

Board of Directors

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive

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

Secretary

S. Ghulam Shabbir Gilani

Audit Committee

Jafferali M. Feerasta Muhammad Rashid Zahir
Chairman Member

Amin A. Feerasta
Member/Secretary

Bankers

Bank Al-Habib Limited Citibank, N.A.
Habib Bank Ltd. MCB Bank Limited
Meezan Bank Limited NIB Bank Limited
Soneri 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, I am pleased to present the review of the Company's operational results for the second quarter and half year period ended 31 December 2008.

Domestic Polyester Industry is under severe pressure due to poor health of downstream Textile Industry. During the period under review, demand remained subdued because the global economy remained in turmoil in the year 2008. High rate of inflation adversely affected the common citizen in the country. Power and gas outages continued to be a big threat for the survival of the Industry. The plaguing law and order situation coupled with acute shortages of gas and electricity has distressed the trade and industry. Similarly, the increase in gas and electricity tariff has put extra financial burden on the production costs.

Sales revenue for the half year period under review reflects slight increase to Rs.2,232 million from Rs.2,146 million in the corresponding period of 2007.

Due to gas load shedding we have to generate electricity on furnace oil resulting in substantial increase in our cost of production.

The administrative, selling & general expenses and financial charges were slightly increased. The other income reduced from Rs.43.51 million to Rs.36.93 million. Pre-tax profit for the six-months period under review has decreased by 41% from Rs.127.08 million to Rs.75.60 million. The after-tax profit also decreased to Rs.55.46 million from Rs.82.45 million in the previous period.

Future Outlook

Overall performance of the Company over the next few months will depend on stable Government policies for future prospects of the Polyester and Textile Industry. Hopefully, with the recent step by the National Tariff Commission of imposing Anti-Dumping Duty on imports from China will have better effect on indigenous Polyester Industry which is presently operating under capacity. The high borrowing cost with strict monetary policies of the Central Bank may prove to be a major cause of business failure in the country.

As stated above, the gas and power shortages will have severe effects on future growth of country's economy with corresponding impact on Polyester Industry because of the fact that our downstream consumers cannot afford installing their in-house power generation facilities.

The necessary procedures and mechanism for the 7.5% Compensatory Support to the PTA users have been cleared by the State Bank of Pakistan. This envisages some sigh of relief to the Polyester Industry.

Owing to the above explained situation, pressure on business margins would persist in the next quarter also.

On behalf of the Board

Jafferli M. Feerasta
Chairman

Lahore
19 February 2009



INTRODUCTION

We have reviewed the accompanying interim balance sheet of RUPALI POLYESTER LIMITED ("the Company") as at 31 December 2008 and the related interim profit and loss account, interim cash flow statement and interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "interim financial information"), for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

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.

The figures of the interim profit and loss account for the quarters ended 31 December 2008 and 31 December 2007 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2008.

Lahore
Dated: 19 February 2009

Qavi & Co.
Chartered Accountants

Rupali Condensed Interim Balance Sheet
as at 31 December 2008

		Rupees in thousand	
	Note	Audited 31 Dec. 2008	Audited 30 June 2008
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Share Capital 35,000,000 (30 June 2007: 35,000,000) Ordinary Shares of Rs. 10 each		350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2007: 34,068,514) Ordinary Shares of Rs. 10 each		340,685	340,685
Capital Reserves		71,490	71,490
Revenue Reserves		1,424,125	1,424,125
Unappropriated Profit		251,812	298,560
		2,088,112	2,134,860
NON-CURRENT LIABILITIES			
Staff Retirement Benefits - Gratuity		61,815	58,954
Deferred Taxation		209,568	220,724
CURRENT LIABILITIES			
Trade and Other Payables		111,840	516,869
Short Term Borrowings	4	-	-
		111,840	516,869
CONTINGENCIES AND COMMITMENTS			
	5		
		2,471,335	2,931,407
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	6	955,078	986,262
Capital Work-in-Progress	7	13,233	6,271
		968,311	992,533
Long Term Investments		92,026	91,844
Long Term Loans		37,499	37,499
Long Term Deposits		4,084	4,084
		1,101,920	1,125,960
CURRENT ASSETS			
Stores, Spares and Loose Tools		357,263	291,490
Stock-in-Trade		437,108	881,259
Trade Debts - Unsecured		76,797	3,945
Loans and Advances		30,061	61,876
Trade Deposits and Short Term Prepayments		6,891	1,764
Other Receivables		182,716	136,414
Taxation - Net		43,222	62,055
Cash and Bank Balances		235,357	366,644
		1,369,415	1,805,447
		2,471,335	2,931,407

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

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director



Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31 December 2008

		Rupees in thousand	
		Half Year Ended	
	Note	31 Dec. 2008	31 Dec. 2007
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(101,027)	(85,020)
Net Cash (Outflow) from Financing Activities		<u>(101,027)</u>	<u>(85,020)</u>
Net (Decrease) / Increase In Cash and Cash Equivalents		(131,287)	101,282
Cash and Cash Equivalents at the Beginning of the Period		<u>366,644</u>	<u>458,118</u>
Cash and Cash Equivalents at the End of the Period	9	<u>235,357</u>	<u>559,400</u>

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

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director



Condensed Interim Statement of Changes in Equity (Un-audited)
for the half year ended 31 December 2008

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserves	Revenue Reserves		Total Reserve	Total Equity
		Share Premium	General Reserve	Un - appropriated Profit		
Balance as on 01 July 2007	340,685	71,490	1,424,125	212,708	1,708,323	2,049,008
Final Dividend for the year ended 30 June 2007 @ 25%	-	-	-	(85,171)	(85,171)	(85,171)
Net Profit for the half year ended 31 December 2007	-	-	-	82,448	82,448	82,448
Balance as on 31 December 2007	340,685	71,490	1,424,125	209,985	1,705,600	2,046,285
Net Profit for the half year ended 30 June 2008	-	-	-	88,575	88,575	88,575
Balance as on 30 June 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)
Net Profit 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

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

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director



Condensed Interim Notes to the Financial Statements (Un-audited) for the half year ended 31 December 2008

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 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 2008.

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.

The disclosures made in these financial statements have, however, been limited in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".

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 2008.

		Rupees in thousand	
		Un-audited	Audited
		31-Dec-2008	30 June 2008
		Note	
4	SHORT TERM BORROWINGS		
	Secured- From Banking Companies		
	Running Finances Utilized under		
	Mark-up arrangements from banks	4.1,4.2 & 4.3	-
	Term Finances under		
	Mark-up arrangements from banks	4.1 & 4.3	-

4.1 The total facilities aggregating Rs. 1,085.000 million (30 June 2008: Rs. 1,085.000 million) available from various commercial banks. These are secured by way of hypothecation charge over current assets to the extent of Rs. 1,379.821 million (30 June 2008: Rs. 1,379.821 million) and promissory notes valuing Rs. 1,216.953 million (30 June 2008: Rs. 1,217.075 million).

4.2 The rate of mark-up for the facilities availed ranges between 12.88% to 13.28% (30 June 2008: 10.00%).

4.3 The rate of mark-up for the facilities availed is Nil (30 June 2008: Nil).

4.4 The aggregate facility available for opening letters of credit from various commercial banks amount to Rs. 2,210.000 million (30 June 2008: Rs. 2,070.000 million) of which Rs. 279.593 million were utilized at 31 December 2008 (30 June 2008: Rs. 592.403 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 2008: Rs. 66.064 million).



Condensed Interim Notes to the Financial Statements (Un-audited)
for the half year ended 31 December 2008

5.1.2 Outstanding guarantees given on behalf of Related Parties amounted to Rs. 7.999 million (30 June 2008: Rs. 6.161 million)

5.2 Commitments:

5.2.1 Contracts for Capital expenditure commitments outstanding as at 31 December 2008 amounted to Rs. 9.225 million (30 June 2008: Rs. 12.462 million)

5.2.2 Commitments against irrevocable letters of credit as at 31 December 2008 amounted to Rs. 279.593 million (30 June 2008: Rs. 592.403 million).

	Note	Rupees in thousand	
		Un-audited 31 Dec. 2008	Audited 30 June 2008
6 OPERATING FIXED ASSETS			
Opening Net Book Value (NBV)		986,262	847,486
Additions at Cost During the Period / Year	6.1	14,942	233,676
		1,001,204	1,081,161
Disposals (NBV) During the Period / Year	6.2	3,133	9,055
Depreciation Charge During the Period / Year		42,993	85,844
		46,126	94,899
		<u>955,078</u>	<u>986,262</u>
6.1 Additions at Cost During the Period / Year			
Freehold Land		-	6,612
Building Factory on Freehold Land		-	7,506
Building Office on Leasehold Land		2,380	195,212
Plant and Machinery		2,827	7,535
Furniture and Fittings		409	8,775
Vehicles		-	885
Office Equipments		9,268	6,281
Other Assets		58	870
		<u>14,942</u>	<u>233,676</u>
6.2 Disposals (NBV) During the Period / Year			
Plant and Machinery		3,088	6,954
Vehicles		7	1,975
Furniture and Fittings		12	-
Office Equipments		26	126
		<u>3,133</u>	<u>9,055</u>
7 CAPITAL WORK-IN-PROGRESS			
Building and Civil Works		6,442	71
Roads		27	27
Plant and Machinery		4,317	3,627
Vehicles		23	-
Office Equipments		16	2,201
Other Assets		1,614	35
Capital Stores		794	310
		<u>13,233</u>	<u>6,271</u>



Condensed Interim Notes to the Financial Statements (Un-audited)
for the half year ended 31 December 2008

8 COST OF SALES	Rupees in thousand			
	Half Year Ended		Quarter Ended	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Raw and Packing Materials Consumed	1,782,928	1,907,162	910,387	959,746
Store and Spare Consumed	48,543	46,349	29,634	22,229
Salaries, Wages and Amenities	74,018	64,774	38,754	36,301
Fuel and Power	251,238	187,816	151,386	95,751
Repair and Maintenance	8,373	5,873	5,618	2,930
Running and Maintenance of Vehicles	4,276	3,343	2,513	1,389
Insurance	3,207	2,056	1,751	1,027
Depreciation	36,045	39,296	17,466	19,254
Rent, Rate and Taxes	233	498	13	91
Other Expenses	523	370	372	102
	<u>2,209,384</u>	<u>2,257,537</u>	<u>1,157,894</u>	<u>1,138,820</u>
Add: Opening Work in Process	65,284	47,846	72,727	50,772
Less: Closing Work in Process	<u>65,598</u>	<u>75,171</u>	<u>65,598</u>	<u>75,171</u>
	<u>2,209,070</u>	<u>2,230,212</u>	<u>1,165,022</u>	<u>1,114,421</u>
Add: Opening Finished Goods	381,665	295,176	151,779	435,780
Less: Closing Finished Goods	<u>449,212</u>	<u>519,642</u>	<u>449,212</u>	<u>519,642</u>
	<u>2,141,523</u>	<u>2,005,746</u>	<u>867,589</u>	<u>1,030,559</u>

9 Cash and Cash Equivalents	Rupees in thousand	
	Half Year Ended	
	31-Dec-2008	31-Dec-2007
Cash and Bank Balances	235,357	559,400
Short Term Borrowings	-	-
	<u>235,357</u>	<u>559,400</u>



Condensed Interim Notes to the Financial Statements (Un-audited)
for the half year ended 31 December 2008

10 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:

		Rupees in thousand			
		Half Year Ended		Quarter Ended	
		31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Relation with the Company	Nature of Transactions				
1 Associated Companies	Sales of goods and services	8,528	3,792	2,263	2,124
	Purchase of goods and services	285,044	142,992	127,662	73,417
	Profit on bank deposits	14,856	19,527	8,625	11,739
	Investments / Advance to parties	182	2,198	74	192
2 Other Related Parties	Sales of goods and services	455	113,502	455	53,637
	Purchase of goods and services	815	175,634	125	109,283
3 Defined Contribution Plan (Provident Fund)	Contribution to provident fund	819	824	406	460

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

11 Date of Authorization for Issue

These condensed interim financial statements were authorized for issue on 19 February 2009 by the Board of Directors of the Company.

12 General

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

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director