

**Reliance Weaving Mills Limited**

**Quarter Ended  
March 31, 2011**



**Fatima Group**

# Reliance Weaving Mills Limited

## Condensed Interim Balance Sheet (Un-audited)

As at 31 March 2011

	Un-audited 31 March 2011	Audited 30 June 2010		Un-audited 31 March 2011	Audited 30 June 2010		
	Note		Note				
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>				
<b>Share capital and reserves</b>			<b>Non-current assets</b>				
Authorized capital			Property, plant and equipment	7	2,775,509	2,335,125	
40,000,000 (30 June 2010: 40,000,000) ordinary shares of Rs. 10 each	400,000	400,000	Intangible assets		632	689	
30,000,000 (30 June 2010: 30,000,000) preference shares of Rs. 10 each	<u>300,000</u>	<u>300,000</u>	Long term deposits		<u>15,400</u>	<u>15,400</u>	
	<u>700,000</u>	<u>700,000</u>			<u>2,791,541</u>	<u>2,351,214</u>	
Issued, subscribed and paid up capital	308,109	308,109	Deferred tax asset		2,686	2,048	
Reserves	254,266	337,712					
Unappropriated profit	<u>958,566</u>	<u>391,346</u>					
	<u>1,520,941</u>	<u>1,037,167</u>					
<b>Surplus on revaluation of fixed assets</b>	<b>452,271</b>	<b>452,271</b>					
<b>Non-current liabilities</b>							
Long term finances	5	572,906	382,912				
Loans from related parties - subordinated loan		37,000	37,000				
Liabilities against asset subject to finance lease		27,817	32,267				
Deferred liabilities		23,938	13,726				
		<u>661,661</u>	<u>465,905</u>				
<b>Current liabilities</b>			<b>Current assets</b>				
Current portion of non-current liabilities - secured		268,162	244,318	Stores, spares and loose tools	168,803	138,241	
Finances under mark up arrangements and other credit facilities - secured		-	-	Stock in trade	2,991,755	962,681	
Trade and other payables		3,598,866	1,759,219	Trade debts	855,172	365,827	
Markup accrued on loans and other payables		522,226	238,038	Loans and advances	8	103,724	119,544
		<u>126,610</u>	<u>85,032</u>	Trade deposits and prepayments		6,316	400
		<u>4,515,864</u>	<u>2,326,607</u>	Other receivables		3,147	3,020
				Short term investments	9	138,187	225,924
				Tax refunds due from the government		62,814	76,977
				Cash and bank balances		<u>26,592</u>	<u>36,074</u>
						<u>4,356,510</u>	<u>1,928,688</u>
<b>Contingencies and commitments</b>	6	-	-			<u>7,150,737</u>	<u>4,281,950</u>
		<u>7,150,737</u>	<u>4,281,950</u>			<u>7,150,737</u>	<u>4,281,950</u>

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 Profit and Loss Account (Un-audited)

For the period ended 31 March 2011

	Nine months ended 31 March		Three months ended 31 March		
	<i>Note</i>	2011	2010	2011	2010
		----- <b>(Rs in '000)</b> -----		----- <b>(Rs in '000)</b> -----	
Sales - net	10	<b>7,071,506</b>	4,816,037	<b>2,673,925</b>	1,583,582
Cost of sales		<b>(5,884,021)</b>	(4,118,681)	<b>(2,168,347)</b>	(1,282,293)
<b>Gross profit</b>		<b>1,187,485</b>	697,356	<b>505,578</b>	301,289
Distribution and marketing expenses		<b>(78,753)</b>	(87,381)	<b>(23,907)</b>	(27,756)
Administration expenses		<b>(70,896)</b>	(49,194)	<b>(24,569)</b>	(17,093)
Other operating expenses		<b>(59,487)</b>	(25,836)	<b>(21,068)</b>	(14,447)
Finance cost		<b>(343,864)</b>	(302,109)	<b>(144,233)</b>	(119,839)
Other operating income		<b>4,439</b>	228	<b>4,318</b>	205
<b>Profit before tax</b>		<b>638,924</b>	233,064	<b>296,119</b>	122,359
Taxation		<b>(71,704)</b>	(45,080)	<b>(27,213)</b>	(21,601)
<b>Profit after tax</b>		<b>567,220</b>	187,984	<b>268,906</b>	100,758
Earnings per share		<b>18.41</b>	6.10	<b>8.73</b>	3.27

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

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Chief Executive Officer

\_\_\_\_\_  
Director

# Reliance Weaving Mills Limited

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

For the period ended 31 March 2011

	Nine months ended 31 March		Three months ended 31 March	
	2011	2010	2011	2010
	------(Rs in '000)-----		------(Rs in '000)-----	
<b>Profit for the period</b>	<b>567,220</b>	187,984	<b>268,906</b>	100,758
<b>Other comprehensive income</b>				
(Loss)/gain on remeasurement of investment at fair value	<b>(10,600)</b>	-	<b>21,689</b>	-
Deferred tax	<b>639</b>	-	<b>(1,304)</b>	-
	<b>(9,961)</b>	-	<b>20,385</b>	-
<b>Total comprehensive income for the period</b>	<b>557,259</b>	187,984	<b>289,291</b>	100,758

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

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Chief Executive Officer

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Director

Reliance Weaving Mills Limited  
 Condensed Interim Cash Flow Statement (Un-audited)  
 For the period ended 31 March 2011

Nine months ended 31 March

		2011	2010
	<i>Note</i>		
<b>Cash flows from operating activities</b>			
Cash (used in)/ generated from operations	11	(1,184,383)	69,475
Finance cost paid		(296,319)	(327,566)
Taxes paid - net		(54,056)	(40,740)
Staff retirement benefits paid		(6,681)	(5,890)
<b>Net cash used in operating activities</b>		<b>(1,541,439)</b>	<b>(304,721)</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(537,936)	(99,589)
Proceed from disposal of property plant and equipment		20,857	778
Long term deposits		-	(5,373)
<b>Net cash used in investing activities</b>		<b>(517,079)</b>	<b>(104,184)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term finances		426,219	-
Proceeds from advance against long term finances		-	30,000
Repayment of lease finance		(3,870)	-
Repayment of long term finances		(212,959)	(46,919)
Repayment of loan to related party		-	(85,000)
Dividend paid		-	(2)
<b>Net cash generated from/ (used in) financing activities</b>		<b>209,390</b>	<b>(101,921)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,849,128)</b>	<b>(510,826)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,723,145)</b>	<b>(1,930,972)</b>
<b>Cash and cash equivalents at end of the period</b>	12	<b>(3,572,273)</b>	<b>(2,441,798)</b>

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 31 March 2011

	Share capital	Capital reserve		Revenue reserve		Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit/(loss)	
-----Rupees '000'-----						
Balance as at 30 June 2009	308,109	41,081	-	254,000	(11,807)	591,383
Total comprehensive income for the period	-	-	-	-	187,984	187,984
Balance as at 31 March 2010	308,109	41,081	-	254,000	176,177	779,367
<b>Balance as at 30 June 2010</b>	<b>308,109</b>	<b>41,081</b>	<b>42,630</b>	<b>254,000</b>	<b>391,346</b>	<b>1,037,166</b>
<b>Specie dividend</b>	-	-	-	(73,484)	-	(73,484)
<b>Total comprehensive income for the period</b>	-	-	(9,961)	-	567,220	557,259
<b>Balance as at 31 March 2011</b>	<b>308,109</b>	<b>41,081</b>	<b>32,669</b>	<b>180,516</b>	<b>958,566</b>	<b>1,520,941</b>

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

\_\_\_\_\_  
Chief Executive Officer

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Director

# Reliance Weaving Mills Limited

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

For the period ended 31 March 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 2010.

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 2010.

### 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 2010.

### 5 Long term finances

		(Un-audited) 31 March 2011 ------(Rs in '000)-----	Audited 30 June 2010
Loan from financial institutions - secured	5.1	835,157	621,897
Less: current portion		<u>(262,250)</u>	<u>(238,984)</u>
		<u><u>572,906</u></u>	<u><u>382,913</u></u>

5.1 The movement of long term financing during the nine months ended 31 March 2011 is as follows:

		(Un-audited) 31 March 2011	Audited 30 June 2010
	<i>Note</i>	------(Rs in '000)-----	
Opening balance		621,897	816,964
Loan obtained during the period/year	5.2	426,219	-
		<u>1,048,116</u>	<u>816,964</u>
Loan repaid during the period/year		(212,959)	(195,067)
<b>Closing balance</b>		<u><u>835,157</u></u>	<u><u>621,897</u></u>

5.2 These represents long term financing facilities under SBP LTFF scheme,

Particulars	Amount of loan (Rs in '000)	Interest rate per annum	Number of remaining installments	Interest payable
MCB Bank Limited	45,900	11.1%	10 equal half yearly installments, commencing on 1st May 2011	Quarterly
Saudi Pak Industrial and Agricultural Company Limited	230,321	11.1%	8 equal half yearly installments, commencing on 15 January 2012	Quarterly
Pak Brunei Investment Company	149,998	11.2%	12 equal half yearly installments, commencing on 1st May 2012	Quarterly
	<u><u>426,219</u></u>			

## 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 2010 except the following.

- (i) The Company has provided bank guarantees from Habib Bank Limited in favour of Sui Northern Gas Pipelines Limited amounting to Rs. 52.296 million (30 June 2010: Rs. 52.569 million) on account of payment of dues against utilization of gas.
- (ii) Foreign bills discounted outstanding as at 31 March 2011 aggregated Rs. 1,369.736 million (30 June 2010: Rs. 629.104 million).

	(Un-audited) 31-Mar 2011	Audited 30 June 2010
	------(Rs in '000)-----	
<b>Commitments</b>		
<i>Letters of credit for:</i>		
- capital expenditures	135,486	431,957
- other than capital expenditures	356,228	71,477
	<u><u>491,714</u></u>	<u><u>503,434</u></u>



		(Un-audited)	Audited
		31-Mar	30 June
		2011	2010
		----- <b>(Rs in '000)</b> -----	
<b>7</b>	<b>Property, plant and equipment</b>		
	Operating assets	7.1 2,760,502	2,322,905
	Capital work in progress	15,007	12,220
		<u>2,775,509</u>	<u>2,335,125</u>
	<b>7.1 Operating assets</b>		
	Opening balance of written down value	2,322,905	2,272,586
	Additions during the period / year	7.1.1 535,147	147,874
	Book value of operating assets disposed off during the period / year	7.1.1 (16,678)	(5,024)
	Depreciation charged during the period / year	(80,872)	(92,531)
	<b>Net book value of operating assets</b>	<u>2,760,502</u>	<u>2,322,905</u>
		<b>Nine months ended 31 March 2011</b>	
		Additions	Disposal
		----- <b>(Rs in '000)</b> -----	
	<b>7.1.1 Cost of additions</b>		
	Buildings	1,975	-
	Plant and machinery	523,120	(16,633)
	Electric installations	-	-
	Factory equipment	127	-
	Office equipment	1,477	-
	Electric appliances	883	-
	Furniture and fixtures	755	-
	Vehicles	6,810	(45)
		<u>535,147</u>	<u>(16,678)</u>
		(Un-audited)	Audited
		31-Mar	30 June
		2011	2010
		----- <b>(Rs in '000)</b> -----	
<b>8</b>	<b>Loans and advances</b>		
	Advances - considered good		
	- To employees	46,266	39,990
	- To suppliers	39,107	49,852
	Advances for issue of shares - related party	8,352	8,352
	Due from related parties	6,461	6,977
	Letters of credit - margins, deposits, opening charges, etc.	3,538	14,373
		<u>103,724</u>	<u>119,544</u>

9	<b>Short term investment - available for sale</b>		<b>(Un-audited)</b>	Audited
			<b>31-Mar</b>	30 June
			<b>2011</b>	2010
			----- <b>(Rs in '000)</b> -----	

**Fatima Fertilizer Company Limited**

Cost of 18,030,636 shares		<b>180,563</b>	180,563
Specie dividend paid - 7,702,734 shares	9.2	<b>(75,333)</b>	-
		<b>105,230</b>	180,563
Unrealized gain on remeasurement at fair value		<b>32,957</b>	45,361
Closing market value of 10,327,902 shares		<b>138,187</b>	225,924

**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.

		<b>(Un-audited)</b>
		<b>Nine months ended</b>
		<b>31-Mar</b>
		<b>2011</b>
		<b>(Rs in '000)</b>
<b>9.2</b> Dividend during the period		<b>73,484</b>
Change in fair value - charged to profit and loss account		<b>1,849</b>
Fair value of dividend distributed during the period		<b>75,333</b>

During the period the Company distributed 7,702,734 shares of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 2.5 shares of FFCL for every 10 shares held of the Company.

10	<b>Sales - net</b>	<b>Nine months ended 31</b>		<b>Three months ended 31 March</b>	
		<b>March</b>			
		<b>2011</b>	2010	<b>2011</b>	2010
		----- <b>(Rs in '000)</b> -----		----- <b>(Rs in '000)</b> -----	
Export		<b>4,323,092</b>	3,493,353	<b>1,591,752</b>	1,077,292
Local		<b>2,695,169</b>	1,274,032	<b>1,069,419</b>	497,913
Waste		<b>138,628</b>	105,786	<b>48,173</b>	29,179
		<b>7,156,889</b>	4,873,171	<b>2,709,344</b>	1,604,384
Less: Commission		<b>(87,263)</b>	(59,182)	<b>(35,574)</b>	(21,998)
		<b>7,069,626</b>	4,813,989	<b>2,673,770</b>	1,582,386
Add: Doubling income		<b>1,643</b>	367	<b>155</b>	264
Export rebate		<b>237</b>	1,681	<b>-</b>	932
		<b>1,880</b>	2,048	<b>155</b>	1,196
		<b>7,071,506</b>	4,816,037	<b>2,673,925</b>	1,583,582

**Nine months ended 31 March**

	2011	2010
	------(Rs in '000)-----	
<b>11 Cash generated from operations</b>		
Profit before tax	638,924	233,064
Adjustments for:		
Depreciation on property, plant and equipment	80,872	68,885
Amortization of intangible assets	57	86
Staff retirement benefits accrued	16,894	9,233
Gain on disposal of property, plant and equipment	(4,179)	(182)
Disposal of short term investment	3,653	-
Provision for workers' profit participation fund	33,200	-
Provision for workers' welfare fund	12,281	-
Interest on workers' profit participation fund	3,206	-
Finance cost (excluding loss)	337,897	298,711
Cash flow from operating activities before working capital changes	<u>1,122,805</u>	<u>609,797</u>
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(30,562)	(11,374)
- Stock in trade	(2,029,074)	(422,138)
- Trade debts	(489,345)	(149,259)
- Loans and advances	15,820	(12,134)
- Unsettled claim	-	(41,567)
- Trade deposits and prepayments	(5,916)	(8,021)
- Tax refunds due from government ( excluding income tax)	(5,846)	(14,569)
- Short term investment	-	(882)
- Other receivables	(127)	2,482
Increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund and workers' welfare fund)	237,862	117,140
	<u>(2,307,188)</u>	<u>(540,322)</u>
Cash (used in)/ generated from operations	<u>(1,184,383)</u>	<u>69,475</u>
	<b>As at 31 March</b>	
	2011	2010
	------(Rs in '000)-----	
<b>12 Cash and cash equivalents</b>		
Cash and bank balances	26,593	9,895
Finances under mark up arrangements and other credit facilities - secured	<u>(3,598,866)</u>	<u>(2,451,693)</u>
Cash and cash equivalents	<u>(3,572,273)</u>	<u>(2,441,798)</u>

## 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
<b>Nine months ended 31 March</b>	-----Rupees '000'-----							
Sales - net	<b>3,755,706</b>	2,407,438	<b>5,410,329</b>	3,332,842	<b>(2,094,529)</b>	(924,243)	<b>7,071,506</b>	4,816,037
Cost of sales	<b>(3,087,801)</b>	(2,020,719)	<b>(4,890,749)</b>	(3,022,205)	<b>2,094,529</b>	924,243	<b>(5,884,021)</b>	(4,118,681)
Gross profit	<b>667,905</b>	386,719	<b>519,580</b>	310,637	-	-	<b>1,187,485</b>	697,356
Distribution and marketing expenses	<b>(12,662)</b>	(29,042)	<b>(66,091)</b>	(58,339)	-	-	<b>(78,753)</b>	(87,381)
Administrative expenses	<b>(26,246)</b>	(17,522)	<b>(44,650)</b>	(31,672)	-	-	<b>(70,896)</b>	(49,194)
Finance cost	<b>(200,881)</b>	(162,628)	<b>(142,983)</b>	(139,481)	-	-	<b>(343,864)</b>	(302,109)
	<b>(239,789)</b>	(209,192)	<b>(253,724)</b>	(229,492)	-	-	<b>(493,513)</b>	(438,684)
Profit before tax and unallocated expenses	<b>428,116</b>	177,527	<b>265,856</b>	81,145	-	-	<b>693,972</b>	258,672
<b>Unallocated income and expenses</b>								
Other operating expenses							<b>(59,487)</b>	(25,836)
Other operating income							<b>4,439</b>	228
Taxation							<b>(71,704)</b>	(45,080)
<b>Profit after taxation</b>							<b>567,220</b>	187,984

**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	
	31-Mar-11	30-Jun-10	31-Mar-11	30-Jun-10	31-Mar-11	30-Jun-10
	-----Rupees '000'-----					
Segment assets for reportable segment	<u>1,339,575</u>	<u>1,295,481</u>	<u>1,420,927</u>	<u>1,027,424</u>	<u>2,760,502</u>	<u>2,322,905</u>
Unallocated corporate assets					<u>4,390,235</u>	<u>1,959,045</u>
<b>Total assets as per balance sheet</b>					<u><b>7,150,737</b></u>	<u><b>4,281,950</b></u>

**13.4 Segment liabilities**

	Spinning		Weaving		Total	
	31-Mar-11	30-Jun-10	31-Mar-11	30-Jun-10	31-Mar-11	30-Jun-10
	-----Rupees '000'-----					
Segment liabilities for reportable segment	<u>371,941</u>	<u>466,639</u>	<u>463,216</u>	<u>155,258</u>	<u>835,157</u>	<u>621,897</u>
Unallocated corporate liabilities					<u>6,315,580</u>	<u>3,660,053</u>
<b>Total assets as per balance sheet</b>					<u><b>7,150,737</b></u>	<u><b>4,281,950</b></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:

	<b>Nine months ended 31 March</b>	
	<b>2011</b>	2010
	----- <b>(Rs in '000)</b> -----	
<b>Transactions with associated undertakings</b>		
Sale of goods and services	<b>1,250</b>	36,071
Purchase of goods	<b>65,891</b>	31,907
Mark up charged	<b>1,789</b>	9,784
Shares purchased	-	881
Repayment of Long term loan	-	85,000
<b>Transactions with key management personnel</b>		
<i>Remuneration under the terms of employment to:</i>		
Chief Executive Officer	<b>2,119</b>	999
Executives	<b>8,438</b>	8,315
<b>Others</b>		
Donations	<b>8,800</b>	5,242

**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 2010.

**16 Date of authorization**

These condensed interim financial statements are authorized for issue by the Board of Directors of the Company on 30 April 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.

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**Chief Executive Officer**

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**Director**