

# **Reliance Cotton Spinning Mills Limited**

## **Third Quarter Accounts March 31, 2016**

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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. 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](http://www.sapphire.com.pk/rcsml)

**DIRECTORS' REVIEW**

We are pleased to present un-audited interim financial information of the company for the period of nine months ended on March 31, 2016.

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. 2,369.107 million which is lesser by 22.15% as compared to the corresponding period (2015: Rs. 3,043.263 million).
- Gross profit for the period remained at Rs. 265.345 million as compared to Rs. 381.630 million of the last comparative period.
- The Company has earned after tax profit of Rs. 85.175 million as against Rs. 176.165 million of the comparative period of last year showing decline of 51.65%.
- The earnings per share (EPS) for the period remained at Rs. 8.28 as against Rs. 17.12 of the same period of last year.

**FUTURE OUTLOOK**

The textile sector in Pakistan is passing through a difficult period due to subdued demand both in local and international markets and increase in cost of production. However the management of your Company is vigilant of these circumstances and constantly working on increasing shareholder value through better cost control measures and product diversification.

**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: April 26, 2016

**Shayan Abdullah**  
Chief Executive

## CONDENSED INTERIM BALANCE SHEET

### AS AT MARCH 31, 2016

		Un-Audited March 31, 2016	Audited June 30, 2015
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,423,350,216	1,483,821,749
Long term investments	5	623,366,866	627,402,950
Long term deposits		9,014,170	9,129,670
		<u>2,055,731,252</u>	<u>2,120,354,369</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		38,651,202	41,109,792
Stock in trade		895,719,826	853,124,362
Trade debts		413,649,908	434,038,719
Loans and advances		5,517,661	5,406,078
Deposit and short term prepayments		2,618,772	1,348,780
Other receivables		12,188,677	13,476,572
Advance income tax		23,568,517	65,924,143
Tax refunds due from the Government		209,414,748	188,395,154
Cash and bank balances		11,517,366	7,679,271
		<u>1,612,846,677</u>	<u>1,610,502,871</u>
		<u>3,668,577,929</u>	<u>3,730,857,240</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital:			
12,000,000 (June 30, 2015: 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, 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		97,942,857	144,013,053
Un-appropriated profit		1,573,859,143	1,540,143,805
		<u>1,904,722,000</u>	<u>1,917,076,858</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities			
- employee benefits - unfunded		65,321,910	62,258,658
- deferred tax liability		64,461,351	43,034,414
		<u>129,783,261</u>	<u>105,293,072</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		209,211,671	278,733,515
Mark-up accrued		13,560,465	18,119,425
Short term borrowings	6	1,368,865,907	1,342,194,285
Current portion of long term financing		16,666,667	33,333,333
Provision for taxation		25,767,958	36,106,752
		<u>1,634,072,668</u>	<u>1,708,487,310</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	<u>3,668,577,929</u>	<u>3,730,857,240</u>

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

Karachi:  
Dated: April 26, 2016

**SHAYAN ABDULLAH**  
CHIEF EXECUTIVE OFFICER

**YOUSUF ABDULLAH**  
DIRECTOR

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Note	Nine months ended		Three months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		.....Rupees.....	.....Rupees.....	.....Rupees.....	.....Rupees.....
Sales	8	2,369,107,193	3,043,262,528	777,882,765	1,004,855,815
Cost of sales	9	(2,103,761,938)	(2,661,632,947)	(687,433,180)	(902,500,267)
<b>Gross profit</b>		<b>265,345,255</b>	<b>381,629,581</b>	<b>90,449,585</b>	<b>102,355,548</b>
Distribution cost		(56,639,257)	(72,217,102)	(17,310,046)	(27,443,705)
Administrative expenses		(31,916,467)	(29,738,425)	(10,226,017)	(10,570,362)
Other operating expenses		(6,561,106)	(11,430,555)	(2,585,011)	(725,812)
Other income		4,220,419	8,747,785	1,197,581	4,196,710
		(90,896,411)	(104,638,297)	(28,923,493)	(34,543,169)
		<b>174,448,844</b>	<b>276,991,284</b>	<b>61,526,092</b>	<b>67,812,379</b>
Finance cost	10	(91,935,287)	(124,896,844)	(25,325,815)	(41,788,854)
Share of profit of associates		50,170,167	52,483,227	21,337,806	21,181,359
<b>Profit before taxation</b>		<b>132,683,724</b>	<b>204,577,667</b>	<b>57,538,083</b>	<b>47,204,884</b>
<b>Taxation</b>					
Current		(25,767,958)	(27,119,807)	(8,679,199)	(6,177,340)
Prior		(313,491)	(474,963)	-	-
Deferred		(21,426,937)	(817,835)	(555,846)	1,193,574
		(47,508,386)	(28,412,605)	(9,235,045)	(4,983,766)
<b>Profit after taxation</b>		<b>85,175,338</b>	<b>176,165,062</b>	<b>48,303,038</b>	<b>42,221,118</b>
<b>Earnings per share - basic and diluted</b>		<b>8.28</b>	<b>17.12</b>	<b>4.69</b>	<b>4.10</b>

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

Karachi:  
Dated: April 26, 2016

**SHAYAN ABDULLAH**  
CHIEF EXECUTIVE OFFICER

**YOUSUF ABDULLAH**  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Nine months ended		Three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees-----		.....Rupees.....	
<b>Profit for the period</b>	<b>85,175,338</b>	176,165,062	<b>48,303,038</b>	42,221,118
<b>Other comprehensive income:</b>				
Share in associates' unrealized (loss) on available for sale investments - net	<b>(40,409,990)</b>	(25,264,950)	<b>(14,388,882)</b>	(26,703,353)
Share in associate's unrealized gain/(loss) on hedging instruments	<b>26,825</b>	(37,486)	<b>(6,941)</b>	(359,117)
Other comprehensive (loss) for the period	<b>(40,383,165)</b>	(25,302,436)	<b>(14,395,823)</b>	(27,062,470)
<b>Total comprehensive income for the period</b>	<b>44,792,173</b>	150,862,626	<b>33,907,215</b>	15,158,648

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

Karachi:  
Dated: April 26, 2016

**SHAYAN ABDULLAH**  
CHIEF EXECUTIVE OFFICER

**YOUSUF ABDULLAH**  
DIRECTOR

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH, 2016

	Nine months ended March 31, 2016	Nine months ended March 31, 2015
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	132,683,724	204,577,667
Adjustments for:		
Depreciation of property, plant and equipment	98,953,634	96,976,435
Provision for employee benefits	16,362,000	14,400,000
Gain on disposal of property, plant and equipment	(1,899,108)	(47,772)
Unrealised gain on remeasurement of financial assets	-	(193,804)
Finance cost	91,935,287	124,896,844
Share of profit of associates	(50,170,167)	(52,483,227)
	<b>287,865,370</b>	<b>388,126,143</b>
<b>Working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	2,458,590	(5,296,668)
Stock in trade	(42,595,464)	196,142,148
Trade debts	20,388,811	(53,185,177)
Loans and advances	(111,583)	(6,340,202)
Deposits and short term prepayments	(1,269,992)	(1,408,712)
Other receivables	1,287,895	(14,616,743)
(Decrease)/Increase in current liabilities		
Trade and other payables	(69,603,140)	(86,080,952)
	<b>(89,444,883)</b>	<b>29,213,694</b>
<b>Cash used / generated from operations</b>	<b>198,420,487</b>	<b>417,339,837</b>
Dividend paid	(51,378,699)	(15,419,637)
Employee benefits paid	(13,298,748)	(17,989,281)
Finance cost paid	(96,494,247)	(134,455,592)
Sales tax paid/(refund)	8,484,305	(13,066,086)
Income taxes paid	(23,568,516)	(34,149,215)
	<b>(176,255,905)</b>	<b>(215,079,811)</b>
<b>Net cash used in operating activities</b>	<b>22,164,582</b>	<b>202,260,026</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(39,978,994)	(80,848,304)
Proceeds from disposal of property, plant and equipment	3,396,000	250,000
Increase in long term deposits	115,500	(271,440)
Long term loans - net	-	57,000
Dividend received	8,136,051	8,257,443
<b>Net cash used in investing activities</b>	<b>(28,331,443)</b>	<b>(72,555,301)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(16,666,666)	(33,333,332)
Short term borrowings - net	26,671,622	(108,393,556)
<b>Net cash from financing activities</b>	<b>10,004,956</b>	<b>(141,726,888)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,838,095</b>	<b>(12,022,163)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>7,679,271</b>	<b>19,937,567</b>
<b>Cash and cash equivalents at the end of period</b>	<b>11,517,366</b>	<b>7,915,404</b>

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

Karachi:  
Dated: April 26, 2016

**SHAYAN ABDULLAH**  
CHIEF EXECUTIVE OFFICER

**YOUSUF ABDULLAH**  
DIRECTOR



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH, 2016

	Revenue reserves		Capital reserve					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	Share of items directly recognized in equity by associates	Sub-total	
<b>Share capital</b>								
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
<b>Balance as at Jul 01, 2014</b>								
<b>Comprehensive income:</b>								
Profit for the nine months ended March 31, 2015								
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	-	-
<b>Transactions with owners:</b>								
Final dividend for the year ended June 30, 2014 @ Rs.1.5 per share	-	-	-	-	-	(1,655,724)	(1,655,724)	(1,655,724)
<b>Balance as at March 31, 2015</b>	-	-	(15,438,000)	-	-	-	-	(15,438,000)
<b>Comprehensive income:</b>								
Loss for the three months ended June 30, 2015	102,920,000	1,580,872,180	74,509,984	107,687	(741,688)	52,987,130	126,863,113	1,940,855,293
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2015</b>	102,920,000	1,540,143,805	89,757,071	(13,711)	(1,525,568)	55,795,261	144,013,053	1,917,076,858
<b>Comprehensive income:</b>								
Profit for the nine month ended March 31, 2016	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	(40,409,990)	26,825	-	-	(40,383,165)	(40,383,165)
<b>Total comprehensive income</b>	-	-	(40,409,990)	26,825	-	-	(40,383,165)	(40,383,165)
Effects of items directly recognized in equity by associates	-	-	-	-	-	(5,687,031)	(5,687,031)	(5,687,031)
<b>Transactions with owners:</b>								
Final dividend for the year ended June 30, 2015 @ Rs.5.00 per share	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	102,920,000	1,573,859,143	49,347,081	13,114	(1,525,568)	50,108,230	97,942,857	1,904,722,000

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

Karachi:  
Dated: April 26, 2016

**SHAYAN ABDULLAH**  
CHIEF EXECUTIVE OFFICER

**YOUSUF ABDULLAH**  
DIRECTOR

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 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 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 nine months period ended March 31, 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, 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 March 31 2016 Rupees	Audited June 30 2015 Rupees
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating assets	4.1	1,297,695,797	1,325,660,013
Capital work in progress	4.2	125,654,419	158,161,736
		<u>1,423,350,216</u>	<u>1,483,821,749</u>
<b>4.1 Operating assets</b>			
Opening book value		1,325,660,013	1,289,232,611
Additions during the period / year			
Freehold land		-	17,990,000
Office equipment		2,525,552	-
Furniture		751,100	-
Vehicles		4,378,220	-
Computers		60,255	192,499
		7,715,127	18,182,499
Transfer from capital work in progress			
Factory Building		48,509,433	81,847,838
Plant and machinery		16,261,750	61,988,350
Vehicles		-	7,354,061
		64,771,183	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		(98,953,634)	(131,404,715)
		<u>1,297,695,797</u>	<u>1,325,660,013</u>
<b>4.2 Capital work in progress</b>			
Land		4,868,260	-
Buildings - civil works		17,427,114	63,006,368
Plant and machinery		15,585,531	14,131,500
Electric installation		81,039,618	80,523,868
Advances for Vehicles		6,733,896	500,000
		<u>125,654,419</u>	<u>158,161,736</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

			Un-audited March 31 2016 Rupees	Audited June 30 2015 Rupees
<b>5</b>	<b>LONG TERM INVESTMENTS</b>	<b>Note</b>		
	<b>Investments in associates - at equity method:</b>			
	<b>Quoted:</b>			
	Sapphire Fibres Limited	5.2	<b>346,505,653</b>	351,680,520
	Sapphire Textile Mills Limited	5.3	<b>69,586,732</b>	73,008,307
	SFL Limited	5.4	<b>57,819,391</b>	58,165,846
	<b>Un quoted:</b>			
	Sapphire Finishing Mills Limited	5.5	<b>64,554,155</b>	58,547,645
	Sapphire Holding Limited	5.6	<b>30,311,672</b>	31,744,979
	Sapphire Power Generation Limited	5.7	<b>54,589,263</b>	54,255,653
			<b>623,366,866</b>	<b>627,402,950</b>
<b>5.1</b>	The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.			
<b>5.2</b>	<b>Sapphire Fibres Limited</b>			
	393,697 (June 30, 2015: 393,697) ordinary shares of Rs. 10 each - cost		<b>41,956,482</b>	41,956,482
	Equity held: 1.9997%			
	Share of post acquisition profit directly recognized in equity		<b>308,486,145</b>	314,645,251
	Dividend received		<b>(3,936,970)</b>	(4,921,213)
			<b>346,505,657</b>	<b>351,680,520</b>
<b>5.3</b>	<b>Sapphire Textile Mills Limited</b>			
	100,223 (June 30, 2015: 100,223) ordinary shares of Rs. 10 each - cost		<b>8,114,578</b>	8,114,578
	Equity held: 0.50%			
	Share of post acquisition profit directly recognized in equity		<b>62,474,384</b>	65,895,959
	Dividend received		<b>(1,002,230)</b>	(1,002,230)
			<b>69,586,732</b>	<b>73,008,307</b>
<b>5.4</b>	<b>SFL Limited</b>			
	401,570 (June 30, 2015: 401,570) ordinary shares of Rs. 10 each - cost		<b>2,439,475</b>	2,439,475
	Equity held: 1.9987%			
	Share of post acquisition profit		<b>56,383,842</b>	55,726,371
	Dividend received		<b>(1,003,926)</b>	-
			<b>57,819,391</b>	<b>58,165,846</b>
<b>5.5</b>	<b>Sapphire Finishing Mills Limited</b>			
	1,556,000 (June 30, 2015: 1,556,000) ordinary shares of Rs. 10 each - cost		<b>16,509,160</b>	16,509,160
	Equity held: 1.69%			
	Share of post acquisition profit directly recognized in equity		<b>49,912,195</b>	44,372,485
	Dividend received		<b>(1,867,200)</b>	(2,334,000)
			<b>64,554,155</b>	<b>58,547,645</b>
<b>5.6</b>	<b>Sapphire Holding Limited</b>			
	100,223 (June 30, 2015: 100,223) ordinary shares of Rs. 10 each - cost		<b>524,950</b>	524,950
	Equity held: 0.50%			
	Share of post acquisition profit		<b>30,112,447</b>	31,220,029
	Dividend received		<b>(325,725)</b>	
			<b>30,311,672</b>	<b>31,744,979</b>
<b>5.7</b>	<b>Sapphire Power Generation Limited</b>			
	555,000 (June 30, 2015: 555,000) ordinary shares of Rs. 10 each - cost		<b>19,425,000</b>	19,425,000
	Equity held: 3.46%			
	Share of post acquisition profit		<b>35,164,263</b>	34,830,653
			<b>54,589,263</b>	<b>54,255,653</b>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Un-audited March 31 2016 Rupees	Audited June 30 2015 Rupees
<b>6 SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Running finance	208,528,290	122,163,938
Foreign currency import finance	96,699,610	147,288,147
Other short term finance	1,062,623,932	1,072,742,200
Temporary bank overdraft	1,014,076	-
	<b>1,368,865,907</b>	<b>1,342,194,285</b>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1 Contingencies</b>		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	69,287,694	53,863,694
Post dated cheques	183,504,486	181,839,732
	<b>252,792,180</b>	<b>235,703,426</b>
<b>7.2 Commitments</b>		
<b>Irrevocable letters of credit for import of:</b>		
-Plant and machinery	58,366,183	-
-Stores and spare parts	-	2,137,439
-Raw material	35,161,448	16,322,220
Contract for capital expenditure	15,092,205	21,547,386
	<b>108,619,836</b>	<b>40,007,045</b>
<b>7.3 Claims of Input Sales Tax</b>		
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.		

	Nine months ended		Three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	.....Rupees.....		.....Rupees.....	
<b>8 SALES</b>				
<b>Local</b>				
Yarn	538,421,600	548,442,394	174,298,002	187,924,737
Waste	49,575,923	56,816,665	16,959,714	24,739,179
	587,997,523	605,259,059	191,257,716	212,663,916
<b>Export</b>				
Yarn	477,113,855	1,203,783,089	154,819,458	411,005,880
Yarn (under SPO)	1,267,857,520	1,189,375,848	421,132,577	368,767,702
Waste	32,014,233	29,701,155	9,619,056	7,576,643
Waste (under SPO)	1,313,675	12,151,476	-	3,901,500
	1,778,299,283	2,435,011,568	585,571,091	791,251,725
	2,366,296,806	3,040,270,627	776,828,807	1,003,915,641
Processing services	1,148,130	667,458	644,392	121,458
Export rebate	1,662,258	2,324,443	409,566	818,716
	<b>2,369,107,193</b>	<b>3,043,262,528</b>	<b>777,882,765</b>	<b>1,004,855,815</b>

8.1 Sales tax on local sales and indirect export sales is Rs.42.377 million (March 31, 2015 Rs.29.551 million)

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Nine months ended		Three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	.....Rupees.....		.....Rupees.....	
<b>9 COST OF SALES</b>				
Raw material consumed	1,415,743,337	1,838,027,438	471,617,786	561,810,584
Packing material consumed	43,280,862	46,160,220	13,427,352	15,829,412
Store and spare parts consumed	49,494,478	51,485,913	15,249,965	17,655,753
Salaries, wages and benefits	240,829,260	232,244,052	74,473,817	72,773,876
Fuel and power	213,090,927	259,579,841	65,949,656	77,782,276
Insurance	11,083,079	9,528,037	5,184,032	3,003,493
Repairs and maintenance	4,226,688	3,981,435	1,077,146	1,507,668
Travelling and conveyance	3,599,007	4,361,094	1,062,735	1,320,196
Processing and doubling charges	81,455,154	44,398,108	19,726,329	15,466,551
Other manufacturing overheads	2,913,585	2,015,740	462,240	870,177
Depreciation	98,953,634	96,976,435	33,457,789	33,920,064
	<b>2,164,670,012</b>	<b>2,588,758,313</b>	<b>701,688,847</b>	<b>801,940,050</b>
Work in process				
At beginning of period	120,307,562	134,041,989	132,869,635	126,806,184
At end of period	(137,909,568)	(142,707,550)	(137,909,568)	(142,707,550)
	<b>(17,602,006)</b>	<b>(8,665,561)</b>	<b>(5,039,933)</b>	<b>(15,901,366)</b>
Cost of goods manufactured	<b>2,147,068,006</b>	<b>2,580,092,752</b>	<b>696,648,914</b>	<b>786,038,684</b>
Finished goods				
At beginning of period	61,104,299	180,364,434	95,194,632	218,231,401
Yarn purchased	-	3,899,274	-	953,695
At end of period	(104,410,366)	(102,723,513)	(104,410,366)	(102,723,513)
	<b>(43,306,067)</b>	<b>81,540,195</b>	<b>(9,215,734)</b>	<b>116,461,583</b>
	<b>2,103,761,938</b>	<b>2,661,632,947</b>	<b>687,433,180</b>	<b>902,500,267</b>

**10 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.

**11 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:

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

Nature of Relationship	Nature of Transaction	Nine months ended	
		March 31 2016	March 31 2015
		.....Rupees.....	
Associated companies	Sales of finished goods, raw material / stores and spare parts	222,210,800	431,729,264
	Purchases of;		
	- finished goods, raw material / stores and spare parts	10,074,144	87,778,396
	- machinery	10,200,000	703,665
	- electricity	150,009,880	69,635,595
	Services rendered	47,152	-
	Services obtained	3,847,302	1,275,840
	Dividend received	8,136,051	8,257,443
	Dividend paid	30,861,560	10,095,671
	Shared expenses paid	4,998,699	4,326,790
Post-employment benefits	Contribution for the period	16,362,000	14,400,000
Key Management Personnel	Remuneration and other benefits	34,277,326	27,282,767

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.

**12 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 April 26, 2016.

**13 GENERAL**

Figures have been rounded off to the nearest rupee.