

**3rd Quarterly
Financial Statements**
March 31, 2009 (Un-Audited)



Reliance Weaving Mills Ltd.

Reliance Weaving Mills Limited

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<p>Board of Directors</p> <p>Mr. Fawad Ahmad Mukhtar Mr. Fazal Ahmad Sheikh Mr. Faisal Ahmad Mukhtar Mrs. Ambreen Fawad Mrs. Fatima Fazal Mrs. Farah Faisal Mr. Shahid Aziz</p> <p>Audit Committee</p> <p>Mr. Fawad Ahmad Mukhtar Mr. Faisal Ahmad Mukhtar Mrs. Fatima Fazal Mr. Basharat Hashmi Mr. Waheed Ahmed</p> <p>Chief Financial Officer</p> <p>Mr. Amanullah</p> <p>Company Secretary</p> <p>KPMG Taseer Hadi & Co. Chartered Accountants, Lahore.</p> <p>Auditors</p> <p>Shares Office</p> <p>Vision Consulting Limited 3-C, LDA Flats, Lawrance Road, Lahore. E-mail: rwml.shares@fatima-group.com</p> <p>Bankers</p> <p>Allied Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Ltd National Bank of Pakistan Saudi Pak Commercial Bank Limited Standard Chartered Bank Limited United Bank Limited Habib Metropolitan Bank Limited Arif Habib Bank Limited Askari Bank Limited ABN Amro Bank Limited Atlas Bank Limited Faysal Bank Limited Soneri Bank Limited Dubai Islamic Bank Limited Bank Al-Habib Limited KASB Bank Limited NIB Bank Limited</p> <p>Registered Office</p> <p>Second Floor, Trust Plaza, L.M.Q. Road, Multan, (Punjab) Pakistan. Tel: (061)4512031-2, 4546238 Fax: (061)4511677, 4594288 E-Mail: reliance.accounts@fatima-group.com rwml.cfo@fatima-group.com www.fatima-group.com</p> <p>Website</p> <p>reliance.accounts@fatima-group.com</p> <p>Mills Address (Units # 1, 2 & 4)</p> <p>Fazal Pur, Khanawal Road, Multan, (Punjab) Pakistan. Tel: (061)6740020-8 Fax: (061) 6740039 E-mail: reliance.accounts@fatima-group.com</p> <p>Unit #3 Spinning</p> <p>Mukhtarabad, Chak Belli Khan Road, Rawat, Rawalpindi (Pakistan) Tel: (051)4611579-81 Fax: (051)4611092 E-mail: reliance.accounts@fatima-group.com</p> <p>Credit Rating</p> <p>JCR VIS Credit Rating Company Ltd.</p>	<p>(Chairman) (Chief Executive Officer)</p> <p>(Nominee NIT)</p> <p>(Chairman) (Member) (Member) (Secretary)</p>
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Dear Shareholders,

On behalf of board of Directors of your Company I am pleased to present nine monthly Financial Statements of the Company for the period ended March 31, 2009.

The Company achieved significant growth in sales & gross profitability. Turnover during the period was Rs 3,316 M as compared to Rs 2,605 M, thus showing an increase of 27% Gross profit has increased to Rs. 517 M as compared to Rs. 199 M for the corresponding period, thus showing an increase of 159%. However, the Company ended up with after tax net loss of Rs 193 M as compare to Rs 70 M. Major reason was the exchange loss due to devaluation of Rs 159 M. Other major factors were increase in labour and energy cost coupled with shortage of electricity and gas. Liquidity crunch in the financial sector pushed the KIBOR higher resulting in increasing financial costs.

Prevailing power crisis in the country had badly hurt the manufacturing activity, which resulted in huge decline in production. Cost of production has risen to unbearable level due to inflationary pressure, wages and finance cost. Subsidies and incentives by competing nations along with factors described are making textile products uncompetitive in the international market.

Future prospects depend on political stability, fiscal policy, current account deficit and international recession and other macro and micro economic factors. Local cotton market is showing bullish trend which is expected to prevail till the arrival of new crop. Cotton production was short in the last season as compared with domestic demand. Government must chalk out a long term policy for textile sector and take measures to reduce financial, power and energy costs.

We are changing production pattern to utilize raw material efficiently and imposing effective control over costs by which we are hopeful to cope with the challenges successfully.

For and on Behalf of the Board
Sd/-
Fazal Ahmed Sheikh
(Chief Executive Officer)

Place: Multan
Date: April 29, 2009.

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At 31 March, 2009

	(Un-Audited) 31 March, 2009 Rs. (000)	Note	(Audited) 30 June, 2008 Rs. (000)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 ordinary shares of Rs 10 each	400,000		400,000
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		395,081
Unappropriated profit	(28,337)		65,233
	<u>574,853</u>		<u>768,423</u>
Surplus on revaluation of land	452,271	6	-

NON-CURRENT LIABILITIES

Long term finances and other payables	447,369	565,397
Loans from related parties - subordinated loan	37,000	37,000
Deferred liabilities	14,432	8,028
	<u>498,801</u>	<u>610,425</u>

CURRENT LIABILITIES

Trade and other payables	164,616	131,023
Markup accrued on loans and other payables	118,207	64,608
Finances under mark up arrangements and other credit facilities - secured	2,575,463	2,261,986
Derivative financial liabilities	-	48,454
Current portion of non-current liabilities - secured	185,891	235,031
	<u>3,044,177</u>	<u>2,741,102</u>

CONTINGENCIES AND COMMITMENTS

	-	-
	<u>4,570,102</u>	<u>4,119,950</u>

The annexed notes form 1 to 14 form an integral part of this condensed financial information.

Sd/-
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At 31 March, 2009

	(Un-Audited) 31 March, 2009 Rs. (000)	Note	(Audited) 30 June, 2008 Rs. (000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2,268,773	9	1,807,456
Intangible	833		919
Long term deposits	6,880		2,421
	<u>2,276,486</u>		<u>1,810,796</u>
Deferred tax asset	29,450		-

CURRENT ASSETS

Stores, spares and loose tools	141,818	145,023
Stock in trade	1,138,262	1,343,145
Trade debts	650,249	344,841
Loans and advances	74,104	77,264
Trade deposits and prepayments	4,289	2,268
Other receivables	3,810	15,796
Short term investments	179,681	254,681
Tax refunds due from the government	56,126	50,464
Cash and bank balances	15,827	75,672
	<u>2,264,166</u>	<u>2,309,154</u>
	<u>4,570,102</u>	<u>4,119,950</u>

Sd/-
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months period ended 31 March, 2009

Note	Three months ended 31 March		Nine months ended 31 March	
	2009 -----(Rupees in '000)----	2008 -----	2009 -----	2008 -----
Sales - net	1,003,860	884,788	3,316,176	2,605,598
Cost of sales	(910,419)	(811,965)	(2,794,286)	(2,405,942)
Gross Profit	93,441	72,823	521,890	199,656
Other operating income	304	221	4,264	739
Administration expenses	(13,156)	(11,921)	(41,886)	(34,298)
Distribution and marketing expenses	(15,670)	(12,951)	(52,739)	(39,209)
Other operating expenses	(720)	(780)	(92,239)	(1,710)
Finance cost	(101,659)	(72,540)	(537,693)	(177,218)
Loss before tax	(37,460)	(25,148)	(198,403)	(52,040)
Provision for taxation	(3,998)	(6,845)	4,833	(18,656)
Loss for the period	(41,458)	(31,993)	(193,570)	(70,696)
Loss per share	(1.35)	(1.04)	(6.28)	(2.29)

The annexed notes form 1 to 14 form an integral part of this condensed financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended 31 March, 2009

Note	Nine months ended	
	31 March 2009 (Rupees in '000)	31 March 2008 (Rupees in '000)
Cash flow from operating activities		
Cash generated from operations	195,223	(259,271)
Finance cost paid	(324,904)	(163,179)
Workers' profit participation fund paid	-	(8,886)
Taxes paid - net	(27,430)	(19,696)
Employees retirement benefits paid	(3,989)	(3,360)
Net cash from operating activities	(161,100)	(454,392)
Cash flow from investing activities		
Fixed capital expenditure	(74,593)	(63,813)
Sales proceeds of operating assets	1,320	850
Intangible	-	-
Long term deposits	(4,459)	-
Proceeds from short term investments	75,000	-
Short term investments made	-	(69,540)
Net cash used in investing activities	(2,732)	(132,503)
Cash flows from financing activities		
Repayment of long term finances	(167,168)	(131,297)
Repayments of loan from director	-	-
Payment against derivative financial instrument	(42,322)	-
Dividend paid	-	(47)
Net cash used in financing activities	(209,490)	(131,344)
Net (decrease) in cash and cash equivalents	(373,322)	(718,239)
Cash and cash equivalents at beginning of the period	(2,186,314)	(1,294,852)
Cash and cash equivalents at end of the period	11 (2,559,636)	(2,013,091)

The annexed notes form 1 to 14 form an integral part of this condensed financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

For the nine months period ended 31 March, 2009

	(Rupees in '000)				
	Share Capital	Share Premium	General reserve	Unappropriated profit	Total
Balance as at 30 June 2007	308,109	41,081	354,000	165,798	868,988
Loss for the period	-	-	-	(70,696)	(70,696)
Balance as at 31 March 2008	308,109	41,081	354,000	95,102	798,292
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	-	-	-	(193,570)	(193,570)
Balance as at 31 March 2009	308,109	41,081	254,000	(28,337)	574,853

Sd/-
DirectorSd/-
Chief Executive Officer

The annexed notes form 1 to 14 form an integral part of this condensed financial information.

For the nine months period ended 31 March, 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. This condensed interim financial information 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 2008.
- Basis of Measurement**
The condensed interim financial statements has 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 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 2008 except estimate of useful life of certain operating assets.

During the period the Company reviewed the useful life of some of the operating assets and estimated that it is higher than the existing estimate, consequently depreciation rates of building, plant and machinery, electric installations and factory equipments were reduced from 10% to 5% p.a. This change has been accounted for as change in accounting estimate according to the requirement of IAS-8 "Accounting Policies, Change in Accounting Estimate and Errors". The effect of change has been recognized in the financial statements prospectively.

Had there been no change in the accounting estimate, the loss before taxation for the period would have been higher by Rs. 61,452 million and written down value of these operating assets would have decreased by the same amount.
- 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 2008.

For the nine months period ended 31 March, 2009

6. Surplus on Revaluation

Surplus arising on revaluation of land was credited to surplus on revaluation of land account. Revaluation was carried out by an independent valuer M/s Harvester Services (Pvt.) Ltd on 01 Dec 2008.

7. Derivative Financial Liabilities

During the period the derivative cross currency swap arrangements have been settled and resulting loss has been recognized in the financial statements according to IAS 39 Financial Instrument: Recognition and Measurement.

8. Contingencies and Commitments**Contingencies**

There are no significant changes in contingencies since the last audited published financial statements except that guarantee given by Meezan Bank Ltd, on behalf of the Company as at June 30, 2008 for Rs. 300 million has been released during the period.

Commitments

	31 March 2009	30 June 2008
	----- (Rs. in '000) -----	
Capital expenditures	12,755	8,046
Letters of credit other than capital expenditures	33,513	9,151
	<u>46,268</u>	<u>17,197</u>
9. Property, Plant and Equipment		
Operating assets	2,142,245	1,714,060
Capital work in progress	126,528	93,396
	<u>2,268,773</u>	<u>1,807,456</u>

9.1 Operating Assets

	31 March 2009	30 June 2008
	----- (Rs. in '000) -----	
Opening balance of written down value	1,714,060	1,817,889
Additions during the period / year	41,461	71,646
Revaluation surplus	452,271	-
Book value of operating assets disposed off during the period / year	(670)	(965)
Depreciation charged during the period / year	(64,877)	(174,510)
Net book value of operating assets	<u>2,142,245</u>	<u>1,714,060</u>

31 March 2009

	Additions cost	Disposal book value
	----- (Rs. in '000) -----	
Plant and machinery	898	-
Electric installations	24,763	-
Factory equipment	9,037	-
Office equipment	736	-
Electric appliances	296	-
Furniture and fixtures	599	-
Vehicles	228	-
	4,904	(670)
	<u>41,461</u>	<u>(670)</u>

Nine months ended 31 March

	2009	2008
	----- (Rs. in '000) -----	
Loss before tax	(198,403)	(52,040)
Adjustments for:		
Depreciation on operating assets	64,877	126,476
Amortization of intangibles	86	86
Employees retirement benefits accrued	10,919	8,550
Gain on disposal of operating assets	(650)	(158)
Accrued loss on derivative financial instruments (net)	(6,131)	-
Interest on workers' profit participation fund	-	326
Finance cost	378,503	169,416
Gain on re-measurement of short term investment at fair value	-	(2)
Cash flow before working capital changes	<u>249,201</u>	<u>252,654</u>

Effect on cash flow due to working capital changes

(Increase)/decrease in current asset

- Stores, spares and loose tools	3,205	(20,037)
- Stock in trade	204,883	(593,890)
- Trade debts	(305,408)	(3,488)
- Loans and advances	3,160	90,316
- Trade deposits and prepayments	(2,021)	(1,939)
- Tax refunds due from government (excluding income tax)	(3,375)	(3,283)
- Other receivables	11,985	3,804
Increase in current liabilities	33,593	16,592
- Trade and other payables	(53,978)	(511,925)
	<u>195,223</u>	<u>(259,271)</u>

NOTE TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March, 2009

	Nine months ended 31 March	
	2009	2008
	---- (Rs. in '000) ----	
11. Cash and Cash Equivalents		
Cash and bank balances	15,827	31,410
Finances under mark up arrangements and other credit facilities	(2,575,463)	(2,044,501)
	<u>(2,559,636)</u>	<u>(2,013,091)</u>

12. Related Party Transactions

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.

Description

Transactions with associated undertakings

Purchase of goods and services	58,126	45,916
Sale of goods and services	9,692	17
Issuance of share against advance	-	120,210

Transactions with key management personnel

Remuneration under the terms of employment to:-	900	900
Chief Executive Officer	7,040	5,592
Executives		

13. Date of Authorization

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 29 April 2009.

14. Figures

Figures have been rounded off to the nearest thousand rupees except stated other wise.

Prior year figures have been re-arranged where ever necessary for comparison.

Sd/-
Chief Executive Officer

Sd/-
Director