



Half Yearly Report
31 December 2016



Rupali Polyester Limited

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive	Muhammad Ali Sayani - Non-Executive
Sultan Ali Rajwany - Non-Executive	Shehzad Feerasta - Non-Executive
Zeeshan Feerasta - Non-Executive	Abdul Hayee - Executive

Audit Committee

Sultan Ali Rajwany - Chairman	Muhammad Rashid Zahir - Member
Zeeshan Feerasta - Member	

Human Resource & Remuneration Committee

Sultan Ali Rajwany - Chairman	Nooruddin Feerasta - Member
Zeeshan Feerasta - Member	

Chief Financial Officer

Ayub Saqib

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Askari Bank Limited	Bank Alfalah Limited
Faysal Bank Limited	Habib Bank Limited
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 - Sheikhupura Road
Sheikhupura - 39350 PAKISTAN

Directors' Review

On behalf of the Board of Directors, I am pleased to present the Company's un-audited financial statements for the second quarter and half-year period ended 31 December 2016.

Financial Results

We state with satisfaction that the Company's financial performance has improved considerably as a result of our strict vigilance over operations and implementation of sustained revenue generation steps. Gross loss both in half year and quarter ended 31 December 2015 turned into gross profit in the current periods. Cumulative results for the half year ended 31 December 2016 reflect significant improvement with a gross profit of Rs.46 million against a gross loss of Rs.76 million in 2015. Results of Q2, 2016 indicate a gross profit of Rs.41 million as against a gross loss of Rs.37 million in the corresponding quarter of 2015.

In spite of challenges being faced by the local Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) industry, your Company with extreme endeavour and cost cutting measures has turned around showing a gross profit in quarter as well as half year ended 31 December 2016. This industry is highly significant as it contributes immensely to the country's economic growth, but the government without implementing stringent measures on taxation and tariff will never provision a competitive market for domestic and global sales. The dumping of products from China, Malaysia and India at subsidized prices is detrimental to the domestic market share as well as hinders the growth of local manufacturers. The National Tariff Commission (NTC) in their preliminary determination have accepted there has been material injury to industry due to excessive imports of PFY at dumping prices. The NTC determination is a landmark ruling which acknowledges that non-tariff imports of PFY have created an unfair competition in the country which is dangerous for the country's economy. We are exploring all avenues with the GOP to enforce duty structure that prevents regional players from dumping subsidized Polyester products in Pakistan. Although, load-shedding has been contained, the energy crisis has yet to be fully addressed. That being said, with oil prices being on an increasing trend in the international market, it may be problematic to weigh out the most economical source of energy. While our sales by volume have increased by 11 percent in half year ended 31 December 2016, evidently our sales revenue reflected a mere increase of only 3 percent from the same period last year. This decline is at the expense of imported Filament Yarn being dumped at prices that are below our manufacturing cost. Nonetheless, our day-to-day operations-related indicators remained very positive during the period under review.

Sales revenue for the half year ended 31 December 2016 increased to Rs.2,440 million from Rs.2,300 million in half year ended 31 December 2015. We earned a gross profit of Rs.46.048 million during the half year July-Dec 2016 as against a gross loss of Rs.76.420 million in July-Dec 2015. Operating loss incurred for the half year ended 31 December 2016 drastically fell to Rs.27.907 million from Rs.107.906 million in half year ended 31 December 2015. Loss before tax for the half year decreased to Rs.83.460 million from Rs.175.356 million in corresponding period of 2015. Net loss for the half year ended 31 December 2016 fell to Rs.100.276 million as opposed to Rs.195.691 million in the corresponding half year last year.

Sales revenue for second quarter Oct-Dec 2016 stood at Rs.1,266 million as against Rs.1,085 million for the same quarter of 2015. Gross profit in Q2 amounted to Rs.40.750 million as against a gross loss of Rs.37.477 million in the same quarter of the last year. Operating loss for Q2 also declined to Rs.1.097 million from Rs.38.926 million in Q2 of 2015. Loss before tax for Q2 declined to Rs.28.928 million as compared to Rs.74.481 million in Q2 of 2015 and net loss to Rs.34.003 million from Rs.94.816 million.

Administrative and general expenses were kept under control and the marginal increase was due to inflationary impacts.

Future Outlook

Polyester being an integral part of the value chain, leniency has been provided to all sectors of the Textile ecosystem except for Polyester manufacturers which is considered as the fundamental upstream of the Textile chain. As international oil prices are showing an upward trend, raw material prices are expected to increase which will escalate manufacturing cost. The dumping of PSF and PFY from China adversely affects the local Polyester industry. While the NTC's preliminary determination outlines the dumping margins enjoyed by exporters from China and Malaysia, we look forward to working with them to ensure that anti-dumping duties according to the dumping margins are imposed in the final determination. NTC should take immediate measures as it would ensure and protect the growth and stability of the domestic industry and markets.

We have taken steps to further reduce our manufacturing cost by importing latest technological machines to produce Filament Yarn.

We appreciate the patronage and confidence placed in the Company by our stakeholders and commercial banks. We are thankful to our valued customers and expect growing business relationship with them. We also appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Lahore

20 February 2017

۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی سہ ماہی میں فروخت آمدنی ۱,۲۶۶ ملین روپے رہی جو کہ ۲۰۱۵ کی اسی سہ ماہی میں ۱,۰۸۵ ملین روپے تھی۔ اس سہ ماہی میں ۴۰.۷۵۰ ملین روپے خام منافع ہوا جو کہ پچھلے سال کی اس سہ ماہی میں ۳۷.۴۷۷ ملین روپے کا خسارہ تھا۔ پچھلے سال کی سہ ماہی میں آپریٹنگ خسارہ ۳۸.۹۲۶ ملین روپے سے کم ہو کر ۱.۰۹۷ ملین روپے رہ گیا۔ قبل از ٹیکس خسارہ ۲۰۱۵ میں ۷۴.۲۸۱ ملین روپے سے کم ہو کر ۲۸.۹۲۸ ملین روپے رہ گیا اور خالص خسارہ ۸۱۶.۹۳۰ ملین روپے سے کم ہو کر ۳۳.۰۰۰ ملین روپے رہ گیا۔

انتظامی و عمومی اخراجات سابقہ ششماہی میں ہونے والے اخراجات کی نسبت افراط زر کے باعث تھوڑے زیادہ ہیں۔

مستقبل کا جائزہ

پولیسٹر اگر چہ ٹیکسٹائل نظام کا ایک بنیادی حصہ تصور کیا جاتا ہے مگر ٹیکسٹائل کی باقی چین (chain) کو فائدہ دیا گیا سوائے پولیسٹر کے۔ تیل کی بین الاقوامی قیمتوں کا رجحان اوپر کی طرف ہے لہذا خام مال کی قیمتوں میں بھی اضافے کی توقع ہے جس سے پیداواری لاگت بڑھ جائے گی۔ چین سے ڈمپ ہونے والا پولیسٹر فائبر اور پولیسٹر یارن مقامی صنعت پر منفی اثر دے رہا ہے۔ NTC نے ابتدائی Determination میں چین اور ملائیشیا کے درآمد کنندگان پر ڈمپنگ مارجن پر اتفاق کیا ہے۔ ہم ان سے خواہاں ہیں اس امید پر کہ NTC کی ابتدائی Determination میں طے کردہ Dumping Margin کو حتمی Determination میں لاگو کر دیا جائے گا۔ NTC کو چاہیے کہ وہ فی الفور اقدام کرے جس سے مقامی صنعت اور مارکیٹ کی نمو اور استحکام کا تحفظ یقینی بنایا جائے گا۔

فلامنٹ یارن بنانے کے لیے جدید ٹیکنالوجی والی مشینیں برآمد کرنے سے اپنی پیداواری لاگت کو مزید کم کرنے کی خاطر ہم نے اقدام اٹھائے ہیں۔

ہم اپنے اسٹیک ہولڈرز اور کمرشل بینکوں کو سراہتے ہیں کہ انہوں نے ہم پر اعتماد کیا۔ ہم اپنے قابل قدر گاہکوں کے شکر گزار ہیں اور ان کے ساتھ کاروباری تعلقات میں مزید وسعت کی امید رکھتے ہیں۔ ہم کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی بھی تعریف کرتے ہیں۔

مجاناب بورڈ آف ڈائریکٹرز

نور الدین فیراستہ
چیف ایگزیکٹو آفیسر
لاہور:

۲۰ فروری ۲۰۱۷

ڈائریکٹران کا جائزہ

کمپنی کے ڈائریکٹران کی جانب سے میں بمسرت ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی سہ ماہی اور ششماہی کے غیر پڑتال شدہ گوشوارے پیش کرتا ہوں۔

مالیاتی نتائج

ہمیں اطمینان ہے کہ آپریشنز پر ہماری کڑی نگرانی اور آمدنی کی برقراریت کیلئے اٹھائے گئے اقدامات کی بدولت کمپنی کی مالی کارکردگی میں کافی بہتری ہوئی ہے۔ سال ۲۰۱۵ کے ان دو ادوار میں ہونے والا خام خسارہ موجودہ ادوار میں خام منافع میں بدل گیا ہے۔ ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی ششماہی کے مجموعی نتائج ۲۶۶ ملین روپے خام منافع کے ساتھ خاطر خواہ بہتری دکھارے ہیں۔ جب کہ ۲۰۱۵ کی اس دہائی میں ۶۷ ملین روپے کا خام خسارہ تھا۔ موجودہ سہ ماہی نتائج ۴۱ ملین روپے خام منافع بنسبت سابقہ سہ ماہی میں ۳۷ ملین روپے خام خسارہ رہا۔

پولیسٹر اسٹیپل فائبر (PSF) اور پولیسٹر فلامنٹ یارن (PFY) کی صنعت کو درپیش مسائل کے باوجود آپ کی کمپنی بہت انتھک محنت اور لاگت کم کرنے کے اقدام کی وجہ سے خام نقصان سے خام منافع میں بدل گئی ہے اور زبرد جائزہ ششماہی اور سہ ماہی میں خام منافع کمایا۔ یہ صنعت ملکی معیشت کی نمو کیلئے انتہائی اہمیت کی حامل ہے لیکن حکومت ٹیکس اور ٹیرف میں سخت اقدامات لاگو کئے بغیر کبھی بھی مقامی و بین الاقوامی بازار فروخت میں مسابقت مہیا نہیں کر سکتی گی۔ چین، ملائیشیا اور بھارت سے رعایتی نرخوں پر ڈمپ ہونے والی مصنوعات مقامی بازار کیلئے مضر ہیں اور مقامی مینوفیکچرز کی نمو میں رکاوٹ بھی۔ قومی ٹیرف کمیشن (NTC) نے اپنی ابتدائی تفتیش (Determination) میں تسلیم کیا ہے کہ سستے نرخوں پر PFY کی بھاری درآمدات کے باعث مقامی صنعت کو سخت نقصان ہو رہا ہے۔ کمیشن کی یہ Determination تاریخ ساز رولنگ ہے جو تسلیم کر رہی ہے کہ نان ٹیرف PFY درآمدات نے ملک میں غیر منصفانہ مسابقت کو جنم دیا ہے جو کہ ملکی معیشت کیلئے خطرناک ہے۔ ہم تمام حکومتی حلقوں کو باور کر رہے ہیں کہ ڈیوٹی ڈھانچوں کو نافذ کیا جائے تاکہ پاکستان میں رعایتی نرخوں پر ڈمپ ہونے والے پولیسٹر کو روکا جاسکے۔

لوڈ شیڈنگ اگرچہ جزوی طور پر قابو میں ہے مگر توانائی کے بحران پر مکمل توجہ دینے کی ضرورت ہے۔ لیکن عالمی منڈی میں تیل کی قیمتیں بڑھ رہی ہیں اور کم خرچ وسائل توانائی کا حصول مشکل ہو سکتا ہے۔ ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی ششماہی میں ہماری فروخت کے حجم میں اگرچہ ۱۱ فیصد کا اضافہ ہوا مگر آمدنی صرف ۳ فیصد زائد ہوئی۔ آمدنی میں یہ کمی محض درآمد ہونے والے فلامنٹ یارن کے باعث ہے جس کے نرخ ہماری پیداواری لاگت سے بھی کم ہیں۔ بہر حال ہماری روزمرہ کی آپریشنز سے متعلق تمام بیانیے مثبت رہے ہیں۔

۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی ششماہی میں فروخت آمدنی ۲،۴۴۰ ملین روپے ہو گئی جو کہ ۲۰۱۵ میں ۲،۳۰۰ ملین روپے تھی۔ اس ششماہی میں ہم نے پچھلے سال ہونے والے نقصان ۶،۴۲۰ ملین روپے کی نسبت ۲۶،۰۴۸ ملین روپے خام منافع کمایا۔ اس ششماہی میں آپریٹنگ خسارہ ۹۰۶،۹۰۷ ملین روپے سے بہت زیادہ کم ہو کر صرف ۲۷،۹۰۷ ملین روپے رہ گیا۔ قبل از ٹیکس نقصان جو کہ ۲۰۱۵ میں ۱۷۵،۳۵۶ ملین روپے تھا کم ہو کر ۸۳،۴۶۰ ملین روپے رہا۔ خالص نقصان جو ۲۰۱۵ میں ۱۹۵،۶۹۱ ملین روپے تھا کے مقابلے میں ۱۰۰،۲۷۶ ملین روپے رہا۔

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Rupali Polyester Limited ("the Company") as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year 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 approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 condensed 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 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2016 and 31 December 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

Lahore
Dated: 20 February 2017

Qavi & Co.
Chartered Accountants
Engagement partner: Syed Saim Raza Zaidi

Condensed Interim Balance Sheet (Un-audited)

as at 31 December 2016

	Note	Un-audited 31 Dec. 2016	Audited 30 June 2016
Rupees in thousand			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,588,731	1,637,969
Investment Property		400,000	400,000
Long term deposits		4,396	4,361
		1,993,127	2,042,330
CURRENT ASSETS			
Stores, spares and loose tools		905,426	804,391
Stock-in-trade		534,133	531,456
Trade debts		7,014	10,081
Loans and advances		30,547	15,324
Trade deposits and short term prepayments		11,401	4,298
Other receivables		445,350	550,978
Taxation - net		157,798	177,304
Cash and bank balances		15,546	250,628
		2,107,215	2,344,460
		4,100,342	4,386,790
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital: 35,000,000 (30 June 2016: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital: 34,068,514 (30 June 2016: 34,068,514) ordinary shares of Rs. 10 each		340,685	340,685
Capital reserve		71,490	71,490
General reserves		1,664,125	1,664,125
Accumulated loss		(1,437,165)	(1,336,889)
		639,135	739,411
Surplus on revaluation of freehold land		293,388	293,388
		932,523	1,032,799
NON-CURRENT LIABILITIES			
Long term borrowings	6	214,525	245,172
Staff retirement benefits - gratuity		126,875	121,043
Deferred taxation		271,963	279,546
Liabilities against assets subject to finance lease	7	2,832	3,371
		616,195	649,132
CURRENT LIABILITIES			
Trade and other payables		847,380	874,773
Short term borrowings	8	1,617,852	1,743,057
Current portion of long term liabilities	9	62,265	62,229
Accrued mark-up		24,127	24,800
		2,551,624	2,704,859
CONTINGENCIES AND COMMITMENTS			
	10	4,100,342	4,386,790

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Condensed Interim Profit and Loss Account (Un-audited) for the half year ended 31 December 2016

	Note	Quarter ended		Half year ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Rupees in thousand					
Sales		1,265,547	1,085,073	2,439,714	2,300,338
Cost of goods sold	11	(1,224,797)	(1,122,550)	(2,393,666)	(2,376,758)
Gross profit/(loss)		40,750	(37,477)	46,048	(76,420)
Selling and distribution expenses		(3,696)	(2,702)	(6,622)	(5,988)
Administrative and general expenses		(39,380)	(38,759)	(73,721)	(70,758)
Other operating charges		(7,500)	-	(7,500)	-
Other operating income		8,729	40,012	13,888	45,260
Operating loss		(1,097)	(38,926)	(27,907)	(107,906)
Finance cost		(27,831)	(35,555)	(55,553)	(67,450)
Loss before taxation		(28,928)	(74,481)	(83,460)	(175,356)
Taxation		(5,075)	(20,335)	(16,816)	(20,335)
Loss after taxation		(34,003)	(94,816)	(100,276)	(195,691)
Amount in Rupees					
Loss per share - basic and diluted		(1.00)	(2.78)	(2.94)	(5.74)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Statement of Comprehensive Income (Un-audited) for the half year ended 31 December 2016

Note	Quarter ended		Half year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Rupees in thousand			
Loss after taxation	(34,003)	(94,816)	(100,276)	(195,691)
Other comprehensive income				
Surplus on revaluation of property, plant and equipment	-	-	-	-
Total comprehensive loss	(34,003)	(94,816)	(100,276)	(195,691)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended 31 December 2016

	Note	Un-audited	
		31 Dec. 2016	31 Dec. 2015
		Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(83,460)	(175,356)
Adjustments for non-cash and other items			
Depreciation	5	76,429	81,623
Staff retirement benefits		10,766	10,509
Profit on disposal of property, plant and equipment		-	(939)
Exchange gain		-	(20)
Remission of liabilities		-	8
Interest income		(699)	(1,201)
Finance cost		55,553	67,450
		142,049	157,430
		58,589	(17,926)
Effect on cash flow due to working capital changes (Increase) / Decrease in current assets			
Stores, spares and loose tools		(101,035)	(34,484)
Stock-in-trade		(2,677)	(144,287)
Trade debts		3,067	(8,934)
Loans and advances		(15,223)	579
Trade deposits and short term prepayments		(7,103)	(6,629)
Other receivables		105,628	(80,714)
		(17,343)	(274,469)
Decrease in current liabilities			
Trade and other payables		(27,393)	(227,137)
Cash generated from/(used) in operations			
		13,853	(519,532)
Finance cost paid		(56,226)	(68,120)
Income tax paid		(4,891)	(5,328)
Mark-up / Interest income received		699	1,201
Staff retirement benefits paid		(4,934)	(1,557)
Net Cash outflow from operating activities		(51,499)	(593,336)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(27,191)	(74,508)
Proceeds from disposal of operating assets		-	1,050
Long term deposits		(35)	-
Net cash outflow from investing activities		(27,226)	(73,458)

Condensed Interim Cash Flow Statement (Un-audited) for the half year ended 31 December 2016

	Note	Un-audited	
		31 Dec. 2016	31 Dec. 2015
Rupees in thousand			
CASH FLOW FROM FINANCING ACTIVITIES			
Finance lease		(505)	(452)
Long term borrowings		(30,647)	-
Net cash outflow from financing activities		(31,152)	(452)
Net decrease in cash and cash equivalents		(109,877)	(667,246)
Cash and cash equivalents at the beginning of the period		(1,492,429)	(1,286,773)
Effect of exchange rate fluctuations		-	20
Cash and cash equivalents at the end of the period	12	(1,602,306)	(1,953,999)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended 31 December 2016

Rupees in thousand

	Issued, subscribed and paid-up capital	Capital Reserves	Revenue Reserves		Total Reserves	Total
		Share Premium	General Reserve	Accumulated Loss		
Balance as on 01 July 2015	340,685	71,490	1,664,125	(1,003,411)	732,204	1,072,889
Loss for the half year ended 31 December 2015	-	-	-	(195,691)	(195,691)	(195,691)
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-	-	-
Balance as on 31 December 2015	340,685	71,490	1,664,125	(1,199,102)	536,513	877,198
Balance as on 01 January 2016	340,685	71,490	1,664,125	(1,199,102)	536,513	877,198
Loss for the half year ended 30 June 2016	-	-	-	(137,787)	(137,787)	(137,787)
Other comprehensive income for the half year ended 30 June 2016	-	-	-	-	-	-
Balance as on 30 June 2016	340,685	71,490	1,664,125	(1,336,889)	398,726	739,411
Balance as on 01 July 2016	340,685	71,490	1,664,125	(1,336,889)	398,726	739,411
Loss for the half year ended 31 December 2016	-	-	-	(100,276)	(100,276)	(100,276)
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-	-	-
Balance as on 31 December 2016	340,685	71,490	1,664,125	(1,437,165)	298,450	639,135

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended 31 December 2016

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 Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 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 Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives 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 full annual financial statements and, therefore, should be read in conjunction with audited annual financial statements of the Company for the year ended 30 June 2016.

3 Significant accounting policies

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 30 June 2016.

The provision for taxation for the half year ended 31 December 2016 has been made using the tax rate that would be applicable to expected total annual earnings.

4 Accounting estimates, judgments and financial risk management

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended 30 June 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2016.

	Note	Un-audited 31 Dec. 2016	Audited 30 June 2016
		Rupees in thousand	
5 Property, plant and equipment			
Operating fixed assets	5.1	1,540,919	1,605,683
Capital work-in-progress	5.2	47,812	32,286
		<u>1,588,731</u>	<u>1,637,969</u>
5.1 Operating Fixed Assets			
Opening net book value (NBV)		1,605,683	1,711,913
Additions at cost during the period / year	5.1.1	11,665	58,770
Revaluation surplus on freehold land		-	-
		<u>1,617,348</u>	<u>1,770,683</u>
Disposals at net book value (NBV) during the period / year	5.1.1	-	(346)
Transfers to investment property		-	-
Depreciation charge during the period / year		(76,429)	(164,654)
		<u>(76,429)</u>	<u>(165,000)</u>
		<u>1,540,919</u>	<u>1,605,683</u>

5.1.1 Additions and disposals of operating fixed assets during the period/year are as follows:

	Additions - at cost		Disposals - at NBV	
	31 Dec. 2016	30 June 2016	31 Dec. 2016	30 June 2016
Rupees in thousand				
Building - Factory on freehold land	196	1,327	-	-
Building - Office on freehold land	-	70	-	-
Building - Office on leasehold land	-	835	-	-
Plant and machinery	8,431	46,875	-	-
Furniture and fittings	212	72	-	-
Vehicles	50	8,408	-	111
Office equipment	2,767	1,152	-	233
Other assets	9	31	-	2
	<u>11,665</u>	<u>58,770</u>	<u>-</u>	<u>346</u>

	Un-audited 31 Dec. 2016	Audited 30 June 2016
Rupees in thousand		
5.2 Capital work-in-progress		
Building and civil works	636	680
Plant and machinery	43,195	30,643
Furniture and fixture	-	233
Office equipment	140	730
Capital stores	2,959	-
Maintenance	882	-
	<u>47,812</u>	<u>32,286</u>

6 Long Term Borrowings

In 2015, the Company has obtained a term finance facility of Rs. 500 million from MCB Bank Limited for the purpose of import of plant and machinery, spare parts and related civil works. The facility is secured by way of first charge over fixed assets aggregating to Rs 667 million, lien over import documents and promissory note of Rs 975 million. The loan is repayable in nine equal bi-annual installments and carries mark-up of 6 months KIBOR plus 0.5 percent to be reset on semi annual basis.

	Un-audited 31 Dec. 2016	Audited 30 June 2016
Rupees in thousand		
7 Liabilities against assets subject to finance lease		
Minimum lease payments		
-Payable within one year	1,205	1,205
-Payable after one year	3,102	3,760
	4,307	4,965
Future financial charges		
-Payable within one year	233	269
-Payable after one year but before five years	271	389
	504	658
Present value of minimum lease payments		
-Payable within one year	972	936
-Payable after one year but before five years	2,832	3,371
	3,804	4,307
Current portion shown under current liabilities	(972)	(936)
Non-current portion	2,832	3,371

Future minimum lease payments have been discounted at implicit interest rates ranging from 7.74% to 11.44% (30 June 2016: 7.74% to 11.44%) per annum to arrive at their present values. Rentals are payable in advance in monthly instalments. Taxes, repairs, replacements and insurance costs are to be borne by the company. The lease contains a bargain purchase option exercisable at the end of lease and it is reasonably certain that the Company will exercise this option at maturity.

	Note	Un-audited 31 Dec. 2016	Audited 30 June 2016
Rupees in thousand			
8 Short term borrowings			
Secured- from banking companies			
Running finances utilized under mark-up arrangements	8.1 & 8.2	1,354,852	1,285,057
Interest free loans			
Loan from sponsors	8.3	263,000	458,000
		1,617,852	1,743,057

8.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (30 June 2016: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 6.33% to 7.09% (30 June 2016: 6.84% to 9.18%) p.a. and are secured against hypothecation charge on current assets of Rs. 1,901.765 million (30 June 2016: Rs. 1,901.765 million) and promissory notes of Rs. 1,690.100 million (30 June 2016: Rs. 1,690.100 million) respectively. Maximum amount utilised during the half year ended 31 December 2016 amounted to Rs. 1,356.655 million.

8.2 The facilities for opening letter of credit from various commercial banks as at 31 December 2016 aggregate to Rs. 1,914.060 million (30 June 2016: Rs. 1,914.060 million) of which the amount remained unutilised at the period-end was Rs. 1,027.390 million.

8.3 The Company availed interest free and unsecured loan from Trustees Alnu Trust holding 17.83% (30 June 2016: 17.83%) of the total share capital of the Company. The loan amounting to Rs. 536 million (30 June 2016: Rs. 536 million) has been obtained and Rs. 195 million (30 June 2016: Rs. 78 million) has been repaid. Maximum amount utilised during the half year ended 31 Dec 2016 amount to Rs. 263 million (30 June 2016: Rs. 487 million). The loan is repayable on demand by the Trust.

	Un-audited 31 Dec. 2016	Audited 30 June 2016
Rupees in thousand		
9 Current portion of long term liabilities		
Long term financing	61,293	61,293
Liabilities against asset subject to finance lease	972	936
	62,265	62,229

10 Contingencies and commitments

10.1 Contingencies

Guarantees issued to different organizations in the normal course of business amounted to Rs. 81.314 million (30 June 2016: Rs. 81.314 million).

Outstanding guarantees given on behalf of related parties amounted to Rs. Nil (30 June 2016: Rs. Nil).

10.2 Commitments

Contracts for Capital expenditure commitments outstanding as at 31 December 2016 amounted to Rs. 162.835 million (30 June 2016: Rs. 107.967 million).

Commitments against irrevocable letters of credit as at 31 December 2016 amounted to Rs. 886.669 million (30 June 2016: Rs. 1,037.181 million).

	Quarter ended		Half year ended	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Rupees in thousand				
11 Cost of goods sold				
Raw and packing materials consumed	945,043	894,095	1,921,332	1,951,203
Stores and spares consumed	15,344	16,371	29,775	34,834
Salaries, wages and amenities	71,225	65,331	132,642	124,339
Fuel and power	140,884	140,062	273,071	311,745
Repair and maintenance	6,710	11,034	11,860	18,605
Running and maintenance of vehicles	2,934	4,017	5,853	7,399
Insurance	4,089	3,801	8,296	7,669
Depreciation	34,426	37,117	68,736	74,006
Rent, rate and taxes	464	233	989	988
Other expenses	399	480	873	850
	<u>1,221,518</u>	<u>1,172,541</u>	<u>2,453,427</u>	<u>2,531,638</u>
Add: Opening work in process	23,992	22,318	22,059	37,713
Less: Closing work in process	(44,004)	(17,737)	(44,004)	(17,737)
	<u>1,201,506</u>	<u>1,177,122</u>	<u>2,431,482</u>	<u>2,551,614</u>
Add: Opening finished goods	314,580	529,686	253,472	409,402
Less: Closing finished goods	(291,289)	(584,258)	(291,288)	(584,258)
	<u>1,224,797</u>	<u>1,122,550</u>	<u>2,393,666</u>	<u>2,376,758</u>
12 Cash and cash equivalents				
Cash and bank balances			15,546	15,134
Short term borrowings			(1,617,852)	(1,969,133)
			<u>(1,602,306)</u>	<u>(1,953,999)</u>

13 Transactions with related parties

The related parties include Associated Undertakings, Other Related Group Companies, Directors of the Company, Key Management Personnel and Defined Contribution Plan (Provident Fund). Transactions with related parties are as follows:

Relation with the Company	Nature of Transactions	Quarter ended		Half year ended	
		31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Rupees in thousand					
(i) Associated Undertakings	- Sales of goods and services	226,316	68,515	399,425	199,364
	- Purchase of goods and services	49,029	69,499	79,890	132,445
	- Profit on bank deposits	215	355	570	798
	- Loan from sponsors	263,000	458,000	263,000	458,000
(ii) Other Related Parties	- Purchase of goods and services	-	1	-	1
(iii) Defined Contribution Plan (Provident Fund)	- Contribution to provident fund	390	336	655	718

There are no transactions with key management personnel other than under their terms of employment.

14 Date of authorisation for issue

These condensed interim financial statements were authorized for issue on 20 February 2017 by the Board of Directors of the Company.

15 Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made in these financial statements.

16 General

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



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