



1st Quarterly Accounts
September 30, 2013
(Un-Audited)

Board of Directors

Executive Directors

Mr. Fawad Ahmed Mukhtar
Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar
Mr. Fahd Mukhtar

Chairman

Non-Executive Directors

Mrs. Fatima Fazal
Mrs. Farah Faisal
Mr. Shahid Aziz

Sub Committees of the Board

Audit Committee

Mrs. Fatima Fazal
Mr. Faisal Ahmed Mukhtar
Mr. Fawad Ahmed Mukhtar
Mr. Amanullah

Chairman

Secretary

HR & Remuneration Committee

Mrs. Farah Faisal
Mrs. Fahd Mukhtar
Mr. Faisal Mukhtar
Mr. Basharat Hashmi

Chairman

Secretary

Executive Management Team

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Amanullah

Head of Internal Audit

Afzaal Ahmad Khan

GM Marketing

Mr. Khawaja Sajid

GM Unit # 1 & 2

Mr. Ikram Azeem

GM Unit # 4

Mr. Muhammad Shoaib Alam

Bankers

Allied Bank Ltd
Bank of Khyber
Bank Al-Falah Ltd
First Habib Mudarba
First National Bank Mudarba
First Punjab Mudarba
Habib Bank Ltd
Habib Metropolitan Bank Ltd
MCB Bank Ltd

Meezan Bank Ltd
National Bank of Pakistan
NIB Bank Ltd
Pak Brunei Investment Company Ltd
Saudi Pak Industrial & Agricultural Investment Company Ltd
Standard Chartered Bank (Pakistan) Ltd
Standard Chartered Mudarba
Soneri Bank Ltd
United Bank Ltd

Auditors & Share Registrar

External Auditors

M. Yousuf Adil Saleem & Co
Chartered Accountants,
Multan.

Shares Registrar

M/s CDC Pakistan Ltd.
2nd Floor 307-Upper Mall Lahore
info@cdc.pak.com
basharat.hashmi@fatima-group.com

Business Offices

Registered Office

2nd Floor Trust Plaza, LMQ Road, Multan.
Tel # 061-4512031-2, 061-4546238
Fax # 061-4511677, 061-4584288
e-mail: info@fatima-group.com

Head Office

E-110, Khyaban-e-Jinah Lahore.
Tel # 042-35909449, 042-111-328-462
Fax: 042-36621389
Website: www.fatima-group.com

Sites Address

Unit # 1,2 & 4

Fazalpur Khanewal Road, Multan.
Tel. No. 061-6740020-3
Fax. No. 061-6740039

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.
Tel. No. 051-4611579-81
Fax. No. 051-4611097

Directors' Report To The Shareholders

Dear Members,

On the behalf of the Board of Directors, I am pleased to present 1st quarterly Financial Statements of the company for the period ended September 30, 2013.

The turnover during the period has improved to Rs 2,814 M against Rs 2,379 M whereas gross profit has improved to Rs 387 M as compared to Rs 255 M during corresponding period. The company earned after tax net profit of Rs 158 M as compared to profit of Rs 81 M during corresponding period. The substantial increase in net profit is due to coverage of cotton purchased last year at very competitive price. Devaluation of PKR against USD also contributes positively towards profitability.

China is so far continued its policy of offering higher support price to its farmers so it's spinning sector shall remain uncompetitive. As a result of higher support price, demand of yarn from China and Hong Kong remains strong which means Pakistani spinning sector shall remain very profitable in current year also. It is expected that country shall get GSP plus status in January, 2014 so it shall benefit the textile sector most. Cotton prices surged significantly in the month of September on the news of lower yield in the country but steady arrival in October kept prices stable. It is expected that fall in PKR/USD shall continue in current year since company's major sale is export so profitability shall improve due to this factor. SBP, in its recent monetary policy increased the discount rate by 50 bps so it shall impact negatively on company's profitability. Continuous supply of gas to textile industry is very crucial and can affect the future performance of the company .

Your directors would like to assure you that every possible effort will be made to achieve better results in the coming year.

On Behalf of Board of Directors

Sd/-

Fazal Ahmed Sheikh
(Chief Executive Officer)

Date: October 24, 2013
Place: Lahore

Condensed Interim Balance Sheet (Un-audited)

	Un-audited 30 September 2013	Audited 30 June 2013
Note	----- (Rs in "000") -----	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised capital		
40,000,000 (2012 : 40,000,000)		
ordinary shares of Rs. 10 each	400,000	400,000
30,000,000 (2012 : 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	157,218	154,147
Retained earnings	1,804,003	1,646,187
	<u>2,269,330</u>	<u>2,108,443</u>
Surplus on revaluation of fixed assets	452,271	452,271
Non-current Liabilities		
Long term finances	4	1,074,728
Liabilities against asset subject to finance lease	21,768	27,061
Deferred liabilities	60,821	55,131
	<u>1,157,317</u>	<u>1,115,782</u>
Current Liabilities		
Current portion of non-current liabilities - secured	238,408	212,684
Finances under mark up arrangements and other credit facilities - secured	3,502,436	3,525,957
Trade and other payables	530,943	570,516
Mark-up accrued	77,367	69,059
Provision for taxation	105,582	76,938
	<u>4,454,736</u>	<u>4,455,154</u>
Contingencies and commitments	5	-
	<u>8,333,654</u>	<u>8,131,650</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

As At 30 September 2013

		Un-audited 30 September 2013	Audited 30 June 2013
	Note	----- (Rs in "000") -----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,988,493	3,805,661
Intangible assets		8,231	8,405
Long term deposits		18,733	18,733
		<u>4,015,457</u>	<u>3,832,799</u>
Current assets			
Stores, spares and loose tools		176,468	179,348
Stock in trade		1,958,406	2,467,183
Trade debts		1,331,299	856,469
Loans and advances	7	372,364	334,472
Trade deposits and prepayments		15,142	475
Other receivables		28,489	25,467
Short term investments	8	68,254	65,183
Tax refunds due from the government		341,987	297,165
Cash and bank balances		25,788	73,089
		<u>4,318,197</u>	<u>4,298,851</u>
		<u><u>8,333,654</u></u>	<u><u>8,131,650</u></u>

Sd/-
Director

Condensed Interim Profit And Loss Account (Un-audited)

For the period ended 30 September 2013

	Note	Three months ended 30 September	
		2013	2012
----- (Rs in "000") -----			
Sales - net	9	2,814,709	2,379,689
Cost of sales		(2,432,090)	(2,123,731)
Gross profit		382,619	255,958
Distribution and marketing expenses		(36,952)	(32,175)
Administration expenses		(44,447)	(36,076)
Other operating expenses		(11,820)	(7,084)
Finance cost		(110,080)	(91,101)
Other operating income		7,140	10,367
Profit before tax		186,460	99,889
Taxation		(28,644)	(19,319)
Profit after tax		157,816	80,570
Earning per share		5.12	2.61

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended 30 September 2013

	Note	Three months ended 30 September	
		2013	2012
		----- (Rs in "000") -----	
Profit after tax		157,816	80,570
Other comprehensive income			
Gain on remeasurement of other financial assets at fair value		3,071	(4,964)
Total comprehensive income for the period		160,887	75,606

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended 30 September 2013

	Note	Three months ended 30 September	
		2013	2012
----- (Rs in "000") -----			
Cash flows from operating activities			
Cash generated from operations	10	271,343	415,417
Finance cost paid		(104,679)	(82,924)
Worker's Profit Participation Fund paid		-	(32,509)
Taxes paid - net		(24,134)	(24,465)
Staff retirement benefits paid		(2,594)	(1,409)
Net cash generated from operating activities		139,936	274,110
Cash flows from investing activities			
Fixed capital expenditure		(230,661)	(5,128)
Proceed from disposal of property, plant and equipment		93	1,881
Long term deposits		-	(1,007)
Net cash (used in) investing activities		(230,568)	(4,254)
Cash flows from financing activities			
Proceeds from long term finances		137,243	-
Repayment of long term finances		(70,391)	(62,641)
Net repayment of short term finances		(23,521)	(191,340)
Net cash generated/ (used in) financing activities		43,331	(253,981)
Net (decrease)/ increase in cash and cash equivalents		(47,301)	15,875
Cash and cash equivalents at beginning of the period		73,089	29,246
Cash and cash equivalents at end of the period		25,788	45,121

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

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

For the period ended 30 September 2013

	Capital reserve		Revenue reserve		Total
	Share capital	Share premium	Fair value reserve	General reserve	
	----- Rupees -----				
Balance as at 01 July 2012	308,109	41,081	83,630	74,172	1,155,254
Profit for the period - restated	-	-	-	-	80,570
Other comprehensive income - restated	-	-	(4,964)	-	(4,964)
Total comprehensive income for the period	-	-	(4,964)	-	80,570
Balance as at 30 September 2012	308,109	41,081	78,666	74,172	1,235,824
Balance as at 01 July 2013	308,109	41,081	38,894	74,172	1,646,187
Total comprehensive income for the year	-	-	-	-	157,816
Profit for the period	-	-	3,071	-	3,071
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	3,071	-	157,816
Balance as at 30 September 2013	308,109	41,081	41,965	74,172	1,804,003

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

Sd/-

Chief Executive Officer

Sd/-

Director

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2013

1. THE COMPANY AND ITS OPERATIONS

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on April 07, 1990 under the Companies Ordinance, 1984. The shares of the Company are quoted on 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, in the province of Punjab.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three-months period ended September 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 This condensed interim financial information has been prepared under the historical cost convention as modified by the revaluation of operating fixed assets and certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 This condensed interim financial information is unaudited and are being submitted to the shareholders as required under listing regulations of Karachi and Lahore Stock Exchange and section 245 of the Companies Ordinance, 1984. They do not include all of the information required for the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended as at June 30, 2013.

3.3 Presentation and functional currency

The condensed interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.4 Accounting estimates and judgements

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting 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. Revision to

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June 30, 2013.

3.5 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2013.

		(Un-audited) 30 September 2013	Audited 30 June 2013
	Note	----- (Rs in "000") -----	
4. LONG TERM FINANCES			
From financial institutions - secured	4.1	1,290,708	1,223,856
Less: current portion		(215,980)	(190,266)
		<u>1,074,728</u>	<u>1,033,590</u>

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

Opening balance	1,223,856	634,114
Add: obtained during the period / year	137,243	784,448
	<u>1,361,099</u>	1,418,562
Less: repaid during the period / year	(70,391)	(194,706)
Closing balance	<u>1,290,708</u>	<u>1,223,856</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2013, except the following;

- Foreign bills discounted outstanding as at September 30, 2013 are Rs. 715.198 million (June 30, 2013 : Rs. 702.769 million).

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

		(Un-audited) 30 September 2013	Audited 30 June 2013
Commitments	Note	----- (Rs in '000') -----	
5.2	Commitment in respect of irrevocable letters of credit for:		
	- capital expenditures	701,434	275,773
	- other than capital expenditures	246,848	118,426
		<u>948,282</u>	<u>394,199</u>
5.3	Commitments in respect of forward foreign exchange contracts:		
	- Sales	255,958	-
	- Purchase	5.3.1 749,033	154,620
5.3.1	These forward foreign exchange contracts relate to import of plant and machinery		
6. PROPERTY, PLANT AND EQUIPMENT			
	Operating assets	6.1 3,747,102	3,754,411
	Capital work in progress	241,391	51,250
		<u>3,988,493</u>	<u>3,805,661</u>
6.1 Operating assets			
	Opening written down value	3,754,411	2,857,561
	Additions during the period / year	6.1.1 35,238	1,031,336
	Net Book value of operating assets disposed off during the period / year	6.1.1 (129)	(2,637)
	Depreciation charged during the period / year	(42,418)	(131,849)
	Closing written down value	<u>3,747,102</u>	<u>3,754,411</u>
		(Un-Audited)	
		Three months period ended 30 September 2013	
		Additions at cost	Disposal book value
6.1.1 Additions / disposals during the period		----- (Rs in '000') -----	
	Plant and machinery	25,217	-
	Electric installations	9,293	-
	Factory equipment	58	-
	Office equipment	65	(89)
	Electric appliances	315	-
	Furniture and fixtures	278	-
	Vehicles	12	(40)
		<u>35,238</u>	<u>(129)</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

	(Un-audited) 30 September 2013	Audited 30 June 2013
	----- (Rs in '000) -----	
7. LOANS AND ADVANCES		
Advances - considered good		
- To employees	77,312	73,414
- To suppliers	111,051	92,612
Due from related parties	164,669	159,102
Letters of credit - margins, deposits, opening charges, etc.	19,332	9,344
	<u>372,364</u>	<u>334,472</u>
8. SHORT TERM INVESTMENTS		
Short term investment - available for sale		
Fatima Fertilizer Company Limited		
Carrying amount at beginning of the period 2,625,167 (June 2012: 5,706,261) fully paid ordinary shares of Rs.10	65,183	140,773
Carrying amount of shares transferred as specie dividend Nil (June 2013: 3,081,094) shares	-	(79,214)
	<u>65,183</u>	<u>61,559</u>
Fair value adjustment	3,071	3,624
Closing market value of 2,625,167 (June 2013: 2,625,167) shares	<u>68,254</u>	<u>65,183</u>
8.1 Fatima Fertilizer Company Limited (FFCL) is an associate of the Company through common directorship of 3 directors however, for the purpose of measurement this has been classified as available for sale as the Company being investor in FFCL does not have a significant influence over the operating and financial decisions of this associate.		
	(Un-audited)	
	Three months period ended 30 September	
	2013	2012
	----- (Rs in '000) -----	
9. SALES - net		
Export	1,871,381	1,459,956
Local	966,470	922,673
Waste	26,582	21,217
	<u>2,864,433</u>	<u>2,403,846</u>
Less: Commission	(51,046)	(30,283)
	<u>2,813,387</u>	<u>2,373,563</u>
Add: doubling / sizing income	-	5,087
Export rebate	1,322	1,039
	<u>1,322</u>	<u>6,126</u>
	<u>2,814,709</u>	<u>2,379,689</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

(Un-audited)
Three months period
ended 30 September
2013 2012
----- (Rs in "000") -----

10. CASH GENERATED FROM OPERATIONS

Profit before tax	186,460	99,889
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	42,418	31,366
Amortization of intangible assets	174	50
Staff retirement benefits accrued	8,284	5,779
Gain/(loss) on disposal of property, plant and equipment	35	-
Provision for workers' profit participation fund	9,225	5,007
Interest on workers' profit participation fund	883	1,213
Finance cost (excluding exchange (Gain)/loss)	112,988	90,035
Profit before working capital changes	360,467	233,339
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	2,880	13,492
- Stock in trade	508,777	249,256
- Trade debts	(474,830)	(81,902)
- Loans and advances	(37,892)	(44,195)
- Trade deposits and prepayments	(14,668)	(24,188)
- Other receivables	(3,022)	(1,549)
- Tax refunds due from government (excluding income tax)	(20,688)	(2,842)
Increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	(49,681)	74,006
	(89,124)	182,078
Cash generated from operations	271,343	415,417

11. TRANSACTIONS WITH RELATED PARTIES

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

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

Nature of transaction	(Un-audited)	
	Three months period ended 30 September	
	2013	2012
	----(Rs in "000")----	
<u>Associated undertakings</u>		
Sale of goods and service	-	54
Purchase of goods	1,116	30,047
Mark up charged	4,373	6,990
<u>Key management personnel</u>		
Remuneration under the terms of employment to:		
Director	681	705
Executives	3,850	2,537
<u>Others</u>		
Donations	2,400	1,900

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

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

13. CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

14 Segment Reporting

14.1 Reportable segments

The Company's reportable segments are as follows:

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

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

14.2 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	
	2013	2012	2013	2012	2013	2012	2013	2012
Three months ended 30- September	Rupees '000'							
Sales - net	1,593,517	1,042,599	2,252,927	1,947,487	(1,031,735)	(610,397)	2,814,709	2,379,689
Cost of sales	(1,412,494)	(941,345)	(2,051,331)	(1,792,783)	1,031,735	610,397	(2,432,090)	(2,123,731)
Gross profit	181,023	101,254	201,596	154,704	-	-	382,619	255,958
Distribution and marketing expenses	(4,925)	(3,835)	(32,027)	(28,340)	-	-	(36,952)	(32,175)
Administrative expenses	(15,623)	(12,114)	(28,824)	(23,962)	-	-	(44,447)	(36,076)
Finance cost	(61,534)	(31,257)	(48,546)	(59,844)	-	-	(110,080)	(91,101)
	(82,082)	(47,206)	(109,397)	(112,146)	-	-	(191,479)	(159,352)
Profit before tax and unallocated expenses	98,941	54,048	92,199	42,558	-	-	191,140	96,606
Unallocated income and expenses								
Other operating expenses							(11,820)	(7,084)
Other operating income							7,140	10,367
Taxation							(28,644)	(19,319)
Profit after taxation							157,816	80,570

14.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in the annual financial statements.

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

14.3 Segment assets

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

	Spinning		Weaving		Total	
	30-Sep-13	30-Jun-13	30-Sep-13	30-Jun-13	30-Sep-13	30-Jun-13
	---Rupees '000---					
Segment assets for reportable segment						
Operating fixed assets	2,267,222	2,240,889	1,487,190	1,469,712	3,754,412	3,710,601
Stores, spares and loose tools	85,807	94,368	90,661	84,980	176,468	179,348
Stock in trade	1,121,212	1,675,727	837,194	791,456	1,958,406	2,467,183
	3,474,241	4,010,984	2,415,045	2,346,148	5,889,286	6,357,132
Unallocated corporate assets					2,444,368	1,774,518
Total assets as per balance sheet					8,333,654	8,131,650
Segment liabilities						
Segment liabilities for reportable segment	2,728,875	2,690,127	2,108,465	2,109,166	4,837,340	4,799,293
Unallocated corporate liabilities					774,712	771,642
Total Liabilities as per balance sheet					5,612,052	5,570,935

14.4

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2013

15. DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue by the Board of Directors of the Company on 24 October 2013.

16. GENERAL

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

Sd/-
Chief Executive Officer

Sd/-
Director