

Tri-Star Polyester Ltd.



HALF YEARLY REPORT **DECEMBER 31, 2018 (Reviewed)**



Company Information

| | | |
|---------------------------------------|---|--|
| Board of Directors: | Mr. Jawed Dost Muhammad Mr. Asad Ahmad Ms. Uzma Ahmad Mr. M. Zameer Mr. Abdul Quddus Mr. Mohammad Haroon Saeed Mr. Jawed Ahmed Siddiqui | Non Executive Chairman/Independent Director Chief Executive Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director |
| Auditors: | M/s. Ghalib & Co. Chartered Accountants | |
| Bankers: | Al Baraka Bank (Pakistan) Ltd. Bank Alfalah Ltd. Bank Al Habib Ltd. Habib Bank Ltd. | |
| Audit Committee: | Mr. Jawed Dost Muhammad Mr. Tahir Ahmad Mr. Mohammad Haroon Saeed | Chairman Member Member |
| Human Resource Committee: | Mr. Jawed Dost Muhammad Mr. Jawed Ahmed Siddiqui Ms. Uzma Ahmad | Chairman Member Member |
| Legal Counsel: | Abid S. Zuberi Bar-at-Law | |
| Registered Office: | F/538, S.I.T.E., Karachi-75700 | |
| Shares Registrar / Transfer Agent: | Hameed Majeed Associates (Pvt) Ltd. 4 th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. | |
| Plant: | F/538, S.I.T.E., Karachi-75700 | |



Directors' Report

For the half year ended December 31, 2018

The un-audited accounts of Tri-Star Polyester Ltd., for the half year ended December 31, 2018 are presented herewith.

The period under review has been a volatile period as macro economic events such as major devaluation of Pak Rupee versus US Dollar and continuous pressure on country's balance of payment position has made markets nerves and uncertain about future economic policies of the government. The interest rates and inflation is on the rise and consumer spending is going down resulting in slow down of the economic activities. On top the war like situation with India has further dampened the overall sentiments.

We hope that required steps are taken by the government which may help in improving both balance of payment and balance of trade position of the country.

On behalf of the Board

ASAD AHMAD
Chief Executive

Place: Karachi.

Dated: February 28, 2019



INDEPENDENT AUDITORS' REVIEW REPORT

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Tri-Star Polyester Ltd** as at **31 December 2018** and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of cash flows, condensed interim unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim unconsolidated statement of profit or loss account and other comprehensive income for the three months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2018.

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

The engagement partner on the audit resulting in this independent auditors' report is Mr. M. Ghalib

Date: February 28, 2019

sd/-
Ghalib & Co.
Chartered Accountants.



Condensed Interim Financial Position (Reviewed)
As at December 31, 2018

| | Note | December 2018 Rupees | June 2018 Rupees |
|---|------|----------------------------|------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| CAPITAL & RESERVES | | | |
| Authorised Capital 100,000,000 (2018: 100,000,000) Ordinary Shares of Rs. 10/- each | | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed and Paid-up Capital | | 568,792,010 | 450,780,390 |
| Capital Reserve - (a Share Premium account) | | 39,386,665 | 39,386,665 |
| Surplus on revaluation Property, Plant and Equipments | | 393,488,231 | 393,488,231 |
| Unrealised Gain due to Change in Fair value of investment | | 122,069,226 | 146,447,376 |
| Accumulated (Loss) | | (41,726,304) | (80,271,826) |
| Shareholders Equity | | 1,082,009,828 | 949,830,836 |
| <u>NON-CURRENT LIABILITIES</u> | | | |
| Long term Loan from Associated and related Parties | | 40,000,000 | 158,011,625 |
| Diminishing Musharika Finance Facility | | 115,000,000 | 138,000,000 |
| Deferred Taxation | | 62,575,831 | 62,575,831 |
| Provision for Gratuity | | 205,124 | 334,458 |
| | | 217,780,955 | 358,921,914 |
| <u>CURRENT LIABILITIES</u> | | | |
| Trade and other Payables | | 57,427,926 | 69,819,821 |
| Unclaimed Dividend | | 8,094,295 | 8,094,295 |
| Current maturity of Diminishing Musharika Finance | | 23,000,000 | - |
| Accrued Interest on Loan from Associates | | 7,128,098 | 15,714,054 |
| Accrued Interest on Diminishing Musharika | | 1,085,117 | 1,549,607 |
| Provision of Income Tax | | 5,876,453 | 4,025,547 |
| | | 102,611,890 | 99,203,325 |
| | | 1,402,402,675 | 1,407,956,075 |
| <u>ASSETS</u> | | | |
| <u>NON-CURRENT ASSETS</u> | | | |
| <u>Tangible Fixed Assets</u> | | | |
| Property, Plant and Equipment | | 623,727,721 | 636,456,309 |
| Long Term Deposits | | 4,215,995 | 4,215,995 |
| Long Term Investment - at Cost | | 156,579,900 | 180,958,050 |
| | | 784,523,616 | 821,630,354 |
| <u>CURRENT ASSETS</u> | | | |
| Stores, Spares and Loose Tools | | 4,784,759 | 4,784,759 |
| Stock-in-Trade | | 506,825,812 | 237,309,407 |
| Trade Debtors - unsecured | | 70,719,451 | 318,485,912 |
| Trade Deposits, Prepayments Considered good | | 11,814,570 | 12,187,638 |
| Income Tax Refunds and Advances | | 6,012,910 | 5,363,064 |
| Cash and Bank Balances | | 17,721,557 | 8,194,941 |
| | | 617,879,059 | 586,325,721 |
| | | 1,402,402,675 | 1,407,956,075 |

The annexed notes form an integral part of these accounts.
The even dated auditors' report hitherto is annexed.

Asad Ahmad
Chief Executive

Uzma Ahmad
Director

**Condensed Interim Profit or Loss Account (Reviewed)**

For the Half Year ended December 31, 2018

| | Jul-2018 to Dec-2018 Rupees | Jul-2017 to Dec-2017 Rupees | Oct-2018 to Dec-2018 Rupees | Oct-2017 to Dec-2017 Rupees |
|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Sales - Net | 148,072,511 | 149,673,565 | 60,128,100 | 73,686,838 |
| Cost of Sales | 60,787,371 | 48,841,872 | 18,551,072 | 3,515,116 |
| Gross Profit | 87,285,140 | 100,831,694 | 41,577,028 | 70,171,723 |
| Operating Expenses | | | | |
| Distribution and Selling Cost | (22,834,948) | (3,226,142) | (14,033,173) | (1,082,982) |
| Administrative and General Expenses | (25,505,149) | (25,699,910) | (16,870,250) | (23,652,429) |
| | (48,340,097) | (28,926,052) | (30,903,423) | (24,735,411) |
| Operating Profit | 38,945,043 | 71,905,642 | 10,673,605 | 45,436,312 |
| Other Income / (Loss) | 8,585,956 | (812,500) | 8,585,956 | (812,500) |
| Finance Cost | (7,134,570) | (7,852,670) | (3,623,698) | (3,923,542) |
| Profit before Taxation | 40,396,429 | 63,240,472 | 15,635,863 | 40,700,270 |
| Taxation | (1,850,906) | (1,496,736) | (751,601) | (736,869) |
| - Current | | | | |
| Profit after Taxation | 38,545,522 | 61,743,736 | 14,884,261 | 39,963,401 |
| Earning per Share | 0.82 | 1.31 | 0.32 | 0.85 |

The annexed notes form an integral part of these accounts.

Asad Ahmad
Chief Executive

Uzma Ahmad
Director



Condensed Interim Cash Flow Statement (Reviewed)
For the Half Year ended December 31, 2018

| | July 2018 to Dec 2018 Rupees | July 2017 to Dec 2017 Rupees |
|---|---------------------------------------|---------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Taxation | 40,396,429 | 63,240,472 |
| Adjustment for Non-Cash and Other Items: | | |
| - Depreciation | 19,375,797 | 11,221,682 |
| - Loss on Sale of Fixed Assets | - | 812,500 |
| - Provision for Gratuity - net of Payments | 205,124 | - |
| - Financial Expenses | 7,134,570 | 17,288 |
| | <u>26,715,491</u> | <u>12,051,471</u> |
| | 67,111,920 | 75,291,943 |
| WORKING CAPITAL CHANGES | | |
| <i>(Increase)/Decrease in Current Assets</i> | | |
| -Stock in Trade | (269,516,405) | (13,419,281) |
| -Stores and Spares | - | 62,000 |
| -Trade debtors | 247,766,461 | (112,748,886) |
| -Trade deposits, Prepayments & Statutory balances | 373,068 | (4,618,079) |
| <i>Increase/(Decrease) in Current Liabilities</i> | | |
| -Trade and other Payables | (12,391,895) | 54,438,157 |
| -Accrued Interest on Loan from Associates | (8,585,956) | 7,835,382 |
| -Accrued Interest on Financial Institution | (464,490) | - |
| -Due to Associated Undertaking | - | (625,000) |
| | <u>(42,819,216)</u> | <u>(69,075,707)</u> |
| Taxes Paid | (649,846) | (54,555) |
| Financial charges Paid | <u>(7,469,029)</u> | <u>(17,288)</u> |
| Net Cash Inflow/(Outflow) from Operating Activities | 16,173,828 | 6,144,392 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Sales Proceeds from Fixed Assets | - | 5,000,000 |
| Acquisition of Fixed Assets | <u>(6,647,209)</u> | <u>(21,571,000)</u> |
| Net Cash Inflow/(Outflow) from Investing Activities | (6,647,209) | (16,571,000) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Share Application Money | 118,011,620 | 214,657,330 |
| Long term Loan from Associated and Related Parties | <u>(118,011,625)</u> | <u>945,000</u> |
| Net Cash Inflow/(Outflow) from Financing Activities | <u>(5)</u> | <u>215,602,330</u> |
| Net Increase in Cash and Cash Equivalent | 9,526,614 | 205,175,722 |
| Cash and Cash Equivalents at the Beginning | <u>8,194,942</u> | <u>243,956</u> |
| Cash and Cash Equivalents at the End | <u><u>17,721,557</u></u> | <u><u>205,419,679</u></u> |

The annexed notes form an integral part of these accounts.

Asad Ahmad
Chief Executive

Uzma Ahmad
Director



Condensed Interim Statement of Changes in Equity (Reviewed)
For the Half Year ended December 31, 2018

| | Share Capital | Capital Reserve | | Revenue Reserve | | Total |
|--|---------------|-----------------|---|---|----------------------------|---------------|
| | | Capital Reserve | Surplus on Revaluation of Property, Plant and Equipment | Unrealized gain / (loss) due to change in fair value of Investments | Accumulated Profit/ (Loss) | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Balance as on June 30, 2017 | 214,657,330 | 39,386,665 | 204,365,295 | 176,398,376 | (143,391,777) | 491,415,889 |
| Issuance of Right shares 100% | 214,657,330 | | | | | 214,657,330 |
| Issuance of Bonus Shares 10% | 21,465,730 | | | | (21,465,730) | 0 |
| Net Profit for the year ended June 2018 | - | - | - | - | 77,800,009 | 77,800,009 |
| Other Comprehensive income | - | - | 194,939,227 | (29,951,000) | - | 164,988,227 |
| Total Comprehensive income | - | - | 194,939,227 | (29,951,000) | 77,800,009 | 242,788,236 |
| Transfer to Profit and Loss account of incremental depreciation (net of tax) | | | (6,785,672) | | 6,785,672 | |
| Effect of Change in tax Rate | | | 969,380 | | | 969,380 |
| Balance as on June 30, 2018 | 450,780,390 | 39,386,665 | 393,488,230 | 146,447,376 | (80,271,826) | 949,830,835 |
| Balance as on June 30, 2018 | 450,780,390 | 39,386,665 | 393,488,230 | 146,447,376 | (80,271,826) | 949,830,835 |
| Loan converted into share capital | 118,011,620 | | | | | 118,011,620 |
| Net Profit for the half year ended December 2018 | - | - | - | - | 38,545,522 | 38,545,522 |
| Other Comprehensive income | - | - | - | (24,378,150) | - | (24,378,150) |
| Total Comprehensive income | - | - | - | (24,378,150) | 38,545,522 | 14,167,372 |
| Balance as on December 31, 2018 | 568,792,010 | 39,386,665 | 393,488,230 | 122,069,226 | (41,726,304) | 1,082,009,827 |

The annexed notes form an integral part of these accounts.

Asad Ahmad
Chief Executive

Uzma Ahmad
Director



Notes to the Condensed Interim Financial Information (Reviewed) For the half year ended December 31, 2018

1. Corporate Information

Tri-Star Polyester Limited (the Company) was incorporated in Pakistan, as a public limited company on November 14, 1990, under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed at the Pakistan Stock Exchange Ltd., in Pakistan. The principal activity of the Company is manufacturing and sale of polyester filament yarn and embroidered fabric.

The operations of Polyester Filament yarn remain discontinued during the year.

The geographical location and address of the company's business units, including mill/plant are as under:

The registered office of the company and manufacturing facilities is located at F/538, S.I.T.E., Karachi - 75700, Pakistan.

2. Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Act, 2017. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Act 2017. Wherever, the requirements of the Companies Act 2017, or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Act 2017, or the requirements of such directives take precedence.

3. Basis of Preparation

These financial statements are presented in Pakistani Rupees, rounded off to the nearest Rupee. The financial statements have primarily been prepared on the historical cost basis, unless an accounting policy herein states otherwise. The financial statements, except for the cash flow statement, have been prepared under the accrual basis of accounting.

4. Contingencies and Commitments

No contingencies and commitments existed as at December 31, 2018 (June 30, 2018: Nil).

5. Date of Authorization

These interim condensed financial statements were authorized for issue on 28th February, 2019 by the Board of Directors of the Company.

6. General

Figures have been rounded off to the nearest rupee.