

Reliance Cotton Spinning Mills Limited

Third Quarter Accounts March 31, 2015

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COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	:	Mr. Mohammad Abdullah
Chief Executive	:	Mr. Shayan Abdullah
Director	:	Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah Mr. Mohammad Yamin Mr. Asif Elahi
Independent Director	:	
Audit Committee	:	
Chairman		Mr. Amer Abdullah
Member		Mr. Asif Elahi
Member		Mr. Nabeel Abdullah
Human Resource & Remuneration Committee	:	
Chairman		Mr. Mohammad Yamin
Member		Mr. Shayan Abdullah
Member		Mr. Asif Elahi
Chief Financial Officer	:	Mr. Naveed-ul-Islam
Secretary	:	Mr. Umar Rahi
Auditors	:	M. Yousuf Adil Saleem & Company Chartered Accountants
Management Consultant	:	M. Yousuf Adil Saleem & Company Chartered Accountants
Tax Consultants	:	M. Yousuf Adil Saleem & Company Chartered Accountants
Legal Advisor	:	Hassan & Hassan Advocates
Bankers	:	Habib Bank Limited MCB Bank Limited Habib Metropolitan Bank Limited
Share Registrar	:	Hameed Majeed Associates (Private) Ltd
Registered Office	:	312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.
Mills	:	Feroze Wattoan, Tehsil and District Sheikhpura

DIRECTORS' REVIEW

We are pleased to present un-audited interim financial information of the company for the period of nine months ended March 31, 2015.

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

Salient features of the period under review are as follows:

- Sales volume declined to Rs.3,043.263 million as compared to Rs.3,304.770 million of the corresponding period.
- Gross profit for the period remained at Rs.381.630 million as compared to Rs.434.126 million of the last comparative period.
- The Company has earned after tax profit of Rs.176.165 million as against Rs.217.778 million of the comparative period of last year, including Rs. 52.483 million share of profit of associates(March, 2014: Rs.58.729 million).
- The Company's earnings per share (EPS) is Rs. 17.12 as against Rs. 21.16 of the same period of last year.

FUTURE OUTLOOK

Textile sector in Pakistan is facing challenges of poor demand and continuous decline in sale rates both in local and international markets. This uncertain situation is prevailing since start of the year and same is expected to prevail in coming period. On the other hand industry in Pakistan is being burdened with various types of innovative taxes and high cost of production. Due to these factors our textile sector is losing its viability against the regional competitors. Despite all these difficulties, the management is committed to achieve sustainable results in remaining period of the year.

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 24, 2015

Mohammad Abdullah
Chairman

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015**

	Un-Audited March 31, 2015	Audited June 30, 2014	
ASSETS	-----Rupees-----		
NON-CURRENT ASSETS	Note		
Property, plant and equipment	4	1,419,839,746	1,436,170,103
Long term investments	5	600,153,639	582,886,019
Long term loans		-	57,000
Long term deposits		<u>9,129,670</u>	<u>8,858,230</u>
		<u>2,029,123,055</u>	2,027,971,352
CURRENT ASSETS			
Stores, spare parts and loose tools		<u>34,405,243</u>	29,108,575
Stock in trade		<u>1,266,626,289</u>	1,462,768,437
Trade debts		<u>510,295,163</u>	457,109,986
Loans and advances		<u>17,428,208</u>	11,088,006
Deposit and short term prepayments		<u>2,039,582</u>	630,870
Other receivables		<u>12,718,928</u>	11,168,271
Short term investment		<u>3,217,929</u>	3,024,125
Advance income tax		<u>47,222,134</u>	61,824,031
Tax refunds due from the Government		<u>168,597,527</u>	118,568,199
Cash and bank balances		<u>7,915,404</u>	19,937,567
		<u>2,070,466,407</u>	2,175,228,067
		<u>4,099,589,462</u>	<u>4,203,199,419</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2014: 12,000,000) ordinary shares of Rs.10 each		<u>120,000,000</u>	120,000,000
Issued, subscribed and paid up capital:			
10,292,000 (June 30, 2014: 10,292,000) ordinary shares of Rs.10 each		<u>102,920,000</u>	102,920,000
General reserve		<u>130,000,000</u>	130,000,000
Capital reserve		<u>126,863,113</u>	153,821,273
Un-appropriated profit		<u>1,580,872,180</u>	1,420,145,118
		<u>1,940,655,293</u>	1,806,886,391
NON-CURRENT LIABILITIES			
Long term financing		-	33,333,335
Deferred liabilities			
- employee benefits - unfunded		<u>52,474,398</u>	56,063,679
- deferred tax liability		<u>40,776,912</u>	39,959,077
		<u>93,251,310</u>	129,356,091
CURRENT LIABILITIES			
Trade and other payables		<u>211,279,297</u>	297,341,886
Mark-up accrued		<u>22,587,843</u>	32,146,591
Short term borrowings	6	<u>1,763,029,244</u>	1,871,422,800
Current portion of long term financing		<u>41,666,668</u>	41,666,665
Provision for taxation		<u>27,119,807</u>	24,378,995
		<u>2,065,682,859</u>	2,266,956,937
CONTINGENCIES AND COMMITMENTS	7	<u>4,099,589,462</u>	<u>4,203,199,419</u>

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

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive Officer of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorized by the Board of Directors.

Karachi:
Dated: April 24, 2015

MOHAMMAD ABDULLAH
DIRECTOR

NABEEL ABDULLAH
DIRECTOR

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

	Note	Nine months ended		Three months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		-----Rupees-----	Rupees.....	
Sales	8	3,043,262,528	3,304,769,514	1,004,855,815	1,030,448,020
Cost of sales	9	2,661,632,947	2,870,643,413	902,500,267	921,966,232
Gross profit		381,629,581	434,126,101	102,355,548	108,481,788
Other income		8,747,785	4,324,076	4,196,710	696,881
		390,377,366	438,450,177	106,552,258	109,178,669
Distribution cost		72,217,102	85,523,122	27,443,705	22,258,964
Administrative expenses		29,738,425	29,738,541	10,570,362	10,432,646
Other operating expenses		11,430,555	14,094,254	725,812	1,392,372
Finance cost		124,896,844	133,844,750	41,788,854	55,333,307
		238,282,926	263,200,667	80,528,733	89,417,289
		152,094,440	175,249,510	26,023,525	19,761,380
Share of profit of associates		52,483,227	58,728,845	21,181,359	9,889,138
Profit before taxation		204,577,667	233,978,355	47,204,884	29,650,518
Taxation					
- current		27,119,807	25,001,879	6,177,340	8,068,971
- prior		474,963	(13,986,786)	-	-
- deferred		817,835	5,185,695	(1,193,574)	757,331
		28,412,605	16,200,788	4,983,766	8,826,302
Profit for the period		176,165,062	217,777,567	42,221,118	20,824,216
Earnings per share - basic and diluted		17.12	21.16	4.10	2.02

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Karachi:
Dated: April 24, 2015

MOHAMMAD ABDULLAH
DIRECTOR

NABEEL ABDULLAH
DIRECTOR

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

	Nine months ended		Three months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees-----	Rupees.....	
Profit for the period	176,165,062	217,777,567	42,221,118	20,824,216
Other comprehensive income:				
Share in associates' unrealized (loss)/gain on available for sale investments - net	(25,264,950)	17,891,374	(26,703,353)	252,160
Share in associate's unrealized (loss)/gain on hedging instruments	(37,486)	523,295	(359,117)	586,441
Other comprehensive (loss)/income for the period	(25,302,436)	18,414,669	(27,062,470)	838,601
	150,862,626	236,192,236	15,158,648	21,662,817

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Karachi:
Dated: April 24, 2015

MOHAMMAD ABDULLAH
DIRECTOR

NABEEL ABDULLAH
DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	Nine months ended	
	March 31, 2015	March 31, 2014
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	204,577,667	233,978,355
Adjustments for:		
Depreciation of property, plant and equipment	96,976,435	82,437,562
Provision for employee benefits	14,400,000	11,709,750
Gain on disposal of property, plant and equipment	(47,772)	(1,787,927)
Unrealised gain on remeasurement of financial assets	(193,804)	-
Finance cost	124,896,844	133,844,750
Share of profit of associates	(52,483,227)	(58,728,845)
	<u>388,126,143</u>	<u>401,453,645</u>
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(5,296,668)	6,900,921
Stock in trade	196,142,148	(681,409,081)
Trade debts	(53,185,177)	13,362,563
Loans and advances	(6,340,202)	(11,020,224)
Deposits and short term prepayments	(1,408,712)	153,849
Other receivables	(14,616,743)	(16,258,438)
(Decrease)/Increase in current liabilities		
Trade and other payables	(86,080,952)	34,905,498
	<u>29,213,694</u>	<u>(653,364,912)</u>
Cash generated/(used) from operations	<u>417,339,837</u>	<u>(251,911,267)</u>
Dividend paid	(15,419,637)	(20,563,034)
Employee benefits paid	(17,989,281)	(9,134,403)
Finance cost paid	(134,455,592)	(111,794,017)
Income taxes paid	(47,215,301)	(47,527,316)
	<u>(215,079,811)</u>	<u>(189,018,770)</u>
Net cash generated/(used) from operating activities	<u>202,260,026</u>	<u>(440,930,037)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(80,848,304)	(314,130,408)
Proceeds from disposal of property, plant and equipment	250,000	11,230,000
Long term loans - net	57,000	121,500
Increase in long term deposits	(271,440)	-
Dividend received	8,257,443	4,750,262
Net cash used in investing activities	<u>(72,555,301)</u>	<u>(298,028,646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(33,333,332)	(16,666,667)
Short term borrowings - net	(108,393,556)	755,582,879
Net cash from financing activities	<u>(141,726,888)</u>	<u>738,916,212</u>
Net (decrease) in cash and cash equivalents	<u>(12,022,163)</u>	<u>(42,471)</u>
Cash and cash equivalents at the beginning of period	<u>19,937,567</u>	<u>11,360,581</u>
Cash and cash equivalents at the end of period	<u>7,915,404</u>	<u>11,318,110</u>

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

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Karachi:
Dated: April 24, 2015

MOHAMMAD ABDULLAH
DIRECTOR

NABEEL ABDULLAH
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	Revenue reserves		Capital reserve					Sub-total	Total
	Share capital	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 June 30, 2013	102,920,000	130,000,000	1,318,849,539	58,287,512	45,692	-	19,229,188	77,562,392	1,629,331,931
Comprehensive income:									
Profit for the nine months ended Mar 31, 2014	-	-	217,777,567	-	-	-	-	-	217,777,567
Other comprehensive income	-	-	(3,678,891)	17,891,374	523,295	-	-	18,414,669	18,414,669
Total comprehensive income	-	-	217,777,567	17,891,374	523,295	-	-	18,414,669	236,192,236
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	(5,122,478)	(5,122,478)	(5,122,478)
Final dividend for the year ended June 30, 2013 @ Rs. 2 per share	-	-	(20,584,000)	-	-	-	-	-	(20,584,000)
Balance as at Mar 31, 2014	102,920,000	130,000,000	1,516,043,106	76,178,886	568,987	-	14,106,710	90,854,583	1,839,817,689
Comprehensive income:									
Loss for the three months ended June 30, 2014	-	-	(92,219,097)	-	-	-	-	-	(92,219,097)
Other comprehensive income	-	-	(3,678,891)	23,596,048	(423,814)	(741,668)	-	22,430,546	18,751,655
Total comprehensive income	-	-	(95,897,988)	23,596,048	(423,814)	(741,668)	-	22,430,546	(73,467,442)
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	40,536,144	40,536,144	40,536,144
Balance as at June 30, 2014	102,920,000	130,000,000	1,420,145,118	99,774,934	145,173	(741,668)	54,642,854	153,821,273	1,806,886,391
Comprehensive income:									
Profit for the nine months ended Mar 31, 2015	-	-	176,165,062	-	-	-	-	-	176,165,062
Other comprehensive loss	-	-	(25,264,950)	(37,486)	(37,486)	-	-	(25,302,436)	(25,302,436)
Total comprehensive income	-	-	176,165,062	(25,264,950)	(37,486)	-	-	(25,302,436)	150,862,626
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	(1,655,724)	(1,655,724)	(1,655,724)
Transactions with owners:									
Final dividend for the year ended June 30, 2014 @ Rs.1.5 per share	-	-	(15,438,000)	-	-	-	-	-	(15,438,000)
Balance as at March 31, 2015	102,920,000	130,000,000	1,580,872,180	74,509,984	107,687	(741,668)	52,987,130	126,863,113	1,940,655,293

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

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Karachi:
Dated: April 24, 2015

MOHAMMAD ABDULLAH
DIRECTOR

NABEEL ABDULLAH
DIRECTOR

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

1 GENERAL INFORMATION

Reliance Cotton Spinning Mills Limited ("the Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The Company is currently listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The mill is located at District Sheikhpura in the Province of 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, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

- 2.2 This condensed interim financial information 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, 2014.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those applied to the preparation of the annual audited financial statement for the year ended June 30, 2014.

	Note	Un-audited March 31 2015 Rupees	Audited June 30 2014 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,308,607,175	1,289,232,611
Capital work in progress	4.2	111,232,571	146,937,492
		<u>1,419,839,746</u>	<u>1,436,170,103</u>
4.1 Operating assets			
Opening book value		1,289,232,611	1,056,275,655
Additions during the period / year			
Freehold land		1,695,500	6,153,000
Plant and machinery		-	79,000
Vehicles		4,915,755	3,470,790
Office equipment		-	635,000
Computers		51,500	223,171
		6,662,755	10,560,961
Transfer from capital work in progress			
Factory Building		79,004,000	135,555,262
Plant and machinery		30,886,469	197,529,396
Electric Installation		-	13,018,897
		109,890,469	346,103,555
Book value of assets disposed off during the period / year		(202,228)	(9,616,646)
Depreciation charged during the period / year		(96,976,432)	(114,090,914)
		<u>1,308,607,175</u>	<u>1,289,232,611</u>
4.2 Capital work in progress			
Buildings - civil works		36,972,205	94,973,364
Plant and machinery		13,563,479	15,204,928
Electric installation		58,312,991	35,477,200
Advances for Vehicles		2,383,896	1,282,000
		<u>111,232,571</u>	<u>146,937,492</u>

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

	Un-audited March 31 2015 Rupees	Audited June 30 2014 Rupees
5 LONG TERM INVESTMENTS		
Investments in associates - at equity method:		
Quoted:		
Sapphire Fibres Limited	333,623,280	329,539,544
Sapphire Textile Mills Limited	68,548,296	68,070,007
SFL Limited	58,108,075	54,491,757
Un quoted:		
Sapphire Finishing Mills Limited	56,245,311	50,910,735
Sapphire Holding Limited	30,051,817	28,074,191
Sapphire Power Generation Limited	53,576,860	51,799,785
	<u>600,153,639</u>	<u>582,886,019</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, 2014: 393,697) ordinary shares of Rs. 10 each - cost	41,956,482	41,956,482
Equity held: 1.9997%		
Share of post acquisition profit directly recognized in equity	296,588,011	289,551,547
Dividend received	(4,921,213)	(1,968,485)
	<u>333,623,280</u>	<u>329,539,544</u>
5.3 Sapphire Textile Mills Limited		
100,223 (June 30, 2014: 100,223) ordinary shares of Rs. 10 each - cost	8,114,578	8,114,578
Equity held: 0.50%		
Share of post acquisition profit directly recognized in equity	61,435,948	60,857,436
Dividend received	(1,002,230)	(902,007)
	<u>68,548,296</u>	<u>68,070,007</u>
5.4 SFL Limited		
401,570 (June 30, 2014: 401,570) ordinary shares of Rs. 10 each - cost	2,439,475	2,439,475
Equity held: 1.9987%		
Share of post acquisition profit	55,668,600	52,453,852
Dividend received	-	(401,570)
	<u>58,108,075</u>	<u>54,491,757</u>
5.5 Sapphire Finishing Mills Limited		
1,556,000 (June 30, 2014: 1,556,000) ordinary shares of Rs. 10 each - cost	16,509,160	16,509,160
Equity held: 1.69%		
Share of post acquisition profit directly recognized in equity	42,070,151	35,879,775
Dividend received	(2,334,000)	(1,478,200)
	<u>56,245,311</u>	<u>50,910,735</u>
5.6 Sapphire Holding Limited		
100,223 (June 30, 2014: 100,223) ordinary shares of Rs. 10 each - cost	524,950	524,950
Equity held: 0.50%		
Share of post acquisition profit	29,526,867	27,549,241
	<u>30,051,817</u>	<u>28,074,191</u>
5.7 Sapphire Power Generation Limited		
555,000 (June 30, 2014: 555,000) ordinary shares of Rs. 10 each - cost	19,425,000	19,425,000
Equity held: 3.46%		
Share of post acquisition profit	34,151,860	32,374,785
	<u>53,576,860</u>	<u>51,799,785</u>

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

	Un-audited March 31 2015 Rupees	Audited June 30 2014 Rupees
6	SHORT TERM BORROWINGS	
	From banking companies - secured	
	Running finance	527,631,896
	Foreign currency import finance	518,790,904
	Term loans - money market	825,000,000
	<u>662,962,860</u>	<u>825,000,000</u>
	<u>1,763,029,244</u>	<u>1,871,422,800</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	
	23,042,808	21,694,394
	Post dated cheques issued in favour of Commissioner Inland Revenue	
	<u>177,971,737</u>	<u>92,774,615</u>
	<u>201,014,545</u>	<u>114,469,009</u>
7.2	Claims not acknowledged as debt	
	During the last year it was discovered that there were unauthorized withdrawals of funds from one of the Company's bank accounts (running finance account) using forged signatures on cheques from cheque books issued by the Bank's staff without the Company's authority. On becoming aware of the matter, an FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the Company does not have any liability whatsoever in respect of such net unauthorized withdrawals of funds accumulating to Rs.20,605,789/- (including markup).	
	Furthermore the Company has filed a suit on 21 March, 2014 in the honourable Sindh High Court, which has granted a stay order on 8 April, 2014 in favour of the Company whereby the bank has been restrained from placing the Company's name in the State Bank Credit Information Bureau (CIB) list of defaulter and prevented from taking coercive action against the Company.	
7.3	Commitments	
	Irrevocable letters of credit for import of:	
	-Plant and machinery	-
	-Stores and spare parts	3,670,045
	-Raw material	58,480,401
	Contract for capital expenditure	4,426,332
	<u>26,687,648</u>	<u>4,426,332</u>
	<u>133,597,546</u>	<u>66,576,778</u>

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

	Nine months ended		Three months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Rupees.....	Rupees.....	
8 SALES				
Local				
Yarn	548,442,394	550,074,805	187,924,737	233,342,506
Waste	56,816,665	58,183,538	24,739,179	17,875,425
	605,259,059	608,258,343	212,663,916	251,217,931
Export				
Yarn	1,203,783,089	1,405,417,019	411,005,880	351,473,219
Yarn (under SPO)	1,189,375,848	1,243,040,563	368,767,702	410,124,687
Waste	29,701,155	42,977,808	7,576,643	15,211,539
Waste (under SPO)	12,151,476	-	3,901,500	-
	2,435,011,568	2,691,435,390	791,251,725	776,809,445
	3,040,270,627	3,299,693,733	1,003,915,641	1,028,027,376
Processing services	667,458	1,256,831	121,458	1,226,831
Export rebate	2,324,443	3,818,950	818,716	1,193,813
	3,043,262,528	3,304,769,514	1,004,855,815	1,030,448,020

- 8.1 Local sales of yarn inclusive of sales tax is Rs.559.029 million (March 31, 2014 Rs. 561.138 million). SPO yarn sales inclusive of sales tax is Rs.1,207.019 million (March 31, 2014:Rs. 1,262.626 million). Local waste sales inclusive of sales tax is Rs.57.881 million (March 31, 2014 Rs. 60.216 million), SPO waste sales inclusive of sales tax is Rs.12.395 million (March 31, 2014: Nil). Processing services inclusive of sales tax is Rs.0.681 million (March 31, 2014 Rs. 1.282 million).

	Nine months ended		Three months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Rupees.....	Rupees.....	
9 COST OF SALES				
Raw material consumed	1,838,027,438	2,087,272,475	561,810,584.12	649,514,667
Packing material consumed	46,160,220	45,085,798	15,829,412.41	14,072,845
Store and spare parts consumed	51,485,913	60,697,724	17,655,753.43	16,272,421
Salaries, wages and benefits	232,244,052	208,270,451	72,773,876.00	65,735,728
Fuel and power	259,579,841	260,762,589	77,782,275.63	89,880,320
Insurance	9,528,037	8,073,982	3,003,493.00	3,000,000
Repairs and maintenance	3,981,435	14,132,410	1,507,668.00	6,857,531
Travelling and conveyance	4,361,094	4,505,903	1,320,196.00	730,292
Processing and doubling charges	44,398,108	47,668,069	15,466,551.00	19,242,718
Other manufacturing overheads	2,015,740	2,601,777	870,176.78	1,305,280
Depreciation	96,976,435	82,437,562	33,920,063.92	28,400,821
	2,588,758,313	2,821,508,740	801,940,050.29	895,012,623
Work in process				
At beginning of period	134,041,989	78,014,316	126,806,184.00	124,521,086
At end of period	(142,707,550)	(127,823,629)	(142,707,550.19)	(127,823,629)
	(8,665,561)	(49,809,312)	(15,901,366.19)	(3,302,542)
Cost of goods manufactured	2,580,092,752	2,771,699,427	786,038,684.10	891,710,080
Finished goods				
At beginning of period	180,364,434	186,200,699	218,231,401.00	157,474,125
Yarn purchased	3,899,274	40,512,950	953,695.00	551,691
At end of period	(102,723,513)	(127,769,664)	(102,723,513.13)	(127,769,664)
	81,540,195	98,943,986	116,461,582.87	30,256,152
	2,661,632,947	2,870,643,413	902,500,266.97	921,966,232

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

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 2015	March 31 2014
	Rupees.....	
Associated companies			
	Sales of finished goods, raw material / stores and spare parts	431,729,264	469,379,578
	Purchases of;		
	- finished goods, raw material / stores and spare parts	87,778,396	68,794,542
	- machinery	703,665	7,429,000
	- electricity	69,635,595	55,750,660
	Services rendered	-	1,256,830
	Services obtained	1,275,840	4,663,769
	Dividend received	8,257,443	4,750,262
	Dividend paid	10,095,671	15,501,640
	Shared expenses paid	4,326,790	3,677,987
Post-employment benefits	Contribution for the period	14,400,000	11,709,750
Key Management Personnel	Remuneration and other benefits	27,282,767	29,364,657

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 24, 2015.

12 GENERAL

Figures have been rounded off to the nearest rupee.

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive Officer of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorized by the Board of Directors.

Karachi:
Dated: April 24, 2015

MOHAMMAD ABDULLAH
DIRECTOR

NABEEL ABDULLAH
DIRECTOR

