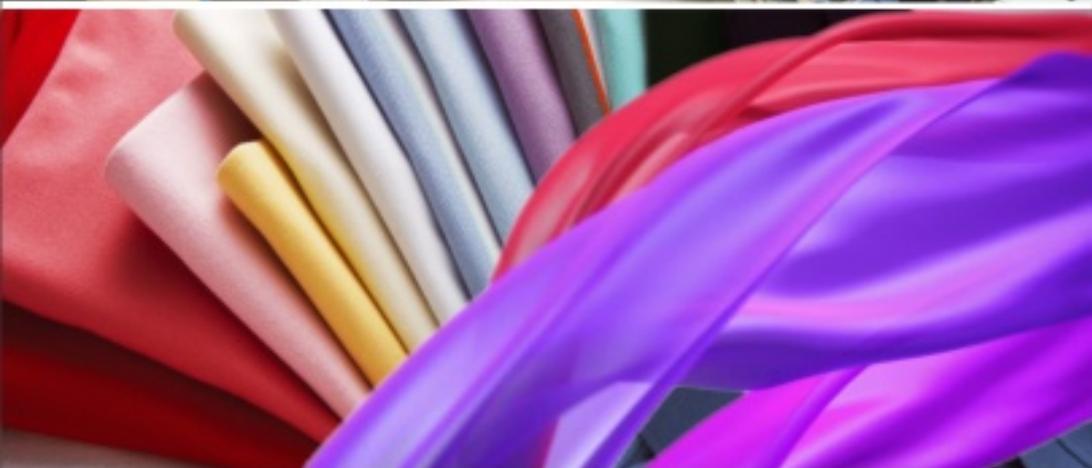




**Half Yearly Accounts**  
**December 31, 2017**  
**(Un-Audited)**



**Reliance Weaving**  
**Mills Limited**  
A Fatima Group Company



**aitex**





# Half Yearly Accounts

December 31, 2017  
(Un-Audited)

# Company Information

## Board of Directors

### Executive Directors

Mr. Fazal Ahmed Sheikh  
Mr. Faisal Ahmed Mukhtar

### Non-Executive Directors

Mr. Fawad Ahmed Mukhtar  
Mr. Fahd Mukhtar  
Mrs. Fatima Fazal  
Mrs. Farah Faisal

### Independent Director

Dr. M. Shaukat Malik

### Nominee Director

Mr. Shahid Aziz (NIT)

Chairman

## Board Committees

### Audit Committee

Mr. Fahd Mukhtar  
Mr. Shahid Aziz  
Dr. M. Shaukat Malik

Chairman  
Member  
Member

### HR & Remuneration Committee

Mr. Fahd Mukhtar  
Mr. Faisal Ahmed Mukhtar  
Dr. M. Shaukat Malik

Chairman  
Member  
Member

## Executive Management Team

### Chief Executive Officer

Mr. Fazal Ahmed Sheikh

### Chief Financial Officer

Mr. Waheed Ahmed

### Company Secretary

Mr. Aftab Qaiser

### GM Marketing

Mr. Khawaja Sajid  
Mr. Aqeel Saifi

### GM Production Weaving

Mr. Ikram Azeem

### GM Production Spinning (Multan)

Mr. Muhammad Shoab Alam

### GM Production Spinning (Rawat)

Mr. Hafeez ur Rehman

## Bankers

Allied Bank Ltd  
Habib Bank Ltd  
United Bank Ltd  
National Bank of Pakistan  
Meezan Bank Ltd  
Soneri Bank Ltd

The bank of Khyber

Habib Metropolitan Bank Ltd

Bank Al-Falah Ltd

Samba Bank Ltd

Al Baraka Bank Pakistan Ltd

Dubai Islamic Bank (Pakistan) Ltd

The Bank of Punjab

Askari Bank Ltd (Islamic Banking Services)

Saudi Pak Industrial & Agricultural Investment Company Ltd

Pak Brunei Investment Company Ltd

Pak China Investment Company Ltd

Pak Libya Holding Company (Pvt) Ltd

First Habib Modaraba

Sindh Bank Ltd

Summit Bank Ltd

Bank Islami Pakistan Ltd

Faysal Bank Ltd

## Auditors & Share Registrar

### External Auditors

Shinewing Hameed Chaudhri & Co.

Chartered Accountants,

HM House, 7-Bank Square,

Lahore.

### Shares Registrar

M/s CDC Pakistan Ltd.

2nd Floor 307-Upper Mall Lahore

info@cdc.pak.com

basharat.hashmi@fatima-group.com

## Sites Address

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

Fazalpur Khanewal Road, Multan.

Tel. No. 061-6740020-3

Fax. No. 061-6740039

### Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.

Tel. No. 051-4611579-81

Fax. No. 051-4611097

## 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

## Director's Review To The Shareholders

Directors of Your Company are pleased to present financial results of the Company for the half year ended 31 December 2017.

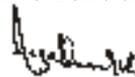
### State of affairs and financial results

During the period, the company earned after tax net profit of Rs. 66 M as compared to profit of Rs. 50 M in the comparative period last year. The results of the company have improved. However, increase in RLNG prices resulted in upsurge in the utility cost by Rs 50 M. Financial cost increased on short term borrowing by Rs 46 M due to increase in working capital borrowing. The working capital borrowing increased due to built-up of cotton and yarn stocks purchased at very competitive rates. The increase in short term cost is partially offset by exchange gain of Rs 20 M due to devaluation of PKR against USD.

### Future Outlook

Going forward, the Company has purchased the cotton and yarn on very competitive prices and current prices are bullish, this shall have positive impact on result of the Company for the remaining period of the year.

On Behalf of Board of Directors

  
5d/-

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

**Date:** February 26, 2018  
**Place:** Lahore

# Auditors' Report To The Members On Review Of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of RELIANCE WEAVING MILLS LIMITED as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

## 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 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 as of and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Shinewing Hameed Chaudhri & Co.,**  
**Chartered Accountants**

**Engagement Partner:**  
Nafees Ud Din

**Date:** February 26, 2018  
**Place:** Lahore.

# Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2017

|  |             | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|--|-------------|------------------------------------|-----------------------------|
|  |             | ----- (Rs. in "000") -----         |                             |
| <b>ASSETS</b>                                      | <b>Note</b> |                                    |                             |
| <b>Non-current assets</b>                          |             |                                    |                             |
| Property, plant and equipment                      | 6           | 5,729,128                          | 5,371,086                   |
| Intangible assets                                  |             | 4,147                              | 4,620                       |
| Long term investments                              | 7           | 843,267                            | 855,743                     |
| Long term deposits                                 |             | 19,592                             | 19,725                      |
| Deferred tax asset                                 |             | 55,179                             | 55,179                      |
|  |             | 6,651,313                          | 6,306,353                   |
| <b>Current assets</b>                              |             |                                    |                             |
| Stores, spares and loose tools                     |             | 186,324                            | 182,141                     |
| Stock in trade                                     | 8           | 5,175,673                          | 3,009,201                   |
| Trade debts  |             | 699,388                            | 603,771                     |
| Loans and advances                                 | 9           | 319,042                            | 310,197                     |
| Trade deposits and prepayments                     |             | 28,735                             | 3,233                       |
| Other receivables                                  |             | 25,060                             | 27,710                      |
| Short term investments                             | 10          | 102,545                            | 109,922                     |
| Tax refunds due from the government                | 11          | 702,509                            | 656,267                     |
| Cash and bank balances                             |             | 168,177                            | 96,630                      |
|  |             | 7,407,453                          | 4,999,072                   |
| <b>Total assets</b>                                |             | 14,058,766                         | 11,305,425                  |
| <b>EQUITY AND LIABILITIES</b>                      |             |                                    |                             |
| <b>Share capital and reserves</b>                  |             |                                    |                             |
| <b>Authorised capital</b>                          |             |                                    |                             |
| 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                     |
|  |             | 700,000                            | 700,000                     |
| <b>Issued, subscribed and paid up capital</b>      |             | 308,109                            | 308,109                     |
| <b>Reserves</b>                                    |             | 172,119                            | 179,496                     |
| <b>Unappropriated profit</b>                       |             | 1,756,956                          | 1,737,474                   |
|  |             | 2,237,184                          | 2,225,079                   |
| <b>Surplus on revaluation of freehold land</b>     | 12          | 949,486                            | 634,325                     |
| <b>Non-current Liabilities</b>                     |             |                                    |                             |
| Long term finances                                 | 13          | 1,452,697                          | 1,762,344                   |
| Liabilities against asset subject to finance lease |             | 6,966                              | 1,269                       |
| Staff retirement benefits - gratuity               |             | 204,060                            | 184,911                     |
|  |             | 1,663,723                          | 1,948,524                   |
| <b>Current liabilities</b>                         |             |                                    |                             |
| Trade and other payables                           | 14          | 1,836,749                          | 879,123                     |
| Accrued mark up                                    |             | 151,134                            | 132,680                     |
| Short term finances                                |             | 6,396,434                          | 4,581,656                   |
| Current portion of non-current liabilities         | 15          | 768,359                            | 833,442                     |
| Taxation   | 16          | 55,697                             | 70,596                      |
|  |             | 9,208,373                          | 6,497,497                   |
| <b>Total liabilities</b>                           |             | 10,872,096                         | 8,446,021                   |
| <b>Total equity and liabilities</b>                |             | 14,058,766                         | 11,305,425                  |
| <b>Contingencies and commitments</b>               | 17          |                                    |                             |

The annexed selected notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

## Condensed Interim Profit And Loss Account (Un-audited)

For the six months period ended December 31, 2017

|  | Note | Quarter ended   |           | Six months period ended |           |
|--|------|-----------------|-----------|-------------------------|-----------|
|  |      | December 31,    |           | December 31,            |           |
|  |      | 2017            | 2016      | 2017                    | 2016      |
| ------(Rs in "000")-----                           |      |                 |           |                         |           |
| Sales - net  | 18   | 3,119,893       | 2,584,121 | 6,454,343               | 5,484,593 |
| Cost of sales                                      |      | 2,802,702       | 2,332,867 | 5,891,822               | 4,979,367 |
| <b>Gross profit</b>                                |      | <b>317,191</b>  | 251,254   | <b>562,521</b>          | 505,226   |
| Distribution Cost                                  |      | 29,514          | 33,087    | 64,249                  | 60,762    |
| Administrative expenses                            |      | 40,131          | 41,294    | 76,264                  | 72,911    |
| Other expenses                                     |      | 12,247          | 7,254     | 18,332                  | 10,989    |
| Other income                                       |      | (774)           | (3,229)   | (2,436)                 | (4,137)   |
| Profit from operations                             |      | 81,118          | 78,406    | 156,409                 | 140,525   |
|  |      | 236,073         | 172,848   | 406,112                 | 364,701   |
| Finance cost                                       |      | 141,786         | 131,278   | 270,694                 | 257,327   |
|  |      | 94,287          | 41,570    | 135,418                 | 107,374   |
| <b>Share of Loss of Associated Companies - net</b> | 19   | <b>(10,873)</b> | (488)     | <b>(12,199)</b>         | (1,510)   |
| <b>Profit before Taxation</b>                      |      | <b>83,414</b>   | 41,082    | <b>123,219</b>          | (105,864) |
| <b>Taxation</b>                                    | 16   | <b>18,378</b>   | 26,394    | <b>55,697</b>           | 55,683    |
| -current   |      | 1,162           | 0         | 1,162                   | 0         |
| -prior years                                       |      | 19,540          | 26,394    | 56,859                  | 55,683    |
| Profit after Taxation                              |      | <b>63,874</b>   | 14,688    | <b>66,360</b>           | 50,181    |
| Earnings per share                                 |      | <b>2.07</b>     | 0.48      | <b>2.15</b>             | 1.63      |

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

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

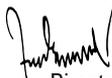
For the six months period ended December 31, 2017

|   | Quarter ended |               | Six months period ended |               |
|---|---------------|---------------|-------------------------|---------------|
|   | December 31,  |               | December 31,            |               |
|   | 2017          | 2016          | 2017                    | 2016          |
| ------(Rs in "000")-----  |               |               |                         |               |
| Profit after Taxation   | 63,874        | 14,688        | 66,360                  | 50,181        |
| Other comprehensive (Loss)/Income:  |               |               |                         |               |
| Item that may be reclassified subsequently to profit and loss:              |               |               |                         |               |
| Items that may be reclassified subsequently to profit or loss:              |               |               |                         |               |
| - (loss) / gain on remeasurement of available-for-sale investment           | (8,322)       | 5,854         | (7,377)                 | 7,744         |
| Items that may not be reclassified subsequently to profit or loss:          |               |               |                         |               |
| - Share of other comprehensive loss of investments in an Associated Company | (662)         | (3)           | (662)                   | (3)           |
|   | (8,984)       | 5,851         | (8,039)                 | 7,741         |
| <b>Total comprehensive income</b>   | <b>54,890</b> | <b>20,539</b> | <b>58,321</b>           | <b>57,922</b> |

The annexed selected notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

## Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended December 31, 2017

|   | Six months ended<br>December 31, |             |
|---|----------------------------------|-------------|
|   | 2017                             | 2016        |
|   | (Rs. in "000")                   |             |
| <b>Cash flow from operating activities</b>                    | Note                             |             |
| Profit for the period - before taxation                       | 123,219                          | 105,864     |
| Adjustments for non-cash charges and other items:             |                                  |             |
| Depreciation  | 123,217                          | 115,267     |
| Amortization  | 473                              | 473         |
| Staff retirement benefits - gratuity (net)                    | 19,149                           | 14,826      |
| Loss / (gain) on disposal of operating fixed assets - net     | 2,511                            | (783)       |
| Share of loss from Associated Companies - net                 | 12,199                           | 1,510       |
| Finance cost  | 270,694                          | 257,327     |
| Gain on dilution of investment                                | (385)                            | -           |
| <b>Profit before working capital changes</b>                  | 551,077                          | 494,484     |
| <b>Effect on cash flow due to working capital changes</b>     |                                  |             |
| <b>(Increase) / decrease in current assets</b>                |                                  |             |
| Stores, spares and loose tools                                | (4,183)                          | (5,553)     |
| Stock-in-trade  | (2,166,472)                      | (1,325,346) |
| Trade debts   | (95,617)                         | (43,263)    |
| Loans and advances  | (8,845)                          | 61,911      |
| Prepayments   | (25,502)                         | 1,442       |
| Other receivables   | 2,650                            | 1,797       |
| Tax refunds due from the Government (excluding income tax)    | (81,961)                         | (2,553)     |
| <b>Increase in trade and other payables</b>                   | 946,217                          | 123,580     |
|   | (1,433,713)                      | (1,187,985) |
| <b>Cash used in operations</b>                                | (882,636)                        | (693,501)   |
| Income tax paid - net   | (36,039)                         | (37,127)    |
| <b>Net cash used in operating activities</b>                  | (918,675)                        | (730,628)   |
| <b>Cash flow from investing activities</b>                    |                                  |             |
| Fixed capital expenditure                                     | (187,204)                        | (8,459)     |
| Sale proceeds of operating fixed assets                       | 18,595                           | 1,699       |
| Long term deposits  | 133                              | (3,617)     |
| Long term investments   | -                                | (71,768)    |
| <b>Net cash used in investing activities</b>                  | (168,476)                        | (82,145)    |
| <b>Cash flow from financing activities</b>                    |                                  |             |
| Long term finances - net                                      | (376,462)                        | (345,808)   |
| Liabilities against assets subject to finance lease - net     | 7,429                            | (11,796)    |
| Short term finances - net                                     | 1,814,778                        | 1,493,274   |
| Finance cost paid   | (252,240)                        | (257,325)   |
| Dividend paid   | (34,807)                         | (11,764)    |
| <b>Net cash generated from financing activities</b>           | 1,158,698                        | 866,581     |
| <b>Net increase in cash and cash equivalents</b>              | 71,547                           | 53,808      |
| <b>Cash and cash equivalents - at beginning of the period</b> | 96,630                           | 77,390      |
| <b>Cash and cash equivalents - at end of the period</b>       | 168,177                          | 131,198     |

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months period ended December 31, 2017

|   | Reserves              |                    |               |               |                | Sub-total        | Unappropriated profit | Total |
|---|-----------------------|--------------------|---------------|---------------|----------------|------------------|-----------------------|-------|
|   | Capital               |                    | Revenue       |               |                |                  |                       |       |
|   | Share premium         | Fair value reserve | General       |               |                |                  |                       |       |
|   | ----- Rs. "000" ----- |                    |               |               |                |                  |                       |       |
| Balance as at June 30, 2017 (audited)   | 308,109               | 41,081             | 64,243        | 74,172        | 179,496        | 1,737,474        | 2,225,079             |       |
| Transaction with owners:  |                       |                    |               |               |                |                  |                       |       |
| Cash dividend at the rate of Rs. 1.50 per ordinary share for the year ended June 30, 2017 | 0                     | 0                  | 0             | 0             | 0              | (46,216)         | (46,216)              |       |
| Profit for the period of six months ended December 31, 2017                               | 0                     | 0                  | 0             | 0             | 0              | 66,360           | 66,360                |       |
| Other comprehensive loss for the period of six months ended December 31, 2017             | 0                     | 0                  | (7,377)       | 0             | (7,377)        | (662)            | (8,039)               |       |
| Total comprehensive income for the period   | 0                     | 0                  | (7,377)       | 0             | (7,377)        | 65,698           | 58,321                |       |
| <b>Balance as at December 31, 2017 (un-audited)</b>                                       | <b>308,109</b>        | <b>41,081</b>      | <b>56,866</b> | <b>74,172</b> | <b>172,119</b> | <b>1,756,956</b> | <b>2,237,184</b>      |       |
| Balance as at June 30, 2016 (audited)   | 308,109               | 41,081             | 64,724        | 74,172        | 179,977        | 1,651,176        | 2,139,262             |       |
| Transaction with owners:  |                       |                    |               |               |                |                  |                       |       |
| Cash dividend at the rate of Re.0.50 per ordinary share for the year ended June 30, 2016  | 0                     | 0                  | 0             | 0             | 0              | (15,405)         | (15,405)              |       |
| Profit for the period of six months ended December 31, 2016                               | 0                     | 0                  | 0             | 0             | 0              | 50,181           | 50,181                |       |
| Other comprehensive income for the period of six months ended December 31, 2016           | 0                     | 0                  | 7,744         | 0             | 7,744          | (3)              | 7,741                 |       |
| Total comprehensive income for the period   | 0                     | 0                  | 7,744         | 0             | 7,744          | 50,178           | 57,922                |       |
| Balance as at December 31, 2016 (un-audited)  | 308,109               | 41,081             | 72,468        | 74,172        | 187,721        | 1,685,949        | 2,181,779             |       |

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months period ended December 31, 2017

## 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 repealed 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.

## 2. BASIS OF PREPARATION

2.1 As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan and clarification issued by the Institute of Chartered Accountants of Pakistan vide its circular no.17 of 2017, Companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, are allowed to prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim financial reporting) and provisions of and directives issued under the repealed Ordinance. In case where requirements differ, the provisions of or directives issued under the repealed Ordinance have been followed. This condensed interim financial information of the Company for the period of six months ended December 31, 2017 is un-audited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

2.2 The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the period of six months ended December 31, 2017. This condensed interim financial information does 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, 2017.

2.3 This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

## 3. Accounting Policies

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements of the Company for the year ended June 30, 2017.

## 4. Changes in Accounting Standards and Interpretations

### 4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been

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

For the six months period ended December 31, 2017

published and are mandatory for accounting periods beginning on or after January 01, 2017, and are considered to be relevant to the Company's operations.

- (a) Amendments to IAS 7, 'Statement of cash flows' require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only affect disclosures in the Company's financial statements.
- (b) Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax asset for unrealized losses clarify how to account for deferred tax asset related to debt instruments measured at fair value. These amendments do not have any impact on the Company's financial statements.

### 4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 01, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are, therefore, not disclosed in this condensed interim financial information.

### 4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning July 01, 2018 that may have an impact on the financial statements of the Company.

- (a) IFRS 9 'Financial instruments', this standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- (b) IFRS 15 'Revenue from contracts with customers' replaces the previous revenue standards: IAS 18 (Revenue), IAS 11 (Construction contracts) and the related interpretations on revenue recognition. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

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

### 5.1 The preparation of condensed interim financial information in conformity with

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

For the six months period ended December 31, 2017

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 recognized prospectively commencing from the period of revision.

- 5.2 Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2017.
- 5.3 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, 2017.
- 5.4 The Company follows the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of remeasurement of staff retirement benefits - gratuity has not been incorporated in this condensed interim financial information.

|  |             | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|--|-------------|------------------------------------|-----------------------------|
| <b>6. PROPERTY, PLANT AND EQUIPMENT</b>                          | <b>Note</b> | ----- (Rs. in "000") -----         |                             |
| Operating fixed assets   | 6.1         | 5,703,451                          | 5,344,973                   |
| Capital work in progress   |             | 25,677                             | 26,113                      |
|  |             | 5,729,128                          | 5,371,086                   |
| <b>6.1 Operating fixed assets</b>                                |             |                                    |                             |
| Book value as at June 30, 2017                                   |             | 5,344,973                          |                             |
| Additions during the period:                                     |             |                                    |                             |
| - buildings  |             | 3,496                              |                             |
| - plant and machinery - owned                                    |             | 163,774                            |                             |
| - electric installations   |             | 4,769                              |                             |
| - factory equipment  |             | 383                                |                             |
| - Office equipment   |             | 513                                |                             |
| - electric appliances  |             | 1,532                              |                             |
| - furniture and fixtures   |             | 774                                |                             |
| - vehicles - owned   |             | 2,905                              |                             |
| - vehicles - leased  |             | 9,494                              |                             |
|  |             | 187,640                            |                             |
| Surplus arisen during the period on revaluation of freehold land |             | 315,161                            |                             |
| Book value of operating fixed assets disposed-off                |             | (21,106)                           |                             |
| Depreciation charge for the period                               |             | (123,217)                          |                             |
| Book value as at December 31, 2017                               |             | 5,703,451                          |                             |

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

For the six months period ended December 31, 2017

|   | Un-audited<br>December 31,<br>2017 |
|---|------------------------------------|
| <b>7. Long Term Investments - Un-quoted Associated Companies</b>  | Note --(Rs. in "000")--            |
| <b>Fatima Energy Ltd. (FEL)</b>   |                                    |
| 80,016,370 ordinary shares of Rs.10 each - cost   | 800,054                            |
| Equity held: 14.04% (June 30, 2017: 14.11%)   |                                    |
| Share of post acquisition loss and other comprehensive income - net   | (23,795)                           |
| Gain on dilution of investment in FEL   | 8,018                              |
| Carrying value of investment as at June 30, 2017-audited  | <u>784,277</u>                     |
| Company's share of loss in FEL for the period ended December 31, 2017 based on un-audited management accounts | (9,585)                            |
| Adjustment based on audited financial statements for the year ended June 30, 2017:                            |                                    |
| - loss for the year   | (2,076)                            |
| - other comprehensive loss  | (662)                              |
| Gain on dilution of investment in FEL   | 385                                |
| Carrying value of investment as at December 31, 2017-un-audited   | <u>772,339</u>                     |
| <b>Fatima Transmission Company Ltd (FTCL)</b>   |                                    |
| 7,187,500 ordinary shares of Rs.10 each - cost  | 71,875                             |
| Equity held: 31.25%   |                                    |
| Company's share of loss in FTCL for the year ended June 30, 2017 based on un-audited management accounts      | (409)                              |
| Carrying value of investment as at June 30, 2017 -audited   | <u>71,466</u>                      |
| Company's share of loss in FTCL for the year ended June 30, 2017 based on un-audited management accounts      | 2                                  |
| Adjustment based on audited financial statements for the year ended June 30, 2017                             | (540)                              |
| Carrying value of investment as at December 31, 2017-un-audited   | <u>70,928</u>                      |
|   | <u><u>843,267</u></u>              |

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

For the six months period ended December 31, 2017

|   | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|---|------------------------------------|-----------------------------|
| ----- (Rs. in "000") -----  |                                    |                             |
| <b>8. Stock-in-Trade</b>  |                                    |                             |
| Raw materials including in-transit inventory valuing Rs.66.932 million (June 30, 2017: Rs. Nil)   | 3,756,982                          | 1,756,404                   |
| Work-in-process   | 227,395                            | 183,722                     |
| Finished goods  | 1,145,517                          | 1,011,020                   |
| Waste   | 45,779                             | 58,055                      |
|   | 5,175,673                          | 3,009,201                   |
| <b>9. Loans and Advances</b>  |                                    |                             |
| Advances - considered good  |                                    |                             |
| - to employees  | 168,025                            | 147,534                     |
| - to suppliers  | 85,272                             | 58,784                      |
| Due from related parties  | 29,569                             | 28,326                      |
| Letters of credit   | 254                                | 1,067                       |
| Margins deposits  | 35,922                             | 74,486                      |
|   | 319,042                            | 310,197                     |
| <b>10. 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 10.1   | 88,442                             | 89,098                      |
| Fair value adjustment   | (7,377)                            | (656)                       |
| Carrying value at end of the period / year  | 81,065                             | 88,442                      |
| <b>Other - Un-quoted</b>  |                                    |                             |
| <b>Multan Real Estate Company (Pvt.) Ltd. (MREC)</b>  |                                    |                             |
| 214,797 ordinary shares of Rs.100 each 10.2   | 21,480                             | 21,480                      |
|   | 102,545                            | 109,922                     |
| <b>10.1</b> 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. |                                    |                             |
| <b>10.2</b> Due to non-availability of audited financial statements of MREC for the period ended December 31, 2017, investment in MREC has been accounted for at cost.  |                                    |                             |
| <b>11. Tax Refunds Due from the Government</b>  |                                    |                             |
| Export rebate and duty draw back  | 154,846                            | 78,419                      |
| Advance income tax  | 293,418                            | 329,137                     |
| Sales tax refundable  | 243,969                            | 239,636                     |
| Special excise duty   | 10,276                             | 9,075                       |
|   | 702,509                            | 656,267                     |

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

For the six months period ended December 31, 2017

### 12. Surplus on Revaluation of Freehold Land

The Company, during the current period, has again revalued its freehold land situated at Chak Beli Khan Road, Mukhtara Abad, Rawat and Mouza Karpaal Pur, Khanewal Road, Multan. The latest revaluation exercise has been carried-out by independent Valuers [MYK Associates (Pvt.) Ltd., PBA Approved Valuers, Multan] to replace the carrying values of freehold land with their fair market values. The appraisal surplus arisen on latest revaluation aggregating Rs.315.161 million has been credited to this account to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984.

| Note   | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|--|------------------------------------|-----------------------------|
|  | ----- (Rs in '000) -----           |                             |
| <b>13. Long Term Finances - Secured</b>                          |                                    |                             |
| National Bank of Pakistan  | 94,370                             | 113,388                     |
| Pakbruunei Investment Company                                    | 280,000                            | 312,520                     |
| The Bank of Khyber   | 37,500                             | 75,000                      |
| Bank Alfalah Ltd.  | 87,485                             | 127,478                     |
| Meezan Bank Ltd.   | 260,493                            | 319,584                     |
| Saudi Pak Industrial and Agricultural<br>Investment Company Ltd. | 0                                  | 190,908                     |
| Allied Bank Ltd.   | 204,167                            | 233,333                     |
| Pak China Investment Company Ltd.                                | 187,500                            | 250,000                     |
| Pak Libya Holding Company (Pvt.) Ltd.                            | 200,000                            | 200,000                     |
| United Bank Ltd.   | 664,467                            | 570,233                     |
| Askari bank Ltd.   | 200,000                            | 200,000                     |
| Balance at end of the period / year                              | <u>2,215,982</u>                   | <u>2,592,444</u>            |
| Less: current portion grouped under current liabilities          | <u>763,285</u>                     | <u>830,100</u>              |
|  | <u>1,452,697</u>                   | <u>1,762,344</u>            |
| <b>14. Trade and Other Payables</b>                              |                                    |                             |
| Trade creditors  | 1,144,726                          | 404,674                     |
| Bills payable  | 64,803                             | 0                           |
| Due to Associated Companies                                      | 260,957                            | 135,076                     |
| Accrued expenses   | 307,180                            | 313,861                     |
| Tax deducted at source   | 33,830                             | 8,513                       |
| Workers' (profit) participation fund                             | 6,649                              | 9,796                       |
| Unclaimed dividends  | 16,470                             | 5,061                       |
| Others   | 2,134                              | 2,142                       |
|  | <u>1,836,749</u>                   | <u>879,123</u>              |

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

For the six months period ended December 31, 2017

|  | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|--|------------------------------------|-----------------------------|
| <b>15. Current Portion of Non-Current Liabilities</b>  | ----- (Rs. in "000") -----         |                             |
| Long term finances   | 763,285                            | 830,100                     |
| Liabilities against assets subject to finance lease  | 5,074                              | 3,342                       |
|  | <b>768,359</b>                     | <b>833,442</b>              |
| <b>16. Taxation - net</b>  |                                    |                             |
| Balance as at June 30, 2017  | 70,596                             |                             |
| 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 amounting Rs.17.046 million) | 55,697                             |                             |
| <b>prior years - net</b>   | 3,450                              |                             |
|  | <b>59,147</b>                      |                             |
| Less: payments / adjustments made against completed assessment   | 74,046                             |                             |
|  | <b>55,697</b>                      |                             |

**16.1** Income tax returns of the Company have been filed upto the tax year 2017, i.e. accounting year ended June 30, 2017.

**16.2** Provision for the current period represents tax payable under sections 113 (Minimum tax on the income of certain persons) and 169 (Tax collected or deducted as a final tax) of the Income Tax Ordinance, 2001.

### 17. Contingencies and Commitments

**17.1** 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, 2017.

**17.2** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.184.677 million as at December 31, 2017 (June 30, 2017: Rs.131.551 million).

**17.3** A commercial bank and a financial institution, on behalf of the Company, have issued stand-by letters of credit (SBLCs) aggregating Rs.500 million (June 30, 2017: Rs.1,000 million) in favour of lenders of Fatima Energy Ltd. (FEL - an Associated Company) to honour the commitment of injection / investment in the equity of FEL by the Company. These SBLCs are valid upto April 2018.

**17.4** Foreign bills discounted outstanding as at December 31, 2017 aggregated Rs.1,054.437 million (June 30, 2017: Rs.473.419 million).

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

For the six months period ended December 31, 2017

|  | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|--|------------------------------------|-----------------------------|
|  | ----- (Rs. in "000") -----         |                             |
| 17.5 Commitments in respect of forward foreign exchange contracts: |                                    |                             |
| - sale   | 0                                  | 52,830                      |
| 17.6 Commitments for irrevocable letters of credit:                |                                    |                             |
| - capital expenditure  | 30,742                             | 122,219                     |
| - others   | 49,900                             | 22,923                      |
|  | 80,642                             | 145,142                     |

|                                     | Quarter ended                  |                  | Six months period ended |                  |
|-------------------------------------|--------------------------------|------------------|-------------------------|------------------|
|                                     | Dec. 31,<br>2017               | Dec. 31,<br>2016 | Dec. 31,<br>2017        | Dec. 31,<br>2016 |
| 18. Sales - Net                     | ..... Rupees in thousand ..... |                  |                         |                  |
| Export                              | 1,247,122                      | 994,959          | 2,884,773               | 2,454,283        |
| Local                               | 1,793,333                      | 1,565,220        | 3,404,736               | 2,990,012        |
| Waste                               | 56,936                         | 40,510           | 119,920                 | 75,884           |
|                                     | 3,097,391                      | 2,600,689        | 6,409,429               | 5,520,179        |
| Less: commission                    | (30,986)                       | (23,721)         | (66,074)                | (51,647)         |
|                                     | 3,066,405                      | 2,576,968        | 6,343,355               | 5,468,532        |
| Add: weaving/doubling/sizing income | 0                              | 6,879            | 0                       | 15,378           |
| export rebate                       | 53,488                         | 274              | 110,988                 | 683              |
|                                     | 53,488                         | 7,153            | 110,988                 | 16,061           |
|                                     | 3,119,893                      | 2,584,121        | 6,454,343               | 5,484,593        |

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

For the six months period ended December 31, 2017

19. SEGMENT ANALYSIS  
19.1 Segment revenue and results

|   | Rupees in thousand |             |             |             |   |             |             |             |
|---|--------------------|-------------|-------------|-------------|---|-------------|-------------|-------------|
|   | Spinning           |             | Weaving     |             | (Elimination of inter-segment transactions) |             | Total       |             |
| Six months period ended December 31, (Un-audited) | 2017               | 2016        | 2017        | 2016        | 2017  | 2016        | 2017        | 2016        |
| Sales - net                                       | 3,464,980          | 3,391,174   | 4,210,479   | 3,801,767   | (1,221,116)                                 | (1,708,348) | 6,454,343   | 5,484,593   |
| Cost of sales                                     | (3,215,957)        | (3,095,456) | (3,896,981) | (3,592,259) | 1,221,116                                   | 1,708,348   | (5,891,822) | (4,979,367) |
| Gross profit                                      | 249,023            | 295,718     | 313,498     | 209,508     | 0   | 0           | 562,521     | 505,226     |
| Distribution cost                                 | (14,343)           | (10,534)    | (49,906)    | (50,228)    | 0   | 0           | (64,249)    | (60,762)    |
| Administrative expenses                           | (38,097)           | (36,457)    | (38,167)    | (36,454)    | 0   | 0           | (76,264)    | (72,911)    |
| Other expenses                                    | (10,900)           | (7,652)     | (7,432)     | (3,337)     | 0   | 0           | (18,332)    | (10,989)    |
| Other income                                      | 974                | 1,703       | 1,462       | 2,434       | 0   | 0           | 2,436       | 4,137       |
|   | (62,366)           | (52,940)    | (94,043)    | (87,585)    | 0   | 0           | (156,409)   | (140,525)   |
| Profit from Operations                            | 186,657            | 242,778     | 219,455     | 121,923     | 0   | 0           | 406,112     | 364,701     |
| Finance cost                                      | (142,144)          | (131,697)   | (128,550)   | (125,630)   | 0   | 0           | (270,694)   | (257,327)   |
|   | 44,513             | 111,081     | 90,905      | (3,707)     | 0   | 0           | 135,418     | 107,374     |
| Share of Loss of Associated Companies - net       | (5,455)            | (755)       | (6,744)     | (755)       | 0   | 0           | (12,199)    | (1,510)     |
| Profit / (loss) before taxation                   | 39,058             | 110,326     | 84,161      | (4,462)     | 0   | 0           | 123,219     | 105,864     |
| Taxation  | (26,675)           | (17,110)    | (30,184)    | (38,573)    | 0   | 0           | (56,859)    | (55,683)    |
| Profit / (loss) for the period                    | 12,383             | 93,216      | 53,977      | (43,035)    | 0   | 0           | 66,360      | 50,181      |

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

For the six months period ended December 31, 2017

## Segment assets and liabilities

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

|   | Spinning                           |                             | Weaving                            |                             | Total                              |                             |
|---|------------------------------------|-----------------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|
|   | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 | Un-audited<br>December 31,<br>2017 | Audited<br>June 30,<br>2017 |
|   | -----Rupees in thousand-----       |                             |                                    |                             |                                    |                             |
| Segment assets for reportable segment       |                                    |                             |                                    |                             |                                    |                             |
| Operating fixed assets                      | 3,374,888                          | 3,117,449                   | 2,354,240                          | 2,227,525                   | 5,729,128                          | 5,344,974                   |
| Stores, spares and loose tools              | 119,728                            | 121,917                     | 66,596                             | 60,224                      | 186,324                            | 182,141                     |
| Stock-in-trade                              | 3,914,962                          | 1,905,343                   | 1,260,711                          | 1,103,858                   | 5,175,673                          | 3,009,201                   |
|   | <u>7,409,578</u>                   | <u>5,144,709</u>            | <u>3,681,547</u>                   | <u>3,391,607</u>            | <u>11,091,125</u>                  | <u>8,536,316</u>            |
| Unallocated corporate assets                |                                    |                             |                                    |                             | 2,967,641                          | 2,769,109                   |
| Total assets as per balance sheet           |                                    |                             |                                    |                             | <u>14,058,766</u>                  | <u>11,305,425</u>           |
| Segment liabilities for reportable segments | <u>4,506,468</u>                   | <u>4,155,210</u>            | <u>4,118,771</u>                   | <u>3,023,501</u>            | 8,625,239                          | 7,178,711                   |
| Unallocated corporate liabilities           |                                    |                             |                                    |                             | 2,246,857                          | 1,267,310                   |
| Total liabilities as per balance sheet      |                                    |                             |                                    |                             | <u>10,872,096</u>                  | <u>8,446,021</u>            |

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

For the six months period ended December 31, 2017

## 20. Transaction with Related Parties

20.1 The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

| Relationship   | Nature of transaction   | Six months period ended |               |
|--|-------------------------|-------------------------|---------------|
|  |                         | Dec. 31, 2017           | Dec. 31, 2016 |
| ----- (Rs. in "000") -----                                 |                         |                         |               |
| Associated- purchase of goods Companies                    |                         | 12,494                  | 16,204        |
|  | - sale of goods         | 1,490                   | 2,960         |
|  | - mark-up income        | 1,935                   | 43            |
|  | - mark-up expense       | 2,022                   | 1,835         |
|  | - advances obtained     | 251,000                 | 211,800       |
|  | - advances repaid       | 130,000                 | 247,693       |
|  | - advances made         | 0                       | 24,957        |
|  | - allotment of shares   | 0                       | 71,766        |
|  | - other expenses shared | 7,366                   | 10,964        |
| Key management personnel - remuneration and other benefits |                         | 16,016                  | 15,798        |
| Donations to Mian Mukhtar A. Sheikh Trust                  |                         | 8,000                   | 4,600         |

- All transactions with related parties have been carried-out on commercial terms and conditions.
- Receivables and payables to related parties have been disclosed in notes 9 and 14 respectively.

## 21. Figures

21.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity 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, except for the following, no significant re-classifications / re-statements have been made to this condensed interim financial information.

| Re-classification from:             | Re-classified to:        | Before re-classification | After re-classification |
|-------------------------------------|--------------------------|--------------------------|-------------------------|
| ----- (Rs. in "000") -----          |                          |                          |                         |
| Other receivables                   | Accrued mark-up          | 121,480                  | 132,680                 |
| Tax refunds due from the Government | Taxation                 | 0                        | 70,596                  |
| Loans and advances                  | Trade and other payables | 876,981                  | 879,123                 |

## 22. Date of Authorization for Issue

This condensed interim financial information was approved and authorized for issue by the Board of Directors of the Company on February 26, 2018.

Chief Executive Officer

Director

Chief Financial Officer



## **Reliance Weaving Mills Limited**

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