

Contents

Sapphire Textile Mills Limited

Company Profile	02
Directors' Report	03
Directors' Report (Urdu)	04
Balance Sheet	05
Profit & Loss Account	06
Statement Of Comprehensive Income	07
Cash Flow Statement	08
Statement Of Changes In Equity	09
Notes To The Financial Statements	10
<u>CONSOLIDATED ACCOUNTS</u>	
Directors' Report	15
Directors' Report (Urdu)	16
Balance Sheet	17
Profit & Loss Account	18
Statement Of Comprehensive Income	19
Cash Flow Statement	20
Statement Of Changes In Equity	21
Notes To The Financial Statements	22

Company Profile

Board Of Directors

Chairman	: Mr. Mohammad Abdullah
Chief Executive	: Mr. Nadeem Abdullah
Director	: Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah Mr. Shayan Abdullah Mr. Nadeem Karamat (Independent Director)

Audit Committee

Chairman	: Mr. Yousuf Abdullah
Member	: Mr. Amer Abdullah
Member	: Mr. Nadeem Karamat

Human Resource & Remuneration Committee

Chairman	: Mr. Amer Abdullah
Member	: Mr. Yousuf Abdullah
Member	: Mr. Nabeel Abdullah

Chief Financial Officer	: Mr. Abdul Sattar
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Secretary	: Mr. Zeeshan
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Auditors	: Mushtaq & Company, Chartered Accountants
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Tax Consultants	: Mushtaq & Company, Chartered Accountants
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Legal Advisor	: A. K. Brohi & Company
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Bankers	: Allied Bank Limited, Habib Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited, Bank Alfalah Limited, Bank Al Habib Ltd.
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Share Registrar	: Hameed Majeed Associates (Pvt.) Ltd.
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Registered Office	: 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.
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Mills	: S. I. T. E. Kotri, S. I. T. E. Nooriabad, Chunian, District Kasur Feroze Watwan, Bhopattian, Lahore.
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Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the Quarter ended September 30, 2017.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Quarter Ended September 30	
	2017	2016
Sales & Services	6,511,980	6,050,689
Gross Profit	686,701	686,442
Other Income	653,716	577,204
Profit before taxation	671,922	713,334
Taxation		
- Current	(180,734)	(66,744)
- Deferred	(894)	(46,087)
	(181,628)	(112,831)
Profit after taxation	490,294	600,503

REVIEW OF OPERATIONS

The profit before tax for the first quarter of the current financial year was Rs.671.922 million compared to Rs.713.334 million in the corresponding period of previous year. The gross profit as a percentage of sales was 10.55% as compared to 11.34% in the corresponding period.

EARNINGS PER SHARE

The earnings per share for the first quarter ended September 30, 2017 is Rs. 24.41 as compared to Rs. 29.90 for previous year's corresponding period.

FUTURE PROSPECTS

The management is optimistic about the textile industry in Pakistan. Government support in the form of duty drawback of taxes and reduced markup rates will enhance international competitiveness of industry.

ACKNOWLEDGEMENTS

The Management would like to place on record its appreciation for the support of Board of Directors, regulatory authorities, shareholders, customers, financial institutions, suppliers and dedication & hard work of the Staff and Workers.

On behalf of the Board

Karachi
Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

ڈائریکٹر رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران نہایت مسرت کے ساتھ 30 ستمبر 2017ء کو اختتام پذیر ہونے والی سہ ماہی کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔
مالیاتی نتائج درج ذیل ہیں:
مالیاتی نتائج:

30 ستمبر 2016	30 ستمبر 2017	
		رقم ہزاروں میں
6,050,689	6,511,980	فروخت اور خدمات
686,442	686,701	مجموعی منافع
577,204	653,716	دیگر ذرائع سے آمدنی
713,334	671,922	قبل از ٹیکس منافع
		ٹیکس
(66,744)	(180,734)	موجودہ سال
(46,087)	(894)	موخر
(112,831)	(181,628)	
600,503	490,294	بعد از ٹیکس منافع

کاروباری کارکردگی کا جائزہ:

رواں سال کی پہلی سہ ماہی کیلئے ٹیکس سے قبل منافع 671.922 ملین روپے رہا جبکہ گذشتہ سال کی پہلی سہ ماہی میں یہ منافع 713.334 ملین تھا۔ شرح کل منافع فروخت اور خدمات کا 10.55 فیصد تھا جبکہ یہی شرح گذشتہ سال کی اسی سہ ماہی کیلئے 11.34 فیصد تھی۔

آمدنی فی حصص:

30 ستمبر 2017ء کو ختم ہونے والے پہلی سہ ماہی کی آمدنی فی حصص 24.41 روپے ہے جبکہ پچھلے سال کی سہ ماہی میں یہ 29.90 روپے تھی۔

مستقبل کا منظر نامہ:

مینجمنٹ پاکستانی ٹیکسٹائل کی صنعت کی ترقی کیلئے پرامید ہے۔ ڈیوٹی ڈرائیک اسٹیم اور سود کی شرح میں کمی کی صورت میں حکومت کی سپورٹ صنعت کی بین الاقوامی مسابقتی سطح میں اضافہ کرے گی۔

اظہار تشکر:

کمپنی اپنے ڈائریکٹران، ریگولیٹری اتھارٹیز، حصص یافتگان، کسٹمرز، سپلائرز اور کارکنوں کی شراکت داری کو قدر کی نگاہ سے دیکھتی ہے۔

بورڈ کی جانب سے

ندیم عبداللہ
چیف ایگزیکٹو

کراچی
26 اکتوبر 2017ء

Condensed Interim Balance Sheet

As At September 30, 2017

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	10,576,397,605	10,575,291,482
Investment property		31,750,000	31,750,000
Intangible assets		3,099,633	2,943,337
Long term investments		14,895,944,685	17,512,696,959
Long term loans and advances		524,225,231	296,798,432
Long term deposits		83,588,308	82,182,808
		26,115,005,462	28,501,663,018
CURRENT ASSETS			
Stores, spares and loose tools		439,255,188	427,452,997
Stock-in-trade		4,543,295,541	5,326,588,336
Trade debts		2,236,803,442	1,723,627,585
Loans and advances		558,068,752	485,916,215
Trade deposits and short term prepayments		38,122,609	17,459,152
Other receivables		328,462,971	266,589,119
Other financial assets		3,949,679,053	4,048,906,258
Tax refunds due from Government		1,807,689,839	1,661,686,845
Cash and bank balances		175,095,367	72,134,493
		14,076,472,762	14,030,361,000
		40,191,478,224	42,532,024,018
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		14,568,198,163	16,793,923,250
		14,769,029,563	16,994,754,650
NON-CURRENT LIABILITIES			
Long term financing		13,206,956,548	13,325,515,200
Deferred liabilities		418,791,844	405,432,998
		13,625,748,392	13,730,948,198
CURRENT LIABILITIES			
Trade and other payables		3,486,166,359	3,224,402,305
Accrued Interest / mark-up		158,964,917	175,351,733
Short term borrowings		6,944,356,064	7,463,846,283
Current portion of long term payable		-	5,794,320
Current portion of long term financing		647,014,567	557,461,636
Provision for taxation		560,198,362	379,464,893
		11,796,700,269	11,806,321,170
CONTINGENCIES AND COMMITMENTS			
	6	40,191,478,224	42,532,024,018
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited)**For the First Quarter ended September 30, 2017**

		September 30,	
		2017	2016
	Note	Rupees	
Sales and services		6,511,980,446	6,050,689,476
Cost of sales and services	7	(5,825,279,650)	(5,364,247,509)
Gross profit		686,700,796	686,441,967
Distribution cost		(239,305,710)	(239,097,401)
Administrative expenses		(94,853,329)	(82,952,462)
Other operating expenses		(26,910,223)	(37,657,732)
Other income		653,715,518	577,204,481
		292,646,256	217,496,886
Profit from operations		979,347,052	903,938,853
Finance cost		(307,425,393)	(190,604,959)
Profit before taxation		671,921,659	713,333,894
Taxation			
Current		(180,733,469)	(66,743,648)
Deferred		(894,017)	(46,087,504)
		(181,627,486)	(112,831,152)
Profit for the period after taxation		490,294,173	600,502,742
Earnings per share - basic and diluted		24.41	29.90

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income (Un-audited)**For the First Quarter ended September 30, 2017**

	September 30, 2017	2016
	----- Rupees -----	
Profit for the period after taxation	490,294,173	600,502,742
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized (loss) / gain on remeasurement of available for sale investments	(2,723,179,480)	459,436,142
Reclassification adjustments relating to gain realized on disposal of available for sale investments	-	(373,154,975)
	(2,723,179,480)	86,281,167
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	14,924,616	1,868,891
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	(7,764,396)	(8,397,204)
	7,160,220	(6,528,313)
Other comprehensive (loss) / income for the period	(2,716,019,260)	79,752,854
Total comprehensive (loss) / income for the period	(2,225,725,087)	680,255,596

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Condensed Interim Cash Flow Statement (Un-audited)**For the First Quarter ended September 30, 2017**

		September 30,	
		2017	2016
	Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	1,485,997,986	576,697,100
Long term loans and deposits		3,167,701	(488,537)
Finance cost paid		(322,321,249)	(193,952,672)
Staff retirement benefits - gratuity paid		(10,202,908)	(78,174,998)
Taxes (paid) / refund		(146,002,994)	350,089,958
		(475,359,450)	77,473,751
Net cash generated from operating activities		1,010,638,536	654,170,851
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(255,349,617)	(622,102,253)
Purchase of intangibles		(500,000)	-
Investment in associates and subsidiaries		(13,049,480)	(153,478,070)
Loans to subsidiaries		(232,000,000)	-
Investment others		-	(1,464,943,503)
Proceeds from disposal of property, plant and equipment		7,751,315	5,680,385
Proceeds from sale of investments		-	939,084,736
Dividend received		131,225,499	44,884,519
Interest income received		4,221,710	464,781
Rental income received		180,000	-
Net cash used in investing activities		(357,520,573)	(1,250,409,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(519,812,788)	761,190,864
Proceeds from long term financing		70,570,000	271,015,260
Repayment of long term financing		(99,575,721)	(406,023,477)
Dividend paid		(170,189)	-
Net cash (used in) / generated from financing activities		(548,988,698)	626,182,647
Net increase in cash and cash equivalents		104,129,265	29,944,093
Cash and cash equivalents at the beginning of the period		70,966,102	99,305,458
Cash and cash equivalents at the end of the period		175,095,367	129,249,551
Cash and cash equivalents			
Cash and bank balances		175,095,367	131,275,435
Book overdraft - unsecured		-	(2,025,884)
Cash and cash equivalents at the end of the period		175,095,367	129,249,551

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Condensed Interim Statement of Changes in Equity

For the First Quarter ended September 30, 2017

	Reserves				Other Components of equity				Total Equity	
	Share Capital	Revenue			SUB TOTAL	Unrealized gain / (loss)	On forward foreign exchange contracts	SUB TOTAL		
		Share Premium	Fixed Assets Replacement	General reserves						Unappropriated Profit
===== Rupees =====										
Balance as at July 01, 2016 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	9,915,860,888	11,467,063,088	3,227,689,475	8,397,204	3,236,086,679	14,903,981,167
Total comprehensive income / (loss) for the quarter ended September 30, 2016										
Profit after taxation	-	-	-	-	600,502,742	600,502,742	-	-	-	600,502,742
Other comprehensive income / (loss)	-	-	-	-	-	-	86,281,167	(6,528,313)	79,752,854	79,752,854
	-	-	-	-	600,502,742	600,502,742	86,281,167	(6,528,313)	79,752,854	680,255,596
Balance as at September 30, 2016 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	10,516,363,630	12,067,565,830	3,313,970,642	1,868,891	3,315,839,533	15,584,236,763
Balance as at July 01, 2017 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	12,082,119,858	13,633,322,058	3,168,365,588	(7,764,396)	3,160,601,192	16,994,754,650
Total comprehensive income / (loss) for the quarter ended September 30, 2017										
Profit after taxation	-	-	-	-	490,294,173	490,294,173	(2,723,179,480)	-	-	490,294,173
Other comprehensive (loss) / income	-	-	-	-	-	-	(2,723,179,480)	7,160,220	(2,716,019,260)	(2,716,019,260)
	-	-	-	-	490,294,173	490,294,173	(2,723,179,480)	7,160,220	(2,716,019,260)	(2,225,725,087)
Balance as at September 30, 2017 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	12,572,414,031	14,123,616,231	445,186,108	(604,176)	444,581,932	14,769,029,563

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Notes to the Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

This condensed interim financial information of the Company for the first quarter ended September 30, 2017 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended June 30, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 245 of the Ordinance.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2017.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information is in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

			(Un-audited) September 30, 2017	(Audited) June 30, 2017
			----- Rupees -----	
5	PROPERTY, PLANT AND EQUIPMENT	Note		
	Operating fixed assets		10,143,366,732	10,253,726,053
	Capital work-in-progress	5.2	433,030,873	321,565,429
			10,576,397,605	10,575,291,482

5.1 The cost of additions and disposals to operating fixed assets during the first quarter ended September 30, 2017 were as follows.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

	(Un-audited) September 30, 2017		(Audited) June 30, 2017	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Land:				
Freehold	6,301,600	-	106,001,213	-
Lease hold	-	-	13,209,000	-
On Freehold land:				
Factory buildings	45,681,076	-	252,651,247	-
Labour, staff colony and others	-	-	47,948,126	-
On lease hold land				
Factory buildings	-	-	41,234,258	-
Labour, staff colony and others	-	-	35,510,023	-
Plant & machinery	79,275,855	23,283,794	1,635,548,185	144,181,817
Electric installations	-	-	27,317,512	-
Fire Fighting equipment	-	-	7,884,587	-
Electric equipments	1,029,200	-	4,117,992	-
Computers	1,121,950	329,722	9,562,819	1,192,765
Mills equipments	1,136,000	-	11,407,499	4,109,911
Furniture & fixtures	35,700	-	10,832,105	-
Vehicles	9,302,791	6,036,282	71,338,934	32,499,092
	143,884,172	29,649,798	2,274,563,500	181,983,585
	(Un-audited) September 30, 2017		(Audited) June 30, 2017	
	----- Rupees -----			
5.2 Capital work-in-progress				
Advance for land	9,088,500		7,263,500	
Civil works and Buildings	175,540,906		148,646,410	
Plant and machinery	237,874,703		156,078,754	
Electric installations	9,576,764		9,576,765	
Mills equipments	950,000		-	
	433,030,873		321,565,429	
6 CONTINGENCIES AND COMMITMENTS				
Contingencies				
6.1 Guarantees issued by banks on behalf of the Company	420,002,988		410,002,988	
6.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at September 30, 2017 the value of these cheques amounted to Rs.316.273 million (June 30, 2017: Rs. 202.870 million).				
6.3 The financial institution has issued guarantees amounting Nil (June 30, 2017:US \$ 450,000) in favour of Alternative Energy Development on request of Company on behalf of Triconboston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Company.				
6.4 There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.6 and 29.8 of the audited annual financial statements of the Company for the year ended June 30, 2017.				
Commitments				
6.5 Confirmed letter of credit in respect of:				
- plant and machinery	872,160,972		1,057,781,017	
- raw material	253,236,776		81,358,424	
- stores and spares	61,572,928		48,879,305	
	1,186,970,676		1,188,018,746	

Notes to the Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

		September 30,	
		2017	2016
		Rupees	
	Note		
7 COST OF SALES AND SERVICES			
Finished goods - Opening stock		955,831,564	703,267,694
Cost of goods manufactured	7.1	5,830,969,482	5,411,118,408
		<u>6,786,801,046</u>	<u>6,114,386,102</u>
Finished goods - Closing stock		(961,521,396)	(750,138,593)
		<u>5,825,279,650</u>	<u>5,364,247,509</u>
7.1 Cost of Goods Manufactured			
Work in process - opening stock		397,339,030	316,706,076
Raw materials consumed		3,751,222,558	3,489,673,483
Cost of raw material sold		60,199,582	33,251,358
Overheads		2,021,442,325	1,924,192,506
		<u>6,230,203,495</u>	<u>5,763,823,423</u>
Work in process - closing stock		(399,234,013)	(352,705,015)
		<u>5,830,969,482</u>	<u>5,411,118,408</u>
8 CASH GENERATED FROM OPERATIONS			
Profit before taxation		671,921,659	713,333,894
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		247,918,463	237,420,559
Gain on sale of investments		-	(424,617,957)
Amortization of intangible assets		343,704	626,226
Interest income		(9,626,097)	(4,517,362)
Gain on sale of property, plant and equipment		(1,426,285)	(1,368,935)
Dividend income		(158,377,259)	(141,519,259)
Provision for gratuity		22,667,737	22,981,898
Reversal of provision for stores, spares and loose tools		(1,601,564)	(824,197)
Amortization of unwinding up of liability		-	1,306,761
Exchange differences		1,546,120	443,613
Finance cost		305,934,433	189,073,495
Rental income		(150,000)	-
		<u>407,229,252</u>	<u>(120,995,158)</u>
Operating cash flow before changes in working capital		1,079,150,911	592,338,736
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spares and loose tools		(10,200,627)	(55,235,444)
Stock-in-trade		783,292,795	172,402,222
Trade debts		(513,175,857)	(134,450,995)
Loans and advances		(72,170,211)	(285,814,338)
Trade deposits and short term prepayments		(20,663,457)	(23,235,467)
Other receivables		(29,330,031)	10,155,936
		<u>137,752,612</u>	<u>(316,178,086)</u>
Increase in current liabilities			
Trade and other payables		269,094,463	300,536,450
		<u>1,485,997,986</u>	<u>576,697,100</u>

Notes to the Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies (due to common directorship), subsidiaries, directors and key management personnel. Transactions with related parties are as follows:

	September 30,	
	2017	2016
	----- Rupees -----	
Subsidiaries:		
Sales/services	839,778,145	188,783,464
Share deposit money	7,200,000	153,478,070
Shares received	42,200,000	140,757,000
Loans	232,000,000	-
Expenses charged to	61,846	764,202
Markup charged to	9,626,097	4,052,581
Associates:		
Sales / services	324,272,119	338,918,641
Purchases	127,852,902	73,286,884
Electricity / steam purchased	74,795,516	62,078,099
Expenses charged by	1,001,145	1,006,661
Expenses charged to	10,368,923	8,919,898
Markup charged by	8,844,839	8,453,137
Loans (repaid) / obtained-net	(6,323,069)	28,285,328
Other related parties:		
Donations	-	4,900,000
Contribution to provident fund	7,193,817	7,140,527
Remuneration to key management personnel	125,825,715	112,849,564

10 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2017 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended September 30, 2016.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this condensed interim financial information.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 26, 2017.

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Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited and Sapphire Solar (Private) Limited**, it is my pleasure to present Directors' Report with Un-Audited Consolidated Financial Statement for the Quarter ended September 30, 2017.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in Nov 2015 – the project is operating following best industry practice and is yielding satisfactory results.

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products. The company has opened (15) fifteen outlets in different parts of Pakistan and is building its brand.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited is incorporated under the laws of Pakistan and holds 3 LOIs for setting up and operating 3 x 50 MW Wind Energy Projects in Jamphir Sindh. The project company has awarded the EPC contracts and is following an aggressive development plan for its three projects which achieved FC on May 10, 2017. The Projects are currently under construction, import of equipment is expected to commence in November 2017 and it is planned to achieve COD of these 3 projects within 15 Months.

Sapphire Renewables Limited

Sapphire Renewables Limited, is wholly owned subsidiary of Sapphire Textile Mills Limited, incorporated on May 30, 2016. The main business of the company is to make investment in Renewable Energy Projects. The company has obtained certificate of commencement of business on August 19, 2016.

Sapphire Tech (Pvt.) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984. The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

On behalf of the Board

Karachi
Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

ڈائریکٹر رپورٹ برائے حصص یافتگان

سیفٹ زونڈ پاور کمپنی لمیٹڈ، سیفٹ زونڈ ٹریڈنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفٹ زونڈ ہیلو لمیٹڈ، سیفٹ زونڈ ٹیکسٹائل (پرائیویٹ) لمیٹڈ اور سیفٹ زونڈ سولر (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2017ء کو اختتام پذیر ہونے والی سہ ماہی کی مشترکہ غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔

سیفٹ زونڈ پاور کمپنی لمیٹڈ

کمپنی 70 فیصد سیفٹ زونڈ ٹیکسٹائل ملز لمیٹڈ کی ملکیت اور 30 فیصد بینک الفلاح لمیٹڈ کی ملکیت ہے۔ کمپنی نے جنھیں 52.80 میگا واٹ گنجائش کے ونڈ فارم لگائے ہیں جنہوں نے نومبر 2015ء میں تجارتی سرگرمیاں شروع کر دی ہیں۔ پروجیکٹ بہترین صنعتی عمل انجام دے رہا ہے اور اطمینان بخش نتائج حاصل ہو رہے ہیں۔

سیفٹ زونڈ ٹریڈنگ

سیفٹ زونڈ ٹریڈنگ، سیفٹ زونڈ ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبڈیری ہے۔ اس سبڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے ”سیفٹ زونڈ برانڈ“ ٹریڈنگ آؤٹ لیٹس چلانا ہے۔ کمپنی نے پاکستان کے مختلف علاقوں میں 15 آؤٹ لیٹس اپنے ”سیفٹ زونڈ برانڈ“ کو اجاگر کرنے کیلئے کھولے ہیں۔

ٹرانسکون بوئٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانسکون بوئٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ جھمپور سندھ میں پاکستانی قوانین کے تحت تشکیل پائی ہے اور استحکام کیلئے تین LO1 رکھتی ہے اور 3X50 میگا واٹ ونڈ انرجی پروجیکٹس چلا رہی ہے۔ پروجیکٹ کمپنی کو ای پی سی کنٹریکٹس دیئے گئے ہیں اور اپنے تین پروجیکٹس کیلئے ایک موثر ترقیاتی منصوبہ پر عمل کر رہی ہے جس سے 10 مئی 2017ء کو مالیاتی اختتام حاصل ہوا ہے۔ پروجیکٹس فی الوقت زیر تعمیر ہیں۔ آلات کی درآمد نومبر 2017ء میں متوقع ہے اور پندرہ ماہ میں ان تینوں پروجیکٹس کی سی او ڈی حاصل کرنے کی منصوبہ بندی کی گئی ہے۔

سیفٹ زونڈ ہیلو لمیٹڈ

سیفٹ زونڈ ہیلو لمیٹڈ مکمل طور پر سیفٹ زونڈ ٹیکسٹائل ملز لمیٹڈ کی ملکیتی سبڈیری ہے جو 30 مئی 2016ء کو تشکیل ہوئی تھی۔ کمپنی کا اصل کاروبار ہیلو انرجی پروجیکٹس میں سرمایہ کاری ہے۔ کمپنی کو 19 اگست 2016ء کو کاروبار کے آغاز کا سرٹیفکیٹ حاصل ہوا ہے۔

سیفٹ زونڈ ٹیکسٹائل (پرائیویٹ) لمیٹڈ

سیفٹ زونڈ ٹیکسٹائل (پرائیویٹ) لمیٹڈ کمپنی آئرلینڈ میں 1984ء کے تحت تشکیل پائی۔ سبڈیری الیکٹریک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔ یہ سو فیصد ایکویٹی کی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

سیفٹ زونڈ سولر (پرائیویٹ) لمیٹڈ

سیفٹ زونڈ سولر (پرائیویٹ) لمیٹڈ، سیفٹ زونڈ ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی سبڈیری ہے۔ آلٹرنیٹو انرجی ڈیولپمنٹ بورڈ سے LO1 ایک آئی پی پی 10 میگا واٹ سولر انرجی پروجیکٹ کی تشکیل منسوخ ہو گئی ہے۔ یہ سو فیصد ایکویٹی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

منجانب بورڈ

ندیم عبداللہ

چیف ایگزیکٹو

کراچی۔

مورخہ 26 اکتوبر 2017ء

Consolidated Condensed Interim Balance Sheet

As At September 30, 2017

	Note	(Un-audited) September 30, 2017	(Audited) June 30, 2017
		----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	30,772,898,272	23,636,607,836
Investment property		31,750,000	31,750,000
Intangible assets		459,210,708	458,996,284
Long term investments		7,299,609,175	9,917,836,164
Long term loans and advances		42,225,231	46,798,432
Long term deposits and prepayments		649,667,347	604,239,546
		39,255,360,733	34,696,228,262
CURRENT ASSETS			
Stores, spares and loose tools		550,305,973	538,503,782
Stock-in-trade		5,761,982,490	6,455,022,052
Trade debts		2,600,350,219	2,725,627,903
Loans and advances		550,783,595	268,684,461
Trade deposits and short term prepayments		76,505,427	60,167,286
Other receivables		349,032,735	395,709,030
Other financial assets		3,949,679,053	4,048,906,258
Tax refunds due from Government		2,025,280,668	1,638,370,468
Cash and bank balances		7,312,187,065	8,727,736,333
		23,176,107,225	24,858,727,573
TOTAL ASSETS		62,431,467,958	59,554,955,835
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		200,831,400	200,831,400
20,083,140 ordinary shares of Rs.10 each			
Reserves		15,510,692,626	18,106,949,894
Equity attributable to holders of parent company		15,711,524,026	18,307,781,294
Non-controlling interest		4,992,229,061	4,893,365,292
Total Equity		20,703,753,087	23,201,146,586
NON-CURRENT LIABILITIES			
Long term financing		26,931,341,135	21,073,237,674
Deferred liabilities		352,723,883	335,834,432
Liabilities against assets subject to finance lease		16,540,547	11,961,692
		27,300,605,565	21,421,033,798
CURRENT LIABILITIES			
Trade and other payables		4,321,011,137	4,537,938,151
Accrued Interest / mark-up		297,634,956	306,682,461
Short term borrowings		7,660,314,576	8,214,590,310
Current portion of long term financing		1,575,988,996	1,482,471,736
Current portion of liabilities against assets subject to finance lease		6,568,523	3,260,817
Current portion of long term payable		-	5,794,320
Provision for taxation		565,591,118	382,037,656
		14,427,109,306	14,932,775,451
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		62,431,467,958	59,554,955,835

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the First Quarter ended September 30, 2017

		September 30, 2017	2016
Sales and services		7,929,786,932	7,278,026,445
Cost of sales and services	7	(6,529,929,502)	(5,936,340,510)
Gross profit		1,399,857,430	1,341,685,935
Distribution cost		(503,872,954)	(416,488,009)
Administrative expenses		(173,513,629)	(123,701,809)
Other operating expenses		(39,148,638)	(37,921,019)
Other income		180,566,471	576,002,580
		(535,968,750)	(2,108,257)
Profit from operations		863,888,680	1,339,577,678
Finance cost		(454,089,095)	(331,135,239)
		409,799,585	1,008,442,439
Share of profit of associated companies		22,890,150	36,295,809
Profit before taxation		432,689,735	1,044,738,248
Taxation			
Current		(194,541,670)	(73,579,848)
Deferred		(2,357,439)	(46,320,115)
		(196,899,109)	(119,899,963)
Profit after taxation for the period		235,790,626	924,838,285
Attributable to:			
Shareholders of Parent Company		136,926,857	815,654,910
Non- controlling interest		98,863,769	109,183,375
		235,790,626	924,838,285
Earnings per share - attributable to the Shareholder of parent company		6.82	40.61

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.

Karachi:
Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the First Quarter ended September 30, 2017

	September 30, 2017	2016
Profit after taxation for the period	235,790,626	924,838,285
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized (loss) / gain on remeasurement of available for sale investments	(2,723,179,480)	459,436,142
Reclassification adjustments relating to gain realized on disposal of available for sale investments	-	(373,154,975)
Unrealized (loss) / gain on remeasurement of available for sale investments - associates	(22,170,924)	2,304,562
	(2,745,350,404)	88,585,729
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	14,924,616	1,868,891
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	(7,764,396)	(8,397,204)
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts - associates	47,775	(20,783)
	7,207,995	(6,549,096)
Exchange difference on translating foreign operation	4,961,840	680,791
Items that may not be reclassified subsequently to profit and loss		
Shares of decrease in reserves of associated companies under equity method	(3,556)	(122,616)
Other comprehensive (loss) / income for the period	(2,733,184,125)	82,594,808
Total comprehensive (loss) / income for the period	(2,497,393,499)	1,007,433,093
Attributable to:		
Shareholders of Parent Company	(2,596,257,268)	898,249,718
Non- controlling interest	98,863,769	109,183,375
	(2,497,393,499)	1,007,433,093

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Condensed Interim Cash Flow Statement^(Un-audited)**For the First Quarter ended September 30, 2017**

		September 30,	
		2017	2016
	Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	1,524,535,522	678,868,465
Long term loans, deposits and prepayments		(40,854,600)	(35,800,907)
Finance cost paid		(461,645,639)	(321,225,614)
Staff retirement benefits - gratuity paid		(10,328,908)	(78,174,998)
Taxes (paid) / refund		(397,898,408)	367,416,345
		(910,727,555)	(67,785,174)
Net cash generated from operating activities		613,807,967	611,083,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,560,450,190)	(1,098,433,310)
Purchase of intangibles		(584,878)	-
Investment others		-	(1,464,943,503)
Proceeds from disposal of property, plant and equipment		7,751,315	5,680,385
Proceeds from sale of investments		-	939,084,736
Dividend received		131,225,499	44,884,519
Interest received		2,716,662	1,593,252
Rental income received		150,000	-
Net cash used in investing activities		(7,419,191,592)	(1,572,133,921)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(554,598,304)	872,602,908
Proceeds from long term financing		6,013,323,250	613,015,260
Repayment of long term financing		(61,702,529)	(395,925,630)
Repayment of long term payable		(5,849,480)	-
Exchange difference on translation of foreign operation		-	667
Dividend paid		(170,189)	-
Net cash generated from financing activities		5,391,002,748	1,089,693,205
Net (decrease) / increase in cash and cash equivalents		(1,414,380,877)	128,642,575
Cash and cash equivalents at the beginning of the period		8,726,567,942	2,212,377,055
Cash and cash equivalents at the end of the period		7,312,187,065	2,341,019,630
Cash and cash equivalents			
Cash and bank balances		7,312,187,065	2,343,045,514
Book overdraft - unsecured		-	(2,025,884)
Cash and cash equivalents at the end of the period		7,312,187,065	2,341,019,630

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Condensed Interim Statement of Changes in Equity

For the First Quarter ended September 30, 2017

	Reserves				Other Components of equity				Total	Non-Controlling Interest	Total Equity		
	Share Capital	Revenue			Unrealized gain / (loss)			SUB TOTAL					
		Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit	SUB TOTAL	On available for sale investments					On forward foreign exchange contracts	Exchange difference on translation of foreign operations
Rupees-													
Balance as at July 01, 2016 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	10,702,304,260	12,253,506,460	3,232,684,492	8,406,988	(6,071,885)	3,235,019,595	15,689,357,455	1,143,157,875	16,832,515,330
Total comprehensive income / (loss) for the quarter ended September 30, 2016													
Profit after taxation	-	-	-	-	815,654,910	815,654,910	-	-	-	-	815,654,910	109,183,375	924,838,285
Other comprehensive (loss) / income	-	-	-	-	-	-	88,585,729	(6,549,096)	680,791	82,717,424	82,717,424	-	82,717,424
	-	-	-	-	815,654,910	815,654,910	88,585,729	(6,549,096)	680,791	82,717,424	898,372,334	109,183,375	1,007,555,709
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(122,616)	(122,616)	-	-	-	-	(122,616)	-	(122,616)
Balance as at September 30, 2016 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	11,517,836,554	13,069,038,754	3,321,270,221	1,857,892	(5,391,094)	3,317,737,019	16,587,607,173	1,252,341,250	17,839,948,423
Balance as at July 01, 2017 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	13,372,941,107	14,924,143,307	3,194,231,562	(7,816,272)	(3,608,703)	3,182,806,587	18,307,781,294	4,893,365,292	23,201,146,586
Total comprehensive income / (loss) for the quarter ended September 30, 2017													
Profit after taxation	-	-	-	-	136,926,857	136,926,857	-	-	-	-	136,926,857	98,863,769	235,790,626
Other comprehensive (loss) / income	-	-	-	-	-	-	(2,745,350,404)	7,207,995	4,961,840	(2,733,180,569)	(2,733,180,569)	-	(2,733,180,569)
	-	-	-	-	136,926,857	136,926,857	(2,745,350,404)	7,207,995	4,961,840	(2,733,180,569)	(2,596,253,712)	98,863,769	(2,497,389,943)
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(3,556)	(3,556)	-	-	-	-	(3,556)	-	(3,556)
Balance as at September 30, 2017 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	13,509,864,408	15,061,066,608	448,881,158	(608,277)	1,353,137	449,626,018	15,711,524,026	4,992,229,061	20,703,753,087

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.

Karachi:

Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited - the Holding Company

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

Sapphire Wind Power Company Limited - the subsidiary company (Holding - 70%)

Sapphire Wind Power Company Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on December 27, 2006. The company is a subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the company's project is being set up at Jhimpir, District Thatta, Sindh on land that is leased to the company by Alternative Energy Development Board ('AEDB'), Government of Pakistan. The company's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

Tricon Boston Consulting Corporation (Private) Limited - the subsidiary company (Holding 57.125%)

Tricon Boston Consulting Corporation (Private) Limited (the Company) was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on August 13, 2012. The Company is a subsidiary of Sapphire Textile Mills Limited, the holding company. The Company's principal business is to operate and maintain wind power plants to generate and supply electricity. The address of the registered office of the company is 7/A- K, Main Boulevard, Gulberg II, Lahore.

Sapphire Renewables Limited - the subsidiary company (Holding 100%)

Sapphire Renewables Limited (the Company) was incorporated in Pakistan as a public limited company by shares under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on May 13, 2016. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited (the holding Company), a listed company. The principal objective of the company is to invest, manage, operate, run, own and build power projects. The address of the registered office of the Company is 7/A- K, Main Boulevard, Gulberg II, Lahore.

Sapphire Retail Limited - the subsidiary company (Holding 100%)

Sapphire Retail Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on June 11, 2014. The company is a wholly owned subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 7 A/K Main Boulevard, Gulberg-II, Lahore. The company is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan, abroad and through E-store.

Sapphire Solar (Private) Limited - the subsidiary company (Holding 100%)

Sapphire Solar (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 (Now the Companies Act, 2017) as a private company limited by shares. The principal activity of the Company is power generation by means of solar energy and other alternative energy sources. The registered office of the Company is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Tech (Private) Limited - the subsidiary company (Holding 100%)

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984 (Now the Companies Act, 2017). The Company is a wholly owned

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

subsidiary of Sapphire Textile Mills Limited. The registered office of the Company is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Company is to set up and operate electrical power generation project for distribution, selling and supply of electric power. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated condensed interim financial information of the Group for the first quarter ended September 30, 2017 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. This consolidated condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended June 30, 2017.

This consolidated condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2017.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information is in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2017.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Note	----- Rupees -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		21,476,240,021	21,691,976,667
Capital work-in-progress	5.2	9,227,441,995	1,875,414,913
Major spare parts and stand-by equipment		69,216,256	69,216,256
		30,772,898,272	23,636,607,836

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

5.1 The cost of additions and disposals to operating fixed assets during first quarter ended September 30, 2017 were as follows.

	(Un-audited) September 30, 2017		(Audited) June 30, 2017	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Land:				
Freehold	6,301,600	-	106,001,213	-
Leasehold	-	-	13,209,000	-
On Freehold land:				
Factory buildings	45,681,076	-	258,630,222	-
Labour, staff colony and others	-	-	47,948,126	-
On Leasehold land:				
Factory buildings	873,241	-	43,969,610	-
Labour, staff colony and others	-	-	35,510,023	-
Leased building improvements	1,812,566	-	249,318,972	2,944,987
Plant & machinery	114,823,149	23,283,794	1,660,499,202	144,181,817
Electric installations	-	-	30,116,719	-
Fire Fighting equipment	-	-	7,884,587	-
Electric equipments	8,452,074	-	152,335,068	332,669
Computers	10,042,645	329,722	50,258,694	1,400,765
Office equipment	-	-	5,201,027	-
Mills equipment	1,136,000	-	11,407,499	4,109,911
Furniture & fixtures	3,594,529	-	145,348,172	-
Vehicles	12,119,790	6,036,282	93,952,369	35,237,707
Vehicles - leased	11,473,000	-	17,151,500	-
	216,309,670	29,649,798	2,928,742,003	188,207,856

5.2 Capital work-in-progress

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	----- Rupees -----	
Advance for freehold land	9,088,500	443,013,070
Land improvements	36,730,541	35,425,189
Civil works and buildings	973,210,478	179,968,240
Plant and machinery	473,749,703	156,078,754
Electric installations	10,167,950	9,576,765
Mills equipments	950,000	-
Vehicles	2,373,000	3,402,000
Computer software	5,128,412	5,069,412
Computer	104,000	-
Advances to contractors	6,546,458,829	79,465,170
Un-allocated expenditure	1,169,480,582	963,416,313
	9,227,441,995	1,875,414,913

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
		----- Rupees -----	----- Rupees -----
6	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
6.1	Guarantees issued by banks on behalf of the Group	622,577,988	410,002,988
6.2	Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at September 30, 2017 the value of these cheques amounted to Rs.316.273 million (June 30, 2017: Rs. 202.870 million)		
6.3	The financial institution has issued guarantees amounting Nil (June 30, 2017: US \$ 450,000) in favour of Alternative Energy Development on request of Holding Company on behalf of Tricon Boston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Holding Company.		
6.4	There is no change in status of the contingencies and commitments as disclosed in notes 30.3, 30.5 to 30.10 and 30.12 to 30.13 of the audited annual financial statements of the Group for the year ended June 30, 2017.		
		(Un-audited) September 30, 2017	(Audited) June 30, 2017
		----- Rupees -----	----- Rupees -----
	Commitments		
6.5	Confirmed letter of credit in respect of:		
	- plant and machinery	876,589,872	1,057,781,017
	- raw material	253,236,776	84,980,924
	- stores and spares	61,572,928	52,134,305
		1,191,399,576	1,194,896,246
		September 30, 2017	2016
		----- Rupees -----	----- Rupees -----
7	COST OF SALES AND SERVICES		
	Finished goods - Opening stock	1,245,471,130	960,907,826
	Cost of goods manufactured	6,753,247,913	6,020,438,324
	Finished goods - Closing stock	(1,500,695,172)	(1,049,141,984)
	Cost of sales and services owned manufactured	6,498,023,871	5,932,204,166
	Cost of sales and services - purchased for resale	31,905,631	4,136,344
		6,529,929,502	5,936,340,510
7.1	Cost of Goods Manufactured		
	Work in process - opening stock	921,557,555	566,547,230
	Raw materials consumed	3,861,085,545	3,464,240,096
	Cost of raw material sold	60,199,582	33,251,358
	Overheads	2,814,862,928	2,468,919,119
		7,657,705,610	6,532,957,803
	Work in process - closing stock	(904,457,697)	(512,519,479)
		6,753,247,913	6,020,438,324

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

		September 30,	
		2017	2016
		----- Rupees -----	
8 CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit of associated companies		409,799,585	1,008,442,439
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		425,721,286	396,110,996
Gain on sale of investments		-	(424,617,957)
Amortization of intangible assets		370,454	626,226
Interest income		(2,716,662)	(1,593,252)
Gain on sale of property, plant and equipment		(1,426,285)	(1,368,935)
Dividend income		(158,377,259)	(141,519,259)
Provision for gratuity		24,860,920	22,981,898
Reversal of provision for stores, spares and loose tools		(1,601,564)	(824,197)
Amortization of unwinding up of liability		-	1,306,761
Exchange differences		1,546,121	4,397,310
Finance cost		452,598,134	325,650,078
Rental income		(150,000)	-
		740,825,145	181,149,669
Operating cash flow before changes in working capital		1,150,624,730	1,189,592,108
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(10,200,627)	(55,235,444)
Stock-in-trade		693,039,562	216,388,007
Trade debts		125,277,684	(101,796,658)
Loans and advances		(282,099,134)	(279,965,561)
Trade deposits and short term prepayments		(16,338,141)	(27,739,477)
Other receivables		73,828,055	23,268,688
		583,507,399	(225,080,445)
Decrease in current liabilities			
Trade and other payables		(209,596,607)	(285,643,198)
		1,524,535,522	678,868,465

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

9 SEGMENT ANALYSIS

9.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing Home Textile and Textile Retail	Power Generation	Total
	Rupees				
For the first quarter ended September 30, 2017					
Revenue - external customers	3,031,559,318	1,936,733,981	2,223,157,744	738,335,889	7,929,786,932
Inter - segment sales	720,199,335	295,712,685	32,084,762	-	1,047,996,782
Segment results	123,784,938	196,308,905	(73,277,913)	475,654,917	722,470,847
For the first quarter ended September 30, 2016					
Revenue - external customers	2,962,335,947	1,975,688,567	1,607,689,155	732,312,776	7,278,026,445
Inter - segment sales	740,489,381	182,825,291	63,918,397	-	987,233,069
Segment results	141,747,834	191,615,480	(9,166,200)	477,299,003	801,496,117

Reconciliation of segment results with profit after tax is as follows:

	September 30,	
	2017	2016
	Rupees	
Total results for reportable segments	722,470,847	801,496,117
Other operating expenses	(39,148,638)	(37,921,019)
Other income	180,566,471	576,002,580
Finance Cost	(454,089,095)	(331,135,239)
Share of profit of associated companies	22,890,150	36,295,809
Profit before taxation	432,689,735	1,044,738,248
Taxation	(196,899,109)	(119,899,963)
Profit after taxation for the period	235,790,626	924,838,285

9.2 SEGMENT ASSETS

	Spinning	Weaving	Processing, printing Home Textile and Textile Retail	Power Generation	Total
	Rupees				
As at September 30, 2017					
Segment assets	9,529,774,189	3,605,828,759	7,351,770,155	27,916,267,960	48,403,641,063
As at June 30, 2017					
Segment assets	9,943,211,281	3,519,104,865	7,264,391,569	22,561,992,510	43,288,700,225

Reconciliation of segment assets with total assets is as follows:

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Rupees	
Total assets for reportable segments	48,403,641,063	43,288,700,225
Unallocated assets	14,027,826,895	16,266,255,610
Total assets as per Balance sheet	62,431,467,958	59,554,955,835

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the First Quarter ended September 30, 2017

September 30,
2017 2016
----- Rupees -----

10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies (due to common directorship), directors and key management personnel. Transactions with related parties are as follows:

Associates:

Sales / services	324,272,119	338,918,641
Purchases	133,061,364	76,084,235
Electricity / steam purchased	74,795,516	62,078,099
Expenses charged by	1,001,145	1,006,661
Expenses charged to	10,368,922	8,919,898
Mark-up charged by	10,606,241	10,491,194
Loans (repaid) / obtained - net	(6,323,069)	28,285,328

Other related parties:

Donations	-	4,900,000
Contribution to provident fund	10,143,071	8,560,930
Remuneration to key management personnel	266,629,281	154,556,382

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Group for the year ended June 30, 2017 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended September 30, 2016.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this condensed interim financial information.

12 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved by the Board of Directors of Holding Company and authorized for issue on October 26, 2017.

Karachi:
Dated: October 26, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR