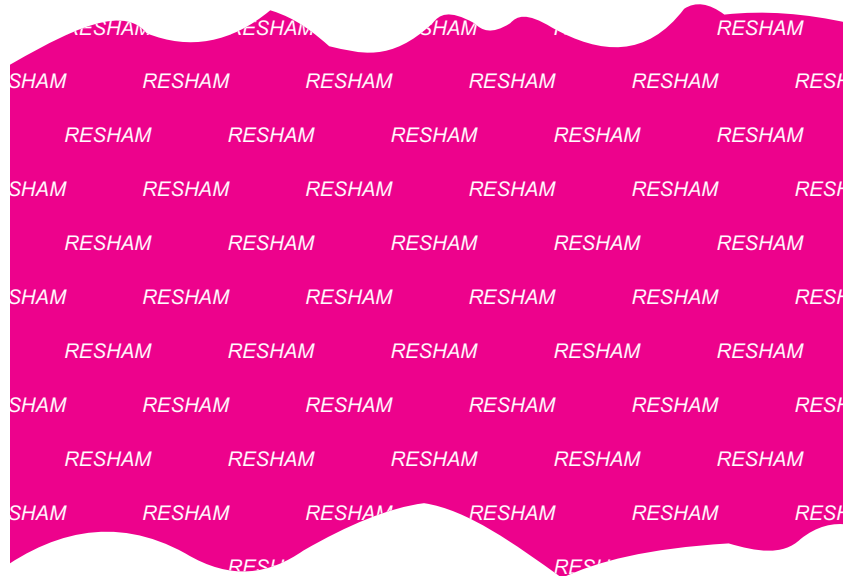
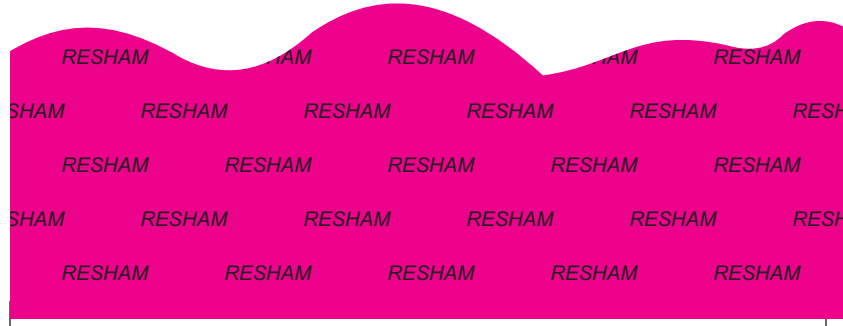




**RESHAM TEXTILE INDUSTRIES  
LIMITED**



**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE SIX MONTH PERIOD ENDED  
31 DECEMBER 2013**





**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE SIX MONTH PERIOD ENDED  
31 DECEMBER 2013**

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## COMPANY INFORMATION

**CHIEF EXECUTIVE OFFICER:** Ch. Muhammad Khurshid

**DIRECTORS** : Ch. Rahman Bakhsh  
Mrs. Salma Aziz  
Mr. Muhammad Arshad Saeed  
Ms. Kiran A. Chaudhry  
Mr. Kamran Ilyas  
Mr. Muhammad Ali Chaudhry

**CHIEF FINANCIAL OFFICER :** Mr. Muhammad Ali Chaudhry

**COMPANY SECRETARY** : Mr. Muhammad Ali Chaudhry

**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

It is my pleasure to present the Directors' Report and the reviewed accounts for the period ended December 31, 2013.

### Performance Review

The six months period under review has shown a very good performance of the Company, during which pre-tax profit of Rs. 152.36 Million was recorded as against 237.24 Million (s.p.l.y.). Although the profitability is less this year, in view of the well known factors and cost increases, particularly the cost of utilities and cost of cotton, the sales of the Company improved to Rs. 2,111.77 Million as against Rs. 1,754.59 Million (s.p.l.y.) indicating a growth of 20.4%. It is noteworthy that the manufacturing and marketing departments of the Company performed very well to off-set and absorb some of the major shocks. Another fortunate factor was pre-payment of most of the loans, except a small loan of Rs. 8.82 Million due in April, after which the Company has no long-term liability and present debt equity ratio stands at 00:100 against 11:89 (s.p.l.y.). Moreover, the BMR plan on which Rs.200.42 Million was spent last year, and Rs.31.16 Million during the period under review, all from Company resources, has been concluded with top-of-the-line production facilities and machinery, and by the Grace of Allah and strenuous efforts of our professional, skilled and un-skilled employees, the thrust of sales was significantly improved even in the rather slack demand period, and Company's products remained attractive while a number of companies accumulated large stocks due to the slack demand.

The Directors are pleased to announce first interim dividend of 10% for the period under review and hope for further dividend(s) during the year.

The financial results in tabulated form are given below:

	Six month period ended	
	31 December 2013 Rupees ('000)	31 December 2012 Rupees ('000)
Sales	2,111,771	1,754,595
Cost of sales	1,894,661	1,457,282
Gross profit	<b>217,110</b>	<b>297,313</b>
Distribution cost	9,228	9,111
Administrative expenses	15,631	12,386
Other operating expenses	11,449	17,625
	<b>36,308</b>	<b>39,122</b>
	<b>180,802</b>	<b>258,191</b>
Other income	6,667	3,593
Operating profit	<b>187,469</b>	<b>261,784</b>
Finance cost	35,103	24,535
Profit before taxation	<b>152,366</b>	<b>237,249</b>
Taxation	50,132	93,734
Profit for the period	<b>102,234</b>	<b>143,515</b>
Earnings per share		
- Basic and diluted (Rupees)	2.84	3.99

### Future Prospects

The management is confident that barring any major law and order problems on the national, or international scene, the remaining six months will be even better in view of sale orders booked and the Company has procured raw material up to the end of June and beyond, and therefore we have reasons to be confident about better profitability in the next half year. We also expect fewer shut-downs from Wapda and SNGPL in view of improving weather and the efforts of the Government in this regard.

The previous financial results of the Company have been well received at the stock exchanges, where the Company share reached the highest limit of Rs. 58.09 and is currently at Rs. 46.90 per share, after the market became bearish over the last three to four weeks. This is certainly recognition of the potential of the Company, and trust of investors in the management and future of the Company, which is highly encouraging for the management to put in even better efforts, InshaAllah.

### 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 Islamic Bank, 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, 2014

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 2013** 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 28, 2014

## CONDENSED INTERIM BALANCE SHEET

	<u>Un-Audited</u>	<u>Audited</u>
	<u>31 December</u>	<u>30 June</u>
	2013	2013
Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Authorised capital		
36,000,000 (June 2013: 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	483,701,205	376,409,795
<b>Total Equity</b>	843,701,205	736,409,795
<b>Surplus on revaluation of fixed assets</b>	126,966,922	132,849,721
<b>Non-current liabilities</b>		
Long term financing	5 -	-
Long term deposits	379,067	388,888
Deferred liabilities	256,231,116	257,325,114
	256,610,183	257,714,002
<b>Current liabilities</b>		
Trade and other payables	6 210,562,779	145,598,585
Mark-up accrued on financing	24,647,008	16,275,744
Short term borrowings	7 1,122,410,001	412,762,986
Current portion of long term financing	5 8,817,250	17,634,500
Provision for taxation	74,354,622	80,044,927
	<u>1,440,791,660</u>	<u>672,316,742</u>
<b>Total liabilities</b>	1,697,401,843	930,030,744
<b>Total Equity and Liabilities</b>	<u>2,668,069,970</u>	<u>1,799,290,260</u>

### CONTINGENCIES AND COMMITMENTS

8

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

( Chief Executive Officer )

**AS AT 31 DECEMBER 2013**

		<u>Un-Audited</u> 31 December 2013 Rupees	<u>Audited</u> 30 June 2013 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,014,444,609	1,020,934,500
Long term deposits		3,697,560	3,677,560
		1,018,142,169	1,024,612,060
<b>Current assets</b>			
Stores & spare parts		20,955,045	15,197,473
Stock in trade	10	1,423,669,462	608,138,858
Trade debts		93,877,862	14,510,466
Advances		32,826,367	4,776,477
Trade deposits and short term prepayments		7,690,428	2,674,172
Tax refunds due from the Government		688,559	7,811,517
Advance income tax - net		22,139,895	62,372,076
Cash and bank balances		48,080,183	59,197,161
		1,649,927,801	774,678,200
<b>Total Assets</b>		<u><u>2,668,069,970</u></u>	<u><u>1,799,290,260</u></u>

(Director)

**CONDENSED INTERIM  
PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013**

	Note	Six month period ended		Three month period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		Rupees	Rupees	Rupees	Rupees
Sales	11	2,111,771,081	1,754,594,697	1,105,683,900	820,515,280
Cost of sales	12	1,894,661,069	1,457,281,501	1,038,401,254	657,032,108
Gross profit		217,110,012	297,313,196	67,282,646	163,483,172
Distribution cost		9,228,349	9,110,884	4,983,648	5,186,712
Administrative expenses		15,630,742	12,386,093	8,535,195	6,689,510
Other Operating expenses	13	11,449,246	17,624,506	2,298,767	9,380,153
		36,308,337	39,121,483	15,817,610	21,256,375
		180,801,675	258,191,713	51,465,036	142,226,797
Other income		6,667,239	3,593,024	6,230,362	1,683,387
Operating profit		187,468,914	261,784,737	57,695,398	143,910,184
Finance cost		35,103,415	24,534,923	26,283,892	17,574,257
Profit before taxation		152,365,499	237,249,814	31,411,506	126,335,927
Taxation	14	50,131,055	93,734,447	9,461,933	53,836,536
Profit for the period		102,234,444	143,515,367	21,949,573	72,499,391
Earnings per share - Basic & diluted (Rupees)		2.84	3.99	0.61	2.01

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 2013**

	<u>Six month period ended</u>		<u>Three month period ended</u>	
	31 December 2013 Rupees	31 December 2012 Rupees	31 December 2013 Rupees	31 December 2012 Rupees
Profit for the period	102,234,444	143,515,367	21,949,573	72,499,391
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 on account of Incremental depreciation -net of deferred tax	5,056,966	5,640,761	2,528,483	2,820,381
Total other comprehensive income for the period	5,056,966	5,640,761	2,528,483	2,820,381
Total comprehensive income for the period	<u>107,291,410</u>	<u>149,156,128</u>	<u>24,478,056</u>	<u>75,319,772</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 2013

	<b>Six month period ended 31 December 2013 Rupees</b>	<b>Six month period ended 31 December 2012 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	152,365,499	237,249,814
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	34,544,948	34,879,161
Gain on disposal of property, plant and equipment	(1,464,941)	(20,660)
Provision for gratuity	5,944,472	5,944,472
Finance cost	35,103,415	24,534,923
Workers' welfare fund	3,258,509	4,841,833
Workers' profit participation fund	8,190,737	12,741,666
	<b>85,577,140</b>	<b>82,921,395</b>
Profit before working capital changes	237,942,639	320,171,209
<b>Effect on cash flows due to working capital changes</b>		
<b>(Increase)/ decrease in current assets:</b>		
Stores and spare parts	(5,757,572)	(13,577,318)
Stock in trade	(815,530,604)	(851,932,535)
Trade debts	(79,367,396)	(12,042,166)
Advances	(28,049,890)	(16,627,548)
Trade deposits and short term prepayments	(5,016,256)	(1,949,508)
Tax refunds due from the Government	7,122,958	(407,658)
Other receivables	-	513,306
<b>Increase/(decrease) in current liabilities:</b>		
Trade and other payables	53,514,948	(11,442,210)
Net cash used in working capital changes	<b>(873,083,812)</b>	<b>(907,465,637)</b>
<b>Cash used in operations</b>	<b>(635,141,173)</b>	<b>(587,294,428)</b>
Finance cost paid	(26,732,151)	(16,818,167)
Income tax paid	(16,421,897)	(22,994,039)
Gratuity paid	(5,963,684)	(3,123,518)
<b>Net cash used in operating activities</b>	<b>(684,258,905)</b>	<b>(630,230,152)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(31,166,324)	(148,270,411)
Proceeds from disposal of property, plant and equipment	3,508,307	3,315,863
Increase in long term deposits	(20,000)	(3,500)
<b>Net cash used in investing activities</b>	<b>(27,678,017)</b>	<b>(144,958,048)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing - net	(8,817,250)	(12,817,250)
(Decrease) / increase in long term advances	(9,821)	63,750
Repayment of finance lease liabilities	709,647,015	(1,376,382)
Increase in short term borrowings - net	709,647,015	761,620,026
Dividend paid	-	(54,000,000)
<b>Net cash from financing activities</b>	<b>700,819,944</b>	<b>693,490,143</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(11,116,978)</b>	<b>(81,698,056)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>59,197,161</b>	<b>83,639,761</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>48,080,183</b>	<b>1,941,705</b>

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 2013

Note	Share Capital	Unappropriated Profit	Total
<b>Rupees</b>			
<b>Balance as at 01 July 2012</b>	360,000,000	206,719,139	566,719,139
Effect of change in accounting policy	3.4	-	(2,670,127)
		(2,670,127)	(2,670,127)
<b>Balance as at 01 July 2012 - restated</b>	360,000,000	204,049,012	564,049,012
Net profit for the period ended 31 December 2012	-	143,515,367	143,515,367
Transferred from surplus on revaluation of fixed assets - incremental depreciation net of deferred tax	-	5,640,761	5,640,761
Total comprehensive income for the period	-	149,156,128	149,156,128
Final dividend paid for the year ended 30 June 2012 @ Rs. 0.5 per share	-	(18,000,000)	(18,000,000)
Interim dividend paid for the year ended 30 June 2013 @ Re.1 per share	-	(36,000,000)	(36,000,000)
<b>Balance as at 31 December 2012 - restated</b>	<b>360,000,000</b>	<b>299,205,140</b>	<b>659,205,140</b>
<b>Balance as at 01 July 2013 - restated</b>	360,000,000	376,409,795	736,409,795
Net profit for the period ended 31 December 2013	-	102,234,444	102,234,444
Transferred from surplus on revaluation of fixed assets - incremental depreciation net of deferred tax	-	5,056,966	5,056,966
Total comprehensive income for the period	-	107,291,410	107,291,410
<b>Balance as at 31 December 2013</b>	<b>360,000,000</b>	<b>483,701,205</b>	<b>843,701,205</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 SIX MONTH PERIOD ENDED 31 DECEMBER 2013

**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. STATEMENT OF COMPLIANCE**

**2.1** This condensed interim financial information of the Company for the six months period ended 31 December 2013 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 2013.

**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 2013 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 for the period:

IFRS 7 - Financial Instruments : Disclosures – (Amendments)

Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

IAS 19 - Employee Benefits – (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial information except as disclosed in Note 3.4 below.

**3.4 Change in accounting policy**

During the period, the Company has adopted Revised IAS 19 - 'Employee Benefits' . As per revised standard, actuarial gains and losses for defined benefit plans are recognized in the other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other charges in the net defined benefit asset (liability) are recognized in the other comprehensive income with no subsequent recycling to profit and loss account.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains and losses over and above the corridor limit were amortized in the profit and loss account over the expected remaining working lives of the employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost (vested and non-vested) is now recognized immediately in the profit and loss account upon changes in the benefit plans. Previously, only vested past service cost was recognized immediately in profit and loss account and non vested cost was amortized to profit and loss account over the vesting period. The impact of the said changes on this condensed interim financial information is as under:

	<b>As at 30 June 2013 Rupees</b>	<b>As at 30 June 2012 Rupees</b>
Increase/ (decrease) in unappropriated profit	<u>281,872</u>	<u>(2,670,127)</u>
Increase/ (decrease) in deferred tax liability	<u>151,777</u>	<u>(1,437,760)</u>
Increase / (decrease) in employee benefits liability - gratuity	<u>(433,649)</u>	<u>4,107,887</u>

There is no material impact on other comprehensive income for the periods ended 31 December 2012 and 31 December 2013.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

#### 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 2013.

	<b>Un-Audited 31 December 2013 Rupees</b>	<b>Audited 30 June 2013 Rupees</b>
<b>5. LONG TERM FINANCING</b>		
Opening balance	17,634,500	35,269,000
Repaid during the period / year	<u>(8,817,250)</u>	<u>(17,634,500)</u>
	8,817,250	17,634,500
Less: Current portion	<u>8,817,250</u>	<u>17,634,500</u>
	<u>-</u>	<u>-</u>

	<u>Un-Audited</u> <u>31 December</u> <u>2013</u> <u>Rupees</u>	<u>Audited</u> <u>30 June</u> <u>2013</u> <u>Rupees</u>
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors	68,905,138	24,734,590
Morabaha finance	10,000,000	10,000,000
Accrued liabilities	57,903,842	53,705,354
Advances from customers	7,062,781	21,082,676
Advances from broker against customers	9,808,360	9,900,165
Ijarah rental	-	318,604
Unclaimed Workers' Profit Participation Fund	4,832,312	783,523
Workers' Profit Participation Fund	28,225,174	18,670,482
Workers' Welfare Fund	3,258,509	5,717,998
Unclaimed dividend	561,527	585,193
Income tax payable	19,905,136	-
Others	100,000	100,000
	<u>210,562,779</u>	<u>145,598,585</u>

7. The aggregate facility of short term finances from commercial banks available at year end is Rs. 1,375 million (June 2013: Rs. 1,065 million). The rates of mark-up range from 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.75% per annum (June 2013: 3 months KIBOR plus 1.5% to 3 months KIBOR plus 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.

#### 8. CONTINGENCIES AND COMMITMENTS

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

8.2 Commitments in respect of letter of credit amount to Rs. Nil (June 2013: Rs. Nil).

	<u>Un-Audited</u> <u>31 December</u> <u>2013</u> <u>Rupees</u>	<u>Audited</u> <u>30 June</u> <u>2013</u> <u>Rupees</u>
<b>8.3 Future payments due under ijarah arrangements are:</b>		
Within one year	-	2,617,270
After one year but not more than five years	-	-
	<u>-</u>	<u>2,617,270</u>

#### 9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible	(9.1) 1,003,626,290	1,019,514,295
Capital work-in-progress	10,818,319	1,420,205
	<u>1,014,444,609</u>	<u>1,020,934,500</u>

	<u>Un-Audited</u> <u>31 December</u> <u>2013</u> <u>Rupees</u>	<u>Audited</u> <u>30 June</u> <u>2013</u> <u>Rupees</u>
Note		
<b>9.1 Operating fixed assets - tangible</b>		
Opening book value	1,019,514,295	893,578,782
Add: Additions during the period / year - cost (9.1.1)	21,768,212	207,439,287
	<u>1,041,282,507</u>	<u>1,101,018,069</u>
Less:		
Book value of assets disposed during the period / year (9.1.2)	3,111,269	9,485,459
Depreciation charged for the period / year	34,544,948	72,018,315
	<u>37,656,217</u>	<u>81,503,774</u>
Net book value	<u>1,003,626,290</u>	<u>1,019,514,295</u>
<b>9.1.1 Additions during the period / year - cost</b>		
Building	-	36,683,769
Plant and machinery	19,658,172	155,671,388
Mill equipment	100,500	8,622,657
Office equipment	229,040	149,533
Vehicles	1,780,500	6,311,940
	<u>21,768,212</u>	<u>207,439,287</u>
<b>9.1.2 Book value of assets disposed during the period / year</b>		
Plant and machinery	1,252,203	6,586,465
Office equipment	18,817	25,410
Vehicles	1,840,249	2,873,584
	<u>3,111,269</u>	<u>9,485,459</u>
<b>10. STOCK IN TRADE</b>		
Raw material	1,280,127,802	528,539,854
Work in process	18,927,736	20,014,761
Finished goods	116,019,357	54,306,159
Packing material	8,262,118	4,772,465
Waste	332,449	505,619
	<u>1,423,669,462</u>	<u>608,138,858</u>
	<u>Six month period ended</u>	<u>Three month period ended</u>
	<u>31 December</u>	<u>31 December</u>
	<u>2013</u>	<u>2013</u>
	<u>2012</u>	<u>2012</u>
<b>11. SALES</b>	<u>Rupees</u>	<u>Rupees</u>
<b>Yarn</b>	2,085,734,841	1,739,823,222
<b>Waste</b>	26,036,240	14,771,475
	<u>2,111,771,081</u>	<u>1,754,594,697</u>
	<u>1,105,683,900</u>	<u>820,515,280</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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>12. COST OF SALES</b>				
Raw material consumed	1,611,442,704	1,122,062,161	869,255,554	514,123,504
Salaries, wages and benefits	93,873,323	79,646,586	50,272,569	41,248,778
Store and spares consumed	16,715,947	18,920,913	11,220,678	12,425,259
Packing material consumed	21,295,951	16,540,498	11,100,005	8,373,000
Fuel and power	168,949,496	102,421,108	91,274,783	50,571,896
Ijarah rentals	2,298,221	4,611,276	891,185	2,305,638
Insurance	3,003,205	1,353,111	1,728,507	266,155
Repair and maintenance	2,874,254	2,991,775	2,556,910	1,797,475
Other expenses	976,106	1,133,184	(1,322,115)	650,864
Depreciation	33,684,865	34,317,634	17,020,754	18,140,205
	<u>1,955,114,072</u>	<u>1,383,998,246</u>	<u>1,053,998,830</u>	<u>649,902,774</u>
Effect of work in process inventory				
Opening	20,014,761	19,487,493	20,357,521	13,404,716
Closing	(18,927,736)	(17,600,460)	(18,927,736)	(17,600,460)
	<u>1,087,025</u>	<u>1,887,033</u>	<u>1,429,785</u>	<u>(4,195,744)</u>
Cost of goods manufactured	1,956,201,097	1,385,885,279	1,055,428,615	645,707,030
Effect of finished goods inventory				
Opening	54,811,778	81,965,660	99,324,445	21,894,516
Closing	(116,351,806)	(10,569,438)	(116,351,806)	(10,569,438)
	<u>(61,540,028)</u>	<u>71,396,222</u>	<u>(17,027,361)</u>	<u>11,325,078</u>
	<u>1,894,661,069</u>	<u>1,457,281,501</u>	<u>1,038,401,254</u>	<u>657,032,108</u>

### 13. OTHER OPERATING EXPENSES

This amount includes workers' profit participation fund amounting to Rs. 8,190,737 (December 2012: Rs. 12,741,666) and workers' welfare fund amounting to Rs. 3,258,509 (December 2012: Rs. 4,841,833).

	<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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>14. TAXATION</b>				
Current	50,963,773	65,674,579	7,995,577	23,858,598
Deferred	(832,718)	28,059,868	1,466,356	29,977,938
	<u>50,131,055</u>	<u>93,734,447</u>	<u>9,461,933</u>	<u>53,836,536</u>



## 15. 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:

<b>Relationship with the Company</b>	<b>Nature of transactions</b>	<b>Six month period ended</b>	
		<b>31 December 2013</b>	<b>31 December 2012</b>
		<b>Rupees</b>	<b>Rupees</b>
Chief Executive Officer	Remuneration	713,942	649,039
Directors	Remuneration	1,231,190	1,119,259
	Loan obtained	34,402,000	54,844,000
	Loan repaid	34,402,000	32,659,500
	Interest on loan	696,299	399,913
Executives	Remuneration	7,027,913	3,054,000

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

## 16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 28 February 2014.

## 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 except as disclosed in note 3.4.

## 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 2013 and 2012 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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