



**Half Yearly Accounts**  
**December 31, 2016**  
**(Un-Audited)**



**Reliance Weaving**  
**Mills Limited**  
A Fatima Group Company



**aitex**





# Half Yearly Accounts

December 31, 2016  
(Un-Audited)

## Board of Directors

### Executive Directors

Mr. Fazal Ahmed Sheikh  
Mr. Faisal Ahmed Mukhtar

### Non-Executive Directors

Mr. Fawad Ahmed Mukhtar  
Mr. Fahd Mukhtar  
Mrs. Fatima Fazal  
Mrs. Farah Faisal

### Independent Director

Dr. M. Shaukat Malik

## Board Committees

### Audit Committee

Mr. Fahd Mukhtar  
Mrs. Fatima Fazal  
Dr. M. Shaukat Malik

Chairman  
Member  
Member

### HR & Remuneration Committee

Mr. Fahd Mukhtar  
Mr. Faisal Ahmed Mukhtar  
Dr. M. Shaukat Malik

Chairman  
Member  
Member

## Executive Management Team

### Chief Executive Officer

Mr. Fazal Ahmed Sheikh

### Chief Financial Officer

Mr. Waheed Ahmed

### Company Secretary

Mr. Aftab Qaiser

### GM Marketing

Mr. Khawaja Sajid  
Mr. Aqeel Saifi

### GM Weaving

Mr. Ikram Azeem

### GM Spinning (Rawat)

Mr. Hafeez ur Rehman

### GM Spinning (Multan)

Mr. Muhammad Shoab Alam

## Bankers

Allied Bank Ltd  
The bank of Khyber  
Bank Al-Falah Ltd  
Burj Bank Ltd  
Dubai Islamic Bank (Pakistan) Ltd  
First Habib Modaraba  
Habib Bank Ltd  
Habib Metropolitan Bank Ltd  
MCB Bank Ltd  
Meezan Bank Ltd  
National Bank of Pakistan

NIB Bank Ltd  
Pak Libya Holding Company (Pvt) Ltd  
Pak Brunei Investment Company Ltd  
Pak China Investment Company Ltd  
Saudi Pak Industrial & Agricultural Investment Company Ltd  
Sindh Bank Ltd  
Soneri Bank Ltd  
Standard Chartered Bank (Pakistan) Ltd  
Orix Modaraba  
Samba Bank Ltd  
United Bank Ltd

## Auditors & Share Registrar

### External Auditors

Deloitte Yousuf Adil  
Chartered Accountants,  
Multan.

### Shares Registrar

M/s CDC Pakistan Ltd.  
2nd Floor 307-Upper Mall Lahore  
info@cdc.pak.com  
basharat.hashmi@fatima-group.com

### Legal Advisor

Haji Muhammad Aslam Malik  
Opposite canal Offices Near High Court Multan

## 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

## Sites Address

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

Fazalpur Khanewal Road, Multan.  
Tel. No. 061-6740020-3  
Fax. No. 061-6740039

### Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.  
Tel. No. 051-4611579-81  
Fax. No. 051-4611097

## Director's Review To The Members

Directors of Your Company are pleased to present half yearly financial results of the company for the half year ended December 31, 2016.

### State of affairs and financial results

During the period, the company earned after tax net profit of Rs. 50 M as compared to loss of Rs. 124 M in the comparative period last year. The results of the company have improved significantly as the company has purchased the cotton on very competitive prices and current cotton prices are very bullish.

However, the increase in petroleum prices resulted in upsurge with electricity cost. Financial cost decreased however LIBOR increased from 0.25% to 1.35% resulting in higher financial charges.

### Future Outlook

Going forward, Government has announced textile package which shall support to improve the result of the sector. Further, Government should response positively of APTMA demand to reduce the power cost so that textile sector can compete in the international market.

On Behalf of Board of Directors

Sd/-

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

**Date:** February 24, 2017  
**Place:** Lahore

# Auditors' Report To The Members On Review Of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Reliance Weaving Mills Limited (the Company) as at December 31, 2016, 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 and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). 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 for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2016.

## 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 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 interim financial information as of and for the six months period ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The financial statements of the Company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants whose report dated October 07, 2016 expressed an unqualified opinion thereon. The condensed interim financial information of the Company for the six months period ended December 31, 2015 were reviewed by the same firm of Chartered Accountants whose report dated February 26, 2016 expressed an unqualified conclusion thereon.

**Shinewing Hameed Chaudhri & Co.,  
Chartered Accountants**

**Engagement Partner:**

Talat Javed

**Date:** February 24, 2017

**Place:** Multan.

# Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2016

		Un-audited December 31, 2016	Audited June 30, 2016
<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	----- (Rs. in "000") -----	
<b>Share capital and reserves</b>			
Authorised capital			
40,000,000 (June 30, 2016: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
30,000,000 (June 30, 2016: 40,000,000) preference shares of Rs. 10 each		300,000	300,000
		700,000	700,000
Issued, subscribed and paid up capital		308,109	308,109
Reserves		187,721	179,977
Unappropriated profit		1,685,949	1,651,176
		2,181,779	2,139,262
<b>Surplus on revaluation of fixed assets - Freehold land</b>	18.1	634,325	634,325
<b>Non-current Liabilities</b>			
Long term finances	4	1,566,650	1,943,687
Liabilities against asset subject to finance lease		971	2,952
Deferred liability	5	169,697	154,871
		1,737,318	2,101,510
<b>Current Liabilities</b>			
Current portion of non-current liabilities		765,449	744,035
Finances under mark up arrangements and other credit facilities	6	5,053,082	3,559,808
Trade and other payables		996,210	868,988
Mark up accrued		103,343	103,341
		6,918,084	5,276,172
<b>Contingencies and commitments</b>	7	-	-
<b>Total equity and liabilities</b>		11,471,506	10,151,269
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	5,058,316	5,166,040
Intangible assets		5,093	5,566
Long term investment	9	865,913	795,659
Long term deposits		19,189	15,572
Deferred tax asset		50,958	50,958
		5,999,469	6,033,795
<b>Current assets</b>			
Stores, spares and loose tools		188,125	182,572
Stock in trade	10	3,671,695	2,346,349
Trade debts		571,441	528,178
Loans and advances	11	330,099	392,010
Trade deposits and prepayments		26,392	27,834
Other receivables		1,466	3,263
Other financial assets	12	118,322	110,578
Tax refunds due from the government		433,299	449,300
Cash and bank balances		131,198	77,390
		5,472,037	4,117,474
<b>Total assets</b>		11,471,506	10,151,269

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive Officer

Sd/-  
Director

## Condensed Interim Profit And Loss Account (Un-audited)

For the six months period ended December 31, 2016

	Note	Six months ended		Three months ended	
		December 31,		December 31,	
		2016	2015	2016	2015
------(Rs in "000")-----					
Sales - net	13	5,484,593	4,742,410	2,584,121	2,375,509
Cost of sales		(4,979,367)	(4,411,391)	(2,332,867)	(2,252,686)
<b>Gross profit</b>		<b>505,226</b>	331,019	<b>251,254</b>	122,823
Distribution and marketing expenses		(60,762)	(53,154)	(33,087)	(25,051)
Administrative expenses		(72,911)	(73,557)	(41,294)	(37,989)
Other operating expenses		(10,989)	(5,821)	(7,254)	(2,847)
Finance cost		(257,327)	(278,765)	(131,278)	(143,541)
Other income		4,137	6,911	3,229	6,743
Share of loss from associate		(1,510)	(3,129)	(488)	(1,486)
		(399,362)	(407,515)	(210,172)	(204,171)
Profit / (loss) before taxation		105,864	(76,496)	41,082	(81,348)
Taxation		(55,683)	(47,907)	(26,394)	(44,102)
<b>Profit / (loss) for the period</b>		<b>50,181</b>	(124,403)	<b>14,688</b>	(125,450)
Earnings / (loss) per share					
- basic and diluted (Rupees)		1.63	(4.04)	0.48	(4.07)

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive Officer

Sd/-  
Director



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

For the six months period ended December 31, 2016

	Six months ended		Three months ended	
	December 31,		December 31,	
	2016	2015	2016	2015
------(Rs in "000")-----				
Profit/(loss) for the period	50,181	(124,403)	14,688	(125,450)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
-Gain/(loss) on remeasurement of available for sale investment	7,744	14,858	5,854	(4,069)
Items that may not be reclassified subsequently to profit or loss:				
-Share of other comprehensive income of associate	(3)	49	(3)	49
	7,741	14,907	5,851	(4,020)
<b>Total comprehensive income for the period</b>	<b>57,922</b>	<b>(109,496)</b>	<b>20,539</b>	<b>(129,470)</b>

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive Officer

Sd/-  
Director

## Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended December 31, 2016

		Six months ended December 31,	
		2016	2015
Note		----- (Rs. in "000") -----	
<b>A. Cash flows from operating activities</b>			
	14	(660,534)	223,289
		(258,188)	(258,818)
		(37,127)	(48,951)
		(12,490)	(14,272)
		(19,614)	-
		(987,953)	(98,752)
<b>B. Cash flows from investing activities</b>			
		(8,459)	(12,257)
		1,699	413
		(3,617)	5,321
		(71,768)	46,024
		(82,145)	39,501
<b>C. Cash flows from financing activities</b>			
		(345,808)	(286,085)
		1,493,274	372,039
		(11,764)	-
		(11,796)	(16,308)
		1,123,906	69,646
		53,808	10,395
		77,390	70,807
		131,198	81,202

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive Officer

Sd/-  
Director

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

For the six months period ended December 31, 2016

	Capital reserve		Revenue reserve		Total	
	Share capital	Share premium	Fair value reserve	General reserve		Unappropriated profit
----- Rs. "000" -----						
Balance as at July 01, 2015 (audited)	308,109	41,081	76,281	74,172	1,609,792	2,109,435
Loss for the period ended December 31, 2015	-	-	-	-	(124,403)	(124,403)
Other comprehensive income	-	-	14,858	-	49	14,907
Total comprehensive income	-	-	14,858	-	(124,354)	(109,496)
Balance as at December 31, 2015	308,109	41,081	91,139	74,172	1,485,438	1,999,939
Balance as at July 01, 2016 (audited)	308,109	41,081	64,724	74,172	1,651,176	2,139,262
Profit for the period ended December 31, 2016	-	-	-	-	50,181	50,181
Other comprehensive income	-	-	7,744	-	(3)	7,741
Total comprehensive income for the period	-	-	7,744	-	50,178	57,922
Transactions with owners of the Company recognized directly in equity						
Cash dividend paid for the year ended June 30, 2016 @ Rs. 0.25 per share	-	-	-	-	(15,405)	(15,405)
Balance as at December 31, 2016	308,109	41,081	72,468	74,172	1,685,949	2,181,779

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

Sd/-

Chief Executive Officer

Sd/-

Director

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

For the six months period ended December 31, 2016

## 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 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 six-months ended December 31, 2016 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 Ordinance, 1984. In case where requirements differ, provisions of or directives issued under the Companies Ordinance, 1984 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, 2016. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2016 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 six months ended on December 31, 2015.

2.3 This condensed interim financial information is un-audited. However, a limited scope review has been performed by statutory auditors of the Company in accordance with clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

### 2.4 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 June 30, 2016. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 01, 2016, which do not have any impact on this condensed interim financial information.

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

For the six months period ended December 31, 2016

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	----- (Rs. in "000") -----	
<b>4. LONG TERM FINANCES</b>			
From financial institutions - secured	4.1	2,323,401	2,669,209
Less: current portion		<u>(756,751)</u>	<u>(725,522)</u>
		<u>1,566,650</u>	<u>1,943,687</u>
<b>4.1</b>	The movement of long term finance during the period / year ended is as follows:		
	Opening balance	2,669,209	2,782,095
	Add: obtained during the period / year	-	500,000
		<u>2,669,209</u>	<u>3,282,095</u>
	Less: repaid during the period / year	<u>(345,808)</u>	<u>(612,886)</u>
	Closing balance	<u>2,323,401</u>	<u>2,669,209</u>
<b>4.2</b>	There has been no change in the terms and conditions of long term finance from the audited financial statements for the year ended June 30, 2016.		

### 5. DEFERRED LIABILITIES

This represents staff retirement benefit-gratuity.

### 6. FINANCES UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES

The Company has short term financing facilities including foreign currency loans and Islamic finance aggregating Rs. 10,730 million (June 30, 2016 Rs. 10,730 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against pledge of stock, hypothecation / pari passu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills. These finances carry mark-up at the rates ranging from 1% to 7.86% (June 30, 2016: 1% to 8.34%) per annum. These facilities are expiring on various dates till June 30, 2017.

### 7. CONTINGENCIES AND COMMITMENTS

#### 7.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2016, except the following;

- Bank guarantee outstanding as at December 31, 2016 are Rs. 171.780 million (June 30, 2016: Rs. 148.395 million).
- Foreign bills discounted outstanding as at December 31, 2016 are Rs. 728.181 million ( June 30, 2016: Rs. 809.304 million).

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

For the six months period ended December 31, 2016

		Un-audited December 31, 2016	Audited June 30, 2016
<b>7.2 Commitments</b>	<b>Note</b>	----- (Rs. in "000") -----	
<b>7.2.1</b> Commitments in respect of forward foreign exchange contracts:			
- Sales		62,760	1,550
- Purchase		54,865	-
<b>7.2.2</b> Letters of credit for:			
- Capital expenditures		341,809	-
- Other than capital expenditures		20,240	58,878
		362,049	58,878
<b>7.2.3</b> Stand by letters of credit for:			
- Commitment to inject equity in Fatima Energy Ltd (Associated Company)		1,750,000	1,750,000

### 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	5,030,626	5,138,451
Capital work in progress		27,690	27,589
		5,058,316	5,166,040
<b>8.1 Operating fixed assets</b>			
Opening written down value		5,138,451	5,349,600
Additions during the period / year	8.1.1	8,358	33,870
Net Book value of operating assets disposed off during the period / year	8.1.1	(916)	(1,114)
Depreciation charged during the period / year		(115,267)	(243,905)
Closing written down value		5,030,626	5,138,451

	Un-audited Six months period ended December 31, 2016		Audited Year ended June 30, 2016	
	----- Rupees in "000" -----		----- Rupees in "000" -----	
	Additions at cost	Disposal at book value	Additions at cost	Disposal at book value
<b>8.1.1 Additions / disposals during the period</b>				
Building	-	-	3,113	-
Plant and machinery	5,301	-	13,824	-
Electric installations	1,036	-	6,754	-
Factory equipment	468	-	60	-
Office equipment	1,050	-	1,206	-
Electric appliances	311	-	1,039	-
Furniture and fixtures	192	-	340	-
Vehicle	-	916	4,592	1,114
Leased vehicles	-	-	2,943	-
	8,358	916	33,871	1,114

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

For the six months period ended December 31, 2016

	Note	Un-audited December 31, 2016	Audited June 30, 2016
----- (Rs in '000) -----			
<b>9. LONG TERM INVESTMENT</b>			
Investment in associates - Un-quoted			
Fatima Energy Limited	9.1	794,157	795,659
Fatima Transmission Company Limited	9.2	71,756	-
		<u>865,913</u>	<u>795,659</u>
<b>9.1 Investment in associate - Fatima Energy Limited ("FEL") At equity method</b>			
Cost		800,054	800,054
Share of post acquisition loss		(16,126)	(14,627)
Share of other comprehensive income		2,210	2,213
Gain on dilution of investment in associate		8,019	8,019
Carrying amount at end of the period		<u>794,157</u>	<u>795,659</u>
No. of shares held		80,016,370	80,016,370
Ownership interest in percentage		14.11%	14.11%

Due to non availability of audited financial statements of FEL at the date of authorization for the issue of these condensed financial information, equity method has been applied on un-audited financial statements for the period ended December 31, 2016.

### 9.2 Investment in associate - Fatima Transmission Company Limited ("FTCL")

#### At equity method

Cost		71,766	-
Share of post acquisition loss		(10)	-
Carrying amount at end of the period		<u>71,756</u>	<u>-</u>
No. of shares held		7,176,563	-
Ownership interest in percentage		31.20%	0.00%

Advance amounting to Rs.71,765,630 has been converted into 7,176,563 number of ordinary shares (31.20% holding) of FTCL (Associated Company) of Rs.10 each at November 11, 2016.

Provisions of Section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.

Due to non availability of audited financial statements of FTCL at the date of authorization for the issue of these condensed financial information, equity method has been applied on un-audited financial statements for the period ended December 31, 2016.

## 10. STOCK IN TRADE

Raw material		2,604,707	1,510,245
Work in process		186,380	166,946
Finished goods		880,608	669,158
		<u>3,671,695</u>	<u>2,346,349</u>

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

For the six months period ended December 31, 2016

		Un-audited December 31, 2016	Audited June 30, 2016
<b>11. LOANS AND ADVANCES</b>	<b>Note</b>	----- (Rs. in "000") -----	
Advances - considered good			
- To employees		135,826	123,570
- To suppliers		34,303	76,753
Due from related parties		7,275	53,409
Letters of credit - margins, deposits, opening charges, etc.		152,695	138,278
		330,099	392,010
<b>12. OTHER FINANCIAL ASSETS</b>			
Short term investment - available for sale			
Fatima Fertilizer Company Limited - Quoted	12.1	96,842	89,098
Short term investment - Others			
Multan Real Estate Company (Pvt) Limited - Un-quoted		21,480	21,480
		118,322	110,578
<b>12.1 Fatima Fertilizer Company Limited</b>			
Carrying amount at beginning of the period/year			
2,625,167 (June 30, 2016: 2,625,167)			
fully paid ordinary shares of Rs. 10 each		89,098	102,565
Fair value adjustment		7,744	(13,467)
Closing market value at the end of period/year of			
2,625,167 (June 30, 2016: 2,625,167) ordinary shares		96,842	89,098

	----- Un-audited -----			
	Six months period ended December 31,		Three months period ended December 31,	
	2016	2015	2016	2015
<b>13. SALES - net</b>	----- Rupees in "000" -----			
Export	2,454,283	2,508,197	994,959	1,065,137
Local	2,990,012	2,271,956	1,565,220	1,320,747
Waste	75,884	61,447	40,510	38,634
	5,520,179	4,841,600	2,600,689	2,424,518
Less: Commission	(51,647)	(49,342)	(23,721)	(25,979)
	5,468,532	4,792,258	2,576,968	2,398,539
Add: Weaving/doubling/sizing income	15,378	18,047	6,879	16,803
Export rebate	683	1,012	274	740
	16,061	19,059	7,153	17,543
Less: Sales Tax	-	(68,907)	-	(40,573)
	5,484,593	4,742,410	2,584,121	2,375,509



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

For the six months period ended December 31, 2016

Un-audited	
Six months period ended	
December 31,	
2016	2015
----- (Rs in '000) -----	

### 14. CASH GENERATED FROM OPERATIONS

Profit/ (loss) before tax	105,864	(76,496)
<b>Adjustments for non cash charges and other items:</b>		
Depreciation on property, plant and equipment	115,267	121,754
Amortization of intangible assets	473	473
Staff retirement benefits accrued	27,316	23,487
Workers profit participation fund accrued	5,651	-
Gain on disposal of property, plant and equipment	(783)	-
Share of loss from associate	1,510	3,129
Finance cost (excluding exchange Gain/ loss)	258,190	265,259
Profit before working capital changes	513,488	337,606

#### Effect on cash flow due to working capital changes:

(Increase)/decrease in current assets

-Stores, spares and loose tools	(5,553)	(2,857)
-Stock in trade	(1,325,346)	(678,432)
-Trade debts	(43,263)	394,568
-Loans and advances	61,911	(40,514)
-Trade deposits and prepayments	1,442	(35,223)
-Other receivables	1,797	(8,853)
-Tax refunds due from government (excluding income tax)	(2,553)	80,094
Increase in current liabilities		
-Trade and other payables (excluding workers' profit participation fund)	137,543	176,900
	(1,174,022)	(114,317)
Cash (used in) / generated from operations	(660,534)	223,289

### 15. 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:

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

For the six months period ended December 31, 2016

Nature of transaction	----- (Un-audited) -----			
	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	----- Rupees in "000" -----		----- Rupees in "000" -----	
<b><u>Associated undertakings</u></b>				
Purchase of goods	16,204	42,670	6,738	26,776
Sale of goods	2,960	-	-	-
Mark up charged	43	6,590	21	6,590
Mark up expense	1,835	1,914	239	1,011
Advances	60,850	46,025	35,894	46,025
Allotment of shares	71,766	-	71,766	-
Others	10,964	-	-	-
<b><u>Key management personnel</u></b>				
Remuneration to:				
Director	2,004	1,355	1,002	677
Executives	13,794	10,436	7,498	4,373
<b><u>Others</u></b>				
Donations	4,600	5,821	2,600	3,121

All transactions with related parties have been carried out on agreed terms and conditions.

### 16. 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, 2016.

### 17. 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, 2016.

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

For the six months period ended December 31, 2016

	(Un-audited) December 31, 2016			(Audited) June 30, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees in '000"					
<b>Property, plant and equipment</b>						
- Freehold lands	-	752,939	-	-	752,939	-
<b>Other financial assets</b>						
- Short term investment - available for sale	96,842	-	-	89,098	-	-
	<u>96,842</u>	<u>752,939</u>	<u>-</u>	<u>89,098</u>	<u>752,939</u>	<u>-</u>
<b>Note</b>						
18.1						
18.2						
18.3						

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.

18.1 The Company follows the revaluation model for its freehold land. The fair value measurement as at May 31, 2014 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of the State Bank of Pakistan and the possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. Fair market value of the land was assessed through inquiries from various estate agents and brokers keeping in view the location of the property, size, status, utilization and current trends in prices of real estate in the vicinity of the property.

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.

18.2 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').

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

	Un-audited December 31, 2016	Audited June 30, 2016
	Rupees 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	24,374	24,374
	<u>142,988</u>	<u>142,988</u>

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

For the six months period ended December 31, 2016

## 19. SEGMENT REPORTING

### 19.1 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:

### 19.2 Segment revenue and results

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

	2016		2015		2016		2015		2016		2015	
	Spinning		Weaving		(Elimination of inter-segment transactions)		Total					
	Un-audited											
	Rupees in '000'											
<b>Six months ended December 31 ,</b>												
Sales - net	3,391,174	3,057,417	3,801,767	3,131,152	(1,708,348)	(1,446,159)	5,484,593	4,742,410				
Cost of sales	(3,095,456)	(2,907,055)	(3,592,259)	(2,950,495)	1,708,348	1,446,159	(4,979,367)	(4,411,391)				
Gross profit	295,718	150,362	209,508	180,657	-	-	505,226	331,019				
Distribution and marketing expenses	(10,534)	(10,656)	(50,228)	(42,498)	-	-	(60,762)	(53,154)				
Administrative expenses	(36,457)	(36,595)	(36,454)	(36,952)	-	-	(72,911)	(73,557)				
Finance cost	(131,697)	(155,730)	(125,630)	(123,035)	-	-	(257,327)	(278,765)				
Other operating expenses	(7,652)	(1,561)	(3,337)	(4,240)	-	-	(10,989)	(5,621)				
Other income	1,703	3,265	2,434	3,646	-	-	4,137	6,911				
Share of loss from associate	(755)	(1,564)	(755)	(1,565)	-	-	(1,510)	(3,129)				
	(185,392)	(202,861)	(213,970)	(204,654)	-	-	(399,362)	(407,515)				
Profit / (Loss) before taxation	110,326	(52,499)	(4,462)	(23,997)	-	-	105,864	(76,496)				
Taxation	(17,110)	(6,214)	(38,573)	(21,693)	-	-	(65,663)	(27,907)				
Profit / (Loss) for the period	93,216	(58,713)	(43,035)	(45,690)	-	-	50,181	(104,403)				

19.2.1 The accounting policies of the reportable segments are same as those of the Company's accounting policies described in the audited financial statements for the year ended June 30, 2016.

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

For the six months period ended December 31, 2016

## 19.3 Segment assets

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

	Spinning		Weaving		Total	
	Un-audited December 31, 2016	Audited June 30, 2016	Un-audited December 31, 2016	Audited June 30, 2016	Un-audited December 31, 2016	Audited June 30, 2016
	-----Rupees in '000'-----					
<b>Segment assets for reportable segment</b>						
Operating fixed assets	3,081,461	3,151,175	1,949,165	1,987,276	5,030,626	5,138,451
Stores, spares and loose tools	122,966	116,559	65,159	66,013	188,125	182,572
Stock in trade	2,692,304	1,510,248	979,391	836,101	3,671,695	2,346,349
	<u>5,896,731</u>	<u>4,777,982</u>	<u>2,993,715</u>	<u>2,889,390</u>	<u>8,890,446</u>	<u>7,667,372</u>
Unallocated corporate assets					2,581,060	2,483,897
<b>Total assets as per balance sheet</b>					<u>11,471,506</u>	<u>10,151,269</u>

## 19.4 Segment liabilities

Segment liabilities for reportable segments'	<u>4,021,873</u>	<u>3,522,498</u>	<u>3,364,279</u>	<u>2,727,984</u>	<u>7,386,152</u>	<u>6,250,482</u>
Unallocated corporate liabilities					1,269,250	1,127,200
<b>Total liabilities as per balance sheet</b>					<u>8,655,402</u>	<u>7,377,682</u>

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

For the six months period ended December 31, 2016

### 20. DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue on February 24, 2017 by the Board of Directors of the Company.

### 21. GENERAL

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

Sd/-  
Chief Executive Officer

Sd/-  
Director



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