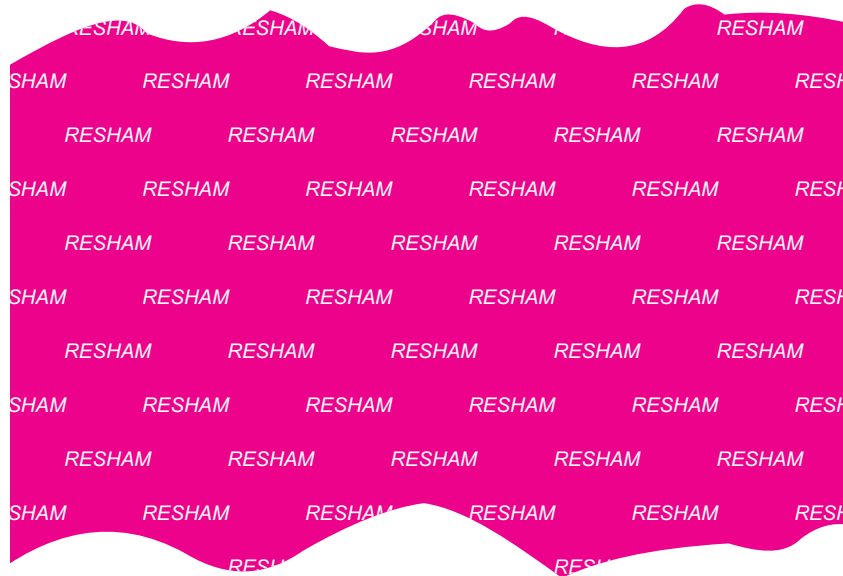
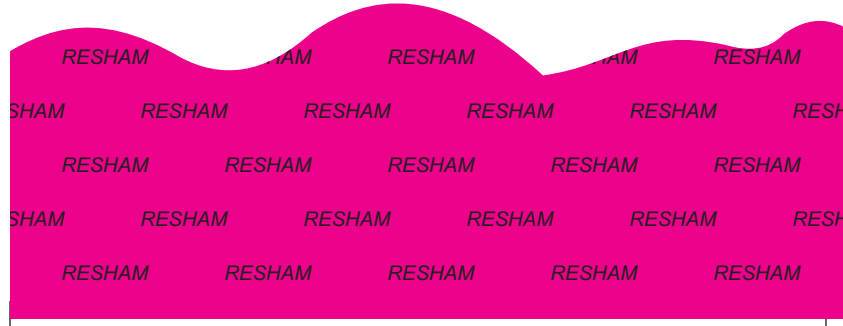




**RESHAM TEXTILE INDUSTRIES
LIMITED**



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2014**





**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2014**

C O N T E N T S	Page #
Company Information	3
Directors' Report	4
Auditors' Review Report	5
Balance Sheet	6-7
Profit & Loss Account	8
Statement of Comprehensive Income	9
Statement of Cash Flows	10
Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12-17

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
Ms. Kiran A. Chaudhry 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
NIB 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)

REGISTERED OFFICE : 314-Upper Mall, Lahore.

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

DIRECTORS' REPORT

The Directors are pleased to present the un-audited accounts of the Company for the period ended December 31, 2014.

Performance Review

By the grace of Allah (s.w.t), the overall performance of the Company during the period under review was satisfactory. Despite a 16.96% decline in sales to Rs. 1,753.57 Million from 2,111.77 Million (s.p.l.y.) the Company made gross profit in the amount of Rs.165.07 Million as compared to Rs. 217.11 Million (s.p.l.y.). The major reason for lower gross profit was decline in yarn prices by 11.59%. There was also a decline in cost of raw material consumed by 24.21% i.e. from Rs. 1,611.44 Million (s.p.l.y.) to Rs. 1,221.26 Million but the decrease in value of raw material was off-set by increase in cost of utilities and other manufacturing costs. The financial charges lowered to Rs. 14.01 Million from Rs. 35.1 Million (s.p.l.y.), a decline of 60%. Stagnant demand and low yarn rates remained the major elements of this period, otherwise the Company's performance would have been better.

The management is satisfied that despite the challenges over the past six months the Company made profit before taxation of Rs. 115.51 Million as compared to Rs. 152.37 Million (s.p.l.y.).

The financial results are given below and details may be seen in other parts of the report:-

	Six month period ended	
	31 December 2014	31 December 2013
	Rupees ('000)	Rupees ('000)
Sales	1,753,570	2,111,771
Cost of sales	1,588,500	1,894,661
Gross profit	165,070	217,110
Administrative expenses	17,681	15,631
Distribution cost	9,648	9,228
Other operating expenses	9,153	11,449
	36,482	36,308
	128,588	180,802
Other income	935	6,667
Operating profit	129,523	187,469
Finance cost	14,012	35,103
Profit before taxation	115,511	152,366
Taxation	45,142	50,132
Net profit for the period	70,369	102,234
Earnings per share		
- Basic and diluted (Rupees)	1.94	2.84

Future Prospects

The Company has procured cotton for use till the end of the financial year at reasonable prices, which has resisted decline in value. The Company has made reasonable bookings and now it depends on yarn price behavior to determine the overall results for the year. However, it appears that the bottom has been reached and yarn prices would not decline from the present levels. There is a slight upward trend in New York futures which, if sustained, will improve profitability. It is also to be mentioned that in view of holding inventory during the second half of the year the mark-up is going to be substantially greater as compared to first half. Fortunately, the Company has no long-term loans and therefore this expense is unlikely to affect the operations of the Company. On the whole, the Management is of the view that all that can be done is being done and if things improve on the fabric and yarn front we are likely to retain our profits, unless the market picks up and margins improve resulting in greater profitability by the end of the year.

Acknowledgements

The Directors take this opportunity to thank the Company's Bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, NIB Bank Limited, Faysal Bank Limited, Al Baraka Bank (Pakistan) Ltd., 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: February 25, 2015

Muhammad Arshad Saeed
(Chief Executive Officer)

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Resham Textile Industries Limited** as at **31 December 2014** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the six months period then ended (hereinafter referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Naseem Akbar

LAHORE: February 25, 2015

CONDENSED INTERIM BALANCE SHEET

	<u>Un-Audited</u>	<u>Audited</u>
	31 December	30 June
	2014	2014
Note	Rupees	Rupees
EQUITY AND LIABILITIES		
Equity		
Authorised capital		
36,000,000 (June 2014: 36,000,000)		
ordinary shares of Rs. 10/- each	<u>360,000,000</u>	<u>360,000,000</u>
Issued, subscribed and paid up capital	360,000,000	360,000,000
Unappropriated profit	521,862,301	451,463,511
Total Equity	881,862,301	811,463,511
Surplus on revaluation of fixed assets	244,601,782	257,359,415
Non-current liabilities		
Long term deposits	119,248	235,441
Deferred liabilities	313,084,906	316,511,317
	313,204,154	316,746,758
Current liabilities		
Trade and other payables	5 189,274,631	188,163,555
Balances with statutory authorities	379,665	-
Mark-up accrued on financing	10,742,001	13,593,121
Short term borrowings	6 712,437,314	144,755,608
Provision for taxation	76,461,184	85,547,905
	<u>989,294,795</u>	<u>432,060,189</u>
Total liabilities	<u>1,302,498,949</u>	<u>748,806,947</u>
Total Equity and Liabilities	<u>2,428,963,032</u>	<u>1,817,629,873</u>
CONTINGENCIES AND COMMITMENTS		
	7	

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

(Chief Executive Officer)

AS AT 31 DECEMBER 2014

		<u>Un-Audited</u> 31 December 2014 Rupees	<u>Audited</u> 30 June 2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,252,980,458	1,293,242,416
Long term deposits		3,697,560	3,697,560
		1,256,678,018	1,296,939,976
Current assets			
Stores & spare parts		33,847,729	37,642,726
Stock in trade	9	978,431,240	268,454,450
Trade debts		93,064,580	101,807,905
Advances		4,289,314	6,252,172
Trade deposits and short term prepayments		5,509,891	3,370,004
Advance income tax		18,205,520	59,101,334
Balances with statutory authorities		-	1,655,620
Cash and bank balances		38,936,740	42,405,686
		1,172,285,014	520,689,897
Total Assets		<u>2,428,963,032</u>	<u>1,817,629,873</u>

(Director)

**CONDENSED INTERIM
PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014**

	Note	<u>Six month period ended</u>		<u>Three month period ended</u>	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
		Rupees	Rupees	Rupees	Rupees
Sales	10	1,753,569,575	2,111,771,081	876,804,006	1,105,683,900
Cost of sales	11	<u>1,588,500,439</u>	<u>1,894,661,069</u>	<u>794,129,903</u>	<u>1,038,401,254</u>
Gross profit		165,069,136	217,110,012	82,674,103	67,282,646
Distribution cost		9,648,083	9,228,349	5,291,781	4,983,648
Administrative expenses		17,680,964	15,630,742	8,012,614	8,535,195
Other Operating expenses	12	<u>9,152,738</u>	<u>11,449,246</u>	<u>4,237,431</u>	<u>2,298,767</u>
		<u>36,481,785</u>	<u>36,308,337</u>	<u>17,541,826</u>	<u>15,817,610</u>
		128,587,351	180,801,675	65,132,277	51,465,036
Other income		<u>935,240</u>	<u>6,667,239</u>	<u>407,140</u>	<u>6,230,362</u>
Operating profit		129,522,591	187,468,914	65,539,417	57,695,398
Finance cost		<u>14,012,493</u>	<u>35,103,415</u>	<u>11,720,703</u>	<u>26,283,892</u>
Profit before taxation		115,510,098	152,365,499	53,818,714	31,411,506
Taxation	13	<u>45,141,936</u>	<u>50,131,055</u>	<u>23,189,012</u>	<u>9,461,933</u>
Net profit for the period		<u>70,368,162</u>	<u>102,234,444</u>	<u>30,629,702</u>	<u>21,949,573</u>
Earnings per share - Basic & diluted (Rupees)		<u>1.94</u>	<u>2.84</u>	<u>0.85</u>	<u>0.61</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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014**

	<u>Six month period ended</u>		<u>Three month period ended</u>	
	31 December 2014 Rupees	31 December 2013 Rupees	31 December 2014 Rupees	31 December 2013 Rupees
Profit for the period	70,368,162	102,234,444	30,629,702	21,949,573
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods	-	-	-	-
Items not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Transferred from surplus on revaluation of fixed assets -net of deferred tax	18,030,628	5,056,966	9,015,314	2,528,483
Total other comprehensive income for the period	18,030,628	5,056,966	9,015,314	2,528,483
Total comprehensive income for the period	<u>88,398,790</u>	<u>107,291,410</u>	<u>39,645,016</u>	<u>24,478,056</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 SIX MONTH PERIOD ENDED 31 DECEMBER 2014**

	Six month period ended 31 December 2014 Rupees	Six month period ended 31 December 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	115,510,098	152,365,499
Adjustment for non-cash charges and other items:		
Depreciation	40,412,697	34,544,948
Loss/(gain) on disposal of property, plant and equipment	756,123	(1,464,941)
Provision for gratuity	8,931,584	5,944,472
Finance cost	14,012,493	35,103,415
Workers' welfare fund	2,919,596	3,258,509
Workers' profit participation fund	6,233,142	8,190,737
	<u>73,265,635</u>	<u>85,577,140</u>
Profit before working capital changes	188,775,733	237,942,639
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spares	3,794,997	(5,757,572)
Stock in trade	(709,976,790)	(815,530,604)
Trade debts	8,743,325	(79,367,396)
Advances	1,962,858	(28,049,890)
Trade deposits and short term prepayments	(2,139,887)	(5,016,256)
Balances with statutory authorities	2,035,285	7,122,958
(Decrease) / increase in current liabilities:		
Trade and other payables	(8,041,661)	53,514,948
Net cash used in working capital changes	<u>(703,621,873)</u>	<u>(873,083,812)</u>
Cash used in operations	(514,846,140)	(635,141,173)
Finance cost paid	(16,863,613)	(26,732,151)
Income tax paid	(14,220,531)	(16,421,897)
Gratuity paid	(6,197,312)	(5,963,684)
Net cash used in operating activities	<u>(552,127,596)</u>	<u>(684,258,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(4,575,990)	(31,166,324)
Proceeds from disposal of property, plant and equipment	3,669,127	3,508,307
Increase in long term deposits	-	(20,000)
Net cash used in investing activities	<u>(906,863)</u>	<u>(27,678,017)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing - net	-	(8,817,250)
Decrease in long term advances	(116,193)	(9,821)
Increase in short term borrowings - net	567,681,706	709,647,015
Dividend paid	(18,000,000)	-
Net cash from financing activities	<u>549,565,513</u>	<u>700,819,944</u>
Net decrease in cash and cash equivalents	<u>(3,468,946)</u>	<u>(11,116,978)</u>
Cash and cash equivalents at the beginning of the period	42,405,686	59,197,161
Cash and cash equivalents at the end of the period	<u>38,936,740</u>	<u>48,080,183</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 SIX MONTH PERIOD ENDED 31 DECEMBER 2014

	Share Capital	Unappropriated Profit	Total
	Rupees		
Balance as at 01 July 2013	360,000,000	376,336,311	736,336,311
Net profit for the period ended 31 December 2013	-	102,234,444	102,234,444
Other comprehensive income for the period	-	5,056,966	5,056,966
Total comprehensive income for the period	-	107,291,410	107,291,410
Balance as at 31 December 2013	360,000,000	483,627,721	843,627,721
Balance as at 01 July 2014	360,000,000	451,463,511	811,463,511
Final dividend paid for the year ended 30 June 2014 @ Rs. 0.5 per share	-	(18,000,000)	(18,000,000)
Net profit for the period ended 31 December 2014	-	70,368,162	70,368,162
Other comprehensive income	-	18,030,628	18,030,628
Total comprehensive income for the period	-	88,398,790	88,398,790
Balance as at 31 December 2014	360,000,000	521,862,301	881,862,301

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 SIX MONTH PERIOD ENDED 31 DECEMBER 2014**

1. THE COMPANY AND ITS OPERATIONS

Resham Textile Industries Limited (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. The registered office of the Company is situated at 314- Upper Mall, 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 six month period ended 31 December 2014 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 2014.
- 3.2** The accounting policies and computation methods 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 2014 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:
- 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 2014.

	<u>Un-Audited</u> <u>31 December</u> <u>2014</u>	<u>Audited</u> <u>30 June</u> <u>2014</u>
Note	Rupees	Rupees
5. TRADE AND OTHER PAYABLES		
Creditors	36,610,398	76,113,313
Morabaha finance	-	10,000,000
Accrued liabilities	79,629,732	60,084,503
Advances from customers	20,770,340	14,929,873
Advances from broker against customers	9,233,360	9,793,360
Unclaimed Workers' Profit Participation Fund	13,753,664	4,729,567
Workers' Profit Participation Fund	6,740,629	7,951,817
Workers' Welfare Fund	2,919,596	3,984,988
Unclaimed dividend	191,396	476,134
Withholding tax payable	19,325,516	-
Others	100,000	100,000
	<u>189,274,631</u>	<u>188,163,555</u>
6. SHORT TERM BORROWINGS		
Loan from banks (6.1)	665,437,314	144,755,608
Loan from directors (6.2)	47,000,000	-
	<u>712,437,314</u>	<u>144,755,608</u>

6.1 The aggregate limit of short term borrowing facilities from commercial banks available at year end is Rs. 1,775 million (30 June 2014: Rs. 1,375 million). The rates of mark-up range from 3 months KIBOR plus 1% to 2.75% (30 June 2014: 3 months KIBOR plus 1.5% to 2.75%) per annum. These facilities are secured against pledge of cotton bales (with 10% margin for local and imported cotton), yarn bags and first pari passu charge on all current assets of the Company and personal guarantee of the directors of the Company.

6.2 This represent interest free loan from directors.

7. CONTINGENCIES AND COMMITMENTS

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

7.2 Commitments in respect of letter of credit amount to Rs. 7,580,084 (30 June 2014: Rs. Nil).

		<u>Un-Audited</u> <u>31 December</u> <u>2014</u> <u>Rupees</u>	<u>Audited</u> <u>30 June</u> <u>2014</u> <u>Rupees</u>
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(8.1)	1,246,695,955	1,289,573,342
Capital work-in-progress		6,284,503	3,669,074
		<u>1,252,980,458</u>	<u>1,293,242,416</u>
8.1 Operating fixed assets - tangible			
Opening book value		1,289,573,342	1,019,514,295
Add: Additions during the period / year - cost	(8.1.1)	1,960,560	150,679,557
Revaluation adjustment		-	211,186,148
		<u>1,291,533,902</u>	<u>1,381,380,000</u>
Less:			
Book value of assets disposed during the period / year	(8.1.2)	4,425,250	9,074,904
Depreciation charged for the period / year		40,412,697	82,731,754
		<u>44,837,947</u>	<u>91,806,658</u>
Net book value		<u>1,246,695,955</u>	<u>1,289,573,342</u>
8.1.1 Additions during the period / year - cost			
Free hold land		-	95,597,441
Building		-	3,924,984
Plant and machinery		-	47,638,382
Mill equipment		-	114,000
Office equipment		121,000	229,040
Vehicles		1,839,560	3,167,710
Furniture and fixtures		-	8,000
		<u>1,960,560</u>	<u>150,679,557</u>
8.1.2 Book value of assets disposed during the period / year			
Plant and machinery		1,396,970	5,233,913
Office equipment		-	18,817
Vehicles		3,028,280	3,822,174
		<u>4,425,250</u>	<u>9,074,904</u>

	<u>Un-Audited</u> <u>31 December</u> <u>2014</u> <u>Rupees</u>	<u>Audited</u> <u>30 June</u> <u>2014</u> <u>Rupees</u>
9. STOCK IN TRADE		
Raw material	891,600,776	181,312,119
Work in process	21,525,882	17,168,014
Finished goods	57,789,489	63,567,877
Packing material	4,683,163	4,863,640
Waste	2,831,930	1,542,800
	<u>978,431,240</u>	<u>268,454,450</u>

	<u>Un-Audited</u>		<u>Un-Audited</u>	
	<u>Six month period ended</u>		<u>Three month period ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
10. SALES				
Yarn	1,726,322,061	2,085,734,841	862,971,346	1,092,211,535
Waste	27,247,514	26,036,240	13,832,660	13,472,365
	<u>1,753,569,575</u>	<u>2,111,771,081</u>	<u>876,804,006</u>	<u>1,105,683,900</u>

	Un-Audited Six month period ended		Un-Audited Three month period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Rupees	Rupees	Rupees	Rupees

11. COST OF SALES

Raw material consumed	1,221,266,207	1,611,442,704	626,824,363	869,255,554
Salaries, wages and benefits	98,677,210	93,873,323	50,723,282	50,272,569
Store and spares consumed	26,469,753	16,715,947	15,838,715	11,220,678
Packing material consumed	22,399,435	21,295,951	12,028,789	11,100,005
Fuel and power	173,179,666	168,949,496	100,026,143	91,274,783
Ijarah rentals	-	2,298,221	-	891,185
Insurance	3,549,379	3,003,205	1,686,244	1,728,507
Repair and maintenance	2,221,106	2,874,254	1,377,020	2,556,910
Other expenses	866,863	976,106	351,014	(1,322,115)
Depreciation	39,739,430	33,684,865	19,837,110	17,020,754
	<u>1,588,369,049</u>	<u>1,955,114,072</u>	<u>828,692,680</u>	<u>1,053,998,830</u>

Effect of work in process inventory

Opening	17,168,014	20,014,761	21,188,530	20,357,521
Closing	(21,525,882)	(18,927,736)	(21,525,882)	(18,927,736)
	<u>(4,357,868)</u>	<u>1,087,025</u>	<u>(337,352)</u>	<u>1,429,785</u>

Cost of goods manufactured	1,584,011,181	1,956,201,097	828,355,328	1,055,428,615
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Effect of finished goods inventory

Opening	65,110,677	54,811,778	26,395,994	99,324,445
Closing	(60,621,419)	(116,351,806)	(60,621,419)	(116,351,806)
	<u>4,489,258</u>	<u>(61,540,028)</u>	<u>(34,225,425)</u>	<u>(17,027,361)</u>
	<u>1,588,500,439</u>	<u>1,894,661,069</u>	<u>794,129,903</u>	<u>1,038,401,254</u>

12. OTHER OPERATING EXPENSES

This amount includes workers' profit participation fund amounting to Rs. 6,233,142 (31 December 2013: Rs. 8,190,737) and workers' welfare fund amounting to Rs. 2,919,596 (31 December 2013: Rs. 3,258,509).

	Un-Audited Six month period ended		Un-Audited Three month period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Rupees	Rupees	Rupees	Rupees

13. TAXATION

Current	46,029,624	50,963,773	21,688,149	7,995,577
Deferred	(887,688)	(832,718)	1,500,863	1,466,356
	<u>45,141,936</u>	<u>50,131,055</u>	<u>23,189,012</u>	<u>9,461,933</u>

14. RELATED PARTY TRANSACTIONS

The related parties comprise of chief executive officer, 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>Six month period ended</u>	
		<u>31 December 2014</u>	<u>31 December 2013</u>
		<u>Rupees</u>	<u>Rupees</u>
Chief Executive Officer	Remuneration	1,006,668	713,942
Directors	Remuneration	2,043,748	1,231,190
	Loan obtained	56,000,000	34,402,000
	Loan repaid	9,000,000	34,402,000
	Interest on loan	278,425	696,299
Executives	Remuneration	5,015,833	7,027,913

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:

Director	Loan obtained	47,000,000	-
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15. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has declared nil cash dividend (30 June 2014: Rs. 0.5 per share) and nil bonus shares (30 June 2014: Nil) in their meeting held on February 25, 2015.

16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 25, 2015.

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, wherever necessary, for the purpose of comparison. However, no significant rearrangement has been made in this condensed interim financial information.

19. GENERAL

19.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2014 and 2013 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

19.2 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.

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

(Chief Executive Officer)

(Director)

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