

1st Quarterly Accounts
September 30, 2009
(Un-Audited)



Reliance Weaving Mills Ltd.



Reliance Weaving Mills Ltd.
2nd Floor Trust Plaza, L.M.Q. Road, Multan.
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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Fawad Ahmad Mukhtar
Mr. Fazal Ahmad Sheikh
Mr. Faisal Ahmad Mukhtar
Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mrs. Farah Faisal
Mr. Shahid Aziz
Mr. Fawad Ahmad Mukhtar
Mr. Faisal Ahmad Mukhtar
Mrs. Fatima Fazal
Mr. Basharat Hashmi
Mr. Waheed Ahmed
Mr. Amanullah

Chairman
CEO

(NIT Nominee)
Chairman

Secretary

AUDIT COMMITTEE

CFO COMPANY SECRETARY AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountant, Lahore
Vision Consulting Ltd
3-C, LDA Flates, Lawrance Road Lahore
velshares@gmail.com
basharat.hashmi@fatima-group.com

BANKERS

Allied Bank Ltd
Habib Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan
United Bank Ltd
Standard Chartered Bank of Pakistan Ltd
Atlas Bank Ltd
Habib Metropolitan Bank Ltd
Arif Habib Bank Ltd
First National Bank Mudarba Company Ltd
Soneri Bank Ltd
Royal Bank of Scotland
Dubai Islamic Bank Ltd
Askari Bank Ltd
Faysal Bank Ltd
Bank Al-Habib
KASB Bank Ltd
NIB Bank Ltd
Silk Bank Ltd
JS Bank Ltd

HEAD OFFICE & REGISTERED OFFICE

2nd Floor Trust Plaza, L.M.Q. Road, Multan
Tel. No: 061-4512031-32, 061-4546238
Fax No: 061-4511677, 061-4584288
e-mail: waheed.mushtaq@fatima-group.com
www.fatima-group.com

WEBSITE MILLS ADDRESS (Unit # 1,2 & 4)

Fazalpur Khanewal Road Multan (Pakistan)
Tel. No: 061-6740020-3
Fax No: 061-6740039

MILLS ADDRESS (Unit # 3)

E-mail: anjum.jamil@fatima-group.com
Mukhtarabad, Chak Beli Khan Road Rawt, Rawalpindi
(Pakistan)
Tel. No: 051-4611579-81
Fax No: 051-4611092

CREDIT RATING

E-mail: inran.malik@fatima-group.com
JCR VIS, Credit rating Company Ltd.

DIRECTORS' REPORT 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, 2009.

The turnover during the period has improved to Rs 1,484 M against Rs 1,280 M whereas gross profit has decreased to Rs 172 M as compared to Rs 185 M during corresponding period; major reason of decrease in gross profit is sales prices which improved last year due to devaluation of rupee against dollar. However, the company earned after tax net profit of Rs 41 M as compared to net loss of Rs 100 M during corresponding period. Last year company incurred loss of Rs 145 M on cross currency swap and settlement of its dollar financing. Financial charges on short term finances decreased during the period due to decrease in KIBOR.

Cotton prices in local and international market rose sharply due to forecast of shortage in production. The demand of yarn and cloth has increased which resulted in increase in prices. During the quarter the Company performed operationally well by achieving increased production target and diversifying market segment. Continuous supply of gas to textile industry is very crucial because it is high time for textile to get out of recession as the demand for textiles is increasing. Government should implement textile policy initiatives regarding supply of gas to the textile industry on priority.

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

Dated: 31 Oct, 2009
Place : Multan

FAZAL AHMED SHEIKH
(Chief Executive Officer)

Interim Balance Sheet (Un-Audited)

As At 30 September 2009

	Un-audited 30 September 2009	Audited 30 June 2009
------(Rs in '000)-----		
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital	400,000	400,000
40,000,000 (30 June 2009; 40,000,000) ordinary shares of Rs. 10 each		
30,000,000 (30 June 2009; 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	295,081	295,081
Unappropriated profit / (loss)	29,268	(11,807)
	<u>632,458</u>	<u>591,383</u>
Surplus on revaluation of fixed assets	452,271	452,271
Non-current liabilities		
Long term finances and other payables	669,680	745,980
Loans from related parties - subordinated loan	37,000	37,000
Deferred liabilities	11,910	9,938
	<u>718,590</u>	<u>792,918</u>
Current liabilities		
Current portion of non-current liabilities - secured	119,563	70,984
Finances under mark up arrangements and other credit facilities - secured	1,978,557	1,949,207
Trade and other payables	184,926	161,613
Markup accrued on loans and other payables	90,686	108,344
	<u>2,373,732</u>	<u>2,290,148</u>
Contingencies and commitments	4,177,051	4,126,720

The annexed notes from 1 to 11 form an integral part of these condensed financial statements.

Chief Executive Officer

Director

Interim Profit And Loss Account (Un-Audited)

For the period ended 30 September 2009

Note	30 September	
	2009	2008
	Rupees	Rupees
	----- (Rs in '000) -----	
Sales - net	1,484,215	1,280,231
Cost of sales	(1,312,111)	(1,095,155)
Gross profit	172,104	185,076
Distribution and marketing expenses	(23,045)	(21,384)
Administration expenses	(15,650)	(13,591)
Other operating expenses	(6,138)	(50,772)
Finance cost	(75,328)	(190,787)
Other operating income	18	1,336
Profit / (loss) before tax	51,961	(90,122)
Taxation	(10,886)	(10,045)
Profit / (loss) after tax	41,075	(100,167)
Earnings per share	1.33	(3.25)

The annexed notes from 1 to 11 form an integral part of these condensed financial statements.

Chief Executive Officer

Director

Interim Cash Flow Statement (Un-Audited)

For the period ended 30 September 2009

Note	30 September	
	2009	2008
	Rupees	Rupees
	----- (Rs in '000) -----	
Cash flows from operating activities		
Cash generated from/(used in) operations	99,164	456,845
Finance cost paid	(107,565)	(236,464)
Taxes paid - net	(11,283)	(9,980)
Staff retirement benefits paid	(1,536)	(1,022)
Net cash generated from/ (used in) operating activities	(21,220)	209,379
Cash flows from investing activities		
Fixed capital expenditure	(9,400)	(11,368)
Proceed from disposal of property plant and equipment	167	-
Long term deposits	(5,373)	(4,459)
Net cash generated (used in) investing activities	(14,606)	(15,827)
Cash flows from financing activities		
Repayment of long term finances	(7,112)	(73,426)
Payment on settlement of derivative financial instrument	-	(48,454)
Dividend paid	(2)	-
Net cash used in financing activities	(7,114)	(121,880)
Net increase/(decrease) in cash and cash equivalents	(42,940)	71,672
Cash and cash equivalents at beginning of the period	(1,930,973)	(2,186,315)
Cash and cash equivalents at end of the period	(1,973,913)	(2,114,643)

The annexed notes from 1 to 11 form an integral part of these condensed financial statements.

Chief Executive Officer

Director

Interim Statement of Changes in Equity (Un-Audited)

For the period ended 30 September 2009

	Share capital	Capital reserve	Share premium	General reserve	Unappropriated profit/(loss)	Total
Balance as at 30 June 2008	308,109	41,081	354,000	65,233	768,423	
Transfer to unappropriated profit	-	-	(100,000)	100,000	-	
Loss for the period	-	-	-	(100,167)	(100,167)	
Balance as at 30 September 2008	308,109	41,081	254,000	65,066	668,256	
Balance as at 30 June 2009	308,109	41,081	254,000	(11,807)	591,383	
Profit for the period	-	-	-	41,075	41,075	
Balance as at 30 September 2009	308,109	41,081	254,000	29,268	632,458	

Director

The annexed notes from 1 to 11 form an integral part of these condensed financial statements.

Chief Executive Officer

Condensed Notes to Interim Financial Statement (Un-Audited)

For the period ended 30 September 2009

- Nature and status of the company**

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan on 7 April 1990 as public limited company under the Companies Ordinance, 1984 and its shares 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.
- Basis of preparation**

The condensed interim financial statements are un-audited and being submitted to members as required by section 245 of the Companies Ordinance, 1984. The statements have been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. The statements does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2009.

These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency and have been rounded off to the nearest thousand rupees.

The revised International Accounting Standard (IAS) 1 effective for the periods beginning on or after 01 January 2009 requires to disclose "Other comprehensive income" either in Profit and loss account or in a separate Statement of comprehensive income. During the period no "Other comprehensive income" has arisen hence no such disclosure is made.
- Basis of measurement**

The condensed interim financial statements have been prepared under the historical cost convention modified by adjustment of revaluation of certain assets and exchange differences.
- Estimates**

The preparation of condensed interim financial statements require 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 were the same as those applied to the financial statements for the year ended 30 June 2009.
- Significant accounting policies**

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2009.
- Contingencies and commitments**

Contingencies

There is no significant change in contingencies since the last audited published financial statements.

Condensed Notes to Interim Financial Statement (Un-Audited) For the period ended 30 September 2009

Note	30 September 2009	30 June 2009
	----- (Rs in '000) -----	
Commitments		
Letters of credit for:		
- capital expenditures	19,181	17,250
- other than capital expenditures	138,119	4,130
	<u>157,300</u>	<u>21,380</u>

7 Property, plant and equipment

Operating assets	2,258,266	2,272,586
Capital work in progress	12,426	11,915
	<u>2,270,692</u>	<u>2,284,501</u>
7.1 Operating assets		
Opening balance of written down value	2,272,586	1,714,060
Additions during the period / year	8,888	194,105
Revaluation surplus	-	452,271
Book value of operating assets disposed off during the period / year	(167)	(789)
Depreciation charged during the period / year	(23,041)	(87,061)
Net book value of operating assets	<u>2,258,266</u>	<u>2,272,586</u>

	30 September 2009	
	Additions cost	Disposal book value
	----- (Rs in '000) -----	
7.1.1 Buildings	83	-
Plant and machinery	7,311	-
Electric installations	798	-
Factory equipment	8	-
Office equipment	288	-
Electric appliances	282	-
Furniture and fixtures	47	-
Vehicles	71	(167)
	<u>8,888</u>	<u>(167)</u>

Condensed Notes to Interim Financial Statement (Un-Audited) For the period ended 30 September 2009

	30 September 2009	30 September 2008
	----- (Rs in '000) -----	
8 Cash generated from operations		
Profit (Loss) before tax	51,960	(90,122)
Adjustments for:		
Depreciation on property, plant and equipment	23,041	42,182
Amortization of intangible assets	20	29
Staff retirement benefits accrued	3,508	3,576
Specific dividend income	-	56,397
Finance cost	69,300	263,129
Profit before working capital changes	<u>147,829</u>	<u>275,191</u>

Effect on cash flow due to working capital changes:

(Increase)/ decrease in current assets	(3,949)	(2,608)
- Stores, spares and loose tools	47,080	398,219
- Trade debts	(90,223)	(217,082)
- Loans and advances	(14,423)	(11,191)
- Trade deposits and prepayments	(10,519)	(5,287)
- Mark up accrued on loan	-	-
- Tax refunds due from government (excluding income tax)	(830)	1,711
- Other receivables	884	3,833
Increase in current liabilities	23,315	14,059
- Trade and other payables	(48,665)	181,654
Cash generated from operations	<u>99,164</u>	<u>456,845</u>

9 Cash and cash equivalents

Cash and bank balances	4,644	7,827
Finances under mark up arrangements and other credit facilities	(1,978,557)	(2,122,470)
Cash and cash equivalent	<u>(1,973,913)</u>	<u>(2,114,643)</u>

10 Transactions with related parties

The related parties comprise associated undertakings and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions.

Condensed Notes to Interim Financial Statement (Un-Audited)

For the period ended 30 September 2009

	30 September 2009	2008 ----- (Rs in '000) -----
Transactions with associated undertakings		
Purchase of goods	17,865	28,263
Sale of goods	1,904	6,389
Mark up charged	4,122	-
Transactions with key management personnel		
<i>Remuneration under the terms of employment to:</i>		
Chief Executive Officer	325	300
Executives	1,472	1,289
Others		
Donations	2,014	327

11 Date of authorization

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on 31 October 2009.

Chief Executive Officer

Director