Sapphire Textile Mills Limited

Third Quarter Accounts March 31, 2015

CONTENTS

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

COMPANY PROFILE

Board Of Directors

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Nadeem Abdullah
Director	:	Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah Mr. Shayan Abdullah Mr. Nadeem Karamat (Independent Director)
Audit Committee		
Chairman	:	Mr. Yousuf Abdullah
Member	:	Mr. Nabeel Abdullah
Member	:	Mr. Nadeem Karamat
Human Resource & Remuneration Committee		
Chairman	:	Mr. Amer Abdullah
Member	:	Mr. Nabeel Abdullah
Member	:	Mr. Yousuf Abdullah
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, Citi Bank 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.

Directors' Report to the Shareholders

On behalf of the Board of Directors of Sapphire Textile Mills Limited, it is my pleasure to present un-audited financial statements of the company for the nine months period ended March 31, 2015.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Nine Months Period Ended March 31	
	2015	2014
Sales & Services	**17,403,079**	19,821,833
Gross Profit	**2,136,877**	2,498,960
Other Income	**393,503**	417,620
Profit before taxation	**1,042,146**	1,278,371
Taxation		
- Current	**(53,446)**	(200,085)
- Prior year	**266**	46,157
- Deferred	**(40,338)**	(133,993)
	(93,518)	(287,921)
Profit after taxation	**948,628**	990,450

REVIEW OF OPERATIONS

The Company during nine months period of this financial year achieved pre-tax profit of Rs.1,042 million compared to pre-tax profit of Rs.1,278 million during the corresponding period last year. Gross profit for the nine months period reduced to 12.28% from 12.61% in corresponding period. Profitability of the company has decreased as compared to corresponding period of last year due to decrease in sales rates, strengthening of Pak rupee against other currencies and increase in depreciation charge due to commencement of commercial production by newly established finishing plant.

Earnings per share is Rs.47.24 as compared to Rs.49.32 per share for the last year's corresponding period.

SUBSIDIARY COMPANY

During the period, the Company has acquired 100% shares of Tricon Boston Consulting Corporation (Pvt.) Limited. Tricon Boston Consulting Corporation (Pvt.) Limited has received an LOI for developing 3x 50 MW wind energy project. Technical studies are in progress to develop the project.

FUTURE PROSPECTS

The textile sector particularly spinning segment is expected to remain under pressure due to subdeuced demand in both local and international markets. In addition, increased competition from other textile producing countries is hurting the local industry. The finishing has commenced its commercial production during the quarter, this should improve competitive advantage of the Company through vertical integration in the future.

ACKNOWLEDGEMENTS

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

On behalf of the Board

Karachi
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015

	Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**8,421,271,778**	8,080,933,699
Investment property		**162,496,175**	163,273,406
Intangible assets		**3,226,428**	3,189,494
Long term investments	6	**6,517,813,038**	5,346,291,863
Long term loans and advances		**63,090,960**	70,905,506
Long term deposits and prepayments		**83,850,622**	61,936,668
		15,251,749,001	13,726,530,636
CURRENT ASSETS			
Stores, spares and loose tools		**329,692,936**	270,214,278
Stock-in-trade		**5,880,777,138**	3,776,222,400
Trade debts		**1,800,191,175**	1,224,423,835
Loans and advances		**245,368,659**	191,781,695
Trade deposits and short term prepayments		**49,570,515**	13,555,061
Other receivables		**243,701,903**	54,051,052
Other financial assets		**2,406,067,233**	1,915,019,331
Tax refunds due from Government		**910,567,377**	781,038,372
Cash and bank balances		**133,580,339**	97,713,627
		11,999,517,275	8,324,019,651
TOTAL ASSETS		**27,251,266,276**	22,050,550,287
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs. 10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		**200,831,400**	200,831,400
Reserves		**13,300,897,423**	13,139,783,777
		13,501,728,823	13,340,615,177
NON-CURRENT LIABILITIES			
Long term financing		**3,145,268,846**	2,352,644,005
Deferred liabilities		**455,560,516**	412,834,886
Long term payable	7	**428,588,106**	-
		4,029,417,468	2,765,478,891
CURRENT LIABILITIES			
Trade and other payables		**2,565,626,003**	2,036,146,471
Accrued Interest / mark-up		**111,576,434**	100,982,389
Short term borrowings		**6,531,570,085**	3,201,433,835
Current portion of long term financing		**457,901,251**	394,749,068
Provision for taxation		**53,446,212**	211,144,456
		9,720,119,985	5,944,456,219
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		**27,251,266,276**	22,050,550,287

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

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	Nine Months Period Ended March 31,		Quarter Ended March 31,	
		2015	2014	**2015**	2014
		---------- Rupees ----------		---------- Rupees ----------	
Sales and services		**17,403,078,738**	19,821,832,564	**5,848,380,110**	6,215,317,030
Cost of sales and services	**9**	**(15,266,201,277)**	(17,322,872,676)	**(5,151,869,144)**	(5,486,049,180)
Gross profit		**2,136,877,461**	2,498,959,888	**696,510,966**	729,267,850
Distribution cost		**(702,952,766)**	(831,345,654)	**(223,613,959)**	(236,608,224)
Administrative expenses		**(219,724,219)**	(177,506,311)	**(72,759,822)**	(58,595,076)
Other operating expenses		**(123,359,931)**	(119,380,465)	**(46,994,440)**	(38,865,388)
Other income		**393,503,203**	417,619,872	**163,858,945**	99,360,172
		(652,533,713)	(710,612,558)	**(179,509,276)**	(234,708,516)
Profit from operations		**1,484,343,748**	1,788,347,330	**517,001,690**	494,559,334
Finance cost		**(442,197,630)**	(509,975,801)	**(206,276,513)**	(163,783,969)
Profit before taxation		**1,042,146,118**	1,278,371,529	**310,725,177**	330,775,365
Taxation					
Current					
- for the period		**(53,446,212)**	(200,084,747)	**72,052,635**	(60,459,577)
- prior year		**265,629**	46,157,048	**-**	-
Deferred		**(40,337,860)**	(133,993,557)	**(37,357,991)**	(58,547,668)
		(93,518,443)	(287,921,256)	**34,694,644**	(119,007,245)
Profit after taxation		**948,627,675**	990,450,273	**345,419,821**	211,768,120
Earnings per share - basic and diluted		**47.24**	49.32	**17.20**	10.54

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

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine Months Period Ended		Quarter Ended	
	March 31,		March 31,	
	2015	2014	**2015**	2014
	---------- Rupees ----------		---------- Rupees ----------	
Profit after taxation	**948,627,675**	990,450,273	**345,419,821**	211,768,120
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss				
Available for sale investments				
Unrealized (loss) / gain on remeasurement of available for sale investments	**(608,601,432)**	448,952,200	**(790,727,718)**	(90,692,172)
Reclassification adjustments relating to gain / (loss) realised on disposal of available for sale investments	**19,251,929**	(90,645,762)	**-**	-
	(589,349,503)	358,306,438	**(790,727,718)**	(90,692,172)
Forward foreign currency contracts				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	**1,663,813**	27,649,909	**(5,462,286)**	44,787,706
Reclassification adjustments relating to gain / (loss) realised on settlement of foreign currency contracts	**1,003,061**	(2,345,865)	**-**	(4,691,730)
	2,666,874	25,304,044	**(5,462,286)**	40,095,976
Other comprehensive (loss) / income for the period	**(586,682,629)**	383,610,482	**(796,190,004)**	(50,596,196)
Total comprehensive income / (loss) for the period	**361,945,046**	1,374,060,755	**(450,770,183)**	161,171,924

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

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	March 31, 2015	2014
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	10	**(656,210,633)**	1,453,429,881
Long term loans, deposits and prepayments		**(15,871,937)**	(30,429,143)
Finance cost paid		**(426,893,629)**	(522,366,265)
Staff retirement benefits - gratuity paid		**(56,402,730)**	(37,798,731)
Taxes paid		**(340,407,832)**	(296,894,968)
		(839,576,128)	(887,489,107)
Net cash (used in) / generated from operating activities		**(1,495,786,761)**	565,940,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(854,667,850)**	(2,471,427,043)
Purchase of intangible assets		**(1,080,000)**	-
Investment in associated undertakings / subsidiaries		**(1,502,089,971)**	(195,810,000)
Investment others		**(375,743,490)**	(734,860,140)
Proceeds from disposal of property, plant and equipment		**21,568,052**	16,450,490
Proceeds from sale of investments		**57,171,365**	461,556,434
Dividend received		**193,574,130**	199,939,792
Rental income received		**11,993,256**	12,788,833
Net cash used in investing activities		**(2,449,274,508)**	(2,711,361,634)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**3,302,822,033**	1,178,610,196
Proceeds from long term financing		**1,200,000,000**	1,442,693,016
Repayment of long term financing		**(344,222,976)**	(272,437,625)
Dividend paid		**(202,047,866)**	(183,337,209)
Net cash generated from financing activities		**3,956,551,191**	2,165,528,378
Net increase in cash and cash equivalents		**11,489,922**	20,107,518
Cash and cash equivalents at the beginning of the period		**88,107,437**	93,961,019
Cash and cash equivalents at the end of the period		**99,597,359**	114,068,537
Cash and cash equivalents			
Cash and bank balances		**133,580,339**	119,623,589
Temporary overdraft - unsecured		**(33,982,980)**	(5,555,052)
Cash and cash equivalents at the end of the period		**99,597,359**	114,068,537

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

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	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, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,047,755,142	8,598,957,342	2,596,147,865	2,345,865	2,598,493,730	11,398,282,472
Total comprehensive income for the nine months period ended March 31, 2014										
Profit after taxation	-	-	-	-	990,450,273	990,450,273	-	-	-	990,450,273
Other comprehensive income	-	-	-	-	-	-	358,306,438	25,304,044	383,610,482	383,610,482
	-	-	-	-	990,450,273	990,450,273	358,306,438	25,304,044	383,610,482	1,374,060,755
Transaction with owners										
Final dividend for the year ended June 30, 2013 @ Rs. 9 per share	-	-	-	-	(180,748,260)	(180,748,260)	-	-	-	(180,748,260)
Balance as at March 31, 2014 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,857,457,155	9,408,659,355	2,954,454,303	27,649,909	2,982,104,212	12,591,594,967
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,841,193,093	9,392,395,293	3,746,385,423	1,003,061	3,747,388,484	13,340,615,177
Total comprehensive income for the nine months period ended March 31, 2015										
Profit after taxation	-	-	-	-	948,627,675	948,627,675	-	-	-	948,627,675
Other comprehensive income	-	-	-	-	-	-	(589,349,503)	2,666,874	(586,682,629)	(586,682,629)
	-	-	-	-	948,627,675	948,627,675	(589,349,503)	2,666,874	(586,682,629)	361,945,046
Transaction with owners										
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	(200,831,400)
Balance as at March 31, 2015 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,588,989,368	10,140,191,568	3,157,035,920	3,669,935	3,160,705,855	13,501,728,823

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

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on 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 nine months period ended March 31, 2015 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2014.

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 Companies Ordinance, 1984.

2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2014.

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

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2014.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

		Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
			---------- Rupees ----------	
5	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets		**7,955,863,978**	5,994,977,274
	Capital work-in-progress	**5.2**	**465,407,800**	2,085,956,425
			8,421,271,778	8,080,933,699

5.1 The cost of additions and disposals to operating fixed assets during the nine months period ended March 31, 2015 were as follows.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	(Un-audited) March 31, 2015		Audited June 30, 2014	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	---------- Rupees ----------		---------- Rupees ----------	
Land:				
Freehold	**73,793,400**	**-**	32,021,300	-
Leasehold	**-**	**-**	26,844,802	-
On Freehold land:				
Factory buildings	**321,263,922**	**-**	101,446,083	-
Labour, staff colony and others	**58,635,110**	**-**	62,460,040	-
On Leasehold land:				
Factory buildings	**4,218,478**	-	30,619,846	-
Leased building improvements	**-**	**-**	5,535,060	-
Plant and machinery	**1,814,032,906**	**60,969,129**	855,204,111	111,360,039
Electric installations	**105,026,284**	**-**	20,168,268	-
Fire Fighting equipment	**1,326,799**	**-**	2,956,185	-
Electric equipments	**10,223,173**	**-**	387,229	-
Computers	**10,030,128**	**514,708**	8,368,435	-
Office equipments	**276,500**	**-**	1,263,119	-
Mills equipments	**18,108,919**	**-**	300,000	75,000
Furniture and fixtures	**4,136,841**	**-**	3,025,839	-
Vehicles	**54,144,015**	**23,173,820**	32,114,558	14,582,270
	2,475,216,475	**84,657,657**	1,182,714,875	126,017,309

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
5.2	**Capital work-in-progress**	---------- Rupees ----------	
	Civil works and buildings	**298,649,176**	529,638,866
	Plant and machinery	**155,369,862**	1,440,917,314
	Electric installations	**1,030,046**	84,901,000
	Fire fighting equipment	**-**	1,580,220
	Mills equipments	**10,358,716**	17,490,163
	Furniture and fixtures	**-**	3,343,460
	Unallocated expenditure	**-**	8,085,402
		465,407,800	2,085,956,425

6 LONG TERM INVESTMENTS

During the period, the Company has acquired 100% shares of Tricon Boston Consulting Corporation (Pvt.) Limited against purchase consideration of US $ 5,028,200 (equivalent PKR 508,860,700). Tricon Boston Consulting Corporation (Pvt.) Limited engaged in the business of energy projects is incorporated under the laws of Pakistan and has licence to establish and operate wind energy project. The Company has paid US $ 650,000 (equivalent PKR 66,662,500) to the shareholders of Tricon Boston Consulting Corporation (Pvt.) Limited and balance consideration i.e. US $ 4,378,200 is payable after financial close of the wind energy project.

7 LONG TERM PAYABLE

This represent amortized value of balance consideration US $ 4,378,200 payable to ex-shareholders of Tricon Boston Consulting Corporation (Pvt.) Limited. Also refer to note 6.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
		---------- Rupees ----------	
8	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
8.1	Guarantees issued by banks on behalf of the Company	**260,389,565**	252,587,385

8.2 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 March 31, 2015 the value of these cheques amounted to Rs.112.704 million (June 30, 2014: Rs.91.311 million)

8.3 There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.8 of the audited annual financial statements of the Company for the year ended June 30, 2014.

Commitments

8.4	Confirmed letter of credit in respect of:		
	- plant and machinery	**254,815,395**	38,845,624
	- raw material	**58,882,460**	35,234,533
	- stores and spares	**22,436,062**	9,083,376
		336,133,917	83,163,533

			(Un-audited) Nine Months Period Ended March 31,		(Un-audited) Quarter ended March 31,	
			2015	2014	**2015**	2014
9	**COST OF SALES AND SERVICES**	**Note**	---------- Rupees ----------		---------- Rupees ----------	
	Finished goods - Opening stock		**790,588,259**	863,499,963	**579,163,429**	836,761,574
	Cost of goods manufactured	**9.1**	**15,076,153,941**	17,213,498,082	**5,173,246,638**	5,403,412,975
			15,866,742,200	18,076,998,045	**5,752,410,067**	6,240,174,549
	Finished goods - Closing stock		**(600,540,923)**	(754,125,369)	**(600,540,923)**	(754,125,369)
			15,266,201,277	17,322,872,676	**5,151,869,144**	5,486,049,180
9.1	**Cost of Goods Manufactured**					
	Work in process - opening stock		**299,835,103**	347,731,791	**285,857,816**	356,911,883
	Raw material consumed		**9,978,371,029**	12,848,100,386	**3,427,156,405**	4,065,664,769
	Cost of raw material sold		**79,822,161**	43,414,438	**277,771**	24,099,909
	Overheads		**5,059,492,522**	4,346,624,158	**1,801,321,520**	1,329,109,105
			15,417,520,815	17,585,870,773	**5,514,613,512**	5,775,785,666
	Work in process - closing stock		**(341,366,874)**	(372,372,691)	**(341,366,874)**	(372,372,691)
			15,076,153,941	17,213,498,082	**5,173,246,638**	5,403,412,975

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) Nine Months Period Ended March 31, 2015	2014
		---------- Rupees ----------	
10	**CASH USED IN OPERATIONS**		
	Profit before taxation	**1,042,146,118**	1,278,371,529
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	**497,364,081**	426,422,487
	Depreciation on investment property	**777,231**	863,591
	Gain on sale of investments	**(17,285,755)**	(106,427,221)
	Amortization of intangible assets	**1,043,066**	2,071,647
	Gain on sale of property, plant and equipment	**(4,602,362)**	(6,070,733)
	Dividend income	**(320,290,254)**	(275,697,063)
	Provision for gratuity	**58,790,500**	65,190,500
	Provision for doubtful debts	**9,000,000**	9,000,000
	Provision for stores, spares and loose tools	**8,614,968**	-
	Unwinding up income	**(18,320,390)**	-
	Amortization of unwinding up of liability	**1,772,529**	-
	Exchange differences	**5,875,194**	(42,471,397)
	Finance cost	**437,487,674**	549,810,198
	Rental income	**(11,993,256)**	(11,745,049)
		648,233,226	610,946,960
	Operating cash flows before changes in working capital	**1,690,379,344**	1,889,318,489
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spares and loose tools	**(68,093,626)**	(112,343,574)
	Stock-in-trade	**(2,104,554,738)**	(1,259,973,142)
	Trade debts	**(584,767,340)**	227,853,124
	Loans and advances	**(53,586,964)**	(42,296,436)
	Trade deposits and short term prepayments	**(36,015,454)**	(12,880,266)
	Other receivables	**(30,267,853)**	9,886,002
		(2,877,285,975)	(1,189,754,292)
	Increase in current liabilities		
	Trade and other payables	**530,695,998**	753,865,684
		(656,210,633)	1,453,429,881

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

11 TRANSACTIONS WITH RELATED PARTIES

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

	(Un-audited) Nine Months Period Ended March 31, 2015	2014
	---------- Rupees ----------	
Subsidiaries:		
Sales	**63,934,121**	-
Share deposit money	**1,503,862,500**	195,810,000
Shares received	**1,369,362,500**	242,820,000
Expenses charged to	**9,672,086**	12,527,375
Associates:		
Sales	**755,090,901**	651,632,173
Purchases	**276,193,177**	467,819,231
Electricity purchased	**322,605,784**	190,988,761
Expenses charged by	**5,830,546**	-
Expenses charged to	**22,066,708**	11,204,542
Dividend paid	**53,161,860**	48,449,124
Dividend received	**9,476,850**	18,636,226
Loans obtained	**536,545,000**	-
Markup charged by	**26,609,790**	-
Interest received	**1,526,249**	-
Other related parties:		
Donations	**18,000,000**	12,350,000
Contribution to provident fund	**11,090,063**	9,234,842
Remuneration to key management personnel	**195,504,257**	170,493,132

12 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2014 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. nine months period ended March 31, 2014.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Significant reclassification made in these financial statements is given below:

Re-classification from component	Re-classification to component	Rupees
Other income - exchange gain on foreign currency loan	Finance cost - exchange gain on foreign currency loan	39,834,397

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were approved by the board of directors and authorized for issue on April 24, 2015.

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Sapphire Textile Mills Limited

Third Quarter Accounts March 31, 2015

CONSOLIDATED ACCOUNTS

CONTENTS

DIRECTORS' REPORT	16
BALANCE SHEET	17
PROFIT & LOSS ACCOUNT	18
STATEMENT OF COMPREHENSIVE INCOME	19
CASH FLOW STATEMENT	20
STATEMENT OF CHANGES IN EQUITY	21
NOTES TO THE FINANCIAL STATEMENTS	22

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of Sapphire Wind Power Company Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited, Sapphire Home Incorporation, Sapphire Retail Limited, and Tricon Boston Consulting Corporation (Private) Limited it is my pleasure to present Directors' Report with Un-audited Consolidated Financial Statement of the Group for the nine months period ended March 31, 2015.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Alfalah Bank Ltd. Construction works at the wind farm site are in progress. It is expected that the project will commence commercial operation by the end of November, 2015.

Sapphire Tech (Private) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984. The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled and it is proposed to get the approval for winding up the Company in the upcoming general meeting.

Sapphire Home Incorporation

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

Sapphire Retail Limited

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

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited has an LOI for 3 x 50 MW Wind Energy Projects in Jamphir Sindh and is incorporated under the laws of Pakistan and has license to establish and operate wind energy project. During the period, Sapphire Textile Mills Limited has acquired 100% shares of Tricon Boston Consulting Corporation (Pvt.) Limited. Technical Studies are in progress to develop the project.

On behalf of the Board

Karachi
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015

	Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**9,034,342,695**	8,354,069,498
Investment property		**162,496,175**	163,273,406
Intangible assets	6	**477,664,373**	3,766,739
Long term investments		**4,289,254,823**	5,021,770,687
Long term loans and advances		**63,090,960**	70,905,506
Long term deposits and prepayments		**118,849,792**	210,370,915
		14,145,698,818	13,824,156,751
CURRENT ASSETS			
Stores, spares and loose tools		**329,692,936**	270,214,278
Stock-in-trade		**5,890,483,411**	3,776,222,400
Trade debts		**1,800,207,050**	1,224,423,835
Loans and advances		**2,900,101,047**	191,781,695
Trade deposits and short term prepayments		**103,056,953**	13,555,061
Other receivables		**199,467,437**	57,005,083
Other financial assets		**2,406,067,233**	1,915,019,331
Tax refunds due from Government		**932,222,411**	781,906,641
Cash and bank balances		**6,618,941,573**	683,194,598
		21,180,240,051	8,913,322,922
TOTAL ASSETS		**35,325,938,869**	22,737,479,673
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		**200,831,400**	200,831,400
Reserves		**13,535,187,573**	13,439,345,719
Equity attributable to holders of parent company		**13,736,018,973**	13,640,177,119
Non-controlling interest		**818,421,072**	259,526,886
Total Equity		**14,554,440,045**	13,899,704,005
NON-CURRENT LIABILITIES			
Long term financing	7	**10,072,710,872**	2,352,644,005
Deferred liabilities		**460,621,809**	417,488,978
Long term payable	8	**428,588,106**	-
		10,961,920,787	2,770,132,983
CURRENT LIABILITIES			
Trade and other payables		**2,620,533,683**	2,157,032,937
Accrued Interest / mark-up		**143,826,806**	100,982,389
Short term borrowings		**6,533,870,085**	3,203,733,835
Current portion of long term financing		**457,901,251**	394,749,068
Provision for taxation		**53,446,212**	211,144,456
		9,809,578,037	6,067,642,685
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		**35,325,938,869**	22,737,479,673

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial information.

Karachi: **NADEEM ABDULLAH** **MOHAMMAD ABDULLAH**
Dated: April 24, 2015 CHIEF EXECUTIVE DIRECTOR

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	Nine Months Period Ended March 31,		Quarter Ended March 31,	
		2015	2014	**2015**	2014
		---------- Rupees ----------		---------- Rupees ----------	
Sales and services		**17,438,737,592**	19,821,832,564	**5,875,045,350**	6,215,317,030
Cost of sales and services	**10**	**(15,323,046,437)**	(17,322,872,676)	**(5,165,045,624)**	(5,481,064,134)
Gross profit		**2,115,691,155**	2,498,959,888	**709,999,726**	734,252,896
Distribution cost		**(755,093,379)**	(831,395,722)	**(248,065,659)**	(236,606,362)
Administrative expenses		**(229,563,468)**	(323,468,926)	**(75,904,769)**	(102,074,021)
Other operating expenses		**(123,845,970)**	(119,605,292)	**(46,968,909)**	(39,067,561)
Other income		**402,089,623**	399,002,282	**181,915,308**	99,433,172
		(706,413,194)	(875,467,658)	**(189,024,029)**	(278,314,772)
Profit from operations		**1,409,277,961**	1,623,492,230	**520,975,697**	455,938,124
Finance cost		**(443,695,463)**	(509,975,964)	**(207,562,716)**	(163,783,969)
		965,582,498	1,113,516,266	**313,412,981**	292,154,155
Share of profit of associated companies		**41,933,953**	46,967,181	**27,897,145**	3,677,174
Profit before taxation		**1,007,516,451**	1,160,483,447	**341,310,126**	295,831,329
Taxation					
Current					
- for the period		**(53,446,212)**	(200,087,201)	**72,052,635**	(60,462,031)
- prior year		**265,629**	46,157,048	**-**	-
Deferred		**(40,745,061)**	(134,634,289)	**(37,396,472)**	(58,613,703)
		(93,925,644)	(288,564,442)	**34,656,163**	(119,075,734)
Profit after taxation		**913,590,807**	871,919,005	**375,966,289**	176,755,595
Attributable to:					
Shareholders of Parent Company		**910,205,121**	871,919,005	**371,094,629**	176,755,595
Non- controlling interest		**3,385,686**	-	**4,871,660**	-
		913,590,807	871,919,005	**375,966,289**	176,755,595
Earnings per share - basic and diluted		**45.32**	43.42	**18.48**	8.80

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial information.

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine Months Period Ended March 31,		Quarter Ended March 31,	
	2015	2014	**2015**	2014
	---------- Rupees ----------		---------- Rupees ----------	
Profit after taxation	**913,590,807**	871,919,005	**375,966,289**	176,755,595
Other comprehensive income:				
Available for sale investments				
Unrealized (loss) / gain on remeasurement of available for sale investments	**(608,601,432)**	448,952,200	**(790,727,718)**	(90,692,172)
Reclassification adjustments relating to gain / (loss) realised on disposal of available for sale investments	**19,251,929**	(90,645,762)	**-**	-
Unrealised gain on remeasurement of available for sale investments - associates	**1,593,010**	744,995	**160,022**	691,127
	(587,756,493)	359,051,433	**(790,567,696)**	(90,001,045)
Forward foreign currency contracts				
Unrealised gain / (loss) on remeasurement of forward foreign currency contracts	**1,663,813**	27,649,909	**(5,462,286)**	44,787,706
Reclassification adjustments relating to gain / (loss) realised on settlement of foreign currency contracts	**1,003,061**	(2,345,865)	**-**	(4,691,730)
Unrealised (loss) / gain on remeasurement of forward foreign currency contracts - associates	**(34,366)**	156,343	**(119,631)**	192,444
	2,632,508	25,460,387	**(5,581,917)**	40,288,420
Exchange difference on translating foreign operation	**(11,586,382)**	(39,740)	**(5,914,732)**	(328,185)
Items that may not be reclassified subsequently to profit and loss				
Share of decrease in reserves of associated companies under equity method	**(10,308,000)**	(4,861,738)	**(11,701,054)**	(60,523)
Other comprehensive (loss) / income for the period	**(607,018,367)**	379,610,342	**(813,765,399)**	(50,101,333)
Total comprehensive income / (loss) for the period	**306,572,440**	1,251,529,347	**(437,799,110)**	126,654,262
Attributable to:				
Shareholders of Parent Company	**303,186,754**	1,251,529,347	**(442,670,770)**	126,654,262
Non- controlling interest	**3,385,686**	-	**4,871,660**	-
	306,572,440	1,251,529,347	**(437,799,110)**	126,654,262

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial information.

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	March 31, 2015	2014
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	**(3,485,826,296)**	1,305,426,237
Long term loans, deposits and prepayments		**99,335,669**	(30,967,643)
Finance cost paid		**(396,141,090)**	(522,366,428)
Staff retirement benefits - gratuity paid		**(56,402,730)**	(37,798,731)
Taxes paid		**(361,194,597)**	(297,163,616)
		(714,402,748)	(888,296,418)
Net cash (used in) / generated from operating activities		**(4,200,229,044)**	417,129,819
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,197,314,412)**	(2,515,901,068)
Excess of assets over fair value of subsidiary company		**(31,662,500)**	(577,245)
Purchase of intangible assets		**(1,080,000)**	-
Investment in associated undertakings		**9,469,943**	18,626,590
Investment others		**(375,743,490)**	(734,860,138)
Proceeds from disposal of property, plant and equipment		**21,568,052**	16,450,490
Proceeds from sale of investments		**57,171,365**	461,556,434
Dividend received		**184,104,187**	181,313,202
Rental income received		**11,993,256**	12,788,833
Net cash used in investing activities		**(1,321,493,599)**	(2,560,602,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**3,302,822,033**	1,180,910,196
Proceeds from long term financing		**8,127,442,026**	1,442,693,016
Repayment of long term financing		**(344,222,976)**	(272,437,625)
Exchange difference on translating foreign operation		**104,611**	(39,740)
Issuance of shares - net		**548,995,000**	-
Dividend paid		**(202,047,866)**	(183,337,209)
Net cash generated from financing activities		**11,433,092,828**	2,167,788,638
Net increase in cash and cash equivalents		**5,911,370,185**	24,315,555
Cash and cash equivalents at the beginning of the period		**673,588,408**	100,287,509
Cash and cash equivalents at the end of the period		**6,584,958,593**	124,603,064
Cash and cash equivalents			
Cash and bank balances		**6,618,941,573**	130,158,116
Temporary overdraft - unsecured		**(33,982,980)**	(5,555,052)
Cash and cash equivalents at the end of the period		**6,584,958,593**	124,603,064

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial information.

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Share Capital	Reserves					Other Components of equity				Total	Non-Controlling Interest	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, 2013 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,236,761,118	8,787,963,318	2,603,717,005	2,347,780	765,571	2,606,830,356	11,595,625,074	-	11,595,625,074
Total comprehensive income for the nine months period ended March 31, 2014													
Profit after taxation	-	-	-	-	871,919,005	871,919,005	-	-	-	-	871,919,005	-	871,919,005
Other comprehensive income	-	-	-	-	-	-	359,051,433	25,460,387	(39,740)	384,472,080	384,472,080	-	384,472,080
	-	-	-	-	871,919,005	871,919,005	359,051,433	25,460,387	(39,740)	384,472,080	1,256,391,085	-	1,256,391,085
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(4,861,738)	(4,861,738)	-	-	-	-	(4,861,738)		(4,861,738)
Transaction with owners													
Final dividend for the year ended June 30, 2013 @ Rs. 9 per share	-	-	-	-	(180,748,260)	(180,748,260)	-	-	-	-	(180,748,260)	-	(180,748,260)
Balance as at March 31, 2014 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,923,070,125	9,474,272,325	2,962,768,438	27,808,167	725,831	2,991,302,436	12,666,406,161	-	12,666,406,161
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,129,336,146	9,680,538,346	3,754,756,166	1,033,212	3,017,995	3,758,807,373	13,640,177,119	259,526,886	13,899,704,005
Total comprehensive income for the nine months period ended March 31, 2015													
Profit after taxation	-	-	-	-	910,205,121	910,205,121	-	-	-	-	910,205,121	3,385,686	913,590,807
Other comprehensive income	-	-	-	-	-	-	(587,756,493)	2,632,508	(11,586,382)	(596,710,367)	(596,710,367)	-	(596,710,367)
	-	-	-	-	910,205,121	910,205,121	(587,756,493)	2,632,508	(11,586,382)	(596,710,367)	313,494,754	3,385,686	316,880,440
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(10,308,000)	(10,308,000)	-	-	-	-	(10,308,000)	-	(10,308,000)
Transaction with owners													
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	558,300,000	558,300,000
Share Issuance cost of subsidiary - SWPCL	-	-	-	-	(6,513,500)	(6,513,500)	-	-	-	-	(6,513,500)	(2,791,500)	(9,305,000)
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)
Balance as at March 31, 2015 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,821,888,367	10,373,090,567	3,166,999,673	3,665,720	(8,568,387)	3,162,097,006	13,736,018,973	818,421,072	14,554,440,045

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial information.

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited - the Holding Company

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on 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 (Holding - 70%)

Sapphire Wind Power Company Limited (the 'Company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on December 27, 2006. The company is currently in the process of setting up an approximately 50 MW wind energy farm at Jhimpir, District Thatta.

Sapphire Home Inc - USA - the subsidiary (Holding 100%)

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

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

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate retail outlets for sale of textile and other products.

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

Sapphire Solar Power (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principal activity of the Company is power generation by means of solar energy and other alternative energy sources.

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

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984. The main business of the Company is to set up and operate electrical power generation project for distribution, selling and supply of electric power.

Tricon Boston Consulting Corporation (Private) Limited - the subsidiary company (Holding 100%)

Tricon Boston Consulting Corporation (Pvt.) Limited engaged in the business of energy projects is incorporated under the laws of Pakistan and has license to establish and operate wind energy project. During the period, Sapphire Textile Mills Limited has acquired 100% shares of Tricon Boston Consulting Corporation (Pvt.) Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated condensed interim financial information of the Group for the nine months period ended March 31, 2015 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. This consolidated condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended June 30, 2014.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

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

This financial information is 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, 2014.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2014.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

	Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
		---------- Rupees ----------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		**7,976,093,490**	6,007,190,843
Capital work-in-progress	**5.2**	**1,058,249,205**	2,346,878,655
		9,034,342,695	8,354,069,498

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

5.1 The cost of additions and disposals to operating fixed assets during the nine months period ended March 31, 2015 are as follows.

	(Un-audited) March 31, 2015		(Audited) June 30, 2014	
	Addition	**Disposal**	Addition	Disposal
	Cost		Cost	
	---------- Rupees ----------		---------- Rupees ----------	
Land:				
Freehold	**73,793,400**	**-**	32,021,300	-
Leasehold		**-**	26,844,802	-
On freehold land:				
Factory buildings	**321,263,922**	**-**	101,446,083	-
Labour, staff colony and others	**58,635,110**	**-**	62,460,040	-
On leasehold land:				
Factory buildings	**4,218,478**	-	30,619,846	-
Leased building improvements	**7,313,827**	**-**	5,535,060	-
Plant and machinery	**1,814,032,906**	**60,969,129**	855,204,111	111,360,039
Electric installations	**105,026,284**	**-**	20,168,268	-
Fire fighting equipment	**1,326,799**	**-**	2,956,185	-
Electric equipments	**10,223,173**	**-**	387,229	-
Computers	**11,307,483**	**514,708**	8,368,435	-
Office equipment	**276,500**	**-**	1,281,619	-
Mills equipment	**18,108,919**	**-**	300,000	75,000
Furniture and fixtures	**4,136,841**	**-**	3,025,839	-
Vehicles	**56,280,220**	**23,173,820**	45,233,293	14,582,270
	2,485,943,862	**84,657,657**	1,195,852,110	126,017,309

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
		---------- Rupees ----------	
5.2	**Capital work-in-progress**		
	Civil work and buildings	**309,020,668**	535,378,272
	Lease Building Improvement	**9,786,811**	-
	Plant and machinery	**156,583,899**	1,442,131,351
	Electric installations	**3,233,985**	84,901,000
	Electric equipments	**3,335,633**	-
	Fire fighting equipment	**-**	1,580,220
	Mills equipments	**10,358,716**	17,490,163
	Computers	**111,000**	-
	Furniture and fixtures	**-**	3,343,460
	Unallocated expenditure	**565,818,493**	262,054,189
		1,058,249,205	2,346,878,655

6 INTANGIBLE ASSETS

It includes goodwill amounting Rs.473,860,700 which represents excess amount paid by the holding company over net assets of Tricon Boston Consulting Corporation (Pvt.) Limited.

7 LONG TERM FINANCING

It includes long term finance aggregating Rs. 6.927 billion received from Overseas Private Investment Corporation for Sapphire Wind Power Company Limited (subsidiary company). The loan is secured by way of a first priority security interest against current and future assets of the subsidiary company. The loan is repayable in 20 semi-annual installments. The interest on this loan is charged at the rate of 3 months LIBOR plus 3.7 percent. The interest is payable quarterly.

8 LONG TERM PAYABLE

This represent amortized value of balance consideration US $ 4,378,200 payable to ex-shareholders of Tricon Boston Consulting Corporation (Pvt.) Limited.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
		---------- Rupees ----------	
9	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
9.1	Guarantees issued by banks on behalf of the Group	**260,389,565**	253,081,635

9.2 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 March 31, 2015 the value of these cheques amounted to Rs.112.704 million (June 30, 2014: Rs.91.311 million).

9.3 There is no change in status of the contingencies as disclosed in notes 29.2, 29.4 to 29.9 and 29.12 of the audited annual financial statements of the Group for the year ended June 30, 2014.

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Commitments	---------- Rupees ----------	
9.4	Confirmed letter of credit in respect of:		
	- plant and machinery	**254,815,395**	38,845,624
	- raw material	**58,882,460**	35,234,533
	- stores and spares	**22,436,062**	9,083,376
		336,133,917	83,163,533

9.5 Commitments in respect of expenditure contracted by SWPCL but not incurred as at March 31, 2015 amounts to USD 78.512 million (June 30, 2014: Rs Nil million).

			(Un-audited) Nine Months Period ended March 31,		(Un-audited) Quarter ended March 31,	
			2015	2014	**2015**	2014
		Note	---------- Rupees ----------		---------- Rupees ----------	
10	**COST OF SALES AND SERVICES**					
	Finished goods - Opening stock		**790,588,259**	863,499,963	**579,163,429**	836,761,574
	Cost of goods manufactured	**10.1**	**15,132,999,101**	17,213,498,082	**5,186,423,118**	5,398,427,929
			15,923,587,360	18,076,998,045	**5,765,586,547**	6,235,189,503
	Finished goods - Closing stock		**(600,540,923)**	(754,125,369)	**(600,540,923)**	(754,125,369)
			15,323,046,437	17,322,872,676	**5,165,045,624**	5,481,064,134
10.1	**Cost of goods manufactured**					
	Work in process - opening stock		**299,835,103**	347,731,791	**285,857,816**	356,911,883
	Raw material consumed		**9,970,108,339**	12,848,100,386	**3,419,546,723**	4,065,664,769
	Cost of raw material sold		**79,822,161**	43,414,438	**277,771**	24,099,909
	Overheads		**5,124,600,372**	4,346,624,158	**1,822,107,682**	1,324,124,059
			15,474,365,975	17,585,870,773	**5,527,789,992**	5,770,800,620
	Work in process - closing stock		**(341,366,874)**	(372,372,691)	**(341,366,874)**	(372,372,691)
			15,132,999,101	17,213,498,082	**5,186,423,118**	5,398,427,929

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) Nine Months Period Ended March 31,	
		2015	2014
		---------- Rupees ----------	
11	**CASH FLOW FROM OPERATIONS**		
	Profit before taxation and share of profit of associated companies	**965,582,498**	1,113,516,266
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	**500,075,525**	426,760,401
	Depreciation on investment property	**777,231**	863,591
	Gain on sale of investments	**(17,285,755)**	(106,427,221)
	Amortization of intangible assets	**1,043,066**	2,071,647
	Gain on sale of property, plant and equipment	**(4,602,362)**	(6,070,733)
	Dividend income	**(310,820,311)**	(257,070,473)
	Provision for gratuity	**58,790,500**	65,190,500
	Provision for doubtful debts	**9,000,000**	9,000,000
	Provision for stores, spares and loose tools	**8,614,968**	-
	Unwinding up income	**(18,320,390)**	-
	Amortization of unwinding up of liability	**1,772,529**	-
	Exchange differences	**5,875,194**	(42,480,397)
	Finance cost	**438,985,507**	549,810,361
	Rental income	**(11,993,256)**	(11,745,049)
		661,912,446	629,902,627
	Operating cash flow before changes in working capital	**1,627,494,944**	1,743,418,893
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spares and loose tools	**(68,093,626)**	(112,343,574)
	Stock-in-trade	**(2,114,261,011)**	(1,259,973,142)
	Trade debts	**(584,783,215)**	227,853,124
	Loans and advances	**(2,708,319,352)**	(50,544,396)
	Trade deposits and short term prepayments	**(89,501,892)**	(12,880,266)
	Other receivables	**(13,079,356)**	(2,543,674)
		(5,578,038,452)	(1,210,431,928)
	Increase in current liabilities		
	Trade and other payables	**464,717,212**	772,439,272
		(3,485,826,296)	1,305,426,237

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

12 SEGMENT ANALYSIS

12.1 SEGMENT RESULTS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Total
	---------- Rupees ----------				
For the nine months period ended March 31, 2015					
Revenue - external customers	**9,939,441,127**	**5,003,328,788**	**2,495,967,677**	**-**	**17,438,737,592**
Inter - segment sales	**1,865,044,628**	**743,183,537**	**226,463,715**	**-**	**2,834,691,880**
Segment results	**384,720,713**	**301,568,874**	**7,865,867**	**(6,816,609)**	**687,338,845**
For the nine months period ended March 31, 2014					
Revenue - external customers	12,038,705,989	5,732,999,057	2,050,127,518	-	19,821,832,564
Inter - segment sales	977,736,799	545,352,808	20,436,739	-	1,543,526,346
Segment results	314,502,337	454,283,365	210,815,123	(145,481,549)	834,119,276

Reconciliation of segment results with profit after tax is as follows:	(Un-audited) Nine Months Period Ended March 31, 2015	2014
	---------- Rupees ----------	
Total results for reportable segments	**687,338,845**	834,119,276
Other operating expenses	**(123,845,970)**	(119,605,292)
Other income	**402,089,623**	399,002,282
Share of profit of associated companies	**41,933,953**	46,967,181
Profit before taxation	**1,007,516,451**	1,160,483,447
Taxation	**(93,925,644)**	(288,564,442)
Profit after taxation for the period	**913,590,807**	871,919,005

12.2 SEGMENT ASSETS

	Spinning	Weaving	Processing and Home Textile	Power Generation	Total
	---------- Rupees ----------				
As at March 31, 2015					
Segment assets	**10,423,084,017**	**2,674,772,312**	**3,987,563,525**	**9,795,001,597**	**26,880,421,451**
As at June 30, 2014					
Segment assets	7,978,897,402	2,967,920,804	2,854,751,735	996,990,145	14,798,560,086

Reconciliation of segment assets with total assets is as follows:	(Un-audited) March 31, 2015	(Audited) June 30, 2014
	---------- Rupees ----------	
Total assets for reportable segments	**26,880,421,451**	14,798,560,086
Unallocated assets	**8,445,517,418**	7,938,919,587
Total assets as per balance sheet	**35,325,938,869**	22,737,479,673

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

13 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:

	(Un-audited) Nine Months Period Ended March 31,	
	2015	2014
	---------- Rupees ----------	
Associates:		
Sales	**755,090,901**	651,632,173
Purchases	**276,193,177**	467,819,231
Electricity purchased	**322,605,784**	190,988,761
Expenses charged to	**5,830,546**	-
Expenses charged by	**22,066,708**	11,204,542
Dividend paid	**53,161,860**	48,449,124
Dividend received	**9,476,850**	18,636,226
Loan obtained	**536,545,000**	-
Markup charged by	**26,609,790**	-
Interest income	**1,526,249**	-
Other related parties:		
Donations	**18,000,000**	12,350,000
Contribution to provident fund	**11,090,063**	9,234,842
Remuneration to key management personnel	**223,146,702**	175,852,349

14 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, 2014 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. nine months period ended March 31, 2014.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Significant reclassification made in these financial statements is given below:

Re-classification from component	Re-classification to component	Rupees
Other income - exchange gain on foreign currency loan	Finance cost - exchange gain on foreign currency loan	39,834,397

15 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information were approved by the board of directors of holding company and authorised for issue on April 24, 2015.

Karachi:
Dated: April 24, 2015

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR