

Reliance Weaving Mills Limited

Quarter Ended

September 30, 2011



Fatima Group

Reliance Weaving Mills Limited

Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2011

	Un-audited 30 September 2011	Audited 30 June 2011		Un-audited 30 September 2011	Audited 30 June 2011
Note			Note		
EQUITY AND LIABILITIES			ASSETS		
Share capital and reserves			Non-current assets		
Authorized capital			Property, plant and equipment	7	2,877,737
40,000,000 (2011: 40,000,000) ordinary shares of Rs. 10 each	400,000	400,000	Intangible assets		546
30,000,000 (2011: 30,000,000) preference shares of Rs. 10 each	300,000	300,000	Long term deposits		16,005
	<u>700,000</u>	<u>700,000</u>			<u>2,894,288</u>
Issued, subscribed and paid up capital	308,109	308,109	Deferred tax asset		31,247
Reserves	311,049	288,224			7,247
Unappropriated profit	897,671	895,045			
	<u>1,516,829</u>	<u>1,491,378</u>			
Surplus on revaluation of fixed assets	452,271	452,271			
Non-current liabilities					
Long term finances	563,724	543,465			
Loans from related parties - subordinated loan	3,800	3,800			
Liabilities against asset subject to finance lease	34,638	26,243			
Deferred liabilities	25,223	22,564			
	<u>627,385</u>	<u>596,072</u>			
Current liabilities			Current assets		
Current portion of non-current liabilities - secured	261,734	258,498	Stores, spares and loose tools		181,826
Finances under mark up arrangements and other credit facilities - secured	2,224,064	2,296,531	Stock in trade		1,025,966
Trade and other payables	357,295	400,852	Trade debts		885,348
Markup accrued	85,303	101,204	Loans and advances	8	181,850
	<u>2,928,396</u>	<u>3,057,085</u>	Trade deposits and prepayments		19,205
			Other receivables		650
			Short term investments	9	194,681
			Tax refunds due from the government		72,162
			Cash and bank balances		37,658
					<u>2,599,346</u>
Contingencies and commitments	-	-			<u>2,800,870</u>
	<u>5,524,881</u>	<u>5,596,806</u>			<u>5,524,881</u>
					<u>5,596,806</u>

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

Reliance Weaving Mills Limited
Condensed Interim Profit and Loss Account (Un-audited)

For the period ended 30 September 2011

Three months ended 30 September

	Note	2011	2010
------(Rs in '000)-----			
Sales - net	10	2,249,572	1,908,520
Cost of sales		(2,111,098)	(1,532,668)
Gross profit		<u>138,474</u>	<u>375,852</u>
Distribution and marketing expenses		(27,191)	(22,826)
Administration expenses		(24,258)	(21,004)
Other operating expenses		(4,423)	(23,705)
Finance cost		(102,001)	(80,957)
Other operating income		20,112	11
Profit before tax		<u>713</u>	<u>227,371</u>
Taxation		1,913	(116,920)
Profit after tax		<u><u>2,626</u></u>	<u><u>110,451</u></u>
Earnings per share		<u><u>0.09</u></u>	<u><u>3.58</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial informati

Chief Executive Officer

Director

Reliance Weaving Mills Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended 30 September 2011

	Three months ended 30 September	
	2011	2010
	------(Rs in '000)-----	
Profit for the period	2,626	110,451
Other comprehensive income		
Gain/ (loss) on remeasurement of investment at fair value	22,825	(23,260)
Deferred tax	-	1,400
	22,825	(21,860)
Total comprehensive income for the period	25,451	88,591

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

Chief Executive Officer

Director

Reliance Weaving Mills Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the period ended 30 September 2011

		Three months ended 30	
		2011	2010
<i>Note</i>		---(Rs in '000)-----	
Cash flows from operating activities			
Cash generated from/ (used in) operations	11	360,516	(47,046)
Finance cost paid		(115,154)	(94,868)
Workers' profit participation fund paid		(29,038)	-
Taxes paid - net		(20,052)	(14,374)
Staff retirement benefits paid		(2,303)	(1,738)
Net cash generated from/ (used in) operating activities		193,969	(158,026)
Cash flows from investing activities			
Fixed capital expenditure		(132,870)	(264,601)
Proceed from disposal of property plant and equipment		6,690	-
Long term deposits		(291)	-
Net cash (used in) investing activities		(126,471)	(264,601)
Cash flows from financing activities			
Proceeds from long term finances		93,000	230,321
Repayment of long term finances		(69,815)	(88,113)
Net cash generated from financing activities		23,185	142,208
Net increase/ (decrease) in cash and cash equivalents		90,683	(280,419)
Cash and cash equivalents at beginning of the period		(2,277,089)	(1,723,144)
Cash and cash equivalents at end of the period	12	(2,186,406)	(2,003,563)

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

Chief Executive Officer

Director

Reliance Weaving Mills Limited
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the period ended 30 September 2011

	Share capital	Capital reserve		Revenue reserve		Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit	
-----Rupees '000'-----						
Balance as at 30 June 2010	308,109	41,081	42,631	254,000	391,346	1,037,167
Total comprehensive income for the period	-	-	(21,860)	-	110,451	88,591
Balance as at 30 September 2010	308,109	41,081	20,771	254,000	501,797	1,125,758
Balance as at 30 June 2011	308,109	41,081	66,627	180,516	895,045	1,491,378
Total comprehensive income for the period	-	-	22,825	-	2,626	25,451
Balance as at 30 September 2011	308,109	41,081	89,452	180,516	897,671	1,516,829

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

 Chief Executive Officer

 Director

Reliance Weaving Mills Limited
Notes to Condensed Interim Financial Statements (Un-audited)

For the period ended 30 September 2011

1 Nature and status of the company

Reliance Weaving Mills Limited ("the Company") is incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at Second Floor, Trust Plaza, L.M.Q. Road, Multan.

2 Basis of preparation

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

These condensed interim financial information is presented in Pak Rupees which is the Company's functional and presentation currency.

3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2011.

4 Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income 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 uncertainty were the same as those applied to the financial statements for the year ended 30 June 2011.

5 Long term finances

		(Un-audited) 30 September 2011	Audited 30 June 2011
------(Rs in '000)-----			
Loan from financial institutions - secured	5.1	819,032	795,846
Less: current portion		(255,308)	(252,381)
		<u>563,724</u>	<u>543,465</u>

5.1 The movement of long term financing during three months ended 30 September 2011 is as follows:

		(Un-audited) 30 September 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
Opening balance		795,846	621,896
Loan obtained during the period/year	5.2	<u>93,000</u>	<u>445,026</u>
		888,846	1,066,922
Loan repaid during the period/year		<u>(69,814)</u>	<u>(271,076)</u>
Closing balance		<u>819,032</u>	<u>795,846</u>

5.2 This represents long term financing facility under SBP LTFF scheme, obtained from the following commercial bank secured against present and future fixed assets of the Company.

Particulars	Amount of loan (Rs in '000)	Number of remaining installments	Interest payable
National Bank of Pakistan	93,000	12 equal half yearly installments, commencing on 11 July 2012	Quarterly

6 Contingencies and commitments

Contingencies

There is no significant change in contingencies since the last audited published financial statements for the year ended 30 June 2011 except the following.

- (i) Foreign bills discounted outstanding as at 30 September 2011 aggregated Rs. 602.491 million (30 June 2011: Rs. 366.976 million).

		(Un-audited) 30 September 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
Commitments			
<i>Letters of credit for:</i>			
- capital expenditures		16,973	117,372
- other than capital expenditures		<u>88,790</u>	<u>16,747</u>
		<u>105,763</u>	<u>134,119</u>

		(Un-audited) 30-Sep 2011	Audited 30 June 2011
------(Rs in '000)-----			
7	Property, plant and equipment		
	Operating assets	7.1 2,877,198	2,768,841
	Capital work in progress	539	3,561
		<u>2,877,737</u>	<u>2,772,402</u>
	7.1 Operating assets		
	Opening balance of written down value	2,768,841	2,322,905
	Additions during the period / year	7.1.1 144,597	592,543
	Book value of operating assets disposed off during the period / year	7.1.1 (5,656)	(34,467)
	Depreciation charged during the period / year	(30,584)	(112,140)
	Net book value of operating assets	<u>2,877,198</u>	<u>2,768,841</u>

Three months ended 30 September 2011

	Additions	Disposal
------(Rs in '000)-----		
7.1.1 Cost of additions		
Buildings	289	-
Plant and machinery	131,057	(5,492)
Electric installations	137	-
Factory equipment	16	-
Office equipment	352	(13)
Electric appliances	134	-
Furniture and fixtures	120	-
Vehicles	12,492	(151)
	<u>144,597</u>	<u>(5,656)</u>

	(Un-audited) 30 September 2011	Audited 30 June 2011
------(Rs in '000)-----		
8	Loans and advances	
	Advances - considered good	
	- To employees	49,700
	- To suppliers	117,889
	Advances for issue of shares - related party	8,352
	Due from related parties	3,611
	Letters of credit - margins, deposits, opening charges, etc.	2,298
		526
		<u>181,850</u>
		<u>122,929</u>

9	Short term investment - available for sale	(Un-audited) 30 September 2011	Audited 30 June 2011
		------(Rs in '000)-----	
Fatima Fertilizer Company Limited			
	10,327,902 (2011: 18,030,636) fully paid ordinary shares of Rs. 10 each	171,856	225,924
	Shares transferred as specie dividend Nil (2011: 7,702,734) ordinary shares	-	(75,333)
		<u>171,856</u>	<u>150,591</u>
	Fair value adjustment	22,825	21,265
		<u>194,681</u>	<u>171,856</u>

9.1 Fatima Fertilizer Company Limited is an associated undertaking as per Companies Ordinance, 1984 however, for the purpose of measurement this has been classified as available for sale as the Company cannot exercise significant influence over the operating and financial decisions of this associate.

10	Sales - net	Three months ended 30 September	
		2011	2010
		------(Rs in '000)-----	
	Export	1,739,742	1,245,058
	Local	516,920	651,344
	Waste	27,391	39,907
		<u>2,284,053</u>	<u>1,936,309</u>
	Less: Commission	(34,670)	(28,332)
		<u>2,249,383</u>	<u>1,907,977</u>
	Add: Doubling income	-	306
	Export rebate	189	237
		<u>189</u>	<u>543</u>
		<u>2,249,572</u>	<u>1,908,520</u>

Three months ended 30 September

	2011	2010
	------(Rs in '000)-----	
11 Cash generated from operations		
Profit before tax	713	227,371
Adjustments for:		
Depreciation on property, plant and equipment	30,584	25,402
Amortization of intangible assets	29	29
Staff retirement benefits accrued	4,962	16,033
Gain on disposal of property, plant and equipment	(1,034)	-
Provision for WPPF/WWF	(16,890)	17,093
Unrealised loss on derivative financial instruments	(1,330)	-
Interest on workers' profit participation fund	-	1,080
Finance cost (excluding loss)	99,253	81,225
Cash flow from operating activities before working capital changes	116,287	368,233
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	2,739	(8,395)
- Stock in trade	646,037	(195,301)
- Trade debts	(310,624)	(178,580)
- Loans and advances	(58,921)	(23,683)
- Trade deposits and prepayments	(18,493)	(12,148)
- Tax refunds due from government (excluding income tax)	(20,210)	(1,267)
- Other receivables	-	1,580
Increase in current liabilities		
- Trade and other payables (excluding WPPF/ WWF)	3,701	2,515
	244,229	(415,279)
Cash (used in)/ generated from operations	360,516	(47,046)

As at 30 September

	2011	2010
	------(Rs in '000)-----	
12 Cash and cash equivalents		
Cash and bank balances	37,658	10,481
Finances under mark up arrangements and other credit facilities - secured	(2,224,064)	(2,014,044)
Cash and cash equivalents	(2,186,406)	(2,003,563)

13 Segment Reporting

13.1 Reportable segments

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of greige fabric using yarn

Information regarding the Company's reportable segments is presented below:

13.2 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segments

	Spinning		Weaving		(Elimination of inter-segment transactions)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Three months ended 30 September	-----Rupees '000'-----							
Sales - net	1,018,772	962,508	1,904,126	1,512,545	(673,326)	(566,533)	2,249,572	1,908,520
Cost of sales	(962,100)	(728,310)	(1,822,324)	(1,370,891)	673,326	566,533	(2,111,098)	(1,532,668)
Gross profit	56,672	234,198	81,802	141,654	-	-	138,474	375,852
Distribution and marketing expenses	(2,669)	(3,086)	(24,522)	(19,740)	-	-	(27,191)	(22,826)
Administrative expenses	(9,425)	(8,192)	(14,833)	(12,812)	-	-	(24,258)	(21,004)
Finance cost	(50,185)	(32,779)	(51,816)	(48,178)	-	-	(102,001)	(80,957)
	(62,279)	(44,057)	(91,171)	(80,730)	-	-	(153,450)	(124,787)
(Loss)/ profit before tax and unallocated expenses	(5,607)	190,141	(9,369)	60,924	-	-	(14,976)	251,065
Unallocated income and expenses								
Other operating expenses							(4,423)	(23,705)
Other operating income							20,112	11
Taxation							1,913	(116,920)
Profit after taxation							2,626	110,451

13.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in the annual financial statements.

13.3 Segment assets

Reportable segments' assets are reconciled to total assets as follows:

	Spinning		Weaving		Total	
	30-Sep-11	30-Jun-11	30-Sep-11	30-Jun-11	30-Sep-11	30-Jun-11
	-----Rupees '000'-----					
Segment assets for reportable segment						
Operating fixed assets	1,441,284	1,430,626	1,435,914	1,338,215	2,877,198	2,768,841
Stores, spares and loose tools	97,960	101,509	83,866	83,056	181,826	184,565
Stock in trade	393,121	777,522	632,845	894,482	1,025,966	1,672,004
	<u>1,932,365</u>	<u>2,309,657</u>	<u>2,152,625</u>	<u>2,315,753</u>	<u>4,084,990</u>	<u>4,625,410</u>
Unallocated corporate assets					1,439,891	971,396
Total assets as per balance sheet					<u><u>5,524,881</u></u>	<u><u>5,596,806</u></u>
13.4 Segment liabilities						
Segment liabilities for reportable segment	<u>325,557</u>	<u>359,435</u>	<u>534,539</u>	<u>468,771</u>	<u>860,096</u>	<u>828,206</u>
Unallocated corporate liabilities					4,664,785	4,768,600
Total assets as per balance sheet					<u><u>5,524,881</u></u>	<u><u>5,596,806</u></u>

14 Transactions with related parties

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

	Three months ended 30 September	
	2011	2010
	----- (Rs in '000) -----	
Transactions with associated undertakings		
Sale of goods and services	-	9,784
Purchase of goods	46,621	28,608
Mark up charged	331	-
Shares purchased	-	-
Repayment of Long term loan	-	-
Transactions with key management personnel		
<i>Remuneration under the terms of employment to:</i>		
Director	705	705
Executives	2,524	2,013
Others		
Donations	4,423	6,400

15 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

16 Date of authorization

These condensed interim financial statements are authorized for issue by the Board of Directors of the Company on 31 October 2011.

17 General

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Corresponding figures have been rearranged/regrouped, wherever necessary for the purpose of comparison. However no significant rearrangement have been made.

Chief Executive Officer

Director