SAPPHIRE TEXTILE MILLS LIMITED

Third Quarter Accounts March 31, 2016

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Company Profile

Board Of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

Chairman	:	Mr. Amer Abdullah
Member	:	Mr. Nabeel Abdullah
Member	:	Mr. Yousuf Abdullah

Chief Financial Officer	:	Mr. Abdul Sattar
Secretary	:	Mr. Zeeshan
Auditors	:	Mushtaq & 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

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the nine months' period ended March 31, 2016.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Nine Months Period Ended March 31	
	2016	2015
Sales & Services	17,390,945	17,403,079
Gross Profit	1,975,481	2,136,877
Other Income	1,156,267	393,503
Profit before taxation	1,452,152	1,042,146
Taxation		
- Current	(203,200)	(53,446)
- prior year	93	266
- Deferred	(32,222)	(40,338)
	(235,329)	(93,518)
Profit after taxation	1,216,823	948,628

REVIEW OF OPERATIONS

The profit before tax for the nine months of the current financial year was Rs. 1,452 million compared to Rs. 1,042 million in the corresponding period of previous year. The gross profit as a percentage of sales was 11.36% as compared to 12.28% in the corresponding period. During the period beside operational income; gain on sale of equity investments and higher dividend income from equity investments resulted improved profitability.

EARNINGS PER SHARE

The earnings per share for the nine months period ended March 31, 2016 is Rs. 60.59 as compared to Rs. 47.24 for previous year's corresponding period.

FUTURE PROSPECTS

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

ACKNOWLEDGEMENTS

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

On behalf of the Board

Karachi :
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2016

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**9,188,884,314**	8,751,209,578
Investment property		**31,750,000**	162,237,097
Intangible assets		**5,882,026**	7,514,871
Long term investments		**9,955,312,924**	9,823,448,087
Long term loans and advances		**48,616,188**	58,202,397
Long term deposits and prepayments		**81,771,578**	78,083,220
		19,312,217,030	18,880,695,250
CURRENT ASSETS			
Stores, spares and loose tools		**341,806,315**	309,958,010
Stock-in-trade		**5,602,814,879**	3,969,334,963
Trade debts		**1,681,292,284**	1,297,680,833
Loans and advances		**198,553,704**	167,965,261
Trade deposits and short term prepayments		**25,337,179**	15,139,318
Other receivables		**326,848,067**	145,975,668
Other financial assets		**2,645,332,322**	2,145,664,201
Tax refunds due from Government		**1,517,631,169**	1,105,311,136
Cash and bank balances		**146,133,948**	50,080,021
		12,485,749,867	9,207,109,411
TOTAL ASSETS		**31,797,966,897**	28,087,804,661
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs. 10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		**200,831,400**	200,831,400
Reserves		**13,426,375,324**	14,169,339,753
		13,627,206,724	14,370,171,153
NON-CURRENT LIABILITIES			
Long term financing		**5,343,836,563**	5,013,027,494
Deferred liabilities		**480,562,406**	472,127,414
Long term payable		**-**	431,631,479
		5,824,398,969	5,916,786,387
CURRENT LIABILITIES			
Trade and other payables		**2,536,859,561**	2,316,663,831
Accrued Interest / mark-up		**130,360,318**	149,867,565
Short term borrowings		**7,856,659,213**	4,718,214,518
Current portion of long term payable		**454,310,306**	-
Current portion of long term financing		**1,130,353,908**	489,359,511
Provision for taxation		**237,817,898**	126,741,696
		12,346,361,204	7,800,847,121
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		**31,797,966,897**	28,087,804,661

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, ,2016

	Note	Nine Months Period Ended March 31,		Quarter Ended March 31,	
		2016	2015	**2016**	2015
		---------- Rupees ----------		---------- Rupees ----------	
Sales and services		**17,390,944,884**	17,403,078,738	**6,091,660,596**	5,848,380,110
Cost of sales and services	**7**	**(15,415,463,501)**	(15,266,201,277)	**(5,400,422,529)**	(5,151,869,144)
Gross profit		**1,975,481,383**	2,136,877,461	**691,238,067**	696,510,966
Distribution cost		**(675,392,089)**	(702,952,766)	**(243,273,582)**	(223,613,959)
Administrative expenses		**(218,199,888)**	(219,724,219)	**(71,717,165)**	(72,759,822)
Other operating expenses		**(131,649,160)**	(123,359,931)	**(36,636,000)**	(46,994,440)
Other income		**1,156,266,617**	393,503,203	**374,863,509**	163,858,945
		131,025,480	(652,533,713)	**23,236,762**	(179,509,276)
Profit from operations		**2,106,506,863**	1,484,343,748	**714,474,829**	517,001,690
Finance cost		**(654,354,531)**	(442,197,630)	**(244,312,723)**	(206,276,513)
Profit before taxation		**1,452,152,332**	1,042,146,118	**470,162,106**	310,725,177
Taxation					
Current					
- for the period		**(203,200,882)**	(53,446,212)	**(69,188,382)**	72,052,635
- prior year		**93,326**	265,629	**-**	-
Deferred		**(32,221,993)**	(40,337,860)	**(10,728,103)**	(37,357,991)
		(235,329,549)	(93,518,443)	**(79,916,485)**	34,694,644
Profit after taxation		**1,216,822,783**	948,627,675	**390,245,621**	345,419,821
Earnings per share - basic and diluted		**60.59**	47.24	**19.43**	17.20

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Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, ,2016

	Nine Months Period Ended March 31,		Quarter Ended March 31,	
	2016	2015	**2016**	2015
	---------- Rupees ----------		---------- Rupees ----------	
Profit after taxation	**1,216,822,783**	948,627,675	**390,245,621**	345,419,821
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss				
Available for sale investments				
Unrealized loss on remeasurement of available for sale investments	**(1,097,632,047)**	(570,097,574)	**(491,381,168)**	(790,727,718)
Reclassification adjustments relating to gain realised on disposal of available for sale investments	**(662,457,856)**	(19,251,929)	**(267,964,983)**	-
	(1,760,089,903)	(589,349,503)	**(759,346,151)**	(790,727,718)
Forward foreign currency contracts				
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	**(1,513,733)**	1,663,813	**(1,285,515)**	(5,462,286)
Reclassification adjustments relating to gain realised on settlement of forward foreign currency contracts	**2,647,824**	1,003,061	**-**	-
	1,134,091	2,666,874	**(1,285,515)**	(5,462,286)
Other comprehensive loss for the period	**(1,758,955,812)**	(586,682,629)	**(760,631,666)**	(796,190,004)
Total comprehensive (loss) / income for the period	**(542,133,029)**	361,945,046	**(370,386,045)**	(450,770,183)

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

	Note	March 31, 2016	2015
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	8	**(221,755,153)**	(656,210,633)
Long term loans, deposits and prepayments		**5,897,851**	(15,871,937)
Finance cost paid		**(664,874,140)**	(426,893,629)
Staff retirement benefits - gratuity paid		**(105,505,260)**	(56,402,730)
Taxes paid		**(504,351,387)**	(340,407,832)
		(1,268,832,936)	(839,576,128)
Net cash used in operating activities		**(1,490,588,089)**	(1,495,786,761)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,072,350,163)**	(854,667,850)
Purchase of intangible assets		**(250,000)**	(1,080,000)
Investment in associates and subsidiaries		**(751,516,070)**	(1,502,089,971)
Investment others		**(2,389,170,060)**	(375,743,490)
Proceeds from disposal of property, plant and equipment		**17,410,259**	21,568,052
Proceeds from disposal of investment property		**150,000,000**	-
Proceeds from sale of investments		**1,306,967,272**	57,171,365
Dividend received		**401,128,942**	193,574,130
Rental income received		**14,335,731**	11,993,256
Net cash used in investing activities		**(2,323,444,089)**	(2,449,274,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**3,118,314,803**	3,302,822,033
Proceeds from long term financing		**1,348,814,000**	1,200,000,000
Repayment of long term financing		**(377,010,534)**	(344,222,976)
Dividend paid		**(200,684,235)**	(202,047,866)
Net cash generated from financing activities		**3,889,434,034**	3,956,551,191
Net increase in cash and cash equivalents		**75,401,856**	11,489,922
Cash and cash equivalents at the beginning of the period		**48,966,565**	88,107,437
Cash and cash equivalents at the end of the period		**124,368,421**	99,597,359
Cash and cash equivalents			
Cash and bank balances		**146,133,948**	133,580,339
Book overdrafts - unsecured		**(21,765,527)**	(33,982,980)
Cash and cash equivalents at the end of the period		**124,368,421**	99,597,359

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

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Karachi: **MOHAMMAD ABDULLAH** **NABEEL ABDULLAH**
Dated: April 26, 2016 CHAIRMAN / DIRECTOR DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

	Reserves						Other Components of equity			Total Equity
	Share Capital	Capital	Revenue			SUB TOTAL	Unrealized gain / (loss)		SUB TOTAL	
		Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit		On available for sale investments	On forward foreign exchange contracts		
	Rupees									
Balance as at July 01, 2014 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	7,841,193,093	9,392,395,293	3,746,385,423	1,003,061	3,747,388,484	13,340,615,177
Total comprehensive income / (loss) 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
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,659,139,529	10,210,341,729	3,961,645,848	(2,647,824)	3,958,998,024	14,370,171,153
Total comprehensive income / (loss) for the nine months period ended March 31, 2016										
Profit after taxation	-	-	-	-	1,216,822,783	1,216,822,783	-	-	-	1,216,822,783
Other comprehensive (loss) / income	-	-	-	-	-	-	(1,760,089,903)	1,134,091	(1,758,955,812)	(1,758,955,812)
	-	-	-	-	1,216,822,783	1,216,822,783	(1,760,089,903)	1,134,091	(1,758,955,812)	(542,133,029)
Transaction with owners										
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	(200,831,400)
Balance as at March 31, 2016 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	9,675,130,912	11,226,333,112	2,201,555,945	(1,513,733)	2,200,042,212	13,627,206,724

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended March 31, 2016 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2015.

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

2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2015.

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

		Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
			---------- Rupees ----------	
5	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets		**8,319,735,112**	8,291,545,469
	Capital work-in-progress	**5.2**	**869,149,202**	459,664,109
			9,188,884,314	8,751,209,578

5.1 The cost of additions and disposals to operating fixed assets during the nine months period ended March 31, 2016 were as follows.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

	(Un-audited) March 31, 2016		Audited June 30, 2015	
	Addition	Disposal	Addition	Disposal
	Cost		Cost	
	---------- Rupees ----------		---------- Rupees ----------	
Freehold land	-	-	79,150,000	-
On Freehold land:				
Factory buildings	**20,994,514**	-	459,685,987	-
Labour, staff colony and others	**4,609,284**	-	58,635,110	-
Factory buildings on lease hold land	-	-	4,218,478	-
Plant and machinery	**528,123,041**	**68,434,509**	2,170,066,939	67,606,672
Electric installations	**10,708,472**	-	118,551,800	-
Fire Fighting equipment	**5,397,197**	-	1,326,799	-
Electric equipments	**5,053,263**	-	7,631,798	-
Computers	**13,943,572**	**281,500**	12,135,093	627,450
Office equipments	-	-	1,786,500	-
Mills equipments	**4,103,000**	-	30,472,071	-
Furniture and fixtures	**11,696,828**	-	13,396,810	-
Vehicles	**58,235,899**	**15,289,959**	69,359,414	29,974,510
	662,865,070	**84,005,968**	3,026,416,799	98,208,632

		(Un-audited) March 31, 2016	(Audited) June 30, 2015
5.2	**Capital work-in-progress**	---------- Rupees ----------	
	Advance for land	**3,928,500**	-
	Civil works and buildings	**438,428,212**	292,115,607
	Plant and machinery	**419,289,820**	154,746,763
	Electric installations	**6,002,670**	7,102,670
	Fire fighting equipment	**-**	2,106,000
	Electric equipments	**-**	894,246
	Mills equipments	**-**	968,730
	Furniture and fixtures	**1,500,000**	1,730,093
		869,149,202	459,664,109
6	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
6.1	Guarantees issued by banks on behalf of the Company	**330,137,368**	267,051,368

6.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at March 31, 2016 the value of these cheques amounted to Rs.194.784 million (June 30, 2015: Rs. 110.835 million).

6.3 There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.7 of the audited annual financial statements of the Company for the year ended June 30, 2015.

Commitments

6.4	Confirmed letter of credit in respect of:		
	- plant and machinery	**517,251,572**	89,386,896
	- raw material	**178,558,031**	140,306,178
	- stores and spares	**42,338,876**	36,685,999
		738,148,479	266,379,073

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

			(Un-audited) Nine months period ended March 31,		(Un-audited) Quarter ended March 31,	
			2016	2015	**2016**	2015
7	**COST OF SALES AND SERVICES**	**Note**	**---------- Rupees ----------**		**---------- Rupees ----------**	
	Finished goods - Opening stock		**602,173,021**	790,588,259	**593,909,750**	579,163,429
	Cost of goods manufactured	**7.1**	**15,424,767,385**	15,076,153,941	**5,417,989,684**	5,173,246,638
			16,026,940,406	15,866,742,200	**6,011,899,434**	5,752,410,067
	Finished goods - Closing stock		**(611,476,905)**	(600,540,923)	**(611,476,905)**	(600,540,923)
			15,415,463,501	15,266,201,277	**5,400,422,529**	5,151,869,144
7.1	**Cost of Goods Manufactured**					
	Work in process - opening stock		**302,862,009**	299,835,103	**316,680,725**	285,857,816
	Raw material consumed		**10,060,358,464**	9,978,371,029	**3,553,169,194**	3,427,156,405
	Cost of raw material sold		**12,499,401**	79,822,161	**-**	277,771
	Overheads		**5,372,140,868**	5,059,492,522	**1,871,233,122**	1,801,321,520
			15,747,860,742	15,417,520,815	**5,741,083,041**	5,514,613,512
	Work in process - closing stock		**(323,093,357)**	(341,366,874)	**(323,093,357)**	(341,366,874)
			15,424,767,385	15,076,153,941	**5,417,989,684**	5,173,246,638

		(Un-audited) Nine months period ended March 31,	
		2016	2015
8	**CASH USED IN OPERATIONS**	**---------- Rupees ----------**	
	Profit before taxation	**1,452,152,332**	1,042,146,118
	Adjustments for non-cash charges and other items:		
	Depreciation	**623,417,450**	497,364,081
	Depreciation on investment property	**544,062**	777,231
	Gain on sale of investments	**(558,004,003)**	(17,285,755)
	Amortization of intangible assets	**1,882,845**	1,043,066
	Gain on sale of property, plant and equipment	**(6,152,282)**	(4,602,362)
	Gain on sale of investment property	**(20,056,965)**	-
	Dividend income	**(543,643,650)**	(320,290,254)
	Provision for gratuity	**81,718,259**	58,790,500
	Provision for doubtful debts	**-**	9,000,000
	Provision for stores, spares and loose tools	**8,012,688**	8,614,968
	Unwinding up of long term payable	**-**	(18,320,390)
	Impairment loss on subsidiary	**100,000**	-
	Amortization of unwinding up of liability	**9,509,817**	1,772,529
	Exchange differences	**12,646,831**	5,875,194
	Finance cost	**645,366,893**	437,487,674
	Rental income	**(14,335,731)**	(11,993,256)
		241,006,214	648,233,226
	Operating cash flows before changes in working capital	**1,693,158,546**	1,690,379,344

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

	(Un-audited) Nine months period ended March 31,	
	2016	2015
	---------- Rupees ----------	
Changes in working capital		
Increase in current assets		
Stores, spares and loose tools	**(39,860,993)**	(68,093,626)
Stock-in-trade	**(1,633,479,916)**	(2,104,554,738)
Trade debts	**(383,611,451)**	(584,767,340)
Loans and advances	**(30,588,443)**	(53,586,964)
Trade deposits and short term prepayments	**(10,197,861)**	(36,015,454)
Other receivables	**(38,357,691)**	(30,267,853)
	(2,136,096,355)	(2,877,285,975)
Increase in current liabilities		
Trade and other payables	**221,182,656**	530,695,998
	(221,755,153)	(656,210,633)

9 TRANSACTIONS WITH RELATED PARTIES

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

	(Un-audited) Nine Months Period Ended March 31,	
	2016	2015
	---------- Rupees ----------	
Subsidiaries:		
Sales	**644,921,192**	63,934,121
Purchases	**164,686**	-
Share deposit money	**751,516,070**	1,503,862,500
Shares received	**367,066,070**	1,369,362,500
Expenses charged to	**15,603,536**	9,672,086
Associates:		
Sales	**1,055,357,252**	755,090,901
Purchases	**175,574,810**	276,193,177
Electricity purchased	**516,671,558**	322,605,784
Expenses charged by	**4,129,366**	5,830,546
Expenses charged to	**28,513,380**	22,066,708
Dividend paid	**56,228,270**	53,161,860
Dividend received	**19,617,390**	9,476,850
Loans obtained - net	**583,103,244**	536,545,000
Markup charged by	**32,117,221**	26,609,790
Interest received	**-**	1,526,249
Other related parties:		
Donations	**23,450,000**	18,000,000
Contribution to provident fund	**16,750,440**	11,090,063
Remuneration to key management personnel	**260,533,996**	195,504,257

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, ,2016

10 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2015 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. nine months period ended March 31, 2015.

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

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were approved by the board of directors and authorized for issue on April 26, 2016.

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

SAPPHIRE TEXTILE MILLS LIMITED

Third QuarterAccounts March 31, 2016

CONSOLIDATED ACCOUNTS

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DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Tricon Boston Consulting Corporation (Private) Limited, Sapphire Home Incorporation, Sapphire Tech (Private) Limited and Sapphire Solar (Private) Limited**, it is my pleasure to present Directors' report with un-audited Consolidated Financial Statement for the nine months' period ended March 31, 2016.

Sapphire Wind Power Company Limited

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

Sapphire Retail Limited

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

Tricon Boston Consulting Corporation (Private) Limited

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

Sapphire Home Incorporation

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

Sapphire Tech (Pvt.) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984. The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. As there being no progress, as such the shareholders have granted approval for the winding up of the company.

Sapphire Solar (Private) Limited

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

On behalf of the Board

Karachi
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2016

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**21,160,300,888**	16,546,335,874
Investment property		**31,750,000**	162,237,097
Intangible assets		**461,422,336**	463,055,181
Long term investments		**6,873,055,917**	7,477,119,413
Long term loans and advances		**48,616,188**	58,202,397
Long term deposits and prepayments		**158,262,503**	129,947,175
		28,733,407,832	24,836,897,137
CURRENT ASSETS			
Stores, spares and loose tools		**341,806,315**	309,958,010
Stock-in-trade		**6,034,165,847**	4,205,271,398
Trade debts		**2,016,797,444**	1,211,609,370
Loans and advances		**220,170,849**	172,279,598
Trade deposits and short term prepayments		**63,480,675**	53,205,298
Other receivables		**294,961,531**	115,975,668
Other financial assets		**2,645,332,322**	2,145,664,201
Tax refunds due from Government		**1,554,035,868**	1,129,955,962
Cash and bank balances		**2,152,451,353**	2,298,034,770
		15,323,202,204	11,641,954,275
Assets classified as held for sale	5.1	**251,478**	-
TOTAL ASSETS		**44,056,861,514**	36,478,851,412
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		**200,831,400**	200,831,400
Reserves		**13,873,257,611**	14,428,904,744
Equity attributable to holders of parent company		**14,074,089,011**	14,629,736,144
Non-controlling interest		**1,107,744,323**	812,156,782
Total Equity		**15,181,833,334**	15,441,892,926
NON-CURRENT LIABILITIES			
Long term financing		**14,068,288,553**	11,834,215,878
Deferred liabilities		**486,752,293**	477,118,917
Long term payable		**-**	431,631,479
		14,555,040,846	12,742,966,274
CURRENT LIABILITIES			
Trade and other payables		**3,713,965,092**	2,577,608,219
Accrued Interest / mark-up		**222,514,187**	214,938,544
Short term borrowings		**7,888,130,124**	4,720,514,518
Current portion of long term payable		**454,310,306**	-
Current portion of long term financing		**1,786,394,362**	650,563,571
Provision for taxation		**254,421,785**	130,367,360
		14,319,735,856	8,293,992,212
Liabilities classified as held for sale	5.2	**251,478**	-
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		**44,056,861,514**	36,478,851,412

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi: **MOHAMMAD ABDULLAH** **NABEEL ABDULLAH**
Dated: April 26, 2016 CHAIRMAN / DIRECTOR DIRECTOR

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Note	Nine Months Period Ended March 31, 2016	Nine Months Period Ended March 31, 2015	Quarter Ended March 31, 2016	Quarter Ended March 31, 2015
		Rupees	Rupees	Rupees	Rupees
Sales and services		**18,818,018,743**	17,438,737,592	**6,854,962,536**	5,875,045,350
Cost of sales and services	8	**(16,079,369,195)**	(15,323,046,437)	**(5,740,318,141)**	(5,165,045,624)
Gross profit		**2,738,649,548**	2,115,691,155	**1,114,644,395**	709,999,726
Distribution cost		**(942,249,217)**	(755,093,379)	**(356,051,593)**	(248,065,659)
Administrative expenses		**(291,659,788)**	(229,563,468)	**(110,406,679)**	(75,904,769)
Other operating expenses		**(135,100,298)**	(123,845,970)	**(35,478,864)**	(46,968,909)
Other income		**1,138,257,778**	402,089,623	**375,624,932**	181,915,308
		(230,751,525)	(706,413,194)	**(126,312,204)**	(189,024,029)
Profit from operations		**2,507,898,023**	1,409,277,961	**988,332,191**	520,975,697
Finance cost		**(828,333,011)**	(443,695,463)	**(370,664,670)**	(207,562,716)
		1,679,565,012	965,582,498	**617,667,521**	313,412,981
Share of profit of associated companies		**54,919,006**	41,933,953	**32,843,257**	27,897,145
Profit before taxation		**1,734,484,018**	1,007,516,451	**650,510,778**	341,310,126
Taxation					
Current					
- for the period		**(219,804,769)**	(53,446,212)	**(78,030,162)**	72,052,635
- prior year		**93,326**	265,629	**-**	-
Deferred		**(33,420,377)**	(40,745,061)	**(10,850,357)**	(37,396,472)
		(253,131,820)	(93,925,644)	**(88,880,519)**	34,656,163
Profit after taxation from continuing operations		**1,481,352,198**	913,590,807	**561,630,259**	375,966,289
Loss after taxation from discontinued operations	5.3	**(266,135)**	-	**(260,000)**	-
Profit for the period		**1,481,086,063**	913,590,807	**561,370,259**	375,966,289
Attributable to:					
Shareholders of Parent Company		**1,425,378,836**	910,205,121	**540,628,959**	371,094,629
Non- controlling interest		**55,707,227**	3,385,686	**20,741,300**	4,871,660
		1,481,086,063	913,590,807	**561,370,259**	375,966,289
Earnings per share attributable to shareholders of parent company- basic and diluted		**70.97**	45.32	**26.92**	18.48
Earnings per share attributable to shareholders of parent company from continuing operations- basic and diluted		**70.99**	45.32	**26.93**	18.48

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Nine Months Period Ended March 31,		Quarter Ended March 31,	
	2016	2015	**2016**	2015
	---------- Rupees ----------		---------- Rupees ----------	
Profit after taxation	**1,481,086,063**	913,590,807	**561,370,259**	375,966,289
Other comprehensive income:				
Available for sale investments				
Unrealized loss on remeasurement of available for sale investments	**(1,097,632,047)**	(570,097,574)	**(491,381,168)**	(790,727,718)
Reclassification adjustments relating to (gain) / loss realised on disposal of available for sale investments	**(662,457,856)**	(19,251,929)	**(267,964,983)**	-
Unrealised (loss) / gain on remeasurement of available for sale investments - associates	**(5,379,161)**	1,593,010	**-**	160,022
	(1,765,469,064)	(587,756,493)	**(759,346,151)**	(790,567,696)
Forward foreign currency contracts				
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts	**(1,513,733)**	1,663,813	**(1,285,515)**	(5,462,286)
Reclassification adjustments relating to gain realised on settlement of foreign currency contracts	**2,647,824**	1,003,061	**-**	-
Unrealised gain / (loss) on remeasurement of forward foreign currency contracts - associates	**16,449**	(34,366)	**301**	(119,631)
	1,150,540	2,632,508	**(1,285,214)**	(5,581,917)
Exchange difference on translating foreign operations	**2,991,695**	(11,586,382)	**2,451,549**	(5,914,732)
Items that may not be reclassified subsequently to profit and loss				
Share of decrease in reserves of associated companies under equity method	**(17,372,409)**	(10,308,000)	**(6,412,890)**	(11,701,054)
Other comprehensive loss for the period	**(1,778,699,238)**	(607,018,367)	**(764,592,706)**	(813,765,399)
Total comprehensive (loss) / income for the period	**(297,613,175)**	306,572,440	**(203,222,447)**	(437,799,110)
Total comprehensive (loss) / income for the period attributable to shareholders of parent company arising from:				
Continuing operations	**(353,054,267)**	303,186,754	**(223,703,747)**	(442,670,770)
Discontinued operations	**(266,135)**	-	**(260,000)**	-
	(353,320,402)	303,186,754	**(223,963,747)**	(442,670,770)
Attributable to:				
Shareholders of Parent Company	**(353,320,402)**	303,186,754	**(223,963,747)**	(442,670,770)
Non- controlling interest	**55,707,227**	3,385,686	**20,741,300**	4,871,660
	(297,613,175)	306,572,440	**(203,222,447)**	(437,799,110)

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Note	March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		---------- Rupees ----------	
Cash generated from / (used in) operations	9	**744,182,393**	(3,485,826,296)
Long term loans, deposits and prepayments		**(18,729,119)**	99,335,669
Finance cost paid		**(811,770,187)**	(396,141,090)
Staff retirement benefits - gratuity paid		**(105,505,260)**	(56,402,730)
Taxes paid		**(519,736,924)**	(361,194,597)
		(1,455,741,490)	(714,402,748)
Net cash used in operating activities		**(711,559,097)**	(4,200,229,044)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(5,536,575,356)**	(1,197,314,412)
Excess of assets over fair value of subsidiary company		**-**	(31,662,500)
Purchase of intangible assets		**(250,000)**	(1,080,000)
Investment in associates		**19,598,952**	9,469,943
Investment others		**(2,389,170,056)**	(375,743,490)
Proceeds from disposal of property, plant and equipment		**17,419,739**	21,568,052
Proceeds from disposal of investment property		**150,000,000**	-
Proceeds from sale of investments		**1,306,967,272**	57,171,365
Dividend received		**381,529,990**	184,104,187
Rental income received		**14,335,731**	11,993,256
Net cash used in investing activities		**(6,036,143,728)**	(1,321,493,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**3,147,485,714**	3,302,822,033
Proceeds from long term financing		**3,804,534,000**	8,127,442,026
Repayment of long term financing		**(408,090,534)**	(344,222,976)
Exchange difference on translating foreign operation		**88,887**	104,611
Issuance of shares - net		**238,384,983**	548,995,000
Dividend paid		**(200,684,235)**	(202,047,866)
Net cash generated from financing activities		**6,581,718,815**	11,433,092,828
Net (decrease) / increase in cash and cash equivalents		**(165,984,010)**	5,911,370,185
Cash and cash equivalents at the beginning of the period		**2,296,921,314**	673,588,408
Cash and cash equivalents at the end of the period		**2,130,937,304**	6,584,958,593
Cash and cash equivalents			
Cash and bank balances		**2,152,702,831**	6,618,941,573
Books overdraft - unsecured		**(21,765,527)**	(33,982,980)
Cash and cash equivalents at the end of the period		**2,130,937,304**	6,584,958,593

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi: **MOHAMMAD ABDULLAH** **NABEEL ABDULLAH**
Dated: April 26, 2016 CHAIRMAN / DIRECTOR DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	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, 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 / (loss) 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 / (loss)	-	-	-	-	-	-	(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
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	10,467,556,280	3,972,020,026	(2,699,243)	(7,972,319)	3,961,348,464	14,629,736,144	812,156,782	15,441,892,926
Total comprehensive income / (loss) for the nine months period ended March 31, 2016													
Profit after taxation	-	-	-	-	1,425,378,836	1,425,378,836	-	-	-	-	1,425,378,836	55,707,227	1,481,086,063
Other comprehensive (loss) / income	-	-	-	-	-	-	(1,765,469,064)	1,150,540	2,991,695	(1,761,326,829)	(1,761,326,829)	-	(1,761,326,829)
	-	-	-	-	1,425,378,836	1,425,378,836	(1,765,469,064)	1,150,540	2,991,695	(1,761,326,829)	(335,947,993)	55,707,227	(280,240,766)
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(17,372,409)	(17,372,409)	-	-	-	-	(17,372,409)	-	(17,372,409)
Transaction with owners													
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	128,171,170	128,171,170
Share Issuance cost of subsidiary - SWPCL	-	-	-	-	(1,495,331)	(1,495,331)	-	-	-	-	(1,495,331)	(640,856)	(2,136,187)
Share deposit money - SWPCL	-	-	-	-	-	-	-	-	-	-		112,350,000	112,350,000
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)
Balance as at March 31, 2016 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	10,122,033,776	11,673,235,976	2,206,550,962	(1,548,703)	(4,980,624)	2,200,021,635	14,074,089,011	1,107,744,323	15,181,833,334

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

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited - the Holding Company

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

Sapphire Wind Power Company Limited - the subsidiary company (Holding - 70%)

Sapphire Wind Power Company Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on December 27, 2006. The company is a subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the company's project is being set up at Jhimpir, District Thatta, Sindh on land that is leased to the company by Alternative Energy Development Board ('AEDB'), Government of Pakistan. The company's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

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

Tricon Boston Consulting Corporation (Private) Limited (the Company) was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 on August 13, 2012. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited, the holding company. The Company's principal business is to operate and maintain wind power plants to generate and supply electricity. The address of the registered office of the company is 7/A- K, Main Boulevard, Gulberg II, Lahore.

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

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

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

Sapphire Retail Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on June 11, 2014. The company is a wholly owned subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 7 A/K Main Boulevard, Gulberg-II, Lahore. The company is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad.

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

Sapphire Solar Power (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principal activity of the Company is power generation by means of solar energy and other alternative energy sources. The registered office of the Company is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh. As there being no progress, as such the shareholders have granted approval for the winding up / sale of the company.

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

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited. The registered office of the Company is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Company is to set up and operate electrical power generation project for distribution, selling and supply of electric power. As there being no progress, as such the shareholders have granted approval for the winding up / sales of the company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated condensed interim financial information of the Group for the nine months period ended March 31, 2016 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. This consolidated condensed interim financial information does not include all

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended June 30, 2015.
This consolidated condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2015.

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

5 DISCONTINUED OPERATIONS

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

	(Un-audited) March 31, 2016	(Audited) June 30, 2015
5.1 Assets classified as held for sale	---------- Rupees ----------	
Cash and bank balances	**251,478**	**-**
5.2 Liabilities classified as held for sale		
Trade and other payables	**251,478**	-

	March 31, 2016	2015
5.3 Loss after tax from discontinued operations	---------- Rupees ----------	
Administrative expenses	**205,678**	-
Other operating expenses	**60,000**	
Finance cost	**457**	-
Loss after tax from discontinued operations	**266,135**	-

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
6 PROPERTY, PLANT AND EQUIPMENT		---------- Rupees ----------	
Operating fixed assets		**20,159,775,392**	8,346,834,734
Capital work-in-progress	**6.2**	**1,000,525,496**	8,199,501,140
		21,160,300,888	16,546,335,874

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

6.1 The cost of additions and disposals to operating fixed assets during the nine months period ended March 31, 2016 are as follows.

	(Un-audited) March 31, 2016		(Audited) June 30, 2015	
	Addition	**Disposal**	Addition	Disposal
	Cost		Cost	
	---------- Rupees ----------		---------- Rupees ----------	
Freehold land	**-**	**-**	79,150,000	-
On freehold land:				
Factory buildings	**20,994,514**	**-**	459,685,987	-
Labour, staff colony and others	**4,609,284**	**-**	58,635,110	-
On leasehold land:				
Factory buildings	**193,696,066**	-	4,218,478	-
Leased building improvements	**55,657,517**	**-**	27,870,381	-
Plant and machinery	**12,268,009,575**	**68,434,509**	2,170,066,939	67,606,672
Electric installations	**10,708,472**	**-**	118,551,800	-
Fire fighting equipment	**5,397,197**	**-**	1,326,799	-
Electric equipments	**23,817,864**	**-**	13,799,860	-
Computers	**24,789,352**	**281,500**	15,516,413	627,450
Office equipment	**1,999,014**	**-**	2,002,310	-
Mills equipment	**4,103,000**	**-**	30,472,071	-
Furniture & fixtures	**29,392,024**	**-**	16,026,769	-
Vehicles	**65,837,121**	**15,289,959**	77,368,787	29,974,510
	12,709,011,000	**84,005,968**	3,074,691,704	98,208,632

		(Un-audited) March 31, 2016	(Audited) June 30, 2015
		---------- Rupees ----------	
6.2	**Capital work-in-progress**		
	Advance for land	**3,928,500**	-
	Advance to contractors	**-**	1,225,453,997
	Civil works and buildings	**450,184,878**	572,445,018
	Plant and machinery	**419,289,820**	5,668,859,623
	Electric installations	**6,002,670**	7,102,670
	Fire fighting equipment	**-**	2,106,000
	Electric equipments	**783,052**	894,246
	Mills equipments	**-**	968,730
	Furniture and fixtures	**3,661,930**	1,730,093
	Unallocated expenditure	**116,674,646**	719,940,763
		1,000,525,496	8,199,501,140
7	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
7.1	Guarantees issued by banks on behalf of the Group	**330,137,368**	267,051,368

7.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at March 31, 2016 the value of these cheques amounted to Rs.194.784 million (June 30, 2015: Rs.110.835 million).

7.3 Commitments in respect of expenditure contracted by SWPCL but not incurred as at March 31, 2016 amounts to USD 7.495 million (June 30, 2015: USD 48.533 million).

7.4 There is no change in status of the contingencies as disclosed in notes 29.3 to 29.7 and 29.10 of the audited annual financial statements of the Group for the year ended June 30, 2015.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	(Un-audited) March 31, 2016	(Audited) June 30, 2015
	---------- Rupees ----------	
Commitments		
7.5 Confirmed letter of credit in respect of:		
- plant and machinery	**517,251,572**	89,386,896
- raw material	**178,558,031**	140,306,178
- stores and spares	**42,338,876**	36,685,999
	738,148,479	266,379,073

8 COST OF SALES AND SERVICES

	Note	Nine Months Period Ended March 31,		Quarter ended March 31,	
		2016	2015	**2016**	2015
		---------- Rupees ----------		---------- Rupees ----------	
Finished goods - Opening stock		**699,698,614**	790,588,259	**765,999,040**	579,163,429
Cost of goods manufactured	**8.1**	**16,214,515,338**	15,132,999,101	**5,809,163,858**	5,186,423,118
		16,914,213,952	15,923,587,360	**6,575,162,898**	5,765,586,547
Finished goods - Closing stock		**(834,844,757)**	(600,540,923)	**(834,844,757)**	(600,540,923)
		16,079,369,195	15,323,046,437	**5,740,318,141**	5,165,045,624

8.1 Cost of goods manufactured

Work in process - opening stock	**395,499,800**	299,835,103	**381,907,254**	285,857,816
Raw materials consumed	**9,856,220,352**	9,970,108,339	**3,512,940,630**	3,419,546,723
Cost of raw material sold	**12,499,401**	79,822,161	**-**	277,771
Overheads	**6,408,810,896**	5,124,600,372	**2,372,831,085**	1,822,107,682
	16,673,030,449	15,474,365,975	**6,267,678,969**	5,527,789,992
Work in process - closing stock	**(458,515,111)**	(341,366,874)	**(458,515,111)**	(341,366,874)
	16,214,515,338	15,132,999,101	**5,809,163,858**	5,186,423,118

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

		March 31, 2016	2015
		Rupees	
9	**CASH GENERATED FROM / (USED IN) OPERATIONS**		
	Profit before taxation and share of profit of associated companies	**1,679,298,877**	965,582,498
	Adjustments for non-cash charges and other items:		
	Depreciation	**884,802,885**	500,075,525
	Depreciation on investment property	**544,062**	777,231
	Gain on sale of investments	**(558,004,003)**	(17,285,755)
	Amortization of intangible assets	**1,882,845**	1,043,066
	Gain on sale of property, plant and equipment	**(6,152,282)**	(4,602,362)
	Gain on sale of investment property	**(20,056,965)**	-
	Dividend income	**(524,044,698)**	(310,820,311)
	Provision for gratuity	**81,718,259**	58,790,500
	Provision for doubtful debts	**-**	9,000,000
	Provision for stores, spares and loose tools	**8,012,688**	8,614,968
	Unwinding cost of long term liability	**-**	(18,320,390)
	Amortization of unwinding up of liability	**9,509,817**	1,772,529
	Exchange differences	**12,646,831**	5,875,194
	Finance cost	**819,345,830**	438,985,507
	Rental income	**(14,335,731)**	(11,993,256)
		695,869,538	661,912,446
	Operating cash flow before changes in working capital	**2,375,168,415**	1,627,494,944
	Changes in working capital		
	Increase in current assets		
	Stores, spares and loose tools	**(39,860,993)**	(68,093,626)
	Stock-in-trade	**(1,828,894,449)**	(2,114,261,011)
	Trade debts	**(805,188,074)**	(584,783,215)
	Loans and advances	**(47,891,251)**	(2,708,319,352)
	Trade deposits and short term prepayments	**(10,275,377)**	(89,501,892)
	Other receivables	**(36,471,155)**	(13,079,356)
		(2,768,581,299)	(5,578,038,452)
	Increase in current liabilities		
	Trade and other payables	**1,137,595,277**	464,717,212
		744,182,393	(3,485,826,296)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

10 SEGMENT ANALYSIS

10.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation		Total
				Continuing operations	Discontinued operations	
	---------- Rupees ----------					
For the nine months period ended March 31, 2016						
Revenue - external customers	**9,025,509,960**	**4,880,279,999**	**4,182,629,758**	**729,599,026**		**18,818,018,743**
Inter - segment sales	**1,838,527,272**	**467,112,880**	**360,951,935**			**2,666,592,087**
Segment results	**(117,844,781)**	**363,244,750**	**257,161,539**	**173,846,024**	**(266,135)**	**676,141,397**
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

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

	March 31, 2016	2015
	---------- Rupees ----------	
Total results for reportable segments	**676,141,397**	687,338,845
Other operating expenses	**(135,100,298)**	(123,845,970)
Other income	**1,138,257,778**	402,089,623
Share of profit of associated companies	**54,919,006**	41,933,953
Profit before taxation	**1,734,217,883**	1,007,516,451
Taxation	**(253,131,820)**	(93,925,644)
Profit after taxation for the period	**1,481,086,063**	913,590,807

10.2 SEGMENT ASSETS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation		Total
				Continuing operations	Discontinued operations	
	---------- Rupees ----------					
As at March 31, 2016						
Segment assets	**10,246,449,826**	**2,997,213,794**	**4,656,871,573**	**14,333,808,998**	**251,478**	**32,234,595,669**
As at June 30, 2015						
Segment assets	8,313,505,510	2,657,955,995	4,007,503,290	10,033,740,438	-	25,012,705,233

Reconciliation of segment assets with total assets is as follows:

	(Un-audited) March 31, 2016	(Audited) June 30, 2015
	---------- Rupees ----------	
Total assets for reportable segments	**32,234,595,669**	25,012,705,233
Unallocated assets	**11,822,265,845**	11,466,146,179
Total assets as per balance sheet	**44,056,861,514**	36,478,851,412

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

11 TRANSACTIONS WITH RELATED PARTIES

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

	March 31, 2016	March 31, 2015
	Rupees	
Associates:		
Sales	**1,055,357,252**	755,090,901
Purchases	**178,574,509**	276,193,177
Electricity purchased	**516,671,558**	322,605,784
Expenses charged by	**4,129,366**	5,830,546
Expenses charged to	**28,513,380**	22,066,708
Dividend paid	**56,228,270**	53,161,860
Dividend received	**19,617,390**	9,476,850
Loans obtained - net	**583,103,244**	536,545,000
Markup charged by	**32,117,221**	26,609,790
Interest income	**-**	1,526,249
Other related parties:		
Donations	**23,450,000**	18,000,000
Contribution to provident fund	**17,962,757**	11,090,063
Remuneration to key management personnel	**312,947,661**	223,146,702

12 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - ' Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2015 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. nine months ended March 31, 2015.

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

13 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information were approved by the board of directors of holding company and authorised for issue on April 26, 2016.

The Chief Executive is currently out of Pakistan and in his absence these interim financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.

Karachi:
Dated: April 26, 2016

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

NABEEL ABDULLAH
DIRECTOR