Contents

Company Profile	3
Directors' Report (English/Urdu)	4
Statement of Financial Position	6
Statement of Profit or Loss	7
Statement of Comprehensive Income	8
Statement of Changes In Equity	9
Statement of Cash Flows	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

Independent Director:

Mr. Nadeem Karamat

Audit Committee

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

Human Resource
& Remuneration Committee :

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

Chief Financial Officer :
Mr. Abdul Sattar

Secretary :
Mr. Zeeshan

Auditors :
E. Y Ford Rhodes,
Chartered Accountants

Tax Consultants :
Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisor :
A. K. Brohi & Company

Bankers :
Allied Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Meezan Bank Limited

Share Registrar :
Hameed Majeed Associates (Pvt.) Ltd.

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

Mills :

S. I. T. E. Kotri,

S. I. T. E. Nooriabad,

Chunian, District Kasur

Feroze Wattoan,

Bhubtian, 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, 2019.

Financial Review

The Company's financial results have been quite encouraging. The Summery of key financial numbers are presented below:

	(Rupees in Thousand) September 30	
	2019	**2018**
Net turnover	**9,091,915**	8,094,732
Gross Profit	**1,556,250**	1,271,761
Profit from Operations	**1,280,128**	984,502
Other Income	**169,658**	133,447
Finance cost	**(605,643)**	(364,317)
Profit before taxation	**674,485**	620,185
Profit after taxation	**564,087**	507,258

During the period the Company's net turnover increased from Rs.8.095 billion to Rs. 9.092 billion. The gross profit as a percentage of sales increased to 17.12% from 15.71% in the corresponding period. The increased profitability of the Company can be attributed to rationalization of energy prices for the export-oriented industry, currency adjustment, Company's continued emphasis on vertical integration and growth in sale of value-added products. The increase in interest rates is a challenge due to high cost of borrowing for working capital. The finance cost during the period increased to Rs.605.643 million representing 6.66% of sales from Rs.364.317 million representing 4.50% of sales in the corresponding period.

Earnings per Share

The earnings per share for the first quarter ended September 30, 2019 is Rs. 28.09 as compared to Rs. 25.26 for previous year's corresponding period.

Future Prospects

The reduction in size of cotton crop this year has become a significant challenge for the textile industry in Pakistan. This will result in significant competitive price disadvantage in raw material compared to other countries and will affect the margins. The Company's investment in energy business is also expected to yield healthy Return.

Acknowledgment

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

Lahore
Dated: October 29, 2019

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 ستمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں-

مالیاتی جائزہ

کمپنی کے مالیاتی نتائج انتہائی حوصلہ افزا ہیں-مختصراً اہم مالیاتی اعدوشمار درج ذیل ہیں:

	(روپے ہزاروں میں)	
	30 ستمبر 2019	30 ستمبر 2018
خالص فروخت	9,091,915	8,094,732
خام منافع	1,556,250	1,271,761
کاروباری منافع	1,280,12 8	984,502
دیگر آمدن	169,658	133,447
مالیاتی لاگت	(605,643)	(364,317)
منافع قبل از ٹیکس	674,485	620,185
منافع بعد از ٹیکس	564,087	507,258

جائزہ مدت کے دوران کمپنی کی خالص فروخت 8.095 بلین روپے سے بڑھ کر 9.092 بلین روپے ہوگئیں-بلحاظ فروخت خام منافع کی شرح 17.12 فیصد رہی جبکہ گزشتہ مدت میں 15.71 فیصد تھی-کمپنی کے منافع میں اضافہ کی وجوہات میں برآمدی صنعت کے لئے توانائی کی معقول قیمتیں، کرنسی میں اضافہ، کمپنی کی تسلسل کے ساتھ عمودی ساکھ پر توجہ اور قیمتی مصنوعات کی فروخت میں اضافہ شامل ہیں-شرح سود میں اضافہ کی وجہ سے جاری سرمائے کی ضروریات کو پورا کرنے کے لئے قرضہ جاتی لاگت میں اضافہ ایک چیلنج ہے-مالیاتی لاگت اس مدت کے دوران بڑھ کر 605.643 ملین روپے ہوگئی جو کہ بلحاظ فروخت 6.66 فیصد رہی جبکہ گزشتہ سال اسی مدت میں 364.31 روپے تھی جو کہ بلحاظ فروخت 4.50 فیصد تھی-

فی حصص آمدن

پہلی سہ ماہی مختتمہ 30 ستمبر 2019 میں فی حصص آمدن 28.09 روپے رہی جبکہ گزشتہ سال اسی مدت میں 25.26 روپے تھی-

مستقبل کے امکانات

اس سال کپاس کی فصل کی پیداوار میں کمی ہوئی جو کہ ٹیکسٹائل کے لئے ایک بڑا چیلنج ہے-جس کے نتیجے میں دیگر ممالک کی بہ نسبت خام مال کی قابل ذکر مسابقتی قیمتوں کی وجہ سے دشواری کا سامنا رہے گا اور منافع پر اثر انداز ہوگا-کمپنی کی توانائی کے کاروبار میں سرمایہ کاری سے بھی توقع ہے کہ صحت مند منفعت حاصل ہوگی-

اعتراف

انتظامیہ اس موقع پر بورڈ آف ڈائریکٹرز، نگراں اداروں، حصص یافتگان، گاہکوں، مالیاتی اداروں، سپلائرز کے تعاون اور ملازمین اور مزدوروں کی انتھک محنت اور جدوجہد پر ان کے لئے ستائش ریکارڈ پر لانا چاہتی ہے-

منجانب بورڈ

ندیم عبداللہ	محمد عبداللہ
چیف ایگزیکٹیو	ڈائریکٹر

لاہور
مورخہ: 29 اکتوبر 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	(Un-audited) 30 September 2019	(Audited) 30 June 2019
ASSETS		**(Rupees)**	(Rupees)
NON-CURRENT ASSETS			
Property, plant and equipment	5	**12,559,081,244**	12,679,723,703
Investment property		**31,750,000**	31,750,000
Intangible assets		**283,334**	627,039
Long term investments		**14,397,898,075**	14,256,507,418
Long term loans and advances		**51,655,214**	51,343,927
Long term deposits		**87,909,092**	87,909,092
		27,128,576,959	27,107,861,179
CURRENT ASSETS			
Stores, spares and loose tools		**401,822,176**	393,812,720
Stock in trade		**7,678,475,416**	7,481,967,254
Trade debts		**2,705,053,115**	2,197,892,804
Loans and advances		**219,087,765**	72,388,577
Trade deposits and short term prepayments		**24,036,611**	6,688,684
Other receivables		**1,004,788,741**	921,899,641
Short term investments		**3,724,326,381**	4,030,717,707
Tax refunds due from Government		**2,188,873,325**	1,901,803,432
Cash and bank balances		**91,878,800**	96,759,191
		18,038,342,330	17,103,930,010
TOTAL ASSETS		**45,166,919,289**	44,211,791,189
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (30 June 2019: 35,000,000) ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 (30 June 2019: 20,083,140) ordinary shares of Rs.10 each		**200,831,400**	200,831,400
Reserves		**16,549,815,444**	16,181,248,942
		16,750,646,844	16,382,080,342
NON-CURRENT LIABILITIES			
Long term financing		**11,639,867,504**	12,257,108,436
Deferred liabilities		**523,885,283**	509,584,337
		12,163,752,787	12,766,692,773
CURRENT LIABILITIES			
Trade and other payables		**3,695,200,254**	3,442,588,442
Contract liabilities		**1,027,964,960**	850,602,812
Accrued Interest / mark-up		**328,417,336**	320,423,966
Unclaimed dividend		**1,504,905**	1,795,457
Short term borrowings		**8,175,051,771**	7,797,508,535
Current portion of long term financing		**2,261,978,901**	2,001,251,085
Provision for taxation		**762,401,531**	648,847,777
		16,252,519,658	15,063,018,074
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		**45,166,919,289**	44,211,791,189

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	2018
		(Rupees)	(Rupees)
Net turnover		**9,091,915,090**	8,094,731,881
Cost of sales	**7**	**(7,535,664,806)**	(6,822,970,745)
Gross profit		**1,556,250,284**	1,271,761,136
Distribution cost		**(272,629,917)**	(277,840,861)
Administrative expenses		**(115,779,682)**	(100,697,850)
Other operating expenses		**(57,370,934)**	(42,167,648)
Other income		**169,658,438**	133,446,960
		(276,122,095)	(287,259,399)
Profit from operations		**1,280,128,189**	984,501,737
Finance cost		**(605,642,935)**	(364,317,032)
Profit before taxation		**674,485,254**	620,184,705
Taxation			
Current		**(113,553,754)**	(117,783,815)
Deferred		**3,155,349**	4,857,025
		(110,398,405)	(112,926,790)
Profit after taxation for the period		**564,086,849**	507,257,915
Earnings per share - basic and diluted		**28.09**	25.26

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	30 September	
	2019	2018
	(Rupees)	(Rupees)
Profit after taxation for the period	**564,086,849**	507,257,915
Other comprehensive loss:		
Items to be reclassified to profit or loss in subsequent years:		
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	**24,640,322**	(35,074,636)
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	**-**	17,651,047
	24,640,322	(17,423,589)
Net loss on debt instruments at fair value through other comprehensive income	**(2,050,994)**	-
Unrealized loss on available for sale investments	**-**	(402,165,297)
Items not be reclassified to profit or loss in subsequent years:		
Net loss on equity instruments at fair value through other comprehensive income	**(218,109,675)**	-
Other comprehensive loss for the period	**(195,520,347)**	(419,588,886)
Total comprehensive income for the period	**368,566,502**	87,669,029

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Capital Reserves						Revenue Reserves		
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on available for sale investments	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	Unappropriated profit	Total Equity
	---------- Rupees ----------								
Balance as at 01 July 2018 (Audited)	200,831,400	156,202,200	65,000,000	587,918,606	-	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
Effect of adoption of IFRS 9	-	-	-	(587,918,606)	587,918,606	-	-	-	-
Balance as at 01 July 2018 (restated)	200,831,400	156,202,200	65,000,000	-	587,918,606	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
Total comprehensive income for the quarter ended 30 September 2018									
Profit after taxation for the period	-	-	-	-	-	-	-	507,257,915	507,257,915
Other comprehensive loss for the period	-	-	-	-	(402,165,297)	(17,423,589)	-	-	(419,588,886)
	-	-	-	-	(402,165,297)	(17,423,589)	-	507,257,915	87,669,029
Balance as at 30 September 2018 (Un-audited)	200,831,400	156,202,200	65,000,000	-	185,753,309	227,458	1,330,000,000	14,171,909,864	16,109,924,231
Balance as at 01 July 2019 (Audited)	200,831,400	156,202,200	65,000,000	-	(1,264,743,649)	-	1,330,000,000	15,894,790,391	16,382,080,342
Total comprehensive income for the quarter ended 30 September 2019									
Profit after taxation for the period	-	-	-	-	-	-	-	564,086,849	564,086,849
Other comprehensive (loss) / income for the period	-	-	-	-	(220,160,669)	24,640,322	-	-	(195,520,347)
	-	-	-	-	(220,160,669)	24,640,322	-	564,086,849	368,566,502
Balance as at 30 September 2019 (Un-audited)	200,831,400	156,202,200	65,000,000	-	(1,484,904,318)	24,640,322	1,330,000,000	16,458,877,240	16,750,646,844

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	30 September 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**(Rupees)**	(Rupees)
Cash generated from / (used in) operations	**8**	**977,937,603**	(516,630,806)
Long term loans, advances and deposits		**(311,287)**	(1,989,194)
Finance cost paid		**(596,710,157)**	(357,716,896)
Staff retirement benefits - gratuity paid		**(11,975,831)**	(10,068,368)
Taxes paid		**(335,419,789)**	(172,717,267)
		(944,417,064)	(542,491,725)
Net cash generated from / (used in) operating activities		**33,520,539**	(1,059,122,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(186,384,581)**	(613,590,947)
Investment in subsidiary		**(15,760,000)**	-
Proceeds from disposal of property, plant and equipment		**47,709,580**	2,563,506
Dividend received		**95,294,503**	76,899,032
Interest received		**-**	8,916,604
Rental income received		**-**	67,500
Net cash used in investing activities		**(59,140,498)**	(525,144,305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**368,792,090**	1,736,638,835
Proceeds from long term financing		**21,500,000**	-
Repayment of long term financing		**(378,013,116)**	(136,130,482)
Dividend paid		**(290,552)**	-
Net cash generated from financing activities		**11,988,422**	1,600,508,353
Net (decrease) / increase in cash and cash equivalents		**(13,631,537)**	16,241,517
Cash and cash equivalents at the beginning of the period		**96,759,191**	54,608,611
		83,127,654	70,850,128
Cash and cash equivalents			
Cash and bank balances		**91,878,800**	98,003,670
Book overdraft - unsecured		**(8,751,146)**	(27,153,542)
Cash and cash equivalents at the end of the period		**83,127,654**	70,850,128

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on 11 March 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the Company along with their respective locations:

BUSINESS UNIT	LOCATION
Production Plants	
Spinning	A-17,SITE, Kotri
Spinning	A-84,SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd,Chunian, District Kasur
Spinning	1.5-KM, Warburton Road, Feroze Wattoan,Sheikhupura.
Weaving, processing and Home textile	2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.
Stitching	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.
Registered Office	
Karachi	212, Cotton Exchange Building,I. I. Chundrigar Road, Karachi

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the first quarter ended 30 September 2019 is un-audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 237 of the Act.

2.2 Functional and presentation currency

This condensed interim 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 30 June 2019.

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 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, 2019.

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 30 June 2019.

		Note	(Un-audited) 30 September 2019	(Audited) 30 June 2019
			(Rupees)	(Rupees)
5	**PROPERTY, PLANT AND EQUIPMENT**		**(Rupees)**	(Rupees)
	Operating fixed assets	**5.1**	**12,210,985,049**	12,209,645,502
	Capital work-in-progress	**5.3**	**348,096,195**	470,078,201
			12,559,081,244	12,679,723,703
5.1	**Operating fixed assets**			
	Opening book value		**12,209,645,502**	11,023,834,392
	Cost of additions during the period/year	**5.2**	**308,366,587**	2,581,268,695
	Book value of disposals during the period/year	**5.2**	**(10,686,477)**	(237,218,795)
			297,680,110	2,344,049,900
	Depreciation during the period/year		**(296,340,563)**	(1,158,238,790)
			1,339,547	1,185,811,110
	Closing book value		**12,210,985,049**	12,209,645,502

5.2 The cost of additions and book value of disposals to operating fixed assets during the first quarter ended 30 September 2019 were as follows.

	(Un-Audited) 30 September 2019		(Audited) 30 June 2019	
	Addition Cost	**Disposal Book value**	Addition Cost	Disposal Book value
	---------- Rupees ----------		---------- Rupees ----------	
On Freehold land:				
Factory buildings	**16,216,215**	**-**	781,042,678	-
Labour, staff colony and others	**21,441,378**	**-**	90,622,353	-
Office buildings	**-**	**-**	17,449,500	-
On lease hold land:				
Factory buildings	**-**	**-**	7,268,313	-
Labour, staff colony and others	**-**	**-**	8,888,663	-
Plant & machinery	**184,354,856**	**1,770,152**	1,514,057,567	150,072,334
Electric installations	**11,031,145**	**-**	35,849,684	14,552
Fire Fighting equipment	**-**	**-**	6,567,902	-
Electric equipments	**46,644,905**	**-**	46,244,821	5,192
Computers	**2,961,557**	**65,313**	12,862,294	483,869
Office equipments	**-**	**-**	1,276,298	-
Mills equipments	**5,613,011**	**-**	8,939,703	-
Furniture & fixtures	**18,719,520**	**-**	10,157,249	-
Vehicles	**1,384,000**	**8,851,012**	40,041,670	86,642,848
	308,366,587	**10,686,477**	2,581,268,695	237,218,795

		(Un-audited) 30 September 2019	(Audited) 30 June 2019
5.3	**Capital work-in-progress**	**(Rupees)**	(Rupees)
	Advance for land	**57,000,000**	84,500,000
	Civil works and buildings	**196,943,469**	154,608,429
	Plant and machinery	**91,199,679**	184,923,436
	Electric installations	**2,739,047**	44,904,336
	Computers	**214,000**	642,000
	Advance for vehicles	**-**	500,000
		348,096,195	470,078,201

6 CONTINGENCIES AND COMMITMENTS

Contingencies

6.1	Guarantees issued by banks on behalf of the Company	**677,943,587**	617,943,587

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 30 September 2019, the value of these cheques amounted to Rs.737.549 million (30 June 2019: Rs.720.484 million).

6.3 There is no change in status of the contingencies as disclosed in note 30.3 and 30.4 of the audited annual financial statements of the Company for the year ended 30 June 2019.

	Commitments	Note	(Un-audited) 30 September 2019 (Rupees)	(Audited) 30 June 2019 (Rupees)
	Commitments in respect of confirmed letter of credit	6.4	**2,297,750,059**	1,055,047,702
	Commitments in respect of capital expenditure	6.5	**83,922,395**	128,731,342
			2,381,672,454	1,183,779,044

6.4 Confirmed letter of credit in respect of:

- plant and machinery	**1,112,591,019**	297,630,174
- raw material	**1,167,801,349**	706,206,126
- stores and spares	**17,357,691**	51,211,402
	2,297,750,059	1,055,047,702

6.5 This includes commitments for payments to be made for to various construction companies for the contruction and extention on existing building at multiple plants of the Company.

		Note	(Un-audited) 30 September 2019 (Rupees)	2018 (Rupees)
7	**COST OF SALES**			
	Finished goods - Opening stock		**1,491,189,252**	850,821,494
	Cost of goods manufactured	**7.1**	**7,701,590,703**	7,094,894,065
	Cost of raw material sold		**9,096,695**	7,153,655
			9,201,876,650	7,952,869,214
	Finished goods - Closing stock		**(1,666,211,844)**	(1,129,898,469)
			7,535,664,806	6,822,970,745
7.1	**Cost of Goods Manufactured**			
	Work in process - opening stock		**589,256,549**	478,749,878
	Raw materials consumed		**5,413,060,562**	4,924,029,941
	Overheads		**2,414,241,942**	2,199,710,400
			8,416,559,053	7,602,490,219
	Work in process - closing stock		**(714,968,350)**	(507,596,154)
			7,701,590,703	7,094,894,065
8	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**674,485,254**	620,184,705
	Adjustments for non-cash items:			
	Depreciation on operating fixed assets		**296,340,563**	267,030,078
	Amortization of intangible assets		**343,705**	352,037
	Interest income		**-**	(9,925,768)
	(Gain) / loss on sale of property, plant and equipment		**(1,566,878)**	50,082
	Dividend income		**(142,873,463)**	(114,145,932)
	Provision for gratuity		**29,432,126**	25,311,278
	(Reversal of) / provision for stores, spares and loose tools		**(7,890,212)**	243,633
	Provision against doubtful sales tax refundable		**8,949,896**	-
	Finance cost		**604,703,527**	364,317,032
	Rental income		**(150,000)**	(150,000)
			787,289,264	533,082,440
	Operating cash flow before changes in working capital		**1,461,774,518**	1,153,267,145

	(Un-audited) 30 September 2019 (Rupees)	2018 (Rupees)
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spare and loose tools	**(119,244)**	(12,030,594)
Stock-in-trade	**(196,508,162)**	(1,756,168,954)
Trade debts	**(507,160,311)**	107,911,770
Loans and advances	**(146,699,188)**	(198,037,058)
Trade deposits and short term prepayments	**(17,347,927)**	(18,826,759)
Other receivables	**(45,976,043)**	87,837,292
	(913,810,875)	(1,789,314,303)
Increase in current liabilities		
Trade and other payables	**252,611,812**	119,416,352
Contract liabilities	**177,362,148**	-
	977,937,603	(516,630,806)

9 RELATED PARTY DISCLOSURES

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

	Relationship with the Company	Nature of transactions	(Un-audited) 30 September 2019 (Rupees)	2018 (Rupees)
(i)	**Subsidiaries**	Sales / processing	**467,415,096**	535,927,727
		Equity investment	**15,760,000**	-
		Expenses charged to the Company	**136,888**	110,342
		Markup charged to the Company	**-**	9,925,768
		Rental income	**150,000**	150,000
(ii)	**Associates**	Sales / processing	**556,307,592**	595,582,691
		Purchases	**48,583,682**	124,664,999
		Purchase of electricity / steam	**-**	4,228,916
		Expenses charged to the Company	**11,520,363**	10,498,133
		Expenses charged by the Company	**-**	8,702
		Markup charged by the Company	**13,121,074**	8,159,432
		Dividend received	**42,017,500**	35,796,949
		Loans repaid - net	**48,837,524**	13,186,757
(iii)	**Others**	Contribution to provident fund	**11,613,709**	9,933,781
		Remuneration to key management personnel	**16,779,513**	11,629,893
		Donation	**3,150,000**	-

10 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June 2019 and the Corresponding figures in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended 30 September 2018.

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 29 October 2019.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Contents

Directors' Report (English/Urdu)	18
Statement of Financial Position	20
Statement of Profit or Loss	21
Statement of Comprehensive Income	22
Statement of Changes In Equity	23
Statement of Cash Flows	24
Notes to the Financial Statements	25

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited and Sapphire International APS** it is our pleasure to present Directors' Report with Un-Audited Consolidated Financial Statements for the Quarter ended September 30, 2019.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in November 2015 – the project is operating following best industry practices 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 (Private) Limited is incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir. All the three projects have successfully commenced commercial operation in September, 2018.

Sapphire International APS

Sapphire International APS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Company.

Sapphire Renewables Limited, Sapphire Tech (Private) Limited and Sapphire Solar (Private) Limited

The Company has planned amalgamation of these wholly owned subsidiaries as no business has been materialized.

On behalf of the Board

Lahore
Dated: October 29, 2019

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سیفائر ونڈ پاور کمپنی لمیٹڈ، سیفائر ریٹیل لمیٹڈ، ٹرانکون بوسٹن کونسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائر رینیوایبلز لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ، سیفائر سولر (پرائیویٹ) لمیٹڈ اور سیفائر انٹرنیشنل APS کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ہم غیر آڈٹ شدہ مجموعی مالیاتی گوشوارے برائے سہ ماہی مدت مختتمہ 30 ستمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

سیفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سیفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد ملکیت بینک الفلاح لمیٹڈ کے پاس ہے۔ کمپنی نے 52.80 میگا واٹ گنجائش کا حامل ایک ونڈ فارم قائم کیا ہے جس نے اپنی تجارتی پیداوار کا آغاز نومبر 2015 میں کر دیا تھا، یہ پروجیکٹ بہترین صنعتی طور طریقوں کے مطابق چل رہا ہے اور تسلی بخش نتائج فراہم کر رہا ہے۔

سیفائر ریٹیل لمیٹڈ

سیفائر ریٹیل لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت میں ذیلی کمپنی ہے۔ ذیلی کمپنی کا بنیادی کاروبار ''سیفائر برانڈ'' کے نام سے خوردہ فروشی کے آؤٹ لیٹس چلانا ہے جس میں ٹیکسٹائل اور دیگر مصنوعات فروخت کی جاتی ہیں۔

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کی تشکیل پاکستانی قوانین کے تحت ہوئی اور اس وقت تین پروجیکٹس جھمپیر میں چلا رہی ہے جن میں سے ہر ایک کی گنجائش 50 میگا واٹ ہے۔ تمام پروجیکٹس نے ستمبر 2018 میں کامیابی کے ساتھ تجارتی پیداوار کا آغاز کر دیا ہے۔

سیفائر انٹرنیشنل APS

سیفائر انٹرنیشنل APS ایک لمیٹڈ (محدود ذمہ داری کی حامل) کمپنی ہے جس کی تشکیل ڈنمارک میں ہوئی جس کا مقصد کمپنی کی برآمدات کو مضبوط کرنا ہے۔

سیفائر رینیوایبلز لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ اور سیفائر سولر (پرائیویٹ) لمیٹڈ

کمپنی نے ان تینوں ذیلی کمپنیوں کی ضم کرنے کی منصوبہ بندی کی ہے کیونکہ ان سے کوئی کاروبار نہیں ہو رہا ہے۔

منجانب بورڈ

لاہور	**ندیم عبداللہ**	**محمد عبداللہ**
مورخہ: 29 اکتوبر 2019	**چیف ایگزیکٹیو**	**ڈائریکٹر**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	(Un-audited) 30 September 2019	(Audited) 30 June 2019
ASSETS		**(Rupees)**	(Rupees)
NON-CURRENT ASSETS			
Property, plant and equipment	5	**64,732,406,302**	67,853,221,445
Investment property		**31,750,000**	31,750,000
Intangible assets		**459,483,790**	457,922,727
Long term investments		**5,458,789,401**	5,392,557,086
Long term loans and advances		**51,655,214**	51,343,927
Long term deposits and prepayments		**258,225,297**	255,063,553
		70,992,310,004	74,041,858,738
CURRENT ASSETS			
Stores, spares and loose tools		**647,255,259**	639,876,314
Stock in trade		**9,762,283,497**	9,737,203,625
Trade debts		**9,442,732,830**	5,587,782,714
Loans and advances		**374,651,576**	137,705,316
Trade deposits and short term prepayments		**93,805,940**	58,776,966
Other receivables		**868,329,606**	2,946,182,241
Short term investments		**3,724,326,381**	4,030,717,707
Tax refunds due from Government		**1,868,516,931**	1,762,118,693
Cash and bank balances		**4,859,049,722**	4,414,025,673
		31,640,951,742	29,314,389,249
TOTAL ASSETS		**102,633,261,746**	103,356,247,987
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (30 June 2019: 35,000,000) ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 (30 June 2019: 20,083,140) ordinary shares of Rs.10 each		**200,831,400**	200,831,400
Reserves		**19,811,260,139**	17,938,008,345
Equity attributable to equity holders of the parent		**20,012,091,539**	18,138,839,745
Non-controlling interest		**7,177,521,765**	6,204,799,788
Total Equity		**27,189,613,304**	24,343,639,533
NON-CURRENT LIABILITIES			
Long term financing		**51,623,730,530**	55,768,661,310
Deferred liabilities		**454,458,225**	439,447,411
Liabilities against assets subject to finance lease		**4,844,238**	10,644,971
		52,083,032,993	56,218,753,692
CURRENT LIABILITIES			
Trade and other payables		**5,121,092,551**	5,089,972,393
Contract liabilities		**1,027,964,960**	850,602,812
Accrued Interest / mark-up		**518,929,552**	539,247,498
Unclaimed dividend		**1,504,905**	1,795,457
Short term borrowings		**9,131,413,766**	8,858,241,142
Current portion of long term financing		**6,765,971,611**	6,774,126,398
Current portion of liabilities against assets subject to finance lease		**2,656,752**	3,807,116
Provision for taxation		**791,081,352**	676,061,946
		23,360,615,449	22,793,854,762
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		**102,633,261,746**	103,356,247,987

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	2018
		(Rupees)	(Rupees)
Net turnover		**14,678,459,906**	10,626,351,878
Cost of sales	**7**	**(9,229,038,549)**	(7,547,135,924)
Gross profit		**5,449,421,357**	3,079,215,954
Distribution cost		**(670,200,980)**	(678,224,611)
Administrative expenses		**(196,917,172)**	(189,174,374)
Other operating expenses		**(59,283,027)**	(44,648,276)
Other income		**144,757,767**	146,415,548
		(781,643,412)	(765,631,713)
Profit from operations		**4,667,777,945**	2,313,584,241
Finance cost		**(1,485,620,667)**	(713,021,987)
		3,182,157,278	1,600,562,254
Share of profit of associated companies		**10,942,183**	15,085,400
Profit before taxation		**3,193,099,461**	1,615,647,654
Taxation			
Current		**(126,315,667)**	(125,322,163)
Deferred		**2,445,481**	4,202,421
		(123,870,186)	(121,119,742)
Profit after taxation for the period		**3,069,229,275**	1,494,527,912
Attributable to:			
Equity holders of the parent		**2,096,507,298**	1,131,599,633
Non-controlling interest		**972,721,977**	362,928,279
		3,069,229,275	1,494,527,912
Earnings per share - basic and diluted		**104.39**	56.35

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	30 September	
	2019	2018
	(Rupees)	(Rupees)
Profit after taxation for the period	**3,069,229,275**	1,494,527,912
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	**24,640,322**	(35,074,636)
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	**-**	17,651,047
Unrealised gain on remeasurement of forward foreign	**163,444**	(53,075)
	24,803,766	(17,476,664)
Net loss on debt instruments at fair value through other	**(2,050,994)**	-
Unrealized loss on available for sale investments	**-**	(402,165,297)
Unrealized loss on available for sale investments - associates	**-**	(2,985,357)
Exchange difference on translation of foreign operations	**(25,739,040)**	3,968,229
Items not be reclassified to profit or loss in subsequent periods:		
Net loss on equity instruments at fair value through other	**(218,109,675)**	-
Net loss on equity instruments at fair value through other comprehensive income - associates	**(2,157,860)**	-
Other comprehensive loss for the period	**(223,253,803)**	(418,659,089)
Total comprehensive income for the period	**2,845,975,472**	1,075,868,823
Attributable to:		
Equity holders of the parent	**1,873,253,495**	712,940,544
Non- controlling interest	**972,721,977**	362,928,279
	2,845,975,472	1,075,868,823

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Capital Reserves						Revenue Reserves				
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on available for sale investments	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (loss)/Gain on translation of foreign operation	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	Unappropriated profit	Total	Non-Controlling Interest	Total Equity
	---------- Rupees ----------											
Balance as at 01 July 2018 (Audited)	200,831,400	156,202,200	65,000,000	589,944,100	-	23,454,928	17,804,164	1,330,000,000	14,245,497,876	16,628,634,668	5,082,699,819	21,711,334,487
Effect of adoption of IFRS 9 by parent company	-	-	-	(589,944,100)	589,944,100	-	-	-	-	-	-	-
Balance as at 01 July 2018 (restated)	200,831,400	156,202,200	65,000,000	-	589,944,100	23,454,928	17,804,164	1,330,000,000	14,245,497,876	16,628,634,668	5,082,699,819	21,711,334,487
Total comprehensive income for the quarter ended 30 September 2018												
Profit after taxation for the period	-	-	-	-	-	-	-	-	1,131,599,633	1,131,599,633	362,929,279	1,494,527,912
Other comprehensive (loss) / income for the period	-	-	-	(405,150,654)	-	3,968,229	(17,476,664)	-	-	(418,659,089)	-	(418,659,089)
Share of decrease in reserves of associated companies under equity method	-	-	-	(405,150,654)	-	3,968,229	(17,476,664)	-	1,131,599,633	712,940,544	362,929,279	1,075,868,823
Balance as at 30 September 2018 (Un-audited)	-	-	-	-	-	-	-	-	(1,042,867)	(1,042,867)	-	(1,042,867)
Balance as at 01 July 2019 (Audited)	200,831,400	156,202,200	65,000,000	184,693,446	-	27,423,157	327,500	1,330,000,000	15,376,054,642	17,340,532,345	5,445,628,098	22,786,160,443
Total comprehensive income for the quarter ended 30 September 2019	200,831,400	156,202,200	65,000,000	-	(1,281,758,979)	88,768,725	341,217	1,330,000,000	17,579,455,182	18,139,839,745	6,204,799,788	24,344,639,533
Profit after taxation for the period	-	-	-	-	-	-	-	-	2,096,507,298	2,096,507,298	972,721,977	3,069,229,275
Other comprehensive (loss) / income for the period	-	-	-	-	(222,318,529)	(25,739,040)	24,803,766	-	-	(223,253,803)	-	(223,253,803)
Share of decrease in reserves of associated companies under equity method	-	-	-	-	(222,318,529)	(25,739,040)	24,803,766	-	2,096,507,298	1,873,253,495	972,721,977	2,845,975,472
Balance as at 30 September 2019 (Un-audited)	-	-	-	-	-	-	-	-	(1,701)	(1,701)	-	(1,701)
	200,831,400	156,202,200	65,000,000	-	(1,504,077,508)	63,029,685	25,144,983	1,330,000,000	19,675,960,779	20,012,091,539	7,177,521,765	27,189,613,304

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

Nadeem Abdullah
Chief Executive

Abdul Sattar
Chief Financial Officer

Mohammad Abdullah
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Un-audited)

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	2018
		(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	**3,812,800,154**	3,114,758,682
Long term loans, advances and deposits		**(3,473,031)**	(4,746,304)
Finance cost paid		**(1,489,594,568)**	(676,076,531)
Staff retirement benefits - gratuity paid		**(11,975,831)**	(10,068,368)
Taxes paid		**(166,044,395)**	(131,002,165)
		(1,671,087,825)	(821,893,368)
Net cash generated from operating activities		**2,141,712,329**	2,292,865,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(235,304,883)**	(5,656,351,654)
Purchase of intangibles		**(2,355,730)**	-
Dividend received from associates		**42,017,500**	35,796,950
Investments made		**(15,760,000)**	-
Proceeds from disposal of property, plant and equipment		**58,486,278**	81,699,252
Dividend received		**53,976,767**	41,102,082
Interest received		**16,445,097**	15,738,495
Net cash used in investing activities		**(82,494,971)**	(5,482,014,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**264,421,478**	1,964,285,247
Proceeds from long term financing		**21,500,000**	7,799,500,800
Repayment of long term financing		**(1,901,624,284)**	(161,130,482)
Repayment of finance lease obligation		**(6,951,097)**	(5,881,364)
Dividend paid		**(290,552)**	-
Net cash (used in) / generated from financing activities		**(1,622,944,455)**	9,596,774,201
Net increase in cash and cash equivalents		**436,272,903**	6,407,624,640
Cash and cash equivalents at the beginning of the period		**4,414,025,673**	4,616,880,419
Cash and cash equivalents at the end of the period		**4,850,298,576**	11,024,505,059
Cash and cash equivalents			
Cash and bank balances		**4,859,049,722**	11,051,658,601
Book overdrafts - unsecured		**(8,751,146)**	(27,153,542)
Cash and cash equivalents at the end of the period		**4,850,298,576**	11,024,505,059

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

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on 11 March 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange.

The Holding Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the Holding Company along with their respective locations:

BUSINESS UNIT	LOCATION
Production Plants	
Spinning	A-17,SITE, Kotri
Spinning	A-84,SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumbler Khurd,Chunian, District Kasur
Spinning	1.5-KM, Warburton Road, Feroze Wattoan,Sheikhupura.
Weaving, processing and Home textile	2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.
Stitching	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.
Registered Office	
Karachi	212, Cotton Exchange Building,I. I. Chundrigar Road, Karachi

1.1 The Group consists of:

-Sapphire Textile Mills Limited (the Holding Company)

Subsidiary Companies% of shareholding

(I)	Sapphire Retail Limited (SRL)	100%
(ii)	Sapphire Renewables Limited (SRNL)	100%
(iii)	Sapphire Solar (Private) Limited (SSPL)	100%
(iv)	Sapphire Tech (Private) Limited (STPL)	100%
(v)	Sapphire International ApS	100%
(vi)	Sapphire Wind Power Company Limited (SWPCL)	70%
(vii)	Tricon Boston Consulting Corporation (Private) Limited (TBCL)	57.125%

(i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 11 June 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. SRL 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 through E-store.

(ii) Sapphire Renewables Limited (SRNL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 30 May 2016. The principal objective of SRNL is to invest, manage, operate, run, own and build power projects. Its registered office is situated at 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab, Pakistan.

(iii) Sapphire Solar (Private) Limited (SSPL) is incorporated in Pakistan on 06 March 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principle activity of SSPL is power generation by means of solar energy and other alternative energy sources. Its registered office is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh.

(iv) Sapphire Tech (Private) Limited (STPL) is a private limited company incorporated in Pakistan on 05 November 2013, under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

(v) Sapphire International APS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Group.

(vi) Sapphire Wind Power Company Limited (SWPCL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 27 December 2006. Its registered office is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the it's wind power plant has been set up at Jhimpir, District Thatta, Sindh on land that is leased to the it by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

SWPCL'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.

It has set up a wind power station of 52.80 MW gross capacity at the above mentioned location and achieved Commercial Operations Date ('COD') on November 22, 2015. It has an Energy Purchase Agreement ('EPA') with its sole customer, Central Power Purchasing Agency Guarantee Limited ('CPPAGL') for twenty years which commenced from the COD on 05 May 2017.

(vii) Triconboston Consulting Corporation (Private) Limited (TBCL) was incorporated in Pakistan as a private Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 13 August 2012. It's principle 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. Its registered office is located at 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab.

TBCL has set up three wind power station of each 49.735 MW gross capacity at Deh, Kohistan 7/1 Tapo Jhimpir, Taluka and District Thatta in the province of Sindh. Measuring 3,852 acres. It has achieved Commercial Operations Date ('COD') on August 16, 2018,14 September 2018 and 11 September 2018 by Project A, B and C respectively (collectively defined as 'Projects'). It has also signed three Energy Purchase Agreement ('EPA') with its sole customer for its Projects, Central Power Purchaser Agency (Guarantee) Limited ('CPPA-G') for twenty years which commenced from the COD.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim consolidated financial information of the Group for the first quarter ended 30 September 2019 is un-audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim consolidated financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value, recognition of employee benefits at present value and the financial statements of Sapphire Solar (Private) Limited and Sapphire Tech (Private) Limited have been prepared on an alternative basis i.e. realizable value.

2.3 Functional and presentation currency

This condensed interim consolidated 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 consolidated financial information are the same as those applied in preparation of the consolidated financial statements for the preceding year ended 30 June 2019.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated 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 consolidated financial information are the same as those that were applied to the consolidated financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2019.

		Note	(Un-audited) 30 September 2019	(Audited) 30 June 2019
5	**PROPERTY, PLANT AND EQUIPMENT**		**(Rupees)**	(Rupees)
	Operating fixed assets	**5.1**	**63,879,344,281**	66,878,177,418
	Capital work-in-progress	**5.3**	**783,845,765**	905,827,771
	Major spare parts and stand-by equipment		**69,216,256**	69,216,256
			64,732,406,302	67,853,221,445
5.1	**Operating fixed assets**			
	Opening book value		**66,878,177,418**	23,194,555,400
	Cost of additions during the period / year	**5.2**	**339,838,749**	35,810,587,466
	Exchange (gain) / loss capitalised during the period / year		**(2,263,159,890)**	11,624,833,607
	Book value of disposals during the period / year	**5.2**	**(20,641,443)**	(299,444,061)
			(1,943,962,584)	47,135,977,012
	Depreciation during the period/year		**(1,054,870,553)**	(3,452,354,994)
			(2,998,833,137)	43,683,622,018
	Closing book value		**63,879,344,281**	66,878,177,418

5.2 The cost of additions and book value of disposals to operating fixed assets during the first quarter ended 30 September 2019 were as follows.

	(Un-Audited) 30 September 2019		(Audited) 30 June 2019	
	Addition Cost	**Disposal Book value**	Addition Cost	Disposal Book value
	---------- Rupees		---------- Rupees -------	
On Freehold land:				
Factory buildings	**76,782,262**	**-**	462,077,461	-
Labour, staff colony and others	**21,441,378**	**-**	80,226,232	-
Office buildings	**-**	**-**	17,449,500	-
On lease hold land:				
Factory buildings	**-**	**-**	1,275,552,540	-
Labour, staff colony and others	**-**	**-**	19,284,784	-
Building improvements			186,006,762	16,413,624
Plant & machinery	**139,710,968**	**1,770,152**	33,331,492,197	150,072,334
Electric installations	**11,031,145**	**-**	35,849,684	14,552
Fire Fighting equipment	**-**	**-**	6,567,902	-
Electric equipments	**47,249,510**	**-**	164,230,339	10,940,210
Computers	**8,070,755**	**385,514**	43,941,807	1,358,565
Office equipments	**-**	**-**	3,513,271	25,304
Mills equipments	**5,613,011**	**-**	8,939,703	-
Furniture & fixtures	**28,555,720**	**-**	106,831,761	1,142,745
Vehicles - owned	**1,384,000**	**11,089,139**	58,116,623	87,806,738
Vehicles - leased	**-**	**7,396,638**	10,506,900	31,669,989
	339,838,749	**20,641,443**	35,810,587,466	299,444,061

5.3 Capital work-in-progress

	(Un-audited) 30 September 2019	(Audited) 30 June 2019
	(Rupees)	(Rupees)
Advance for land	**57,000,000**	84,500,000
Freehold land and building	**435,749,570**	435,749,570
Civil works and buildings	**196,943,469**	154,608,429
Plant and machinery	**91,199,679**	184,923,436
Electric installations	**2,739,047**	44,904,336
Computers	**214,000**	642,000
Advance for vehicles	**-**	500,000
	783,845,765	905,827,771

		(Un-audited) 30 September 2019	(Audited) 30 June 2019
		(Rupees)	(Rupees)
6	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
	Guarantees issued by banks on behalf of the Group	**682,503,587**	624,093,587

6.1 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 30 September 2019 the value of these cheques amounted to Rs737.549 million (30 June 2019: Rs.720.484 million).

6.2 There is no change in status of the contingencies as disclosed in note 32.3 to 32.5, 32.7 to 32.11 of the audited annual consolidated financial statements of the Group for the year ended 30 June 2019.

Commitments	**Note**	(Un-audited) 30 September 2019	(Audited) 30 June 2019
		(Rupees)	(Rupees)
Commitments in respect of confirmed letter of credit		**2,683,750,059**	1,441,047,702
Commitments in respect of capital expenditure		**83,922,395**	128,731,342
		2,767,672,454	1,569,779,044
Confirmed letter of credit in respect of:			
- plant and machinery		**1,112,591,019**	297,630,174
- raw material		**1,553,801,349**	1,092,206,126
- stores and spares		**17,357,691**	51,211,402
		2,683,750,059	1,441,047,702

This includes commitments for payments to be made for to various construction companies for the construction and extension on existing building at multiple plants of the Holding Company.

		(Un-audited) 30 September 2019	2018
		(Rupees)	(Rupees)
7	**COST OF SALES**		
Finished goods - Opening stock		**2,230,290,145**	1,267,695,380
Cost of goods manufactured	**7.1**	**9,590,390,185**	8,370,660,051
Finished goods - Closing stock		**(2,670,162,784)**	(2,127,222,785)
Cost of sales and services owned manufactured		**9,150,517,546**	7,511,132,646
Cost of raw material sold		**9,096,695**	7,153,655
Cost of sales and services - purchased for resale		**69,424,308**	28,849,623
		9,229,038,549	7,547,135,924
7.1	**Cost of Goods Manufactured**		
Work in process - opening stock		**1,705,135,329**	1,686,535,501
Raw materials consumed		**5,239,888,020**	4,983,360,311
Overheads		**4,141,506,045**	3,518,554,897
		11,086,529,394	10,188,450,709
Work in process - closing stock		**(1,496,139,209)**	(1,817,790,658)
		9,590,390,185	8,370,660,051

		(Un-audited) 30 September 2019	2018
		(Rupees)	(Rupees)
8	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation and share of profit of associates	**3,182,157,278**	1,600,562,254
	Adjustments for non-cash items:		
	Depreciation on operating fixed assets	**1,054,870,553**	653,639,482
	Amortization of intangible assets	**794,668**	1,904,089
	Interest income	**(16,445,097)**	(15,738,495)
	(Gain) / loss on sale of property, plant and equipment	**(2,388,610)**	32,028
	Dividend income	**(100,855,963)**	(83,718,525)
	Provision for gratuity	**29,432,126**	25,311,278
	(Reversal of) / provision for stores, spares and loose tools	**(7,890,212)**	243,633
	Amortization of transaction cost	**15,404,637**	8,530,431
	Provision against doubtful sales tax refundable	**8,949,896**	-
	Finance cost	**1,469,276,622**	704,491,556
		2,451,148,620	1,294,695,477
	Operating cash flow before changes in working capital	**5,633,305,898**	2,895,257,731
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spare and loose tools	**8,401,479**	(16,995,020)
	Stock-in-trade	**(25,079,872)**	(2,466,159,430)
	Trade debts	**(3,854,950,116)**	(619,128,983)
	Loans and advances	**(236,946,260)**	(259,600,113)
	Trade deposits and short term prepayments	**(35,028,974)**	(119,004,420)
	Other receivables	**2,114,615,693**	14,620,906
		(2,028,988,050)	(3,466,267,060)
	Increase in current liabilities		
	Trade and other payables	**31,120,158**	3,685,768,011
	Contract liabilities	**177,362,148**	-
		3,812,800,154	3,114,758,682

9 RELATED PARTY DISCLOSURES

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

	Relationship with the Company	Nature of transactions	(Un-audited) 30 September 2019	2018
			(Rupees)	(Rupees)
(i)	**Associates**	Sales / processing	**556,307,592**	595,582,691
		Purchases	**48,583,682**	124,664,999
		Purchase of electricity / steam	**-**	4,228,916
		Expenses charged to the Company	**11,520,363**	10,498,133
		Expenses charged by the Company	**-**	8,702
		Mark-up charged by the Company	**13,121,074**	8,159,432
		Dividend received	**42,017,500**	35,796,949
		Loans obtained net	**48,837,524**	13,186,757
(ii)	**Others**	Contribution to provident fund	**13,046,524**	11,035,200
		Remuneration to key management personnel	**42,092,308**	75,402,545
		Donation	**3,150,000**	-

10 SEGMENT ANALYSIS

10.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	---------- Rupees ----------				
For the first quarter ended 30 September 2019					
Revenue - external customers	**4,066,851,772**	**2,697,304,215**	**3,473,398,303**	**4,440,905,616**	**14,678,459,906**
Inter - segment sales	**1,118,797,250**	**521,375,134**	**409,125,938**	**-**	**2,049,298,322**
Segment results	**454,931,783**	**451,760,550**	**394,575,178**	**3,281,035,694**	**4,582,303,205**
For the first quarter ended 30 September 2018					
Revenue - external customers	3,627,761,737	2,177,010,843	2,905,431,529	1,916,147,769	10,626,351,878
Inter - segment sales	1,100,432,238	373,847,819	246,669,991	-	1,720,950,048
Segment results	477,048,298	285,128,737	93,429,801	1,356,210,133	2,211,816,969

Reconciliation of operating results with profit after tax is as follows:	**(Un-audited) 30 September 2019** (Rupees)	2018 (Rupees)
Total results for reportable segments	**4,582,303,205**	2,211,816,969
Other operating expenses	**(59,283,027)**	(44,648,276)
Other income	**144,757,767**	146,415,548
Finance cost	**(1,485,620,667)**	(713,021,987)
Share of profit of associated companies	**10,942,183**	15,085,400
Profit before taxation	**3,193,099,461**	1,615,647,654
Taxation	**(123,870,186)**	(121,119,742)
Profit for the period	**3,069,229,275**	1,494,527,912

10.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	---------- Rupees ----------				
As at 30 September 2019 (Un-audited)					
Segment assets	**11,937,230,721**	**4,454,314,413**	**10,631,847,459**	**63,198,673,040**	**90,222,065,633**
Segment Liabilities	**20,756,662,445**	**2,797,582,999**	**6,402,167,393**	**43,959,749,183**	**73,916,162,019**
As at 30 June 2019 (Audited)					
Segment assets	11,820,053,480	4,594,319,755	10,011,348,139	62,309,278,158	88,734,999,532
Segment Liabilities	20,631,414,203	2,626,065,688	6,264,377,710	48,031,280,061	77,553,137,662

Reconciliation of segment assets and liabilities with total assets and liabilities in the condensed interim consolidated statement of financial position is as follows:	**(Un-audited) 30 September 2019** (Rupees)	(Audited) 30 June 2019 (Rupees)
Total for reportable segments assets	**90,222,065,633**	88,734,999,532
Unallocated assets	**12,411,196,113**	14,621,248,455
Total assets as per statement of financial position	**102,633,261,746**	103,356,247,987
Total for reportable segments liabilities	**73,916,162,019**	77,553,137,662
Unallocated liabilities	**1,527,486,423**	1,459,470,792
Total liabilities as per statement of financial position	**75,443,648,442**	79,012,608,454

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim consolidated statement of financial position comprise of balances as per the annual audited consolidated financial statements of the Company for the year ended 30 June 2019 and the Corresponding figures in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended 30 September 2018.

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

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on 29 October 2019.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director