

Reliance Weaving Mills Limited

Quarter Ended

September 30, 2012



Fatima Group

Reliance Weaving Mills Limited

Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2012

	Un-audited 30 September 2012	Audited 30 June 2012		Un-audited 30 September 2012	Audited 30 June 2012	
	----- (Rs in '000) -----			----- (Rs in '000) -----		
EQUITY AND LIABILITIES			ASSETS			
Share capital and reserves			Non-current assets			
Authorized capital			Property, plant and equipment	7	2,830,901	2,857,995
40,000,000 (2012: 40,000,000) ordinary shares of Rs. 10 each	400,000	400,000	Intangible assets		1,227	1,278
30,000,000 (2012: 30,000,000) preference shares of Rs. 10 each	<u>300,000</u>	<u>300,000</u>	Long term deposits		<u>17,838</u>	<u>16,831</u>
	<u>700,000</u>	<u>700,000</u>			<u>2,849,966</u>	<u>2,876,104</u>
Issued, subscribed and paid up capital	308,109	308,109	Deferred tax asset		52,842	52,842
Reserves	193,919	198,883				
Retained earnings	<u>1,235,824</u>	<u>1,155,254</u>				
	1,737,852	1,662,246				
Surplus on revaluation of fixed assets	452,271	452,271				
Non-current liabilities						
Long term finances	369,014	439,405				
Loans from related parties - subordinated loan	3,800	3,800				
Liabilities against asset subject to finance lease	28,718	29,868				
Deferred liabilities	<u>39,154</u>	<u>34,783</u>				
	440,686	507,856				
Current liabilities			Current assets			
Current portion of non-current liabilities - secured	219,686	209,762	Stores, spares and loose tools		160,067	173,559
Finances under mark up arrangements and other credit facilities - secured	2,463,921	2,655,261	Stock in trade		1,240,001	1,489,257
Trade and other payables	435,689	392,979	Trade debts		863,748	781,846
Markup accrued	<u>61,916</u>	<u>54,806</u>	Loans and advances	8	369,735	325,540
	3,181,212	3,312,808	Trade deposits and prepayments		25,231	1,043
			Other receivables		22,949	21,400
			Short term investments	9	135,809	140,773
			Tax refunds due from the government		46,552	43,571
			Cash and bank balances		<u>45,121</u>	<u>29,246</u>
					2,909,213	3,006,235
Contingencies and commitments	6	-			<u>5,812,021</u>	<u>5,935,181</u>
					<u>5,812,021</u>	<u>5,935,181</u>

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

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

For the period ended 30 September 2012

		Three months ended 30 September	
	<i>Note</i>	2012	2011
		----- (Rs in '000) -----	
Sales - net	<i>10</i>	2,379,689	2,249,572
Cost of sales		<u>(2,123,731)</u>	<u>(2,111,098)</u>
Gross profit		255,958	138,474
Distribution and marketing expenses		(32,175)	(27,191)
Administration expenses		(36,076)	(24,258)
Other operating expenses		(7,084)	(4,423)
Finance cost		(91,101)	(102,001)
Other operating income		<u>10,367</u>	<u>20,112</u>
Profit before tax		99,889	713
Taxation		<u>(19,319)</u>	<u>1,913</u>
Profit after tax		<u>80,570</u>	<u>2,626</u>
Earnings per share		<u>2.61</u>	<u>0.09</u>

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

Chief Executive Officer

Director

Reliance Weaving Mills Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the period ended 30 September 2012

	Three months ended 30 September	
	<u>2012</u>	<u>2011</u>
	----- (Rs in '000) -----	
Profit after tax	80,570	2,626
Other comprehensive income		
(Loss)/ gain on remeasurement of investment at fair value	(4,964)	22,825
Total comprehensive income for the period	<u><u>75,606</u></u>	<u><u>25,451</u></u>

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

Chief Executive Officer

Director

Reliance Weaving Mills Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the period ended 30 September 2012

		Three months ended 30 September	
		2012	2011
		------(Rs in '000)-----	
Cash flows from operating activities			
Cash generated from/ (used in) operations	11	415,417	360,516
Finance cost paid		(82,924)	(115,154)
Workers' profit participation fund paid		(32,509)	(29,038)
Taxes paid - net		(24,465)	(20,052)
Staff retirement benefits paid		(1,409)	(2,303)
Net cash generated from operating activities		274,110	193,969
Cash flows from investing activities			
Fixed capital expenditure		(5,128)	(132,870)
Proceed from disposal of property plant and equipment		1,881	6,690
Long term deposits		(1,007)	(291)
Net cash (used in) investing activities		(4,254)	(126,471)
Cash flows from financing activities			
Proceeds from long term finances		-	93,000
Repayment of long term finances		(62,641)	(69,815)
Net cash (used in)/ generated from financing activities		(62,641)	23,185
Net increase in cash and cash equivalents		207,215	90,683
Cash and cash equivalents at beginning of the period		(2,626,015)	(2,277,089)
Cash and cash equivalents at end of the period	12	(2,418,800)	(2,186,406)

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

Chief Executive Officer

Director

Reliance Weaving Mills Limited
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the period ended 30 September 2012

	Share capital	Capital reserve		Revenue reserve		Total
		Share premium	Fair value reserve	General reserve	Retained earnings	
-----Rupees '000'-----						
Balance as at 30 June 2011	308,109	41,081	66,627	180,516	895,045	1,491,378
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,626	2,626
Other comprehensive income for the period	-	-	22,825	-	-	22,825
	-	-	22,825	-	2,626	25,451
Balance as at 30 September 2011	<u>308,109</u>	<u>41,081</u>	<u>89,452</u>	<u>180,516</u>	<u>897,671</u>	<u>1,516,829</u>
Balance as at 30 June 2012	308,109	41,081	83,630	74,172	1,155,254	1,662,246
Total comprehensive income for the period						
Profit for the period	-	-	-	-	80,570	80,570
Other comprehensive income for the period	-	-	(4,964)	-	-	(4,964)
	-	-	(4,964)	-	80,570	75,606
Balance as at 30 September 2012	<u>308,109</u>	<u>41,081</u>	<u>78,666</u>	<u>74,172</u>	<u>1,235,824</u>	<u>1,737,852</u>

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

 Chief Executive Officer

 Director

Reliance Weaving Mills Limited

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended 30 September 2012

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 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984 provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions and directives 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 2012. 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 2012, 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 three months period ended 30 September 2011.

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 2012.

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 2012.

		(Un-audited) 30 September 2012	Audited 30 June 2012
	<i>Note</i>	------(Rs in '000)-----	
5 Long term finances			
Loan from financial institutions - secured	5.1	571,473	634,114
Less: current portion		<u>(202,459)</u>	<u>(194,709)</u>
		<u><u>369,014</u></u>	<u><u>439,405</u></u>

5.1 The movement of long term financing during the period ended 30 September 2012 is as follows:

Opening balance	634,114	795,846
Loan obtained during the period	<u>-</u>	<u>93,000</u>
	<u>634,114</u>	<u>888,846</u>
Loan repaid during the period	<u>(62,641)</u>	<u>(254,732)</u>
Closing balance	<u><u>571,473</u></u>	<u><u>634,114</u></u>

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 2012 except the following.

- Foreign bills discounted outstanding as at 30 September 2012 aggregated Rs. 446.716 million (30 June 2012: Rs. 668.26 million).

	(Un-audited) 30 September 2012	Audited 30 June 2012
	------(Rs in '000)-----	
6.2 Commitments		
6.2.1 Commitment in respect of letters of credit for:		
- Capital expenditures	35,734	5,037
- Other than capital expenditures	<u>65,146</u>	<u>14,479</u>
	<u><u>100,880</u></u>	<u><u>19,516</u></u>
6.2.2 Commitments in respect of forward foreign exchange contracts:		
- Sale	37,806	61,742
- Purchase	-	11,856

		(Un-audited) 30 September 2012	Audited 30 June 2012
	Note	----- (Rs in '000) -----	
7 Property, plant and equipment			
Operating assets	7.1	2,830,492	2,857,561
Capital work in progress		408	434
		<u>2,830,900</u>	<u>2,857,995</u>
7.1 Operating assets			
Opening written down value		2,857,561	2,768,840
Additions during the period / year	7.1.1	6,178	224,307
Net book value of operating assets disposed off during the period / year	7.1.1	(1,881)	(8,039)
Depreciation charged during the period / year		(31,366)	(127,547)
Closing written down value		<u>2,830,492</u>	<u>2,857,561</u>
		Three months ended 30 September 2012	
		Additions at cost	Disposal book value
		----- (Rs in '000) -----	
7.1.1 Cost of additions			
Buildings		-	-
Plant and machinery		1,229	-
Electric installations		500	-
Factory equipment		22	-
Office equipment		492	-
Electric appliances		139	-
Furniture and fixtures		47	-
Vehicles		3,749	(1,881)
		<u>6,178</u>	<u>(1,881)</u>
		(Un-audited) 30 September 2012	Audited 30 June 2012
		----- (Rs in '000) -----	
8 Loans and advances			
Advances - considered good			
- To employees		59,650	55,024
- To suppliers		137,823	127,443
Advances for issue of shares - related party		8,352	8,352
Due from related parties		160,683	132,714
Letters of credit - margins, deposits, opening charges, etc.		3,228	2,007
		<u>369,736</u>	<u>325,540</u>

	(Un-audited) 30 September 2012 ------(Rs in '000)-----	Audited 30 June 2012
9 Short term investment - available for sale		
Fatima Fertilizer Company Limited		
Carrying amount at the beginning of the period 5,706,261 (2012: 10,327,902 fully paid ordinary shares of Rs. 10 each	140,773	171,856
Carrying amount of shares transferred as specie dividend Nil (2011-12: 4,621,641)	-	(106,344)
	<u>140,773</u>	<u>65,512</u>
Fair value adjustment	(4,964)	75,261
Closing market value of 5,706,261 (June 2012: 5,706,261) shares	<u>135,809</u>	<u>140,773</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.

	Three months ended 30 September	
	2012	2011
	------(Rs in '000)-----	
10 Sales - net		
Export	1,459,956	1,739,742
Local	922,673	516,920
Waste	21,217	27,391
	<u>2,403,846</u>	<u>2,284,053</u>
Less: Commission	(30,283)	(34,670)
	<u>2,373,563</u>	<u>2,249,383</u>
Add: Doubling/ sizing income	5,087	-
Export rebate	1,039	189
	<u>6,126</u>	<u>189</u>
	<u>2,379,689</u>	<u>2,249,572</u>

	Three months ended 30	
	September	
	2012	2011
	----- (Rs in '000) -----	
11 Cash generated from operations		
Profit before tax	99,889	713
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	31,366	30,584
Amortization of intangible assets	50	29
Staff retirement benefits accrued	5,779	4,962
(Gain) on disposal of property, plant and equipment	-	(1,034)
Provision for workers' profit participation fund	5,007	(16,890)
Unrealised loss on derivative financial instruments		(1,330)
Interest on workers' profit participation fund	1,213	-
Finance cost (excluding exchange loss)	90,035	99,253
Profit before working capital changes	233,339	116,287
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	13,492	2,739
- Stock in trade	249,256	646,037
- Trade debts	(81,902)	(310,624)
- Loans and advances	(44,195)	(58,921)
- Trade deposits and prepayments	(24,188)	(18,493)
- Tax refunds due from government (excluding income tax)	(2,842)	(20,210)
- Other receivables	(1,549)	-
Increase in current liabilities		
- Trade and other payables (excluding workers' welfare fund and workers' profit participation fund)	74,006	3,701
	182,078	244,229
Cash generated from / (used in) operations	415,417	360,516
	As at 30 September	
	2012	2011
	----- (Rs in '000) -----	
12 Cash and cash equivalents		
Cash and bank balances	45,121	37,658
Finances under mark up arrangements and other credit facilities - secured	(2,463,921)	(2,224,064)
Cash and cash equivalents	(2,418,800)	(2,186,406)

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	
	2012	2011	2012	2011	2012	2011	2012	2011
Three months ended 30 September	-----Rupees '000'-----							
Sales - net	1,042,599	1,018,772	1,947,487	1,904,126	(610,397)	(673,326)	2,379,689	2,249,572
Cost of sales	(941,345)	(962,100)	(1,792,783)	(1,822,324)	610,397	673,326	(2,123,731)	(2,111,098)
Gross profit	101,254	56,672	154,704	81,802	-	-	255,958	138,474
Distribution and marketing expenses	(3,835)	(2,669)	(28,340)	(24,522)	-	-	(32,175)	(27,191)
Administrative expenses	(12,114)	(9,425)	(23,962)	(14,833)	-	-	(36,076)	(24,258)
Finance cost	(31,257)	(50,185)	(59,844)	(51,816)	-	-	(91,101)	(102,001)
	(47,206)	(62,279)	(112,146)	(91,171)	-	-	(159,352)	(153,450)
Profit before tax and unallocated expenses	54,048	(5,607)	42,558	(9,369)	-	-	96,606	(14,976)
Unallocated income and expenses								
Other operating expenses							(7,084)	(4,423)
Other operating income							10,367	20,112
Taxation							(19,319)	1,913
Profit after taxation							80,570	2,626

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

13.3 Segment assets

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

	Spinning		Weaving		Total	
	30-Sep-12	30-Jun-12	30-Sep-12	30-Jun-12	30-Sep-12	30-Jun-12
	-----Rupees '000'-----					
Segment assets for reportable segment						
Operating fixed assets	1,449,015	1,322,045	1,500,951	1,499,300	2,949,966	2,821,345
Stores, spares and loose tools	104,714	98,875	55,353	74,685	160,067	173,560
Stock in trade	593,349	703,675	646,652	785,582	1,240,001	1,489,257
	2,147,078	2,124,595	2,202,956	2,359,567	4,350,034	4,484,162
Unallocated corporate assets					1,461,987	1,451,019
Total assets as per balance sheet					5,812,021	5,935,181
13.4 Segment liabilities						
Segment liabilities for reportable segment	1,470,670	1,401,544	1,610,669	1,932,752	3,081,339	3,334,296
Unallocated corporate liabilities					540,559	486,368
Total assets as per balance sheet					3,621,898	3,820,664

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	Three months ended 30 September	
	2012	2011
	------(Rs in '000)-----	
<u>Associated undertakings</u>		
Sale of goods and services	54	-
Purchase of goods	30,047	46,621
Mark up charged	6,990	331
<u>Key management personnel</u>		
Remuneration under the terms of employment to:		
Director	705	705
Executives	2,537	2,524
Others		
Donations	1,900	4,423

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 2012.

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 2012.

17 Date of authorization

These condensed interim financial information are authorized for issue by the Board of Directors of the Company on 31 October 2012.

18 General

Corresponding figures have been rearranged/ regrouped, wherever necessary for the purpose of comparison. However, no significant rearrangement have been made.

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Chief Executive Officer

Director