



1st Quarterly Accounts
September 30, 2015
(Un-Audited)



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September 30, 2015

(Un-Audited)

Board of Directors

Executive Directors

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Non-Executive Directors

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

Chairman

Independent Director

Mr. Shahid Aziz

Sub Committees of the Board

Audit Committee

Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mr. Shahid Aziz

Chairman

Member
Member

HR & Remuneration Committee

Mr. Fahd Mukhtar
Mr. Faisal Ahmed Mukhtar
Mrs. Farah Faisal

Chairman

Member
Member

Executive Management Team

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Qaiser

GM Marketing

Mr. Khawaja Sajid

GM Weaving

Mr. Ikram Azeem

GM Spinning-3

Mr. Hafeez ur Rehman

GM Spinning-4

Mr. Muhammad Shoaib Alam

Bankers

Allied Bank Ltd
Bank of Khyber
Bank Al-Falah Ltd
Burj Bank Ltd
Dubai Islamic Bank Ltd
First Habib 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
Pak China Investment Company Ltd
Saudi Pak Industrial & Agricultural Investment Company Ltd
Silk Bank Ltd
Sindh Bank Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
Standard Chartered Mudarba
Summit Bank Ltd
United Bank Ltd

Auditors & Share Registrar

External Auditors

Deloitte Yousuf Adil
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-Jinnah Lahore.
Tel # 042-35909449, 042-111-328-462
Fax: 042-36621389
Website: www.fatima-group.com

Sites Address

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

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

Director's Review To The Members

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, 2015.

Financial Highlights

The Company earned gross profit Rs. 208.19 million for the period as compared to Rs. 21.34 million. For the same period last year prices of yarn and fabric remained under pressure and failed to absorb raw material cost and conversion cost. However, cost reduction in utility, distribution and finance contributed positively to the bottom line.

Current cotton season started on bearish sentiment but due to news of damage of cotton crop in Pakistan cotton prices touched upper level of Rs 5,600 per maund, however, international prices remained under pressure. The increased competition from India in coarser count Pakistan's share of textile in Chinese market decreased. India devalued its currency further due to which its competitiveness increased in the international market. Pakistan Government either devalues its currency further or withdraws GIDC, and other charges imposed on electricity otherwise survival of textile industry will be difficult. Under these challenges company is focusing on following vigilant buying policy of raw material, cost reduction, improved efficiencies and diversification with product line.

On Behalf of Board of Directors

Sd/-

Fazal Ahmed Sheikh
(Chief Executive Officer)

Date: October 29, 2015
Place: Lahore

Condensed Interim Balance Sheet (Un-audited)

		Un-audited September 30, 2015	Audited June 30, 2015
	Note	----- (Rs. in "000") -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2015: 40,000,000)			
ordinary shares of Rs. 10 each		400,000	400,000
30,000,000 (2015 : 30,000,000)			
preference shares of Rs. 10 each		300,000	300,000
		700,000	700,000
Issued, subscribed and paid up capital		308,109	308,109
Reserves		210,461	191,534
Retained earnings		1,610,839	1,609,792
		2,129,409	2,109,435
Surplus on revaluation of fixed assets		634,325	634,325
Non-current Liabilities			
Long term finances	4	1,946,088	2,077,764
Liabilities against asset subject to finance lease		20,948	24,160
Deferred liabilities		178,801	170,383
		2,145,837	2,272,307
Current Liabilities			
Current portion of non-current liabilities - secured		720,558	730,302
Finances under mark up arrangements and other credit facilities - secured		3,283,247	3,592,817
Trade and other payables		703,412	689,189
Provision for taxation		101,313	108,570
		4,808,530	5,120,878
Contingencies and commitments	5	-	-
		9,718,101	10,136,945

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

Sd/-
Chief Executive Officer

As At September 30, 2015

		Un-audited September 30, 2015	Audited June 30, 2015
	Note	----- (Rs. in "000") -----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,326,945	5,377,184
Intangible assets		6,276	6,513
Long term investment	7	810,727	812,370
Long term deposits		21,715	21,485
Deferred tax asset		77,217	57,217
		6,242,880	6,274,769
Current assets			
Stores, spares and loose tools		194,817	183,564
Stock in trade		1,337,699	1,576,371
Trade debts		761,176	953,668
Loans and advances	8	338,650	385,796
Trade deposits and prepayments		43,169	2,710
Other receivables		23,574	24,272
Short term investments	9	142,972	124,045
Tax refunds due from the government		452,672	540,943
Cash and bank balances		180,492	70,807
		3,475,221	3,862,176
		9,718,101	10,136,945

Sd/-
Director

Condensed Interim Profit And Loss Account (Un-audited)

For the period ended September 30, 2015

	Note	Three months ended September 30,	
		2015	2014
----- (Rs. in "000") -----			
Sales - net	10	2,366,901	2,806,355
Cost of sales		<u>(2,158,705)</u>	<u>(2,785,015)</u>
Gross profit		208,196	21,340
Distribution and marketing expenses		(28,103)	(34,161)
Administration expenses		(35,568)	(41,076)
Other operating expenses		(2,974)	(3,734)
Finance cost		(135,224)	(163,677)
Other operating income		168	17,955
Share of loss from associate		(1,643)	(5,433)
Profit/ (Loss) before tax		4,852	(208,786)
Taxation		(3,805)	163,149
Profit/ (Loss) after tax		1,047	(45,637)
Earnings/ (loss) per share		0.03	(1.48)

The annexed notes 1 to 18 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 September 30, 2015

	Three months ended September 30,	
	2015	2014
Note	----- (Rs. in "000") -----	
Profit after tax	1,047	(45,637)
Other comprehensive income		
Gain/ (Loss) on remeasurement of short term investment	18,927	(1,548)
Total comprehensive income/ (loss) for the period	<u><u>19,974</u></u>	<u><u>(47,185)</u></u>

The annexed notes 1 to 18 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 September 30, 2015

		Three months ended September 30,	
		2015	2014
Note		----- (Rs. in "000") -----	
Cash flows from operating activities			
	11	752,239	649,468
		(143,466)	(161,612)
		(29,890)	(30,898)
		(4,185)	(1,846)
		574,698	455,112
Cash flows from investing activities			
		(10,581)	(852,993)
		-	100
		(230)	(556)
		-	(18,008)
		(10,811)	(871,457)
Cash flows from financing activities			
		-	791,922
		(141,108)	(95,934)
		(309,570)	(257,045)
		(3,524)	178
		(454,202)	439,121
		109,685	22,776
		70,807	115,085
		180,492	137,861

The annexed notes 1 to 18 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 September 30, 2015

	Capital reserve			Revenue reserve		Total
	Share capital	Share premium	Fair value reserve	General reserve	Retained earnings	
	----- Rupees -----					
Balance as at June 30, 2014 (audited)	308,109	41,081	49,840	74,172	1,787,680	2,260,882
(Loss) for the period	-	-	-	-	(45,637)	(45,637)
Other comprehensive income	-	-	(1,548)	-	-	(1,548)
Total comprehensive income	-	-	(1,548)	-	(45,637)	(47,185)
Balance as at September 30, 2014	308,109	41,081	48,292	74,172	1,742,043	2,213,697
Balance as at June 30, 2015 (audited)	308,109	41,081	76,281	74,172	1,609,792	2,109,435
Profit for the period	-	-	-	-	1,047	1,047
Other comprehensive income	-	-	18,927	-	-	18,927
Total comprehensive income	-	-	18,927	-	1,047	19,974
Balance as at September 30, 2015	308,109	41,081	95,208	74,172	1,610,839	2,129,409

The annexed notes 1 to 18 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, 2015

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.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for three months period ended September 30, 2015 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.

2.2 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, 2015.

3. ACCOUNTING POLICIES AND ESTIMATES

3.1 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, 2015.

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

4. LONG TERM FINANCES

From financial institutions - secured
Less: current portion

	Un-audited September 30, 2015	Audited June 30, 2015
Note	----- (Rs. in "000") -----	
4.1	2,640,988	2,782,096
	(694,900)	(704,332)
	<u>1,946,088</u>	<u>2,077,764</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

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

	Un-audited September 30, 2015	Audited June 30, 2015
Note	----- (Rs. in "000") -----	
Opening balance	2,782,096	2,035,019
Add: obtained during the period / year	-	1,091,921
	<u>2,782,096</u>	<u>3,126,940</u>
Less: repaid during the period / year	(141,108)	(344,844)
Closing balance	<u>2,640,988</u>	<u>2,782,096</u>

5. CONTINGENCIES AND COMMITMENTS

Contingencies

5.1 There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2015, except the following;

- Foreign bills discounted outstanding as at September 30, 2015 are of Rs. 818.462 million (June 30, 2015: Rs. 1,541.744 million).

Commitments

5.2 Commitment in respect of forward foreign exchange contracts:

- Sales 310,355 3,753

5.3 Letters of credit for:

- Capital expenditures 14,978 18,228
 - Other than capital expenditures 518,281 462,353
- 533,259 480,581

5.4 Stand by letters of credit for:

- Commitment to inject equity in Fatima Energy Ltd: 2,000,000 2,250,000
- 2,000,000 2,250,000

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets	6.1	5,299,060	5,349,600
Capital work in progress		27,885	27,584
		<u>5,326,945</u>	<u>5,377,184</u>

6.1 Operating assets

Opening written down value		5,349,600	4,355,912
Additions during the period / year	6.1.1	10,281	1,238,643
Net Book value of operating assets disposed off during the period / year	6.1.1	-	(3,953)
Depreciation charged during the period / year		(60,821)	(241,002)
Closing written down value		<u>5,299,060</u>	<u>5,349,600</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

		Un-audited Three months period ended September 30, 2015	
		Additions at cost	Disposal at book value
6.1.1 Additions / disposals during the period		----- (Rs. in '000) -----	
	Building	1,018	-
	Plant and machinery	2,400	-
	Electric installation	2,330	-
	Office equipment	287	-
	Electric appliances	337	-
	Furniture and fixtures	25	-
	Leased vehicles	3,883	-
		<u>10,280</u>	<u>-</u>
		Un-audited	Audited
		September 30,	June 30,
		2015	2015
		----- (Rs in '000) -----	
7.	LONG TERM INVESTMENT		
	7.1 Investment in associate - Fatima Energy Limited		
	Opening balance	766,345	769,935
	Share of post acquisition loss	(1,643)	(3,590)
		<u>764,702</u>	<u>766,345</u>
	Advance for issue of shares	46,025	46,025
		<u>810,727</u>	<u>812,370</u>
	No. of shares held	77,004,376	77,004,376
	Ownership interest in percentage	25.69%	39.15%
8.	LOANS AND ADVANCES		
	Advances - considered good		
	- To employees	110,583	103,729
	- To suppliers	58,181	116,355
	Due from related parties	5,244	4,714
	Letters of credit - margins, deposits, opening charges, etc.	164,642	160,998
		<u>338,650</u>	<u>385,796</u>
9.	SHORT TERM INVESTMENTS		
	Available for sale investment		
	- Fatima Fertilizer Company Ltd. 9.1	121,492	102,565
	Other investment - Multan Real Estate Company (Pvt) Ltd.	21,480	21,480
		<u>142,972</u>	<u>124,045</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

	Un-audited September 30, 2015	Audited June 30, 2015
9.1 Fatima Fertilizer Company Limited	----- (Rs in '000) -----	
Carrying amount at beginning of the period 2,625,167 (2013: 2,625,167) fully paid ordinary shares of Rs. 10 each	102,565	76,130
Fair value adjustment	18,927	26,435
Closing market value of 2,625,167 (2014: 2,625,167) shares	121,492	102,565

9.2 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 September 30,	
	2015	2014
10. SALES - net	----- (Rs in '000) -----	
Export	1,443,060	1,879,735
Local	951,209	961,061
Waste	22,813	27,601
	2,417,082	2,868,397
Less: Commission	(23,363)	(40,920)
	2,393,719	2,827,477
Add: doubling / sizing income	1,244	1,673
Export rebate	272	769
	1,516	2,442
Less: Sales tax	(28,334)	(23,564)
	2,366,901	2,806,355

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

	Un-audited	
	Three months period ended September 30,	
	2015	2014
	----- (Rs in '000) -----	
11. CASH GENERATED FROM OPERATIONS		
(Loss)/ profit before tax	4,852	(208,786)
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	60,821	52,320
Amortization of intangible assets	237	237
Staff retirement benefits accrued	12,603	9,948
Provision for workers' profit participation fund	-	(20)
Share of loss from associate	1,643	5,433
Finance cost (excluding exchange (Gain)/ loss)	136,207	164,661
Profit before working capital changes	216,363	23,793
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(11,253)	16,966
- Stock in trade	238,672	811,324
- Trade debts	192,492	(49,655)
- Loans and advances	47,145	(122,836)
- Trade deposits and prepayments	(40,459)	12,178
- Tax refunds due from government (excluding income tax)	94,359	(32,034)
- Other receivables	698	12,616
Increase/ (decrease) in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	14,222	(22,884)
Cash generated from operations	535,876	625,675
	752,239	649,468

12. TRANSACTIONS WITH RELATED PARTIES

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

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

	Un-audited Three months period ended September 30,	
	2015	2014
	----- (Rs in "000") -----	
Nature of transaction		
<u>Associated undertakings</u>		
Purchase of goods	15,894	13,020
Mark up charged	-	10,695
Mark up expense	903	683
Sale of operating fixed assets	-	73
Advances	-	22,000
<u>Key management personnel</u>		
Remuneration under the terms of employment to:		
Director	678	678
Executives	6,063	3,928
<u>Others</u>		
Donations	2,700	3,300

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

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

14. CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

15 Segment Reporting

15.1 Reportable segments

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
 - Weaving segment - production of different quality of greige fabric using yarn
- Information regarding the Company's reportable segments is presented below:

15.2 Segment revenue and results

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

	Spinning		Weaving		Elimination of inter-segment transactions)		Total
	2015	2014	2015	2014	2015	2014	
Three months ended 30- September	-----Rupees 000-----						
Sales - net	1,437,034	1,287,815	1,653,679	2,199,150	(723,812)	(680,610)	2,366,901
Cost of sales	(1,333,330)	(1,336,997)	(1,549,187)	(2,128,628)	723,812	680,610	(2,158,705)
Gross profit	103,704	(49,182)	104,492	70,522	-	-	208,196
Distribution and marketing expenses	(5,045)	(5,128)	(23,058)	(29,033)	-	-	(28,103)
Administrative expenses	(17,661)	(12,463)	(17,907)	(28,612)	-	-	(35,568)
Finance cost	(78,945)	(77,859)	(56,279)	(85,817)	-	-	(135,224)
	(101,651)	(95,450)	(97,244)	(143,462)	-	-	(198,895)
Profit/(loss) from operations	2,053	(144,632)	7,248	(72,940)	-	-	9,301
Other operating expenses	(901)	(990)	(2,073)	(2,744)	-	-	(2,974)
Loss on investment in associate	(855)	(2,717)	(788)	(2,717)	-	-	(1,643)
Other operating income	112	12,275	56	5,680	-	-	168
Taxation	2,915	132,103	(6,720)	31,045	-	-	(3,805)
Profit / (loss) after taxation	3,324	(3,961)	(2,277)	(41,676)			1,047
							(45,637)

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

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

15.3 Segment assets

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

	Spinning		Weaving		Total	
	30-Sep-15	30-Jun-15	30-Sep-15	30-Jun-15	30-Sep-15	30-Jun-15
	-----Rupees '000-----					
Segment assets for reportable segment						
Operating fixed assets	3,150,709	3,184,452	2,005,746	2,023,695	5,156,455	5,208,147
Stores, spares and loose tools	112,172	100,661	82,645	82,903	194,817	183,564
Stock in trade	787,206	803,974	550,493	772,396	1,337,699	1,576,370
	<u>4,050,087</u>	<u>4,089,087</u>	<u>2,638,884</u>	<u>2,878,994</u>	<u>6,688,971</u>	<u>6,968,081</u>
Unallocated corporate assets					<u>3,029,130</u>	<u>3,168,864</u>
Total assets as per balance sheet					<u>9,718,101</u>	<u>10,136,945</u>

15.4 Segment liabilities

Segment liabilities for reportable segment	<u>3,362,832</u>	<u>3,724,521</u>	<u>2,608,007</u>	<u>2,700,521</u>	<u>5,970,840</u>	<u>6,425,042</u>
Unallocated corporate liabilities					<u>983,527</u>	<u>968,143</u>
Total Liabilities as per balance sheet					<u>6,954,367</u>	<u>7,393,185</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended September 30, 2015

16. DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue by the Board of Directors of the Company as on October 29, 2015.

17. RECLASSIFICATION

Certain period figure have been rearranged as follows:

Previous classification	Current classification	Amount Rs. '000'
Other operating expense	Finance cost	
Mark up on associate	Mark up on associate	683

18. GENERAL

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

Sd/-
Chief Executive Officer

Sd/-
Director

Reliance Weaving Mills Limited

2nd Floor Trust Plaza, LMQ Road, Multan.

Ph: +92 61 451 2031, 454 6234 Fax: +92 61 458 4288, 451 1267

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