



Reliance Weaving
Mills Limited
A Fatima Group Company

1st Quarterly
Accounts

2019

September 30, 2019 (Un-Audited)

Committed to
EXCELLENCE

COMPANY INFORMATION

BOARD OF DIRECTORS

Non-Executive Directors

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

Chairman

Executive Directors

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

CEO

Independent Directors

Dr. M. Shoukat Malik
Mr. Shahid Aziz

BOARD COMMITTEES

Audit Committee

Mr. Shahid Aziz
Mr. Fahd Mukhtar
Dr. M. Shoukat Malik

Chairman
Member
Member

HR & Remuneration Committee

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

Chairman
Member
Member

Risk Management Committee

Mr. Faisal Ahmed Mukhtar
Mr. Shahid Aziz
Dr. M. Shoukat Malik

Chairman
Member
Member

EXECUTIVE MANAGEMENT TEAM

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Attab Ahmed Qaiser

GM Marketing

Mr. Salim Ahmed
Mr. Aqeel Saifi
Mr. Khawaja Sajid

GM Weaving

Mr. Ikram Azeem

GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

DGM Spinning (Rawat)

Mr. Salahudin Khattak

EXTERNAL AUDITORS

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants
HM House, 7-Bank Square, Lahore.
E-mail: ihr@hccpk.com

SHARES REGISTRAR

M/s. CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e- Faisal,
Karachi-74400
E-mail: info@cdc.pak.com & kamran.ahmad@fatima-group.com

BANKERS/FINANCIAL INSTITUTIONS

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Meezan Bank Limited
Soneri Bank Limited
The Bank of Khyber
Habib Metropolitan Bank Limited
JS Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Samba Bank Limited
Al-Baraka Bank Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
The Bank of Punjab
Askari Bank Limited, Islamic Banking Services
Saudi Pak Industrial & Agricultural Investment Company Limited
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Pak Libya Holding Company (Pvt) Limited
First Habib Modaraba
Sindh Bank Limited
Summit Bank Limited
Bank Islami Pakistan Limited
Standard Chartered Bank Pakistan Limited
Faysal Bank Limited

SITE ADDRESSES

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: 061-4509700, 061-4509749
Fax: 061-4511677, 061-4584288
E-mail: info@fatima-group.com

Head Office

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

DIRECTOR'S REPORT TO THE MEMBERS

Dear Members,

On the behalf of the Board of Directors, We are pleased to present first quarterly Financial Statements of the company for the period ended September 30, 2019.

Financial Highlights

The company earned net profit of Rs. 100 million during the period as compared to Rs. 131 million. Turnover of the company has improved from Rs. 3,242 million to Rs. 4,633 million, which is 43% increase. Gross profit of the company has improved from Rs 428 million to Rs. 636 million, however, financial cost of the company has increased from Rs 174 million to Rs. 330 million which is almost 90% increased as compare to last year. Major challenge in current year shall be to manage the financial cost through efficient working capital utilization and to avail dollar based financing keeping in view the devaluation of PKR against USD.

Cotton production in Pakistan estimated closer to 10 million bales leaving shortfall of 5 million bales. Cotton prices are fluctuating very sharply due to different news of China- USA trade war settlement. Uncertainty is prevailing in market due to China- USA trade war. The Government has released pending refund of sales tax and income tax which is highly appreciable, it improved the cash flow of the company.

On Behalf of Board of Directors



Fazal Ahmed Sheikh
(Chief Executive Officer)



Faisal Ahmed Mukhtar
(Director)

Date: October 30, 2019

Place: Lahore

ڈائریکٹرز کا جائزہ

محترم ممبران،


بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 ستمبر، 2019 کو ختم ہونے والی مدت کے لئے کمپنی کے پہلے سہ ماہی مالی بیانات پیش کرنے پر خوش ہیں۔


مالی جھلکیاں:

کمپنی کو 131 ملین روپے کے مقابلے میں 100 ملین روپے کا خالص منافع ہوا۔ کمپنی کا کاروبار 3,242 ملین روپے سے 4,633 ملین روپے بہتر ہوا، جو کہ 43% کا اضافہ ہے۔ کمپنی کا مجموعی منافع 428 ملین روپے سے 636 ملین روپے تک بہتر ہوا، تاہم، کمپنی کی مالی لاگت 174 ملین روپے سے 330 ملین روپے تک بڑھ گئی ہے جو گذشتہ سال کے مقابلے میں تقریباً 90 فیصد اضافہ ہے۔ موجودہ سال میں سب سے بڑا چیلنج موثر ورکنگ سرمایہ کے استعمال کے ذریعے مالی لاگت کا انتظام کرنا اور امریکی ڈالر کے مقابلے میں پی کے آر کی قدر میں کمی کو نظر میں رکھتے ہوئے ڈالر کی بنیاد پر فنانسنگ کا فائدہ اٹھانا ہوگا۔

پاکستان میں کپاس کی پیداوار کا تخمینہ 10 ملین گانٹھوں کے قریب ہے جس سے 5 ملین گانٹھوں کی شارٹ فال ختم ہوئی ہے۔ چین - امریکہ کی تجارتی جنگ کی مختلف خبروں کی وجہ سے کپاس کی قیمتوں میں اتار چڑھاؤ بڑھ رہا ہے۔ چین - امریکہ تجارتی جنگ کی وجہ سے مارکیٹ میں غیر یقینی صورتحال غالب ہے۔ حکومت نے سیلز ٹیکس اور انکم ٹیکس کی واپسی کا التوا جاری کیا ہے جو انتہائی قابل تعریف ہے، اس نے کمپنی کے نقد بہاؤ کو بہتر بنایا ہے۔

بورڈ اور اس کی طرف سے،


فیصل احمد چوہدری
ڈائریکٹر


فیصل احمد شیخ
چیف ایگزیکٹو آفیسر

مقام: لاہور

تاریخ: 30 اکتوبر، 2019

COMPANY PROFILE

Reliance Weaving Mills Limited is a Public Limited Company incorporated on April 07, 1990 with its Registered Office at 2nd Floor, Trust Plaza, L.M.Q. Road, Multan and is listed on Pakistan Stock Exchange. The Head Office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore-Cantt.

The unit is a fully integrated yarns and fabrics production complex and is located at two sites that is Fazalpur Khanewal Road, Multan (Multan Unit) housed on 87 acres of land and the site area of Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi (Rawat Unit) comprises of 34 acres of land. The Housing Colony at Multan unit comprises of 228 bachelor rooms and 24 family quarters for workers and non-management cadre employees while there is an accommodation capacity for 500 workers and 76 rooms for bachelors at Rawat unit.

The spinning unit at Multan comprises of 42 ring frames consisting of 47,520 spindles with total annual production of 24,494 tons based on average count Ne 14. We have state of the art and modern technology, TOYOTA RX-240 and RX-300 E Draft capable of making wide range of counts. These machines can attain high speed of 21,000 RPM. Our ring machines are 2004, 2013 and 2014 model. Currently, we are producing yarn counts from 6/1 cdd to 21/1 cdd. The above unit produces Carded Yarn, Combed Yarn, Siro Yarn, Core Yarn, Dual Core Yarn, Slub Yarn, Dual Core+Slub Yarn and Core+Slub Yarns.

The Rawat unit consist of 38 Toyoda Japan (RY-5) spinning frame with total annual production capacity of 118,195 bags based on standard

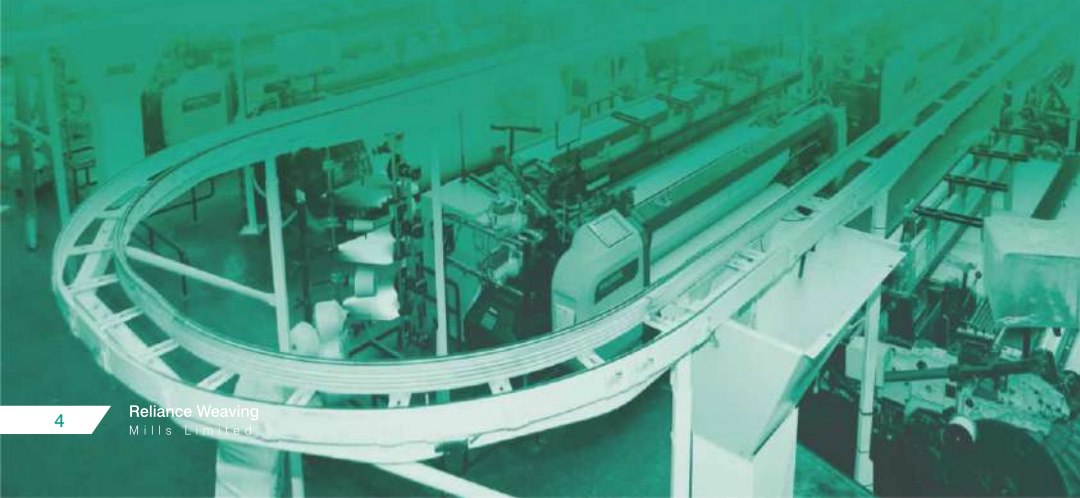
count of 20/1 cdd. The unit produces yarns namely Mélange, Marl, Slub, Injection Nappy and Fancy Draw Blend Yarns.

The Weaving unit comprises of 392 looms of high speed latest air jet machines of Tsudakoma (Japan) & picanol (Belgium) with total grey cloth production of (82.22 Million Meters) (SGM's) based on 53.35 picks per inch. We cater for home textiles and apparels from various variety of yarns blends such as Cotton/Polyester, Cotton/Viscose/ Linen, Fancy Yarns, Stretch Yarns and from different natural fibers & synthetic blends.

The unit is equipped with latest warping and sizing machine, air compressors, air conditioning / chiller system, boilers and self-gas engine power generation. The weaving facilities can produce plain (basket/mat weave, ribbed warp & wet), twill, satin, sateen weave, variation of basic weave such as creps, pile (cut/unused) double cloth, gauze (leno), swivel, tappet, dobby, Name jacquard & triaxial.

We are producing almost all types of Fancy Yarns and Grey Fabrics and have state-of-the-art high speed machines with latest facilities coupled with highly skilled team of dedicated workers and engineers to meet the challenges of textile sector.

We are constantly working to upgrade our plant by replacing old machines with latest high speed machines to be abreast with modern trends in the local textile industry and abroad to have competitive edge over our competitors to bring our Company in the forefront of the textile sector of Pakistan.



CREDIT RATING RELIANCE WEAVING MILLS LIMITED



LONG TERM

A-

SHORT TERM

A2

CERTIFICATIONS



1st Quarterly Accounts

September 30, 2019
(Un-Audited)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2019

		(Un-audited) September 30 2019	(Audited) June 30 2019
		-----Rupees in "000"-----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,213,288	6,227,003
Intangible assets		2,491	2,728
Long term investments	5	760,601	763,601
Long term deposits		20,216	20,216
Deferred tax asset		71,221	71,221
		7,067,817	7,084,769
Current assets			
Stores, spares and loose tools		238,510	204,857
Stock-in-trade		4,298,244	5,944,942
Trade debts		2,031,336	2,281,363
Loans and advances	6	480,760	401,679
Prepayments and other receivables		67,471	35,474
Short term investments	7	145,381	137,332
Tax refunds & export rebate due from the government		405,459	606,596
Cash and bank balances		103,522	113,073
		7,770,683	9,725,316
TOTAL ASSETS		14,838,500	16,810,085
SHARE CAPITAL AND RESERVES			
Authorized share capital		700,000	700,000
Issued, subscribed and paid-up share capital		308,109	308,109
Reserves		159,208	165,797
Revaluation surplus on freehold land		949,486	949,486
Unappropriated profit		2,567,835	2,467,192
		3,984,638	3,890,584
Liabilities			
Non-current liabilities			
Long term finances	8	1,937,073	1,826,835
Liabilities against assets subject to finance lease		12,015	8,829
Staff retirement benefits - gratuity		261,267	241,279
		2,210,355	2,076,943
Current liabilities			
Trade and other payables		1,601,000	2,012,704
Unclaimed dividend		17,182	17,336
Markup accrued		293,483	309,363
Short term borrowings		6,129,530	7,816,016
Current portion of non-current liabilities		545,560	529,479
Taxation		56,752	157,660
		8,643,507	10,842,558
Total liabilities		10,853,862	12,919,501
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		14,838,500	16,810,085

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	Three months period ended	
		September 30 2019	September 30 2018
		-----Rs in '000'-----	
Sales - net	10	4,633,336	3,242,090
Cost of sales		(3,997,418)	(2,813,820)
Gross profit		635,918	428,270
Distribution and marketing expenses		(59,431)	(28,070)
Administrative expenses		(49,000)	(40,862)
Other expenses		(41,974)	(15,546)
Other income		5,435	1,623
		(144,970)	(82,855)
Profit from operations		490,948	345,415
Finance cost		(330,553)	(174,378)
		160,395	171,037
Share of loss of associates		(3,000)	(1,120)
Profit before taxation		157,395	169,917
Provision for taxation		(56,752)	(38,140)
Profit after Taxation		100,643	131,777
Earnings per share		3.27	4.28

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Three months period ended	
	September 30 2019	September 30 2018
	-----Rs in '000'-----	
Profit after taxation	100,643	131,777
Other comprehensive income:		
Items that will not be reclassified subsequently to statement of profit or loss:		
- Unrealised (Loss) / Gain on remeasurement of short term investments at fair value through other comprehensive income	(6,589)	13,152
Total comprehensive income for the period	94,054	144,929

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



Chief Executive Officer



Director



Chief Financial Officer


CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	Three months period ended	
		September 30 2019	September 30 2018
		-----Rs in '000'-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,961,152	343,084
Finance cost paid		(346,433)	(193,491)
Taxes paid - net		(9,290)	(22,019)
Staff retirement benefits paid		(4,835)	(4,637)
Net cash generated from operating activities		1,600,594	122,937
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(55,475)	(5,038)
Sale proceeds of operating fixed assets		2,466	272
Long term deposits		-	(35)
Net cash used in investing activities		(53,009)	(4,801)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finances		200,000	300,000
Repayment of long term finances		(75,923)	(165,601)
Increase /(Decrease) in lease liability		5,428	(3,287)
Short term borrowings - net		(1,686,486)	(261,266)
Dividend paid		(155)	(18)
Net cash used in financing activities		(1,557,136)	(130,172)
Net decrease in cash and cash equivalents (A+B+C)		(9,551)	(12,036)
Cash and cash equivalents at beginning of the period		113,073	79,087
Cash and cash equivalents at end of the period		103,522	67,051

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Capital reserve			Revenue reserve		Fair value gain / (loss) on short term investments	Unappropriated profit	Total
	Share capital	Share premium	Revaluation surplus on freehold land	General reserve				
-----Rupees in "000"-----								
Balance as at July 01, 2019 (audited)	308,109	41,081	949,486	74,172	50,544	2,467,192	3,890,584	
Profit for the three months period ended September 30, 2019	-	-	-	-	-	100,643	100,643	
Other comprehensive income	-	-	-	-	(6,589)	-	(6,589)	
Total comprehensive income for the period	-	-	-	-	(6,589)	100,643	94,054	
Balance as at September 30, 2019 (Un-audited)	308,109	41,081	949,486	74,172	43,955	2,567,835	3,984,638	
Balance as at June 30, 2018 (audited)	308,109	41,081	949,486	74,172	60,682	1,968,262	3,401,792	
Profit for the three months period ended September 30, 2018	-	-	-	-	-	131,777	131,777	
Other comprehensive income	-	-	-	-	13,152	-	13,152	
Total comprehensive income for the period	-	-	-	-	13,152	131,777	144,929	
Balance as at September 30, 2018 (Un-audited)	308,109	41,081	949,486	74,172	73,834	2,100,039	3,546,721	

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

1. Legal Status and Operations

Reliance Weaving Mills Ltd. (the Company) was incorporated in Pakistan as a public limited company on April 07, 1990 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company commenced its operations on May 14, 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 and its mills are located at Fazalpur Khanewal Road, Multan and Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.

2. Basis of Preparation

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim financial reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2019.

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 2019. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2019, which do not have any impact on this condensed interim financial information.

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	-----Rupees in "000"-----	
4. Property, Plant & Equipment			
Operating fixed assets	4.1	6,166,701	6,213,181
Capital work in progress		46,587	13,822
		6,213,288	6,227,003

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited June 30, 2019
Note	-----Rupees in "000"-----	
4.1 Operating fixed assets		
Opening written down value	6,213,181	5,624,813
Additions during the period / year	22,710	852,887
Net book value of operating assets disposed off - during the period / year	(1,562)	(9,403)
Depreciation charged during the period / year	(67,628)	(255,116)
Closing written down value	6,166,701	6,213,181
	Additions at cost	Disposal at book value
	-----Rupees in "000"----	
4.1.1 Additions / disposals during the period		
Plant and machinery	9,692	-
Factory equipments	354	-
Office equipment	705	109
Electric appliances	1,071	-
Furniture and fixtures	825	-
Vehicles	10,063	1,453
	22,710	1,562
5. Long term investments		
Investment in associates - Un-quoted		
Fatima Energy Limited	5.1 726,907	728,907
Fatima Transmission Company Limited	5.2 33,694	34,694
	760,601	763,601
5.1 Fatima Energy Limited ("FEL") at equity method		
Cost	800,054	800,054
Share of post acquisition loss	(83,899)	(81,899)
Share of other comprehensive income	2,348	2,348
Gain on dilution of investment in associate	8,404	8,404
Carrying amount at end of the period	726,907	728,907
No. of shares held	80,016,370	80,016,370
Ownership interest in percentage	14.04%	14.04%
5.2 Fatima Transmission Company Limited ("FTCL") at equity method		
Cost	71,875	71,875
Share of post acquisition loss	(38,181)	(37,181)
Carrying amount at end of the period	33,694	34,694
No. of shares held	7,187,500	7,187,500
Ownership interest in percentage	31.25%	31.25%

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	-----Rupees in "000"-----	
6. Loans and advances			
Advances - considered good			
- To employees		211,894	202,772
- To suppliers		93,315	30,354
Due from related parties		143,528	141,090
Letters of credit - margins, deposits etc.		32,023	27,463
		480,760	401,679
7. Short term investment			
Short term investment - available for sale			
Fatima Fertilizer Company Limited	7.1	71,772	78,361
Short term investment - Others			
Multan Real Estate Company (PVT) Limited		21,480	21,480
Sales tax refund bonds and accrued profit thereon		52,129	37,491
		145,381	137,332
7.1 Fatima Fertilizer Company Limited			
Carrying amount at beginning of 2,625,167 fully paid ordinary shares of Rs. 10 each		78,361	85,055
Fair value adjustment		(6,589)	(6,694)
Closing market value of 2,625,167 shares		71,772	78,361
8. Long term finances			
From financial institutions - secured	8.1	2,467,972	2,343,895
Less: current portion		(530,899)	(517,060)
		1,937,073	1,826,835
8.1 The movement of long term finance during the period / year ended is as follows:			
Opening balance		2,343,895	1,860,140
Add: obtained during the period / year		200,000	1,114,469
		2,543,895	2,974,609
Less: repaid during the period / year		(75,923)	(630,714)
Closing balance		2,467,972	2,343,895

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, 2019, except the following;

Bank guarantee outstanding as at September 30, 2019 are Rs. 228.829 million (June 30, 2019: Rs. 229.361 million).

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Foreign bills discounted outstanding as at September 30, 2019 are Rs. 225.550 million (June 30, 2019: Rs. 208.136 million).

	Un-audited September 30, 2019	Audited June 30, 2019
Note	-----Rupees in '000'-----	
9.2 Commitments		
9.2.1 Letters of credit for:		
-Capital expenditures	24,627	33,002
-Other than capital expenditures	196,212	9,508
	220,839	42,510
	Un-audited Three months period ended September 30, 2019	
10 Sales - net	-----Rupees in '000'-----	
Export	2,701,612	1,130,369
Local	1,923,966	2,103,912
Waste	57,896	41,535
	4,683,474	3,275,816
Less: Commission	(50,138)	(33,726)
	4,633,336	3,242,090
11 Cash generated from operations		
Profit before tax	157,395	169,917
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	67,628	59,850
Amortization of intangible assets	237	237
Staff retirement benefits accrued	24,823	20,465
Profit on disposal of property, plant and equipment	(904)	(32)
Share of loss from associate	3,000	1,120
Provision of WPPF	7,855	8,380
Finance cost excluding exchange gain / (loss)	330,553	174,378
Profit before working capital changes	590,587	434,315
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(33,653)	(14,748)
- Stock in trade	1,646,698	(436,790)
- Trade debts	250,028	438,374
- Loans and advances	(79,081)	(109,015)
- Prepayments and other receivables	(31,997)	(42,272)
- Tax refunds due from government (excluding income tax)	52,768	(28,096)
- Sales tax refund bonds and accrued profit	(14,638)	-
(Decrease) /increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	(419,560)	101,316
	1,370,565	(91,231)
Cash generated from operations	1,961,152	343,084

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, 2019		2018
	-----Rupees in "000"-----		
<u>Associated undertakings</u>			
Purchase of goods	68,527		7,393
Mark up charged	3,393		444
Mark up expense	465		758
Advances issued	105,000		190,756
Advances repaid	317,689		122,400
Others	1,242		5,461
<u>Key management personnel</u>			
Remuneration to:			
- Executives	7,978		5,762
Others			
- Donations	7,300		6,300

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, 2019.

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, 2019.

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

15. Segment reporting

15.1 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:

15.2 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	----- Un-audited ----- Rupees in "000"										
Three months ended September 30,											
Sales - net	2,447,244	1,946,970	3,157,487	2,033,961	(971,395)	738,841	4,633,336	3,242,090			
Cost of sales	(2,180,457)	(1,614,896)	(2,788,356)	(1,937,765)	971,395	738,841	(3,997,418)	(2,813,820)			
Gross profit	266,787	332,074	369,131	96,196	-	-	635,918	428,270			
Distribution and marketing expenses	(10,154)	(5,951)	(49,277)	(22,119)	-	-	(59,431)	(28,070)			
Administrative expenses	(4,065)	(20,431)	(44,935)	(20,431)	-	-	(49,000)	(40,862)			
Other expenses	(8,662)	(12,092)	(33,312)	(3,454)	-	-	(41,974)	(15,546)			
Other income	1,933	1,485	3,502	138	-	-	5,435	1,623			
Profit from operations	(20,948)	(36,989)	(124,022)	(45,866)	-	-	(144,970)	(82,855)			
	245,839	295,085	245,109	50,330	-	-	490,948	345,415			
Finance cost	(174,629)	(89,781)	(155,924)	(84,597)	-	-	(330,553)	(174,378)			
Share of loss from associate	71,210	205,304	89,185	(34,267)	-	-	160,395	171,037			
Profit / (Loss) before taxation	(1,500)	(560)	(1,500)	(560)	-	-	(3,000)	(1,120)			
Provision for taxation	69,710	204,744	87,685	(34,827)	-	-	157,395	169,917			
Profit / (Loss) for the period	(20,450)	(14,955)	(36,302)	(23,185)	-	-	(56,752)	(38,140)			
	49,260	189,789	51,383	(58,012)	-	-	100,643	131,777			

15.2.1 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, 2019.

15.3 Segment assets

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

	Spinning		Weaving		Total	
	Un-audited September 30 2019	Audited June 30 2019	Un-audited September 30 2019	Audited June 30 2019	Un-audited September 30 2019	Audited June 30 2019
Segment assets for reportable						
Operating fixed assets	3,491,391	3,520,045	2,675,310	2,693,136	6,166,701	6,213,181
Stores, spares and loose tools	152,688	135,529	85,842	69,327	238,510	204,856
Stock in trade	2,222,600	3,804,833	2,075,644	2,140,109	4,298,244	5,944,942
	5,866,659	7,460,407	4,836,796	4,902,572	10,703,455	12,362,979
Unallocated corporate assets					4,135,045	4,447,106
Total assets as per balance sheet					14,838,500	16,810,085
15.4 Segment liabilities						
Segment liabilities for reportable segments ¹	4,069,901	4,877,864	4,554,280	5,303,295	8,624,181	10,181,159
Unallocated corporate liabilities					2,229,681	2,736,342
Total liabilities as per balance sheet					10,853,862	12,919,501

Rupees in '000'

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

16 Corresponding Figures

- 16.1** In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- 16.2** Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

17 Date of authorization

These condensed interim financial information are authorized for issue on October 30, 2019 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 Executive Officer



Director



Chief Financial Officer



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