

Reliance Cotton Spinning Mills Limited

Unconsolidated Half Yearly Accounts December 31, 2017

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Company Profile

Board of Directors

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

Audit Committee

Mr. Asif Elahi	Chairman
Mr. Shahid Abdullah	Member
Mr. Nabeel Abdullah	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, Sheikhpura, Punjab.

Company Website

www.sapphire.com.pk/rcsml

DIRECTORS' REPORT

We are pleased to present un-audited interim financial statements of the Company for the half year ended 31 December 2017, duly reviewed by the auditors.

Financial Highlights

	31 December	
	2017	2016
	Rupees in thousand	
Sales & services	2,039,369	1,793,018
Gross profit	281,004	179,303
Other Income	5,762	11,512
Profit from operations	186,237	114,154
Profit before taxation	146,446	80,095
Taxation	21,296	17,814
Profit after taxation	<u>125,150</u>	<u>62,281</u>

The Company achieved sales of Rs.2,039 million compared to Rs.1,793 million during corresponding period of last year, an increase of 13.72 %. Gross profit as a percentage of sales improved to 13.78% as compared to 10.00% during last year. The Company earned profit after tax of Rs.125 million as against Rs.62 million in the same period of last year.

Earnings per share

The company's earnings per share (EPS) were at Rs.12.16 as compared to Rs. 6.05 during the same period of last year.

Future outlook

Company's operational performance has improved during the period under review and your management is optimistic about further improvement of results in near future. However, continuation of existing duty draw back scheme is imperative for Pakistan's textile industry to compete in the global market.

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

For and on behalf of the Board

Lahore
Dated; February 22, 2018

Shayan Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ہم 31 دسمبر 2017 کو ختم ہونے والی ششماہی کے لئے آڈیٹرز کی طرف سے باقاعدہ دوبارہ جائزہ شدہ، کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں		
31 دسمبر 2016ء	31 دسمبر 2017ء	
1,793,018	2,039,369	فروخت اور خدمات
179,303	281,004	مجموعی منافع
11,512	5,762	دیگر آمدن
114,154	186,237	آپریٹنگز سے منافع
80,095	146,446	ٹیکس سے پہلے منافع
17,814	21,296	ٹیکسیشن
62,281	125,150	ٹیکس کے بعد منافع

کمپنی نے گزشتہ سال کی اسی مدت میں 1,793 ملین روپے کے مقابلے موجودہ ششماہی کے دوران 2,039 ملین روپے کی فروخت حاصل کی جو 13.72 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 10.00 فیصد کے مقابلے 13.78 فیصد تک بہتر ہوا۔ کمپنی نے گزشتہ سال اسی مدت میں 62 ملین روپے کے مقابلے موجودہ ششماہی کے دوران 125 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی موجودہ ششماہی کی فی حصص آمدنی (EPS) 12.16 روپے ہے جو کہ پچھلے سال کی اسی ششماہی کی 6.05 روپے تھی۔

مستقبل کا نقطہ نظر

آپ کی کمپنی کی آپریشنل کارکردگی زیر جائزہ مدت کے دوران بہتر رہی ہے اور انتظامیہ مستقبل قریب میں نتائج کی مزید بہتری بارے پر امید ہے۔ تاہم، عالمی مارکیٹ میں مقابلے کے لئے پاکستانی ٹیکسٹائل انڈسٹری کے لئے موجودہ ڈیوٹی ڈرایبک اسکیم کا تسلسل ضروری ہے۔

ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی سخت محنت اور قابل ستائش خدمات کو سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ

چیف ایگزیکٹو

لاہور

تاریخ: 22 فروری 2018ء

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

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Reliance Cotton Spinning Mills Limited (the Company) as at December 31, 2017, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and notes to the accounts, for the six months period then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed 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 unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

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 persons 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 unconsolidated condensed interim financial information as of and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: February 22, 2018
Lahore.

Deloitte Yousuf Adil
Chartered Accountants
Engagement Partner:
Rana M. Usman Khan

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

	Note	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,481,829,074	1,410,953,664
Long term investments	5	89,069,645	88,969,645
Long term deposits		8,987,690	8,987,690
		1,579,886,409	1,508,910,999
CURRENT ASSETS			
Stores, spare parts and loose tools		22,193,498	19,672,095
Stock in trade		1,538,477,245	824,793,139
Trade debts		453,040,764	304,660,386
Loans and advances		105,722,165	48,868,890
Deposit and short term prepayments		3,234,622	1,936,407
Other receivables		34,960,396	20,417,554
Tax refunds due from the Government		219,085,784	201,941,408
Short term investments		66,145,983	84,154,658
Cash and bank balances		15,934,605	22,711,121
		2,458,795,062	1,529,155,658
		4,038,681,471	3,038,066,657
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2017: 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, 2017: 10,292,000) ordinary shares of Rs.10 each		102,920,000	102,920,000
Reserves		1,569,875,944	1,471,436,479
		1,672,795,944	1,574,356,479
NON-CURRENT LIABILITIES			
Long term financing	6	116,522,626	74,900,000
Deferred liabilities - employee benefits - unfunded		85,931,276	80,336,813
		202,453,902	155,236,813
CURRENT LIABILITIES			
Trade and other payables		393,220,697	269,048,255
Mark-up accrued		19,062,634	16,062,689
Current maturity of long term financing	6	3,659,374	-
Short term borrowings	7	1,726,202,480	1,004,827,710
Provision for taxation		21,286,440	18,534,711
		2,163,431,625	1,308,473,365
CONTINGENCIES AND COMMITMENTS			
	8	4,038,681,471	3,038,066,657

The annexed notes from 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Note	Six months ended		Three months ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		-----Rupees-----	(Restated)	.....Rupees.....	(Restated)
Sales - net	9	2,039,368,181	1,793,613,018	1,049,897,655	896,763,004
Cost of sales	10	(1,758,364,549)	(1,614,310,292)	(909,575,917)	(817,619,826)
Gross profit		281,003,632	179,302,726	140,321,738	79,143,178
Distribution cost		(46,839,710)	(47,246,313)	(23,788,407)	(23,737,103)
Administrative expenses		(26,669,865)	(24,135,761)	(15,225,188)	(13,528,756)
Other income		5,762,063	11,511,946	5,067,190	10,131,099
Other operating expenses		(27,018,695)	(5,278,306)	(22,210,909)	(1,674,696)
		(94,766,207)	(65,148,434)	(56,157,314)	(28,809,456)
		186,237,425	114,154,292	84,164,424	50,333,722
Finance cost		(39,791,899)	(34,059,686)	(17,863,177)	(18,860,924)
		146,445,526	80,094,606	66,301,247	31,472,798
Provision for taxation		(21,295,848)	(17,813,701)	(11,565,445)	(11,538,717)
Profit for the period		125,149,678	62,280,905	54,735,802	19,934,081
Earnings per share - basic and diluted		12.16	6.05	5.32	1.94

The annexed notes from 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Six months ended		Three months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	-----Rupees-----		-----Rupees-----	
	(Restated)		(Restated)	
Profit for the period	125,149,678	62,280,905	54,735,802	19,934,081
Other comprehensive income:				
Unrealised loss on remeasurement of short term investments - available for sale	(13,872,300)	-	(4,914,730)	-
Realised loss on disposal of available for sale investments	2,600,086	-	2,600,086	-
Other comprehensive loss for the period	(11,272,214)	-	(2,314,644)	-
Total comprehensive income for the period	113,877,464	62,280,905	52,421,158	19,934,081

The annexed notes from 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Note	Six months ended December 31, 2017 Rupees	Six months ended December 31, 2016 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		146,445,526	80,094,606
Adjustments for:			
Depreciation of property, plant and equipment		67,963,153	68,237,217
Provision for employee benefits		12,720,000	12,670,000
Loss on sale of short term investments available for sale		5,333,549	-
Gain on disposal of property, plant and equipment		(409,176)	(707,466)
Dividend income from associates		(2,826,000)	(9,539,696)
Finance cost		39,791,899	34,059,686
		269,018,952	184,814,347
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,521,403)	(2,819,317)
Stock in trade		(713,684,106)	(400,783,029)
Trade debts		(148,380,378)	(44,291,620)
Loans and advances		(86,516,643)	(8,571,350)
Deposits and short term prepayments		(1,298,216)	(1,723,186)
Other receivables		(14,542,842)	1,768,203
Increase in current liabilities			
Trade and other payables		124,119,567	18,334,616
		(842,824,021)	(438,085,683)
Cash used in operations		(573,805,069)	(253,271,336)
Dividend paid		(15,385,125)	(51,364,407)
Employee benefits paid		(7,125,537)	(8,650,819)
Finance cost paid		(36,791,953)	(29,454,778)
Sales tax refunded		11,000,799	29,353,536
Income taxes paid		(17,025,926)	(18,468,986)
		(65,327,742)	(78,585,454)
A. Net cash used in operating activities		(639,132,812)	(331,856,790)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(139,132,386)	(58,403,072)
Proceeds from disposal of property, plant and equipment		703,000	5,794,970
Investment in a subsidiary		(100,000)	-
Short term investments made		(30,365,484)	-
Proceeds from sale of short term investments		31,768,397	-
Dividend received		2,826,000	9,539,696
B. Net cash used in investing activities		(134,300,473)	(43,068,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	12	45,282,000	-
Short term borrowings - net	12	721,374,770	362,141,397
C. Net cash generated from financing activities		766,656,770	362,141,397
Net decrease in cash and cash equivalents (A+B+C)		(6,776,516)	(12,783,799)
Cash and cash equivalents at the beginning of period		22,711,121	21,304,064
Cash and cash equivalents at the end of period		15,934,605	8,520,265

The annexed notes from 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Revenue reserves		Unrealised loss on remeasurement of investments available for sale - net	Share in associates' unrealized gain on 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	Sub total	Total
	General reserve	Un-appropriated profit							
Share capital									
Balance as at Jul 01, 2016 (previously reported)	102,920,000	130,000,000	1,607,769,051	-	70,818,689	114,481	(1,555,028)	53,175,026	1,860,322,219
Effect of change in accounting policy (refer note 5.1)	-	-	(397,023,897)	-	(70,818,689)	(114,481)	1,555,028	(53,175,026)	(519,577,065)
Balance as at Jul 01, 2016 (restated)	102,920,000	130,000,000	1,210,745,154	-	-	-	-	1,340,745,154	1,443,665,154
Comprehensive income (restated):									
Profit for the six months ended December 31, 2016	-	-	62,280,905	-	-	-	-	62,280,905	62,280,905
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	62,280,905	-	-	-	-	62,280,905	62,280,905
Transactions with owners:									
Final dividend for the year ended June 30, 2016 @ Rs.5 per share	-	-	(51,460,000)	-	-	-	-	(51,460,000)	(51,460,000)
Balance as at December 31, 2016 (restated)	102,920,000	130,000,000	1,221,566,059	-	-	-	-	1,351,566,059	1,454,486,059
Comprehensive income (restated):									
Profit for the six months ended June 30, 2017	-	-	128,578,978	-	-	-	-	128,578,978	128,578,978
Other comprehensive income	-	-	661,669	(9,370,227)	-	-	-	(8,708,558)	(8,708,558)
Total comprehensive income	-	-	129,240,647	(9,370,227)	-	-	-	119,870,420	119,870,420
Balance as at June 30, 2017 (restated)	102,920,000	130,000,000	1,350,806,706	(9,370,227)	-	-	-	1,471,436,479	1,574,356,479
Comprehensive income:									
Profit for the six months ended December 31, 2017	-	-	125,149,678	-	-	-	-	125,149,678	125,149,678
Other comprehensive income	-	-	-	(11,272,214)	-	-	-	(11,272,214)	(11,272,214)
Total comprehensive income	-	-	125,149,678	(11,272,214)	-	-	-	113,877,464	113,877,464
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 December 31, 2017	102,920,000	130,000,000	1,460,518,385	(20,642,441)	-	-	-	1,569,875,944	1,672,795,944

The annexed notes from 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017****1 GENERAL INFORMATION**

- 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. The Company is listed 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, I.I. Chundrigar Road, Karachi and mills are located at Warburton Road, Ferozewattoan, District Shekhupura Punjab.
- 1.2 During the period, the Company established its wholly owned subsidiary on November 08, 2017, a private limited Company under the name of RCSM Company (Private) Limited. The principal activity of the subsidiary company is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.
- 1.3 This unconsolidated condensed interim financial information is the separate financial information of the Company in which investments in subsidiary and associates are accounted for on cost. Consolidated condensed financial information is prepared separately. Also refer to note 5.1 for details.
- 1.4 This unconsolidated 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 unconsolidated condensed interim financial information of the Company for the six months period ended December 31, 2017 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.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Institute of Chartered Accountants of Pakistan has published a circular No. 17/2017 dated October 6, 2017 stating that the said order of the Commission is also applicable for preparation of interim financial statements of the companies for the periods ending on or before December 31, 2017. Therefore, this unconsolidated condensed interim financial information has been prepared under the repealed Companies Ordinance 1984.

- 2.2 This unconsolidated 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 rules of Pakistan Stock Exchange Limited and they have issued their review report thereon.
- 2.3 This unconsolidated 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, 2017.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2017 except for the change in accounting policy as mentioned in note 5.1.
- 3.2 The preparation of this unconsolidated condensed interim financial information 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, 2017.
- 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, 2017, none of these amendments are expected to have a significant effect on this unconsolidated condensed interim financial information.

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

			Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
4	PROPERTY, PLANT AND EQUIPMENT	Note		
	Operating assets	4.1	1,354,652,396	1,403,202,577
	Capital work in progress	4.2	127,176,678	7,751,087
			<u>1,481,829,074</u>	<u>1,410,953,664</u>
4.1	Operating assets			
	Opening book value		1,403,202,577	1,290,064,309
	Additions during the period / year			
	Freehold land		2,368,000	20,525,000
	Plant and machinery		-	50,043,444
	Vehicles		-	23,319,263
	Electric installation		-	360,000
	Computers		-	78,000
			2,368,000	94,325,707
	Transfer from capital work in progress			
	Factory building		2,100,984	36,610,879
	Plant and machinery		4,659,382	75,589,922
	Vehicles		9,429,004	1,700,095
	Electric installation		1,149,425	65,077,007
			17,338,795	178,977,903
	Book value of assets disposed off during the period / year		(293,823)	(18,938,516)
	Depreciation charged during the period / year		(67,963,153)	(141,226,826)
4.2	Closing book value		<u>1,354,652,396</u>	<u>1,403,202,577</u>
	Capital work in progress			
	Buildings - civil works		-	1,969,462
	Plant and machinery		122,917,913	286,719
	Electric installation		3,753,765	-
	Vehicles		505,000	5,494,906
			<u>127,176,678</u>	<u>7,751,087</u>
			Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees (Restated)
5	LONG TERM INVESTMENTS	Note		
	Investment in subsidiary - at cost:			
	Un-quoted:			
	RCSM Company (Private) Limited		100,000	-
	Investments in associates - at cost:			
	Quoted:	5.1		
	Sapphire Fibres Limited		41,956,482	41,956,482
	Sapphire Textile Mills Limited		8,114,578	8,114,578
	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
			<u>89,069,645</u>	<u>88,969,645</u>

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

- 5.1 Consequent to the preparation of consolidated and unconsolidated condensed interim financial information due to investment in a wholly owned subsidiary RCSI Company (Private) Limited, the Company, while preparing its unconsolidated condensed interim financial information has presented corresponding figures of investments in associates at cost. Previously, the investments in associates were measured under the equity method in accordance with International Accounting Standard 28 "Investments in Associates and Joint Ventures". This has resulted in change in accounting policy for measurement of investments in associates, which has been accounted for retrospectively. Following are the impacts of change in accounting policy on the balance sheet, income statement, statement of comprehensive income and statement of changes in equity.

June 30, 2017			
	As reported earlier	Effect of change in accounting policy	As restated
	Rupees	Rupees	Rupees
BALANCE SHEET			
Long term investments	734,778,699	(645,809,054)	88,969,645
Reserves	2,052,331,899	(580,895,420)	1,471,436,479
Deferred liabilities	64,913,634	(64,913,634)	-
Six months ended December 31, 2016			
	As reported earlier	Effect of change in accounting policy	As restated
	Rupees	Rupees	Rupees
INCOME STATEMENT			
Share of profit from associate	29,451,622	(29,451,622)	-
Other income	1,972,250	9,539,696	11,511,946
Deferred tax provision for the period	(6,658,772)	6,658,772	-
Profit for the period	75,534,059	(13,253,154)	62,280,905
EPS	7.34	(1.29)	6.05
STATEMENT OF COMPREHENSIVE INCOME			
Share in associates' unrealized gain / (loss) on available for sale investments - net	35,761,993	(35,761,993)	-
Share in associate's unrealized gain / (loss) on hedging instruments	19,777	(19,777)	-
Total comprehensive income	111,315,829	(49,034,924)	62,280,905
June 30, 2016			
	As reported earlier	Effect of change in accounting policy	As restated
	Rupees	Rupees	Rupees
STATEMENT OF CHANGES IN EQUITY			
Unappropriated profit	1,607,769,051	(397,023,897)	1,210,745,154
Share in associates' unrealized gain on available for sale investments -net	70,818,689	(70,818,689)	-
Share in associate's unrealized gain / (loss) on hedging instruments	114,481	(114,481)	-
Share in associate's remeasurement of post retirement benefits obligation	(1,555,028)	1,555,028	-
Share of items directly recognized in equity by associates	53,175,026	(53,175,026)	-
Total reserves	1,730,322,219	(519,577,065)	1,210,745,154

- 5.2 Had there been no change in the accounting policy, investments in associates, reserves, deferred tax liabilities, profit for the period, and earning per share would have been higher by Rs. 598.724 million, Rs. 517.421 million and Rs. 71.795 million, Rs. 18.426 million and Rs. 1.78 respectively and other comprehensive income would have been lower by Rs. 72.294 million.

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
6 LONG TERM FINANCING		
As at the beginning of the period / year	74,900,000	74,900,000
Availed during the period / year	45,282,000	-
As at the end of the period / year	120,182,000	74,900,000
Less: Current maturity of long term financing	(3,659,374)	-
	116,522,626	74,900,000
6.1 The Company has obtained the long term financing facility from MCB Bank Limited at the rate of 2.5% (June 30, 2017: 2.5%) per annum. The facility has the limit of Rs. 150 million and is secured against first pari passu charge of Rs. 200 million against all present and future plant and machinery of the Company. Markup is payable on a quarterly basis.		
	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
7 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finance	1,041,050,975	411,083,543
Foreign currency import finance	144,870,796	248,744,167
Other short term finance	540,000,000	345,000,000
Temporary bank overdraft	280,709	-
	1,726,202,480	1,004,827,710
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	99,990,298	99,990,298
Post dated cheques issued	118,433,462	75,596,056
	218,423,760	175,586,354
8.2 Claims of Input Sales Tax		
The Company has claimed an input sales tax of Rs. 13.985 million and the same has been disallowed by the 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.		
	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
8.3 Commitments		
Irrevocable letters of credit for import of:		
-Machinery	-	196,791,240
-Stores and spare parts	30,754,955	1,394,375
-Raw material	110,491,326	35,340,890
Contract for capital expenditure	-	131,522
	141,246,281	233,658,027

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Six months ended		Three months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	.....Rupees.....		.....Rupees.....	
9 SALES - NET				
Local				
Yarn	870,646,061	295,310,087	693,694,044	143,328,869
Waste	30,671,452	30,092,981	17,258,769	14,195,413
	901,317,513	325,403,068	710,952,813	157,524,282
Export				
Yarn	543,583,673	526,723,736	278,803,078	261,960,719
Yarn (indirect export)	532,775,671	902,994,168	19,867,090	462,087,673
Waste	37,901,041	36,622,297	27,961,602	14,086,417
	1,114,260,385	1,466,340,201	326,631,770	738,134,809
	2,015,577,898	1,791,743,269	1,037,584,583	895,659,091
Processing services	2,415,029	346,248	1,643,835	157,248
Export rebate	21,375,254	1,523,501	10,669,237	946,665
	2,039,368,181	1,793,613,018	1,049,897,655	896,763,004

9.1 Sales tax on local sales and indirect export sales is Rs. 0.471 million (Dec 31, 2016 Rs. 0.538 million)

	Six months ended		Three months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	.....Rupees.....		.....Rupees.....	
10 COST OF SALES				
Raw material consumed	1,329,209,702	1,088,214,448	697,808,171	562,319,113
Packing material consumed	29,579,709	28,096,019	14,602,143	14,070,579
Store and spare parts consumed	38,247,958	32,396,073	20,226,537	16,430,932
Salaries, wages and benefits	167,571,568	164,090,917	86,152,504	80,801,743
Fuel and power	156,206,612	154,860,914	79,607,634	79,312,986
Insurance	3,211,218	5,550,031	1,640,950	2,622,385
Repairs and maintenance	2,254,077	1,630,587	1,471,310	858,415
Travelling and conveyance	2,299,942	1,936,971	1,092,127	1,006,301
Other manufacturing overheads	1,217,856	1,444,614	689,045	532,397
Depreciation	67,963,153	68,237,209	34,130,576	35,203,034
	1,797,761,795	1,546,457,783	937,420,997	793,157,885
Work in process				
At the beginning of period	143,725,269	128,561,008	135,457,750	106,190,025
At the end of period	(141,395,349)	(102,148,534)	(141,395,349)	(102,148,534)
	2,329,920	26,412,474	(5,937,599)	4,041,491
Cost of goods manufactured	1,800,091,715	1,572,870,257	931,483,398	797,199,376
Finished goods				
At the beginning of period	82,330,887	94,836,235	104,227,001	76,125,800
Yarn purchased	3,221,302	3,401,007	1,144,873	1,091,857
At the end of period	(127,279,355)	(56,797,207)	(127,279,355)	(56,797,207)
	(41,727,166)	41,440,035	(21,907,481)	20,420,450
	1,758,364,549	1,614,310,292	909,575,917	817,619,826

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**
11 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:

Nature of Relationship	Nature of Transaction	Six months ended	
		December 31, 2017	December 31, 2016
		.....Rupees.....	
Subsidiary company	Payment against issue of shares	100,000	-
Associated companies	Sales of finished goods, raw material / stores and spare parts	311,849,716	274,284,592
	Purchases of;		
	- finished goods, raw material / stores and spare parts	31,676,122	15,930,890
	- machinery	-	15,158,400
	- electricity	9,539,572	68,823,372
	Services rendered	1,510,809	-
	Services obtained	916,308	1,898,549
	Dividend received	891,724	9,539,696
	Dividend paid	9,256,103	30,861,560
	Shared expenses paid	3,989,616	3,936,596
	Shared expenses received	2,266,131	-

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

12 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Audited June 30, 2017	Availed during the period	Repaid during the period	Un-Audited December 31, 2017
	-----Rupees-----			
Long term financing	74,900,000	45,282,000	-	120,182,000
Short term borrowings	1,004,827,710	6,800,899,207	(6,079,524,437)	1,726,202,480
	1,079,727,710	6,846,181,207	(6,079,524,437)	1,846,384,480

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017****13 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments are carried at fair value, by valuation method adopted. The different levels of fair value measurements have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company holds shares available for sale as short term investments under level 1 as at December 31, 2017 that amounts to Rs. 66.15m (June 30, 2017 Rs. 88.15m)

14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 22, 2018.

15 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

Reliance Cotton Spinning Mills Limited

Consolidated Half Yearly Accounts December 31, 2017

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DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Reliance Cotton Spinning Mills Limited and its subsidiary RCSM Company (Private) Limited for the half year ended 31 December, 2017. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

RCSM COMPANY (PRIVATE) LIMITED

RCSM Company (Private) Limited was incorporated in Pakistan as a private limited company limited by shares under companies Act 2017 on 8 November, 2017. It became subsidiary of Reliance Cotton Spinning Mills Limited on 08 November, 2017. RCSML holds 100% shares of RCSM Company (Private) Limited as on 31 December, 2017.

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

For and on behalf of the Board

Lahore :
Dated; February 22, 2018

Shayan Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لئے ریلیٹنس کاؤن سپنگ ملز لمیٹڈ اور اسکی ذیلی کمپنی RCSM کمپنی (پرائیویٹ) لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ:

RCSM کمپنی (پرائیویٹ) لمیٹڈ 8 نومبر 2017ء کو کمپنیز ایکٹ 2017 کے تحت نئی لمیٹڈ کمپنی کے طور پر محدود شراکت سے پاکستان میں قائم ہوئی۔ یہ 8 نومبر 2017 کور ریلیٹنس کاؤن سپنگ ملز لمیٹڈ کی ذیلی کمپنی بنی۔ آری ایس ایم ایل 31 دسمبر 2017 کے مطابق آری ایس ایم کے 100% حصص کی مالک ہے۔

ذیلی کمپنی کا بنیادی کام کسی بھی دوسری کمپنی کے حصص میں لین دین، حصص کا حصول اور رکھنا ہے

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ

چیف ایگزیکٹو

لاہور

تاریخ: 22 فروری 2018ء

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (Un-Audited) AS AT DECEMBER 31, 2017

	Note	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,481,829,074	1,410,953,664
Long term investments	5	687,793,937	734,778,699
Long term deposits		8,987,690	8,987,690
		2,178,610,701	2,154,720,053
CURRENT ASSETS			
Stores, spare parts and loose tools		22,193,498	19,672,095
Stock in trade		1,538,477,245	824,793,139
Trade debts		453,040,764	304,660,386
Loans and advances		105,722,165	48,868,890
Deposit and short term prepayments		3,234,622	1,936,407
Other receivables		34,960,396	20,417,554
Tax refunds due from the Government		219,085,784	201,941,408
Short term investments	6	66,145,983	84,154,658
Cash and bank balances		16,034,605	22,711,121
		2,458,895,062	1,529,155,658
		4,637,505,763	3,683,875,711
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2017: 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, 2017: 10,292,000) ordinary shares of Rs.10 each		102,920,000	102,920,000
Reserves	7	2,096,836,778	2,052,331,899
		2,199,756,778	2,155,251,899
NON-CURRENT LIABILITIES			
Long term financing	8	116,522,626	74,900,000
Deferred liabilities		157,726,248	145,250,447
		274,248,874	220,150,447
CURRENT LIABILITIES			
Trade and other payables		393,289,182	269,048,255
Mark-up accrued		19,062,635	16,062,689
Current maturity on long term financing		3,659,374	-
Short term borrowings	9	1,726,202,480	1,004,827,710
Provision for taxation		21,286,440	18,534,711
		2,163,500,111	1,308,473,365
CONTINGENCIES AND COMMITMENTS			
	10	4,637,505,763	3,683,875,711

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Note	Six months ended		Three months ended	
		December 31,	December 31,	December 31,	December 31,
		2017	2016	2017	2016
		-----Rupees-----		.....Rupees.....	
Sales - net	11	2,039,368,181	1,793,613,018	1,049,897,655	896,763,004
Cost of sales	12	(1,758,364,549)	(1,614,310,292)	(909,575,917)	(817,619,826)
Gross profit		281,003,632	179,302,726	140,321,738	79,143,178
Distribution cost		(46,839,710)	(47,246,313)	(23,788,407)	(23,737,103)
Administrative expenses		(26,738,350)	(24,135,761)	(15,293,673)	(13,528,756)
Other income		4,870,338	1,972,250	4,175,465	591,403
Other operating expenses		(27,018,695)	(5,278,306)	(22,210,909)	(1,674,696)
		(95,726,417)	(74,688,130)	(57,117,524)	(38,349,152)
		185,277,215	104,614,596	83,204,214	40,794,026
Finance cost	13	(39,791,899)	(34,059,686)	(17,863,177)	(18,860,924)
Share of profit of associates		26,199,500	29,451,622	12,384,936	12,289,209
Profit before taxation		171,684,816	100,006,532	77,725,973	34,222,311
Taxation		(28,177,186)	(24,472,473)	(11,091,866)	(15,973,823)
Profit for the period		143,507,630	75,534,059	66,634,107	18,248,488
Earnings per share - basic and diluted	15	13.94	7.34	6.47	1.77

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Six months ended		Three months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	-----Rupees-----		.....Rupees.....	
Profit for the period	143,507,630	75,534,059	66,634,107	18,248,488
Other comprehensive income:				
Share in associates' unrealized gain on available for sale investments - net	(72,724,243)	35,761,993	(12,396,081)	27,891,288
Unrealized gain/ (loss) on remeasurement of short term investment	(13,872,300)	-	2,314,644	-
Realised gain (loss) on sale of available for investments	2,600,086	-	-	-
Share in associate's unrealized gain/(loss) on hedging instruments	430,579	19,777	363,324	46,389
Other comprehensive (loss)/income for the period	(83,565,878)	35,781,770	(9,718,113)	27,937,677
Total comprehensive income for the period	59,941,752	111,315,829	56,915,994	46,186,165

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Six months ended December 31 2017 Rupees	Six months ended December 31 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	171,684,816	100,006,532
Adjustments for:		
Depreciation of property, plant and equipment	67,963,153	68,237,217
Provision for employee benefits	12,720,000	12,670,000
Gain on disposal of property, plant and equipment	(409,176)	(707,466)
Loss on sales of short term investments available for sale	5,333,549	-
Dividend income	(1,934,275)	-
Finance cost	39,791,899	34,059,686
Share of profit of associates	(26,199,500)	(29,451,622)
	268,950,466	184,814,347
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(2,521,403)	(2,819,317)
Stock in trade	(713,684,106)	(400,783,029)
Trade debts	(148,380,378)	(44,291,620)
Loans and advances	(86,516,643)	(8,571,350)
Deposits and short term prepayments	(1,298,215)	(1,723,186)
Other receivables	(14,542,842)	1,768,203
Increase in current liabilities		
Trade and other payables	124,188,052	18,334,616
	(842,755,535)	(438,085,683)
Cash used in operations	(573,805,069)	(253,271,336)
Dividend paid	(15,385,125)	(51,364,407)
Employee benefits paid	(7,125,537)	(8,650,819)
Finance cost paid	(36,791,953)	(29,454,778)
Sales tax refund received	11,000,797	29,353,536
Income taxes paid	(17,025,926)	(18,468,986)
	(65,327,744)	(78,585,454)
Net cash used in operating activities	(639,132,813)	(331,856,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(139,132,386)	(58,403,072)
Proceeds from disposal of property, plant and equipment	703,000	5,794,970
Proceeds from short term investments	31,768,397	-
Increase in investments-Short term	(30,365,484)	-
Increase in long term deposits	-	-
Dividend received	2,826,000	9,539,696
Net cash used in investing activities	(134,200,473)	(43,068,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Obtained/Repayment of long term financing	45,282,000	-
Short term borrowings - net	721,374,770	362,141,397
Net cash generated from financing activities	766,656,770	362,141,397
Net decrease in cash and cash equivalents	(6,676,516)	(12,783,799)
Cash and cash equivalents at the beginning of period	22,711,121	21,304,064
Cash and cash equivalents at the end of period	16,034,605	8,520,265

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Share capital	General reserve	Revenue reserves			Capital reserve					Total
			Un-appropriated profit	Unrealized gain/(loss) on remeasurement of investments - net	Sub-total	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	Sub-total	
..... Rupees											
102,920,000	130,000,000	1,607,769,051	-	-	1,607,769,051	70,818,689	114,481	(1,555,028)	53,175,026	122,553,168	1,963,242,219
Balance as at Jul 01, 2016											
Comprehensive income:											
Profit for the six months ended December 31, 2016											
-	-	75,534,059	-	-	75,534,059	-	-	-	-	-	75,534,059
Other comprehensive income											
-	-	-	-	-	-	35,761,993	19,777	-	-	35,781,770	35,781,770
Total comprehensive income											
-	-	75,534,059	-	-	75,534,059	35,761,993	19,777	-	-	35,781,770	111,316,829
Effects of items directly recognized in equity by associates											
-	-	-	-	-	-	-	-	-	10,128,708	10,128,708	10,128,708
Transactions with owners:											
Final dividend for the year ended June 30, 2016 @ Rs.5 per share											
-	-	(51,460,000)	-	-	(51,460,000)	-	-	-	-	-	(51,460,000)
Balance as at December 31, 2016											
102,920,000	130,000,000	1,631,843,110	-	-	1,631,843,110	106,580,682	134,258	(1,555,028)	63,303,734	168,463,646	2,033,226,756
Comprehensive income:											
Profit for the six months ended June 30, 2017											
-	-	153,459,916	-	-	153,459,916	-	-	-	-	-	153,459,916
Other comprehensive income											
-	-	661,669	(9,370,227)	(8,708,558)	31,104,394	(131,039)	(237,792)	-	-	30,735,563	22,027,005
Total comprehensive income											
-	-	154,121,585	(9,370,227)	144,751,358	31,104,394	(131,039)	(237,792)	-	-	30,735,563	175,486,921
Effects of items directly recognized in equity by associates											
-	-	-	-	-	-	-	-	-	(53,461,778)	(53,461,778)	(53,461,778)
102,920,000	130,000,000	1,785,964,695	(9,370,227)	1,776,594,468	137,685,076	3,219	(1,792,820)	9,841,956	145,737,431	2,155,251,899	
Balance as at June 30, 2017											
Comprehensive income:											
Profit for the six months ended December 31, 2017											
-	-	143,507,630	-	-	143,507,630	-	-	-	-	-	143,507,630
Other comprehensive income											
-	-	-	(11,272,214)	(72,724,243)	430,579	-	-	-	-	(72,293,664)	(83,565,878)
Total comprehensive income											
-	-	143,507,630	(11,272,214)	132,235,416	(72,724,243)	430,579	-	-	-	(72,293,664)	59,941,752
Effects of items directly recognized in equity by associates											
-	-	-	-	-	-	-	-	-	1,127	1,127	1,127
Transactions with owners:											
Final dividend for the year ended June 30, 2017 @ Rs.5 per share											
-	-	(15,438,000)	-	-	(15,438,000)	-	-	-	-	-	(15,438,000)
102,920,000	130,000,000	1,914,034,325	(20,642,441)	1,893,391,884	64,960,833	433,798	(1,792,820)	9,843,083	73,444,894	2,199,756,778	
Balance as at December 31, 2017											

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**1 GENERAL INFORMATION**

Reliance Cotton Spinning Mills Limited ("the Holding Company") and its wholly owned subsidiary RCSM Company (Private) Limited collectively referred to as 'the Group' was incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange Limited. The wholly owned subsidiary was incorporated on November 8, 2017.

The principal activity of the Holding Company is manufacturing and sale of yarn and 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.

- 1.1 This condensed interim consolidated 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 consolidated financial information of the Company for the six months period ended December 31, 2017 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.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Institute of Chartered Accountants of Pakistan has published a circular No. 17 / 2017 dated October 6, 2017 stating that the said order of the Commission is also applicable for preparation of interim financial statements of the companies for the periods ending on or before December 31, 2017. Therefore, this unconsolidated condensed interim financial information has been prepared under the repealed Companies Ordinance 1984.

- 2.2 This condensed interim consolidated 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, 2017.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual audited financial statement for the year ended June 30, 2017.
- 3.2 The preparation of this condensed interim consolidated financial information 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, 2017.
- 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, 2017, none of these amendments are expected to have a significant effect on this condensed interim consolidated financial information.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

		Un-audited December 31 2017 Rupees	Audited June 30 2017 Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	4.1 1,354,652,396	1,403,202,577
	Capital work in progress	4.2 127,176,678	7,751,087
		<u>1,481,829,074</u>	<u>1,410,953,664</u>
4.1	Operating assets		
	Opening book value	1,403,202,577	1,290,064,309
	Additions during the period / year		
	Freehold land	2,368,000	20,525,000
	Plant and Machinery	-	50,043,444
	Vehicles	-	23,319,263
	Electric Installation	-	360,000
	Computers	-	78,000
		<u>2,368,000</u>	<u>94,325,707</u>
	Transfer from capital work in progress		
	Factory Building	2,100,984	36,610,879
	Plant and machinery	4,659,382	75,589,922
	Vehicles	9,429,004	1,700,095
	Electric Installation	1,149,425	65,077,007
		<u>17,338,795</u>	<u>178,977,903</u>
	Book value of assets disposed off during the period / year	(293,823)	(18,938,516)
	Depreciation charged during the period / year	(67,963,153)	(141,226,826)
		<u>1,354,652,396</u>	<u>1,403,202,577</u>
4.2	Capital work in progress		
	Buildings - civil works	-	1,969,462
	Plant and machinery	122,917,913	286,719
	Electric installation	3,753,765	-
	Advance for Vehicles	505,000	5,494,906
		<u>127,176,678</u>	<u>7,751,087</u>
4.2.1	Movement in capital work in progress		
	Opening balance	7,751,087	175,467,980
	Additions during the period	136,764,386	11,261,010
	Less:		
	Capitalization during the period	17,338,795	178,977,903
	Written off	-	-
		<u>127,176,678</u>	<u>7,751,087</u>
5	LONG TERM INVESTMENTS		
	Investments in associates - at equity method:		
	Quoted:		
	Sapphire Fibres Limited	5.2 398,194,843	421,873,451
	Sapphire Textile Mills Limited	5.3 76,011,937	91,363,134
	SFL Limited	5.4 56,936,871	58,583,020
	Un quoted:		
	Sapphire Finishing Mills Limited	5.5 72,012,619	72,953,670
	Sapphire Holding Limited	5.6 31,511,756	33,445,413
	Sapphire Power Generation Limited	5.7 53,125,911	56,560,011
		<u>687,793,937</u>	<u>734,778,699</u>
5.1	The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.		

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Un-audited December 31 2017 Rupees	Audited June 30 2017 Rupees
5.2 Investment in Sapphire Fibres Limited		
393,697 (June 30, 2017: 393,697) ordinary shares of Rs. 10 each - cost	41,956,482	41,956,482
Share of post acquisition profit items directly recognized in equity	356,828,907	387,397,212
Dividend received	(590,546)	(7,480,243)
	<u>398,194,843</u>	<u>421,873,451</u>
5.3 Investment in Sapphire Textile Mills Limited		
100,223 (June 30, 2017: 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	68,198,537	86,054,800
Dividend received	(301,178)	(2,806,244)
	<u>76,011,937</u>	<u>91,363,134</u>
5.4 Investment in SFL Limited		
401,570 (June 30, 2017: 401,570) ordinary shares of Rs. 10 each - cost	2,439,475	2,439,475
Share of post acquisition profit	54,497,396	56,545,115
Dividend received	-	(401,570)
	<u>56,936,871</u>	<u>58,583,020</u>
5.5 Investment in Sapphire Finishing Mills Limited		
1,556,000 (June 30, 2017: 1,556,000) ordinary shares of Rs. 10 each - cost	16,509,160	16,509,160
Share of post acquisition profit and items directly recognized in equity	55,503,459	58,467,310
Dividend received	-	(2,022,800)
	<u>72,012,619</u>	<u>72,953,670</u>
5.6 Investment in Sapphire Holding Limited		
100,223 (June 30, 2017: 100,223) ordinary shares of Rs. 10 each - cost	524,950	524,950
Share of post acquisition profit	30,986,806	33,271,244
Dividend received	-	(350,781)
	<u>31,511,756</u>	<u>33,445,413</u>
5.7 Investment in Sapphire Power Generation Limited		
555,000 (June 30, 2017: 555,000) ordinary shares of Rs. 10 each - cost	19,425,000	19,425,000
Share of post acquisition profit	33,700,911	37,135,011
	<u>53,125,911</u>	<u>56,560,011</u>
6 SHORT TERM INVESTMENTS		
Available for sale investments		
Investments in quoted companies	86,788,424	93,524,885
Unrealized loss on remeasurement of investments	(20,642,441)	(9,370,227)
	<u>66,145,983</u>	<u>84,154,658</u>
7 Reserves		
General reserve	130,000,000	130,000,000
Capital reserves	73,444,894	145,737,431
Revenue reserve	1,893,391,884	1,776,594,468
	<u>2,096,836,778</u>	<u>2,052,331,899</u>

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Un-audited December 31 2017 Rupees	Audited June 30 2017 Rupees
8 LONG TERM FINANCING		
As at the beginning of the period	74,900,000	74,900,000
Availed during the period	45,282,000	-
As at the end of the period	120,182,000	74,900,000
Less: Current maturity of long term financing	(3,659,374)	-
	<u>116,522,626</u>	<u>74,900,000</u>
8.1 Company has obtained the long term financing facility from MCB Bank Limited at the rate of 2.5% (June 30, 2017: 2.5%). The facility has the limit of 150 million and is secured against first pari passu charge of 200 million against all present and future plant and machinery of the Company. Markup is payable on quarterly basis.		
	Un-audited December 31 2017 Rupees	Audited June 30 2017 Rupees
9 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finance	1,041,050,975	411,083,543
Foreign currency import finance	144,870,796	248,744,167
Other short term finance	540,000,000	345,000,000
Temporary bank overdraft	280,709	-
	<u>1,726,202,480</u>	<u>1,004,827,710</u>
	Un-audited December 31 2017 Rupees	Audited June 30 2017 Rupees
10 CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	99,990,298	99,990,298
Post dated cheques issued	118,433,462	75,596,056
	<u>218,423,760</u>	<u>175,586,354</u>
10.2 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.		
	Un-audited December 31 2017 Rupees	Audited June 30 2017 Rupees
10.3 Commitments		
Irrevocable letters of credit for import of:		
-Machinery	-	196,791,240
-Stores and spare parts	30,754,955	1,394,375
-Raw material	110,491,326	35,340,890
-Contract for capital expenditure	-	131,522
	<u>141,246,281</u>	<u>233,658,027</u>

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2017	2016	2017	2016
	.....Rupees.....		.....Rupees.....	
11 SALES - NET				
Local				
Yarn	870,646,061	295,310,087	693,694,044	143,328,869
Waste	30,671,452	30,092,981	17,258,769	14,195,413
	901,317,513	325,403,068	710,952,813	157,524,282
Export				
Yarn	543,583,673	526,723,736	278,803,078	261,960,719
Yarn (indirect export)	532,775,671	902,994,168	19,867,090	462,087,673
Waste	37,901,041	36,622,297	27,961,602	14,086,417
Waste (indirect export)	-	-	-	-
	1,114,260,385	1,466,340,201	326,631,770	738,134,809
	2,015,577,898	1,791,743,269	1,037,584,583	895,659,091
Processing services	2,415,029	346,248	1,643,835	157,248
Export rebate	21,375,254	1,523,501	10,669,237	946,665
	2,039,368,181	1,793,613,018	1,049,897,655	896,763,004

11.1 Sales tax on local sales and indirect export sales is Rs.0.471 million (Dec 31, 2016 Rs. 0.538 million)

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2017	2016	2017	2016
	.....Rupees.....		.....Rupees.....	
12 COST OF SALES				
Raw material consumed	1,329,209,702	1,088,214,448	697,808,171	562,319,113
Packing material consumed	29,579,709	28,096,019	14,602,143	14,070,579
Store and spare parts consumed	38,247,958	32,396,073	20,226,537	16,430,932
Salaries, wages and benefits	167,571,568	164,090,917	86,152,504	80,801,743
Fuel and power	156,206,612	154,860,914	79,607,634	79,312,986
Insurance	3,211,218	5,550,031	1,640,950	2,622,385
Repairs and maintenance	2,254,077	1,630,587	1,471,310	858,415
Travelling and conveyance	2,299,942	1,936,971	1,092,127	1,006,301
Other manufacturing overheads	1,217,856	1,444,614	689,045	532,397
Depreciation	67,963,153	68,237,209	34,130,576	35,203,034
	1,797,761,795	1,546,457,783	937,420,997	793,157,885
Work in process				
At beginning of period	143,725,269	128,561,008	135,457,750	106,190,025
At end of period	(141,395,349)	(102,148,534)	(141,395,349)	(102,148,534)
	2,329,920	26,412,474	(5,937,599)	4,041,491
Cost of goods manufactured	1,800,091,715	1,572,870,257	931,483,398	797,199,376
Finished goods				
At beginning of period	82,330,887	94,836,235	104,227,001	76,125,800
Yarn purchased	3,221,302	3,401,007	1,144,873	1,091,857
At end of period	(127,279,355)	(56,797,207)	(127,279,355)	(56,797,207)
	(41,727,166)	41,440,035	(21,907,481)	20,420,450
	1,758,364,549	1,614,310,292	909,575,917	817,619,826

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Six months ended		Three months ended	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
	.....Rupees.....		.....Rupees.....	
13 FINANCE COST				
Mark-up on:				
Long term financing	1,112,670	882,649	640,697	367,937
Short term borrowings	35,709,360	30,075,528	15,882,086	16,981,462
Interest on workers' profit participation fund	103,185	121,137	103,185	6,244
Bank charges and commission	2,866,684	2,980,372	1,237,209	1,505,281
	39,791,899	34,059,686	17,863,177	18,860,924

14 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 2017	December 31 2016
		.....Rupees.....	
Associated companies			
	Sales of finished goods, raw material / stores and spare parts	311,849,716	274,284,592
	Purchases of;		
	- finished goods, raw material / stores and spare parts	31,676,122	15,930,890
	- machinery	-	15,158,400
	- electricity	9,539,572	68,823,372
	Services rendered	1,510,809	-
	Services obtained	916,308	1,898,549
	Dividend received	891,724	9,539,696
	Dividend paid	9,256,103	30,853,675
	Shared expenses paid	3,989,616	3,936,596
	Shared expenses received	2,266,131	-

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2017	2016	2017	2016
	.....Rupees.....		.....Rupees.....	
15 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit attributable to ordinary shareholders	143,507,630	75,534,059	66,634,107	18,248,488
	Number of shares			
Weighted average shares outstanding during the period	10,292,000	10,292,000	10,292,000	10,292,000
Basic and diluted earnings per share (rupees)	13.94	7.34	6.47	1.77
16 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES				
	Audited June 30 2017 Rupees	Repaid during the period	Availed during the period	Un-audited December 31 2017 Rupees
Long term financing	74,900,000	-	45,282,000	120,182,000
Short term borrowings	1,004,827,710	(6,079,524,437)	6,800,618,498	1,726,202,480
	1,079,727,710	(6,079,524,437)	6,845,900,498	1,846,384,480

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of fixed term loans, long term advances, stores spares and loose tools, stock in trade, trade debts, advances long term financing and trade payables cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently reprised.

Fair value hierarchy

Financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company holds shares available for sale under level 1 as at December 31, 2017 that amounts to Rs. 66.14m (June 30, 2017 Rs. 88.14m)

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**18 DATE OF AUTHORIZATION FOR ISSUE**

The condensed interim consolidated financial information have been approved by the Board of Directors of the Company and authorized for issue on February 22, 2018.

19 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore:
Dated: February 22, 2018

SHAYAN ABDULLAH
CHIEF EXECUTIVE OFFICER

SHAHID ABDULLAH
DIRECTOR

JAWWAD FAISAL
CHIEF FINANCIAL OFFICER

