

# 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
<b><u>CONSOLIDATED ACCOUNTS</u></b>	
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

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

### Audit Committee

<b>Chairman</b>	: Mr. Yousuf Abdullah
<b>Member</b>	: Mr. Amer Abdullah
<b>Member</b>	: Mr. Nabeel Abdullah
<b>Member</b>	: Mr. Nadeem Karamat

### Human Resource & Remuneration Committee

<b>Chairman</b>	: Mr. Amer Abdullah
<b>Member</b>	: Mr. Yousuf Abdullah
<b>Member</b>	: Mr. Nabeel Abdullah

<b>Chief Financial Officer</b>	: Mr. Abdul Sattar
--------------------------------	--------------------

<b>Secretary</b>	: Mr. Zeeshan
------------------	---------------

<b>Auditors</b>	: Mushtaq & Company, Chartered Accountants
-----------------	--

<b>Tax Consultants</b>	: Mushtaq & Company, Chartered Accountants
------------------------	--

<b>Legal Advisor</b>	: A. K. Brohi & Company
----------------------	-------------------------

<b>Bankers</b>	: Allied Bank Limited, Habib Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited, MCB Bank Limited, Bank Al Habib Ltd.
----------------	--

<b>Share Registrar</b>	: Hameed Majeed Associates (Pvt.) Ltd.
------------------------	--

<b>Registered Office</b>	: 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.
--------------------------	--

<b>Mills</b>	: S. I. T. E. Kotri, S. I. T. E. Nooriabad, Chunian, District Kasur Feroze Watwan, Bhopattian, Lahore.
--------------	---

# 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, 2016.

## FINANCIAL HIGHLIGHTS

	Quarter Ended September 30	
	2016	2015
	Rupees in thousand	
Sales & Services	6,050,689	5,606,251
Gross Profit	686,442	705,886
Other Income	577,204	578,107
Profit before taxation	713,334	730,489
Taxation		
- Current	(66,744)	(69,448)
- Deferred	(46,087)	(26,735)
	(112,831)	(96,183)
Profit after taxation	600,503	634,306

## REVIEW OF OPERATIONS

The profit before tax for the first quarter of the current financial year was Rs. 713.334 million compared to Rs. 730.489 million in the corresponding period of previous year. The gross profit as a percentage of sales was 11.34% as compared to 12.59% in the corresponding period.

## EARNINGS PER SHARE

The earnings per share for the first quarter ended September 30, 2016 is Rs. 29.90 as compared to Rs. 31.58 for previous year's corresponding period.

## FUTURE PROSPECTS

The performance of the textile sector is heavily dependent on the cotton crop as well cost of inputs compared to those in other countries. The cotton crop looks better in the current year. The pressures in other costs including energy, wages and salaries, various government taxes, etc. are high. The Company has invested heavily in value additions and hopes these efforts will yield long term positive results.

## 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 31, 2016

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

## ڈائریکٹر رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹر ان نہایت مسرت کے ساتھ 30 ستمبر 2016 کو اختتام پذیر ہونے والی سہ ماہی کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔

مالیاتی کارکردگی کی جھلکیاں

30 ستمبر		
2015	2016	
رقم ہزاروں میں		
5,606,251	6,050,689	فروخت اور خدمات
705,886	686,442	مجموعی منافع
578,107	577,204	دیگر ذرائع سے آمدن
730,489	713,334	قبل از ٹیکس منافع
		ٹیکس
(69,448)	(66,744)	موجودہ سال
(26,735)	(46,087)	موخر
(96,183)	(112,831)	
634,306	600,503	بعد از ٹیکس منافع

کاروباری کارکردگی کا جائزہ

رواں مالی سال کی پہلی سہ ماہی کیلئے ٹیکس سے قبل منافع 713.334 ملین روپے رہا جبکہ گذشتہ سال کے پہلی سہ ماہی میں یہ منافع 730.489 ملین تھا۔ شرح کل منافع فروخت اور خدمات کا 11.34 فیصد تھا جبکہ یہی شرح گذشتہ سال کی اسی سہ ماہی کیلئے 12.59 فیصد تھی۔

آمدنی فی حصص

30 ستمبر 2016 کو ختم ہونے والے پہلی سہ ماہی کیلئے آمدنی فی حصص 29.90 روپے ہے جبکہ پچھلے سال کی سہ ماہی میں یہ 31.58 روپے تھی۔

مستقبل کا منظر نامہ

ٹیکسٹائل سیکٹر کی کارکردگی کا انحصار کپاس کی اچھی پیداوار کے ساتھ ساتھ خام مال کی لاگت بمقابلہ مسابقتی ممالک کی لاگت پر ہے۔ کپاس کی فصل موجودہ سال میں بہتر لگ رہی ہے۔ توانائی، اجرت اور تنخواہ، مختلف سرکاری ٹیکس وغیرہ سمیت اخراجات میں دباؤ زیادہ ہیں۔ کمپنی نے ویلیو ایڈیشن میں بھاری سرمایہ کاری کی ہے اور امید کرتی ہے کہ ان کی کوششوں کے طویل مدتی مثبت نتائج برآمد ہوں گے۔

اظہار تشکر

کمپنی اپنے ڈائریکٹر ان، 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

تاریخ: 31 اکتوبر 2016ء

## Condensed Interim Balance Sheet

As At September 30, 2016

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	9,903,210,568	9,522,840,324
Investment property		31,750,000	31,750,000
Intangible assets		4,383,742	5,009,968
Long term investments		11,657,107,699	10,523,389,245
Long term loans and advances		52,683,602	52,195,065
Long term deposits and prepayments		82,313,808	82,313,808
		21,731,449,419	20,217,498,410
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		384,691,571	328,631,930
Stock-in-trade		4,109,068,617	4,281,470,839
Trade debts		1,608,111,098	1,473,660,103
Loans and advances		758,894,632	473,080,294
Trade deposits and short term prepayments		36,093,215	12,857,748
Other receivables		254,508,405	170,505,333
Other financial assets		3,042,917,960	2,986,400,454
Tax refunds due from Government		1,406,755,750	1,756,845,708
Cash and bank balances		131,275,435	99,706,069
		11,732,316,683	11,583,158,478
<b>TOTAL ASSETS</b>		<b>33,463,766,102</b>	<b>31,800,656,888</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
<b>Issued, subscribed and paid-up capital</b>			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		15,383,405,363	14,703,149,767
		15,584,236,763	14,903,981,167
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		6,761,871,944	6,728,738,161
Deferred liabilities		482,412,923	491,518,519
		7,244,284,867	7,220,256,680
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,826,160,308	2,525,623,858
Accrued Interest / mark-up		119,415,644	124,294,821
Short term borrowings		5,420,430,049	4,657,389,209
Current portion of long term payable		458,616,450	457,090,780
Current portion of long term financing		1,460,680,242	1,628,822,242
Provision for taxation		349,941,779	283,198,131
		10,635,244,472	9,676,419,041
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	6	<b>33,463,766,102</b>	<b>31,800,656,888</b>

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

Karachi:

NADEEM ABDULLAH

MOHAMMAD ABDULLAH

Dated: October 31, 2016

CHIEF EXECUTIVE

DIRECTOR

**Condensed Interim Profit and Loss Account (Un-audited)****For the First Quarter ended September 30, 2016**

		September 30, 2016	2015
	Note	Rupees	
Sales and services		6,050,689,476	5,606,250,807
Cost of sales and services	7	(5,364,247,509)	(4,900,364,360)
<b>Gross profit</b>		<b>686,441,967</b>	<b>705,886,447</b>
Distribution cost		(239,097,401)	(220,714,874)
Administrative expenses		(82,952,462)	(66,409,527)
Other operating expenses		(37,657,732)	(63,005,708)
Other income		577,204,481	578,107,369
		<b>217,496,886</b>	<b>227,977,260</b>
<b>Profit from operations</b>		<b>903,938,853</b>	<b>933,863,707</b>
Finance cost		(190,604,959)	(203,374,973)
<b>Profit before taxation</b>		<b>713,333,894</b>	<b>730,488,734</b>
<b>Taxation</b>			
Current		(66,743,648)	(69,448,105)
Deferred		(46,087,504)	(26,734,746)
		<b>(112,831,152)</b>	<b>(96,182,851)</b>
<b>Profit for the period after taxation</b>		<b>600,502,742</b>	<b>634,305,883</b>
<b>Earnings per share - basic and diluted</b>		<b>29.90</b>	<b>31.58</b>

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, 2016

	September 30,	
	2016	2015
	----- Rupees -----	
<b>Profit for the period after taxation</b>	<b>600,502,742</b>	<b>634,305,883</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit and loss</b>		
<b>Available for sale investments</b>		
Unrealized gain / (loss) on remeasurement of available for sale investments	459,436,142	(619,249,626)
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(373,154,975)	(305,202,674)
	86,281,167	(924,452,300)
<b>Forward foreign currency contracts</b>		
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	1,868,891	(7,833,534)
Reclassification adjustments relating to (gain) / loss realized on settlement of forward foreign currency contracts	(8,397,204)	2,647,824
	(6,528,313)	(5,185,710)
<b>Other comprehensive income / (loss) for the period</b>	<b>79,752,854</b>	<b>(929,638,010)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>680,255,596</b>	<b>(295,332,127)</b>

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, 2016**

		September 30,	
		2016	2015
	Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	8	576,697,100	1,282,102,768
Long term loans, deposits and prepayments		(488,537)	364,785
Finance cost paid		(193,952,672)	(233,293,910)
Staff retirement benefits - gratuity paid		(78,174,998)	(58,913,130)
Taxes refund		350,089,958	3,134,009
		77,473,751	(288,708,246)
Net cash generated from operating activities		654,170,851	993,394,522
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(622,102,253)	(177,000,057)
Investment in associates and subsidiaries		(153,478,070)	(309,066,070)
Investment others		(1,464,943,503)	(1,274,316,021)
Proceeds from disposal of property, plant and equipment		5,680,385	4,541,134
Proceeds from sale of investments		939,084,736	474,614,035
Dividend received		44,884,519	59,703,760
Interest income received		464,781	-
Rental income received		-	7,964,526
Net cash used in investing activities		(1,250,409,405)	(1,213,558,693)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		761,190,864	(711,508,553)
Proceeds from long term financing		271,015,260	1,063,949,000
Repayment of long term financing		(406,023,477)	(106,409,092)
Net cash generated from financing activities		626,182,647	246,031,355
Net increase in cash and cash equivalents		29,944,093	25,867,184
Cash and cash equivalents at the beginning of the period		99,305,458	48,966,565
Cash and cash equivalents at the end of the period		129,249,551	74,833,749
<b>Cash and cash equivalents</b>			
Cash and bank balances		131,275,435	93,976,641
Book overdraft - unsecured		(2,025,884)	(19,142,892)
Cash and cash equivalents at the end of the period		129,249,551	74,833,749

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

Karachi:

Dated: October 31, 2016

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR



## Condensed Interim Statement of Changes in Equity

**For the First Quarter ended September 30, 2016**

	Reserves						Other Components of equity			Total Equity
	Share Capital	Capital		Revenue		SUB TOTAL	Unrealized gain / (loss)	SUB TOTAL		
		Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit					
									On available for sale investments	
Rupees										
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,659,139,529	10,210,341,729	3,961,645,848	(2,647,824)	3,958,998,024	14,370,171,153
Total comprehensive income / (loss) for the quarter ended September 30, 2015	-	-	-	-	634,305,883	634,305,883	(924,452,300)	(5,185,710)	(929,638,010)	634,305,883
Profit after taxation	-	-	-	-	-	-	-	-	-	(929,638,010)
Other comprehensive (loss) / income	-	-	-	-	634,305,883	634,305,883	(924,452,300)	(5,185,710)	(929,638,010)	(295,332,127)
Balance as at September 30, 2015 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	9,293,445,412	10,844,647,612	3,037,193,548	(7,833,534)	3,029,360,014	14,074,839,026
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	-	-	-	-	600,502,742	600,502,742	86,281,167	(6,528,313)	79,752,854	600,502,742
Profit after taxation	-	-	-	-	-	-	-	-	-	79,752,854
Other comprehensive income / (loss)	-	-	-	-	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

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

Karachi:

Dated: October 31, 2016

**MOHAMMAD ABDULLAH**  
DIRECTOR

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

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

For the First Quarter ended September 30, 2016

## 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, 2016 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, 2016.

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, 2016.

## 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, 2016.

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, 2016.

5	PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
			----- Rupees -----	
	Operating fixed assets		9,454,447,695	9,038,224,693
	Capital work-in-progress	5.2	448,762,873	484,615,631
			<u>9,903,210,568</u>	<u>9,522,840,324</u>

5.1 The cost of additions and disposals to operating fixed assets during the first quarter ended September 30, 2016 were as follows.

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

For the First Quarter ended September 30, 2016

	(Un-audited) September 30, 2016		(Audited) June 30, 2016	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Land:				
Freehold	-	-	1,730,000	-
Lease hold	-	-	3,928,500	-
On Freehold land:				
Factory buildings	203,979,128	-	117,900,919	-
Labour, staff colony and others	-	-	4,609,284	-
Office building	-	-	74,208,245	-
Factory buildings on lease hold land	3,578,879	-	4,735,277	-
Lease building improvements	-	-	33,837,117	-
Plant & machinery	411,265,108	4,601,812	1,260,461,228	80,035,649
Electric installations	4,768,328	-	15,096,255	-
Fire Fighting equipment	-	-	5,397,197	-
Electric equipments	2,820,497	-	10,468,107	-
Computers	2,109,395	196,465	16,107,389	583,830
Office equipments	-	-	412,000	-
Mills equipments	2,397,651	-	6,557,620	-
Furniture & fixtures	1,796,810	-	13,020,648	-
Vehicles	25,239,215	6,683,281	72,604,399	25,934,532
	<b>657,955,011</b>	<b>11,481,558</b>	<b>1,641,074,185</b>	<b>106,554,011</b>
			(Un-audited) September 30, 2016	(Audited) June 30, 2016
			----- Rupees -----	
<b>5.2 Capital work-in-progress</b>				
Advance for land			68,084,000	-
Civil works and Buildings			67,178,827	254,321,006
Plant and machinery			299,375,512	217,686,356
Electric installations			9,872,534	9,388,269
Mills equipments			2,752,000	1,720,000
Furniture & Fixtures			1,500,000	1,500,000
			<b>448,762,873</b>	<b>484,615,631</b>
<b>6 CONTINGENCIES AND COMMITMENTS</b>				
<b>Contingencies</b>				
<b>6.1</b> Guarantees issued by banks on behalf of the Company			<b>369,603,988</b>	<b>366,736,988</b>
<b>6.2</b> 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, 2016 the value of these cheques amounted to Rs.274.579 million (June 30, 2016: Rs. 281.325 million)				
<b>6.3</b> The financial institution has issued guarantees amounting US \$ 450,000 (June 30, 2016: US \$ 75,000) in favour of Alternative Energy Development on request of 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 Company.				
<b>6.4</b> 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, 2016.				
<b>Commitments</b>				
<b>6.5</b> Confirmed letter of credit in respect of:				
- plant and machinery			764,970,590	934,549,091
- raw material			78,419,717	115,600,422
- stores and spares			25,431,238	48,084,907
			<b>868,821,545</b>	<b>1,098,234,420</b>

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

For the First Quarter ended September 30, 2016

		September 30,	
		2016	2015
		----- Rupees -----	
7	<b>COST OF SALES AND SERVICES</b>	<b>Note</b>	
	Finished goods - Opening stock		703,267,694 602,173,021
	Cost of goods manufactured	7.1	5,411,118,408 4,964,493,289
			<u>6,114,386,102 5,566,666,310</u>
	Finished goods - Closing stock		<u>(750,138,593) (666,301,950)</u>
			<u>5,364,247,509 4,900,364,360</u>
7.1	<b>Cost of Goods Manufactured</b>		
	Work in process - opening stock		316,706,076 302,862,009
	Raw materials consumed		3,489,673,483 3,224,183,898
	Cost of raw material sold		33,251,358 1,180,002
	Overheads		1,924,192,506 1,745,727,662
			<u>5,763,823,423 5,273,953,571</u>
	Work in process - closing stock		<u>(352,705,015) (309,460,282)</u>
			<u>5,411,118,408 4,964,493,289</u>
8	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation		713,333,894 730,488,734
	<b>Adjustments for non-cash charges and other items:</b>		
	Depreciation on operating fixed assets		237,420,559 203,190,769
	Depreciation on investment property		- 233,169
	Gain on sale of investments		(424,617,957) (359,739,072)
	Amortization of intangible assets		626,226 626,226
	Interest income		(4,517,362) -
	Gain on sale of property, plant and equipment		(1,368,935) (1,546,782)
	Dividend income		(141,519,259) (205,217,351)
	Provision for gratuity		22,981,898 25,466,610
	(Reversal of) / Provision for stores, spares and loose tools		(824,197) 6,846,517
	Amortization of unwinding up of liability		1,306,761 3,158,518
	Exchange differences		443,613 10,891,906
	Finance cost		189,073,495 200,783,792
	Rental income		- (7,964,526)
			<u>(120,995,158) (123,270,224)</u>
	Operating cash flow before changes in working capital		592,338,736 607,218,510
	<b>Changes in working capital</b>		
	<b>(Increase) / Decrease in current assets</b>		
	Stores, spares and loose tools		(55,235,444) (13,510,620)
	Stock-in-trade		172,402,222 841,065,960
	Trade debts		(134,450,995) (99,380,230)
	Loans and advances		(285,814,338) (154,551,365)
	Trade deposits and short term prepayments		(23,235,467) (18,220,246)
	Other receivables		10,155,936 (14,861,355)
			<u>(316,178,086) 540,542,144</u>
	<b>Increase in current liabilities</b>		
	Trade and other payables		300,536,450 134,342,114
			<u>576,697,100 1,282,102,768</u>

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

For the First Quarter ended September 30, 2016

**9 TRANSACTIONS WITH RELATED PARTIES**

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

	September 30,	
	2016	2015
	-----	-----
	Rupees	Rupees
<b>Subsidiaries:</b>		
Sales	188,783,464	226,737,324
Share deposit money	153,478,070	309,066,070
Shares received	140,757,000	299,066,070
Expenses charged to	764,202	4,771,000
Markup charged to	4,052,581	-
<b>Associates:</b>		
Sales	338,918,641	365,267,530
Purchases	73,286,884	65,244,051
Electricity / steam purchased	62,078,099	150,376,312
Expenses charged by	1,006,661	999,469
Expenses charged to	8,919,898	8,817,977
Markup charged by	8,453,137	12,912,149
Loans obtained - net	28,285,328	400,000,000
<b>Other related parties:</b>		
Donations	4,900,000	7,650,000
Contribution to provident fund	7,140,527	5,367,887
Remuneration to key management personnel	112,849,564	88,613,136

**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, 2016 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, 2015.

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 31, 2016.

Karachi:  
Dated: October 31, 2016

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

BLANK

# Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Tricon Boston Consulting Corporation (Private) Limited, Sapphire Renewable Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited and Sapphire Home Incorporation**, it is my pleasure to present Directors' Report with Un-Audited Consolidated Financial Statement for the Quarter ended September 30, 2016.

## 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 wind power station of 52.80 MW at Jhimpir which have started Commercial production 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.

## Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited has an LOI for 3 x 50 MW Wind Energy Projects in Jamphir Sindh and is incorporated under the laws of Pakistan and has license to establish and operate wind energy project. The project company is following an aggressive development plan for its three projects and aims to conclude the EPC, EPA and IA agreements in near future. The Company is currently in advanced stages of negotiation with foreign lenders for finalizing its debt requirements.

## 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 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.

## Sapphire Home Incorporation

Sapphire Home was incorporated as 100% subsidiary of the company to enable local duty paid deliveries to customers in USA. A number of contracts were executed through this company. However, lately we are shipping directly to the customers and this company become dormant and shareholders have approved resolution to close / wind up the company.

On behalf of the Board

Karachi  
Dated: October 31, 2016

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE



## ڈائریکٹر رپورٹ برائے حصص یافتگان

سفارز ونڈ پاور کمپنی لمیٹڈ، سفارز ٹریٹل لمیٹڈ، ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سفارز ٹیکسٹائل لمیٹڈ، سفارز ٹیک (پرائیویٹ) لمیٹڈ، سفارز سولر (پرائیویٹ) لمیٹڈ اور سفارز ہوم انکارپوریشن کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹران نہایت مسرت کے ساتھ، 30 ستمبر 2016ء کو اختتام پذیر ہونے والی سہ ماہی کی مشترکہ غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔

### سفارز ونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ اور باقی 30 فیصد ملکیت بینک الفلاح لمیٹڈ کے پاس ہے۔ کمپنی نے 52.80 میگا واٹ کا ونڈ پاور اسٹیشن جھمپیر کے مقام پر لگایا ہے اس نے تجارتی پیداوار شروع کر دی ہے اور اس سے تسلی بخش نتائج برآمد ہوئے ہیں۔

### سفارز ٹریٹل لمیٹڈ

سفارز ٹریٹل لمیٹڈ کی مکمل ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی ”سفارز برانڈ“ کے تحت ٹیکسٹائل اور دیگر منصوعات اپنے ٹریٹل آؤٹ لیس کے ذریعے فروخت کر رہی ہے۔

### ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کے پاس سندھ میں جھمپیر کے مقام پر 3x50 میگا واٹ ونڈ انرجی منصوبے کیلئے (LOI) ہے۔ کمپنی پاکستان کے قوانین کے تحت وجود میں آئی ہے اور اس نے ونڈ انرجی منصوبے کو چلانے کا لائسنس حاصل کیا ہے۔ کمپنی نے اپنے تین منصوبوں کیلئے جارہانہ ترقیاتی منصوبہ بندی کی ہے اور کمپنی کا ارادہ ہے کہ مستقبل قریب میں وہ EPC، EPA اور IA معاہدوں کو حتمی انجام تک پہنچائے گی۔ کمپنی اپنی مالیاتی ضروریات کو پورا کرنے کیلئے قرضہ فراہم کرنے والے غیر ملکی اداروں کے ساتھ مذاکرات کے اگلے مراحل میں ہے۔

### سفارز ٹیکسٹائل لمیٹڈ

سفارز ٹیکسٹائل لمیٹڈ 30 مئی 2016ء کو معرض وجود میں آئی ہے، اور کمپنی کے مکمل ملکیتی حقوق سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کا بنیادی کاروبار متبادل توانائی کے منصوبوں میں سرمایہ کاری کرنا ہے۔ کمپنی نے 19 اگست 2016ء کو کاروبار کے آغاز کی سند حاصل کی ہے۔

### سفارز ٹیک (پرائیویٹ) لمیٹڈ

سفارز ٹیک (پرائیویٹ) لمیٹڈ، کمپنیز آرڈیننس 1984ء کے تحت معرض وجود میں آئی ہے۔ کمپنی کا بنیادی مقصد بجلی کے پیداواری منصوبوں کا قیام اور بجلی کی فروخت ہے۔ کمپنی 100 فیصد ایکوٹی ملکیت ہے۔ ہولڈنگ کمپنی کے حصص یافتگان نے اپنے سالانہ عام اجلاس جو 26 اکتوبر 2015ء کو منعقد ہوا تھا، کمپنی کو ختم کرنے یا بیچنے کی منظوری دیدی ہے۔ اس ضمن میں کمپنی کی مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

### سفارز سولر (پرائیویٹ) لمیٹڈ

سفارز سولر (پرائیویٹ) لمیٹڈ کی مکمل ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی نے آئی پی پی بننے کیلئے 10 میگا واٹ کے شمسی توانائی کے منصوبے کا جو (LOI) متبادل توانائی ترقیاتی بورڈ سے حاصل کیا تھا وہ منسوخ ہو گیا ہے۔ کمپنی 100 فیصد ایکوٹی ملکیت ہے۔ ہولڈنگ کمپنی کے حصص یافتگان نے اپنے سالانہ عام اجلاس جو 26 اکتوبر 2015ء کو منعقد ہوا تھا، کمپنی کو ختم کرنے یا بیچنے کی منظوری دیدی ہے۔ اس ضمن میں کمپنی کی مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

### سفارز ہوم انکارپوریشن

سفارز ہوم انکارپوریشن کی مکمل ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کے قیام کا مقصد امریکہ میں صارفین کو مقامی ڈیوٹی ادا شدہ سامان کی ترسیل ہے۔ اس کمپنی کے تحت بہت سارے معاہدے پایا تکمیل تک پہنچے ہیں۔ تاہم، بعد میں صارفین کو براہ راست ترسیل شروع کر دی گئی جس کے نتیجے میں کمپنی غیر فعال ہو گئی اور حصص یافتگان نے کمپنی کو بند کرنے کی قرارداد منظور کر لی ہے۔

بورڈ کی جانب سے

ندیم عبداللہ

چیف ایگزیکٹو

کراچی

تاریخ: 31 اکتوبر 2016ء

## Consolidated Condensed Interim Balance Sheet

### As At September 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	22,090,885,668	21,381,080,542
Investment property		31,750,000	31,750,000
Intangible assets		459,924,052	460,550,278
Long term investments		8,636,006,892	7,616,629,412
Long term loans and advances		52,683,602	52,195,065
Long term deposits and prepayments		210,562,939	175,250,569
		<b>31,481,813,153</b>	<b>29,717,455,866</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		495,742,356	439,682,715
Stock-in-trade		4,697,829,464	4,914,217,471
Trade debts		2,320,278,225	2,218,481,567
Loans and advances		509,155,383	229,189,822
Trade deposits and short term prepayments		81,196,485	53,457,008
Other receivables		278,087,134	211,249,395
Other financial assets		3,042,917,960	2,986,400,454
Tax refunds due from Government		1,455,622,522	1,830,485,525
Cash and bank balances		2,343,045,514	2,212,777,666
		<b>15,223,875,043</b>	<b>15,095,941,623</b>
<b>TOTAL ASSETS</b>		<b>46,705,688,196</b>	<b>44,813,397,489</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		16,386,775,773	15,488,526,055
Equity attributable to holders of parent company		16,587,607,173	15,689,357,455
Non-controlling interest		1,252,341,250	1,143,157,875
<b>Total Equity</b>		<b>17,839,948,423</b>	<b>16,832,515,330</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		15,399,792,236	15,014,986,309
Deferred liabilities		489,058,095	497,931,080
Liabilities against assets subject to finance lease	6	9,574,947	-
		<b>15,898,425,278</b>	<b>15,512,917,389</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,543,538,206	3,829,181,404
Accrued Interest / mark-up		226,575,378	222,150,914
Short term borrowings		6,033,893,769	5,155,487,188
Current portion of long term payable		458,616,450	457,090,780
Current portion of long term financing		2,352,529,598	2,520,245,895
Current portion of liabilities against assets subject to finance lease	6	2,219,315	-
Provision for taxation		349,941,779	283,808,589
		<b>12,967,314,495</b>	<b>12,467,964,770</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,705,688,196</b>	<b>44,813,397,489</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

Karachi:

Dated: October 31, 2016

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR

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

For the First Quarter ended September 30, 2016

		September 30, 2016	2015
Sales and services		7,278,026,445	5,781,116,997
Cost of sales and services	8	(5,936,340,510)	(5,015,966,391)
<b>Gross profit</b>		<b>1,341,685,935</b>	<b>765,150,606</b>
Distribution cost		(416,488,009)	(281,011,139)
Administrative expenses		(123,701,809)	(75,534,151)
Other operating expenses		(37,921,019)	(63,202,707)
Other income		576,002,580	581,572,785
		(2,108,257)	161,824,788
<b>Profit from operations</b>		<b>1,339,577,678</b>	<b>926,975,394</b>
Finance cost		(331,135,239)	(206,172,877)
		1,008,442,439	720,802,517
Share of profit of associated companies		36,295,809	25,736,167
<b>Profit before taxation</b>		<b>1,044,738,248</b>	<b>746,538,684</b>
<b>Taxation</b>			
Current		(73,579,848)	(73,464,140)
Deferred		(46,320,115)	(26,768,585)
		(119,899,963)	(100,232,725)
<b>Profit after taxation for the period</b>		<b>924,838,285</b>	<b>646,305,959</b>
<b>Attributable to:</b>			
Shareholders of Parent Company		815,654,910	646,393,318
Non- controlling interest		109,183,375	(87,359)
		<b>924,838,285</b>	<b>646,305,959</b>
<b>Earnings per share - attributable to the Shareholder of parent company</b>		<b>40.61</b>	<b>32.19</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

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

For the First Quarter ended September 30, 2016

	September 30, 2016	2015
<b>Profit after taxation for the period</b>	<b>924,838,285</b>	<b>646,305,959</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit and loss</b>		
<b>Available for sale investments</b>		
Unrealized gain / (loss) on remeasurement of available for sale investments	459,436,142	(619,249,626)
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(373,154,975)	(305,202,674)
Unrealized gain on remeasurement of available for sale investments - associates	2,304,562	542,096
	<b>88,585,729</b>	<b>(923,910,204)</b>
<b>Forward foreign currency contracts</b>		
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	1,868,891	(7,833,534)
Reclassification adjustments relating to (gain) / loss realized on settlement of forward foreign currency contracts	(8,397,204)	2,647,824
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts - associates	(20,783)	42,817
	<b>(6,549,096)</b>	<b>(5,142,893)</b>
Exchange difference on translating foreign operation	<b>680,791</b>	<b>2,407,096</b>
<b>Items that may not be reclassified subsequently to profit and loss</b>		
Shares of decrease in reserves of associated companies under equity method	(122,616)	(19,123,045)
<b>Other comprehensive income / (loss) for the period</b>	<b>82,594,808</b>	<b>(945,769,046)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>1,007,433,093</b>	<b>(299,463,087)</b>
<b>Attributable to:</b>		
Shareholders of Parent Company	<b>898,249,718</b>	<b>(299,375,728)</b>
Non- controlling interest	<b>109,183,375</b>	<b>(87,359)</b>
	<b>1,007,433,093</b>	<b>(299,463,087)</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

## Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the First Quarter ended September 30, 2016

		September 30,	
		2016	2015
	Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	678,868,465	1,401,348,959
Long term loans, deposits and prepayments		(35,800,907)	(8,791,801)
Finance cost paid		(321,225,614)	(233,950,579)
Staff retirement benefits - gratuity paid		(78,174,998)	(58,913,130)
Taxes refund		367,416,345	655,683
		(67,785,174)	(300,999,827)
Net cash generated from operating activities		611,083,291	1,100,349,132
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,098,433,310)	(2,306,334,751)
Investment others		(1,464,943,503)	(1,274,316,021)
Proceeds from disposal of property, plant and equipment		5,680,385	4,541,134
Proceeds from sale of investments		939,084,736	474,614,035
Dividend received		44,884,519	59,703,760
Interest received		1,593,252	-
Rental income received		-	7,964,526
Net cash used in investing activities		(1,572,133,921)	(3,033,827,317)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		872,602,908	(711,508,553)
Proceeds from long term financing		613,015,260	1,063,949,000
Repayment of long term financing		(395,925,630)	(137,489,092)
Exchange difference on translation foreign operation		667	77,418
Issuance of shares - net		-	126,034,985
Net cash generated from financing activities		1,089,693,205	341,063,758
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>128,642,575</b>	<b>(1,592,414,427)</b>
Cash and cash equivalents at the beginning of the period		2,212,377,055	2,296,921,314
<b>Cash and cash equivalents at the end of the period</b>		<b>2,341,019,630</b>	<b>704,506,887</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances		2,343,045,514	723,649,779
Books overdraft - unsecured		(2,025,884)	(19,142,892)
<b>Cash and cash equivalents at the end of the period</b>		<b>2,341,019,630</b>	<b>704,506,887</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

Karachi:

Dated: October 31, 2016

NADEEM ABDULLAH  
CHIEF EXECUTIVEMOHAMMAD ABDULLAH  
DIRECTOR

## Consolidated Condensed Interim Statement of Changes in Equity

For the First Quarter ended September 30, 2016

	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	On available for sale investments	On forward foreign exchange contracts					Exchange difference on translation of foreign operations
Rupees:-												
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	3,972,020,026	(2,899,243)	(7,972,319)	3,961,348,464	14,629,726,144	812,156,782	15,441,892,926
Total comprehensive income / (loss) for the quarter ended September 30, 2015												
Profit after taxation	-	-	-	-	646,393,318	(923,910,204)	(5,142,893)	2,407,096	(926,646,001)	646,393,318	(87,359)	646,305,959
Other comprehensive (loss) / income	-	-	-	-	646,393,318	(923,910,204)	(5,142,893)	2,407,096	(926,646,001)	(280,252,683)	(87,359)	(280,340,042)
Shares of decrease in reserves of associated companies under equity method												
	-	-	-	-	(19,123,045)	-	-	-	-	(19,123,045)	-	(19,123,045)
Transaction with owners												
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	128,171,172	128,171,172
Share Issuance cost of subsidiary - SWPCL	-	-	-	-	(1,495,331)	-	-	-	-	(1,495,331)	(640,856)	(2,136,187)
Balance as at September 30, 2015 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	9,542,129,022	3,048,109,822	(7,842,136)	(5,565,223)	3,034,702,463	14,328,865,085	939,599,739	15,268,464,824
Balance as at July 01, 2016 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	10,702,304,260	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	88,585,729	(6,549,096)	680,791	82,717,424	815,654,910	109,183,375	924,838,285
Other comprehensive (loss) / income	-	-	-	-	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)
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	3,321,270,221	1,857,892	(5,391,094)	3,317,737,019	16,587,807,173	1,252,341,250	17,839,948,423

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

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

## For the First Quarter ended September 30, 2016

**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 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.

**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 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 100%)**

Tricon Boston Consulting Corporation (Private) Limited (the Company) was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 on August 13, 2012. The Company is a wholly owned 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 on May 13, 2016. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited (the holding Company), a listed company. The Company's principle 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 Home Inc - USA - the subsidiary (Holding 100%)**

The company was incorporated in USA. The company is principally engaged in marketing services in United States of America. The registered office of the company is located at 1430, Broadway, Suite 1805, New York, NY 10018. The company become dormant and the shareholders have granted approval for the winding up / closure of the company.

**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 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 and abroad.

**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 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.



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

## For the First Quarter ended September 30, 2016

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. The Company is a wholly owned 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, 2016 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, 2016.

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, 2016.

**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, 2016.

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, 2016.

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

## For the First Quarter ended September 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		Rupees	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets		20,888,853,813	20,491,246,707
Capital work-in-progress	5.2	1,132,815,599	820,617,579
Major spare parts and stand-by equipment		69,216,256	69,216,256
		<b>22,090,885,668</b>	<b>21,381,080,542</b>

5.1 The cost of additions and disposals to operating fixed assets during first quarter ended September 30, 2016 were as follows.

	(Un-audited) September 30, 2016		(Audited) June 30, 2016	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	Rupees		Rupees	
Land:				
Freehold	-	-	1,730,000	-
Leasehold	-	-	3,928,500	-
On Freehold land:				
Factory buildings	203,979,128	-	117,900,919	-
Labour, staff colony and others	-	-	4,609,284	-
Office building	-	-	74,208,245	-
On Leasehold land:				
Factory buildings	3,700,003	-	284,472,638	-
Leased building improvements	79,338,911	-	103,764,661	-
Plant & machinery	416,758,033	4,601,812	12,619,796,931	80,035,649
Electric installations	4,768,328	-	15,096,255	-
Fire Fighting equipment	-	-	5,397,197	-
Electric equipments	18,266,733	-	42,436,241	-
Computers	8,770,625	196,465	37,560,124	583,830
Office equipment	612,000	-	3,646,409	-
Mills equipment	2,397,651	-	6,557,620	-
Furniture & fixtures	24,688,925	-	37,537,170	-
Vehicles	27,641,215	6,683,281	85,608,923	25,934,532
Vehicles - leased	7,108,000	-	-	-
	<b>798,029,552</b>	<b>11,481,558</b>	<b>13,444,251,117</b>	<b>106,554,011</b>

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Rupees	
<b>5.2 Capital work-in-progress</b>		
Advance for land	68,084,000	95,000,000
Civil works and Buildings	520,690,613	328,542,622
Plant and machinery	491,870,188	375,098,722
Electric installations	9,872,534	9,388,269
Electric equipments	305,299	-
Mills equipments	2,752,000	1,720,000
Furniture & Fixtures	8,658,764	4,500,034
Vehicles	10,300,000	1,000,000
Computer software	7,532,201	5,367,932
Un-allocated expenditure	12,750,000	-
	<b>1,132,815,599</b>	<b>820,617,579</b>

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

## For the First Quarter ended September 30, 2016

- 6 Sapphire Retail Limited (the subsidiary company) has entered into finance leasing agreements with Bank AL Habib Limited for ten vehicles. The cost of leased vehicles is recognised in 'property, plant and equipment' and the present value of minimum lease payments aggregating Rs 9.574 million has been recognised under 'Liabilities against assets subject to finance lease' and current portion of present value of minimum lease payments aggregating Rs.2.219 million has been recognised under 'current portion of Liabilities against assets subject to finance lease'.

(Un-audited) September 30, 2016	(Audited) June 30, 2016
---------------------------------------	-------------------------------

### 7 CONTINGENCIES AND COMMITMENTS

----- Rupees -----

#### Contingencies

- 7.1 Guarantees issued by banks on behalf of the Group 369,603,988 366,736,988
- 7.2 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, 2016 the value of these cheques amounted to Rs.274.579 million (June 30, 2016: Rs. 281.325 million)
- 7.3 The financial institution has issued guarantees amounting US \$ 450,000 (June 30, 2016: US \$ 75,000) 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.
- 7.4 There is no change in status of the contingencies and commitments as disclosed in notes 29.3, 29.5 to 29.9 and 29.11 to 29.14 of the audited annual financial statements of the Group for the year ended June 30, 2016.

(Un-audited) September 30, 2016	(Audited) June 30, 2016
---------------------------------------	-------------------------------

----- Rupees -----

#### Commitments

- 7.5 Confirmed letter of credit in respect of:
- |                       |                    |                      |
|-----------------------|--------------------|----------------------|
| - plant and machinery | 764,970,590        | 934,549,091          |
| - raw material        | 78,419,717         | 115,600,422          |
| - stores and spares   | <u>30,307,351</u>  | <u>48,084,907</u>    |
|                       | <u>873,697,658</u> | <u>1,098,234,420</u> |

September 30, 2016	2015
-----------------------	------

----- Rupees -----

### 8 COST OF SALES AND SERVICES

Note

- |                                |                        |                      |
|--------------------------------|------------------------|----------------------|
| Finished goods - Opening stock | 960,907,826            | 699,698,614          |
| Cost of goods manufactured     | <u>6,024,574,668</u>   | <u>5,139,828,194</u> |
|                                | <u>6,985,482,494</u>   | <u>5,839,526,808</u> |
| Finished goods - Closing stock | <u>(1,049,141,984)</u> | <u>(823,560,417)</u> |
|                                | <u>5,936,340,510</u>   | <u>5,015,966,391</u> |
- 8.1
- |                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Work in process - opening stock | 566,547,230          | 395,499,800          |
| Raw materials consumed          | 3,468,376,440        | 3,131,847,843        |
| Cost of raw material sold       | 33,251,358           | 1,180,002            |
| Overheads                       | <u>2,468,919,119</u> | <u>2,003,152,576</u> |
|                                 | <u>6,537,094,147</u> | <u>5,531,680,221</u> |
| Work in process - closing stock | <u>(512,519,479)</u> | <u>(391,852,027)</u> |
|                                 | <u>6,024,574,668</u> | <u>5,139,828,194</u> |

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

## For the First Quarter ended September 30, 2016

Note	September 30,	
	2016	2015
	----- Rupees -----	
<b>9 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation and share of profit of associated companies	1,008,442,439	720,802,517
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	396,110,996	205,935,229
Depreciation on investment property	-	233,169
Gain on sale of investments	(424,617,957)	(359,739,072)
Amortization of intangible assets	626,226	626,226
Interest income	(1,593,252)	-
Gain on sale of property, plant and equipment	(1,368,935)	(1,546,782)
Dividend income	(141,519,259)	(205,217,351)
Provision for gratuity	22,981,898	25,466,610
(Reversal of) / provision for stores, spares and loose tools	(824,197)	6,846,517
Amortization of unwinding up of liability	1,306,761	3,158,518
Exchange differences	4,397,310	10,891,906
Finance cost	325,650,078	203,581,696
Rental income	-	(7,964,526)
	<b>181,149,669</b>	<b>(117,727,860)</b>
<b>Operating cash flow before changes in working capital</b>	<b>1,189,592,108</b>	<b>603,074,657</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(55,235,444)	(13,510,620)
Stock-in-trade	216,388,007	779,952,246
Trade debts	(101,796,658)	(8,144,157)
Loans and advances	(279,965,561)	(158,888,125)
Trade deposits and short term prepayments	(27,739,477)	(33,429,515)
Other receivables	23,268,688	(10,068,856)
	<b>(225,080,445)</b>	<b>555,910,973</b>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>(285,643,198)</b>	<b>242,363,329</b>
	<b>678,868,465</b>	<b>1,401,348,959</b>

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

For the First Quarter ended September 30, 2016

## 10 SEGMENT ANALYSIS

### 10.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation	Total
	Rupees				
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	(11,258,161)	173,662,613	(43,133,452)	351,089,878	470,360,878
For the first quarter ended September 30, 2015					
Revenue - external customers	3,158,176,143	1,532,793,210	1,090,147,644	-	5,781,116,997
Inter - segment sales	502,728,447	130,731,931	9,226,324	-	642,686,702
Segment results	92,169,604	102,000,791	16,674,213	(8,412,169)	202,432,439

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

	September 30, 2016	September 30, 2015
	Rupees	
Total results for reportable segments	470,360,878	202,432,439
Other operating expenses	(37,921,019)	(63,202,707)
Other income	576,002,580	581,572,785
Share of profit of associated companies	36,295,809	25,736,167
Profit before taxation	1,044,738,248	746,538,684
Taxation	(119,899,963)	(100,232,725)
Profit after taxation for the period	924,838,285	646,305,959

### 10.2 SEGMENT ASSETS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation	Total
	Rupees				
As at September 30, 2016					
Segment assets	9,353,722,420	3,486,932,303	5,316,575,415	14,761,692,989	32,918,923,127
As at June 30, 2016					
Segment assets	9,006,640,603	3,299,479,512	4,744,629,762	14,796,935,382	31,847,685,259

Reconciliation of segment assets with total assets is as follows:

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Rupees	
Total assets for reportable segments	32,918,923,127	31,847,685,259
Unallocated assets	13,786,765,069	12,965,712,230
Total assets as per Balance sheet	46,705,688,196	44,813,397,489

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

For the First Quarter ended September 30, 2016

		September 30,	
		2016	2015
		----- Rupees -----	
11	<b>TRANSACTIONS WITH RELATED PARTIES</b>		
<p>The related parties comprise of associated companies (due to common directorship), directors and key management personnel. Transactions with related parties are as follows:</p>			
<b>Associates:</b>			
Sales		338,918,641	365,267,530
Purchases		76,084,235	65,973,707
Electricity / steam purchased		62,078,099	150,376,312
Expenses charged by		1,006,661	999,469
Expenses charged to		8,919,898	8,817,977
Markup charged by		10,491,194	12,912,149
Loans obtained - net		28,285,328	400,000,000
<b>Other related parties:</b>			
Donations		4,900,000	7,650,000
Contribution to provident fund		8,560,930	5,618,112
Remuneration to key management personnel		154,556,382	97,084,283
12	<b>CORRESPONDING FIGURES</b>		
<p>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, 2016 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, 2015.</p> <p>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.</p>			
13	<b>DATE OF AUTHORIZATION FOR ISSUE</b>		
<p>These consolidated condensed interim financial statements were approved by the Board of Directors of Holding Company and authorized for issue on October 31, 2016 .</p>			

Karachi:  
Dated: October 31, 2016

**NADEEM ABDULLAH**  
CHIEF EXECUTIVE

**MOHAMMAD ABDULLAH**  
DIRECTOR