



# **RESHAM TEXTILE INDUSTRIES LIMITED**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE MONTH PERIOD ENDED  
31 MARCH 2014**



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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 un-audited accounts for the period ended March 31, 2014.

### Performance Review

The period of nine months under review began positively, and your Company generated pre-tax profits in the amount of Rs. 152.365 (M) during the first six months. In light of this performance the Directors announced 10% interim dividends. The past three months have further added Rs. 41.593 (M), resulting in Rs. 193.959 (M) pre-tax profits over the past nine months as against Rs. 331.395 (M) s.p.l.y. Although profits in the spinning sector remained lower during the period under review as compared to the last year, particularly due to lower textile exports to China and influx of cheaper yarn supply from India, however, the Company generated sales worth of Rs. 3,073.831 (M) as compared to Rs. 2,601.678 (M) s.p.l.y., an improvement of 18.15%. Cost of sales was 27.97% higher during this period as electricity and gas expenses grew by 60%, minimum wages were increased, and cotton prices were also high. Resultantly, gross profit during the period under review was Rs. 297.102 (M) as against gross profit of Rs. 431.842 (M) s.p.l.y.

Distribution expenses remained almost unchanged while administrative expenses were Rs. 28.843 (M) as against Rs. 17.967 (M) s.p.l.y. The increase in administrative expenses was mainly due to increase in charitable contributions which amount to Rs. 5.650 (M) during the period. It is also notable to mention that the Company has also invested heavily in replacing older machinery. During the period under review the Company has made capital expenditure to the tune of Rs. 51.244 (M) for latest machinery including Reiter Draw Frames and an energy synchronization system which has helped reduce down-time during energy load shifting.

Your Company has also improved its current ratio to 1.25 from 1.11 s.p.l.y and the debt-equity ratio stands at 00:100. The final LTF installment of Rs 8.817 (M) has also been paid on 25th April, 2014. Earnings per share is Rs. 3.62 while the share price closed at Rs. 52.80 on 28th March, 2014, as against Rs. 28.97 on 28th March, 2013, showing an appreciation of 82% over the past one year.

The financial results in tabulated form are given below:

	<b>Nine months period ended</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>Rupees ('000)</b>	<b>Rupees ('000)</b>
Sales	3,073,831	2,601,678
Cost of sales	2,776,729	2,169,836
Gross profit	297,102	431,842
Administrative expenses	28,844	17,967
Distribution cost	13,572	13,077
	42,416	31,044
Operating profit	254,686	400,798
Other operating expenses	14,500	24,594
	240,186	376,204
Other operating income	17,161	5,491
	257,347	381,695
Finance cost	63,388	50,300
Profit before taxation	193,959	331,395
Taxation	63,807	126,818
Profit for the period	130,152	204,577
Earning per share - <i>Basic &amp; diluted (Rupees)</i>	<b>3.62</b>	<b>5.68</b>

### **Future Prospects**

The past nine months have witnessed significant rise in cost of utilities, although the rupee has appreciated and the government should seriously consider revising these costs downwards. The Government should also ensure to provide 24 hours uninterrupted gas and electric supply so that production capacity does not remain idle. Contrary to our forecast of similar or higher earnings in the remaining half year, the denial of regular supply of gas and electricity, both in terms of quality and quantity, has hindered our production. The same has been true of production in the up-stream industry, where yarn consumption has reduced and resulted in a glut of yarn stock piled up in almost every spinning mill. Also, dumping of yarn by India into Pakistan and China has further reduced demand and prices of yarn in the country. Now that things seem to be improving a little bit on electricity and gas supply, notwithstanding the cost factor, the remaining part of the year appears somewhat positive and depends on whether energy supply continues. Stress-signals have gone out from the entire chain of the textile industry. APTMA and other associations related to textile have been demanding an end to the crisis and discrimination vis-à-vis CNG and other sectors for the provision of gas. However, GSP+ status from the EU has renewed hope that the textile economy will rebound soon, particularly the value-added sector. Also, support for local yarn versus Indian yarn through a 5% duty has also offered the sector some relief.

In view of these factors, the remaining period of the year remains somewhat positive and we do not expect any major losses. Fortunately, your Company has performed much better than other similar sized companies, primarily because of the premium attached by the management for excellent machinery, salaries & wages, and other benefits to employees, alongside the cost-cutting culture. With the blessings of Allah s.w.t, the management is ready to combat the challenges that lie ahead. Soon the new financial year will start with new dynamics for profitability depending mainly on costs of gas and electricity and price of cotton in the country.

### **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: April 30, 2014

**Ch. Muhammad Khurshid**  
(Chief Executive Officer)

## CONDENSED INTERIM BALANCE SHEET

	Un-Audited 31 March 2014	Audited 30 June 2013
Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Authorised capital		
36,000,000 (2013: 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	514,011,994	376,409,795
<b>Total equity</b>	874,011,994	736,409,795
<b>Surplus on revaluation of fixed assets</b>	122,767,111	132,849,721
<b>Non-current liabilities</b>		
Long term financing	5	-
Long term deposits	275,516	388,888
Deferred liabilities	257,963,465	257,325,114
	258,238,981	257,714,002
<b>Current liabilities</b>		
Trade and other payables	6	150,003,663
Mark-up accrued on financing	25,734,182	16,275,744
Short term borrowings	7	686,153,112
Current portion of non-current liabilities	5	8,817,250
Provision for taxation	85,382,905	80,044,927
	956,091,112	672,316,742
<b>Total liabilities</b>	1,214,330,093	930,030,744
<b>Total Equity and Liabilities</b>	2,211,109,198	1,799,290,260

### CONTINGENCIES AND

### COMMITMENTS

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The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

**AS AT 31 MARCH 2014**

		<b>Un-Audited 31 March 2014 Rupees</b>	<b>Audited 30 June 2013 Rupees</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,010,849,570	1,020,934,500
Long term deposits		3,697,560	3,677,560
		1,014,547,130	1,024,612,060
<b>Current assets</b>			
Stores & spare parts		44,978,517	15,197,473
Stock in trade	10	941,007,337	608,138,858
Trade debts		93,525,652	14,510,466
Advances		37,505,379	4,776,477
Trade deposits and short term prepayments		4,329,712	2,674,172
Advance Income Tax - net		32,311,417	62,372,076
Tax refunds due from the Government		2,881,747	7,811,517
Cash and bank balances		40,022,307	59,197,161
		1,196,562,068	774,678,200
<b>Total Assets</b>		<u>2,211,109,198</u>	<u>1,799,290,260</u>

**(Director)**

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

	Note	Nine month period ended		Three month period ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		Rupees	Rupees	Rupees	Rupees
Sales	11	3,073,831,154	2,601,678,572	962,060,073	847,083,875
Cost of sales	12	2,776,728,786	2,169,835,627	882,067,717	712,554,126
Gross profit		297,102,368	431,842,945	79,992,356	134,529,749
Administrative expenses		28,843,509	17,967,257	13,212,767	5,581,164
Distribution cost		13,572,278	13,076,704	4,343,929	3,965,820
		42,415,787	31,043,961	17,556,696	9,546,984
Operating profit		254,686,581	400,798,984	62,435,660	124,982,765
Other operating expenses	13	14,500,105	24,594,132	3,050,859	6,969,626
		240,186,476	376,204,852	59,384,801	118,013,139
Other operating income		17,160,949	5,490,898	10,493,710	1,897,874
		257,347,425	381,695,750	69,878,511	119,911,013
Finance cost		63,387,950	50,300,063	28,284,535	25,765,140
Profit before taxation		193,959,475	331,395,687	41,593,976	94,145,873
Taxation	14	63,807,400	126,818,339	13,676,345	33,083,892
Profit for the period		130,152,075	204,577,348	27,917,631	61,061,981
Earning per share - basic & diluted (Rupees)		3.62	5.68	0.78	1.70

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)



**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2014**

	Nine month period ended		Three month period ended	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
Profit for the period	130,152,075	204,577,348	27,917,631	61,061,981
Other comprehensive income:				
<i>Items to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods</i>				
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation - net of deferred tax	7,450,124	8,348,020	2,483,375	2,782,673
Total other comprehensive income for the period	7,450,124	8,348,020	2,483,375	2,782,673
Total comprehensive income for the period	137,602,199	212,925,368	30,401,006	63,844,654

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

**(Chief Executive Officer)**

**(Director)**

**CONDENSED INTERIM  
STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2014**

	Nine month period ended 31 March 2014 Rupees	Nine month period ended 31 March 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	193,959,475	331,395,687
Adjustment for non-cash charges and other items:		
Depreciation	52,288,985	53,913,377
Gain on sale of property, plant and equipment	(9,344,885)	(350,717)
Exchange gain	-	-
Provision for gratuity	8,916,708	8,916,708
Finance cost	63,387,950	50,300,063
Workers' welfare fund	4,077,126	6,763,177
Workers' profit participation fund	10,422,979	17,797,835
	129,748,863	137,340,443
Profit before working capital changes	323,708,338	468,736,130
<b>Effect on cash flows due to working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores and spare parts	(29,781,044)	(17,351,924)
Stock in trade	(332,868,481)	(916,626,313)
Trade debts	(79,015,184)	(32,129,727)
Advances	(32,728,903)	1,103,098
Trade deposits and short term prepayments	(1,655,540)	(1,205,758)
Tax refunds due from the Government	4,929,770	2,472,404
Other receivables	-	588,230
<b>(Decrease) / increase in current liabilities:</b>		
Trade and other payables	(10,095,026)	2,001,889
	(481,214,408)	(961,148,101)
<b>Cash used in operations</b>	(157,506,070)	(492,411,971)
Finance cost paid	(53,929,513)	(33,004,038)
Income tax paid	(26,593,419)	(29,543,544)
Gratuity paid	(8,995,798)	(5,798,164)
<b>Net cash used in operating activities</b>	(247,024,800)	(560,757,717)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred on property, plant and equipment	(51,244,966)	(153,948,249)
Proceeds from disposal of property, plant and equipment	14,655,408	5,981,880
Decrease in long term deposits	(20,000)	(3,500)
<b>Net cash used in investing activities</b>	(36,609,558)	(147,969,869)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(8,817,250)	(127,620,750)
(Decrease) / increase in long term advances	(113,372)	91,311
Repayment of finance lease liabilities	-	(1,928,107)
Increase in short term borrowings-net	273,390,126	819,149,484
Dividend paid	-	(54,000,000)
<b>Net cash generated from financing activities</b>	264,459,504	635,691,938
<b>Net decrease in cash and cash equivalents</b>	(19,174,854)	(73,035,648)
Cash and cash equivalents at the beginning of the period	59,197,161	83,639,761
<b>Cash and cash equivalents at the end of the period</b>	40,022,307	10,604,113

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2014**

	Share capital	Unappropriated profit	Total equity
-----Rupees-----			
Balance as at 01 July 2012	360,000,000	206,719,139	566,719,139
Effect of change in accounting policy (Note 3.4)	-	(2,670,127)	(2,670,127)
<b>Balance as on 01 July 2012 - restated</b>	<b>360,000,000</b>	<b>204,049,012</b>	<b>564,049,012</b>
Net profit for the period ended 31 March 2013	-	204,577,348	204,577,348
Transferred from surplus on revaluation of fixed assets - incremental depreciation net deferred tax	-	8,348,020	8,348,020
Total comprehensive income for the period	-	212,925,368	212,925,368
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 @ Rs.1 per share	-	(36,000,000)	(36,000,000)
<b>Balance as at 31 March 2013 - restated</b>	<b>360,000,000</b>	<b>362,974,380</b>	<b>722,974,380</b>
<b>Balance as at 01 July 2013</b>	<b>360,000,000</b>	<b>376,409,795</b>	<b>736,409,795</b>
Net profit for the period ended 31 March 2014	-	130,152,075	130,152,075
Transferred from surplus on revaluation of fixed assets - incremental depreciation net deferred tax	-	7,450,124	7,450,124
Total comprehensive income for the period	-	137,602,199	137,602,199
<b>Balance as at 31 March 2014</b>	<b>360,000,000</b>	<b>514,011,994</b>	<b>874,011,994</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Chief Executive Officer)

(Director)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2014**

**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 nine months period ended 31 March 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 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 March 2013 and 31 March 2014.

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>5. LONG TERM FINANCING</b>	<b>Un-Audited 31 March 2014 Rupees</b>	<b>Audited 30 June 2013 Rupees</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>

	Un-Audited 31 March 2014	Audited 30 June 2013
Note	Rupees	Rupees
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors	39,006,257	24,734,590
Morabaha finance	-	10,000,000
Accrued liabilities	58,726,012	53,705,354
Advances from customers	4,228,040	21,082,676
Advances from broker against customers	9,793,360	9,900,165
Ijarah rental	-	318,604
Unclaimed Workers' Profit Participation Fund	783,523	783,523
Workers' Profit Participation Fund	13,299,237	18,670,482
Workers' Welfare Fund	4,077,126	5,717,998
Unclaimed dividend	560,177	585,193
Others	19,529,931	100,000
	<u>150,003,663</u>	<u>145,598,585</u>

## 7. SHORT TERM BORROWINGS

### From financial institutions:

#### - Secured

Cash finance	(7.1)	623,168,412	412,762,986
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#### - Unsecured

Loan from directors	(7.2)	62,984,700	-
		<u>686,153,112</u>	<u>412,762,986</u>

7.1 The aggregate facility of short term finances from commercial banks available at period 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.

7.2 This represents unsecured loan obtained from directors at the rate of KIBOR plus 0% to 0.5% per annum. The loan is repayable on demand.

## 8. CONTINGENCIES AND COMMITMENTS

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

8.2 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).

8.3 Future Ijarah payments due under ijarah arrangements are:

Within one year	-	2,617,270
After one year but not more than five years	-	-
	<u>-</u>	<u>2,617,270</u>

		Un-Audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - tangible (9.1)		1,004,050,598	1,019,514,295
Capital work in progress		6,798,972	1,420,205
		<u>1,010,849,570</u>	<u>1,020,934,500</u>
<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)		45,866,201	207,439,287
		1,065,380,496	1,101,018,069
Less:			
Book value of assets disposed during the period / year		9,040,914	9,485,459
Depreciation charged during the period / year		52,288,984	72,018,315
		61,329,898	81,503,774
Net book value		<u>1,004,050,598</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		42,347,450	155,671,388
Mill equipment		114,000	8,622,657
Office equipment		237,040	149,533
Vehicles		3,167,711	6,311,940
		<u>45,866,201</u>	<u>207,439,287</u>
<b>10. STOCK IN TRADE</b>			
Raw material		838,028,772	528,539,854
Work in process		20,905,719	20,014,761
Finished goods		75,814,912	54,306,159
Packing material		5,457,528	4,772,465
Waste		800,406	505,619
		<u>941,007,337</u>	<u>608,138,858</u>
		Nine months period ended	Three months period ended
		31 March 2014	31 March 2013
		Rupees	Rupees
<b>11. SALES</b>			
<b>Yarn</b>			
Local	3,033,824,459	2,574,250,502	948,089,618
Export	-	-	-
<b>Waste</b>	<u>40,006,695</u>	<u>27,428,070</u>	<u>13,970,455</u>
	<u>3,073,831,154</u>	<u>2,601,678,572</u>	<u>962,060,073</u>
		<u>847,083,875</u>	

	Nine month period ended		Three month period ended	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
<b>12. COST OF SALES</b>				
Raw material consumed	2,281,205,798	1,750,332,824	669,763,095	628,270,663
Salaries, wages and benefits	138,133,560	117,500,255	44,260,237	37,853,669
Store and spares consumed	27,518,265	34,052,694	10,802,318	15,131,781
Packing material consumed	31,795,430	27,179,716	10,499,479	10,639,218
Fuel and power	256,980,382	160,952,208	88,030,886	58,531,100
Ijarah rentals	2,298,221	6,906,902	-	2,295,626
Insurance	5,079,932	2,882,341	2,076,727	1,529,230
Repair and maintenance	4,073,736	4,715,701	1,199,482	1,723,926
Other expenses	1,322,962	1,527,844	346,856	394,660
Depreciation	51,014,999	53,039,131	17,330,134	18,721,497
	<u>2,799,423,285</u>	<u>2,159,089,616</u>	<u>844,309,214</u>	<u>775,091,370</u>
Effect of work in process inventory				
Opening	20,014,761	19,487,493	18,927,736	17,600,460
Closing	(20,905,719)	(22,485,290)	(20,905,719)	(22,485,290)
	<u>(890,958)</u>	<u>(2,997,797)</u>	<u>(1,977,983)</u>	<u>(4,884,830)</u>
Cost of goods manufactured	<u>2,798,532,327</u>	<u>2,156,091,819</u>	<u>842,331,231</u>	<u>770,206,540</u>
Effect of finished goods inventory				
Opening	54,811,777	81,965,660	116,351,806	10,569,438
Closing	(76,615,318)	(68,221,852)	(76,615,318)	(68,221,852)
	<u>(21,803,541)</u>	<u>13,743,808</u>	<u>39,736,488</u>	<u>(57,652,414)</u>
	<u>2,776,728,786</u>	<u>2,169,835,627</u>	<u>882,067,719</u>	<u>712,554,126</u>

### 13. OTHER OPERATING EXPENSES

This amount includes workers' profit participation fund amounting to Rupees 10,422,979 (31 March 2013: Rupees 17,797,835) and workers' welfare fund amounting to Rupees 4,077,126 (31 March 2013: Rupees 6,763,177).

	Nine month period ended		Three month period ended	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
<b>14. TAXATION</b>				
Current	61,992,056	102,655,969	11,028,283	36,981,390
Deferred	1,815,344	24,162,370	2,648,062	(3,897,498)
	<u>63,807,400</u>	<u>126,818,339</u>	<u>13,676,345</u>	<u>33,083,892</u>



## 15. RELATED PARTY TRANSACTIONS

The related parties comprise of chief executive, directors of the Company and key management personnel. Details of transactions with related parties are as follows:

<u>Relationship with the Company</u>	<u>Nature of transactions</u>	<u>Nine month period ended</u>	
		<u>31 March 2014</u>	<u>31 March 2013</u>
		<u>Rupees</u>	<u>Rupees</u>
Chief Executive Officer & Directors	Remuneration	2,980,440	2,709,495
	Loan obtained	97,386,700	54,844,000
	Loan repaid	34,402,000	49,344,000
	Interest on loan	1,798,570	799,304
Executives	Remuneration	8,901,913	4,594,651

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 30 April 2014.

## 17. GENERAL

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

(Chief Executive Officer)

(Director)

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