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Reliance Cotton Spinning Mills Limited Quarterly Accounts September 30, 2016

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Company Information

Board of Directors

Mr. Mohammad Abdullah	Chairman
Mr. Shayan Abdullah	Chief Executive
Mr. Amer Abdullah	
Mr. Yousuf Abdullah	
Mr. Nabeel Abdullah	
Mr. Mohammad Yamin	
Mr. Asif Elahi	Independent Director

Audit Committee

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

Human Resource

& Remuneration Committee

Mr. Mohammad Yamin	Chairman
Mr. Shayan Abdullah	Member
Mr. Asif Elahi	Member

Chief Financial Officer

Mr. Jawwad Faisal

Company Secretary

Mr. Umar Rahi

Bankers of the Company

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

Auditors

Deloitte Yousuf Adil
 Chartered Accountants

Tax Consultant

Deloitte Yousuf Adil
 Chartered Accountants

Legal Advisor

Hassan & Hassan Advocates

Share Registrar

Hameed Majeed Associates (Pvt) Limited

Geographical Presence:

Registered Office

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

Mills

Ferozwattoan
 District, Sheikhpura, Punjab

Company Website

www.sapphire.com.pk/rcsml

Directors' Review

The Directors of the Company are pleased to present un-audited financial statements for the quarter ended September 30, 2016.

Financial Highlights

	September 30,	
	2016	2015
	Rupees in thousand	
Sales & services	896,850	810,637
Gross profit	100,160	83,547
Profit from operations	63,821	53,565
Profit before taxation	65,784	44,942
Taxation	8,499	7,450
Profit after taxation	57,286	37,492

During the first quarter of this financial year, your company achieved sales of Rs. 896.85 million compared to Rs. 810.64 million during corresponding period of last year, an increase of 10.64%. The gross profit as a percentage of sales stood at 11.17% as compared to 10.31% during last year. Whereas, the Company earned profit after tax of Rs. 57.29 million as against Rs. 37.49 million during same period of last year.

Earnings per share

The earnings per share (EPS) were at Rs. 5.57 as compared to Rs. Rs. 3.64 for the same period of last year.

Future outlook

The Textile sector in Pakistan is passing through a difficult phase due to subdued demand in both local and international markets. Furthermore, our products are gradually becoming uncompetitive in global markets due to high manufacturing costs in the country. To improve this situation, textile sector eagerly awaits the announcement of relief package for exporters as promised by the government.

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

For and on behalf of the Board

Karachi :
Dated: October 31, 2016.

SHAYAN ABDULLAH
Chief Executive

ڈائریکٹر رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران نہایت مسرت کے ساتھ 30 ستمبر 2016 کو اختتام پذیر سہ ماہی کی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔

مالیاتی کارکردگی کی جھلکیاں

30 ستمبر		
2015	2016	
رقم ہزاروں میں		
810,637	896,850	فروخت اور خدمات
83,547	100,160	کل منافع
53,565	63,821	آپریشن سے منافع
44,942	65,784	قبل از منافع
7,450	8,499	ٹیکس
37,492	57,286	بعد از ٹیکس منافع

موجودہ سال کی پہلی سہ ماہی میں آپ کی کمپنی کی فروخت اور خدمات 896.85 ملین کو پہنچی جبکہ گذشتہ سال یہ رقم 810.64 ملین تھی۔ جو کہ پچھلی سہ ماہی سے 10.64 فیصد زیادہ ہے۔ شرح کل منافع فروخت اور خدمات 11.17 فیصد ہے جبکہ یہی شرح پچھلے سہ ماہی میں 10.31 فیصد تھی۔ کمپنی کا حاصل شدہ بعد از ٹیکس منافع 57.29 ملین رہا جو کہ پچھلے سال اسی سہ ماہی میں 37.49 ملین تھا۔

آمدنی فی حصص

آمدنی فی حصص 5.57 روپے ہے جو کہ پچھلے سال کی پہلی سہ ماہی میں 3.64 روپے تھا۔

مستقبل کے منظر نامہ

پاکستان کا ٹیکسٹائل سیکٹر اس وقت مشکل دور سے گزر رہا ہے جس کی وجہ ٹیکسٹائل مصنوعات کی ملکی اور غیر ملکی طلب میں کمی ہے۔ مزید برآں، ہماری مصنوعات آہستہ آہستہ عالمی منڈی میں مسابقت کا درجہ کھو رہی ہے جس کی اہم وجہ پیداواری لاگت میں اضافہ ہے۔ ٹیکسٹائل انڈسٹری موجودہ حالت کو بہتر بنانے کیلئے برآمد کنندگان حکومت کی طرف سے اعلان کردہ امدادی ٹیکس کے منتظر ہیں۔

ڈائریکٹرز، کمپنی کے عملے اور کارکنوں کی محنت اور مخلص شراکت داری کو قدر کی نگاہ سے دیکھتی ہے

بورڈ کی جانب سے

شایان عبداللہ
چیف ایگزیکٹو

کراچی

تاریخ: 31 اکتوبر 2016ء

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

		Un-Audited September 30, 2016	Audited June 30, 2016
ASSETS	Note	-----Rupees-----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,444,163,128	1,465,532,289
Long term investments	5	689,074,002	665,842,536
Long term deposits		8,987,690	8,987,690
		<u>2,142,224,820</u>	<u>2,140,362,515</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		25,817,343	28,333,642
Stock in trade		617,613,901	709,275,260
Trade debts		410,625,723	351,018,083
Loans and advances		57,908,711	13,067,252
Deposit and short term prepayments		1,872,225	1,189,466
Other receivables		9,698,658	13,034,956
Advance income tax		51,453,379	44,634,182
Tax refunds due from the Government		188,413,349	224,196,872
Cash and bank balances		7,640,290	21,304,064
		<u>1,371,043,579</u>	<u>1,406,053,777</u>
		<u>3,513,268,399</u>	<u>3,546,416,292</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2016: 12,000,000) ordinary shares of Rs.10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital:			
10,292,000 (June 30, 2016: 10,292,000) ordinary shares of Rs.10 each		102,920,000	102,920,000
General reserve		130,000,000	130,000,000
Capital reserve		128,622,221	122,553,168
Un-appropriated profit		<u>1,665,054,622</u>	<u>1,607,769,051</u>
		<u>2,026,596,843</u>	<u>1,963,242,219</u>
NON-CURRENT LIABILITIES			
Long term financing		58,550,000	58,550,000
Deferred liabilities			
- employee benefits - unfunded		77,915,252	73,392,461
- deferred tax		57,295,826	57,295,826
		<u>193,761,078</u>	<u>189,238,287</u>
CURRENT LIABILITIES			
Trade and other payables		208,777,986	207,426,044
Mark-up accrued		11,084,657	12,336,102
Short term borrowings	6	1,030,622,279	1,140,246,733
Provision for taxation		42,425,556	33,926,907
		<u>1,292,910,478</u>	<u>1,393,935,786</u>
CONTINGENCIES AND COMMITMENTS			
	7	<u>3,513,268,399</u>	<u>3,546,416,292</u>

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

Karachi
Dated: October 31, 2016

Shayan Abdullah
Chief Executive Officer

Mohammad Abdullah
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Un-audited Quarter ended September 30, 2016 -----Rupees-----	Un-audited Quarter ended September 30, 2015
Sales	8	896,850,014	810,636,755
Cost of sales	9	(796,690,466)	(727,089,759)
Gross profit		100,159,548	83,546,996
Distribution cost		(23,509,210)	(19,736,780)
Administrative expenses		(10,607,005)	(9,832,392)
Other income		1,380,847	1,646,639
Other operating expenses		(3,603,610)	(2,059,535)
		(36,338,978)	(29,982,068)
		63,820,570	53,564,928
Finance cost		(15,198,762)	(27,291,896)
Share of profit of associates		17,162,413	18,669,294
Profit before taxation		65,784,221	44,942,326
Provision for taxation		(8,498,650)	(7,450,319)
Profit for the period		57,285,571	37,492,007
Earnings per share - basic and diluted		5.57	3.64

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Un-audited Quarter ended September 30, 2016 -----Rupees-----	Un-audited Quarter ended September 30, 2015 -----Rupees-----
Profit for the period	57,285,571	37,492,007
Other comprehensive income:		
Share in associates' unrealized gain/(loss) on available for sale investments - net	7,870,705	(21,038,824)
Share in associate's unrealized (loss)/gain on hedging instruments	(26,612)	144,360
Other comprehensive income/(loss) for the period	7,844,093	(20,894,464)
Total comprehensive income for the period	65,129,664	16,597,543

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

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Un-audited Quarter ended September 30, 2016	Un-audited Quarter ended September 30, 2015
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	65,784,221	44,942,326
Adjustments for:		
Depreciation of property, plant and equipment	33,034,183	32,821,105
Provision for employee benefits	6,250,000	5,454,000
Gain on disposal of property, plant and equipment	(562,692)	(1,052,463)
Finance cost	15,198,762	(27,291,896)
Share of profit of associates	(17,162,413)	(18,669,294)
	<u>102,542,061</u>	<u>36,203,778</u>
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	2,516,299	4,528,873
Stock in trade	91,661,359	119,504,246
Trade debts	(59,607,640)	46,535,977
Loans and advances	(44,841,459)	(40,151,029)
Deposits and short term prepayments	(682,759)	(677,628)
Other receivables	3,336,298	(274,151)
(Decrease)/Increase in current liabilities		
Trade and other payables	1,354,004	(88,264,142)
	<u>(6,263,898)</u>	<u>41,202,146</u>
Cash generated from operations	<u>96,278,163</u>	<u>77,405,925</u>
Dividend paid	(2,061)	(466)
Employee benefits paid	(1,727,209)	(1,672,397)
Finance cost paid	(16,450,207)	30,513,291
Sales tax paid	35,783,524	31,415,429
Income taxes paid	(6,819,199)	(8,574,242)
	<u>10,784,848</u>	<u>51,681,615</u>
Net cash generated from operating activities	<u>107,063,011</u>	<u>129,087,540</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(13,427,961)	(20,347,674)
Proceeds from disposal of property, plant and equipment	2,325,630	2,400,000
Net cash used in investing activities	<u>(11,102,331)</u>	<u>(17,947,674)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	(109,624,454)	(108,158,154)
Net cash from financing activities	<u>(109,624,454)</u>	<u>(108,158,154)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(13,663,774)</u>	<u>2,981,712</u>
Cash and cash equivalents at the beginning of period	<u>21,304,064</u>	<u>7,679,271</u>
Cash and cash equivalents at the end of period	<u>7,640,290</u>	<u>10,660,983</u>

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

Karachi
Dated: October 31, 2016

Shayan Abdullah
Chief Executive Officer

Mohammad Abdullah
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Revenue reserves		Capital reserve					Sub-total	Total
	General reserve	Un-appropriated profit	Share in associates' unrealized gain on available for sale investments - net	Share in associate's unrealized gain / (loss) on hedging instruments	Share in associate's remeasurement of post retirement benefits obligation	Share of items directly recognized in equity by associates			
Share capital									
102,920,000	130,000,000	1,540,143,805	89,757,071	(13,711)	(1,525,568)	55,795,261	144,013,053	1,917,076,858	
Rupees									
Balance as at Jul 01, 2015									
Comprehensive income:									
Profit for the quarter ended September 30, 2015	-	-	37,492,007	-	-	-	-	37,492,007	
Other comprehensive income	-	-	-	(21,038,824)	144,360	-	-	(20,894,464)	
Total comprehensive income	-	-	37,492,007	(21,038,824)	144,360	-	-	16,597,543	
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	(4,829,135)	(4,829,135)	
Balance as at September 30, 2015	130,000,000	1,577,635,812	68,718,247	130,649	(1,525,568)	50,966,126	118,289,454	1,928,845,266	
Comprehensive income:									
Profit for the nine months ended June 30, 2016	-	-	84,405,345	-	-	-	-	84,405,345	
Other comprehensive income	-	-	(2,812,106)	2,100,442	(16,168)	(29,460)	-	(757,292)	
Total comprehensive income	-	-	81,593,239	2,100,442	(16,168)	(29,460)	-	83,648,053	
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	2,208,900	2,208,900	
Transactions with owners:									
Final dividend for the year ended June 30, 2015 @ Rs.5 per share	-	-	(51,460,000)	-	-	-	-	(51,460,000)	
Balance as at June 30, 2016	130,000,000	1,607,769,051	70,818,689	114,481	(1,555,028)	53,175,026	122,553,168	1,963,242,219	
Comprehensive income:									
Profit for the quarter ended September 30, 2016	-	-	57,285,571	-	-	-	-	57,285,571	
Other comprehensive income	-	-	-	7,870,705	(26,612)	-	-	7,844,093	
Total comprehensive income	-	-	57,285,571	7,870,705	(26,612)	-	-	65,129,664	
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	(1,775,040)	(1,775,040)	
Balance as at September 30, 2016	130,000,000	1,665,054,622	78,689,394	87,869	(1,555,028)	51,399,986	128,622,221	2,026,596,843	

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

Karachi

Dated: October 31, 2016

Shayan Abdullah
Chief Executive Officer

Mohammad Abdullah
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1 GENERAL INFORMATION

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. The registered office of the Company is situated at 312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The Company is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The mills are located at Warburton Road, Ferozwattoan, District Sheikhpura Punjab.

- 1.1 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the quarter ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

- 2.2 This condensed interim financial information 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, 2016.

3 ACCOUNTING POLICIES AND ESTIMATES

Judgments and estimates made by management in the preparation of these condensed interim financial information are the same as those applied to the preparation of the annual audited financial statement for the year ended June 30, 2016.

		Un-audited September 30 2016 Rupees	Audited June 30 2016 Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	4.1 1,418,531,026	1,290,064,309
	Capital work in progress	4.2 25,632,102	175,467,980
		<u>1,444,163,128</u>	<u>1,465,532,289</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	Un-audited September 30 2016 Rupees	Audited June 30 2016 Rupees
4.1 Operating assets			
Opening book value		1,290,064,309	1,325,660,013
Additions during the period / year			
Freehold land		-	4,822,330
Factory Building		-	5,732,600
Plant and machinery		964,700	29,012,923
Furniture and fixture		-	1,678,720
Vehicles		-	3,652,190
Office equipment		-	104,001
Computers		78,000	138,554
		1,042,700	45,141,318
Transfer from capital work in progress			
Factory Building		36,610,879	48,509,433
Plant and machinery		60,235,662	-
Vehicles		1,681,841	2,566,210
Office equipment		-	2,525,557
Electric installation		63,692,757	-
		162,221,139	53,601,200
Book value of assets disposed off during the period / year		(1,762,939)	(1,496,891)
Depreciation charged during the period / year		(33,034,183)	(132,841,331)
		<u>1,418,531,026</u>	<u>1,290,064,309</u>
4.2 Capital work in progress			
Buildings - civil works		-	18,846,047
Plant and machinery		14,137,852	73,698,065
Electric installation		1,384,250	82,423,868
Advances for Vehicles		10,110,000	500,000
		<u>25,632,102</u>	<u>175,467,980</u>
5 LONG TERM INVESTMENTS			
Investments in associates - at equity method:			
Quoted:			
Sapphire Fibres Limited	5.2	388,081,796	373,268,465
Sapphire Textile Mills Limited	5.3	82,778,876	78,296,246
SFL Limited	5.4	57,805,800	59,312,429
Un quoted:			
Sapphire Finishing Mills Limited	5.5	70,454,186	67,792,023
Sapphire Holding Limited	5.6	31,945,109	31,235,792
Sapphire Power Generation Limited	5.7	58,008,235	55,937,581
		<u>689,074,002</u>	<u>665,842,536</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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

	Un-audited September 30 2016 Rupees	Audited June 30 2016 Rupees
5.2 Sapphire Fibres Limited		
393,697 (June 30, 2016: 393,697) ordinary shares of Rs. 10 each - cost	41,956,482	41,956,482
Equity held: 1.99%		
Share of post acquisition profit directly recognized in equity	346,125,314	335,248,953
Dividend received	-	(3,936,970)
	<u>388,081,796</u>	<u>373,268,465</u>
5.3 Sapphire Textile Mills Limited		
100,223 (June 30, 2016: 100,223) ordinary shares of Rs. 10 each - cost	8,114,578	8,114,578
Equity held: 0.50%		
Share of post acquisition profit directly recognized in equity	74,664,298	71,183,898
Dividend received	-	(1,002,230)
	<u>82,778,876</u>	<u>78,296,246</u>
5.4 SFL Limited		
401,570 (June 30, 2016: 401,570) ordinary shares of Rs. 10 each - cost	2,439,475	2,439,475
Equity held: 1.99%		
Share of post acquisition profit	55,366,325	57,876,880
Dividend received	-	(1,003,926)
	<u>57,805,800</u>	<u>59,312,429</u>
5.5 Sapphire Finishing Mills Limited		
1,556,000 (June 30, 2016: 1,556,000) ordinary shares of Rs. 10 each - cost	16,509,160	16,509,160
Equity held: 1.69%		
Share of post acquisition profit directly recognized in equity	53,945,026	53,150,063
Dividend received	-	(1,867,200)
	<u>70,454,186</u>	<u>67,792,023</u>
5.6 Sapphire Holding Limited		
100,223 (June 30, 2016: 100,223) ordinary shares of Rs. 10 each - cost	524,950	524,950
Equity held: 0.50%		
Share of post acquisition profit	31,420,159	31,036,566
Dividend received	-	(325,724)
	<u>31,945,109</u>	<u>31,235,792</u>
5.7 Sapphire Power Generation Limited		
555,000 (June 30, 2016: 555,000) ordinary shares of Rs. 10 each - cost	19,425,000	19,425,000
Equity held: 3.46%		
Share of post acquisition profit	38,583,235	36,512,581
	<u>58,008,235</u>	<u>55,937,581</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		Un-audited September 30 2016 Rupees	Audited June 30 2016 Rupees
6	SHORT TERM BORROWINGS		
	From banking companies - secured		
	Running finance	838,468,479	606,244,552
	Foreign currency import finance	192,153,800	239,002,181
	Other short term finance	-	295,000,000
		<u>1,030,622,279</u>	<u>1,140,246,733</u>
7	CONTINGENCIES AND COMMITMENTS		
7.1	Contingencies		
	Guarantees have been issued by banks on behalf of the Company in the normal course of business	69,337,654	69,337,654
	Post dated cheques issued in favour of Commissioner Inland Revenue	79,680,067	88,366,245
		<u>149,017,721</u>	<u>157,703,899</u>
7.2	Claims of Input Sales Tax		
	The Company has claimed an input tax of Rs. 13.985 million and the same has been disallowed by Federal Board of Revenue (FBR) Pakistan by a notice dated June 20, 2015. However the Company has filed an appeal dated July 07, 2015 against the FBR decision and has reasonable grounds to claim the tax.		
7.4	Commitments		
	Irrevocable letters of credit for import of:		
	-machinery	5,287,050	-
	-stores and spare parts	11,903,946	-
	-raw material	-	36,156,829
	Contract for capital expenditure	-	13,828,796
		<u>17,190,996</u>	<u>49,985,625</u>
		Un-audited Quarter ended September 30, 2016 Rupees	Un-audited Quarter ended September 30, 2015 Rupees
8	SALES		
	Local		
	Yarn	151,981,218	142,410,061
	Waste	15,897,568	17,035,645
		167,878,786	159,445,706
	Export		
	Yarn	264,763,017	151,208,543
	Yarn (Indirect export)	440,906,495	486,690,596
	Waste	22,535,880	12,602,881
		728,205,392	650,502,019
		896,084,178	809,947,725
	Processing services	189,000	-
	Export rebate	576,836	689,030
		<u>896,850,014</u>	<u>810,636,755</u>
8.1	Sales tax on local and indirect export sales is Rs.0.012 million (September 30, 2015: Rs.15.059 million)		

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Un-audited Quarter ended September 30, 2016 Rupees	Un-audited Quarter ended September 30, 2015 Rupees
9 COST OF SALES		
Raw material consumed	525,895,335	519,218,004
Packing material consumed	14,025,440	14,526,255
Store and spare parts consumed	15,965,141	17,394,650
Salaries, wages and benefits	83,289,174	86,173,512
Fuel and power	75,547,928	78,538,046
Insurance	2,927,646	3,010,047
Repairs and maintenance	772,172	925,974
Travelling and conveyance	930,662	1,285,872
Other manufacturing overheads	912,217	1,456,145
Depreciation	33,034,183	32,821,105
	753,299,898	755,349,610
Work in process		
At beginning of period	128,561,008	120,307,562
At end of period	(106,190,025)	(134,519,524)
	22,370,983	(14,211,962)
Cost of goods manufactured	775,670,881	741,137,648
Finished goods		
At beginning of period	94,836,235	61,104,299
Yarn purchased	2,309,150	-
At end of period	(76,125,800)	(75,152,188)
	21,019,585	(14,047,889)
	796,690,466	727,089,759

10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, 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:

Nature of Relationship Nature of Transaction

Associated companies:

Sales of finished goods, raw material / stores and spare parts	109,968,643	67,170,187
Purchases of:		
- finished goods, raw material / stores and spare parts	6,240,036	3,568,248
- machinery	-	10,200,000
- electricity	41,899,624	40,296,255
Services obtained	1,755,549	478,605
Shared expenses paid	1,451,254	839,964

Transactions with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016****11 DATE OF AUTHORIZATION FOR ISSUE**

The condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on October 31, 2016.

12 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi
Dated: October 31, 2016

Shayan Abdullah
Chief Executive Officer

Mohammad Abdullah
Director