

Reliance Cotton Spinning Mills Limited

Half Yearly Accounts December 31, 2015

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Company Profile

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. Naveed ul Islam

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

Management Consultant

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

We are pleased to present un-audited interim financial information of the company for the half year ended December 31, 2015.

Profitability of the Company has decreased as compared to corresponding period of the last year due to decrease in sale rates and increase in cost of production.

Salient features of the period under review are as follows:

- Sales volume remained at Rs. 1,591.224 million which is lesser by 21.94% as compared to the corresponding period (2014: Rs. 2,038.407 million).
- Gross profit for the period remained at Rs. 174.896 million as compared to Rs. 279.274 million of the last comparative period.
- The Company has earned after tax profit of Rs. 36.872 million as against Rs. 133.944 million of the comparative period of last year showing decline of 72.47%.
- The earnings per share (EPS) for the period remained at Rs. 3.58 as against Rs. 13.01 of the same period of last year.

FUTURE OUTLOOK

The textile sector in Pakistan is passing through a difficult period and has not shown any sign of improvement. There seems to be no betterment in demand of textile products. Furthermore, poor cotton crop has increased cost of production which has made the textile sector unviable in the international market.

Keeping in view the prevailing circumstances, the management of your Company is putting all its efforts to mitigate the negative impacts and enhance its profitability by cost curtailing measures and diversify in product range.

ACKNOWLEDGEMENT

The directors appreciate the hard work and commendable services rendered by staff and workers of the Company.

For and on behalf of the Board of Directors

Karachi:
Dated: February 23, 2016

Shayan Abdullah
Chief Executive

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW
OF CONDENSED INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of Reliance Cotton Spinning Mills Limited (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts, for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the person responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: February 23, 2016
Lahore.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		Un-Audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,444,324,709	1,483,821,749
Long term investments	5	618,203,023	627,402,950
Long term deposits		9,014,170	9,129,670
		2,071,541,902	2,120,354,369
CURRENT ASSETS			
Stores, spare parts and loose tools		33,151,708	41,109,792
Stock in trade		1,110,237,369	853,124,362
Trade debts		435,844,614	434,038,719
Loans and advances		9,862,341	5,406,078
Deposit and short term prepayments		2,955,485	1,348,780
Other receivables		12,022,717	13,476,572
Advance income tax		13,897,194	65,924,143
Tax refunds due from the Government		203,247,664	188,395,154
Cash and bank balances		6,942,630	7,679,271
		1,828,161,722	1,610,502,871
		3,899,703,624	3,730,857,240
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2015: 12,000,000) ordinary shares of Rs.10 each		120,000,000	120,000,000
Issued, subscribed and paid up capital:			
10,292,000 (June 30, 2015: 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		114,116,816	144,013,053
Un-appropriated profit		1,525,556,102	1,540,143,805
		1,872,592,918	1,917,076,858
NON-CURRENT LIABILITIES			
Long term financing	6	-	-
Deferred liabilities			
- employee benefits - unfunded		64,645,178	62,258,658
- deferred tax liability		63,905,505	43,034,414
		128,550,683	105,293,072
CURRENT LIABILITIES			
Trade and other payables		228,766,652	278,733,515
Mark-up accrued		14,280,290	18,119,425
Short term borrowings	7	1,621,757,655	1,342,194,285
Current portion of long term financing		16,666,667	33,333,333
Provision for taxation		17,088,759	36,106,752
		1,898,560,023	1,708,487,310
CONTINGENCIES AND COMMITMENTS	8	3,899,703,624	3,730,857,240

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:
Dated: February 23, 2016

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

MOHAMMAD ABDULLAH
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015**

	Note	Six months ended		Three months ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		-----Rupees-----	Rupees.....	
Sales - net	9	1,591,224,428	2,038,406,715	780,587,672	925,454,925
Cost of sales	10	(1,416,328,762)	(1,759,132,679)	(689,239,003)	(812,325,344)
Gross profit		174,895,666	279,274,036	91,348,669	113,129,581
Distribution cost		(39,329,211)	(44,773,397)	(19,592,431)	(19,762,075)
Administrative expenses		(21,690,450)	(19,168,063)	(11,858,058)	(9,899,929)
Other income		3,022,837	4,551,075	1,376,198	2,920,380
Other operating expenses		(3,976,095)	(10,704,744)	(1,916,560)	(5,328,699)
		(61,972,919)	(70,095,129)	(31,990,851)	(32,070,323)
		112,922,747	209,178,907	59,357,818	81,059,258
Finance cost	11	(66,609,470)	(83,107,992)	(39,317,574)	(27,526,003)
Share of profit of associates		28,832,361	31,301,868	10,163,067	16,025,477
Profit before taxation		75,145,638	157,372,783	30,203,311	69,558,732
Taxation					
Current		(17,088,759)	(20,942,467)	(8,958,897)	(9,907,804)
Prior		(313,491)	(474,963)	(313,491)	(474,963)
Deferred		(20,871,091)	(2,011,409)	(21,550,634)	(2,011,409)
		(38,273,341)	(23,428,839)	(30,823,022)	(12,394,176)
Profit for the period		36,872,297	133,943,944	(619,711)	57,164,556
Earnings per share - basic and diluted		3.58	13.01	-0.06	5.55

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015**

	Six months ended		Three months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----	Rupees.....	
Profit for the period	36,872,297	133,943,944	(619,711)	57,164,556
Other comprehensive income:				
Share in associates' unrealized (loss)/gain on available for sale investments - net	(26,021,108)	1,438,403	(4,982,284)	10,293,047
Share in associate's unrealized gain/(loss) on hedging instruments	33,766	321,631	(110,594)	321,631
Other comprehensive income for the period	(25,987,342)	1,760,034	(5,092,878)	10,614,678
Total comprehensive income for the period	10,884,955	135,703,978	(5,712,589)	67,779,234

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

	Six months ended December 31 2015 Rupees	Six months ended December 31 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	75,145,638	157,372,783
Adjustments for:		
Depreciation of property, plant and equipment	65,495,845	63,056,371
Provision for employee benefits	10,908,000	9,900,000
Gain on disposal of property, plant and equipment	(1,899,108)	-
Unrealised gain on remeasurement of financial assets	-	(130,691)
Finance cost	66,609,470	83,107,992
Share of profit of associates	(28,832,361)	(31,301,868)
	187,427,484	282,004,587
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	7,958,084	(8,345,207)
Stock in trade	(257,113,007)	(144,383,694)
Trade debts	(1,805,895)	102,594,701
Loans and advances	(4,456,263)	(48,847,572)
Deposits and short term prepayments	(1,606,705)	(1,837,437)
Other receivables	1,453,855	(982,673)
(Decrease) in current liabilities		
Trade and other payables	(50,078,165)	(27,738,069)
	(305,648,096)	(129,539,951)
Cash (used in) / generated from operations	(118,220,612)	152,464,636
Dividend paid	(51,348,698)	(15,417,051)
Employee benefits paid	(8,521,480)	(7,234,004)
Finance cost paid	(70,448,605)	(88,732,641)
Sales tax refund / (paid)	14,651,390	(13,301,124)
Income taxes paid	(13,897,193)	(34,865,457)
	(129,564,586)	(159,550,277)
Net cash used in operating activities	(247,785,198)	(7,085,641)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(27,495,697)	(48,299,805)
Proceeds from disposal of property, plant and equipment	3,396,000	-
Long term loans - net	-	42,000
Decrease/ (increase) in long term deposits	115,500	(271,440)
Dividend received	8,136,050	8,257,446
Net cash used in investing activities	(15,848,147)	(40,271,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(16,666,666)	(16,666,669)
Short term borrowings - net	279,563,370	57,318,148
Net cash from financing activities	262,896,704	40,651,479
Net decrease in cash and cash equivalents	(736,641)	(6,705,964)
Cash and cash equivalents at the beginning of period	7,679,271	19,937,567
Cash and cash equivalents at the end of period	6,942,630	13,231,606

The annexed notes 1 to 14 form an integral part of these financial statements.

Karachi:
Dated: February 23, 2016

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

MOHAMMAD ABDULLAH
DIRECTOR

STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

	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	1,420,145,118	99,774,934	145,173	(741,688)	54,642,854	153,821,273	1,806,886,391	
..... Rupees									
Balance as at July 01, 2014 - audited									
Comprehensive income:									
Profit for the six month ended December 31, 2014									
Other comprehensive income	-	133,943,944	1,438,403	321,631	-	-	1,760,034	133,943,944	
Total comprehensive income	-	133,943,944	1,438,403	321,631	-	-	1,760,034	135,703,978	
Effects of items directly recognized in equity by associates	-	-	-	-	-	861,792	861,792	861,792	
Transactions with owners:									
Final dividend for the year ended June 30, 2014 @ Rs. 1.5 per share	-	(15,438,000)	-	-	-	-	-	(15,438,000)	
Balance as at December 31, 2014	130,000,000	1,538,651,062	101,213,337	466,804	(741,688)	55,504,646	156,443,099	1,928,014,161	
Comprehensive income:									
Profit for the six month ended June 30, 2015	-	8,778,404	-	-	-	-	-	8,778,404	
Other comprehensive income	-	(7,285,661)	(11,456,266)	(480,515)	(783,880)	-	(12,720,661)	(20,006,322)	
Total comprehensive income	-	1,492,743	(11,456,266)	(480,515)	(783,880)	-	(12,720,661)	(11,227,918)	
Effects of items directly recognized in equity by associates	-	-	-	-	-	290,615	290,615	290,615	
Balance as at June 30, 2015 - audited	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	
Comprehensive income:									
Profit for the six month ended December 31, 2015	-	36,872,297	-	-	-	-	-	36,872,297	
Other comprehensive income	-	-	(26,021,108)	33,766	-	-	(25,987,342)	(25,987,342)	
Total comprehensive income	-	36,872,297	(26,021,108)	33,766	-	-	(25,987,342)	10,884,955	
Effects of items directly recognized in equity by associates	-	-	-	-	-	(3,908,895)	(3,908,895)	(3,908,895)	
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 December 31, 2015	130,000,000	1,525,556,102	63,735,963	20,055	(1,525,568)	51,886,366	114,116,816	1,872,592,918	

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:

Dated: February 23, 2016

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

MOHAMMAD ABDULLAH
DIRECTOR

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

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 Company is listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited and Lahore 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, I.I. Chundrigar Road, Karachi and mills are located at Warburton Road, Ferozewattoan, District Sheikhupura 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 six months period ended December 31, 2015 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 is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the clause (xix) of the Code of Corporate Governance and they have issued their review report thereon.
- 2.3 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, 2015.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statement for the year ended June 30, 2015.

		Un-audited December 31 2015 Rupees	Audited June 30 2015 Rupees
4 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating assets	4.1	1,330,342,227	1,325,660,013
Capital work in progress	4.2	113,982,482	158,161,736
		1,444,324,709	1,483,821,749
4.1 Operating assets			
Opening book value		1,325,660,013	1,289,232,611
Additions during the period / year			
Freehold land		-	17,990,000
Vehicles		4,378,220	-
Office equipment		2,525,551	-
Computers		-	192,499
		6,903,771	18,182,499
Transfer from capital work in progress			
Factory Building		48,509,430	81,847,838
Plant and machinery		16,261,750	61,988,350
Vehicles		-	7,354,061
		64,771,180	151,190,249
Book value of assets disposed off during the period / year		(1,496,892)	(1,540,631)
Depreciation charged during the period / year		(65,495,845)	(131,404,715)
		1,330,342,227	1,325,660,013
4.2 Capital work in progress			
Buildings - civil works		18,811,364	63,006,368
Plant and machinery		14,131,500	14,131,500
Electric installation		81,039,618	80,523,868
Vehicles		-	500,000
		113,982,482	158,161,736

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015**

		December 31, 2015	June 30, 2015
	Note	-----Rupees-----	
5 LONG TERM INVESTMENTS			
Investments in associates - at equity method:			
Quoted:			
Sapphire Fibres Limited	5.2	344,900,165	351,680,520
Sapphire Textile Mills Limited	5.3	71,353,072	73,008,307
SFL Limited	5.4	56,852,326	58,165,846
Un quoted:			
Sapphire Finishing Mills Limited	5.5	61,712,334	58,547,645
Sapphire Holding Limited	5.6	29,936,350	31,744,979
Sapphire Power Generation Limited	5.7	53,448,776	54,255,653
		<u>618,203,023</u>	<u>627,402,950</u>
5.1	The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.		
5.2 Sapphire Fibres Limited			
393,697 (June 30, 2015: 393,697) ordinary shares of Rs. 10 each - cost		41,956,482	41,956,482
Share of post acquisition profit and items directly recognized in equity		306,880,653	314,645,251
Dividend received		(3,936,970)	(4,921,213)
		<u>344,900,165</u>	<u>351,680,520</u>
5.3 Sapphire Textile Mills Limited			
100,223 (June 30, 2015: 100,223) ordinary shares of Rs. 10 each - cost		8,114,578	8,114,578
Share of post acquisition profit and items directly recognized in equity		64,240,724	65,895,959
Dividend received		(1,002,230)	(1,002,230)
		<u>71,353,072</u>	<u>73,008,307</u>
5.4 SFL Limited			
401,570 (June 30, 2015: 401,570) ordinary shares of Rs. 10 each - cost		2,439,475	2,439,475
Share of post acquisition profit		55,416,777	55,726,371
Dividend received		(1,003,926)	-
		<u>56,852,326</u>	<u>58,165,846</u>
5.5 Sapphire Finishing Mills Limited			
1,556,000 (June 30, 2015: 1,556,000) ordinary shares of Rs. 10 each - cost		16,509,160	16,509,160
Share of post acquisition profit directly and items recognized in equity		47,070,374	44,372,485
Dividend received		(1,867,200)	(2,334,000)
		<u>61,712,334</u>	<u>58,547,645</u>
5.6 Sapphire Holding Limited			
100,223 (June 30, 2015: 100,223) ordinary shares of Rs. 10 each - cost		524,950	524,950
Share of post acquisition profit		29,737,124	31,220,029
Dividend received		(325,724)	-
		<u>29,936,350</u>	<u>31,744,979</u>
5.7 Sapphire Power Generation Limited			
555,000 (June 30, 2015: 555,000) ordinary shares of Rs. 10 each - cost		19,425,000	19,425,000
Share of post acquisition profit		34,023,776	34,830,653
		<u>53,448,776</u>	<u>54,255,653</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015**

	Un-audited December 31 2015 Rupees	Audited June 30 2015 Rupees
6 LONG TERM FINANCING		
From banking company - secured		
Long term loan	33,333,333	75,000,000
Less: Repayment during the period /year	16,666,666	41,666,667
	<u>16,666,667</u>	<u>33,333,333</u>
Less: Current portion	16,666,667	33,333,333
	<u>-</u>	<u>-</u>
7 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finance	668,007,487	122,163,938
Foreign currency import finance	21,402,732	147,288,147
Other short term finance	932,000,000	1,072,742,200
Temporary bank overdraft	347,436	-
	<u>1,621,757,655</u>	<u>1,342,194,285</u>
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	49,832,444	53,863,694
Post dated cheques issued	182,801,486	181,839,732
	<u>232,633,930</u>	<u>235,703,426</u>
8.2 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.		
8.3 Commitments		
Irrevocable letters of credit for import of:		
-Stores and spare parts	6,369,569	2,137,439
-Raw material	46,858,522	16,322,220
Contract for capital expenditure	15,092,205	21,547,386
	<u>68,320,296</u>	<u>40,007,045</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015**

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2015	2014	2015	2014
Rupees.....	Rupees.....	
9 SALES - NET				
Local				
Yarn	364,123,597	360,517,658	221,713,536	163,108,507
Waste	32,616,209	32,077,487	15,580,564	21,350,928
	396,739,806	392,595,145	237,294,100	184,459,435
Export				
Yarn	322,294,398	792,777,210	171,085,855	330,393,637
Yarn (indirect export)	846,724,943	820,608,146	360,034,347	391,339,294
Waste	22,395,176	22,124,512	9,792,295	10,356,788
Waste (indirect export)	1,313,675	8,249,975	1,313,675	8,249,975
	1,192,728,192	1,643,759,843	542,226,172	740,339,694
	1,589,467,998	2,036,354,988	779,520,272	924,799,129
Processing services	503,738	546,000	503,738	-
Export rebate	1,252,692	1,505,727	563,662	655,796
	1,591,224,428	2,038,406,715	780,587,672	925,454,925

9.1 Sales tax on local sales and indirect export sales is Rs.27.512 million (Dec 31, 2014 Rs.20.733 million)

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2015	2014	2015	2014
Rupees.....	Rupees.....	
10 COST OF SALES				
Raw material consumed	944,125,551	1,276,216,853	466,615,285	631,275,387
Packing material consumed	29,853,510	30,330,808	15,327,255	15,756,082
Store and spare parts consumed	34,244,513	33,830,159	16,849,863	14,815,566
Salaries, wages and benefits	166,355,443	159,470,176	80,181,931	87,255,824
Fuel and power	147,141,270	181,797,565	68,603,224	87,956,147
Insurance	5,899,047	6,524,544	2,889,000	3,000,000
Repairs and maintenance	3,149,542	2,473,767	2,223,568	1,317,942
Travelling and conveyance	2,536,272	3,040,898	1,250,400	1,728,379
Processing and doubling charges	61,728,825	28,931,557	20,021,087	7,109,549
Other manufacturing overheads	2,451,350	1,145,563	995,205	589,025
Depreciation	65,495,845	63,056,371	32,674,740	31,891,080
	1,462,981,168	1,786,818,261	707,631,558	882,694,981
Work in process				
At beginning of period	120,307,562	134,041,989	134,519,524	137,315,301
At end of period	(132,869,635)	(126,806,184)	(132,869,635)	(126,806,184)
	(12,562,073)	7,235,805	1,649,889	10,509,117
Cost of goods manufactured	1,450,419,095	1,794,054,066	709,281,447	893,204,098
Finished goods				
At beginning of period	61,104,299	180,364,434	75,152,188	135,921,029
Yarn purchased	-	2,945,579	-	1,431,617
At end of period	(95,194,632)	(218,231,400)	(95,194,632)	(218,231,400)
	(34,090,333)	(34,921,387)	(20,042,444)	(80,878,754)
	1,416,328,762	1,759,132,679	689,239,003	812,325,344

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

11 FINANCE COST

Included in the finance cost an amount of Rs. 13.016 million paid by the Company to the National Bank of Pakistan in respect of mark-up and other charges as a settlement.

12 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	Six months ended	
		December 31 2015	December 31 2014
	Rupees.....	
Associated companies	Sales of finished goods, raw material / stores and spare parts	83,516,963	313,340,164
	Purchases of;		
	- finished goods, raw material / stores and spare parts	8,569,717	80,970,192
	- machinery	10,200,000	-
	- electricity	97,184,184	29,877,909
	Services rendered	31,500	-
	Services obtained	933,575	1,194,090
	Dividend received	8,136,051	8,257,443
	Dividend paid	30,861,560	10,095,671
	Shared expenses paid	3,655,828	2,133,202
Post-employment benefits	Contribution for the period	10,908,000	9,900,000
Key Management Personnel	Remuneration and other benefits	24,004,716	19,982,776

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.

13 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 February 23, 2016.

14 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi:
Dated: February 23, 2016

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

MOHAMMAD ABDULLAH
DIRECTOR

