



Reliance Weaving
Mills Limited
A Fatima Group Company

Half Yearly
Accounts

2019

December 31, 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. Khawaja Sajid
Mr. Aqeel Saifi
Mr. Salim Ahmed

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, I am pleased to present half yearly Financial Statements of the company for the period ended December 31, 2019.

Financial Highlights

The company earned net profit of Rs 206 million during the period as compared to Rs. 200 million. Turnover of the company has improved from Rs 7,122 million to Rs 9,253 million, which is 30% increase. Gross profit of the company has improved from Rs 733 million to Rs 1,276 million, which is 74% improved. Financial cost of the company has increased from Rs 397 million to Rs 641 million which is almost 61% increased as compare to previous period. Further, the company has to account for RS 69 million loss of associated company which reduced the company's profit.

Cotton production in Pakistan estimated closer to 8 million bales leaving shortfall of 6 million bales. This year can be characterized as a year with significant uncertainty and volatility in the global economy and the world cotton market. US signed the Phase 1 trade agreement with China. China has agreed to purchase an average of \$40 billion in U.S. agricultural commodities, including cotton, over the next two years. The China coronavirus outbreak could delay China's ability to increase purchases in the near-term. As a result, the potential impacts of the coronavirus represent a significant wildcard in the outlook for the world economy and textile market.

On Behalf of Board of Directors



Fazal Ahmed Sheikh
(Chief Executive Officer)



Faisal Ahmed Mukhtar
(Director)

Date: February 26, 2020

Place: Lahore

ڈائریکٹرز کا جائزہ

محترم ممبران،

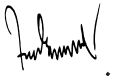
بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر، 2019 کو ختم ہونے والی مدت کے لئے کمپنی کے نصف سالانہ مالی بیانات پیش کرنے پر خوش ہوں۔

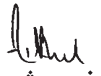
مالی جھلکیاں:

کمپنی نے اس عرصے کے دوران 200 ملین روپے کے مقابلے میں 206 ملین روپے کا خالص منافع حاصل کیا۔ کمپنی کا کاروبار 7,122 ملین روپے سے بڑھ کر 9,253 ملین روپے ہو گیا ہے، جو 30 فیصد کا اضافہ ہے۔ کمپنی کا مجموعی منافع 733 ملین روپے سے بڑھ کر 1,276 ملین روپے ہو گیا ہے، جو 74 فیصد بہتر ہے۔ کمپنی کی مالی لاگت 397 ملین روپے سے بڑھ کر 641 ملین روپے ہو گئی جو پچھلی مدت کے مقابلے میں تقریباً 61 فیصد بڑھ گئی ہے۔ مزید یہ کہ کمپنی کو متعلقہ کمپنی کے 69 ملین روپے نقصان کا حساب دینا پڑا جس سے کمپنی کا نفع کم ہوا ہے۔

پاکستان میں کپاس کی پیداوار کا تخمینہ 8 ملین گانٹھوں کے قریب رہ گیا ہے جس سے 6 ملین گانٹھوں کی کمی واقع ہوئی ہے۔ اس سال کو عالمی معیشت اور عالمی کپاس مارکیٹ میں نمایاں غیر یقینی صورتحال اور اتار چڑھاؤ کے ایک سال کی حیثیت سے پیش کیا جاسکتا ہے۔ امریکہ نے چین کے ساتھ فیئر 1 تجارتی معاہدے پر دستخط کیے ہیں۔ چین نے اگلے دو سالوں میں کپاس سمیت امریکی زرعی اجناس میں اوسطاً 40 بلین ڈالر کی خریداری پر اتفاق کیا ہے۔ چین میں کورونا وائرس پھیل جانے سے چین کی قریبی مدت میں خریداری بڑھانے کی صلاحیت میں تاخیر ہو سکتی ہے۔ اس کے نتیجے میں، کورونا وائرس کے ممکنہ اثرات عالمی معیشت اور ٹیکسٹائل مارکیٹ کے نقطہ نظر میں ایک اہم وائلنڈ کارڈ کی نمائندگی کرتے ہیں۔

بورڈ کے لئے اور اس کی طرف سے


فیصل احمد مختار
ڈائریکٹر


فیصل احمد مختار
چیف ایگزیکٹو آفیسر

مقام: لاہور

تاریخ: 26 فروری، 2020

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

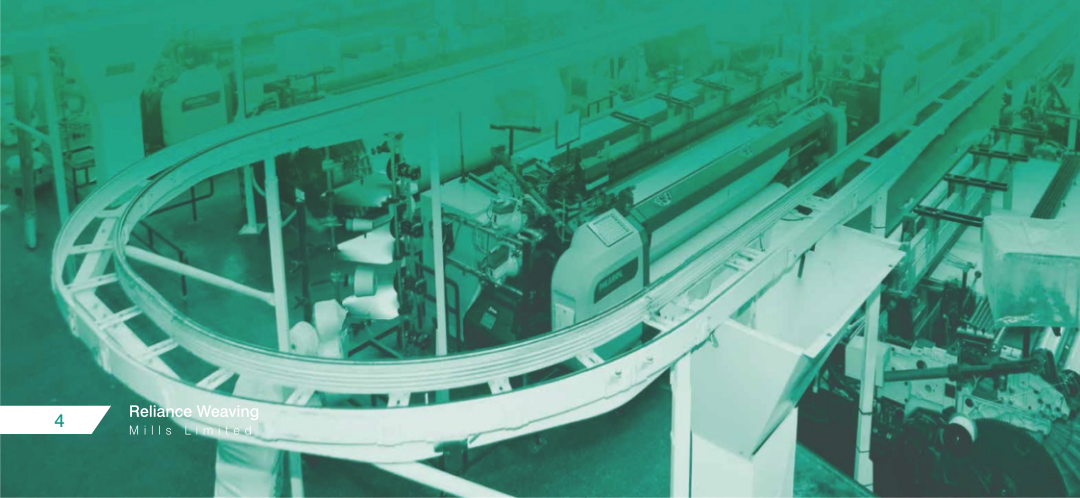
count of 20/1 cdd. The unit produces yarns namely Mélange, Marl, Slub, Injection Nappy and Fancy Draw Blend Yarns.

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



Half Yearly Accounts

December 31, 2019
(Un-Audited)

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Reliance Weaving Mills Limited** (the Company) as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

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 condensed interim financial statements 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 as applicable in Pakistan 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Nafees ud din.

FEBRUARY 26, 2020.
LAHORE;

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2019

		Dec. 31, 2019	June 30, 2019
		Un-audited	Audited
Rupees in thousand			
Assets			
Non-current assets			
Property, plant and equipment	6	6,200,300	6,227,003
Intangible assets		2,254	2,728
Long term investments	7	694,808	763,601
Long term advances	8	300,000	0
Long term deposits		20,216	20,216
Deferred tax asset		71,758	71,221
		7,289,336	7,084,769
Current assets			
Stores, spares and loose tools		274,477	204,857
Stock-in-trade	9	6,841,760	5,944,942
Trade debts	10	1,832,960	2,281,363
Loans and advances	11	417,182	401,679
Prepayments and other receivables		94,509	35,474
Short term investments	12	91,283	137,332
Tax refunds and export rebate due from the Government	13	490,384	606,596
Cash and bank balances		108,597	113,073
		10,151,152	9,725,316
Total assets		17,440,488	16,810,085
Equity and liabilities			
Capital and reserves			
Authorised share capital			
40,000,000 ordinary shares of Rs.10 each		400,000	400,000
30,000,000 preference shares of Rs.10 each		300,000	300,000
		700,000	700,000
Issued, subscribed and paid-up share capital		308,109	308,109
Capital reserves			
- share premium		41,081	41,081
- revaluation surplus on freehold land		949,486	949,486
Revenue reserves			
- general reserve		74,172	74,172
- fair value gain on short term investments		45,429	50,544
- unappropriated profit		2,566,088	2,467,192
Shareholders' equity		3,984,365	3,890,584
Liabilities			
Non-current liabilities			
Long term finances	14	1,822,126	1,826,835
Lease liabilities		10,688	8,829
Staff retirement benefits - gratuity		266,706	241,279
		2,099,520	2,076,943
Current liabilities			
Trade and other payables	15	3,071,125	2,012,704
Unclaimed dividends		89,417	17,336
Accrued mark-up		298,846	309,363
Short term borrowings		7,244,349	7,816,016
Current portion of non-current liabilities	16	546,462	529,479
Taxation	17	106,404	157,660
		11,356,603	10,842,558
Total liabilities		13,456,123	12,919,501
Total equity and liabilities		17,440,488	16,810,085

Contingencies and commitments 18
The annexed notes form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

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

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
----- Rupees in thousand -----					
Sales - net	19	4,620,169	3,885,675	9,253,505	7,127,766
Cost of sales		3,979,474	3,580,863	7,976,892	6,394,683
Gross profit		640,695	304,812	1,276,613	733,083
Distribution cost		51,032	30,698	110,463	58,768
Administrative expenses		56,861	49,577	105,861	90,439
Other expenses	20	46,028	12,856	88,002	28,403
Other income	21	(45,573)	(101,585)	(51,008)	(103,207)
		108,348	(8,454)	253,318	74,403
Profit from operations		532,347	313,266	1,023,295	658,680
Finance cost		311,348	222,757	641,901	397,135
		220,999	90,509	381,394	261,545
Share of loss of Associated Companies - net	7	(66,058)	(28,987)	(69,058)	(30,107)
Profit before taxation		154,941	61,522	312,336	231,438
Taxation					
- current	17	49,652	9,368	106,404	47,508
- prior years		0	(10,923)	0	(10,923)
- deferred		(537)	(5,262)	(537)	(5,262)
		49,115	(6,817)	105,867	31,323
Profit after taxation		105,826	68,339	206,469	200,115
Earnings per share		3.43	2.22	6.70	6.49

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Quarter ended		Six months period ended	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
	----- Rupees in thousand -----			
Profit after taxation	105,826	68,339	206,469	200,115
Other comprehensive income / (loss) :				
Items that will not be reclassified subsequently to profit or loss:				
Share of other comprehensive income / (loss) of an Associated Company	265	(3,318)	265	(3,318)
Unrealised income / (loss) on remeasurement of short term investments at fair value through other comprehensive income	1,474	(2,468)	(5,115)	10,684
	1,739	(5,786)	(4,850)	7,366
Total comprehensive income	107,565	62,553	201,619	207,481

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

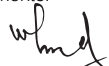
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Six months period ended	
	Dec. 31, 2019	Dec. 31, 2018
	Rupees in thousand	
Cash flows from operating activities		
Profit for the period - before taxation	312,336	231,438
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets and right-of-use assets	136,186	121,484
Amortisation	474	473
Staff retirement benefits - gratuity (net)	25,427	28,311
Gain on disposal of operating fixed assets - net	(1,076)	(223)
Share of loss from Associated Companies - net	69,058	30,107
Finance cost	641,901	397,135
Profit before working capital changes	1,184,306	808,725
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(69,620)	(21,572)
Stock-in-trade	(896,818)	(2,903,309)
Trade debts	448,403	597,841
Loans and advances	(15,503)	(107,500)
Prepayments and other receivables	(59,035)	(45,125)
Short term investments		
Sales tax refund bonds and accrued profit	40,934	0
Tax refunds and export rebate due from the Government (excluding income tax)	10,122	6,949
Increase in trade and other payables	1,058,419	1,022,010
	516,902	(1,450,706)
Cash generated from / (used in) operations	1,701,208	(641,981)
Income tax paid - net	(51,568)	(44,199)
Net cash generated from / (used in) operating activities	1,649,640	(686,180)
Cash flows from investing activities		
Fixed capital expenditure	(111,378)	(457,530)
Sale proceeds of operating fixed assets	2,971	7,969
Long term advances	(300,000)	0
Long term deposits	0	741
Net cash used in investing activities	(408,407)	(448,820)
Cash flows from financing activities		
Long term finances - net	10,380	486,820
Lease liabilities - net	3,753	2,944
Short term finances - net	(571,667)	1,079,628
Finance cost paid	(652,418)	(348,078)
Dividend paid	(35,757)	(67,706)
Net cash (used in) / generated from financing activities	(1,245,709)	1,153,608
Net (decrease) / increase in cash and cash equivalents	(4,476)	18,608
Cash and cash equivalents - at beginning of the period	113,073	79,087
Cash and cash equivalents - at end of the period	108,597	97,695

The annexed notes form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer


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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Share capital	Capital Reserves		Revenue		Un-appropriated profit	Total
		Share premium	Revaluation surplus on freehold land	General reserve	Fair value gain on short term investments		
-----Rupees in thousand-----							
Balance as at June 30, 2019-audited	308,109	41,081	949,486	74,172	50,544	2,467,192	3,890,584
Transaction with owners:							
Cash dividend at the rate of Rs.3.50 per ordinary share for the year ended June 30, 2019	0	0	0	0	0	(107,838)	(107,838)
Total comprehensive income for the period ended December 31, 2019:							
- profit for the period	0	0	0	0	0	206,469	206,469
- other comprehensive (loss) / income	0	0	0	0	(5,115)	265	(4,850)
	0	0	0	0	(5,115)	206,734	201,619
Balance as at December 31, 2019-un-audited	308,109	41,081	949,486	74,172	45,429	2,566,088	3,984,365
Balance as at June 30, 2018-audited	308,109	41,081	949,486	74,172	60,682	1,968,262	3,401,792
Transaction with owners:							
Cash dividend at the rate of Re.2.25 per ordinary share for the year ended June 30, 2018	0	0	0	0	0	(69,325)	(69,325)
Total comprehensive income for the period ended December 31, 2018:							
- profit for the period	0	0	0	0	0	200,115	200,115
- other comprehensive income / (loss)	0	0	0	0	10,684	(3,318)	7,366
	0	0	0	0	10,684	196,797	207,481
Balance as at December 31, 2018-un-audited	308,109	41,081	949,486	74,172	71,366	2,095,734	3,539,948

The annexed notes form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 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.

3. Accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019.

3.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

- (a) Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement are effective for periods beginning on or after January 01, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's financial statements.
- (b) IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments do not have any material impact on the Company's financial statements.

- (c) IFRIC 23, 'Uncertainty over income tax treatments' is effective for accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendments do not have any material impact on the Company's financial statements.
- (d) IFRS 16, 'Leases' has introduced a single on-balance sheet accounting model for lessees. As a result, the Company, as a lessee has recognised right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application needs to be recognised in retained earnings. Accordingly, the comparative information presented for the year 2019 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are as follows.

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases vehicles for management use. The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the reducing balance method. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company did not have any property lease arrangement therefore, adoption of IFRS 16 at July 01, 2019 did not have any effect on these condensed interim financial statements of the Company except the reclassification of leased assets as right-of-use assets (refer note 6.2)

4. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed by the statutory auditors of the Company as the auditors have reviewed the cumulative figures for the six months period ended December 31, 2019. 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 audited financial statements for the year ended June 30, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

5. Accounting estimates, judgments and financial risk management

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended June 30, 2019.

6. Property, plant and equipment	Note	Un-audited Dec. 31, 2019 Rupees in thousand	Audited June 30, 2019
Operating fixed assets	6.1	6,129,865	6,213,181
Capital work-in-progress		34,964	13,822
Right-of-use assets	6.2	35,471	0
		6,200,300	6,227,003
6.1 Operating fixed assets			
Book value as at June 30, 2019		6,213,181	
Additions during the period:			
- buildings on freehold land		15,258	
- plant and machinery		50,468	
- factory equipment		2,200	
- office equipment		4,794	
- electric appliances		1,613	
- furniture and fixtures		1,466	
- vehicles		4,919	
		80,718	
Book value of operating fixed assets disposed-off		(1,895)	
Depreciation charge for the period		(132,597)	
Transfer to right-of-use assets	6.2	(29,542)	
Book value as at December 31, 2019		6,129,865	
6.2 Right-of-use assets			
Opening balance		0	0
Transfer from operating assets	6.1	29,542	0
Additions during the period		9,518	0
Depreciation for the period		(3,589)	0
		35,471	0

7. Long term investments - Un-quoted Associated Companies		Un-audited Dec. 31, 2019	Audited June 30, 2019
Fatima Energy Ltd.	Note	Rupees in thousand	
80,016,370 ordinary shares of Rs.10 each - cost Equity held: 14.04%		800,054	800,054
Share of post acquisition loss and other comprehensive income - net		(71,147)	(33,276)
		728,907	766,778
Share of loss for the period / year		(42,763)	(27,918)
Adjustment based on preceding year's audited financial statements			
- loss for the period / year		(27,268)	(6,635)
- other comprehensive income / (loss) for the period / year		265	(3,318)
Carrying value of investment at period / year-end		659,141	728,907
Fatima Transmission Company Ltd. (FTC)			
7,187,500 ordinary shares of Rs.10 each - cost Equity held: 31.25%		71,875	71,875
Share of post acquisition loss and other comprehensive income - net		(37,181)	(953)
		34,694	70,922
Share of loss for the year	7.1	0	(21,308)
Adjustment based on preceding year's audited financial statements		973	(14,920)
Carrying value of investment at period / year-end		35,667	34,694
		694,808	763,601
7.1	Due to non-availability of financial statements of FTC for the half-year ended December 31, 2019, no adjustment in respect of current profit / loss has been recognised in these condensed interim financial statements.		
8. Long term advances - unsecured	These advances have been made to Fatima Energy Ltd to meet its financial obligations. These carry mark-up at the rate of 1-month KIBOR plus 3% per annum; the effective mark-up rate charged during the period was 16.66% per annum.		
9. Stock-in-trade			
Raw materials including in-transit inventory valuing Rs.878.694 million (June 30, 2019: Rs.188.295 million)		4,217,312	4,081,657
Work-in-process		311,948	280,286
Finished goods		2,256,529	1,548,035
Waste		55,971	34,964
		6,841,760	5,944,942
10. Trade debts			
Export - secured		820,929	1,220,860
Local - unsecured and considered good		1,012,031	1,060,503
Considered doubtful		2,973	3,548
		1,015,004	1,064,051
		1,835,933	2,284,911
Less: allowance for Expected Credit Loss		(2,973)	(3,548)
		1,832,960	2,281,363

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

		Un-audited Dec. 31, 2019	Audited June 30, 2019
	Note	Rupees in thousand	
11. Loans and advances			
Advances to:			
- key management personnel		2,357	3,753
- employees		206,997	199,020
- suppliers		78,110	30,354
Due from related parties	11.1	117,540	141,090
Letters of credit		321	54
Margin deposits		11,857	27,408
		417,182	401,679
11.1 Due from related parties			
Fatima Sugar Mills Ltd.		0	39,298
Reliance Commodities (Pvt.) Ltd.		15,265	3,481
Fatima Transmission Company Ltd.		15,314	15,314
Fatima Energy Ltd.		82,031	78,520
Multan Cloth Finishing Factory		4,406	4,406
Fatima Cement Ltd.		453	0
FatimaFert Ltd.		71	71
		117,540	141,090
11.2	Maximum aggregate amounts due from related parties at any month end during the period aggregated Rs.143.528 million (June 30, 2019: Rs.141.090 million).		
12. Short term investments			
(At fair value through other comprehensive income)			
Quoted			
Fatima Fertilizer Company Ltd. (FFCL)			
2,625,167 fully paid ordinary shares of Rs.10 each at fair value	12.1	78,361	85,055
Fair value adjustment		(8,558)	(6,694)
Fair value at end of the period / year		69,803	78,361
Others - Un-quoted			
Multan Real Estate Company (Pvt.) Ltd. (MREC)			
214,797 ordinary shares of Rs.100 each Equity held 9.90%	12.2	21,480	21,480
Sales tax refund bonds and accrued profit thereon			
Fair value adjustment	12.3	0	40,934
		0	(3,443)
		0	37,491
		91,283	137,332

12.1 FFCL is a related party of the Company; however, considering shareholding percentage in FFCL i.e. 0.13%, the Company does not have significant influence to participate in the financial and operating decisions of FFCL. Accordingly, investments in FFCL have not been accounted for using the equity method.

12.2 Due to non-availability of financial statements of MREC for the period ended December 31, 2019, investment in MREC has been accounted for at cost.

12.3 The Company, during the period, has fully received proceeds aggregating Rs.40.934 million against these sales tax refund bonds.

13. Tax refunds and export rebate due from the Government

	Un-audited Dec. 31, 2019	Audited June 30, 2019
Note	Rupees in thousand	
Export rebate and duty draw back	108,239	112,768
Advance income tax	160,386	266,476
Sales tax refundable	211,216	217,472
Special excise duty	10,543	9,880
	490,384	606,596

14. Long term finances - secured

National Bank of Pakistan (DF-IV)	33,802	45,069
Pak Brunei Investment Co. (TF)	100,000	140,000
Meezan Bank Ltd. (DM-II)	48,223	83,223
Saudi Pak Industrial and Agricultural Investment Company Ltd. (LTFF)	600,000	600,000
Saudi Pak Industrial and Agricultural Investment Company Ltd. (LTFF)	23,328	0
Allied Bank Ltd. (TF)	87,500	116,667
Allied Bank Ltd. (TF)	300,000	300,000
Pak Libya Holding Company (Pvt.) Ltd. (LTF)	100,000	120,000
Pak Libya Holding Company (Pvt.) Ltd. (LTF)	200,000	0
United Bank Ltd. (NIDF-I)	60,000	90,000
United Bank Ltd. (NIDF-II under LTFF scheme)	526,422	548,936
Askari Bank Ltd. (DM-I)	125,000	150,000
Askari Bank Ltd. (DM-II)	150,000	150,000
Balance at the period / year-end	2,354,275	2,343,895
Less: current portion grouped under current liabilities	532,149	517,060
	1,822,126	1,826,835

15. Trade and other payables

Trade creditors		1,461,215	1,286,044
Bills payable		606,962	34,997
Due to related parties	15.1	251,303	42,369
Accrued expenses		615,405	590,047
Tax deducted at source		115,529	24,174
Workers' (profit) participation fund		20,711	35,073
		3,071,125	2,012,704

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

15.1 Due to related parties		Un-audited Dec. 31, 2019	Audited June 30, 2019
	Note	Rupees in thousand	
Fatima Fertilizer Company Ltd.		34,028	34,102
Fatima Sugar Mills Ltd.		208,943	0
Pak Arab Fertilizers Ltd.		8,332	8,019
Fazal Cloth Mills Ltd.		0	248
		251,303	42,369
16. Current portion of non-current liabilities			
Long term finances	14	532,149	517,060
Lease liabilities		14,313	12,419
		546,462	529,479
17. Taxation - net			
Balance as at June 30, 2019		157,660	
Add: provision made during the period		106,404	
		264,064	
Less: payments / adjustments made during the period		157,660	
		106,404	
17.1	Returns filed by the Company upto the tax year 2018 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).		
17.2	Provision for the current period represents tax payable under sections 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.		
18. Contingencies and commitments			
18.1	There has been no significant change during the current period in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2019.		
18.2	Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.176.377 million as at December 31, 2019 (June 30, 2019: Rs.153.133 million).		
18.3	Foreign bills discounted outstanding as at December 31, 2019 aggregated Rs.1,032.651 million (June 30, 2019: Rs.208.136 million).		
18.4	Commitments for irrevocable letters of credit:		
- capital expenditure		161,117	33,002
- others		438,655	9,508
		599,772	42,510

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
19. Sales - Net		----- Rupees in thousand -----			
Export	19.1	4,084,024	994,297	6,785,636	2,124,666
Local		513,112	2,886,397	2,437,078	4,990,309
Waste		72,824	39,965	130,720	81,501
Yarn doubling		2,034	0	2,034	0
		4,671,994	3,920,659	9,355,468	7,196,476
Less: commission		(51,825)	(34,984)	(101,963)	(68,710)
		4,620,169	3,885,675	9,253,505	7,127,766

19.1 These include indirect exports of fabric and yarn aggregating Rs.2,172 million (2018: Rs.Nil).

20. Other expenses

Other expenses for the current period include exchange fluctuation loss aggregating Rs.54.110 million (2018 : Rs. Nil).

21. Other income

Other income for the current period includes exchange fluctuation gain amounting Rs. Nil (2018 : Rs.99.127 million).

22. Segment Analysis

22.1 Segment revenue and results

	Spinning		Weaving		(Elimination of inter-segment transactions)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Six months period ended December 31, (Un-audited)	----- Rupees in thousand -----							
Sales - net	5,009,513	3,925,282	6,138,382	4,728,408	(1,894,390)	(1,525,924)	9,253,505	7,127,766
Cost of sales	(4,444,621)	(3,514,890)	(5,426,661)	(4,405,717)	1,894,390	1,525,924	(7,976,892)	(6,394,683)
Gross profit	564,892	410,392	711,721	322,691	0	0	1,276,613	733,083
Distribution cost	(17,983)	(11,354)	(92,480)	(47,414)	0	0	(110,463)	(58,768)
Administrative expenses	(52,792)	(45,502)	(53,069)	(44,937)	0	0	(105,861)	(90,439)
Other expenses	(41,186)	(13,252)	(46,816)	(15,151)	0	0	(88,002)	(28,403)
Other income	4,544	13,974	46,464	89,233	0	0	51,008	103,207
	(107,417)	(56,134)	(145,901)	(18,269)	0	0	(253,318)	(74,403)
Profit from operations	457,475	354,258	565,820	304,422	0	0	1,023,295	658,680
Finance cost	(341,590)	(201,829)	(300,311)	(195,306)	0	0	(641,901)	(397,135)
	115,885	152,429	265,509	109,116	0	0	381,394	261,545
Share of loss of Associated Companies - net	(34,529)	(15,076)	(34,529)	(15,031)	0	0	(69,058)	(30,107)
Profit before taxation	81,356	137,353	230,980	94,085	0	0	312,336	231,438
Taxation	(36,370)	(18,962)	(69,497)	(12,361)	0	0	(105,867)	(31,323)
Profit for the period	44,986	118,391	161,483	81,724	0	0	206,469	200,115

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

22.2 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	Un-audited December 31, 2019	Audited June 30, 2019	Un-audited December 31, 2019	Audited June 30, 2019	Un-audited December 31, 2019	Audited June 30, 2019
	----- Rupees in thousand -----					
Segment assets for reportable segment						
Operating fixed assets	3,541,413	3,533,867	2,658,887	2,693,136	6,200,300	6,227,003
Stores, spares and loose tools	156,347	135,530	118,130	69,327	274,477	204,857
Stock-in-trade	4,353,232	3,804,833	2,488,528	2,140,109	6,841,760	5,944,942
	8,050,992	7,474,230	5,265,545	4,902,572	13,316,537	12,376,802
Unallocated corporate assets					4,123,951	4,433,283
Total assets as per statement of financial position					17,440,488	16,810,085
Segment liabilities for reportable segments	4,562,717	4,877,864	5,060,905	5,303,295	9,623,622	10,181,159
Unallocated corporate liabilities					3,832,501	2,738,342
Total liabilities as per statement of financial position					13,456,123	12,919,501

23. Transactions with related parties

The related parties comprise of associated companies, 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 and payables. Other significant transactions with related parties were as follows.

Relationship	Nature of transaction	Six months period ended	
		Dec. 31, 2019	Dec. 31, 2018
		Rupees in thousand	
Associated Companies	- purchase of goods	164,738	31,889
	- mark-up income	7,649	933
	- mark-up expense	651	1,304
	- advances obtained	413,000	220,700
	- advances repaid	632,519	313,718
	- other expenses shared	12,734	10,456
Key management personnel	- remuneration and other benefits	14,221	10,652
Donations to Mian Mukhtar A. Sheikh Trust		16,663	13,200

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

24. Corresponding figures

24.1 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 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.

24.2 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.

25. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 26, 2020.



Chief Executive Officer



Director



Chief Financial Officer



Reliance Weaving
Mills Limited
A Fatima Group Company

📍 2nd Floor Trust Plaza, LMQ Road, Multan

📞 +92 61 450 9700, 450 9749

📠 +92 61 458 4288, 451 1267

✉️ waheed.mushtaq@fatima-group.com