

Tri-Star Polyester Ltd.



HALF YEARLY REPORT
DECEMBER 31, 2019 (Un-audited)



Company Information

Board of Directors:	Mr. Jawed Ahmed Siddiqui Mr. Asad Ahmad Ms. Uzma Ahmad Mr. M. Zameer Mr. Abdul Quddus Mr. Mohammad Haroon Saeed Mr. Syed Imran	Non Executive Chairman/Independent Director Chief Executive Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director
Auditors:	M/s. Feroz Sharif Tariq & Co. Chartered Accountants	
Bankers:	Al Baraka Bank (Pakistan) Ltd. Bank Alfalah Ltd. Bank Al Habib Ltd. Habib Bank Ltd.	
Audit Committee:	Mr. Jawed Ahmed Siddiqui Mr. Abdul Quddus Mr. Mohammad Haroon Saeed	Chairman Member Member
Human Resource Committee:	Mr. Jawed Ahmed Siddiqui Ms. Uzma Ahmad Mr. M. Zameer	Chairman Member Member
Legal Counsel:	Abid S. Zuberi Bar-at-Law	
Liaison Office:	A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi-75350	
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, 2019

The un-audited accounts of Tri-Star Polyester Ltd., for the half year ended December 31, 2019 are presented herewith.

The period under review was challenging as the overall economic activities remained subdued. The interest rates remained high and inflation is on the rise and consumer spending is going down resulting in slow down of the economic activities.

However, despite the difficulties mentioned above your Company's sales have registered an increase of 22.50% over the same period last year. As the Spring/Summer '20 season will be in full swing from mid March 2020, we are fully geared to meet the demand which will enable us to improve the profitability of the Company.

On behalf of the Board

ASAD AHMAD
Chief Executive

Place: Karachi.
Dated: February 28, 2020



**REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF TRI-STAR POLYESTER LIMITED**

Introduction

We have reviewed the accompanying Condensed interim Statement of financial Position of Tri Star Polyester Limited ("the company") as at December 31, 2019 and the related Condensed interim statement of profit or loss and other comprehensive income, Condensed interim Statement of cash flow , Condensed interim statement of changes in equity and the notes to the Condensed interim financial statement for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and Presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the 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.

Basis of qualified Opinion

- a) We have not been able to verify the investment made in units of National Investment Trust (NIT) amounting to Rs. 156,250,850 (June 30, 2019: Rs. 132,250,850)- as disclosed financial statements. Further, no provision has been made in the accounts for the NIT investments the recovery and realization of which are doubtful, the same has been explained in Note to the financial statements. Had the provision for doubtful investment been made in the accounts, the losses of the Company would have been increased by Rs. 156,250,850 (June 30, 2019: Rs. 132,250,850) and the Shareholder's Equity would have been decreased by the same amount.

Qualified Conclusion

Based on our review, except for the matter discussed in the preceding paragraph (a) and its effects, nothing has come to our attention that causes us to believe that these accompanying interim financial statements as of and for the six months period ended December 31, 2019 are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.



Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed and we do not express a conclusion on them, we are required to review only the cumulative figures for the Six month ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Tariq.

Date: February 28, 2020

sd/-
Feroz Sharif Tariq & Co.
Chartered Accountants

**Condensed Interim Financial Position**

As at December 31, 2019

	(Un-audited) Dec 31, 2019	(Audited) June 30, 2019
Notes		
	(Rupees)	
<u>EQUITY AND LIABILITIES</u>		
<u>CAPITAL & RESERVES</u>		
<u>Authorized Capital</u>		
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	568,792,010
Capital Reserve		
Capital Reserve - (a Share Premium account)	39,386,665	39,386,665
Surplus on revaluation Property, Plant and Equipments	381,626,014	381,626,014
Unrealised Gain/(Loss) due to Change in Fair value of investment		
Investment through other Comprehensive Income	127,519,325	97,740,175
Revenue Reserve		
Accumulated (Loss)	(44,515,692)	(57,868,398)
Shareholders Equity	1,072,808,322	1,029,676,466
<u>NON-CURRENT LIABILITIES</u>		
Long term Loan from Associated and related Parties	51,101,000	40,000,000
Diminishing Musharka Finance Facility	69,000,000	92,000,000
Deferred taxation	61,102,130	61,102,130
Provision for Gratuity	854,137	854,137
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	163,888,858	105,954,969
Unclaimed Dividend	20,811,980	23,690,536
Accrued Interest on Loan from Associates	10,472,329	8,756,165
Accrued mark-up on Financial Institution	7,477,698	2,419,348
Current maturity of non current liabilities	57,500,000	46,000,000
Provision for Taxation	7,102,675	4,835,153
	267,253,539	191,656,172
Contingencies and Commitments		
	1,522,119,129	1,415,288,905
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Tangible Fixed Assets		
Property, Plant and Equipments	601,596,377	614,012,274
Long Term Deposits	4,215,995	4,215,995
Long Term Investments	162,030,000	132,250,850
<u>CURRENT ASSETS</u>		
Stores, Spares and Loose Tools	3,521,838	3,626,918
Stock-in-Trade	651,159,696	552,343,275
Trade Debtors - unsecured	96,043,738	77,937,226
Trade Deposits and Prepayments - considered good	198,217	396,754
Income Tax Refunds and Advances	2,844,144	2,567,360
Cash and Bank Balances	509,124	27,938,252
	754,276,757	664,809,786
	1,522,119,129	1,415,288,905

The annexed notes form an integral part of these accounts.

Asad Ahmad
Chief ExecutiveUzma Ahmad
DirectorMohammad Zameer
Chief Financial Officer

Condensed Interim Profit or Loss Account (Un-audited)

For the Half Year ended December 31, 2019

	Jul-2019 to Dec-2019 Rupees	Jul-2018 to Dec-2018 Rupees	Oct-2019 to Dec-2019 Rupees	Oct-2018 to Dec-2018 Rupees
Sales - Net	181,401,755	148,072,511	78,054,163	60,128,100
Cost of Sales	84,740,082	60,787,371	34,315,313	18,551,072
Gross Profit	96,661,673	87,285,140	43,738,850	41,577,028
Operating Expenses				
Distribution and Selling Cost	(35,983,391)	(22,834,948)	(18,530,310)	(14,033,173)
Administrative and General Expenses	(31,610,231)	(25,505,149)	(14,820,492)	(16,870,250)
	(67,593,622)	(48,340,097)	(33,350,802)	(30,903,423)
Other Income / (Loss)	--	8,585,956	--	8,585,956
Finance Cost	(13,447,823)	(7,134,570)	(7,661,459)	(3,623,698)
Profit before Taxation	15,620,228	40,396,429	2,726,589	15,635,863
Taxation				
- Current	(2,267,522)	(1,850,906)	(975,677)	(751,601)
Profit after Taxation	13,352,706	38,545,522	1,750,912	14,884,261
Earning Per Share - Basic	0.23	0.68	0.03	0.26

The annexed notes form an integral part of these accounts.

Asad Ahmad
Chief Executive

Uzma Ahmad
Director

Mohammad Zameer
Chief Financial Officer



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year ended December 31, 2019

	Jul-2019 to Dec-2019 Rupees	Jul-2018 to Dec-2018 Rupees	Oct-2019 to Dec-2019 Rupees	Oct-2018 to Dec-2018 Rupees
Profit for the Year	13,352,706	38,545,522	1,750,912	14,884,261
Other comprehensive Income:				
Unrealized Gain/(Loss) Available for Sale Investment		(24,378,150)		(14,263,550)
Unrealized Gain/(Loss) due to change in fair value of investment through other Comprehensive	29,779,150		39,893,750	
Total comprehensive Income for the period	43,131,856	14,167,372	41,644,662	620,711

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

Asad Ahmad
Chief Executive

Uzma Ahmad
Director

Mohammad Zameer
Chief Financial Officer

**Condensed Interim Cash Flow Statement (Un-audited)**

For the Half Year ended December 31, 2019

	December 2019	December 2018
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Taxation	15,620,228	40,396,429
Adjustment for Non-Cash and Other Items:		
Depreciation	18,164,163	19,375,797
Loss on Sale of Fixed Assets	--	--
Provision for Gratuity - net of Payments	--	205,124
Financial Expenses	13,447,823	7,134,570
	<u>31,611,986</u>	<u>26,715,491</u>
	47,232,214	67,111,920
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stock in Trade	(98,816,421)	(269,516,405)
Stores and Spares	105,080	--
Trade debtors	(18,106,512)	247,766,461
Trade deposits, Prepayments & Statutory balances	198,537	373,068
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	57,933,890	(12,391,895)
Un Claimed Dividends	(2,878,557)	--
Accrued Interest on Loan from Associates	5,058,350	(8,585,956)
Current maturity of non current liabilities	11,500,000	(464,490)
Due to Associated Undertaking	-	--
	(45,005,634)	(42,819,216)
Taxes Paid	(276,784)	(649,846)
Financial charges Paid	(11,731,659)	(7,469,029)
	<u>(12,008,443)</u>	<u>(8,118,875)</u>
<i>Net Cash Inflow/ (Outflow) from Operating Activities</i>	(9,781,862)	16,173,829
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(5,748,265)	(6,647,209)
Sales Proceeds from Fixed Assets	--	--
<i>Net Cash Inflow/ (Outflow) from Investing Activities</i>	<u>(5,748,265)</u>	<u>(6,647,209)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money	--	118,011,620
Diminishing Musharka Finance Facility	(23,000,000)	--
Long term Loan from Associated and Related Parties	11,101,000	(118,011,625)
<i>Net Cash Inflow/ (Outflow) from Financing Activities</i>	<u>(11,899,000)</u>	<u>(5)</u>
Net Increase in Cash and Cash Equivalents	(27,429,128)	9,526,615
Cash and Cash Equivalents at the Beginning	27,938,253	8,194,942
Cash and Cash Equivalents at the End	<u>509,125</u>	<u>17,721,557</u>

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

Asad Ahmed
Chief Executive

Uzma Ahmad
Director

Mohammad Zameer
Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)**

For the Half Year ended December 31, 2019

	Capital Reserve			Revenue Reserve			Total
	Share Capital	Capital Reserve	Surplus on Revaluation of Property, Plant and Equipment	Unrealized Gain / (Loss) Available for Sale Investment	Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive	Unappropriated Profit/Accumulated (Loss)	
Balance as on June 30, 2018	450,780,390	39,386,665	393,488,230	146,447,376		(80,271,826)	949,830,835
Effect of Change in Accounting Policy ofn adpoption of IFRS 9 - note 2.1.				(146,447,375)	146,447,375	-	-
	450,780,390	39,386,665	393,488,231	--	146,447,375	(80,271,826)	949,830,835
Net Profit for the year ended December 2018	--	--	--	--	--	77,800,009	77,800,009
Other Comprehanssive income	--	--	--	--	(7,021,300)	--	--
Total Comprehanssive income	--	--	--	--	(7,021,300)	77,800,009	77,800,009
Balance as on December 31, 2018	450,780,390	39,386,665	393,488,231	-	139,426,075	(2,471,817)	1,027,630,844
Balance as on June 30, 2019	568,792,010	39,386,665	381,626,014	-	97,740,175	(57,868,398)	1,029,676,466
Net Profit for the half year ended December 2019	--	--	--	--	--	13,352,706	13,352,706
Other Comprehanssive income	--	--	--	--	29,779,150	--	29,779,150
Total Comprehanssive income	--	--	--	--	29,779,150	13,352,706	43,131,856
Balance as on December 31, 2019	568,792,010	39,386,665	381,626,014	-	127,519,325	(44,515,692)	1,072,808,322

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

Asad Ahmed
Chief Executive

Uzma Ahmad
Director

Mohammad Zameer
Chief Financial Officer



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

1 THE COMPANY AND ITS OPERATIONS

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 in the Pakistan Stock Exchange in Pakistan. The Principal activity of the Company is manufacturing and sale of polyester filament yarn, embroidered fabric and ready to wear garments.

The Operations of the 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 BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the six months ended 31 December 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2019.

3 Significant Accounting Policies and Estimates

3.1 The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2019.

3.2 Adoption of standards and amendments effective during the Period

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective during the current period:

IFRS 3	Business Combinations: Previously held interests in a joint operation
IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 11	Joint Arrangements: Previously held interests in a joint operation
IFRS 16	Leases
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 23	Borrowing Costs - Borrowing
IAS 28	Long-term Interests in
IFRIC 23	Uncertainty over Income Tax

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the condensed interim financial statements.

3.3 Standards, interpretations and amendments to be published approved accounting standards that are not yet effective

Standards or Interpretation

IFRS 3 Definition of a Business (Amendments)
 IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)

IAS 1/ IAS 8 Definition of Material (Amendments)

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. The Company is currently evaluating the impact of these standards.

	Dec. 31, 2019	Jun 30, 2019
5 Diminishing Musharka Finance Facility		
Opening Balance	138,000,000	138,000,000
Paid during the period	(11,500,000)	-
Current maturity	(57,500,000)	(46,000,000)
	<u>69,000,000</u>	<u>92,000,000</u>

6 Contingencies and Commitments

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2019.

		Dec. 31, 2019	Jun 30, 2019
Rupees			
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	<u>601,596,377</u>	<u>614,012,274</u>
		<u>601,596,377</u>	<u>614,012,274</u>
7.1 Operating fixed assets			
Opening written down value		614,012,275	636,456,309
Additions during the period / year	7.2	5,748,265	17,379,928
Depreciation during the period / year		<u>(18,164,163)</u>	<u>(39,823,963)</u>
Closing written down value		<u>601,596,377</u>	<u>614,012,274</u>
7.2 Additions during the period / year			
Factory Building		-	4,451,301
Plant & Machinery		3,038,785	3,096,664
Computer Equipment		725,285	870,816
Office Equipment		102,144	273,600
Air Conditioner and Refrig.		368,000	779,400
Studio Equipments		1,500	311,100
Fire Fighting Equipments		-	161,400
Electrical Installations		22,160	803,184
furniture Fixtures		<u>1,490,391</u>	<u>6,632,463</u>
		<u>5,748,265</u>	<u>17,379,928</u>
		<u>Dec 31, 2019</u>	<u>Dec. 31, 2018</u>
Rupees			

10 BASIC EARNINGS PER SHARE

Profit after taxation	13,352,706	38,545,522
Weighted average number of ordinary shares	56,879,201	56,879,201
Basic Profit per share	0.23	0.68

No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per share when exercised.



	Dec. 31, 2019	Dec. 31, 2018
11 RELATED PARTY TRANSACTIONS		
	Rupees	
Loan from Sponsor	10,000,000	-
Loan From Director	21,101,000	-
Loan repayment of Associated company	20,000,000	40,000,000
Interest Charge on Loan from Associated company	1,716,164	2,400,000

12 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", statement of financial position has been compared with the balances of annual financial statements, whereas statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue on February 28, 2020 by the Board of Directors of the company.

Asad Ahmad
Chief Executive

Uzma Ahmad
Director

Mohammad Zameer
Chief Financial Officer