



Reliance Weaving  
Mills Limited  
A Fatima Group Company

## 1st Quarterly Accounts

September 30, 2018  
(Un-Audited)





# **1st Quarterly Accounts**

September 30, 2018  
(Un-Audited)

# Company Information

## Board of Directors

### Non-Executive Directors

Mr. Fawad Ahmed Mukhtar (Chairman)  
Mr. Fahd Mukhtar  
Mrs. Fatima Fazal

### Executive Directors

Mr. Fazal Ahmed Sheikh  
Mr. Faisal Ahmed Mukhtar

### Independent Directors

Dr. M. Shaukat Malik  
Mr. Shahid Aziz

## Board Committees

### Audit Committee

Mr. Shahid Aziz (Chairman)  
Mr. Fahd Mukhtar (Member)  
Dr. M. Shaukat Malik (Member)  
Mr. Aftab Ahmed Qaiser (Secretary)

### HR & Remuneration Committee

Dr. M. Shaukat Malik (Chairman)  
Mr. Faisal Ahmed Mukhtar (Member)  
Mr. Fahd Mukhtar (Member)  
Mr. Asad Jan (Secretary)

### Risk Management Committee

Mr. Faisal Ahmed Mukhtar (Chairman)  
Mr. Shahid Aziz (Member)  
Dr. M. Shaukat Malik (Member)  
Mr. Basharat Hashmi (Secretary)

## Executive Management Team

### Chief Executive Officer

Mr. Fazal Ahmed Sheikh

### GM Weaving

Mr. Ikram Azeem

### Chief Financial Officer

Mr. Waheed Ahmed

### GM Spinning (Multan)

Mr. Muhammad Shoab Alam

### Company Secretary

Mr. Aftab Ahmed Qaiser

### GM Marketing

Mr. Khawaja Sajid  
Mr. Aqeel Saifi

## Auditors & Shares Registrar

### External Auditors

Shine wing Hameed Chaudhri & Co.  
Chartered Accountants,  
HM House, 7-Bank Square, Lahore.

### Shares Registrar

M/s CDC Pakistan Ltd, Mezzanine Floor,  
19 - Khyaban-e-Aiwan-e-Iqbal, LSE Plaza Lahore.  
info@cdc.pak.com & basharat.hashmi@fatima-group.com

## Bankers /Financial Institutions

Bank Islami Pakistan Ltd  
Al -Baraka Bank Pakistan Ltd  
Habib Metropolitan Bank Ltd  
Dubai Islamic Bank Pakistan Ltd  
Pak China Investment Company Ltd  
Pak Libya Holding Company (Pvt) Ltd  
Pak Brunei Investment Company Ltd  
Standard Chartered Bank (Pakistan) Ltd  
Askari Bank Ltd (Islamic banking Services)

MCB Bank Ltd  
Sindh Bank Ltd  
Habib Bank Ltd  
Faysal Bank Ltd  
Soneri Bank Ltd  
Samba Bank Ltd  
United Bank Ltd  
Summit Bank Ltd  
Meezan Bank Ltd

Allied Bank Ltd  
Bank Al Falah Ltd  
The Bank of Punjab  
The Bank of Khyber  
First Habib Modaraba  
National Bank of Pakistan  
Saudi Pak Industrial and  
Agricultural Investment Company Ltd

## Sites Address

### Unit # 1,2,4 & 5

Fazalpur Khanewal Road, Multan.  
Phone & Fax 061-6740020-3 & 061-6740039

### Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.  
Phone & Fax 051-4611579-81 & 051-4611097

## Business Offices

### Registered Office

2nd Floor Trust Plaza, LMQ Road, Multan.  
Tel # 061-4512031-2, 061-4546238  
Fax # 061-4511677, 061-4584288  
e mail: info@fatima-group.com

### Head Office

E-110, Khyaban-e-Jinnah Lahore.  
Tel # 042-35909449, 042-111-328-462,  
Fax: 042-36621389  
Website: www.fatima-group.com

## Director's Reveiw To The Members

Dear Members,

On the behalf of the Board of Directors, I am pleased to present 1st quarterly Financial results of the Company for the period ended September 30, 2018.

### Financial Highlights

The Company earned net profit Rs 131 million during the period as compared to Rs. 2 million. EBITDA has improved from Rs 237 million to Rs 404 million. The improvement in profitability was due to cotton purchased during last season at competitive prices. Power cost increased by Rs 37 million as compared to corresponding period last year due to increase in utility prices.

Cotton production in Pakistan and in international market is expected to remain low due to multiple factors. The trade war between China and USA has direct impact on cotton price which creates uncertainty in cotton prices in the long term. Government has recently announced reduction in Gas/RLNG prices for export-oriented industry to boost the export of the country which will make textile industry more competitive in the international market.

On Behalf of Board of Directors



**Fazal Ahmed Sheikh**  
(Chief Executive Officer)

**Date:** October 30, 2018  
**Place:** Lahore

## ڈائریکٹرز کی رپورٹ

اراکین محترم،

بورڈ آف ڈائریکٹرز کی طرف سے، میں 30 ستمبر، 2018 کو ختم ہونے والی مدت کے لئے کمپنی کے پہلے سہ ماہی مالی بیانات پیش کرنے کے لئے بہت خوش ہوں۔

### مالی اہمیت:

کمپنی کو اس مدت کے دوران 2 ملین کے مقابلے میں 131 ملین روپے کا منافع ہوا۔ ای بی آئی ٹی ڈی اے 237 ملین روپے سے 404 ملین روپے بڑھا۔ گزشتہ (EBITDA) موسم کے دوران مسابقتی قیمت پر کپاس خریدنے کی وجہ سے منافع میں بہتری ہوئی۔ افادی قیمتوں میں اضافے کی وجہ سے گزشتہ سال کے مقابلے میں بجلی کی لاگت 37 ملین روپے بڑھ گئی۔

پاکستان اور بین الاقوامی مارکیٹ میں کپاس کی پیداوار متعدد عوامل کے باعث کم رہے گی۔ چین اور امریکہ کے درمیان تجارتی جنگ کا کپاس کی قیمت پر براہ راست اثر پڑتا ہے، جس کی وجہ سے طویل عرصے تک کپاس کی قیمتوں میں غیر یقینی پیدا ہوتی ہے۔ حکومت نے حال ہی میں ملک کے برآمد کو فروغ دینے کے لئے برآمد شدہ صنعت میں گیس / آرائل این جی کی قیمتوں میں کمی کا اعلان کیا ہے، یہ قدم ٹیکسٹائل انڈسٹری کو بین الاقوامی مارکیٹ میں زیادہ مسابقتی بنائے گا۔

30 اکتوبر، 2018

لاہور

فضل احمد شیخ

چیف ایگزیکٹو آفیسر

## Condensed Interim Statement of Financial Position (Un-audited)

	Note	Un-audited September 30, 2018	Audited June 30, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	5,578,434	5,633,486
Intangible assets		3,437	3,674
Long term investments	5	836,580	837,700
Long term deposits		21,054	21,019
Deferred tax asset		66,140	66,140
		6,505,645	6,562,019
<b>Current assets</b>			
Stores, spares and loose tools		235,472	220,724
Stock-in-trade		3,658,921	3,222,131
Trade debts		1,567,539	2,005,913
Loans and advances	6	372,605	263,590
Prepayments and other receivables		69,486	27,214
Short term investments	7	119,687	106,535
Tax refunds & export rebate due from the government		694,382	779,696
Cash and bank balances		67,051	79,087
		6,785,143	6,704,890
<b>TOTAL ASSETS</b>		<b>13,290,788</b>	<b>13,266,909</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		700,000	700,000
Issued, subscribed and paid-up share capital		308,109	308,109
Reserves		189,087	175,935
Revaluation surplus on freehold land		949,486	949,486
Unappropriated profit		2,100,039	1,968,262
		3,546,721	3,401,792
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term finances	8	1,453,503	1,199,425
Liabilities against assets subject to finance lease		11,127	14,404
Staff retirement benefits - gratuity		283,533	267,705
		1,748,163	1,481,534
<b>Current liabilities</b>			
Trade and other payables		1,432,311	1,322,614
Unclaimed dividend		16,197	16,216
Markup accrued		140,565	159,678
Short term borrowings		5,818,904	6,080,170
Current portion of non-current liabilities		549,788	669,476
Taxation		38,139	135,429
		7,995,904	8,383,583
<b>Total liabilities</b>		9,744,067	9,865,117
<b>Contingencies and commitments</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,290,788</b>	<b>13,266,909</b>

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

  
Chief Financial Officer

  
Director

  
Chief Executive

## Condensed Interim Statement of Profit or Loss Account (Un-audited)

For the period ended September 30, 2018

Note	Three months period ended	
	September 30 2018	September 30 2017
	-----Rs in "000"-----	
Sales - net	10 3,242,090	3,334,450
Cost of sales	<u>(2,813,820)</u>	<u>(3,089,120)</u>
Gross profit	428,270	245,330
Distribution and marketing expenses	(28,070)	(34,735)
Administrative expenses	(40,862)	(36,133)
Other expenses	(15,546)	(6,208)
Other income	1,623	7,879
	<u>(82,855)</u>	<u>(69,197)</u>
Profit from operations	345,415	176,133
Finance cost	<u>(174,378)</u>	<u>(135,001)</u>
	171,037	41,132
Share of loss of associates	<u>(1,120)</u>	<u>(1,326)</u>
Profit before taxation	169,917	39,806
Provision for taxation	<u>(38,140)</u>	<u>(37,319)</u>
Profit after Taxation	<u>131,777</u>	<u>2,487</u>
Earnings per share	<u>4.28</u>	<u>0.08</u>

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

  
Chief Financial Officer

  
Director

  
Chief Executive



# Condensed Interim Statement Of Comprehensive Income (Un-audited)

For the period ended September 30, 2018

	Three months period ended	
	September 30 2018	September 30 2017
	-----Rs in "000"-----	
Profit after taxation	131,777	2,487
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to statement of profit or loss:</b>		
- Gain on remeasurement of available -for sale investment	13,152	945
<b>Items that may not be reclassified subsequently to statement of profit or loss:</b>		
-Surplus arisen upon revaluation of freehold land	-	315,161
Total comprehensive income for the period	<u>144,929</u>	<u>318,593</u>

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

  
Chief Financial Officer

  
Director

  
Chief Executive


# Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended September 30, 2018

		Three months period ended September 30	
		2018	2017
Note		-----Rs in '000'-----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Cash generated from operations	11 343,084	846,385
	Finance cost paid	(193,491)	(105,087)
	Taxes paid - net	(22,019)	(9,263)
	Staff retirement benefits paid	(4,637)	(5,622)
	<b>Net cash generated from operating activities</b>	<b>122,937</b>	<b>726,413</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Fixed capital expenditures	(5,038)	(154,662)
	Sale proceeds of operating fixed assets	272	236
	Long term deposits	(35)	(571)
	<b>Net cash used in investing activities</b>	<b>(4,801)</b>	<b>(154,997)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Proceeds from long term finances	300,000	124,233
	Repayment of long term finances	(165,601)	(372,583)
	(Decrease) / increase in lease liability	(3,287)	7,348
	Short term borrowings - net	(261,266)	(372,478)
	Dividend paid	(18)	-
	<b>Net cash used in financing activities</b>	<b>(130,172)</b>	<b>(613,480)</b>
	<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(12,036)</b>	<b>(42,064)</b>
	<b>Cash and cash equivalents at beginning of the period</b>	<b>79,087</b>	<b>96,630</b>
	<b>Cash and cash equivalents at end of the period</b>	<b>67,051</b>	<b>54,566</b>

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

  
Chief Financial Officer

  
Director

  
Chief Executive

# Condensed Interim Statement of Changes in Equity (Un-audited)

For the period ended September 30, 2018

	Capital reserve		Revenue reserve			Total
	Share capital	Share premium surplus on freehold land	Revaluation	Fair value reserve	General reserve	
	Rupees in '000'					
Balance as at July 01, 2018 (audited)	308,109	41,081	949,486	60,682	74,172	1,968,262
Profit for the three months period ended September 30, 2017	-	-	-	-	-	131,777
Other comprehensive income	-	-	-	13,152	-	13,152
Total comprehensive income for the period	-	-	-	13,152	-	131,777
<b>Balance as at September 30, 2018 (Un-audited)</b>	<b>308,109</b>	<b>41,081</b>	<b>949,486</b>	<b>73,834</b>	<b>74,172</b>	<b>2,100,039</b>
Balance as at June 30, 2017 re-stated (audited)	308,109	41,081	634,325	64,068	74,172	1,737,649
Profit for the three months period ended September 30, 2017	-	-	-	-	-	2,487
Other comprehensive income	-	-	315,161	945	-	316,106
Total comprehensive income for the period	-	-	315,161	945	-	2,487
Balance as at September 30, 2017 (Un-audited)	308,109	41,081	949,486	65,013	74,172	1,740,136
						3,177,997

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

  
Chief Financial Officer

  
Director

  
Chief Executive

# Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

## 1. THE COMPANY AND ITS OPERATIONS

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on April 07, 1990 under the repealed Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited ("PSX"). The Company commenced its operations on May 14, 1990 and principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at 2nd Floor, Trust Plaza, L.M.Q. Road, Multan.

## 2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the three-months ended September 30, 2018 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 Act, 2017. In case where requirements differ, provisions of or directives issued under the Companies Act, 2017 have been followed.

2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2018. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2018 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the three months ended on September 30, 2017.

### 2.3 Presentation and functional currency

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2018. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information.

## 4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets  
Capital work in progress

	Un-audited September 30, 2018	Audited June 30, 2018
Note	----- (Rs. in "000") -----	
4.1	5,575,480	5,624,813
	2,954	8,673
	<u>5,578,434</u>	<u>5,633,486</u>

## Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

### 4.1 Operating fixed assets

	Un-audited September 30, 2018	Audited June 30, 2018
Note	----- (Rs. in "000") -----	
Opening written down value	5,624,813	5,344,973
Additions during the period / year	10,758	245,516
Revaluation surplus	-	315,161
Net book value of operating assets disposed off		
- during the period / year	(241)	(32,049)
Depreciation charged during the period / year	(59,850)	(248,788)
Closing written down value	5,575,480	5,624,813

	Un-audited First Quarter ended September 30, 2018	
	Additions at cost	Disposal at book value
	----- (Rs. in '000) -----	
4.1.1 Additions / disposals during the period		
Building	1,835	-
Plant and machinery	1,281	-
Electric installations	175	-
Factory equipment	6	-
Office equipment	390	-
Electric appliances	398	-
Furniture and fixtures	135	-
Vehicles	6,538	241
	10,758	241

	Un-audited September 30, 2017	Audited June 30, 2017
	----- (Rs in '000) -----	
5. LONG TERM INVESTMENTS		
Investment in associates - Un-quoted		
Fatima Energy Limited	765,658	766,778
Fatima Transmission Company Limited	70,922	70,922
	836,580	837,700

## Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

	Un-audited September 30, 2018	Audited June 30, 2018
	----- (Rs. in "000") -----	
<b>5.1 Fatima Energy Limited ("FEL") at equity method</b>		
Cost	800,054	800,054
Share of post acquisition loss	(48,466)	(47,346)
Share of other comprehensive income	5,666	5,666
Gain on dilution of investment in associate	8,404	8,404
Carrying amount at end of the period	765,658	766,778
No. of shares held	80,016,370	80,016,370
Ownership interest in percentage	14.04%	14.04%
<b>5.2 Fatima Transmission Company Limited ("FTCL") at equity method</b>		
Cost	71,875	71,875
Share of post acquisition loss	(953)	(953)
Carrying amount at end of the period	70,922	70,922
No. of shares held	7,187,500	7,187,500
Ownership interest in percentage	31.25%	31.25%
<b>6. LOANS AND ADVANCES</b>		
Advances - considered good		
- To employees	180,300	173,825
- To suppliers	54,078	32,704
Due from related parties	97,225	28,709
Letters of credit - margins, deposits, opening charges, etc.	41,002	28,352
	372,605	263,590
<b>7. SHORT TERM INVESTMENTS</b>		
<b>Short term investment - available for sale</b>		
Fatima Fertilizer Company Limited	7.1 98,207	85,055
<b>Short term investment - Others</b>		
Multan Real Estate Company (PVT) Limited	21,480	21,480
	119,687	106,535
<b>7.1 Fatima Fertilizer Company Limited</b>		
Carrying amount at beginning of 2,625,167 fully paid ordinary shares of Rs. 10 each	85,055	88,441
Fair value adjustment	13,152	(3,386)
Closing market value of 2,625,167 shares	98,207	85,055

## Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

		Un-audited September 30, 2018	Audited June 30, 2018
Note		----- (Rs. in "000") -----	
<b>8. LONG TERM FINANCES</b>			
From financial institutions - secured	8.1	1,994,539	1,860,140
Less: current portion		<u>(541,036)</u>	<u>(660,715)</u>
		<u>1,453,503</u>	<u>1,199,425</u>

8.1 The movement of long term finance during the period/year ended is as follows:

Opening balance	1,860,140	2,592,443
Add: obtained during the period/year	<u>300,000</u>	<u>124,233</u>
	2,160,140	2,716,676
Less: repaid during the period/year	<u>(165,601)</u>	<u>(856,536)</u>
Closing balance	<u>1,994,539</u>	<u>1,860,140</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2018, except the following;

Bank guarantee outstanding as at September 30, 2018 are Rs. 211.176 million (June 30, 2018: Rs. 201.176 million).

Foreign bills discounted outstanding as at September 30, 2018 are Rs. 388.338 million (June 30, 2018: Rs. 469.078 million).

		Un-audited September 30, 2018	Audited June 30, 2018
Note		----- (Rs. in "000") -----	
<b>9.2 Commitments</b>			
<b>9.2.1 Letters of credit for:</b>			
- Capital expenditures		448,085	281,092
- Other than capital expenditures		<u>80,128</u>	<u>154,447</u>
		<u>528,213</u>	<u>435,539</u>
<b>9.2.3 Stand by letters of credit for:</b>			
- Commitment to inject equity in Fatima Energy Limited		<u>-</u>	<u>67,956</u>

## Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

	Un-audited Three months period ended September 30,	
	2018	2017
<b>10. SALES - net</b>	----- (Rs in '000) -----	
Export	1,130,369	1,637,651
Local	2,103,912	1,611,403
Waste	41,535	62,984
	<u>3,275,816</u>	<u>3,312,038</u>
Less: Commission	<u>(33,726)</u>	<u>(35,088)</u>
	<u>3,242,090</u>	<u>3,276,950</u>
Add: Weaving, Doubling, Sizing income	-	-
Export rebate	-	57,500
	<u>-</u>	<u>57,500</u>
	<u>3,242,090</u>	<u>3,334,450</u>
<b>11. CASH GENERATED FROM OPERATIONS</b>		
Profit before tax	169,917	39,806
<b>Adjustments for non cash charges and other items:</b>		
Depreciation on property, plant and equipment	59,850	60,731
Amortization of intangible assets	237	237
Staff retirement benefits accrued	20,465	15,363
(Gain) on disposal of property, plant and equipment	(32)	(2)
Share of loss from associate	1,120	1,326
Provision for WPPF	8,380	1,000
Finance cost excluding exchange Gain/ (loss)	<u>174,378</u>	<u>128,784</u>
Profit before working capital changes	<u>434,315</u>	<u>247,245</u>
<b>Effect on cash flow due to working capital changes:</b>		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(14,748)	(2,506)
- Stock in trade	(436,790)	818,443
- Trade debts	438,374	(88,823)
- Loans and advances	(109,015)	96,050
- Prepayments and other receivables	(42,272)	(54,409)
- Tax refunds due from government (excluding income tax)	(28,096)	(60,403)
Increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	(101,316)	(109,212)
	<u>(91,231)</u>	<u>599,140</u>
Cash generated from operations	<u>343,084</u>	<u>846,385</u>



## Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

### 12. 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:

Nature of transaction	Un-audited Three months period ended September 30,	
	2018	2017
	-----(Rs in "000")----	
<b><u>Associated undertakings</u></b>		
Purchase of goods	7,393	11,131
Sale of goods	-	1,490
Mark up charged	444	1,576
Mark up expense	758	989
Advances issued	190,756	40,000
Advances repaid	122,400	127,000
Others	5,461	-
<b><u>Key management personnel</u></b>		
Remuneration to:		
Director	-	1,002
Executives	5,762	2,915
<b><u>Others</u></b>		
Donations	6,300	4,500

### 13. 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 June 30, 2018.

### 14. CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

### 15. FAIR VALUES

Note	(Un-audited) September 30, 2018			(Audited) June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees in "000" -----					
<b>Property, plant and equipment</b>						
- Freehold lands	15.1	- 1,068,100	-	-	1,068,100	-
<b>Other financial assets</b>						
- Short term investment						
- available for sale	15.2	98,207	-	85,055	-	-
		<u>98,207</u>	<u>1,068,100</u>	<u>85,055</u>	<u>1,068,100</u>	<u>-</u>

## Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

There were no transfers between levels and no changes in valuation techniques during the period/year.

The Company has not disclosed the fair values of all other assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

15.1 The Company follows the revaluation model for its freehold land. The Company has again revalued its freehold land dated August 07, 2017 situated at Chak Beli Khan Road, Mukhtara Abad, Rawat and Mouza Karpal Pur, Khanewal Road, Multan. The latest revaluation exercise has been carried-out by independent Valuers [MYK Associates (Pvt.) Ltd., PBA Approved Valuers, Multan] to replace the carrying values of freehold land with their fair market values. The appraisal resulted in surplus on latest revaluation aggregating Rs. 315.161 million.

Since the date of last revaluation, there has been no material change in the market factors that derive the fair value of these properties, therefore, management believes that the carrying value of such 'freehold lands' approximate its fair market value.

15.2 Available for sale short term investment includes quoted equity shares. The investment is remeasured at each reporting date at its fair value by using the prevailing market rate of shares on Pakistan Stock Exchange Limited ("PSX").

15.3 Had there been no revaluation, the book values would have been as follows:

	Un-audited September 30, 2018	Audited June 30, 2018
	----- (Rs in '000) -----	
<b>Property, plant and equipment</b>		
- Freehold lands	118,614	118,614
<b>Other financial assets</b>		
- Short term investment - available for sale	24,373	24,373
	<u>142,987</u>	<u>142,987</u>

# Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

## 16. SEGMENT REPORTING

### 16.1 Reportable segments

The Company's reportable segments are as follows:

- Spinning segment - production 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:

### 16.2 Segment revenue and results

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

	Un-audited						Total
	Spinning		Weaving		(Elimination of inter-segment)		
	2018	2017	2018	2017	2018	2017	
<b>Three months ended September 30,</b>							
Sales - net	1,946,970	1,785,181	2,033,961	2,250,832	(738,841)	(701,563)	3,242,090
Cost of sales	(1,614,896)	(1,643,849)	(1,937,765)	(2,146,834)	738,841	701,563	(2,813,820)
Gross profit	332,074	141,332	96,196	103,998	-	-	428,270
							245,330
Distribution and marketing expenses	(5,951)	(7,288)	(22,119)	(27,447)	-	-	(34,735)
Administrative expenses	(20,431)	(13,959)	(20,431)	(22,134)	-	-	(40,862)
Other expenses	(12,092)	(3,062)	(3,454)	(3,146)	-	-	(6,208)
Other income	1,485	779	138	7,100	-	-	1,623
Profit from operations	(36,989)	(23,570)	(45,886)	(45,627)	-	-	(82,855)
Finance cost	295,085	117,762	50,330	58,371	-	-	345,415
Share of loss from associate	(89,781)	(52,484)	(84,597)	(82,517)	-	-	(174,378)
Provision for taxation	205,304	65,278	(34,267)	(24,146)	-	-	171,037
Profit / (Loss) before taxation	(560)	-	(560)	(1,326)	-	-	(1,120)
Provision for taxation	204,744	65,278	(34,827)	(25,472)	-	-	169,917
Profit / (Loss) for the period	(14,955)	(12,775)	(23,185)	(24,544)	-	-	(38,140)
	189,789	52,503	(58,012)	(50,016)	-	-	131,777
							2,487

16.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in the annual financial statements for the year ended June 30, 2018.

# Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

## 16.3 Segment assets

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

	Spinning		Weaving		Total	
	Un-audited September 30 2018	Audited June 30 2018	Un-audited September 30 2018	Audited June 30 2018	Un-audited September 30 2018	Audited June 30 2018
<b>Segment assets for reportable</b>						
Operating fixed assets	3,274,092	3,307,252	2,304,342	2,317,561	5,578,434	5,624,813
Stores, spares and loose tools	152,663	136,559	82,810	84,166	235,472	220,725
Stock in trade	2,042,013	1,949,432	1,616,908	1,272,699	3,658,921	3,222,131
	5,468,769	5,393,243	4,004,059	3,674,426	9,472,828	9,067,669
Unallocated corporate assets					3,817,960	4,199,240
Total assets as per balance sheet					13,290,788	13,266,909

----- Rupees in '000" -----

## 16.4 Segment liabilities

Segment liabilities for reportable segments'

Unallocated corporate liabilities  
Total liabilities as per balance sheet

	4,010,074	4,098,095	3,823,247	3,865,380	7,833,321	7,963,475
					1,910,746	1,901,642
					9,744,067	9,865,117

# Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2018

## 17. DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue on October 30, 2018 by the Board of Directors of the Company.

## 18. GENERAL

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



Chief Financial Officer



Director



Chief Executive

## **Reliance Weaving Mills Limited**

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