



Reliance Weaving  
Mills Limited  
A Fatima Group Company

# Half Yearly Accounts

December 31, 2018  
(Un-Audited)





# **Reviewed Interim Financial Statements**

For the Period of Six Months Ended  
December 31, 2018

# Company Information

## Board of Directors

### Non-Executive Directors

Mr. Fawad Ahmed Mukhtar (Chairman)  
Mr. Fahd Mukhtar  
Mrs. Fatima Fazal

### Executive Directors

Mr. Fazal Ahmed Sheikh  
Mr. Faisal Ahmed Mukhtar

### Independent Directors

Dr. M. Shoukat Malik  
Mr. Shahid Aziz

## Board Committees

### Audit Committee

Mr. Shahid Aziz (Chairman)  
Mr. Fahd Mukhtar (Member)  
Dr. M. Shoukat Malik (Member)

### HR & Remuneration Committee

Dr. M. Shoukat Malik (Chairman)  
Mr. Faisal Ahmed Mukhtar (Member)  
Mr. Fahd Mukhtar (Member)

### Risk Management Committee

Mr. Faisal Ahmed Mukhtar (Chairman)  
Mr. Shahid Aziz (Member)  
Dr. M. Shoukat Malik (Member)

## Executive Management Team

### Chief Executive Officer

Mr. Fazal Ahmed Sheikh

### GM Weaving

Mr. Ikram Azeem

### Chief Financial Officer

Mr. Waheed Ahmed

### GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

### Company Secretary

Mr. Aftab Ahmed Qaiser

### GM Marketing

Khawaja Sajid  
Mr. Aqeel Saifi

## Auditors & Shares Registrar

### External Auditors

ShineWing Hameed Chaudhri & Co.  
Chartered Accountants,  
HM House, 7-Bank Square, Lahore.

### Shares Registrar

M/s CDC Pakistan Ltd. Mezzanine Floor,  
19 - Khyaban-e-Aiwan -e-Iqbal , LSE Plaza Lahore.  
info@cdc.pak.com & kamran.ahmad@fatima-group.com

## Bankers /Financial Institutions

Bank Islami Pakistan Ltd  
Al-Baraka Bank Pakistan Ltd  
Habib Metropolitan Bank Ltd  
Dubai Islamic Bank Pakistan Ltd  
Pak China Investment Company Ltd  
Pak Libya Holding Company (Pvt) Ltd  
Pak Brunei Investment Company Ltd  
Standard Chartered Bank (Pakistan) Ltd  
Askari Bank Ltd (Islamic banking Services)

MCB Bank Ltd  
Sindh Bank Ltd  
Habib Bank Ltd  
Faysal Bank Ltd  
Soneri Bank Ltd  
Samba Bank Ltd  
United Bank Ltd  
Summit Bank Ltd  
Meezan Bank Ltd

Allied Bank Ltd  
Bank Al Falah Ltd  
The Bank of Punjab  
The Bank of Khyber  
First Habib Modaraba  
National Bank of Pakistan  
Saudi Pak Industrial and  
Agricultural Investment Company Ltd

## Sites Address

### Unit # 1,2,4 & 5

Fazalpur Khanewal Road, Multan.  
Phone & Fax 061-6740020-3 & 061-6740039

### Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawalpindi.  
Phone & Fax 051-4611579-81 & 051-4611097

## 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

# ENTITY RATING OF RELIANCE WEAVING MILLS LIMITED

Long Term A-

Short Term A2

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited

## Director's Review 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 December 31, 2018.

### Financial Highlights

The company earned net profit of Rs 200 million during the period as compared to Rs. 66 million. Turnover of the company has improved from Rs 6,454 million to Rs 7,127 million, which is 10% increase. Profitability improved due to cotton stock of last year at competitive price and one-time wind fall gain of RS 100 million due to PKR devaluation against USD.

Cotton production in Pakistan remained closer to 10 million bales leaving shortfall of 5 million bales. Export performance is not encouraging during this period. Knitwear and Garment sector shows export growth only. There is severe pressure of price from customer due to devaluation of PKR negating the benefit of devaluation. The company during the period imported 48 high speed looms which are running currently and shall improve profitability of the company.

On Behalf of Board of Directors



**Fazal Ahmed Sheikh**  
(Chief Executive Officer)

**Date:** February 26, 2019  
**Place:** Lahore

## ڈائریکٹرز کی رپورٹ

### محترم اراکین!

بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر، 2018 کو ختم ہونے والی مدت کے لئے کمپنی کے دوسرے سہ ماہی مالی بیانات پیش کرنے میں خوشی محسوس کر رہا ہوں۔

### مالی جھلکیاں

کمپنی کو اس مدت کے دوران 66 ملین روپے کے مقابلے میں 200 ملین روپے کا خالص منافع ہوا۔ کمپنی کے کل کاروبار میں 6,454 ملین روپے سے 7,127 ملین روپے بہتری آئی ہے، جو کہ 10 فیصد اضافہ ہے۔ منافع بخشی گزشتہ سال کے کپاس اسٹاک کی مسابقتی قیمت کی وجہ سے بہتر ہوئی اور امریکی ڈالر کے خلاف PKR کی ایک وقتی زوال کی وجہ سے 100 ملین روپے کا فائدہ ہوا۔

پاکستان میں کپاس کی پیداوار 5 ملین بیلوں کی کمی سے نکل کر 10 ملین بیلوں کے قریب رہی۔ اس مدت کے دوران برآمد کی کارکردگی کو حوصلہ افزائی نہیں ملی۔ کپاس اور لباس کی صنعت صرف برآمداتی ترقی کو ظاہر کرتی ہے۔ PKR کی قدری کم کے منافع کی وجہ سے گاہکوں سے قیمت کا شدید باؤ ہے۔ اس مدت کے دوران کمپنی نے 48 ہائی سپیڈ لومز درآمد کئے جو اس وقت چل رہے ہیں اور کمپنی کے منافع کو بہتر بنائیں گے۔

26 فروری، 2019

لاہور

فضل احمد شیخ

چیف ایگزیکٹو آفیسر

# Independent Auditors' Review Report to the Members

## Report on Review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Reliance Weaving Mills Limited** (the Company) as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

### 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 interim financial statements 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' report is Nafees ud din.

Date: February 26, 2019  
Place: Lahore

SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS

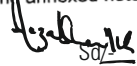


# Condensed Interim Statement of Financial Position

As at December 31, 2018

		Dec. 31, 2018	June 30, 2018
		Un-audited	Audited
<b>Assets</b>		<b>Rupees in thousand</b>	
<b>Non-current Assets</b>	<b>Note</b>		
Property, plant and equipment	6	5,961,786	5,633,486
Intangible assets		3,201	3,674
Long term investments	7	804,275	837,700
Long term deposits		20,278	21,019
Deferred tax asset		<u>71,402</u>	<u>66,140</u>
		<b>6,860,942</b>	<b>6,562,019</b>
<b>Current Assets</b>			
Stores, spares and loose tools		242,296	220,724
Stock-in-trade	8	6,125,440	3,222,131
Trade debts	9	1,408,072	2,005,913
Loans and advances	10	371,090	263,590
Prepayments and other receivables		72,339	27,214
Short term investments	11	117,220	106,536
Tax refunds and export rebate due from the Government	12	692,439	779,695
Cash and bank balances		<u>97,695</u>	<u>79,087</u>
		<b>9,126,591</b>	<b>6,704,890</b>
<b>Total Assets</b>		<b><u>15,987,533</u></b>	<b><u>13,266,909</u></b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Authorised share 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 share capital		<b>308,109</b>	<b>308,109</b>
Capital reserves			
- share premium		41,081	41,081
- revaluation surplus on freehold land		949,486	949,486
Revenue reserves			
- general reserve		74,172	74,172
- fair value reserve on available-for-sale investments		71,366	60,682
- unappropriated profit		<u>2,095,734</u>	<u>1,968,262</u>
<b>Shareholders' Equity</b>		<b>3,539,948</b>	<b>3,401,792</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Long term finances	13	1,853,529	1,199,425
Liabilities against assets subject to finance lease		14,316	14,404
Staff retirement benefits - gratuity		<u>296,017</u>	<u>267,706</u>
		<b>2,163,862</b>	<b>1,481,535</b>
<b>Current Liabilities</b>			
Trade and other payables	14	2,344,623	1,322,613
Unclaimed dividends		17,835	16,216
Accrued mark-up		208,735	159,678
Short term borrowings		7,159,798	6,080,170
Current portion of non-current liabilities	15	505,224	669,476
Taxation	16	47,508	135,429
		<u>10,283,723</u>	<u>8,383,582</u>
<b>Total Liabilities</b>		<b>12,447,585</b>	<b>9,865,117</b>
<b>Total Equity and Liabilities</b>		<b><u>15,987,533</u></b>	<b><u>13,266,909</u></b>
<b>Contingencies and Commitments</b>	17		

The annexed notes form an integral part of these condensed interim financial statements

  
Sd/-  
Chief Executive Officer

  
Sd/-  
Director

  
Sd/-  
Chief Financial Officer

# Condensed Interim Statement of Profit Or Loss (Un-audited)

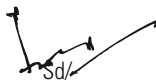
For The Quarter And Six Months Period Ended December 31, 2018

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
----- Rupees in thousand -----					
Sales - net	18	3,885,675	3,119,893	7,127,766	6,454,343
Cost of Sales		3,580,863	2,802,702	6,394,683	5,891,822
<b>Gross Profit</b>		<b>304,812</b>	<b>317,191</b>	<b>733,083</b>	<b>562,521</b>
Distribution Cost		30,698	29,514	58,768	64,249
Administrative Expenses		49,577	40,131	90,439	76,264
Other Expenses		12,856	12,247	28,403	18,332
Other Income		(101,585)	(774)	(103,207)	(2,436)
		(8,454)	81,118	74,403	156,409
<b>Profit from Operations</b>		<b>313,266</b>	<b>236,073</b>	<b>658,680</b>	<b>406,112</b>
Finance Cost		222,757	141,786	397,135	270,694
		90,509	94,287	261,545	135,418
Share of Loss of Associated Companies - net	7	(28,987)	(10,873)	(30,107)	(12,199)
<b>Profit before Taxation</b>		<b>61,522</b>	<b>83,414</b>	<b>231,438</b>	<b>123,219</b>
Taxation					
- current	16	9,368	18,378	47,508	55,697
- prior years		(10,923)	1,162	(10,923)	1,162
- deferred		(5,262)	0	(5,262)	0
		(6,817)	19,540	31,323	56,859
<b>Profit after Taxation</b>		<b>68,339</b>	<b>63,874</b>	<b>200,115</b>	<b>66,360</b>
<b>Earnings per Share</b>		<b>2.22</b>	<b>2.07</b>	<b>6.49</b>	<b>2.15</b>

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter And Six Months Period Ended December 31, 2018

	Quarter ended		Six months period ended	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	----- Rupees in thousand -----			
<b>Profit after Taxation</b>	<b>68,339</b>	63,874	<b>200,115</b>	66,360
<b>Other Comprehensive (Loss) / Income :</b>				
<b>Item that may be reclassified subsequently to profit or loss:</b>				
- (loss) / gain on remeasurement of available-for-sale investments	(2,468)	(8,322)	10,684	(7,377)
<b>Item that may not be reclassified subsequently to profit or loss:</b>				
- share of other comprehensive loss of investments in an Associated Company	(3,318)	(662)	(3,318)	(662)
	<b>(5,786)</b>	(8,984)	<b>7,366</b>	(8,039)
<b>Total Comprehensive Income</b>	<b>62,553</b>	54,890	<b>207,481</b>	58,321

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Un-audited)

For The Six Months Period Ended December 31, 2018

Share capital	Capital Reserves		Revenue			Total
	Share premium	Revaluation surplus on freehold land	General reserve	Fair value reserve on available - for - sale investments	Un-appropriated profit	

-----Rupees in thousand-----

Balance as at June 30, 2018 (audited)      308,109      41,081      949,486      74,172      60,682      1,968,262      3,401,792

**Transaction with owners:**

Cash dividend at the rate of Rs.2.25 per ordinary share for the year ended June 30, 2018

0      0      0      0      0      (69,325)      (69,325)

**Total comprehensive income for the period ended December 31, 2018:**

- profit for the period

0      0      0      0      0      200,115      200,115

- other comprehensive income / (loss)

0      0      0      0      10,684      (3,318)      7,366

0      0      0      0      10,684      196,797      207,481

Balance as at December 31, 2018 (un-audited)

308,109      41,081      949,486      74,172      71,366      2,095,734      3,539,948

Balance as at June 30, 2017 (audited)

308,109      41,081      634,325      74,172      64,068      1,737,649      2,859,404

**Transaction with owners:**

Cash dividend at the rate of Re.1.50 per ordinary share for the year ended June 30, 2017

0      0      0      0      0      (46,216)      (46,216)

**Total comprehensive income for the period ended December 31, 2017:**

- profit for the period

0      0      0      0      0      66,360      66,360

- other comprehensive loss

0      0      0      0      (7,377)      (662)      (8,039)

0      0      0      0      (7,377)      65,698      58,321

Balance as at December 31, 2017 (un-audited)

308,109      41,081      634,325      74,172      56,691      1,757,131      2,871,509

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



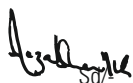
Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Un-audited)


For The Six Months Period Ended December 31, 2018

	Six months period ended	
	Dec. 31, 2018	Dec. 31, 2017
	Rupees in thousand	
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation	231,438	123,219
Adjustments for non-cash charges and other items:		
Depreciation	121,484	123,217
Amortisation	473	473
Staff retirement benefits - gratuity(net)	28,311	19,149
(Gain) / loss on disposal of operating fixed assets - net	(223)	2,511
Share of loss from Associated Companies - net	30,107	12,199
Finance cost	397,135	270,694
Gain on dilution of investment	0	(385)
<b>Profit before working capital changes</b>	808,725	551,077
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(21,572)	(4,183)
Stock-in-trade	(2,903,309)	(2,166,472)
Trade debts	597,841	(95,617)
Loans and advances	(107,500)	(8,845)
Prepayments and other receivables	(45,125)	(22,852)
Tax refunds and export rebate due from the Government (excluding income tax)	6,949	(81,961)
<b>Increase in trade and other payables</b>	1,022,010	946,217
<b>Cash used in operations</b>	(641,981)	(882,636)
Income tax paid - net	(44,199)	(36,039)
<b>Net cash used in operating activities</b>	(686,180)	(918,675)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(457,530)	(187,204)
Sale proceeds of operating fixed assets	7,969	18,595
Long term deposits	741	133
<b>Net cash used in investing activities</b>	(448,820)	(168,476)
<b>Cash flow from financing activities</b>		
Long term finances - net	486,820	(376,462)
Liabilities against assets subject to finance lease - net	2,944	7,429
Short term finances - net	1,079,628	1,814,778
Finance cost paid	(348,078)	(252,240)
Dividend paid	(67,706)	(34,807)
<b>Net cash generated from financing activities</b>	1,153,608	1,158,698
<b>Net increase in cash and cash equivalents</b>	18,608	71,547
<b>Cash and cash equivalents - at beginning of the period</b>	79,087	96,630
<b>Cash and cash equivalents - at end of the period</b>	97,695	168,177

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

## 1. Legal Status and Operations

Reliance Weaving Mills Ltd. (the Company) was incorporated in Pakistan as a public limited company on April 07, 1990 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company commenced its operations on May 14, 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 and its mills are located at Fazalpur Khanewal Road, Multan and Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.

## 2. Basis of Preparation

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim financial reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. Significant Accounting Policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers".

### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 has been notified by Securities and Exchange Commission of Pakistan to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as follows:

#### *Sale of goods*

The Company sells its products in separately identifiable contracts. The contracts, entered into with customers, generally include one performance obligation, i.e. provision of goods to the customers.



# Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

Revenue from local sale of goods is recognised when the Company satisfies a performance obligation under a contract by transferring promised goods to the customers. Goods are considered to be transferred at the point in time when the customers obtain control over the goods, i.e. on dispatch of goods from mills to the customers. Revenue from export sale of goods is recognised at the point in time when the customers obtain control over the goods dependent on the relevant incoterms of shipment. Generally, it is on the date of bill of lading or at the time of delivery of goods to the destination port.

## Effect of change in accounting policy

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires an entity to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The revised policy does not have any significant impact on these condensed interim financial statements as it does not have an impact on the timing or the amount of revenue recognition from the contracts in case of local sales whereas in case of export sale contracts, the revised policy only has an immaterial impact on the timing of revenue recognition with no effect on the amount of revenue recognised.

4. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as the auditors have reviewed the cumulative figures for the six months period ended December 31, 2018. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2018.

## 5. Accounting Estimates, Judgments and Financial Risk Management

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

## 6. Property, Plant and Equipment

		Un-audited Dec. 31, 2018	Audited June 30, 2018
	Note	Rupees in thousand	
Operating fixed assets	6.1	5,891,478	5,624,813
Capital work-in-progress		70,308	8,673
		<u>5,961,786</u>	<u>5,633,486</u>

## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

6.1 Operating fixed assets	Un-audited Dec. 31, 2018 Rupees in thousand
Book value as at June 30, 2018	5,624,813
Additions during the period:	
- freehold land	677
- buildings on freehold land	14,751
- plant and machinery - owned	359,066
- electric installations	6,728
- factory equipment	4,055
- office equipment	758
- electric appliances	790
- furniture and fixtures	277
- vehicles - owned	498
- vehicles - leased	8,295
	<u>395,895</u>
Book value of operating fixed assets disposed-off	(7,746)
Depreciation charge for the period	(121,484)
Book value as at December 31, 2018	<u>5,891,478</u>
<b>7. Long Term Investments - Un-quoted Associated Companies</b>	
<b>Fatima Energy Ltd.</b>	
80,016,370 ordinary shares of Rs.10 each - cost	800,054
Equity held: 14.04%	
Share of post acquisition loss and other comprehensive income - net	(33,276)
	<u>766,778</u>
Share of loss for the period	(8,552)
Adjustment based on preceding year's audited financial statements	
- loss for the year	(6,635)
- other comprehensive loss	(3,318)
Carrying value of investment as at December 31, 2018	<u>748,273</u>
<b>Fatima Transmission Company Ltd.</b>	
7,187,500 ordinary shares of Rs.10 each - cost	71,875
Equity held: 31.25%	
Share of post acquisition loss and other comprehensive income	(953)
Adjustment based on preceding year's audited financial statements	(14,920)
Carrying value of investment as at December 31, 2018	<u>56,002</u>
	<u>804,275</u>



## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

8. <b>Stock-In-Trade</b>	Note	<b>Un-audited Dec. 31, 2018 Rupees in thousand</b>	Audited June 30, 2018
Raw materials including in-transit inventory valuing Rs.312 million (June 30, 2018: Rs.186 million)		3,828,081	2,085,889
Work-in-process		270,943	248,384
Finished goods		1,986,202	843,241
Waste		40,214	44,617
		6,125,440	3,222,131
<b>9. Trade Debts</b>			
Period-end balance includes export debts aggregating Rs.726.410 million (June 30, 2018: Rs.1,519 million).			
<b>10. Loans and Advances</b>			
Advances - considered good			
- to key management personnel		238	2,018
- to employees		187,140	171,807
- to suppliers		47,114	32,704
Due from related parties	10.1	98,097	28,709
Letters of credit		372	408
Margin deposits		38,129	27,944
		371,090	263,590
10.1 Maximum aggregate balance due from related parties at any month end during the period aggregated Rs.98.815 million (June 30, 2018: Rs. 28.709 million)			
<b>11. Short Term Investments - Available for sale - (Quoted)</b>			
<b>Fatima Fertilizer Company Ltd. (FFCL)</b>			
2,625,167 fully paid ordinary shares of Rs.10 each	11.1	85,056	88,442
Fair value adjustment		10,684	(3,386)
Carrying value at end of the period / year		95,740	85,056
<b>Others (Un-quoted)</b>			
<b>Multan Real Estate Company (Pvt.) Ltd. (MREC)</b>			
214,797 ordinary shares of Rs.100 each	11.2	21,480	21,480
		117,220	106,536
11.1 FFCL is a related party of the Company; however, considering shareholding percentage in FFCL i.e. 0.13%, the Company does not have significant influence to participate in the financial and operating decisions of FFCL.			
11.2 Due to non-availability of financial statements of MREC for the period ended December 31, 2018, investment in MREC has been accounted for at cost.			
<b>12. Tax Refunds and Export Rebate Due from the Government</b>			
Export rebate and duty draw back		245,781	250,944
Advance income tax		205,752	286,059
Sales tax refundable		230,617	232,461
Special excise duty		10,289	10,231
		692,439	779,695

## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

<b>13. Long Term Finances - Secured</b>	<b>Un-audited Dec. 31, 2018</b>	<b>Audited June 30, 2018</b>
	<b>Rupees in thousand</b>	
National Bank of Pakistan (LTFF-III)	0	7,750
National Bank of Pakistan (DF-IV)	56,336	67,603
Pak Brunei Investment Co. (TF)	180,000	220,000
Bank Alfalah Ltd. (TF-I)	7,498	22,493
Bank Alfalah Ltd. (TF-II)	0	24,998
Meezan Bank Ltd. (DM-I)	24,090	48,180
Meezan Bank Ltd. (DM-II)	118,223	154,649
Saudi Pak Industrial and Agricultural Investment Company Ltd.	353,242	0
Allied Bank Ltd.	145,833	175,000
Allied Bank Ltd.	300,000	0
Pak China Investment Company Ltd.	62,000	125,000
Pak Libya Holding Company (Pvt.) Ltd.	140,000	180,000
United Bank Ltd. (NIDF-I)	120,000	150,000
United Bank Ltd. (NIDF-II under LTFF scheme)	514,738	484,467
Askari Bank Ltd.	175,000	200,000
Askari Bank Ltd.	150,000	0
Balance at the period / year-end	<u>2,346,960</u>	<u>1,860,140</u>
Less: current portion grouped under current liabilities	493,431	660,715
	<u><u>1,853,529</u></u>	<u><u>1,199,425</u></u>
<b>14. Trade and Other Payables</b>		
Trade creditors	1,349,282	525,156
Bills payable	208,237	130,345
Due to Associated Companies	143,089	145,286
Accrued expenses	588,293	489,696
Tax deducted at source	41,653	8,307
Workers' (profit) participation fund	13,854	23,608
Others	215	215
	<u><u>2,344,623</u></u>	<u><u>1,322,613</u></u>

## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

		Un-audited Dec. 31, 2018	Audited June 30, 2018
		Rupees in thousand	
<b>15. Current Portion of Non-Current Liabilities</b>			
	<b>Note</b>		
Long term finances	13	493,431	660,715
Liabilities against assets subject to finance lease		11,793	8,761
		505,224	669,476
<b>16. Taxation - net</b>			
Balance as at June 30, 2018		135,429	
Add: provision made during the period:			
<b>current</b> [net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 (the Ordinance) amounting Rs.36.985 million]		47,508	
<b>prior years - net</b>		(10,923)	
		36,585	
Less: payments / adjustments made against completed assessments		124,506	
		47,508	
<b>16.1</b> Income tax returns of the Company have been filed upto the tax year 2018, i.e. accounting year ended June 30, 2018.			
<b>16.2</b> Provision for the current period represents tax payable under sections 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.			
<b>17. Contingencies and Commitments</b>			
<b>17.1</b> There has been no significant change during the current period in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2018.			
<b>17.2</b> Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.399.891 million as at December 31, 2018 (June 30, 2018: Rs.152.948 million).			
<b>17.3</b> Foreign bills discounted outstanding as at December 31, 2018 aggregated Rs.265.226 million (June 30, 2018: Rs.469.078 million).			
<b>17.4</b> Commitments for irrevocable letters of credit:		<b>Un-audited</b>	<b>Audited</b>
		<b>Dec. 31,</b>	<b>June 30,</b>
		<b>2018</b>	<b>2018</b>
		Rupees in thousand	
- capital expenditure		85,478	281,093
- others		54,811	154,447
		140,289	435,540

## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

	Quarter ended		Six months period ended	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
<b>18. Sales - Net</b>	----- Rupees in thousand -----			
Export	994,297	1,247,122	2,124,666	2,884,773
Local	2,886,397	1,793,333	4,990,309	3,404,736
Waste	39,965	56,936	81,501	119,920
	<b>3,920,659</b>	<b>3,097,391</b>	<b>7,196,476</b>	<b>6,409,429</b>
Less: commission	(34,984)	(30,986)	(68,710)	(66,074)
	<b>3,885,675</b>	<b>3,066,405</b>	<b>7,127,766</b>	<b>6,343,355</b>
Add: export rebate	0	53,488	0	110,988
	<b>3,885,675</b>	<b>3,119,893</b>	<b>7,127,766</b>	<b>6,454,343</b>

### 19. Segment Analysis

#### 19.1 Segment revenue and results

	Spinning		Weaving		(Elimination of inter-segment transactions)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Six months period ended December 31, (Un-audited)	-----Rupees in thousand-----							
Sales - net	3,925,282	3,464,980	4,728,408	4,210,479	(1,525,924)	(1,221,116)	7,127,766	6,454,343
Cost of sales	(3,514,890)	(3,215,957)	(4,405,717)	(3,896,981)	1,525,924	1,221,116	(6,394,683)	(5,891,822)
Gross profit	410,392	249,023	322,691	313,498	0	0	733,083	562,521
Distribution cost	(11,354)	(14,343)	(47,414)	(49,906)	0	0	(58,768)	(64,249)
Administrative expenses	(45,502)	(38,097)	(44,937)	(38,167)	0	0	(90,439)	(76,264)
Other expenses	(13,252)	(10,900)	(15,151)	(7,432)	0	0	(28,403)	(18,332)
Other income	13,974	974	90,233	1,462	0	0	103,207	2,436
	(56,134)	(62,366)	(17,269)	(94,043)	0	0	(74,403)	(156,409)
Profit from operations	354,258	186,657	305,422	219,455	0	0	658,680	406,112
Finance cost	(201,829)	(142,144)	(195,306)	(128,550)	0	0	(397,135)	(270,694)
	152,429	44,513	110,116	90,905	0	0	261,545	135,418
Share of loss of Associated Companies - net	(15,076)	(5,455)	(15,031)	(6,744)	0	0	(30,107)	(12,199)
Profit before taxation	137,353	39,058	95,085	84,161	0	0	231,438	123,219
Taxation	(18,962)	(26,675)	(12,361)	(30,184)	0	0	(31,323)	(56,859)
Profit for the period	118,391	12,383	82,724	53,977	0	0	200,115	66,360

## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

### 19.2 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	Un-audited December 31, 2018	Audited June 30, 2018	Un-audited December 31, 2018	Audited June 30, 2018	Un-audited December 31, 2018	Audited June 30, 2018
	-----Rupees in thousand-----					
<b>Segment assets for reportable segment</b>						
Operating fixed assets	3,263,113	3,307,252	2,698,673	2,317,561	5,961,786	5,624,813
Stores, spares and loose tools	155,996	136,559	86,300	84,166	242,296	220,725
Stock-in-trade	4,283,804	1,949,432	1,841,636	1,272,699	6,125,440	3,222,131
	<u>7,702,913</u>	<u>5,393,243</u>	<u>4,626,609</u>	<u>3,674,426</u>	<u>12,329,522</u>	<u>9,067,669</u>
Unallocated corporate assets					3,658,011	4,199,240
<b>Total assets as per statement of financial position</b>					<u>15,987,533</u>	<u>13,266,909</u>
<b>Segment liabilities for reportable segments</b>						
	<u>4,742,382</u>	<u>4,098,095</u>	<u>4,793,353</u>	<u>3,865,380</u>	9,535,735	7,963,475
Unallocated corporate liabilities					2,911,850	1,901,642
<b>Total liabilities as per statement of financial position</b>					<u>12,447,585</u>	<u>9,865,117</u>

### 20. Transactions with Related Parties

The related parties comprise of associated companies, 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:

Relationship	Nature of transaction	Six months period ended	
		Dec. 31, 2018	Dec. 31, 2017
		Rupees in thousand	
Associated Companies	- purchase of goods	31,889	12,494
	- sale of goods	0	1,490
	- mark-up income	933	1,935
	- mark-up expense	1,304	2,022
	- advances obtained	220,700	251,000
	- advances repaid	313,718	130,000
	- other expenses shared	10,456	7,366
Key management personnel	- remuneration and other benefits	10,652	16,016
Donations to Mian Mukhtar A. Sheikh Trust		13,200	8,000

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

## Notes to Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2018

### 21. Corresponding Figures

- 21.1 In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- 21.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

### 22. Date of Authorisation for Issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 26, 2019..



## **Reliance Weaving Mills Limited**

2nd Floor Trust Plaza, LMQ Road, Multan.

Ph: +92 61 451 2031, 454 6234 Fax: +92 61 458 4288, 451 1267

E-mail: [waheed.mushtaq@fatima-group.com](mailto:waheed.mushtaq@fatima-group.com)