 8.70% to 11.65% (June 30, 2013: 8.70% to 13.74%) per annum. These facilities are expiring on various dates upto June 30, 2014.

11. CONTINGENCIES AND COMMITMENTS

Contingencies

11.1 Guarantees aggregating Rs.1,096.814 million (June 30, 2013: Rs.1,963.114 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.

11.2 Claims against the Subsidiary Company not acknowledged as debts amount to Rs.19.214 million (June 30, 2013: Rs.19.240 million). Provision has not made in this condensed interim consolidated financial information for the aforesaid amount as management is confident that it will not materialize.

11.3 During the current period it was discovered that there were unauthorised withdrawals of funds from one of the Parent Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Parent Company's authority. On becoming aware of the matter, an FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Parent Company does not have any liability whatsoever in respect of such unauthorised net withdrawal of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges.

Commitments

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

11.5 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 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 December 31, 2013 Rupees	Audited June 30, 2013 Rupees
11.6 Commitments in respect of :		
- letters of credit for capital expenditure	<u>16,815,192</u>	<u>102,079,920</u>
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	<u>139,474,789</u>	<u>96,846,515</u>
- capital expenditure other than through letters of credit	<u>33,719,256</u>	<u>42,300,000</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

12. COST OF SALES		----- Un-audited -----			
		Quarter ended		Half year ended	
Note		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		----- Rupees -----			
	Finished goods at beginning of the period	414,318,941	387,501,603	393,606,498	346,787,722
12.1	Cost of goods manufactured	6,561,673,693	6,960,251,239	12,771,895,364	13,758,124,285
	Cost of raw materials sold	11,255,081	910,876	37,326,674	11,196,871
		6,572,928,774	6,961,162,115	12,809,222,038	13,769,321,156
		6,987,247,715	7,348,663,718	13,202,828,536	14,116,108,878
	Finished goods at end of the period	(709,077,485)	(333,769,418)	(709,077,485)	(333,769,418)
		6,278,170,230	7,014,894,300	12,493,751,051	13,782,339,460
12.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	272,169,985	205,022,463	250,170,763	196,702,362
	Raw materials consumed	5,168,912,065	5,826,456,833	10,059,921,542	11,588,159,309
	Direct labour and other overheads	1,389,502,279	1,144,625,955	2,730,713,695	2,189,116,626
		6,558,414,344	6,971,082,788	12,790,635,237	13,777,275,935
		6,830,584,329	7,176,105,251	13,040,806,000	13,973,978,297
	Work-in-process at end of the period	(268,910,636)	(215,854,012)	(268,910,636)	(215,854,012)
		6,561,673,693	6,960,251,239	12,771,895,364	13,758,124,285
13.	TAXATION				
	Current				
	- for the period	45,882,312	34,958,189	159,337,000	65,746,204
	- for prior year	(29,484,938)	863,385	(29,484,938)	863,385
		16,397,374	35,821,574	129,852,062	66,609,589
	Deferred	4,344,098	(8,415,740)	(159,323)	(14,111,381)
		20,741,472	27,405,834	129,692,739	52,498,208

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

14. CASH USED IN OPERATIONS	Note	Un-audited Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
Profit before taxation		1,738,874,695	1,624,944,536
Adjustments for non-cash and other items:			
Depreciation		451,162,715	437,894,030
Depreciation of investment property		575,727	639,697
Amortization of intangible assets		932,852	932,852
Staff retirement benefit - gratuity		24,550,000	24,450,000
Provision for workers' profit participation / workers' welfare fund		118,358,805	40,352,944
Gain on disposal of operating fixed assets		(1,391,720)	(847,374)
Gain / (loss) on sale of short term investments		2,591,213	(1,534,821)
Gain on sale of stores and spares		(17,853)	(53,600)
Dividend and interest income		(167,330,603)	(151,606,958)
Finance cost		1,065,414,486	1,309,384,973
Exchange loss		10,222,848	19,890,506
Working capital changes	14.1	(4,183,814,580)	(3,324,506,349)
		(939,871,415)	(20,059,564)
14.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(27,658,245)	(53,904,981)
- Stock-in-trade		(2,721,308,642)	(2,454,106,609)
- Trade debts		(1,421,326,144)	21,384,269
- Loans and advances		(23,619,514)	(68,886,989)
- Deposits, other receivables and sales tax		(160,660,876)	(190,471,998)
		(4,354,573,421)	(2,745,986,308)
Increase / (decrease) in trade and other payables		170,758,841	(578,520,041)
		(4,183,814,580)	(3,324,506,349)

15. 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.

The 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, 2013.

There has been no change in Group's sensitivity to these risks since June 30, 2013 except for the changes in exposure from liquidity risks due to increase in short term 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.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Group. Further, no re-classifications in the categories of financial assets have been made since June 30, 2013

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

16. SEGMENT REPORTING

16.1 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.

16.2 Segment revenues and results

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	----- Rupees -----				
For the half year ended December 31, 2013					
Sales	5,869,603,949	3,202,132,351	7,865,541,947	(1,613,540,097)	15,323,738,150
Cost of sales	(4,761,104,749)	(2,997,398,640)	(6,348,787,759)	(1,613,540,097)	(12,493,751,051)
Gross profit	1,108,499,200	204,733,711	1,516,754,188	-	2,829,987,099
Distribution cost	(198,149,894)	(72,569,207)	-	-	(270,719,101)
Administrative expenses	(96,349,032)	(11,199,056)	(27,060,881)	-	(134,608,969)
Finance cost	(212,536,696)	(43,819,869)	(809,057,921)	-	(1,065,414,486)
	(507,035,622)	(127,588,132)	(836,118,802)	-	(1,470,742,556)
Profit / (loss) before taxation and unallocated income and expenses	601,463,578	77,145,579	680,635,386	-	1,359,244,543
Unallocatable income and expenses					
Other expenses					(151,879,928)
Other income					531,510,080
Share of profit of Associated Companies					8,597,102
Taxation					(129,692,739)
Profit after taxation					1,617,779,058

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
----- Rupees -----					
For the half year ended December 31, 2012					
Sales	5,511,076,084	2,152,976,016	10,389,451,216	(1,060,503,790)	16,992,999,526
Cost of sales	(4,603,725,440)	(2,078,416,610)	(8,160,701,200)	(1,060,503,790)	(13,782,339,460)
Gross profit	907,350,644	74,559,406	2,228,750,016	-	3,210,660,066
Distribution cost	(215,736,338)	(59,332,399)	-	-	(275,068,737)
Administrative expenses	(69,009,943)	(9,055,383)	(22,594,011)	-	(100,659,337)
Finance cost	(181,454,112)	(18,995,844)	(1,108,935,017)	-	(1,309,384,973)
	(466,200,393)	(87,383,626)	(1,131,529,028)	-	(1,685,113,047)
Profit / (loss) before taxation and unallocated income and expenses	441,150,251	(12,824,220)	1,097,220,988	-	1,525,547,019
Unallocatable income and expenses					
Other expenses					(69,017,074)
Other income					168,414,591
Share of profit of Associated Companies					11,873,136
Taxation					(52,498,208)
Profit after taxation					1,584,319,464

16.3 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Power	Total
----- Rupees -----				
As at December 31, 2013				
Segment assets	10,153,601,755	1,846,795,268	22,002,888,247	34,003,285,270
Unallocatable assets				7,428,782,921
Total assets as per balance sheet				41,432,068,191
Segment liabilities	6,272,703,556	1,360,734,072	16,103,271,363	23,736,708,991
Unallocatable liabilities				545,263,318
Total liabilities as per balance sheet				24,281,972,309
As at June 30, 2013				
Segment assets	7,194,609,504	1,592,228,376	21,357,649,563	30,144,487,443
Unallocatable assets				6,336,728,321
Total assets as per balance sheet				36,481,215,764
Segment liabilities	3,927,000,128	1,157,663,415	14,564,234,927	19,648,898,470
Unallocatable liabilities				487,742,760
Total liabilities as per balance sheet				20,136,641,230

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

16.4 Geographical information

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

17. TRANSACTIONS WITH RELATED PARTIES

17.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
(i) Associates	Sales of raw material / yarn / fabric / stores	448,680,029	358,547,052
	Purchases:		
	- raw material / yarn / fabric / stores	215,450,926	382,875,771
	- electricity	115,531,911	116,979,393
	- assets	8,000,000	16,039,375
	Shares allotted by an Associate	-	100,000,000
	Expenses charged by	7,305,040	5,603,449
	Expenses charged to	34,000	1,125,430
	Dividend:		
	- received	324,256	198,626
	- paid	50,763,515	48,217,940
(ii) Key management personnel	Remuneration and other benefits	80,120,361	85,232,393
(iii) Retirement fund	Contribution made	2,861,199	2,555,483
(iv) Other	Rent expense	2,391,606	2,174,190
		Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees

17.2 Period / year end balances are as follows:

Receivables from related parties

Investments	323,762,128	312,449,367
Trade debts	109,392,261	62,196,140
Other receivables	-	1,464,647

Payable to related parties

Trade and other payables	170,051,735	65,088,415
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18. GENERAL

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

18.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on February 27, 2014.

Karachi:

Dated: 27 February, 2014

MOHAMMAD ABDULLAH

DIRECTOR

YOUSUF ABDULLAH

DIRECTOR

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