

**Reliance Weaving Mills Limited**

# **Half Year Report**



**Fatima Group**

## **DIRECTORS' REPORT TO THE MEMBERS**

**Dear Members,**

On the behalf of the Board of Directors, I am pleased to present 2nd quarterly Financial Statements of the Company for the period ended 31 December, 2010 duly reviewed by external auditors of the Company.

During the period Company has earned after tax net profit of Rs. 298 million as compared to net profit of Rs. 87 million during corresponding period showing significant improvement in financial results of the Company. Turnover of the Company increased up to Rs. 4,397 million as compared to Rs. 3,232 million in corresponding period which is 36% higher. This performance is mainly attributable to following factors:

- The major contribution in profitability is cotton coverage up to September in last year at very competitive price.
- Weaving segment also performed better than corresponding period due to improvement in demand and prices of greige cloth along with management strategy to buy yarn.
- Although, working capital has been enhanced significantly due to increase in raw material and finished goods prices but finance cost did not increase in same proportion due to management of mix between PKR and USD based financing.

Markets have been bullish during last six months due to world and local cotton shortage. The uncertainty in cotton market is still going on but the company has procured its cotton requirement at very competitive price, its benefit will realize in coming months. The company also buys its yarn based on fabric sold so any abnormal increase in yarn price will not affect profitability of weaving segment. Further, the company also diversified one its spinning unit from basic yarn to value added yarn and benefit of this diversification will also start realize during coming months.

New 24 looms has started commercial production in month of December, so phase of 72 looms replacement has been completed during the period under review. The Company is now planning to import further new 20 state of the art air jet looms.

During the period the yarn and fabric prices absorb the high cost of cotton and yarn respectively; however, it is not clear how long these prices will sustain. The other major challenge which we are currently facing is curtailment in gas supply. The non-availability of gas supply reduced the profitability of the Company and it will also affect profitability in coming months. The high inflation rate also increased the other input cost which adversely affected the profitability of the Company.

Management of your Company is heartedly appreciates the contribution of every stake holder towards prosperity and growth of the Company.

**February 28, 2011**  
**Lahore**

**FAZAL AHMED SHEIKH**  
**CHIEF EXECUTIVE OFFICER**

## **Independent Auditors Report on Review of Condensed Interim Financial Information to the Members**

### **Introduction**

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Reliance Weaving Mills Limited** (“the Company”) as at 31 December 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as “condensed interim financial information”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **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 information 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 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2010 and 31 December 2009 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Place: Lahore

Date: February 28, 2011

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**(Kamran Iqbal Yousafi)**



Reliance Weaving Mills Limited  
Condensed Interim Balance Sheet (Un-audited)

As at 31 December 2010

		(Un-audited) 31 December 2010	Audited 30 June 2010		(Un-audited) 31 December 2010	Audited 30 June 2010	
	Note	------(Rs in '000)-----			Note	------(Rs in '000)-----	
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>Share capital and reserves</b>				<b>Non-current assets</b>			
Authorized capital				Property, plant and equipment	9	2,703,541	2,335,125
40,000,000 (30 June 2010: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000	Intangible assets		632	689
30,000,000 (30 June 2010: 30,000,000) preference shares of Rs. 10 each		<u>300,000</u>	<u>300,000</u>	Long term deposits		<u>15,400</u>	<u>15,400</u>
		<u>700,000</u>	<u>700,000</u>			<u>2,719,573</u>	<u>2,351,214</u>
Issued, subscribed and paid up capital		308,109	308,109	Deferred tax asset		3,991	2,048
Reserves		233,881	337,712				
Unappropriated profit		<u>689,660</u>	<u>391,346</u>				
		<u>1,231,650</u>	<u>1,037,167</u>				
<b>Surplus on revaluation of fixed assets</b>		<b>452,271</b>	<b>452,271</b>				
<b>Non-current liabilities</b>				<b>Current assets</b>			
Long term finances	5	606,916	382,912	Stores, spares and loose tools		147,471	138,241
Loans from related parties - subordinated loan		37,000	37,000	Stock in trade		2,383,542	962,681
Liabilities against assets subject to finance lease		29,264	32,267	Trade debts		727,444	365,827
Deferred liability		21,871	13,726	Loans and advances	10	153,663	119,544
		<u>695,051</u>	<u>465,905</u>	Trade deposits and prepayments		10,312	400
				Other receivables		1,541	3,020
<b>Current liabilities</b>				Short term investments	11	116,498	225,924
Current portion of non-current liabilities - secured		272,260	244,318	Tax refunds due from the government		60,645	76,977
Finances under mark up arrangements and other credit facilities - secured	6	3,230,894	1,759,219	Cash and bank balances		114,804	36,074
Trade and other payables	7	450,905	238,038			<u>3,715,920</u>	<u>1,928,688</u>
Markup accrued		106,453	85,032				
		<u>4,060,512</u>	<u>2,326,607</u>				
<b>Contingencies and commitments</b>	8					<u>6,439,484</u>	<u>4,281,950</u>
		<u>6,439,484</u>	<u>4,281,950</u>				

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

Lahore:

Chief Executive Officer

Director

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

For the six months period ended 31 December 2010

	Note	Six months ended 31 December		Three months ended 31 December	
		2010 ------(Rs in '000)-----	2009	2010 ------(Rs in '000)-----	2009
Sales - net	12	4,397,581	3,232,455	2,489,061	1,748,240
Cost of sales		(3,715,674)	(2,836,388)	(2,183,006)	(1,524,277)
<b>Gross profit</b>		<b>681,907</b>	396,067	<b>306,055</b>	223,963
Distribution and marketing expenses		(54,846)	(59,625)	(32,020)	(36,580)
Administration expenses		(46,327)	(32,101)	(25,323)	(16,451)
		(101,173)	(91,726)	(57,343)	(53,031)
<b>Operating profit</b>		<b>580,734</b>	304,341	<b>248,712</b>	170,932
Other operating expenses		(38,419)	(11,389)	(14,714)	(5,251)
Finance cost		(199,631)	(182,270)	(118,674)	(106,942)
		(238,050)	(193,659)	(133,388)	(112,193)
Other operating income		121	23	110	5
<b>Profit before taxation</b>		<b>342,805</b>	110,705	<b>115,434</b>	58,744
Taxation		(44,491)	(23,479)	72,429	(12,593)
<b>Profit after taxation</b>		<b>298,314</b>	87,226	<b>187,863</b>	46,151
Earnings per share - basic and diluted		<b>9.68</b>	2.83	<b>6.10</b>	1.50

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

Lahore:

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

Reliance Weaving Mills Limited  
Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 31 December 2010

	Six months ended 31 December		Three months ended 31 December	
	2010	2009	2010	2009
	------(Rs in '000)-----		------(Rs in '000)-----	
<b>Profit after taxation</b>	<b>298,314</b>	87,226	<b>187,863</b>	46,151
<b>Other comprehensive income:</b>				
Loss on remeasurement of investment at fair value - net	(32,289)	-	(9,029)	-
Deferred tax	1,943	-	543	-
	(30,346)	-	(8,486)	-
<b>Total comprehensive income for the period</b>	<b>267,968</b>	87,226	<b>179,377</b>	46,151

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

Lahore:

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



Reliance Weaving Mills Limited  
Condensed Interim Statement of Cash Flow (Un-audited)  
For the six months period ended 31 December 2010

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2010</b>	<b>2009</b>
		<b>(Un-audited)</b>	<b>(Un-audited)</b>
		<b>----- (Rs in '000) -----</b>	
	<i>Note</i>		
<b>Cash flows from operating activities</b>			
Cash used in operations	15	<b>(1,007,249)</b>	(522,943)
Finance cost paid		<b>(179,454)</b>	(209,927)
Taxes paid		<b>(30,711)</b>	(25,742)
Staff retirement benefits paid		<b>(3,749)</b>	(3,631)
<b>Net cash used in operating activities</b>		<b>(1,221,163)</b>	(762,243)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		<b>(420,750)</b>	(24,288)
Proceed from disposal of property, plant and equipment		<b>25</b>	167
Long term deposits		<b>-</b>	(8,546)
<b>Net cash used in investing activities</b>		<b>(420,725)</b>	(32,667)
<b>Cash flows from financing activities</b>			
Long term finances obtained		<b>369,267</b>	-
Long term finances repaid		<b>(117,763)</b>	(17,804)
Repayment of lease liability		<b>(2,562)</b>	-
Dividend paid		<b>-</b>	(2)
<b>Net cash generated from/ (used in) financing activities</b>		<b>248,942</b>	(17,806)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,392,946)</b>	(812,716)
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,723,144)</b>	(1,930,973)
<b>Cash and cash equivalents at end of the period</b>	16	<b>(3,116,090)</b>	(2,743,689)

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

Lahore:

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**Reliance Weaving Mills Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**

*For the six months period ended 31 December 2010*

	Share capital	Capital reserves		Revenue reserves		Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit/ (loss)	
------(Rs in '000)-----						
<b>Balance as at 1 July 2009</b>	308,109	41,081	-	254,000	(11,807)	<b>591,383</b>
Total comprehensive income for the six months period ended 31 December 2009	-	-	-	-	87,226	<b>87,226</b>
<b>Balance as at 31 December 2009</b>	308,109	41,081	-	254,000	75,419	<b>678,609</b>
Total comprehensive income for the six months period ended 30 June 2010	-	-	42,630	-	315,927	<b>358,557</b>
<b>Balance as at 30 June 2010</b>	308,109	41,081	42,630	254,000	391,346	<b>1,037,166</b>
Specie dividend paid	-	-	-	(73,484)	-	<b>(73,484)</b>
Total comprehensive income for six months period ended 31 December 2010	-	-	(30,346)	-	298,314	<b>267,968</b>
<b>Balance as at 31 December 2010</b>	<b>308,109</b>	<b>41,081</b>	<b>12,284</b>	<b>180,516</b>	<b>689,660</b>	<b>1,231,650</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

Lahore:

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

# Reliance Weaving Mills Limited

## Notes to the Condensed Interim Financial Information (Un-audited)

*For the six months period ended 31 December 2010*

### **1 Legal status and nature of business**

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**

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information 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 2010.

### **3 Significant accounting policies**

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2010.

This condensed interim financial information is presented in Pak Rupees which is the Company's functional and presentation currency and has been rounded off to the nearest thousand rupees.

### **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 judgements 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 2010.

		(Un-audited) 31 December 2010	Audited 30 June 2010
	<i>Note</i>	------(Rs in '000)-----	
<b>5 Long term finances</b>			
Loan from financial institutions - secured	5.1	<b>873,401</b>	621,897
Less: current portion		<b>(266,485)</b>	(238,984)
		<b>606,916</b>	382,913

5.1 The movement of long term financing during the six months ended 31 December 2010 is as follows:

		(Un-audited) 31 December 2010	Audited 30 June 2010
	<i>Note</i>	------(Rs in '000)-----	
Opening balance		<b>621,897</b>	816,964
Loan obtained during the period	5.2	<b>369,267</b>	-
		<b>991,164</b>	816,964
Loan repaid during the period		<b>(117,763)</b>	(195,067)
<b>Closing balance</b>		<b>873,401</b>	621,897

5.2 These represents long term financing facilities under SBP LTFF scheme, obtained from the following commercial banks/ financial institution and secured against present and future fixed assets of the Company.

Particulars	Amount of loan (Rs in '000)	Interest rate per annum	Number of remaining installments	Interest payable
MCB Bank Limited	<b>45,900</b>	11.1%	10 equal half yearly installments, commencing on 1st May 2011	Quarterly
Saudi Pak Industrial and Agricultural Company Limited	<b>230,321</b>	11.1%	8 equal half yearly installments, commencing on 15 January 2012	Quarterly
Pak Brunei Investment Company	<b>93,046</b>	11.2%	12 equal half yearly installments, commencing on 1st May 2012	Quarterly
	<b>369,267</b>			

	<i>Note</i>	(Un-audited) 31 December 2010 ------(Rs in '000)-----	Audited 30 June 2010
<b>6</b>			
<b>Finances under mark up arrangements and other credit facilities - secured</b>			
Short term running finances		2,404,845	1,289,294
Export finances		826,049	469,925
		<u>3,230,894</u>	<u>1,759,219</u>
<b>7</b>			
<b>Trade and other payables</b>			
Trade creditors		220,983	121,128
Accrued liabilities		111,806	70,741
Advances from customers		-	5,931
Due to related parties	7.1	30,901	1,029
Workers' profit participation fund		46,444	25,584
Unclaimed dividend		3,548	3,548
Others		37,223	10,078
		<u>450,905</u>	<u>238,039</u>
<b>7.1</b>			
<b>Due to related parties</b>			
Fatima Sugar Mills Limited		29,976	-
Reliance Cotton (Private) Limited		922	1,029
Reliance Commodities (Private) Limited		3	-
		<u>30,901</u>	<u>1,029</u>

This relates to normal business of the Company and is interest free.

## 8 Contingencies and commitments

### 8.1 Contingencies

There is no change in contingencies since the last audited published financial statements except the following:

- (i) The Company has provided bank guarantees from Habib Bank Limited in favour of Sui Northern Gas Pipelines Limited amounting to Rs. 52.296 million (30 June 2010: Rs. 52.569 million) on account of payment of dues against utilization of gas.
- (ii) Foreign bills discounted outstanding as at 31 December 2010 aggregated Rs. 738.291 million (30 June 2010: Rs. 629.104 million).

		(Un-audited) 31 December 2010	Audited 30 June 2010
	<i>Note</i>	------(Rs in '000)-----	
<b>8.2 Commitments</b>			
- Letter of credits for:			
Capital expenditures		96,064	431,957
Other than capital expenditures		397,275	71,477
		<u>493,339</u>	<u>503,434</u>

- The Company has provided post dated cheques to Collector of Customs Multan as a security against approval of Duty and Tax Remission on Export amounting to Rs. 36.687 million (30 June 2010: Nil). The same will be returned to the Company on completion of the approval period.

		(Un-audited) 31 December 2010	Audited 30 June 2010
	<i>Note</i>	------(Rs in '000)-----	
<b>9 Property, plant and equipment</b>			
Operating assets	9.1	2,690,290	2,322,905
Capital work in progress		13,251	12,220
		<u>2,703,541</u>	<u>2,335,125</u>

### 9.1 Operating assets

Opening written down value		2,322,905	2,272,586
Additions during the period / year	9.1.1	419,718	147,874
Net book value of operating assets disposed off during the period / year	9.1.1	(31)	(5,024)
Depreciation charged during the period / year		(52,302)	(92,531)
Closing written down value		<u>2,690,290</u>	<u>2,322,905</u>

#### Six months ended 31 December 2010

	Additions cost	Disposal book value
<b>9.1.1 Buildings</b>	1,747	-
Plant and machinery	413,102	-
Factory equipment	87	-
Office equipment	1,005	-
Electric appliances	685	-
Furniture and fixtures	558	-
Vehicles	2,534	31
	<u>419,718</u>	<u>31</u>

	(Un-audited) 31 December 2010	Audited 30 June 2010
	------(Rs in '000)-----	

*Note*

## 10 Loans and advances

Advances - considered good

- To employees		45,327	39,990
- To suppliers		82,867	49,852
Advances for issue of shares - related party	10.1	8,352	8,352
Due from related parties	10.2	4,676	6,977
Letters of credit - margins, deposits, opening charges, etc.		12,441	14,373
		<b>153,663</b>	<b>119,544</b>

**10.1** Advance for issuance of shares has been given to Fatima Fertilizer Company Limited.

	(Un-audited) 31 December 2010	Audited 30 June 2010
	------(Rs in '000)-----	

### 10.2 Due from related parties

Fatima Fertilizer Company Limited	539	534
Gadoon Packing Limited	1,021	915
Reliance Fabrics Limited	20	20
Pak Arab Fertilizers Limited	1,278	742
Fazal Cloth Mills Limited	302	3,405
Multan Cloth Finishing Factory	1,516	1,361
	<b>4,676</b>	<b>6,977</b>

These relate to normal business of the Company and are interest free.

		(Un-audited) 31 December 2010	Audited 30 June 2010
	<i>Note</i>	------(Rs in '000)-----	
<b>11 Short term investment - available for sale</b>			
<b>Fatima Fertilizer Company Limited</b>			
Cost of 18,030,636 shares		<b>180,563</b>	180,563
Specie dividend paid - 7,702,734 shares	11.2	<b>(75,333)</b>	-
		<b>105,230</b>	180,563
Unrealised gain on remeasurement at fair value		<b>11,268</b>	45,361
Closing market value value of 10,327,902 shares		<b>116,498</b>	225,924

**11.1** 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.

	(Un-audited) Six months ended 31 December 2010 (Rs in '000)
<b>11.2</b> Dividend during the period	<b>73,484</b>
Change in fair value - charged to profit and loss account	<b>1,849</b>
Fair value of dividend distributed during the period	<b>75,333</b>

During the year the Company distributed 7,702,734 shares of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 2.5 shares of FFCL for every 10 shares held of the Company.

	Six months ended 31 December		Three months ended 31 December	
	2010	2009	2010	2009
	------(Rs in '000)-----			
<b>12 Sales - net</b>				
Export	<b>2,731,340</b>	2,416,061	<b>1,486,282</b>	1,330,421
Local	<b>1,573,341</b>	776,119	<b>921,997</b>	389,525
Waste	<b>142,864</b>	76,607	<b>102,957</b>	46,522
	<b>4,447,545</b>	3,268,787	<b>2,511,236</b>	1,766,468
Less: Commission	<b>(51,689)</b>	(37,184)	<b>(23,357)</b>	(18,636)
	<b>4,395,856</b>	3,231,603	<b>2,487,879</b>	1,747,832
Add: Doubling income	<b>1,488</b>	103	<b>1,182</b>	-
Export rebate	<b>237</b>	749	<b>-</b>	408
	<b>1,725</b>	852	<b>1,182</b>	408
	<b>4,397,581</b>	3,232,455	<b>2,489,061</b>	1,748,240



#### 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. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Nature of transaction	Six months ended 31 December	
	2010	2009
	------(Rs in '000)-----	
<b><u>Associated undertakings</u></b>		
Sale of goods	1,250	18,834
Purchases of goods	42,537	26,895
Mark up expense	1,550	7,336
<b><u>Key management personnel</u></b>		
Remuneration under the terms of employment to:		
Chief Executive Officer	1,411	662
Executive	5,789	5,543
<b><u>Others</u></b>		
Donations	7,300	4,053

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

15 Cash generated from operations	Six months ended 31 December	
	2010	2009
	------(Rs in '000)-----	
Profit before tax	342,805	110,705
<b>Adjustments for non cash charges and other items:</b>		
Depreciation on property, plant and equipment	52,302	45,983
Amortization of intangible assets	57	58
Staff retirement benefits accrued	11,894	6,370
Loss on disposal of property, plant and equipment	6	-
Disposal of short term investment	3,653	-
Provision for workers' profit participation fund	18,705	-
Provision for workers' welfare fund	6,790	-
Interest on workers' profit participation fund	2,155	-
Finance cost (excluding exchange loss)	200,875	180,535
Profit before working capital changes	639,242	343,651
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(9,230)	(7,124)
- Stock in trade	(1,420,861)	(829,023)
- Trade debts	(361,617)	(86,920)
- Loans and advances	(34,119)	(13,783)
- Trade deposits and prepayments	(9,912)	(13,667)
- Tax refunds due from government ( excluding income tax)	190	(6,235)
- Other receivables	1,479	884
Increase in current liabilities		
- Trade and other payables (excluding workers' welfare fund and workers' profit participation fund)	187,579	89,274
	(1,646,491)	(866,594)
Cash used in operations	(1,007,249)	(522,943)

<b>Six months ended</b>	
<b>31 December</b>	
<b>2010</b>	2009
<b>------(Rs in '000)-----</b>	

**16 Cash and cash equivalents**

Cash and bank balances	<b>114,804</b>	10,943
Finances under mark up arrangements and other credit facilities - secured	<b>(3,230,894)</b>	(2,754,632)
Cash and cash equivalent	<b>(3,116,090)</b>	(2,743,689)

**17 Financial risk management**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2010.

**18 Date of authorisation**

These condensed interim financial information are authorised for issue on \_\_\_\_\_ by the board of directors of the Company.

**19 General**

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

*Lahore:*

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

### 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 of reportable segments

Six months period ended 31 December	Spinning		Weaving		(Elimination of inter-segment transactions)		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	------(Rupees '000')-----							
Sales - net	2,198,182	1,573,810	3,432,009	2,140,994	(1,232,610)	(482,349)	4,397,581	3,232,455
Cost of sales	(1,834,999)	(1,368,860)	(3,113,285)	(1,949,877)	1,232,610	482,349	(3,715,674)	(2,836,388)
Gross profit	363,183	204,950	318,724	191,117	-	-	681,907	396,067
Distribution and marketing expenses	(10,487)	(22,967)	(44,359)	(36,658)	-	-	(54,846)	(59,625)
Administrative expenses	(17,713)	(11,424)	(28,614)	(20,677)	-	-	(46,327)	(32,101)
Finance cost	(124,616)	(88,825)	(75,015)	(93,445)	-	-	(199,631)	(182,270)
	(152,816)	(123,216)	(147,988)	(150,780)	-	-	(300,804)	(273,996)
Profit before tax and unallocated income and expenses	210,367	81,734	170,736	40,337	-	-	381,103	122,071
<b>Unallocated income and expenses</b>								
Other operating expenses							(38,419)	(11,389)
Other operating income							121	23
Taxation							(44,491)	(23,479)
<b>Profit after taxation</b>							<b>298,314</b>	<b>87,226</b>

13.2.1 The accounting policies of the reportable segments are the same as those described in the financial statements for the preceding year ended 30 June 2010.

### 13.3 Segment assets and liabilities

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

Segment assets For the period / year ended	Spinning		Weaving		Total	
	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010
	----- (Rupees '000') -----					
Segment assets for reportable segment	1,345,374	1,295,481	1,344,916	1,027,424	2,690,290	2,322,905
Unallocated corporate assets					3,749,194	1,959,045
<b>Total assets as per balance sheet</b>					<b>6,439,484</b>	<b>4,281,950</b>
<b>Segment liabilities</b>						
<b>For the period / year ended</b>						
Segment liabilities for reportable segment	436,255	466,639	437,144	155,258	873,399	621,897
Unallocated corporate liabilities					5,566,085	3,660,053
<b>Total liabilities as per balance sheet</b>					<b>6,439,484</b>	<b>4,281,950</b>