

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2014



Rupali Polyester Limited

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive	Muhammad Ali H. Sayani - Non-Executive
Sultan Ali Rajwany - Non-Executive	Amin A. Feerasta - Non-Executive
Shehzad Feerasta - Non-Executive	Abdul Hayee - Executive

Audit Committee

Sultan Ali Rajwany - Chairman	Muhammad Rashid Zahir - Member
Amin A. Feerasta - Member	

Human Resource & Remuneration Committee

Sultan Ali Rajwany - 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
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 ended 30 September 2014.

Financial Results

Sales revenue for the first quarter ended 30 September 2014 dropped by 27% to Rs.1,217 million from Rs.1,663 million for the same quarter of 2013. The main reasons for this decline are attributable to low demand from downstream consumers, non-responsiveness of Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) prices to increase in manufacturing cost, energy shortages and high raw material prices. Sales quantity also dropped during this quarter because of depressed market conditions. Our Company endured severe load shedding and discontinuation of gas supply which escalated the manufacturing cost.

During the quarter under review the Company sustained gross loss of Rs.68 million against gross loss of Rs.72 million in the same quarter of the last year. Operating loss rose to Rs.97 million compared to Rs.95 million in same quarter of the year 2012-13. Loss before tax increased to Rs.138 million from Rs.116 million and after-tax loss rose to Rs.138 million as against Rs.133 million in same previous period.

Administrative and general expenses during the quarter ended 30 September 2014 remained under control and comparable with the same quarter of the last year.

Future Outlook

Inflation is rising and is expected to adversely affect the economic growth in the country. The Gas Infrastructure Development Cess (GIDC) which has been abnormally increased will overburden the industrial units. The raw material prices are expected to fluctuate. The dumping of PSF from China is infecting the local Polyester industry and National Tariff Commission should consider our pending application for imposing anti-dumping duty on PSF dumped from China.

The Management is working hard to transform the Company's production facility into financially sound and sustainable manufacturing unit. We are planning to convert our present furnace oil-based heating plant to coal which will reduce our production cost.

We are thankful to our valued customers, stakeholders and DFI's and commercial banks for their confidence in the Company. We also appreciate continued hard work by the management and staff of the Company.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Lahore

20 October 2014

Condensed Interim Balance Sheet (Un-audited)

as at 30 September 2014

	30 Sep. 2014 Un-Audited	30 June 2014 Audited
Note	Rupees in thousand	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,620,911	1,630,402
Long term deposits	4,361	4,361
CURRENT ASSETS		
Stores, spares and loose tools	830,770	802,530
Stock-in-trade	803,506	894,259
Trade debts	14,169	4,748
Loans and advances	35,021	17,197
Trade deposits and short term prepayments	4,679	1,557
Other receivables	428,023	385,121
Taxation - net	186,134	181,955
Cash and bank balances	4,748	132,923
	<u>2,307,050</u>	<u>2,420,290</u>
	<u>3,932,322</u>	<u>4,055,053</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 35,000,000 (30 June 2014: 35,000,000) ordinary shares of Rs. 10 each	<u>350,000</u>	<u>350,000</u>
Issued, subscribed and paid-up capital 34,068,514 (30 June 2014: 34,068,514) ordinary shares of Rs. 10 each	<u>340,685</u>	<u>340,685</u>
Capital reserve	71,490	71,490
General reserve	1,664,125	1,664,125
Accumulated loss	(751,679)	(613,511)
	1,324,621	1,462,789
NON-CURRENT LIABILITIES		
Long term borrowings	<u>167,612</u>	<u>146,315</u>
Staff retirement benefits - gratuity	85,362	85,362
Deferred taxation	<u>284,876</u>	<u>284,876</u>
	537,850	516,553
CURRENT LIABILITIES		
Trade and other payables	<u>654,895</u>	<u>592,128</u>
Short term borrowings	1,381,059	1,457,948
Accrued mark-up	<u>33,897</u>	<u>25,635</u>
	2,069,851	2,075,711
CONTINGENCIES AND COMMITMENTS	5	
	<u>3,932,322</u>	<u>4,055,053</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Condensed Interim Profit and Loss Account (Un-audited) for the quarter ended 30 September 2014

	Quarter Ended		Quarter Ended	
	Sep. 2014	Sep. 2014	Sep. 2013	Sep. 2013
Rupees in thousand				
Sales	1,216,557	1,216,557	1,662,782	1,662,782
Cost of goods sold	(1,284,909)	(1,284,909)	(1,735,209)	(1,735,209)
Gross loss	(68,352)	(68,352)	(72,427)	(72,427)
Selling and distribution expenses	(2,044)	(2,044)	(2,789)	(2,789)
Administrative and general expenses	(31,063)	(31,063)	(29,862)	(29,862)
Other operating charges	-	-	-	-
	(33,107)	(33,107)	(32,651)	(32,651)
Other operating income	4,838	4,838	10,117	10,117
Operating loss	(96,621)	(96,621)	(94,961)	(94,961)
Finance cost	(41,547)	(41,547)	(21,441)	(21,441)
Loss before taxation	(138,168)	(138,168)	(116,402)	(116,402)
Taxation	-	-	(16,628)	(16,628)
Loss after taxation	(138,168)	(138,168)	(133,030)	(133,030)
..... Rupees				
Earnings per share - basic and diluted	(4.06)	(4.06)	(3.90)	(3.90)

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

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director



Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended 30 September 2014

	Quarter Ended Sep. 2014	Quarter Ended Sep. 2014	Quarter Ended Sep. 2013	Quarter Ended Sep. 2013
	Rupees in thousand			
Loss after Taxation	(138,168)	(138,168)	(133,030)	(133,030)
Other Comprehensive Income	-	-	-	-
Total Comprehensive loss	<u>(138,168)</u>	<u>(138,168)</u>	<u>(133,030)</u>	<u>(133,030)</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended 30 September 2014

	Quarter Ended	
	Sep. 2014	Sep. 2013
Rupees in thousand		
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(138,168)	(116,402)
Adjustments for non-cash and other items		
Depreciation	35,109	35,576
Staff retirement benefits - Gratuity	1,402	2,349
Loss on disposal of property, plant and equipment	6	-
Finance cost	41,547	21,441
	78,064	59,366
Effect on cash flow due to working capital changes (Increase) / Decrease in current assets:		
Stores, spares and loose tools	(28,239)	(57,431)
Stock-in-trade	90,753	(48,753)
Trade debts	(9,420)	(53,746)
Loans and advances	(17,824)	9,564
Trade deposits and short term prepayments	(3,122)	569
Other receivables	(42,903)	(48,828)
	(10,755)	(198,625)
Decrease In current liabilities		
Trade and other payables	62,765	414,480
Cash used in operations	(8,094)	158,819
Finance cost paid	(33,286)	(19,817)
Income tax paid	(4,178)	(3,313)
Staff retirement benefits paid	(1,402)	(2,349)
Net Cash (outflow) / inflow from operating activities	(46,960)	133,340
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(26,508)	15,762
Long term deposits	-	-
Proceeds from disposal of property, plant and equipment	885	-
Net cash (outflow) / inflow from investing activities	(25,623)	15,762

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended 30 September 2014

	Quarter Ended	
	Sep. 2014	Sep. 2013
	Rupees in thousand	
CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings	21,297	-
Dividend paid	-	-
Net cash inflow from financing activities	21,297	-
Net increase in cash and cash equivalents	(51,286)	149,102
Cash and cash equivalents at the beginning of the period	(1,325,025)	(921,810)
Cash and cash equivalents at the end of the period	(1,376,311)	(772,708)

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended 30 September 2014

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Accumulated Loss		
Balance as on 01 July 2013	340,685	71,490	1,664,125	(210,227)	1,525,388	1,866,073
Final dividend for the year ended 30 June 2013	-	-	-	-	-	-
Loss for 1st quarter ended 30 September 2013	-	-	-	(133,030)	(133,030)	(133,030)
Other comprehensive income for 1st quarter ended 30 September 2013	-	-	-	-	-	-
Balance as on 30 September 2013	340,685	71,490	1,664,125	(343,257)	1,392,358	1,733,043
Balance as on 01 October 2013	340,685	71,490	1,664,125	(343,257)	1,392,358	1,733,043
Loss for last 3 quarters ended 30 June 2014	-	-	-	(270,254)	(270,254)	(270,254)
Other comprehensive income for the year ended 30 June 2014	-	-	-	-	-	-
Balance as on 30 June 2014	340,685	71,490	1,664,125	(613,511)	1,122,104	1,462,789
Balance as on 01 July 2014	340,685	71,490	1,664,125	(613,511)	1,122,104	1,462,789
Final dividend for the year ended 30 June 2014	-	-	-	-	-	-
Loss for 1st Quarter ended 30 September 2014	-	-	-	(138,168)	(138,168)	(138,168)
Other comprehensive income for 1st Quarter ended 30 September 2014	-	-	-	-	-	-
Balance as on 30 September 2014	340,685	71,490	1,664,125	(751,679)	983,936	1,324,621

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Notes to the Condensed Interim Financial Information (Un-audited) for the quarter ended 30 September 2014

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 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 any 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 2014.

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 2014.

The provision for taxation for the Quarter ended 30 September 2014 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 2014, 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 2014.

5 Contingencies and commitments

5.1 Contingencies:

5.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2014: Rs. 66.314 million).

5.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2014 and 2013.

5.2 Commitments:

5.2.1 Contracts for Capital expenditure commitments outstanding as at 30 September 2014 amounted to Rs.289.555 million (30 June 2014: Rs. 244.419 million).

5.2.2 Commitments against irrevocable letters of credit as at 30 September 2014 amounted to Rs.810.167 million (30 June 2014: Rs. 993.718 million).

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

7 Date of authorization for issue

This condensed interim financial information was authorized for issue on 20 October 2014 by the Board of Directors of the Company.

8 General

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

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director



Rupali Polyester Limited
www.rupaligroup.com