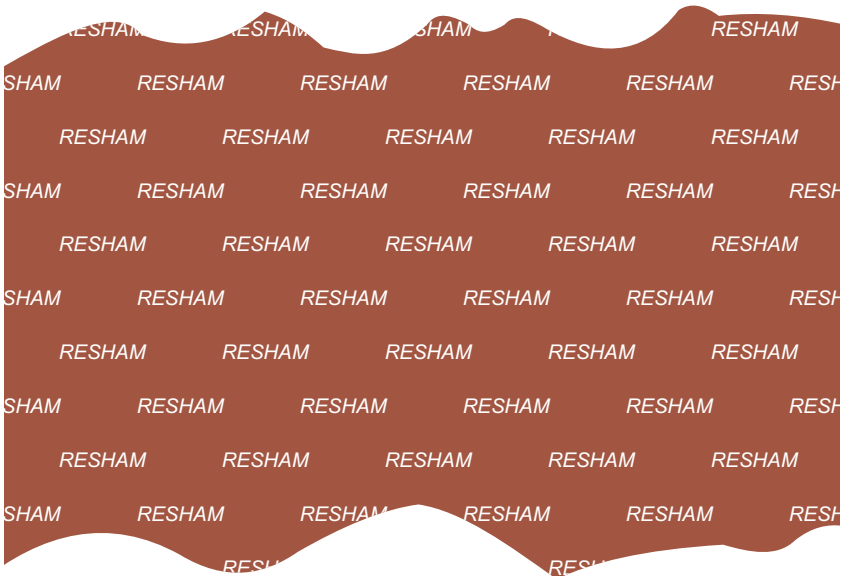
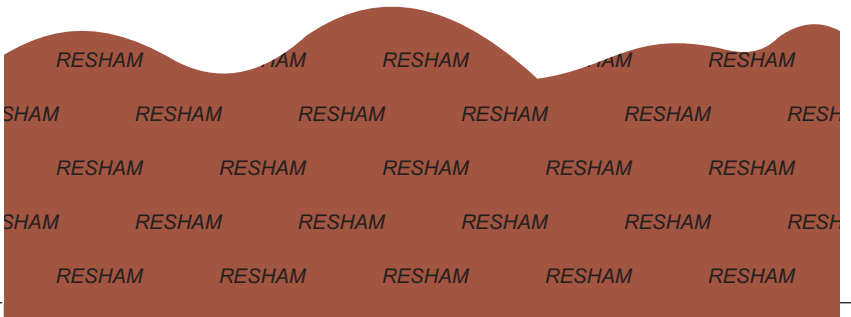




# **RESHAM TEXTILE INDUSTRIES LIMITED**



## **CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2016**





CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE MONTH PERIOD ENDED  
31 MARCH 2016

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## COMPANY INFORMATION

- CEO / EXECUTIVE DIRECTOR** : Mr. Muhammad Arshad Saeed
- EXECUTIVE DIRECTOR** : Mr. Muhammad Ali Chaudhry
- NON-EXECUTIVE DIRECTORS** : Ch. Rahman Bakhsh  
Mrs. Salma Aziz  
Ms. Kiran A. Chaudhry  
Mr. Kamran Ilyas
- NON-EXECUTIVE /  
INDEPENDENT DIRECTOR** : Mr. Muhammad Musharaf Khan
- CHIEF FINANCIAL OFFICER** : Mr. Muhammad Ali Chaudhry
- COMPANY SECRETARY** : Mr. Muhammad Javed
- 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 Islamic 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 March 31, 2016.

### Performance Review

The following results indicate the performance of the company during the past 9 months of the years which are self-explanatory and details may be seen in other pages of the report:-

|   | 31 March<br>2016<br>Rupees<br>( '000) | 31 March<br>2015<br>Rupees<br>( '000)<br>(Restated) |
|---|---------------------------------------|---|
| Sales   | 2,250,451                             | 2,591,789   |
| Cost of sales                                       | 2,182,337                             | 2,371,856   |
| Gross profit  | 68,114                                | 219,933   |
| Administrative expenses                             | 34,090                                | 30,964  |
| Distribution cost                                   | 15,834                                | 13,752  |
|   | 49,924                                | 44,716  |
| Other operating expenses                            | 18,190                                | 175,217   |
|   | 1,017                                 | 11,660  |
|   | 17,173                                | 163,557   |
| Other income  | 3,254                                 | 2,577   |
| Operating profit                                    | 20,427                                | 166,134   |
| Finance cost  | 16,354                                | 30,598  |
| Profit before taxation                              | 4,073                                 | 135,536   |
| Taxation  | 15,300                                | 52,173  |
| Profit for the period                               | (11,227)                              | 83,363  |
| Earnings per share -<br>Basic & diluted<br>(Rupees) | (0.31)                                | 2.32  |

Both the sales and cost of sales decreased and gross profit of Rs.68.114 million for the period ended 31 March, 2016 decreased by 69% and loss after taxation was recorded at Rs.(11.227) million as compared to profit of Rs.83.363 million (s.p.l.y.) showing a decline by 113%. Earnings per share, as a result has also decreased to Rs.(0.31) compared to Rs.2.32 (s.p.l.y.). The results are inspite of best efforts by the management and mainly on account of factors beyond control such as failure of cotton crop in Pakistan, high cost of utilities and dumping of cheaper yarn and cotton by India. The people in the entire textile chain continued to protest through all available channels with Government officials. As a result the exports from Pakistan are persistently declining due to these and other impediments which require meaningful changes in economic policies by the Government and may take some time to recover. We hope that these are midterm problems and the Government will pay attention to improve the quality of seeds, give incentives to growers to grow good quality cotton and handle dumping of cotton and yarn from India in a more rational manner, fair to the industry, specially the textile sector as is done by most countries.

### **Future Prospects**

There is complete uncertainty in the short and the medium term due to breakdown of law and order, poor performance of the economy and the record fall in the production of cotton in Pakistan. The other major factor is dumping of cotton and cotton yarn at much cheaper rates by India and even fabric smuggled into Pakistan. Almost all costs of labour, energy and raw material of superior quality are lower in India than Pakistan and the Indian Government is facilitating its industry in all major areas to damage the textile industry in Pakistan, employing largest volume of labour. Moreover, cost of production in Pakistan and non-understandable management of Pakistani currency has made our exports non-competitive. There is turbulence of the highest order in Middle East. The cotton grower in Pakistan, in view of floods, very high cost of water, fertilizer and pesticides, is virtually crippled and contemplating to switch over to other crops. Therefore it is difficult to say anything about the long term prospects of economy and industry.

In a bid to reduce costs in all spheres the company has sought delisting of the company from Pakistan Stock Exchange Limited which has been approved subject to purchase of 47,322 ordinary shares from the shareholders other than Directors and Sponsors. The management is trying its best to cope with this situation but almost all parameters are outside the hands of the management. Fortunately, we have no long term loans which were prepaid by the company, unlike most of the companies which have defaulted or are about to default and several textile mills have closed down or are about to close down. We hope and pray to Allah, s.w.t., for Divine help and change in the conditions in the country and hope for the best

### **Acknowledgements**

The Directors take this opportunity to thank the Company's Bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, Faisal Bank Limited, Al Baraka Bank (Pakistan) Limited, Askari Islamic 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: April 25, 2016

**Muhammad Arshad Saeed**  
(Chief Executive Officer)

## CONDENSED INTERIM BALANCE SHEET

|   | Un-Audited<br>30 March<br>2016 | Audited<br>30 June<br>2015 |
|---|--------------------------------|----------------------------|
| Note  | Rupees                         | Rupees                     |
| <b>EQUITY AND LIABILITIES</b>   |                                |                            |
| <b>SHARE CAPITAL AND RESERVES</b>   |                                |                            |
| Authorized capital<br>36,000,000 (30 June 2015: 36,000,000)<br>ordinary shares of Rs. 10/- each | 360,000,000                    | 360,000,000                |
| Issued, subscribed and paid up share capital  | 360,000,000                    | 360,000,000                |
| Unappropriated profits  | 526,537,389                    | 539,159,162                |
| <b>Total equity</b>   | 886,537,389                    | 899,159,164                |
| <br>  |                                |                            |
| <b>Surplus on revaluation of fixed assets</b>   | 222,937,504                    | 236,393,980                |
| <br>  |                                |                            |
| <b>Non-current liabilities</b>  |                                |                            |
| Long term deposits  | 75,548                         | 130,748                    |
| Deferred liabilities  | 283,857,613                    | 296,914,442                |
|   | 283,933,161                    | 297,045,190                |
| <b>Current liabilities</b>  |                                |                            |
| Trade and other payables 5  | 164,880,162                    | 178,718,547                |
| Balances with statutory authorities   | 7,551,348                      | 1,641,270                  |
| Mark-up accrued on financing  | 11,838,205                     | 5,153,641                  |
| Short term borrowings 6   | 633,367,147                    | 55,745,482                 |
| Provision for taxation  | 48,554,179                     | 85,649,670                 |
|   | 866,191,041                    | 326,908,610                |
| <b>Total liabilities</b>  | 1,150,124,202                  | 623,953,800                |
| <br>  |                                |                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | 2,259,599,095                  | 1,759,506,942              |
| <br>  |                                |                            |
| <b>CONTINGENCIES AND COMMITMENTS</b>  | 7                              |                            |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

( Chief Executive Officer )

## AS AT 31 MARCH 2016

|   |      | <u>Un-Audited</u><br>30 March<br>2016 | <u>Audited</u><br>30 June<br>2015 |
|---|------|---------------------------------------|-----------------------------------|
|   | Note | Rupees                                | Rupees                            |
| <b>ASSETS</b>                             |      |                                       |                                   |
| <b>Non-current assets</b>                 |      |                                       |                                   |
| Property, plant and equipment             | 8    | 1,175,564,062                         | 1,224,124,423                     |
| Long term deposits                        |      | 3,697,560                             | 3,697,560                         |
|   |      | <u>1,179,261,622</u>                  | <u>1,227,821,983</u>              |
| <b>Current assets</b>                     |      |                                       |                                   |
| Stores and spares parts                   |      | 44,287,732                            | 37,360,227                        |
| Stocks in trade                           | 9    | 866,279,317                           | 270,966,529                       |
| Trade debts                               |      | 120,658,090                           | 115,572,506                       |
| Advances                                  |      | 14,884,205                            | 2,532,386                         |
| Trade deposits and short term prepayments |      | 5,526,741                             | 2,377,508                         |
| Advance income tax                        |      | 17,515,341                            | 63,455,130                        |
| Cash and bank balances                    |      | 11,186,047                            | 39,420,673                        |
|   |      | 1,080,337,473                         | 531,684,959                       |
| <b>TOTAL ASSETS</b>                       |      | <u><u>2,259,599,095</u></u>           | <u><u>1,759,506,942</u></u>       |

(Director)

**CONDENSED INTERIM  
PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2016**

|  | Note | Nine month period ended |               | Three month period ended |             |
|--|------|-------------------------|---------------|--------------------------|-------------|
|  |      | 31 March                | 31 March      | 31 March                 | 31 March    |
|  |      | 2016                    | 2015          | 2016                     | 2015        |
|  |      | Rupees                  | Rupees        | Rupees                   | Rupees      |
|  |      |                         | (Restated)    |                          | (Restated)  |
| Sales  | 10   | 2,250,450,691           | 2,591,788,670 | 818,429,447              | 838,219,095 |
| Cost of sales                                      | 11   | 2,182,336,454           | 2,371,856,080 | 791,991,675              | 776,800,650 |
| Gross profit                                       |      | 68,114,237              | 219,932,590   | 26,437,772               | 61,418,445  |
| Administrative expenses                            |      | 34,090,110              | 30,964,158    | 8,767,643                | 13,283,194  |
| Distribution Cost                                  |      | 15,834,231              | 13,751,974    | 5,585,714                | 4,103,891   |
|  |      | 49,924,341              | 44,716,132    | 14,353,357               | 17,387,085  |
|  |      | 18,189,896              | 175,216,458   | 12,084,415               | 44,031,360  |
| Other operating expenses                           | 12   | 1,016,473               | 11,659,872    | (127,711)                | 2,507,134   |
|  |      | 17,173,423              | 163,556,586   | 12,212,126               | 41,524,226  |
| Other income                                       |      | 3,254,405               | 2,577,458     | 520,479                  | 1,642,218   |
| Operating profit                                   |      | 20,427,828              | 166,134,044   | 12,732,605               | 43,166,444  |
| Finance Cost                                       |      | 16,354,505              | 30,598,002    | 14,140,849               | 16,585,509  |
| Profit before taxation                             |      | 4,073,323               | 135,536,042   | (1,408,244)              | 26,580,935  |
| Taxation   | 13   | 15,300,480              | 52,172,598    | 6,981,224                | 9,193,809   |
| Net (Loss) / Profit for the period                 |      | (11,227,157)            | 83,363,444    | (8,389,468)              | 17,387,126  |
| Earnings per share-<br>Basic & Diluted<br>(Rupees) |      | (0.31)                  | 2.32          | (0.23)                   | 0.48        |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**(Chief Executive Officer)**

**(Director)**



**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2016**

|  | Nine month period ended    |  | Three month period ended   |  |
|--|----------------------------|--|----------------------------|--|
|  | 31 March<br>2016<br>Rupees | 31 March<br>2015<br>Rupees<br>(Restated) | 31 March<br>2016<br>Rupees | 31 March<br>2015<br>Rupees<br>(Restated) |
| (Loss) / Profit for the period   | (11,227,157)               | 83,363,444                               | (8,389,468)                | 17,387,126                               |
| Other comprehensive income:  |                            |  |                            |  |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax | 23,805,384                 | 26,378,505                               | 7,935,128                  | 8,792,835                                |
| Total other comprehensive income for the period  | <u>23,805,384</u>          | <u>26,378,505</u>                        | <u>7,935,128</u>           | <u>8,792,835</u>                         |
| Total comprehensive income for the period  | <u>12,578,227</u>          | <u>109,741,949</u>                       | <u>(454,340)</u>           | <u>26,179,961</u>                        |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**(Chief Executive Officer)**

**(Director)**

**CONDENSED INTERIM  
STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2016**

|   | Nine month period ended    |  |
|---|----------------------------|--|
|   | 31 March<br>2016<br>Rupees | 31 March<br>2015<br>Rupees<br>(Restated) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                            |  |
| Profit before taxation for the period                         | 4,073,323                  | 135,536,042                              |
| <b>Adjustment for non-cash charges and other items:</b>       |                            |  |
| Depreciation  | 54,935,547                 | 60,640,663                               |
| Loss on sale of property, plant and equipment                 | 203,568                    | 756,123                                  |
| Provision for gratuity  | 12,314,746                 | 11,685,603                               |
| Finance cost  | 16,354,505                 | 30,598,002                               |
| Provisions for Workers' Welfare fund                          | 761,983                    | 3,843,353                                |
| Provisions for Workers' profit participation fund             | 254,490                    | 7,816,519                                |
|   | <u>84,824,839</u>          | <u>115,340,263</u>                       |
| Profit before working capital changes                         | 88,898,162                 | 250,876,305                              |
| <b>Effect on cash flows due to working capital changes</b>    |                            |  |
| <b>(Increase)/ decrease in current assets:</b>                |                            |  |
| Stores and spare parts  | (6,927,505)                | (3,168,339)                              |
| Stock in trade  | (595,312,788)              | (574,106,922)                            |
| Trade debts   | (5,085,584)                | 23,048,858                               |
| Advances  | (12,351,819)               | (2,460,583)                              |
| Trade deposits and short term prepayments                     | (3,149,233)                | (1,072,236)                              |
| Tax refunds due from the Government                           | 5,910,078                  | 5,025,060                                |
| <b>Increase/(decrease) in current liabilities:</b>            |                            |  |
| Trade and other payables                                      | (14,854,858)               | (12,886,481)                             |
| Net cash used in working capital changes                      | <u>(631,771,709)</u>       | <u>(565,620,643)</u>                     |
| <b>Cash used in operations</b>                                | (542,873,547)              | (314,744,338)                            |
| Financial charges paid  | (9,669,940)                | (27,916,876)                             |
| Income tax paid   | (13,476,060)               | (21,166,942)                             |
| Gratuity paid   | (8,009,290)                | (6,197,312)                              |
| <b>Net cash used in operating activities</b>                  | <u>(574,028,837)</u>       | <u>(370,025,468)</u>                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                            |  |
| Capital expenditure incurred on property, plant and equipment | (9,507,158)                | (1,013,397)                              |
| Proceeds from disposal of property, plant and equipment       | 2,934,904                  | 3,669,127                                |
| <b>Net cash (used in)/ from investing activities</b>          | (6,572,254)                | 2,655,730                                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                            |  |
| Decrease in long term advances                                | (55,200)                   | (109,293)                                |
| Decrease in short term borrowings-net                         | 577,621,665                | 365,127,256                              |
| Dividend paid   | (25,200,000)               | (18,000,000)                             |
| <b>Net cash used in financing activities</b>                  | <u>552,366,465</u>         | <u>347,017,963</u>                       |
| <b>Net decrease in cash and cash equivalents</b>              | (28,234,626)               | (20,351,775)                             |
| Cash and cash equivalents at the beginning of the period      | <u>39,420,673</u>          | <u>42,405,686</u>                        |
| <b>Cash and cash equivalents at the end of the period</b>     | <u>11,186,047</u>          | <u>22,053,911</u>                        |

The annexed notes from 1 to 19 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 NINE MONTH PERIOD ENDED 31 MARCH 2016

|   | Share<br>Capital   | Unappropriated<br>profit | Total              |
|---|--------------------|--------------------------|--------------------|
| -----Rupees-----  |                    |                          |                    |
| Balance as at<br>01 July 2014 - Restated                                  | 360,000,000        | 446,893,760              | 806,893,760        |
| Final dividend paid for the year ended<br>30 June 2014 @ Rs.0.5 per share |                    | 18,000,000               | 18,000,000         |
| <b>Balance as on<br/>01 July 2014 - Restated</b>                          | <b>360,000,000</b> | <b>428,893,760</b>       | <b>788,893,760</b> |
| Net profit for the period ended<br>31 March 2015 - Restated               | -                  | 83,363,444               | 83,363,444         |
| <b>Total other comprehensive income,<br/>net of deferred tax</b>          | <b>-</b>           | <b>26,378,505</b>        | <b>26,378,505</b>  |
| Total comprehensive income<br>for the period - restated                   | -                  | 109,741,949              | 109,741,949        |
|   | -                  | -                        | -                  |
| <b>Balance as at<br/>31 March 2015 - Restated</b>                         | <b>360,000,000</b> | <b>538,635,709</b>       | <b>898,635,709</b> |
| <b>Balance as at 01 July 2015</b>   | <b>360,000,000</b> | <b>539,159,162</b>       | <b>899,159,162</b> |
| Final dividend paid for the year ended<br>30 June 2015 @ Rs.0.7 per share |                    | 25,200,000               | 25,200,000         |
| Net profit for the period ended<br>31 March 2016                          | -                  | (11,227,157)             | (11,227,157)       |
| <b>Total other comprehensive<br/>income, net of deferred tax</b>          | <b>-</b>           | <b>23,805,384</b>        | <b>23,805,384</b>  |
| Total comprehensive<br>income for the period                              | -                  | 12,578,227               | 12,578,227         |
|   | -                  | -                        | -                  |
| <b>Balance as at 31 March 2016</b>  | <b>360,000,000</b> | <b>526,537,389</b>       | <b>886,537,389</b> |

The annexed notes from 1 to 19 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 NINE MONTH PERIOD ENDED 31 MARCH 2016**

**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 Pakistan Stock Exchange. 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 nine months period ended 31 March 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

**2.2** This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

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**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 except for as disclosed in note 3.3 below.

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

IFRS 10 – Consolidated Financial Statements  
IFRS 11 – Joint Arrangements  
IFRS 12 – Disclosure of Interests in Other Entities  
IFRS 13 – Fair Value Measurement

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

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**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.

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|  | <u>Un-Audited</u>              | <u>Audited</u>     |
|--|--------------------------------|--------------------|
|  | <u>31 March</u>                | <u>30 June</u>     |
|  | <u>2016</u>                    | <u>2015</u>        |
| <b>5. TRADE AND OTHER PAYABLES</b>           | <b>Rupees</b>                  | <b>Rupees</b>      |
| Creditors                                    | 31,284,127                     | 14,172,583         |
| Accrued liabilities                          | 84,698,109                     | 137,614,521        |
| Advances from customers                      | 30,025,633                     | 7,532,178          |
| Advances from broker against customers       | 6,954,860                      | 1,733,860          |
| Unclaimed Workers' Profit Participation Fund | 10,568,618                     | 5,824,898          |
| Workers' Profit Participation Fund           | 254,490                        | 7,492,386          |
| Workers' Welfare Fund                        | 761,983                        | 4,039,281          |
| Unclaimed dividend                           | 232,342                        | 208,840            |
| Others                                       | 100,000                        | 100,000            |
|  | <u>164,880,162</u>             | <u>178,718,547</u> |
| <b>6. SHORT TERM BORROWINGS</b>              |                                |                    |
| Loan from banks                              | <b>(6.1)</b> 611,767,147       | 31,721,634         |
| Loan from directors                          | <b>(6.2)</b> <u>21,600,000</u> | <u>24,023,848</u>  |
|  | <u>633,367,147</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.1,065,000,000 (2015: Rs. 1,275,000,000 ). The rates of mark-up range from 3 months KIBOR plus 1.00% to 3 months KIBOR plus 1.25% (2015: 3 months KIBOR plus 1% 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 of 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** Commitments in respect of bank guarantees aggregating to Rs. 47,742,200 (June 2015: Rs. 43,582,200) issued on behalf of the Company were outstanding on balance sheet date.

|  |             | <b>Un-Audited</b>    | <b>Audited</b>       |
|--|-------------|----------------------|----------------------|
|  |             | <b>31 March</b>      | <b>30 June</b>       |
|  |             | <b>2016</b>          | <b>2015</b>          |
|  | <b>Note</b> | <b>Rupees</b>        | <b>Rupees</b>        |
| <b>8. PROPERTY, PLANT AND EQUIPMENT</b>                              |             |                      |                      |
| Operating fixed assets - tangible                                    | (8.1)       | 1,172,995,638        | 1,218,378,299        |
| Capital Work-in-progress   |             | 2,568,424            | 5,746,124            |
|  |             | <u>1,175,564,062</u> | <u>1,224,124,423</u> |
| <b>8.1 Operating fixed assets - tangible</b>                         |             |                      |                      |
| Opening book value   |             | 1,218,378,299        | 1,289,573,342        |
| Add:<br>Additions during the period / year - cost                    | (8.1.1)     | 12,684,855           | 14,094,570           |
|  |             | <u>1,231,063,154</u> | <u>1,303,667,912</u> |
| Less:<br>Book value of assets disposed during the period / year      | (8.1.2)     | 3,131,972            | 4,425,250            |
| Depreciation charged during the period / year                        |             | 54,935,544           | 80,864,363           |
|  |             | <u>58,067,516</u>    | <u>85,289,613</u>    |
| Net book value   |             | <u>1,172,995,638</u> | <u>1,218,378,299</u> |
| <b>8.1.1 Additions / Adjustments during the period / year - cost</b> |             |                      |                      |
| Free hold land   |             | -                    | 10,758,055           |
| Building   |             | 6,900,265            | 1,089,445            |
| Mill equipment   |             | 96,000               | 122,710              |
| Office equipment   |             | 17,520               | 284,800              |
| Vehicles   |             | 5,671,070            | 1,839,560            |
|  |             | <u>12,684,855</u>    | <u>14,094,570</u>    |
| <b>8.1.2 Book value of assets disposed during the period / year</b>  |             |                      |                      |
| Plant and machinery  |             | 1,408,521            | 1,396,970            |
| Vehicles   |             | 1,723,451            | 3,028,280            |
|  |             | <u>3,131,972</u>     | <u>4,425,250</u>     |

## 9. STOCK IN TRADE

|                  |                    |                    |
|------------------|--------------------|--------------------|
| Raw material     | 756,161,629        | 211,598,536        |
| Work in process  | 21,961,760         | 18,980,136         |
| Finished goods   | 83,945,767         | 31,302,878         |
| Packing material | 3,194,269          | 5,990,047          |
| Waste            | 1,015,892          | 3,094,932          |
|                  | <u>866,279,317</u> | <u>270,966,529</u> |

| Un-Audited              |            | Un-Audited               |            |
|-------------------------|------------|--------------------------|------------|
| Nine month period ended |            | Three month period ended |            |
| 31 March                | 31 March   | 31 March                 | 31 March   |
| 2016                    | 2015       | 2016                     | 2015       |
| Rupees                  | Rupees     | Rupees                   | Rupees     |
|                         | (Restated) |                          | (Restated) |

## 10. SALES

|              |                      |                      |                    |                    |
|--------------|----------------------|----------------------|--------------------|--------------------|
| Yarn - local | 2,208,223,306        | 2,550,733,072        | 802,813,128        | 824,411,011        |
| Waste        | 42,227,385           | 41,055,598           | 15,616,319         | 13,808,084         |
|              | <u>2,250,450,691</u> | <u>2,591,788,670</u> | <u>818,429,447</u> | <u>838,219,095</u> |

## 11. COST OF SALES

|                              |                      |                      |                    |                    |
|------------------------------|----------------------|----------------------|--------------------|--------------------|
| Raw material consumed        | 1,727,893,796        | 1,835,908,464        | 650,976,347        | 614,642,257        |
| Salaries, wages and benefits | 151,995,763          | 149,191,202          | 49,183,854         | 50,513,993         |
| Store and spares consumed    | 30,194,407           | 41,265,829           | 10,180,106         | 14,796,076         |
| Packing material consumed    | 32,767,054           | 33,724,344           | 11,793,969         | 11,324,909         |
| Fuel and power               | 229,452,805          | 260,513,954          | 65,365,082         | 80,779,297         |
| Insurance                    | 4,719,660            | 4,383,962            | 1,622,959          | 834,583            |
| Repair and maintenance       | 3,432,829            | 3,235,370            | 1,197,759          | 1,014,264          |
| Other expenses               | 1,566,151            | 1,148,380            | 524,692            | 281,517            |
| Depreciation                 | 53,859,462           | 59,630,537           | 18,406,915         | 19,891,107         |
|                              | <u>2,235,881,927</u> | <u>2,389,002,042</u> | <u>809,251,683</u> | <u>794,078,003</u> |

Effect of work in process inventory

|                            |                    |                    |                    |                |
|----------------------------|--------------------|--------------------|--------------------|----------------|
| Opening                    | 18,980,136         | 17,168,014         | 19,001,686         | 21,525,882     |
| Closing                    | (21,961,760)       | (20,773,528)       | (21,961,760)       | (20,773,528)   |
|                            | <u>(2,981,624)</u> | <u>(3,605,514)</u> | <u>(2,960,074)</u> | <u>752,354</u> |
| Cost of goods manufactured | 2,232,900,303      | 2,385,396,528      | 806,291,609        | 794,830,357    |

Effect of finished goods inventory

|         |                      |                      |                     |                     |
|---------|----------------------|----------------------|---------------------|---------------------|
| Opening | 34,397,810           | 65,110,678           | 70,661,725          | 60,621,419          |
| Closing | (84,961,659)         | (78,651,126)         | (84,961,659)        | (78,651,126)        |
|         | <u>(50,563,849)</u>  | <u>(13,540,448)</u>  | <u>(14,299,934)</u> | <u>(18,029,707)</u> |
|         | <u>2,182,336,454</u> | <u>2,371,856,080</u> | <u>791,991,675</u>  | <u>776,800,650</u>  |

## 12. OTHER OPERATING EXPENSES

This amount includes workers' profit participation fund amounting to Rupees 254,490 (31 March 2015: Rupees 7,816,519) and workers' welfare fund amounting to Rupees 761,983 (31 March 2015: Rupees 3,843,353).

| Nine month period ended |            | Three month period ended |            |
|-------------------------|------------|--------------------------|------------|
| 31 March                | 31 March   | 31 March                 | 31 March   |
| 2016                    | 2015       | 2016                     | 2015       |
| Rupees                  | Rupees     | Rupees                   | Rupees     |
|                         | (Restated) |                          | (Restated) |

## 13. TAXATION

|          |                   |                   |                  |                  |
|----------|-------------------|-------------------|------------------|------------------|
| Current  | 22,513,475        | 54,991,760        | 8,165,923        | 11,125,283       |
| Deferred | (7,212,995)       | (2,819,162)       | (1,184,699)      | (1,931,474)      |
|          | <u>15,300,480</u> | <u>52,172,598</u> | <u>6,981,224</u> | <u>9,193,809</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:

| <u>Relationship with the Company</u> | <u>Nature of transactions</u> | <u>Nine month period ended</u> |                 |
|--------------------------------------|-------------------------------|--------------------------------|-----------------|
|                                      |                               | <u>31 March</u>                | <u>31 March</u> |
|                                      |                               | <u>2016</u>                    | <u>2015</u>     |
|                                      |                               | <u>Rupees</u>                  | <u>Rupees</u>   |
| Chief Executive Officer & Directors  | Remuneration                  | 4,353,750                      | 4,400,416       |
|                                      | Loan obtained                 | 12,300,000                     | 81,119,000      |
|                                      | Loan repaid                   | 24,723,848                     | 10,500,000      |
|                                      | Interest on loan              | -                              | 278,425         |
| Executives                           | Remuneration                  | 8,244,127                      | 7,573,333       |

Transactions entered into with the key managements personnel as per their terms of employment are excluded from related party transactions.

The outstanding balances of such parties are as under:

| <u>Relationship with the Company</u> | <u>Nature of transactions</u> | <u>Un-audited</u> | <u>Audited</u> |
|--------------------------------------|-------------------------------|-------------------|----------------|
|                                      |                               | <u>31 March</u>   | <u>30 June</u> |
|                                      |                               | <u>2016</u>       | <u>2015</u>    |
|                                      |                               | <u>Rupees</u>     | <u>Rupees</u>  |
| Director                             | Loan obtained                 | 12,300,000        | 24,023,848     |



**15. EVENTS AFTER BALANCE SHEET DATE**

The board of Directors has declared Nil cash dividend (30 June 2015: Rs.0.7 per share) in their meeting held on 25 April 2016.

**16. DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 25 April 2016.

**17. SEASONALITY EFFECT**

The purchases of the Company are on the higher side in the first half of the financial year due to the fact that cotton is purchased in this part of the year and resultantly this has impact on stocks in trade, trade and other payables and short term borrowings of the Company.

**18. 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.

**19. GENERAL**

**19.1** 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.

**19.2** Figures have been rounded off to the nearest rupee unless otherwise stated.

**(Chief Executive Officer)**

**(Director)**

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