

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2012



Rupali Polyester Limited

Corporate Data

Board of Directors

Chairman

Jafferali M. Feerasta - Non-Executive

Chief Executive Officer

Nooruddin Feerasta - Executive

Directors

Muhammad Rashid Zahir - Non-Executive

Muhammad Ali H. Sayani - Non-Executive

Amin A. Feerasta - Non-Executive

Abdul Hayee - Executive

Syed Ali Zafar - Non-Executive

Committees of Board of Directors

Audit Committee

Jafferali M. Feerasta - Chairman

Muhammad Rashid Zahir - Member

Amin A. Feerasta - Member

Human Resource & Remuneration Committee

Jafferali M. Feerasta - Chairman

Nooruddin Feerasta - Member

Amin A. Feerasta - Member

Chief Financial Officer

Ayub Saqib

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Bank Alfalah Limited

Bank Al-Habib Limited

Citibank, N.A.

Faysal Bank Limited

Habib Bank Ltd.

MCB Bank Limited

NIB Bank Limited

Soneri Bank Limited

Auditors

Qavi & Co.

Chartered Accountants

Registered Office

Rupali House, 241-242 Upper Mall Scheme,

Anand Road, Lahore - 54000 PAKISTAN

Plant

30.2 Kilometer Lahore - Sheikhpura Road

Sheikhpura - 39350 PAKISTAN

Directors' Review

On behalf of the Board of Directors I am pleased to present before you the un-audited financial statements of the Company for the first quarter of the fiscal year 2012-13.

Financial Results

The Company achieved sales revenue of Rs.1,497 million in the quarter July-September 2012 compared to Rs.1,667 million in the corresponding period last year. Gross profit amounted to Rs.4.75 million as against Rs.124.07 million in the same quarter of 2011-12. The decline in sales was caused by the blend of decrease in volume and sale prices of Polyester Staple Fiber. In Polyester Filament Yarn, the volumetric sales reflected an increase of approximately 17 percent but it could not fetch the same level of increase in revenue due to tumble in sale prices which had to be reduced under market competition. Owing to high inflationary pressure and sluggish market the Company was unable to pass the impact on to the downstream consumers. The prices of our basic raw materials reflected a softening trend in the quarter under review compared to the same quarter in 2011. Our fuel and power costs have been exorbitantly inflated by consuming the costly furnace oil for in-house power generation. These factors resulted in a large dip in gross margin.

The administrative and general expenses during the current quarter remained controlled and comparable with the same quarter last year. The Company's bottom line, however, was severally dented by the above explained reasons besides the financial cost. As a result, the Company incurred before-tax loss of Rs.34.47 million and after-tax loss of Rs.41.95 million as against before-tax profit of Rs.84.58 million and after-tax profit of Rs.51.00 million in the same quarter of 2011. The factors behind this plunge were the cost-push inflation resulting from depreciation of Pak Rupee against the US Dollar and general economic recession.

Future Outlook

The country is facing the worst-ever energy crisis and it is expected to face serious gas shortage in coming winter. Foreign Investment fell by 67 percent during the first quarter and has narrowed down to \$183.5 million from \$216.1 million in the corresponding quarter of last fiscal year. Business environment, as explained in detail in our Annual Report 2012, remained non-conducive. Energy shortfall has devastated the industrial sector which is the spinal column of national economy. The unabated gas load shedding for the industrial consumers in coming months will adversely affect our operations and production plans. Global economic slowdown is inhibiting industrial growth and economic ills would prolong the slump.

The Management is working hard to achieve steady growth to transform the Company into operationally sound and economically sustainable manufacturing unit.

On behalf of the Board

Jafferali M. Feerasta
Chairman

Lahore
22 October 2012

Condensed Interim Balance Sheet

as at 30 September 2012

30 Sep. 2012 30 June 2012
Un-Audited Audited
Rupees in thousand

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorized Share Capital 35,000,000 (30 June 2012: 35,000,000)		
Ordinary Shares of Rs. 10 each	350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2012: 34,068,514)		
Ordinary Shares of Rs. 10 each	340,685	340,685
Capital Reserve	71,490	71,490
Revenue Reserves	1,664,125	1,664,125
Unappropriated Profit	178,042	254,064
	2,254,342	2,330,364

NON-CURRENT LIABILITIES

Staff Retirement Benefits - Gratuity	90,933	90,933
Deferred Taxation	279,728	279,728

CURRENT LIABILITIES

Trade and Other Payables	525,155	747,799
Short Term Borrowings	712,985	639,173
Accrued Mark-up	16,602	13,107
	1,254,742	1,400,079

CONTINGENCIES AND COMMITMENTS

	-	-
	3,879,745	4,101,104

ASSETS

NON-CURRENT ASSETS

Property, Plant and Equipment		
Operating Fixed Assets	1,381,146	1,311,704
Capital Work-in-Progress	186,216	226,909
	1,567,362	1,538,613
Long Term Deposits	4,281	4,281
	1,571,643	1,542,894

CURRENT ASSETS

Stores, Spares and Loose Tools	777,575	747,136
Stock-in-Trade	1,140,018	1,354,876
Trade Debts	40,402	36,621
Loans and Advances	23,093	39,485
Trade Deposits and Short Term Prepayments	2,323	2,868
Other Receivables	167,597	178,344
Taxation - Net	123,584	124,192
Cash and Bank Balances	33,510	74,688
	2,308,102	2,558,210
	3,879,745	4,101,104

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Profit and Loss Account (Un-audited)

for the quarter ended 30 September 2012

	Quarter Ended		Quarter Ended	
	Sep. 2012	Sep. 2012	Sep. 2011	Sep. 2011
	Rupees in thousand			
Sales	1,497,185	1,497,185	1,667,290	1,667,290
Cost of Goods Sold	(1,492,438)	(1,492,438)	(1,543,223)	(1,543,223)
Gross Profit	4,747	4,747	124,067	124,067
Selling and Distribution Expenses	(3,395)	(3,395)	(3,821)	(3,821)
Administrative and General Expenses	(28,649)	(28,649)	(29,363)	(29,363)
Other Operating Charges	(88)	(88)	(6,555)	(6,555)
	(32,132)	(32,132)	(39,739)	(39,739)
Other Operating Income	14,626	14,626	7,001	7,001
Operating Profit / (Loss)	(12,759)	(12,759)	91,329	91,329
Finance Costs	(21,709)	(21,709)	(6,753)	(6,753)
Profit / (Loss) before Taxation	(34,468)	(34,468)	84,576	84,576
Taxation	(7,486)	(7,486)	(33,572)	(33,572)
Profit / (Loss) after Taxation	(41,954)	(41,954)	51,004	51,004
	----- Rupees -----			
Earnings Per Share-Basic and Diluted	(1.23)	(1.23)	1.50	1.50

Appropriations have been reflected in the condensed interim statement of changes in equity.

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the quarter ended 30 September 2012

	Quarter Ended		Quarter Ended	
	Sep. 2012	Sep. 2012	Sep. 2011	Sep. 2011
	Rupees in thousand			
Profit / (Loss) after Taxation	(41,954)	(41,954)	51,004	51,004
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	<u>(41,954)</u>	<u>(41,954)</u>	<u>51,004</u>	<u>51,004</u>

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended 30 September 2012

Quarter Ended
Sep. 2012 Sep. 2011
Rupees in thousand

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) Before Taxation (34,468) 84,576

Add / (Less):

Adjustment for Non Cash Charges and Other Items:

Depreciation	30,692	26,690
Amortization of Short Term Prepayments	2,603	-
Staff Retirement Benefits - Gratuity	597	627
Mark-up/Interest Income	(670)	(1,206)
Loss / (Profit) on Disposal of Operating Fixed Assets	(23)	-
Mark-up on Short Term Borrowings	20,994	5,630
Finance Costs	715	1,123
	<u>54,908</u>	<u>32,864</u>

Effect on Cash Flow Due to Working Capital Changes:

(Increase) / Decrease In Current Assets:

Stores, Spares and Loose Tools	109,065	(86,844)
Stock-in-Trade	214,858	310,122
Trade Debts	(3,780)	8,728
Loans and Advances	16,391	(5,577)
Trade Deposits and Short Term Prepayments	(2,058)	(10,000)
Other Receivables	10,747	153,021
	<u>345,223</u>	<u>369,450</u>

Increase / (Decrease) In Current Liabilities:

Trade and Other Payables	(256,713)	(478,186)
	<u>88,510</u>	<u>(108,736)</u>

Cash generated from Operations

	108,950	8,704
Mark-up on Short Term Borrowings and Bank Charges Paid	(18,214)	(6,753)
Income Tax Paid	(6,877)	(75,742)
Mark-up/Interest Received	670	1,206
Staff Retirement Benefits - Gratuity Paid	(597)	(626)
	<u>83,932</u>	<u>(73,211)</u>

Net Cash (Outflow) / Inflow from Operating Activities

CASH FLOW FROM INVESTING ACTIVITIES

Fixed Capital Expenditure	(199,047)	(15,653)
Proceeds from sale of Operating Fixed Assets	125	-

Net Cash (Outflow) from Investing Activities

(198,922) (15,653)

CASH FLOW FROM FINANCING ACTIVITIES

Dividend Paid	-	-
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Net Cash flow from Financing Activities

- -

Net (Decrease) In Cash and Cash Equivalents

(114,990) (88,864)

Cash and Cash Equivalents at the Beginning of the Quarter

(564,485) (551)

Cash and Cash Equivalents at the End of the Quarter

(679,475) (89,415)

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer



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

for the quarter ended 30 September 2012

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Un - appropriated Profit		
Balance as on 01 July 2011	340,685	71,490	1,664,125	420,502	2,156,117	2,496,802
Final Dividend for the year ended 30 June 2011 @ 55%	-	-	-	(187,377)	(187,377)	(187,377)
Net Profit for 1st Quarter ended 30 Sep 2011	-	-	-	51,004	51,004	51,004
Balance as on 30 September 2011	340,685	71,490	1,664,125	284,129	2,019,744	2,360,429
Balance as on 01 October 2011	340,685	71,490	1,664,125	284,129	2,019,744	2,360,429
Net Profit / (Loss) for last 3 Quarters ended 30 June 2012	-	-	-	(30,065)	(30,065)	(30,065)
Proposed Final Dividend for the year ended 30 June 2012 @ 10%	-	-	-	(34,068)	(34,068)	(34,068)
Net Profit / (Loss) for 1st Quarter ended 30 Sep 2012	-	-	-	(41,954)	(41,954)	(41,954)
Balance as on 30 September 2012	340,685	71,490	1,664,125	178,042	1,913,657	2,254,342

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

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

for the quarter ended 30 September 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a Public Limited Company and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore. It is principally engaged in the manufacture and sale of polyester products.

2 BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standards (IAS) 34 - "Interim Financial Reporting" and provisions of any directive issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements for the year ended 30 June 2012.

3 ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding annual audited financial statements for the year ended 30 June 2012.

4 CONTINGENCIES AND COMMITMENTS

4.1 Contingencies:

Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2012: Rs. 66.314 million).

4.2 Commitments:

4.2.1 Contracts for Capital Expenditure commitments outstanding as at 30 September 2012 amounted to Rs. 362.192 million (30 June 2012: Rs. 431.374 million).

4.2.2 Commitments against irrevocable letters of credit as at 30 September 2012 amounted to Rs. 472.068 million (30 June 2012: Rs. 711.620 million).

5 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Associated Undertakings, Other Related Group Companies, Directors of the Company, Key Management Personnel and Defined Contribution Plan (Provident Fund). There are no transactions with key management personnel other than under their terms of employment. The Board of Directors has duly ratified the transactions executed with the related parties during the current accounting period.

6 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 22 October 2012 by the Board of Directors of the Company.

7 GENERAL

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

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer



Rupali Polyester Limited
www.rupaligroup.com