Contents

Sapphire Fibres Limited

Company Profile

BOARD OF DIRECTORS

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Shahid Abdullah
Director	:	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Tajammal Hussain Bokharee
Audit Committee	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Shayan Abdullah
Member		Mr. Tajammal Hussain Bokharee
Human Resource & Remuneration Committee	:	
Chairman		Mr. Yousuf Abdullah
Member		Mr. Shahid Abdullah
Member		Mr. Shayan Abdullah
Chief Financial Officer	:	Mr. Mujahid Akbar Bozdar
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Hameed Chaudhri & Company Chartered Accountants
Management Consultant	:	M. Yousuf Adil Saleem & Company Chartered Accountants
Tax Consultants	:	Mushtaq & Company Chartered Accountants
Legal Advisor	:	Hassan & Hassan Advocates
Bankers	:	Allied Bank Limited, Citi Bank N.A., Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, United Bank Limited
Share Registrar	:	THK Associates (private) Ltd
Registered Office	:	316, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.
Mills	:	Kharianwala, Tehsil and District Sheikhupura Feroze Wattoan, Tehsil and District Sheikhupura Raiwind Road, Lahore.

Vision

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality.

Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business , our customers and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning, the fostering of learning and the fostering of teamwork and the security of the safest work environment possible recognised as excellent citizen in the local and regional community through our financial and human resources support and our sensitivity to the environment.

Mission

Our mission is to be recognised as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers .

Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates .

We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders .

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 36th Annual General Meeting of SAPPHIRE FIBRES LIMITED will be held at Trading Hall, Cotton Exchange Building, I.I.Chundrigar Road, Karachi on Monday the 26th day of October, 2015 at 04:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. Consideration of the accounts, balance sheets and the reports of the directors and auditors.

2. Declaration of a dividend.

3. Appointment and fixation of remuneration of auditors.

SPECIAL BUSINESS:

To consider and if thought fit, pass with or without modification(s) the following resolution as Ordinary Resolution under the Companies Ordinance, 1984:

"RESOLVED THAT the pursuant to Section 193 and Section 196 of the Company Ordinance 1984 the shareholders' consent be and is hereby accorded to enter into sale agreement with Sapphire Finishing Mills Limited, for sale of commercial office No.504 measuring 5273 Sq. Ft. in Tricon Corporate Centre, situated at fifth floor of Tricon Corporate Centre, constructed on Plot No.73, (Ghous-ul-Azam Road) Jail Road, Gulberg-II, Lahore.

FURTHER RESOLVED THAT the Chief Executive Officer and/or any Director, be and is hereby authorized, on a joint and/or several basis, to sign, execute and deliver any and all of the Agreements and to do all acts, deeds and things, take any or all necessary action to complete all legal formalities for the purpose of the completion of the above transaction".

A Statement under Section 160(1) (b) of the Companies Ordinance, 1984, read with S.R.O. 27(1)/ 2012 dated January 16th, 2012 issued by the Securities and Exchange Commission of Pakistan pertaining to the special business is annexed to the Notice of the Meeting send to the shareholders.

OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi.
Dated : September 28, 2015

(SHAUKAT MAHMUD)
Secretary

NOTES

1. Closure of share transfer books:

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 20th October, 2015 to 26th October, 2015 (both days inclusive). Transfers received in order, by THK Associates (Private) Limited, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi up to 19th October, 2015 will be considered in time for the payment of dividend.

2. Participation in the annual general meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

Notice of Annual General Meeting

3. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 316, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.

4. Change in address: Any change of address of members should be immediately notified to the company's share registrars, THK Associates (Private) Limited, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.

5. The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

   A. For attending the meeting:

   i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing hos original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

   B. For appointing proxies:

   i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

   ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

   iii) Attested copies of CNIC or the passport.

   iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

   v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

6. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1)2013 dated July 05, 2012 dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.

7. As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

8. (i) Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

   1. Rate of tax deduction for filer of income tax return 12.5%

   2. Rate of tax deduction for non-filers of income tax return 17.5%

   To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

Notice of Annual General Meeting

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principal Share Holder		Joint Holder	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or , Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

Statement under section 160(1) (b) of the Companies Ordinance, 1984

This Statement sets out below the material facts pertaining to the special business to be transacted at the Annual General Meeting of Sapphire Fibres Limited on 26th October, 2015.

Introduction

Sapphire Fibres Limited (**"Company"**) intends to enter into sales agreement with its associated company M/s. Sapphire Finishing Mills Limited, for sale of commercial offices. Being an associated company there are common directors hence consent of shareholders is required pursuant to section 193 of the Companies' Ordinance, 1984

Detail of Asset to be purchased:

The said office comprises of office No.504 measuring 5273 Sq. Ft situated at fifth floor of Tricon corporate Centre, constructed on Plot No.73 & 73-E, (Ghous-ul-Azam Road) Jail Road, Gulberg II, Lahore.

Salient Features of the transaction are as follows:

- The said property was acquired for the investment purpose.
- The company will get profit of about 7.8 million.

Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2012

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Dairies (Pvt.) Limited. October 30, 2012	Equity Investment Rs. 250 Million	Rs. 100 million	To be invested over the period of three years
Sapphire Electric Company Limited March 24, 2015	Equity Investment upto Rs.3,260 Million	Rs.3,039 Million	The full amount is not yet invested.

Directors' Report to the Shareholders

The Directors of your Company have pleasure in presenting before you audited financial statements of the Company for the year ended 30 June, 2015.

PERFORMANCE OF THE COMPANY

The performance of your Company remained satisfactory for the year under review in spite of globally stagnant demands of textile products which has resulted continuous fall in sale rates throughout the year.

FINANCIAL HIGHLIGHTS

	2015	2014
	Rupees in thousand	
Sales & Services	**13,347,276**	14,905,610
Gross Profit	**1,437,824**	1,563,938
Profit from operations	**1,598,116**	1,960,746
Other income	**986,570**	1,262,563
Profit before tax	**1,241,691**	1,498,525
Profit after tax	**995,854**	1,313,219

REVIEW OF OPERATIONS

The Company earned a pre-tax profit of Rs.1,242 million as against Rs.1,499 million of the last year which comes to 9.30% of sales as against 10.05% of sales of corresponding period. Sales in term of value has decreased by Rs.1,558 million whereas gross profit has registered a decline of Rs.126 million.

Distribution cost remained at Rs.487 million as against Rs.523 million, whereas finance cost decreased to Rs.356 million as compared to Rs.462 million of the last year.

APPROPRIATION OF PROFIT

	Rupees in thousand
Profit before taxation	1,241,691
Less: Taxation	
For the year	244,392
Prior year	(1,388)
Deferred	2,833
	245,837
Profit after taxation	995,854
Other Comprehensive loss	(25,098)
Add: Un-appropriated profit brought forward	8,005,667
Appropriations:	
Final dividend for the year ended June 30, 2014 (125% i.e Rs.12.50 per share)	(246,093)
	8,730,330
Subsequent Effects	
Proposed final cash dividend for the year	(196,875)
	8,533,455

Directors' Report to the Shareholders

DIVIDEND

The Board of Directors of the company is pleased to recommend a final cash dividend @ 100% for the year ended June 30, 2015. (2014: 125%)

EARNING PER SHARE

The earnings per share (EPS) of current year is Rs.50.58 as compared to Rs.66.70 for the last year.

FUTURE OUTLOOK

Presently Textile industry is passing through difficult circumstances, mainly due to poor product demands and comparatively high cost of production as of neighboring countries. Textile sector is awaiting the announcement of incentives from the Government of Pakistan which would support the industry to boost its sales. It is high time that Government should take necessary steps and provide relief without further loss of time.

In spite of all these conditions the management is making its best efforts to make the operation as efficient as possible.

SUBSIDIARY COMPANY

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2014: 67.83%) share capital of the subsidiary.

The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

RELATED PARTIES

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of stock exchanges in Pakistan. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

CORPORATE ENVIRONMENT, HEALTH AND SOCIAL RESPONSIBILITY

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially, with regards to the safety, production, delivery, storage and handling of materials. Your Company always ensures environment preservation and adopts all possible means for environment protection.

We maintain our commitment to raise educational, health and environment standards of the community and made generous donations for health, education and social welfare projects.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Directors' Report to the Shareholders

2. The company has maintained proper books of account.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control, which was in place, is being continuously reviewed by the internal audit and other such procedures. The process of review and monitoring will continue with the object to improve it further

6. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.

7. There is no doubt about the Company's ability to continue as a going concern.

8. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.

9. The Company has established Management Staff Gratuity Fund for its head office employees which will gradually be applicable at mills also. The company has also introduced Employees Provident Fund its head office staff, the members of Provident Fund are not eligible for gratuity fund. The value of investment of Gratuity and Provident Fund as on June 30, 2015 are Rs.11,127 million and Rs.38,324 million respectively.

10. The board of directors in compliance with the Code of Corporate Governance has established Audit and Human Resource & Remuneration committees, the names of their members are given in the Company's profile.

11. Operating and financial data and key ratios of six years are annexed.

12. No trades in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children:

13. During the year Six meetings of the Board of Directors were held. Attendance by each Director is as follows:

Mr. Mohammad Abdullah	6
Mr. Shahid Abdullah	5
Mr. Nadeem Abdullah	3
Mr. Amer Abdullah	6
Mr. Yousuf Abdullah	4
Mr. Mohammad Yamin	4
Mr. Tajammal Husain Bokharee	5
Mr. Shayan Abdullah	2

14. The Board of Directors approved revisions in Directors' remuneration w.e.f. 01 October, 2015 as follows:

- Mr. Mohammad Abdullah Rs. 500,000 to Rs. 750,000
- Mr. Shahid Abdullah Rs.1,000,000 to Rs. 2,000,000

Directors' Report to the Shareholders

15. During the year five meetings of the Audit Committee were held. Attendance by each Director is as follows:

Mr. Nadeem Abdullah	1
Mr. Amer Abdullah	5
Mr. Mohamamd Yamin	3
Mr. Shayan Abdullah	1
Mr. Tajammal Husain Bokharee	3

16. During the year one meeting of the Human Resource and Remuneration Committee was held and attended by all the members.

17. Code of conduct has been developed and are communicated and acknowledged by each Director and employee of the Company.

18. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

PATTERN OF SHAREHOLDING

The pattern of share holding of the Company as at 30 June, 2015 is annexed. This statement is prepared in accordance with the Code of Corporate Governance and the Companies Ordinance, 1984.

AUDITORS

The present Auditors, Hameed Chaudhri & Company, Chartered Accountants retire and being eligible offer themselves for re-appointment. Audit Committee and Board of Directors have also recommended their appointment as auditors for the year ending 30 June, 2015.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Karachi.
Dated: September 28, 2015

SHAHID ABDULLAH
Chief Executive

Six Years Growth at a Glance

Years		2015	2014	2013	2012	2011	2010
		Rupees in thousand					
Sales		13,347,276	14,905,610	13,892,288	12,811,236	15,452,802	9,235,884
Gross profit		1,437,824	1,563,938	2,274,244	1,964,936	3,309,614	1,910,843
Net profit before taxation		1,241,691	1,498,525	1,318,477	963,189	2,075,095	826,574
Net profit after taxation		995,854	1,313,219	1,189,195	866,885	1,924,523	723,768
Share capital		196,875	196,875	196,875	196,875	196,875	196,875
Share holder's equity		14,933,421	14,796,769	11,825,240	9,181,962	8,622,786	6,663,648
Fixed assets - net		4,508,868	3,990,234	3,726,879	3,257,771	2,853,444	2,785,925
Total assets		21,503,877	20,099,150	17,265,683	13,100,347	12,819,301	11,927,071
Dividend - Cash	%	100.00	125.00	120.00	50.00	50.00	15.00
Specie dividend	%	-	-	-	-	-	-
Bonus shares	%	-	-	-	-	-	-
RATIOS:							
PROFITABILITY							
Gross profit	%	10.77	10.49	16.37	15.34	21.42	20.68
Profit before tax	%	9.30	10.05	9.49	7.52	13.43	8.95
Profit after tax	%	7.46	8.81	8.56	6.77	12.45	7.83
RETURN TO SHAREHOLDERS							
Return on equity before tax	%	8.31	10.13	11.15	10.50	24.07	12.40
Return on equity after tax	%	6.67	8.88	10.06	9.45	22.32	10.86
Basic earning per share after tax	Rs.	50.58	66.70	60.40	44.03	97.75	36.76
ACTIVITY							
Sales to fixed assets	Times	2.96	3.74	3.73	3.93	5.42	3.32
Sales to total assets	Times	0.62	0.74	0.80	0.98	1.21	0.77
LIQUIDITY/LEVERAGE							
Current ratio		1.11 : 1	1.45 : 1	1.33 : 1	1.45 : 1	1.41 : 1	1.08 : 1
Debt equity ratio	Times	0.004	0.004	0.02	0.06	0.09	0.21
Total liability to equity	Times	0.44	0.36	0.46	0.43	0.49	0.79
BREAK UP VALUE PER SHARE	Rs.	758.52	751.58	600.65	466.39	437.98	338.47

Review Report to the Members

On Statement of Compliance with best practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **SAPPHIRE FIBRES LIMITED** (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Karachi :
Dated :September 28, 2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner:
Osman Hameed Chaudhri

Statement of Compliance

With the Code of Corporate Governance

Name of Company **SAPPHIRE FIBRES LIMITED** year ended June 30, 2015.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of the Rule Book of Karachi Stock Exchange Limited and Regulation No.35 of the Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	**Names**
Independent Directors	Mr. Tajammal Husain Bokharee
Executive Directors	Mr. Mohammad Abdullah Mr. Shahid Abdullah
Non-Executive Directors	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI. None of the Directors is a member of a stock exchange.

4. During the year election of Directors was held and all the existing Directors were elected except Mr. Naveed-ul-Islam. Further Mr. Mohammad Yamin resigned from directorship and Mr. Shayan Abdullah was appointed to fill the casual vacancy.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the power of board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and board met at least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (xi) of CCG, Five of Directors of the Company are exempted from the requirement of directors’ training program and two has attended the program.

Statement of Compliance

With the Code of Corporate Governance

10. There was no new appointment of CFO/Company Secretary during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG. Annual evaluation of Board's on performance approved during the year,

15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive Directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective Internal Audit Function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The closed period prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Karachi
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed balance sheet of **SAPPHIRE FIBRES LIMITED** (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and

- **(iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

Karachi :
Dated :September 28, 2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner:
Osman Hameed Chaudhri

Balance Sheet as at June 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	**4,342,003,331**	3,824,088,383
Investment property	5	**162,237,097**	163,273,406
Intangible assets	6	**4,627,824**	2,871,886
Long term investments	7	**10,200,468,290**	8,901,214,827
Long term loans	8	**340,000**	193,000
Long term deposits		**28,221,645**	27,822,285
		14,737,898,187	12,919,463,787
Current assets			
Stores, spare parts and loose tools	9	**185,025,614**	175,919,748
Stock-in-trade	10	**2,543,316,114**	3,180,774,748
Trade debts	11	**1,118,913,594**	1,392,428,704
Loans and advances	12	**46,086,110**	26,658,228
Trade deposits and short term prepayments	13	**13,246,526**	3,560,503
Short term investments	14	**1,921,844,053**	1,584,090,779
Other receivables	15	**387,465,779**	334,578,455
Tax refunds due from Government	16	**417,883,638**	331,758,527
Cash and bank balances	17	**132,197,163**	149,916,610
		6,765,978,591	7,179,686,302
Total assets		**21,503,876,778**	20,099,150,089
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (2014: 35,000,000) ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital	18	**196,875,000**	196,875,000
Reserves	19	**6,006,216,187**	6,594,226,401
Unappropriated profit		**8,730,329,881**	8,005,667,352
Total equity		**14,933,421,068**	14,796,768,753
Non current liabilities			
Long term finances	20	**60,697,585**	65,371,251
Staff retirement benefit - gratuity	21	**257,188,963**	210,997,693
Deferred taxation	22	**139,260,190**	56,532,945
Long term security deposit		**2,100,000**	2,100,000
		459,246,738	335,001,889
Current liabilities			
Trade and other payables	23	**1,323,817,736**	1,210,134,150
Accrued mark-up / interest	24	**73,937,828**	58,542,707
Short term borrowings	25	**4,456,347,830**	3,322,831,087
Current portion of long term finances	20	**12,712,666**	160,904,749
Provision for taxation		**244,392,912**	214,966,754
		6,111,208,972	4,967,379,447
Total liabilities		**6,570,455,710**	5,302,381,336
Contingencies and commitments	26		
Total equity and liabilities		**21,503,876,778**	20,099,150,089

The annexed notes 1 to 44 form an integral part of these financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	27	13,347,275,852	14,905,609,584
Cost of sales	28	(11,909,451,443)	(13,341,671,246)
Gross profit		1,437,824,409	1,563,938,338
Distribution cost	29	(487,085,225)	(523,335,900)
Administrative expenses	30	(248,185,998)	(213,367,611)
Other income	31	986,570,200	1,262,562,726
Other expenses	32	(91,007,598)	(129,051,130)
Profit from operations		1,598,115,788	1,960,746,423
Finance cost	33	(356,424,531)	(462,221,487)
Profit before taxation		1,241,691,257	1,498,524,936
Taxation	34	(245,837,421)	(185,305,853)
Profit after taxation		995,853,836	1,313,219,083
Earnings per share - basic and diluted	35	50.58	66.70

The annexed notes 1 to 44 form an integral part of these financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit after taxation	**995,853,836**	1,313,219,083
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss:		
Unrealised (loss) / gain due to change in fair value of available for sale investments		
- long term	**(571,351,227)**	1,526,309,481
- short term	**241,838,572**	272,157,754
Impact of deferred tax	**(81,105,479)**	(19,385,675)
Adjustment for (gain) / loss included in profit and loss account upon sale of available-for-sale investments	**(177,392,080)**	3,268,755
	(588,010,214)	1,782,350,315
Items that will not be reclassified subsequently to profit and loss:		
Loss on remeasurement of staff retirement benefit obligation	**(26,308,442)**	(26,530,765)
Impact of deferred tax	**1,210,885**	928,046
	(25,097,557)	(25,602,719)
	(613,107,771)	1,756,747,596
Total comprehensive income for the year	**382,746,065**	3,069,966,679

The annexed notes 1 to 44 form an integral part of these financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	2,044,746,852	1,683,413,011
Staff retirement benefit paid		(44,410,812)	(33,597,243)
Finance cost paid		(306,804,216)	(484,666,341)
Taxes paid		(197,293,159)	(283,931,933)
Workers' profit participation fund paid		(83,860,355)	(82,520,734)
Long term loans - net		(147,000)	747,540
Long term deposits - net		(399,360)	(8,192,020)
Net cash generated from operating activities		1,411,831,950	791,252,280
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(874,973,926)	(613,444,080)
Proceeds from disposal of operating fixed assets		13,927,456	11,456,438
Investment in Subsidiary Company		(23,804,296)	(510,000,000)
Investment in an Associated Company		-	(44,607,500)
Advances for purchase of shares		-	(36,750,000)
Increase in long and short term investments		(2,439,918,067)	(275,532,625)
Proceeds from sale of long and short term investments		372,727,639	44,341,223
Proceeds from sale of stores and spares		2,657,162	1,221,891
Dividend and interest income received		815,914,319	1,202,015,408
Net cash used in investing activities		(2,133,469,713)	(221,299,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		8,039,000	21,695,000
- repaid		(160,904,749)	(300,000,000)
Dividend paid		(245,465,435)	(98,251,351)
Short term borrowings - net		1,102,249,500	(136,635,907)
Net cash generated from / (used in) financing activities		703,918,316	(513,192,258)
Net (decrease) / increase in cash and cash equivalents		(17,719,447)	56,760,777
Cash and cash equivalents - at beginning of the year		149,916,610	93,155,833
Cash and cash equivalents - at end of the year		132,197,163	149,916,610

The annexed notes 1 to 44 form an integral part of these financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Reserves				Unappropri-ated profit	Total
		Capital	General	Unrealised gain on available for sale investments	Sub-total		
	----	----	----	Rupees	----	----	----
Balance as at July 1, 2013	196,875,000	145,740,000	1,183,845,000	3,482,291,086	4,811,876,086	6,816,488,488	11,825,239,574
Transactions with owners							
Final dividend for the year ended June 30, 2013 at the rate of Rs.5 per share	-	-	-	-	-	(98,437,500)	(98,437,500)
Total comprehensive income for the year ended June 30, 2014							
Profit for the year	-	-	-	-	-	1,313,219,083	1,313,219,083
Other comprehensive income / (loss)	-	-	-	1,782,350,315	1,782,350,315	(25,602,719)	1,756,747,596
	-	-	-	1,782,350,315	1,782,350,315	1,287,616,364	3,069,966,679
Balance as at June 30, 2014	**196,875,000**	**145,740,000**	**1,183,845,000**	**5,264,641,401**	**6,594,226,401**	**8,005,667,352**	**14,796,768,753**
Transaction with owners							
Final dividend for the year ended June 30, 2014 at the rate of Rs.12.50 per share	-	-	-	-	-	(246,093,750)	(246,093,750)
Total comprehensive income for the year ended June 30, 2015							
Profit for the year	-	-	-	-	-	995,853,836	995,853,836
Other comprehensive loss	-	-	-	(588,010,214)	(588,010,214)	(25,097,557)	(613,107,771)
	-	-	-	(588,010,214)	(588,010,214)	970,756,279	382,746,065
Balance as at June 30, 2015	**196,875,000**	**145,740,000**	**1,183,845,000**	**4,676,631,187**	**6,006,216,187**	**8,730,329,881**	**14,933,421,068**

The annexed notes 1 to 44 form an integral part of these financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 5, 1979 as a public limited company and its shares are quoted on Karachi, Islamabad and Lahore Stock Exchanges. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Company is located at 316, Cotton Exchange Building, Karachi and its mills are located at Raiwind Road Lahore, Feroze Wattoan and Kharianwala in district Sheikhupura.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for available for sale investments & derivative financial instruments which have been marked to market and staff retirement benefit - gratuity which is stated at present value of defined benefit obligation.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise specified.

2.4 New and amended standards and interpretations

2.4.1 Standards and amendments to approved accounting standards and interpretations effective in the current year and are relevant to the Company's financial reporting

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2014:

(a) IAS 32 (Amendments), 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment), 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

2.4.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

2.4.3 Standards, amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on or after July 01, 2014 and have not been early adopted by the Company:

(a) IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the financial statements of the Company.

(b) IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

(c) Annual improvements 2014 applicable for annual periods beginning on or after July 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 3.1, 3.2 and 3.3]

(ii) Classification and valuation of investments [note 3.4]

(iii) Provision for obsolete and slow moving stores, spares and loose tools [note 3.5]

(iv) Net realisable values of stock-in-trade [note 3.6]

(v) Provision for doubtful debts [note 3.7]

(vi) Provision for employees' retirement benefits [note 3.15]

(vii) Provision for taxation [note 3.16]

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Owned assets

Property, plant and equipment except for freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and capital work in progress are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Impairment

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.

Un-allocated capital expenditure

All costs or expenditures attributable to work in progress are capitalised and apportioned to the respective items of property, plant and equipment on completion.

3.2 Investment property

Investment property is held for long term rental yields / capital appreciation. Investment property of the Company comprises of freehold land, leasehold land and buildings on leasehold land and is valued using the cost model i.e. at cost less accumulated depreciation and any impairment losses, if any.

Depreciation is calculated by applying reducing balance method at the rates stated in note 5. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged from the month in which the property is disposed off.

Cost of investment property is determined on the same basis as used for Company's owned assets.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer softwares beyond its original specification and useful life are recognised as capital improvement and added to the original cost of the softwares. Costs associated with maintaining computer softwares are recognised as an expense as and when incurred.

Amortisation

Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight-line method at rates stated in note 6. Amortisation on additions to intangible assets is charged from the date in which an asset is put to use and on disposal upto the date of disposal.

3.4 Investments

Classification of investment is made on the basis of intended purposes for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Regular purchases and sales of investments are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the investment. All investments are initially recognised at fair value plus transaction costs except for 'investments at fair value through profit or loss’. 'Investments at fair value through profit or loss’ are initially recognised at fair value and related transaction costs are charged to the profit and loss account.

(a) Investments at fair value through profit or loss

These are held for trading investment. An investment is classified in this category if acquired principally for the purpose of selling in the short-term. Investments in this category are classified as current assets. These are stated at fair value with any resulting gain or losses recognised directly in profit or loss account.

(b) Held to maturity financial assets

Investments with fixed or determinable payments and fixed maturity in respect of which the Company has positive intent and ability to hold till maturity. Held to maturity investments are measured at amortised cost using the effective interest rate method. There were no held to maturity investments as at the reporting date.

(c) Investments in Subsidiary and Associated Companies

Investments in Subsidiary and Associates are carried at cost less impairment, if any. Impairment losses are recognised as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognised as an expense in profit and loss account.

(d) Available for sale

Investments, which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition these are re-measured to fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

The Company uses latest stock exchange quotations to determine the fair value of its quoted investments.

Equity instruments that do not have a quoted market price in an active market and whose fair values can not be reliably measured or determined, are stated at cost.

3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost which is based on monthly weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.
Provision for obsolete and slow moving stores, spares parts and loose tools is determined based on management's estimate regarding their future usability.

3.6 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realisable value (NRV) except waste, which is valued at NRV. Cost has been determined as follows:

Particulars		Mode of valuation
Raw materials	-	weighted average cost
Raw materials in transit	-	cost accumulated to the reporting date
Work-in-process	-	cost of direct materials and appropriate manufacturing overheads
Finished goods	-	lower of average cost and net realisable value
Waste	-	net realisable value

Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

3.7 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

3.8 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the Company.

Government grant towards research and development activities is recognised in profit and loss account as deduction from the relevant expenses on matching basis.

3.9 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include long term & short term investments, long term loans, deposits, trade debts, loans and advances, other receivables, bank balances, long term finances, long term security deposit, trade & other payables, accrued mark-up / interest and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.10 Derivative financial instruments and hedging activities

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

(a) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

(b) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

3.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Impairment

(a) Financial assets

The Company assesses at end of each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognised in the profit and loss account for the amount by which the assets' carrying amounts exceed their recoverable amounts. Impairment losses of equity instruments, once recognised are not reversed through profit or loss account.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances with banks.

3.14 Borrowings

These are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings as interest expense.

3.15 Employees' retirement benefits

(a) Defined contribution plan

The Company operates a defined contribution plan through an approved provident fund (the Fund) for its management staff. Equal monthly contributions are made both by the Company and employees at the rate of 8.33% of the basic salary to the Fund.

(b) Defined benefit plan

The Company operates an un-funded gratuity scheme under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service.

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2015 on the basis of projected unit credit method by an Independent Actuary. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

The amount arising as a result of remeasurements is recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

3.16 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

3.17 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

3.18 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

3.19 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the profit and loss account.

3.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

– revenue from sale is recognised on delivery / despatch of goods to customers;

– export rebate is accounted for on accrual basis;

– dividend income from investments is recognised when the Company's right to receive dividend is established; and

– return on bank deposits are accounted for on time proportion basis.

3.21 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalised up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account.

3.22 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

3.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	**4.1**	**3,811,921,872**	3,763,786,358
Capital work-in-progress	**4.4**	**530,081,459**	60,302,025
		4,342,003,331	3,824,088,383

Notes to the Financial Statements

For the year ended June 30, 2015

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improvements	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment: Fire fighting	Equipment: Office	Equipment: Mills	Equipment: Electric / gas	Computer hardware	Vehicles	Furniture and fixtures	Arms and ammunition	Tools	Total
	-------	-------	-------	-------	-------	-------	-------	-------	Rupees	-------	-------	-------	-------	-------	-------	-------	-------
At July 1, 2013																	
Cost	216,671,952	6,000,000	345,594,505	19,272,656	751,670,224	4,843,833,146	76,296,447	1,033,577	18,084,803	28,211,500	21,184,111	11,890,565	117,054,224	33,201,766	149,886	248,579	6,490,397,941
Accumulated depreciation	-	-	104,912,689	16,816,335	420,502,883	2,525,235,321	35,399,769	598,280	13,525,152	18,486,278	6,325,629	6,187,072	53,895,845	16,978,967	120,926	192,291	3,219,177,437
Net book value	216,671,952	6,000,000	240,681,816	2,456,321	331,167,341	2,318,597,825	40,896,678	435,297	4,559,651	9,725,222	14,858,482	5,703,493	63,158,379	16,222,799	28,960	56,288	3,271,220,504
Year ended June 30, 2014																	
Opening net book value	216,671,952	6,000,000	240,681,816	2,456,321	331,167,341	2,318,597,825	40,896,678	435,297	4,559,651	9,725,222	14,858,482	5,703,493	63,158,379	16,222,799	28,960	56,288	3,271,220,504
Additions	58,377,375	-	207,642,599	-	84,702,868	399,971,382	75,020,875	-	-	234,475	-	893,934	11,807,120	1,050,163	-	-	839,700,791
Disposals:																	
- cost	-	-	-	-	-	28,115,069	-	-	-	-	-	-	3,410,400	-	-	-	31,525,469
- accumulated depreciation	-	-	-	-	-	(21,645,074)	-	-	-	-	-	-	(2,824,997)	-	-	-	(24,470,071)
	-	-	-	-	-	6,469,995	-	-	-	-	-	-	585,403	-	-	-	7,055,398
Depreciation charge	-	-	15,567,308	491,260	37,979,602	259,608,802	6,447,826	43,529	455,971	984,005	1,485,848	1,841,489	13,500,424	1,664,949	2,896	5,630	340,079,539
Closing net book value	**275,049,327**	**6,000,000**	**432,757,107**	**1,965,061**	**377,890,607**	**2,452,490,410**	**109,469,727**	**391,768**	**4,103,680**	**8,975,692**	**13,372,634**	**4,755,938**	**60,879,672**	**15,608,013**	**26,064**	**50,658**	**3,763,786,358**
At June 30, 2014																	
Cost	275,049,327	6,000,000	553,237,104	19,272,656	836,373,092	5,215,689,459	151,317,322	1,033,577	18,084,803	28,445,975	21,184,111	12,784,499	125,450,944	34,251,929	149,886	248,579	7,298,573,263
Accumulated depreciation	-	-	120,479,997	17,307,595	458,482,485	2,763,199,049	41,847,595	641,809	13,981,123	19,470,283	7,811,477	8,028,561	64,571,272	18,643,916	123,822	197,921	3,534,786,905
Net book value	**275,049,327**	**6,000,000**	**432,757,107**	**1,965,061**	**377,890,607**	**2,452,490,410**	**109,469,727**	**391,768**	**4,103,680**	**8,975,692**	**13,372,634**	**4,755,938**	**60,879,672**	**15,608,013**	**26,064**	**50,658**	**3,763,786,358**
Year ended June 30, 2015																	
Opening net book value	275,049,327	6,000,000	432,757,107	1,965,061	377,890,607	2,452,490,410	109,469,727	391,768	4,103,680	8,975,692	13,372,634	4,755,938	60,879,672	15,608,013	26,064	50,658	3,763,786,358
Additions	34,328,800	91,253,250	1,383,308	3,699,088	28,202,881	198,933,044	19,930,188	-	1,287,317	90,000	649,532	690,697	16,555,713	5,004,407	-	-	402,008,225
Disposals:																	
- cost	172,220	-	-	-	-	36,957,405	-	-	-	-	-	-	4,083,900	-	-	-	41,213,525
- accumulated depreciation	-	-	-	-	-	(28,939,646)	-	-	-	-	-	-	(3,606,623)	-	-	-	(32,546,269)
	172,220	-	-	-	-	8,017,759	-	-	-	-	-	-	477,277	-	-	-	8,667,256
Depreciation charge	-	-	21,678,202	454,664	39,766,597	251,789,570	11,595,283	39,177	480,344	899,819	1,341,965	1,541,406	13,748,280	1,862,476	2,606	5,066	345,205,455
Closing net book value	**309,205,907**	**97,253,250**	**412,462,213**	**5,209,485**	**366,326,891**	**2,391,616,125**	**117,804,632**	**352,591**	**4,910,653**	**8,165,873**	**12,680,201**	**3,905,229**	**63,209,828**	**18,749,944**	**23,458**	**45,592**	**3,811,921,872**
At June 30, 2015																	
Cost	309,205,907	97,253,250	554,620,412	22,971,744	864,575,973	5,377,665,098	171,247,510	1,033,577	19,372,120	28,535,975	21,833,643	13,475,196	137,922,757	39,256,336	149,886	248,579	7,659,367,963
Accumulated depreciation	-	-	142,158,199	17,762,259	498,249,082	2,986,048,973	53,442,878	680,986	14,461,467	20,370,102	9,153,442	9,569,967	74,712,929	20,506,392	126,428	202,987	3,847,446,091
Net book value	**309,205,907**	**97,253,250**	**412,462,213**	**5,209,485**	**366,326,891**	**2,391,616,125**	**117,804,632**	**352,591**	**4,910,653**	**8,165,873**	**12,680,201**	**3,905,229**	**63,209,828**	**18,749,944**	**23,458**	**45,592**	**3,811,921,872**
Depreciation rate (% - per annum)			5	20	10	10	10	10	10	10	10	30	20	10	10	10	

Notes to the Financial Statements

For the year ended June 30, 2015

4.2 Depreciation charge has been allocated as follows:

	Note	2015 Rupees	2014 Rupees
Cost of goods manufactured	**28.1**	**326,127,042**	326,995,100
Administrative expenses	**30**	**18,682,236**	13,084,439
Un-allocated capital expenditure	**4.4.1**	**396,177**	-
		345,205,455	340,079,539

4.3 The details of operating fixed assets disposed-off is as follows:

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
	Rupees						
Assets having net book value exceeding Rs.50,000 each							
Land - freehold	**172,220**	**-**	**172,220**	**1,200,000**	**1,027,780**	Negotiation	Sapphire Finishing Mills Ltd. (an Associated Company)
Plant and machinery							
Twister	1,050,000	642,361	407,639	675,000	267,361	Negotiation	Sadiq Textile Mills (Private) Limited, Lahore.
Twister	700,000	431,998	268,002	290,000	21,998	Negotiation	Prime Worsted Spinning Mills Ltd. Gujranwala.
Auto cone winders	18,502,394	14,473,783	4,028,611	4,056,000	27,389	Negotiation	PT. Texcoms, Indonesia.
Crossrol cards	4,684,634	4,293,465	391,169	800,000	408,831	Negotiation	Hashmi Textile and Knitwears (Private) Ltd, Lahore.
Rieter cards	8,493,970	6,167,545	2,326,425	3,500,000	1,173,575	Negotiation	Reliance Cotton Spinning Mills Ltd. (an Associated Company)
Lycra attachments	1,274,680	991,208	283,472	683,761	400,289	Negotiation	Reliance Cotton Spinning Mills Ltd. (an Associated Company)
Joint aqua splicers	602,013	422,409	179,604	225,000	45,396	Negotiation	Sadiq Textile Mills (Private) Limited, Lahore.
Joint aqua splicers	200,671	141,882	58,789	75,000	16,211	Negotiation	Prime Worsted Spinning Mills Ltd. Gujranwala.
	35,508,362	**27,564,651**	**7,943,711**	**10,304,761**	**2,361,050**		
Vehicles							
Honda Civic	1,500,500	1,260,646	239,854	350,000	110,146	Negotiation	Mrs. Fauzia Sohail, Lahore.
Honda Civic	1,002,500	909,096	93,404	500,000	406,596	Negotiation	Mr. Shahzad Rasheed, Karachi.
Honda City	780,500	723,512	56,988	600,000	543,012	Insurance claim	Adamjee Insurance Company Ltd.
Honda Motor Cycle	69,900	6,990	62,910	69,900	6,990	Insurance claim	Adamjee Insurance Company Ltd.
	3,353,400	**2,900,244**	**453,156**	**1,519,900**	**1,066,744**		
Various assets having net book value upto Rs.50,000 each	2,179,543	2,081,374	98,169	902,795	804,626		
June 30, 2015	**41,213,525**	**32,546,269**	**8,667,256**	**13,927,456**	**5,260,200**		
June 30, 2014	31,525,469	24,470,071	7,055,398	11,456,438	4,401,040		

Notes to the Financial Statements

For the year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
4.4	**Capital work-in-progress**			
	Buildings		**323,836,651**	17,463,693
	Plant and machinery		**133,279,432**	25,031,913
	Furniture and fixtures		**1,609,824**	465,865
	Un-allocated capital expenditure	**4.4.1**	**22,296,250**	-
	Advance payments against:			
	- land - freehold		**5,860,000**	-
	- factory / office building		**30,185,300**	7,668,800
	- plant and machinery		**13,014,002**	8,432,000
	- computer hardware		**-**	200,754
	- vehicles		**-**	1,039,000
			49,059,302	17,340,554
			530,081,459	60,302,025
4.4.1	**Un-allocated capital expenditure**			
	- salaries, wages and benefits		**8,491,438**	-
	- travelling and conveyance		**4,171,338**	-
	- vehicles running and maintenance		**285,569**	-
	- communication		**206,101**	-
	- consultancy charges		**4,913,602**	-
	- legal and professional		**634,044**	-
	- stores consumed		**2,899,298**	-
	- depreciation		**396,177**	-
	- other charges		**298,683**	-
			22,296,250	

These represent directly attributable costs incurred on construction of property, plant and equipment. These costs will be allocated to the respective items of property, plant and equipment on completion.

5 INVESTMENT PROPERTY

	Freehold land	Leasehold land	Buildings on leasehold land	Total
	- - - - - - - - - - - - - Rupees	- - - - - - - - - - - - -		
At July 1, 2013				
Cost	31,750,000	121,160,317	19,999,980	172,910,297
Accumulated depreciation	-	-	8,485,437	8,485,437
Net book value	**31,750,000**	**121,160,317**	**11,514,543**	**164,424,860**
Year ended June 30, 2014				
Opening net book value	31,750,000	121,160,317	11,514,543	164,424,860
Depreciation charge	-	-	1,151,454	1,151,454
Closing net book value	**31,750,000**	**121,160,317**	**10,363,089**	**163,273,406**
At June 30, 2014				
Cost	31,750,000	121,160,317	19,999,980	172,910,297
Accumulated depreciation	-	-	9,636,891	9,636,891
Net book value	**31,750,000**	**121,160,317**	**10,363,089**	**163,273,406**
Year ended June 30, 2015				
Opening net book value	31,750,000	121,160,317	10,363,089	163,273,406
Depreciation charge	-	-	1,036,309	1,036,309
Closing net book value	**31,750,000**	**121,160,317**	**9,326,780**	**162,237,097**
At June 30, 2015				
Cost	31,750,000	121,160,317	19,999,980	172,910,297
Accumulated depreciation	-	-	10,673,200	10,673,200
Net book value	**31,750,000**	**121,160,317**	**9,326,780**	**162,237,097**
Depreciation rate (% per annum)			**10**	

5.1 Depreciation charge has been grouped under other expenses (note 32).

5.2 In the opinion of the directors, the market value of investment property at the reporting date has not changed materially from last year.

5.3 Leasehold land and buildings on leasehold land represent the Company's share (50%) of jointly controlled leasehold land with buildings thereon located at Sector 23, Korangi Industrial Area, Korangi Township, Karachi, registered jointly in the name of the Company and Sapphire Textile Mills Limited (an Associated Company).

Notes to the Financial Statements

For the year ended June 30, 2015

6. INTANGIBLE ASSETS

These represent computer software licenses.

	Note	2015 Rupees	2014 Rupees
Net carrying value as at July 1,			
Opening net book value		**2,871,886**	4,674,757
Additions for the year		**3,186,267**	-
Amortisation for the year		**(1,430,329)**	(1,802,871)
Net book value as at June 30,		**4,627,824**	2,871,886
Gross carrying value as at June 30,			
Cost		**22,565,021**	19,378,754
Accumulated amortisation		**17,937,197**	16,506,868
Net book value		**4,627,824**	2,871,886
Amortisation rate (% per annum)		**20**	20

7. LONG TERM INVESTMENTS

	Note	2015 Rupees	2014 Rupees
Subsidiary Company - at cost	7.1	**3,039,008,316**	3,015,204,020
Associated Companies - at cost	7.2	**165,761,769**	165,761,769
Others - available for sale	7.3	**6,995,698,205**	5,720,249,038
		10,200,468,290	8,901,214,827

7.1 Subsidiary Company - unquoted

	Note	2015 Rupees	2014 Rupees
Sapphire Electric Company Limited (SECL)			
288,782,600 (2014: 287,618,348) ordinary shares of Rs.10 each	7.1.1	**3,039,008,316**	3,015,204,020

Equity held: 68.11% (2014: 67.83%)

Break-up value per share on the basis of un-audited financial statements Rs.18.87 (2014: Rs.15.53)

7.1.1 The Company has pledged 172,446,420 shares of SECL with a financial institution under Share Pledge Agreement dated April 16, 2007 and Working Capital Support Agreement dated August 13, 2010 as security against financing facilities advanced to SECL.

7.2 Associated Companies

	2015 Rupees	2014 Rupees
Quoted		
Reliance Cotton Spinning Mills Limited		
138,900 ordinary shares of Rs.10 each Equity held: 1.35% Fair value: Rs.12.900 million (2014: Rs.12.070 million)	**1,306,269**	1,306,269
SFL Limited		
10,199 ordinary shares of Rs.10 each Equity held: 0.051% Fair value: Rs.0.632 million (2014: Rs.0.653 million)	**100,000**	100,000
	1,406,269	1,406,269

Notes to the Financial Statements

For the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Unquoted		
Sapphire Power Generation Limited		
2,824,500 ordinary shares of Rs.10 each	**64,355,500**	64,355,500
Equity held: 17.63%		
Break-up value per share on the basis of un-audited financial statements Rs.85.09 (2014: Rs.69.70)		
Sapphire Dairies (Private) Limited		
10,000,000 ordinary shares of Rs.10 each of Rs.10 each	**100,000,000**	100,000,000
Equity held: 9.52%		
Break-up value per share on the basis of un-audited financial statements Rs.9.86 (2014: Rs.9.94)		
	165,761,769	165,761,769

7.2.1 The existence of significant influence by the Company is evidenced by the representation on the board of directors of abovementioned Associated Companies.

		2015 Rupees	2014 Rupees
7.3	**Others** - available for sale		
	Quoted		
	MCB Bank Limited		
	18,811,786 (2014: 18,886,786) ordinary shares of Rs.10 each - **cost**	**915,047,933**	918,695,933
	Adjustment arising from re-measurement to fair value	**3,771,344,194**	4,772,837,027
		4,686,392,127	5,691,532,960
	Habib Bank Limited		
	10,600,000 (2014: Nil) ordinary shares of Rs.10 each - **cost**	**1,869,400,894**	-
	Adjustment arising from re-measurement to fair value	**411,189,106**	-
		2,280,590,000	-
		6,966,982,127	5,691,532,960
	Unquoted		
	Novelty Enterprises (Private) Limited		
	2,351,995 ordinary shares of Rs.10 each	**28,716,078**	28,716,078
		6,995,698,205	5,720,249,038

Notes to the Financial Statements

For the year ended June 30, 2015

8.	LONG TERM LOANS - Secured	Note	2015 Rupees	2014 Rupees
	Loans due from			
	- executives	8.1 & 8.2	**480,000**	-
	- other employees		**503,000**	587,000
		8.3	**983,000**	587,000
	Less: recoverable within one year and grouped under current assets			
	- executives		**240,000**	-
	- other employees		**403,000**	394,000
			643,000	394,000
			340,000	193,000
8.1	**Reconciliation of carrying amount of loans to executives:**			
	Balance at the beginning of the year		**-**	1,252,724
	Add: disbursements		**500,000**	-
	Less: repayments		**20,000**	1,252,724
	Balance at the end of the year		**480,000**	-

8.2 The maximum amount outstanding at the end of any month during the year ended June 30, 2015 from executives aggregated to Rs.0.500 million (2014: Rs.1.182 million).

8.3 These represent interest free loans provided to executives and other employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.

9.	STORES, SPARE PARTS AND LOOSE TOOLS	Note	2015 Rupees	2014 Rupees
	Stores		**75,329,918**	83,551,675
	Spare parts		**84,650,254**	70,124,067
	Loose tools		**149,966**	377,967
	Items in transit		**30,028,369**	27,037,442
			190,158,507	181,091,151
	Less: provision for slow moving items	9.1	**5,132,893**	5,171,403
			185,025,614	175,919,748
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		**5,171,403**	4,379,435
	Add: provision made during the year		**35,854**	836,955
	Less: reversal made during the year		**74,364**	44,987
	Balance at end of the year		**5,132,893**	5,171,403

Notes to the Financial Statements

For the year ended June 30, 2015

10. STOCK-IN-TRADE

	Note	2015 Rupees	2014 Rupees
Raw materials:			
- at mills	10.1	**1,589,187,471**	2,265,943,835
- in transit		**267,273,283**	134,809,526
- at third party's premises	10.2	**20,900,625**	28,469,855
		1,877,361,379	2,429,223,216
Work-in-process		**156,135,025**	211,059,838
Finished goods:			
- at mills	10.3	**463,084,018**	464,125,407
- at third party's premises		**46,735,692**	76,366,287
		509,819,710	540,491,694
		2,543,316,114	3,180,774,748

10.1 Raw materials include items costing Rs.1,179.635 million (2014: Rs.2,207.560 million) stated at their replacement cost aggregating Rs.1,082.957 million (2014: Rs.1,861.660 million). The amount charged to cost of goods manufactured in respect of raw materials written down to their replacement cost is Rs.96.678 million (2014: Rs.345.900 million).

10.2 This stock is lying for processing and finishing.

10.3 Finished goods include items costing Rs.338.501 million (2014: Rs.362.332 million) stated at their net realisable value aggregating Rs.337.862 million (2014: Rs.349.306 million). The amount charged to cost of sales in respect of stocks written down to their realisable cost is Rs.0.639 million (2014: Rs.13.026 million).

11. TRADE DEBTS

	Note	2015 Rupees	2014 Rupees
Consider good			
Unsecured			
- local		**225,794,190**	261,551,018
- indirect export		**30,030,709**	153,838,520
	11.1	**255,824,899**	415,389,538
Secured			
- export		**863,088,695**	915,588,851
- indirect export		**-**	61,450,315
		863,088,695	977,039,166
Considered doubtful			
Unsecured - export		**22,192,280**	-
		1,141,105,874	1,392,428,704
Less: provision for doubtful debts		**22,192,280**	-
		1,118,913,594	1,392,428,704

11.1 These include the following amounts due from Associated Companies:

	2015	2014
Diamond Fabrics Limited	**16,305,124**	16,036,601
Reliance Cotton Spinning Mills Limited	**69,748**	45,900,756
Sapphire Textile Mills Limited	**18,399,620**	25,351,248
Sapphire Retails Limited	**1,078,517**	-
	35,853,009	87,288,605

11.2 The ageing of trade debts at June 30, is as follows

	Associate Companies		Others	
	2015 Rupees	2014 Rupees	**2015 Rupees**	2014 Rupees
Not past due	**898,664**	5,670,132	**724,047,551**	788,708,917
Past due 1-30 days	**33,720,203**	65,275,921	**220,257,996**	365,111,989
Past due 31-60 days	**842,728**	-	**18,824,076**	48,925,807
Past due 61-90 days	**-**	-	**3,272,658**	1,003,219
Past due 91-365 days	**391,414**	16,342,552	**22,956,480**	45,675,399
Past due one year	**-**	-	**93,701,824**	55,714,768
	35,853,009	87,288,605	**1,083,060,585**	1,305,140,099

12. LOANS AND ADVANCES

- Considered good	**Note**	**2015 Rupees**	2014 Rupees
Current portion of long term loans to employees	**8**	**643,000**	394,000
Advances to:			
- suppliers and contractors		**40,241,341**	20,638,780
- employees		**3,536,500**	3,289,800
- others		**1,574,411**	1,584,056
		45,352,252	25,512,636
Letters of credit		**90,858**	751,592
		46,086,110	26,658,228

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		**5,000**	5,000
Prepayments	**13.1**	**13,241,526**	3,555,503
		13,246,526	3,560,503

13.1 These include Rs.7.864 million (2014: Rs.Nil) paid to Sapphire Power Generation Limited (an Associated Company) for purchase of electricity. This amount has been adjusted subsequently against electricity bills.

14. SHORT TERM INVESTMENTS

		2015 Rupees	2014 Rupees
Available for sale	**14.1**	**1,921,844,053**	1,547,340,779
Advances for purchase of shares		**-**	36,750,000
		1,921,844,053	1,584,090,779

14.1 Available for sale investments - Quoted

No. of shares / certificates 2015	No. of shares / certificates 2014	Name of the investee company	Market value 2015	Market value 2014	Cost 2015	Cost 2014
			---- Rupees ----			
45,600	45,600	Attock Petroleum Limited	**25,865,232**	26,896,248	**12,153,848**	12,153,848
1,450,000	1,480,000	Bank Al-Habib Limited	**63,727,500**	66,570,400	**43,376,819**	43,129,249
221,000	-	Charat Packaging Limited	**41,693,860**	-	**29,494,918**	-
765,000	100,000	D G Khan Cement Company Limited	**109,219,050**	8,796,000	**87,395,677**	5,657,066
755,000	600,000	Engro Corporation Limited	**224,084,000**	107,106,000	**101,833,633**	64,574,128
200,000	57,040	Engro Fertilizers Limited	**17,738,000**	3,259,836	**10,554,619**	-
1,500,000	1,500,000	Fauji Cement Company Limited	**52,305,000**	28,860,000	**15,223,571**	15,223,571
6,200,000	6,200,000	Fatima Fertilizer Company Limited	**242,234,000**	179,800,000	**129,004,684**	129,004,684
2,000,000	2,000,000	Fauji Fertilizer Company Limited	**298,840,000**	224,500,000	**181,504,837**	181,504,837
230,000	200,000	Faysal Bank Limited	**3,615,600**	3,230,000	**2,891,767**	2,891,767
500	500	First Punjab Modaraba	**2,685**	1,890	**2,942**	2,942
186,500	186,500	Habib Sugar Mills Limited	**7,803,160**	6,807,250	**6,397,292**	6,397,292
10,500	10,500	Haji Muhammad Ismail Mills Limited	**32,550**	35,070	**126,000**	126,000
127,500	-	Honda Atlas Cars (Pakistan) Limited	**27,881,700**	-	**29,534,720**	-
134	134	KASB Modaraba	**441**	503	**-**	-
3,500,000	-	K-Electric Limited	**29,470,000**	-	**28,885,940**	-
52,000	-	Lalpir Power Limited	**1,586,000**	-	**1,235,323**	-
303,000	78,500	Lucky Cement Limited	**157,444,860**	32,208,550	**117,777,538**	10,889,646
304,656	292,646	Meezan Balance Fund	**4,469,304**	3,906,823	**2,675,588**	2,500,000
-	45,500	National Refinery Limited	**-**	9,799,335	**-**	11,520,385
1,302	1,302	NIB Bank Limited	**2,630**	2,903	**13,733**	13,733
100,000	100,000	Nishat Mills Limited	**11,423,000**	11,192,000	**9,115,972**	9,115,972
144,000	-	Nishat Chunian Mills Limited	**8,553,600**	-	**6,309,276**	-
150,000	200,000	Nishat Power Limited	**8,781,000**	7,116,000	**5,286,560**	6,784,169
25,000	-	Oil and Gas Development Co. Limited	**4,481,000**	-	**6,309,869**	-
-	110,885	Pakistan Cash Management Fund	**-**	5,544,229	**-**	5,500,000
100,000	100,000	Packages Limited	**59,408,000**	50,157,000	**25,060,500**	25,060,500
55,000	700,000	Pakistan Oilfields Limited	**22,210,100**	402,010,000	**18,257,448**	232,370,198
1,500,000	800,000	Pakistan Petroleum Limited	**246,390,000**	179,472,000	**283,473,705**	130,120,661
355,000	330,000	Pakistan State Oil Company Limited	**136,955,450**	128,320,500	**87,340,904**	77,881,389
-	200,000	Pakistan Telecommunication Limited	**-**	5,094,000	**-**	5,284,642
100,000	300,000	Sui Southern Gas Company Limited	**4,270,000**	10,998,000	**2,542,541**	7,628,541
700,000	700,000	The Hub Power Company Limited	**65,499,000**	41,118,000	**44,250,530**	44,250,530
143	143	Trust Investment Bank Limited	**215**	202	**660**	660
36,400	26,000	The Searle Company Limited	**11,673,116**	4,538,040	**1,843,486**	1,843,486
200,000	-	United Bank Limited	**34,184,000**	-	**32,659,278**	-
			1,921,844,053	1,547,340,779	**1,322,534,178**	1,031,429,896
Add: Adjustment arising from re-measurement to fair value					**599,309,875**	515,910,883
Market value					**1,921,844,053**	1,547,340,779

Notes to the Financial Statements

For the year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
15.	**OTHER RECEIVABLES**			
	Advance income tax		**285,394,430**	294,194,390
	Export rebate		**31,573,155**	33,595,661
	Dividend receivable		**68,335,555**	-
	Insurance claim receivable		**647,580**	-
	Due from Associated Companies			
	- Diamond Fabrics Limited		**-**	939,913
	- Reliance Cotton Spinning Mills Limited		**-**	308,248
	- Sapphire Finishing Mills Limited		**-**	3,809,213
	- Sapphire Textile Mills Limited		**-**	1,286,061
	- Sapphire Power Generation Limited		**-**	444,969
			-	6,788,404
	Others		**1,515,059**	-
			387,465,779	334,578,455
16.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		**234,817,286**	141,206,679
	Income tax		**183,066,352**	190,551,848
	Excise duty		**11,122,102**	11,122,102
	Less: provision for old stuck-up refunds of excise duty		**(11,122,102)**	(11,122,102)
			417,883,638	331,758,527
17.	**CASH AND BANK BALANCES**			
	Cash-in-hand	**17.1**	**3,391,274**	3,821,766
	Balances with banks on:			
	- current accounts	**17.2**	**119,011,062**	136,927,601
	- term deposit account (TDA)	**17.3**	**6,040,000**	6,040,000
	- dividend account		**3,754,827**	3,127,243
			128,805,889	146,094,844
			132,197,163	149,916,610

17.1 Cash-in-hand includes Rs.0.395 million (2014: Rs.0.170 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.$ 578,738 (2014: US.$ 1,072,597).

17.3 Effective rates of profit on TDA, during the year, ranged from 6.50% to 7.00% (2014: 6.50% to 7.00%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		**2015**	2014
------- **Numbers** -------			**Rupees**	Rupees
11,775,000	11,775,000	Ordinary shares of Rs.10 each fully paid in cash	**117,750,000**	117,750,000
7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**79,125,000**	79,125,000
19,687,500	19,687,500		**196,875,000**	196,875,000

18.1 10,196,896 (2014: 10,191,196) ordinary shares of Rs.10 each are held by Associated Companies as at year-end.

19. RESERVES

	Note	**2015 Rupees**	2014 Rupees
Capital reserve - share premium	**19.1**	**145,740,000**	145,740,000
General reserve		**1,183,845,000**	1,183,845,000
Unrealised gain on available for sale investments		**4,676,631,187**	5,264,641,401
		6,006,216,187	6,594,226,401

19.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued.

20. LONG TERM FINANCES - Secured

	Note	**2015 Rupees**	2014 Rupees
From banking companies:			
- Allied Bank Limited	**20.1**	**-**	150,000,000
- NIB Bank Limited	**20.2**	**73,410,251**	76,276,000
		73,410,251	226,276,000
Less: current portion grouped under current liabilities		**12,712,666**	160,904,749
		60,697,585	65,371,251

20.1 The Company arranged general purpose demand finance facility amounting Rs.1,500 million from Allied Bank Limited. This finance facility was repayable in 10 equal semi-annual instalments commenced from February 24, 2010 and has been fully repaid on August 24, 2014. This finance facility carried mark-up at the rate of 11.33% (2014: at the rates ranged from 10.24% to 11.33%) per annum and was secured against pari passu hypothecation charge of Rs.2,000 million over present and future fixed moveable assets of the Company.

20.2 The Company has arranged long term finance facilities amounting Rs.150 million from NIB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.84.315 million in five tranches of different amounts and each tranche is repayable in 12 equal semi-annual instalments commenced from September 2014. These finances carry mark-up at the rate ranging from 5.50% to 9.40% (2014: at the rate of 9.40%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

21. STAFF RETIREMENT BENEFIT - Gratuity

The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

Notes to the Financial Statements

For the year ended June 30, 2015

		2015 Rupees	2014 Rupees
21.1	**Amount recognised in the balance sheet**		
	Net liability at the beginning of the year	**210,997,693**	169,798,106
	Charge to profit and loss account	**64,293,640**	48,266,065
	Remeasurement recognised in other comprehensive income	**26,308,442**	26,530,765
	Payments made during the year	**(44,410,812)**	(33,597,243)
	Net liability at the end of the year	**257,188,963**	210,997,693
21.2	**Movement in the present value of defined benefit obligation**		
	Balance at beginning of the year	**210,997,693**	169,798,106
	Current service cost	**39,278,662**	32,201,119
	Interest cost	**25,014,978**	16,064,946
	Benefits paid	**(44,410,812)**	(33,597,243)
	Remeasurements on obligation	**26,308,442**	26,530,765
	Balance at end of the year	**257,188,963**	210,997,693
21.3	**Expense recognised in profit and loss account**		
	Current service cost	**39,278,662**	32,201,119
	Interest cost	**25,014,978**	16,064,946
		64,293,640	48,266,065
21.4	**Remeasurements recognised in other comprehensive income**		
	Experience loss	**26,308,442**	26,530,765
21.5	**Actuarial assumptions used**	**2015**	2014
	Discount rate	**9.75%**	13.25%
	Expected rate of increase in future salaries	**8.75%**	12.25%
	Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)

21.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Change in assumptions	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1.00%	240,206,361	276,791,762
Increase in future salaries	1.00%	277,511,239	239,249,324

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21.7 Based on actuary's advice, the expected charge for the year ending June 30, 2016 amounts to Rs.80.851 million.

21.8 The weighted average duration of defined benefit obligation is 7 years.

Notes to the Financial Statements

For the year ended June 30, 2015

21.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	------	------	Rupees	------	------
As at June 30, 2015	53,349,440	87,505,436	114,737,488	2,412,975,433	2,668,567,797

21.10 Historical information:

	2015	2014	2013	2012	2011
	------	------	Rupees	------	------
Present value of defined benefit obligation	**257,188,963**	210,997,693	169,798,106	131,457,117	117,869,526
Experience adjustment on obligation	**26,308,442**	26,530,765	21,615,599	(6,461,224)	(3,209,869)

22. DEFERRED TAXATION - Net

	2015 Rupees	2014 Rupees
The balance of deferred tax is in respect of following major temporary differences		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowance	**46,640,856**	39,988,031
- re-measurement of investments	**105,211,989**	24,106,509
	151,852,845	64,094,540
Deductible temporary differences arising in respect of:		
- staff retirement benefit - gratuity	**11,484,974**	7,380,699
- provision for slow moving inventory	**209,338**	180,896
- provision for doubtful debts	**898,343**	-
	12,592,655	7,561,595
	139,260,190	56,532,945

22.1 The Company's income of the current year is chargeable to tax under presumptive tax regime of the Income Tax Ordinance, 2001. However, deferred tax liability / (asset) is recognised as management is not certain whether income of subsequent years is chargeable to tax under presumptive tax regime or normal tax regime.

23. TRADE AND OTHER PAYABLES

	Note	**2015 Rupees**	2014 Rupees
Trade creditors	**23.1**	**231,822,929**	315,906,847
Bills payable	**23.2**	**281,818,633**	96,171,393
Advance payments		**15,634,413**	105,327,790
Accrued expenses	**23.3**	**465,749,013**	381,426,597
Sindh government infrastructure fee	**23.4**	**105,679,579**	96,297,021
Workers' profit participation fund	**23.5**	**63,843,959**	80,682,780
Workers' welfare fund	**23.6**	**143,300,208**	119,039,502
Unclaimed dividend		**3,797,103**	3,168,788
Unrealised loss on re-measurement of forward exchange contract		**5,933,174**	-
Others		**6,238,725**	12,113,432
		1,323,817,736	1,210,134,150

Notes to the Financial Statements

For the year ended June 30, 2015

23.1 These include Rs.18.660 million (2014: Rs.96.591 million) which pertains to Associated Companies.

23.2 These are secured against import documents.

23.3 These include Rs.Nil (2014: Rs.15.344 million) which pertains to Associated Companies.

23.4 This provision has been recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the Sindh High Court (the High Court). The Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2015, the Company has provided bank guarantees aggregating Rs.81.950 million (2014: Rs.71.950 million) in favour of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Company's favour.

		Note	2015 Rupees	2014 Rupees
23.5	**Workers' profit participation fund**			
	Balance at beginning of the year		**80,682,780**	70,373,990
	Add: interest on funds utilised by the Company		**3,177,575**	12,146,744
			83,860,355	82,520,734
	Less: payments made during the year		**83,860,355**	82,520,734
			-	-
	Add: allocation for the year		**63,843,959**	80,682,780
	Balance at end of the year		**63,843,959**	80,682,780
23.6	**Workers' welfare fund**			
	Balance at beginning of the year		**119,039,502**	88,380,045
	Add: charge for the year		**24,260,706**	30,659,457
	Balance at end of the year		**143,300,208**	119,039,502
24	**ACCRUED MARK-UP / INTEREST**			
	Mark-up / interest accrued on:			
	- long term finances		**1,674,565**	3,574,708
	- short term borrowings		**72,263,263**	54,967,999
			73,937,828	58,542,707
25.	**SHORT TERM BORROWINGS**			
	Running / cash finances - secured	**25.1**	**4,454,271,536**	3,321,350,876
	Temporary bank overdraft - unsecured	**25.2**	**2,076,294**	1,480,211
			4,456,347,830	3,322,831,087

25.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.8,550 million (2014: Rs.7,865 million). These finance facilities, during the year, carried mark-up at the rates ranged from 5.30% to 11.94% (2014: 8.70% to 11.83%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs.17,590 million (2014: Rs.13,912 million) over current and fixed assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Included in short term finances Rs.597.93 million (U.S.$ 5.502 million and Euro 0.337 million) [2014: Rs.1,032 million (U.S.$ 10.451 million)] representing foreign currency loans obtained from various banks. The rates of mark-up on these finance facilities ranged from 1.33% to 4.00% (2014: 1.33% to 2.82%) per annum.

Short term finance facilities available from various commercial banks under mark-up arrangements on Group basis aggregate to Rs.174 million (2014: Rs.174 million).

Facilities available for opening letters of credit and guarantees aggregate to Rs.8,467 million (2014: Rs.7,897 million) out of which the amount remained unutilised at the year-end was Rs.6,622 million (2014: Rs.6,761 million). These facilities are secured against lien on shipping documents, hypothecation charge on current and fixed assets of the Company, cash margins and counter guarantee by the Company.

Facilities available for opening letters of credit and discounting of local & foreign bills from various commercial banks on Group basis aggregate to Rs.2,020 million (2014: Rs.3,115 million) and are secured against lien over export documents / bills, lien over import documents & commodities, lien over discrepant documents negotiated under letters of credits / contracts and trust receipts.

Abovementioned facilities are expiring on various dates upto April 30, 2016.

25.2 This represents book overdraft balance due to unpresented cheques.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.203.296 million (2014: Rs.199.750 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

26.1.2 Claims not acknowledged as debt

During the year ended June 30, 2014 it was discovered that there were unauthorised withdrawals of funds from one of the Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Company's authority. On becoming aware of the matter, FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Company does not have any liability whatsoever in respect of such net unauthorised withdrawals of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges.

Furthermore the Company has filed a suit on March 21, 2014 in the honourable Sindh High Court, which has granted a stay order on April 08, 2014 in favour of the Company whereby the bank has been restrained from placing the Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Company.

Notes to the Financial Statements

For the year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
26.2	**Commitments**			
	Commitments in respect of :			
	- letters of credit for capital expenditure		**760,637,594**	16,093,704
	- letters of credit for purchase of raw materials and stores, spare parts & chemicals		**173,185,247**	175,253,535
	- capital expenditure other than letters of credit		**863,988,931**	12,788,386
	- foreign currency forward contract		**313,580,000**	-
	- foreign bills discounted		**426,138,453**	996,888,621
27.	**SALES** - Net			
	Export:			
	Yarn	27.1	**8,253,157,446**	9,379,706,138
	Fabric		**414,295,650**	223,089,630
	Garments		**2,104,746,028**	2,552,434,895
	Waste	27.2	**207,505,421**	301,786,056
			10,979,704,545	12,457,016,719
	Local:			
	Yarn		**2,057,413,286**	2,114,971,525
	Fabric		**25,075,529**	13,613,333
	Garments		**24,856,665**	20,663,497
	Raw materials		**50,571,019**	113,220,710
	Waste	27.2	**188,491,592**	178,898,160
	Others		**3,606,247**	4,520,921
			2,350,014,338	2,445,888,146
			13,329,718,883	14,902,904,865
	Export rebate		**33,132,384**	25,365,751
	Processing services		**60,406,988**	65,660,731
			13,423,258,255	14,993,931,347
	Less: sales tax		**75,982,403**	88,321,763
			13,347,275,852	14,905,609,584

27.1 This includes indirect export of Rs.929.057 million (2014: Rs.1,808.405 million).

27.2 Waste sales include sale of comber noil.

27.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.55.209 million (2014: Rs.24.178 million) has been included in export sales.

Notes to the Financial Statements

For the year ended June 30, 2015

28.	COST OF SALES	Note	2015 Rupees	2014 Rupees
	Finished goods at beginning of the year		**540,491,694**	393,606,498
	Cost of goods manufactured	28.1	**11,833,748,292**	13,388,836,424
	Cost of raw materials sold		**45,031,167**	99,720,018
			11,878,779,459	13,488,556,442
			12,419,271,153	13,882,162,940
	Finished goods at end of the year		**(509,819,710)**	(540,491,694)
			11,909,451,443	13,341,671,246
28.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		**211,059,838**	250,170,763
	Raw materials consumed	28.2	**7,786,932,984**	9,375,918,414
	Salaries, wages and benefits	28.3	**976,755,187**	822,928,510
	Packing stores consumed		**230,885,054**	235,917,707
	General stores consumed		**203,997,695**	230,247,065
	Dyes and chemicals consumed		**298,625,337**	267,628,978
	Processing charges		**547,467,612**	573,027,423
	Depreciation	4.2	**326,127,042**	326,995,100
	Fuel and power		**1,276,767,314**	1,356,232,029
	Repair and maintenance		**39,045,451**	45,773,200
	Insurance		**35,444,590**	43,390,125
	Vehicles' running		**15,794,500**	16,713,574
	Travelling and conveyance		**14,610,300**	14,525,679
	Printing and stationery		**3,712,203**	4,067,709
	Legal and professional charges		**10,141,837**	25,289,646
	Fee and subscription		**3,550,872**	2,821,337
	Entertainment		**5,745,735**	5,315,020
	Telephone		**2,361,589**	2,073,118
	Postage		**207,718**	244,939
	Rent, rates and taxes		**650,459**	615,926
			11,989,883,317	13,599,896,262
	Work-in-process at end of the year		**(156,135,025)**	(211,059,838)
			11,833,748,292	13,388,836,424
28.2	**Raw materials consumed**			
	Stocks at beginning of the year		**2,294,413,690**	2,709,221,852
	Purchases		**7,102,607,390**	8,961,110,252
			9,397,021,080	11,670,332,104
	Stocks at end of the year		**(1,610,088,096)**	(2,294,413,690)
			7,786,932,984	9,375,918,414

28.3 Salaries, wages and benefits include Rs.64.294 million (2014: Rs.48.266 million) in respect of staff retirement benefit - gratuity and Rs.0.187 million (2014: Rs.Nil) contribution in respect of to staff provident fund.

Notes to the Financial Statements

For the year ended June 30, 2015

29. DISTRIBUTION COST

	Note	2015 Rupees	2014 Rupees
Salaries and other benefits	29.1	21,134,604	21,982,314
Travelling, conveyance and entertainment		14,544,395	12,113,992
Vehicles' running		2,220,971	2,698,783
Telephone		663,208	785,192
Postage		1,790,757	1,705,302
Printing and stationery		709,408	856,931
Sample expenses		2,151,369	2,673,294
Commission:			
- local		8,110,017	4,911,763
- export		123,953,296	168,090,890
		132,063,313	173,002,653
Freight and forwarding:			
- local		3,895,413	6,432,215
- export		243,397,683	253,021,629
		247,293,096	259,453,844
Export development surcharge		24,486,895	26,769,789
Other export expenses		17,834,929	21,293,806
Provision for doubtful debts		22,192,280	-
		487,085,225	523,335,900

29.1 Salaries and other benefits include Rs.0.803 million (2014: Rs.0.790 million) in respect of contribution to staff provident fund.

30. ADMINISTRATIVE EXPENSES

	Note	2015 Rupees	2014 Rupees
Directors' remuneration		18,000,000	23,388,244
Director's meeting fee		200,000	-
Salaries and other benefits	30.1	110,978,999	83,700,721
Telephone		3,116,303	3,069,700
Postage		710,198	428,487
Fee and subscription		6,944,672	6,842,543
Legal and professional charges		17,086,577	12,060,675
Entertainment		2,645,186	2,274,606
Travelling and conveyance		5,454,707	6,385,280
Printing and stationery		3,220,065	3,482,942
Rent, rates and taxes		4,443,716	3,952,023
Advertisement		678,285	585,636
Electricity, gas and water		5,025,938	6,503,972
Repair and maintenance		6,297,629	5,443,119
Vehicles' running		9,086,585	9,122,215
Charity and donations	30.2	31,361,233	28,073,751
Insurance		2,823,340	3,166,387
Depreciation	4.2	18,682,236	13,084,439
Amortisation	6	1,430,329	1,802,871
		248,185,998	213,367,611

30.1 Salaries and other benefits include Rs.3.425 million (2014: Rs.2.965 million) in respect of contribution to staff provident fund.

Notes to the Financial Statements

For the year ended June 30, 2015

30.2 Donations include the following in which directors are interested:

- Donation of Rs.20.480 million (2014: Rs.18.880 million) charged in these financial statements is paid to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Muhammad Abdullah, Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr.Shayan Abdullah have common directorship in both Companies.

- Donation of Rs.0.400 million (2014: Rs.0.550 million) charged in these financial statements is paid to Jamal-Ud-Din Fatima Charitable trust, 149 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi (a trust). Mr. Muhammad Abdullah, Mr. Shahid Abdullah and Mr. Nadeem Abdullah, directors of the Company are trustees of the trust.

31. OTHER INCOME	Note	2015 Rupees	2014 Rupees
Income from financial assets			
Dividend income			
- from subsidiary and associated companies		**431,661,492**	863,179,300
- from others		**452,177,909**	338,445,908
Interest income		**410,473**	390,200
Gain on sale of investments		**52,916,750**	-
Exchange gain (including gain on forward contracts) - net		**-**	18,220,000
		937,166,624	1,220,235,408
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	**4.3**	**5,260,200**	4,401,040
Gain on sale of store and spares		**105,206**	48,035
Rental income		**24,871,008**	14,832,720
Scrap sales [Net of sales tax aggregating Rs.3.399 million (2014: Rs.4.084 million)]		**19,167,162**	23,045,523
		49,403,576	42,327,318
		986,570,200	1,262,562,726

32. OTHER EXPENSES	Note	2015 Rupees	2014 Rupees
Depreciation of investment property	**5**	**1,036,309**	1,151,454
Workers' profit participation fund	**23.5**	**63,843,959**	80,682,780
Workers' welfare fund	**23.6**	**24,260,706**	30,659,457
Auditors' remuneration	**32.1**	**1,647,000**	1,647,000
Loss on sale of short term investments		**-**	3,788,337
Provision for old stuck-up refunds of excise duty		**-**	11,122,102
Exchange loss (including gain on forward contracts) - net		**219,624**	-
		91,007,598	129,051,130

		Note	2015 Rupees	2014 Rupees
32.1	**Auditors' remuneration**			
	Fee for:			
	Annual audit		**1,331,000**	1,331,000
	Half yearly review		**200,000**	200,000
	Review of Code of Corporate Governance		**62,000**	62,000
	Audit of retirement funds		**20,000**	20,000
	Out-of-pocket expenses		**34,000**	34,000
			1,647,000	1,647,000
33.	**FINANCE COST**			
	Mark-up / interest on long term finances		**7,553,181**	34,748,890
	Mark-up / interest on short term borrowings		**258,911,512**	396,603,025
	Exchange loss / (gain) on foreign currency loans		**31,047,619**	(40,895,687)
			289,959,131	355,707,338
	Interest on workers' profit participation fund	**23.5**	**3,177,575**	12,146,744
	Bank and other financial charges		**55,734,644**	59,618,515
			356,424,531	462,221,487
34.	**TAXATION**			
	Current			
	Current tax on profit for the year	**34.1**	**244,392,912**	214,966,754
	Adjustments in respect of prior years		**(1,388,139)**	(29,484,938)
			243,004,773	185,481,816
	Deferred			
	Origination and reversal of temporary differences		**3,843,390**	(1,174,602)
	Impact of change in tax rate		**(1,010,742)**	998,639
			2,832,648	(175,963)
			245,837,421	185,305,853

34.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 and current year's provision is made accordingly.

34.2 Income tax assessments of the Company have been completed upto the Tax Year 2014; the return for the said year has not been taken-up for audit till June 30, 2015.

34.3 Numeric tax rate reconciliation is not presented as the Company's income is chargeable to tax under presumptive tax regime.

34.4 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that it's reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

34.4.1 The Board of Directors in their meeting held on September 28 , 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 43) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended June 30, 2015.

Notes to the Financial Statements

For the year ended June 30, 2015

			2015 Rupees	2014 Rupees
35.	**EARNINGS PER SHARE**			
35.1.	**Basic earnings per share**			
	Net profit for the year		**995,853,836**	1,313,219,083
			------ Number of shares -------	
	Weighted average ordinary shares in issues		**19,687,500**	19,687,500
			------------- Rupees -------------	
	Earnings per share		**50.58**	66.70
35.2	**Diluted earnings per share**			

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2015 and June 30, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2015 Rupees	2014 Rupees
36.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**1,241,691,257**	1,498,524,936
	Adjustments for non-cash charges and other items:			
	Depreciation		**345,205,455**	340,079,539
	Depreciation of investment property		**1,036,309**	1,151,454
	Amortisation		**1,430,329**	1,802,871
	Staff retirement benefit - gratuity		**64,293,640**	48,266,065
	(Reversal) / provision for slow moving items		**(38,510)**	791,968
	Dividend and interest income		**(884,249,874)**	(1,202,015,408)
	Gain on sale of stores and spares		**(105,206)**	(48,035)
	Gain on disposal of operating fixed assets		**(5,260,200)**	(4,401,040)
	Exchange loss / (gain) - net		**219,624**	(18,220,000)
	Provision for workers' profit participation fund		**63,843,959**	80,682,780
	Provision for workers' welfare fund		**24,260,706**	30,659,457
	(Gain) / loss on sale of investments		**(52,916,750)**	3,788,337
	Provision for old stuck-up refunds of excise duty		**-**	11,122,102
	Provision for doubtful debts		**22,192,280**	-
	Finance cost		**356,424,531**	462,221,487
	Working capital changes	**36.1**	**866,719,302**	429,006,498
			2,044,746,852	1,683,413,011
36.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		**(11,619,307)**	(32,595,047)
	Stock-in-trade		**637,458,634**	415,232,705
	Trade debts		**251,322,830**	(96,926,890)
	Loans and advances		**(19,427,882)**	13,917,421
	Deposits, other receivables and sales tax		**(96,648,359)**	(27,668,071)
			761,085,916	271,960,118
	Increase in trade and other payables		**105,633,386**	157,046,380
			866,719,302	429,006,498

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	------ Rupees ------					
Managerial remuneration	**8,000,400**	8,000,400	**3,999,996**	6,590,417	**71,464,117**	55,765,211
Contribution to provident fund trust		-	**-**	-	**3,346,608**	2,650,369
House rent and utilities	**3,999,600**	3,999,600	**2,000,004**	3,275,883	**36,996,703**	28,842,577
Medical	-	-	**-**	51,807	**2,080,008**	1,551,051
Leave encashment / bonus	-	-	**-**	662,279	**16,421,962**	12,771,306
Other benefits	-	-	**-**	807,858	**12,055,536**	9,632,460
	12,000,000	12,000,000	**6,000,000**	11,388,244	**142,364,934**	111,212,974
Number of persons	**1**	1	**1**	2	**63**	52

37.1 Certain executives are provided with Company maintained vehicles.

37.2 During the year, meeting fees of Rs.200 thousand (2014: Rs.Nil) was paid to one non-executive director.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Subsidiary Company, Associated Companies, directors of the Company, key management personnel and staff retirement fund. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 37. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2015 Rupees	2014 Rupees
(i) Subsidiary	Shares purchased	**23,804,296**	-
	Dividend received	**431,427,522**	862,855,044
(ii) Associates	Sales:		
	- raw material / yarn / fabric / stores	**418,783,699**	818,262,809
	- assets	**4,203,761**	7,350,000
	Purchases:		
	- raw material / yarn / fabric / stores	**337,978,871**	471,314,251
	- electricity	**222,389,337**	216,609,553
	- assets	**-**	8,000,000
	Shares purchased	**-**	44,607,500

Relationship with the Company	Nature of transactions	2015 Rupees	2014 Rupees
(ii) Associates	Services:		
	- rendered	**39,852,837**	50,579,860
	- obtained	**13,463,625**	8,701,235
	Expenses charged by	**20,370,767**	13,795,264
	Expenses charged to	**9,243,665**	7,904,408
	Dividend:		
	- received	**233,970**	324,256
	- paid	**127,454,952**	50,763,515
(iii) Other	Contribution towards provident fund	**4,824,046**	3,754,467

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimises earnings volatility and provide maximum return to shareholders.

(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from investments, loans and advances, deposits, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.39.4, the financial assets exposed to credit risk aggregated to Rs.10,264.696 million (2014: Rs.8,841.316 million) as at June 30, 2015. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 99% (2014: 99%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2015 Rupees	2014 Rupees
Long term investments	**6,995,698,205**	5,720,249,038
Long term loans	**340,000**	193,000
Long term deposits	**28,221,645**	27,822,285
Trade debts	**1,118,913,594**	1,392,428,704
Loans and advances	**643,000**	394,000
Trade deposits	**5,000**	5,000
Short term investments	**1,921,844,053**	1,547,340,779
Other receivables	**70,498,194**	6,788,404
Bank balances	**128,805,889**	146,094,844
	10,264,969,580	8,841,316,054

Notes to the Financial Statements

For the year ended June 30, 2015

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2015 Rupees	2014 Rupees
Domestic	**255,824,899**	476,839,853
Export	**863,088,695**	915,588,851
	1,118,913,594	1,392,428,704

The majority of export debts of the Company are situated in Asia, Europe, America, Australia and Africa.

The maximum exposure to credit risk for trade debts at the reporting date by type of product is as follows:

	2015 Rupees	2014 Rupees
Yarn	**970,562,564**	1,017,290,718
Fabric	**24,464,922**	31,050,752
Garments	**92,871,774**	275,640,062
Processing services	**4,625,268**	3,206,667
Waste	**22,592,386**	17,181,529
Other	**3,796,680**	48,058,976
	1,118,913,594	1,392,428,704

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The credit quality of the Company's bank balances can be assessed with reference to the external credit ratings as follows:

	Rating		
Name of Bank	**short term**	**long term**	**agency**
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
United Bank Limited	A-1+	AA+	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Citibank N.A.	P-1	A2	Moody's
Faysal Bank Limited	A1+	AA	PACRA

Name of Bank	Rating short term	long term	agency
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Bank Al-Habib Limited	A1+	AA+	PACRA
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS
Askari Bank Limited	A-1+	AA	JCR-VIS
Deutsche Bank AG	A-1+	AA	Moody's

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**More than 5 years**
	-----	-----	Rupees	-----	-----
June 30, 2015					
Long term finances	**73,410,251**	**93,296,445**	**17,685,619**	**70,901,535**	**4,709,291**
Long term security deposit	**2,100,000**	**2,100,000**	**-**	**-**	**2,100,000**
Trade and other payables	**989,426,403**	**989,426,403**	**989,426,403**	**-**	**-**
Accrued mark-up / interest	**73,937,828**	**73,937,828**	**73,937,828**	**-**	**-**
Short term borrowings	**4,454,271,536**	**4,572,342,183**	**4,572,342,183**	**-**	**-**
	5,593,146,018	**5,731,102,859**	**5,653,392,033**	**70,901,535**	**6,809,291**

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	-----	-----	Rupees	-----	-----
June 30, 2014					
Long term finances	226,276,000	253,455,918	168,230,971	83,402,600	1,822,347
Long term security deposit	2,100,000	2,100,000	-	-	2,100,000
Trade and other payables	808,787,057	808,787,057	808,787,057	-	-
Accrued mark-up / interest	58,542,707	58,542,707	58,542,707	-	-
Short term borrowings	3,321,350,876	3,450,739,835	3,450,739,835	-	-
	4,417,056,640	4,573,625,517	4,486,300,570	83,402,600	3,922,347

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

(c) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(d) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Swiss Frank, Japanese Yen and Great Britain Pound. The Company's exposure to foreign currency risk for U.S. Dollar, Euro, Swiss Frank (CHF), Japanese Yen and Great Britain Pound (GBP) is as follows:

June 30, 2015	**Rupees**	**U.S.$**	**Euro**	**Yen**	**GBP**
Bills payables	**281,818,633**	**2,385,360**	**326,500**	**2,496,100**	**-**
Advance payments	**7,352,891**	**72,027**	**-**	**-**	**-**
	289,171,524	**2,457,387**	**326,500**	**2,496,100**	**-**
Trade debts	**(885,280,975)**	**(8,698,990)**	**-**	**-**	**(15,863)**
Bank balances	**(58,741,943)**	**(578,738)**	**-**	**-**	**-**
Net balance sheet exposure	**(654,851,394)**	**(6,820,341)**	**326,500**	**2,496,100**	**(15,863)**
Outstanding letters of credit	**933,822,841**	**6,436,782**	**2,453,661**	**-**	**-**
Forward exchange contracts	**313,580,000**	**3,000,000**	**-**	**-**	**-**
	592,551,447	**2,616,441**	**2,780,161**	**2,496,100**	**(15,863)**

June 30, 2014	Rupees	U.S.$	Euro	CHF	Yen	GBP
Bills payables	96,171,393	947,955	19,007	-	-	-
Advance payments	98,467,291	997,137	-	-	-	-
	194,638,684	1,945,092	19,007	-	-	-
Trade debts	(915,588,851)	(9,070,121)	(137,358)	-	-	(19,424)
Bank balances	(105,704,481)	(1,072,597)	-	-	-	-
Net balance sheet exposure	(826,654,648)	(8,197,626)	(118,351)	-	-	(19,424)
Outstanding letters of credit	191,347,239	1,661,630	136,266	64,057	1,850,000	-
	(635,307,409)	(6,535,996)	17,915	64,057	1,850,000	(19,424)

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2015	2014	**2015**	2014
U.S. Dollar to Rupee	**100.88**	102.41	**101.70 / 101.50**	98.75 / 98.55
Euro to Rupee	**124.45**	139.90	**113.79 / 113.57**	134.73 / 134.46
Swiss Frank to Rupee	**106.94**	115.12	**109.64 / 109.42**	110.82
Japanese Yen to Rupee	**0.8691**	1.0000	**0.8313 / 0.8297**	0.9748
Great Britain Pound to Rupee	**157.95**	171.17	**159.91 / 159.59**	167.79

At June 30, 2015, if Rupee had strengthened by 10% against US Dollar, Euro, Swiss Frank, Japanese Yen and Great Britain Pounds with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2015	2014
Effect on profit for the year:	**Rupees**	Rupees
U.S. Dollar to Rupee	**(69,226,461)**	(80,787,604)
Euro to Rupee	**3,715,244**	(1,591,348)
Japanese Yen to Rupee	**207,501**	-
Great Britain Pound to Rupee	**(253,158)**	(325,915)
	(65,556,874)	(82,704,867)

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Company arises from long & short term borrowings from banks and deposits with banks. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2015	2014	**2015**	2014
	- - - Effective rate - - -		**- - - Carrying amount - - -**	
	%	%	**Rupees**	Rupees
Fixed rate instruments				
Financial assets				
Term deposit account	**6.50 to 7.00**	6.50 to 7.00	**6,040,000**	6,040,000
Financial liabilities				
Long term finances	**5.50 to 9.40**	9.40	**73,410,251**	76,276,000
Variable rate instruments				
Financial liabilities				
Long term finances	-	10.24 to 11.33	**-**	150,000,000
Short term borrowings	**1.33 & 11.94**	1.33 to 11.83	**4,454,271,536**	3,321,350,876

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in mark-up / interest rates at reporting date would not affect profit and loss account.

At June 30, 2015, if the interest rate on the Company's borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.44.543 million (2014: Rs.34.714 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arsing from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company's investments in ordinary shares and certificates of listed companies aggregating to Rs.8,888.826 million (2014: Rs.7,238.874 million) are exposed to price risk due to changes in market price.

At June 30, 2015, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the year would have higher / (lower) by Rs.888.883 million (2014: Rs.723.887 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Company.

39.2 Fair value estimation

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.8,888.826 million (2014: Rs.7,238.874 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

39.3 Capital risk management

The Company's objective when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the balance sheet) less cash and bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2015 Rupees	2014 Rupees
Total borrowings	**4,527,681,787**	3,547,626,876
Less: cash and bank balances	**132,197,163**	149,916,610
Net debt	**4,395,484,624**	3,397,710,266
Total equity	**14,933,421,068**	14,796,768,753
Total capital	**19,328,905,692**	18,194,479,019
Gearing ratio	**23%**	19%

39.4 Financial instruments by category

	Loans and receivables		Available for sale	
Financial assets as per balance sheet	**2015**	2014	**2015**	2014
	--- Rupees ---		--- Rupees ---	
Long term investments	**-**	-	**6,995,698,205**	5,720,249,038
Long term loans	**340,000**	193,000	**-**	-
Long term deposits	**28,221,645**	27,822,285	**-**	-
Trade debts	**1,118,913,594**	1,392,428,704	**-**	-
Loans and advances	**643,000**	394,000	**-**	-
Trade deposits	**5,000**	5,000	**-**	-
Short term investments	**-**	-	**1,921,844,053**	1,547,340,779
Other receivables	**70,498,194**	6,788,404	**-**	-
Cash and bank balances	**132,197,163**	149,916,610	**-**	-
	1,350,818,596	1,577,548,003	**8,917,542,258**	7,267,589,817

	Financial liabilities measured at amortised cost	
Financial liabilities as per balance sheet	**2015**	2014
	— Rupees ---	
Long term finances	**73,410,251**	226,276,000
Long term security deposit	**2,100,000**	2,100,000
Short term borrowings	**4,456,347,830**	3,322,831,087
	4,531,858,081	3,551,207,087

40. CAPACITY AND PRODUCTION

40.1 Spinning units

		2015	2014
Number of spindles installed		**101,136**	101,136
Number of spindles worked		**97,635**	97,939
Number of shifts worked per day		**3**	3
Total number of days worked		**365**	365
Installed capacity after conversion into 20's count	**Lbs.**	**64,299,083**	65,528,128
Actual production after conversion into 20's count	**Lbs.**	**56,937,823**	56,444,268

40.1.1 Actual production varies due to maintenance / shut down and change in count pattern.

			2015	2014
40.2	**Dyeing**			
	Yarn / Fibre Dyeing Unit			
	Total number of days worked		**222**	297
	Installed capacity	**Lbs.**	**8,002,407**	8,002,407
	Actual production	**Lbs.**	**2,993,241**	2,983,733
	Fabric Dyeing Unit			
	Total number of days worked		**338**	364
	Installed capacity	**Lbs.**	**13,171,579**	13,171,579
	Actual production	**Lbs.**	**8,227,677**	8,260,786

40.2.1 Low production is due to less market demand.

40.3	**Knitting unit**			
	Total number of days worked		**356**	350
	Installed capacity	**Lbs.**	**15,658,951**	15,658,951
	Actual production	**Lbs.**	**7,752,745**	7,854,164

40.3.1 Low production is due to less market demand.

40.4	**Stitching unit**			
	Installed capacity	**Pcs.**	**1,967,000**	1,967,000
	Actual production	**Pcs.**	**-**	-

40.4.1 Sluggish sale in the international markets, power shortage in the country and higher fuel cost forced management to temporarily close its stitching unit.

		2015	2014
41.	**NUMBER OF EMPLOYEES**		
	Total number of employees as at June 30,	**3,364**	3,322
	Average number of employees during the year	**3,234**	3,297

42. PROVIDENT FUND RELATED DISCLOSURE

42.1. The following information is based on un-audited financial statements of the Fund for the year ended

	2015 Rupees	2014 Rupees
Size of the Fund - Total Assets	**39,574,506**	33,155,779
Cost of investments made	**37,731,292**	31,005,983
Percentage of investments made	**95.34%**	93.52%
Fair value of investments made	**39,294,006**	32,413,779

42.2 The break-up of fair value of investments is as follow:

	2015	2014	2015	2014
	--- Percentage ---		Rupees	Rupees
Special account in a scheduled bank	**2.47**	5.80	**970,228**	1,879,581
Government securities	**89.21**	90.43	**35,054,920**	29,312,923
Term deposit receipts	**3.14**	3.77	**1,233,858**	1,221,275
Listed securities	**5.18**	-	**2,035,000**	-
	100	100	**39,294,006**	32,413,779

42.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on September 28, 2015, has proposed a final cash dividend of Rs.10/= (2014: Rs.12.5) per share amounting to Rs. 196,875 million (2014: Rs.246.094 million) for the year ended June 30, 2015. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on October 26,, 2015.

The financial statements for the year ended June 30, 2015 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending June 30, 2016.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2015 by the Board of Directors of the Company.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Pattern of Shareholding

AS AT JUNE 30, 2015

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
289	1	100	4,430
170	101	500	40,325
121	501	1000	80,230
106	1001	5000	203,713
22	5001	10000	161,242
7	10001	15000	89,396
5	15001	20000	92,310
2	20001	25000	43,143
1	25001	30000	26,203
2	30001	35000	63,308
4	35001	40000	152,078
1	40001	45000	43,000
1	55001	60000	55,900
1	70001	75000	71,465
1	90001	95000	93,531
1	95001	100000	98,300
1	100001	105000	104,626
1	110001	115000	112,500
1	115001	120000	116,450
2	165001	170000	336,297
1	205001	210000	207,148
1	215001	220000	215,700
1	220001	225000	225,000
1	225001	230000	225,899
1	235001	240000	238,218
1	270001	275000	274,197
1	315001	320000	319,162
1	325001	330000	327,937
1	335001	340000	338,176
1	365001	370000	367,656
1	395001	400000	399,252
1	400001	405000	400,350
1	470001	475000	472,384
1	490001	495000	492,500
3	495001	500000	1,499,502
2	500001	505000	1,001,371
1	525001	530000	526,893
1	570001	575000	570,751
1	585001	590000	587,306
1	690001	695000	693,020
1	1210001	1215000	1,212,877
1	1220001	1225000	1,221,225
1	1225001	1230000	1,225,667
1	1710001	1715000	1,714,619
1	2940001	2945000	2,942,243
767		**Total :**	**19,687,500**

Pattern of Shareholding

AS AT JUNE 30, 2015

CATEGORY OF SHAREHOLDERS	Shares Held	Percentage
Directors, CEO, Spouses, Minor Children	6,559,580	33.3185
Associated Companies, undertaking, related parties	10,196,896	51.7938
NIT & ICP	587,306	2.9831
Banks, DFI & NBFI	1,381	0.0070
Insurance Companies	336,518	1.7093
Modaraba & Mutual Fund	73,859	0.3752
General Public (Local)	1,601,136	8.1328
General Public (Foreign)	61,093	0.3103
Others	221,731	1.1263
Foreign Companies	48,000	0.2438
	19,687,500	**100.0000**

Pattern of Shareholding

AS AT JUNE 30, 2015

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

Sapphire Textile Mills Limited.	145
Neelum Textile Mills (Private) Limited.	1705377
Sapphire Agencies (Pvt) Ltd.	2258468
Crystal Enterprises (Private) Limited	5410
Sapphire Power Generation Limited	450676
Salman Ismail (SMC-Private) Limited	22193
Reliance Cotton Spinning Mills Limited	393697
Sapphire Holding Limited	2942243
Amer Tex (Pvt.) Limited	2418687

B) NIT & ICP

CDC Trustee National Investment (UNIT) Trust	587306

C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN

DIRECTORS & THEIR SPOUSES

Mr. Mohammad Abdullah.	93531
Mrs. Shamshad Begum	727088
Mr. Nadeem Abdullah.	536586
Mr. Amer Abdullah.	326410
Mr. Yousuf Abdullah.	1540387
Mrs. Usma Yousuf	114114
Mrs. Noshaba Nadeem.	614952
Mrs. Ambareen Amer	898688
Mr. Shayan Abdullah	500000
Mr. Tajammal Hussain Bokharee	500

CHIEF EXECUTIVE OFFICER & HIS SPOUSE

Mr. Shahid Abdullah.	406234
Mrs. Shireen Shahid.	801090

Pattern of Shareholding

AS AT JUNE 30, 2015

D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS

BANKS, DFI & NBFI	
National Bank of Paksitan	1300
National Bank of Paksitan	81
INSURANCE COMPANIES	
State Life Insurance Corporation of Pakistan	238218
EFU Life Insurance Limited	98300
MODARABAS & MUTUAL FUNDS	
Modaraba-Al-Mali	112
Golden Arrow Selected Stock Funds Limited	47
CDC-Trustee Faysal Balanced Growth Fund	15000
CDC-Trustee Faysal Asset Allocation Fund	20000
CDC-Trustee Nafa Stock Fund	32100
CDC-Trustee Nafa Pension Fund Equity Sub-Fund Account	6600

E) SHAREHOLDERS HOLDING 5% OR MORE

Neelum Textile Mills Limited.	1705377
Sapphire Agencies (Pvt) Ltd.	2258468
Amer Tex (Pvt.) Limited	2418687
Sapphire Holding Limited	2942243
Mr. Yousuf Abdullah.	1540387

F) TRADING IN THE SHARES OF COMPANY DURING THE YEAR

BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN.	Nil

Contents

Sapphire Fibres Limited
Consolidated Accounts

Directors' Report to the Shareholders

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiary Sapphire Electric Company Limited for the year ended 30 June, 2015. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under companies ordinance 1984 on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 30 June, 2015.

The principal activity of the Subsidiary Company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW at Muridke, district Sheikhupura.

For and on behalf of the Board of Directors

Karachi:
Dated :September 28, 2015

Shahid Abdullah
Chief Executive

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **SAPPHIRE FIBRES LIMITED** (SFL) and its subsidiary company Sapphire Electric Company Limited as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of SFL. The financial statements of the subsidiary company was audited by another firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor. These financial statements are the responsibility of the SFL's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of SFL and its subsidiary company as at June 30, 2015 and the results of their operations for the year then ended.

We draw attention to note 11.3.1 to the consolidated financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not qualified in respect of this matter.

Karachi :
Dated :September 28, 2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner:
Osman Hameed Chaudhri

Consolidated Balance Sheet as at June 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	**19,066,564,093**	19,122,928,560
Investment property	5	**162,237,097**	163,273,406
Intangible assets	6	**10,240,728**	8,484,790
Long term investments	7	**7,397,761,427**	6,109,020,290
Long term loans	8	**340,000**	193,000
Long term deposits		**29,451,445**	29,052,085
		26,666,594,790	25,432,952,131
Current assets			
Stores, spare parts and loose tools	9	**185,025,614**	175,919,748
Stock-in-trade	10	**2,702,458,368**	3,417,200,030
Trade debts	11	**7,916,952,414**	6,814,141,193
Loans and advances	12	**51,269,789**	54,915,786
Trade deposits and short term prepayments	13	**68,525,309**	54,268,348
Short term investments	14	**1,921,844,053**	1,584,090,779
Other receivables	15	**490,074,451**	816,970,192
Interest receivable		**2,847,109**	2,397,851
Tax refunds due from Government	16	**490,865,349**	390,912,030
Cash and bank balances	17	**641,988,396**	981,697,073
		14,471,850,852	14,292,513,030
Total assets		**41,138,445,642**	39,725,465,161
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 (2014: 35,000,000) ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital	18	**196,875,000**	196,875,000
Reserves	19	**6,147,112,487**	6,629,526,238
Unappropriated profit		**11,242,405,702**	9,652,794,091
Equity attributable to shareholders of the Parent Company		**17,586,393,189**	16,479,195,329
Non-controlling interest		**2,552,572,810**	2,120,248,780
Total equity		**20,138,965,999**	18,599,444,109
Non current liabilities			
Long term finances	20	**7,547,351,644**	8,745,012,465
Staff retirement benefit - gratuity	21	**257,188,963**	210,997,693
Deferred taxation	22	**140,926,128**	58,039,959
Long term security deposit		**2,100,000**	2,100,000
		7,947,566,735	9,016,150,117
Current liabilities			
Trade and other payables	23	**3,890,635,604**	2,790,861,843
Accrued mark-up / interest	24	**388,056,315**	510,171,778
Short term borrowings	25	**7,323,128,255**	7,303,720,038
Current portion of long term finances	20	**1,205,699,822**	1,290,150,522
Provision for taxation		**244,392,912**	214,966,754
		13,051,912,908	12,109,870,935
Total liabilities		**20,999,479,643**	21,126,021,052
Contingencies and commitments	26		
Total equity and liabilities		**41,138,445,642**	39,725,465,161

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	27	**32,194,204,224**	31,117,254,263
Cost of sales	28	**(27,132,895,887)**	(26,999,012,160)
Gross profit		**5,061,308,337**	4,118,242,103
Distribution cost	29	**(487,085,225)**	(523,335,900)
Administrative expenses	30	**(303,423,133)**	(261,218,045)
Other income	31	**562,991,328**	653,532,188
Other expenses	32	**(99,256,830)**	(130,458,520)
Profit from operations		**4,734,534,477**	3,856,761,826
Finance cost	33	**(1,872,331,268)**	(2,186,281,387)
		2,862,203,209	1,670,480,439
Share of Profit of Associates		**14,002,907**	10,303,937
		2,876,206,116	1,680,784,376
Taxation	34	**(248,596,928)**	(186,882,997)
Profit after taxation		**2,627,609,188**	1,493,901,379
Attributable to:			
- Shareholders of the Parent Company		**1,969,692,369**	1,152,651,125
- Non-controlling interest		**657,916,819**	341,250,254
		2,627,609,188	1,493,901,379
Earnings per share - attributable to the shareholders of Parent Company	35	**100.05**	58.55

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit after taxation	**2,627,609,188**	1,493,901,379
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss:		
Unrealised (loss) / gain due to change in fair value of available for sale investments		
- long term	**(571,351,227)**	1,526,309,481
- short term	**241,838,572**	272,157,754
Impact of deferred tax	**(81,105,479)**	(19,385,675)
Adjustment for (gain) / loss included in profit and loss account upon sale of available-for-sale investments	**(177,392,080)**	3,268,755
Share of fair value gain on remeasurement of available-for-sale investments of Associated Companies	**1,336,333**	534,686
	(586,673,881)	1,782,885,001
Forward foreign exchange contracts		
Share of unrealised (loss) / gain on remeasurement of hedging instrument of Associated Companies	**(53,390)**	18,297
	(586,727,271)	1,782,903,298
Items that will not be reclassified subsequently to profit and loss:		
Loss on remeasurement of staff retirement benefit obligation	**(26,308,442)**	(26,530,765)
Share of loss on remeasurement of staff retirement benefit obligation of Associated Companies	**(375,559)**	(282,768)
Impact of deferred tax	**1,210,885**	928,046
	(25,473,116)	(25,885,487)
Other comprehensive (loss) / income for the year	**(612,200,387)**	1,757,017,811
Total comprehensive income for the year	**2,015,408,801**	3,250,919,190
Attributable to:		
- Shareholders of the Parent Company	**1,357,491,982**	2,909,668,936
- Non-controlling interest	**657,916,819**	341,250,254
	2,015,408,801	3,250,919,190

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**36**	**6,265,194,071**	3,793,028,114
Staff retirement benefit paid		**(44,410,812)**	(33,597,243)
Finance cost paid		**(1,960,221,537)**	(2,025,792,342)
Taxes paid		**(204,661,553)**	(286,957,179)
Workers' profit participation fund paid		**(83,860,355)**	(82,520,734)
Long term loans - net		**(147,000)**	747,540
Long term deposits - net		**(399,360)**	(8,192,020)
Net cash generated from operating activities		**3,971,493,454**	1,356,716,136
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(884,561,366)**	(615,934,069)
Proceeds from disposal of operating fixed assets		**13,927,456**	11,456,438
Investment in a Subsidiary Company		**(23,804,296)**	-
Investment in an Associated Company		**-**	(554,607,500)
Advances for purchase of shares		**-**	(36,750,000)
Increase in investments		**(2,439,918,067)**	(275,532,625)
Proceeds from sale of short term investments		**372,727,641**	44,341,223
Proceeds from sale of stores and spares		**2,657,157**	1,221,891
Dividend and interest income received		**391,809,841**	341,011,793
Net cash used in investing activities		**(2,567,161,634)**	(1,084,792,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		**8,039,000**	21,695,000
- repaid		**(1,290,150,521)**	(1,288,072,617)
Dividend paid		**(450,069,949)**	(507,136,122)
Short term borrowings - net		**(11,859,027)**	1,205,746,469
Net cash used in financing activities		**(1,744,040,497)**	(567,767,270)
Net decrease in cash and cash equivalents		**(339,708,677)**	(295,843,983)
Cash and cash equivalents - at beginning of the year		**981,697,073**	1,277,541,056
Cash and cash equivalents - at end of the year		**641,988,396**	981,697,073

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Reserves: Capital: Share premium	Reserves: Capital: Maintenance reserve	Reserves: General	Reserves: Unrealised gain on available for sale investments	Reserves: Unrealised gain on hedging instruments	Reserves: Sub-total	Unappropri-ated profit	Total	Non-Controlling Interest
	---- Rupees ----									
Balance as at July 1, 2013	196,875,000	145,740,000	261,166,584	1,183,845,000	3,486,456,351	69,191	5,077,277,126	8,276,119,998	13,550,272,124	2,794,434,833
Transaction with owners										
Final dividend for the year ended June 30, 2013 at the rate of Rs.5 per share	-	-	-	-	-	-	-	(98,437,500)	(98,437,500)	(409,209,027)
Transfer to maintenance reserve	-	-	114,390,192	-	-	-	114,390,192	(114,390,192)	-	-
Transfer to un-appropraited profit	-	-	(380,295,094)	-	-	-	(380,295,094)	380,295,094	-	-
Adjustment in reserves / non-controlling interest due to further acquisition	-	-	35,250,716	-	-	-	35,250,716	60,976,564	96,227,280	(606,227,280)
Effect of items directly credited in equity by the Associated companies	-	-	-	-	-	-	-	21,464,489	21,464,489	-
Total comprehensive income for the year ended June 30, 2014										
Profit for the year	-	-	-	-	-	-	-	1,152,651,125	1,152,651,125	341,250,254
Other comprehensive income / (loss)	-	-	-	-	1,782,885,001	18,297	1,782,903,298	(25,885,487)	1,757,017,811	-
	-	-	-	-	1,782,885,001	18,297	1,782,903,298	1,126,765,638	2,909,668,936	341,250,254
Balance as at June 30, 2014	**196,875,000**	**145,740,000**	**30,512,398**	**1,183,845,000**	**5,269,341,352**	**87,488**	**6,629,526,238**	**9,652,794,091**	**16,479,195,329**	**2,120,248,780**
Transaction with owners										
Final dividend for the year ended June 30, 2014 at the rate of Rs.12.50 per share	-	-	-	-	-	-	-	(246,093,750)	(246,093,750)	(204,604,514)
Transfer to maintenance reserve	-	-	103,866,036	-	-	-	103,866,036	(103,866,036)	-	-
Adjustment in reserves / non-controlling interest due to further acquisition	-	-	447,484	-	-	-	447,484	(3,263,505)	(2,816,021)	(20,988,275)
Effect of items directly credited in equity by the Associated companies	-	-	-	-	-	-	-	(1,384,351)	(1,384,351)	-
Total comprehensive income for the year ended June 30, 2015										
Profit for the year	-	-	-	-	-	-	-	1,969,692,369	1,969,692,369	657,916,819
Other comprehensive loss	-	-	-	-	(586,673,881)	(53,390)	(586,727,271)	(25,473,116)	(612,200,387)	-
	-	-	-	-	(586,673,881)	(53,390)	(586,727,271)	1,944,219,253	1,357,491,982	657,916,819
Balance as at June 30, 2015	**196,875,000**	**145,740,000**	**134,825,918**	**1,183,845,000**	**4,682,667,471**	**34,098**	**6,147,112,487**	**11,242,405,702**	**17,586,393,189**	**2,552,572,810**

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

1. THE GROUP AND ITS OPERATIONS

The Group consists of Sapphire Fibres Limited (the Parent Company) and its Subsidiary Company - Sapphire Electric Company Limited.

The Parent Company was incorporated in Pakistan on June 5, 1979 as a public limited company and its shares are quoted on Karachi, Islamabad and Lahore Stock Exchanges. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments. The registered office of the Parent Company is located at 316, Cotton Exchange Building, Karachi and its mills are located at Raiwind Road Lahore, Feroze Wattoan and Kharianwala in district Sheikhupura.

The Subsidiary Company was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhupura, Punjab. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for thirty years which commenced from October 05, 2010.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Principal of consolidation

These consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Company. The Parent Company's direct interest, as at June 30, 2015 in the Subsidiary Company is 68.11% (2014: 67.83%).

All material inter-group balances and transactions have been eliminated. Investments in Associated Companies, as defined in the Companies Ordinance, 1984, are accounted for under the equity method of accounting.

Non-controlling interest is that part of the net results of operations and of net assets of the Subsidiary Company attributable to interest which are not owned by the Parent Company.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency and figures are rounded off to the nearest rupees unless otherwise specified.

2.4 New and amended standards and interpretations

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

New and amended standards and interpretations mandatory for the first time for the Group's financial year beginning July 01, 2014:

(a) IAS 32 (Amendments), 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Group's consolidated financial statements.

(b) IAS 36 (Amendment), 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Group's consolidated financial statements.

2.4.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with International Accounting Standard (IAS) 17, 'Leases'.

Consequently, the Subsidiary Company is not required to account for a portion of its PPA with NTDC as a lease under IAS - 17. If the company were to follow IFRIC - 4 and IAS - 17, the effect on the consolidated financial statements would be as follows:

	2015 Rupees	2014 Rupees
De-recognition of property, plant and equipment	**(14,698,597,856)**	(15,269,730,382)
Recognition of lease debtor	**13,987,478,930**	14,930,113,056
(Decrease) / increase in un-appropriated profit at the beginning of the year	**(339,617,326)**	119,321,989
Decrease in profit for the year	**(371,501,600)**	(458,939,315)
Decrease in un-appropriated profit at the end of the year	**(711,118,926)**	(339,617,326)

2.4.3 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 01, 2014 are considered not to be relevant or to have any significant effect on the Group's financial reporting and are, therefore, not detailed in these consolidated financial statements.

2.4.4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on or after July 01, 2014 and have not been early adopted by the Group:

(a) IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the consolidated financial statements of the Group.

(b) IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Group is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Group's consolidated financial assets.

© Annual improvements 2014 applicable for annual periods beginning on or after July 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Group does not expect to have a material impact on its consolidated financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Group and therefore, have not been presented here.

2.5 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgement was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 3.1, 3.2 and 3.3]

(ii) Classification and valuation of investments [note 3.4]

(iii) Provision for obsolete and slow moving stores, spares and loose tools [note 3.5]

(iv) Net realisable values of stock-in-trade [note 3.6]

(v) Provision for doubtful debts [note 3.7]

(vi) Provision for employees' retirement benefits [note 3.15]

(vii) Provision for taxation [note 3.16]

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Property, plant and equipment

Owned assets

Property, plant and equipment except for freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and capital work in progress are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Impairment

The Group assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.

Un-allocated capital expenditure

All costs or expenditures attributable to work in progress are capitalised and apportioned to the respective items of property, plant and equipment on completion.

3.2 Investment property

Investment property is held for long term rental yields / capital appreciation. Investment property of the Group comprises of freehold land, leasehold land and buildings on leasehold land and is valued using the cost model i.e. at cost less accumulated depreciation and any impairment losses, if any.

Depreciation is calculated by applying reducing balance method at the rates stated in note 5. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged from the month in which the property is disposed off.

Cost of investment property is determined on the same basis as used for Group's owned assets.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer softwares beyond its original specification and useful life are recognised as capital improvement and added to the original cost of the softwares. Costs associated with maintaining computer softwares are recognised as an expense as and when incurred.

Amortisation

Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight-line method at rates stated in note 6. Amortisation on additions to intangible assets is charged from the date in which an asset is put to use and on disposal upto the date of disposal.

3.4 Investments

Classification of investment is made on the basis of intended purposes for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Regular purchases and sales of investments are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the investment. All investments are initially recognised at fair value plus transaction costs except for 'investments at fair value through profit or loss'. 'Investments at fair value through profit or loss' are initially recognised at fair value and related transaction costs are charged to the profit and loss account.

(a) Investments at fair value through profit or loss

These are held for trading investment. An investment is classified in this category if acquired principally for the purpose of selling in the short-term. Investments in this category are classified as current assets. These are stated at fair value with any resulting gain or losses recognised directly in profit or loss account.

(b) Held to maturity financial assets

Investments with fixed or determinable payments and fixed maturity in respect of which the Group has positive intent and ability to hold till maturity. Held to maturity investments are measured at amortised cost using the effective interest rate method. There were no held to maturity investments as at the reporting date.

(c) Investments in Associated Companies

Investments in Associated Companies are accounted for using equity basis of accounting under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income or loss of the Associated Companies after the date of acquisition. The Group's share of the profit or loss and other comprehensive income or loss of the Associated Companies is recognised in the Group's profit or loss and other comprehensive income or loss respectively. Distributions received from Associated Companies reduce the carrying amount of the investments. Adjustments to the carrying amounts are also made for changes in the Group's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit and loss account. The Group's share of those changes is recognised directly in equity of the Group.

The carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in Group's profit or loss.

(d) Available for sale

Investments, which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition these are re-measured to fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

The Group uses latest stock exchange quotations to determine the fair value of its quoted investments.

Equity instruments that do not have a quoted market price in an active market and whose fair values can not be reliably measured or determined, are stated at cost.

3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated cost of inventory which is based on monthly weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores, spares parts and loose tools is determined based on management's estimate regarding their future usability.

3.6 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realisable value (NRV) except waste, which is valued at NRV. Cost has been determined as follows:

Particulars	Mode of valuation
Raw materials	- weighted average cost
Raw materials in transit	- cost accumulated to the reporting date.
Work-in-process	- cost of direct materials and appropriate manufacturing overheads
Finished goods	- lower of average cost and net realisable value
Waste	- net realisable value

Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

3.7 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

3.8 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the Group.

Government grant towards research and development activities is recognised in profit and loss account as deduction from the relevant expenses on matching basis.

3.9 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include long term & short term investments, long term loans, deposits, trade debts, loans and advances, other receivables, bank balances, long term finances, long term security deposit, trade & other payables, accrued mark-up / interest and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.10 Derivative financial instruments and hedging activities

The Group designates derivative financial instruments as either fair value hedge or cash flow hedge.

(a) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

(b) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

3.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Impairment

(a) Financial assets

The Group assesses at end of each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognised in the profit and loss account for the amount by which the assets' carrying amounts exceed their recoverable amounts. Impairment losses of equity instruments, once recognised are not reversed through profit or loss account.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances with banks.

3.14 Borrowings

These are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings as interest expense.

3.15 Employees' retirement benefits

(a) Defined contribution plan

The Parent Company

The Parent Company operates a defined contributory approved provident fund for its management staff. Equal monthly contributions are made both by the Parent Company and employees at the rate of 8.33% of the basic salary to the fund.

The Subsidiary Company

The Subsidiary Company operates a defined contributory provident fund for all its employees. Equal monthly contributions are made both by the Subsidiary Company and employees to the fund at the rate of 8.33% of the basic salary.

(b) Defined benefit plan

The Parent Company

The Parent Company operates an un-funded gratuity scheme under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service.

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2015 on the basis of projected unit credit method by an Independent Actuary. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The Subsidiary Company

The Subsidiary Company had provided liability for gratuity for the period upto April 30, 2009 prior to the introduction of provident fund scheme on May 01, 2009 which was frozen and paid to the gratuity fund trust.

3.16 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

The profits and gains of the Subsidiary Company derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

3.17 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed.

3.18 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

3.19 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the profit and loss account.

3.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

– revenue from sale is recognised on delivery / despatch of goods to customers;

– export rebate is accounted for on accrual basis;

– revenue on account of energy is recognised on transmission of electricity to NTDC, whereas on account of capacity is recognised when due;

– dividend income from investments is recognised when the Group's right to receive dividend is established; and

– return on bank deposits are accounted for on time proportion basis.

3.21 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalised up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account.

3.22 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organised into three operating segments i.e. spinning, knitting, processing & garments and power.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other operating income & expenses, share of profit in Associated Companies and taxation are managed at the Group level. Unallocated assets mainly include investment property, intangible assets, long term investments, short term investments, advance income tax, tax refunds due from the Government and unrealised gain / loss on forward exchange contracts.

3.23 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

3.24 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	4.1	**18,533,399,691**	19,060,155,648
Capital work-in-progress	4.4	**533,164,402**	62,772,912
		19,066,564,093	19,122,928,560

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improve-ments	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment: Fire fighting	Equipment: Office	Equipment: Mills	Equipment: Electric / gas	Computer hardware	Vehicles	Furniture and fixtures	Arms and ammuni-tion	Tools	Total
	Rupees																
At July 1, 2013																	
Cost	269,162,076	6,000,000	345,594,506	19,272,656	2,599,036,487	20,393,006,003	77,813,642	1,033,577	21,977,810	28,211,500	21,184,111	15,114,599	129,770,204	42,625,898	149,886	248,579	23,970,201,534
Accumulated depreciation	-	-	104,912,689	16,816,335	601,095,098	3,946,265,604	36,212,731	598,280	14,501,515	18,486,278	6,325,629	8,672,162	57,286,219	19,016,752	120,926	192,291	4,830,502,509
Net book value	269,162,076	6,000,000	240,681,817	2,456,321	1,997,941,389	16,446,740,399	41,600,911	435,297	7,476,295	9,725,222	14,858,482	6,442,437	72,483,985	23,609,146	28,960	56,288	19,139,699,025
Year ended June 30, 2014																	
Opening net book value	269,162,076	6,000,000	240,681,817	2,456,321	1,997,941,389	16,446,740,399	41,600,911	435,297	7,476,295	9,725,222	14,858,482	6,442,437	72,483,985	23,609,146	28,960	56,288	19,139,699,025
Additions	58,377,375	-	207,642,599	-	90,814,180	439,063,920	75,020,875	-	1,188,534	234,475	-	1,554,412	16,979,520	3,866,250	-	-	894,742,140
Adjustment during the year	-	-	-	-	(4,930,568)	(44,502,052)	-	-	-	-	-	-	-	(415,233)	-	-	(49,847,853)
Disposals:																	
- cost	-	-	-	-	-	28,115,069	-	-	-	-	-	-	3,410,400	-	-	-	31,525,469
- accumulated depreciation	-	-	-	-	-	(21,645,074)	-	-	-	-	-	-	(2,824,997)	-	-	-	(24,470,071)
	-	-	-	-	-	6,469,995	-	-	-	-	-	-	585,403	-	-	-	7,055,398
Depreciation charge	-	-	15,567,308	491,260	98,598,929	772,437,070	6,599,546	43,529	884,791	984,005	1,485,848	2,371,572	15,430,256	2,479,626	2,896	5,630	917,382,266
Closing net book value	**327,539,451**	**6,000,000**	**432,757,108**	**1,965,061**	**1,985,226,072**	**16,062,395,202**	**110,022,240**	**391,768**	**7,780,038**	**8,975,692**	**13,372,634**	**5,625,277**	**73,447,846**	**24,580,537**	**26,064**	**50,658**	**19,060,155,648**
At June 30, 2014																	
Cost	327,539,451	6,000,000	553,237,105	19,272,656	2,684,920,099	20,759,452,802	152,834,517	1,033,577	23,166,344	28,445,975	21,184,111	16,669,011	143,339,324	46,076,915	149,886	248,579	24,783,570,352
Accumulated depreciation	-	-	120,479,997	17,307,595	699,694,027	4,697,057,600	42,812,277	641,809	15,386,306	19,470,283	7,811,477	11,043,734	69,891,478	21,496,378	123,822	197,921	5,723,414,704
Net book value	**327,539,451**	**6,000,000**	**432,757,108**	**1,965,061**	**1,985,226,072**	**16,062,395,202**	**110,022,240**	**391,768**	**7,780,038**	**8,975,692**	**13,372,634**	**5,625,277**	**73,447,846**	**24,580,537**	**26,064**	**50,658**	**19,060,155,648**
Year ended June 30, 2015																	
Opening net book value	327,539,451	6,000,000	432,757,108	1,965,061	1,985,226,072	16,062,395,202	110,022,240	391,768	7,780,038	8,975,692	13,372,634	5,625,277	73,447,846	24,580,537	26,064	50,658	19,060,155,648
Additions	34,328,800	91,253,250	1,383,308	3,699,088	29,889,829	205,352,950	19,930,188	-	1,766,453	90,000	649,532	980,343	16,555,713	5,104,157	-	-	410,983,611
Disposals:																	
- cost	172,220	-	-	-	-	36,957,405	-	-	-	-	-	-	4,083,900	-	-	-	41,213,525
- accumulated depreciation	-	-	-	-	-	(28,939,646)	-	-	-	-	-	-	(3,606,623)	-	-	-	(32,546,269)
	172,220	-	-	-	-	8,017,759	-	-	-	-	-	-	477,277	-	-	-	8,667,256
Depreciation charge	-	-	21,678,202	454,664	100,952,658	769,842,889	11,747,002	39,177	1,007,856	899,819	1,341,965	2,089,866	15,961,596	3,048,946	2,606	5,066	929,072,312
Closing net book value	**361,696,031**	**97,253,250**	**412,462,214**	**5,209,485**	**1,914,163,243**	**15,489,887,504**	**118,205,426**	**352,591**	**8,538,635**	**8,165,873**	**12,680,201**	**4,515,754**	**73,564,686**	**26,635,748**	**23,458**	**45,592**	**18,533,399,691**
At June 30, 2015																	
Cost	361,696,031	97,253,250	554,620,413	22,971,744	2,714,809,928	20,927,848,347	172,764,705	1,033,577	24,932,797	28,535,975	21,833,643	17,649,354	155,811,137	51,181,072	149,886	248,579	25,153,340,438
Accumulated depreciation	-	-	142,158,199	17,762,259	800,646,685	5,437,960,843	54,559,279	680,986	16,394,162	20,370,102	9,153,442	13,133,600	82,246,451	24,545,324	126,428	202,987	6,619,940,747
Net book value	**361,696,031**	**97,253,250**	**412,462,214**	**5,209,485**	**1,914,163,243**	**15,489,887,504**	**118,205,426**	**352,591**	**8,538,635**	**8,165,873**	**12,680,201**	**4,515,754**	**73,564,686**	**26,635,748**	**23,458**	**45,592**	**18,533,399,691**
Depreciation rate (% - per annum)			**5**	**20**	**3.33 & 10**	**3.33 & 10**	**10**	**10**	**10**	**10**	**10**	**30 & 33**	**20**	**10**	**10**	**10**	

		Note	2015 Rupees	2014 Rupees
4.2	**Depreciation charge has been allocated as follows:**			
	Cost of goods manufactured	**28.1**	**909,292,893**	903,734,531
	Administrative expenses	**30**	**19,383,242**	13,647,735
	Un-allocated capital expenditure	**4.4.1**	**396,177**	-
			929,072,312	917,382,266

4.3 The details of operating fixed assets disposed-off is as follows:

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold through negotiation to:
	------	------	Rupees	------	------		
Assets having net book value exceeding Rs.50,000 each							
Land - freehold	**172,220**	**-**	**172,220**	**1,200,000**	**1,027,780**	Negotiation	Sapphire Finishing Mills Ltd. (an Associated Company)
Plant and machinery							
Twister	1,050,000	642,361	407,639	675,000	267,361	Negotiation	Sadiq Textile Mills (Private) Ltd. Lahore.
Twister	700,000	431,998	268,002	290,000	21,998	Negotiation	Prime Worsted Spinning Mills Ltd. Gujranwala.
Auto cone winders	18,502,394	14,473,783	4,028,611	4,056,000	27,389	Negotiation	PT. Texcoms, Indonesia.
Crossrol cards	4,684,634	4,293,465	391,169	800,000	408,831	Negotiation	Hashmi Textile & Knitwears (Private) Ltd. Lahore.
Rieter cards	8,493,970	6,167,545	2,326,425	3,500,000	1,173,575	Negotiation	Reliance Cotton Spinning Mills Ltd. (an Associated Company)
Lycra attachments	1,274,680	991,208	283,472	683,761	400,289	Negotiation	Reliance Cotton Spinning Mills Ltd. (an Associated Company)
Joint aqua splicers	602,013	422,409	179,604	225,000	45,396	Negotiation	Sadiq Textile Mills (Private) Ltd. Lahore.
Joint aqua splicers	200,671	141,882	58,789	75,000	16,211	Negotiation	Prime Worsted Spinning Mills Ltd. Gujranwala.
	35,508,362	**27,564,651**	**7,943,711**	**10,304,761**	**2,361,050**		
Vehicles							
Honda Civic	1,500,500	1,260,646	239,854	350,000	110,146	Negotiation	Mrs. Fauzia Sohail, Lahore.
Honda Civic	1,002,500	909,096	93,404	500,000	406,596	Negotiation	Mr. Shahzad Rasheed, Karachi.
Honda City	780,500	723,512	56,988	600,000	543,012	Insurance claim	Adamjee Insurance Company Ltd.
Honda Motor Cycle	69,900	6,990	62,910	69,900	6,990	Insurance claim	Adamjee Insurance Company Ltd.
	3,353,400	**2,900,244**	**453,156**	**1,519,900**	**1,066,744**		
Various assets having net book value upto Rs.50,000 each	2,179,543	2,081,374	98,169	902,795	804,626		
June 30, 2015	**41,213,525**	**32,546,269**	**8,667,256**	**13,927,456**	**5,260,200**		
June 30, 2014	31,525,469	24,470,071	7,055,398	11,456,438	4,401,040		

		Note	2015 Rupees	2014 Rupees
4.4	**Capital work-in-progress**			
	Buildings		**324,736,651**	17,463,693
	Plant and machinery		**133,586,875**	25,229,113
	Furniture and fixtures		**1,609,824**	465,865
	Un-allocated capital expenditure	**4.4.1**	**22,296,250**	-
	Advance payments against:			
	- land - freehold		**5,860,000**	-
	- mills equipment		**-**	193,424
	- factory / office building		**30,185,300**	7,668,800
	- plant and machinery		**13,014,002**	10,512,263
	- computer hardware		**-**	200,754
	- vehicles		**1,875,500**	1,039,000
			50,934,802	19,614,241
			533,164,402	62,772,912

		2015 Rupees	2014 Rupees
4.4.1	**Un-allocated capital expenditure**		
	- salaries, wages and benefits	**8,491,438**	-
	- travelling and conveyance	**4,171,338**	-
	- vehicles' running and maintenance	**285,569**	-
	- communication	**206,101**	-
	- consultancy charges	**4,913,602**	-
	- legal and professional	**634,044**	-
	- store consumed	**2,899,298**	-
	- depreciation	**396,177**	-
	- other charges	**298,683**	-
		22,296,250	-

These represent directly attributable costs incurred on construction of property, plant and equipment. These costs will be allocated to the respective items of property, plant and equipment on completion.

5. INVESTMENT PROPERTY

	Freehold land	Leasehold land	Buildings on leasehold land	Total
	- - - - - - - - - - - - - Rupees - - - - - - - - - - - - -			
At July 1, 2013				
Cost	31,750,000	121,160,317	19,999,980	172,910,297
Accumulated depreciation	-	-	8,485,437	8,485,437
Net book value	**31,750,000**	**121,160,317**	**11,514,543**	**164,424,860**
Year ended June 30, 2014				
Opening net book value	31,750,000	121,160,317	11,514,543	164,424,860
Depreciation charge	-	-	1,151,454	1,151,454
Closing net book value	**31,750,000**	**121,160,317**	**10,363,089**	**163,273,406**
At June 30, 2014				
Cost	31,750,000	121,160,317	19,999,980	172,910,297
Accumulated depreciation	-	-	9,636,891	9,636,891
Net book value	**31,750,000**	**121,160,317**	**10,363,089**	**163,273,406**
Year ended June 30, 2015				
Opening net book value	31,750,000	121,160,317	10,363,089	163,273,406
Depreciation charge	-	-	1,036,309	1,036,309
Closing net book value	**31,750,000**	**121,160,317**	**9,326,780**	**162,237,097**
At June 30, 2015				
Cost	31,750,000	121,160,317	19,999,980	172,910,297
Accumulated depreciation	-	-	10,673,200	10,673,200
Net book value	**31,750,000**	**121,160,317**	**9,326,780**	**162,237,097**
Depreciation rate (% per annum)			**10**	

5.1 Depreciation charge has been grouped under other expenses (note 32).

5.2 In the opinion of the directors, the market value of investment property at the reporting date has not changed materially from last year.

5.3 Leasehold land and buildings on leasehold land represent the Parent Company's share (50%) of jointly controlled leasehold land with buildings thereon located at Sector 23, Korangi Industrial Area, Korangi Township, Karachi, registered jointly in the name of the Parent Company and Sapphire Textile Mills Limited (an Associated Company).

6. INTANGIBLE ASSETS

	Computer Softwares	Goodwill	Total
	---Rupees---		
At July 1, 2013			
Cost	19,378,754	5,612,904	24,991,658
Accumulated amortization	14,703,997	-	14,703,997
Net book value	4,674,757	5,612,904	10,287,661
Year ended June 30, 2014			
Amortization charge	1,802,871	-	1,802,871
Net book value as at June 30, 2014	2,871,886	5,612,904	8,484,790
Year ended June 30, 2015			
Additions	3,186,267	-	3,186,267
Amortization charge	1,430,329	-	1,430,329
Net book value as at June 30, 2014	4,627,824	5,612,904	10,240,728
At June 30, 2014			
Cost	19,378,754	5,612,904	24,991,658
Accumulated amortization	16,506,868	-	16,506,868
Net book value	2,871,886	5,612,904	8,484,790
At June 30, 2015			
Cost	**22,565,021**	**5,612,904**	**28,177,925**
Accumulated amortization	**17,937,197**	**-**	**17,937,197**
Net book value	**4,627,824**	**5,612,904**	**10,240,728**
Amortisation rate (% per annum)	**20**		

6.1 Goodwill represents excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired of the Subsidiary Company.

7. LONG TERM INVESTMENTS

	Note	2015 Rupees	2014 Rupees
Associated Companies - at cost	7.1	**402,063,222**	388,771,252
Others - available for sale	7.4	**6,995,698,205**	5,720,249,038
		7,397,761,427	6,109,020,290

7.1 Associated Companies	2015 Rupees	2014 Rupees
Quoted		
Reliance Cotton Spinning Mills Limited (RCSM)		
138,900 ordinary shares of Rs.10 each - **cost**	**1,306,269**	1,306,269
Equity held: 1.35%		
Fair value:Rs.12.900 million (2014: Rs.12.070 million)		
Add: share of post acquisition profit	**24,809,214**	23,393,388
Less: dividend received during the year	**(233,970)**	(314,064)
	25,881,513	24,385,593
SFL Limited (SFLL)		
10,199 ordinary shares of Rs.10 each - **cost**	**100,000**	100,000
Equity held: 0.051%		
Fair value: Rs.0.632 million (2014: Rs.0.653 million)		
Add: share of post acquisition profit	**1,377,285**	1,294,163
Less: dividend received during the year	**-**	(10,192)
	1,477,285	1,383,971
	27,358,798	25,769,564
Unquoted		
Sapphire Power Generation Limited (SPGL)		
2,824,500 ordinary shares of Rs.10 each - **cost**	**64,355,500**	64,355,500
Equity held: 17.63%		
Add: share of post acquisition profit	**211,761,782**	199,263,408
	276,117,282	263,618,908
Sapphire Dairies (Private) Limited (SDL)		
10,000,000 ordinary shares of Rs.10 each - **cost**	**100,000,000**	100,000,000
Equity held: 9.52%		
Add: share of post acquisition loss	**(1,412,858)**	(617,220)
	98,587,142	99,382,780
	402,063,222	388,771,252

7.2 The existence of significant influence by the Group is evidenced by the representation on the board of directors of abovementioned Associated Companies.

7.3 Summarised financial information of Associates is as follows:

Parti-culars	Equity		Total assets		Total liabilities		Revenue		Profit / (loss) after taxation	
	As at June 30, 2015	As at June 30, 2014	**As at June 30, 2015**	As at June 30, 2014	**As at June 30, 2015**	As at June 30, 2014	**For the year ended June 30, 2015**	For the year ended June 30, 2014	**For the year ended June 30, 2015**	For the year ended June 30, 2014
	Rupees in '000									
RCSM	**1,917,077**	1,806,886	**3,730,857**	4,203,199	**1,813,780**	2,396,313	**4,007,150**	4,243,955	**142,722**	125,558
SPGL	**1,566,496**	1,495,589	**1,855,704**	1,895,052	**289,208**	399,463	**990,082**	737,584	**75,706**	60,223
SFLL	**2,910,168**	2,726,345	**2,920,404**	2,726,773	**10,236**	428	**4,510**	3,321	**173,931**	387,114
SDL	**1,035,165**	1,043,519	**1,302,634**	1,293,073	**267,469**	249,554	**637,624**	597,344	**(8,378)**	(23,124)

		Note	2015 Rupees	2014 Rupees
7.4	**Others** - available for sale			
	Quoted			
	MCB Bank Limited			
	18,811,786 (2014: 18,886,786) ordinary shares of Rs.10 each - **cost**		**915,047,933**	918,695,933
	Adjustment arising from re-measurement to fair value		**3,771,344,194**	4,772,837,027
			4,686,392,127	5,691,532,960
	Habib Bank Limited			
	10,600,000 (2014: Nil) ordinary shares of Rs.10 each - **cost**		**1,869,400,894**	-
	Adjustment arising from re-measurement to fair value		**411,189,106**	-
			2,280,590,000	-
			6,966,982,127	5,691,532,960
	Unquoted			
	Novelty Enterprises (Private) Limited			
	2,351,995 ordinary shares of Rs.10 each		**28,716,078**	28,716,078
			6,995,698,205	5,720,249,038
8.	**LONG TERM LOANS** - Secured			
	Loans due from			
	- executives	8.1 & 8.2	**480,000**	-
	- other employees		**503,000**	587,000
		8.3	**983,000**	587,000
	Less: recoverable within one year and grouped under current assets			
	- executives		**240,000**	-
	- other employees		**403,000**	394,000
			643,000	394,000
			340,000	193,000
8.1	**Reconciliation of carrying amount of loans to executives:**			
	Balance at the beginning of the year		**-**	1,252,724
	Add: disbursements		**500,000**	-
	Less: repayments		**20,000**	1,252,724
	Balance at the end of the year		**480,000**	-

8.2 The maximum amount outstanding at the end of any month during the year ended June 30, 2015 from executives aggregated to Rs.0.500 million (2014: Rs.1.182 million).

8.3 These represent interest free loans provided to executives and other employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.

		Note	2015 Rupees	2014 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		**75,329,918**	83,551,675
	Spare parts		**84,650,254**	70,124,067
	Loose tools		**149,966**	377,967
	Items in transit		**30,028,369**	27,037,442
			190,158,507	181,091,151
	Less: provision for slow moving items	9.1	**5,132,893**	5,171,403
			185,025,614	175,919,748
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		**5,171,403**	4,379,435
	Add: provision made during the year		**35,854**	836,955
	Less: reversal made during the year		**74,364**	44,987
	Balance at end of the year		**5,132,893**	5,171,403
10.	**STOCK-IN-TRADE**			
	Raw materials:			
	- at mills	10.1	**1,748,329,725**	2,502,369,117
	- in transit		**267,273,283**	134,809,526
	- at third party's premises	10.2	**20,900,625**	28,469,855
			2,036,503,633	2,665,648,498
	Work-in-process		**156,135,025**	211,059,838
	Finished goods:			
	- at mills	10.3	**463,084,018**	464,125,407
	- at third party's premises		**46,735,692**	76,366,287
			509,819,710	540,491,694
			2,702,458,368	3,417,200,030

10.1 Raw materials include items costing Rs.1,179.635 million (2014: Rs.2,207.560 million) stated at their replacement cost aggregating Rs.1,082.957 million (2014: Rs.1,861.660 million). The amount charged to cost of goods manufactured in respect of raw materials written down to their replacement cost is Rs.96.678 million (2014: Rs.345.900 million).

10.2 This stock is lying for processing and finishing.

10.3 Finished goods include items costing Rs.338.501 million (2014: Rs.362.332 million) stated at their net realisable value aggregating Rs.337.862 million (2014: Rs.349.306 million). The amount charged to cost of sales in respect of stocks written down to their realisable cost is Rs.0.639 million (2014: Rs.13.026 million).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
11.	**TRADE DEBTS**			
	Consider good			
	Unsecured			
	- local		**225,794,190**	261,551,018
	- indirect export		**30,030,709**	153,838,520
		11.1	**255,824,899**	415,389,538
	Secured			
	- export		**863,088,695**	915,588,851
	- local	11.3	**6,798,038,820**	5,421,712,489
	- indirect export		**-**	61,450,315
			7,661,127,515	6,398,751,655
	Considered doubtful			
	Unsecured - export		**22,192,280**	-
			7,939,144,694	6,814,141,193
	Less: provision for doubtful debts		**22,192,280**	-
			7,916,952,414	6,814,141,193
11.1	**These include the following amounts due from Associated Companies:**			
	Diamond Fabrics Limited		**16,305,124**	16,036,601
	Reliance Cotton Spinning Mills Limited		**69,748**	45,900,756
	Sapphire Textile Mills Limited		**18,399,620**	25,351,248
	Sapphire Retails Limited		**1,078,517**	-
			35,853,009	87,288,605

11.2 The ageing of trade debts at June 30, is as follows:

	Associate Companies		Others	
	2015 Rupees	2014 Rupees	**2015 Rupees**	2014 Rupees
Not past due	**898,664**	5,670,132	**5,855,844,270**	3,509,739,290
Past due 1-30 days	**33,720,203**	65,275,921	**287,784,397**	1,157,318,441
Past due 31-60 days	**842,728**	-	**719,094,924**	329,916,711
Past due 61-90 days	**-**	-	**3,272,658**	423,315,951
Past due 91-365 days	**391,414**	16,342,552	**465,752,112**	433,656,293
Past due one year	**-**	-	**549,351,044**	872,905,902
	35,853,009	87,288,605	**7,881,099,405**	6,726,852,588

11.3 These represent trade receivables from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 11.24% to 14.70% (2014: 13.39% to 14.73%) per annum.

11.3.1 Included in trade debts is an amount of Rs.576.073 million (2014: Rs.576.073 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that the Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the Subsidiary Company had taken up this issue at appropriate forums. On June 28, 2013, the Subsidiary Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan.

11.3.2 Also included in trade debts are amounts aggregating Rs.227.610 million (2014: Rs.227.610 million) relating to capacity purchase price not acknowledged by NTDC. The Subsidiary Company's management is under discussion with NTDC, SNGPL and the Private Power and Infrastructure Board ('PPIB') regarding the aforesaid amount. As a result of the abovementioned MoU, all disputed amounts were agreed to be resolved through the dispute resolution mechanism under the PPA.

Consequently, with respect to both matters discussed above, during the previous year, the Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. Subsequent to the year end, in August 2015, the Expert has given his determination whereby the aforesaid amount of Rs 576.073 million has been determined to be payable to the Subsidiary Company by NTDC while the Subsidiary Company's claim regarding the amount of Rs 227.610 million has not been accepted. Pursuant to the Expert's determination, the Subsidiary Company has demanded the payment of the aforesaid amount of Rs.576.073 million from NTDC.

11.3.3 In addition to the Expert Determination process mentioned above, the Subsidiary Company had also filed request for arbitration in respect of the above mentioned disputed amounts in the London Court of International Arbitration in accordance with the terms of the PPA which is pending arbitration.

Based on the advice of the Subsidiary Company's legal counsel and expert's determination, management is of the view that under the terms of the PPA, Implementation Agreement and the Gas Supply Agreement, there are meritorious grounds to support the Subsidiary Company's stance and both amounts are likely to be recovered. Consequently, no provision for the above mentioned amounts aggregating Rs 803.683 million has been made in these consolidated financial statements.

	Note	2015 Rupees	2014 Rupees
12. LOANS AND ADVANCES			
- Considered good			
Current portion of long term loans to employees	8	**643,000**	394,000
Advances to:			
- suppliers		**43,530,020**	48,896,338
- employees		**5,431,500**	3,289,800
- others		**1,574,411**	1,584,056
		50,535,931	53,770,194
Letters of credit		**90,858**	751,592
		51,269,789	54,915,786

		Note	2015 Rupees	2014 Rupees
13.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits - unsecured and considered good		**5,000**	5,000
	Prepayments		**68,520,309**	54,263,348
			68,525,309	54,268,348
14.	**SHORT TERM INVESTMENTS**			
	Available for sale	**14.1**	**1,921,844,053**	1,547,340,779
	Advances for purchase of shares		**-**	36,750,000
			1,921,844,053	1,584,090,779

14.1 Available for sale investments - Quoted

No. of shares / certificates 2015	2014	Name of the investee company	Market value 2015	2014	Cost 2015	2014
			Rupees			
45,600	45,600	Attock Petroleum Limited	**25,865,232**	26,896,248	**12,153,848**	12,153,848
1,450,000	1,480,000	Bank Al-Habib Limited	**63,727,500**	66,570,400	**43,376,819**	43,129,249
221,000	-	Charat Packaging Limited	**41,693,860**	-	**29,494,918**	-
765,000	100,000	D G Khan Cement Company Limited	**109,219,050**	8,796,000	**87,395,677**	5,657,066
755,000	600,000	Engro Corporation Limited	**224,084,000**	107,106,000	**101,833,633**	64,574,128
200,000	57,040	Engro Fertilizers Limited	**17,738,000**	3,259,836	**10,554,619**	-
1,500,000	1,500,000	Fauji Cement Company Limited	**52,305,000**	28,860,000	**15,223,571**	15,223,571
6,200,000	6,200,000	Fatima Fertilizer Company Limited	**242,234,000**	179,800,000	**129,004,684**	129,004,684
2,000,000	2,000,000	Fauji Fertilizer Company Limited	**298,840,000**	224,500,000	**181,504,837**	181,504,837
230,000	200,000	Faysal Bank Limited	**3,615,600**	3,230,000	**2,891,767**	2,891,767
500	500	First Punjab Modaraba	**2,685**	1,890	**2,942**	2,942
186,500	186,500	Habib Sugar Mills Limited	**7,803,160**	6,807,250	**6,397,292**	6,397,292
10,500	10,500	Haji Muhammad Ismail Mills Limited	**32,550**	35,070	**126,000**	126,000
127,500	-	Honda Atlas Cars (Pakistan) Limited	**27,881,700**	-	**29,534,720**	-
134	134	KASB Modaraba	**441**	503	**-**	-
3,500,000	-	K-Electric Limited	**29,470,000**	-	**28,885,940**	-
52,000	-	Lalpir Power Limited	**1,586,000**	-	**1,235,323**	-
303,000	78,500	Lucky Cement Limited	**157,444,860**	32,208,550	**117,777,538**	10,889,646
304,656	292,646	Meezan Balance Fund	**4,469,304**	3,906,823	**2,675,588**	2,500,000
-	45,500	National Refinery Limited	**-**	9,799,335	**-**	11,520,385
1,302	1,302	NIB Bank Limited	**2,630**	2,903	**13,733**	13,733
100,000	100,000	Nishat Mills Limited	**11,423,000**	11,192,000	**9,115,972**	9,115,972
144,000	-	Nishat Chunian Mills Limited	**8,553,600**	-	**6,309,276**	-
150,000	200,000	Nishat Power Limited	**8,781,000**	7,116,000	**5,286,560**	6,784,169
25,000	-	Oil and Gas Development Co. Limited	**4,481,000**	-	**6,309,869**	-
-	110,885	Pakistan Cash Management Fund	**-**	5,544,229	**-**	5,500,000
100,000	100,000	Packages Limited	**59,408,000**	50,157,000	**25,060,500**	25,060,500
55,000	700,000	Pakistan Oilfields Limited	**22,210,100**	402,010,000	**18,257,448**	232,370,198
1,500,000	800,000	Pakistan Petroleum Limited	**246,390,000**	179,472,000	**283,473,705**	130,120,661
355,000	330,000	Pakistan State Oil Company Limited	**136,955,450**	128,320,500	**87,340,904**	77,881,389
-	200,000	Pakistan Telecommunication Limited	**-**	5,094,000	**-**	5,284,642
100,000	300,000	Sui Southern Gas Company Limited	**4,270,000**	10,998,000	**2,542,541**	7,628,541
700,000	700,000	The Hub Power Company Limited	**65,499,000**	41,118,000	**44,250,530**	44,250,530
143	143	Trust Investment Bank Limited	**215**	202	**660**	660
36,400	26,000	The Searle Company Limited	**11,673,116**	4,538,040	**1,843,486**	1,843,486
200,000	-	United Bank Limited	**34,184,000**	-	**32,659,278**	-
			1,921,844,053	1,547,340,779	**1,322,534,178**	1,031,429,896
		Add: Adjustment arising from re-measurement to fair value			**599,309,875**	515,910,883
		Market value			**1,921,844,053**	1,547,340,779

		Note	2015 Rupees	2014 Rupees
15.	**OTHER RECEIVABLES**			
	Advance income tax		**285,394,430**	294,194,390
	Export rebate		**31,573,155**	33,595,661
	Dividend receivable		**68,335,555**	-
	Due from Associated Companies			
	- Diamond Fabrics Limited		**-**	939,913
	- Reliance Cotton Spinning Mills Limited		**-**	308,248
	- Sapphire Finishing Mills Limited		**-**	3,809,213
	- Sapphire Textile Mills Limited		**-**	1,286,061
	- Sapphire Power Generation Limited		**-**	444,969
			-	6,788,404
	Claim recoverable from NTDCL for pass through item - Workers' Profit Participation Fund	**15.1**	**102,608,672**	182,330,689
	Insurance claims receivable		**647,580**	300,061,048
	Others		**1,515,059**	-
			490,074,451	816,970,192

15.1 Under section 9.3(a) of PPA with NTDC, payments to Workers' Profit Participation Fund are recoverable from NTDC as a pass through item.

		Note	2015 Rupees	2014 Rupees
16.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		**289,611,608**	186,940,604
	Income tax		**201,253,741**	203,971,426
	Excise duty		**11,122,102**	11,122,102
			501,987,451	402,034,132
	Less: provision for old stuck-up refunds of excise duty		**(11,122,102)**	(11,122,102)
			490,865,349	390,912,030
17.	**CASH AND BANK BALANCES**			
	Cash-in-hand	**17.1**	**3,391,274**	3,821,766
	Balances with banks on:			
	- off shore current account	**17.2**	**306,249,500**	316,061,679
	- on shore:			
	current accounts	**17.3**	**154,898,692**	172,393,933
	term deposit account (TDA)	**17.4**	**173,694,103**	486,292,452
	dividend account		**3,754,827**	3,127,243
			638,597,122	977,875,307
			641,988,396	981,697,073

17.1 Cash-in-hand includes Rs.0.395 million (2014: Rs.0.170 million) advanced to employees for various expenses.

17.2 This represent U.S.$ 3.017 million (2014: U.S.$ 3.207 million) translated in Pakistan Rupees at the reporting date.

17.3 These include foreign currency deposits amounting to US.$ 0.771 million (2014: US.$ 1.265 million).

17.4 Effective rates of profit on TDA, during the year, ranged from 4.5% to 7.00% (2014: 6.00% to 7.00%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Group.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
------- Numbers -------			Rupees	Rupees
11,775,000	11,775,000	Ordinary shares of Rs.10 each fully paid in cash	**117,750,000**	117,750,000
7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**79,125,000**	79,125,000
19,687,500	19,687,500		**196,875,000**	196,875,000

18.1 10,196,896 (2014: 10,191,196) ordinary shares of Rs.10 each are held by Associated Companies as at year-end.

19. RESERVES

	Note	2015 Rupees	2014 Rupees
Capital reserve			
- share premium	19.1	**145,740,000**	145,740,000
- maintenance reserve	19.2	**134,825,918**	30,512,398
General reserve		**1,183,845,000**	1,183,845,000
Unrealised gain on available for sale investments		**4,682,667,471**	5,269,341,352
Unrealised gain on re-measurement of hedging instrument of Associated Company		**34,098**	87,488
		6,147,112,487	6,629,526,238

19.1 This represents excess of consideration received, by the Parent Company, on issue of ordinary shares over the face value of ordinary shares.

19.2 Under the terms of the project agreements, the Subsidiary Company is required to maintain a Reserve Fund on the basis of operational hours depending upon the type of fuel. The fund can only be utilized to pay expenses on major maintenance for proper operation of the power station. During the last year i.e. fourth agreement year, Hot Gas Path Inspection was carried out for both Gas Turbine Generators as per terms of the Operations and Maintenance (O & M) Agreement. Accordingly, the reserve fund was utilized to the extent of Rs 567.681 million for the above mentioned purpose.

19.3 In accordance with the terms of agreement with the lenders of long term finances, there are certain restrictions on the distribution of dividends by the Subsidiary Company.

		Note	2015 Rupees	2014 Rupees
20.	**LONG TERM FINANCES** - Secured			
(a)	**Sapphire Fibres Limited**			
	From banking companies:			
	- Allied Bank Limited	**20.1**	**-**	150,000,000
	- NIB Bank Limited	**20.2**	**73,410,251**	76,276,000
			73,410,251	226,276,000
(b)	**Sapphire Electric Company Limited**			
	From banking companies:			
	- National Bank of Pakistan		**1,172,435,466**	1,324,972,617
	- Habib Bank Limited		**2,039,559,203**	2,304,911,589
	- United Bank Limited		**1,359,706,127**	1,536,607,718
	- MCB Bank Limited		**1,359,706,128**	1,536,607,719
	- Allied Bank Limited		**1,359,706,129**	1,536,607,720
	- Bank Alfalah Limited		**867,123,392**	979,938,627
	- Silkbank Limited		**173,718,554**	196,319,827
	- Meezan Bank Limited		**347,686,216**	392,921,170
			8,679,641,215	9,808,886,987
			8,753,051,466	10,035,162,987
	Less: current portion grouped under current liabilities		**1,205,699,822**	1,290,150,522
			7,547,351,644	8,745,012,465

20.1 The Parent Company arranged general purpose demand finance facility amounting Rs.1,500 million from Allied Bank Limited. This finance facility was repayable in 10 equal semi-annual instalments commenced from February 24, 2010 and has been fully repaid on August 24, 2014. This finance facility carried mark-up at the rate of 11.33% (2014: at the rates ranged from 10.24% to 11.33%) per annum and was secured against pari passu hypothecation charge of Rs.2,000 million over present and future fixed moveable assets of the Parent Company.

20.2 The Parent Company has arranged long term finance facilities amounting Rs.150 million from NIB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility has disbursed Rs.84.315 million in five tranches of different amounts and each tranche is repayable in 12 equal semi-annual instalments commenced from September 2014. These finances carry mark-up at the rate ranging from 5.50% to 9.40% (2014: at the rate of 9.40%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

Sapphire Electric Company Limited

This represents long term financing obtained from a consortium of banks led by United Bank Limited (Agent Bank). The overall financing is secured against all and each of the Subsidiary Company's mortgaged project receivables, lien over the project bank accounts, mortgage of immoveable property, hypothecation of all present and future assets and properties of the Subsidiary Company (excluding the mortgaged project receivables and the mortgaged immoveable property) and by the collectively agreed pledge of 51% shares of the Subsidiary Company held by the sponsors. It carries mark-up at the rate of three months KIBOR plus three percent per annum, payable on quarterly basis. The mark-up rate charged on the outstanding balance during the year ranges from 9.98% to 13.18% (2014: 12.43% to 13.18%) per annum. As of June 30, 2015, the principal is repayable in twenty five quarterly instalments ending on September 30, 2020.

21. STAFF RETIREMENT BENEFIT - Gratuity

The Parents Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

		2015 Rupees	2014 Rupees
21.1	**Amount recognised in the balance sheet**		
	Net liability at the beginning of the year	**210,997,693**	169,798,106
	Charge to profit and loss account	**64,293,640**	48,266,065
	Remeasurement recognised in other comprehensive income	**26,308,442**	26,530,765
	Payments made during the year	**(44,410,812)**	(33,597,243)
	Net liability at the end of the year	**257,188,963**	210,997,693
21.2	**Movement in the present value of defined benefit obligation**		
	Balance at beginning of the year	**210,997,693**	169,798,106
	Current service cost	**39,278,662**	32,201,119
	Interest cost	**25,014,978**	16,064,946
	Benefits paid	**(44,410,812)**	(33,597,243)
	Remeasurements on obligation	**26,308,442**	26,530,765
	Balance at end of the year	**257,188,963**	210,997,693
21.3	**Expense recognised in profit and loss account**		
	Current service cost	**39,278,662**	32,201,119
	Interest cost	**25,014,978**	16,064,946
		64,293,640	48,266,065
21.4	**Remeasurements recognised in other comprehensive income**		
	Experience loss	**26,308,442**	26,530,765

		2015	2014
21.5	**Actuarial assumptions used**		
	Discount rate	**9.75%**	13.25%
	Expected rate of increase in future salaries	**8.75%**	12.25%
	Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)

21.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Change in assumptions	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1.00%	240,206,361	276,791,762
Increase in future salaries	1.00%	277,511,239	239,249,324

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21.7 Based on actuary's advice, the expected charge for the year ending June 30, 2016 amounts to Rs.80.851 million.

21.8 The weighted average duration of defined benefit obligation is 7 years.

21.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	------	------	Rupees	------	------
As at June 30, 2015	**53,349,440**	**87,505,436**	**114,737,488**	**2,412,975,433**	**2,668,567,797**

21.10 Historical information:

	2015	2014	2013	2012	2011
	------	------	Rupees	------	------
Present value of defined benefit obligation	**257,188,963**	210,997,693	169,798,106	131,457,117	117,869,526
Experience adjustment on obligation	**26,308,442**	26,530,765	21,615,599	(6,461,224)	(3,209,869)

		Note	2015 Rupees	2014 Rupees
22.	**DEFERRED TAXATION** - Net			
	Credit balances arising in respect of:			
	- accelerated tax depreciation allowance / investment in associates		**48,306,794**	41,495,045
	- re-measurement of short term investments		**105,211,989**	24,106,509
			153,518,783	65,601,554
	Debit balances arising in respect of:			
	- staff retirement benefit - gratuity		**11,484,974**	7,380,699
	- provision for slow moving items		**209,338**	180,896
	- provision for doubtful recovery of trade debts		**898,343**	-
			12,592,655	7,561,595
			140,926,128	58,039,959
23.	**TRADE AND OTHER PAYABLES**			
	Trade creditors	**23.1**	**2,694,544,101**	1,816,230,621
	Bills payable	**23.2**	**281,818,633**	96,171,393
	Advance payments		**15,634,413**	105,327,790
	Accrued expenses	**23.3**	**467,235,393**	382,916,446
	Sindh government infrastructure fee	**23.4**	**105,679,579**	96,297,021
	Workers' profit participation fund	**23.5**	**166,452,631**	159,372,821
	Workers' welfare fund	**23.6**	**143,300,208**	119,039,502
	Unclaimed dividend		**3,797,103**	3,168,788
	Unrealised loss on re-measurement of forward exchange contract		**5,933,174**	-
	Others		**6,240,369**	12,337,461
			3,890,635,604	2,790,861,843

23.1 These include Rs.18.660 million (2014: Rs.96.591 million) which pertains to Associated Companies.

23.2 These are secured against import documents.

23.3 These include Rs.Nil (2014: Rs.15.344 million) which pertains to Associated Companies.

23.4 This provision has been recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Parent Company has contested this issue in the Sindh High Court (the High Court). The Parent Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 was illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2015, the Parent Company has provided bank guarantees aggregating Rs.81.950 million (2014: Rs.71.950 million) in favour of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Parent Company's favour.

			2015 Rupees	2014 Rupees
23.5	**Workers' profit participation fund**			
	Balance at beginning of the year		**159,372,821**	211,001,458
	Add: interest on funds utilised in the Group's business - net of excess of interest provision written back by the Subsidiary Company		**(23,601,385)**	29,026,526
			135,771,436	240,027,984
	Less: payments made during the year		**135,771,436**	213,094,683
			-	26,933,301
	Add: allocation for the year		**166,452,631**	132,439,520
	Balance at end of the year		**166,452,631**	159,372,821
23.6	**Workers' welfare fund**			
	Balance at beginning of the year		**119,039,502**	88,380,045
	Add: charge for the year		**24,260,706**	30,659,457
	Balance at end of the year		**143,300,208**	119,039,502

23.7 Workers' welfare fund has not been provided for by the Subsidiary Company based on advice of legal consultant.

		Note	2015 Rupees	2014 Rupees
24.	**ACCRUED MARK-UP / INTEREST**			
	Mark-up / interest accrued on:			
	- long term finances		**249,998,782**	337,955,723
	- short term borrowings		**138,057,533**	172,216,055
			388,056,315	510,171,778
25.	**SHORT TERM BORROWINGS**			
	Running / cash finances - secured	**25.1**	**6,925,187,537**	6,723,833,959
	Term finances	**25.2**	**392,981,493**	539,597,829
	Temporary bank overdraft - unsecured	**25.3**	**4,959,225**	40,288,250
			7,323,128,255	7,303,720,038

25.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.14,432 million (2014: Rs.14,497 million). These finance facilities, during the year, carried mark-up at the rates ranged from 5.30% to 12.18% (2014: 8.70% to 12.18%) per annum. The aggregate short term finance facilities are secured against hypothecation / ranking pari passu charge on all present and future current and fixed assets of the Group, first ranking assignment of the energy payment price receivables, exclusive hypothecation charge on the fuel stock / inventory, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Included in short term finances Rs.597.93 million (U.S.$ 5.502 million and Euro 0.337 million) [2014: Rs.1,032 million (U.S.$ 10.451 million)] representing foreign currency loans obtained from various banks. The rates of mark-up on these finance facilities ranged from 1.33% to 4.00% (2014: 1.33% to 2.82%) per annum.

Short term finance facilities available from various commercial banks under mark-up arrangements on Group basis aggregate to Rs.174 million (2014: Rs.174 million).

Facilities available for opening letters of credit and guarantees aggregate to Rs.9,877 million (2014: Rs.8,807 million) out of which the amount remained unutilised at the year-end was Rs.6,930 million (2014: Rs.6,761 million). These facilities are secured against lien on shipping documents, hypothecation charge on current and fixed assets of the Group, cash margins and counter guarantee.

Facilities available for opening letters of credit and discounting of local & foreign bills from various commercial banks on Group basis aggregate to Rs.2,020 million (2014: Rs.3,115 million) and are secured against lien over export documents / bills, lien over import documents & commodities, lien over discrepant documents negotiated under letters of credits / contracts and trust receipts.

Abovementioned facilities are expiring on various dates upto April 30, 2016.

25.2 This represents murabaha finance facilities available from various commercial banks under mark-up arrangements amounting to Rs 1,200 million (2014: Rs 800 million) to finance the procurement of multiple oils from fuel suppliers. The mark-up is payable at maturity of respective murabaha transaction. The mark-up rate charged, during the year, on the outstanding balance ranges from 9.00% to 11.43% (2014: 10.71% to 11.43%) per annum. The aggregate term finances are secured against first pari passu charge on current assets comprising of fuel stocks, inventories and receivables from NTDC.

25.3 This represents book overdraft balance due to unpresented cheques.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.1,113.300 million (2014: Rs.1,109.750 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.

26.1.2 Claims not acknowledged as debt

(a) During the year ended June 30, 2014 it was discovered that there were unauthorised withdrawals of funds from one of the Parent Company's bank accounts using forged signatures on cheques from cheque books issued by the Bank's staff without the Parent Company's authority. On becoming aware of the matter, FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Parent Company does not have any liability whatsoever in respect of such net unauthorised withdrawals of funds accumulating to Rs.33.157 million inclusive of mark-up and other charges.

Furthermore the Parent Company has filed a suit on March 21, 2014 in the honourable Sindh High Court, which has granted a stay order on April 08, 2014 in favour of the Parent Company whereby the bank has been restrained from placing the Parent Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Parent Company.

(b) Claims against the Subsidiary Company not acknowledged as debts amount to Rs.7.586 million (2014: Rs.7.586 million). Provision has not made in these consolidated financial statements for the aforesaid amount as management is confident that it will not materialize.

(c) During the previous year, a sales tax demand of Rs.830.031 million was raised against the Subsidiary Company through order December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Subsidiary Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Against the aforesaid order, the Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the Subsidiary Company's other grounds of appeal. Consequently, the Subsidiary Company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the ACIR also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

(d) Furthermore, during the current year, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated December 02, 2014 whereby intentions were shown to raise a sales tax demand of Rs 505.540 million by primarily disallowing input sales tax claimed by the Subsidiary Company for the tax periods from July 2012 to June 2013 on the above-mentioned grounds of the ACIR and non-payment of sales tax on interest on delayed payment of energy price. Aggrieved by this show cause notice, the Subsidiary Company filed a writ petition before the Lahore High Court ('LHC') to the extent of the aforesaid matters amounting to Rs 504.909 million, whereby the LHC has provided interim relief to the Subsidiary Company to the extent that no final order shall be passed by the DCIR until the next hearing on October 28,

2015. Consequently, a demand of remaining amount of Rs.0.631 million was raised by the DCIR through order dated February 02, 2015, against which the Subsidiary Company preferred an appeal before CIR(A), which is pending adjudication.

Based on the advice of the Subsidiary Company's legal counsel, management believes that there are meritorious grounds to defend the Subsidiary Company's stance in respect of the abovementioned amounts. Consequently, no provision has been made in these consolidated financial statements.

26.2 Commitments

26.2.1 The Subsidiary Company has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the operations and maintenance (O&M) of the power station starting from the Commercial Operations Date upto the earlier of the time when the power station has run 144,000 Fired Hours and February 14, 2030. Under the terms of the O&M agreement, the Subsidiary Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to a minimum annual increase of 3%.

			2015 Rupees	2014 Rupees
26.2.2	Commitments in respect of :			
	- letters of credit for capital expenditure		**952,275,100**	16,093,704
	- letters of credit for purchase of raw materials and stores, spare parts & chemicals		**173,185,247**	175,253,535
	- capital expenditure other than letters of credit		**863,988,931**	12,788,386
	- foreign currency forward contract		**313,580,000**	-
	- foreign bills discounted		**426,138,453**	996,888,621
27.	**SALES** - Net			
	Export:			
	Yarn	**27.1**	**8,253,157,446**	9,379,706,138
	Fabric		**414,295,650**	223,089,630
	Garments		**2,104,746,028**	2,552,434,895
	Waste	**27.3**	**207,505,421**	301,786,056
			10,979,704,545	12,457,016,719
	Local:			
	Yarn		**2,057,413,286**	2,114,971,525
	Fabric		**25,075,529**	13,613,333
	Garments		**24,856,665**	20,663,497
	Energy purchase price	**27.2**	**17,697,833,087**	14,426,562,669
	Capacity purchase price		**4,180,614,575**	3,861,627,623
	Raw materials		**50,571,019**	113,220,710
	Waste	**27.3**	**188,491,592**	178,898,160
	Others		**3,606,247**	4,520,921
			24,228,462,000	20,734,078,438
			35,208,166,545	33,191,095,157
	Export rebate		**33,132,384**	25,365,751
	Processing services		**60,406,988**	65,660,731
			35,301,705,917	33,282,121,639
	Less: sales tax		**3,107,501,693**	2,164,867,376
			32,194,204,224	31,117,254,263

27.1 This includes indirect export of Rs.929.057 million (2014: Rs.1,808.405 million).

27.2 This includes sales in respect of Regasified Liquefied Natural Gas ('RLNG') based invoices amounting Rs.1,642.751 million (2014: Rs.Nil) for fuel cost component of the tariff which have been recognised on the basis of provisional price since Oil and Gas Regulatory Authority has not yet notified the price of RLNG and consequently, NEPRA has not yet notified the tariff of RLNG. The above-mentioned provisional price has been determined as per the Operating Procedure signed by the Subsidiary Company, Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and Central Power Purchasing Agency (Guarantee) Limited. Since the tariff has not yet been determined by NEPRA, the differential amount due to change in the price of RLNG cannot be determined. Consequently, the differential amounts of sales and cost would be recognised when the tariff on RLNG is approved by NEPRA. However, management considers that change in price of RLNG will not have any material impact on profit for the year.

27.3 Waste sales include sale of comber noil.

27.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.55.209 million (2014: Rs.24.178 million) has been included in export sales.

28. COST OF SALES

	Note	2015 Rupees	2014 Rupees
Finished goods at beginning of the year		**540,491,694**	393,606,498
Cost of goods manufactured	**28.1**	**27,057,192,736**	27,046,177,338
Cost of raw materials sold		**45,031,167**	99,720,018
		27,102,223,903	27,145,897,356
		27,642,715,597	27,539,503,854
Finished goods at end of the year		**(509,819,710)**	(540,491,694)
		27,132,895,887	26,999,012,160

28.1 Cost of goods manufactured

	Note	2015 Rupees	2014 Rupees
Work-in-process at beginning of the year		**211,059,838**	250,170,763
Raw materials consumed	**28.2 & 28.2.1**	**21,492,975,253**	20,932,874,650
Salaries, wages and benefits	**28.3**	**1,032,140,256**	876,241,105
Operations and maintenance		**557,948,532**	1,132,697,106
Packing stores consumed		**230,885,054**	235,917,707
General stores consumed		**203,997,695**	230,247,065
Dyes and chemicals consumed		**298,625,337**	267,628,978
Processing charges		**547,467,612**	573,027,423
Depreciation	**4.2**	**909,292,893**	903,734,531
Fuel and power		**1,347,468,177**	1,459,820,428
Repair and maintenance		**39,045,451**	45,773,200
Insurance		**229,149,297**	223,147,498
Vehicles' running		**18,386,666**	20,359,336
Travelling and conveyance		**15,177,244**	15,189,086
Printing and stationery		**4,334,238**	5,726,147
Legal and professional charges		**10,141,837**	25,289,646
Fee and subscription		**8,807,470**	12,313,005
Entertainment		**9,068,564**	8,524,859
Telephone		**5,083,543**	4,974,705
Postage		**207,718**	244,939
Rent, rates and taxes		**650,459**	615,926
Miscellaneous		**41,414,627**	32,719,073
		27,213,327,761	27,257,237,176
Work-in-process at end of the year		**(156,135,025)**	(211,059,838)
		27,057,192,736	27,046,177,338

		Note	2015 Rupees	2014 Rupees
28.2	**Raw materials consumed**			
	Stocks at beginning of the year		**2,530,838,972**	2,808,885,968
	Purchases		**20,731,366,631**	20,654,827,654
			23,262,205,603	23,463,713,622
	Stocks at end of the year		**(1,769,230,350)**	(2,530,838,972)
			21,492,975,253	20,932,874,650

28.2.1 This includes Rs.1,608.633 million (2014: Rs.Nil) in respect of RLNG consumed during the year which has been recognised on the basis of provisional price as explained note 27.2.

28.3 Salaries, wages and benefits include Rs.64.294 million (2014: Rs.48.266 million) and Rs.1.332 million (2014: Rs.1.232 million) in respect of staff retirement benefits gratuity and provident fund respectively.

		Note	2015 Rupees	2014 Rupees
29.	**DISTRIBUTION COST**			
	Salaries and other benefits	**29.1**	**21,134,604**	21,982,314
	Travelling, conveyance and entertainment		**14,544,395**	12,113,992
	Vehicles' running		**2,220,971**	2,698,783
	Telephone		**663,208**	785,192
	Postage		**1,790,757**	1,705,302
	Printing and stationery		**709,408**	856,931
	Sample expenses		**2,151,369**	2,673,294
	Commission:			
	- local		**8,110,017**	4,911,763
	- export		**123,953,296**	168,090,890
			132,063,313	173,002,653
	Freight and forwarding:			
	- local		**3,895,413**	6,432,215
	- export		**243,397,683**	253,021,629
			247,293,096	259,453,844
	Export development surcharge		**24,486,895**	26,769,789
	Other export expenses		**17,834,929**	21,293,806
	Provision for doubtful debts		**22,192,280**	-
			487,085,225	523,335,900

29.1 Salaries and other benefits include Rs.0.803 million (2014: Rs.0.790 million) in respect of contribution to staff provident fund.

30. ADMINISTRATIVE EXPENSES

	Note	2015 Rupees	2014 Rupees
Directors' remuneration		**18,000,000**	23,388,244
Directors' meeting fee		**200,000**	-
Salaries and other benefits	30.1	**127,857,291**	100,845,638
Telephone		**3,701,705**	3,649,777
Postage		**710,198**	428,487
Fee and subscription		**7,362,209**	7,692,567
Legal and professional charges		**38,428,192**	28,602,360
Entertainment		**2,861,250**	2,431,759
Travelling and conveyance		**9,448,916**	9,403,385
Printing and stationery		**4,261,179**	4,691,467
Rent, rates and taxes		**9,705,248**	8,735,235
Advertisement		**693,285**	585,636
Electricity, gas and water		**5,025,938**	6,503,972
Repair and maintenance		**6,321,782**	5,644,354
Vehicles' running		**10,523,366**	10,880,723
Charity and donations	30.2	**31,361,233**	28,073,751
Insurance		**3,414,491**	3,810,145
Depreciation	4.2	**19,383,242**	13,647,735
Amortisation	6	**1,430,329**	1,802,871
Others		**2,733,279**	399,939
		303,423,133	261,218,045

30.1 Salaries and other benefits include Rs.4.048 million (2014: Rs.3.663 million) in respect of contribution to staff provident fund.

30.2 Donations include the following in which directors are interested:

- Donation of Rs.20.480 million (2014: Rs.18.880 million) charged in these consolidated financial statements is paid to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Muhammad Abdullah, Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr.Shayan Abdullah have common directorship in both Companies.

- Donation of Rs.0.400 million (2014: Rs.0.550 million) charged in these consolidated financial statements is paid to Jamal-Ud-Din Fatima Charitable trust, 149 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi (a trust). Mr. Muhammad Abdullah, Mr. Shahid Abdullah and Mr. Nadeem Abdullah, directors of the Company are trustees of the trust.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
31.	**OTHER INCOME**			
	Income from financial assets			
	Dividend income		**452,177,909**	338,445,908
	Interest income		**8,182,775**	4,291,259
	Gain on sale of investments		**52,916,750**	-
	Exchange gain (including gain on forward contracts) - net		**-**	37,232,566
			513,277,434	379,969,733
	Income from assets other than financial assets			
	Gain on disposal of operating fixed assets	**4.3**	**5,260,200**	4,401,040
	Gain on sale of store and spares		**105,206**	48,035
	Rental income		**24,871,008**	14,832,720
	Scrap sales [Net of sales tax aggregating Rs.3.455 million (2014: Rs.4.084 million)]		**19,477,480**	23,045,523
	Insurance claim	**31.1**	**-**	231,235,137
			49,713,894	273,562,455
			562,991,328	653,532,188

31.1 The corresponding figure represents the business interruption loss claims in respect of the compressor rotors of Gas Turbine Generator (GTG) I and II of the Subsidiary Company's power plant which were damaged during the previous years.

		Note	2015 Rupees	2014 Rupees
32.	**OTHER EXPENSES**			
	Depreciation of investment property	**5**	**1,036,309**	1,151,454
	Workers' profit participation fund	**23.5**	**63,843,959**	80,682,780
	Workers' welfare fund	**23.6**	**24,260,706**	30,659,457
	Auditors' remuneration	**32.1**	**4,249,316**	3,054,390
	Loss on sale of investments		**-**	3,788,337
	Provision for old stuck-up refunds of Excise duty		**-**	11,122,102
	Exchange loss (including gain on forward contracts) - net		**5,866,540**	-
			99,256,830	130,458,520

		Note	2015 Rupees	2014 Rupees
32.1	**Auditors' remuneration**			
	Hameed Chaudhri & Co.			
	Annual audit		**1,331,000**	1,331,000
	Half yearly review		**200,000**	200,000
	Review of Code of Corporate Governance		**62,000**	62,000
	Audit of retirement funds		**20,000**	20,000
	Out-of-pocket expenses		**34,000**	34,000
			1,647,000	1,647,000
	A.F. Ferguson & Co.			
	- audit fee		**1,200,000**	1,100,000
	- tax services		**1,295,096**	214,238
	- reimbursement of expenses		**107,220**	93,152
			2,602,316	1,407,390
			4,249,316	3,054,390
33.	**FINANCE COST**			
	Mark-up / interest on long term finances		**1,183,342,753**	1,361,618,471
	Mark-up / interest on short term borrowings		**613,776,715**	764,176,274
	Exchange (gain) / loss on foreign currency loans		**31,047,619**	(40,895,687)
			644,824,334	723,280,587
	Interest on workers' profit participation fund written back / accrued	23.5	**(23,601,385)**	29,026,526
	Bank and other financial charges		**66,265,566**	70,855,803
	Loan arrangement fee		**1,500,000**	1,500,000
			1,872,331,268	2,186,281,387
34.	**TAXATION**			
	Current			
	Current tax on profit for the year	34.1	**246,993,495**	216,293,114
	Adjustments in respect of prior years		**(1,388,139)**	(29,484,938)
			245,605,356	186,808,176
	Deferred			
	Origination and reversal of temporary differences		**4,002,314**	(923,818)
	Impact of change in tax rate		**(1,010,742)**	998,639
			2,991,572	74,821
			248,596,928	186,882,997

34.1 The income of the Parent Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 and current year's provision is made accordingly.

34.2 Income tax assessments of the Parent Company have been completed upto the Tax Year 2014; the return for the said year has not been taken-up for audit till June 30, 2015.

34.3 Numeric tax rate reconciliation is not presented as the Parent Company's income is chargeable to tax under presumptive tax regime.

34.4 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that it's reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

34.4.1 The Board of Directors of the Parent Company in their meeting held on September 28, 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 44) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these consolidated financial statements for the year ended June 30, 2015.

	2015 Rupees	2014 Rupees
35. EARNINGS PER SHARE		
35.1. Basic earnings per share		
Net profit for the year	**1,969,692,369**	1,152,651,125
	------ Number of shares -------	
Weighted average ordinary shares in issues	**19,687,500**	19,687,500
	------------- Rupees -------------	
Earnings per share	**100.05**	58.55

35.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2015 and June 30, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2015 Rupees	2014 Rupees
36.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**2,862,203,209**	1,670,480,439
	Adjustments for non-cash charges and other items:			
	Depreciation		**929,072,312**	917,382,266
	Depreciation of investment property		**1,036,309**	1,151,454
	Amortisation		**1,430,329**	1,802,871
	Staff retirement benefit - gratuity		**64,293,640**	48,266,065
	Provision (reversed) / made for slow moving items		**(38,510)**	791,968
	Dividend and interest income		**(460,360,684)**	(342,737,167)
	Gain on sale of stores and spares		**(105,206)**	(48,035)
	Gain on disposal of operating fixed assets		**(5,260,200)**	(4,401,040)
	Exchange loss / (gain) - net		**5,866,540**	(37,232,566)
	Provision for workers' profit participation fund		**63,843,959**	80,682,780
	Provision for workers' welfare fund		**24,260,706**	30,659,457
	(Gain) / loss on sale of investments		**(52,916,750)**	3,788,337
	Provision for old stuck-up refunds of Excise duty		**-**	11,122,102
	Finance cost		**1,872,331,268**	2,186,281,387
	Provision for doubtful debts		**22,192,280**	-
	Working capital changes	36.1	**937,344,869**	(774,962,204)
			6,265,194,071	3,793,028,114

		2015 Rupees	2014 Rupees
36.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	**(11,619,307)**	(32,595,047)
	Stock-in-trade	**714,741,662**	278,471,539
	Trade debts	**(1,125,003,501)**	(1,931,616,710)
	Loans and advances	**(19,427,882)**	30,059,070
	Deposits, other receivables and sales tax	**292,577,250**	114,579,830
		(148,731,778)	(1,541,101,318)
	Increase in trade and other payables	**1,086,076,647**	766,139,114
		937,344,869	(774,962,204)

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	Rupees					
Managerial remuneration	**18,197,381**	18,328,450	**3,999,996**	6,590,417	**97,636,665**	75,993,458
Contribution to provident fund trust	-	-	**-**	-	**4,579,602**	4,054,080
House rent and utilities	**9,021,994**	9,086,550	**2,000,004**	3,275,883	**45,363,253**	38,805,744
Medical	**304,388**	308,300	**-**	51,807	**2,412,373**	1,913,418
Leave encashment / bonus	**-**	-	**-**	662,279	**17,447,369**	13,961,173
Other benefits	**-**	-	**-**	807,858	**14,547,299**	12,327,913
	27,523,763	27,723,300	**6,000,000**	11,388,244	**181,986,561**	147,055,786
Number of persons	**1**	1	**1**	1	**75**	63

37.1 Certain executives are provided with Company maintained vehicles.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Group, key management personnel and staff retirement funds. The Group in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 37. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2015 Rupees	2014 Rupees
(i) Associates	Sales:		
	- raw material / yarn / fabric / stores	**418,783,699**	818,262,809
	- assets	**4,203,761**	7,350,000
	Purchases:		
	- raw material / yarn / fabric / stores	**337,978,871**	471,314,251
	- electricity	**222,389,337**	216,609,553
	- assets	**-**	8,000,000
	Shares purchased	**-**	44,607,500
	Services:		
	- rendered	**39,852,837**	50,579,860
	- obtained	**13,463,625**	8,701,235

Relationship with the Group		Nature of transactions	2015 Rupees	2014 Rupees
(i)	Associates	Expenses charged by	**20,370,767**	13,795,264
		Expenses charged to	**9,243,665**	7,904,408
		Dividend:		
		- received	**233,970**	324,256
		- paid	**127,454,952**	50,763,515
(ii)	Other	Contribution towards provident fund	**6,591,395**	5,684,656
		Rent expense	**5,261,532**	4,783,212

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Group has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimises earnings volatility and provide maximum return to shareholders.

(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from investments, loans, deposits, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.39.4, the financial assets exposed to credit risk aggregated to Rs.17,581.963 million (2014: Rs.15,401.505 million) as at June 30, 2015. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 99% (2014: 97%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2015 Rupees	2014 Rupees
Long term investments	**6,995,698,205**	5,720,249,038
Long term deposits	**29,451,445**	29,052,085
Trade debts	**7,916,952,414**	6,814,141,193
Loans and advances	**6,074,500**	3,683,800
Short term investments	**1,921,844,053**	1,547,340,779
Other receivables	**70,498,194**	306,849,452
Interest receivable	**2,847,109**	2,397,851
Bank balances	**638,597,122**	977,875,307
	17,581,963,042	15,401,589,505

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2015 Rupees	2014 Rupees
Domestic	**7,053,863,719**	5,898,552,342
Export	**863,088,695**	915,588,851
	7,916,952,414	6,814,141,193

The majority of export debts of the Group are situated in Asia, Europe, America, Australia and Africa.

The maximum exposure to credit risk for trade debts at the reporting date by type of product is as follows:

	2015 Rupees	2014 Rupees
Yarn	**970,562,564**	1,017,290,718
Fabric	**24,464,922**	31,050,752
Garments	**92,871,774**	275,640,062
Power	**6,798,038,820**	5,421,712,489
Processing services	**4,625,268**	3,206,667
Waste	**22,592,386**	17,181,529
Other	**3,796,680**	48,058,976
	7,916,952,414	6,814,141,193

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The credit quality of the Group's bank balances can be assessed with reference to the external credit ratings as follows:

	Rating		
Name of Bank	**short term**	**long term**	**agency**
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
United Bank Limited	A-1+	AA+	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Citibank N.A.	P-1	A2	Moody's
Silk Bank Limited	A-2	A-	JCR-VIS
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Bank Al-Habib Limited	A1+	AA+	PACRA
Dubai Islamic Bank Pakistan Limited	A-1	A+1	JCR-VIS
Askari Bank Limited	A-1+	AA	JCR-VIS
Deutsche Bank AG	A-1+	AA	Moody's

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**More than 5 years**
			Rupees		
June 30, 2015					
Long term finances	**8,753,051,466**	**8,772,937,660**	**1,210,672,775**	**6,969,847,359**	**592,417,526**
Long term security deposit	**2,100,000**	**2,100,000**	**-**	**-**	**2,100,000**
Trade and other payables	**3,453,635,599**	**3,453,635,599**	**3,453,635,599**	**-**	**-**
Accrued mark-up / interest	**388,056,315**	**388,056,315**	**388,056,315**	**-**	**-**
Short term borrowings	**7,318,169,030**	**7,436,239,677**	**7,436,239,677**	**-**	**-**
	19,915,012,410	**20,052,969,251**	**12,488,604,366**	**6,969,847,359**	**594,517,526**

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2014					
Long term finances	10,035,162,987	10,062,342,905	1,297,476,744	8,175,335,949	589,530,212
Long term security deposit	2,100,000	2,100,000	-	-	2,100,000
Trade and other payables	2,310,824,709	2,310,824,709	2,310,824,709	-	-
Accrued mark-up / interest	510,171,778	510,171,778	510,171,778	-	-
Short term borrowings	7,263,431,788	7,351,984,968	7,351,984,968	-	-
	20,121,691,262	20,237,424,360	11,470,458,199	8,175,335,949	591,630,212

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these consolidated financial statements.

(c) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Swiss Frank (CHF), Japanese Yen and Great Britain Pound (GBP). The Group's exposure to foreign currency risk for U.S. Dollar, Euro, Swiss Frank (CHF), Japanese Yen and Great Britain Pound (GBP) is as follows:

June 30, 2015	**Rupees**	**U.S.$**	**Euro**	**Yen**	**GBP**
Bills payables	**281,818,633**	**2,385,360**	**326,500**	**2,496,100**	**-**
Trade and other payables	**382,761,171**	**3,763,630**	**-**	**-**	**-**
Advance payments	**7,352,891**	**72,027**	**-**	**-**	**-**
	671,932,695	**6,221,017**	**326,500**	**2,496,100**	**-**
Trade debts	**(885,280,975)**	**(8,698,990)**	**-**	**-**	**(15,863)**
Bank balances	**(384,510,187)**	**(3,788,277)**	**-**	**-**	**-**
Net balance sheet exposure	**(597,858,467)**	**(6,266,250)**	**326,500**	**2,496,100**	**(15,863)**
Outstanding letters of credit	**1,125,460,347**	**6,436,782**	**4,137,794**	**-**	**-**
Forward exchange contract	**313,580,000**	**3,000,000**	**-**	**-**	**-**
	841,181,880	**3,170,532**	**4,464,294**	**2,496,100**	**(15,863)**

June 30, 2014	Rupees	U.S.$	Euro	CHF	Yen	GBP
Bills payables	96,171,393	947,955	19,007	-	-	-
Trade and other payables	383,396,776	3,882,499	-			
Advance payments	98,467,291	997,137	-	-	-	-
	578,035,460	5,827,591	19,007	-	-	-
Trade debts	(915,588,851)	(9,070,121)	(137,358)	-	-	(19,424)
Bank balances	(440,717,611)	(4,472,020)	-	-	-	-
Net balance sheet exposure	(778,271,002)	(7,714,550)	(118,351)	-	-	(19,424)
Outstanding letters of credit	191,347,239	1,661,630	136,266	64,057	1,850,000	-
	(586,923,763)	(6,052,920)	17,915	64,057	1,850,000	(19,424)

The following significant exchange rates have been applied:

	Average rate 2015	2014	Reporting date rate 2015	2014
U.S. Dollar to Rupee	**100.88**	102.41	**101.70 / 101.50**	98.75 / 98.55
Euro to Rupee	**124.45**	139.90	**113.79 / 113.57**	134.73 / 134.46
Swiss Frank to Rupee	**106.94**	115.12	**109.64**	110.82
Japanese Yen to Rupee	**0.8691**	1.0000	**0.8313**	0.9748
Great Britain Pound to Rupee	**157.95**	171.17	**159.91 / 159.59**	167.79

At June 30, 2015, if Rupee had strengthened by 10% against US Dollar, Euro, Swiss Frank, Japanese Yen and Great Britain Pounds with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2015 Rupees	2014 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	**(63,602,438)**	(76,026,890)
Euro to Rupee	**3,715,244**	(1,591,348)
Japanese Yen to Rupee	**207,501**	-
Great Britain Pound to Rupee	**(253,158)**	(325,915)
	(59,679,693)	(77,944,153)

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Group arises from short & long term borrowings from banks and deposits with banks. At the reporting date the profile of the Group's interest bearing financial instruments is as follows:

	2015	2014	2015	2014
	- - - Effective rate - - -		- - - Carrying amount - - -	
	%	%	Rupees	Rupees
Fixed rate instruments				
Financial assets				
Term deposit account	**4.50 to 7.00**	6.00 to 7.00	**173,694,103**	486,292,452
Financial liabilities				
Long term finances	**5.50 to 9.40**	9.40	**73,410,251**	76,276,000
Variable rate instruments				
Financial assets				
Trade debts	**11.24 to 14.70**	13.39 to 14.73	**914,575,693**	1,415,625,577
Financial liabilities				
Long term finances	**9.98 to 13.18**	10.24 to 13.18	**8,679,641,215**	9,958,886,987
Short term borrowings	**1.33 to 12.18**	1.33 to 12.18	**7,318,169,030**	7,263,431,788

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in mark-up / interest rates at reporting date would not affect profit and loss account.

At June 30, 2015, if the interest rate on the Group's borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.159.978 million (2014: Rs.172.223 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.8,888.826 million (2014: Rs.7,238.874 million) are exposed to price risk due to changes in market price.

At June 30, 2015, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the year would have higher / (lower) by Rs.888.883 million (2014: Rs.723.887 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Group.

39.2 Fair value estimation

The below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Group's consolidated financial assets measured at fair value consists of level 1 financial assets amounting to Rs.8,888.826 million (2014: Rs.7,238.874 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

39.3 Capital risk management

The Group's objective when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Group may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the balance sheet) less cash and bank balances. Total equity includes all capital and reserves of the Group that are managed as capital. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2015 Rupees	2014 Rupees
Total borrowings	**16,071,220,496**	17,298,594,775
Less: cash and bank balances	**641,988,396**	981,697,073
Net debt	**15,429,232,100**	16,316,897,702
Total equity	**17,586,393,189**	16,479,195,329
Total capital	**33,015,625,289**	32,796,093,031
Gearing ratio	**47%**	50%

39.4 Financial instrument by category

Financial assets as per balance sheet	Loans and receivables		Available for sale	
	2015	2014	**2015**	2014
	--- Rupees ---		--- Rupees ---	
Long term investments	-	-	**6,995,698,205**	5,720,249,038
Long term loans	**340,000**	193,000	-	-
Long term deposits	**29,451,445**	29,052,085	-	-
Trade debts	**7,916,952,414**	6,814,141,193	-	-
Loans and advances	**643,000**	394,000	-	-
Trade deposits	**5,000**	5,000	-	-
Short term investments	-	-	**1,921,844,053**	1,547,340,779
Interest receivable	**2,847,109**	2,397,851		
Other receivables	**70,498,194**	306,849,452	-	-
Cash and bank balances	**638,597,122**	977,875,307	-	
	8,659,334,284	8,130,907,888	**8,917,542,258**	7,267,589,817

Financial liabilities as per balance sheet	Financial liabilities measured at amortised cost	
	2015	2014
	--- Rupees---	
Long term finances	**8,753,051,466**	10,035,162,987
Long term security deposit	**2,100,000**	2,100,000
Trade and other payables	**3,453,635,599**	2,310,824,709
Short term borrowings	**7,323,128,255**	7,303,720,038
	19,531,915,320	19,651,807,734

			2015	2014
40.	**CAPACITY AND PRODUCTION**		**2015**	2014
40.1	**Spinning units**			
	Number of spindles installed		**101,136**	101,136
	Number of spindles worked		**97,635**	97,939
	Number of shifts worked per day		**3**	3
	Total number of days worked		**365**	365
	Installed capacity after conversion into 20's count	**Lbs.**	**64,299,083**	65,528,128
	Actual production after conversion into 20's count	**Lbs.**	**56,937,823**	56,444,268
40.1.1	Actual production varies due to maintenance / shut down and change in count pattern.			
40.2	**Dyeing**		**2015**	2014
	Yarn / Fibre Dyeing Unit			
	Total number of days worked		**222**	297
	Installed capacity	**Lbs.**	**8,002,407**	8,002,407
	Actual production	**Lbs.**	**2,993,241**	2,983,733
	Fabric Dyeing Unit			
	Total number of days worked		**338**	364
	Installed capacity	**Lbs.**	**13,171,579**	13,171,579
	Actual production	**Lbs.**	**8,227,677**	8,260,786
40.2.1	Low production is due to less market demand.			
40.3	**Knitting unit**			
	Total number of days worked		**356**	350
	Installed capacity	**Lbs.**	**15,658,951**	15,658,951
	Actual production	**Lbs.**	**7,752,745**	7,854,164
40.3.1	Low production is due to less market demand.			
40.4	**Stitching unit**			
	Installed capacity	**Pcs.**	**1,967,000**	1,967,000
	Actual production	**Pcs.**	**-**	-
40.4.1	Sluggish sale in the international markets, power shortage in the country and higher fuel cost forced management to temporarily close its stitching unit.			
40.5	**Power**		**2015**	2014
	Installed capacity [based on 8,760 hours (2014: 8,760 hours)	**MWH**	**1,772,256**	1,782,457
	Actual energy delivered	**MWH**	**966,537**	761,418
40.5.1	Output produced by the plant is dependent on the load demanded by NTDCL and plant availability.			

41. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments; and
- Power.

41.1 Segment revenues and results

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	----------------	----------------	Rupees	----------------	----------------
For the year ended June 30, 2015					
Sales	10,514,430,121	5,804,616,183	18,846,928,372	(2,971,770,452)	32,194,204,224
Cost of sales	(9,259,015,015)	(5,622,206,880)	(15,223,444,444)	2,971,770,452	(27,132,895,887)
Gross profit	1,255,415,106	182,409,303	3,623,483,928	-	5,061,308,337
Selling and distribution expenses	(404,098,989)	(82,986,236)	-	-	(487,085,225)
Administrative expenses	(214,193,230)	(33,992,768)	(55,237,135)	-	(303,423,133)
Finance cost	(299,007,472)	(57,417,059)	(1,515,906,737)	-	(1,872,331,268)
	(917,299,691)	(174,396,063)	(1,571,143,872)	-	(2,662,839,626)
Profit before taxation and unallocated income and expenses	338,115,415	8,013,240	2,052,340,056	-	2,398,468,711
Unallocatable income and expenses					
Other income					562,991,328
Other expenses					(99,256,830)
Share of Profit of Associated Companies					14,002,907
Taxation					(248,596,928)
Profit after taxation					2,627,609,188

	Spinning	Knitting, processing and garments	Power	Elimination of inter segment transactions	Total
	---------- Rupees ----------				
For the year ended June 30, 2014					
Sales	11,668,262,496	6,517,366,295	16,211,644,679	(3,280,019,207)	31,117,254,263
Cost of sales	(10,408,813,171)	(6,212,877,282)	(13,657,340,914)	3,280,019,207	(26,999,012,160)
Gross profit	1,259,449,325	304,489,013	2,554,303,765	-	4,118,242,103
Selling and distribution expenses	(398,957,927)	(124,377,973)	-	-	(523,335,900)
Administrative expenses	(189,143,466)	(24,224,145)	(47,850,434)	-	(261,218,045)
Finance cost	(374,286,113)	(87,935,374)	(1,724,059,900)	-	(2,186,281,387)
	(962,387,506)	(236,537,492)	(1,771,910,334)	-	(2,970,835,332)
Profit before taxation and unallocated income and expenses	297,061,819	67,951,521	782,393,431	-	1,147,406,771
Unallocatable income and expenses					
Other income					653,532,188
Other expenses					(130,458,520)
Share of Profit of Associated Companies					10,303,937
Taxation					(186,882,997)
Profit after taxation					1,493,901,379

41.2 **Segment assets and liabilities**

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Power	Total
	---------- Rupees ----------			
As at June 30, 2015				
Segment assets	**6,633,957,220**	**1,883,077,129**	**22,329,054,151**	**30,846,088,500**
Unallocatable assets				**10,292,357,142**
Total assets as per balance sheet				**41,138,445,642**
Segment liabilities	**4,537,281,302**	**1,430,546,862**	**14,324,749,323**	**20,292,577,487**
Unallocatable liabilities				**706,902,156**
Total liabilities as per balance sheet				**20,999,479,643**
As at June 30, 2014				
Segment assets	7,093,227,507	1,734,131,670	22,171,412,513	30,998,771,690
Unallocatable assets				8,726,693,471
Total assets as per balance sheet				39,725,465,161
Segment liabilities	3,558,235,530	1,267,655,039	15,743,442,661	20,569,333,230
Unallocatable liabilities				556,687,822
Total liabilities as per balance sheet				21,126,021,052

41.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 75.55% (2014: 66.92%) and to customers outside Pakistan (including indirect export) are 24.45% (2014: 33.08%) of the total sales during the year.

41.4 The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2014:One) of the Group's customers contributed towards 88.84 (2014: 80.80%) of the local sales during the year aggregating Rs.18,846.930 million (2014: Rs.16,211.644 million) which exceeds 10% of the local sales of the Group.

41.5 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

42. PROVIDENT FUND RELATED DISCLOSURE

Sapphire Fibres Limited

42.1 The Parent Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended

	2015 Rupees	2014 Rupees
Size of the Fund - Total Assets	**39,574,506**	33,155,779
Cost of investments made	**37,731,292**	31,005,983
Percentage of investments made	**95.34%**	93.52%
Fair value of investments made	**39,294,006**	32,413,779

42.1.1 The break-up of fair value of investments is as follow:

	2015	2014	2015	2014
	--- Percentage ---		Rupees	Rupees
Special account in a scheduled bank	**2.47**	5.80	**970,228**	1,879,581
Government securities	**89.21**	90.43	**35,054,920**	29,312,923
Term deposit receipts	**3.14**	3.77	**1,233,858**	1,221,275
Listed securities	**5.18**	-	**2,035,000**	-
	100.00		**39,294,006**	32,413,779

42.1.2 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Sapphire Electric Company Limited

42.2 The Subsidiary Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended

	2015 Rupees	2014 Rupees
Size of the Fund - Total Assets	**8,496,204**	5,894,890
Cost of investments made	**8,398,053**	5,434,894
Percentage of investments made	**98.84%**	92.20%
Fair value of investments made	**8,493,451**	5,597,104

42.2.1 The break-up of fair value of investments is as follow:

	2015	2014	**2015**	2014
	--- Percentage ---		**Rupees**	**Rupees**
Special account in a scheduled bank	**5.34**	25.08	**453,239**	1,403,958
Government securities	**50.31**	-	**4,272,711**	-
Listed Securities	**44.36**	74.92	**3,767,501**	4,193,146
	100.00	100.00	**8,493,451**	5,597,104

42.2.2 The figures for year ended June 30, 2015 are based on un-audited financial statements of the Fund. For 2015, investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. NUMBER OF EMPLOYEES

	2015	2014
Total number of employees as at June 30,	**3,403**	3,364
Average number of employees during the year	**3,375**	3,337

44. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Parent Company, in their meeting held on September 28, 2015, has proposed a final cash dividend of Rs.10 (2014: Rs.12.5) per share amounting to Rs.196,875 million (2014: Rs.246.094 million) for the year ended June 30, 2015. This appropriation will be approved by the members of the Parent Company in the forthcoming Annual General Meeting to be held on October 26, 2015. These consolidation financial statements do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending June 30, 2016.

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 28, 2015 by the Board of Directors of the Parent Company.

Karachi:
Dated: September 28, 2015

SHAHID ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Form of Proxy

I / we

Folio No. of

a member(s) of **Sapphire Fibres Limited** and a holder of Ordinary Shares,

do hereby appoint

of

or failing him/her

of

a member of **Sapphire Fibres Limited**, vide Registered Folio No.________________________ as my/our Proxy to act on my/our behalf at 36th Annual General Meeting of the Company to be held on Monday the 26th October, 2015 at 04:00 p.m. at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi and / or any adjournment thereof.

Signed this________ day of ________________ 2015

REVENUE STAMP OF RS.5/-

Signature ___________________________________

(Signature should agree with the specimen signature registered with the Company)

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-

2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorized person.

3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.

4. This form of proxy duly completed must be deposited at the Registered Office of the Company atleast 48 hours before the time of holding the meeting.

5. In case of CDC account holder :

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his original CNIC or original passport at the time of meeting.

iv) In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness :

Name	Name
Address	Address
NIC No.	NIC No.