

Reliance Weaving Mills Limited

Half Year Report
December 31, 2011



Fatima Group

Reliance Weaving Mills Limited
Condensed Interim Balance Sheet (Un-audited)
As at 31 December 2011

	Un-audited 31 December 2011	Audited 30 June 2011		Un-audited 31 December 2011	Audited 30 June 2011
Note	------(Rs in '000)-----		Note	------(Rs in '000)-----	
EQUITY AND LIABILITIES			ASSETS		
Share capital and reserves			Non-current assets		
Authorized capital			Property, plant and equipment	7	2,880,861
40,000,000 (30 June 2011: 40,000,000) ordinary shares of Rs. 10 each	400,000	400,000	Intangible assets		517
30,000,000 (30 June 2011: 30,000,000) preference shares of Rs. 10 each	300,000	300,000	Long term deposits		16,005
	<u>700,000</u>	<u>700,000</u>			<u>2,897,383</u>
Issued, subscribed and paid up capital	308,109	308,109	Deferred tax asset		33,230
Reserves	230,933	288,224			7,247
Unappropriated profit	925,784	895,045			
	<u>1,464,826</u>	1,491,378			
Surplus on revaluation of fixed assets	452,271	452,271			
Non-current liabilities			Current assets		
Long term finances	519,135	543,465	Stores, spares and loose tools		206,701
Loans from related parties - subordinated loan	3,800	3,800	Stock in trade		1,997,009
Liabilities against assets subject to finance lease	34,701	26,243	Trade debts		410,312
Deferred liability	27,218	22,564	Loans and advances	8	209,651
	<u>584,854</u>	596,072	Trade deposits and prepayments		25,306
Current liabilities			Other receivables		6,066
Current portion of non-current liabilities - secured	251,121	258,498	Short term investments	9	130,787
Finances under mark up arrangements and other credit facilities - secured	2,664,097	2,296,531	Tax refunds due from the government		56,262
Trade and other payables	510,970	400,852	Cash and bank balances		29,306
Markup accrued	73,874	101,204			<u>3,071,400</u>
	<u>3,500,062</u>	3,057,085			2,800,870
Contingencies and commitments					
	<u>6,002,013</u>	<u>5,596,806</u>			<u>6,002,013</u>
					<u>5,596,806</u>

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

Lahore

Chief Executive Officer

Director

Reliance Weaving Mills Limited
Condensed Interim Profit and Loss Account (Un-audited)

For the six months period ended 31 December 2011

	<i>Note</i>	Six months period ended 31 December		Three months period ended 31 December	
		2011	2010	2011	2010
		------(Rs in '000)-----		------(Rs in '000)-----	
Sales - net	10	4,140,587	4,397,581	1,891,015	2,489,061
Cost of sales		(3,808,480)	(3,715,674)	(1,697,382)	(2,183,006)
Gross profit		332,107	681,907	193,633	306,055
Distribution and marketing expenses		(60,780)	(54,846)	(33,589)	(32,020)
Administration expenses		(51,002)	(46,327)	(26,744)	(25,323)
		(111,782)	(101,173)	(60,333)	(57,343)
Operating profit		220,325	580,734	133,300	248,712
Other operating expenses		(8,385)	(38,419)	(3,962)	(14,714)
Finance cost		(208,284)	(199,631)	(106,283)	(118,674)
		(216,669)	(238,050)	(110,245)	(133,388)
Other operating income		25,840	121	5,728	110
Profit before taxation		29,496	342,805	28,783	115,434
Taxation		1,243	(44,491)	(670)	72,429
Profit after taxation		30,739	298,314	28,113	187,863
Earnings per share - basic and diluted		1.00	9.68	0.91	6.10

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Lahore

Chief Executive Officer

Director

Reliance Weaving Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 31 December 2011

	Six months period ended 31 December		Three months period ended 31 December	
	2011	2010	2011	2010
	------(Rs in '000)-----		------(Rs in '000)-----	
Profit after taxation	30,739	298,314	28,113	187,863
Other comprehensive income			-	-
Gain / (loss) on remeasurement of investment at fair value	65,275	(32,289)	42,450	(9,029)
Deferred tax	-	1,943	-	543
	65,275	(30,346)	42,450	(8,486)
Total comprehensive income for the period	96,014	267,968	70,563	179,377

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Director

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

	<i>Note</i>	31 December 2011 Rupees	31 December 2010 Rupees
Cash flows from operating activities			
Cash generated from / (used in) operations	11	144,996	(1,007,249)
Finance cost paid		(233,051)	(179,454)
Worker's Profit Participation Fund paid		(29,038)	-
Taxes paid		(44,253)	(30,711)
Staff retirement benefits paid		(5,269)	(3,749)
Net cash used in operating activities		(166,615)	(1,221,163)
Cash flows from investing activities			
Fixed capital expenditure		(163,922)	(423,312)
Proceed from disposal of property, plant and equipment		10,837	25
Long term deposits		(291)	-
Net cash used in investing activities		(153,376)	(423,287)
Cash flows from financing activities			
Long term finances obtained		93,000	369,267
Long term finances repaid		(130,711)	(117,763)
Net cash (used in) / generated from financing activities		(37,711)	251,504
Net decrease in cash and cash equivalents		(357,702)	(1,392,946)
Cash and cash equivalents at beginning of the period		(2,277,089)	(1,723,144)
Cash and cash equivalents at end of the period	12	(2,634,791)	(3,116,090)

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Chief Executive Officer

Director

Reliance Weaving Mills Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the six months period ended 31 December 2011

	Share capital	Capital reserve		Revenue reserve		Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit	
-----Rupees '000'-----						
Balance as at 30 June 2010	308,109	41,081	42,630	254,000	391,346	1,037,166
Total comprehensive income						
Profit for the six months period ended 31 December 2010	-	-	-	-	298,314	298,314
Other comprehensive income for the six months period ended 31 December 2010	-	-	(30,346)	-	-	(30,346)
	-	-	(30,346)	-	298,314	267,968
Transactions with owners of the company recognized directly in equity						
Specie Dividend paid	-	-	-	(73,484)	-	(73,484)
Balance as at 31 December 2010	308,109	41,081	12,284	180,516	689,660	1,231,650
Total comprehensive income						
Profit for the six months period ended 30 June 2011	-	-	-	-	205,385	205,385
Other comprehensive income for the six months period ended 30 June 2011	-	-	54,343	-	-	54,343
	-	-	54,343	-	205,385	259,728
Balance as at 30 June 2011	308,109	41,081	66,627	180,516	895,045	1,491,378
Total comprehensive income						
Profit for the six months period ended 31 December 2011	-	-	-	-	30,739	30,739
Other comprehensive income for the six months period ended 31 December 2011	-	-	65,275	-	-	65,275
	-	-	65,275	-	30,739	96,014
Transactions with owners of the company recognized directly in equity						
Specie dividend paid	-	-	-	(122,566)	-	(122,566)
Balance as at 31 December 2011	308,109	41,081	131,902	57,950	925,784	1,464,826

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

Lahore

Chief Executive Officer

Director

Reliance Weaving Mills Limited

Notes to Condensed Interim Financial Information (Un-audited)

For the six months period ended 31 December 2011

1 Nature and status of the company

Reliance Weaving Mills Limited ("the Company") is incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at Second Floor, Trust Plaza, L.M.Q. Road, Multan.

2 Basis of preparation

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the international Accounting Standards Board as are notified under the Companies Ordinance, 1984 provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34; (Interim Financial Reporting) thus these do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011. The condensed interim financial information is un-audited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchanges of Pakistan.

The comparative balance sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2011, whereas the comparative 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 are extracted from the unaudited condensed interim unconsolidated financial information for the six months period ended 31 December 2010.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand rupee.

3 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual separate financial statements of the Company for the preceding year ended 30 June 2011.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

4 Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 30 June 2011.

		(Un-audited) 31 December 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
5 Long term finances			
Loan from financial institutions - secured	5.1	758,135	795,846
Less: current portion		<u>(239,000)</u>	<u>(252,381)</u>
		<u><u>519,135</u></u>	<u><u>543,465</u></u>

5.1 The movement of long term financing during the six months period ended 31 December 2011 is as follows:

		(Un-audited) 31 December 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
Opening balance		795,846	621,896
Loan obtained during the period	5.2	<u>93,000</u>	<u>445,026</u>
		<u><u>888,846</u></u>	<u><u>1,066,922</u></u>
Loan repaid during the period		<u>(130,711)</u>	<u>(271,076)</u>
Closing balance		<u><u>758,135</u></u>	<u><u>795,846</u></u>

5.2 This represents long term financing facility under SBP LTFF scheme, obtained from the following commercial bank secured against present and future fixed assets of the Company.

Particulars	Amount of loan (Rs in '000)	Interest rate per annum	Number of remaining installments	Interest payable
National Bank of Pakistan	93,000	12.60%	12 equal half yearly installments, commencing on 11 July 2012	Quarterly

6 Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies since the last audited published financial statements for the year ended 30 June 2011 except the following.

- Foreign bills discounted outstanding as at 31 December 2011 aggregated Rs. 602.491 million (30 June 2011: Rs. 366.976 million).

	(Un-audited) 31 December 2011	Audited 30 June 2011
	------(Rs in '000)-----	
6.2 Commitments		

6.2.1 Commitment in respect of letters of credit for:

- Capital expenditures	4,662	117,372
- Other than capital expenditures	<u>171,250</u>	<u>16,747</u>
	<u><u>175,912</u></u>	<u><u>134,119</u></u>

6.2.2 Commitments in respect of forward foreign exchange contracts:

- Purchase	<u>115,300</u>	
- Sale	<u>90,680</u>	

		(Un-audited) 31 December 2011	Audited 30 June 2011
	Note	----- (Rs in '000) -----	
7 Property, plant and equipment			
Operating assets	7.1	2,857,143	2,768,841
Capital work in progress		23,718	3,561
		<u>2,880,861</u>	<u>2,772,402</u>
7.1 Operating assets			
Opening written down value		2,768,841	2,322,905
Additions during the period / year	7.1.1	158,227	592,543
Net book value of operating assets disposed off during the period / year		(7,498)	(34,467)
Depreciation charged during the period / year		(62,427)	(112,140)
Closing written down value		<u>2,857,143</u>	<u>2,768,841</u>
		Six months period ended 31 December 2011	
		Additions at cost	Disposal book value
		----- (Rs in '000) -----	
7.1.1 Cost of additions			
Buildings		324	-
Plant and machinery		138,566	(7,187)
Electric installations		2,075	-
Factory equipment		67	-
Office equipment		950	(13)
Electric appliances		199	-
Furniture and fixtures		292	-
Vehicles		15,754	(298)
		<u>158,227</u>	<u>(7,498)</u>
		(Un-audited) 31 December 2011	Audited 30 June 2011
		----- (Rs in '000) -----	
8 Loans and advances			
Advances - considered good			
- To employees		51,178	47,211
- To suppliers		47,982	62,026
Advances for issue of shares - related party		8,352	8,352
Due from related parties		101,724	4,814
Letters of credit - margins, deposits, opening charges, etc.		415	526
		<u>209,651</u>	<u>122,929</u>

	(Un-audited) 31 December 2011 ------(Rs in '000)-----	Audited 30 June 2011
9 Short term investment - available for sale		
Fatima Fertilizer Company Limited		
Cost of 10,327,902 (June 2011: 18,030,636) shares	171,856	225,924
Specie dividend paid 4,621,641 (June 2011: 7,702,734) shares	<u>(106,344)</u>	<u>(75,333)</u>
	65,512	150,591
Unrealized gain on remeasurement at fair value	65,275	21,265
Closing market value of 5,706,261 (June 2011: 10,327,902) shares	<u>130,787</u>	<u>171,856</u>

9.1 Fatima Fertilizer Company Limited is an associated undertaking as per Companies Ordinance, 1984 however, for the purpose of measurement this has been classified as available for sale as the Company cannot exercise significant influence over the operating and financial decisions of this associate.

	(Un-audited) Six months ended 31 December 2011 2010 ------(Rs in '000)-----	
9.2 Specie dividend		
Dividend during the period at fair value at the date of declaration	122,566	73,484
Change in fair value - (credited) / charged to profit and loss account	<u>(16,222)</u>	<u>1,849</u>
Fair value of dividend distributed during the period	<u>106,344</u>	<u>75,333</u>

During the period the Company declared 4,621,641 shares (June 2011: 7,702,734 shares) of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 1.5 shares of FFCL for every 10 shares held of the Company on 31 October 2011.

	Six months period ended 31 December		Three months period ended 31 December	
	2011	2010	2011	2010
	------(Rs in '000)-----		------(Rs in '000)-----	
10 Sales - net				
Export	3,076,581	2,731,340	1,336,839	1,486,282
Local	1,066,063	1,573,341	549,143	921,997
Waste	<u>60,393</u>	<u>142,864</u>	<u>33,002</u>	<u>102,957</u>
	4,203,037	4,447,545	1,918,984	2,511,236
Less: Commission	<u>(64,728)</u>	<u>(51,689)</u>	<u>(30,058)</u>	<u>(23,357)</u>
	4,138,309	4,395,856	1,888,926	2,487,879
Add: Doubling income	1,319	1,488	1,319	1,182
Export rebate	959	237	770	-
	2,278	1,725	2,089	1,182
	<u>4,140,587</u>	<u>4,397,581</u>	<u>1,891,015</u>	<u>2,489,061</u>

	Six months period ended 31	
	December	
	2011	2010
	----- (Rs in '000) -----	
11 Cash generated from operations		
Profit before tax	29,496	342,805
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	62,427	52,302
Amortization of intangible assets	57	57
Staff retirement benefits accrued	9,924	11,894
(Loss)/ gain on disposal of property, plant and equipment	(3,339)	6
Disposal of short term investment	-	3,653
Provision for workers' profit participation fund	-	18,705
Provision for workers' welfare fund	-	6,790
Unrealised loss on derivative financial instruments	(500)	-
Gain on remeasurement of specie dividend	(16,222)	-
Interest on workers' profit participation fund	2,434	2,155
Finance cost (excluding exchange loss)	205,721	200,875
Profit before working capital changes	289,998	639,242
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(22,135)	(9,230)
- Stock in trade	(325,006)	(1,420,861)
- Trade debts	164,412	(361,617)
- Loans and advances	(86,722)	(34,119)
- Trade deposits and prepayments	(24,594)	(9,912)
- Tax refunds due from government (excluding income tax)	348	190
- Other receivables	(5,416)	1,479
Increase in current liabilities		
- Trade and other payables (excluding workers' welfare fund and workers' profit participation fund)	154,111	187,579
	(145,002)	(1,646,491)
Cash generated from / (used in) operations	144,996	(1,007,249)
12 Cash and cash equivalents		
Cash and bank balances	29,306	114,804
Finances under mark up arrangements and other credit facilities - secured	(2,664,097)	(3,230,894)
Cash and cash equivalents	(2,634,791)	(3,116,090)

13 Segment reporting

13.1 Reportable segments

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of greige fabric using yarn

Information regarding the Company's reportable segments is presented below:

13.2 Segment revenue and results

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

	Spinning		Weaving		(Elimination of inter-segment transactions)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Six months ended 31 December								
	-----Rupees '000'-----							
Sales - net	2,006,559	2,198,182	3,467,514	3,432,009	(1,333,486)	(1,232,610)	4,140,587	4,397,581
Cost of sales	(1,866,439)	(1,834,999)	(3,275,527)	(3,113,285)	1,333,486	1,232,610	(3,808,480)	(3,715,674)
Gross profit	140,120	363,183	191,987	318,724	-	-	332,107	681,907
Distribution and marketing expenses	(4,707)	(10,487)	(56,073)	(44,359)	-	-	(60,780)	(54,846)
Administrative expenses	(19,053)	(17,713)	(31,949)	(28,614)	-	-	(51,002)	(46,327)
Finance cost	(99,640)	(124,616)	(108,644)	(75,015)	-	-	(208,284)	(199,631)
	(123,400)	(152,816)	(196,666)	(147,988)	-	-	(320,066)	(300,804)
(Loss)/ profit before tax and unallocated expenses	16,720	210,367	(4,679)	170,736	-	-	12,041	381,103
Unallocated income and expenses								
Other operating expenses							(8,385)	(38,419)
Other operating income							25,840	121
Taxation							1,243	(44,491)
Profit after taxation							30,739	298,314

13.2.1 The accounting policies of the reportable segments are the same as those described in the financial statements for the preceding year ended 30 June 2011.

13.3 Segment assets and liabilities

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

Segment assets	Spinning		Weaving		Total	
	31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011
	-----Rupees '000'-----					
Segment assets for reportable segment						
Operating fixed assets	1,420,300	1,430,626	1,436,842	1,338,215	2,857,142	2,768,841
Stores, spares and loose tools	105,476	101,509	101,225	83,056	206,701	184,565
Stock in trade	1,165,171	777,522	831,838	894,482	1,997,009	1,672,004
	2,690,947	2,309,657	2,369,905	2,315,753	5,060,852	4,625,410
Unallocated corporate assets					941,160	971,396
Total assets as per balance sheet					6,002,013	5,596,806
Segment liabilities						
Segment liabilities for reportable segment	273,835	359,435	531,122	468,771	804,957	828,206
Unallocated corporate liabilities					3,279,958	2,824,951
Total assets as per balance sheet					4,084,916	3,653,157

Reliance Weaving Mills Limited

Notes to Condensed Interim Financial Information (Un-audited)

For the six months period ended 31 December 2011

1 Nature and status of the company

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2.2 Functional and presentation currency

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3 Significant accounting policies

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		(Un-audited) 31 December 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
5 Long term finances			
Loan from financial institutions - secured	5.1	758,135	795,846
Less: current portion		<u>(239,000)</u>	<u>(252,381)</u>
		<u>519,135</u>	<u>543,465</u>

5.1 The movement of long term financing during the six months period ended 31 December 2011 is as follows:

		(Un-audited) 31 December 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
Opening balance		795,846	621,896
Loan obtained during the period	5.2	<u>93,000</u>	445,026
		<u>888,846</u>	1,066,922
Loan repaid during the period		<u>(130,711)</u>	<u>(271,076)</u>
Closing balance		<u>758,135</u>	<u>795,846</u>

5.2 This represents long term financing facility under SBP LTFF scheme, obtained from the following commercial bank secured against present and future fixed assets of the Company.

Particulars	Amount of loan (Rs in '000)	Interest rate per annum	Number of remaining installments	Interest payable
National Bank of Pakistan	93,000	12.60%	12 equal half yearly installments, commencing on 11 July 2012	Quarterly

6 Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies since the last audited published financial statements for the year ended 30 June 2011 except the following.

- Foreign bills discounted outstanding as at 31 December 2011 aggregated Rs. 602.491 million (30 June 2011: Rs. 366.976 million).

	(Un-audited) 31 December 2011	Audited 30 June 2011
	------(Rs in '000)-----	
6.2 Commitments		

6.2.1 Commitment in respect of letters of credit for:

- Capital expenditures	4,662	117,372
- Other than capital expenditures	<u>171,250</u>	<u>16,747</u>
	<u>175,912</u>	<u>134,119</u>

6.2.2 Commitments in respect of forward foreign exchange contracts:

- Purchase	<u>115,300</u>	
- Sale	<u>90,680</u>	

		(Un-audited) 31 December 2011	Audited 30 June 2011
	<i>Note</i>	------(Rs in '000)-----	
7 Property, plant and equipment			
Operating assets	7.1	2,857,143	2,768,841
Capital work in progress		23,718	3,561
		<u>2,880,861</u>	<u>2,772,402</u>
7.1 Operating assets			
Opening written down value		2,768,841	2,322,905
Additions during the period / year	7.1.1	158,227	592,543
Net book value of operating assets disposed off during the period / year		(7,498)	(34,467)
Depreciation charged during the period / year		(62,427)	(112,140)
Closing written down value		<u>2,857,143</u>	<u>2,768,841</u>
		Six months period ended 31 December 2011	
		Additions at cost	Disposal book value
		------(Rs in '000)-----	
7.1.1 Cost of additions			
Buildings		324	-
Plant and machinery		138,566	(7,187)
Electric installations		2,075	-
Factory equipment		67	-
Office equipment		950	(13)
Electric appliances		199	-
Furniture and fixtures		292	-
Vehicles		15,754	(298)
		<u>158,227</u>	<u>(7,498)</u>
		(Un-audited) 31 December 2011	Audited 30 June 2011
		------(Rs in '000)-----	
8 Loans and advances			
Advances - considered good			
- To employees		51,178	47,211
- To suppliers		47,982	62,026
Advances for issue of shares - related party		8,352	8,352
Due from related parties		101,724	4,814
Letters of credit - margins, deposits, opening charges, etc.		415	526
		<u>209,651</u>	<u>122,929</u>

	(Un-audited) 31 December 2011 ------(Rs in '000)-----	Audited 30 June 2011
9 Short term investment - available for sale		
Fatima Fertilizer Company Limited		
Cost of 10,327,902 (June 2011: 18,030,636) shares	171,856	225,924
Specie dividend paid 4,621,641 (June 2011: 7,702,734) shares	<u>(106,344)</u>	<u>(75,333)</u>
	65,512	150,591
Unrealized gain on remeasurement at fair value	65,275	21,265
Closing market value of 5,706,261 (June 2011: 10,327,902) shares	<u>130,787</u>	<u>171,856</u>

9.1 Fatima Fertilizer Company Limited is an associated undertaking as per Companies Ordinance, 1984 however, for the purpose of measurement this has been classified as available for sale as the Company cannot exercise significant influence over the operating and financial decisions of this associate.

	(Un-audited) Six months ended 31 December 2011 2010 ------(Rs in '000)-----	
9.2 Specie dividend		
Dividend during the period at fair value at the date of declaration	122,566	73,484
Change in fair value - (credited) / charged to profit and loss account	<u>(16,222)</u>	<u>1,849</u>
Fair value of dividend distributed during the period	<u>106,344</u>	<u>75,333</u>

During the period the Company declared 4,621,641 shares (June 2011: 7,702,734 shares) of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 1.5 shares of FFCL for every 10 shares held of the Company on 31 October 2011.

	Six months period ended 31 December		Three months period ended 31 December	
	2011	2010	2011	2010
	------(Rs in '000)-----		------(Rs in '000)-----	
10 Sales - net				
Export	3,076,581	2,731,340	1,336,839	1,486,282
Local	1,066,063	1,573,341	549,143	921,997
Waste	<u>60,393</u>	<u>142,864</u>	<u>33,002</u>	<u>102,957</u>
	4,203,037	4,447,545	1,918,984	2,511,236
Less: Commission	<u>(64,728)</u>	<u>(51,689)</u>	<u>(30,058)</u>	<u>(23,357)</u>
	4,138,309	4,395,856	1,888,926	2,487,879
Add: Doubling income	1,319	1,488	1,319	1,182
Export rebate	959	237	770	-
	2,278	1,725	2,089	1,182
	<u>4,140,587</u>	<u>4,397,581</u>	<u>1,891,015</u>	<u>2,489,061</u>

	Six months period ended 31	
	December	
	2011	2010
	----- (Rs in '000) -----	
11 Cash generated from operations		
Profit before tax	29,496	342,805
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	62,427	52,302
Amortization of intangible assets	57	57
Staff retirement benefits accrued	9,924	11,894
(Loss)/ gain on disposal of property, plant and equipment	(3,339)	6
Disposal of short term investment	-	3,653
Provision for workers' profit participation fund	-	18,705
Provision for workers' welfare fund	-	6,790
Unrealised loss on derivative financial instruments	(500)	-
Gain on remeasurement of specie dividend	(16,222)	-
Interest on workers' profit participation fund	2,434	2,155
Finance cost (excluding exchange loss)	205,721	200,875
Profit before working capital changes	289,998	639,242
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(22,135)	(9,230)
- Stock in trade	(325,006)	(1,420,861)
- Trade debts	164,412	(361,617)
- Loans and advances	(86,722)	(34,119)
- Trade deposits and prepayments	(24,594)	(9,912)
- Tax refunds due from government (excluding income tax)	348	190
- Other receivables	(5,416)	1,479
Increase in current liabilities		
- Trade and other payables (excluding workers' welfare fund and workers' profit participation fund)	154,111	187,579
	(145,002)	(1,646,491)
Cash generated from / (used in) operations	144,996	(1,007,249)
12 Cash and cash equivalents		
Cash and bank balances	29,306	114,804
Finances under mark up arrangements and other credit facilities - secured	(2,664,097)	(3,230,894)
Cash and cash equivalents	(2,634,791)	(3,116,090)

14 Transactions with related parties

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Nature of Transaction	Six months ended 31 December	
	2011	2010
	------(Rs in '000)-----	
<u>Associated undertakings</u>		
Sale of goods and services	-	1,250
Purchase of goods	77,266	42,537
Mark up charged	3,467	1,550
<u>Key management personnel</u>		
Remuneration under the terms of employment to:		
Director	1,421	1,411
Executives	5,859	5,789
Others		
Donations	7,015	7,300

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

15 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

16 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 30 June 2011.

17 Date of authorization

These condensed interim financial information are authorized for issue by the Board of Directors of the Company on 28.02.2012.

18 General

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

Lahore

Chief Executive Officer

Director