

CONTENTS

Reliance Cotton Spinning Mills Limited Unconsolidated Financial Statements

Company Profile	03
Directors' Report (English/Urdu)	04
Auditors' Report	06
Statement of Financial Position	07
Statement of Profit or Loss	08
Statement of Comprehensive Income	09
Statement of Cash Flows	10
Statement of Changes In Equity	11
Selected Explanatory Notes to the Financial Statements	12

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 to the Shareholders

The Directors of the Company are pleased to present un-audited financial statements of the Company for the half year ended December 31, 2018.

Financial Highlights

	December 31,	
	2018	2017
	Rupees in thousand	
Sales & services	2,565,119	2,039,368
Gross profit	411,705	283,940
Profit before taxation	231,312	146,446
Taxation:	(413)	(21,296)
Profit after taxation	230,899	125,150

During the first half of the financial year, your company achieved sales of Rs. 2,565 million compared to Rs. 2,039 million during corresponding period of last year, an increase of 25.78%. The gross profit as a percentage of sales increased to 16.05% from 13.92% during last year. Whereas, the company earned profit after tax of Rs.230.899 million as against Rs.125.150 million during last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.22.43 as compared to Rs. 12.16 for the same period of last year.

Future outlook

Operational and financial performance of your company has shown considerable improvement during first half of the financial year and the management is optimistic about continuation of similar trend in near future as well.

The management is focused on enhancement of shareholder value through investment in expansion and necessary balancing, modernization and replacement of plant and machinery, process improvements and cost optimization initiatives.

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

For and on behalf of Board

Lahore
February 26, 2019

(Shahid Abdullah)
Director

(Shayan Abdullah)
Chief Executive Officer

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں	31 دسمبر 2018ء	31 دسمبر 2017ء	تفصیل
	2,565,119	2,039,368	فروخت اور خدمات
	411,705	283,940	مجموعی منافع
	231,312	146,446	ٹیکس سے پہلے منافع
	(413)	(21 296)	ٹیکسیشن
	230,899	125 150	ٹیکس کے بعد منافع

آپ کی کمپنی نے گزشتہ سال کی اسی مدت میں 2,039 ملین روپے کے مقابلے رواں مالی سال کی پہلی ششماہی کے دوران 2,565 ملین روپے کی فروخت حاصل کی جو 25.78 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 13.92 فیصد سے بڑھ کر 16.05 فیصد ہو گیا۔ جبکہ، کمپنی نے گزشتہ سال اسی مدت میں درج 125.150 ملین روپے کے مقابلے موجودہ ششماہی کے دوران 230.899 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی موجودہ فی شیئر آمدنی (EPS) 22.43 روپے ہے جو کہ پچھلے سال کے اسی عرصہ میں 12.16 روپے تھی۔

مستقبل کا نقطہ نظر

آپ کی کمپنی کی آپریشنل اور مالی کارکردگی نے مالی سال کی پہلی ششماہی میں نمایاں بہتری ظاہر کی ہے اور انتظامیہ مستقبل قریب میں بھی اسی طرح کے رجحان کے جاری رہنے کے لئے پُر امید ہے۔ انتظامیہ نے پلانٹ اور مشینری کی توسیع اور ضروری ہیلتنگ، جدت اور تبدیلی، پرائسز کی بہتری اور اخراجات کو کم سے کم کرنے کے اقدامات میں سرمایہ کاری کے ذریعے حصص داران کی قدر کو زیادہ سے زیادہ کرنے پر توجہ مرکوز کی ہے۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

(شہاب عبد اللہ)

ڈائریکٹر

(شایان عبد اللہ)

چیف ایگزیکٹو آفیسر

لاہور تاریخ: 26 فروری 2019ء

INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of Reliance Cotton Spinning Mills Limited**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Reliance Cotton Spinning Mills Limited (the Company) as at December 31, 2018 and the related unconsolidated condensed interim profit or loss account and unconsolidated statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial statements based on our review. The figures reported in the unconsolidated condensed interim profit or loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2018.

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 statements consists of making inquiries, primarily of persons responsible for 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 statements as at and for the six month period ended December 31, 2018 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Rana M. Usman Khan.

Place: Lahore
Date: February 26, 2019

Deloitte Yousuf Adil,
Chartered Accountants

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

		Un-Audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,663,149,632	1,460,765,061
Long term investments	5	89,069,645	89,069,645
Long term deposits		8,987,690	8,987,690
		1,761,206,967	1,558,822,396
CURRENT ASSETS			
Stores, spare parts and loose tools		32,032,029	49,466,734
Stock in trade		2,292,749,615	1,242,826,867
Trade debts		787,731,345	665,550,377
Loans and advances		33,259,372	64,191,180
Deposit and short term prepayments		3,699,412	2,255,778
Other receivables		50,245,405	48,129,947
Tax refunds due from the Government		287,808,452	233,635,886
Short term investments		48,852,918	78,692,660
Cash and bank balances		32,172,038	7,780,802
		3,568,550,586	2,392,530,231
		5,329,757,553	3,951,352,627
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
12,000,000 (June 30, 2018: 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, 2018: 10,292,000) ordinary shares of Rs.10 each.		102,920,000	102,920,000
Reserves		1,934,765,887	1,769,452,558
		2,037,685,887	1,872,372,558
NON-CURRENT LIABILITIES			
Long term financing	6	410,767,003	185,732,252
Employee retirement benefits		41,455,484	92,932,343
		452,222,487	278,664,595
CURRENT LIABILITIES			
Trade and other payables		288,248,950	314,624,738
Due to associated parties	7	43,192,000	-
Unclaimed dividend		599,716	410,117
Mark-up accrued		39,556,680	22,471,434
Current portion of long term financing	6	8,340,623	7,318,748
Short term borrowings	8	2,459,490,705	1,427,713,150
Provision for taxation		420,505	27,777,287
		2,839,849,179	1,800,315,474
CONTINGENCIES AND COMMITMENTS			
	9	5,329,757,553	3,951,352,627

The annexed notes from 1 to 17 form an integral parts of these unconsolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Note	Six months ended		Three months ended	
		December 31,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
		-----Rupees-----		.....Rupees.....	
Sales - net	10	2,565,118,605	2,039,368,181	1,319,493,624	1,049,897,655
Cost of sales	11	(2,153,413,322)	(1,755,428,281)	(1,121,669,177)	(909,575,917)
Gross profit		411,705,283	283,939,900	197,824,447	140,321,738
Distribution cost		(45,814,241)	(46,839,710)	(27,772,815)	(23,788,407)
Administrative expenses		(33,969,939)	(29,665,133)	(20,150,890)	(15,225,188)
Other income		12,142,262	5,762,063	9,761,508	5,067,190
Other operating expenses		(23,798,901)	(26,959,695)	(15,863,150)	(22,210,909)
		(91,440,819)	(97,702,475)	(54,025,347)	(56,157,314)
Operating profit before finance cost		320,264,464	186,237,425	143,799,100	84,164,424
Finance cost		(88,952,950)	(39,791,899)	(57,876,196)	(17,863,177)
Profit before taxation		231,311,514	146,445,526	85,922,904	66,301,247
Provision for taxation		(412,594)	(21,295,848)	10,275,112	(11,565,445)
Profit for the period		230,898,920	125,149,678	96,198,016	54,735,802
Earnings per share - basic and diluted		22.43	12.16	9.35	5.32

The annexed notes from 1 to 17 form an integral parts of these unconsolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Six months ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rupees-----		-----Rupees-----	
Profit for the period	230,898,920	125,149,678	96,198,016	54,735,802
Other comprehensive income:				
Items that may be reclassified subsequently to statement of profit or loss				
Unrealised loss on remeasurement of short term investments - available for sale	(5,954,750)	(13,872,300)	(3,269,422)	(4,914,730)
Realised loss on disposal of available for sale investments	7,267,159	2,600,086	8,077,356	2,600,086
Other comprehensive gain/(loss) for the period	1,312,409	(11,272,214)	4,807,934	(2,314,644)
Total comprehensive income for the period	232,211,329	113,877,464	101,005,950	52,421,158

The annexed notes from 1 to 17 form an integral parts of these unconsolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

		Six months ended December 31, 2018	Six months ended December 31, 2017
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		231,311,514	146,445,526
Adjustments for:			
Depreciation of property, plant and equipment		73,784,780	67,963,153
Provision for employee benefits		9,000,000	12,720,000
Loss on sale of short term investments available for sale		11,646,327	5,333,549
Gain on disposal of property, plant and equipment		(668,557)	(409,177)
Dividend income		(9,707,095)	(2,826,000)
Finance cost		88,952,950	39,791,899
		404,319,919	269,018,950
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		17,434,705	(2,521,403)
Stock in trade		(1,049,922,748)	(713,684,106)
Trade debts		(122,180,968)	(148,380,378)
Loans and advances		(17,345,076)	(86,516,643)
Deposits and short term prepayments		(1,443,634)	(1,298,216)
Other receivables		(2,115,458)	(14,542,842)
(Increase) / decrease in current liabilities			
Trade and other payables		(26,375,788)	124,119,567
		(1,201,948,967)	(842,824,021)
Cash used in operations		(797,629,048)	(573,805,071)
Dividend paid		(66,708,401)	(15,385,125)
Employee benefits paid		(60,476,859)	(7,125,537)
Finance cost paid		(71,867,704)	(36,791,953)
Sales tax (paid) / refunded		(21,541,432)	11,000,799
Income taxes paid		(12,123,626)	(17,025,926)
		(232,718,022)	(65,327,742)
A. Net cash used in operating activities		(1,030,347,070)	(639,132,813)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(277,180,794)	(139,132,386)
Proceeds from disposal of property, plant and equipment		1,680,000	703,000
Investment in a subsidiary		-	(100,000)
Short term investments made		(21,522,341)	(30,365,484)
Proceeds from sale of short term investments		41,028,165	31,768,397
Dividend received		9,707,095	2,826,000
B. Net cash used in investing activities		(246,287,875)	(134,300,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained-net	13	226,056,626	45,282,000
Short term borrowings - net	13	1,031,777,555	721,374,770
Loan obtained from related parties	13	43,192,000	-
C. Net cash generated from financing activities		1,301,026,181	766,656,770
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)		24,391,236	(6,776,516)
Cash and cash equivalents at the beginning of period		7,780,802	22,711,121
Cash and cash equivalents at the end of period		32,172,038	15,934,605

The annexed notes from 1 to 17 form an integral parts of these unconsolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Share capital	Revenue reserves		Unrealised loss on remeasurement of investments classified as available for sale - net	Sub total	Total
	General reserve	Un-appropriated profit			

..... Rupees

Balance as at July 01, 2017 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 1,460,518,384 (20,642,441) 1,569,875,943 1,672,795,943

Comprehensive income

Profit for the six months ended June 30, 2018	-	-	190,930,861	-	190,930,861	190,930,861
Other comprehensive income	-	-	(830,822)	9,476,576	8,645,754	8,645,754
Total comprehensive income	-	-	190,100,039	9,476,576	199,576,615	199,576,615

Balance as at June 30, 2018 102,920,000 130,000,000 1,650,618,423 (11,165,865) 1,769,452,558 1,872,372,558

Comprehensive income:

Profit for the six months ended December 31, 2018	-	-	230,898,920	-	230,898,920	230,898,920
Other comprehensive income	-	-	-	1,312,409	1,312,409	1,312,409
Total comprehensive income	-	-	230,898,920	1,312,409	232,211,329	232,211,329

Transactions with owners:

Final dividend for the year ended June 30, 2018 @ Rs.6.5 per share

-	-	(66,898,000)	-	(66,898,000)	(66,898,000)
---	---	--------------	---	--------------	--------------

Balance as at December 31, 2018 102,920,000 130,000,000 1,814,619,343 (9,853,456) 1,934,765,887 2,037,685,887

The annexed notes from 1 to 17 form an integral parts of these unconsolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the Six Months Ended December 31, 2018

1 LEGAL STATUS AND OPERATIONS

- 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 (now the Companies Act, 2017). The Company was listed on June 16, 1993 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, Karachi and mills are located at Warburton Road, Ferozewattoan, District Sheikhpura, Punjab.
- 1.2** These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Separate financial statements

These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary and associates are accounted for at cost on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated condensed interim financial statements of the Company are prepared separately.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1** The accounting policies and methods of computation adopted for preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2018.
- 3.2** The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan 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, 2018.
- 3.4** Certain amendments to accounting and reporting standards have been published and are mandatorily effective for the accounting period beginning on or after July 1, 2018, none of these amendments are expected to have a significant effect on these unconsolidated condensed interim financial statements.

3.5 Changes in accounting standards

The following change in accounting standards has taken place effective from July 01, 2018:

(a) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the Six Months Ended December 31, 2018

18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the period ended December 31, 2017 or June 30, 2018.

(b) IFRS 9 - Financial instruments

Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for the half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 15, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these unconsolidated condensed interim financial statements.

4	PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
	Operating assets	4.1	1,642,437,198	1,460,246,900
	Capital work in progress	4.2	20,712,434	518,161
			<u>1,663,149,632</u>	<u>1,460,765,061</u>
4.1	Operating assets			
	Opening book value		1,460,246,900	1,403,202,577
	Additions during the period / year			
	Freehold land		-	2,368,000
	Residential building		-	11,535,105
	Electric installation		-	1,149,425
	Electric equipment		-	213,450
	Computers		283,000	89,000
			283,000	15,354,980
	Transfer from capital work in progress			
	Factory building		-	25,765,916
	Plant and machinery		256,703,521	148,760,672
	Vehicles		-	11,801,714
			256,703,521	186,328,302
	Book value of assets disposed off during the period / year		(1,011,443)	(2,649,149)
	Depreciation charged during the period / year		(73,784,780)	(141,989,810)
	Closing book value		<u>1,642,437,198</u>	<u>1,460,246,900</u>
4.2	Capital work in progress			
	Plant and machinery		20,712,434	518,161
			<u>20,712,434</u>	<u>518,161</u>

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the Six Months Ended December 31, 2018

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
5 LONG TERM INVESTMENTS			
Investment in subsidiary - at cost:			
Un-quoted:			
RCSM Company (Private) Limited		100,000	100,000
Investments in associates - at cost:			
Quoted:			
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>89,069,645</u>
6 LONG TERM FINANCING			
As at the beginning of the period / year		193,051,000	74,900,000
Availed during the period / year		229,716,000	118,151,000
As at the end of the period / year		<u>422,767,000</u>	<u>193,051,000</u>
Less: Payment during the period/ year		(3,659,374)	-
Less: Current maturity of long term financing		(8,340,623)	(7,318,748)
		<u>410,767,003</u>	<u>185,732,252</u>
6.1	The Company has obtained the long term financing facility from MCB Bank Limited at the rate of 2.5% (June 30, 2018: 2.5%) per annum. The facility has the limit of Rs. 500 million and is secured against first pari passu charge of Rs.667 million against all present and future plant and machinery of the Company. Markup is payable on a quarterly basis.		
7 Loan from related parties			
Loan From Directors	7.1	15,705,000	-
Loan From Associated Companies	7.2	27,487,000	-
		<u>43,192,000</u>	<u>-</u>
7.1	During the period ended December 31, 2018, company has received loan from directors aggregating to Rs.15,705,000. These loans are interest free and are repayable on demand.		
7.2	During the period ended December 31, 2018, company has received loan from associated undertakings aggregating to Rs. 27,487,000. These loans are interest free and are repayable on demand.		

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the Six Months Ended December 31, 2018

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
7.2.1 Name of Associated Companies			
Reliance Textiles (Pvt.) Limited		6,067,000	-
Sapphire Agencies (Pvt) Limited		12,810,000	-
Neelum Textile Mills (Pvt) Limited		7,540,000	-
Galaxy Agencies (Pvt) Limited		590,000	-
Nadeem Enterprises (Pvt) Limited		480,000	-
		<u>27,487,000</u>	<u>-</u>
8 SHORT TERM BORROWINGS			
From banking companies - secured			
Running finance		1,019,490,705	887,713,150
Other short term finance	8.1	<u>1,440,000,000</u>	<u>540,000,000</u>
		<u>2,459,490,705</u>	<u>1,427,713,150</u>
8.1	During the period, the Company has obtained Rs 900 million cash finance (June, 2018 : 195 Million) at the rate of mark-up ranging between 6.33 % to 11.53 % (June 2018 : 6.08 % to 6.33 %) per annum .		
9 CONTINGENCIES AND COMMITMENTS			
9.1 Contingencies			
Guarantees have been issued by banks on behalf of the Company in the normal course of business		173,990,298	168,990,298
Post dated cheques for Customs department		<u>178,687,421</u>	<u>147,531,396</u>
		<u>352,677,719</u>	<u>316,521,694</u>
9.2 Claims of Input Sales Tax			
The Company has challenged before the Honourable Sindh High Court the disallowance of input sales tax claim of Rs. 13.985 million by the Federal Board of Revenue (FBR) vide notice dated June 20, 2015. The Company has reasonable grounds to claim the said input tax.			
9.3 Commitments			
Irrevocable letters of credit for import of:			
-Machinery		158,949,454	294,675,883
-Stores and spare parts		8,764,539	4,430,999
-Raw material		<u>159,017,515</u>	<u>88,464,191</u>
		<u>326,731,508</u>	<u>387,571,073</u>

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the Six Months Ended December 31, 2018

	Six months ended		Three months ended	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
	.....Rupees.....		.....Rupees.....	
10 SALES - NET				
Local				
Yarn	447,857,396	870,646,061	236,405,282	693,694,044
Waste	30,635,039	30,671,452	16,106,583	17,258,769
	478,492,435	901,317,513	252,511,865	710,952,813
Export				
Yarn	360,993,979	543,583,673	212,013,663	278,803,078
Yarn (indirect export)	1,679,220,117	532,775,671	833,411,664	19,867,090
Waste	45,172,060	37,901,041	21,556,432	27,961,602
	2,085,386,156	1,114,260,385	1,066,981,759	326,631,770
	2,563,878,591	2,015,577,898	1,319,493,624	1,037,584,583
Processing services	1,160,086	2,415,029	-	1,643,835
Export rebate	79,928	21,375,254	-	10,669,237
	2,565,118,605	2,039,368,181	1,319,493,624	1,049,897,655

10.1 Sales tax on local sales and indirect export sales is Rs. 0.318 million (Dec 31, 2017 Rs. 0.471 million)

	Six months ended		Three months ended	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
	.....Rupees.....		.....Rupees.....	
11 COST OF SALES				
Raw material consumed	1,742,998,242	1,329,209,702	910,080,675	697,808,171
Packing material consumed	34,493,200	29,579,709	17,654,400	14,602,143
Store and spare parts consumed	39,667,522	38,247,958	17,702,736	20,226,537
Salaries, wages and benefits	174,791,661	167,571,568	89,012,024	86,152,504
Fuel and power	197,378,673	156,206,612	100,812,687	79,607,634
Insurance	3,462,158	3,211,218	1,779,897	1,640,950
Repairs and maintenance	4,022,039	2,254,077	1,351,677	1,471,310
Travelling and conveyance	3,260,353	2,299,942	1,811,204	1,092,127
Other manufacturing overheads	1,427,467	1,217,856	602,703	689,045
Depreciation	70,991,104	65,026,885	35,809,386	34,130,576
	2,272,492,419	1,794,825,527	1,176,617,389	937,420,997
Work in process				
At the beginning of period	140,912,165	143,725,269	150,242,727	135,457,750
At the end of period	(184,434,730)	(141,395,349)	(184,434,730)	(141,395,349)
	(43,522,565)	2,329,920	(34,192,003)	(5,937,599)
Cost of goods manufactured	2,228,969,854	1,797,155,447	1,142,425,386	931,483,398
Finished goods				
At the beginning of period	148,317,698	82,330,887	203,118,021	104,227,001
Yarn purchased	1,890,672	3,221,302	1,890,672	1,144,873
At the end of period	(225,764,902)	(127,279,355)	(225,764,902)	(127,279,355)
	(75,556,532)	(41,727,166)	(20,756,209)	(21,907,481)
	2,153,413,322	1,755,428,281	1,121,669,177	909,575,917

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the Six Months Ended December 31, 2018

12 TRANSACTIONS WITH RELATED PARTIES

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

		Six months ended	
		December 31, 2018	December 31, 2017
Nature of Relationship	Nature of Transaction	.....Rupees.....	
Subsidiary	Payment against issue of shares	-	100,000
Associated companies			
	Sales of finished goods, raw material / stores and spare parts	431,109,075	311,849,716
	Purchases of;		
	- finished goods, raw material / stores and spare parts	17,564,630	31,676,122
	- machinery	600,000	-
	- electricity	27,706,713	9,539,572
	Services rendered	10,000	1,510,809
	Services obtained	-	916,308
	Dividend received	8,009,210	891,724
	Dividend paid	43,730,466	9,256,103
	Shared expenses paid	7,874,288	3,989,616
	Shared expenses received	1,573,002	2,266,131
	Loan obtained	27,487,000	-
Directors	Loan obtained	15,705,000	-
Chief executive officer	Remuneration and other benefits	5,400,000	3,600,000
Executives	Remuneration and other benefits	46,450,596	20,269,735

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

13 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Audited June 30, 2018	Availed during the period	Repaid during the period	Un-Audited December 31, 2018
	-----Rupees-----			
Long term financing	193,051,000	229,716,000	(3,659,374)	419,107,626
Short term borrowings	1,427,713,150	1,913,423,098	(881,645,543)	2,459,490,705
Loan obtained from related parties	-	43,192,000	-	43,192,000
	1,620,764,150	2,186,331,098	(885,304,917)	2,921,790,331

14 OPERATING SEGEMENTS

Chief Executive Officer considers the business as a single operating segment as the Company's assets allocation decision are based on a single, integrated business strategy, and the Company's performance is evaluated on overall basis.

The information with respect to this operating segment is stated below:

81.28% (2017: 55.28%) sales of the Company relates to export customers.

As at year end, all non-current assets of the Company are located in Pakistan.

Sales to two customers of the Company is more than 10% of total sales which constitutes total amount of Rs. 823 million (2017 Rs. 625 million).

**Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the Six Months Ended December 31, 2018**

15 FAIR VALUE OF FINANCIAL 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.

Fair value hierarchy

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, 2018 that amounts to Rs. 48.85 million (June 30, 2018 Rs. 78.69 million)

16 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 26, 2019.

17 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONTENTS

Reliance Cotton Spinning Mills Limited Consolidated Financial Statements

Directors' Report (English/Urdu)	21
Consolidated Statement of Financial Position	23
Consolidated Statement of Profit or Loss	24
Consolidated Statement of Comprehensive Income	25
Consolidated Statement of Cash Flows	26
Consolidated Statement of Changes In Equity	27
Selected Explanatory Notes to the Consolidated Financial Statements	28

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of RCSM Company (Pvt.) Limited, it is our pleasure to present Directors' Report with Un-Audited Consolidated Financial statement of the Company for the half year ended December 31, 2018.

RCSM Company (Pvt.) Limited

RCSM Company (Pvt.) Limited was incorporated in Pakistan as private limited by shares wholly owned by Reliance Cotton Spinning Mills Limited under Companies Ordinance, 1984 (now Companies Act, 2017) on November 08, 2017. 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.

For and on behalf of Board

Lahore
February 26, 2019

(Shahid Abdullah)
Director

(Shayan Abdullah)
Chief Executive Officer

ڈائریکٹرز رپورٹ

RCSM کمپنی (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مجموعی مالیاتی گوشواروں کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ:

RCSM کمپنی (پرائیویٹ) لمیٹڈ 8 نومبر 2017ء کیپٹیز آرڈیننس، 1984 (ایپ کیٹیز ایکٹ 2017) کے تحت ریلیئنس کاؤن سپننگ ملز لمیٹڈ کے مکمل ملکیتی شیئرز سے نجی لمیٹڈ کمپنی کے طور پر پاکستان میں قائم ہوئی۔ ذیلی کمپنی کی اصل سرگرمی کسی دیگر کمپنی میں شیئرز لینا یا خریدنا اور رکھنا ہے لیکن ایک سرمایہ کاری کمپنی کے طور پر کام کرنا نہیں ہے۔

منجانب بورڈ آف ڈائریکٹرز

(شاید عبداللہ)

ڈائریکٹر

(شایان عبداللہ)

چیف ایگزیکٹو آفیسر

لاہور تاریخ: 26 فروری 2019ء

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION **AS AT DECEMBER 31, 2018**

		Un-Audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
Note			
ASSETS			
NON-CURRENT ASSETS			
	4	1,663,149,632	1,460,765,061
Property, plant and equipment			
	5	728,194,369	718,327,402
Long term investments			
		8,987,690	8,987,690
Long term deposits			
		2,400,331,691	2,188,080,153
CURRENT ASSETS			
		32,032,029	49,466,734
Stores, spare parts and loose tools			
		2,292,749,615	1,242,826,867
Stock in trade			
		787,731,345	665,550,377
Trade debts			
		33,259,372	64,191,180
Loans and advances			
		3,699,412	2,255,778
Deposit and short term prepayments			
		50,245,405	48,129,947
Other receivables			
		287,808,452	233,635,886
Tax refunds due from the Government			
		48,852,918	78,692,660
Short term investments			
		32,272,038	7,880,802
Cash and bank balances			
		3,568,650,586	2,392,630,231
		5,968,982,277	4,580,710,384
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
		120,000,000	120,000,000
12,000,000 (June 30, 2018: 12,000,000) ordinary shares of Rs.10 each.			
Issued, subscribed and paid up capital:			
		102,920,000	102,920,000
10,292,000 (June 30, 2018: 10,292,000) ordinary shares of Rs.10 each.			
Reserves			
		2,497,560,580	2,322,673,005
		2,600,480,580	2,425,593,005
NON-CURRENT LIABILITIES			
	6	410,767,003	185,732,252
Long term financing			
		117,782,135	168,983,093
Deffered liabilities			
		528,549,138	354,715,345
CURRENT LIABILITIES			
	7	288,352,330	314,711,298
Trade and other payables			
		43,192,000	-
Due to associated parties			
		599,716	410,117
Unclaimed dividend			
		39,556,680	22,471,434
Mark-up accrued			
	6	8,340,623	7,318,748
Current portion of long term financing			
	8	2,459,490,705	1,427,713,150
Short term borrowings			
		420,505	27,777,287
Provision for taxation			
		2,839,952,559	1,800,402,034
CONTINGENCIES AND COMMITMENTS			
	9	5,968,982,277	4,580,710,384

The annexed notes from 1 to 17 form an integral parts of these consolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	Note	Six months ended		Three months ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		-----Rupees-----		.....Rupees.....	
Sales - net	10	2,565,118,605	2,039,368,181	1,319,493,624	1,049,897,655
Cost of sales	11	(2,153,413,322)	(1,755,428,281)	(1,121,669,177)	(909,575,917)
Gross profit		411,705,283	283,939,900	197,824,447	140,321,738
Distribution cost		(45,814,241)	(46,839,710)	(27,772,815)	(23,788,407)
Administrative expenses		(33,986,759)	(29,733,618)	(20,160,210)	(15,293,673)
Other income		4,133,052	4,870,338	3,258,185	4,175,465
Other operating expenses		(23,798,901)	(26,959,695)	(15,863,150)	(22,210,909)
		(99,466,849)	(98,662,685)	(60,537,990)	(57,117,524)
Operating profit before finance cost		312,238,434	185,277,215	137,286,457	83,204,214
Finance cost		(88,952,950)	(39,791,899)	(57,876,196)	(17,863,177)
Share of profit of associates		56,059,723	26,199,500	34,063,586	12,384,936
Profit before taxation		279,345,207	171,684,816	113,473,847	77,725,973
Provision for taxation		(688,495)	(28,177,186)	11,948,607	(11,091,866)
Profit for the period		278,656,712	143,507,630	125,422,454	66,634,107
Earnings per share - basic and diluted		27.08	13.94	12.19	6.47

The annexed notes from 1 to 17 form an integral parts of these consolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	Six months ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rupees-----		-----Rupees-----	
Profit for the period	278,656,712	143,507,630	125,422,454	66,634,107
Other comprehensive income:				
Items that may be reclassified subsequently to statement of profit or loss				
Share in associates' unrealized loss on available for sale investments - net	(40,074,201)	(72,724,243)	(32,129,016)	(12,396,081)
Unrealised loss on remeasurement of short term investments - available for sale	(5,954,750)	(13,872,300)	(3,269,422)	(4,914,730)
Realised loss on disposal of available for sale investments	7,267,159	2,600,086	8,077,356	2,600,086
Other comprehensive (loss) for the period	(38,761,792)	(83,996,457)	(27,321,082)	(14,710,725)
Share in associate's unrealized gain on hedging instruments	70,202	430,579	145,792	363,324
Total comprehensive income for the period	239,965,122	59,941,752	98,247,164	52,286,706

The annexed notes from 1 to 17 form an integral parts of these consolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

		Six months ended December 31, 2018	Six months ended December 31, 2017
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		279,345,207	171,684,816
Adjustments for:			
Depreciation of property, plant and equipment		73,784,780	67,963,153
Provision for employee benefits		9,000,000	12,720,000
Loss on sale of short term investments available for sale		11,646,327	5,333,549
Gain on disposal of property, plant and equipment		(668,557)	(409,176)
Dividend income		(1,697,885)	(1,934,275)
Share of profit from associates		(56,059,723)	(26,199,500)
Finance cost		88,952,950	39,791,899
		404,303,099	268,950,466
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		17,434,705	(2,521,403)
Stock in trade		(1,049,922,748)	(713,684,106)
Trade debts		(122,180,968)	(148,380,378)
Loans and advances		(17,345,076)	(86,516,643)
Deposits and short term prepayments		(1,443,634)	(1,298,215)
Other receivables		(2,115,458)	(14,542,842)
(Increase) / decrease in current liabilities			
Trade and other payables		(26,358,968)	124,188,052
		(1,201,932,147)	(842,755,535)
Cash used in operations		(797,629,048)	(573,805,069)
Dividend paid		(66,708,401)	(15,385,125)
Employee benefits paid		(60,200,958)	(7,125,537)
Finance cost paid		(71,867,704)	(36,791,953)
Sales tax (paid) / refunded		(21,541,432)	11,000,797
Income taxes paid		(12,399,527)	(17,025,926)
		(232,718,022)	(65,327,744)
A. Net cash used in operating activities		(1,030,347,070)	(639,132,813)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(277,180,794)	(139,132,386)
Proceeds from disposal of property, plant and equipment		1,680,000	703,000
Short term investments made		(21,522,341)	(30,365,484)
Proceeds from sale of short term investments		41,028,165	31,768,397
Dividend received		9,707,095	2,826,000
B. Net cash used in investing activities		(246,287,875)	(134,200,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained-net	13	226,056,626	45,282,000
Short term borrowings - net	13	1,031,777,555	721,374,770
Loan obtained from related parties	13	43,192,000	-
C. Net cash generated from financing activities		1,301,026,181	766,656,770
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)		24,391,236	(6,676,516)
Cash and cash equivalents at the beginning of period		7,880,802	22,711,121
Cash and cash equivalents at the end of period		32,272,038	16,034,605

The annexed notes from 1 to 17 form an integral parts of these consolidated condensed interim financial statements.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) **FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	Share capital	Un-appropriated profit	Revenue reserves		Capital reserve					Total
			General reserve	Unrealised loss on remeasurement of investments classified as available for sale - net	Share in associates' unrealized gain on 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										
Balance as at July 01, 2017	102,920,000	1,785,964,745	130,000,000	(9,370,227)	137,685,026	3,219	(1,792,820)	9,841,956	2,052,331,899	2,155,251,899
Profit for the period ended December 31, 2017	-	59,941,752	-	-	-	-	-	-	59,941,752	59,941,752
Other comprehensive income	-	-	-	(11,272,214)	(72,724,243)	430,579	-	-	(83,565,878)	(83,565,878)
Total comprehensive income	-	59,941,752	-	(11,272,214)	(72,724,243)	430,579	-	-	(23,624,126)	(23,624,126)
Effects of items directly recognized in equity by associates								1,127	1,127	1,127
Balance as at December 31, 2017	102,920,000	1,845,906,497	130,000,000	(20,642,441)	64,960,783	433,798	(1,792,820)	9,843,083	2,028,708,900	2,131,628,900
Comprehensive income:										
Profit for the six months ended June 30, 2018	-	298,064,643	-	-	-	-	-	-	298,064,643	298,064,643
Other comprehensive income	-	(830,822)	-	9,476,576	4,675,428	(151,821)	(236,597)	-	12,932,764	12,932,764
Total comprehensive income	-	297,233,821	-	9,476,576	4,675,428	(151,821)	(236,597)	-	310,997,407	310,997,407
Effects of items directly recognized in equity by associates	-	-	-	-	-	-	-	(1,595,302)	(1,595,302)	(1,595,302)
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 June 30, 2018	102,920,000	2,127,702,318	130,000,000	(11,165,865)	69,636,211	281,977	(2,029,417)	8,247,781	2,322,673,005	2,425,593,005
Profit for the period ended December 31, 2018	-	278,656,712	-	-	-	-	-	-	278,656,712	278,656,712
Other comprehensive income	-	-	-	1,312,409	(40,074,201)	70,202	-	-	(38,691,590)	(38,691,590)
Total comprehensive income	-	278,656,712	-	1,312,409	(40,074,201)	70,202	-	-	239,965,122	239,965,122
Effects of items directly recognized in equity by associates								1,820,453	1,820,453	1,820,453
Transactions with owners:										
Final dividend for the year ended June 30, 2018 @ Rs.6.5 per share	-	(66,898,000)	-	-	-	-	-	-	(66,898,000)	(66,898,000)
Balance as at December 31, 2018	102,920,000	2,339,461,030	130,000,000	(9,853,456)	29,562,010	352,179	(2,029,417)	10,068,234	2,497,560,580	2,600,480,580

The annexed notes from 1 to 17 form an integral parts of these consolidated condensed interim financial statements.

Lahore :

Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

1 THE GROUP AND ITS LEGAL STATUS AND OPERATIONS

The Group comprises of :

1.1 Reliance Cotton Spinning Mills Limited -the Holding Company

Reliance Cotton Spinning Mills Limited ("the Holding Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company was listed on June 16, 1993 on Pakistan Stock Exchange limited. The principal activity of the Holding Company is manufacturing and sale of yarn. The registered office of the Holding Company and Subsidiary Company is situated at 312, Cotton Exchange Building, Karachi and mills of Holding Company are located at Warburton Road, Ferozewattoan, District Sheikhpura, Punjab.

1.2 RCSM Company (Private) Limited - the Subsidiary Company (Holding-100%)

RCSM Company (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) on November 8, 2017.

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.

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Consolidated financial statements

These consolidated condensed interim financial statements does not include all the information required for the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended June 30, 2018.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies and methods of computation adopted for preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2018.

3.2 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan 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.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

- 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, 2018
- 3.4** Certain amendments to accounting and reporting standards have been published and are mandatorily effective for the accounting period beginning on or after July 1, 2018, none of these amendments are expected to have a significant effect on these consolidated condensed interim financial statements.

3.5 Changes in accounting standards

The following change in accounting standards has taken place effective from July 01, 2018:

(a) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the period ended December 31, 2017 or June 30, 2018.

(b) IFRS 9 - Financial instruments

Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for the half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 15, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these consolidated condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

			Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
4	PROPERTY, PLANT AND EQUIPMENT	Note		
	Operating assets	4.1	1,642,437,198	1,460,246,900
	Capital work in progress	4.2	20,712,434	518,161
			<u>1,663,149,632</u>	<u>1,460,765,061</u>
4.1	Operating assets			
	Opening book value		1,460,246,900	1,403,202,577
	Additions during the period / year			
	Freehold land		-	2,368,000
	Residential building		-	11,535,105
	Electric installation		-	1,149,425
	Electric equipment		-	213,450
	Computers		283,000	89,000
			283,000	15,354,980
	Transfer from capital work in progress			
	Factory building		-	25,765,916
	Plant and machinery		256,703,521	148,760,672
	Vehicles		-	11,801,714
			256,703,521	186,328,302
	Book value of assets disposed off during the period / year		(1,011,443)	(2,649,149)
	Depreciation charged during the period / year		(73,784,780)	(141,989,810)
	Closing book value		<u>1,642,437,198</u>	<u>1,460,246,900</u>
4.2	Capital work in progress			
	Plant and machinery		20,712,434	518,161
			<u>20,712,434</u>	<u>518,161</u>
5	LONG TERM INVESTMENTS			
	Investments in associates - at equity method:			
	Quoted:			
	Sapphire Fibres Limited	5.2	419,363,043	418,447,167
	Sapphire Textile Mills Limited	5.3	79,586,773	82,983,620
	SFL Limited	5.4	62,405,029	58,084,718
	Un quoted:			
	Sapphire Finishing Mills Limited	5.5	85,480,996	76,483,467
	Sapphire Holding Limited	5.6	34,496,211	32,902,293
	Sapphire Power Generation Limited	5.7	46,862,317	49,426,137
			<u>728,194,369</u>	<u>718,327,402</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 THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Un-audited December 31, 2018 Rupees	Audited June 30 2018 Rupees
5.2 Investment in Sapphire Fibres Limited		
393,697 (June 30, 2018: 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	382,130,925	377,081,231
Dividend received	(4,724,364)	(590,546)
	<u>419,363,043</u>	<u>418,447,167</u>
5.3 Investment in Sapphire Textile Mills Limited		
100,223 (June 30, 2018: 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	73,075,763	74,869,042
Dividend received	(1,603,568)	-
	<u>79,586,773</u>	<u>82,983,620</u>
5.4 Investment in SFL Limited		
401,570 (June 30, 2018: 401,570) ordinary shares of Rs. 10 each - cost	2,439,475	2,439,475
Share of post acquisition profit	61,471,442	55,946,421
Dividend received	(1,505,888)	(301,178)
	<u>62,405,029</u>	<u>58,084,718</u>
5.5 Investment in Sapphire Finishing Mills Limited		
1,556,000 (June 30, 2018: 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	68,971,836	59,974,307
Dividend received	-	-
	<u>85,480,996</u>	<u>76,483,467</u>
5.6 Investment in Sapphire Holding Limited		
100,223 (June 30, 2018: 100,223) ordinary shares of Rs. 10 each - cost	524,950	524,950
Share of post acquisition profit	34,146,651	32,377,343
Dividend received	(175,390)	-
	<u>34,496,211</u>	<u>32,902,293</u>
5.7 Investment in Sapphire Power Generation Limited		
555,000 (June 30, 2018: 555,000) ordinary shares of Rs. 10 each - cost	19,425,000	19,425,000
Share of post acquisition profit	27,437,317	30,001,137
	<u>46,862,317</u>	<u>49,426,137</u>
6 LONG TERM FINANCING		
As at the beginning of the period / year	193,051,000	74,900,000
Availed during the period / year	229,716,000	118,151,000
As at the end of the period / year	422,767,000	193,051,000
Less: Payment during the period/ year	(3,659,374)	-
Less: Current maturity of long term financing	(8,340,623)	(7,318,748)
	<u>410,767,003</u>	<u>185,732,252</u>
6.1 The Company has obtained the long term financing facility from MCB Bank Limited at the rate of 2.5% (June 30, 2018: 2.5%) per annum. The facility has the limit of Rs. 500 million and is secured against first pari passu charge of Rs.667 million against all present and future plant and machinery of the Company. Markup is payable on a quarterly basis.		

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

		Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
7	Loan from related parties		
	Loan From Directors	7.1 15,705,000	-
	Loan From Associated Companies	7.2 27,487,000	-
		43,192,000	-
7.1	During the period ended December 31, 2018, company has received loan from directors aggregating to Rs.15,705,000. These loans are interest free and are repayable on demand.		
7.2	During the period ended December 31, 2018, company has received loan from associated undertakings aggregating to Rs. 27,487,000. These loans are interest free and are repayable on demand.		
		Un-Audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
7.2.1	Name of Associated Companies		
	Reliance Textiles (Pvt.) Limited	6,067,000	-
	Sapphire Agencies (Pvt) Limited	12,810,000	-
	Neelum Textile Mills (Pvt) Limited	7,540,000	-
	Galaxy Agencies (Pvt) Limited	590,000	-
	Nadeem Enterprises (Pvt) Limited	480,000	-
		27,487,000	-
8	SHORT TERM BORROWINGS		
	From banking companies - secured		
	Running finance	1,019,490,705	887,713,150
	Other short term finance	8.1 1,440,000,000	540,000,000
		2,459,490,705	1,427,713,150
8.1	During the period, the Company has obtained Rs 900 million cash finance (June, 2018 : 195 Million)at the rate of mark-up ranging between 6.33 % to 11.53 % (June 2018 : 6.08 % to 6.33 %) per annum .		
9	CONTINGENCIES AND COMMITMENTS		
9.1	Contingencies		
	Guarantees have been issued by banks on behalf of the Company in the normal course of business	173,990,298	168,990,298
	Post dated cheques for Customs department	178,687,421	147,531,396
		352,677,719	316,521,694
9.2	Claims of Input Sales Tax		
	The Company has challenged before the Honourable Sindh High Court the disallowance of input sales tax claim of Rs. 13.985 million by the Federal Board of Revenue (FBR) vide notice dated June 20, 2015. The Company has reasonable grounds to claim the said input tax.		
9.3	Commitments		
	Irrevocable letters of credit for import of:		
	-Machinery	158,949,454	294,675,883
	-Stores and spare parts	8,764,539	4,430,999
	-Raw material	159,017,515	88,464,191
		326,731,508	387,571,073

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Six months ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	.....Rupees.....		.....Rupees.....	
10 SALES - NET				
Local				
Yarn	447,857,396	870,646,061	236,405,282	693,694,044
Waste	30,635,039	30,671,452	16,106,583	17,258,769
	478,492,435	901,317,513	252,511,865	710,952,813
Export				
Yarn	360,993,979	543,583,673	212,013,663	278,803,078
Yarn (indirect export)	1,679,220,117	532,775,671	833,411,664	19,867,090
Waste	45,172,060	37,901,041	21,556,432	27,961,602
	2,085,386,156	1,114,260,385	1,066,981,759	326,631,770
	2,563,878,591	2,015,577,898	1,319,493,624	1,037,584,583
Processing services	1,160,086	2,415,029	-	1,643,835
Export rebate	79,928	21,375,254	-	10,669,237
	2,565,118,605	2,039,368,181	1,319,493,624	1,049,897,655

10.1 Sales tax on local sales and indirect export sales is Rs. 0.318 million (Dec 31, 2017 Rs. 0.471 million)

	Six months ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	.....Rupees.....		.....Rupees.....	
11 COST OF SALES				
Raw material consumed	1,742,998,242	1,329,209,702	910,080,675	697,808,171
Packing material consumed	34,493,200	29,579,709	17,654,400	14,602,143
Store and spare parts consumed	39,667,522	38,247,958	17,702,736	20,226,537
Salaries, wages and benefits	174,791,661	167,571,568	89,012,024	86,152,504
Fuel and power	197,378,673	156,206,612	100,812,687	79,607,634
Insurance	3,462,158	3,211,218	1,779,897	1,640,950
Repairs and maintenance	4,022,039	2,254,077	1,351,677	1,471,310
Travelling and conveyance	3,260,353	2,299,942	1,811,204	1,092,127
Other manufacturing overheads	1,427,467	1,217,856	602,703	689,045
Depreciation	70,991,104	65,026,885	35,809,386	34,130,576
	2,272,492,419	1,794,825,527	1,176,617,389	937,420,997
Work in process				
At the beginning of period	140,912,165	143,725,269	150,242,727	135,457,750
At the end of period	(184,434,730)	(141,395,349)	(184,434,730)	(141,395,349)
	(43,522,565)	2,329,920	(34,192,003)	(5,937,599)
Cost of goods manufactured	2,228,969,854	1,797,155,447	1,142,425,386	931,483,398
Finished goods				
At the beginning of period	148,317,698	82,330,887	203,118,021	104,227,001
Yarn purchased	1,890,672	3,221,302	1,890,672	1,144,873
At the end of period	(225,764,902)	(127,279,355)	(225,764,902)	(127,279,355)
	(75,556,532)	(41,727,166)	(20,756,209)	(21,907,481)
	2,153,413,322	1,755,428,281	1,121,669,177	909,575,917

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

12 TRANSACTIONS WITH RELATED PARTIES

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

		Six months ended	
		December 31, 2018	December 31, 2017
Nature of Relationship	Nature of Transaction	.....Rupees.....	
Associated companies	Sales of finished goods, raw material / stores and spare parts	431,109,075	311,849,716
	Purchases of;		
	- finished goods, raw material / stores and spare parts	17,564,630	31,676,122
	- machinery	600,000	-
	- electricity	27,706,713	9,539,572
	Services rendered	10,000	1,510,809
	Services obtained	-	916,308
	Dividend received	8,009,210	891,724
	Dividend paid	43,730,466	9,256,103
	Shared expenses paid	7,874,288	3,989,616
	Shared expenses received	1,573,002	2,266,131
	Loan obtained	27,487,000	-
Directors	Loan obtained	15,705,000	-
Chief executive officer	Remuneration and other benefits	5,400,000	3,600,000
Executives	Remuneration and other benefits	46,450,596	20,269,735

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

13 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Audited June 30, 2018	Availed during the period	Repaid during the period	Un-Audited December 31, 2018
	-----Rupees-----			
Long term financing	193,051,000	229,716,000	(3,659,374)	419,107,626
Short term borrowings	1,427,713,150	1,913,423,098	(881,645,543)	2,459,490,705
Loan obtained from related parties	-	43,192,000	-	43,192,000
	1,620,764,150	2,186,331,098	(885,304,917)	2,921,790,331

14 OPERATING SEGEMENTS

Chief Executive Officer considers the business as a single operating segment as the Company's' assets allocation decision are based on a single, integrated business strategy, and the Company's' performance is evaluated on overall basis.

The information with respect to this operating segment is stated below:

81.28% (2017: 55.28%) sales of the Company relates to export customers.

As at year end, all non-current assets of the Company are located in Pakistan.

Sales to two customers of the Company is more than 10% of total sales which constitutes total amount of Rs. 823 million (2017 Rs. 625 million).

15 FAIR VALUE OF FINANCIAL 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Fair value hierarchy

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, 2018 that amounts to Rs. 48.85 million (June 30, 2018 Rs. 78.69 million)

16 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 26, 2019.

17 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore :
Dated : February 26, 2019

Shayan Abdullah
Chief Executive

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer