SAPPHIRE TEXTILE MILLS LIMITED

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Company Profile

BOARD OF DIRECTORS

CHAIRMAN	:	MR. MOHAMMAD ABDULLAH
CHIEF EXECUTIVE	:	MR. NADEEM ABDULLAH
DIRECTOR	:	MR. AMER ABDULLAH
		MR. YOUSUF ABDULLAH
		MR. NABEEL ABDULLAH
		MR. SHAYAN ABDULLAH
		MR. MOHAMMAD YOUNUS
		MR. SHAHID ABDULLAH

AUDIT COMMITTEE

CHAIRMAN	:	MR. YOUSUF ABDULLAH
MEMBER	:	MR. NABEEL ABDULLAH
MEMBER	:	MR. SHAYAN ABDULLAH

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN	:	MR. AMER ABDULLAH
MEMBER	:	MR. NABEEL ABDULLAH
MEMBER	:	MR. MOHAMMAD YOUNUS

CHIEF FINANCIAL OFFICER	:	MR. ABDUL SATTAR
SECRETARY	:	MR. ZEESHAN
AUDITORS	:	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANT	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
TAX CONSULTANTS	:	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	A. K. BROHI & COMPANY
BANKERS	:	ALLIED BANK LIMITED HABIB BANK LIMITED STANDARD CHARTERED BANK (PAKISTAN) LIMITED UNITED BANK LIMITED MCB BANK LIMITED CITIBANK N.A.
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 WATWAN BHOPATTIAN, LAHORE.

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Directors' Report
to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the Quarter ended September 30, 2013.

FINANCIAL HIGHLIGHTS

	Quarter Ended September 30	
	2013	2012
	Rupees in thousand	
Sales & Services	**6,935,190**	5,665,712
Gross Profit	**908,929**	768,069
Other Income	**253,801**	79,944
Profit before taxation	**625,512**	400,622
Taxation		
- Current	**(54,266)**	(3,503)
- Deferred	**(39,999)**	(21,579)
	(94,265)	(25,082)
Profit after taxation	**531,247**	375,540

REVIEW OF OPERATIONS

The profit before tax for the first quarter of the current financial year was Rs. 625.512 million compared to Rs. 400.622 million in the corresponding period of previous year. During this period other income increased to Rs. 253.801 million from 79.944 million in the previous corresponding period. The gross profit slipped to 13.10% from 13.55%. Profit after tax increased from Rs.375.540 million to Rs.531.247 million.

EARNINGS PER SHARE

The earnings per share for the first quarter ended September 30, 2013 is Rs. 26.45 as compared to Rs. 18.70 for previous year's corresponding period.

SUBSIDIARY COMPANY

The members of company have approved in AGM held on October 29, 2013 to acquire 100% Share Capital of an associated company, Sapphire Solar (Pvt.) limited. The company had obtained an LOI from Alternative Energy Development Board to set up an IPP of 10 MW.

FUTURE PROSPECTS

The current year is faced with challenges as the high raw material prices are not being absorbed by the market. In addition recent hikes in power rates, gas rates as well as other costs have tremendously increased cost of production, which are making our goods uncompetitive in the international market. The management is however trying to control its cost.

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

NADEEM ABDULLAH
CHIEF EXECUTIVE

Karachi
Dated: October 30, 2013

Condensed Interim Balance Sheet

AS AT SEPTEMBER 30, 2013

	Note	(Un-audited) September 30, 2013	(Audited) (Restated) June 30, 2013
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**5,997,767,729**	5,773,038,211
Investment property		**164,136,997**	164,424,860
Intangible assets		**4,882,280**	5,572,830
Long term investments		**3,947,338,973**	3,593,058,918
Long term loans and advances		**50,995,001**	43,443,630
Long term deposits		**59,140,454**	58,874,594
		10,224,261,434	9,638,413,043
CURRENT ASSETS			
Stores, spares and loose tools		**284,423,805**	228,908,839
Stock-in-trade		**4,246,191,154**	4,908,046,675
Trade debts		**1,740,026,688**	1,710,499,789
Loans and advances		**438,508,723**	175,007,817
Trade deposits and short term prepayments		**27,522,011**	6,646,973
Other receivables		**144,032,610**	79,063,838
Other financial assets		**1,695,303,463**	1,457,039,126
Tax refunds due from Government		**631,815,976**	535,065,386
Cash and bank balances		**132,206,439**	103,436,686
		9,340,030,869	9,203,715,129
TOTAL ASSETS		**19,564,292,303**	18,842,128,172
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		**11,836,077,911**	11,197,493,502
		12,036,909,311	11,398,324,902
NON-CURRENT LIABILITIES			
Long term financing		**913,648,965**	1,001,498,908
Deferred liabilities	6	**311,170,575**	253,818,372
		1,224,819,540	1,255,317,280
CURRENT LIABILITIES			
Trade and other payables		**2,185,060,825**	1,496,888,582
Accrued Interest / mark-up		**48,823,218**	68,192,565
Short term borrowings		**3,452,982,131**	4,057,673,933
Current portion of long term financing		**364,907,509**	369,206,566
Provision for taxation		**250,789,769**	196,524,344
		6,302,563,452	6,188,485,990
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		**19,564,292,303**	18,842,128,172

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Condensed Interim Profit And Loss Account (Un-audited)

for the first quarter ended September 30, 2013

	Note	September 30, 2013	2012
		---------- Rupees ----------	
Sales and services		**6,935,189,538**	5,665,711,915
Cost of sales and services	**8**	**(6,026,260,792)**	(4,897,643,027)
Gross profit		**908,928,746**	768,068,888
Distribution cost		**(277,748,301)**	(230,262,308)
Administrative expenses		**(59,676,898)**	(50,065,233)
Other operating expenses		**(47,624,133)**	(35,353,858)
Other income		**253,800,663**	79,944,266
		(131,248,669)	(235,737,133)
Profit from operations		**777,680,077**	532,331,755
Finance cost		**(152,168,181)**	(131,709,044)
Profit before taxation		**625,511,896**	400,622,711
Taxation			
Current		**(54,265,425)**	(3,503,361)
Deferred		**(39,999,005)**	(21,579,177)
		(94,264,430)	(25,082,538)
Profit for the period after taxation		**531,247,466**	375,540,173
Earnings per share - basic and diluted		**26.45**	18.70

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Condensed Interim Statement Of Comprehensive Income (Un-audited)

for the first quarter ended September 30, 2013

	September 30, 2013	2012
	---------- Rupees ----------	
Profit for the period after taxation	**531,247,466**	375,540,173
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized gain on remeasurement of available for sale investments	**220,137,152**	213,482,871
Reclassification adjustments relating to gain realized on disposal of available for sale investments	**(89,776,748)**	-
	130,360,404	213,482,871
Forward foreign currency contracts		
Unrealized loss on remeasurement of forward foreign currency contracts	**(25,369,326)**	(7,695,270)
Reclassification adjustments relating to gain realized on settlement of foreign currency contracts	**2,345,865**	26,899,054
	(23,023,461)	19,203,784
Other comprehensive income for the period	**107,336,943**	232,686,655
Total comprehensive income for the period	**638,584,409**	608,226,828

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended September 30, 2013

	Note	September 30, 2013	2012
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	**1,654,892,753**	1,182,506,043
Long term loans and deposits		**(7,817,231)**	(8,278,828)
Finance cost paid		**(171,537,528)**	(137,287,792)
Staff retirement benefits - gratuity paid		**(8,596,802)**	(3,917,935)
Taxes paid		**(96,750,590)**	(41,028,313)
		(284,702,151)	(190,512,868)
Net cash generated from operating activities		**1,370,190,602**	991,993,175
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(364,550,953)**	(229,717,114)
Investment in associated undertakings / subsidiaries		**(95,000,000)**	(79,200,000)
Investment others		**(669,445,418)**	(26,976,153)
Proceeds from disposal of property, plant and equipment		**6,124,010**	25,431,012
Proceeds from sale of investments		**412,061,133**	-
Proceeds from derivative financial instruments		**(48,281)**	(253,201)
Dividend received		**62,975,275**	15,115,085
Profit received		**60,768**	60,937
Rental income received		**3,463,500**	3,558,000
Net cash used in investing activities		**(644,359,966)**	(291,981,434)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**(597,603,328)**	(666,586,270)
Repayment of long term financing		**(92,149,000)**	(52,541,875)
Dividend paid		**(220,081)**	-
Net cash used in financing activities		**(689,972,409)**	(719,128,145)
Net increase / (decrease) in cash and cash equivalents		**35,858,227**	(19,116,404)
Cash and cash equivalents at the beginning of the period		**93,961,019**	75,487,220
Cash and cash equivalents at the end of the period		**129,819,246**	56,370,816
Cash and cash equivalents			
Cash and bank balances		**132,206,439**	56,814,804
Temporary overdraft - unsecured		**(2,387,193)**	(443,988)
Cash and cash equivalents at the end of the period		**129,819,246**	56,370,816

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Condensed Interim Statement Of Changes In Equity

for the first quarter ended September 30, 2013

	Share Capital	Reserves					Other Components of equity			Total Equity
		Capital	Revenue			SUB TOTAL	Unrealized gain / (loss)		SUB TOTAL	
		Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit		On available for sale investments	On forward foreign exchange contracts		
	Rupees									
Balance as at July 01, 2012 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	5,266,230,588	6,817,432,788	1,335,756,184	(26,899,054)	1,308,857,130	8,327,121,318
Effect of change in accounting policy with respect to accounting for recognition of actuarial gains on staff retirement benefits - net of tax (note 3)	-	-	-	-	3,776,130	3,776,130	-	-	-	3,776,130
Balance as at July 01, 2012 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	5,270,006,718	6,821,208,918	1,335,756,184	(26,899,054)	1,308,857,130	8,330,897,448
Total comprehensive income for the quarter ended September 30, 2012										
Profit after taxation	-	-	-	-	375,540,173	375,540,173	-	-	-	375,540,173
Other comprehensive income	-	-	-	-	-	-	213,482,871	19,203,784	232,686,655	232,686,655
	-	-	-	-	375,540,173	375,540,173	213,482,871	19,203,784	232,686,655	608,226,828
Balance as at September 30, 2012 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	5,645,546,891	7,196,749,091	1,549,239,055	(7,695,270)	1,541,543,785	8,939,124,276
Balance as at July 01, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,061,284,695	8,612,486,895	2,596,147,865	2,345,865	2,598,493,730	11,411,812,025
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on staff retirement benefits - net of tax (note 3)	-	-	-	-	(13,487,123)	(13,487,123)	-	-	-	(13,487,123)
Balance as at July 01, 2013 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	7,047,797,572	8,598,999,772	2,596,147,865	2,345,865	2,598,493,730	11,398,324,902
Total comprehensive income for the quarter ended September 30, 2013										
Profit after taxation	-	-	-	-	531,247,466	531,247,466	-	-	-	531,247,466
Other comprehensive income	-	-	-	-	-	-	130,360,404	(23,023,461)	107,336,943	107,336,943
	-	-	-	-	531,247,466	531,247,466	130,360,404	(23,023,461)	107,336,943	638,584,409
Balance as at September 30, 2013 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,579,045,038	9,130,247,238	2,726,508,269	(20,677,596)	2,705,830,673	12,036,909,311

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

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 Karachi 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 and processing of fabrics.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the first quarter ended September 30, 2013 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended June 30, 2013.

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

2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013 except as described below:

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of remeasurements stands amended as follows:

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

Impact on Balance Sheet	June 30, 2013 Rupees	June 30, 2012 Rupees
Increase / (decrease) in staff retirement benefits	14,387,707	(4,073,539)
(Decrease) / increase in deferred taxation liability	(900,584)	297,409
Decrease / (increase) in reserves	13,487,123	(3,776,130)
Decrease / (increase) in unappropriated profit		
Cumulative effect from prior years		(3,776,130)
Impact for the year ended June 30, 2013	17,263,253	

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this 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 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, 2013.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

5 PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		---------- Rupees ----------	
Operating fixed assets		**5,626,940,257**	5,416,477,867
Capital work-in-progress	**5.2**	**370,827,472**	356,560,344
		5,997,767,729	5,773,038,211

5.1 The cost of additions and disposals to operating fixed assets during the first quarter ended September 30, 2013 were as follows.

	(Un-audited) September 30, 2013		(Audited) June 30, 2013	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	---------- Rupees ----------		---------- Rupees ----------	
Land:				
Freehold	**19,027,000**	**-**	-	20,907,438
Lease hold	**-**	**-**	52,314,759	-
On Freehold land:				
Factory buildings	**68,464,702**	**-**	47,710,080	-
Labour, staff colony and others	**25,102,654**	**-**	-	-
Office building	**-**	**-**	184,200,855	-
On Leasehold land:				
Factory buildings	**30,531,650**	-	-	-
Labour, staff colony and others	**-**	**-**	7,956,241	-
Leased building improvements	**-**	**-**	1,889,722	-
Plant & machinery	**199,819,985**	**18,021,690**	774,122,750	96,863,975
Electric installations	**154,984**	**-**	122,764,521	-
Fire Fighting equipment	**1,950,621**	**-**	286,910	-
Electric equipments	**52,229**	**-**	639,000	311,850
Computers	**398,500**	**-**	8,441,222	113,793
Office equipments	**-**	**-**	801,250	-
Mills equipments	**-**	**-**	4,360,525	-
Furniture & fixtures	**-**	**-**	2,797,703	255,674
Vehicles	**4,781,500**	**4,292,534**	35,627,583	18,435,894
	350,283,825	**22,314,224**	1,243,913,121	136,888,624

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
5.2	**Capital work-in-progress**	---------- **Rupees** ----------	
	Advance for Land	**26,019,802**	24,619,802
	Civil works and Buildings	**208,235,665**	230,850,196
	Plant and machinery	**127,568,238**	93,004,666
	Electric installations	**6,761,287**	3,518,800
	Fire fighting equipment	**1,994,720**	1,994,720
	Office equipments	**217,760**	217,760
	Mills equipments	**30,000**	30,000
	Furniture & Fixtures	**-**	2,324,400
		370,827,472	356,560,344

		(Un-audited) September 30, 2013	(Audited) (Restated) June 30, 2013
6	**DEFERRED LIABILITIES**	---------- **Rupees** ----------	
	Deferred taxation	**102,085,628**	62,086,623
	Staff retirement benefits - gratuity	**209,084,947**	191,731,749
		311,170,575	253,818,372

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
7	**CONTINGENCIES AND COMMITMENTS**	---------- Rupees ----------	
	Contingencies		
7.1	Guarantees issued by banks on behalf of the Company	**234,237,767**	234,237,767

7.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at September 30, 2013, the value of these cheques amounted to Rs.41.842 million (June 30, 2013: Rs.50.139 million).

7.3 There is no change in status of the contingencies as disclosed in notes from 28.3 to 28.7 of the audited annual financial statements of the Company for the year ended June 30, 2013.

	Commitments		
7.4	Confirmed letter of credit in respect of:		
	- plant and machinery	**1,480,205,856**	1,030,756,555
	- raw material	**22,437,213**	51,660,249
	- stores and spares	**36,849,421**	16,782,566
		1,539,492,490	1,099,199,370

		September 30, 2013	2012
8	**COST OF SALES AND SERVICES**	---------- Rupees ----------	
	Finished goods - Opening stock	**863,499,963**	595,840,946
	Cost of goods manufactured	**5,927,448,930**	4,885,521,704
		6,790,948,893	5,481,362,650
	Finished goods - Closing stock	**(764,688,101)**	(583,719,623)
		6,026,260,792	4,897,643,027
	Cost of Goods Manufactured		
	Work in process - opening stock	**347,731,791**	325,046,975
	Raw materials consumed	**4,434,132,243**	3,612,691,235
	Cost of raw material sold	**18,341,529**	51,114,640
	Overheads	**1,505,023,165**	1,208,237,723
		6,305,228,728	5,197,090,573
	Work in process - closing stock	**(377,779,798)**	(311,568,869)
		5,927,448,930	4,885,521,704

		September 30, 2013	2012
		---------- Rupees ----------	
9	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	**625,511,896**	400,622,711
	Adjustments for non-cash charges and other items:		
	Depreciation	**135,352,261**	119,410,389
	Depreciation on investment property	**287,863**	319,848
	Gain on sale of investments	**(103,117,703)**	-
	Amortization of intangible assets	**690,550**	690,549
	Gain on sale of property, plant and equipment	**(1,654,836)**	(2,588,694)
	Dividend income	**(131,359,623)**	(69,156,269)
	Provision for gratuity	**25,950,000**	15,943,500
	Provision for doubtful debts	**3,000,000**	3,000,000
	Exchange differences	**(6,682,000)**	(828,200)
	Realized gain on measurement of derivative financial instrument	**48,281**	253,201
	Finance cost	**152,168,181**	131,709,044
	Profit on saving account	**(60,768)**	(60,937)
	Rental income	**(3,463,500)**	(3,463,500)
		71,158,706	195,228,931
	Operating cash flow before changes in working capital	**696,670,602**	595,851,642
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spares and loose tools	**(55,514,966)**	(20,423,550)
	Stock-in-trade	**661,855,521**	455,092,008
	Trade debts	**(32,526,899)**	(212,870,454)
	Loans and advances	**(263,500,906)**	(191,593,982)
	Trade deposits and short term prepayments	**(20,875,038)**	(20,619,704)
	Other receivables	**1,069,711**	(2,726,177)
		290,507,423	6,858,141
	Increase in current liabilities		
	Trade and other payables	**667,714,728**	579,796,260
		1,654,892,753	1,182,506,043

10 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:

Subsidiaries:		
Sales	**-**	28,165,209
Share deposit money	**95,000,000**	19,200,000
Shares received	**127,020,000**	-
Expenses charged to	**4,106,201**	1,365,686
Associates:		
Sales	**323,206,021**	395,491,141
Purchases	**147,050,799**	113,479,582
Electricity purchased	**66,197,875**	87,596,699
Expenses charged to	**3,349,702**	3,506,542
Shares deposit money	**-**	60,000,000
Shares received	**-**	100,000,000
Other related parties:		
Donations	**2,150,000**	400,000
Contribution to provident fund	**2,903,884**	2,064,253
Remuneration to key management personnel	**51,530,788**	47,704,144

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2013 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended September 30, 2012.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. For the purpose of implementation of IAS-19 - Employee benefits (revise in June 2011), certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarized in note 3. Significant reclassification includes following:

Re-classification from component	Re-classification to component	Note	Rupees
Goods purchased - Cotton purchases	Cost of raw material sold	8	51,114,640
Finance cost	Other operating expenses		253,201

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 30, 2013.

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Accounts

Sapphire Textile Mills Limited and its subsidiaries

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Directors' Report
to the Shareholders

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited** and **Sapphire Home Incorporation,** it is my pleasure to present Directors' report with the un-audited Consolidated Financial Statements of the Group for the quarter ended September 30, 2013.

SAPPHIRE WIND POWER COMPANY LIMITED

The Company obtained a LOI for developing a 50 MW wind farm at Jhumpir and was allocated 1372 acres of land for the purpose by AEDB. Wind resource assessment and detailed project feasibility were completed and approved by AEDB. The Company followed a tendering process following which GE wind turbines had been selected; SWPCL has signed an EPC contract with Hydrochina Corporation, China and a 10 years O&M contract with GE. The company has signed a Letter of Commitment with Overseas Private Investment Corporation (OPIC), USA under which OPIC has committed to finance 100% debt for the project up to US$ 95 million. The company has applied for Upfront Tariff and NEPRA's determination of the same is expected shortly; negotiations of the concession documents are also at an advanced stage. SWPCL team is actively engaged with all stakeholders and aim to achieve financial close shortly.

SAPPHIRE HOME INCORPORATION

Sapphire Home Incorporation is 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.

On behalf of the Board

NADEEM ABDULLAH
CHIEF EXECUTIVE

Karachi
Dated: October 30, 2013

Consolidated Condensed Interim Balance Sheet

AS AT SEPTEMBER 30, 2013

	Note	(Un-audited) September 30, 2013	(Audited) (Restated) June 30, 2013
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**6,110,643,458**	5,873,220,775
Investment property		**164,136,997**	164,424,860
Intangible assets		**4,882,280**	5,572,830
Long term investments		**3,960,913,304**	3,696,798,731
Long term loans and advances		**50,995,001**	43,443,630
Long term deposits		**59,140,454**	58,874,594
		10,350,711,494	9,842,335,420
CURRENT ASSETS			
Stores, spares and loose tools		**284,423,805**	228,908,839
Stock-in-trade		**4,246,191,154**	4,908,046,675
Trade debts		**1,740,026,688**	1,710,499,789
Loans and advances		**446,331,823**	182,730,917
Trade deposits and short term prepayments		**27,522,011**	6,646,973
Other receivables		**143,945,217**	66,075,720
Other financial assets		**1,695,303,463**	1,457,039,126
Tax refunds due from Government		**631,992,708**	535,114,113
Cash and bank balances		**143,044,708**	109,763,176
		9,358,781,577	9,204,825,328
TOTAL ASSETS		**19,709,493,071**	19,047,160,748
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		**11,968,554,113**	11,394,836,104
		12,169,385,513	11,595,667,504
NON-CURRENT LIABILITIES			
Long term financing		**913,648,965**	1,001,498,908
Deferred liabilities	6	**315,655,306**	257,953,322
		1,229,304,271	1,259,452,230
CURRENT LIABILITIES			
Trade and other payables		**2,193,300,660**	1,500,443,606
Accrued Interest / mark-up		**48,823,218**	68,192,565
Short term borrowings		**3,452,982,131**	4,057,673,933
Current portion of long term financing		**364,907,509**	369,206,566
Provision for taxation		**250,789,769**	196,524,344
		6,310,803,287	6,192,041,014
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		**19,709,493,071**	19,047,160,748

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Profit And Loss Account (un-audited)

for the first quarter ended September 30, 2013

	Note	September 30, 2013	2012
		---------- Rupees ----------	
Sales and services		**6,935,189,538**	5,645,823,477
Cost of sales and services	**8**	**(6,026,260,792)**	(4,881,205,061)
Gross profit		**908,928,746**	764,618,416
Distribution cost		**(277,800,308)**	(230,647,143)
Administrative expenses		**(127,878,785)**	(51,893,282)
Other operating expenses		**(49,029,373)**	(35,353,858)
Other income		**235,733,663**	79,939,266
		(218,974,803)	(237,955,017)
Profit from operations		**689,953,943**	526,663,399
Finance cost		**(152,168,181)**	(131,709,044)
		537,785,762	394,954,355
Share of profit of associated companies		**24,826,401**	6,790,010
Profit before taxation		**562,612,163**	401,744,365
Taxation			
Current		**(54,265,425)**	(3,522,211)
Deferred		**(40,348,786)**	(21,799,497)
		(94,614,211)	(25,321,708)
Profit after taxation for the period		**467,997,952**	376,422,657
Earnings per share - basic and diluted		**23.30**	18.74

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Statement Of Comprehensive Income (Un-audited)

for the first quarter ended September 30, 2013

	September 30, 2013	2012
	---------- Rupees ----------	
Profit after taxation for the period	**467,997,952**	376,422,657
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized gain on remeasurement of available for sale investments	**220,137,152**	213,482,871
Reclassification adjustments relating to gain realized on disposal of available for sale investments	**(89,776,748)**	-
Unrealized gain / (loss) on remeasurement of available for sale investments - associates	**53,868**	(25,920)
	130,414,272	213,456,951
Forward foreign currency contracts		
Unrealized loss on remeasurement of forward foreign currency contracts	**(25,369,326)**	(7,695,270)
Reclassification adjustments relating to gain realized on settlement of foreign currency contracts	**2,345,865**	26,899,054
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts - associates	**(57,059)**	45,694
	(23,080,520)	19,249,478
Exchange difference on translating foreign operation	**307,997**	39,951
Items that may not be reclassified subsequently to profit and loss		
Shares of (decrease) / increase in reserves of associated companies under equity method	**(1,921,692)**	6,289,737
Other comprehensive income for the period	**105,720,057**	239,036,117
Total comprehensive income for the period	**573,718,009**	615,458,774

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Cash Flow Statement (Un-audited)

for the first quarter ended September 30, 2013

	Note	September 30, 2013	2012
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	**1,578,013,875**	1,163,051,120
Long term loans and deposits		**(7,817,231)**	(8,278,828)
Finance cost paid		**(171,537,528)**	(137,287,792)
Staff retirement benefits - gratuity paid		**(8,596,802)**	(3,917,935)
Taxes paid		**(96,878,595)**	(41,054,825)
		(284,830,156)	(190,539,380)
Net cash generated from operating activities		**1,293,183,719**	972,511,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(377,290,288)**	(247,185,936)
Investment in associated undertakings		**18,000,000**	(60,000,000)
Investment others		**(669,445,418)**	(26,976,153)
Proceeds from disposal of property, plant and equipment		**6,124,010**	25,431,012
Proceeds from sale of investments		**412,061,133**	-
Proceeds from derivative financial instruments		**(48,281)**	(253,201)
Dividend received		**44,975,275**	15,115,085
Profit received		**60,768**	60,937
Rental income received		**2,413,500**	3,558,000
Net cash used in investing activities		**(563,149,301)**	(290,250,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**(597,603,328)**	(666,586,270)
Repayment of long term financing		**(92,149,000)**	(52,541,875)
Exchange difference on translating foreign operation		**307,997**	39,951
Dividend paid		**(220,081)**	-
Net cash used in financing activities		**(689,664,412)**	(719,088,194)
Net increase / (decrease) in cash and cash equivalents		**40,370,006**	(36,826,710)
Cash and cash equivalents at the beginning of the period		**100,287,509**	100,819,730
Cash and cash equivalents at the end of the period		**140,657,515**	63,993,020
Cash and cash equivalents			
Cash and bank balances		**143,044,708**	64,437,008
Temporary overdraft - unsecured		**(2,387,193)**	(443,988)
Cash and cash equivalents at the end of the period		**140,657,515**	63,993,020

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Condensed Interim Statement Of Changes In Equity

for the first quarter ended September 30, 2013

	Share Capital	Reserves					Other Components of equity				Total Equity
		Capital	Revenue			SUB TOTAL	Unrealized gain / (loss)			SUB TOTAL	
		Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit		On available for sale investments	On forward foreign exchange contracts	Exchange difference on translating foreign operation		
	Rupees										
Balance as at July 01, 2012 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	5,445,873,161	6,997,075,361	1,343,088,685	(26,968,687)	439,837	1,316,559,835	8,514,466,596
Effect of change in accounting policy with respect to accounting for recognition of actuarial gains on staff retirement benefits - net of tax (note 3)	-	-	-	-	3,776,130	3,776,130	-	-	-	-	3,776,130
Balance as at July 01, 2012 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	5,449,649,291	7,000,851,491	1,343,088,685	(26,968,687)	439,837	1,316,559,835	8,518,242,726
Total comprehensive income for the quarter ended September 30, 2012											
Profit after taxation	-	-	-	-	376,422,657	376,422,657	-	-	-	-	376,422,657
Other comprehensive income	-	-	-	-	-	-	213,456,951	19,249,478	39,951	232,746,380	232,746,380
	-	-	-	-	376,422,657	376,422,657	213,456,951	19,249,478	39,951	232,746,380	609,169,037
Shares of increase in reserves of associated companies under equity method	-	-	-	-	6,289,737	6,289,737	-	-	-	-	6,289,737
Balance as at September 30, 2012 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	5,832,361,685	7,383,563,885	1,556,545,636	(7,719,209)	479,788	1,549,306,215	9,133,701,500
Balance as at July 01, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,250,290,671	8,801,492,871	2,603,717,005	2,347,780	765,571	2,606,830,356	11,609,154,627
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on staff retirement benefits - net of tax (note 3)	-	-	-	-	(13,487,123)	(13,487,123)	-	-	-	-	(13,487,123)
Balance as at July 01, 2013 - restated	200,831,400	156,202,200	65,000,000	1,330,000,000	7,236,803,548	8,788,005,748	2,603,717,005	2,347,780	765,571	2,606,830,356	11,595,667,504
Total comprehensive income for the quarter ended September 30, 2013											
Profit after taxation	-	-	-	-	467,997,952	467,997,952	-	-	-	-	467,997,952
Other comprehensive income	-	-	-	-	-	-	130,414,272	(23,080,520)	307,997	107,641,749	107,641,749
	-	-	-	-	467,997,952	467,997,952	130,414,272	(23,080,520)	307,997	107,641,749	575,639,701
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(1,921,692)	(1,921,692)	-	-	-	-	(1,921,692)
Balance as at September 30, 2013 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,702,879,808	9,254,082,008	2,734,131,277	(20,732,740)	1,073,568	2,714,472,105	12,169,385,513

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

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

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 Karachi 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 and processing of fabrics.

Sapphire Wind Power Company Limited - the subsidiary company

The Company was incorporated as an unlisted public limited on December 27, 2006. The main object of the company is power generation through wind mills and sale of power. The company is developing a 50 MW wind power project at Jhimpir. The company's tariff has been determined by National Electric Power Regulatory Authority. The Company has entered into the Engineering, Procurement & Construction ('EPC') and Warranty Period Operations and Maintenance ('WP O&M') Contracts on September 20, 2012, aggregating to USD 107.289 million for the execution of the EPC works necessary for the Project. The execution of these contracts is dependent on the Financial Close. The Company has signed a Letter of Commitment with Overseas Private Investment Corporation (OPIC), USA under which OPIC has committed to finance 100% debt for the project up to US $ 95 million. SWPCL team is actively engaged with all stakeholders and aim to achieve financial close shortly. The registered office of the company is located at 212, Cotton Exchange Building, Karachi.

Sapphire Home Inc - USA - the subsidiary

The company was incorporated in USA. The company is principally engaged in marketing services in United Sates of America. The registered office of the company is located at 1430, Broadway, Suite 1805, New York, NY 10018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated condensed interim financial information of the Group for the first quarter ended September 30, 2013 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, 2013.

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

2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013 except as described below:

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Group's policy for Staff Retirement Benefits in respect of remeasurements stands amended as follows:

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Group's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	June 30, 2013 Rupees	June 30, 2012 Rupees
Impact on Balance Sheet		
Increase / (decrease) in staff retirement benefits	14,387,707	(4,073,539)
(Decrease) / increase in deferred taxation liability	(900,584)	297,409
Decrease / (increase) in reserves	13,487,123	(3,776,130)
Decrease / (increase) in unappropriated profit		
Cumulative effect from prior years		(3,776,130)
Impact for the year ended June 30, 2013	17,263,253	

The Group follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

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 recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2013.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

		Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
			---------- Rupees ----------	
5	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets		**5,629,456,795**	5,416,553,075
	Capital work-in-progress	**5.2**	**481,186,663**	456,667,700
			6,110,643,458	5,873,220,775

5.1 The cost of additions and disposals to operating fixed assets during first quarter ended September 30, 2013 were as follows.

	(Un-audited) September 30, 2013		(Audited) June 30, 2013	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	---------- Rupees ----------		---------- Rupees ----------	
Land:				
Freehold	**19,027,000**	**-**	-	20,907,438
Lease hold	**-**	**-**	52,314,759	-
On Freehold land:				
Factory buildings	**68,464,702**	**-**	47,710,080	-
Labour, staff colony and others	**25,102,654**	**-**		
Office building	**-**	**-**	184,200,855	-
On Leasehold land:				
Factory buildings	**30,531,650**	-		
Labour, staff colony and others	**-**	**-**	7,956,241	-
Leased building improvements	**-**	**-**	1,889,722	-
Plant & machinery	**199,819,985**	**18,021,690**	774,122,750	96,863,975
Electric installations	**154,984**	**-**	122,764,521	-
Fire Fighting equipment	**1,950,621**	**-**	286,910	-
Electric equipments	**52,229**	**-**	639,000	311,850
Computers	**417,000**	**-**	8,441,222	113,793
Office equipment	**-**	**-**	801,250	-
Mills equipment	**-**	**-**	4,360,525	-
Furniture & fixtures	**-**	**-**	2,797,703	255,674
Vehicles	**7,250,500**	**4,292,534**	35,627,583	18,435,894
	352,771,325	**22,314,224**	1,243,913,121	136,888,624

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		---------- Rupees ----------	
5.2	**Capital work-in-progress**		
	Advance for Land	**26,019,802**	24,619,802
	Civil works and Buildings	**213,934,039**	236,548,570
	Plant and machinery	**127,568,238**	93,004,666
	Electric installations	**6,761,287**	3,518,800
	Fire fighting equipment	**1,994,720**	1,994,720
	Office equipments	**217,760**	217,760
	Mills equipments	**30,000**	30,000
	Furniture & Fixtures	**-**	2,324,400
	Unallocated expenditure	**104,660,817**	94,408,982
		481,186,663	456,667,700

		(Un-audited) September 30, 2013	(Audited) (Restated) June 30, 2013
		---------- Rupees ----------	
6	**DEFERRED LIABILITIES**		
	Deferred taxation	**106,570,359**	66,221,573
	Staff retirement benefits - gratuity	**209,084,947**	191,731,749
		315,655,306	257,953,322

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		---------- Rupees ----------	
7	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
7.1	Guarantees issued by banks on behalf of the Group	**234,237,767**	234,237,767

7.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at September 30, 2013, the value of these cheques amounted to Rs.41.842 million (June 30, 2013: Rs.50.139 million).

7.3 There is no change in status of the contingencies as disclosed in notes 28.2, 28.4 to 28.8 and 28.10 of the audited annual financial statements of the Group for the year ended June 30, 2013.

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Commitments	---------- Rupees ----------	
7.4	Confirmed letter of credit in respect of:		
	- plant and machinery	**1,480,205,856**	1,030,756,555
	- raw material	**22,437,213**	51,660,249
	- stores and spares	**36,849,421**	16,782,566
		1,539,492,490	1,099,199,370

		September 30, 2013	2012
		---------- Rupees ----------	
8	**COST OF SALES AND SERVICES**		
	Finished goods - Opening stock	**863,499,963**	595,840,946
	Cost of goods manufactured	**5,927,448,930**	4,869,083,738
		6,790,948,893	5,464,924,684
	Finished goods - Closing stock	**(764,688,101)**	(583,719,623)
		6,026,260,792	4,881,205,061
	Cost of Goods Manufactured		
	Work in process - opening stock	**347,731,791**	325,046,975
	Raw materials consumed	**4,434,132,243**	3,596,253,269
	Cost of raw material sold	**18,341,529**	51,114,640
	Overheads	**1,505,023,165**	1,208,237,723
		6,305,228,728	5,180,652,607
	Work in process - closing stock	**(377,779,798)**	(311,568,869)
		5,927,448,930	4,869,083,738

		September 30, 2013	2012
		---------- Rupees ----------	
9	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation and share of profit of associated companies	**537,785,762**	394,954,355
	Adjustments for non-cash charges and other items:		
	Depreciation	**135,398,431**	119,415,143
	Depreciation on investment property	**287,863**	319,848
	Gain on sale of investments	**(103,117,703)**	-
	Amortization of intangible assets	**690,550**	690,549
	Gain on sale of property, plant and equipment	**(1,654,836)**	(2,588,694)
	Dividend income	**(113,359,623)**	(69,156,269)
	Provision for gratuity	**25,950,000**	15,943,500
	Provision for doubtful debts	**3,000,000**	3,000,000
	Exchange differences	**(6,615,000)**	(823,200)
	Realized gain on measurement of derivative financial instrument	**48,281**	253,201
	Finance cost	**152,168,181**	131,709,044
	Profit on saving account	**(60,768)**	(60,937)
	Rental income	**(3,463,500)**	(3,463,500)
		89,271,876	195,238,685
	Operating cash flow before changes in working capital	**627,057,638**	590,193,040
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spares and loose tools	**(55,514,966)**	(20,423,550)
	Stock-in-trade	**661,855,521**	438,584,683
	Trade debts	**(32,526,899)**	(211,031,397)
	Loans and advances	**(263,600,906)**	(191,593,982)
	Trade deposits and short term prepayments	**(20,875,038)**	(20,619,414)
	Other receivables	**(11,831,014)**	(1,525,127)
		277,506,698	(6,608,787)
	Increase in current liabilities		
	Trade and other payables	**673,449,539**	579,466,867
		1,578,013,875	1,163,051,120

10 SEGMENT ANALYSIS

10.1 SEGMENT RESULTS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Total
	---------- Rupees ----------				
For the first quarter ended September 30, 2013					
Revenue - external customers	**4,306,548,140**	**2,013,030,983**	**615,610,415**	**-**	**6,935,189,538**
Inter - segment sales	**288,807,351**	**154,052,856**	**3,213,339**	**-**	**446,073,546**
Segment results	**369,054,617**	**158,322,185**	**43,941,897**	**(68,069,046)**	**503,249,653**
For the first quarter ended September 30, 2012					
Revenue - external customers	3,433,883,623	1,642,913,483	569,026,371	-	5,645,823,477
Inter - segment sales	331,904,951	188,036,671	-	-	519,941,622
Segment results	404,342,925	56,545,087	22,574,204	(1,384,225)	482,077,991

Reconciliation of segment results with profit after tax is as follows:	September 30, 2013	2012
	Rupees	
Total results for reportable segments	503,249,653	482,077,991
Other operating expenses	(49,029,373)	(35,353,858)
Other income	235,733,663	79,939,266
Finance cost	(152,168,181)	(131,709,044)
Share of profit of associated companies	24,826,401	6,790,010
Profit before taxation	562,612,163	401,744,365
Taxation	(94,614,211)	(25,321,708)
Profit after taxation for the period	467,997,952	376,422,657

10.2 SEGMENT ASSETS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Deying and Finishing	Total
	Rupees					
As at September 30, 2013						
Segment assets	8,504,346,618	2,987,311,423	1,327,560,938	126,791,958	162,308,165	13,108,319,102
As at June 30, 2013						
Segment assets	8,601,726,897	3,018,457,023	1,333,533,124	109,610,163	58,808,161	13,122,135,368

Reconciliation of segment assets with total assets is as follows:	(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Rupees	
Total assets for reportable segments	13,108,319,102	13,122,135,368
Unallocated assets	6,601,173,969	5,925,025,380
Total assets as per Balance sheet	19,709,493,071	19,047,160,748

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:

	September 30, 2013	2012
	Rupees	
Associates:		
Sales	323,206,021	395,491,141
Purchases	147,050,799	113,479,582
Electricity purchased	66,197,875	87,596,699
Expenses charged to	3,349,702	3,506,542
Shares deposit money	-	60,000,000
Shares received	-	100,000,000
Other related parties:		
Donations	2,150,000	400,000
Contribution to provident fund	2,903,884	2,064,253
Remuneration to key management personnel	53,365,788	47,704,144

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 Group for the year ended June 30, 2013 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. first quarter ended September 30, 2012.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. For the purpose of implementation of IAS-19 - Employee benefits (revise in June 2011), certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarized in note 3. Significant reclassification includes following:

Re-classification from component	Re-classification to component	Note	Rupees
Goods purchased - Cotton purchases	Cost of raw material sold	8	51,114,640
Finance cost	Other operating expenses		253,201

13 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved by the Board of Directors of Holding Company and authorized for issue on October 30, 2013 .

Karachi:
Dated: October 30, 2013

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR