



1st Quarterly Accounts September 30, 2016 (Un-Audited)



Reliance Weaving
Mills Limited
A Fatima Group Company



1st Quarterly Accounts

September 30, 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

Dear Members,

On the behalf of the Board of Directors, I am pleased to present 1st quarterly Financial Statements of the company for the period ended September 30, 2016.

Financial Highlights

The Company earned net profit Rs. 35.49 million during the period as compared to Rs. 1.04 million. Turnover of the company improved from Rs 2,366 million to 2,900 million. The growth in profitability was due to improve in margin and reduction of finance and administrative cost.

Going forward, increase in prices for cotton and oil might put pressure on sector's margin. Domestic cotton production is expected to be around 11.7 million bales while annual consumption will continue to remain higher than domestic production. Cotton price will likely to remain up 10% to 12% than last year price due to expected decline in Indian cotton crop production. Country's textile export decline by 10% YoY due to slow down in China and EU. Textile package from the government is in process of finalization in which it is propose to give rebate to the textile exporters on the FOB value ranging from 4% to 6%. Rebate on the FOB value will enable the sector get out of the liquidity crunch and helps to increase the export of the country which is continuously on decline side.

On Behalf of Board of Directors

Sd/-

Fazal Ahmed Sheikh
(Chief Executive Officer)

Date: October 28, 2016
Place: Lahore

Condensed Interim Balance Sheet (Un-audited)

		Un-audited September 30, 2016	Audited June 30, 2016
	Note	----- (Rs. in "000") -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2016: 40,000,000)			
ordinary shares of Rs. 10 each		400,000	400,000
30,000,000 (2016 : 30,000,000)			
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		181,868	179,978
Retained earnings		1,686,668	1,651,176
		2,176,645	2,139,263
Surplus on revaluation of fixed assets		634,325	634,325
Non-current Liabilities			
Long term finances	4	1,772,012	1,943,688
Liabilities against asset subject to finance lease		1,895	2,952
Deferred liabilities		164,267	154,870
		1,938,174	2,101,510
Current Liabilities			
Current portion of non-current liabilities - secured		718,803	744,035
Finances under mark up arrangements and other credit facilities - secured		3,865,527	3,559,808
Trade and other payables		723,203	868,988
Mark up accrued		99,381	103,341
		5,406,914	5,276,172
Contingencies and commitments	5	-	-
		10,156,058	10,151,270

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

As At September 30, 2016

		Un-audited September 30, 2016	Audited June 30, 2016
	Note	----- (Rs. in "000") -----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,110,756	5,166,040
Intangible assets		5,330	5,566
Long term investment	7	794,637	795,659
Long term deposits		15,572	15,572
Deferred tax asset		50,958	50,958
		5,977,253	6,033,795
Current assets			
Stores, spares and loose tools		178,498	182,573
Stock in trade		2,226,482	2,346,349
Trade debts		745,328	528,178
Loans and advances	8	380,883	392,010
Trade deposits and prepayments		34,750	27,834
Other receivables		10,284	3,263
Short term investments	9	112,468	110,578
Tax refunds due from the government		414,007	449,300
Cash and bank balances		76,105	77,390
		4,178,805	4,117,475
		10,156,058	10,151,270

Sd/-
Director

Condensed Interim Profit And Loss Account (Un-audited)

For the period ended September 30, 2016

	Note	First Quarter ended September 30,	
		2016	2015
----- (Rs. in "000") -----			
Sales - net	10	2,900,471	2,366,901
Cost of sales		<u>(2,646,500)</u>	<u>(2,158,705)</u>
Gross profit		253,971	208,196
Distribution and marketing expenses		(27,675)	(28,103)
Administration expenses		(31,617)	(35,568)
Other operating expenses		(3,735)	(2,974)
Finance cost		(126,049)	(135,224)
Other operating income		908	168
Share of loss from associate		<u>(1,022)</u>	<u>(1,643)</u>
Profit before tax		64,781	4,852
Taxation		<u>(29,289)</u>	<u>(3,805)</u>
Profit after tax		<u>35,492</u>	<u>1,047</u>
Earnings per share		<u>1.15</u>	<u>0.03</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2016

Note	First Quarter ended September 30,	
	2016	2015
	----- (Rs. in "000") -----	
Profit for the period	35,492	1,047
Other comprehensive income		
Gain on remeasurement of short term investment	1,890	18,927
Total comprehensive income for the period	<u><u>37,382</u></u>	<u><u>19,974</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended September 30, 2016

		First Quarter ended September 30,	
		2016	2015
Note		----- (Rs. in "000") -----	
Cash flows from operating activities			
	11	61,260	752,239
		(128,732)	(143,466)
		(19,615)	-
		(15,393)	(29,890)
		(4,262)	(4,185)
		<u>(106,742)</u>	<u>574,698</u>
Cash flows from investing activities			
		(2,743)	(10,581)
		446	-
		-	(230)
		<u>(2,297)</u>	<u>(10,811)</u>
Cash flows from financing activities			
		(191,872)	(141,108)
		305,719	(309,570)
		(6,093)	(3,524)
		<u>107,754</u>	<u>(454,202)</u>
		(1,285)	109,685
		<u>77,390</u>	<u>70,807</u>
		<u>76,105</u>	<u>180,492</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

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

For the period ended September 30, 2016

	Capital reserve		Revenue reserve		Total
	Share capital	Share premium	Fair value reserve	General reserve	
	----- Rs. "000" -----				
Balance as at June 30, 2015 (audited)	308,109	41,081	76,281	74,172	1,609,792
Profit for the period	-	-	-	-	1,047
Other comprehensive income	-	-	18,927	-	-
Total comprehensive income	-	-	18,927	-	1,047
Balance as at September 30, 2015	<u>308,109</u>	<u>41,081</u>	<u>95,208</u>	<u>74,172</u>	<u>1,610,839</u>
Balance as at June 30, 2016 (audited)	308,109	41,081	64,725	74,172	1,651,176
Profit for the period	-	-	-	-	35,492
Other comprehensive income	-	-	1,890	-	-
Total comprehensive loss	-	-	1,890	-	35,492
Balance as at September 30, 2016	<u>308,109</u>	<u>41,081</u>	<u>66,615</u>	<u>74,172</u>	<u>1,686,668</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Sd/-

Chief Executive Officer

Sd/-

Director

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 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. The shares of the Company are quoted on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchange). The Company 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.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for first quarter ended September 30, 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 first quarter ended on September 30, 2016.

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. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2016.

4. LONG TERM FINANCES

From financial institutions - secured
Less: current portion

Note	Un-audited September 30, 2016	Audited June 30, 2016
	----- (Rs. in "000") -----	
4.1	2,477,338	2,669,210
	(705,326)	(725,522)
	<u>1,772,012</u>	<u>1,943,688</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

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

	Un-audited September 30, 2016	Audited June 30, 2016
Note	----- (Rs. in "000") -----	
Opening balance	2,669,210	2,782,096
Add: obtained during the period / year	-	500,000
	2,669,210	3,282,096
Less: repaid during the period / year	(191,872)	(612,886)
Closing balance	2,477,338	2,669,210

5. CONTINGENCIES AND COMMITMENTS

Contingencies

5.1 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;

- Foreign bills discounted outstanding as at September 30, 2016 are Rs. 906.591 million (June 30, 2016: Rs. 809.304 million)

Commitments

5.2 Letters of credit for:

- Capital expenditures	280,961	-
- Other than capital expenditures	46,052	58,878
	327,013	58,878

5.3 Stand by letters of credit for:

- Commitment to inject equity in Fatima Energy Ltd:	1,750,000	1,750,000
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6. PROPERTY, PLANT AND EQUIPMENT

Operating assets	6.1	5,083,030	5,138,452
Capital work in progress		27,726	27,588
		5,110,756	5,166,040

6.1 Operating assets

Opening written down value		5,138,452	5,349,601
Additions during the period / year	6.1.1	2,606	33,870
Net Book value of operating assets disposed off during the period / year	6.1.1	(408)	(1,114)
Depreciation charged during the period / year		(57,620)	(243,905)
Closing written down value		5,083,030	5,138,452

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

		Un-audited First Quarter ended September 30, 2016	
		Additions at cost	Disposal at book value
		----- (Rs. in '000) -----	
6.1.1 Additions / disposals during the period			
Plant and machinery		659	-
Electric installation		800	-
Factory equipment		325	-
Office equipment		549	-
Electric appliances		233	-
Furniture and fixtures		40	-
Vehicles - Owned		-	(408)
		<u>2,606</u>	<u>(408)</u>
		Un-audited September 30, 2016	Audited June 30, 2016
		----- (Rs in '000) -----	
7. LONG TERM INVESTMENT			
7.1 Investment in associate - Fatima Energy Limited			
Opening book value of investment		795,659	766,344
Shares issued to the Company during the period		-	30,120
Share of other comprehensive income		-	2,209
Gain on dilution of investment		-	8,018
Share of loss from associate		(1,022)	(11,032)
		<u>794,637</u>	<u>795,659</u>
No. of shares held		80,016,370	80,016,370
Ownership interest in percentage		14.11%	14.11%
8. LOANS AND ADVANCES			
Advances - considered good			
- To employees		132,049	123,570
- To suppliers		32,060	76,753
Due from related parties		78,494	53,409
Letters of credit - margins, deposits, opening charges, etc.		138,280	138,278
		<u>380,883</u>	<u>392,010</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

		Un-audited September 30, 2016	Audited June 30, 2016
9. SHORT TERM INVESTMENTS		----- (Rs in '000) -----	
Available for sale investment			
- Fatima Fertilizer Company Ltd.	9.1	90,988	89,098
Other investment - Multan Real Estate Company (Pvt) Ltd.		21,480	21,480
		112,468	110,578
9.1 Fatima Fertilizer Company Limited			
Carrying amount at beginning of the period			
2,625,167 (2015: 2,625,167) fully paid ordinary shares of Rs. 10 each		89,098	102,565
Fair value adjustment		1,890	(13,467)
Closing market value of 2,625,167 (2016: 2,625,167) shares		90,988	89,098

	Un-audited First Quarter ended September 30,	
	2016	2015
10. SALES - net	----- (Rs in '000) -----	
Export	1,459,324	1,443,060
Local	1,424,792	951,209
Waste	35,374	22,813
	2,919,490	2,417,082
Less: Commission	(27,926)	(23,363)
	2,891,564	2,393,719
Add: Weaving, Doubling, Sizing income	8,499	1,244
Export rebate	408	272
	8,907	1,516
Less: Sales tax	-	(28,334)
	2,900,471	2,366,901

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

	Un-audited First Quarter ended September 30,	
	2016	2015
	----- (Rs in '000) -----	
11. CASH GENERATED FROM OPERATIONS		
Profit before tax	64,781	4,852
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	57,620	60,821
Amortization of intangible assets	237	237
Staff retirement benefits accrued	13,658	12,603
(Gain) on disposal of property, plant and equipment	(38)	-
Share of loss from associate	1,022	1,643
Provision for WPPF	1,371	-
Finance cost (excluding exchange Gain/ loss)	124,772	136,207
Profit before working capital changes	263,423	216,363
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	4,075	(11,253)
- Stock in trade	119,867	238,672
- Trade debts	(217,150)	192,492
- Loans and advances	11,127	47,145
- Trade deposits and prepayments	(6,916)	(40,459)
- Tax refunds due from government (excluding income tax)	21,397	94,359
- Other receivables	(7,022)	698
Increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	(127,541)	14,222
	(202,163)	535,876
Cash generated from operations	61,260	752,239

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:

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

Nature of transaction	Un-audited First Quarter ended September 30,	
	2016	2015
	----- (Rs in "000") -----	
<u>Associated undertakings</u>		
Sale of goods and service	2,960	-
Purchase of goods	9,466	15,894
Mark up charged	22	-
Mark up expense	1,596	903
Advances issued	24,956	-
Advance repayment	228,097	-
<u>Key management personnel</u>		
Remuneration under the terms of employment to:		
Director	1,002	678
Executives	6,296	6,063
<u>Others</u>		
Donations	2,000	2,700

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

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, 2016.

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, 2016.

15. FAIR VALUES

Note	(Un-audited) September 30, 2016			(Audited) June 30, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees in "000" -----					
Property, plant and equipment						
- Freehold lands	15.1	- 752,939	-	-	752,939	-
Other financial assets						
- Short term investment						
- available for sale	15.2	90,988	-	89,098	-	-
		<u>90,988</u>	<u>752,939</u>	<u>89,098</u>	<u>752,939</u>	<u>-</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

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 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. The fair value of the office premises was determined using the comparable price method after performing detailed inquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In the estimating the fair value of the office premises, the highest and best use of these premises is their current use.

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, 2016	Audited June 30, 2016
	----- (Rs in '000) -----	
Property, plant and equipment		
- Freehold lands	118,614	118,614
Other financial assets		
- Short term investment - available for sale	26,284	26,284
	<u>144,898</u>	<u>144,898</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

16 Segment Reporting

16.1 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:

16.2 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees '000							
Three months ended 30- September								
Sales - net	1,711,722	1,437,034	2,036,622	1,653,679	(847,873)	(723,812)	2,900,471	2,366,901
Cost of sales	(1,545,710)	(1,333,330)	(1,948,663)	(1,549,187)	847,873	723,812	(2,646,500)	(2,158,705)
Gross profit	166,012	103,704	87,959	104,492	-	-	253,971	208,196
Distribution and marketing expenses	(5,145)	(5,045)	(22,530)	(23,058)			(27,675)	(28,103)
Administrative expenses	(15,809)	(17,661)	(15,808)	(17,907)			(31,617)	(35,568)
Other operating expenses	(2,251)	(901)	(1,484)	(2,073)			(3,735)	(2,974)
Finance cost	(63,489)	(78,945)	(62,560)	(56,279)			(126,049)	(135,224)
Other operating income	89	112	819	56			908	168
Loss on investment in associate	(511)	(855)	(511)	(788)			(1,022)	(1,643)
Profit before taxation	78,896	409	(14,115)	4,443			64,781	4,852
Taxation	(8,696)	2,915	(20,593)	(6,720)			(29,289)	(3,805)
Profit after taxation	70,200	3,324	(34,708)	(2,277)			35,492	1,047

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.

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2016

17. DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue by the Board of Directors of the Company on October 28, 2016.

18. GENERAL

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

Sd/-
Chief Executive Officer

Sd/-
Director

Reliance Weaving Mills Limited

2nd Floor Trust Plaza, LMQ Road, Multan.

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