

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2011



Rupali Polyester Limited

Corporate Data

Board of Directors

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

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

Audit Committee

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

Chief Financial Officer

Ayub Saqib

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Bank Al-Habib Limited	Citibank, N.A.
Habib Bank Ltd.	MCB Bank Limited
NIB 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

It gives me pleasure to present before you the un-audited financial results of the Company for the first quarter ended 30 September 2011.

Financial Results

The Company earned sales revenue of Rs.1,667 million in first quarter of the fiscal year 2011-12 reflecting 23% increase over Rs.1,350 million in corresponding period of last year. The gross margin remained under pressure due to highly inflated prices of major raw materials namely PTA and MEG. PTA prices in the quarter July-September 2010 were US\$870-925 per M.Ton but went as high as US\$1,390 in July-September 2011. Similarly, MEG prices increased from US\$840-870 per M.Ton to US\$1,300-1,350. Business environment, as explained in detail in our Annual Report 2011, remained non-conducive. Energy shortfall has devastated the industrial sector which is the backbone of national economy. A long term solution of power shortage is need of the hour because any short term methods will hardly help out. There are also fears of unabated gas load shedding for the industrial consumers in coming months which will drastically hamper our operations and production plans.

The administrative and general expenses during the quarter increased to Rs.29 million from Rs.24 million in July-September 2010 mainly because of raise given in salaries of employees. The depressed gross profit margin contributed to decrease the profit from operations to Rs.91 million from Rs.109 million in corresponding quarter of 2010. Profit before taxation amounted to Rs.85 million as compared to Rs.108 million in 2010. Profit after taxation also decreased to Rs.51 million from Rs.68 million.

Future Outlook

The prices of raw materials soared in the quarter under review. Profit margin in coming quarters of the fiscal year 2012 is expected to be depressed in view of high electricity tariff and gas outages. The Sunset Review application of local industry for continuation of anti-dumping duty on imported yarn is under review of the National Tariff Commission. Local industry needs protection in the form of permanent imposition of anti-dumping duties because any relaxation in this domain will be injurious to survival of local yarn producing industry. The State Bank of Pakistan's step to reduce interest rate from 13.5% to 12% will give some relief in finance cost.

The Management is working hard to achieve steady growth of the business of the Company and maintain high standards of good governance and profitability.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Lahore:
21 October 2011

CONDENSED INTERIM BALANCE SHEET as at 30 September 2011

 30 Sep. 2011
Un-audited

 30 June 2011
Audited

Rupees in thousand

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised Share Capital 35,000,000 (30 June 2011: 35,000,000) Ordinary Shares of Rs. 10 each	350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2011: 34,068,514) Ordinary Shares of Rs. 10 each	340,685	340,685
Capital Reserve	71,490	71,490
Revenue Reserves	1,664,125	1,664,125
Unappropriated Profit	284,130	420,502
	2,360,430	2,496,802

NON-CURRENT LIABILITIES

Staff Retirement Benefits - Gratuity	79,661	79,661
Deferred Taxation	249,592	249,592

CURRENT LIABILITIES

Trade and Other Payables	839,320	1,135,072
Short Term Borrowings	97,232	10,817
Accrued Mark-up	5,631	688
	942,183	1,146,577
	-	-
	3,631,866	3,972,632

CONTINGENCIES AND COMMITMENTS

ASSETS

NON-CURRENT ASSETS

Property, Plant and Equipment Operating Fixed Assets Capital Work-in-Progress	1,166,199	1,192,889
	42,651	26,998
	1,208,850	1,219,887
Long Term Deposits	4,281	4,281
	1,213,131	1,224,168

CURRENT ASSETS

Stores, Spares and Loose Tools	483,581	396,737
Stock-in-Trade	1,615,444	1,925,566
Trade Debts	57,202	65,930
Loans and Advances	36,276	30,699
Trade Deposits and Short Term Prepayments	11,861	1,861
Other Receivables	129,094	282,115
Taxation - Net	77,460	35,290
Cash and Bank Balances	7,817	10,266
	2,418,735	2,748,464
	3,631,866	3,972,632

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited) for the quarter ended 30 September 2011

	Quarter Ended		Quarter Ended	
	Sep. 2011	Sep. 2011	Sep. 2010	Sep. 2010
	Rupees in thousand			
Sales	1,667,290	1,667,290	1,350,170	1,350,170
Cost of Goods Sold	(1,543,223)	(1,543,223)	(1,215,636)	(1,215,636)
Gross Profit	124,067	124,067	134,534	134,534
Selling and Distribution Expenses	(3,821)	(3,821)	(3,748)	(3,748)
Administrative and General Expenses	(29,363)	(29,363)	(23,697)	(23,697)
Other Operating Charges	(6,555)	(6,555)	(9,405)	(9,405)
	(39,739)	(39,739)	(36,850)	(36,850)
Other Operating Income	7,001	7,001	11,495	11,495
Operating Profit	91,329	91,329	109,179	109,179
Finance Costs	(6,753)	(6,753)	(940)	(940)
Profit before Taxation	84,576	84,576	108,239	108,239
Taxation	(33,572)	(33,572)	(40,563)	(40,563)
Profit after Taxation	51,004	51,004	67,676	67,676
	----- Rupees -----			
Earnings Per Share - Basic and Diluted	1.50	1.50	1.99	1.99

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

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
for the quarter ended 30 September 2011

	Quarter Ended		Quarter Ended	
	Sep. 2011	Sep. 2011	Sep. 2010	Sep. 2010
Rupees in thousand				
Profit after Taxation	51,004	51,004	67,676	67,676
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	<u>51,004</u>	<u>51,004</u>	<u>67,676</u>	<u>67,676</u>

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Nooruddin Feerasta
 Chief Executive Officer

Amin A. Feerasta
 Director

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) for the quarter ended 30 September 2011

	2011	2010
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	84,576	108,239
Add / (Less):		
Adjustment for Non Cash Charges and Other Items:		
Depreciation	26,690	19,544
Staff Retirement Benefits - Gratuity	627	1,062
Mark-up/Interest Income	(1,206)	(4,039)
Loss / (Profit) on Disposal of Operating Fixed Assets	-	6
Exchange Loss	-	22
Mark-up on Short Term Borrowings	5,630	-
Finance Costs	1,123	940
	32,864	17,535
Effect on Cash Flow Due to Working Capital Changes:		
(Increase) / Decrease In Current Assets:		
Stores, Spares and Loose Tools	(86,844)	(9,283)
Stock-in-Trade	310,122	(101,674)
Trade Debts	8,728	(1,553)
Loans and Advances	(5,577)	(5,251)
Trade Deposits and Short Term Prepayments	(10,000)	116
Other Receivables	153,021	(19,251)
	369,450	(136,896)
Increase / (Decrease) In Current Liabilities:		
Trade and Other Payables	(478,186)	38,967
	(108,736)	(97,929)
Cash generated from Operations	8,704	27,845
Mark-up on Short Term Borrowings and Bank Charges Paid	(6,753)	(940)
Income Tax Paid	(75,742)	(28,254)
Mark-up/Interest Received	1,206	4,039
Staff Retirement Benefits - Gratuity Paid	(626)	(1,062)
Net Cash (Outflow)/Inflow from Operating Activities	(73,211)	1,628
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(15,653)	(35,708)
Long Term Investments	-	311
Long Term Deposits and Prepayments	-	(97)
Net Cash (Outflow) from Investing Activities	(15,653)	(35,494)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	-	-
Net Cash Flow from Financing Activities	-	-
Net (Decrease) / Increase In Cash and Cash Equivalents	(88,864)	(33,866)
Cash and Cash Equivalents at the Beginning of the Quarter	(551)	168,314
Effect of Exchange Rate Fluctuations	-	(22)
Cash and Cash Equivalents at the End of the Quarter	(89,415)	134,426

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) for the quarter ended 30 September 2011

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 2010	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)
Net Profit for Ist Quarter ended 30 Sep 2010	-	-	-	67,676	67,676	67,676
Balance as on 30 September 2010	340,685	71,490	1,664,125	155,916	1,891,531	2,232,216
Balance as on 01 October 2010	340,685	71,490	1,664,125	155,916	1,891,531	2,232,216
Net profit for last 3 quarters ended 30 June 2011	-	-	-	264,586	264,586	264,586
Proposed Final Dividend for the year ended 30 June 2011 @ 55%	-	-	-	(187,376)	(187,376)	(187,376)
Net Profit for Ist Quarter ended 30 Sep 2011	-	-	-	51,004	51,004	51,004
Balance as on 30 September 2011	340,685	71,490	1,664,125	284,130	2,019,745	2,360,430

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) for the quarter ended 30 September 2011

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 requirements differ, the provisions of or directive issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended 30 June 2011.

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 2011.

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies:

Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2011: Rs. 66.314 million).

4.2 Commitments:

4.2.1 Contracts for Capital Expenditure commitments outstanding as at 30 September 2011 amounted to Rs. 181.112 million (30 June 2011: Rs. 217.050 million).

4.2.2 Commitments against irrevocable letters of credit as at 30 September 2011 amounted to Rs. 1,062.422 million (30 June 2011: Rs. 1,283.979 million).

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

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges. The Board of Directors has duly ratified the transactions executed with the related parties during the current accounting period.

6. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 21 October 2011 by the Board of Directors of the Company.

7. GENERAL

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



Rupali Polyester Limited

www.rupaligroup.com