



Fatima Group

Reliance Weaving Mills Ltd.

Half Yearly

Financial Statement
(Un-Audited)

Dec. 31, 2009



Reliance Weaving Mills Ltd.

2nd Floor Trust Plaza, L.M.Q. Road, Multan.

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Company Information

BOARD OF DIRECTORS

Mr. Fawad Ahmad Mukhtar
 Mr. Faisal Ahmad Sheikh
 Mr. Faisal Ahmad Mukhtar
 Mr. Fahid Mukhtar
 Mrs. Fatima Fazal
 Mrs. Farah Faisal
 Mr. Shahid Aziz

Chairman
 CEO

(NIT Nominee)

Chairman

Secretary

AUDIT COMMITTEE

Mr. Fawad Ahmad Mukhtar
 Mr. Faisal Ahmad Mukhtar
 Mrs. Fatima Fazal
 Mr. Basharat Hashmi

CFO

Mr. Waheed Ahmed

COMPANY SECRETARY

Mr. Amanullah
 KPMG Taseer Hadi & Co.
 Chartered Accountant, Lahore

AUDITORS

SHARES OFFICE

Vision Consulting Ltd
 3-C, LDA Flates, Lawrence Road Lahore
 vc1.shares@gmail.com
 basharat.hashmi@fatima-group.com

BANKERS

Allied Bank Ltd
 Habib Bank Ltd
 MCB Bank Ltd
 Mezzan Bank Ltd
 National Bank of Pakistan
 United Bank Ltd
 Standard Chartered Bank of Pakistan Ltd
 Atlas Bank Ltd
 Habib Metropolitan Bank Ltd
 Arif Habib Bank Ltd
 First National Bank Mudarba
 Soneri Bank Ltd
 Royal Bank of Scotland
 Dubai Islamic Bank Ltd
 Askari Bank Ltd
 Faysal Bank Ltd
 Bank Al-Habib
 KASB Bank Ltd
 NIB Bank Ltd
 Silk Bank Ltd
 JS Bank Ltd

HEAD OFFICE & REGISTERED OFFICE

2nd Floor Trust Plaza, L.M.O. Road, Multan
 Tel. No: 061-4512031-32, 061-4546238
 Fax No: 061-4511677, 061-4584288
 e-mail: waheed.mushtaq@fatima-group.com

WEBSITE MILLS ADDRESS (Unit # 1,2 & 4)

www.fatima-group.com
 Fazalpur Khanewal Road Multan (Pakistan)
 Tel. No: 061-6740020-3
 Fax No: 061-6740039
 E-mail: anjum.jamil@fatima-group.com

MILLS ADDRESS (Unit # 3)

Mukhtarabad, Chak Beli Khan Road Rawt, Rawalpindi
 (Pakistan)
 Tel. No: 051-4611579-81
 Fax No: 051-4611092
 E-mail: imran.matik@fatima-group.com

CREDIT RATING

JCR VIS, Credit rating Company Ltd.

Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors, I am pleased to present 2nd quarterly Financial Statement of the Company for the period ended 31 December, 2009 duly reviewed by external auditors of the Company.

During the period Company has earned after tax net profit of Rs. 87 million as compared to net loss of Rs. 152 million during corresponding period showing significant improvement in financial results of the Company. Turnover of the Company increased up to Rs. 3,232 million as compared to Rs. 2,312 million corresponding period which is 40% higher. This performance is mainly attributable to following factors:

- During last six months, yarn and fabric prices have improved while cotton price increase is not in same proportion due to which profit margins increased.
- Although raw material, manufacturing overheads and other costs are on higher side yet these were offset with improved prices.
- Finance cost significantly drop by Rs. 253 million during the period due to decrease in KIBOR and better management of mix between PKR and USD based financing.

World cotton estimated suggest all major cotton producers, including China will likely get lower cotton crop, thereby increasing cotton prices Internationally. However, the Company buys cotton and very competitive prices, due to which company not only improves its margins during last six months but also expecting that this trend will continue in future. Further, the company also achieved considerable increase in profit margin by changing production plan of spinning and weaving.

As part of its Balancing Modernization and Replacement scheme the company is planning to import new forty state of the art air jet looms. Gas Fueled power generator has reached and will start working soon due to which utility cost will reduce.

The First two quarters of textile have been very encouraging on the basis of sales growth and profit margin. The macro-economic indicators are also encouraging despite ongoing law and order situation and inflationary pressures. The gradual increase in economic activity will lead to improve performance of textile industry. The inflation is lower than last year, thus having less pressure on purchasing power. However, curtailment in gas and power supply and rapidly increasing power tariff is continuously threat for the industry.

Management of your Company is heartedly appreciates the contribution of every stake holder towards prosperity and growth of the Company.

Dated: February 22, 2010
Place : Multan

FAZAL AHMED SHEIKH
(Chief Executive Officer)

Independent Report on Review of Interim Financial Information to the Members of Reliance Weaving Mills Ltd.

Introduction

We have reviewed the accompanying condensed interim balance sheet of Reliance Weaving Mills Limited ("The Company") as at 31 December 2009 and 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 for the six months period then ended ("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 reviews.

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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 31, December 2009 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Dated: February 22, 2010
Place : Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousaf)

Condensed Interim Balance Sheet (Un-Audited)

As At 31 December, 2009

	Un-audited 31 December 2009	Audited 30 June 2009
	----- (Rs in '000) -----	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital	400,000	400,000
40,000,000 (30 June 2009; 40,000,000) ordinary shares of Rs. 10 each		
30,000,000 (30 June 2009; 30,000,000) preference shares of Rs. 10 each	300,000	300,000
	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid up capital	308,109	308,109
Reserves	295,081	295,081
Unappropriated profit / (loss)	75,419	(11,807)
	<u>678,609</u>	<u>591,383</u>
	452,271	452,271
Surplus on revaluation of fixed assets		
Non-current liabilities		
Long term finances and other payables	577,978	745,980
Loans from related parties - subordinated loan	37,000	37,000
Deferred liabilities	12,677	9,938
	<u>627,655</u>	<u>792,918</u>
Current liabilities		
Current portion of non-current liabilities - secured	200,574	70,984
Finances under mark up arrangements and other credit facilities - secured	2,754,632	1,949,207
Trade and other payables	250,885	161,613
Markup accrued on loans and other payables	99,560	108,344
	<u>3,305,651</u>	<u>2,290,148</u>
Contingencies and commitments		
	<u>5,064,186</u>	<u>4,126,720</u>

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

Chief Executive Officer

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	Un-audited 31 December 2009	Audited 30 June 2009
	----- (Rs in '000) -----	
ASSETS		
Non-current assets		
Property, plant and equipment	2,262,638	2,284,501
Intangible assets	746	804
Long term deposits	15,426	6,880
	<u>2,278,810</u>	<u>2,292,185</u>
Deferred tax asset	29,231	28,518
Current assets		
Stores, spares and loose tools	128,534	121,410
Stock in trade	1,953,611	1,124,587
Trade debts	285,028	198,108
Loans and advances	108,115	94,333
Trade deposits and prepayments	14,963	1,295
Other receivables	2,149	3,034
Short term investments	179,681	179,681
Tax refunds due from the government	73,121	65,336
Cash and bank balances	10,943	18,233
	<u>2,756,145</u>	<u>1,806,017</u>
	<u>5,064,186</u>	<u>4,126,720</u>

Director

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Condensed Interim Profit And Loss Account (Un-Audited) For the Half Year ended 31 December 2009

Note	Six months ended 31 December		Three months ended 31 December	
	2009	2008	2009	2008
	----- (Rs in '000) -----			
11	3,232,455	2,312,316	1,748,240	1,032,085
Cost of sales	(2,836,388)	(1,883,867)	(1,524,277)	(788,712)
Gross profit	396,067	428,449	223,963	243,373
Distribution and marketing expenses	(59,625)	(37,069)	(36,580)	(15,685)
Administration expenses	(32,101)	(28,730)	(16,451)	(15,139)
Other operating expenses	(11,389)	(91,519)	(5,251)	(40,747)
Finance cost	(182,270)	(436,034)	(106,942)	(245,247)
Other operating income	23	3,960	5	2,624
Profit / (loss) before tax	110,705	(160,943)	58,744	(70,821)
Taxation	(23,479)	8,831	(13,306)	18,876
Profit / (loss) after tax	87,226	(152,112)	45,438	(51,945)
Earnings/ (loss) per share	2.83	(4.94)	1.47	(1.69)

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

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the Half Year ended 31 December 2009

	Six months ended 31 December		Three months ended 31 December	
	2009	2008	2009	2008
	----- (Rs in '000) -----			
Profit/(loss) for the period	87,226	(152,112)	45,438	(51,945)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	87,226	(152,112)	45,438	(51,945)

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

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year ended 31 December 2009

	Six months ended 31 December	
	2009	2008
	------(Rs in '000)-----	
Cash flows from operating activities		
Cash (used in)/generated from operations	293,702	(237,290)
Finance cost paid	(522,580)	(21,142)
Taxes paid - net	(209,927)	(1,677)
Staff retirement benefits paid	(25,742)	33,593
	(3,631)	
Net cash (used in)/generated from operating activities	(761,880)	33,593
Cash flows from investing activities		
Fixed capital expenditure	(24,288)	(34,827)
Proceed from disposal of property plant and equipment	167	1,320
Long term deposits	(8,546)	(4,459)
Net cash used in investing activities	(32,667)	(37,966)
Cash flows from financing activities		
Repayment of long term finances	(17,804)	(129,211)
Payment on settlement of derivative financial instrument	-	(42,322)
Dividend paid	(2)	-
Net cash used in financing activities	(17,806)	(171,533)
Net decrease in cash and cash equivalents	(812,353)	(175,906)
Cash and cash equivalents at beginning of the period	(1,930,973)	(2,186,314)
Effect of exchange rate fluctuations on cash and cash equivalents	(363)	(146)
Cash and cash equivalents at end of the period	(2,743,689)	(2,362,366)

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

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year ended 31 December 2009

	Six months ended 31 December 2008		Six months ended 31 December 2009	
	Share	Capital reserve	Share premium	Revenue reserve
	Unappropriated	General	Share	Unappropriated
	profit/(loss)	reserve	premium	profit/(loss)
	Total	Rupees '000'		Total
Balance as at 30 June 2008	308,109	41,081	354,000	65,233
Transfer to unappropriated profit	-	-	(100,000)	100,000
Total comprehensive loss for the six months period ended 31 December 2008	(152,112)	-	-	(152,112)
Balance as at 31 December 2008	308,109	41,081	254,000	13,121
Balance as at 30 June 2009	308,109	41,081	254,000	(11,807)
Total comprehensive income for the six months period ended 31 December 2009	-	-	-	87,226
Balance as at 31 December 2009	308,109	41,081	254,000	75,419

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

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Information (Un-Audited) For the Half Year Ended 31 December 2009

1 Nature and status of the company

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan on 7 April 1990 as public limited company under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. 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, Multan.

2 Basis of preparation

The condensed interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2009.

This condensed interim financial information is presented in Pak Rupees which is the Company's functional and presentation currency and has been rounded off to the nearest thousand rupees.

3 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 of the Company for the preceding year ended 30 June 2009, except amendments in International Accounting Standard 1 (Revised) "Presentation of financial statements", which became effective for financial periods beginning on or after 1 January 2009. The adoption of standards has not materially affected the computation of the results except increased disclosures in the form of the statement of other comprehensive income which has been reflected in the Company's financial information.

4 Estimates

The preparation of condensed interim financial information requires management to make judgments, estimates 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 2009.

5 Contingencies and commitments

Contingencies

There is no significant change in contingencies since the last audited published financial statements except the following.

Standard Chartered Bank ("the Bank") claimed US Dollar 489,000 against FE loan obtained by the Company during 2007, despite the fact that the Bank had confirmed nil balance in its confirmation pertaining to year ended 30 June 2008 which was in agreement with accounts of the Company.

Notes to the Condensed Interim Financial Information (Un-Audited) For the Half Year Ended 31 December 2009

Subsequent to balance sheet date, to resolve the dispute it was agreed between the Company and the Bank that the Company shall pay the disagreed amount to the Bank, and if after the completion of reconciliation process it is established that the Company had already paid the disagreed amount, the Bank shall refund the said amount to the Company.

No provision has been made in the accounts as the management is confident that the amount shall be refunded to the Company after the reconciliation process is completed.

	31 December 2009	30 June 2009
	----- (Rs in '000) -----	
Commitments		
<i>Letters of credit for:</i>		
- capital expenditures	24,091	17,250
- other than capital expenditures	1,056	4,130
	25,147	21,380

6 Long term finances and other payables

These are composed of:

Loan from banking companies - secured

Long term loans	678,552	696,356
Other payables	-	20,608

Loan from related party - unsecured

Reliance Commodities (Pvt) Limited	100,000	100,000
	778,552	816,964

Less: Current portion

	200,574	70,984
	577,978	745,980

7 Trade and other payables

Trade creditors	175,881	102,726
Accrued liabilities	50,929	44,338
Due to related parties	8,571	10,680
Unclaimed dividend	3,549	3,550
Others	11,955	320
	250,885	161,614

Notes to the Condensed Interim Financial Information (Un-Audited)?
For the Half Year Ended 31 December 2009

	31 December 2009	30 June 2009
	------(Rs in '000)-----	
7.1 Due to related parties		
Fatima Sugar Mills Limited	-	3,130
Reliance Cotton (Private) Limited	1,137	1,245
Reliance Commodities (Pvt) Limited	7,434	2,384
Fazal Cloth Mills Limited	-	3,921
	<u>8,571</u>	<u>10,680</u>

These relate to normal business of the Company and are interest free.

8 Property, plant and equipment

Operating assets	8.1	2,256,261	2,272,586
Capital work in progress		6,377	11,915
		<u>2,262,638</u>	<u>2,284,501</u>

8.1 Operating assets

Opening written down value	2,272,586	1,714,060
Additions during the period / year	29,825	194,105
Revaluation surplus	-	452,271
Book value of operating assets disposed off during the period / year	(167)	(789)
Depreciation charged during the period / year	(45,983)	(87,061)
Net book value of operating assets	<u>2,256,261</u>	<u>2,272,586</u>

Six months ended 31 December	
Additions	Disposal
cost	book value
------(Rs in '000)-----	
130	-
20,285	-
994	-
6,980	-
603	-
556	-
177	-
<u>100</u>	<u>(167)</u>
<u>29,825</u>	<u>(167)</u>

8.1.1 Buildings

Plant and machinery	-
Electric installations	-
Factory equipment	-
Office equipment	-
Electric appliances	-
Furniture and fixtures	-
Vehicles	-

Notes to the Condensed Interim Financial Information (Un-Audited)
For the Half Year Ended 31 December 2009

	31 December 2009	30 June 2009
	------(Rs in '000)-----	
9 Loans and advances		
Advances - considered good		
- To employees	35,026	30,224
- To suppliers	47,675	46,749
Advances for issue of shares - related party	8,352	8,352
Due from related parties	10,418	8,012
Letters of credit - margins, deposits, opening charges, etc.	6,645	996
	<u>108,116</u>	<u>94,333</u>

Note

9.1 Advance for issuance of shares has been given to Fatima Fertilizer Company Limited.

	31 December 2009	30 June 2009
	------(Rs in '000)-----	
9.2 Due from related parties		
Fatima Fertilizer Company Limited	526	3,560
Gadoon Packing Limited	832	749
Reliance Fabrics Limited	20	20
Pak Arab Fertilizers Limited	15	2,543
Air One (Pvt.) Ltd	-	8
Fazal Cloth Mills Limited	1,948	-
Fatima Sugar Mills Limited	5,816	-
Multan Cloth Finishing Factory	1,261	1,131
	<u>10,418</u>	<u>8,011</u>

10 Short term investment

<u>Available for sale</u>	
Investment in shares (FFCL)	
179,681	179,681

10.1 This represents 17,968,136 ordinary shares of Rs 10 each in Fatima Fertilizer Company Ltd (associated undertaking) and represent 2.01 % of share capital of the associated undertaking.

Notes to the Condensed Interim Financial Information (Un-Audited)
For the Half Year Ended 31 December 2009

	Six months ended 31 December		Three months ended 31	
	2009	2008	2009	2008
	------(Rupees in '000)-----			
11 Sales - net				
Export	2,416,061	1,727,763	1,330,421	788,272
Local	776,119	567,500	389,525	238,411
Waste	76,607	47,077	46,522	17,972
	<u>3,268,787</u>	<u>2,342,340</u>	<u>1,766,468</u>	<u>1,044,655</u>
Less: Commission	(37,184)	(32,164)	(18,636)	(13,389)
	<u>3,231,603</u>	<u>2,310,176</u>	<u>1,747,832</u>	<u>1,031,266</u>
Add: Doubling income	103	1,358	-	480
Export rebate	749	782	408	339
	<u>852</u>	<u>2,140</u>	<u>408</u>	<u>819</u>
	<u>3,232,455</u>	<u>2,312,316</u>	<u>1,748,240</u>	<u>1,032,085</u>

	Six months ended 31 December	
	2009	2008
	------(Rs in '000)-----	
12 Cash generated from operations		
Profit/ (loss) before tax	110,705	(160,943)
Adjustments for:		
Depreciation on property, plant and equipment	45,983	43,262
Amortization of intangible assets	58	57
Staff retirement benefits	6,370	6,249
Profit on disposal of property, plant and equipment	-	(650)
Exchange gain/ (loss)	363	146
Accrued loss on derivative financial instruments - net	-	(6,131)
Finance cost	180,535	278,886
Profit before working capital changes	<u>344,014</u>	<u>160,876</u>

Effect on cash flow due to working capital changes:

(Increase)/ decrease in current assets:

- Stores, spares and loose tools	(7,124)	3,936
- Stock in trade	(829,023)	83,037
- Trade debts	(86,920)	16,690
- Loans and advances	(13,783)	(14,321)
- Trade deposits and prepayments	(13,667)	(4,813)
- Tax refunds due from government (excluding income tax)	(6,235)	(2,660)
- Other receivables	884	12,010
Increase in current liabilities :		
- Trade and other payables	89,274	38,947
	<u>(866,594)</u>	<u>132,826</u>
Cash (used in)/ generated from operations	<u>(522,580)</u>	<u>293,702</u>

Notes to the Condensed Interim Financial Information (Un-Audited)
For the Half Year Ended 31 December 2009

	31 December	
	2009	2008
	------(Rs in '000)-----	
13 Cash and cash equivalents		
Cash and bank balances	10,943	33,628
Finances under mark up arrangements and other credit facilities	(2,754,632)	(2,395,994)
Cash and cash equivalents	<u>(2,743,689)</u>	<u>(2,362,366)</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. Amounts due from and to related parties are shown under receivables/ payables. Other significant transactions with related parties are as follows:

	Six months ended 31 December	
	2009	2008
	------(Rs in '000)-----	
Transactions with associated undertakings		
Purchase of goods	26,895	47,608
Sale of goods	18,834	9,693
Mark up charged	7,336	-

Transactions with key management personnel

Remuneration under the terms of employment to:

Chief Executive Officer	662	600
Executives	5,543	5,320
Others		
Donations	4,053	1,099

15 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2009.

16 Date of authorization

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 22, 2010.

17 General

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

Chief Executive Officer

Director