

Sapphire Textile Mills Limited

Half Yearly Accounts December 31, 2015

CONTENTS

COMPANY PROFILE	03
DIRECTORS' REPORT	04
AUDITORS' REPORT	05
BALANCE SHEET	06
PROFIT & LOSS ACCOUNT	07
STATEMENT OF COMPREHENSIVE INCOME	08
CASH FLOW STATEMENT	09
STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE FINANCIAL STATEMENTS	11

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. Nabeel Abdullah
Member	: Mr. Nadeem Karamat
Member	: Mr. Amer Abdullah

Human Resource & Remuneration Committee

Chairman	: Mr. Amer Abdullah
Member	: Mr. Nabeel Abdullah
Member	: Mr. Yousuf 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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Management Consultant	: M. Yousuf Adil Saleem & 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, MCB Bank Limited, Citi Bank N.A.
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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 half year ended December 31, 2015 duly reviewed by external auditors, who have issued a review report, which is annexed to the financial statements.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Half year ended December 31	
	2015	2014
Sales & Services	11,299,284	11,554,699
Gross Profit	1,284,243	1,440,366
Other Income	781,403	229,644
Profit before taxation	981,990	731,421
Taxation		
- Current	(134,012)	(125,499)
- prior year	93	266
- Deferred	(21,494)	(2,980)
	(155,413)	(128,213)
Profit after taxation	826,577	603,208

REVIEW OF OPERATIONS

The profit before tax for the six months of the current financial year was Rs. 981.990 million compared to Rs. 731.421 million in the corresponding period of previous year. The gross profit as a percentage of sales was 11.37% as compared to 12.47% in the corresponding period. During the period beside operational income; gain on sale of equity investments and higher dividend income from equity investments resulted improved profitability.

EARNINGS PER SHARE

The earnings per share for the half year ended December 31, 2015 is Rs. 41.16 as compared to Rs. 30.04 for previous year's corresponding period.

FUTURE PROSPECTS

In view of the short cotton crop in Pakistan, as well as high manufacturing costs vis-à-vis other textile manufacturing countries, the profitability of the company is expected to remain under pressure, however the management is trying its utmost to control costs and move to higher value products to maintain profitability.

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: February 23, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

Auditor's Report to the Members on Review of Condensed Interim Financial Information**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Sapphire Textile Mills Limited as at December 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
Date: February 23, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra, FCA

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	8,800,520,605	8,751,209,578
Investment property		161,770,758	162,237,097
Intangible assets		6,262,419	7,514,871
Long term investments		10,175,857,375	9,823,448,087
Long term loans and advances		52,637,077	58,202,397
Long term deposits and prepayments		82,205,404	78,083,220
		19,279,253,638	18,880,695,250
CURRENT ASSETS			
Stores, spares and loose tools		328,738,745	309,958,010
Stock-in-trade		5,916,152,633	3,969,334,963
Trade debts		1,418,096,682	1,297,680,833
Loans and advances		284,481,222	167,965,261
Trade deposits and short term prepayments		20,763,787	15,139,318
Other receivables		131,663,553	145,975,668
Other financial assets		2,951,745,311	2,145,664,201
Tax refunds due from Government		1,250,797,516	1,105,311,136
Cash and bank balances		129,665,329	50,080,021
		12,432,104,778	9,207,109,411
TOTAL ASSETS		31,711,358,416	28,087,804,661
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		13,796,761,369	14,169,339,753
		13,997,592,769	14,370,171,153
NON-CURRENT LIABILITIES			
Long term financing		5,512,470,039	5,013,027,494
Deferred liabilities		461,328,288	472,127,414
Long term payable		-	431,631,479
		5,973,798,327	5,916,786,387
CURRENT LIABILITIES			
Trade and other payables		2,528,209,834	2,316,663,831
Accrued Interest / mark-up		127,778,254	149,867,565
Short term borrowings		7,392,433,058	4,718,214,518
Current portion of long term payable		451,129,626	-
Current portion of long term financing		1,071,787,032	489,359,511
Provision for taxation		168,629,516	126,741,696
		11,739,967,320	7,800,847,121
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	6	31,711,358,416	28,087,804,661

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

Karachi:
Dated: February 23, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half Year Ended		Quarter Ended	
		December 31,		December 31,	
		2015	2014	2015	2014
		----- Rupees -----		----- Rupees -----	
Sales and services		11,299,284,288	11,554,698,628	5,693,033,481	5,880,367,104
Cost of sales and services	7	(10,015,040,972)	(10,114,332,133)	(5,114,676,612)	(5,172,714,896)
Gross profit		1,284,243,316	1,440,366,495	578,356,869	707,652,208
Distribution cost		(432,118,507)	(479,338,807)	(211,403,633)	(251,230,255)
Administrative expenses		(146,482,723)	(146,964,397)	(80,073,196)	(67,306,115)
Other operating expenses		(95,013,160)	(76,365,491)	(32,007,452)	(44,705,605)
Other income		781,403,108	229,644,258	203,295,739	146,363,767
		107,788,718	(473,024,437)	(120,188,542)	(216,878,208)
Profit from operations		1,392,032,034	967,342,058	458,168,327	490,774,000
Finance cost		(410,041,808)	(235,921,117)	(206,666,835)	(95,937,376)
Profit before taxation		981,990,226	731,420,941	251,501,492	394,836,624
Taxation					
Current					
- for the period		(134,012,500)	(125,498,847)	(64,564,395)	(47,520,879)
- prior year		93,326	265,629	93,326	265,629
Deferred		(21,493,890)	(2,979,869)	5,240,856	27,408,875
		(155,413,064)	(128,213,087)	(59,230,213)	(19,846,375)
Profit after taxation		826,577,162	603,207,854	192,271,279	374,990,249
Earnings per share - basic and diluted		41.16	30.04	9.57	18.67

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
	Rupees		Rupees	
Profit after taxation	826,577,162	603,207,854	192,271,279	374,990,249
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	(606,250,879)	220,630,144	623,404,095	470,828,301
Reclassification adjustments relating to (gain) / loss realised on disposal of available for sale investments	(394,492,873)	(19,251,929)	(699,695,547)	(33,344,802)
	(1,000,743,752)	201,378,215	(76,291,452)	437,483,499
Forward foreign currency contracts				
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(228,218)	7,126,099	7,605,316	6,069,018
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	2,647,824	1,003,061	-	2,006,122
	2,419,606	8,129,160	7,605,316	8,075,140
Other comprehensive (loss) / income for the period	(998,324,146)	209,507,375	(68,686,136)	445,558,639
Total comprehensive (loss) / income for the period	(171,746,984)	812,715,229	123,585,143	820,548,888

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

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

		December 31,	
		2015	2014
Note		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	8	(929,571,315)	(1,130,677,349)
Long term loans, deposits and prepayments		1,443,136	(14,614,914)
Finance cost paid		(426,296,881)	(252,040,779)
Staff retirement benefits - gratuity paid		(83,290,897)	(35,715,961)
Taxes paid		(237,517,734)	(207,514,245)
		(745,662,376)	(509,885,899)
Net cash used in operating activities		(1,675,233,691)	(1,640,563,248)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(467,724,834)	(523,324,992)
Purchase of intangible assets		-	(1,080,000)
Investment in associates and subsidiaries		(684,216,070)	(207,582,500)
Investment others		(1,770,174,444)	(140,664,059)
Proceeds from disposal of property, plant and equipment		12,554,244	10,251,503
Proceeds from sale of investments		703,985,555	57,171,365
Dividend received		392,163,692	185,159,876
Rental income received		12,329,052	7,995,504
Net cash used in investing activities		(1,801,082,805)	(612,073,303)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,650,814,829	2,575,627,200
Proceeds from long term financing		1,348,814,000	151,000,000
Repayment of long term financing		(266,943,934)	(185,493,884)
Dividend paid		(200,681,701)	(201,878,068)
Net cash generated from financing activities		3,532,003,194	2,339,255,248
Net increase in cash and cash equivalents		55,686,698	86,618,697
Cash and cash equivalents at the beginning of the period		48,966,565	88,107,437
Cash and cash equivalents at the end of the period		104,653,263	174,726,134
Cash and cash equivalents			
Cash and bank balances		129,665,329	206,756,710
Temporary overdraft - unsecured		(25,012,066)	(32,030,576)
Cash and cash equivalents at the end of the period		104,653,263	174,726,134

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Reserves				Other Components of equity			Total Equity		
	Share Capital	Capital	Revenue		SUB TOTAL	On available for sale investments	On forward foreign exchange contracts		SUB TOTAL	
		Share Premium	Fixed Assets Replacement	General reserves						Unappropriated Profit
Rupees										
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,841,193,093	9,392,395,293	3,746,385,423	1,003,061	3,747,388,484	13,340,615,177
Total comprehensive income for the half year ended December 31, 2014										
Profit after taxation					603,207,854	603,207,854	201,378,215	8,129,160	209,507,375	603,207,854
Other comprehensive income							201,378,215	8,129,160	209,507,375	209,507,375
						603,207,854	201,378,215	8,129,160	209,507,375	812,715,229
Transaction with owners					(200,831,400)	(200,831,400)				(200,831,400)
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share										
Balance as at December 31, 2014 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,243,569,547	9,794,771,747	3,947,763,638	9,132,221	3,956,895,859	13,952,499,006
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,659,139,529	10,210,344,729	3,961,645,848	(2,647,824)	3,958,998,024	14,370,171,153
Total comprehensive income / (loss) for the half year ended December 31, 2015										
Profit after taxation					826,577,162	826,577,162	(1,000,743,752)	2,419,606	(998,324,146)	826,577,162
Other comprehensive (loss) / income							(1,000,743,752)	2,419,606	(998,324,146)	(998,324,146)
					826,577,162	826,577,162	(1,000,743,752)	2,419,606	(998,324,146)	(171,746,964)
Transaction with owners					(200,831,400)	(200,831,400)				(200,831,400)
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share										
Balance as at December 31, 2015 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	9,284,885,291	10,836,087,491	2,960,902,096	(228,218)	2,960,673,878	13,997,592,769

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

Karachi:
Dated: February 23, 2016

MOHAMMAD ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015****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 half year ended December 31, 2015 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard '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 for the year ended June 30, 2015.

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 Companies Ordinance, 1984.

2.2 Functional and presentation currency

These financial information 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, 2015.

4 ACCOUNTING ESTIMATES, JUDGEMENTS 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 recognised prospectively commencing from the period of revision.

Judgements 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 for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
		----- Rupees -----	----- Rupees -----
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	8,225,156,278	8,291,545,469
	Capital work-in-progress	575,364,327	459,664,109
		8,800,520,605	8,751,209,578

5.1 The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2015 were as follows.

	(Un-audited) December 31, 2015		Audited June 30, 2015	
	Addition	Disposal	Addition	Disposal
	Cost	Cost	Cost	Cost
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Freehold land	-	-	79,150,000	-
On Freehold land:				
Factory buildings	10,228,817	-	459,685,987	-
Labour, staff colony and others	4,609,284	-	58,635,110	-
Factory buildings on lease hold land	-	-	4,218,478	-
Plant and machinery	279,732,391	50,448,441	2,170,066,939	67,606,672
Electric installations	9,276,620	-	118,551,800	-
Fire Fighting equipment	398,250	-	1,326,799	-
Electric equipments	4,159,017	-	7,631,798	-
Computers	10,264,272	185,000	12,135,093	627,450
Office equipments	-	-	1,786,500	-
Mills equipments	1,618,000	-	30,472,071	-
Furniture and fixtures	8,811,395	-	13,396,810	-
Vehicles	22,926,570	9,594,163	69,359,414	29,974,510
	352,024,616	60,227,604	3,026,416,799	98,208,632

	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	----- Rupees -----
5.2	Capital work-in-progress	
	Advance for land	3,928,500
	Civil works and buildings	386,698,228
	Plant and machinery	171,900,687
	Electric installations	6,002,670
	Fire fighting equipment	2,106,000
	Electric equipments	2,122,746
	Mills equipments	2,455,918
	Furniture and fixtures	149,578
		575,364,327

6 CONTINGENCIES AND COMMITMENTS

Contingencies

6.1	Guarantees issued by banks on behalf of the Company	330,137,368	267,051,368
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 December 31, 2015 the value of these cheques amounted to Rs.221.660 million (June 30, 2015: Rs. 110.835 million)		
6.3	There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.7 of the audited annual financial statements of the Company for the year ended June 30, 2015.		

Commitments

6.4	Confirmed letter of credit in respect of:		
	- plant and machinery	404,268,150	89,386,896
	- raw material	532,452,496	140,306,178
	- stores and spares	50,118,867	36,685,999
		986,839,513	266,379,073

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

			(Un-audited) Half Year ended December 31,		(Un-audited) Quarter ended December 31,	
			2015	2014	2015	2014
			Rupees		Rupees	
7	COST OF SALES AND SERVICES	Note				
	Finished goods - Opening stock		602,173,021	790,588,259	666,301,950	653,015,381
	Cost of goods manufactured	7.1	10,006,777,701	9,902,907,303	5,042,284,412	5,098,862,944
			10,608,950,722	10,693,495,562	5,708,586,362	5,751,878,325
	Finished goods - Closing stock		(593,909,750)	(579,163,429)	(593,909,750)	(579,163,429)
			10,015,040,972	10,114,332,133	5,114,676,612	5,172,714,896
7.1	Cost of Goods Manufactured					
	Work in process - opening stock		302,862,009	299,835,103	309,460,282	291,005,428
	Raw material consumed		6,507,189,270	6,551,214,624	3,283,005,372	3,400,241,533
	Cost of raw material sold		12,499,401	79,544,390	11,319,399	6,706,158
	Overheads		3,500,907,746	3,258,171,002	1,755,180,084	1,686,767,641
			10,323,458,426	10,188,765,119	5,358,965,137	5,384,720,760
	Work in process - closing stock		(316,680,725)	(285,857,816)	(316,680,725)	(285,857,816)
			10,006,777,701	9,902,907,303	5,042,284,412	5,098,862,944

		(Un-audited) Half Year ended December 31,	
		2015	2014
		Rupees	
8	CASH USED IN OPERATIONS		
	Profit before taxation	981,990,226	731,420,941
	Adjustments for non-cash charges and other items:		
	Depreciation	409,851,205	294,721,478
	Depreciation on investment property	466,339	518,154
	Gain on sale of investments	(408,929,191)	(17,285,755)
	Amortization of intangible assets	1,252,452	677,378
	Gain on sale of property, plant and equipment	(3,991,642)	(2,471,594)
	Dividend income	(347,845,182)	(186,294,640)
	Provision for gratuity	50,997,881	39,327,000
	Provision for doubtful debts	-	6,000,000
	Provision for stores, spares and loose tools	5,663,858	6,087,181
	Impairment loss on subsidiary	100,000	-
	Amortization of unwinding up of liability	6,329,137	-
	Exchange differences	12,674,111	(27,292,542)
	Finance cost	404,207,570	263,213,659
	Rental income	(12,329,052)	(7,995,504)
		118,447,486	369,204,815
	Operating cash flows before changes in working capital	1,100,437,712	1,100,625,756
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spares and loose tools	(24,444,593)	2,617,246
	Stock-in-trade	(1,946,817,670)	(2,583,400,810)
	Trade debts	(120,415,849)	(160,852,342)
	Loans and advances	(116,515,961)	(123,497,419)
	Trade deposits and short term prepayments	(5,624,469)	(21,473,856)
	Other receivables	(30,006,395)	(27,951,234)
		(2,243,824,937)	(2,914,558,415)
	Increase in current liabilities		
	Trade and other payables	213,815,910	683,255,310
		(929,571,315)	(1,130,677,349)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

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:

	(Un-audited) Half Year ended December 31,	
	2015	2014
	----- Rupees -----	
Subsidiaries:		
Sales	397,913,666	13,560,014
Purchases	164,686	-
Share deposit money	684,216,070	202,600,000
Shares received	327,066,070	124,600,000
Expenses charged to	4,796,619	5,325,726
Associates:		
Sales	707,671,828	388,005,624
Purchases	114,300,486	219,132,306
Electricity purchased	337,480,810	168,222,897
Expenses charged by	3,662,719	1,163,095
Expenses charged to	18,595,543	10,332,667
Dividend paid	56,228,270	53,161,860
Dividend received	19,617,390	9,476,850
Loans obtained - net	490,050,633	777,580,000
Markup charged by	12,291,885	16,617,278
Interest received	-	1,091,599
Other related parties:		
Donations	19,950,000	5,250,000
Contribution to provident fund	10,909,324	7,352,503
Remuneration to key management personnel	177,159,097	137,407,672

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, 2015 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. half year ended December 31, 2014.

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 AUTHORISATION FOR ISSUE

These condensed interim financial information were approved by the board of directors and authorized for issue on February 23, 2016.

Karachi:
Dated: February 23, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Sapphire Textile Mills Limited
Half Yearly Accounts December 31, 2015
CONSOLIDATED ACCOUNTS

CONTENTS

DIRECTORS' REPORT	17
AUDITORS' REPORT	18
BALANCE SHEET	19
PROFIT & LOSS ACCOUNT	20
STATEMENT OF COMPREHENSIVE INCOME	21
CASH FLOW STATEMENT	22
STATEMENT OF CHANGES IN EQUITY	23
NOTES TO THE FINANCIAL STATEMENTS	24

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 Home Incorporation, 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 half year ended December 31, 2015.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Alfalah Bank Ltd. Allhamdulillah company has achieved COD in a record time of 14 months on 22 November 2015 and is currently generating electricity which is being dispatched to national grid as per EPA.

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate retail outlets for sale of textile and other products. The Company has already set up five retail outlets in Karachi, Lahore and Islamabad. The consumers' response is satisfactory and the management is working on expanding the operations.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited has LOIs for 3 x 50 MW Wind Energy Projects in Jamphir Sindh and is incorporated under the laws of Pakistan. The project company is following an aggressive development plan for the three projects and aims to conclude the EPC, EPA and IA agreements in the near future.

Sapphire Home Incorporation

Sapphire Home Incorporation is 100% owned by Sapphire Textile Mills Ltd and was incorporated under the laws of the State of New York in United States of America (USA). There are certain customers in the USA which need goods on landed duty paid basis. Sapphire Home Inc. provides this service for the home textile products for these customers.

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. As there being no progress, as such the shareholders have granted approval for the winding up of the company.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. As there being no progress, as such the shareholders have granted approval for the winding up of the company.

On behalf of the Board

Karachi
Dated: February 23, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

Auditor's Report to the Members on Review of Consolidated Condensed Interim Financial Information**Introduction**

We have reviewed the accompanying consolidated condensed interim balance sheet of Sapphire Textile Mills Limited and its subsidiaries (the Group) as at December 31, 2015 and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "consolidated condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review. The figures of the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi.

Dated: February 23, 2016

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra, FCA

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015**

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	20,817,936,828	16,546,335,874
Investment property		161,770,758	162,237,097
Intangible assets		461,802,729	463,055,181
Long term investments		7,132,018,153	7,477,119,413
Long term loans and advances		52,637,077	58,202,397
Long term deposits and prepayments		148,190,272	129,947,175
		28,774,355,817	24,836,897,137
CURRENT ASSETS			
Stores, spares and loose tools		328,738,745	309,958,010
Stock-in-trade		6,222,311,488	4,205,271,398
Trade debts		1,761,932,781	1,211,609,370
Loans and advances		288,571,549	172,279,598
Trade deposits and short term prepayments		71,685,217	53,205,298
Other receivables		97,651,526	115,975,668
Other financial assets		2,951,745,311	2,145,664,201
Tax refunds due from Government		1,267,395,109	1,129,955,962
Cash and bank balances		996,886,356	2,298,034,770
		13,986,918,082	11,641,954,275
Assets classified as held for sale	5.1	644,925	-
TOTAL ASSETS		42,761,918,824	36,478,851,412
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		14,097,221,358	14,428,904,744
Equity attributable to holders of parent company		14,298,052,758	14,629,736,144
Non-controlling interest		1,087,003,023	812,156,782
Total Equity		15,385,055,781	15,441,892,926
NON-CURRENT LIABILITIES			
Long term financing		13,284,152,029	11,834,215,878
Deferred liabilities		467,395,921	477,118,917
Long term payable		-	431,631,479
		13,751,547,950	12,742,966,274
CURRENT LIABILITIES			
Trade and other payables		3,578,759,416	2,577,608,219
Accrued Interest / mark-up		203,426,772	214,938,544
Short term borrowings		7,484,684,112	4,720,514,518
Current portion of long term payable		451,129,626	-
Current portion of long term financing		1,727,827,486	650,563,571
Provision for taxation		176,463,356	130,367,360
		13,622,290,768	8,293,992,212
Liabilities classified as held for sale	5.2	3,024,325	-
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		42,761,918,824	36,478,851,412

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

Karachi:
Dated: February 23, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2015	2014	2015	2014
		Rupees		Rupees	
Sales and services		11,963,056,207	11,563,692,242	6,181,939,210	5,889,360,718
Cost of sales and services	8	(10,339,051,054)	(10,158,000,813)	(5,323,084,663)	(5,214,818,593)
Gross profit		1,624,005,153	1,405,691,429	858,854,547	674,542,125
Distribution cost		(586,197,624)	(507,027,720)	(305,186,485)	(271,755,039)
Administrative expenses		(181,253,109)	(153,658,699)	(105,718,958)	(69,300,623)
Other operating expenses		(99,621,434)	(76,877,061)	(36,418,727)	(45,104,334)
Other income		762,632,846	220,174,315	181,060,061	136,893,824
		(104,439,321)	(517,389,165)	(266,264,109)	(249,266,172)
Profit from operations		1,519,565,832	888,302,264	592,590,438	425,275,953
Finance cost		(457,668,341)	(236,132,747)	(251,495,464)	(96,122,813)
		1,061,897,491	652,169,517	341,094,974	329,153,140
Share of profit / (loss) of associated companies		22,075,749	14,036,808	(3,660,418)	6,697,963
Profit before taxation		1,083,973,240	666,206,325	337,434,556	335,851,103
Taxation					
Current					
- for the period		(141,774,607)	(125,498,847)	(68,310,467)	(47,520,879)
- prior year		93,326	265,629	93,326	265,629
Deferred		(22,570,020)	(3,348,589)	4,198,565	27,246,620
		(164,251,301)	(128,581,807)	(64,018,576)	(20,008,630)
Profit after taxation from continuing operations		919,721,939	537,624,518	273,415,980	315,842,473
Loss after taxation from discontinued operations	5.3	(6,135)	-	(6,135)	-
Profit for the period		919,715,804	537,624,518	273,409,845	315,842,473
Attributable to:					
Shareholders of Parent Company		884,749,877	539,110,492	238,356,559	316,002,252
Non- controlling interest		34,965,927	(1,485,974)	35,053,286	(159,779)
		919,715,804	537,624,518	273,409,845	315,842,473
Earnings per share attributable to shareholders of parent company- basic and diluted		44.05	26.84	11.87	15.73
Earnings per share attributable to shareholders of parent company from continuing operations- basic and diluted		44.05	26.84	11.87	15.73

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

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015**

	Half Year Ended December 31, 2015 2014		Quarter Ended December 31, 2015 2014	
	Rupees		Rupees	
Profit after taxation	919,715,804	537,624,518	273,409,845	315,842,473
Other comprehensive income:				
Available for sale investments				
Unrealized (loss) / gain on remeasurement of available for sale investments	(606,250,879)	220,630,144	623,404,095	470,828,301
Reclassification adjustments relating to (gain) / loss realised on disposal of available for sale investments	(394,492,873)	(19,251,929)	(699,695,547)	(33,344,802)
Unrealised (loss) / gain on remeasurement of available for sale investments - associates	(5,379,161)	1,432,988	(5,921,257)	1,399,473
	(1,006,122,913)	202,811,203	(82,212,709)	438,882,972
Forward foreign currency contracts				
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	(228,218)	7,126,099	7,605,316	6,069,018
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	2,647,824	1,003,061	-	2,006,122
Unrealised gain / (loss) on remeasurement of forward foreign currency contracts - associates	16,148	85,265	(26,669)	91,290
	2,435,754	8,214,425	7,578,647	8,166,430
Exchange difference on translating foreign operations	540,146	(5,671,650)	(1,866,950)	(3,738,789)
Items that may not be reclassified subsequently to profit and loss				
Share of (decrease) / increase in reserves of associated companies under equity method	(10,959,519)	1,393,054	8,163,526	4,723,998
Other comprehensive (loss) / income for the period	(1,014,106,532)	206,747,032	(68,337,486)	448,034,611
Total comprehensive (loss) / income for the period	(94,390,728)	744,371,550	205,072,359	763,877,084
Total comprehensive (loss) / income for the period attributable to shareholders of parent company arising from:				
Continuing operations	(129,350,520)	745,857,524	170,025,208	764,036,863
Discontinued operations	(6,135)	-	(6,135)	-
	(129,356,655)	745,857,524	170,019,073	764,036,863
Attributable to:				
Shareholders of Parent Company	(129,356,655)	745,857,524	170,019,073	764,036,863
Non- controlling interest	34,965,927	(1,485,974)	35,053,286	(159,779)
	(94,390,728)	744,371,550	205,072,359	763,877,084

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

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) **FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

		December 31,	
		2015	2014
	Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(395,150,359)	(1,315,000,991)
Long term loans and deposits		(12,677,777)	127,847,791
Finance cost paid		(463,345,910)	(230,706,697)
Staff retirement benefits - gratuity paid		(83,290,897)	(35,715,961)
Taxes paid		(233,024,432)	(224,810,548)
		(792,339,016)	(363,385,415)
Net cash used in operating activities		(1,187,489,375)	(1,678,386,406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,554,951,353)	(3,045,014,236)
Purchase of intangible assets		-	(1,080,000)
Investment in associates		19,598,952	9,469,943
Subsidiary acquisition		-	(4,982,500)
Investment others		(1,770,174,442)	(140,664,059)
Proceeds from disposal of property, plant and equipment		12,566,654	10,251,503
Proceeds from sale of investments		703,985,555	57,171,365
Dividend received		372,564,740	175,689,933
Rental income received		12,329,052	7,995,504
Net cash used in investing activities		(5,204,080,842)	(2,931,162,547)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,742,636,620	2,575,627,200
Proceeds from long term financing		2,584,334,000	2,330,444,872
Repayment of long term financing		(298,023,934)	(185,493,884)
Exchange difference on translating foreign operation		88,887	68,425
Issuance of shares - net		238,384,983	52,510,000
Dividend paid		(200,681,701)	(201,878,068)
Net cash generated from financing activities		5,066,738,855	4,571,278,545
Net decrease in cash and cash equivalents		(1,324,831,362)	(38,270,408)
Cash and cash equivalents at the beginning of the period		2,296,921,314	673,588,408
Cash and cash equivalents at the end of the period		972,089,952	635,318,000
Cash and cash equivalents			
Cash and bank balances		997,531,281	671,890,837
Temporary overdraft - unsecured		(25,441,329)	(36,572,837)
Cash and cash equivalents at the end of the period		972,089,952	635,318,000

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) **FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Reserves					Other Components of equity				Total	Non-Controlling Interest	Total Equity	
	Share Capital	Capital	Revenue		SUB TOTAL	On available for sale investments	On forward foreign exchange contracts	Unrealized gain / (loss)	SUB TOTAL				
		Share Premium	Fixed Assets Replacement	General reserves									Unappropriated Profit
Rupees													
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,129,336,146	9,680,538,346	3,754,756,166	1,033,212	3,017,985	3,758,807,373	13,640,177,119	259,528,886	13,899,704,005
Total comprehensive income for the half year ended December 31, 2014													
Profit after taxation	-	-	-	-	539,110,492	539,110,492	202,811,203	8,214,425	-	205,353,978	539,110,492	(1,485,974)	537,624,518
Other comprehensive income	-	-	-	-	-	-	202,811,203	8,214,425	(5,671,650)	205,353,978	205,353,978	-	205,353,978
Shares of increase in reserves of associated companies under equity method	-	-	-	-	539,110,492	539,110,492	202,811,203	8,214,425	(5,671,650)	205,353,978	744,464,470	(1,485,974)	742,978,496
Transaction with owners													
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	1,393,054	-	-	-	-	1,393,054	-	1,393,054
Share Issuance cost of subsidiary - SWPCL	-	-	-	-	(623,000)	(623,000)	-	-	-	-	-	53,400,000	53,400,000
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)
Balance as at December 31, 2014 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,469,385,292	10,019,587,492	3,957,567,369	9,247,637	(2,653,655)	3,964,161,351	14,184,580,243	311,173,912	14,495,754,155
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	10,467,556,280	3,972,020,026	(2,699,243)	(7,972,319)	3,961,348,664	14,629,736,144	812,156,782	15,441,892,926
Total comprehensive income for the half year ended December 31, 2015													
Profit after taxation	-	-	-	-	884,749,877	884,749,877	(1,006,122,913)	2,435,754	540,146	(1,003,147,013)	884,749,877	34,965,927	919,715,804
Other comprehensive (loss) / income	-	-	-	-	-	-	(1,006,122,913)	2,435,754	540,146	(1,003,147,013)	(118,397,136)	34,965,927	(83,431,289)
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(10,959,519)	(10,959,519)	-	-	-	-	(10,959,519)	-	(10,959,519)
Transaction with owners													
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	128,171,170	128,171,170
Share Issuance cost of subsidiary - SWPCL	-	-	-	-	(1,495,331)	(1,495,331)	-	-	-	-	(1,495,331)	(640,856)	(2,136,187)
Share deposit money - SWPCL	-	-	-	-	-	-	-	-	-	-	-	112,350,000	112,350,000
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)
Balance as at December 31, 2015 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	9,887,817,707	11,139,019,907	2,965,897,113	(263,489)	(7,432,173)	2,958,201,451	14,299,052,758	1,087,003,023	15,386,055,781

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

Karachi:

NADEEM ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015****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 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.

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 Power (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. As there being no progress, as such the shareholders have granted approval for the winding up / sale of the company.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015****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. As there being no progress, as such the shareholders have granted approval for the winding up / sales of the company.

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

This consolidated condensed interim financial information of the Group for the half year ended December 31, 2015 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, 2015.

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

This financial information 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, 2015.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information 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 recognised 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 for the year ended June 30, 2015.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2015.

5 DISCONTINUED OPERATIONS

Sapphire Solar (Private) Limited and Sapphire Tech (Private) Limited are wholly owned subsidiaries of the Sapphire Textile Mills Limited. There is no progress in these subsidiary companies and shareholders have granted approval for the winding up / sale of the companies in the annual general meeting. These companies are classified as discontinued operations in these condensed interim financial statements. The assets and liabilities of these companies are classified as held for sales and profit and loss account show separately results from discontinued operations.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
		----- Rupees -----	
5.1 Assets classified as held for sale		644,925	-
Cash and bank balances			
5.2 Liabilities classified as held for sale		724,325	-
Trade and other payables		2,300,000	-
Short term borrowings		3,024,325	-
		December 31,	2014
		----- Rupees -----	
5.3 Loss after tax from discontinued operations		6,100	-
Administrative expenses		35	-
Finance cost		6,135	-
Loss after of tax from discontinued operations			
		(Un-audited) December 31, 2015	(Audited) June 30, 2015
		----- Rupees -----	
6 PROPERTY, PLANT AND EQUIPMENT	Note	20,149,256,778	8,346,834,734
Operating fixed assets		668,680,050	8,199,501,140
Capital work-in-progress	6.2	20,817,936,828	16,546,335,874

6.1 The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2015 are as follows.

	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Addition Disposal	Addition Disposal
	Cost	Cost
	----- Rupees -----	----- Rupees -----
Freehold land	-	79,150,000
On freehold land:		
Factory buildings	10,228,817	459,685,987
Labour, staff colony and others	4,609,284	58,635,110
On leasehold land:		
Factory buildings	193,571,830	4,218,478
Leased building improvements	12,049,666	27,870,381
Plant and machinery	12,018,914,927	2,170,066,939
Electric installations	9,276,620	118,551,800
Fire fighting equipment	398,250	1,326,799
Electric equipments	12,186,815	13,799,860
Computers	16,073,122	15,516,413
Office equipment	747,819	2,002,310
Mills equipment	1,618,000	30,472,071
Furniture & fixtures	18,865,723	16,026,769
Vehicles	28,121,570	77,368,787
	12,326,662,443	3,074,691,704
	60,240,014	98,208,632

	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	
6.2 Capital work-in-progress	3,928,500	-
Advance for land	-	1,225,453,997
Advance to contractors	408,722,141	572,445,018
Civil works and buildings	171,900,687	5,668,859,623
Plant and machinery	6,002,670	7,102,670
Electric installations	2,106,000	2,106,000
Fire fighting equipment	4,962,662	894,246
Electric equipments	2,455,918	968,730
Mills equipments	149,578	1,730,093
Furniture and fixtures	68,451,894	719,940,763
Unallocated expenditure	668,680,050	8,199,501,140

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	
7 CONTINGENCIES AND COMMITMENTS		
Contingencies		
7.1 Guarantees issued by banks on behalf of the Group	330,137,368	267,051,368
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 December 31, 2015 the value of these cheques amounted to Rs.221.660 million (June 30, 2015: Rs.110.835 million)		
7.3 Commitments in respect of expenditure contracted by SWPCL but not incurred as at December 31, 2015 amounts to USD 7.495 million (June 30, 2015: USD 48.533 million).		
7.4 There is no change in status of the contingencies as disclosed in notes 29.3 to 29.7 and 29.10 of the audited annual financial statements of the Group for the year ended June 30, 2015.		
Commitments		
7.5 Confirmed letter of credit in respect of:		
- plant and machinery	404,268,150	89,386,896
- raw material	532,452,496	140,306,178
- stores and spares	50,118,867	36,685,999
	986,839,513	266,379,073

		Half Year ended December 31,		Quarter ended December 31,	
	Note	2015	2014	2015	2014
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
8 COST OF SALES AND SERVICES					
Finished goods - Opening stock		699,698,614	790,588,259	823,560,417	653,015,381
Cost of goods manufactured	8.1	10,405,351,480	9,946,575,983	5,265,523,286	5,140,966,641
		11,105,050,094	10,737,164,242	6,089,083,703	5,793,982,022
Finished goods - Closing stock		(765,999,040)	(579,163,429)	(765,999,040)	(579,163,429)
		10,339,051,054	10,158,000,813	5,323,084,663	5,214,818,593
8.1 Cost of goods manufactured					
Work in process - opening stock		395,499,800	299,835,103	391,852,027	291,005,428
Raw materials consumed		6,343,279,722	6,550,561,616	3,211,431,879	3,399,383,496
Cost of raw material sold		12,499,401	79,544,390	11,319,399	6,706,158
Overheads		4,035,979,811	3,302,492,690	2,032,827,235	1,729,729,375
		10,787,258,734	10,232,433,799	5,647,430,540	5,426,824,457
Work in process - closing stock		(381,907,254)	(285,857,816)	(381,907,254)	(285,857,816)
		10,405,351,480	9,946,575,983	5,265,523,286	5,140,966,641

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

9 CASH USED IN OPERATIONS

	December 31, 2015	December 31, 2014
	Rupees	
Profit before taxation and share of profit of associated companies	1,061,891,356	652,169,517
Adjustments for non-cash charges and other items:		
Depreciation	515,665,387	296,272,011
Depreciation on investment property	466,339	518,154
Gain on sale of investments	(408,929,191)	(17,285,755)
Amortization of intangible assets	1,252,452	677,378
Gain on sale of property, plant and equipment	(3,991,642)	(2,471,594)
Dividend income	(328,246,230)	(176,824,697)
Provision for gratuity	50,997,881	39,327,000
Provision for doubtful debts	-	6,000,000
Provision for stores, spares and loose tools	5,663,858	6,087,181
Unwinding cost of long term liability	6,329,137	-
Exchange differences	12,674,111	(27,292,542)
Finance cost	451,834,138	263,425,289
Rental income	(12,329,052)	(7,995,504)
	291,387,188	380,436,921
Operating cash flow before changes in working capital	1,353,278,544	1,032,606,438
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(24,444,593)	2,617,246
Stock-in-trade	(2,017,040,090)	(2,584,826,078)
Trade debts	(550,323,411)	(160,852,342)
Loans and advances	(116,291,951)	(130,153,419)
Trade deposits and short term prepayments	(18,479,919)	(84,755,032)
Other receivables	(25,994,368)	(22,369,151)
	(2,752,574,332)	(2,980,338,776)
Increase in current liabilities		
Trade and other payables	1,004,145,429	632,731,347
	(395,150,359)	(1,315,000,991)

10 SEGMENT ANALYSIS

10.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation		Total
				Continuing operations	Discontinued operations	
	Rupees					
For the half year ended December 31, 2015						
Revenue - external customers	6,193,913,494	3,036,638,422	2,447,194,090	285,310,201	-	11,963,056,207
Inter - segment sales	1,106,230,549	376,233,979	20,983,808	-	-	1,503,448,336
Segment results	5,664,596	230,044,433	53,345,968	109,831,082	(6,135)	398,879,944
For the half year ended December 31, 2014						
Revenue - external customers	6,706,343,848	3,502,168,226	1,355,180,168	-	-	11,563,692,242
Inter - segment sales	1,416,424,012	503,893,766	61,464,730	-	-	1,981,782,508
Segment results	341,388,814	192,536,002	(20,425,248)	(4,627,305)	-	508,872,263

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31,	
	2015	2014
	----- Rupees -----	
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segments	398,879,944	508,872,263
Other operating expenses	(99,621,434)	(76,877,061)
Other income	762,632,846	220,174,315
Share of profit of associated companies	22,075,749	14,036,808
Profit before taxation	1,083,967,105	666,206,325
Taxation	(164,251,301)	(128,581,807)
Profit after taxation for the period	919,715,804	537,624,518

10.2 SEGMENT ASSETS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation		Total
				Continuing operations	Discontinued operations	
	----- Rupees -----					
As at December 31, 2015						
Segment assets	10,294,215,139	2,859,393,560	4,394,063,025	13,163,064,954	644,925	30,711,381,603
As at June 30, 2015						
Segment assets	8,313,505,510	2,657,955,995	4,007,503,290	10,033,740,438	-	25,012,705,233

Reconciliation of segment assets with total assets is as follows:	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	
Total assets for reportable segments	30,711,381,603	25,012,705,233
Unallocated assets	12,050,537,221	11,466,146,179
Total assets as per balance sheet	42,761,918,824	36,478,851,412

	December 31,	
	2015	2014
	----- Rupees -----	

11 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	707,671,828	388,005,624
Purchases	115,448,437	219,132,306
Electricity purchased	337,480,810	168,222,897
Expenses charged to	3,662,719	1,163,095
Expenses charged by	18,595,543	10,332,667
Dividend paid	56,228,270	53,161,860
Dividend received	19,617,390	9,476,850
Loans obtained - net	490,050,633	777,580,000
Markup charged by	12,291,885	16,617,278
Interest income	-	1,091,599

Other related parties:

Donations	19,950,000	5,250,000
Contribution to provident fund	11,611,793	7,352,503
Remuneration to key management personnel	198,683,869	156,726,861

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015****12 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, 2015 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. half year ended December 31, 2014.

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.

13 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information were approved by the board of directors of holding company and authorised for issue on February 23, 2016.

Karachi:
Dated: February 23, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR