



**RESHAM TEXTILE INDUSTRIES
LIMITED**

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**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED
30 SEPTEMBER 2013**

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**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED
30 SEPTEMBER 2013**

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COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER

Ch. Muhammad Khurshid

DIRECTORS:

Ch. Rahman Bakhsh
Mrs. Salma Aziz
Ms. Kiran A. Chaudhry
Mr. Kamran Ilyas
Mr. Azhar Khurshid Chaudhry
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
Mr. Azhar Khurshid Chaudhry	Member
Mrs. Salma Aziz	Member

HR - COMMITTEE:

Mr. Kamran Ilyas	Chairman
Mr. Muhammad Ali Chaudhry	Secretary
Ms. Kiran A. Chaudhry	Member

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 September 30, 2013.

PERFORMANCE REVIEW

The overall performance of the Company continued to remain good. The sales improved by 7.71% to Rs. 1.006 billion from Rs. 0.943 billion (s.p.l.y). Cost of sales also went up by 7.00% to Rs. 0.856 billion from Rs. 0.800 billion (s.p.l.y) resulting in gross profit of Rs. 149.827 million. The major reason for this was increase in cotton costs by 22.08% to Rs. 0.742 billion from Rs. 0.607 billion (s.p.l.y). Manufacturing cost also increased by 22.75% to Rs. 0.901 billion from Rs. 0.734 billion (s.p.l.y). The rising trend of costs remained the major element of this quarter, otherwise results would have been even better, as expected.

Operating and other expenses increased mainly on account of annual increments and financial charges.

On the whole the management is satisfied that in spite of the shocks the profit before taxation has increased by 9.05% to Rs. 120.954 million from Rs. 110.914 million (s.p.l.y).

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

	Three months period ended	
	30 Sep. 2013	30 Sep.2012
	Rupees in '000'	
Sales	1,006,087	934,079
Cost of sales	856,260	800,249
Gross profit	149,827	133,830
Administrative expenses	7,096	5,697
Distribution cost	4,244	3,924
	11,340	9,621
Operating Profit	138,487	124,209
Other expenses	9,150	8,244
	129,337	115,965
Other income	437	1,910
	129,774	117,875
Finance cost	8,820	6,961
Profit before taxation	120,954	110,914
Taxation	40,669	39,898
Profit after taxation for the period	80,285	71,016
Earnings per share - <i>Basic & diluted (Rupees)</i>	2.23	1.97

FUTURE PROSPECTS

The management is cautiously optimistic on account of absorbing major shocks in the last quarter but the demand side is weakening and major changes in the global economy are taking place in almost all areas. In view of shortage of cotton crop in the country the rates of raw material went up but the yarn rates are not going up commensurately. People have eyes on Chinese and Indian cotton markets, and their behavior in the short and the medium term. Also important are the currency fluctuation factors and full impact of energy problems and costs in the country.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank the Company's Bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, Faysal Bank Limited, Al Baraka Bank (Pakistan) Limited 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: 31 October 2013

Ch. Muhammad Khurshid
(Chief Executive Officer)

CONDENSED INTERIM BALANCE SHEET

	Un-Audited 30 Sep. 2013	Audited 30 June 2013
	Note	Rupees
EQUITY AND LIABILITIES		
Equity		
Authorised capital		
36,000,000 (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	461,617,775	378,798,050
Total equity	821,617,775	738,798,050
Surplus on revaluation of fixed assets	129,747,517	132,849,721
Non-current liabilities		
Long term financing	416,974	388,888
Deffered liabilities	252,942,770	254,936,859
	253,359,744	255,325,747
Current liabilities		
Trade and other payables	179,501,351	145,598,585
Mark-up accrued on financing	7,076,929	16,275,744
Short term borrowings	357,282,612	412,762,986
Current portion of non-current liabilities	17,634,500	17,634,500
Provision for taxation	66,359,045	80,044,927
	627,854,437	672,316,742
Total liabilities	881,214,181	927,642,489
Total Equity and Liabilities	1,832,579,473	1,799,290,260
CONTINGENCIES AND COMMITMENTS		
	7	

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

(Chief Executive Officer)

AS AT 30 SEPTEMBER 2013

	Note	Un-Audited 30 Sep. 2013 Rupees	Audited 30 June 2013 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,004,075,282	1,020,934,500
Long term deposits		3,682,560	3,677,560
		1,007,757,842	1,024,612,060
Current assets			
Stores & spare parts		16,156,089	15,197,473
Stock in trade	9	682,108,995	608,138,858
Trade debts		62,949,888	14,510,466
Advances		12,940,586	4,776,477
Trade deposits and short term prepayments		5,338,607	2,674,172
Advance income tax - net		13,954,930	62,372,076
Tax refunds due from the Government		3,648,184	7,811,517
Cash and bank balances		27,724,352	59,197,161
		824,821,631	774,678,200
Total Assets		1,832,579,473	1,799,290,260

(Director)

CONDENSED INTERIM
PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Note	Three months period ended	
		30 Sep. 2013 Rupees	30 Sep. 2012 Rupees
Sales	10	1,006,087,181	934,079,417
Cost of sales	11	856,259,815	800,249,393
Gross profit		<u>149,827,366</u>	<u>133,830,024</u>
Administrative expenses		<u>7,095,547</u>	<u>5,696,583</u>
Distribution cost		<u>4,244,701</u>	<u>3,924,172</u>
		<u>11,340,248</u>	<u>9,620,755</u>
Operating profit		138,487,118	124,209,269
Other expenses	12	9,150,479	8,244,353
		<u>129,336,639</u>	<u>115,964,916</u>
Other income		<u>436,877</u>	<u>1,909,637</u>
		<u>129,773,516</u>	<u>117,874,553</u>
Finance cost		<u>8,819,523</u>	<u>6,960,666</u>
Profit before taxation		120,953,993	110,913,887
Taxation	13	40,669,122	39,897,911
Profit after taxation for the period		<u>80,284,871</u>	<u>71,015,976</u>
Earnings per share -			
Basic & diluted (Rupees)		<u>2.23</u>	<u>1.97</u>

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

(Chief Executive Officer)

(Director)

CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	<u>Three months period ended</u>	
	<u>30 Sep. 2013</u>	<u>30 Sep. 2012</u>
	Rupees	Rupees
Profit after taxation for the period	80,284,871	71,015,976
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation -net of deferred tax	2,534,854	2,822,186
Total comprehensive income for the period	<u>82,819,725</u>	<u>73,838,162</u>

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

(Chief Executive Officer)

(Director)

CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Three months period ended	
	30 Sep. 2013	30 Sep. 2012
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	120,953,993	110,913,887
Adjustment for non-cash charges and other items:		
Depreciation	17,177,208	16,459,676
(Gain) / loss on sale of property, plant and equipment	(115,582)	24,097
Provision for gratuity	2,972,236	2,972,236
Finance cost	8,819,523	6,960,666
Workers' Welfare fund	2,645,255	2,263,549
Workers' profit participation fund	6,505,224	5,956,707
	<u>38,003,864</u>	<u>34,636,931</u>
Profit before working capital changes	158,957,857	145,550,818
Effect on cash flows due to working capital changes		
(Increase)/ decrease in current assets:		
Stores and spare parts	(958,616)	(3,264,502)
Stock in trade	(73,970,137)	95,222,894
Trade debts	(48,439,422)	(15,335,761)
Advances	(8,164,109)	4,581,712
Trade deposits and short term prepayments	(2,664,435)	(2,162,307)
Tax refunds due from the Government	4,163,333	1,385,227
Other receivables	-	588,230
Increase / (decrease) in current liabilities:		
Trade and other payables	24,752,287	(40,670,047)
	<u>(105,281,099)</u>	<u>40,345,446</u>
Cash generated from operations	53,676,758	185,896,264
Finance cost paid	(18,018,338)	(10,542,192)
Income tax paid	(8,236,932)	(7,385,932)
Gratuity paid	(2,464,443)	(1,262,965)
Net cash generated from operating activities	24,957,045	166,705,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred on property, plant and equipment	(1,871,115)	(26,451,371)
Proceeds from disposal of property, plant and equipment	898,551	3,227,363
Decrease in long term deposits	(5,000)	-
Net cash used in investing activities	(977,564)	(23,224,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing - net	-	(2,000,000)
Increase in long term advances	28,086	31,875
Repayment of finance lease liabilities - net	-	(853,343)
Decrease in short term borrowings-net	(55,480,375)	(11,604,977)
Net cash used in financing activities	<u>(55,452,289)</u>	<u>(14,426,445)</u>
Net (decrease) / increase in cash and cash equivalents	(31,472,808)	129,054,722
Cash and cash equivalents at the beginning of the period	59,197,161	83,639,761
Cash and cash equivalents at the end of the period	<u>27,724,353</u>	<u>212,694,483</u>

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

(Chief Executive Officer)

10

(Director)

CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Share capital	Unappropriated profit	Total equity
	-----Rupees-----		
Balance as at July 01, 2012	360,000,000	206,719,139	566,719,139
Profit after taxation for the period	-	71,015,976	71,015,976
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation -net of deferred tax	-	2,822,186	2,822,186
Balance as at 30 Sep. 2012	<u>360,000,000</u>	<u>280,557,301</u>	<u>640,557,301</u>
Balance as at July 01, 2013	360,000,000	378,798,050	738,798,050
Profit after taxation for the period	-	80,284,871	80,284,871
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation -net of deferred tax	-	2,534,854	2,534,854
Balance as at 30 Sep. 2013	<u>360,000,000</u>	<u>461,617,775</u>	<u>821,617,775</u>

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

(Chief Executive Officer)

(Director)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 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. 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 three months period ended 30 September 2013 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 ended 30 June 2013.

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 2013.

4. DEFERRED LIABILITIES

	Un-Audited 30 Sep.2013	Audited 30 June 2013
Note	Rupees	Rupees
Post employment benefits-unfunded	21,037,218	20,529,425
Deferred taxation (4.1)	231,905,552	234,407,434
	252,942,770	254,936,859

	Note	Un-Audited 30 Sep .2013 Rupees	Audited 30 June 2013 Rupees
4.1 Deferred taxation			
Taxable timing differences			
Surplus on revaluation of fixed assets		53,129,779	54,611,311
Accelerated tax depreciation		185,829,720	186,672,823
		238,959,499	241,284,134
Deductible temporary differences			
Unapproved gratuity		(7,053,947)	(6,876,700)
		<u>231,905,552</u>	<u>234,407,434</u>

5. SHORT TERM BORROWINGS

From financial institutions:

- *Secured*

Cash finance (5.1) 342,832,612 412,762,986

- *Unsecured*

Loan from director (5.2) 14,450,000 -

357,282,612 412,762,986

5.1 These facilities have been obtained from various commercial banks with an aggregate sanctioned limit of Rupees 1,065 million (30 June 2013: Rupees 1,065 million) to finance working capital requirements of the Company for purchase of raw material. The rates of mark up range between 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.75% per annum (30 June 2013: 3 months KIBOR plus 1.50% to 3 months 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 0% per annum. The loan is repayable on demand.

6. CURRENT PORTION OF NON-CURRENT LIABILITIES

It represents current portion of long term financing.

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 2013: Rs. 1,011,365).

	Note	Un-Audited 30 Sep. 2013 Rupees	Audited 30 June 2013 Rupees
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(8.1)	1,000,995,502	1,019,514,295
Capital work-in-progress		3,079,780	1,420,205
		<u>1,004,075,282</u>	<u>1,020,934,500</u>

8.1 Operating fixed assets- tangible

Opening book value		1,019,514,295	741,968,072
Add: Additions during the period / year - cost	(8.1.1)	211,540	207,439,287
Book value of assets transferred from leased assets during the period/year	(8.1.2)		137,744,517

		<u>1,019,725,835</u>	<u>1,087,151,876</u>
Less: Book value of assets disposed during the period / year		1,553,127	9,485,460
Net book value		<u>17,177,206</u>	<u>58,152,121</u>
		<u>18,730,333</u>	<u>67,637,581</u>
		<u>1,000,995,502</u>	<u>1,019,514,295</u>

**8.1.1 Additions during the period /
year - cost**

Building	-	36,683,769
Plant and machinery	-	155,671,388
Mill equipment	76,000	8,622,657
Office equipment	135,540	149,533
Vehicles	-	6,311,940
		<u>211,540</u>
		<u>207,439,287</u>

	Un-Audited 30 Sep. 2013 Rupees	Audited 30 June 2013 Rupees
9. STOCK IN TRADE		
Raw material	558,935,811	528,539,854
Work in process	20,357,521	20,014,761
Finished goods	98,849,203	54,306,159
Packing material	3,491,218	4,772,465
Waste	475,242	505,619
	<u>682,108,995</u>	<u>608,138,858</u>
	<u>Three months period ended</u>	
	30 Sep. 2013 Rupees	30 Sep. 2012 Rupees
10. SALES		
Yarn		
Local	993,523,306	927,427,367
Waste	12,563,875	6,652,050
	<u>1,006,087,181</u>	<u>934,079,417</u>
11. COST OF SALES		
Raw material consumed	742,187,150	607,938,657
Salaries, wages and benefits	43,600,754	38,397,808
Stores and spare parts consumed	5,495,269	6,495,654
Packing material consumed	10,195,946	8,167,498
Fuel and power	77,674,713	51,849,212
Insurance	1,407,036	1,086,956
Repair and maintenance	1,274,698	1,194,300
Other expenses	317,344	482,320
Ijarah rentals	2,298,221	2,305,638
Depreciation	16,664,111	16,177,429
	<u>901,115,242</u>	<u>734,095,472</u>
Effect of work in process inventory		
Opening	20,014,761	19,487,493
Closing	(20,357,521)	(13,404,716)
	<u>(342,760)</u>	<u>6,082,777</u>
Cost of goods manufactured	900,772,482	740,178,249
Effect of finished goods inventory		
Opening	54,811,777	81,965,660
Closing	(99,324,444)	(21,894,516)
	<u>(44,512,667)</u>	<u>60,071,144</u>
	<u>856,259,815</u>	<u>800,249,393</u>

12. OTHER OPERATING EXPENSES

This amount includes workers' profit participation fund amounting to Rupees 6,505,224 (30 September 2012: Rupees 5,956,707) and workers' welfare fund amounting to Rupees 2,645,255 (30 September 2012: Rupees 2,263,549).

	Three months period ended	
	30 Sep. 2013 Rupees	30 Sep. 2012 Rupees
13. Taxation		
Current	42,968,196	41,815,981
Deferred	(2,299,074)	(1,918,070)
	<u>40,669,122</u>	<u>39,897,911</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 :

Nature of transactions	Three months period ended	
	30 Sep. 2013 Rupees	30 Sep. 2012 Rupees
Chief Executive Officer & Directors		
- Remuneration	941,193	855,630
Loan received during the period	23,317,000	-
Loan repaid during the period	8,867,000	-
Interest on loan	376,991	-

Transactions entered into with the key managements personnel 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 31 October 2013.

16. GENERAL

Figures have been rounded off to the nearest rupee.

(Chief Executive Officer)

(Director)

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Printed Matter

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