



Half Yearly Report
31 December 2009



Rupali Polyester Limited



CORPORATE DATA

Board of Directors

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive

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

Audit Committee

Jafferali M. Feerasta
Chairman
Amin A. Feerasta
Member / Secretary
Muhammad Rashid Zahir
Member

Chief Financial Officer

Ayub Saqib

Secretary

S. Ghulam Shabbir Gilani

Bankers

Bank Al-Habib Limited
Habib Bank Ltd.
Meezan Bank Limited
Soneri Bank Limited
Citibank, N.A.
MCB Bank Limited
NIB Bank Limited
The Royal Bank of Scotland 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, it is my privilege to present a review of the Company's operational results for the second quarter as well as half-year period ended 31 December 2009.

Financial Results

The Management of your Company has been consistently maintaining the standards of excellence and I am happy to report that the performance of the Company under review has been very satisfactory. By the Grace of Almighty ALLAH, the overall financial results for the half-year period ended 31 December 2009 remained encouraging.

Sales revenue for this period has reflected a slight increase compared to the corresponding period of 2008. Revenue increased from Rs.2,232 million to Rs.2,291 million. Gross profit during the current period also increased from Rs.90.49 million to Rs.253.86 million. The other income increased from Rs.36.93 million to Rs.39.75 million. Pre-tax profit for the six-months period under review has increased by 41% from Rs.75.59 million to Rs.106.29 million. The after-tax profit also increased to Rs.68.67 million from Rs.55.46 million in the corresponding period of 2008. Improvement in profits are mainly due to the combined effect of increase in sales revenue and decrease in cost of production.

The administrative and general expenses were increased to Rs.171.37 million from Rs.38.23 million, mainly due to Bad Debts Expense of Rs.124.70 million representing write off of Long Term Investment and Long Term Loans including Accrued Interest on Long Term Loans advanced to World Bridge Connect (Pvt.) Limited. Winding up petition was filed by the Company in Lahore High Court against World Bridge Connect (Pvt.) Limited on 24 November 2009, which was argued on 25 November 2009 and after hearing Company's preliminary arguments, Petition was accepted for regular hearing.

Future Outlook

The domestic Polyester Staple Fiber and Polyester Filament Yarn industries are under severe stress these days and majority of the Polyester Yarn manufacturing units have closed down due to multiple reasons. The major factor hampering the growth of this sector is the low-priced and illegal dumping from Far-Eastern Countries and China. Furthermore, the unfair tariff structure is a great discrimination to this sector, which has created unfriendly environment towards the domestic Polyester Staple Fiber and Filament Yarn industry. The PSF Industry has made several representations at high level forums





with the hope that the Government of Pakistan through the National Tariff Commission will devise such a workable tariff mechanism which should not jeopardize the survival of domestic PSF and PFY industries.

The profitability in future will depend upon the Government policies towards the tariff structure for Polyester Staple Fiber and Filament Yarn industries and the condition of gas and power supply in the country. The Company, as its policy, will continue to strive towards maximizing profitability through its operational success.

On behalf of the Board

Jafferli M. Feerasta
Chairman

Lahore
18 February 2010



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 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with 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 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 for the quarters ended 31 December 2008 and 2009 have not been reviewed as we are required to review only the cumulative figures for the half year ended 31 December 2009.

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

Lahore

Dated: 18 February 2010

Qavi & Co.

Chartered Accountants

Engagement Partner: Ghulam Abbas



CONDENSED INTERIM BALANCE SHEET

as at 31 December 2009

	Note	Rupees in thousand	
		Un-audited 31 Dec. 2009	Audited 30 June 2009
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Share Capital 35,000,000 (30 June 2009: 35,000,000) Ordinary Shares of Rs. 10 each		350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2009: 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		85,386	152,986
		<u>2,161,686</u>	<u>2,229,286</u>
NON-CURRENT LIABILITIES			
Staff Retirement Benefits - Gratuity		67,904	64,871
Deferred Taxation		196,239	198,422
CURRENT LIABILITIES			
Trade and Other Payables		117,444	226,860
Short Term Borrowings	4	-	-
Taxation - net		-	3,172
		<u>117,444</u>	<u>230,032</u>
CONTINGENCIES AND COMMITMENTS			
	5	<u>2,543,273</u>	<u>2,722,611</u>
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	6	945,992	969,334
Capital Work-in-Progress	7	3,848	2,845
		<u>949,840</u>	<u>972,179</u>
Long Term Investments		32,147	92,064
Long Term Loans		-	44,797
Long Term Deposits		4,175	4,123
		<u>986,162</u>	<u>1,113,163</u>
CURRENT ASSETS			
Stores, Spares and Loose Tools		334,332	300,554
Stock-in-Trade		374,195	607,564
Trade Debts - Unsecured		67,597	5,481
Loans and Advances		29,871	22,143
Trade Deposits and Short Term Prepayments		6,700	856
Accrued Interest		-	19,984
Other Receivables		178,314	125,540
Taxation - Net		5,565	-
Cash and Bank Balances		560,537	527,326
		<u>1,557,111</u>	<u>1,609,448</u>
		<u>2,543,273</u>	<u>2,722,611</u>

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

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited) for the half year ended 31 December 2009

	Note	Rupees in thousand			
		Half Year Ended		Quarter Ended	
		31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Sales		2,291,245	2,232,011	1,193,996	872,552
Cost of Goods Sold	8	(2,037,389)	(2,141,523)	(1,053,425)	(867,589)
Gross Profit		253,856	90,488	140,571	4,963
Selling and Distribution Expenses		(6,226)	(6,589)	(3,284)	(3,249)
Administrative and General Expenses	9	(171,367)	(38,228)	(148,727)	(21,528)
Other Operating Charges		(8,236)	(6,016)	(990)	(570)
Other Operating Income		39,750	36,928	22,843	24,021
Operating Profit		107,777	76,583	10,413	3,637
Finance Costs		(1,483)	(988)	(797)	(696)
Profit before Taxation		106,294	75,595	9,616	2,941
Taxation		(37,620)	(20,137)	(3,782)	5,292
Profit after Taxation		68,674	55,458	5,834	8,233
				R u p e e s	
Earnings Per Share - Basic and Diluted		2.02	1.63	0.17	0.24

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

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

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive



CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) for the half year ended 31 December 2009

Rupees in thousand
Half Year Ended

Note 31 Dec. 2009 31 Dec. 2008

CASH FLOW FROM OPERATING ACTIVITIES

Profit Before Taxation	106,294	75,595
Add / (Less):		
Adjustment for Non Cash Charges and Other Items:		
Depreciation	6 42,524	42,993
Amortization of Prepayments	480	-
Staff Retirement Benefits - Gratuity	6,604	4,429
Remission of Liabilities	-	(1,654)
(Gain) / Loss on Disposal of Operating Fixed Assets	(47)	114
Mark-up/Interest Income	(26,366)	(18,359)
Bad Debts	124,704	-
Mark-up on Short Term Borrowings	5	1
Bank Commission and Other Charges	1,478	987
	149,382	28,511
Effect on Cash Flow Due to Working Capital Changes: (Increase) / Decrease In Current Assets:		
Stores, Spares and Loose Tools	(33,778)	(65,773)
Stock-in-Trade	233,369	444,151
Trade Debts	(62,116)	(72,852)
Loans and Advances	(7,728)	31,815
Trade Deposits and Short Term Prepayments	(6,324)	(5,127)
Other Receivables	(52,774)	(46,302)
	70,649	285,912
(Decrease) In Current Liabilities:		
Trade and Other Payables	(108,715)	(404,554)
	(38,066)	(118,642)
Cash generated from Operations	217,610	(14,536)
Mark-up on Short Term Borrowings and Bank Commission & Other Charges Paid	(1,483)	(988)
Income Tax Paid	(48,540)	(12,460)
Mark-up/Interest Income Received	26,366	18,359
Staff Retirement Benefits - Gratuity Paid	(3,572)	(1,568)
Net Cash Inflow / (Outflow) from Operating Activities	190,381	(11,193)



CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) for the half year ended 31 December 2009

	Rupees in thousand	
	Half Year Ended	
	Note	
	31 Dec. 2009	31 Dec. 2008
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(20,428)	(21,904)
Long Term Investments	(5)	(182)
Long Term Deposits	(52)	-
Proceeds from Sale of Operating Fixed Assets	290	3,019
Net Cash (Outflow) from Investing Activities	(20,195)	(19,067)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(136,975)	(101,027)
Net Cash (Outflow) from Financing Activities	(136,975)	(101,027)
Net Increase / (Decrease) In Cash and Cash Equivalents	33,211	(131,287)
Cash and Cash Equivalents at the Beginning of the Period	527,326	366,644
Cash and Cash Equivalents at the End of the Period	10 560,537	235,357

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

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited) for the half year ended 31 December 2009

	Rupees in thousand			
	Half Year Ended		Quarter Ended	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Comprehensive Income for the period	68,674	55,458	5,834	8,233
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the period	<u>68,674</u>	<u>55,458</u>	<u>5,834</u>	<u>8,233</u>

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

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) for the half year ended 31 December 2009

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 01 July 2008	340,685	71,490	1,424,125	298,560	1,794,175	2,134,860
Final Dividend for the year ended 30 June 2008 @ 30%	-	-	-	(102,206)	(102,206)	(102,206)
Total Comprehensive Income for the half year ended 31 December 2008	-	-	-	55,458	55,458	55,458
Balance as on 31 December 2008	340,685	71,490	1,424,125	251,812	1,747,427	2,088,112
Total Comprehensive Income for the half year ended 30 June 2009	-	-	-	141,174	141,174	141,174
Transfer to General Reserve	-	-	240,000	(240,000)	-	-
Balance as on 30 June 2009	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	340,685	71,490	1,664,125	85,386	1,821,001	2,161,686

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

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS for the half year ended 31 December 2009

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

These condensed interim financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) IAS 34 “Interim Financial Reporting” as applicable in Pakistan and does not include all the disclosures and information required for full annual financial statements, and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2009.

These condensed interim financial statements are un-audited but subject to limited scope review by auditors as required by the Code of Corporate Governance and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and other directives issued by the Securities and Exchange Commission of Pakistan and the Listing Regulations.

3 ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding annual audited financial statements for the year ended 30 June 2009.

4 SHORT TERM BORROWINGS

		Rupees in thousand	
		Un-audited	Audited
		Note 31 Dec. 2009	30 June 2009
Secured- From Banking Companies			
Running Finances Utilized under			
Mark-up arrangements from banks	4.1, 4.2 & 4.4	-	-
Term Finances under			
Mark-up arrangements from banks	4.1 & 4.3	-	-
		<u> </u>	<u> </u>
		-	-

4.1 The total facilities aggregating Rs.1,100.000 million (30 June 2009: 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.1,334.821 million (30 June 2009: Rs. 1,334.821 million) and promissory notes valuing Rs. 1,341.953 million (30 June 2009: Rs. 1,365.556 million).

4.2 The rate of mark-up for these facilities availed ranges between 13.47% to 14.41% (30 June 2009: 12.88% to 17.58%).

- 4.3 The rate of mark-up for these facilities availed is Nil (30 June 2009: Nil).
- 4.4 The aggregate facility available for opening letters of credit from various commercial banks amount to Rs.2,491.497 million (30 June 2009: Rs. 2,369.100 million) of which Rs.419.926 million were utilized at 31 December 2009 (30 June 2009: Rs. 256.355 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 2009: Rs. 66.314 million).

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

5.2 Commitments:

5.2.1 Contracts for Capital expenditure commitments outstanding as at 31 December 2009 amounted to Rs. 24.883 million (30 June 2009: Rs. 14.113 million).

5.2.2 Commitments against irrevocable letters of credit as at 31 December 2009 amounted to Rs. 419.926 million (30 June 2009: Rs. 256.355 million).

		Rupees in thousand	
		Un-audited	Audited
		Note 31 Dec. 2009	30 June 2009
6 OPERATING FIXED ASSETS			
Opening Net Book Value (NBV)		969,334	986,262
Additions at Cost During the Period / Year	6.1	19,425	76,134
		988,759	1,062,396
Disposals (NBV) During the Period / Year	6.2	243	4,946
Depreciation Charge During the Period / Year		42,524	88,116
		42,767	93,062
		<u>945,992</u>	<u>969,334</u>
6.1 Additions at Cost During the Period / Year			
Building Factory on Freehold Land		201	15,203
Building Office on Leasehold Land		9,634	10,511
Roads		-	526
Plant and Machinery		5,920	36,974
Furniture and Fittings		-	2,547
Vehicles		3,213	-
Office Equipments		457	10,249
Other Assets		-	124
		<u>19,425</u>	<u>76,134</u>

Rupees in thousand

Un-audited
31 Dec. 2009

Audited
30 June 2009

6.2 Disposals (NBV) During the Period / Year

Plant and Machinery	-	3,539
Vehicles	222	1,228
Furniture and Fittings	21	19
Office Equipments	-	119
Other Assets	-	41
	<u>243</u>	<u>4,946</u>

7 CAPITAL WORK-IN-PROGRESS

Building and Civil Works	2,320	734
Plant and Machinery	820	1,331
Furniture and Fixture	177	132
Office Equipments	403	113
Other Assets	83	478
Capital Stores	45	57
	<u>3,848</u>	<u>2,845</u>

Rupees in thousand

Half Year Ended

Quarter Ended

8 COST OF GOODS SOLD

31 Dec. 2009 31 Dec. 2008 31 Dec. 2009 31 Dec. 2008

Raw and Packing Materials Consumed	1,598,422	1,782,928	900,885	910,387
Stores and Spares Consumed	54,641	48,543	31,910	29,633
Salaries, Wages and Amenities	74,140	74,018	38,740	38,754
Fuel and Power	202,137	251,238	102,918	151,386
Repair and Maintenance	8,364	8,373	6,337	5,618
Running and Maintenance of Vehicles	4,530	4,276	2,516	2,513
Insurance	4,830	3,207	2,529	1,751
Depreciation	33,918	36,045	17,133	17,466
Rent, Rate and Taxes	378	233	80	13
Other Expenses	989	523	646	372
	<u>1,982,349</u>	<u>2,209,384</u>	<u>1,103,694</u>	<u>1,157,893</u>
Add: Opening Work-in-Process	76,180	65,284	59,640	72,727
Less: Closing Work-in-Process	41,733	65,598	41,733	65,598
	<u>2,016,796</u>	<u>2,209,070</u>	<u>1,121,601</u>	<u>1,165,022</u>
Add: Opening Finished Goods	337,058	381,665	248,289	151,779
Less: Closing Finished Goods	316,465	449,212	316,465	449,212
	<u>2,037,389</u>	<u>2,141,523</u>	<u>1,053,425</u>	<u>867,589</u>

9 ADMINISTRATIVE AND GENERAL EXPENSES

These include Rs. 124.703 million Bad Debts Expense representing write-off of Long Term Investment, Long Term Loans and Accrued Interest on Long Term Loans, with regard to M/s World Bridge Connect (Pvt.) Limited. Winding up Petition was filed in Lahore High Court by the Company against World Bridge Connect (Pvt.) Limited on 24 November 2009, which was argued on 25 November 2009 and after hearing Company's preliminary arguments, Petition was accepted for regular hearing. Detail of Bad Debts Expense of Rs. 124.703 million, is as under:

		Rupees in thousand			
		Half Year Ended		Quarter Ended	
Note		31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
	Long Term Investment				
	- Others - Unquoted	9.1	59,922	-	59,922
	Long Term Loans	9.2	44,797	-	44,797
	Accrued Interest on				
	Long Term Loans	9.3	19,984	-	19,984
			<u>124,703</u>	-	<u>124,703</u>

9.1 Long Term Investment

- Others-Unquoted

World Bridge Connect
(Pvt.) Limited 1,469,659
fully paid Ordinary Shares
of Rs. 40.77 each
Equity held 13.44%

		59,922	-	59,922	-
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9.2 Long Term Loans

Considered good - Others

World Bridge Connect

(Pvt.) Limited

World Bridge Connect

(Pvt.) Limited

9.2.1 20,362 - 20,362 -

9.2.2 24,435 - 24,435 -

		<u>44,797</u>	-	<u>44,797</u>	-
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9.2.1 This represents the loan of US\$ 250,000 which was unsecured and interest free. The Company had the option to convert this amount into ordinary shares @ US\$ 0.51 per share.

9.2.2 This represents the loan of US\$ 300,000 which was unsecured and carried mark up @ 2.00% per month, to become due and payable after US\$ 2.00 million in equity had been invested in Series B subject to the Company exercising its option to convert this amount into ordinary shares @ US\$ 0.71 per share.

	Note	Rupees in thousand			
		Half Year Ended		Quarter Ended	
		31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
9.3 Accrued Interest on Long Term Loans					
World Bridge Connect (Pvt.) Limited	9.3.1	19,984	-	19,984	-

9.3.1 This represents Interest accrued on Long Term Loan of US\$ 300,000.

	Rupees in thousand	
	Half Year Ended	Quarter Ended
	31 Dec. 2009	31 Dec. 2008
10 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	560,537	235,357
Short Term Borrowings	-	-
	<u>560,537</u>	<u>235,357</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	Rupees in thousand			
		Half Year Ended		Quarter Ended	
		31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
1 Associated Undertakings	Sales of goods and services	3,400	8,528	1,678	2,263
	Purchase of goods and services	237,751	285,044	141,546	127,662
	Profit on bank deposits	26,334	14,856	15,351	8,625
	Investments / Advance to parties	6	182	-	74
2 Other Related Parties	Sales of goods and services	14	455	14	455
	Purchase of goods and services	326	815	326	125
3 Defined Contribution Plan (Provident Fund)	Contribution to provident fund	607	819	249	406

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 18 February 2010 by the Board of Directors of the Company.

13 GENERAL

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

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive

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Rupali Polyester Limited