

Half Yearly Report
31 December 2017



RUPALI POLYESTER LIMITED

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive
Sultan Ali Rajwany - Non-Executive
Zeeshan Feerasta - Non-Executive

Muhammad Ali Sayani - Non-Executive
Shehzad 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

Amjad Rahil

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Askari Bank Limited
Faysal Bank Limited
MCB Bank Limited

Bank Alfalah Limited
Habib 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, we are pleased to present the Company's un-audited financial statements for the second quarter and half-year period ended 31 December 2017.

Financial Results

The operating and financial position of the Company gained big momentum in half year ended 31 December 2017. We proudly announce that as a result of the initiatives taken by the Management, production and sales volume increased during the half year period under review. The main contributors that improved the domestic industry and brought relief to its manufacturers are due to the implementation of Regulatory Duty and Anti-dumping Duties on Polyester Filament Yarn (PFY) imported from China and Malaysia. The broad-based growth is further attributable to the availability of uninterrupted RLNG and a rise in consumer demand. Although, higher capacity utilization resulted from the increased downstream demand a rise in raw material and energy prices escalated the cost of goods sold.

Our operational performance depends largely upon the prices of global raw material, PTA and MEG which remained vulnerable to instability in prices of global crude oil. With the encouraging downstream demand our sales revenue increased substantially. The energy cost increased because of an increase in coal and RLNG prices. Moreover, the Pak Rupee depreciation created currency exchange losses that impacted the bottom line.

As we informed the shareholders in our preceding reports, the imposition of Anti-dumping Duties by National Tariff Commission (NTC) on imported PFY was challenged by four importers of PFY in the Honourable Peshawar High Court. The Court vide judgment dated 15.11.2017 has disposed off the petition treating it as an Appeal and remitted the matter to the Appellate Tribunal to decide the Appeal.

Polyester industry is highly significant for stability of the country's economy especially being large contributor to exports. It needs continued support from the government to protect huge infrastructure involved and large work force connected with the industry. Regulatory Duty (RD) was imposed through notification, SRO 1035(I)/2017 dated 16.10.2017 on a wide range of items including PFY under HSC Code 52. By imposition of RD, the local PFY industry which had been caused material injury by dumped imports of PFY got as of relief. However, the Honourable Sindh High Court in a recent judgment has declared the said SRO 1035 ultra vires and has quashed the SRO with the right to aggrieved person / party to avail the remedy of appeal.

Sales revenue for half year ended 31 December 2017 increased to Rs.2,973.19 million from Rs.2,439.71 million in half year ended 31 December 2016. Gross profit registered a substantial increase of 363 percent to Rs.213.05 million during the half year July-Dec 2017 from Rs.46.05 million in July-Dec 2016. Operating loss of Rs.27.91 million in July-Dec 2016 turned into operating profit amounting to Rs.164.76 million in July-Dec 2017. Loss before tax of Rs.83.46 million for the half year ended 31 December 2016 converted into profit of Rs.105.85 million. After tax loss of Rs.100.28 million for the half year ended 31 December 2016 transformed to profit of Rs.73.37 million in the current period.

Sales revenue for second quarter Oct-Dec 2017 stood at Rs.1,425.41 million as against Rs.1,265.55 million for the same quarter of 2016. Gross profit in Q2 increased to Rs.108.06 million from Rs.40.75 million in corresponding quarter last year. Operating loss of Rs.1.10 million for Q2 converted into profit of Rs.108.13 million. Loss before tax of Rs.28.93 million in Q2 2016 turned into profit of Rs.79.28 million and after tax loss of Rs.34.00 million transformed to profit of Rs.66.15 million.

We are happy to report that ALHAMDO LILLAH bottom line results in the half year ended 31 December 2017 and quarter ended 31 December 2017 have reverted to green.

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

Future Outlook

As stated in Annual Report 2017, we have imported a state-of-the-art POY machine. The new machine will start production by end of this quarter and will meet a major portion of domestic industry requirement for PFY. Apart from increasing our production capacity, it will help in reducing the cost of manufacturing and producing a wide array of products demanded in the market for PFY.

Government has withdrawn custom duty on import of cotton under two categories from 8 January 2018. This will put negative impact on the demand of Polyester Fiber as cotton will be available at cheaper rate and textile units will increase the cotton mix at the cost of Polyester.

Gas Infrastructure Development Cess (GIDC) is still a big threat to domestic industry. As this law if implemented will devastate the cash flow position of the Companies, it needs to be abolished forthwith.

A Note of Gratitude

The Directors wish to express their appreciation for the cooperation provided by the Ministries of Finance, Industries and Production, Commerce, Communication and Textile Industry. We would also like to convey our gratitude to the Federal Board of Revenue, Departments of Customs, Central Excise and Government of the Punjab for their cooperation. We appreciate the patronage and confidence placed in the Company by the Development Financial Institutions and commercial banks. We are thankful to our valued customers and expect growing business relationships with them. To our stakeholders, we are grateful for their faith in the Company. We value their trust and appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Lahore

24 February 2018



کی سہ ماہی میں آپریٹنگ خسارہ ۱.۱۰ ملین روپے کی نسبت اس سہ ماہی میں ۱۰۸.۱۳ ملین روپے کا منافع میں تبدیل ہوا۔ قبل از ٹیکس خسارہ ۲۰۱۶ میں ۲۸.۹۳ ملین روپے سے ختم ہو کر ۹.۲۸ ملین روپے منافع ہوا اور خالص خسارہ ۳۳.۰۰ ملین روپے کی نسبت ۶۶.۱۵ ملین روپے منافع ہوا۔

ہمیں یہ بتانے میں خوشی ہے کہ الحمد للہ ۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والے سہ ماہی اور ششماہی کے نتائج مثبت ہوئے ہیں۔

مستقبل کا جائزہ

جیسا کہ سالانہ رپورٹ ۲۰۱۷ میں بتایا تھا ہم نے جدید POY مشین درآمد کی ہے جو اس سہ ماہی کے آخر تک پیداوار دے گی اور ہم مختلف اقسام کی وسیع مانگ کو پورا کر سکیں گے اور پیداواری لاگت میں کمی آئے گی۔

حکومت نے ۸ جنوری ۲۰۱۸ سے کاٹن پر کسٹمز ڈیوٹی ختم کر دی ہے جس سے پولیسٹر فائبر کی مانگ پر منفی اثر پڑے گا بائیں وجہ کہ کپڑے کے کارخانے پولیسٹر کی بجائے سستی ملنے والی کاٹن کا مرکب بڑھادیں گے۔

جی آئی ڈی سی ابھی تک مقامی صنعت کیلئے ایک بڑا خطرہ ہے اس قانون کے نفاذ سے کمپنیوں کی مالی حالت بُری طرح متاثر ہوگی۔ لہذا اس قانون کو فوراً ختم ہونا چاہئے۔

اظہار تشکر

ڈائریکٹرز، خزانہ، صنعتوں کی وزارتوں اور پیداوار، تجارت، مواصلات اور وزارت ٹیکسٹائل انڈسٹری کے تعاون کے لئے اظہار تشکر کرنا چاہتے ہیں۔ ہم وفاقی بورڈ آف ریونیو، کسٹمز، سینٹرل ایکسائز اور حکومت پنجاب کے تعاون کے بھی شکر گزار ہیں۔ ہم ترقیاتی مالیاتی اداروں اور کمرشل بینکوں کو بھی سراہتے ہیں کہ انہوں نے ہم پر اعتماد کرتے ہوئے مالی معاونت کی۔ ہم اپنے قابل قدر گاہکوں کے شکر گزار ہیں اور ان کے ساتھ کاروباری تعلقات میں وسعت کی امید رکھتے ہیں۔ ہمارے اسٹیک ہولڈرز کے ہم پر اعتماد کے لئے شکر گزار ہیں۔ ہم ان کے اس اعتماد کی قدر کرتے ہیں اور کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز:

عبدالرحمن
ڈائریکٹر

نور الدین فیراستہ
چیف ایگزیکٹو آفیسر
لاہور:

۲۴ فروری ۲۰۱۸

ڈائریکٹران کا جائزہ

کمپنی کے ڈائریکٹران کی جانب سے میں بمسرت ۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والی سہ ماہی اور ششماہی کے غیر پڑتال شدہ گوشوارے پیش کرتا ہوں۔

مالیاتی نتائج

۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والی ششماہی میں کمپنی نے آپریٹنگ اور مالیاتی حالت میں خاطر خواہ اضافہ حاصل کیا۔ ہم بڑے فخر سے اس بات کا اظہار کرتے ہیں کہ منجمنٹ کے اٹھائے گئے اقدام کے نتیجے میں زیر جائزہ دورانیہ میں پیداواری اور بکری کے حجم میں اضافہ ہوا ہے۔ مقامی صنعت میں جو بہتری آئی ہے اور مینوفیکچررز کو ریلیف ملا ہے اس میں زیادہ عمل دخل چین اور ملائیشیا PFY پر ریگولیٹری ڈیوٹی اور اینٹی ڈمپنگ ڈیوٹی کا لگنا ہے۔ مجموعی طور پر نمونگیس (RLNG) کی فراہمی اور گاہکوں کی مانگ میں اضافہ کے باعث ہوئی۔ اگرچہ مانگ میں اضافہ کے باعث مکمل پیداواری گنجائش زیر استعمال رہی مگر خام مال اور توانائی کی قیمتوں میں اضافہ کے باعث پیداواری لاگت زیادہ رہی۔

ہماری پیداواری کارکردگی کا زیادہ انحصار بین الاقوامی سطح پر خام مال کی قیمتوں پر ہوتا ہے جو کہ خام تیل کی قیمتوں میں عدم استحکام کے باعث بڑھتی چلی گئیں۔ گاہکوں کی مانگ حوصلہ افزا رہی جس سے بکری کی مد میں خاطر خواہ اضافہ ہوا۔ کوئلہ اور آرائل این جی کی قیمتوں میں اضافہ کے باعث توانائی کی لاگت میں اضافہ ہوا۔ مزید برآں پاکستانی روپے کی گرتی ہوئی قدر سے تبادلہ زرخیز نقصان ہوا جس کا نتائج پر منفی اثر پڑا۔

جیسا کہ ہم نے اپنی سابقہ رپورٹوں میں اپنے معزز حصص داران کو آگاہ کیا تھا۔ قومی کمیشن برائے ٹیرف (این ٹی سی) کی عائد کردہ اینٹی ڈمپنگ ڈیوٹی کے خلاف عدالت عالیہ پشاور میں چار PFY درآمد کنندگان نے درخواست دائر کر رکھی تھی۔ معزز عدالت نے اپنے ۱۵ نومبر ۲۰۱۷ کے فیصلہ میں یہ معاملہ نمٹانے کے لیے Appellate Tribunal کے سپرد کر دیا ہے۔

پولیسٹر کی صنعت منگلی معیشت کے استحکام کیلئے انتہائی اہم ہے بالخصوص برآمدات میں اس کا بڑا حصہ ہے۔ اس صنعت کو بڑی سرمایہ کاری اور اس سے منسلک کثیر افرادی قوت کے تحفظ کی خاطر حکومت کی مسلسل توجہ کی ضرورت ہے۔ نوٹیفیکیشن نمبر 1035(I)/2017 بتاریخ ۱۶ اکتوبر ۲۰۱۷ کے تحت کافی ایشیا بشمول HSC کوڈ ۵۲ کے تحت پی ایف وائی پر ریگولیٹری ڈیوٹی عائد کی گئی تھی۔ جس سے مقامی پی ایف وائی صنعت جو کہ درآمد ہونے والے پی ایف وائی کی وجہ سے شدید نقصان کا شکار تھی کو کچھ آفاقہ ملا۔ مگر عدالت عالیہ سندھ نے حال ہی میں اس نوٹیفیکیشن کو کالعدم قرار دے دیا ہے البتہ متاثرین کو ۳۰ دن کے اندر اپیل کا حق دیا گیا ہے۔

۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والی ششماہی میں فروخت آمدنی ۲۹۷۳.۱۹ ملین روپے ہو گئی جو کہ ۲۰۱۶ میں ۲۴۳۹.۷۱ ملین روپے تھی۔ اس ششماہی میں ہم نے پچھلے سال ہونے والے خام منافع ۲۶۰۵.۰۵ ملین روپے کی نسبت ۲۱۳.۰۵ ملین روپے خام منافع کمایا۔ اس ششماہی میں آپریٹنگ خسارہ ۲۷.۹۱ ملین روپے سے ختم ہو کر ۱۶۳.۷۶ ملین روپے منافع ہو گیا۔ قبل از ٹیکس نقصان جو کہ ۲۰۱۶ میں ۸۳.۳۶ ملین روپے تھا سے ختم ہو کر ۱۰۵.۸۵ ملین روپے منافع میں تبدیل ہو گیا۔ خالص نقصان جو ۲۰۱۶ میں ۱۰۰.۲۸ ملین روپے تھا ختم ہو کر ۷۳.۳۷ ملین روپے منافع ہو گیا۔

۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والی سہ ماہی میں فروخت آمدنی ۱,۲۲۵.۴۱ ملین روپے رہی جو کہ ۲۰۱۶ کی اسی سہ ماہی میں ۱,۲۶۵.۵۵ ملین روپے تھی۔ اس سہ ماہی میں خام منافع ۱۰۸.۰۶ ملین روپے ہوا جو کہ پچھلے سال کی اس سہ ماہی میں ۴۰.۷۵ ملین روپے تھا۔ پچھلے سال

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 2017, 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 statements 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 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.

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

Lahore
Dated: 24 February 2018

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

Condensed Interim Balance Sheet (Un-audited)

as at 31 December 2017

	Note	Un-audited 31 Dec. 2017	Audited 30 June 2017
Rupees in thousand			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,974,727	2,971,353
Investment property	7	437,500	400,000
Long-term deposits		4,396	4,396
		<u>3,416,623</u>	<u>3,375,749</u>
CURRENT ASSETS			
Stores, spares and loose tools		907,174	872,357
Stock-in-trade		584,515	725,481
Trade debts		9,868	1,461
Loans and advances		48,749	30,449
Trade deposits and short-term prepayments		11,436	1,161
Other receivables		434,525	479,639
Taxation - net		146,560	179,754
Cash and bank balances		25,830	62,920
		<u>2,168,657</u>	<u>2,353,222</u>
		<u>5,585,280</u>	<u>5,728,971</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (30 June 2017: 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 2017: 34,068,514) ordinary shares of Rs.10 each		340,685	340,685
Capital reserves		71,490	71,490
General reserves		1,664,125	1,664,125
Accumulated loss		(1,384,911)	(1,458,282)
		691,389	618,018
Surplus on revaluation of freehold land		1,719,056	1,719,056
		<u>2,410,445</u>	<u>2,337,074</u>
NON-CURRENT LIABILITIES			
Long term borrowings	8	178,974	183,879
Staff retirement benefits - gratuity		147,169	138,587
Deferred taxation		261,070	267,438
Liabilities against assets subject to finance lease	9	1,691	2,272
		<u>588,904</u>	<u>592,176</u>
CURRENT LIABILITIES			
Trade and other payables		806,084	870,332
Short term borrowings	10	1,681,129	1,839,800
Current portion of long term liabilities	11	72,638	62,302
Accrued mark-up		26,080	27,287
		<u>2,585,931</u>	<u>2,799,721</u>
CONTINGENCIES AND COMMITMENTS			
	12	<u>5,585,280</u>	<u>5,728,971</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-audited) for the half year ended 31 December 2017

	Note	Quarter ended		Half year ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Rupees in thousand					
Sales		1,425,408	1,265,547	2,973,190	2,439,714
Cost of goods sold	13	(1,317,345)	(1,224,797)	(2,760,140)	(2,393,666)
Gross profit		108,063	40,750	213,050	46,048
Selling and distribution expenses		(4,479)	(3,696)	(8,793)	(6,622)
Administrative and general expenses		(43,207)	(39,380)	(81,012)	(73,721)
Other operating charges		(6,066)	(7,500)	(18,297)	(7,500)
Other operating income		53,814	8,729	59,810	13,888
Operating profit / (loss)		108,125	(1,097)	164,758	(27,907)
Finance costs		(28,847)	(27,831)	(58,908)	(55,553)
Profit / (loss) before taxation		79,278	(28,928)	105,850	(83,460)
Taxation		(13,132)	(5,075)	(32,479)	(16,816)
Profit / (loss) after taxation		66,146	(34,003)	73,371	(100,276)
Amount in Rupees					
Earning / (loss) per share - basic and diluted		1.94	(1.00)	2.15	(2.94)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited) for the half year ended 31 December 2017

	Quarter ended		Half year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Rupees in thousand			
Profit / (loss) after taxation	66,146	(34,003)	73,371	(100,276)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	66,146	(34,003)	73,371	(100,276)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited) for the half year ended 31 December 2017

	Note	Un-audited	
		31 December 2017	31 December 2016
		Rupees in thousand	
CASH GENERATED FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		105,850	(83,460)
Adjustments for non-cash and other items			
Depreciation	6	73,979	76,429
Staff retirement benefits		12,685	10,766
Interest income		(679)	(699)
Finance cost		58,908	55,553
		144,893	142,049
		250,743	58,589
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
Stores, spares and loose tools		(34,817)	(101,035)
Stock-in-trade		140,966	(2,677)
Trade debts		(8,407)	3,067
Loans and advances		(18,300)	(15,223)
Trade deposits and short term prepayments		(10,275)	(7,103)
Other receivables		45,114	105,628
		114,281	(17,343)
Decrease in current liabilities			
Trade and other payables		(64,248)	(27,393)
Cash generated from operations			
		300,776	13,853
Finance costs paid		(60,115)	(56,226)
Income tax paid		(5,652)	(4,891)
Mark-up / Interest income received		679	699
Staff retirement benefits paid		(4,103)	(4,934)
		231,585	(51,499)
Net cash inflow / (outflow) from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(114,853)	(27,191)
Long term deposits		-	(35)
		(114,853)	(27,226)
Net cash outflow from investing activities			

Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended 31 December 2017

	Note	Un-audited	
		31 December 2017	31 December 2016
		Rupees in thousand	
CASH FLOW FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(543)	(505)
Long term borrowings		5,392	(30,647)
Net cash inflow / (outflow) from financing activities		4,849	(31,152)
Net increase / (decrease) in cash and cash equivalents		121,581	(109,877)
Cash and cash equivalents at the beginning of the period		(1,776,880)	(1,492,429)
Cash and cash equivalents at the end of the period	14	(1,655,299)	(1,602,306)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended 31 December 2017

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Surplus on revaluation of freehold land	Total
		Share Premium	General Reserve	Accumulated Loss			
Balance as on 01 July 2016	340,685	71,490	1,664,125	(1,336,889)	739,411	293,388	1,032,799
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)	639,135	293,388	932,523
Balance as on 01 January 2017	340,685	71,490	1,664,125	(1,437,165)	639,135	293,388	932,523
Loss for the half year ended 30 June 2017	-	-	-	(19,807)	(19,807)	-	(19,807)
Other comprehensive income for the half year ended 30 June 2017	-	-	-	(1,310)	(1,310)	1,425,668	1,424,358
Balance as on 30 June 2017	340,685	71,490	1,664,125	(1,458,282)	618,018	1,719,056	2,337,074
Balance as on 01 July 2017	340,685	71,490	1,664,125	(1,458,282)	618,018	1,719,056	2,337,074
Profit for the half year ended 31 December 2017	-	-	-	73,371	73,371	-	73,371
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	-	-
Balance as on 31 December 2017	340,685	71,490	1,664,125	(1,384,911)	691,389	1,719,056	2,410,445

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Amjad Rahil
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended 31 December 2017

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 Act, 2017) 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 Statement of compliance

Effective 30 May 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Furthermore, the Institute of Chartered Accountants of Pakistan also issue clarification vide its circular dated 06 October 2017 which states that interim financial information of the companies for the period ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance 1984. Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

3 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 repealed 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 2017.

4 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 2017.

5 Accounting estimates, judgments and financial risk management

In preparing these 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 2017, 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 2017.

	Note	Un-audited 31 Dec. 2017	Audited 30 June 2017
Rupees in thousand			
6 Property, plant and equipment			
Operating fixed assets	6.1	2,908,527	2,963,381
Capital work-in-progress	6.2	66,200	7,972
		<u>2,974,727</u>	<u>2,971,353</u>
6.1 Operating fixed assets			
Opening net book value (NBV)		2,963,381	1,605,683
Additions at cost during the period / year	6.1.1	19,125	88,928
Revaluation surplus on freehold land		-	1,425,668
		2,982,506	3,120,279
Disposals at net book value (NBV) during the period / year	6.1.1	-	(174)
Depreciation charge during the period / year		(73,979)	(156,724)
		(73,979)	(156,898)
		<u>2,908,527</u>	<u>2,963,381</u>

	Additions - at cost		Disposals - at NBV	
	31 Dec. 2017	30 June 2017	31 Dec. 2017	30 June 2017
Rupees in thousand				
6.1.1 Additions and disposals of operating fixed assets during the period/year are as follows:				
Building - Factory on freehold land	1,393	652	-	-
Building - Office on freehold land	-	160	-	-
Building - Office on leasehold land	-	-	-	-
Plant and machinery	17,006	63,171	-	-
Furniture and fittings	-	212	-	-
Vehicles	-	19,319	-	-
Office equipment	559	4,783	-	174
Roads	103	271	-	-
Other assets	64	360	-	-
	19,125	88,928	-	174
			Un-audited	Audited
			31 Dec. 2017	30 June 2017
			Rupees in thousand	
6.2 Capital work-in-progress	Note			
Building and civil works			9,049	4,385
Plant and machinery			55,550	2,647
Furniture and fixture			740	208
Office equipment			849	732
Other assets			12	-
			66,200	7,972
7 Investment property				
Fair value at the beginning of the year			400,000	400,000
Fair value gain during the year	7.1		37,500	-
Fair value at the end of the year			437,500	400,000

7.1 The fair value of investment property was determined by an independent valuer having relevant professional qualifications, on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date.

8 Long Term Borrowings

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 and carries mark-up of 6 months KIBOR plus 0.5 percent to be reset on semi annual basis.

	Un-audited 31 Dec. 2017	Audited 30 June 2017
Rupees in thousand		
9 Liabilities against assets subject to finance lease		
Minimum lease payments		
-Payable within one year	1,203	1,205
-Payable after one year	1,786	2,445
	2,989	3,650
Future financial charges		
-Payable within one year	155	196
-Payable after one year but before five years	96	173
	251	369
Present value of minimum lease payments		
-Payable within one year	1,048	1,009
-Payable after one year but before five years	1,691	2,272
	2,739	3,281
Current portion shown under current liabilities	(1,048)	(1,009)
Non-current portion	1,691	2,272

Future minimum lease payments have been discounted at implicit interest rates ranging from 7.41% to 7.48% (30 June 2017: 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. 2017	Audited 30 June 2017
Rupees in thousand			
10 Short term borrowings			
Secured- from banking companies			
Running finances utilized under mark-up arrangements	10.2 & 10.1	1,341,129	1,499,800
Interest free loans			
Loan from sponsors	10.3	340,000	340,000
		1,681,129	1,839,800

10.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (30 June 2017: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 6.55% to 7.67% (30 June 2017: 6.44% to 7.14%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,089.265 million (30 June 2017: Rs. 2,089.265 million) and promissory notes of Rs. 1,854.478 million (30 June 2017: Rs. 1,690.100 million) respectively. Maximum amount utilised during the half year ended 31 December 2017 amounted to Rs. 1,521.400 million.

10.2 The facilities for opening letter of credit from various commercial banks as at 31 December 2017 aggregates to Rs. 1,914.060 million (30 June 2017: Rs. 1,914.060 million) of which the amount remained unutilised at the period-end was Rs. 1,007.480 million (30 June 2017: Rs. 859.787 million).

10.3 The Company availed interest free and unsecured loan from Trustees Alnu Trust holding 17.83% (30 June 2017: 17.83%) of the total share capital of the Company. No loan has been obtained and paid during the period (30 June 2017: Rs. 77 million and 195 million). Maximum amount utilised during the half year ended 31 Dec 2017 amount to Rs. 340 million (30 June 2017: Rs. 340 million). The loan is repayable on demand by the Trust.

	Un-audited 31 Dec. 2017	Audited 30 June 2017
	Rupees in thousand	
11 Current portion of long term liabilities		
Long term financing	71,590	61,293
Liabilities against asset subject to finance lease	1,048	1,009
	<u>72,638</u>	<u>62,302</u>

12 Contingencies and commitments

12.1 Contingencies

Guarantees issued to different organizations in the normal course of business amounted to Rs. 75.314 million (30 June 2017: Rs. 81.314 million).

Outstanding guarantees given on behalf of related parties amounted to Rs. Nil (30 June 2017: Rs. Nil).

12.2 Commitments

Contracts for Capital expenditure commitments outstanding as at 31 December 2017 amounted to Rs. 349.260 million (30 June 2017: Rs. 255.432 million).

Commitments against irrevocable letters of credit as at 31 December 2017 amounted to Rs. 906.580 million (30 June 2017: Rs. 1,054.272 million).

	Quarter ended		Half year ended	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
	Rupees in thousand			
13 Cost of goods sold				
Raw and packing materials consumed	1,247,148	945,043	2,336,908	1,921,333
Stores and spares consumed	17,077	15,344	33,629	29,775
Salaries, wages and amenities	76,962	71,225	142,396	132,642
Fuel and power	150,430	140,884	277,920	273,071
Repair and maintenance	5,536	6,710	11,366	11,860
Running and maintenance of vehicles	4,059	2,934	7,894	5,853
Insurance	4,525	4,089	8,375	8,296
Depreciation	32,652	34,426	65,121	68,736
Rent, rate and taxes	443	464	977	989
Other expenses	493	399	955	873
	<u>1,539,325</u>	<u>1,221,518</u>	<u>2,885,541</u>	<u>2,453,428</u>
Add: Opening work in process	25,990	23,992	29,981	22,059
Less: Closing work in process	(38,652)	(44,004)	(38,652)	(44,004)
	<u>1,526,663</u>	<u>1,201,506</u>	<u>2,876,870</u>	<u>2,431,483</u>
Add: Opening finished goods	214,306	314,580	306,894	253,472
Less: Closing finished goods	(423,624)	(291,289)	(423,624)	(291,288)
	<u>1,317,345</u>	<u>1,224,797</u>	<u>2,760,140</u>	<u>2,393,667</u>
14 Cash and cash equivalents				
Cash and bank balances			25,830	15,546
Short term borrowings			(1,681,129)	(1,617,852)
			<u>(1,655,299)</u>	<u>(1,602,306)</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:

Relation with the Company	Nature of Transactions	Quarter ended		Half year ended	
		31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Rupees in thousand					
(i) Associated Undertakings	- Sales of goods and services	75,453	226,316	297,693	399,425
	- Purchase of goods and services	189,090	49,029	269,004	79,890
	- Profit on bank deposits	200	215	513	570
	- Loan from sponsors	-	263,000	-	263,000
(ii) Other Related Parties	- Sales of goods and services	-	-	11	-
	- Purchase of goods and services	5	1	60	1
(iii) Defined Contribution Plan (Provident Fund)	- Contribution to provident fund	452	390	837	655

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

16 Date of authorisation for issue

These condensed interim financial statements were authorized for issue on **24 February 2018** 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

Abdul Hayee
Director

Amjad Rahil
Chief Financial Officer



Rupali

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