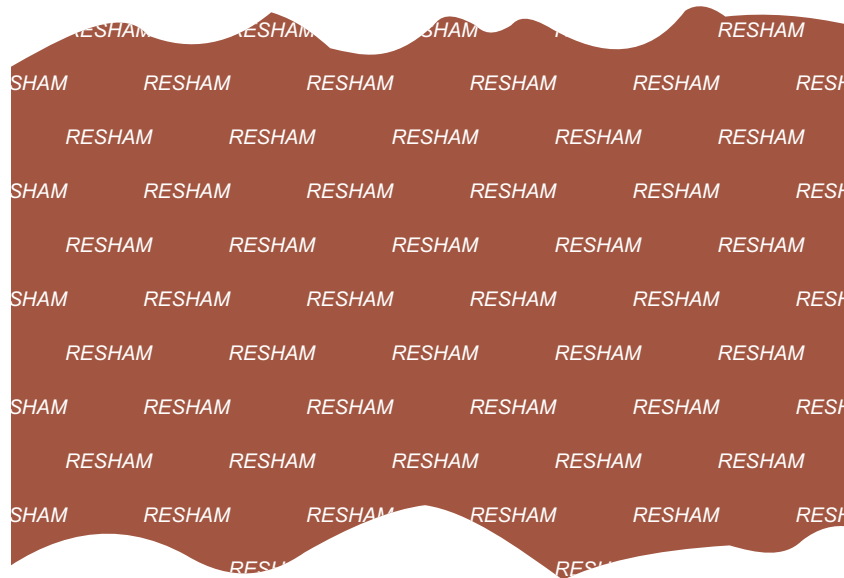
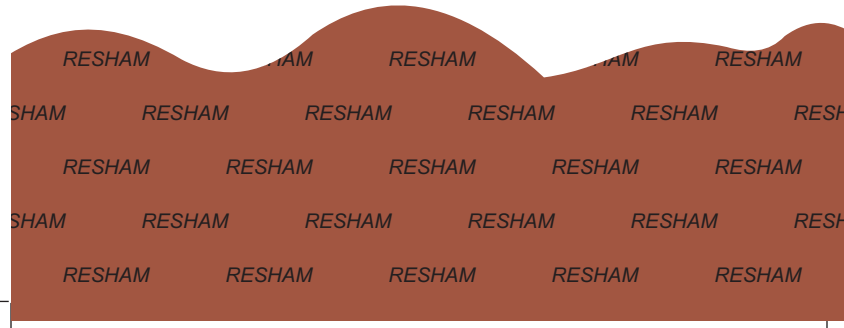




**RESHAM TEXTILE INDUSTRIES
LIMITED**



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2012**





**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2012**

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COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER:

Ch. Muhammad Khurshid

DIRECTORS:

Ch. Rahman Bakhsh

Mrs. Salma Aziz

Mr. Kamran Ilyas

Mr. Azhar Khurshid Chaudhry

Ms. Kiran A. Chaudhry

Mr. Muhammad Ali Chaudhry

CHIEF FINANCIAL OFFICER:

Mr. Abid Murtaza

COMPANY SECRETARY:

Mr. Abid Murtaza

AUDITORS:

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

REGISTERED OFFICE:

314 - Upper Mall, Lahore.

SHARE REGISTRAR:

M/s Corplink (Pvt.) Ltd.

LEGAL ADVISORS:

Mr. Shaukat Haroon (Advocate)

Barrister Salman Rahim (Advocate High Court)

MILLS:

1.5 Kilometer,
Habibabad, Chunian Road,
Tehsil Chunian, Distt. Kasur.

DIRECTORS' REPORT

It is my pleasure to present the Directors' Report and the un-audited accounts for the period ended December 31, 2012.

Performance Review

The six months period under review was an excellent performance of the Company during which a pretax profit of Rs. 237.250 million was earned as against Rs. 55.266 million (s.p.l.y) i.e. an increase by 329.29%. The sales increased by 7.9% as compared to the corresponding period of the last year while the cost of sales decreased by 3.17%. A remarkable feature of the period under review was a decline in finance cost by 30.18% as compared to the same period last year. This was partly due to fall in mark-up rate and partly due to the Company's own funds being available for working capital during the early part of the year. The per share earning during the six months increased to Rs. 3.99 as against Rs. 0.88 i.e. by 350.65% which, by the grace of Allah, s.w.t., is beginning of a new era in the profitability of the operations of the Company.

On the balance sheet date the debt equity ratio stood at 11:89 while current ratio was recorded at 1.14 and Company has plans to retire most of the remaining long term loans before the year end. It is also intended to announce second interim dividend for the period ending 31.03.2013.

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

| | Six month period ended | |
|--|------------------------|---------------------|
| | 31 December 2012 | 31 December 2011 |
| | Rupees in Million | |
| Sales | 1,754.595 | 1,625.940 |
| Cost of sales | 1,457.282 | 1,504.952 |
| Gross profit | 297.313 | 120.988 |
| Administrative expenses | 12.386 | 15.468 |
| Distribution cost | 9.111 | 13.332 |
| | 21.497 | 28.800 |
| Operating profit | 275.816 | 92.188 |
| Other operating expenses | 17.625 | 4.096 |
| | 258.191 | 88.092 |
| Other operating income | 3.593 | 2.315 |
| | 261.784 | 90.407 |
| Finance cost | 24.535 | 35.141 |
| Profit before taxation | 237.249 | 55.266 |
| Taxation | 93.734 | 23.419 |
| Profit for the period | 143.515 | 31.847 |
| Earning per share - <i>Basic & diluted (Rupees)</i> | 3.99 | 0.88 |

Future Prospects

The management is fairly comfortable and an ambitious BMR program, costing Rs. 206 million, has been completed from the Company's own sources and already production has increased by 34% after resumption of electricity and limited supply of gas by SNGPL. We hope that the production will rise further, and also foresee yarn bookings at good rates for the current quarter likely to lead to a better trend in profitability during the remaining part of the year for which, Alhamdulillah, cotton has been purchased. If all goes well, and the uncertainty in political and law and order areas does not assume abnormality, we have no doubt that efforts of the management and employees will bear more fruit in the remaining part of the year. Also, we hope that the demand for yarn and fabric, which is picking up reasonably well, gains further momentum. It is also noteworthy that by the grace of Allah, s.w.t., the Company share has gone up from Rs. 6.26 to Rs. 24.25 as on 20.02.2013, which is a recognition of the potential of the Company and trust of the investors in the management and future of the Company. It is a very good sign of encouragement to see management put in even better efforts.

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 Islamic Bank, First National Bank Modaraba, Orix Leasing Pakistan 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: February 28, 2013

Ch. Muhammad Khurshid
(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 2012** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six month period then ended (hereinafter referred to as the interim financial information). Management is responsible for the preparation and presentation of this interim condensed 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: Farooq Hameed

LAHORE:
February 28, 2013

CONDENSED INTERIM BALANCE SHEET

| | Un-Audited 31 December 2012 | Audited 30 June 2012 |
|---|-----------------------------------|----------------------------|
| Note | Rupees | Rupees |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Authorised capital | | |
| 36,000,000 (2011: 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 | 301,875,267 | 206,719,139 |
| Total Equity | 661,875,267 | 566,719,139 |
| Surplus on revaluation of fixed assets | 138,312,563 | 144,907,169 |
| Non-current liabilities | | |
| Long term financing | 101,112,750 | 120,184,000 |
| Long term deposits | 333,191 | 269,441 |
| Deferred liabilities | 4 264,802,225 | 233,835,585 |
| | 366,248,166 | 354,289,026 |
| Current liabilities | | |
| Trade and other payables | 153,170,217 | 151,774,460 |
| Mark-up accrued on financing | 16,654,860 | 8,938,104 |
| Short term borrowings | 5 774,999,895 | 13,379,870 |
| Current portion of non-current liabilities | 6 43,198,874 | 38,321,255 |
| Provision for taxation | 92,767,448 | 63,326,412 |
| | 1,080,791,294 | 275,740,101 |
| Total liabilities | 1,447,039,460 | 630,029,127 |
| Total Equity and Liabilities | 2,247,227,290 | 1,341,655,435 |

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

AS AT 31 DECEMBER 2012

| | | <u>Un-Audited</u> 31 December 2012 Rupees | <u>Audited</u> 30 June 2012 Rupees |
|---|---|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 1,011,238,494 | 902,010,474 |
| Long term deposits | | 3,672,560 | 3,669,060 |
| | | 1,014,911,054 | 905,679,534 |
| Current assets | | | |
| Stores & spare parts | | 41,612,567 | 28,035,249 |
| Stock in trade | 9 | 1,094,439,960 | 242,507,425 |
| Trade debts | | 24,140,812 | 12,098,646 |
| Advances | | 31,077,232 | 14,449,684 |
| Trade deposits and short term prepayments | | 4,675,286 | 2,725,778 |
| Other receivables | | 74,924 | 588,230 |
| Advance Income Tax - net | | 22,994,038 | 40,979,074 |
| Tax refunds due from the Government | | 11,359,712 | 10,952,054 |
| Cash and bank balances | | 1,941,705 | 83,639,761 |
| | | 1,232,316,236 | 435,975,901 |
| Total Assets | | <u>2,247,227,290</u> | <u>1,341,655,435</u> |

(Director)

**CONDENSED INTERIM
PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2012**

| | Note | <u>Six month period ended</u> | | <u>Three month period ended</u> | |
|--|------|-------------------------------|----------------------|---------------------------------|---------------------|
| | | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| | | Rupees | Rupees | Rupees | Rupees |
| Sales | 10 | 1,754,594,697 | 1,625,939,995 | 820,515,280 | 757,703,194 |
| Cost of sales | 11 | <u>1,457,281,501</u> | <u>1,504,952,395</u> | <u>657,032,108</u> | <u>685,126,869</u> |
| Gross profit | | 297,313,196 | 120,987,600 | 163,483,172 | 72,576,325 |
| Distribution cost | | <u>9,110,884</u> | <u>13,332,057</u> | <u>5,186,712</u> | <u>4,877,110</u> |
| Administrative expenses | | <u>12,386,093</u> | <u>15,468,442</u> | <u>6,689,510</u> | <u>7,013,205</u> |
| | | <u>21,496,977</u> | <u>28,800,499</u> | <u>11,876,222</u> | <u>11,890,315</u> |
| Operating profit | | 275,816,219 | 92,187,100 | 151,606,950 | 60,686,010 |
| Other operating expenses | 12 | <u>17,624,506</u> | <u>4,095,965</u> | <u>9,380,153</u> | <u>2,501,555</u> |
| | | 258,191,713 | 88,091,136 | 142,226,797 | 58,184,455 |
| Other operating income | | <u>3,593,024</u> | <u>2,315,396</u> | <u>1,683,387</u> | <u>1,272,494</u> |
| | | 261,784,737 | 90,406,532 | 143,910,184 | 59,456,949 |
| Finance cost | | <u>24,534,923</u> | <u>35,140,686</u> | <u>17,574,257</u> | <u>25,704,086</u> |
| Profit before taxation | | 237,249,814 | 55,265,846 | 126,335,927 | 33,752,863 |
| Taxation | 13 | <u>93,734,447</u> | <u>23,419,427</u> | <u>53,836,536</u> | <u>8,140,831</u> |
| Profit after taxation for the period | | <u>143,515,367</u> | <u>31,846,419</u> | <u>72,499,391</u> | <u>25,612,032</u> |
| Earnings per share - Basic & diluted (Rupees) | | <u>3.99</u> | <u>0.88</u> | <u>2.01</u> | <u>0.71</u> |

The annexed notes from 1 to 16 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 2012**

| | <u>Six month period ended</u> | | <u>Three month period ended</u> | |
|--|-------------------------------|-----------------------------|---------------------------------|-----------------------------|
| | <u>31 December 2012</u> | <u>31 December 2011</u> | <u>31 December 2012</u> | <u>31 December 2011</u> |
| | Rupees | Rupees | Rupees | Rupees |
| Profit after taxation for the period | 143,515,367 | 31,846,419 | 72,499,391 | 25,612,032 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>143,515,367</u> | <u>31,846,419</u> | <u>72,499,391</u> | <u>25,612,032</u> |

The annexed notes from 1 to 16 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 2012**

| | Six month period ended 31 December 2012 Rupees | Six month period ended 31 December 2011 Rupees |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 237,249,814 | 55,265,846 |
| Adjustment for non-cash changes and other items: | | |
| Depreciation | 34,879,161 | 34,867,689 |
| Gain/(loss) on sale of property, plant and equipment | (20,660) | 802,592 |
| Exchange gain | - | (620,887) |
| Provision for gratuity | 5,944,472 | 3,522,496 |
| Finance cost | 24,534,923 | 35,140,686 |
| Workers' welfare fund | 4,841,833 | 1,127,874 |
| Workers' profit participation fund | 12,741,666 | 2,968,091 |
| | <u>82,921,395</u> | <u>77,808,541</u> |
| Profit before working capital changes | 320,171,209 | 133,074,387 |
| Effect on cash flows due to working capital changes | | |
| (Increase)/ decrease in current assets: | | |
| Stores and spare parts | (13,577,318) | (1,878,504) |
| Stock in trade | (851,932,535) | (570,265,997) |
| Trade debts | (12,042,166) | 3,053,233 |
| Advances | (16,627,548) | (2,098,137) |
| Trade deposits and short term prepayments | (1,949,508) | (1,311,206) |
| Tax refunds due from the Government | (407,658) | 1,733,953 |
| Other receivables | 513,306 | - |
| (Decrease)/increase in current liabilities: | | |
| Trade and other payables | (11,442,210) | 12,705,059 |
| | <u>(907,465,637)</u> | <u>(558,061,599)</u> |
| Cash used in operations | (587,294,428) | (424,987,212) |
| Finance cost paid | (16,818,167) | (32,491,951) |
| Income tax paid | (22,994,039) | (13,073,553) |
| Gratuity paid | (3,123,518) | (1,827,723) |
| Net cash used in operating activities | (630,230,152) | (472,380,439) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure incurred on property, plant and equipment | (148,270,411) | (121,960) |
| Proceeds from disposal of property, plant and equipment | 3,315,863 | 903,891 |
| Decrease in long term deposits | 3,500 | - |
| Net cash (used in)/generated from investing activities | (144,958,048) | 781,931 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term financing | (12,817,250) | (9,317,250) |
| Increase in long term advances | 63,750 | 71,825 |
| Repayment of finance lease liabilities | (1,376,382) | (32,585,421) |
| Increase in short term borrowings-net | 761,620,025 | 469,234,030 |
| Dividend paid | (54,000,000) | (54,000,000) |
| Net cash generated from financing activities | 693,490,143 | 373,403,184 |
| Net decrease in cash and cash equivalents | (81,698,056) | (98,195,324) |
| Cash and cash equivalents at the beginning of the period | 83,639,761 | 102,096,559 |
| Cash and cash equivalents at the end of the period | <u>1,941,705</u> | <u>3,901,235</u> |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

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(Director)

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

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2012

| | Share Capital | Unappropriated Profit | Total |
|---|--------------------|--------------------------|--------------------|
| Rupees | | | |
| Balance as at 01 July 2011 | 360,000,000 | 154,506,563 | 514,506,563 |
| Total comprehensive income for the period | - | 31,846,419 | 31,846,419 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of deferred tax | - | 6,278,544 | 6,278,544 |
| Balance as at 31 December 2011 | 360,000,000 | 192,631,526 | 552,631,526 |
| Balance as at 01 July 2012 | 360,000,000 | 206,719,139 | 566,719,139 |
| Total comprehensive income for the period | - | 143,515,367 | 143,515,367 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of deferred tax | - | 5,640,761 | 5,640,761 |
| Final dividend paid for the year 2011-12 at the rate of 5% | - | (18,000,000) | (18,000,000) |
| Interim dividend paid for the year 2012-13 at the rate of 10% | - | (36,000,000) | (36,000,000) |
| Balance as at 31 December 2012 | 360,000,000 | 301,875,267 | 661,875,267 |

The annexed notes from 1 to 16 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 2012**

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 314 - Upper Mall, Lahore. The Company is principally engaged in the business of manufacturing and selling of yarn.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information is unaudited and is being submitted to shareholders, as required by section 245 of Companies Ordinance, 1984.

2.2 This condensed interim financial information of the Company for the six month period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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.

2.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those of the previous financial year except as follows:

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any material effect on the condensed interim financial information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of the 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 2012.

4. DEFERRED LIABILITIES

| | <u>Un-Audited</u> | <u>Audited</u> |
|-----------------------------------|--------------------|--------------------|
| | <u>31 December</u> | <u>30 June</u> |
| | <u>2012</u> | <u>2012</u> |
| Note | Rupees | Rupees |
| Post employment benefits unfunded | 18,109,546 | 15,288,592 |
| Deferred taxation | 4.1 246,692,679 | 218,546,993 |
| | <u>264,802,225</u> | <u>233,835,585</u> |

| | <u>Un-Audited</u> | <u>Audited</u> |
|--|--------------------|--------------------|
| | <u>31 December</u> | <u>30 June</u> |
| | <u>2012</u> | <u>2012</u> |
| Note | Rupees | Rupees |
| 4.1 Deferred taxation | | |
| Taxable timing differences | | |
| Surplus on revaluation of fixed assets | 59,752,440 | 62,626,155 |
| Accelerated tax depreciation | 189,315,069 | 157,323,315 |
| Assets subject to finance lease | 3,857,027 | 3,852,747 |
| | <u>252,924,536</u> | <u>223,802,217</u> |
| Deductible timing differences | | |
| Unapproved gratuity | (6,231,857) | (5,255,224) |
| | <u>246,692,679</u> | <u>218,546,993</u> |

5. SHORT TERM BORROWINGS

From financial institutions:

- Secured

Cash finance (5.1) 752,815,395 13,379,870

- Unsecured

Loan from directors (5.2) 22,184,500 -

774,999,895 13,379,870

5.1 These facilities have been obtained from various commercial banks with an aggregate sanctioned limit of Rupees 865 million (30 June 2012: Rupees 715 million) to finance working capital requirements of the Company for purchase of raw material. The rates of mark up range between KIBOR plus 1.50% to KIBOR plus 2.75% per annum (30 June 2012: KIBOR plus 1.50% to KIBOR plus 2.75% per annum). These are secured against pledge of cotton bales, yarn bags, first pari passu charge on all current assets of the Company and personal guarantee of the directors of the Company.

5.2 This represents unsecured loan obtained from directors at the rate of KIBOR plus 1% per annum. The loan is repayable on demand.

6. CURRENT PORTION OF LONG TERM LIABILITIES

| | | |
|--|-------------------|-------------------|
| Long term financing | 42,142,500 | 35,888,500 |
| Liabilities against assets subject to finance leases | 1,056,374 | 2,432,755 |
| | <u>43,198,874</u> | <u>38,321,255</u> |

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 letter of guarantee margin other than for capital expenditure amount to Rs. 1,011,365 (30 June 2012: Rs. 1,011,365).

7.3 Future Ijarah payments due under ijarah arrangements are:

| | | |
|---|------------------|-------------------|
| Within one year | 7,885,821 | 10,607,516 |
| After one year but not more than five years | - | 2,651,879 |
| | <u>7,885,821</u> | <u>13,259,395</u> |

| | <u>Un-Audited</u> <u>31 December</u> <u>2012</u> | <u>Audited</u> <u>30 June</u> <u>2012</u> |
|---|--|---|
| Note | Rupees | Rupees |
| 8. PROPERTY, PLANT AND EQUIPMENT | | |
| Operating fixed assets - tangible | (8.1) 855,777,818 | 741,968,073 |
| Assets subject to finance lease | (8.2) 144,030,174 | 151,610,710 |
| Capital work- in-progress | 11,430,502 | 8,431,691 |
| | <u>1,011,238,494</u> | <u>902,010,474</u> |
| 8.1 Operating fixed assets - tangible | | |
| Opening book value | 741,968,073 | 756,960,880 |
| Add: Additions during the period / year - cost | (8.1.1) 145,271,601 | 40,952,721 |
| | 887,239,674 | 797,913,601 |
| Less: | | |
| Book value of assets disposed during the period / year | 4,163,231 | 2,716,355 |
| Depreciation charged during the period / year | 27,298,625 | 53,229,173 |
| | 31,461,856 | 55,945,528 |
| Net book value | <u>855,777,818</u> | <u>741,968,073</u> |
| 8.1.1 Additions during the period / year - cost | | |
| Plant and machinery | 144,544,883 | 35,056,156 |
| Electric installations | - | 2,175,000 |
| Mill equipment | 71,298 | 1,337,623 |
| Office equipment | 52,000 | 620,582 |
| Furniture and fixture | - | 36,000 |
| Vehicles | 603,420 | 1,727,360 |
| | <u>145,271,601</u> | <u>40,952,721</u> |
| 8.2 Assets subject to finance lease | | |
| Opening book value | 151,610,711 | 168,456,346 |
| Less: Depreciation charged during the period / year | 7,580,537 | 16,845,635 |
| Net book value | <u>144,030,174</u> | <u>151,610,711</u> |
| 9. STOCK IN TRADE | | |
| Raw material | 1,060,640,542 | 137,412,680 |
| Work in process | 17,600,460 | 19,487,493 |
| Finished goods | 10,461,600 | 81,772,621 |
| Packing material | 5,629,520 | 3,641,592 |
| Waste | 107,838 | 193,039 |
| | <u>1,094,439,960</u> | <u>242,507,425</u> |

| | Six month period ended | | Three month period ended | |
|------------------|------------------------|----------------------|--------------------------|---------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| | Rupees | Rupees | Rupees | Rupees |
| 10. SALES | | | | |
| Yarn | | | | |
| Local | 1,739,823,222 | 1,527,165,930 | 812,395,855 | 745,621,930 |
| Export | - | 74,928,480 | - | - |
| Waste | 14,771,475 | 23,845,585 | 8,119,425 | 12,081,265 |
| | <u>1,754,594,697</u> | <u>1,625,939,995</u> | <u>820,515,280</u> | <u>757,703,195</u> |

11. COST OF SALES

| | | | | |
|------------------------------|----------------------|----------------------|--------------------|--------------------|
| Raw material consumed | 1,122,062,161 | 1,240,532,504 | 514,123,504 | 574,388,375 |
| Salaries, wages and benefits | 79,646,586 | 56,708,404 | 41,248,778 | 28,211,587 |
| Store and spares consumed | 18,920,913 | 26,127,439 | 12,425,259 | 15,601,604 |
| Packing material consumed | 16,540,498 | 16,085,031 | 8,373,000 | 7,946,633 |
| Fuel and power | 102,421,108 | 72,742,960 | 50,571,896 | 37,823,488 |
| ljarah rentals | 4,611,276 | 4,261,836 | 2,305,638 | 1,916,066 |
| Insurance | 1,353,111 | 1,781,954 | 266,155 | 592,275 |
| Repair and maintenance | 2,991,775 | 2,535,402 | 1,797,475 | 1,712,148 |
| Other expenses | 1,133,184 | 1,163,316 | 650,864 | 167,646 |
| Depreciation | 34,317,634 | 34,241,308 | 18,140,205 | 17,119,927 |
| | <u>1,383,998,246</u> | <u>1,456,180,154</u> | <u>649,902,774</u> | <u>685,479,749</u> |

Effect of work in process inventory

| | | | | |
|---------|------------------|------------------|--------------------|------------------|
| Opening | 19,487,493 | 24,131,087 | 13,404,716 | 24,900,682 |
| Closing | (17,600,460) | (20,465,718) | (17,600,460) | (20,465,718) |
| | <u>1,887,033</u> | <u>3,665,369</u> | <u>(4,195,744)</u> | <u>4,434,964</u> |

| | | | | |
|----------------------------|---------------|---------------|-------------|-------------|
| Cost of goods manufactured | 1,385,885,279 | 1,459,845,522 | 645,707,030 | 689,914,713 |
|----------------------------|---------------|---------------|-------------|-------------|

Effect of finished goods inventory

| | | | | |
|---------|----------------------|----------------------|--------------------|--------------------|
| Opening | 81,965,660 | 65,125,470 | 21,894,516 | 15,230,754 |
| Closing | (10,569,438) | (20,018,597) | (10,569,438) | (20,018,597) |
| | <u>71,396,222</u> | <u>45,106,873</u> | <u>11,325,078</u> | <u>(4,787,843)</u> |
| | <u>1,457,281,501</u> | <u>1,504,952,395</u> | <u>657,032,108</u> | <u>685,126,870</u> |

12. OTHER OPERATING EXPENSES

This amount includes workers' profit participation fund amounting to Rupees 12,741,666 (31 December 2012: Rupees 2,968,091) and workers' welfare fund amounting to Rupees 4,841,833 (31 December 2011: Rupees 1,127,874).

| | Six month period ended | | Three month period ended | |
|---------------------|------------------------|---------------------|--------------------------|---------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| | Rupees | Rupees | Rupees | Rupees |
| 13. TAXATION | | | | |
| Current | 65,674,579 | 16,259,400 | 23,858,598 | 7,577,032 |
| Deferred | 28,059,868 | 7,160,027 | 29,977,938 | 563,799 |
| | <u>93,734,447</u> | <u>23,419,427</u> | <u>53,836,536</u> | <u>8,140,831</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 as follow :

| | <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>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | <u>Rupees</u> | <u>Rupees</u> | <u>Rupees</u> | <u>Rupees</u> |

Relationship with the Company and nature of transactions

Chief executive officer,
Director and
Executives

| | | | | |
|----------------|-----------|-----------|-----------|-----------|
| - Remuneration | 4,822,302 | 3,053,908 | 2,439,672 | 1,618,792 |
|----------------|-----------|-----------|-----------|-----------|

Transactions entered into with the key management personnel are as per their terms of employment.

15. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 28 February 2013.

16. GENERAL

16.1 The figures of profit and loss account for the quarters ended 31 December 2012 and 2011 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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

(Chief Executive Officer)

(Director)

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