

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2014
(REVIEWED)**

SFL LIMITED

SFL LIMITED

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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. Mohammad Yamin Mr. Mazhar Saleem, Independent Director

Audit Committee

	:	
Chairman	:	Mr. Nadeem Abdullah
Member	:	Mr. Amer Abdullah
Member	:	Mr. Mazhar Saleem

Human Resource & Remuneration Committee

	:	
Chairman	:	Mr. Yousuf Abdullah
Member	:	Mr. Mazhar Saleem
Member	:	Mr. Mohammad Yamin

Chief Financial Officer : Mr. Mujahid Akber Bozdar

Secretary : Mr. Shaukat Mahmud

Auditors : Hameed Chaudhri & Company
Chartered Accountants

Tax Consultants : Mushtaq & Company
Chartered Accountants

Legal Advisor : Mr. Saleem Ikram, Advocate

Bankers : Habib Bank Limited

Registered Office : 316, Cotton Exchange Building,
I. I. Chundrigar Road, Karachi.

Share Registrars : THK Associates (Pvt.) Ltd.
Second Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of SFL Limited, it is my pleasure to present director's report together with un-audited financials statements of SFL limited for the half year ended December 31, 2014 duly reviewed by the external auditors, who have issued a Review Report, which is annexed to the financial statements.

OPERATIONS

During the half year under consideration, the company earned dividend income of Rs. 109,010,639, and fair value of investments in funds increased by Rs. 2,829,769. After meeting administrative expenses of Rs. 939,931 and provision for taxation of Rs. 10,901,064 net profit after tax comes to Rs. 99,999,413.

FUTURE OUTLOOK

The assets of the company are investments in the shares of associated companies and investment in funds. Profitability of the company depends during the next quarter on the return on investments.

On behalf of the Board

Karachi
Dated : February 23, 2015

SHAHID ABDULLAH
Chief Executive

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of SFL Limited as at December 31, 2014 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 for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi :
Dated : February 23,2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner:
Muhammad Ali

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
ASSETS			
Non current assets			
Long term investments	5	403,816,351	366,255,000
Long term deposit		37,500	37,500
		403,853,851	366,292,500
Current assets			
Short term investments	6	70,459,044	66,073,275
Taxation - net		-	157
Bank balances		65,280,695	3,274,301
		135,739,739	69,347,733
Total assets		539,593,590	435,640,233
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 20,200,000 (June 30, 2014: 20,200,000) ordinary shares of Rs.10 each		202,000,000	202,000,000
Issued, subscribed and paid-up capital 20,091,450 (June 30, 2014: 20,091,450) ordinary shares of Rs.10 each		200,914,500	200,914,500
Reserve arisen upon de-merger		165,340,500	165,340,500
Unappropriated profit		169,026,698	69,027,285
		535,281,698	435,282,285
Current liabilities			
Accrued and other liabilities		564,278	357,948
Taxation - net		3,747,614	-
Total liabilities		4,311,892	357,948
Contingencies and commitments	7		
Total equity and liabilities		539,593,590	435,640,233

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees) -----			
Revenue				
Dividend income	109,010,639	69,839,550	109,010,639	69,839,550
Change in fair values of investments at fair value through profit or loss	1,447,577	447,732	2,829,769	872,251
	110,458,216	70,287,282	111,840,408	70,711,801
Administrative expenses	377,976	463,596	939,931	781,044
Profit before taxation	110,080,240	69,823,686	110,900,477	69,930,757
Taxation	10,901,064	6,983,955	10,901,064	6,983,955
Profit after taxation	99,179,176	62,839,731	99,999,413	62,946,802
Earnings per share - basic and diluted	4.94	3.13	4.98	3.13

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees) -----			
Profit after taxation	99,179,176	62,839,731	99,999,413	62,946,802
Other comprehensive income	-	-	-	-
Total comprehensive income	99,179,176	62,839,731	99,999,413	62,946,802

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	<u>Half year ended</u>	
	<u>December 31, 2014</u> Rupees	<u>December 31, 2013</u> Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	110,900,477	69,930,757
Adjustments for non-cash items:		
Change in fair values of investments at fair value through profit or loss	(2,829,769)	(872,251)
Dividend income	(109,010,639)	(69,839,550)
Operating loss before working capital changes	(939,931)	(781,044)
Working capital changes		
Increase / (decrease) in accrued and other liabilities	206,330	(610,109)
Cash used in operations	(733,601)	(1,391,153)
Taxes paid	(7,153,293)	(7,036,213)
Net cash used in operating activities	(7,886,894)	(8,427,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term investments	(83,644)	-
Short term investments	(1,556,000)	-
Dividend received	71,532,932	69,839,550
Net cash generated from investing activities	69,893,288	69,839,550
CASH USED IN FINANCING ACTIVITIES		
Dividend paid	-	(20,007,234)
Net increase in cash and cash equivalents	62,006,394	41,404,950
Cash and cash equivalents - at beginning of the half year	3,274,301	2,018,019
Cash and cash equivalents - at end of the half year	65,280,695	43,422,969

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital	Reserve arisen upon de-merger	Unappro- priated profit	Total
----- Rupees -----				
Balance as at July 1, 2013	200,914,500	165,340,500	23,983,989	390,238,989
Transaction with owners				
Cash dividend for the year ended June 30, 2013 at the rate of Re.1 per share	-	-	(20,091,450)	(20,091,450)
Total comprehensive income for the half year ended December 31, 2013				
Profit for the period	-	-	62,946,802	62,946,802
Other comprehensive income	-	-	-	-
	-	-	62,946,802	62,946,802
Balance as at December 31, 2013	200,914,500	165,340,500	66,839,341	433,094,341
Balance as at July 1, 2014	200,914,500	165,340,500	69,027,285	435,282,285
Total comprehensive income for the half year ended December 31, 2014				
Profit for the period	-	-	99,999,413	99,999,413
Other comprehensive income	-	-	-	-
	-	-	99,999,413	99,999,413
Balance as at December 31, 2014	200,914,500	165,340,500	169,026,698	535,281,698

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. THE COMPANY AND ITS OPERATIONS

SFL Limited (the Company) was incorporated as public limited company on April 26, 2010 and its shares has been listed on Karachi Stock Exchange Limited with effect from January 7, 2013. The registered office of the Company is located at 316 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Company is to invest in the shares of Associated Companies and other business as per the Memorandum of Association of the Company.

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 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, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

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, 2014 except as follows:

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2014. The adoption of these new and amended standards did not have any effect on this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed 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.

During the preparation of 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 that were applied to the audited annual financial statements of the Company for the year ended June 30, 2014.

5. LONG TERM INVESTMENTS - at cost

		Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
	Note		
Investments in ordinary shares of			
- Subsidiary Company		100,000	100,000
- Associated Companies	5.1	403,716,351	366,155,000
		403,816,351	366,255,000

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

5.1 The Company, during the period, has received 510,019 and 47,602 ordinary shares of Reliance Cotton Spinning Mills Limited (an Associated Company) as specie dividend from Diamond Fabrics Limited and Amer Cotton Mills (Private) Limited respectively.

6. SHORT TERM INVESTMENTS

- At fair value through profit or loss

Un-audited December 31, 2014 (Number of units / shares)	Audited June 30, 2014		Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
		Mutual funds		
154,763.9409	154,763.9409	Pakistan Cash Management Fund	8,072,612	7,738,197
168,168.6416	168,168.6416	UBL Liquidity Plus Fund	17,604,818	16,878,498
413,236.8268	413,236.8268	HBL Money Market Fund	43,254,614	41,456,580
			68,932,044	66,073,275
		Listed company		
50,000	-	Altern Energy Limited	1,527,000	-
			70,459,044	66,073,275

7. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies as reported in note 9 to the preceding audited annual financial statements of the Company for the year ended June 30, 2014.

There was no capital commitment as at December 31, 2014 and June 30, 2014.

8. 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.

This 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 Company's audited annual financial statement as at June 30, 2014.

There have been no changes in the risk management policies since the year end.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

9. TRANSACTIONS WITH RELATED PARTIES

There are no significant transactions with related parties during the current period except for dividend income aggregating Rs.109.011 million (December 31, 2013: Rs.69.839 million) received from Associated Companies.

10. GENERAL

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

10.2 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on February 23, 2015.

Chief Executive

Director

SFL LIMITED

Consolidated Accounts

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DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of the Holding Company of SFL Corporation (Private) Limited are pleased to place before you the Directors' report together with the un-audited Consolidated Financial Statements of SFL Limited and its subsidiary SFL Corporation (Private) Limited for the half year ended December 31, 2014.

SFL Corporation (Private) Limited was incorporated for purpose given in the object clause of the Memorandum of Association which includes purchase and holding shares in other company having objects altogether or in part similar to those of this company. The company has not carried out any operational activity since its incorporation.

On behalf of the Board

Karachi
Dated :February 23, 2015

SHAHID ABDULLAH
Chief Executive

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
ASSETS			
Non current assets			
Long term investments	5	2,686,955,381	2,657,297,206
Long term deposit		37,500	37,500
		<u>2,686,992,881</u>	<u>2,657,334,706</u>
Current assets			
Short term investments	6	70,459,044	66,073,275
Taxation - net		-	157
Cash and bank balances		65,368,295	3,364,951
		<u>135,827,339</u>	<u>69,438,383</u>
Total assets		<u><u>2,822,820,220</u></u>	<u><u>2,726,773,089</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
20,200,000 (June 30, 2014: 20,200,000) ordinary shares of Rs.10 each		<u>202,000,000</u>	<u>202,000,000</u>
Issued, subscribed and paid-up capital			
20,091,450 (June 30, 2014: 20,091,450) ordinary shares of Rs.10 each		200,914,500	200,914,500
Reserves		181,601,842	178,206,839
Unappropriated profit		<u>2,429,232,132</u>	<u>2,347,223,802</u>
		<u>2,811,748,474</u>	<u>2,726,345,141</u>
Non current liabilities			
Deferred taxation		6,689,854	-
Current liabilities			
Accrued and other liabilities		634,278	427,948
Taxation - net		<u>3,747,614</u>	<u>-</u>
		<u>4,381,892</u>	<u>427,948</u>
Total liabilities		<u>11,071,746</u>	<u>427,948</u>
Contingencies and commitments	7		
Total equity and liabilities		<u><u>2,822,820,220</u></u>	<u><u>2,726,773,089</u></u>

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees)			
Change in fair values of investments at fair value through profit or loss	1,447,577	447,732	2,829,769	872,251
Administrative expenses	381,026	466,646	942,981	784,094
Profit / (loss) from operations	1,066,551	(18,914)	1,886,788	88,157
Share of profit of Associated Companies	84,841,802	187,410,077	95,136,038	338,632,545
Profit before taxation	85,908,353	187,391,163	97,022,826	338,720,702
Taxation	17,590,918	6,983,955	17,590,918	6,983,955
Profit after taxation	68,317,435	180,407,208	79,431,908	331,736,747
Earnings per share - basic and diluted	3.40	8.98	3.95	16.51

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees) -----			
Profit after taxation	68,317,435	180,407,208	79,431,908	331,736,747
Other comprehensive income				
Share of fair value gain on re-measurement of available-for-sale investments of Associated Companies	1,079,909	2,968,940	1,947,406	2,414,413
Share of unrealised gain on re-measurement of hedging instruments of Associated Companies	1,283,972	9,258	1,447,597	117,114
Other comprehensive income for the period	2,363,881	2,978,198	3,395,003	2,531,527
Total comprehensive income for the period	70,681,316	183,385,406	82,826,911	334,268,274

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended	
	December 31, 2014 Rupees	December 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	97,022,826	338,720,702
Adjustments for non-cash items:		
Change in fair values of investments at fair value through profit or loss	(2,829,769)	(872,251)
Share of profit of Associated Companies	(95,136,038)	(338,632,545)
Operating loss before working capital changes	(942,981)	(784,094)
Working capital changes		
Increase / (decrease) in accrued and other liabilities	206,330	(610,109)
Cash used in operations	(736,651)	(1,394,203)
Taxes paid	(7,153,293)	(7,036,213)
Net cash used in operating activities	(7,889,944)	(8,430,416)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term investments	(83,644)	-
Short term investments	(1,556,000)	-
Dividend received	71,532,932	69,839,550
Net cash generated from investing activities	69,893,288	69,839,550
CASH USED IN FINANCING ACTIVITIES		
Dividend paid	-	(20,007,234)
Net increase in cash and cash equivalents	62,003,344	41,401,900
Cash and cash equivalents - at beginning of the half year	3,364,951	2,111,719
Cash and cash equivalents - at end of the half year	65,368,295	43,513,619

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Reserves				Unappropriated profit	Total	
	Issued, subscribed and paid-up capital	Reserve arisen upon de-merger	Unrealised gain on available for sale investments	Unrealised gain on hedging instruments			Sub-total
	----- (Rupees) -----						
Balance as at July 1, 2013	200,914,500	165,340,500	3,695,691	205,686	169,241,877	1,949,952,789	2,320,109,166
Transaction with owners							
Cash dividend for the year ended June 30, 2013 at the rate of Re.1 per share	-	-	-	-	-	(20,091,450)	(20,091,450)
Total comprehensive income for the half year ended December 31, 2013							
Profit for the period	-	-	-	-	-	331,736,747	331,736,747
Other comprehensive income	-	-	2,414,413	117,114	2,531,527	-	2,531,527
	-	-	2,414,413	117,114	2,531,527	331,736,747	334,268,274
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	10,028,294	10,028,294
Balance as at December 31, 2013	200,914,500	165,340,500	6,110,104	322,800	171,773,404	2,271,626,380	2,644,314,284
Balance as at July 1, 2014	200,914,500	165,340,500	9,443,000	3,423,339	178,206,839	2,347,223,802	2,726,345,141
Total comprehensive income for the half year ended December 31, 2014							
Profit for the period	-	-	-	-	-	79,431,908	79,431,908
Other comprehensive income	-	-	1,947,406	1,447,597	3,395,003	-	3,395,003
	-	-	1,947,406	1,447,597	3,395,003	79,431,908	82,826,911
Effect of items directly credited in equity by the Associated Companies	-	-	-	-	-	2,576,422	2,576,422
Balance as at December 31, 2014	200,914,500	165,340,500	11,390,406	4,870,936	181,601,842	2,429,232,132	2,811,748,474

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. THE GROUP AND ITS OPERATIONS

The Group consists of SFL Limited (the Parent Company) and its wholly owned Subsidiary Company - SFL Corporation (Private) Limited.

SFL Limited (the Parent Company) was incorporated as public limited company on April 26, 2010 and its shares has been listed on Karachi Stock Exchange Limited with effect from January 7, 2013. The registered office of the Parent Company is located at 316 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Parent Company is to invest in the shares of Associated Companies and other business as per the Memorandum of Association of the Parent Company.

SFL Corporation (Private) Limited (the Subsidiary Company) was incorporated in Pakistan on October 4, 2011 as private limited company. The registered office of the Subsidiary Company is located at 307 - Cotton Exchange Building, I. I. Chundrigar Road, Karachi. The Main business of the Subsidiary Company is to invest in the shares and other business activities as per Memorandum of Association of the Subsidiary Company.

2. BASIS OF PREPARATION

This condensed interim consolidated 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 requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim consolidated financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended June 30, 2014.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of audited annual consolidated financial statements of the Group for the year ended June 30, 2014 except as follows:

The Group has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2014. The adoption of these new and amended standards did not have any effect on this condensed interim consolidated financial information.

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.

During the preparation of 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 that were applied to the audited annual consolidated financial statements of the Group for the year ended June 30, 2014.

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

5. LONG TERM INVESTMENTS - at equity method

	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
Associated Companies - unquoted		
Sapphire Finishing Mills Limited (SFML)		
25,809,000 (June 30, 2014: 25,809,000) ordinary shares of Rs.10 each - cost	258,090,000	258,090,000
Equity held: 28.05% (June 30, 2014: 28.05%)		
Share of post acquisition profit	658,630,196	610,872,737
Dividend received during the period / year	(38,713,500)	(24,518,550)
	878,006,696	844,444,187
Sapphire Dairies Limited (SDL)		
7,000,000 (June 30, 2014: 7,000,000) ordinary shares of Rs.10 each - cost	70,000,000	70,000,000
Equity held: 6.67% (June 30, 2014: 6.67%)		
Share of post acquisition loss	(4,222,615)	(432,054)
	65,777,385	69,567,946
Diamond Fabrics Limited (DFL)		
4,569,000 (June 30, 2014: 4,569,000) ordinary shares of Rs.10 each - cost	33,368,238	33,368,238
Equity held: 30.69% (June 30, 2014: 30.69%)		
Share of post acquisition profit	1,304,104,164	1,388,367,608
Dividend received during the period / year	(66,261,377)	(41,121,000)
	1,271,211,025	1,380,614,846
Amer Cotton Mills (Private) Limited (ACML)		
336,000 (June 30, 2014: 336,000) ordinary shares of Rs.10 each - cost	549,305	549,305
Equity held: 8.40% (June 30, 2014: 8.40%)		
Share of post acquisition profit	243,075,953	257,549,583
Dividend received during the period / year	(3,199,330)	(4,200,000)
	240,425,928	253,898,888
Amer Tex (Private) Limited (ATL)		
790,428 (June 30, 2014: 790,428) ordinary shares of Rs.10 each - cost	63,774,203	63,774,203
Equity held: 14.41% (June 30, 2014: 14.41%)		
Share of post acquisition profit	63,300,254	44,997,136
	127,074,457	108,771,339
Reliance Cotton Spinning Mills Limited (RCSML)		
557,621 (June 30, 2014: Nil) ordinary shares of Rs.10 each - cost	37,561,351	-
Equity held: 5.42% (June 30, 2014: Nil)		
Share of post acquisition profit	67,734,971	-
Dividend received during the period	(836,432)	-
	104,459,890	-
	2,686,955,381	2,657,297,206

HALF YEARLY ACCOUNTS DECEMBER 31, 2014

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

- 5.1 The Group, during the period, has received 510,019 and 47,602 ordinary shares of Reliance Cotton Spinning Mills Limited (an Associated Company) as specie dividend from Diamond Fabrics Limited and Amer Cotton Mills (Private) Limited respectively.

6. SHORT TERM INVESTMENTS

- At fair value through profit or loss

Un-audited December 31, 2014 (Number of units)	Audited June 30, 2014	Mutual funds	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
154,763.9409	154,763.9409	Pakistan Cash Management Fund	8,072,612	7,738,197
168,168.6416	168,168.6416	UBL Liquidity Plus Fund	17,604,818	16,878,498
413,236.8268	413,236.8268	HBL Money Market Fund	43,254,614	41,456,580
			68,932,044	66,073,275
(Number of shares)		Listed company		
50,000	-	Altern Energy Limited	1,527,000	-
			70,459,044	66,073,275

7. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies as reported in note 9 to the audited annual consolidated financial statements of the Group for the year ended June 30, 2014.

There was no capital commitment as at December 31, 2014 and June 30, 2014.

8. FINANCIAL RISK MANAGEMENT

The Group'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.

This condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statement for the year ended June 30, 2014.

There have been no changes in the risk management policies since the year end.

9. TRANSACTIONS WITH RELATED PARTIES

There are no significant transactions with related parties during the current period except for dividend aggregating Rs.109.011 million (December 31, 2013: Rs.69.839 million) received from Associated Companies.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

10. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated balance sheet has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended June 30, 2014, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of condensed interim consolidated financial information of the Group for the half year ended December 31, 2013.

11. GENERAL

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

11.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on February 23, 2015.

Chief Executive

Director

BOOK POST

Under Postal Certificate

If undelivered please return to :

SFL LIMITED

316, Cotton Exchange Building,
I. I. Chundrigar Road, Karachi - Pakistan.