

“Say No To Corruption”



**REDCO
TEXTILES LIMITED**

ISO 9001 Certified

Half Yearly Report as at 31st December 2015



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

Company Information

Board of Directors

Ms. Sarah Saif khan
Chief Executive

Mrs. Taufiqa Amanullah Khan
Mrs. Muniza Saif khan
Mrs. Samina Asad
Mr. Ashan ur Rehman Khan
Mr. Imran Zia
Mr. Khalid Rehman

Chief Financial Officer / Company Secretary

Mr. Asad Mumtaz Baloch

Auditors

Mushtaq & Co. Chartered Accountants

Audit Committee

Mrs. Taufiqa Amanullah Khan	Chairperson
Mrs. Muniza Saif khan	Member
Mrs. Samina Asad	Member
Mr. Imran Zia	Member

HR and Remuneration Committee

Ms. Sarah Saif khan	Chairperson
Mrs. Samina Asad	Member
Mr. Imran Zia	Member

Registered Office

Redco Textiles Limited, Redco Arcade, 78 -E, Blue Area, Islamabad 44000, Pakistan.
Tel: (+92-51) 2344252-5 Fax: (+92-51) 2344256 E-mail: sales@redcogroup.com

Mills

Redco Textiles Limited, 3-Km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat,
Rawalpindi.
Tel: (+92-51) 4610402-4 Fax: (+92-51) 46104041 E-mail: textiles@redcogroup.com



REDCO TEXTILES LIMITED

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Directors' Report

Dear Shareholders,

We are pleased to present our half yearly report for your Company's performance as at December 31, 2015. The six months period under review incurred loss before tax of Rs 25.5 million and after tax loss of Rs 31.5 million, as compared to the previous corresponding half year's loss before tax of Rs 31.3 million and after tax of Rs 40.8 million.

The highlights of the half year include:

- ❖ Increase in sales revenue by 0.8% (Rs 816.77 million) as compared to last year corresponding period (Rs 810.56 million).
- ❖ This half year incurred gross profit of 0.035% (Rs 284,254) as compared to gross loss of 0.3% (Rs.2.7 millions) in previous corresponding period. The textile sector is under pressure due to reduction in exports of textile products, whereas local market prices could not provide reasonable margins & the power crises have progressively deteriorated. Also increased prices of textile products have badly disturbed the production margins.

The trend in the second half is expected to be more fruitful, mainly due to reduction in fuel prices which will also impact the power costs; however overall trend is declining as the entire industry is under pressure. The management is continuously putting efforts to overcome this situation. Government notification of reduction in power cost by PM relief of Rs 3 per unit from January 2016 will help in the reduction of electricity cost, which will ultimately improve the stalled situation.

For and on behalf of the Board,

Chief Executive

Dated: February 26, 2016

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com



Illinois, USA

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Redco Textiles Limited** as at December 31, 2015, 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 (here-in-after referred to as the "interim financial information") for the half year then ended. 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.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 the 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 condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:

Date: _____

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmad Vohra, FCA



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2015

	Note	December 31, 2015	June 30, 2015
		Unaudited Rupees	Audited Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,094,809,237	1,112,301,877
Long term investment		58,670	89,620
Long term deposits		4,905,940	4,905,940
		<u>1,099,773,847</u>	<u>1,117,297,437</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		48,385,112	46,225,217
Stock in trade		431,136,653	279,962,302
Trade debts		135,005,686	138,964,860
Loans and advances		37,434,490	33,083,120
Trade deposits and short term prepayments		1,532,016	1,383,547
Income tax and sales tax refunds due from Government		57,193,376	59,610,413
Cash and bank balances		6,240,915	9,588,401
		<u>716,928,248</u>	<u>568,817,860</u>
TOTAL ASSETS		<u><u>1,816,702,094</u></u>	<u><u>1,686,115,297</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 50,000,000 (June 30, 2015: 50,000,000) ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital 49,292,600 (June 30, 2015: 49,292,600) ordinary shares of Rs. 10/-each		492,926,000	492,926,000
Reserves		3,595	34,545
Accumulated loss		(111,798,104)	(83,334,018)
		<u>381,131,491</u>	<u>409,626,527</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX		223,522,549	226,598,659
NON CURRENT LIABILITIES			
Long term financing from banking companies	6	53,846,152	69,230,768
Deferred liabilities		12,077,346	14,246,156
		<u>65,923,498</u>	<u>83,476,924</u>
CURRENT LIABILITIES			
Trade and other payables		217,343,567	152,721,479
Accrued mark up / interest		4,413,337	5,587,901
Short term borrowings from banking companies		186,237,148	75,822,422
Short term borrowings from associated undertakings		457,334,066	449,669,947
Short term borrowings from directors and others		250,027,206	251,842,206
Current portion of : Long term financing from banking companies		30,769,232	30,769,232
		<u>1,146,124,556</u>	<u>966,413,187</u>
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u><u>1,816,702,094</u></u>	<u><u>1,686,115,297</u></u>

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

Note	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees	Rupees	Rupees	Rupees
Sales - net	816,767,762	810,569,593	431,696,838	438,330,796
Cost of sales	(816,483,508)	(813,324,449)	(435,727,442)	(438,758,569)
Gross Profit / (loss)	284,254	(2,754,857)	(4,030,604)	(427,773)
Operating expenses				
Distribution cost	(3,077,609)	(3,907,211)	(1,660,853)	(2,004,791)
Administrative expenses	(10,186,883)	(12,008,077)	(4,706,163)	(6,674,093)
Other operating expenses	(807,426)	(1,342,139)	(502,295)	(686,660)
	(14,071,918)	(17,257,427)	(6,869,311)	(9,365,544)
Operating loss	(13,787,664)	(20,012,284)	(10,899,915)	(9,793,317)
Other operating income	42,361	111,419	20,768	(67,518)
Finance cost	(11,774,436)	(11,425,658)	(6,438,369)	(6,699,851)
Loss before taxation	(25,519,739)	(31,326,523)	(17,317,516)	(16,560,686)
Taxation	(6,020,456)	(9,487,870)	(2,169,747)	(5,884,957)
Loss for the period	(31,540,195)	(40,814,393)	(19,487,263)	(22,445,643)
Loss per share - basic and diluted	8 (0.64)	(0.83)	(0.40)	(0.46)

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees		Rupees	
Loss for the period	(31,540,195)	(40,814,393)	(19,487,263)	(22,445,643)
Other comprehensive loss:				
Item that may be reclassified subsequently to profit and loss				
Available for sale investment				
Fair value loss arised during the period	(30,950)	(27,705)	(30,950)	(27,705)
Total comprehensive loss for the period	<u>(31,571,145)</u>	<u>(40,842,098)</u>	<u>(19,518,213)</u>	<u>(22,473,348)</u>

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

REDCO TEXTILES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31, 2015	December 31, 2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(25,519,739)	(31,326,523)
Adjustment for non cash items:		
Depreciation	29,458,239	25,130,834
Provision for staff retirement benefits - gratuity	3,519,350	2,165,000
Finance cost	11,774,436	11,425,658
	44,752,025	38,721,492
Operating profit before working capital changes	19,232,286	7,394,969
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(2,159,896)	(6,649,750)
Stock in trade	(151,174,351)	(20,522,463)
Trade debts	3,959,174	(20,853,365)
Loans and advances	(4,351,370)	(2,163,121)
Trade deposits and short term prepayments	(148,469)	34,484,137
	(153,874,911)	(15,704,562)
Increase in current liabilities		
Trade and other payables	64,622,088	42,788,043
Cash generated from operations	(70,020,537)	34,478,449
Staff retirement benefits - gratuity paid	(3,517,030)	(2,156,500)
Interest paid	(12,949,000)	(8,181,780)
Taxes paid	(5,774,550)	(8,618,777)
	(22,240,580)	(18,957,058)
Net cash generated from operating activities	(92,261,117)	15,521,392
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment - acquired	(11,965,598)	(154,919,387)
Net cash used in investing activities	(11,965,598)	(154,919,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings from associated undertaking	7,664,119	-
Short term borrowings from directors and others - net	(1,815,000)	-
Short term borrowings from banking companies	110,414,726	31,645,845
Long term financing from directors and others	-	(3,716,952)
Long term financing from banking companies	(15,384,616)	100,000,000
Net cash generated from financing activities	100,879,229	127,928,892
Net (decrease) / increase in cash and cash equivalents	(3,347,486)	(11,469,103)
Cash and cash equivalents at the beginning of the period	9,588,401	17,955,129
Cash and cash equivalents at the end of the period	6,240,915	6,486,026

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share Capital	Reserves	Accumulated loss	Total equity
		Unrealized gain / (loss) on available for sale investment		
Rupees				
Balance as at July 01, 2014	492,926,000	75,565	(68,613,968)	424,387,597
Total comprehensive loss for the half year ended December 31, 2014	-	(27,705)	(40,814,393)	(40,842,098)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	3,099,238	3,099,238
Balance as at December 31, 2014	<u>492,926,000</u>	<u>47,860</u>	<u>(106,329,123)</u>	<u>386,644,737</u>
Balance as at July 01, 2015	492,926,000	34,545	(83,334,018)	409,626,527
Total comprehensive loss for the half year ended December 31, 2015	-	(30,950)	(31,540,195)	(31,571,145)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	3,076,109	3,076,109
Balance as at December 31, 2015	<u>492,926,000</u>	<u>3,595</u>	<u>(111,798,104)</u>	<u>381,131,491</u>

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

1 STATUS AND NATURE OF BUSINESS

Redco Textiles Limited is a Public Limited Company which commenced operations in October 1991. It was incorporated under the Companies Ordinance 1984 and is listed on the Pakistan Stock Exchange. Redco's principal activities include manufacture and sale of yarn and grey fabric. The registered office of the company is situated at 78-E, Redco Arcade, Blue Area, Islamabad.

2 BASIS OF PRESENTATION

Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended June 30, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, 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 selected notes for the half year ended December 31, 2015 which have been subject to a review but not audited. These condensed interim financial statements also include the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.



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		December 31, 2015 Unaudited Rupees	June 30, 2015 Audited Rupees
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	1,094,809,237	1,112,301,877
		1,094,809,237	1,112,301,877
5.1	Operating fixed assets		
	Opening written down value	1,112,301,877	930,753,502
	Add: Additions during the period / year	11,965,598	237,323,611
		1,124,267,475	1,168,077,113
	Less: Deletion during the period / year	-	1,009,000
	Less: Depreciation charged during the period / year	29,458,239	54,766,236
		1,094,809,237	1,112,301,877
5.1.1	Details of additions during the period / year are as follows:		
	Building on free hold land	-	41,783,459
	Plant and machinery	-	178,917,805
	Vehicles	-	1,492,863
	Generators	5,715,800	-
	Tools	6,249,798	14,957,484
	Office equipment	-	172,000
		11,965,598	237,323,611
6	LONG TERM FINANCING FROM BANKING COMPANIES		
	<i>-Secured</i>		
	Opening balance	100,000,000	-
	Received during the year	-	100,000,000
		100,000,000	100,000,000
	Payment during the year	(15,384,616)	-
		84,615,384	100,000,000
	Current portion	(30,769,232)	(30,769,232)
		53,846,152	69,230,768

6.1 In 2015 the company obtained 4 years term finance loan amounting to Rs. 100.00 million against the facility of Rs. 100 million from Bank Alfalah Limited against import of machinery. This loan is secured against personal guarantee of the directors, 1st parri passu charge of Rs.40 million over the current asset, 1st parri passu charge of Rs 295 million over the fixed asset of the company.

The loan is repayable in 13 equal quarterly installments commencing from August 11, 2015. The loan is subject to mark up at 3 month kibar plus 3% per annum. Mark up is payable quarterly. The grace period for the repayment of long term loan is 9 months from date of disbursement.



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10 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No major reclassifications have been made in these condensed interim financial statements.

11 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of directors of the company on 26th February 2016.

12 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

www.redcotextiles.com

Head Office: Redco Plaza, 4th Floor, 78-E Blue Area, Islamabad Pakistan.
Tel: (+9251) 2344252-5 Fax: (+9251) 2344256 | sales@redcogroup.com

Mills: 3 km, Rawat Kalar Seydan Road, P.O. Sagri, Rawat, Rawalpindi, Pakistan.
Tel: (+9251) 4610 402-4 | Fax: (+9251) 4610 401 | textiles@redcogroup.com