

3rd Quarterly Accounts

March 31, 2015

(Un-Audited)



Reliance Weaving
Mills Limited
A Fatima Group Company



3rd Quarterly Accounts
March 31, 2015
(Un-Audited)

Board of Directors

Executive Directors

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Non-Executive Directors

Mr. Fawad Ahmed Mukhtar Chairman
Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mrs. Farah Faisal
Mr. Shahid Aziz

Sub Committees of the Board

Audit Committee

Mr. Fahd Mukhtar Chairman
Mrs. Fatima Fazal Member
Mrs. Farah Faisal Member

HR & Remuneration Committee

Mr. Fahd Mukhtar Chairman
Mr. Faisal Ahmed Mukhtar Member
Mrs. Farah Faisal 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 Unit # 1 & 2

Mr. Ikram Azeem

GM Unit # 3

Mr. Hafeez ur Rehman

GM Unit # 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

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-Jinnah 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

Director's Review To The Shareholders

Dear Members,

On the behalf of the Board of Directors, I am pleased to present nine months Financial Statements of the company for the period ended March 31, 2015.

The turnover during the period has decreased to Rs 8,414 M against Rs 8,928 M whereas net profit has also decreased to Rs 21 M as compared to Rs 280 M during corresponding period, a substantial decrease in profit was due to decreased in sales prices of finished products.

The company's spinning segment remained under pressure during period under review. The prices of cotton hovered around PKR 4,600 / maund to PKR 5,200/ maund in this period. Due to persistent dumping of Indian yarn coupled with falling international prices, local yarn remained under pressure. Outlook on cotton yarn prices remains bleak due to weak demand of yarn in local and international market.

The weaving segment also not contributed positively in profitability during period under review. Prices of fabric remained under pressure due to weak demand. The falling Euro against USD and PKR coupled with delayed winter season and long recession in Europe all contributing to decline in orders from Europe.

However, electricity cost decreased due to decline in FPA which contributing positively to the profit of the company. Financial cost although increased due to increase in long term financing but decrease in KIBOR affects positively on profitability.

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

On Behalf of Board of Directors

Sd/-

Fazal Ahmed Sheikh
(Chief Executive Officer)

Date: April 30, 2015
Place: Lahore

Condensed Interim Balance Sheet (Un-audited)

		Un-audited March 31 2015	Audited June 30 2014
	Note	----- (Rs. in "000") -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2014: 40,000,000)			
ordinary shares of Rs. 10 each		400,000	400,000
30,000,000 (2014 : 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		190,191	165,094
Retained earnings		1,763,309	1,787,680
		2,261,609	2,260,883
Surplus on revaluation of fixed assets		634,325	634,325
Non-current Liabilities			
Long term finances	4	2,000,180	1,668,121
Liabilities against asset subject to finance lease		31,741	40,659
Deferred liabilities		104,678	96,055
		2,136,599	1,804,835
Current Liabilities			
Current portion of non-current liabilities - secured		599,235	392,699
Finances under mark up arrangements and other credit facilities - secured		4,215,045	3,746,957
Trade and other payables		695,915	609,271
Mark-up accrued		127,166	123,872
Provision for taxation		87,426	116,669
		5,724,787	4,989,468
Contingencies and commitments	5	-	-
		10,757,320	9,689,511

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Sd/-
Chief Executive Officer

As At March 31, 2015

	Note	Un-audited March 31 2015 ----- (Rs. in "000") -----	Audited June 30 2014
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,382,646	4,588,944
Intangible assets		6,749	7,459
Long term investment	7	833,166	350,300
Long term deposits		23,242	22,579
		<u>6,245,803</u>	<u>4,969,282</u>
Deferred tax asset		106,158	-
Current assets			
Stores, spares and loose tools		203,727	231,121
Stock in trade		2,062,810	2,383,599
Trade debts		1,009,402	1,028,675
Loans and advances	8	326,615	355,070
Trade deposits and prepayments		15,385	48,535
Other receivables		20,840	23,213
Short term investments	9	101,227	76,130
Tax refunds due from the government		597,016	458,801
Cash and bank balances		68,337	115,085
		<u>4,405,359</u>	<u>4,720,229</u>
		<u><u>10,757,320</u></u>	<u><u>9,689,511</u></u>
			Sd/- Director

Condensed Interim Profit And Loss Account (Un-audited)

For the period ended March 31, 2015

	Note	Nine months ended 31 March		Three months ended 31 March	
		2015	2014	2015	2014
		----- (Rs in "000") -----		----- (Rs in "000") -----	
Sales - net	10	8,414,300	8,928,689	2,988,990	3,229,297
Cost of sales		<u>(7,741,230)</u>	<u>(7,896,598)</u>	<u>(2,683,588)</u>	<u>(2,974,114)</u>
Gross profit		673,070	1,032,091	305,402	255,183
Distribution and marketing expenses		(127,001)	(124,899)	(45,356)	(43,215)
Administration expenses		(109,177)	(125,006)	(29,988)	(37,501)
Other operating expenses		(11,817)	(24,122)	(3,752)	(2,376)
Finance cost		(522,586)	(401,700)	(183,028)	(129,281)
Other operating income		17,259	15,455	84	7,498
Share of loss from associate		(3,824)	-	-	-
(Loss) / Profit before tax		(84,076)	371,819	43,362	50,308
Taxation		<u>105,922</u>	<u>(91,320)</u>	<u>(30,256)</u>	<u>(32,819)</u>
Profit after tax		<u>21,846</u>	<u>280,499</u>	<u>13,106</u>	<u>17,489</u>
Earnings per share		<u>0.71</u>	<u>9.10</u>	<u>0.44</u>	<u>0.57</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2015

Note	Nine months ended 31 March		Three months ended 31 March	
	2015	2014	2015	2014
	----- (Rs in "000") -----		----- (Rs in "000") -----	
Profit after tax	21,846	280,499	13,106	17,489
Other comprehensive income				
Gain on remeasurement of other financial assets at fair value	25,097	17,458	7,324	7,666
Total comprehensive income for the period	<u>46,943</u>	<u>297,957</u>	<u>20,430</u>	<u>25,155</u>

The annexed notes 1 to 17 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 March 31, 2015

		Nine months ended March 31	
	Note	2015	2014
		----- (Rs. in "000") -----	
Cash flows from operating activities			
Cash generated from/ (used in) operations	11	1,063,730	(347,865)
Finance cost paid		(513,414)	(357,122)
Taxes paid - net		(90,989)	(81,688)
Staff retirement benefits paid		(21,220)	(9,577)
Net cash generated from/ (used in) operating activities		438,107	(796,252)
Cash flows from investing activities			
Fixed capital expenditure		(963,428)	(610,257)
Proceed from disposal of property, plant and equipment		1,413	469
Long term deposits		(664)	(422)
Long term investment		(486,689)	-
Net cash (used in) investing activities		(1,449,368)	(610,210)
Cash flows from financing activities			
Proceeds from long term finances		791,922	374,367
Repayment of long term finances		(254,719)	(157,869)
Net proceeds of short term finances		468,088	1,283,727
Increase in lease liability		(16,428)	-
Dividend paid		(24,350)	(61,622)
Net cash generated/ (used in) financing activities		964,513	1,438,603
Net (decrease)/ increase in cash and cash equivalents		(46,748)	32,141
Cash and cash equivalents at beginning of the period		115,085	73,089
Cash and cash equivalents at end of the period		68,337	105,230

The annexed notes 1 to 17 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 March 31, 2015

	Capital reserve		Revenue reserve		Total
	Share capital	Share premium	Fair value reserve	General reserve	
----- Rupees -----					
Balance as at July 01, 2013 - restated (Audited)	308,109	41,081	38,894	74,172	1,631,639
Profit for the period ended March 31, 2014	-	-	-	-	280,499
Other comprehensive income	-	-	17,458	-	17,458
Total comprehensive income	-	-	17,458	-	280,499
Transactions with owners:					
Cash dividend @ Rs. 2 per share	-	-	-	-	(61,622)
Balance as at March 31, 2014	308,109	41,081	56,352	74,172	1,850,516
Balance as at July 01, 2014 - (Audited)	308,109	41,081	49,840	74,172	1,787,680
Profit for the period ended March 31, 2015	-	-	-	-	21,846
Other comprehensive income	-	-	25,097	-	25,097
Total comprehensive income	-	-	25,097	-	21,846
Transactions with owners:					
Cash dividend @ Rs. 1.5 per share	-	-	-	-	(46,216)
Balance as at March 31, 2015	308,109	41,081	74,937	74,172	1,763,310

The annexed notes 1 to 17 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 March 31, 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, in the province of Punjab.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for nine months period ended March 31, 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, 2014.

3. ACCOUNTING POLICES 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, 2014.

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 March 31 2015	Audited June 30 2014
Note		----- (Rs. in "000") -----	
4.1		2,572,222	2,035,019
		(572,042)	(366,898)
		<u>2,000,180</u>	<u>1,668,121</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2015

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

	Un-audited March 31 2015	Audited June 30 2014
Note	----- (Rs. in "000") -----	
Opening balance	2,035,019	1,223,856
Add: obtained during the period / year	791,922	998,862
	<u>2,826,941</u>	<u>2,222,718</u>
Less: repaid during the period/year	(254,719)	(187,699)
Closing balance	<u>2,572,222</u>	<u>2,035,019</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, 2014, except the following;

- Foreign bills discounted outstanding as at March 31, 2015: Rs.1,329.921 million (June 30, 2014: Rs. 1,060.051 million).
- Bank guarantees outstanding as at March 31, 2015: Rs.114.565 million (June 30, 2014: Rs. 95.822 million).

	Un-audited March 31 2015	Audited June 30 2014
<i>Commitments</i>	----- (Rs. in "000") -----	
Note		
5.2 Commitments in respect of forward foreign exchange contracts:		
- Sales	741,005	761,320
- Purchase	-	650,913
	<u>741,005</u>	<u>1,412,233</u>
5.3 Letters of credit for:		
- Capital expenditures	22,178	689,671
- Other than capital expenditure	254,520	199,050
	<u>276,698</u>	<u>888,721</u>
5.4 Stand by letters of credit for:		
- Commitment to inject equity in Fatima Energy Limited:	<u>3,120,000</u>	<u>3,520,000</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2015

		Un-audited March 31 2015	Audited 30 June 2014
7. LONG TERM INVESTMENT			
		----- (Rs in '000) -----	
Investment in associate	7.1	811,792	328,926
Advance against shares	7.2	21,374	21,374
		<u>833,166</u>	<u>350,300</u>
7.1 Investment in associate - Fatima Energy Limited			
Cost		770,044	109
Share of post acquisition loss		(3,933)	(109)
		<u>766,111</u>	-
Advance for issue of shares		45,681	328,926
		<u>811,792</u>	<u>328,926</u>
No. of shares held		77,004,376	10,936
Ownership interest in percentage		39.15%	31.25%
7.2 This represents advance against shares to Multan Real Estate Company (Pvt.) Limited.			
		Un-audited March 31 2015	Audited 30 June 2014
8. LOANS AND ADVANCES			
Advances - considered good			
- To employees		88,606	85,128
- To suppliers		70,814	92,410
Due from related parties		4,519	5,668
Letters of credit - margins, deposits, opening charges, etc.		162,676	171,864
		<u>326,615</u>	<u>355,070</u>
9. SHORT TERM INVESTMENTS			
Short term investment - available for sale			
Fatima Fertilizer Company Limited			
Carrying amount at beginning of the period 2,625,167 (2013: 2,625,167) fully paid ordinary shares of Rs.10 each		76,130	65,183
Fair value adjustment		25,097	10,947
Closing market value of 2,625,167 (2014: 2,625,167) shares		<u>101,227</u>	<u>76,130</u>
9.1 Fatima Fertilizer Company Limited (FFCL) is an associate of the Company through common directorship of 3 directors however, the Company does not have a significant influence over the operating and financial decisions of FFCL.			

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2015

	Un-audited		Un-audited	
	Nine months ended		Three months ended	
	March 31		March 31	
	2015	2014	2015	2014
	----- (Rs in "000") -----		----- (Rs in "000") -----	
10. SALES - net				
Export	5,469,811	5,930,745	2,002,150	2,299,654
Local	2,975,576	3,062,106	996,149	949,643
Waste	76,011	83,606	27,293	30,250
	<u>8,521,398</u>	<u>9,076,457</u>	<u>3,025,592</u>	<u>3,279,547</u>
Less: Commission	(111,206)	(153,541)	(37,366)	(53,085)
	<u>8,410,192</u>	<u>8,922,916</u>	<u>2,988,226</u>	<u>3,226,462</u>
Add: doubling/sizing income	1,640	2,551	-	1,835
Export rebate	2,468	3,222	764	1,000
	<u>4,108</u>	<u>5,773</u>	<u>764</u>	<u>2,835</u>
	<u>8,414,300</u>	<u>8,928,689</u>	<u>2,988,990</u>	<u>3,229,297</u>

	Un-audited	
	Nine months period ended	
	March 31	
	2015	2014
11. CASH GENERATED FROM OPERATIONS		
(Loss)/ profit before tax	(84,076)	371,819
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	177,240	136,800
Amortization of intangible assets	710	710
Staff retirement benefits accrued	29,843	24,851
(Gain) on disposal of property, plant and equipment	(24)	(196)
Provision for workers' profit participation fund	-	16,123
Interest on workers' profit participation fund	-	2,336
Share on loss from associate	3,824	-
Finance cost (excluding exchange (Gain)/ loss)	516,708	415,365
Profit before working capital changes	<u>644,225</u>	<u>967,808</u>

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2015

Effect on cash flow due to working capital changes:	Un-audited Nine months period ended March 31	
	2015	2014
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	27,394	(28,460)
- Stock in trade	320,789	(688,938)
- Trade debts	19,273	(439,742)
- Loans and advances	28,454	(186,643)
- Trade deposits and prepayments	33,150	(16,267)
- Other receivables	2,373	24,612
- Tax refunds due from government (excluding income tax)	(76,706)	(42,291)
Increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	64,778	62,056
	419,505	(1,315,673)
Cash generated from operations	1,063,730	(347,865)

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:

Nature of transaction	Un-audited Nine months ended March 31		Un-audited Three months ended March 31	
	2015	2014	2015	2014
	----- (Rs in "000") -----		----- (Rs in "000") -----	
<u>Associated undertakings</u>				
Purchase of goods	13,804	33,814	584	18,655
Mark up charged	10,871	15,867	(1,159)	6,600
Sale of operating fixed assets	73	-	-	-
Purchase of operating fixed assets	-	219	-	-
Advances - net	24,454	142,769	(14,281)	80,000
Allotment of shares	769,935	-	-	-
<u>Key management personnel</u>				
Remuneration under the terms of employment to:				
Director	2,031	2,045	676	682
Executives	11,783	10,413	2,107	2,821
<u>Others</u>				
Donations	8,200	7,300	1,620	1,676

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

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2015

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, 2014.

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, 2014.

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 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	2015	2014
Nine months ended March 31,	Rupees '000*							
Sales - net	4,709,024	4,986,904	6,204,651	6,898,932	(2,499,375)	(2,957,147)	8,414,300	8,928,689
Cost of sales	(4,394,997)	(4,598,918)	(5,846,608)	(6,294,827)	2,499,375	2,957,147	(7,741,230)	(7,896,598)
Gross profit	314,027	387,986	359,043	644,105	-	-	673,070	1,032,091
Distribution and marketing expenses	(25,064)	(17,981)	(101,937)	(106,918)	-	-	(127,001)	(124,899)
Administrative expenses	(43,989)	(41,632)	(65,188)	(83,374)	-	-	(109,177)	(125,006)
Other operating expenses	(4,584)	(8,443)	(7,233)	(15,679)	-	-	(11,817)	(24,122)
Finance cost	(275,694)	(209,967)	(246,892)	(191,733)	-	-	(522,586)	(401,700)
Other operating income	7,229	5,409	10,030	10,046	-	-	17,259	15,465
Loss on investment in associate	(1,912)	-	(1,912)	-	-	-	(3,824)	-
	(344,014)	(272,614)	(413,132)	(387,658)	-	-	(757,146)	(660,272)
(Loss)/Profit before tax	(29,987)	115,372	(54,089)	256,447	-	-	(84,076)	371,919
Taxation	115,752	(20,590)	(9,830)	(70,730)	-	-	105,922	(91,320)
Profit/ (loss) after taxation	85,765	94,782	(63,919)	185,717	-	-	21,846	280,599

15.2.2 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 March 31, 2015

15.3 Segment assets

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

	Spinning		Weaving		Total	
	31-Mar-15	30-Jun-14	31-Mar-15	30-Jun-14	31-Mar-15	30-Jun-14
	Rupees '000'					
Segment assets for reportable segment						
Operating fixed assets	3,068,263	2,420,028	2,287,068	1,863,226	5,355,331	4,283,254
Stores, spares and loose tools	118,335	123,562	85,392	107,559	203,727	231,121
Stock in trade	1,419,857	1,321,170	642,953	1,062,429	2,062,810	2,383,599
Debtors	162,988	127,863	846,414	900,792	1,009,402	1,028,675
	4,769,443	3,992,643	3,861,827	3,934,006	8,631,270	7,926,649
Unallocated corporate assets					2,126,050	1,762,862
Total assets as per balance sheet					10,757,320	9,689,511
15.4 Segment liabilities						
Segment liabilities for reportable segment	3,867,509	3,059,761	2,978,691	2,788,674	6,846,200	5,848,435
Unallocated corporate liabilities					1,015,186	945,868
Total Liabilities as per balance sheet					7,861,386	6,794,303

Notes to Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2015

16. DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue by the Board of Directors of the Company on April 30, 2015.

17. GENERAL

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

Sd/-
Chief Executive Officer

Sd/-
Director

