

Reliance Cotton Spinning Mills Limited

Third Quarter Accounts March 31, 2017

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COMPANY PROFILE

Board of Directors

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

Audit Committee

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

Human Resource

& Remuneration Committee

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

Chief Financial Officer

Mr. Jawwad Faisal

Company Secretary

Mr. Umar Rahi

Bankers of the Company

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

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Tax Consultant

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisor

Hassan & Hassan Advocates

Share Registrar

Hameed Majeed Associates (Pvt) Limited

Geographical Presence:

Registered Office

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

Mills

Ferozwattoan
District, Sheikhpura, Punjab

Company Website

www.sapphire.com.pk/rcsml

DIRECTORS' REVIEW

The Directors of the Company are pleased to present un-audited interim financial statements of the Company for the period of nine months ended 31 March, 2017.

Financial Highlights

	31 March,	
	2017	2016
	Rupees in thousand	
Sales & services	2,673,969	2,369,107
Gross profit	273,927	265,345
Profit before taxation	158,111	132,683
Taxation:		
- Current	(20,418)	(25,768)
- Prior	1,355	(313)
- Deferred	(7,735)	(21,427)
	(26,798)	(47,508)
Profit after taxation	131,313	85,175

The Company achieved revenue of Rs.2,674 million compared to Rs.2,369 million during the same period of last year. Whereas, the Company has earned after tax profit of Rs. 131 million as against Rs. 85 million during last year's corresponding period. Despite tough market conditions, the efforts put in by management of your Company have resulted in bottom line improvement.

Earnings per share

The company's earnings per share (EPS) were at Rs.12.76 as compared to Rs. 8.28 during the same period of last year.

Future outlook

The management is focused on market and product diversification to increase market share of your Company. Furthermore, the management is making every effort to improve operational efficiency and optimize cost structure to enhance shareholder value.

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 20, 2017

Shayan Abdullah
Chief Executive

ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران نہایت مسرت کے ساتھ ۳۱ مارچ ۲۰۱۷ کو اختتام پذیر ہونے والی نو ماہی غیر آڈٹ شدہ مالی تفصیلات پیش کر رہے ہیں۔ مالیاتی کارکردگی کی جھلکیاں:

۳۱ مارچ

2016

2017

(رقم ہزاروں میں)

2,369,107 2,673,969

265,345 273,927

132,683 158,111

فروخت اور خدمات

گل منافع

قبل از ٹیکس منافع

ٹیکس:

موجودہ

سابقہ

مؤخر

(25,768)

(20,418)

(313)

1,355

(21,427)

(7,735)

(47,508)

(26,798)

85 175

131 313

بعد از ٹیکس منافع

زیر جائزہ مدت میں آپ کی کمپنی کی آمدن بڑھ کر 2,674 ملین رہی جو کہ گزشتہ سال کے اسی عرصہ میں 2,369 ملین تھی۔ جبکہ، کمپنی نے بعد از ٹیکس منافع 131 ملین کمایہ جو کہ پچھلے سال کی اسی مدت میں 85 ملین تھا۔ مارکیٹ کے سخت حالات کے باوجود آپ کی کمپنی کی انتظامیہ کی کوششوں سے بنیادی بہتری حاصل ہوئی ہے۔

آمدنی فی حصص

کمپنی کی آمدنی فی حصص 12.76 روپے ہے جو کہ پچھلے سال کے اسی عرصہ میں 8.28 روپے تھی۔

مستقبل کا منظر نامہ:

انتظامیہ، کمپنی کے مارکیٹ میں حصہ کو زیادہ کرنے کے لئے مارکیٹ اور مصنوعات کی تبدیلی پر مرکوز ہے۔ تاہم، انتظامیہ آپریشنل کارکردگی میں بہتری اور لاگت کے ڈھانچے کو بہتر بنانے کے حصص یافتگان کی قدر بڑھانے کی ہر ممکنہ کوشش کر رہی ہے۔

ڈائریکٹرز، کمپنی کے عملے اور کارکنان کی محنت اور مخلص شراکت داری کو قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے نامزد

شایان عبداللہ

چیف ایگزیکٹو

کراچی

مورخہ: ۱۲۰ اپریل، ۲۰۱۷ء

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

		Un-Audited March 31, 2017	Audited June 30, 2016
		-----Rupees-----	
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,433,508,642	1,465,532,289
Long term investments	5	740,822,034	665,842,536
Long term deposits		8,987,690	8,987,690
		<u>2,183,318,366</u>	<u>2,140,362,515</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		29,987,475	28,333,642
Stock in trade		1,113,449,771	709,275,260
Trade debts		364,373,426	351,018,083
Loans and advances		15,700,701	13,067,252
Deposit and short term prepayments		2,576,413	1,189,466
Other receivables		9,687,401	13,034,956
Advance income tax		33,364,330	44,634,182
Tax refunds due from the Government		210,956,086	224,196,872
Cash and bank balances		7,751,563	21,304,064
		<u>1,787,847,166</u>	<u>1,406,053,777</u>
		<u>3,971,165,532</u>	<u>3,546,416,292</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2016: 12,000,000) ordinary shares of Rs.10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital:			
10,292,000 (June 30, 2016: 10,292,000) ordinary shares of Rs.10 each		102,920,000	102,920,000
General reserve		130,000,000	130,000,000
Capital reserve		158,806,626	122,553,168
Un-appropriated profit		1,687,621,603	1,607,769,051
		<u>2,079,348,229</u>	<u>1,963,242,219</u>
NON-CURRENT LIABILITIES			
Long term financing		63,617,000	58,550,000
Deferred liabilities			
- employee benefits - unfunded		78,334,856	73,392,461
- deferred tax		65,031,245	57,295,826
		<u>206,983,101</u>	<u>189,238,287</u>
CURRENT LIABILITIES			
Trade and other payables		312,630,166	207,426,044
Mark-up accrued		17,443,063	12,336,102
Short term borrowings	6	1,334,343,310	1,140,246,733
Current portion of long term financing		-	-
Provision for taxation		20,417,663	33,926,907
		<u>1,684,834,202</u>	<u>1,393,935,786</u>
CONTINGENCIES AND COMMITMENTS	7	<u>3,971,165,532</u>	<u>3,546,416,292</u>

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

Karachi:
Dated: April 20, 2017

SHAYAN ABDULLAH
CHIEF EXECUTIVE

AMER ABDULLAH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Note	Nine months ended		Three months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		-----Rupees-----		-----Rupees-----	
Sales	8	2,673,968,973	2,369,107,193	880,355,955	777,882,765
Cost of sales	9	(2,400,041,596)	(2,103,761,938)	(785,731,304)	(687,433,180)
Gross profit		273,927,377	265,345,255	94,624,651	90,449,585
Distribution cost		(66,856,471)	(56,639,257)	(19,610,158)	(17,310,046)
Administrative expenses		(38,455,836)	(31,916,467)	(14,320,075)	(10,226,017)
Other income		3,600,652	4,220,419	1,628,402	1,197,581
Other operating expenses		(7,483,500)	(6,561,106)	(2,205,194)	(2,585,011)
		(109,195,155)	(90,896,411)	(34,507,025)	(28,923,493)
		164,732,222	174,448,844	60,117,626	61,526,092
Finance cost		(55,037,499)	(91,935,287)	(20,977,813)	(25,325,815)
Share of profit of associates		48,416,071	50,170,167	18,964,449	21,337,806
Profit before taxation		158,110,794	132,683,724	58,104,262	57,538,083
Taxation					
Current		(20,417,663)	(25,767,958)	(1,249,122)	(8,679,199)
Prior		1,354,840	(313,491)	-	-
Deferred		(7,735,419)	(21,426,937)	(1,076,647)	(555,846)
		(26,798,242)	(47,508,386)	(2,325,769)	(9,235,045)
Profit for the period		131,312,552	85,175,338	55,778,493	48,303,038
Earnings per share - basic and diluted		12.76	8.28	5.42	4.69

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine months ended		Three months ended	
	March 31,	March 31,	March 31,	March 31,
	2017	2016	2017	2016
	-----Rupees-----		-----Rupees-----	
Profit for the period	131,312,552	85,175,338	55,778,493	48,303,038
Other comprehensive income:				
Share in associates' unrealized gain/(loss) on available for sale investments - net	66,866,337	(40,409,990)	31,104,344	(14,388,882)
Share in associate's unrealized gain/(loss) on hedging instruments	(79,187)	26,825	(98,964)	(6,941)
Other comprehensive income/(loss) for the period	66,787,150	(40,383,165)	31,005,380	(14,395,823)
Total comprehensive income for the period	198,099,702	44,792,173	86,783,873	33,907,215

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

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) **FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine months ended	
	March 31, 2017	March 31, 2016
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	158,110,794	132,683,724
Adjustments for:		
Depreciation of property, plant and equipment	104,468,091	98,953,634
Provision for employee benefits	19,860,000	16,362,000
Gain on disposal of property, plant and equipment	(1,807,003)	(1,899,108)
Finance cost	55,037,499	91,935,287
Share of profit of associates	(48,416,071)	(50,170,167)
	287,253,310	287,865,370
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(1,653,833)	2,458,590
Stock in trade	(404,174,511)	(42,595,464)
Trade debts	(13,355,343)	20,388,811
Loans and advances	(2,633,449)	(111,583)
Deposits and short term prepayments	(1,386,947)	(1,269,992)
Other receivables	3,347,555	1,287,895
Increase/(Decrease) in current liabilities		
Trade and other payables	105,135,889	(69,603,140)
	(314,720,639)	(89,444,883)
Cash generated from operations	(27,467,329)	198,420,487
Dividend paid	(51,391,767)	(51,378,699)
Employee benefits paid	(14,917,605)	(13,298,748)
Finance cost paid	(49,930,538)	(96,494,247)
Sales tax paid	21,181,893	8,484,305
Income taxes paid	(29,243,322)	(23,568,516)
	(124,301,339)	(176,255,905)
Net cash generated from operating activities	(151,768,668)	22,164,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(78,395,856)	(39,978,994)
Proceeds from disposal of property, plant and equipment	7,758,415	3,396,000
Decrease in long term deposits	-	115,500
Dividend received	9,690,031	8,136,051
Net cash used in investing activities	(60,947,410)	(28,331,443)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained/repaid	5,067,000	(16,666,666)
Short term borrowings - net	194,096,577	26,671,622
Net cash from financing activities	199,163,577	10,004,956
Net increase/(decrease) in cash and cash equivalents	(13,552,501)	3,838,095
Cash and cash equivalents at the beginning of period	21,304,064	7,679,271
Cash and cash equivalents at the end of period	7,751,563	11,517,366

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

Karachi:
Dated: April 20, 2017

SHAYAN ABDULLAH
CHIEF EXECUTIVE

AMER ABDULLAH
DIRECTOR

STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2017

	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		
Balance as at Jul 01, 2015	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 nine months ended March 31, 2016	-	-	-	-	-	-	-	85,175,338
Other comprehensive income	-	-	(40,409,990)	26,825	-	-	(40,383,165)	(40,383,165)
Total comprehensive income	-	-	(40,409,990)	26,825	-	-	(40,383,165)	44,792,173
Effects of items directly recognized in equity by associates	-	-	-	-	-	(5,687,031)	(5,687,031)	(5,687,031)
Transactions with owners:								
Final dividend for the year ended June 30, 2015 @ Rs.5 per share	-	-	-	-	-	-	-	(51,460,000)
Balance as at March 31, 2016	130,000,000	1,573,859,143	49,347,081	13,114	(1,525,568)	50,108,230	97,942,857	1,904,722,000
Comprehensive income:								
Profit for the three months ended March 31, 2017	-	-	-	-	-	-	-	36,722,014
Other comprehensive income	-	(2,812,106)	21,471,608	101,367	(29,460)	-	21,543,515	18,731,409
Total comprehensive income	-	33,909,908	21,471,608	101,367	(29,460)	-	21,543,515	55,453,423
Effects of items directly recognized in equity by associates	-	-	-	-	-	3,066,796	3,066,796	3,066,796
Balance as at March 31, 2016	130,000,000	1,607,769,051	70,818,689	114,481	(1,555,028)	53,175,026	122,553,168	1,963,242,219
Comprehensive income:								
Profit for the nine months ended March 31, 2017	-	131,312,552	-	-	-	-	-	131,312,552
Other comprehensive income	-	-	66,866,337	(79,187)	-	-	66,787,150	66,787,150
Total comprehensive income	-	131,312,552	66,866,337	(79,187)	-	-	66,787,150	198,099,702
Effects of items directly recognized in equity by associates	-	-	-	-	-	(30,533,692)	(30,533,692)	(30,533,692)
Transactions with owners:								
Final dividend for the year ended June 30, 2016 @ Rs.5 per share	-	-	-	-	-	-	-	(51,460,000)
Balance as at March 31, 2017	130,000,000	1,687,621,603	137,685,026	35,294	(1,555,028)	22,641,334	158,806,626	2,079,348,229

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

Karachi:

Dated: April 20, 2017

SHAYAN ABDULLAH
CHIEF EXECUTIVE

AMER ABDULLAH
DIRECTOR

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017****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 Sheikhpura Punjab.

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

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the nine months period ended March 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.

- 2.2 This condensed interim financial information does not include all of the information required for the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2016.

3 ACCOUNTING POLICIES AND ESTIMATES

- 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, 2016.

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

		Un-audited March 31 2017 Rupees	Audited June 30 2016 Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	1,402,679,538	1,290,064,309
	Capital work in progress	30,829,104	175,467,980
		<u>1,433,508,642</u>	<u>1,465,532,289</u>
4.1	Operating assets		
	Opening book value	1,290,064,309	1,325,660,013
	Additions during the period / year		
	Freehold land	13,590,000	4,822,330
	Factory Building	-	5,732,600
	Plant and machinery	25,873,135	29,012,923
	Furniture and fixture		1,678,720
	Vehicles	21,254,204	3,652,190
	Office equipment	-	104,001
	Computers	78,000	138,554
		60,795,339	45,141,318
	Transfer from capital work in progress		
	Factory Building	36,610,879	48,509,433
	Plant and machinery	60,235,662	-
	Vehicles	1,700,095	2,566,210
	Office equipment	-	2,525,557
	Electric installation	63,692,757	-
		162,239,393	53,601,200
	Book value of assets disposed off during the period / year	(5,951,412)	(1,496,891)
	Depreciation charged during the period / year	(104,468,091)	(132,841,331)
		<u>1,402,679,538</u>	<u>1,290,064,309</u>
4.2	Capital work in progress		
	Buildings - civil works	575,000	18,846,047
	Plant and machinery	28,245,718	73,698,065
	Electric installation	-	82,423,868
	Vehicles	2,008,386	500,000
		<u>30,829,104</u>	<u>175,467,980</u>

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

		Un-audited March 31, 2017	Audited June 30, 2016
	Note	-----Rupees-----	
5 LONG TERM INVESTMENTS			
Investments in associates - at equity method:			
Quoted:			
Sapphire Fibres Limited	5.2	421,549,235	373,268,465
Sapphire Textile Mills Limited	5.3	91,936,810	78,296,246
SFL Limited	5.4	59,274,449	59,312,429
Un quoted:			
Sapphire Finishing Mills Limited	5.5	76,660,234	67,792,023
Sapphire Holding Limited	5.6	33,641,547	31,235,792
Sapphire Power Generation Limited	5.7	57,759,760	55,937,581
		<u>740,822,035</u>	<u>665,842,536</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, 2016: 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		385,104,511	335,248,953
Dividend received		(5,511,758)	(3,936,970)
		<u>421,549,235</u>	<u>373,268,465</u>
5.3 Sapphire Textile Mills Limited			
100,223 (June 30, 2016: 100,223) ordinary shares of Rs. 10 each - cost		8,114,578	8,114,578
Share of post acquisition profit and items directly recognized in equity		85,225,354	71,183,898
Dividend received		(1,403,122)	(1,002,230)
		<u>91,936,810</u>	<u>78,296,246</u>
5.4 SFL Limited			
401,570 (June 30, 2016: 401,570) ordinary shares of Rs. 10 each - cost		2,439,475	2,439,475
Share of post acquisition profit		57,236,544	57,876,880
Dividend received		(401,570)	(1,003,926)
		<u>59,274,449</u>	<u>59,312,429</u>
5.5 Sapphire Finishing Mills Limited			
1,556,000 (June 30, 2016: 1,556,000) ordinary shares of Rs. 10 each - cost		16,509,160	16,509,160
Share of post acquisition profit directly and items recognized in equity		62,173,874	53,150,063
Dividend received		(2,022,800)	(1,867,200)
		<u>76,660,234</u>	<u>67,792,023</u>
5.6 Sapphire Holding Limited			
100,223 (June 30, 2016: 100,223) ordinary shares of Rs. 10 each - cost		524,950	524,950
Share of post acquisition profit		33,467,377	31,036,566
Dividend received		(350,781)	(325,724)
		<u>33,641,547</u>	<u>31,235,792</u>
5.7 Sapphire Power Generation Limited			
555,000 (June 30, 2016: 555,000) ordinary shares of Rs. 10 each - cost		19,425,000	19,425,000
Share of post acquisition profit		38,334,760	36,512,581
		<u>57,759,760</u>	<u>55,937,581</u>

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

	Un-audited March 31 2017 Rupees	Audited June 30 2016 Rupees												
6	SHORT TERM BORROWINGS													
	From banking companies - secured													
Running finance	324,337,159	606,244,552												
Foreign currency import finance	317,236,129	239,002,181												
Other short term finance	690,000,000	295,000,000												
Temporary bank overdraft	2,770,022	-												
	<u>1,334,343,310</u>	<u>1,140,246,733</u>												
7	CONTINGENCIES AND COMMITMENTS													
7.1	Contingencies													
Guarantees have been issued by banks on behalf of the Company in the normal course of business	86,003,694	69,337,654												
Post dated cheques issued	75,596,056	88,366,245												
	<u>161,599,750</u>	<u>157,703,899</u>												
7.2	Claims of Input Sales Tax													
The Company has claimed an input tax of Rs. 13.985 million and the same has been disallowed by Federal Board of Revenue (FBR) Pakistan by a notice dated June 20, 2015. However the Company has filed an appeal dated July 07, 2015 against the FBR decision and has reasonable grounds to claim the tax.														
7.3	Commitments													
	Irrevocable letters of credit for import of:													
-stores and spare parts	5,873,980	-												
-raw material	29,248,362	36,156,829												
Contract for capital expenditure	-	13,828,796												
	<u>35,122,342</u>	<u>49,985,625</u>												
	<table><tr><th colspan="2">Nine months ended</th><th colspan="2">Three months ended</th></tr><tr><th>March 31, 2017</th><th>March 31, 2016</th><th>March 31, 2017</th><th>March 31, 2016</th></tr><tr><td colspan="2">.....Rupees.....</td><td colspan="2">.....Rupees.....</td></tr></table>		Nine months ended		Three months ended		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016Rupees.....	Rupees.....	
Nine months ended		Three months ended												
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016											
.....Rupees.....	Rupees.....												
8	SALES - NET													
	Local													
Yarn	489,842,341	538,421,600												
Waste	39,648,124	49,575,922												
	529,490,465	587,997,522												
	Export													
Yarn	679,979,081	477,113,855												
Yarn (under SPO)	1,412,295,022	1,267,857,520												
Waste	48,960,589	32,014,233												
Waste (under SPO)	-	1,313,675												
	2,141,234,692	1,778,299,283												
	2,670,725,157	2,366,296,805												
Processing services	1,554,249	1,148,130												
Export rebate	1,689,567	1,662,258												
	2,673,968,973	2,369,107,193												
	194,532,254	174,298,002												
	9,555,143	16,959,714												
	204,087,397	191,257,716												
	153,255,345	154,819,458												
	509,300,854	421,132,577												
	12,338,292	9,619,056												
	-	-												
	674,894,491	585,571,091												
	878,981,888	776,828,807												
	1,208,001	644,392												
	166,066	409,566												
	880,355,955	777,882,765												

8.1 Sales tax on local sales and indirect export sales is Rs.0.036 million (March 31, 2016 Rs.42.377 million)

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

	Nine months ended		Three months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Rupees.....	Rupees.....	
9 COST OF SALES				
Raw material consumed	1,676,329,831	1,497,198,491	588,115,383	491,344,115
Packing material consumed	41,290,235	43,280,862	13,194,216	13,427,352
Store and spare parts consumed	50,145,269	49,494,478	17,749,196	15,249,965
Salaries, wages and benefits	243,788,059	240,829,260	79,697,142	74,473,817
Fuel and power	232,617,397	213,090,927	77,756,483	65,949,656
Insurance	8,229,548	11,083,079	2,679,517	5,184,032
Repairs and maintenance	3,601,193	4,226,688	1,970,606	1,077,146
Travelling and conveyance	2,888,155	3,599,007	951,192	1,062,735
Other manufacturing overheads	2,809,782	2,913,585	1,365,168	462,240
Depreciation	104,468,084	98,953,634	36,230,867	33,457,789
	2,366,167,553	2,164,670,011	819,709,770	701,688,847
Work in process				
At beginning of period	128,561,008	120,307,562	102,148,534	132,869,635
At end of period	(139,791,047)	(137,909,568)	(139,791,047)	(137,909,568)
	(11,230,039)	(17,602,006)	(37,642,513)	(5,039,933)
Cost of goods manufactured	2,354,937,514	2,147,068,005	782,067,257	696,648,914
Finished goods				
At beginning of period	94,836,235	61,104,299	56,797,207	95,194,632
Yarn purchased	6,155,004	-	2,753,997	
At end of period	(55,887,157)	(104,410,366)	(55,887,157)	(104,410,366)
	45,104,082	(43,306,067)	3,664,047	(9,215,734)
	2,400,041,596	2,103,761,938	785,731,304	687,433,180

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

10 TRANSACTIONS WITH RELATED PARTIES

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

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

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

Nature of Relationship	Nature of Transaction	Nine months ended	
		March 31, 2017	March 31, 2016
	Rupees.....	
Associated companies	Sales of finished goods, raw material / stores and spare parts	437,726,925	222,210,800
	Purchases of;		
	- finished goods, raw material / stores and spare parts	22,342,309	9,893,964
	- machinery	15,000,000	10,200,000
	- electricity	86,771,641	150,009,880
	Services rendered	1,206,489	47,152
	Services obtained	5,213,688	4,158,663
	Dividend received	9,690,031	8,136,051
	Dividend paid	30,853,675	30,861,560
	Shared expenses paid	5,157,575	4,998,699
Post-employment benefits	Contribution for the period	19,860,000	16,362,000

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.

11 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on April 20, 2017.

12 GENERAL

Figures have been rounded off to the nearest rupee.