

Half Yearly Report
31 December 2015

moving
forward...



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 Rajwani - Non-Executive	Shehzad Feerasta - Non-Executive
Zeeshan Feerasta - Non-Executive	Abdul Hayee - Executive

Audit Committee

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

Human Resource & Remuneration Committee

Sultan Ali Rajwani - 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
Bank Al-Habib 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 - Sheikhpura Road
Sheikhpura - 39350 PAKISTAN



Directors' Review

On behalf of the Board of Directors, I am pleased to present before you the Company's un-audited financial statements for the second quarter and half-year period ended 31 December 2015.

Financial Results

Operational performance of the Company has been steadily improving by being extremely vigilant in its day to day operations and promoting efficiencies in all areas resulting in steady growth during the second quarter ended 31 December 2015. However, the market conditions still remain unfavourable. Excessive imports from regional countries, without the oversight from the Government of Pakistan "GOP", continue to be a major hurdle. We are pursuing all avenues with the GOP to enforce duty structures that prevents regional players from dumping excessive and highly subsidized Polyester products in Pakistan, thus leveling the playing field. The energy crisis is reaching a stable point with the help of low oil prices in the international market, resulting in lower cost of electricity production. That being said, while lower oil prices benefit cost of production, it also has negative impact on the stock losses. These factors continue to impede our sales revenues despite our considerable efforts to increase the sales volume. Although sales by volume for Polyester Staple Fiber (PSF) increased by 50 percent, our sales revenue reflected a mere increase of only 12 percent from the same quarter of 2014-15. The sales volume for Polyester Filament Yarn (PFY), however, has a different trend and declined by only 5 percent, but the sales revenue dropped by over 25 percent. The main reason for such decline is imported filament yarn being dumped at rates that are below manufacturing cost prices. Top line margin shows an improvement, as gross loss for Q2 has decreased by 63 percent from gross loss in 2014-15, by bringing positive efforts in operational efficiencies. Unfortunately, these efforts were unable to produce positive results due the continuous pressure on selling prices of PSF and PFY. Bottom line in Q2 contracted to Rs.95 million from Rs.158 million in Q2 of FY 2014.

Sales revenue for the half year ended 31 December 2015 increased to Rs.2,300 million from Rs.2,292 million in half year ended 31 December 2014. Revenue for second quarter Oct-Dec 2015 stood at Rs.1,085 million and remained comparable with Rs.1,075 million for the same quarter of FY 2014. As reported in our Q1 Review, our Polymer modification in energy consumption and change to coal fired steam boilers has decreased the conversion cost, therefore, improving gross margin.

Gross loss during the half year July-Dec 2015 decreased to Rs.76.420 million from Rs.169.917 million in July-Dec 2014. Gross loss for Q2 also decreased to Rs.37.477 million from Rs.101.565 million in the same quarter of the last year. Operating loss for the half year ended 31 December 2015 fell to Rs.107.906 million from Rs.224.486 million in half

year ended 31 December 2014. Operating loss in Q2 also declined to Rs.38.926 million from Rs.127.865 million in Q2 of FY 2014. Before tax loss for the half year under review decreased to Rs.175.356 million compared to Rs.311.889 million in corresponding period of 2014-15. Net loss for the half year and Q2 ended 31 December 2015 declined to Rs.195.691 million and Rs.94.816 million as opposed to Rs.296.642 million and Rs.158.474 million respectively in the same periods of FY 2014-15.

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

Future Outlook

As international oil prices continued to be on a downward trend during the period under review and have yet to reach a stable point, raw material prices are expected to remain volatile. The dumping of PSF and PFY from China adversely affects the local Polyester and Filament Yarn industry and we have proposed an application to the National Tariff Commission for imposing an anti-dumping duty on PFY imports from China as they did with PSF. NTC should take immediate measure as it would ensure and protect the growth and stability of the domestic industry and markets.

The Management team is working hard to transform the Company's production facility into a financially sound and economically sustainable manufacturing unit.

We appreciate the patronage and confidence placed in the Company by our stakeholders, the Development Financial Institutions 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 2016

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 2015 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 2015 and 31 December 2014 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 2016

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



Condensed Interim Balance Sheet (Un-audited)

as at 31 December 2015

	Note	Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,685,131	1,729,858
Investment property	7	362,500	325,000
Long term deposits		4,361	4,361
		<u>2,051,992</u>	<u>2,059,219</u>
CURRENT ASSETS			
Stores, spares and loose tools		818,248	783,764
Stock-in-trade		868,426	724,138
Trade debts		10,486	1,552
Loans and advances		22,209	22,788
Trade deposits and short-term prepayments		12,026	5,398
Other receivables		540,343	459,628
Taxation - net		217,672	212,345
Cash and bank balances		15,134	19,568
		<u>2,504,544</u>	<u>2,229,181</u>
		<u>4,556,536</u>	<u>4,288,400</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (30 June 2015: 35,000,000)			
Ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital: 34,068,514 (30 June 2015: 34,068,514)			
ordinary shares of Rs. 10 each		340,685	340,685
Capital reserve		71,490	71,490
General reserve		1,664,125	1,664,125
Accumulated loss		(1,199,102)	(1,003,411)
		<u>877,198</u>	<u>1,072,889</u>
Surplus on revaluation of freehold land		293,388	293,388
		<u>1,170,586</u>	<u>1,366,277</u>
NON-CURRENT LIABILITIES			
Long-term financing	8	254,983	283,314
Staff retirement benefits		114,265	105,313
Deferred taxation		286,223	265,888
Liabilities against assets subject to finance lease	9	3,910	4,402
		<u>659,381</u>	<u>658,917</u>
CURRENT LIABILITIES			
Trade and other payables		700,489	927,618
Short-term borrowings	10	1,969,133	1,306,341
Current portion of long term liabilities	11	29,213	843
Accrued mark-up		27,734	28,404
		<u>2,726,569</u>	<u>2,263,206</u>
CONTINGENCIES AND COMMITMENTS			
	12	<u>4,556,536</u>	<u>4,288,400</u>

The annexed notes 1 to 18 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 2015

	Note	Quarter Ended		Half Year Ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Rupees in thousand					
Sales		1,085,073	1,074,977	2,300,338	2,291,534
Cost of goods sold	13	(1,122,550)	(1,176,542)	(2,376,758)	(2,461,451)
Gross loss		(37,477)	(101,565)	(76,420)	(169,917)
Selling and distribution expenses		(2,702)	(2,825)	(5,988)	(4,869)
Administrative and general expenses		(38,759)	(34,375)	(70,758)	(65,438)
Other operating charges		-	(6)	-	(6)
Other operating income		40,012	10,906	45,260	15,744
Operating loss		(38,926)	(127,865)	(107,906)	(224,486)
Finance cost		(35,555)	(45,856)	(67,450)	(87,403)
Loss before taxation		(74,481)	(173,721)	(175,356)	(311,889)
Taxation		(20,335)	15,247	(20,335)	15,247
Loss after taxation		(94,816)	(158,474)	(195,691)	(296,642)

Amount in Rupees

Earnings per share - basic and diluted	(2.78)	(4.65)	(5.74)	(8.71)
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The annexed notes 1 to 18 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 2015

	Quarter Ended		Half Year Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Rupees in thousand			
Loss after taxation	(94,816)	(158,474)	(195,691)	(296,642)
Other comprehensive income				
Surplus on revaluation of freehold land	-	293,388	-	293,388
Total comprehensive loss	(94,816)	134,914	(195,691)	(3,254)

The annexed notes 1 to 18 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 2015

		Un-audited	
		31 Dec. 2015	31 Dec. 2014
		Rupees in thousand	
Note			
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(175,356)	(311,889)
Adjustments for non-cash and other items			
Depreciation	6	81,623	71,654
Staff retirement benefits		10,509	7,669
(Loss)/Profit on disposal of property, plant and equipment		(939)	6
Exchange gain		(20)	-
Remission of liabilities		8	-
Interest income		(1,201)	(1,159)
Finance cost		67,450	87,403
		157,430	165,573
		(17,926)	(146,316)
Effect on cash flow due to working capital changes			
(Increase) / Decrease in current assets			
Stores, spares and loose tools		(34,484)	(244)
Stock-in-trade		(144,287)	256,380
Trade debts		(8,934)	(6,592)
Loans and advances		579	2,398
Trade deposits and short-term prepayments		(6,629)	(10,369)
Other receivables		(80,715)	(19,446)
		(274,470)	222,127
Decrease in current liabilities			
Trade and other payables		(227,137)	(124,067)
Cash used in operations			
Finance cost paid		(68,120)	(77,654)
Income tax paid		(5,327)	(13,664)
Interest income received		1,201	1,159
Staff retirement benefits paid		(1,557)	(3,966)
Net cash outflow from operating activities			
		(593,336)	(142,381)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(74,508)	(185,245)
Proceeds from disposal of operating assets		1,050	885
Net cash outflow from investing activities			
		(73,458)	(184,360)



Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended 31 December 2015

	Note	Un-audited 31 Dec. 2015	31 Dec. 2014
		Rupees in thousand	
CASH FLOW FROM FINANCING ACTIVITIES			
Finance lease		(452)	1,254
Long-term financing		-	135,439
Net cash (outflow)/inflow from financing activities		(452)	136,693
Net decrease in cash and cash equivalents		(667,246)	(190,048)
Cash and cash equivalents at the beginning of the period		(1,286,773)	(1,325,025)
Effect of exchange rate fluctuations		20	-
Cash and cash equivalents at the end of the period	14	(1,953,999)	(1,515,073)

The annexed notes 1 to 18 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 2015

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve Share Premium	Revenue Reserves		Total Reserves	Sub Total	Revaluation Surplus	Total Equity and Reserves
Balance as on 01 July 2014	340,685	71,490	1,664,125	(613,511)	1,122,104	1,462,789	-	1,462,789
Final dividend for the year ended 30 June 2014	-	-	-	-	-	-	-	-
Loss for the half year ended 31 December 2014	-	-	-	(296,642)	(296,642)	(296,642)	-	(296,642)
Other comprehensive income for the half year ended 31 December 2014	-	-	-	-	-	-	293,388	293,388
Balance as on 31 December 2014	340,685	71,490	1,664,125	(910,153)	825,461	1,166,147	293,388	1,459,535
Balance as on 01 January 2015	340,685	71,490	1,664,125	(910,153)	825,461	1,166,147	293,388	1,459,535
Loss for the half year ended 30 June 2015	-	-	-	(87,805)	(87,805)	(87,805)	-	(87,805)
Other comprehensive income for the half year ended 30 June 2015	-	-	-	(5,453)	(5,453)	(5,453)	-	(5,453)
Balance as on 30 June 2015	340,685	71,490	1,664,125	(1,003,411)	732,203	1,072,889	293,388	1,366,277
Balance as on 01 July 2015	340,685	71,490	1,664,125	(1,003,411)	732,203	1,072,889	293,388	1,366,277
Final dividend for the year ended 30 June 2015	-	-	-	-	-	-	-	-
Loss for the half year ended 31 December 2015	-	-	-	(195,691)	(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	293,388	1,170,586

The annexed notes 1 to 18 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 for the half year ended 31 December 2015

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 Pakistan Stock Exchange Limited. 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 2015.

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 2015.

The provision for taxation for the half year ended 31 December 2015 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 2015, 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 2015.

5 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land. Investment property is carried at fair value.

Investment property of the Company has been valued by independent professionally qualified valuers. The fair value of the investment property is based on active market price.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if fair value gain reverses a previous impairment loss, the gain is recognised in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit and loss account.

If an investment property becomes owner-occupied or stock-in-trade, it is reclassified as property, plant and equipment or stock-in-trade and its fair value at the date of reclassification becomes its cost for accounting purpose for subsequent recording.



	Note	Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
6 Property, plant and equipment			
Operating fixed assets	6.1	1,649,286	1,711,913
Capital work-in-progress	6.2	35,845	17,945
		<u>1,685,131</u>	<u>1,729,858</u>
6.1 Operating fixed assets			
Opening net book value (NBV)		1,711,913	1,532,078
Additions at cost during the period / year	6.1.1	19,108	340,150
Revaluation gain on freehold land	6.1.2	-	293,388
		<u>1,731,021</u>	<u>2,165,616</u>
Disposals at net book value (NBV) during the period / year	6.1.1	(112)	(892)
Transfers to investment property		-	(300,000)
Depreciation charge during the period / year		(81,623)	(152,811)
		<u>(81,735)</u>	<u>(453,703)</u>
		<u>1,649,286</u>	<u>1,711,913</u>

6.1.1 Additions and disposals of operating fixed assets during the period are as follows:

	Additions - at cost		Disposals - at NBV	
	31 Dec. 2015	30 June 2015	31 Dec. 2015	30 June 2015
	Rupees in thousand			
Building - factory on freehold land	-	26,499	-	-
Building - office on freehold land	-	-	-	-
Building - office on leasehold land	-	-	-	-
Plant and machinery	16,022	300,301	-	-
Furniture and fittings	-	-	-	-
Vehicles	2,773	4,199	112	892
Office equipment	313	2,633	-	-
Other assets	-	62	-	-
Assets subject to finance lease - vehicles	-	6,456	-	-
	<u>19,108</u>	<u>340,150</u>	<u>112</u>	<u>892</u>

	Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
6.2 Capital work-in-progress		
Building and civil works	1,458	307
Plant and machinery	30,070	17,629
Furniture and fixture	72	-
Office equipments	287	9
Other assets	-	-
Capital stores	3,495	-
Maintenance	462	-
	<u>35,845</u>	<u>17,945</u>



	Note	Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
7 Investment property			
Opening net book value		325,000	-
Transfer from owned assets		-	300,000
Disposal of investment property		-	-
		325,000	300,000
Fair value gain		37,500	25,000
Fair value at end of period/year		362,500	325,000

The fair value of the investment properties comprising land, situated at Lahore have been determined by independent valuers having relevant professional qualifications. The fair value was determined on the basis of professional assessment of current prices in an active market for similar properties in the same location and condition.

8 Long-term financing

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 ten equal bi-annual installments starting from May 2016 and carries mark-up of 6 months KIBOR plus 0.5 percent to be reset on semi annual basis.

		Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
9 Liabilities against assets subject to finance lease			
Minimum lease payments			
- Payable within one year		1,238	1,238
- Payable after one year		4,530	5,206
		5,768	6,444
Future financial charges			
- Payable within one year		356	395
- Payable after one year but before five years		619	804
		975	1,199
Present value of minimum lease payments			
- Payable within one year		882	843
- Payable after one year but before five years		3,910	4,402
		4,792	5,245
Current portion shown under current liabilities		(882)	(843)
Non-current portion		3,910	4,402

Minimum lease payments have been discounted using the effective interest rate of 11.44% implicit in the lease to arrive at the present value. Rentals are payable in advance in monthly installments. The lease contains a bargain purchase option exercisable at the end of the lease and it is reasonably certain that the Company will exercise this option at maturity.

	Note	Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
10 Short-term borrowings			
Secured- from banking companies			
Running finances utilized under mark-up arrangements	10.1 & 10.2	1,665,133	1,306,341
Interest free loans			
Loan from sponsors	10.3	304,000	-
		<u>1,969,133</u>	<u>1,306,341</u>

10.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,981.242 million (30 June 2015: Rs. 1,981.242 million). These carry mark-up at the rates ranging from 8.23% to 6.00% (30 June 2015: 7.18% to 11.68%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,794.256 million (30 June 2015: Rs. 2,794.256 million) and promissory notes of Rs. 2,658.131 million (30 June 2015: Rs. 2,658.131 million) respectively. Maximum amount utilised during the half year ended 31 December 2015 amounted to Rs. 1,660.493 million.

10.2 The facilities for opening letter of credit from various commercial banks as at 31 December 2015 aggregates to Rs. 964.636 million (30 June 2015: Rs. 2,014 million) of which the amount remained unutilised at the period-end was Rs. 2,109.960 million.

10.3 This represent unsecured interest free loan extended by the Company's sponsors. There is no fixed period and schedule for repayment of this loan. The loan is repayable on demand.

	Un-audited 31 Dec. 2015 Rupees in thousand	Audited 30 June 2015
11 Current portion of long-term liabilities		
Long-term financing	28,331	-
Liabilities against asset subject to finance lease	882	843
	<u>29,213</u>	<u>843</u>

12 Contingencies and commitments

12.1 Contingencies

Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2015: Rs. 66.314 million). Outstanding guarantees given on behalf of related parties amounted to Rs. Nil (30 June 2015: Rs. Nil).

12.2 Commitments

Contracts for Capital expenditure commitments outstanding as at 31 December 2015 amounted to Rs. 112.090 million (30 June 2015: Rs. 93.432 million).

Commitments against irrevocable letters of credit as at 31 December 2015 amounted to Rs. 658.955 million (30 June 2015: Rs. 1,049.124 million).

	Quarter Ended		Half Year Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Rupees in thousand			
13 Cost of goods sold				
Raw and packing materials consumed	894,095	866,282	1,951,203	1,808,219
Stores and spares consumed	16,371	19,680	34,834	28,757
Salaries, wages and amenities	65,331	51,970	124,339	93,596
Fuel and power	140,062	130,680	311,745	272,960
Repair and maintenance	11,034	8,437	18,605	12,814
Running and maintenance of vehicles	4,017	3,146	7,399	6,905
Insurance	3,801	3,816	7,669	7,461
Depreciation	37,117	33,026	74,006	64,708
Rent, rate and taxes	233	162	988	409
Other expenses	480	399	850	896
	<u>1,172,541</u>	<u>1,117,598</u>	<u>2,531,639</u>	<u>2,296,725</u>
Add: Opening work in process	22,318	34,874	37,713	18,942
Less: Closing work in process	(17,737)	(17,200)	(17,738)	(17,200)
	<u>1,177,122</u>	<u>1,135,272</u>	<u>2,551,614</u>	<u>2,298,467</u>
Add: Opening finished goods	529,686	467,331	409,402	589,045
Less: Closing finished goods	(584,258)	(426,061)	(584,258)	(426,061)
	<u>1,122,550</u>	<u>1,176,542</u>	<u>2,376,758</u>	<u>2,461,451</u>
14 Cash and cash equivalents				
Cash and bank balances			15,134	4,387
Short-term borrowings			(1,969,133)	(1,519,460)
			<u>(1,953,999)</u>	<u>(1,515,073)</u>

15 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:

		Quarter Ended		Half Year Ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Rupees in thousand					
Relation with the Company	Nature of Transactions				
i Associated Undertakings	- Sales of goods and services	68,515	29,601	199,364	107,969
	- Purchase of goods and services	69,499	397,585	132,445	544,756
	- Profit on bank deposits	355	449	798	1,062
	- Loan from sponsors	304,000	-	304,000	-
ii Other Related Parties	Purchase of goods and services	1	-	1	80
iii Defined Contribution Plan (Provident Fund)	Contribution to provident fund	336	260	718	595

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

16 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 20 February 2016 by the Board of Directors of the Company.

17 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.

18 General

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

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

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