



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31st March 2014

Company Information

Board of Directors

Ms. Sarah Saif khan
Chief Executive

Mrs. Taufiq Khanum
Mrs. Muniza Saif khan
Mrs. Samina Asad
Mr. Ashan ur Rehman Khan
Mr. Imran Zia
Mr. Khalid Rehman

Company Secretary & Chief Financial Officer

Mr. Asad Mumtaz Baloch

Head of Internal Audit

Mr. Zeeshan Karim

Auditors

Mushtaq & Co. Chartered Accountants

Audit Committee

Mrs. Taufiq Khanum	Chairperson
Mrs. Muniza Saif khan	Member
Mrs. Samina Asad	Member
Mr. Imran Zia	Member

Registered Office

Redco Textiles Limited, Redco Arcade, 78-E, Blue Area, Islamabad 4400, Pakistan.
Tel: (+92-51) 2271362-5 Fax: (+92-51) 2274336 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

ISO 9001 2000 Certified

Directors' Report

Dear Shareholders,

We are pleased to present our quarterly report of your company's performance as at March 31, 2014.

The nine months period under review incurred Profit before tax of Rs. 24.015 million and profit after tax of Rs. 6.764 million, as compared to the previous corresponding nine months period profit before tax of Rs. 24.421 million and profit after tax of Rs. 17.316 million.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 5.3 % to Rs. 1,758.850 million.
- ❖ Increase in gross profit to 3.27% as compared to 3.21% in March 2013.
- ❖ Decrease in financial cost by 10.24% to Rs. 9.091million from Rs 10.127 million last nine months.

The growth in sales was driven by higher volume while spinning margins came under pressure due to excess supply, slower domestic demand growth and rising input cost. Market is under pressure due to decrease in US\$ exchange rate but as per our previous plan our automated cotton cleaning machine shipment have arrived and started working, so we would be able to decrease our labor cost. Our new cards for spinning machines also arrived and will come in operation, consequently increase in production and special quality yarns will help us to recover our position in the situation where lot of textile units curtailing their operations.

Looking forward to further improve profitability so as to recover our accumulated losses and further improve our financial position.

We wish to place on record our appreciation for the dedication & hard work of the staff & members of the company.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: April 28, 2014.

REDCO TEXTILES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

	March 31, 2014	Restated	
		June 30, 2013	June 30, 2012
	Unaudited	Audited	Audited
	Rupees	Rupees	Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	917,280,033	924,455,999	968,759,577
Long term investment	120,565	114,375	80,220
Long term deposits and prepayments	4,905,940	4,905,940	4,855,940
	<u>922,306,538</u>	<u>929,476,314</u>	<u>973,695,737</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	50,600,940	34,496,210	33,430,997
Stock in trade	369,058,146	277,216,929	292,714,290
Trade debts	200,219,401	244,272,544	168,596,021
Loans and advances	82,256,620	45,659,566	49,933,354
Trade deposits and short term prepayments	1,504,334	719,394	721,337
Tax refunds due from Government	35,542,607	37,366,565	33,913,179
Cash and bank balances	23,067,715	20,974,235	15,783,323
	<u>762,249,763</u>	<u>660,705,443</u>	<u>595,092,501</u>
TOTAL ASSETS	<u>1,684,556,301</u>	<u>1,590,181,757</u>	<u>1,568,788,238</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 50,000,000 (June 30, 2013: 50,000,000) ordinary shares of Rs. 10/- each	500,000,000	500,000,000	500,000,000
Issued, subscribed and paid up capital 49,292,600 (June 30, 2013: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000	492,926,000
Reserves	65,490	59,301	25,146
Accumulated loss	(71,740,643)	(83,251,623)	(101,163,375)
	<u>421,250,847</u>	<u>409,733,678</u>	<u>391,787,771</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX	227,267,456	232,014,914	236,730,339
NON CURRENT LIABILITIES			
Long term financing from associated undertakings - unsecured	417,184,624	417,184,624	432,184,624
Long term financing from directors and others- unsecured	204,524,629	204,524,629	214,524,629
Deferred liabilities	20,907,699	20,636,827	14,961,538
	<u>642,616,952</u>	<u>642,346,080</u>	<u>661,670,791</u>
CURRENT LIABILITIES			
Trade and other payables	256,137,029	192,444,961	151,868,793
Accrued mark up / interest	3,210,943	3,091,583	4,285,121
Short term borrowings	119,073,074	85,550,541	85,000,748
Current portion of long term financing from associated undertakings	15,000,000	15,000,000	-
Current portion of long term financing from directors and others	-	10,000,000	37,444,675
	<u>393,421,045</u>	<u>306,087,086</u>	<u>278,599,337</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	<u>1,684,556,301</u>	<u>1,590,181,757</u>	<u>1,568,788,238</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 NINE MONTHS ENDED MARCH 31, 2014

	Nine Months Ended		Quarter Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees		Rupees	
Sales - net	1,758,850,052	1,670,914,957	582,449,124	639,350,110
Cost of sales	(1,701,402,659)	(1,617,307,101)	(570,675,250)	(624,824,969)
Gross profit	57,447,393	53,607,856	11,773,874	14,525,141
Operating expenses				
Distribution cost	(5,624,055)	(5,161,035)	1,295,473	(1,386,325)
Administrative expenses	(16,226,452)	(11,327,481)	(2,787,453)	(1,573,659)
Other operating expenses	(2,018,980)	(2,393,406)	(668,916)	(478,979)
	(23,869,487)	(18,881,922)	(2,160,896)	(3,438,963)
Operating income	33,577,906	34,725,934	9,612,977	11,086,178
Other operating income	1,503,243	825,053	368,316	707,986
Finance cost	(9,090,814)	(10,127,350)	(3,982,015)	(4,598,052)
Workers profit participation fund	(1,299,517)	(749,600)	(299,731)	(749,600)
Workers welfare fund	(675,633)	(253,480)	(193,538)	(253,480)
Profit before taxation	24,015,186	24,420,557	5,506,008	6,193,032
Taxation	(17,251,663)	(7,104,094)	(5,380,139)	(3,537,993)
Profit for the period	6,763,523	17,316,463	125,869	2,655,039
Earnings per share - basic and diluted	0.14	0.35	0.003	0.05

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

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,015,186	24,420,557
Adjustment for non cash items:		
Depreciation	37,259,311	36,250,166
Provision for staff retirement benefits	3,242,000	4,800,000
Provision for workers' profit participation fund	1,299,517	749,600
Provision for workers welfare fund	675,633	253,480
Finance cost	9,090,814	10,127,350
	51,567,275	52,180,596
Operating profit before working capital changes	75,582,460	76,601,153
(Increase) / decrease in current assets		
Stores, spares and loose tools	(16,104,730)	1,461,918
Stock in trade	(91,841,217)	(157,902,369)
Trade debts	44,053,144	(33,206,254)
Advances, deposits, prepayments and other receivables	(37,381,994)	270,914
	(101,274,798)	(189,375,791)
Increase / (decrease) in current liabilities		
Trade and other payables	61,716,918	78,254,640
Cash generated from / used in operations	36,024,581	(34,519,998)
Staff retirement benefits paid	(3,197,665)	(4,616,211)
Interest paid	(8,971,454)	(10,688,881)
Taxes paid	(15,201,169)	(12,180,931)
	(27,370,288)	(27,486,023)
Net cash generated from / used in operating activities	8,654,293	(62,006,021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(30,083,346)	(5,316,197)
Net cash used in investing activities	(30,083,346)	(5,316,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from associated undertakings	-	(1,293,510)
Loan obtained / (paid) from directors and others	(10,000,000)	-
Short term borrowings - net	33,522,533	74,396,229
Net cash generated from financing activities	23,522,533	73,102,719
Net (decrease)/ increase in cash and cash equivalents	2,093,480	5,780,501
Cash and cash equivalents at the beginning of the period	20,974,235	15,783,323
Cash and cash equivalents at the end of the period	23,067,715	21,563,824

The annexed notes form an integral part of these 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 NINE MONTHS ENDED MARCH 31, 2014

	Nine Months Ended		Quarter Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees		Rupees	
Profit for the period after taxation	6,763,523	17,316,463	125,869	2,655,039
Other comprehensive income:				
Available for sale financial assets				
Gain / (loss) arised during the period	6,189	21,750	(17,615)	21,750
Total comprehensive income for the period	<u>6,769,711</u>	<u>17,338,213</u>	<u>108,254</u>	<u>2,676,789</u>

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

CHIEF EXECUTIVE

DIRECTOR

REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
	Rupees			
Balance as at July 01, 2012 - as originally reported	492,926,000	(101,163,375)	25,146	391,787,771
Effect of retrospective application of change in an accounting policy referred in note 3.3	-	(4,246,960)	-	(4,246,960)
Balance as at July 01, 2012 - as restated	492,926,000	(105,410,335)	25,146	387,540,811
Total comprehensive income for the nine months ended March 31, 2013	-	17,316,463	21,750	17,338,213
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,997,324	-	4,997,324
Balance as at March 31, 2013	492,926,000	(83,096,548)	46,896	409,876,348
Balance as at July 01, 2013 - as restated	492,926,000	(83,251,623)	59,301	409,733,678
Total comprehensive income for the nine months ended March 31, 2014	-	6,763,523	6,189	6,769,712
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,747,458	-	4,747,458
Balance as at March 31, 2014	492,926,000	(71,740,643)	65,490	421,250,848

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

CHIEF EXECUTIVE

DIRECTOR



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REDCO TEXTILES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

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 Karachi and Lahore Stock Exchanges. Redco's principal activities include manufacture and sale of yarn and greige 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 30th June, 2013.

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

These financial statements have been prepared in accordance with the approved financial reporting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directive take precedence.

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, 2013, except as mentioned in note 3.3.
- 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.
- 3.3 During the period, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated

Effects of the change in the accounting policy have been summarized below:

	As at	
	30-Jun-13	30-Jun-12
	-----Rupees-----	
Impact on Balance Sheet		
Increase in the retirement benefits obligation	14,415,941	6,533,785
Decrease in deferred taxation	4,901,420	2,286,825
Decrease in accumulated profits	9,514,521	4,246,960
	Year ended	
	30-Jun-13	30-Jun-12
	-----Rupees-----	
Impact on profit and loss account		
Increase in profit and loss account	1,152,636	49,994
Decrease in deferred taxation - current year	2,614,595	2,286,825
Decrease in other comprehensive income	9,034,792	5,451,621

4 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of Directors of the Company on 28th April 2014.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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