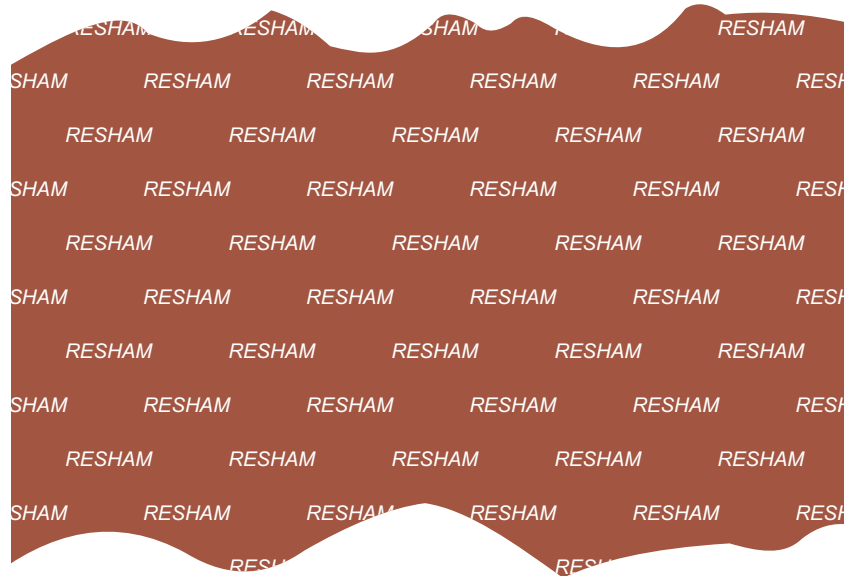
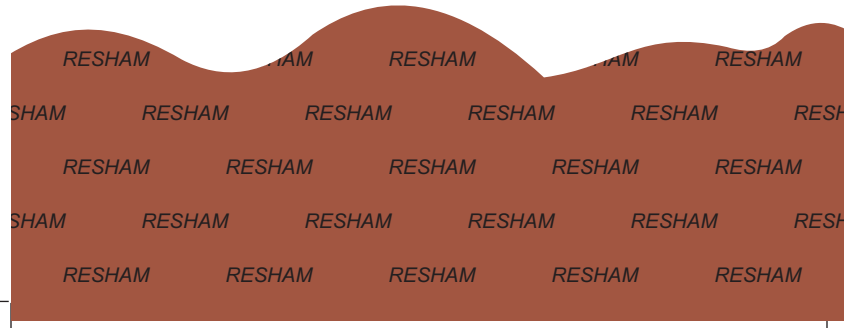




**RESHAM TEXTILE INDUSTRIES
LIMITED**



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED
30 SEPTEMBER 2015**





**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED
30 SEPTEMBER 2015**

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COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER : Mr. Muhammad Arshad Saeed

DIRECTORS : Ch. Rahman Bakhsh
Mrs. Salma Aziz
Mr. Muhammad Musharaf Khan
Ms. Kiran A. Chaudhry
Mr. Kamran Ilyas
Mr. Muhammad Ali Chaudhry

CHIEF FINANCIAL OFFICER : Mr. Muhammad Ali Chaudhry

COMPANY SECRETARY : Ms. Komal Daniel

AUDITORS : M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Lahore.

AUDIT COMMITTEE : Mr. Kamran Ilyas Chairman
Mrs. Salma Aziz Member
Mr. Muhammad Musharaf Khan Member

HR - COMMITTEE : Mr. Kamran Ilyas Chairman
Mr. Muhammad Ali Chaudhry Secretary
Ms. Kiran A. Chaudhry Member

BANKERS : National Bank of Pakistan
Bank Alfalah Limited
Askari Bank Limited
Al Baraka Bank (Pakistan) Ltd.
Faysal Bank Limited

SHARE REGISTRAR : Corplink (Pvt.) Ltd.

LEGAL ADVISORS : Mr. Shaukat Haroon (Advocate)
Barrister Salman Rahim (Advocate High Court)
Yousaf Islam Associates

REGISTERED OFFICE : 36-A Lawrence Road, Lahore.

MILLS : 1.5 Kilometer Habibabad,
Chunian Road, Tehsil Chunian,
District Kasur.

DIRECTORS' REPORT

It is my pleasure to present the Directors' Report and the un-audited accounts for the period ended September 30, 2015.

Performance Review

The overall performance of the Company during the first quarter was not satisfactory. However, despite a decline in sales by Rs. 223.28 Million to Rs. 653.49 Million from Rs. 876.77 Million (s.p.l.y.), the Company made gross profit in the amount of Rs. 36.02 Million from Rs. 79.06 Million (s.p.l.y.). The major reason for lower gross profit was a sharp decline in yarn prices. There was a slight decline in cost of sales by Rs.180.24 Million to Rs. 617.47 Million from Rs. 797.71 Million (s.p.l.y.), however, the stagnant demand and low prices for yarn remained a major element of this quarter, otherwise the Company would have performed better. As the Company has paid off all its long-term loans the financial charges lowered to Rs. 0.37 Million from Rs. 2.29 Million (s.p.l.y.).

The management is satisfied that in spite of the dwindling yarn market the Company still made profit before taxation of Rs. 22.39 Million as compared to Rs. 58.36 Million (s.p.l.y.).

The financial results are given below and details may be perused in other sections of this report:-

	2015	2014
	Rupees('000)	
	(Restated)	
Sales	653,488	876,765
Cost of sales	617,473	797,706
Gross profit	36,015	79,059
Administrative expenses	9,551	9,668
Distribution cost	3,843	4,356
	13,394	14,024
Operating profit	22,621	65,035
Other operating expenses	1,814	4,915
	20,807	60,120
Other income	1,945	528
	22,752	60,648
Finance cost	367	2,292
Profit before taxation	22,385	58,356
Taxation	5,629	18,600
Profit for the period	16,756	39,756
Earnings per share - <i>Basic & diluted (Rupees)</i>	0.47	1.10

Future Prospects

The management is cautious about the uncertain factors in the industry, including energy shortages and general upheaval of law and order within the country. The international markets are trying to absorb the effects of recession, and this has caused prices of textile products to decline drastically. Chinese imports from Pakistan have greatly declined while supply of more affordable yarn from India has greatly reduced local yarn uptake by the weaving and finishing sectors. A recent proposal to impose regulatory duty on cheap yarn from abroad may provide some relief to the yarn manufacturing sector, although it is still unclear whether this will have a significant impact.

Acknowledgements

The Directors take this opportunity to thank the Company's bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, Faysal Bank Limited, Al Baraka Bank (Pakistan) Limited, Askari Bank Limited and other financial Institutions for their confidence in the Company and strong financial support. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders of the Company. The Directors would also like to particularly mention the dedication and devotion displayed by the employees while performing their duties during the period and hope that the same spirit will prevail in the future as well.

For and on behalf of the Board

Lahore: 28 October, 2015

Muhammad Arshad Saeed
(Chief Executive Officer)

CONDENSED INTERIM BALANCE SHEET

	Un-Audited 30 September 2015	Audited 30 June 2015
Note	Rupees	Rupees
EQUITY AND LIABILITIES		
Authorised capital		
36,000,000 (June 2015: 36,000,000)		
ordinary shares of Rs. 10/- each	360,000,000	360,000,000
Issued, subscribed and paid up capital	360,000,000	360,000,000
Unappropriated profit	561,042,364	539,159,162
Total Equity	921,042,364	899,159,162
Surplus on revaluation of fixed assets	231,257,243	236,393,980
Non-current liabilities		
Long term deposits	130,748	130,748
Deffered liabilities	294,262,276	296,914,442
	294,393,024	297,045,190
Current liabilities		
Trade and other payables	5 186,160,967	178,718,547
Balance with statutory authorities	5,303,833	1,641,270
Mark-up accrued on financing	97,732	5,153,641
Short term borrowings	6 20,971,283	55,745,482
Provision for taxation	35,760,628	85,649,670
	248,294,443	326,908,610
Total liabilities	542,687,467	623,953,800
Total Equity and Liabilities	1,694,987,074	1,759,506,942

CONTINGENCIES AND COMMITMENTS

7

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

AS AT 30 SEPTEMBER 2015

		<u>Un-Audited</u> 30 September 2015 Rupees	<u>Audited</u> 30 June 2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,208,241,999	1,224,124,423
Long term deposits		3,697,560	3,697,560
		1,211,939,559	1,227,821,983
Current assets			
Stores & spare parts		40,920,886	37,360,227
Stock in trade	9	212,710,376	270,966,529
Trade debts		104,797,331	115,572,506
Advances		5,580,005	2,532,386
Trade deposits and short term prepayments		7,073,310	2,377,508
Advance income tax		4,347,963	63,455,130
Cash and bank balances		107,617,644	39,420,673
		483,047,515	531,684,959
Total Assets		<u>1,694,987,074</u>	<u>1,759,506,942</u>

(Director)

**CONDENSED INTERIM
PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Three month period ended	
		30 SEPTEMBER 2015 Rupees	30 SEPTEMBER 2014 Rupees (Restated)
Sales	10	653,488,100	876,765,569
Cost of sales	11	<u>617,472,561</u>	<u>797,705,875</u>
Gross profit		36,015,539	79,059,694
Administrative expenses		<u>9,551,146</u>	<u>9,668,350</u>
Distribution cost		<u>3,843,431</u>	<u>4,356,302</u>
		<u>13,394,577</u>	<u>14,024,652</u>
Operating profit		22,620,962	65,035,042
Other operating expenses	12	<u>1,814,253</u>	<u>4,915,307</u>
		20,806,709	60,119,735
Other income		<u>1,945,206</u>	<u>528,100</u>
		22,751,915	60,647,835
Finance cost		<u>366,558</u>	<u>2,291,790</u>
Profit before taxation		22,385,357	58,356,045
Taxation	13	<u>5,629,290</u>	<u>18,599,712</u>
Profit for the period		<u><u>16,756,067</u></u>	<u><u>39,756,333</u></u>
Earnings per share -			
<i>Basic & diluted (Rupees)</i>		<u><u>0.47</u></u>	<u><u>1.10</u></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

	Three month period ended	
	30 September 2015 Rupees	30 September 2014 Rupees (Restated)
Profit for the period	16,756,067	39,756,333
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods</i>	-	-
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation -net of deferred tax	5,127,135	5,646,692
Total other comprehensive income for the period	5,127,135	5,646,692
Total comprehensive income for the period	21,883,202	45,403,025

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)

**CONDENSED INTERIM
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

	Three month period ended	
	30 September 2015 Rupees	30 September 2014 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,385,357	58,356,045
Adjustment for non-cash charges and other items:		
Depreciation	18,181,600	20,269,274
(Gain)/Loss on sale of property, plant and equipment	(575,333)	-
Provision for gratuity	4,104,916	4,465,792
Finance cost	366,558	2,291,790
Workers' Welfare fund	604,272	1,584,972
Workers' profit participation fund	1,209,981	3,330,335
	23,891,994	31,942,163
Profit before working capital changes	46,277,351	90,298,208
Effect on cash flows due to working capital changes		
(Increase)/ decrease in current assets:		
Stores and spare parts	(3,560,659)	3,793,806
Stock in trade	58,256,153	20,395,576
Trade debts	10,775,175	14,494,190
Advances	(3,047,619)	(15,375,360)
Trade deposits and short term prepayments	(4,695,802)	(3,794,983)
Tax refunds due from the Government	3,662,563	1,264,415
Increase/(decrease) in current liabilities:		-
Trade and other payables	5,628,167	(47,371,661)
Net cash used in working capital changes	67,017,978	(26,594,017)
Cash generated from operations	113,295,329	63,704,191
Finance cost paid	(5,422,466)	(13,824,242)
Income tax paid	(308,682)	(4,460,939)
Gratuity paid	(1,535,314)	(2,162,312)
Net cash from operating activities	106,028,867	43,256,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred on property, plant and equipment	(3,707,697)	(113,000)
Proceeds from disposal of property, plant and equipment	650,000	131,108
Net cash (used in)/ from investing activities	(3,057,697)	18,108
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long term advances	-	(100,668)
Decrease in short term borrowings-net	(34,774,199)	(58,499,439)
Net cash used in financing activities	(34,774,199)	(58,600,107)
Net increase/ (decrease) in cash and cash equivalents	68,196,971	(15,325,304)
Cash and cash equivalents at the beginning of the period	39,420,673	42,405,686
Cash and cash equivalents at the end of the period	107,617,644	27,080,382

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)**

FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2015

	Share Capital	Unappropriated profit	Total
-----Rupees-----			
Balance as on 01 July 2014 - Restated	360,000,000	446,893,760	806,893,760
Net profit for the period ended 30 September 2014 - Restated	-	39,756,333	39,756,333
Total other comprehensive income, net of deferred tax	-	5,646,692	5,646,692
Total comprehensive income for the period - restated	-	45,403,025	45,403,025
Balance as at 30 September 2014 - Restated	<u>360,000,000</u>	<u>492,296,785</u>	<u>852,296,785</u>
Balance as at 01 July 2015	360,000,000	539,159,162	899,159,162
Net profit for the period ended 30 September 2015	-	16,756,067	16,756,067
Total other comprehensive income, net of deferred tax	-	5,127,135	5,127,135
Total comprehensive income for the period	-	21,883,202	21,883,202
Balance as at 30 September 2015	<u>360,000,000</u>	<u>561,042,364</u>	<u>921,042,364</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2015

1. THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan on 06 June 1990 under the Companies Ordinance, 1984 and is quoted on Lahore and Karachi Stock Exchanges. Registered office of the Company is situated at 36-A Lawrence road, Lahore. The Company is principally engaged in the business of manufacturing and selling of yarn.

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Company for the three months period ended 30 September 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 is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

3. BASIS OF PREPARATION

3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2015.

3.2 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2015.

The Company has adopted the following amended International Financial Reporting Standards (IFRSs) which became effective during the period:

IAS 19 - Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions.

IAS 32 - Financial Instruments : Presentation – (Amendment) - offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets – (Amendment) Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment) - Novation of derivatives and continuation of hedge accounting.

IFRIC 21 - Levies

The adoption of the above amendments and interpretation did not have any significant impact on this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2015.

	<u>Un-Audited</u>	<u>Audited</u>
	30 September 2015	30 June 2015
5. TRADE AND OTHER PAYABLES	Rupees	Rupees
Creditors	16,717,954	14,172,583
Accrued liabilities	119,379,341	137,614,521
Advances from customers	30,815,644	7,532,178
Advances from brokers against customers	11,300,260	1,733,860
Unclaimed Workers' Profit Participation Fund	5,824,677	5,824,898
Workers' Profit Participation Fund	1,209,981	7,492,386
Workers' Welfare Fund	604,272	4,039,281
Unclaimed dividend	208,838	208,840
Others	100,000	100,000
	<u>186,160,967</u>	<u>178,718,547</u>

6. SHORT TERM BORROWINGS

From banking companies - secured:

Cash finance	(6.1)	-	7,962,967
Running finance	(6.1)	994,946	19,430,920
Salam	(6.1)	-	3,000,000

Unsecured:

Bank overdrawn		1,102,489	1,327,747
Loan from directors	(6.2)	<u>18,873,848</u>	<u>24,023,848</u>
		<u>20,971,283</u>	<u>55,745,482</u>

6.1 The aggregate facility of short term finances from commercial banks available at the period end is Rs.1,275,000,000 (June 2015: Rs. 1,275,000,000). The rates of mark-up range from 3 months KIBOR plus 1.00% to 3 months KIBOR plus 2.75% (2015: 3 months KIBOR plus 1.00% to 3 months KIBOR plus 2.75%) per annum. These facilities are secured against pledge of cotton bales with 10% margin for cotton, 25% margin for yarn bags, first pari passu charge on all current assets of the Company, first pari passu charge on fixed assets of the Company, trust receipts duly executed by the Company and personal guarantee of the directors of the Company.

6.2 This represents interest free loan from directors.

7. CONTINGENCIES AND COMMITMENTS

7.1 There is no significant change in the contingencies since the date of preceding published annual financial statements.

7.2 Bank guarantees aggregating to Rs. 43,582,200 (June 2015: Rs. 43,582,200) issued on behalf of the Company were outstanding on balance sheet date against which margins amounting to Rs. 1,511,565 (June 2015: Rs. 1,511,565) have been deposited with the respective banks.

		<u>Un-Audited</u> 30 September 2015 Rupees	<u>Audited</u> 30 June 2015 Rupees
	Note		
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(8.1)	1,198,884,181	1,218,378,299
Capital Work-in-progress		9,357,818	5,746,124
		<u>1,208,241,999</u>	<u>1,224,124,423</u>

8.1 Operating fixed assets - tangible

Opening book value		1,218,378,299	1,289,573,342
Add: Additions during the period / year - cost	(8.1.1)	96,000	14,094,570
		<u>1,218,474,299</u>	<u>1,303,667,912</u>
Less:			
Book value of assets disposed during the period / year	(8.1.2)	1,408,521	4,425,250
Depreciation charged during the period / year		18,181,597	80,864,363
		19,590,118	85,289,613
Net book value		<u>1,198,884,181</u>	<u>1,218,378,299</u>

8.1.1 Additions/adjustments during the period / year - cost

Free hold land	-	10,758,055
Building	-	1,089,445
Mill equipment	96,000	122,710
Office equipment	-	284,800
Vehicles	-	1,839,560
		<u>96,000</u>
		<u>14,094,570</u>

8.1.2 Book value of assets disposed during the period/year

Plant and machinery	1,408,521	1,396,970
Vehicles	-	3,028,280
	<u>1,408,521</u>	<u>4,425,250</u>

	Un-Audited	Audited
	30 September	30 June
	2015	2015
	Rupees	Rupees
9. STOCK IN TRADE		
Raw material	128,534,911	211,598,536
Work in process	17,497,709	18,980,136
Finished goods	59,601,811	31,302,878
Packing material	5,594,476	5,990,047
Waste	1,481,469	3,094,932
	<u>212,710,376</u>	<u>270,966,529</u>
	Three month period ended	
	30 September	30 September
	2015	2014
	Rupees	Rupees
		(Restated)
10. SALES		
Yarn - local	641,302,950	863,350,715
Waste	12,185,150	13,414,854
	<u>653,488,100</u>	<u>876,765,569</u>
11. COST OF SALES		
Raw material consumed	468,448,187	594,441,844
Salaries, wages and benefits	49,966,882	47,953,928
Store and spares consumed	10,524,795	10,631,038
Packing material consumed	9,829,001	10,370,646
Fuel and power	82,969,484	76,488,862
Insurance	1,586,158	1,863,135
Repair and maintenance	1,255,333	844,085
Other expenses	191,112	515,849
Depreciation	17,904,652	19,902,320
	642,675,604	763,011,707
Effect of work in process inventory		
Opening	18,980,136	17,168,014
Closing	(17,497,709)	(21,188,529)
	1,482,427	(4,020,515)
Cost of goods manufactured	644,158,031	758,991,192
Effect of finished goods inventory		
Opening	34,397,810	65,110,677
Closing	(61,083,280)	(26,395,994)
	(26,685,470)	38,714,683
	<u>617,472,561</u>	<u>797,705,875</u>

12. OTHER OPERATING EXPENSES

This amount includes Workers' Profit Participation Fund amounting to Rupees 1,209,981 (30 September 2014: Rupees 3,330,335) and Workers' Welfare Fund amounting to Rupees 604,272 (30 September 2014: Rupees 1,584,972).

		Three month period ended	
		30 September	30 September
		2015	2014
		Rupees	Rupees
			(Restated)

13. TAXATION

Current	9,526,806	20,988,263
Deferred	(3,897,516)	(2,388,551)
	<u>5,629,290</u>	<u>18,599,712</u>

14. RELATED PARTY TRANSACTIONS

The related parties comprise of chief executive, directors of the Company and key management personnel. Detail of transactions with related parties are as follows:

		Three month period ended	
Relationship with the Company	Nature of transactions	30 September	30 September
		2015	2014
		Rupees	Rupees
Chief Executive Officer & Directors	Remuneration	1,350,000	1,612,812
	Loan obtained	-	9,000,000
	Loan repaid	5,150,00	-
	Interest on loan	-	203,121
Executives	Remuneration	2,557,500	2,400,000

15. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 28 October 2015.

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged and / or restated, wherever necessary, for the purpose of comparison. However, no significant rearrangement / restatement has been made in this condensed interim financial information.

17. GENERAL

17.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, Employee benefits plan and taxation are estimated and these are subject to final adjustment in the annual financial statements.

17.2 Figures have been rounded off to the nearest rupee unless otherwise stated

(Chief Executive Officer)

(Director)

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