

Corporate Data

Board of Directors

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Amin A. Feerasta
Muhammad Ali H. Sayani
Abdul Hayee
Syed Ali Zafar

Audit Committee

Jafferali M. Feerasta
Chairman
Muhammad Rashid Zahir
Member

Amin A. Feerasta
Member / Secretary

Chief Financial Officer

Ayub Saqib

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Bank Al-Habib Limited
Habib Bank Ltd.
NIB Bank Limited
Citibank, N.A.
MCB 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 - Sheikhupura Road
Sheikhupura - 39350
PAKISTAN

DIRECTORS' REVIEW

The Directors of your Company take pleasure in presenting before you the Company's un-audited financial statements for the second quarter and half-year period ended 31 December 2010.

Financial Results


It will be gratifying to observe that your Management is consistently maintaining the growth trend and with the Blessings of Almighty ALLAH, the Company's overall performance in all areas of its operations during the quarter and half year period under review remained much better as compared to preceding corresponding period. Despite energy shortages, direct and indirect impacts of worsened domestic economy and rising trend of raw material prices, the Management of your Company remained successful in taking very correct measures towards sustainable plant operations and productivity growth.

The revenue from sales for half-year period ended 31 December 2010 reflected 27% increase to Rs.2,911.698 million from Rs.2,291.245 million in same period of 2009. Gross profit was increased to Rs.375.617 million from Rs.253.856 million in same preceding period. Profit before taxation for July-December 2010 also showed increase to Rs.282.071 million from Rs.106.294 million in 2009. Profit after taxation remained Rs.183.378 million as against Rs.68.674 million in previous corresponding period. The growth in sales revenue and profit margin is mainly because of price adjustments and quantitative increase in the goods sold.

The apparent decrease in administrative and general expenses from Rs.171.367 million in 2009 to Rs.80.218 million in current period is mainly because in previous corresponding period bad debts expense of Rs.124.70 million on account of advances in WorldBridge Connect (Pvt.) Limited "WBC" were written-off in 2009. Winding-up petition filed by the Company against WBC is subjudice in the Honourable Lahore High Court, Lahore.

Future Outlook

Owing to volatile oil prices in the international market, there is rising trend in prices of our raw materials throughout the first and second quarter. The PTA price



has inflated from US\$870 per M.Ton in July 2010 to US\$1,225 per M.Ton in December 2010. Similarly, the price of MEG rose from US\$840 per M.Ton to US\$1,160 per M.Ton in December 2010. The increase in raw material prices may increase our production cost with negative impact on profit margin in the coming quarter.

Although the raw material prices are reflecting an increasing trend, however, we envisage better profitability in the future periods in anticipation of increase in the demand of Polyester Staple Fiber because of continuous rising prices of cotton which encourages the use of Polyester Staple Fiber as a blend. We, therefore, are hopeful to maintain high sales volume during the next quarter.

The Government of Pakistan should provide a healthy and conducive environment for local Industry's expansion and growth.

On behalf of the Board

Jafferali M. Feerasta
Chairman

Lahore
22 February 2011

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of RUPALI POLYESTER LIMITED as at 31 December 2010 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 the notes forming part thereof for the half year then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the 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 included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2010 and 2009 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the half year ended 31 December 2010.

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 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 the 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 information as of and for the half year ended 31 December 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore

Dated: 22 February 2011

Qavi & Co.

Chartered Accountants

Engagement Partner: Ghulam Abbas

CONDENSED INTERIM BALANCE SHEET (Un-Audited)

as at 31 December 2010

	Note	31 Dec. 2010 Un-audited	30 June 2010 Audited
Rupees in thousand			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Share Capital 35,000,000 (30 June 2010: 35,000,000) Ordinary Shares of Rs. 10 each		350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2010: 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
Unappropriated Profit		271,618	224,514
		<u>2,347,918</u>	<u>2,300,814</u>
NON-CURRENT LIABILITIES			
Staff Retirement Benefits - Gratuity		74,731	70,672
Deferred Taxation		194,405	190,962
CURRENT LIABILITIES			
Trade and Other Payables		208,557	240,394
Short Term Borrowings	4	260,935	-
Taxation - net		5,082	-
Accrued Interest		3,479	-
		<u>478,053</u>	<u>240,394</u>
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		<u>3,095,107</u>	<u>2,802,842</u>
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	6	921,935	907,586
Capital Work-in-Progress	7	300,432	300,143
		<u>1,222,367</u>	<u>1,207,729</u>
Long Term Investments		-	32,150
Long Term Deposits		4,281	4,184
		<u>1,226,648</u>	<u>1,244,063</u>
CURRENT ASSETS			
Stores, Spares and Loose Tools		332,565	310,414
Stock-in-Trade		1,132,936	687,403
Trade Debts - Unsecured		63,378	61,302
Loans and Advances		42,163	40,016
Trade Deposits and Short Term Prepayments		6,665	712
Other Receivables		267,167	265,387
Taxation - Net		-	25,231
Cash and Bank Balances		23,585	168,314
		<u>1,868,459</u>	<u>1,558,779</u>
		<u>3,095,107</u>	<u>2,802,842</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited) for the half year ended 31 December 2010

	Note	Half Year Ended		Quarter Ended	
		31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
Rupees in thousand					
Sales		2,911,698	2,291,245	1,561,528	1,193,996
Cost of Goods Sold	9	(2,536,081)	(2,037,389)	(1,320,445)	(1,053,425)
Gross Profit		375,617	253,856	241,083	140,571
Selling and Distribution Expenses		(7,099)	(6,226)	(3,351)	(3,284)
Administrative and General Expenses		(80,218)	(171,367)	(56,521)	(148,727)
Other Operating Charges		(22,031)	(8,236)	(12,626)	(990)
Other Operating Income		21,649	39,750	10,154	22,843
Operating Profit		287,918	107,777	178,739	10,413
Finance Costs		(5,847)	(1,483)	(4,907)	(797)
Profit before Taxation		282,071	106,294	173,832	9,616
Taxation		(98,693)	(37,620)	(58,130)	(3,782)
Profit after Taxation		183,378	68,674	115,702	5,834
----- Rupees -----					
Earnings Per Share - Basic and Diluted		5.38	2.02	3.40	0.17

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

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
for the half year ended 31 December 2010

	Half Year Ended		Quarter Ended	
	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
	Rupees in thousand			
Comprehensive Income for the period	183,378	68,674	115,702	5,834
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the period	<u>183,378</u>	<u>68,674</u>	<u>115,702</u>	<u>5,834</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) for the half year ended 31 December 2010

Half Year Ended
Note 31 Dec. 2010 31 Dec. 2009
Rupees in thousand

CASH FLOW FROM OPERATING ACTIVITIES

Profit Before Taxation	282,071	106,294
Add / (Less):		
Adjustment for Non Cash Charges and Other Items:		
Depreciation	6 39,554	42,524
Amortization of Prepayments	447	480
Staff Retirement Benefits - Gratuity	6,604	6,604
Reversal of Remission of Liabilities	164	-
(Gain)/Loss on Disposal of Operating Fixed Assets	15	(47)
Mark-up/Interest Income	(5,285)	(26,366)
Investment written off	31,839	124,704
Mark-up on Short Term Borrowings	3,479	5
Bank Commission & Other Charges	2,368	1,478
	79,185	149,382
Effect on Cash Flow Due to Working Capital Changes:		
(Increase) / Decrease In Current Assets:		
Stores, Spares and Loose Tools	(22,151)	(33,778)
Stock-in-Trade	(445,533)	233,369
Trade Debts	(2,076)	(62,116)
Loans and Advances	(2,147)	(7,728)
Trade Deposits and Short Term Prepayments	(6,400)	(6,324)
Other Receivables	(1,780)	(52,774)
	(480,087)	70,649
Decrease In Current Liabilities:		
Trade and Other Payables	(32,322)	(108,715)
	(512,409)	(38,066)
Cash generated from Operations	(151,153)	217,610
Mark-up on Short Term Borrowings and Bank Commission & Other Charges Paid	(2,368)	(1,483)
Income Tax Paid	(64,937)	(48,540)
Mark-up/Interest Income Received	5,285	26,366
Staff Retirement Benefits - Gratuity Paid	(2,545)	(3,572)
Net Cash Inflow/(Outflow) from Operating Activities	(215,718)	190,381

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)
for the half year ended 31 December 2010

	Half Year Ended	
Note	31 Dec. 2010	31 Dec. 2009
	Rupees in thousand	
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(54,247)	(20,428)
Long Term Investments	311	(5)
Long Term Deposits	(97)	(52)
Proceeds from Sale of Operating Fixed Assets	40	290
Net Cash Outflow from Investing Activities	(53,993)	(20,195)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(135,953)	(136,975)
Net Cash Outflow from Financing Activities	(135,953)	(136,975)
Net Increase / (Decrease) In Cash and Cash Equivalents	(405,664)	33,211
Cash and Cash Equivalents at the Beginning of the Period	168,314	527,326
Cash and Cash Equivalents at the End of the Period	10 (237,350)	560,537

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) for the half year ended 31 December 2010

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Un - appropriated Profit		
Balance as on 30 June 2009 (Audited)	340,685	71,490	1,664,125	152,986	1,888,601	2,229,286
Final Dividend for the year ended 30 June 2009 @ 40%	-	-	-	(136,274)	(136,274)	(136,274)
Total Comprehensive Income for the half year ended 31 December 2009	-	-	-	68,674	68,674	68,674
Balance as on 31 December 2009 (Un - audited)	340,685	71,490	1,664,125	85,386	1,821,001	2,161,686
Total Comprehensive Income for the half year ended 30 June 2010	-	-	-	139,128	139,128	139,128
Transfer to General Reserve	-	-	-	-	-	-
Balance as on 30 June 2010 (Audited)	340,685	71,490	1,664,125	224,514	1,960,129	2,300,814
Final Dividend for the year ended 30 June 2010 @ 40%	-	-	-	(136,274)	(136,274)	(136,274)
Total Comprehensive Income for the half year ended 31 December 2010	-	-	-	183,378	183,378	183,378
Balance as on 31 December 2010 (Un - audited)	340,685	71,490	1,664,125	271,618	2,007,233	2,347,918

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited) for the half year ended 31 December 2010

1 LEGAL STATUS AND NATURE OF BUSINESS

RUPALI POLYESTER LIMITED (“the Company”) was incorporated in Pakistan on 24 May 1980 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a Public Limited Company and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Rupali House, 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 Standards (IAS) 34 - ‘Interim Financial Reporting’ and provisions of any directive issued under the Companies Ordinance, 1984. In case where the requirement differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended 31 December 2010 have, however, been subjected to limited scope review by the auditors as required by Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with annual financial statements for the year ended 30 June 2010.

3 ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding annual audited financial statements for the year ended 30 June 2010.

4 SHORT TERM BORROWINGS

	Note	Un-audited 31 Dec. 2010	Audited 30 June 2010
Rupees in thousand			
Secured- From Banking Companies			
Running Finances Utilized under			
Mark-up arrangements from banks	4.1, 4.2 & 4.4	260,935	-
Term Finances under			
Mark-up arrangements from banks	4.1 & 4.3	-	-
		<u>260,935</u>	<u>-</u>

4.1 The total facilities aggregating Rs.900.000 million (30 June 2010: Rs. 1,100.000 million) available from various commercial banks. These are secured by way of hypothecation charge over current assets to the extent of Rs.1,088.821 million (30 June 2010: Rs.1,334.821 million) and promissory notes valuing Rs.1,111.880 million (30 June 2010: Rs. 1,365.556 million).

4.2 The rate of mark-up for these facilities availed ranges between 13.02% to 13.69% (30 June 2010: 13.47% to 14.41%).

4.3 The rate of mark-up for these facilities availed is Nil (30 June 2010: Nil).

4.4 The aggregate facility available for opening letters of credit from various commercial banks amount to Rs.1,949.200 million (30 June 2010: Rs. 2,349.200 million) of which Rs.375.381 million were utilized at 31 December 2010 (30 June 2010: Rs. 133.132 million).

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies:

5.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2010: Rs. 66.314 million).

5.1.2 Outstanding guarantees given on behalf of Related Parties amounted to Rs. Nil (30 June 2009: Rs. 6.161 million).

5.2 Commitments:

5.2.1 Contracts for Capital expenditure commitments outstanding as at 31 December 2010 amounted to Rs. 386.327 million (30 June 2010: Rs. 401.608 million).

5.2.2 Commitments against irrevocable letters of credit as at 31 December 2010 amounted to Rs. 375.381 million (30 June 2010: Rs. 133.132 million).

	Note	Un-audited 31 Dec. 2010	Audited 30 June 2010
Rupees in thousand			
6 OPERATING FIXED ASSETS			
Opening Net Book Value (NBV)		907,586	969,334
Additions at Cost During the Period / Year	6.1	53,958	24,949
		961,544	994,283
Disposals (NBV) During the Period / Year	6.2	55	1,119
Depreciation Charge During the Period / Year		39,554	85,578
		39,609	86,697
		921,935	907,586
6.1 Additions at Cost During the Period / Year			
Building: Factory on Freehold Land		11,847	202
Building: Office on Freehold Land		1,582	2,157
Building: Office on Leasehold Land		2,088	11,141
Plant and Machinery		33,384	7,464
Furniture and Fittings		2,972	3
Vehicles		-	3,195
Office Equipments		2,085	787
		53,958	24,949



	Un-audited Note 31 Dec. 2010	Audited 30 June 2010
	Rupees in thousand	
6.2 Disposals (NBV) During the Period / Year		
Plant and Machinery	-	661
Vehicles	-	415
Furniture and Fittings	-	22
Office Equipments	49	-
Other Assets	6	21
	55	1,119
7 CAPITAL WORK-IN-PROGRESS		
Building and Civil Works	1,636	3,414
Plant and Machinery	296,964	172,123
Furniture and Fixture	700	133
Office Equipments	-	171
Other Assets	-	82
Capital Stores	302	57
Maintenance	830	-
	300,432	175,980
Advances		
Plant and Machinery	-	124,163
	300,432	300,143
8 LONG TERM INVESTMENTS		
Associated Company - Unquoted		
Swat HydroPower Limited		
Nil (30 June 2010:19,988) fully paid		
Ordinary Shares of Rs. 10 each.		
Equity held @ 40%	-	200
Advance for Issue of Shares	-	31,950
	8.1	32,150

8.1 This advance was given as equity investment, being 40% of the proposed expenses till the issuance of Letter of Support (LOS) by the Government of Pakistan for Swat HydroPower Limited subject to compliance of all statutory requirements. After the issuance of LOS the ordinary shares against this advance were to be issued to the Company and were to rank pari passu with the existing shares, at the face value of Rs. 10/- each and / or at a discount or otherwise as was to be decided and mutually agreed by the Board of Directors of both the investing and investee companies after determination of share capital.

During the current period M/s Swat HydroPower Limited was dissolved under the COMPANY EASY EXIT SCHEME announced by the Securities & Exchange Commission of Pakistan pursuant to the provisions of sub section (3) of section 439 of the Companies Ordinance, 1984 read with Circular No. 12/2010 dated 1st July, 2010.

Investment in Swat HydroPower Limited amounting to Rs. 31.839 million was written off during the period. Remaining amount represents adjusted against transfer of assets and amount due to Company.

9 COST OF GOODS SOLD	Half Year Ended		Quarter Ended	
	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
	Rupees in thousand			
Raw and Packing Materials Consumed	2,489,588	1,598,422	1,345,685	900,885
Stores and Spares Consumed	59,542	54,641	32,087	31,910
Salaries, Wages and Amenities	85,058	74,140	46,739	38,740
Fuel and Power	398,610	202,137	222,156	102,918
Repair and Maintenance	18,612	8,364	10,142	6,337
Running and Maintenance of Vehicles	4,815	4,530	2,547	2,516
Insurance	4,920	4,830	2,518	2,529
Depreciation	31,335	33,918	15,862	17,133
Rent, Rate and Taxes	334	378	89	80
Other Expenses	844	989	521	646
	<u>3,093,658</u>	<u>1,982,349</u>	<u>1,678,346</u>	<u>1,103,694</u>
Add: Opening Work in Process	66,582	76,180	46,988	59,640
Less: Closing Work in Process	<u>53,176</u>	<u>41,733</u>	<u>53,176</u>	<u>41,733</u>
	3,107,064	2,016,796	1,672,158	1,121,601
Add: Opening Finished Goods	127,246	337,058	346,516	248,289
Less: Closing Finished Goods	<u>698,229</u>	<u>316,465</u>	<u>698,229</u>	<u>316,465</u>
	<u>2,536,081</u>	<u>2,037,389</u>	<u>1,320,445</u>	<u>1,053,425</u>

10 CASH AND CASH EQUIVALENTS	Half Year Ended	
	31 Dec. 2010	31 Dec. 2009
	Rupees in thousand	
Cash and Bank Balances	23,585	560,537
Short Term Borrowings	(260,935)	-
	<u>(237,350)</u>	<u>560,537</u>

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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	Half Year Ended		Quarter Ended	
		31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
		Rupees in thousand			
1 Associated Undertakings	Sales of goods and services	4,849	3,400	1,789	1,678
	Purchase of goods and services	363,688	237,751	166,587	141,546
	Profit on bank deposits	5,233	26,334	1,226	15,351
	Investments / Advance to parties	(32,150)	6	(31,839)	-
2 Other Related Parties	Sales of goods and services	-	14	-	14
	Purchase of goods and services	1,139	326	-	326
3 Defined Contribution Plan (Provident Fund)					
	Contribution to provident fund	784	607	450	249

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

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 22 February 2011 by the Board of Directors of the Company.

13 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.

14 GENERAL

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

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer



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