

Reliance Cotton Spinning Mills Limited Unconsolidated Financial Statements

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Quarterly Accounts September 30, 2018

Sapphire

Company Profile

Board of Directors

Mr. Amer Abdullah Mr. Shayan Abdullah Mr. Shahid Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah Mr. Abdul Sattar Mr. Asif Elahi Chairman Chief Executive Director Director Director Director Independent Director

Audit Committee

Mr. Asif Elahi Mr. Shahid Abdullah Mr. Nabeel Abdullah Chairman Member Member

Human Resource & Remuneration Committee

Mr. Asif Elahi Chairman Mr. Yousuf Abdullah Member Mr. Shayan Abdullah Member

Chief Financial Officer

Mr. Jawwad Faisal

Company Secretary

Mr. Nauman Iqbal

Auditors

Deloitte Yousuf Adil, Chartered Accountants

Tax Consultant

Deloitte Yousuf Adil, Chartered Accountants

Legal Advisor Hassan & Hassan, Advocates

Bankers of the Company

Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited United Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt.) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

Geographical Presence:

Registered Office

312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi

Mills

Feroze Wattoan, District, Sheikhupura, Punjab.

Company Website www.sapphire.com.pk/rcsml

Reliance Cotton Spinning Mills Limited

Directors' Report

The Directors of the Company are pleased to present un-audited Financial statements of the Company for the quarter ended September 30, 2018.

Financial Highlights

| | Septe | ember 30, |
|------------------------|-----------|-------------|
| | 2018 | 2017 |
| | Rupees | in thousand |
| Sales & services | 1,245,625 | 989,471 |
| Gross profit | 213,881 | 140,682 |
| Profit before taxation | 145,389 | 80,144 |
| Taxation: | (10,688) | (9,730) |
| Profit after taxation | 134,701 | 70,414 |

During the first quarter of the financial year, your company achieved sales of Rs. 1.245 billion compared to Rs. 989.471 million during corresponding period of last year, an increase of 25.89%. The gross profit as a percentage of sales increased to 17.17% from 14.22% during last year. Whereas, the company earned profit after tax of Rs.134.701 million as against Rs.70.414 million during last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.13.09 as compared to Rs. 6.84 for the same period of last year.

Future outlook

Operational and financial performance of your company has shown significant improvement in first quarter of the financial year and the management is making every effort to maximize shareholder value in future as well.

Pakistan's textile exports face tough challenges in global competition due to significant increase in cost of doing business in the country. We expect that the government will extend immediate support to improve cost competitiveness of the industry through reduction in energy costs, continuation of additional duty drawback scheme and release of tax refunds.

The directors appreciate sincere contribution and the hard work by staff and workers of the company.

For and on behalf of Board

Lahore October 29, 2018 Shahid Abdullah Director Shayan Abdullah Chief Executive Officer

Sapphire Quarterly Accounts September 30, 2018 د ائر یکٹرزر پورٹ ہم30 ستمبر2018ءکوختم ہونے والی سہ ماہی کے لئے کمپنی کے غیرنظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مالياتي جھلكياں روپے ہزاروں میں تفصيل 30 ستمبر 2017ء 30 ستمبر2018ء فروخت اورخدمات 989,471 1.245.625 مجموعي منافع 140,682 213,881 ٹیس سے سلے منافع 80,144 145,389 ^طىيكىيىش (9,730)(10,688)ٹیکس کے بعد منافع 70,414 134,701 آپ کی کمپنی نے گزشتہ سال کی اسی مدت میں 989.471 ملین روپے کے مقالبے مالی سال کی پہلی سہ ماہی کے دوران 1,245 ملین روپے کی فروخت حاصل کی جو 25.89 فیصد کااضافہ ہے۔فروخت فیصد کے طور بر مجموعی منافع گزشتہ سال کے دوران 14.22 فیصد کے مقابلے 17.17 فیصد تک بہتر ہوا۔ جبکہ، کمپنی نے گزشتہ سال اسی مدت میں درج 10.414 ملین روپے کے مقابلے موجودہ سہ ماہی کے دوران 134.701 ملین روٹے ٹیکس کے بعد منافع کمایا ہے۔ فيحصص آمدني سمپنی کی موجودہ سہ ماہی کی فی شیئر آمد نی (EPS) 13.09 روپے ہے جو کہ پچھلے سال کی اسی سہ ماہی کی 6.84 روپے تھی۔ مستقبل كانقطه نظر آ ب کی کمپنی کی آ بریشنل اور مالی کارکردگی نے مالی سال کی پہلی سہ ماہی میں نمایاں بہتری ظاہر کی ہےاورا نظام یہ سنقتل میں بھی تصص داران کی قد رکوزیا دہ سے زیادہ کرنے کی ہرکوشش کررہی ہے۔ یا کستان کی ٹیکسٹائل برآ مدات ملک میں کاروبارکرنے کےاخراجات میں نمایاں اضافہ کے باعث عالمی مقابلہ میں تخت مشکلات کا سامنا کررہی ہے۔امیدکرتے ہیں کہ حکومت بچلی کی قیمتوں میں کی، ڈیوٹی ڈراء ببک اسلیم کانشلسل او ٹیکس ریفنڈ ز کی واگز اری نے ذریعے انڈسٹر ی کی مسابقت کو بہتر بنانے کے لئے فوری تعاون کوتو سیچ دےگی۔ اعتراف ڈائر بکٹرز کمپنی کے عملےاورکارکنوں کی تخت محنت اور قابل ستائش خدمات کوسرا یتے ہیں ۔ منجانب بورڈ آف ڈائر یکٹرز (شاہد عبداللہ) (شامان عبدالله) ڈائر یکٹر چف ایگزیکٹو لاہور تاریخ:29 کتوبر 2018 **Reliance Cotton Spinning Mills Limited** 5

Unconsolidated Condensed Interim Statement of Financial Position As at September 30, 2018

| | | 2010 | | |
|---|------------------------------------|---|---------------|------------------------------|
| | | | Un-Audited | Audited |
| | | •• • | September 30, | June 30, |
| ACCETC | | Note | 2018 | 2018 |
| ASSETS | | | Rup | ees |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 4 | 1,467,825,990 | 1,460,765,061 |
| Long term investments | | 5 | 89,069,645 | 89,069,645 |
| Long term deposits | | | 8,987,690 | 8,987,690 |
| CURRENT ASSETS | | | 1,565,883,325 | 1,558,822,396 |
| Stores and spare parts | | | 30,126,602 | 49,466,734 |
| Stock-in-trade | | | 1,511,077,219 | 1,242,826,867 |
| Trade debts | | | 879,717,341 | 665,550,377 |
| Loans and advances | | | 103,913,389 | 64,191,180 |
| Short term deposits and prepayments | | | 1,697,651 | 2,255,778 |
| Other receivables | | | 46,118,019 | 48,129,947 |
| Tax refunds due from the Government | | | 247,869,368 | 233,635,886 |
| Short term investments | | | 73,435,890 | 78,692,660 |
| Cash and bank balances | | | 21,937,960 | 7,780,802 |
| | | | 2,915,893,439 | 2,392,530,231 |
| | | | 4,481,776,764 | 3,951,352,627 |
| EQUITY AND LIABILITIES | | | 4,401,770,704 | 3,331,332,027 |
| SHARE CAPITAL AND RESERVES | | | | |
| Authorized capital | | | | |
| 12,000,000 (2018: 12,000,000) ordinary sha | res of Rs. 10 each | | 120,000,000 | 120,000,000 |
| | | | | |
| lssued, subscribed and paid up capital | | | 102,920,000 | 102,920,000 |
| Reserves | | | 1,900,657,939 | 1,769,452,558 |
| | | | 2,003,577,939 | 1,872,372,558 |
| NON-CURRENT LIABILITIES | | | , | |
| Long term financing | | 6 | 209,257,564 | 185,732,252 |
| Employee retirement benefits | | | 66,700,625 | 92,932,343 |
| | | | 275,958,189 | 278,664,595 |
| | | | · | |
| Trade and other payables | | | 305,995,068 | 314,624,738 |
| Unclaimed dividend | | | 410,117 | 410,117 |
| Markup accrued | | _ | 23,694,972 | 22,471,434 |
| Short term borrowings | | 7 | 1,826,040,050 | 1,427,713,150 |
| Current portion of long term financing | | | 7,635,436 | 7,318,748 |
| Provision for taxation | | | 38,464,993 | 27,777,287 |
| CONTINGENCIES AND COMMITMENTS | | | 2,202,240,636 | 1,800,315,474 |
| CONTINGENCIES AND COMMITMENTS | | | 4,481,776,764 | 3,951,352,627 |
| The annexed notes from 1 to 12 form an inte | egral part of these unconsolidated | d condensed interim fi | | |
| | | | | |
| I al ave | Chame A 1, 1, 11, 1 | Les 1 T | -1 -1 -1 - | 1 4 1. 1. 11 1 |
| Lahore : Dated : October 29, 2018 | Shayan Abdullah Chief Executive | Jawwad Fais Chief Financial C | | l Abdullah irector |

| | | Un-Audited Quarter ended | Un-Audited Quarter ended |
|--|------------------------|---------------------------------|-----------------------------|
| | | September 30, 2018 | September 30, 2017 |
| | Note | Ru | |
| ales - net | | 1,245,624,981 | 989,470,526 |
| cost of sales | 9 | (1,031,744,144) | (848,788,632 |
| iross profit | | 213,880,837 | 140,681,894 |
| istribution cost | | (18,041,426) | (23,051,303 |
| dministrative expenses | | (13,819,049) | (11,444,67 |
| ther operating expenses | | (7,935,751) | (4,807,78 |
| | | (39,796,226) | (39,303,76 |
| Other income | | 2,380,754 | 694,87 |
| perating profit before finance cost | | 176,465,365 | 102,073,00 |
| inance cost | | (31,076,754) | (21,928,72 |
| rofit before taxation | | 145,388,611 | 80,144,27 |
| rovision for taxation | | (10,687,706) | (9,730,40 |
| rofit for the year | | 134,700,905 | 70,413,87 |
| arnings per share - basic and diluted | | 13.09 | 6.8 |
| he annexed notes from 1 to 12 form an integral part of t | hese unconsolidated co | ondensed interim financial stat | ements. |

Lahore : Dated : October 29, 2018 Shayan Abdullah Chief Executive Jawwad Faisal Chief Financial Officer Shahid Abdullah Director

Reliance Cotton Spinning Mills Limited

| Unconsolidated Condensed Interim Statem For the Quarter ended Septer | * | e Income |
|---|---------------------------------------|---------------|
| | Un-Audited | Un-Audited |
| | Quarter ended | Quarter ended |
| | September 30, | September 30, |
| | 2018 | 2017 |
| | Rup | ees |
| Profit for the quarter | 134,700,905 | 70,413,876 |
| Other comprehensive income: | | |
| tems that may be reclassified subsequently to profit or loss | | |
| Inrealized loss on remeasurment of short erm investments- available for sale | (2,685,328) | (8,957,570 |
| Realized loss on disposal of available for sale investments | (810,197) | - |
| | (3,495,524) | (8,957,570 |
| otal comprehensive income for the quarter | 131,205,381 | 61,456,306 |
| he annexed notes from 1 to 12 form an integral part of these unconsolidated co | ndensed interim financial statements. | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Lahore : Dated : October 29, 2018 Shayan Abdullah Chief Executive Jawwad Faisal Chief Financial Officer Shahid Abdullah Director

Unconsolidated Condensed Interim Statement of Cash Flows For the Quarter ended September 30, 2018

| | | | Un-Audited Quarter ended | Un-Audited Quarter ended |
|--|--------------------|--------------------------------|------------------------------------|-----------------------------|
| | | | September 30, 2018 | September 30, 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | Ru | pees |
| Profit before taxation | | | 145,388,611 | 80,144,279 |
| Adjustments for: | | | 143,300,011 | 00,144,275 |
| Depreciation on property, plant and equipment | | | 35,184,755 | 33,832,583 |
| Provision for employee benefits | | | 4,500,000 | 6,360,000 |
| Rebate Income | | | (79,928) | (10,706,017) |
| Finance cost | | | 31,076,754 | 21,928,722 |
| Dividend income on short and long term investment | | | 1,685,648 | - |
| | | - | 217,755,840 | 131,559,567 |
| Working capital changes | | | | |
| Decrease / (Increase) in current assets | | ſ | | · |
| Stores and spare parts | | | 19,340,132 | 2,815,239 |
| Stock-in-trade | | | (268,250,352) | 15,076,707 |
| Trade debts | | | (214,166,964) | (146,103,609) |
| Loans and advances | | | (34,894,732) | (37,821,043) |
| Short term deposits and prepayments | | | 558,127 | (562,029) |
| Other receivables | | | 2,091,856 | 666,890 |
| Increase / (decrease) in current liabilities | | | | |
| Trade and other payables | | l | (8,629,670) | (71,770,377) |
| Orah (wardin) (manantad farm an anti- | | - | (503,951,603) | (237,698,222) |
| Cash (used in) / generated from operations | | | (286,195,763) | (106,138,655) |
| Employee benefits paid | | | (30,731,718) | (1,335,856) |
| Finance cost paid | | | (29,853,215) | (26,645,013) |
| Sales tax (paid) / refunded | | | (14,233,482) | 19,513,479 |
| Income taxes paid | | | (4,827,477) | (6,071,245) |
| Rebate income received | | | - | 3,316,689 |
| | | - | (79,645,892) | (11,221,946) |
| Net cash (used in) / generated from operating activitie | S | - | (365,841,655) | (117,360,601) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Addition to property, plant and equipment | | | (42,245,684) | (9,874,909) |
| Short term investments - net | | | 1,761,245 | (3,867,645) |
| Dividend received | | | (1,685,648) | - |
| Net cash used in investing activities | | - | (42,170,087) | (13,742,554) |
| | | - | <u> </u> | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | ~~~~~~~ | |
| Long term finance obtained Short term borrowings - net | | | 23,842,000 | - 158,906,160 |
| Net cash from / (used in) financing activities | | - | 398,326,900 422,168,900 | 158,906,160 |
| Net bush nom / (used in) manoing detrines | | - | 422,100,500 | 130,900,100 |
| Net (decrease) / increase in cash and cash equivalent | s | | 14,157,158 | 27,803,005 |
| Cash and cash equivalents at beginning of the year | | | 7,780,802 | 22,711,121 |
| Cash and cash equivalents at the end of the year | | - | 21,937,960 | 50,514,126 |
| The annexed notes from 1 to 12 form an integral part of th | ese unconsolidated | - condensed interim financi | | |
| | | | | A 1 1 11 1 |
| | ayan Abdullah | Jawwad Faisal | | Abdullah |
| Dated : October 29, 2018 C | hief Executive | Chief Financial Offic | cer Dir | rector |
| Reliance Cotton Spinning Mills Limited | | | | 9 |

| r f | | _ | | | | |
|--|---------------|---------------------------|-----------------|---|----------------|---------------|
| | | Revenue re | eserves | | | |
| | Share capital | Un-appropriated profit | General reserve | Unrealized loss on remeasurement of investments available for sale-net | Total reserves | Total |
| | | | F | Rupees | | |
| Balance as at July 01, 2017 | 102,920,000 | 1,350,806,706 | 130,000,000 | (9,370,227) | 1,471,436,479 | 1,574,356,475 |
| Total comprehensive income: | | | | | | |
| Profit for the quarter ended September 30, 2017 | - | 70,413,876 | | - | 70,413,876 | 70,413,87 |
| Other comprehensive income | - | - | - | (8,957,570) | (8,957,570) | (8,957,57 |
| Total comprehensive income | - | 70,413,876 | - | (8,957,570) | 61,456,306 | 61,456,30 |
| Balance as at September 30, 2017 Transactions with owners: Final dividend for the year ended | 102,920,000 | 1,421,220,582 | 130,000,000 | (18,327,797) | 1,532,892,785 | 1,635,812,78 |
| June 30, 2017 @ Rs. 1.5 per share | | (15,438,000) | - | - | (15,438,000) | (15,438,00 |
| - | 102,920,000 | 1,405,782,582 | 130,000,000 | (18,327,797) | 1,517,454,785 | 1,620,374,78 |
| Profit for the nine months ended June 30, 2017 | - | 245,666,663 | - | - | 245,666,663 | 245,666,66 |
| Other comprehensive income | - | (830,822) | - | 7,161,932 | 6,331,110 | 6,331,11 |
| Total comprehensive income | - | 244,835,841 | - | 7,161,932 | 251,997,773 | 251,997,77 |
| Balance as at June 30, 2018 | 102,920,000 | 1,650,618,423 | 130,000,000 | (11,165,865) | 1,769,452,558 | 1,872,372,55 |
| Profit for the quarter ended September 30, 2018 | | 134,700,905 | | | 134,700,905 | 134,700,90 |
| Other comprehensive income | - | • | - | (3,495,524) | (3,495,524) | (3,495,52 |
| Total comprehensive income | - | 134,700,905 | - | (3,495,524) | 131,205,381 | 131,205,38 |

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

Lahore : Dated : October 29, 2018 Shayan Abdullah Chief Executive Jawwad Faisal Chief Financial Officer Shahid Abdullah Director

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

LEGAL STATUS AND OPERATIONS

- 1.1 Reliance Cotton Spinning Mills Limited ("the Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on June 16, 1993 on Pakistan stock exchange limited. The principal activity of the Company is manufacturing and sale of yarn. The registered office of the Company is situated at 312, Cotton Exchange Building, Karachi and mills are located at Warburton Road, Ferozewattoan, District Sheikhupura, Punjab.
- **1.2** These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.
- **1.3** These are the standalone financial statements of the company in which investments in subsidiary and associates are accounted for on at cost. Condensed consolidated interim financial statements are prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Separate financial statements

These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary and associate are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated condened interim financial statements of the Company are prepared separately.

Consequent to preparation of consolidated financial statements by consolidating its subsidiary RCSM Company (Private) Limited, the Company has prepared its separate financial statements for the first time for the year ended June 30, 2018. The Company has chosen to present all equity investments at cost as fully explained in note 5.

The results of the Company, based on investments in associate accounted for under the equity method, are reflected in the consolidated condensed financial statements of the Company.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2018.
- 3.2 The preparation of this unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual published audited financial statements as at and for the year ended June 30, 2018
- 3.4 Certain amendments to approved accounting standards have been published and are mandatorily effective for the accounting period beginning on or after July 1, 2018, none of these amendments are expected to have a significant effect on these unconsolidated condensed interim financial statements.

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

| 4 | PROPERTY, PLANT AND EQUIPMENT | Note | Un-audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|-----|---|------------|---|---------------------------------------|
| | Operating assets Capital work in progress | 4.1 4.2 | 1,443,366,876 24,459,114 | 1,460,246,900 518,161 |
| | Capital work in progress | 7.2 | 1,467,825,990 | 1,460,765,061 |
| 4.1 | Operating assets | | | |
| | Opening book value Additions during the period / year | | 1,460,246,900 | 1,403,202,577 |
| | Freehold land | | - | 2,368,000 |
| | Residential building | | - | 11,535,105 |
| | Electric installation | | - | 1,149,425 |
| | Elecrtic equipment | | - | 213,450 |
| | Computers | | 121,500 121,500 | 89,000 15,354,980 |
| | Transfer from capital work in progress | | | |
| | Factory building | | - | 25,765,916 |
| | Plant and machinery | | 18,183,231 | 148,760,672 |
| | Vehicles | | - | 11,801,714 |
| | Book value of assets disposed off during the period / year | | 18,183,231 | 186,328,302 (2,649,149) |
| | Depreciation charged during the period / year | | - (35,184,755) | (141,989,810) |
| | Closing book value | | 1,443,366,876 | 1,460,246,900 |
| 4.2 | Capital work in progress | | | |
| | Plant and machinery | | 24,459,114 | 518,161 |
| | | | 24,459,114 | 518,161 |
| 5 | LONG TERM INVESTMENTS | | | |
| | Investment in subsidiary - at cost: Un-quoted: DCCM Company (Driveto) Limited | | 400.000 | 100,000 |
| | RCSM Company (Private) Limited | | 100,000 | 100,000 |
| | Investments in associates - at cost: Quoted: | | 44.050.400 | 11 050 100 |
| | Sapphire Fibres Limited | | 41,956,482 8,114,578 | 41,956,482 8,114,578 |
| | Sapphire Textile Mills Limited SFL Limited | | 2,439,475 | 2,439,475 |
| | Un-quoted: | | | |
| | Sapphire Finishing Mills Limited | | 16,509,160 | 16,509,160 |
| | Sapphire Holding Limited | | 524,950 | 524,950 |
| | Sapphire Power Generation Limited | | 19,425,000 | 19,425,000 |
| | | | 89,069,645 | 89,069,645 |
| 6 | LONG TERM FINANCING | | | |
| | As at the beginning of the period / year | | 193,051,000 | 74,900,000 |
| | Availed during the period / year | | 23,842,000 | 118,151,000 |
| | As at the end of the period / year | | 216,893,000 | 193,051,000 |
| | Less: Current maturity of long term financing | | (7,635,436) | (7,318,748) |
| | | | 209,257,564 | 185,732,252 |

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

6.1 These loans were obtained from MCB Bank Limited under LTFF scheme of State Bank of Pakistan (SBP). The purpose of these loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 500 million. During the year, the Company further obtained Rs.23.842 million (2018: Rs. 118.51 million) against the purchase of imported plant and machinery. These loans are secured against charge of Rs. 667 million over all present and future plant and machinery of the Company. These loans are repayable in 16 equal semi-annual installments over 10 years including 2 years grace period. These loans carry mark up at the (SBP rate) + 0.5%. Installment under these arrangements are detailed below along with date of last payment:

| 7 SHORT TERM BORROWINGS From banking companies - secured Running finance 954,017,125 887,713,150 Other short term finance 870,000,000 540,000,000 Temporary bank overdraft 2,022,925 1,826,040,050 1,427,713,150 8. CONTINGENCIES AND COMMITMENTS 1 1,826,040,050 1,427,713,150 8. Contingencies 168,990,298 168,990,298 168,990,298 Post dated cheques issued 1332,057,339 316,521,69 332,057,339 316,521,69 8.2 Claims of Input Sales Tax 106,990,298 168,990,298 168,990,298 168,990,298 8.3 Commitments Irrevocable letters of credit for import of: | | Note | Un-Audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|--|-------|--|---|---------------------------------------|
| From banking companies - secured Running finance 954,017,125 887,713,150 Other short term finance 870,000,000 540,000,000 540,000,000 Temporary bank overdraft 1,826,040,050 1,427,713,150 8 CONTINGENCIES AND COMMITMENTS 1,826,040,050 1,427,713,150 8.1 Contingencies 168,990,298 168,990,298 Course of business 168,990,298 168,990,298 Post dated cheques issued 163,067,041 147,531,396 322,057,339 316,521,69 332,057,339 8.2 Claims of Input Sales Tax There has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2018. 294,675,883 8.3 Commitments Inrevocable letters of credit for import of: -Machinery 4,4300,730 294,675,883 -Stores and spare parts - 4,4300,969 387,671,075 387,671,075 -Stores and spare parts - 4,4300,969 387,671,075 387,671,075 -Stores and spare parts - - 4,430,969 387,671,075 -Stores of goods manufactured 9 | | Note | Rupees | Rupees |
| Running finance 954,017,125 887,713,155 Other short term finance 370,000,000 540,000,000 Temporary bank overdraft 1,227,713,155 S CONTINGENCIES AND COMMITMENTS 1,427,713,155 S.1 Contingencies 1,427,713,155 Guarantees have been issued by banks on behalf of the Company in the normal course of business 168,990,298 168,990,298 Post dated cheques issued 163,067,041 147,531,396 332,057,339 316,521,69 8.2 Claims of input Sales Tax 332,057,339 316,521,69 316,521,69 There has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2018. 294,675,883 4,4300,730 294,675,883 Socromitments Irrevocable letters of credit for import of: - 4,4300,986 88,464,191 -SLOBE 2018 2017 Un-audited September 30, 2018 September 30, 2018 September 30, 2018 September 30, 2018 September 30, 2017 September 30, 2017 September 30, 2017 September 30, 2018 September 30, 2018 September 30, 2018 September 30, 2018 September 30, | 7 | SHORT TERM BORROWINGS | | |
| Other short term finance 870,000,000 540,000,000 Temporary bank overdraft 2.022,925 - 1,826,040,050 1.427,713,150 8 CONTINGENCIES AND COMMITMENTS - 8.1 Contingencies 168,990,298 Guarantees have been issued by banks on behalf of the Company in the normal course of business 168,990,298 Post dated cheques issued 163,067,041 147,531,394 332,057,339 316,521,69 332,057,339 8.2 Claims of input Sales Tax - There has been no material change in the status of contingencies pointed in the financial statements for the year ender June 30, 2018. 294,675,885 Inrevocable letters of credit for import of: - - Raw material 180,728,895 84,641,91 525,029,625 387,571,075 Un-audited September 30, 9 COST OF SALES 2017 Rupees 2017 Rupees 1,086,544,467 86,808,317 2,076,429 9.1 1,086,544,467 884,788,632 2,076,429 9.1 1,086,544,467 882,8083 | | From banking companies - secured | | |
| Temporary bank overdraft 2,022,925 - 1,826,040,050 1,427,713,150 8 CONTINGENCIES AND COMMITMENTS 8.1 Contingencies Guarantees have been issued by banks on behalf of the Company in the normal course of business 168,990,298 Post dated cheques issued 163,067,041 9 Claims of Input Sales Tax - There has been no material change in the status of contingencies pointed in the financial statements for the year ender June 30, 2018. 294,675,883 8.3 Commitments - Irrevocable letters of credit for import of: - -Machinery - 344,300,730 -Raw material 180,728,895 88,464,191 525,029,625 387,571,073 Un-audited Un-audited Un-audited Stocks - opening 2018 2017 Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,422 953,015,633 Stocks - closing 140,912,165 143,725,266 Raw material consumed 832,917,567 631,401,531 </td <td></td> <td>Running finance</td> <td>954,017,125</td> <td>887,713,150</td> | | Running finance | 954,017,125 | 887,713,150 |
| Image: Second | | Other short term finance | 870,000,000 | 540,000,000 |
| 8 CONTINGENCIES AND COMMITMENTS 8.1 Contingencies Guarantees have been issued by banks on behalf of the Company in the normal course of business Post dated cheques issued 168,990,298 163,067,041 332,057,339 336,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 332,057,339 316,521,69 344,300,730 294,675,883 - 4,430,996 - Raw material 8.3 Commitments Irrevocable letters of credit for import of: -Machinery -Stores and spare parts - 4,430,996 -Raw material 344,300,730 294,675,883 - 4,430,995 - 4,430,995 - 88,464,191 525,029,625 387,571,073 Un-audited September 30, September 30, September 30, 2018 Rupees 294,675,883 2017 Rupees 9 COST OF SALES Stocks - opening Cost of goods manufactured Yam purchase 11,086,544,467 2,030,487 2,017,6429 1,034,576,029 1,034,7864,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,7862,165 2,037,6429 1,034,564,467 322,937,667 2,037,6429 1,034,575,029 8,03,407,780 2,03,118,021 1,042,7201 1,031,744,144 8,48,788,652 2,037,887 2,039 8,0340,790 2,034,0367 2,039 8,0340,790 2,034,0367 2,039 8,0340,790 2,034,0367 2,039 8,0340,790 2,034,0367 2,035,0329 3,036,750,029 8,003,40,790 2,034,0367 2,035,750,029 8,003,40,790 2,034,0367 2,035,750,029 8,003,40,790 2,034,0367 2,035,750,029 8,003,40,790 2,034,0367 2,035,750,029 8,003,40,790 2,034,0367 2,035,750,029 8,003,40,790 2,035,750,029 8,003,40,790 2,034,0367 2,035,750,029 8,003,40,790 2,034 | | Temporary bank overdraft | | - |
| 8.1 Contingencies Guarantees have been issued by banks on behalf of the Company in the normal course of business 168,990,298 168,990,298 168,990,298 Post dated cheques issued 163,067,041 147,531,391 332,057,339 316,521,69 8.2 Claims of Input Sales Tax Intere has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2018. 294,675,883 8.3 Commitments Inrevocable letters of credit for import of: -Machinery 344,300,730 294,675,883 -Stores and spare parts - 4,430,995 88,464,191 525,029,625 387,571,073 9 COST OF SALES Un-audited September 30, 2018 2017 Rupees Stocks - opening 108,544,467 868,608,317 2018 2017 Rupees Stocks - closing (104,227,001 1,031,744,144 848,788,632 2,076,25 383,2917,567 631,401,531 9.1 Cost of goods manufactured 9.1 1,086,544,467 868,608,317 2,076,422 2,076,422 2,076,422 2,076,422 2,076,422 2,076,426 | | | 1,826,040,050 | 1,427,713,150 |
| Guarantees have been issued by banks on behalf of the Company in the normal course of business 168,990,298 168,990,298 168,990,298 Post dated cheques issued 163,067,041 147,531,390 332,057,339 316,521,69 8.2 Claims of Input Sales Tax 332,057,339 316,521,69 There has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2018. Commitments Irrevocable letters of credit for import of: Machinery 344,300,730 294,675,883 -Stores and spare parts 4,430,995 - -Raw material 180,728,895 88,464,191 525,029,625 387,571,073 2018 9 COST OF SALES 2018 Un-audited September 30, 2017 September 30, 2017 9 Cost of goods manufactured 9.1 1,086,544,467 86,0608,317 9.1 Cost of goods manufactured 9.1 1,081,744,144 848,788,632 9.1 Cost of goods manufactured 9.1 1,031,744,144 848,786,832 9.1 Cost of goods manufactured 22,957,462 22,939,267 22,939,267 | 8 | CONTINGENCIES AND COMMITMENTS | | |
| Guarantees have been issued by banks on behalf of the Company in the normal course of business 168,990,298 168,990,298 168,990,298 Post dated cheques issued 163,067,041 147,531,396 147,531,396 8.2 Claims of Input Sales Tax 332,057,333 316,521,69 8.3 Commitments 180,728,895 844,300,730 294,675,883 . -Machinery 344,300,730 294,675,883 -4,430,999 . -Machinery 344,300,730 294,675,883 -4,430,999 . -Machinery 344,300,730 294,675,883 -2018 . -Machinery 344,300,730 294,675,883 -2017 . -Machinery -4,430,999 -8,2018 2018 2017 . -Raw material 2018 2017 Rupees September 30, 2017 . -Cost of goods manufactured 9.1 1,086,544,467 863,083,07 24,370,685 230,887 . -Cost of goods manufactured 9.1 1,086,544,467 863,608,317 2017 2016,625 | 8.1 | Contingencies | | |
| course of business 168,990,298 168,990,298 168,990,298 168,990,298 168,990,298 147,531,394 332,057,339 316,521,693 326,575,573 367,571,073 316,521,693 326,575,612 367,571,073 316,521,693 326,575,612 367,571,073 316,521,693 326,575,612 323,30,867 323,30,867 323,30,867 323,30,867 323,30,867 323,30,867 323,30,867 | | - | | |
| Post dated cheques issued 163,067,041 332,057,339 147,531,394 316,521,69 8.2 Claims of Input Sales Tax There has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2018. 344,300,730 294,675,885 8.3 Commitments Irrevocable letters of credit for import of: Machinery Stores and spare parts 344,300,730 294,675,885 Stores and spare parts - 4,430,995 Raw material 180,728,895 388,464,191 525,029,625 387,571,073 Un-audited September 30 September 30 September 30 2018 2017 Rupees 2018 9 COST OF SALES 108,654,467 866,608,317 Stocks - opening 1,086,544,467 866,608,317 Yam purchase - 2,076,429 9.1 Cost of goods manufactured 9.1 1,031,744,144 848,788,632 9.1 Cost of goods manufactured 832,917,567 631,401,531 9.1 Cost of goods manufactured 832,917,567 631,401,531 9.1 Cost of goods manufactured 832,917 | | | 168,990,298 | 168,990,298 |
| 8.2 Claims of Input Sales Tax There has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2018. 8.3 Commitments Irrevocable letters of credit for import of: -Machinery -Stores and spare parts -Raw material 344,300,730 -9 294,675,883 -0 -Raw material 180,728,895 -88,464,197 -525,029,625 387,571,073 -0 294,675,883 -0 9 COST OF SALES Un-audited September 30, 2017 Rupees Un-audited September 30, 2017 Rupees Un-audited September 30, 2017 Rupees 9 COST OF SALES 140,317,698 -2,076,429 -2,076,429 82,330,887 -2,076,429 9.1 1,086,544,467 -2,076,429 868,608,317 -2,076,429 9.1 1,086,544,467 -2,076,429 868,608,317 -2,076,429 9.1 Cost of goods manufactured Work in process - opening 140,912,165 -143,725,269 9.1 Cost of goods manufactured Work in process - opening 140,912,165 -143,725,269 Raw material consumed Overheads 832,917,567 -228,937,462 -228,939,2079 631,401,531 -228,939,2079 Work in process - closing (150,242,727) -1,086,544,467 636,808,317 | | Post dated cheques issued | 163,067,041 | 147,531,396 |
| Sector Sector< | | | 332,057,339 | 316,521,694 |
| June 30, 2018. 8.3 Commitments Irrevocable letters of credit for import of: -Machinery -Stores and spare parts -Raw material 9 COST OF SALES Stocks - opening Cost of goods manufactured Yarn purchase 9.1 Cost of goods manufactured Work in process - opening 140,912,165 143,725,269 Raw material consumed Overheads Work in process - closing 140,912,165 143,725,269 Raw material consumed Overheads Work in process - closing 140,912,165 143,725,269 Raw material consumed Overheads Work in process - closing 140,912,165 143,725,269 1,086,544,467 1,086,544,467 1,086,544,467 1,086,544,467 1,086,544,467 1,0912,165 143,725,269 832,917,567 1,095,875,029 860,340,780 1,086,544,467 868,608,317 1,086, | 8.2 | Claims of Input Sales Tax | | |
| Irrevocable letters of credit for import of: -Machinery 344,300,730 294,675,883 -Stores and spare parts - 4,430,990 -Raw material 180,728,895 88,464,191 525,029,625 387,571,073 Un-audited Un-audited Stores and spare parts - 4,430,990 -Raw material 525,029,625 387,571,073 Un-audited Un-audited Un-audited Stocks - opening 2018 2017 Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 - 2,076,429 Stocks - closing 148,317,698 82,330,887 - 2,076,429 9.1 Cost of goods manufactured 91 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 - 2,076,429 Stocks - closing 140,912,165 143,725,269 9.1 Cost of goods manufactured 832,917,567 631,401,531 Work in process - opening 140,912,165 143,725,269 860,340,789 Work in process - closing (| | | ncial statements fo | r the year ended |
| -Machinery -Stores and spare parts -Raw material 9 COST OF SALES Stocks - opening Cost of goods manufactured 9 Cost of goods manufactured 9 Cost of goods manufactured 9 Cost of goods manufactured 9 1 0 Cost of goods manufactured 0 verheads 0 verheads 0 verk in process - closing 1 40,912,165 143,725,269 8 60,340,788 1,085,844,467 8 68,608,317 1,095,875,029 8 60,340,788 1,086,544,467 8 68,608,317 1,086,544,467 8 88,788,328 1,086,544,467 8 88,788,328 1,086,808,317 1,086,544,467 8 88,788,328 1,086,808,317 1,086,544,467 | 8.3 | Commitments | | |
| -Machinery -Stores and spare parts -Raw material 9 COST OF SALES Stocks - opening Cost of goods manufactured 9 Cost of goods manufactured 9 Cost of goods manufactured 9 Cost of goods manufactured 9 1 0 Cost of goods manufactured 0 verheads 0 verheads 0 verk in process - closing 1 40,912,165 143,725,269 8 60,340,788 1,085,844,467 8 68,608,317 1,095,875,029 8 60,340,788 1,086,544,467 8 68,608,317 1,086,544,467 8 88,788,328 1,086,544,467 8 88,788,328 1,086,808,317 1,086,544,467 8 88,788,328 1,086,808,317 1,086,544,467 | | Irrevocable letters of credit for import of: | | |
| -Raw material 180,728,895 88,464,194 525,029,625 387,571,073 Un-audited Un-audited September 30, September 30, 2018 2017 Rupees Rupees Stocks - opening 148,317,698 82,330,887 Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase 2,076,429 1,234,862,165 953,015,633 Stocks - closing (203,118,021) (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured Work in process - opening 140,912,165 143,725,269 Raw material consumed Overheads 832,917,567 631,401,531 262,957,462 228,939,267 1,095,875,029 860,340,788 (150,242,727) (135,457,750 1,086,544,467 868,608,317 | | · | 344,300,730 | 294,675,883 |
| 525,029,625 387,571,073 Un-audited Un-audited Stocks - opening 2018 2017 Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 1,234,862,165 953,015,633 Stocks - closing (104,227,001) (104,227,001) 1,031,744,144 848,788,632 9.1 Cost of goods manufactured 832,917,567 631,401,531 228,939,267 9.1 Cost of goods manufactured 832,917,567 631,401,531 228,939,267 9.1 Cost of goods manufactured 832,917,567 631,401,531 Work in process - opening 140,912,165 143,725,269 Work in process - closing (150,242,727) (135,457,750) Work in process - closing 860,608,317 Work in process - closing (150,242,727) (135,457,750) 860,808,317 868,608,317 868,608,317 | | -Stores and spare parts | - | 4,430,999 |
| 9 COST OF SALES Un-audited September 30, 2018 Un-audited September 30, 2017 Un-audited September 30, 2018 Un-audited September 30, 2017 9 COST OF SALES 2018 2017 September 30, 2018 September 30, 2017 September 30, 2018 September 30, 2017 September 30, 2018 September 30, 2017 September 30, 20 | | -Raw material | 180,728,895 | 88,464,191 |
| September 30, 2018 Rupees September 30, 2017 Rupees Stocks - opening Cost of goods manufactured 148,317,698 82,330,887 Yarn purchase - 2,076,429 Stocks - closing - 2,076,429 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 1,234,862,165 953,015,633 (203,118,021) (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured Work in process - opening 140,912,165 Raw material consumed 832,917,567 Overheads 228,939,267 Work in process - closing (150,242,727) Work in process - closing (135,457,7502) 868,608,317 868,608,317 1,086,544,467 868,608,317 | | | 525,029,625 | 387,571,073 |
| 9 COST OF SALES 2018 Rupees 2017 Rupees Stocks - opening Cost of goods manufactured 9.1 148,317,698 82,330,887 Yarn purchase - 2,076,429 - 2,076,429 Yarn purchase - 2,076,429 - 2,076,429 Stocks - closing - 2,076,429 - 2,076,429 Stocks - closing - 2,076,429 - 2,076,429 9.1 Cost of goods manufactured (104,227,001 - - 2,076,429 9.1 Cost of goods manufactured - - - 2,076,429 9.1 Cost of goods manufactured - - - - - 9.1 Cost of goods manufactured - </td <td></td> <td></td> <td>Un-audited</td> <td>Un-audited</td> | | | Un-audited | Un-audited |
| Rupees Rupees Rupees Stocks - opening 148,317,698 82,330,887 Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 Stocks - closing 1,234,862,165 953,015,633 Stocks - closing (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured (140,912,165 143,725,269 Work in process - opening 140,912,165 143,725,269 Raw material consumed 832,917,567 631,401,531 Overheads (150,242,727) (135,457,750) Work in process - closing (150,242,727) (135,457,750) | | | September 30, | September 30, |
| Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 Stocks - closing 1,234,862,165 953,015,633 (203,118,021) (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured 140,912,165 143,725,269 Raw material consumed 0verheads 228,939,267 Overheads 1,095,875,029 860,340,798 Work in process - closing (150,242,727) (135,457,750) Work in process - closing 1,086,544,467 868,608,317 | 9 | COST OF SALES | | |
| Cost of goods manufactured 9.1 1,086,544,467 868,608,317 Yarn purchase - 2,076,429 Stocks - closing 1,234,862,165 953,015,633 (203,118,021) (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured 140,912,165 143,725,269 Raw material consumed 0verheads 228,939,267 Overheads 1,095,875,029 860,340,798 Work in process - closing (150,242,727) (135,457,750) Work in process - closing 1,086,544,467 868,608,317 | | Stocks - opening | 148.317.698 | 82.330.887 |
| Yarn purchase - 2,076,429 1,234,862,165 953,015,633 Stocks - closing (104,227,001 1,031,744,144 848,788,632 9.1 Cost of goods manufactured Work in process - opening 140,912,165 Raw material consumed 832,917,567 Overheads 228,939,267 1,095,875,029 860,340,798 (150,242,727) (135,457,750) 1,086,544,467 868,608,317 | | | | |
| Stocks - closing 1,234,862,165 953,015,633 Stocks - closing (104,227,001) 1,031,744,144 848,788,632 9.1 Cost of goods manufactured Work in process - opening 140,912,165 143,725,269 Raw material consumed 832,917,567 631,401,531 Overheads 262,957,462 228,939,267 Work in process - closing (150,242,727) (135,457,750) 1,086,544,467 868,608,317 | | | - | |
| Stocks - closing (203,118,021) (104,227,001) 1,031,744,144 848,788,632 9.1 Cost of goods manufactured Work in process - opening 140,912,165 143,725,269 Raw material consumed 832,917,567 631,401,531 Overheads 262,957,462 228,939,267 Work in process - closing (150,242,727) (135,457,750) 1,086,544,467 868,608,317 | | | 1,234,862,165 | 953,015,633 |
| 9.1 Cost of goods manufactured Work in process - opening 140,912,165 Raw material consumed 832,917,567 Overheads 262,957,462 Work in process - closing (150,242,727) Work in process - closing 1,086,544,467 | | Stocks - closing | | (104,227,001) |
| Work in process - opening 140,912,165 143,725,269 Raw material consumed 832,917,567 631,401,531 Overheads 262,957,462 228,939,267 Nork in process - closing (150,242,727) (135,457,750) Work in process - closing 1,086,544,467 868,608,317 | | | 1,031,744,144 | 848,788,632 |
| Work in process - opening 140,912,165 143,725,269 Raw material consumed 832,917,567 631,401,531 Overheads 262,957,462 228,939,267 Nork in process - closing (150,242,727) (135,457,750) Work in process - closing 1,086,544,467 868,608,317 | 9.1 | Cost of goods manufactured | | |
| Raw material consumed 832,917,567 631,401,531 Overheads 262,957,462 228,939,267 Nork in process - closing (150,242,727) (135,457,750) Nork in process - closing 1,086,544,467 868,608,317 | | - | 140,912,165 | 143,725,269 |
| Overheads 262,957,462 228,939,267 1,095,875,029 860,340,798 Work in process - closing (150,242,727) (135,457,750) 1,086,544,467 868,608,317 | | | , | ,. 20,200 |
| Overheads 262,957,462 228,939,267 1,095,875,029 860,340,798 Work in process - closing (150,242,727) (135,457,750) 1,086,544,467 868,608,317 | | Raw material consumed | 832,917,567 | 631,401,531 |
| Work in process - closing (135,457,750) 1,086,544,467 868,608,317 | | Overheads | 262,957,462 | 228,939,267 |
| 1,086,544,467 868,608,317 | | | | 860,340,798 |
| | | Work in process - closing | (150,242,727) | (135,457,750) |
| | | | 1,086,544,467 | 868,608,317 |
| Reliance Cotton Sninning Mills Limited | Relia | unce Cotton Spinning Mills Limited | | 13 |

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, subsidiary and other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business enters into transactions with various related parties.

The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

| | | Quarter | ended |
|------------------------|---|---------------|---------------|
| | | September 30, | September 30, |
| | | 2018 | 2017 |
| Nature of Relationship | Nature of Transaction | Rup | ees |
| Associated companies | | | |
| | Sales of finished goods, raw material / stores | | |
| | and spare parts | 182,275,280 | 139,325,395 |
| | Purchases of; | | |
| | - finished goods, raw material / stores and spare parts | 11,359,167 | 22,547,379 |
| | - electricity | 27,706,713 | 5,671,704 |
| | Services rendered | - | 55,974 |
| | Services obtained | 10,000 | 753,250 |
| | Dividend received | 1,505,888 | - |
| | Shared expenses paid | 1,762,643 | 1,903,655 |
| | Shared expenses received | 1,329,687 | 1,079,524 |

Transactions with related parties are carried out at agreed terms in the normal course of business.

11 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 29, 2018.

12 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore : Dated : October 29, 2018 Shayan Abdullah Chief Executive Jawwad Faisal Chief Financial Officer Shahid Abdullah Director



Reliance Cotton Spinning Mills Limited Consolidated Financial Statements

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Directors' Report

On behalf of Board of Directors of Holding Company of RCSM Company (Pvt.) Limited, it is our pleasure to present Directors Report with Un-Audited Consolidated Financial statement of the Company for the quarter ended September 30, 2018

RCSM Company (Pvt.) Limited

RCSM Company (Pvt.) Limited was incorporated in Pakistan as private limited by shares wholly owned by Reliance Cotton Spinning Mills Limited under Companies Ordinance, 1984 (now Companies Act, 2017) on November 08, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

For and on behalf of Board

Lahore October 29, 2018 Shahid Abdullah Director Shayan Abdullah Chief Executive Officer

Quarterly Accounts September 30, 2018

د ائر یکٹرزر پورٹ

RCSM کمپنی (پرائیویٹ) کمپنی کے بورڈ آف ڈائر یکٹرز کی جانب سے، ہم 30 تتمبر 2018ء کوختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مجموعی مالیاتی گوشواروں کے ہمراہ ڈائر یکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

RCSM سمینی(پرائیویٹ) کمیٹڈ: RCSM سمینی(پرائیویٹ) لمیٹڈ کمپنیز آرڈینس،1984 (ابکپنیزا یک 2017) کے تحت 08 نومبر 2017 کو ریلائنس کاٹن سپنگ ملزلمیٹڈ کے کمل ملکیتی شیئرز ہے خمی لمیٹڈ کمپنی کے طور پر پاکستان میں قائم ہوئی۔ذیلی کمپنی کی اصل سرگرمی کی دیگر کینی میں شیئرز لیانا جزیدنا اوررکھنا ہے لیکن ایک سرماییکاری کمپنی کے طور پرکام کرنانہیں ہے۔

منجانب بورڈ آف ڈائر یکٹرز

(شام**دعبدالله)** د ائریکٹر (شامان عبدالله) چيف ايگزيکڻو

لامور تاريخ:29 كتوبر 2018

Consolidated Condensed Interim Statement of Financial Position As at September 30, 2018

| | | Un-Audited | Audited |
|--|------------------------------------|--|--|
| | | September 30, | June 30, |
| | Note | 2018 | 2018 |
| ASSETS | | Rupe | es |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,467,825,990 | 1,460,765,061 |
| Long term investments | 5 | 732,440,879 | 718,327,402 |
| Long term deposits | | 8,987,690 | 8,987,690 |
| | | 2,209,254,559 | 2,188,080,153 |
| CURRENT ASSETS | | | |
| Stores and spare parts | | 30,126,602 | 49,466,734 |
| Stock-in-trade | | 1,511,077,219 | 1,242,826,867 |
| Trade debts | | 879,717,341 | 665,550,377 |
| Loans and advances | | 103,913,389 | 64,191,180 |
| Short term deposits and prepayments | | 1,697,651 | 2,255,778 |
| Other receivables | | 46,118,019 | 48,129,947 |
| Tax refunds due from the Government | | 247,869,368 | 233,635,886 |
| Short term investments | | 73,435,890 | 78,692,660 |
| Cash and bank balances | | 22,037,960 | 7,880,802 |
| | | 2,915,993,439 | 2,392,630,231 |
| | | 5,125,247,998 | 4,580,710,384 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital | | | |
| 12,000,000 (2018: 12,000,000) ordinary shares of Rs | . 10 each | 120,000,000 | 120,000,000 |
| Issued, subscribed and paid up capital | | 102,920,000 | 102,920,000 |
| Reserves | | 2,466,034,967 | ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ |
| | | | 2,322,673,005 |
| | | 2,568,954,967 | |
| NON-CURRENT LIABILITIES | | 2,568,954,967 | 2,322,673,005 2,425,593,005 |
| NON-CURRENT LIABILITIES Long term financing | 6 | 2,568,954,967 | 2,425,593,005 |
| | 6 | | |
| Long term financing Defferred liabilities | 6 | 209,257,564 | 2,425,593,005 185,732,252 168,983,093 |
| Long term financing Defferred liabilities CURRENT LIABILITIES | 6 | 209,257,564 144,700,771 353,958,335 | 2,425,593,005 185,732,252 168,983,093 354,715,345 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables | 6 | 209,257,564 144,700,771 353,958,335 306,089,128 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend | 6 | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued | | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings | 6 7 | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings Current portion of long term financing | | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend | | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 7,635,436 38,464,993 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 7,318,748 27,777,287 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings Current portion of long term financing Provision for taxation | | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 7,635,436 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 7,318,748 27,777,287 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings Current portion of long term financing | | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 7,635,436 38,464,993 2,202,334,696 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 7,318,748 27,777,287 1,800,402,034 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings Current portion of long term financing Provision for taxation CONTINGENCIES AND COMMITMENTS | 7 | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 7,635,436 38,464,993 2,202,334,696 5,125,247,998 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 7,318,748 27,777,287 1,800,402,034 4,580,710,384 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings Current portion of long term financing Provision for taxation | 7 | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 7,635,436 38,464,993 2,202,334,696 5,125,247,998 | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 7,318,748 27,777,287 1,800,402,034 4,580,710,384 |
| Long term financing Defferred liabilities CURRENT LIABILITIES Trade and other payables Unclaimed dividend Markup accrued Short term borrowings Current portion of long term financing Provision for taxation CONTINGENCIES AND COMMITMENTS The annexed notes from 1 to 12 form an integral part of | 7 of these consolidated condens | 209,257,564 144,700,771 353,958,335 306,089,128 410,117 23,694,972 1,826,040,050 7,635,436 38,464,993 2,202,334,696 5,125,247,998 ed interim financial statem | 2,425,593,005 185,732,252 168,983,093 354,715,345 314,711,298 410,117 22,471,434 1,427,713,150 7,318,748 27,777,287 1,800,402,034 4,580,710,384 |

Reliance Cotton Spinning Mills Limited and its subsidiary

| | September 30, 20 | | |
|--|-----------------------|------------------------|---------------|
| | | Un-Audited | Un-Audited |
| | | Quarter ended | Quarter ended |
| | | September 30, | September 30 |
| | Note | 2018 | 2017 |
| | Note | Rup | 0ees |
| ales - net | | 1,245,624,981 | 989,470,526 |
| cost of sales | 9 | (1,031,744,144) | (848,788,632 |
| eross profit | | 213,880,837 | 140,681,894 |
| Distribution cost | | (18,041,426) | (23,051,303 |
| dministrative expenses | | (13,826,550) | (11,444,677 |
| Other operating expenses | | (7,935,751) | (4,807,786 |
| | | (39,803,727) | (39,303,766 |
| Other income | | 874,867 | 694,873 |
| Operating profit before finance cost | | 174,951,977 | 102,073,00 |
| inance cost | | (31,076,754) | (21,928,722 |
| hare of profit from associates | | 21,996,137 | 13,814,564 |
| rofit before taxation | | 165,871,360 | 93,958,843 |
| Provision for taxation | | (12,637,102) | (17,085,320 |
| rofit for the quarter | | 153,234,258 | 76,873,523 |
| arnings per share - basic and diluted | | 14.89 | 7.4 |
| he annexed notes from 1 to 12 form an integral part of these conso | olidated condensed in | terim financial staten | nents. |

Lahore : Dated : October 29, 2018 Shayan Abdullah Chief Executive Jawwad Faisal Chief Financial Officer Shahid Abdullah Director

| Consolidated Condensed Interim Statement of Comprehensive Income For the Quarter ended September 30, 2018 | | | | |
|--|---------------|---------------|--|--|
| | Un-Audited | Un-Audited | | |
| | Quarter ended | Quarter ended | | |
| | September 30, | September 30, | | |
| | 2018 | 2017 | | |
| | Ru | pees | | |
| Profit for the quarter | 153,234,258 | 76,873,523 | | |
| Other comprehensive income: | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Share in associates' unrealized loss on available for sale investments - net | (7,945,185) | (60,328,162) | | |
| Unrealized loss on remeasurement of short term investment | (2,685,327) | (8,957,570) | | |
| Realised (loss) on sale of available for investments | (810,197) | - | | |
| | (3,495,524) | (8,957,570) | | |
| Share in associate's unrealized (loss)/gain on hedging instruments | (75,590) | 67,255 | | |
| | (11,516,299) | (69,218,477) | | |
| Total comprehensive income for the quarter | 141,717,959 | 7,655,046 | | |
| | | | | |

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

Lahore : Dated : October 29, 2018 Shayan Abdullah Chief Executive Jawwad Faisal Chief Financial Officer Shahid Abdullah Director

Consolidated Condensed Interim Statement of Cash Flows For the Quarter ended September 30, 2018

| | | | Un-Audited Quarter ended | Un-Audited Quarter ended |
|--|----------------------------|-------------------------------|------------------------------------|------------------------------------|
| | | | September 30, 2018 | September 30, 2017 |
| | | | Rup | Dees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | | | 165,871,360 | 93,958,843 |
| Adjustments for: | | | | |
| Depreciation on property, plant and equipment | | | 35,184,755 | 33,832,583 |
| Provision for employee benefits | | | 4,500,000 | 6,360,000 |
| Rebate Income | | | (79,928) | (10,706,017) |
| Finance cost | | | 31,076,754 | 21,928,722 |
| Share of profit from associates | | | (21,996,137) | (13,814,564) |
| Dividend income on short and long term investment | | | 179,760 | - |
| | | | 214,736,564 | 131,559,567 |
| Working capital changes | | | | |
| Decrease / (Increase) in current assets | | | | |
| Stores and spare parts | | | 19,340,132 | 2,815,239 |
| Stock-in-trade | | | (268,250,352) | 15,076,707 |
| Trade debts Loans and advances | | | (214,166,964) | (146,103,609) |
| Short term deposits and prepayments | | | (34,894,732) | (37,821,043) |
| Other receivables | | | 558,127 | (562,029) |
| | | | 2,091,856 | 666,890 |
| Increase / (decrease) in current liabilities Trade and other payables | | | (9 622 170) | (71 770 277) |
| | | | (8,622,170) | (71,770,377) |
| Cash (used in) / generated from operations | | | (503,944,103) (289,207,539) | (237,698,222) (106,138,655) |
| Employee benefits paid | | | (30,731,718) | (1,335,856) |
| Finance cost paid | | | (29,853,215) | (26,645,013) |
| Sales tax (paid) / refunded | | | (14,233,482) | 19,513,479 |
| Income taxes paid | | | (4,827,477) | (6,071,245) |
| Rebate income received | | | - | 3,316,689 |
| | | | (79,645,892) | (11,221,946) |
| Net cash (used in) / generated from operating activities | | | (368,853,431) | (117,360,601) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Addition to property, plant and equipment | | | (42,245,684) | (9,874,909) |
| Short term investments - net | | | 1,761,245 | (3,867,645) |
| Dividend received | | | 1,326,128 | - |
| Net cash used in investing activities | | | (39,158,311) | (13,742,554) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Long term finance obtained | | | 23,842,000 | _ |
| Short term borrowings - net | | | 398,326,900 | 158,906,160 |
| Net cash from / (used in) financing activities | | | | |
| | | | 422,168,900 | 158,906,160 |
| Net (decrease) / increase in cash and cash equivalents | i | | 14,157,158 | 27,803,005 |
| Cash and cash equivalents at beginning of the year | | | 7,880,802 | 22,711,121 |
| Cash and cash equivalents at the end of the year | | | 22,037,960 | 50,514,126 |
| The annexed notes from 1 to 12 form an integral part of the | ese consolidated condensed | interim financial statements. | | |
| Lahore : | Shayan Abdullah | Jawwad Faisal | Shahid A | bdullah |
| Dated : October 29, 2018 | Chief Executive | Chief Financial Officer | Direc | |
| Reliance Cotton Spinning Mills Limited and | its subsidiary | | | 21 |
| Terminee Cotton optimiting maries Ennited and I | ito suostatury | | | 21 |

| P | | | Revenue reserves | reserves | | | Capital reserve | | | |
|--|-----------------------|------------------------------------|--|--|-----------------------|-----------------------------|-----------------|----------------|---------------|---------------|
| | | | | Unrealized | Share in | | Share in | | | |
| | | : | | gain/(loss) on | associates | Share in | associate's S | Share of items | | |
| | | ċ | | | - | associate's | | directly | | |
| | Share capital | appropriated | General reserve nt of available on available for | nt of available | on available for | unrealized gain / | ent of post | recognized in | Sub-total | Total |
| | | profit | | for sale | | (loss) on hedging | retirement | equity by | | |
| | | | | investments - | nts - | instruments | | associates | | |
| | | | | net | net | | obligation | | | |
| | | | | | 1 | | | | | |
| | | | | ••••••••••••••••••••••••••••••••••••••• | Kupees | bees | | | | |
| s Balance as at June 30, 2017 | 102,920,000 | I,785,964,745 | 130,000,000 | (9,370,227) | 1 37,685,026 | 3,219 | (1,792,820) | 9,841,956 🕈 | 2,052,331,899 | 2,155,251,899 |
| Profit for the quarer ended September 30, 2017 | | 76,873,523 | | | | | | | 76,873,523 | 76,873,523 |
| - | 1 | ı | | (8,957,570) | (60,328,162) | 67,255 | | | (69,218,477) | (69,218,477) |
| | ' | 76,873,523 | | (8,957,570) | (60,328,162) | 67,255 | • | | 7,655,046 | 7,655,046 |
| | | | | | | | | | | |
| | | | | | | | | (16,681) | (16,681) | (16,681) |
| Balance as at September 30, 2017 Comprehensive income: | 1 02,9 20,000 | l,862,838,268 | 130,000,000 | (18,327,797) | 77,356,864 | 70,474 | (1,792,820) | 9,825,275 | 2,059,970,264 | 2,162,890,264 |
| Profit for the nine months ended June 30, 2018 | | 281,132,872 | | | | | | | 281,132,872 | 281,132,872 |
| Other comprehensive income | • | (830.822) | • | 7.161.932 | (7.720.653) | 211.503 | (236.597) | • | (1.414.637) | (1.414.637) |
| Total comprehensive income | . | 280.302.050 | | 7,161,932 | (7.720,653) | 211.503 | | | 279.718.235 | 279.718.235 |
| Effects of items directly recognized in | | | | | | | | | | |
| equity by associates | • | • | • | • | • | | • | (1,577,494) | (1,577,494) | (1,577,494) |
| Transactions with owners: | | | | | | | | | | |
| Final dividend for the year ended June | | | | | | | | | | |
| 30, 2017 @ Rs.1.5 per share | • | (15,438,000) | _ | • | | • | | | (15,438,000) | (15,438,000) |
| Balance as at June 30, 2018 | 1 02, 9 20,000 | 2,127,702,318 | 130,000,000 | (11,165,865) | 69,636,211 | 281,977 | (2,029,417) | 8,247,781 | 2,322,673,005 | 2,425,593,005 |
| Profit for the quarer ended September 30, 2018 | ' | 153,234,258 | ' | | . | ' | | | 153,234,258 | 153,234,258 |
| Other comprehensive income | • | • | • | (3,495,524) | (7,945,185) | (75,590) | | | (11,516,299) | (11,516,299) |
| Total comprehensive income | • | 153,234,258 | | (3,495,524) | (7,945,185) | (75,590) | | | 141,717,959 | 141,717,959 |
| Effects of items directly recognized in equity by associates | | | | | | | | I,644,003 | I,644,003 | 1,644,003 |
| | | | | | | | | | | |
| Balance as at September 30, 2018 | 1 02,9 20,000 | 2,280,936,576 | 130,000,000 | (14,661,389) | 61,691,026 | 206,387 | (2,029,417) | 9,891,784 | 2,466,034,967 | 2,568,954,967 |
| The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements. | part of these consoli | dated condensed ir | iterim financial state | ments. | | | | | | |
| 22 | | 5 | | | - | | - | | | |
| Lahore : Dated : October 29, 2018 | | Shayan Abdullah Chief Executive | - | Jawwad Faisal Chief Financial Officer | Faisal Ial Officer | Shahid Abdullah Director | odullah | | | |
| | | | | | | | | | | |

Consolidated Condensed Interim Statement of Changes In Equity For the Quarter ended September 30, 2018

Reliance Cotton Spinning Mills Limited and its subsidiary

22

Selected Explanatory Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

THE GROUP AND ITS LEGAL STATUS AND OPERATIONS

The Group comprises of :

1.1 Reliance Cotton Spinning Mills Limited -the Holding Company

Reliance Cotton Spinning Mills Limited ("the Holding Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company was listed on June 16, 1993 on Pakistan Stock Exchange limited. The principal activity of the Holding Company is manufacturing and sale of yarn. The registered office of the Holding Company and Subsidiary Company is situated at 312, Cotton Exchange Building, Karachi and mills of Holding Company are located at Warburton Road, Ferozewattoan, District Sheikhupura, Punjab.

1.2 RCSM Company (Private) Limited - the Subsidiary Company (Holding-100%)

RCSM Company (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) on November 8, 2017.

The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

2 BASIS OF PREPARATION

- 2.1 These condensed consolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
 - International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 This condensed consolidated interim financial statements does not include all of the information required for the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of this condensed interim consolidated financial statements are the same as those applied in preparation of the annual audited financial statement for the year ended June 30, 2018.
- 3.2 The preparation of this condensed interim consolidated financial statements in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual published audited financial statements as at and for the year ended June 30, 2018.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatorily effective for the accounting period beginning on or after July 1, 2018, none of these amendments are expected to have a significant effect on this condensed interim consolidated financial statements.

Selected Explanatory Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

| | | | Un-audited September 30, 2018 | Audited June 30, 2018 |
|-----|--|------|-------------------------------------|-----------------------------|
| 4 | PROPERTY, PLANT AND EQUIPMENT | Note | Rupees | Rupees |
| | Operating assets | 4.1 | 1,443,366,876 | 1,460,246,90 |
| | Capital work in progress | 4.2 | 24,459,114 | 518,16 ⁻ |
| | | | 1,467,825,990 | 1,460,765,06 |
| l.1 | Operating assets | | | |
| | Opening book value | | 1,460,246,900 | 1,403,202,57 |
| | Additions during the period / year | | | |
| | Freehold land | | - | 2,368,00 |
| | Residential building | | - | 11,535,10 |
| | Electric installation | | - | 1,149,42 |
| | Elecrtic equipment | | - | 213,45 |
| | Computers | | 121,500 | 89,00 |
| | | | 121,500 | 15,354,98 |
| | Transfer from capital work in progress | | | |
| | Factory building | | - | 25,765,91 |
| | Plant and machinery | | 18,183,231 | 148,760,67 |
| | Vehicles | | - | 11,801,71 |
| | | | 18,183,231 | 186,328,30 |
| | Book value of assets disposed off during the period / year | | - | (2,649,14 |
| | Depreciation charged during the period / year | | (35,184,755) | (141,989,81 |
| | Closing book value | | 1,443,366,876 | 1,460,246,90 |
| .2 | Capital work in progress | | | |
| | Plant and machinery | | 24,459,114 | 518,16 |
| | | | 24,459,114 | 518,16 |
| 5 | LONG TERM INVESTMENTS | | | |
| | Investments in associates - at equity method: | | | |
| | Quoted: | | | |
| | Sapphire Fibres Limited | 5.2 | 427,343,521 | 418,447,16 |
| | Sapphire Textile Mills Limited | 5.3 | 86,536,277 | 82,983,62 |
| | SFL Limited | 5.4 | 58,631,676 | 58,084,71 |
| | Un quoted: | | | |
| | Sapphire Finishing Mills Limited | 5.5 | 78,429,576 | 76,483,46 |
| | Sapphire Holding Limited | 5.6 | 33,411,096 | 32,902,29 |
| | Sapphire Power Generation Limited | 5.7 | 48,088,733 | 49,426,13 |
| | | | 732,440,879 | 718,327,40 |

5.1 The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.

| | phire Q | Juarterly Accounts Septer | inder 50, 40. |
|------|---|--|---|
| Sele | ected Explanatory Notes to the Consolidated Condensed Interim For the Quarter ended September 3 | | n-audited) |
| | | Un-audited September 30, 2018 Rupees | Audited June 30 2018 Rupees |
| .2 | Investment in Sapphire Fibres Limited | | |
| | 393,697 (June 30, 2018: 393,697) ordinary shares of Rs. 10 each - cost Share of post acquisition profit items directly recognized in equity Dividend received | 41,956,482 385,387,039 427,343,521 | 41,956,48 377,081,23 (590,54 |
| .3 | Investment in Sapphire Textile Mills Limited | | 418,447,16 |
| | 100,223 (June 30, 2018: 100,223) ordinary shares of Rs. 10 each - cost Share of post acquisition profit and items directly recognized in equity Dividend received | 8,114,578 78,421,699 - | 8,114,57 74,869,04 - |
| | | 86,536,277 | 82,983,62 |
| .4 | Investment in SFL Limited | | |
| | 401,570 (June 30, 2018: 401,570) ordinary shares of Rs. 10 each - cost Share of post acquisition profit Dividend received | 2,439,475 57,698,089 (1,505,888) 58,631,676 | 2,439,47 55,946,42 (301,17 58,084,71 |
| .5 | Investment in Sapphire Finishing Mills Limited | | |
| | 1,556,000 (June 30, 2018: 1,556,000) ordinary shares of Rs. 10 each - cost Share of post acquisition profit and items directly recognized in equity Dividend received | 16,509,160 61,920,416 - | 16,509,16 59,974,30 |
| | | 78,429,576 | 76,483,46 |
| 6 | Investment in Sapphire Holding Limited | | |
| | 100,223 (June 30, 2018: 100,223) ordinary shares of Rs. 10 each - cost Share of post acquisition profit Dividend received | 524,950 32,886,146 - | 524,95 32,377,34 - |
| | | 33,411,096 | 32,902,29 |
| 7 | Investment in Sapphire Power Generation Limited | | |
| | 555,000 (June 30, 2018: 555,000) ordinary shares of Rs. 10 each - cost Share of post acquisition profit | 19,425,000 28,663,733 | 19,425,00 30,001,13 |

Selected Explanatory Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

| 6 | LONG TERM FINANCING | September 30, 2018 Rupees | June 30, 2018 Rupees |
|---|--|---------------------------------|----------------------------|
| | As at the beginning of the period / year Availed during the period / year | 193,051,000 23,842,000 | 74,900,000 118,151,000 |
| | As at the end of the period / year | 216,893,000 | 193,051,000 |
| | Less: Current maturity of long term financing | (7,535,436) 209,257,564 | (7,318,748) 185,732,252 |

6.1 These loans were obtained from MCB Bank Limited under LTFF scheme of State Bank of Pakistan (SBP). The purpose of these loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 500 million. During the year, the Company further obtained Rs.23.842 million (2018: Rs. 118.51 million) against the purchase of imported plant and machinery. These loans are secured against charge of Rs. 667 million over all present and future plant and machinery of the Company. These loans are repayable in 16 equal semi-annual installments over 10 years including 2 years grace period. These loans carry mark up at the (SBP rate) + 0.5%. Installment under these arrangements are detailed below along with date of last payment:

| | | Un-Audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|-----|---|---|---------------------------------------|
| 7 | SHORT TERM BORROWINGS | | |
| | From banking companies - secured | | |
| | Running finance | 954,017,125 | 887,713,150 |
| | Other short term finance | 870,000,000 | 540,000,000 |
| | Temporary bank overdraft | 2,022,925 | - |
| | | 1,826,040,050 | 1,427,713,150 |
| 8 | CONTINGENCIES AND COMMITMENTS | | |
| 8.1 | Contingencies Guarantees have been issued by banks on behalf of the Company in the normal course of business | | |
| | | 168,990,298 | 168,990,298 |
| | Post dated cheques issued | 163,067,041 | 147,531,396 |
| | - | 332,057,339 | 316,521,694 |
| 8.2 | Claims of Input Sales Tax | | |
| | There has been no material change in the status of contingencies pointed in the financial st 2018. | atements for the yea | ar ended june , 30 |
| 8.3 | Commitments | | |
| | Irrevocable letters of credit for import of: | | |
| | - Machinery | 344,300,730 | 294,675,883 |
| | - Stores and spare parts | - | 4,430,999 |
| | | 400 700 005 | 00 404 404 |
| | - Raw material | 180,728,895 | 88,464,191 |

Selected Explanatory Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For the Quarter ended September 30, 2018

| 9 | COST OF SALES | Un-audited Quarter ended September 30, 2018 Rupees | Un-audited Quarter ended September 30, 2017 Rupees |
|-----|--------------------------------|--|--|
| | Stocks - opening | 148,317,698 | 82,330,887 |
| | Cost of goods manufactured 9.1 | 1,086,544,467 | 868,608,317 |
| | Yarn purchase | | 2,076,429 |
| | | 1,234,862,165 | 953,015,633 |
| | Stocks - closing | (203,118,021) | (104,227,001) |
| | | 1,031,744,144 | 848,788,632 |
| 9.1 | Cost of goods manufactured | | |
| | Work in process - opening | 140,912,165 | 143,725,269 |
| | Raw material consumed | 832,917,567 | 631,401,531 |
| | Overheads | 262,957,462 | 228,939,267 |
| | | 1,095,875,029 | 860,340,798 |
| | Work in process - closing | (150,242,727) | (135,457,750) |
| | | 1,086,544,467 | 868,608,317 |

10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, subsidiary and other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business enters into transactions with various related parties.

The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

| | | Quarter ended | |
|------------------------|--|---------------|---------------|
| | | September 30, | September 30, |
| | | 2018 | 2017 |
| Nature of Relationship | Nature of Transaction | Rup | ees |
| Associated companies | | | |
| | Sales of finished goods, raw material / stores and spare | | |
| | parts | 182,275,280 | 139,325,395 |
| | Purchases of; | | |
| | - finished goods, raw material / stores and spare parts | 11,359,167 | 22,547,379 |
| | - electricity | 27,706,713 | 5,671,704 |
| | Services rendered | - | 55,974 |
| | Services obtained | 10,000 | 753,250 |
| | Dividend received | 1,505,888 | - |
| | Shared expenses paid | 1,762,643 | 1,903,655 |
| | Shared expenses received | 1,329,687 | 1,079,524 |

Transactions with related parties are carried out at agreed terms in the normal course of business.

11 DATE OF AUTHORIZATION FOR ISSUE

This Consolidated condensed interim financial statement has been approved by the Board of Directors of the Company and authorized for issue on October 29, 2018.

12 GENERAL

Figures have been rounded off to the nearest rupee.

| Lahore : | Shayan Abdullah | Jawwad Faisal | Shahid Abdullah |
|--------------------------|-----------------|-------------------------|-----------------|
| Dated : October 29, 2018 | Chief Executive | Chief Financial Officer | Director |

Reliance Cotton Spinning Mills Limited and its subsidiary