

Annual Report 2011



Rupali Polyester Limited



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Corporate Data

Board of Directors

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Amin A. Feerasta
Syed Ali Zafar

Muhammad Ali H. Sayani
Abdul Hayee

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 - Sheikhpura Road
Sheikhpura - 39350
PAKISTAN

Our Vision

To consistently maintain the Company's leading status of producing high quality products being first preference of our customers. Also to maintain the standards of performance excellence with long term plans of expansion and diversification.



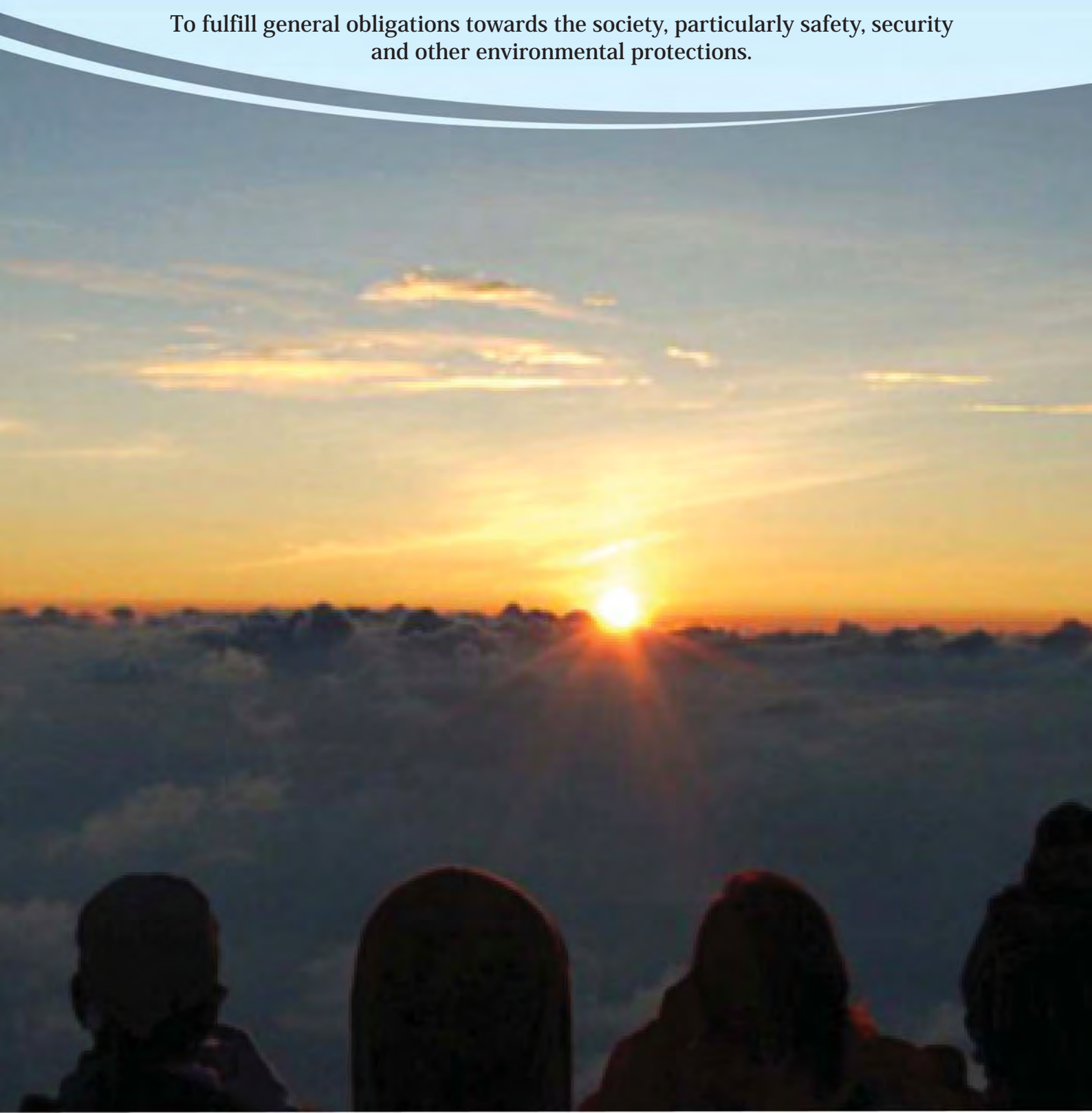
Our Mission

To develop the Company on sound technical and financial footings with better productivity, excellence in quality and operational efficiencies at lower operating costs by utilizing blend of high professionalism.

To accomplish targeted results through increased earnings for maximum benefit to the Company stakeholders.

To be an equal opportunity employer taking utmost care of the employees for their career progression with better reward and recognition of their abilities and performance.

To fulfill general obligations towards the society, particularly safety, security and other environmental protections.



Our Core Values

An Organization with well disciplined and professionally managed operational and administrative functions

Pioneering status in Polyester Staple Fiber manufacturing

High quality manufacturing standards

Our products enjoy first preference of downstream users

Performance excellence in all areas of operations

Integrity in all our dealings based on commitments

Very sound internal controls and highly disciplined financial management

An excellent image and repute amongst corporate sector of the country and worldwide recognition

High importance to stakeholders with historical background of regular dividend payouts to shareholders



Company Profile

RUPALI POLYESTER LIMITED was incorporated at Karachi in May 1980 as a Public Limited Company and is listed on all stock exchanges of Pakistan. It owns and operates composite facilities to manufacture Polyester Staple Fiber and Filament Yarn. It produces quality products by using latest technology and best quality of raw materials. The Company has the privilege of being one of the pioneers in Pakistan for manufacture of Polyester Staple Fiber of highest quality. Since its inception, the Company has been growing steadily through expansion and diversified operations. The assets of the Company have increased to Rs. 3,973 million from the initial capital outlay of Rs.150 million.

The Company has a Polymerization Unit with a capacity of 105 metric tons per day, Polyester Filament Yarn capacity of 30 metric tons per day and a Polyester Staple Fiber capacity of 65 metric tons per day. The various products of Rupali are in fact import substitution as these were previously imported from Japan, Indonesia, Taiwan and Korea. Now the Company is importing the basic raw materials only and through value addition is producing the highest quality products locally.

Since inception, the philosophy of the Company's management is to grow on the strength of quality and reliability. To achieve this objective, it is maintaining a well equipped Research & Development Centre for standard maintenance, innovative improvements in its products and achieving economies in production techniques without compromising on standard and quality of products. Products and services offered by the Company are acknowledged by the customers as quality and reliable products and are the first preference of customers.

The Company gives high priority to customers' satisfaction, tries to maintain uninterrupted supply of its products and provides after sales services, technical support for trouble shooting.

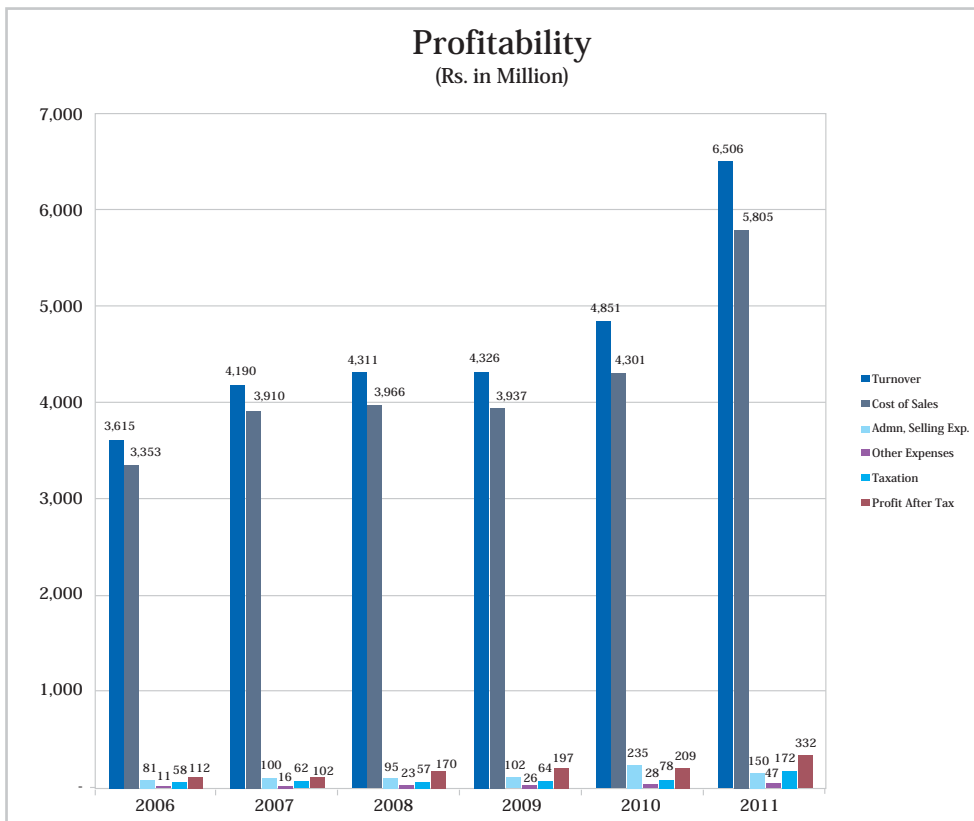
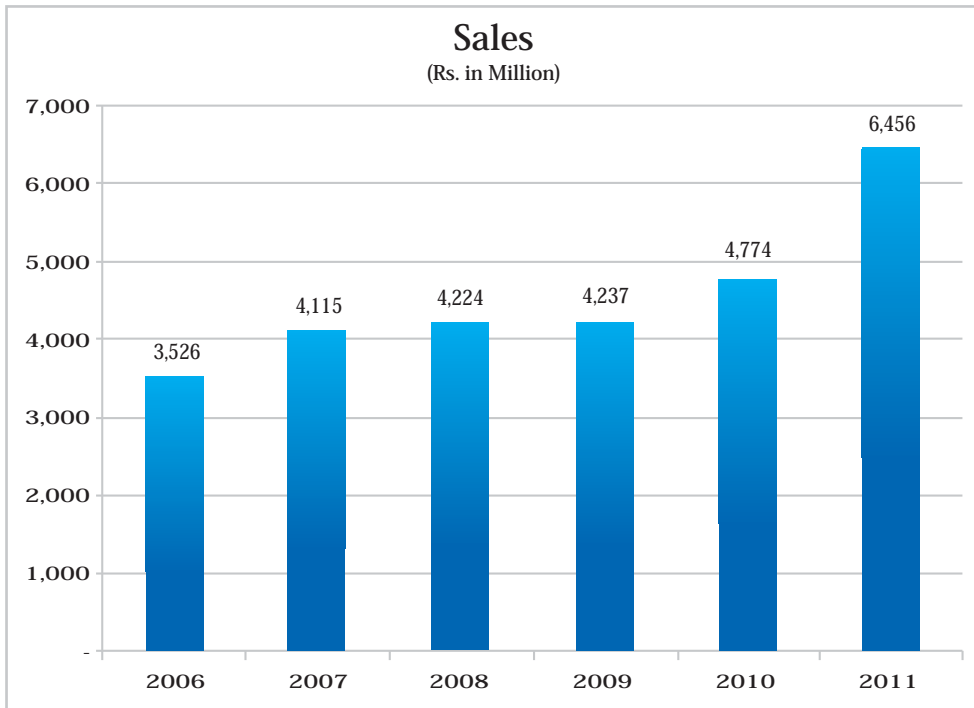
AL HAMDO LILLAH, the Company enjoys high prestige and reputation in the business community, banks, financial institutions and customers. It is also amongst major contributors to the national exchequer.

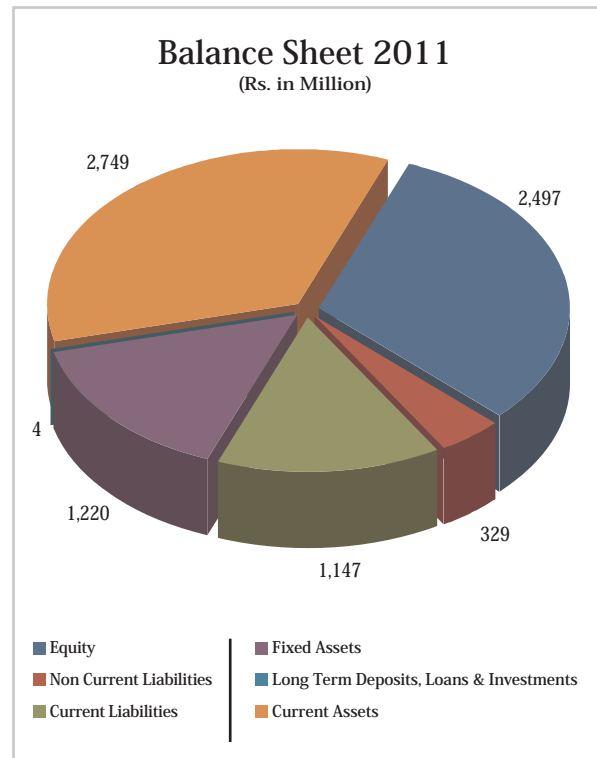
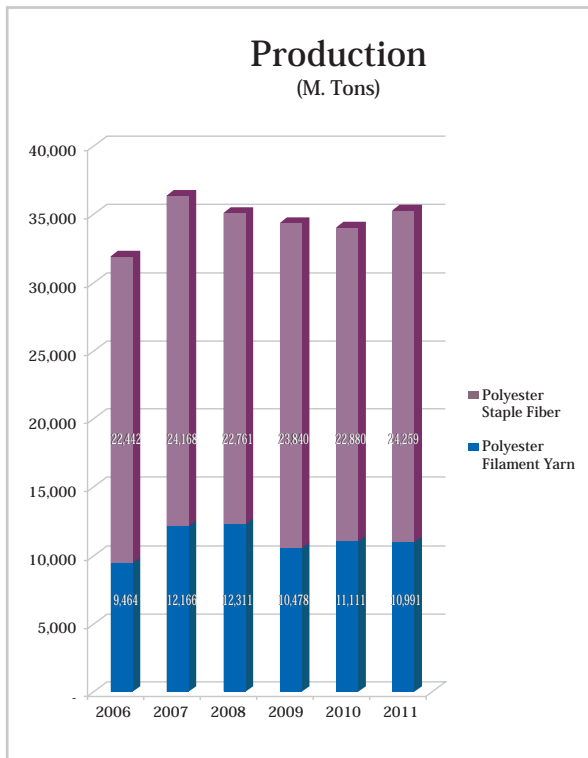
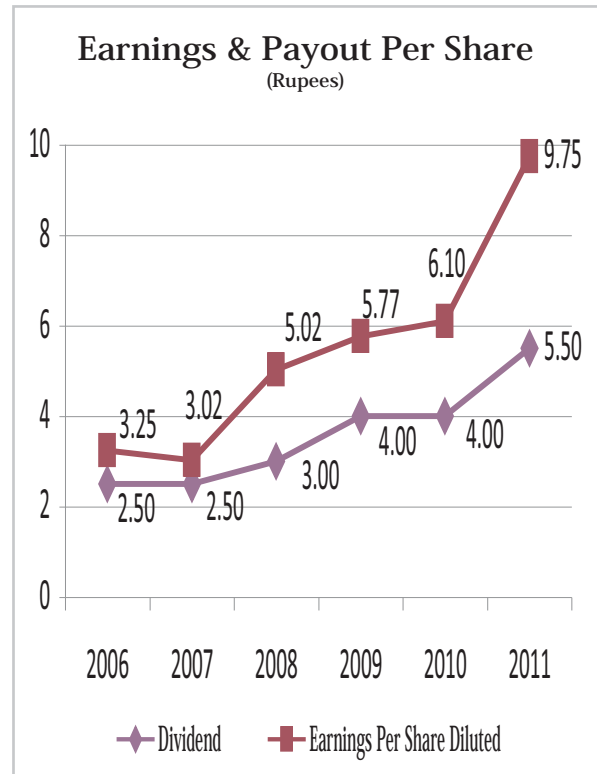
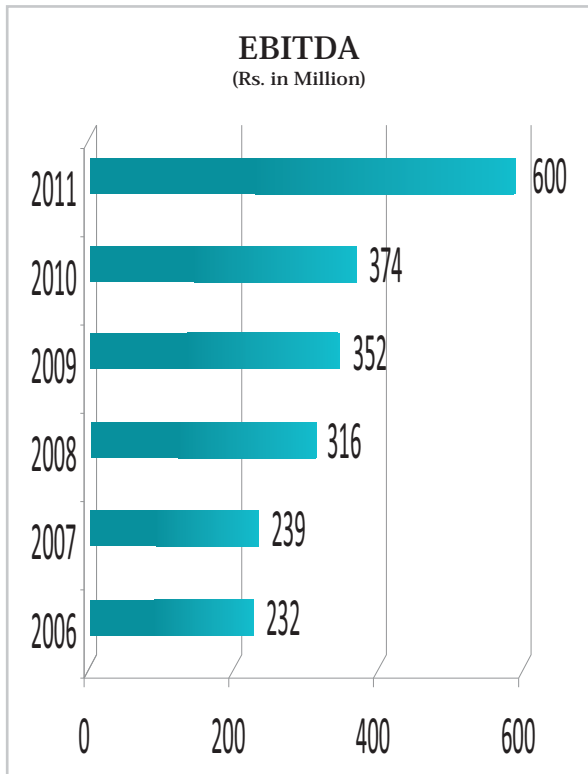
Financial Highlights

	UOM	2011	2010	2009
Profit and Loss Account				
Sales - Net	Rs. in thousand	6,455,848	4,774,324	4,237,268
Cost of Goods Sold	Rs. in thousand	5,804,892	4,301,276	3,937,467
Gross Profit	Rs. in thousand	650,956	473,048	299,801
Operating profit	Rs. in thousand	515,795	288,930	264,307
Profit before tax	Rs. in thousand	503,881	286,005	261,092
Profit after tax	Rs. in thousand	332,262	207,802	196,632
Income tax - current	Rs. in thousand	116,219	107,860	90,972
- prior years	Rs. in thousand	(3,230)	(22,197)	(4,210)
- deferred	Rs. in thousand	58,630	(7,460)	(22,302)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Rs. in thousand	599,638	374,508	352,423
Dividend				
Cash dividend	Rs. in thousand	187,377	136,274	136,274
Cash dividend rate	Percentage	55	40	40
Balance Sheet				
Share capital	Rs. in thousand	340,685	340,685	340,685
Reserves	Rs. in thousand	1,735,615	1,735,615	1,735,615
Unappropriated profit	Rs. in thousand	420,502	224,514	152,986
Shareholders equity	Rs. in thousand	2,496,802	2,300,814	2,229,286
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514
Non current liabilities	Rs. in thousand	329,253	261,634	263,293
Current liabilities	Rs. in thousand	1,146,577	240,394	230,032
Property, Plant and Equipment	Rs. in thousand	1,192,889	907,586	969,334
Capital work-in-progress	Rs. in thousand	26,998	300,143	2,845
Long term investments/loans/deposits	Rs. in thousand	4,281	36,334	140,984
Current assets	Rs. in thousand	2,748,464	1,558,779	1,609,448
Net current assets	Rs. in thousand	1,601,887	1,318,385	1,379,416
Total liabilities	Rs. in thousand	3,972,632	2,802,842	2,722,611
Total Assets	Rs. in thousand	3,972,632	2,802,842	2,722,611
Ratios Analysis				
Gross profit	Percentage	10.08	9.91	7.08
Net profit	Percentage	5.15	4.35	4.64
Return on equity	Percentage	13.31	9.03	8.82
Return on capital employed	Percentage	18.25	11.28	10.60
Current ratio	Times	2.40	6.48	7.00
Acid test	Times	4.42	2.33	3.05
Inventory turnover	Times	4	7	5
Fixed assets turnover	Percentage	614.70	508.74	433.35
EBITDA margin to sales	Percentage	9.29	7.84	8.32
Dividend	Percentage	55	40	40
Cash dividend per share	Rupees	5.50	4.00	4.00
Debt : equity ratio		0 : 100	0 : 100	0 : 100
Break-up value per share	Rupees	73.29	67.53	65.44
Market value per share at the end of the year	Rupees	41.50	33.00	29.45
Production volume				
Production capacity	M. Tons	22,100	22,100	22,100
Production achieved	M. Tons	35,250	33,991	34,318
Capacity utilization	Percentage	160	154	155
Employees	Numbers	1,239	1,186	1,249

2008	2007	2006	2005
4,224,019	4,115,381	3,525,961	3,649,631
3,965,886	3,910,332	3,353,139	3,378,752
258,133	205,049	172,822	270,879
229,752	167,705	170,219	260,506
227,539	165,044	169,119	258,721
171,023	103,038	110,774	182,274
56,428	19,879	12,660	97,080
(52,002)	-	(115)	(12,681)
52,090	42,127	45,800	(7,952)
315,596	238,863	231,923	305,669
102,206	85,171	85,171	102,206
30	25	25	30
340,685	340,685	340,685	340,685
1,495,615	1,495,615	1,495,615	1,495,615
298,560	212,708	194,841	186,273
2,134,860	2,049,008	2,031,141	2,022,573
34,068,514	34,068,514	34,068,514	34,068,514
279,678	219,965	175,725	126,928
516,869	457,856	197,323	204,015
986,262	847,485	661,303	422,077
6,271	96,470	79,365	244,691
133,427	124,606	114,078	67,354
1,805,447	1,658,268	1,549,443	1,619,394
1,288,578	1,200,412	1,352,120	1,415,379
2,931,407	2,726,829	2,404,189	2,353,516
2,931,407	2,726,829	2,404,189	2,353,516
6.11	4.98	4.90	7.42
4.05	2.50	3.14	4.99
8.01	5.03	5.45	9.01
9.52	7.39	7.71	12.12
3.49	3.62	7.85	7.94
1.22	1.34	2.90	3.53
5	5	6	5
460.70	545.52	650.92	826.29
7.47	5.80	6.58	8.38
30	25	25	30
3.00	2.50	2.50	3.00
0 : 100	0 : 100	0 : 100	0 : 100
62.66	60.14	59.62	59.37
42.00	42.50	37.55	44.50
22,100	22,100	22,100	18,840
35,072	36,334	31,906	32,608
159	164	144	173
1,288	1,256	1,181	1,068







Horizontal Analysis

Balance Sheet

Rupees in thousand

Particulars	2005	2006	2007	2008
Share Capital and Reserves				
Issued, Subscribed and Paid-up Capital	340,685	340,685	340,685	340,685
Capital Reserve	71,490	71,490	71,490	71,490
General Reserve	1,424,125	1,424,125	1,424,125	1,424,125
Unappropriated Profit	186,273	194,841	212,708	298,560
Shareholders' Equity	2,022,573	2,031,141	2,049,008	2,134,860
Non Current Liabilities	126,928	175,725	219,965	279,678
Sub total	2,149,501	2,206,866	2,268,973	2,414,538
Current Liabilities				
Trade and Other Payables	204,015	197,323	457,856	516,869
Sub total	204,015	197,323	457,856	516,869
Total	2,353,516	2,404,189	2,726,829	2,931,407
Assets				
Non Current Assets				
Operating Fixed Assets	422,077	661,303	847,485	986,262
Capital Work-in-Progress	244,691	79,365	96,470	6,271
Sub Total	666,768	740,668	943,955	992,533
Long Term Investments	60,122	77,351	87,875	91,844
Long Term Loans	-	33,000	33,000	37,499
Long Term Deposits	7,232	3,727	3,731	4,084
Sub Total	734,122	854,746	1,068,561	1,125,960
Current Assets				
Stores, Spares and Loose Tools	409,555	271,624	269,344	291,490
Stock-in-Trade	489,409	706,555	774,371	881,259
Trade Debts	7,618	12,081	17,325	3,945
Loans and Advances	23,541	31,078	14,502	61,876
Trade Deposits and Short Term Prepayments	5,629	4,860	5,395	1,764
Other Receivables	123,050	110,825	80,896	136,414
Taxation -Net	-	8,528	38,317	62,055
Cash and Bank Balances	560,592	403,892	458,118	366,644
Sub Total	1,619,394	1,549,443	1,658,268	1,805,447
Total	2,353,516	2,404,189	2,726,829	2,931,407

Percentage Change

2009	2010	2011	06 Over 05	07 Over 06	08 Over 07	09 Over 08	10 Over 09	11 Over 10
340,685	340,685	340,685	0.00	0.00	0.00	0.00	0.00	0.00
71,490	71,490	71,490	0.00	0.00	0.00	0.00	0.00	0.00
1,664,125	1,664,125	1,664,125	0.00	0.00	0.00	16.85	0.00	0.00
152,986	224,514	420,502	4.60	9.17	40.36	-48.76	46.75	87.29
2,229,286	2,300,814	2,496,802	0.42	0.88	4.19	4.42	3.21	8.52
263,293	261,634	329,253	38.44	25.18	27.15	-5.86	-0.63	25.84
2,492,579	2,562,448	2,826,055	2.67	2.81	6.42	3.23	2.80	10.29
230,032	240,394	1,146,577	-3.28	132.03	12.89	-55.50	4.50	376.96
230,032	240,394	1,146,577	-3.28	132.03	12.89	-55.50	4.50	376.96
2,722,611	2,802,842	3,972,632	2.15	13.42	7.50	-7.12	2.95	41.74
969,334	907,586	1,192,889	56.68	28.15	16.38	-1.72	-6.37	31.44
2,845	300,143	26,998	-67.57	21.55	-93.50	-54.63	10,449.84	-91.00
972,179	1,207,729	1219,887	11.08	27.45	5.15	-2.05	24.23	1.01
92,064	32,150	-	28.66	13.61	4.52	0.24	-65.08	-100.00
44,797	-	-	0.00	0.00	13.63	19.46	-100.00	-
4,123	4,184	4,281	-48.47	0.11	9.46	0.95	1.48	2.32
1,113,163	1,244,063	1,224,168	16.43	25.02	5.37	-1.14	11.76	-1.60
300,554	310,414	396,737	-33.68	-0.84	8.22	3.11	3.28	27.81
607,564	687,403	1,925,566	44.37	9.60	13.80	-31.06	13.14	180.12
5,481	61,302	65,930	58.58	43.41	-77.23	38.94	1,018.45	7.55
22,143	40,016	30,699	32.02	-53.34	326.67	-64.21	80.72	-23.28
856	712	1,861	-13.66	11.01	-67.30	-51.47	-16.82	161.38
145,524	265,387	282,115	-9.93	-27.01	68.63	6.68	82.37	6.30
-	25,231	35,290	0.00	349.31	61.95	-100.00	0.00	39.86
527,326	168,314	10,266	-27.95	13.43	-19.97	43.83	-68.08	-93.90
1,609,448	1,558,779	2,748,464	-4.32	7.02	8.88	-10.86	-3.15	76.32
2,722,611	2,802,842	3,972,632	2.15	13.42	7.50	-7.12	2.95	41.74

Vertical Analysis

Balance Sheet

Rupees in thousand

Particulars	2005	2006	2007	2008	2009
Share Capital and Reserves					
Issued, Subscribed and Paid-up Capital	340,685	340,685	340,685	340,685	340,685
Capital Reserve	71,490	71,490	71,490	71,490	71,490
General Reserve	1,424,125	1,424,125	1,424,125	1,424,125	1,664,125
Unappropriated Profit	186,273	194,841	212,708	298,560	152,986
Shareholders' Equity	2,022,573	2,031,141	2,049,008	2,134,860	2,229,286
Non Current Liabilities	126,928	175,725	219,965	279,678	263,293
Sub total	2,149,501	2,206,866	2,268,973	2,414,538	2,492,579
Current Liabilities					
Trade and Other Payables	204,015	197,323	457,856	516,869	230,032
Sub total	204,015	197,323	457,856	516,869	230,032
Total	2,353,516	2,404,189	2,726,829	2,931,407	2,722,611
Assets					
Non Current Assets					
Operating Fixed Assets	422,077	661,303	847,485	986,262	969,334
Capital Work-in-Progress	244,691	79,365	96,470	6,271	2,845
Sub Total	666,768	740,668	943,955	992,533	972,179
Long Term Investments	60,122	77,351	87,875	91,844	92,064
Long Term Loans	-	33,000	33,000	37,499	44,797
Long Term Deposits	7,232	3,727	3,731	4,084	4,123
Sub Total	734,122	854,746	1,068,561	1,125,960	1,113,163
Current Assets					
Stores, Spares and Loose Tools	409,555	271,624	269,344	291,490	300,554
Stock-in-Trade	489,409	706,555	774,371	881,259	607,564
Trade Debts	7,618	12,081	17,325	3,945	5,481
Loans and Advances	23,541	31,078	14,502	61,876	22,143
Trade Deposits and Short Term Prepayments	5,629	4,860	5,395	1,764	856
Other Receivables	123,050	110,825	80,896	136,414	145,524
Taxation -Net	-	8,528	38,317	62,055	-
Cash and Bank Balances	560,592	403,892	458,118	366,644	527,326
Sub Total	1,619,394	1,549,443	1,658,268	1,805,447	1,609,448
Total	2,353,516	2,404,189	2,726,829	2,931,407	2,722,611

Percentage

2010	2011	2005	2006	2007	2008	2009	2010	2011
340,685	340,685	14.48	14.17	12.49	11.62	12.51	12.15	8.58
71,490	71,490	3.04	2.97	2.62	2.44	2.63	2.55	1.80
1,664,125	1,664,125	60.51	59.24	52.23	48.58	61.12	59.38	41.89
224,514	420,502	7.91	8.10	7.80	10.19	5.62	8.01	10.58
2,300,814	2,496,802	85.94	84.48	75.14	72.83	81.88	82.09	62.85
261,634	329,253	5.39	7.31	8.07	9.54	9.67	9.33	8.29
2,562,448	2,826,055	91.33	91.79	83.21	82.37	91.55	91.42	71.14
240,394	1,146,577	8.67	8.21	16.79	17.63	8.45	8.58	28.86
240,394	1,146,577	8.67	8.21	16.79	17.63	8.45	8.58	28.86
2,802,842	3,972,632	100.00	100.00	100.00	100.00	100.00	100.00	100.00
907,586	1,192,889	17.93	27.51	31.08	33.64	35.60	32.38	30.03
300,143	26,998	10.40	3.30	3.54	0.21	0.10	10.71	0.68
1,207,729	1,219,887	28.33	30.81	34.62	33.86	35.71	43.09	30.71
32,150	-	2.55	3.22	3.22	3.13	3.38	1.15	0.00
-	-	0.00	1.37	1.21	1.28	1.65	0.00	0.00
4,184	4,281	0.31	0.16	0.14	0.14	0.15	0.15	0.11
1,244,063	1,224,168	31.19	35.55	39.19	38.41	40.89	44.39	30.82
310,414	396,737	17.40	11.30	9.88	9.94	11.04	11.07	9.99
687,403	1,925,566	20.79	29.39	28.40	30.06	22.32	24.53	48.47
61,302	65,930	0.32	0.50	0.64	0.13	0.20	2.19	1.66
40,016	30,699	1.00	1.29	0.53	2.11	0.81	1.43	0.77
712	1,861	0.24	0.20	0.20	0.06	0.03	0.03	0.05
265,387	282,115	5.23	4.61	2.97	4.65	5.35	9.47	7.10
25,231	35,290	0.00	0.35	1.41	2.12	0.00	0.90	0.89
168,314	10,266	23.82	16.80	16.80	12.51	19.37	6.01	0.26
1,558,779	2,748,464	68.81	64.45	60.81	61.59	59.11	55.61	69.18
2,802,842	3,972,632	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Horizontal Analysis

Profit and Loss		Rupees in thousand			
Particulars	2005	2006	2007	2008	
Sales - Net	3,649,631	3,525,961	4,115,381	4,224,019	
Cost of Goods Sold	(3,378,752)	(3,353,139)	(3,910,332)	(3,965,886)	
Gross Profit	270,879	172,822	205,049	258,133	
Selling and Distribution Expenses	(10,098)	(9,407)	(13,372)	(12,345)	
Administrative and General Expenses	(81,123)	(71,963)	(86,176)	(82,239)	
Other Operating Charges	(21,819)	(10,041)	(12,673)	(20,422)	
Other Operating Income	102,667	88,808	74,877	86,625	
Operating Profit	260,506	170,219	167,705	229,752	
Finance Costs	(1,785)	(1,100)	(2,661)	(2,213)	
Profit before Taxation	258,721	169,119	165,044	227,539	
Taxation	(76,447)	(58,345)	(62,006)	(56,516)	
Profit after Taxation	182,274	110,774	103,038	171,023	
Earnings per share - basic and diluted (Rs.)	5.35	3.25	3.02	5.02	

Vertical Analysis

Profit and Loss		Rupees in thousand				
Particulars	2005	2006	2007	2008	2009	
Sales - Net	3,649,631	3,525,961	4,115,381	4,224,019	4,237,268	
Cost of Goods Sold	(3,378,752)	(3,353,139)	(3,910,332)	(3,965,886)	(3,937,467)	
Gross Profit	270,879	172,822	205,049	258,133	299,801	
Selling and Distribution Expenses	(10,098)	(9,407)	(13,372)	(12,345)	(12,300)	
Administrative and General Expenses	(81,123)	(71,963)	(86,176)	(82,239)	(89,765)	
Other Operating Charges	(21,819)	(10,041)	(12,673)	(20,422)	(22,745)	
Other Operating Income	102,667	88,808	74,877	86,625	89,316	
Operating Profit	260,506	170,219	167,705	229,752	264,307	
Finance Costs	(1,785)	(1,100)	(2,661)	(2,213)	(3,215)	
Profit before Taxation	258,721	169,119	165,044	227,539	261,092	
Taxation	(76,447)	(58,345)	(62,006)	(56,516)	(64,460)	
Profit after Taxation	182,274	110,774	103,038	171,023	196,632	

Percentage Change

2009	2010	2011	06 Over 05	07 Over 06	08 Over 07	09 Over 08	10 Over 09	11 Over 10
4,237,268	4,774,324	6,455,848	-3.39	16.72	2.64	0.31	12.67	35.22
(3,937,467)	(4,301,276)	(5,804,892)	-0.76	16.62	1.42	-0.72	9.24	34.96
299,801	473,048	650,956	-36.20	18.65	25.89	16.14	57.79	37.61
(12,300)	(13,669)	(15,397)	-6.84	42.15	-7.68	-0.36	11.13	12.64
(89,765)	(221,798)	(134,768)	-11.29	19.75	-4.57	9.15	147.09	-39.24
(22,745)	(25,303)	(35,435)	-53.98	26.21	61.15	11.37	11.25	40.04
89,316	76,652	50,439	-13.50	-15.69	15.69	3.11	-14.18	-34.20
264,307	288,930	515,795	-34.66	-1.48	37.00	15.04	9.32	78.52
(3,215)	(2,925)	(11,914)	-38.38	141.91	-16.84	45.28	-9.02	307.32
261,092	286,005	503,881	-34.63	-2.41	37.87	14.75	9.54	76.18
(64,460)	(78,203)	(171,619)	-23.68	6.27	-8.85	14.06	21.32	119.45
196,632	207,802	332,262	-39.23	-6.98	65.98	14.97	5.68	59.89
5.77	6.10	9.75	-39.23	-6.98	65.98	14.97	5.68	59.89

Percentage

2010	2011	2005	2006	2007	2008	2009	2010	2011
4,774,324	6,455,848	100.00	100.00	100.00	100.00	100.00	100.00	100.00
(4,301,276)	(5,804,892)	-92.58	-95.10	-95.02	-93.89	-92.92	-90.09	-89.92
473,048	650,956	7.42	4.90	4.98	6.11	7.08	9.91	10.08
(13,669)	(15,397)	-0.28	-0.27	-0.32	-0.29	-0.29	-0.29	-0.24
(221,798)	(134,768)	-2.22	-2.04	-2.09	-1.95	-2.12	-4.65	-2.09
(25,303)	(35,435)	-0.60	-0.28	-0.31	-0.48	-0.54	-0.53	-0.55
76,652	50,439	2.81	2.52	1.82	2.05	2.11	1.61	0.78
288,930	515,795	7.14	4.83	4.08	5.44	6.24	6.05	7.99
(2,925)	(11,914)	-0.05	-0.03	-0.06	-0.05	-0.08	-0.06	-0.18
286,005	503,881	7.09	4.80	4.01	5.39	6.16	5.99	7.81
(78,203)	(171,619)	-2.09	-1.65	-1.51	-1.34	-1.52	-1.64	-2.66
207,802	332,262	4.99	3.14	2.50	4.05	4.64	4.35	5.15

Directors' Report to the Shareholders

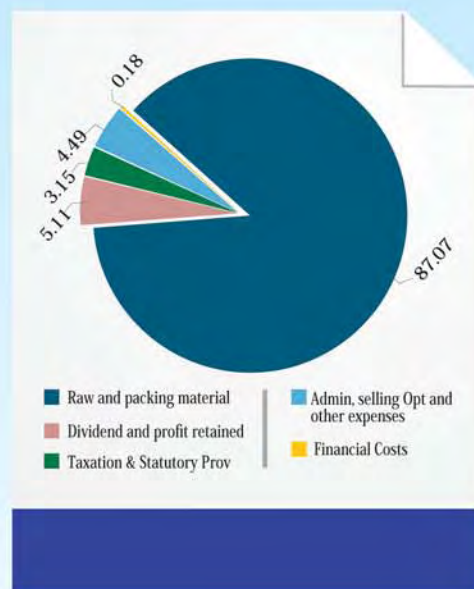
On behalf of the Board of Directors, I am pleased to welcome you to the thirty-first annual general meeting and inform that with the Blessings of Almighty Allah we have successfully completed another financial year. The Annual Report together with the Audited Accounts of the Company for the year ended 30 June 2011 is presented herewith.

Financial Results:

	Rupees in thousand
Net profit before taxation	503,881
Provision for taxation	<u>171,619</u>
Profit after taxation	332,262
Un-appropriated profit brought forward	<u>420,502</u>
Profit available for appropriation	752,764

Appropriations:

Proposed final cash dividend @55% (2010:@40%)	187,377
Transfer to general reserves	<u>500,000</u>
Un-appropriated profit carried forward	<u>65,387</u>
Earnings per share after tax, Rupees	<u>9.75</u>



Overview

ALHAMDOLILLAH, your Company maintained the tempo of consistently rising performance during the fiscal year 2010-11. Sales revenue rose by 35 percent to Rs.6,455.85 million from Rs.4,774.32 million in 2009-10. This is our moment of pride but we report with humility that highest turnover in the history of the Company was achieved through efficient plant operations, rigorous cost control, prudent utilization of resources and relentless efforts of the Management.



The current business scenario in the corporate sector in the country indicates discouraging trends. The poor law and order situation and severe power and gas shortages have not only stalled new long term investment but also damaged the growth of small as well as large scale manufacturing industry. Erratic economic and taxation policies, weak infrastructure and high input costs have also contributed to the declining graph of industrial development.

The continuing gap in demand and supply of power and gas poses a serious threat to survival of the industrial sector in the country. The energy crisis shows no signs of abatement. While large industrial projects can afford self power generation, the chain of small and old medium size downstream units has to depend on external supply of power. The Government must formulate long term energy policy and promote alternative energy resources like technology of coal fired boilers, coal gasification, generation through solar and windmills, bio-gas or recycled waste and hydro-turbine technology to address the energy deficit.

Throughout the year our plant operations remained seriously disturbed due to unplanned

power and gas load shedding. WAPDA power supply remained off daily for four hours. Gas outage, for the first time, was experienced in peak summer months when there was no gas supply continuously for 4 days a week. The pressure was also very low and inadequate to run all our gas engines. We were, therefore, obliged to switch to furnace fuel oil which is more costly and inflated our cost of power generation substantially.

During the year our planned production and sales projections received a serious setback by the promulgation of three Finance Ordinances 2011 dated 15 March 2011 by the Government, suddenly changing the levy / collection of sales tax, imposing surcharge on income tax payable and making liable the zero rated sector to enhanced 2.5% Special Excise Duty which was earlier 1%.

In the Sales Tax Act, 1990 by introducing amendments through SRO 231(I)/2011 dated 15.03.2011 in the existing SRO 509(I)/2007 dated 09.06.2007, sales tax @17% was imposed on all the supplies made by us, as zero rated facility was restricted to input tax as well as output tax on exports or goods meant for export.

In the Income Tax Ordinance, 2001 by introducing Section 4A, one time surcharge @15% was imposed on the tax becoming payable by each taxpayer from 15.03.2011 to 30.06.2011 in the Tax Year 2011. Surcharge was made applicable to withholding tax as well as the advance tax to be paid.



It was after a lot of efforts from the business community that further amendments were introduced by issuing SRO 274(I)/2011 dated 26.03.2011 whereby the registered manufacturer-cum-exporters and exporters were given the facility of zero rating for input tax and output tax with effect from 15.03.2011 and also exemption from levy of enhanced Special Excise Duty. The sale of yarn and fabric was respectively required to be charged @ 6% and 4% when the sales were made to unregistered buyers.

Our products have to compete with China and Far-Eastern countries who have heavy surplus capacities and are exporting Polyester Staple Fiber and Polyester Filament Yarn to countries like Pakistan at dumping prices, thus making the local products uncompetitive because of high

production cost. The National Tariff Commission (NTC) has restarted its investigation against dumping of Polyester Filament Yarn (PFY) into Pakistan from Korea, Indonesia, Malaysia and Thailand. It has been contended that discontinuation of anti-dumping duties on PFY will be highly injurious to the domestic industry producing PFY. NTC should, therefore, consider imposition of permanent anti-dumping duty on PFY. Your Company is vigorously pursuing the matter with NTC.

Instability in our raw material prices due to rising trend in crude oil prices in the international market and supply issues of paraxylene led to increase in prices of our products. There was a rising trend in MEG prices throughout the year under review from US\$840 per M.Ton in July 2010 which inflated to US\$1380 per M.Ton in the month of March 2011 with slight softening trend in May and June 2011 at US\$1250 per M.Ton. The prices of PTA showed bullishness from US\$870 in July 2010 to as high as US\$1520 per M.Ton in April 2011 as compared to the maximum rise to US\$990 per M.Ton in April 2010. The overall costs of raw material and packing material were unstable and reflected an upward trend compared to the prices of the previous year. Owing to severe load shedding, irregular and curtailed supplies of gas, we have to generate power through furnace oil as an alternative source of fuel. This has increased the cost of fuel and power from Rs.501 million in the last year to Rs.882 million in the year under review.

As stated earlier in the report, sales revenue increased from Rs.4,774 million in the year ended 30 June 2010 to Rs.6,456 million in the year ended 30 June 2011. The increase in sales revenue was mainly due to higher product prices. The increased input cost, particularly PTA and MEG prices contributed towards price adjustments of products sold. Profit before taxation increased to Rs.504 million from Rs.286 million in 2009-10. Profit after taxation rose to Rs.332 million from Rs.208 million during the same period. Administrative and general expenses amounted to Rs.135 million as compared to Rs.222 million in the previous year.

Future Outlook

The economic growth and prosperity of our country hinges primarily on a healthy and vibrant industrial sector. Unfortunately, industrial and business activities have been hampered due to electricity and gas shortages and deteriorating law and order situation leading to the flight of capital and a declining trend in new investment. The economy is in the grip of high double-digit inflation. There is a dire need for a fundamental change of direction through good governance and management of economy and such a change should start with structural reforms of public sector enterprises particularly in energy sector.

The PSF Industry's main downstream is the Textile Industry which contributes more than sixty percent to the country's total exports. However, the Textile Industry currently faces massive challenges in meeting the international export competition. The factors such as high interest rates and cost of inputs, non-conducive Government trade and taxation policies and non-guaranteed energy supplies impact their competitiveness. Hindrance in export growth reverts back to PSF and PFY industry impacting their production activities.

All things considered, it is apparent that the

PSF and PFY Industry is facing an uncertain environment. The increase in input cost of minimum wage, increasing interest rates, non-assurance of power supplies and lack of R&D undertaken by end-users has had a negative impact on the industry's competitiveness with imported products available at cheaper rates. In order to sustain the Textile Industry, the Government needs to urgently implement a suitable long-term strategy that provides a level-playing field against their regional competitors. The manufacturing companies have to optimize their cost of production by achieving economies of scale and cutting down expenses. In a scenario where the selling prices are determined by market forces, cost optimization is the only way to remain competitive.

Future sales and profitability of your Company will be influenced by factors like raw material prices in international market, demand of PFY based on cotton prices, further increase in WAPDA power tariff and taxation policies. Despite the current prevailing circumstances not so conducive to business proliferation, your Company Management vows to achieve maximum operational efficiency, performance evaluation, resource optimization and better cash-flow management for improving profitability.





Board of Directors

Since the last elections held in 2009, there has been no change in the composition of the Board of Directors of the Company.

Dividend

Your Directors are pleased to propose a cash dividend @55%, i.e. Rs.5.50 per share of Rs.10.00 each for the year ended 30 June 2011.

Auditors

The present auditors M/s Qavi & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.

The Board has received recommendations from its Audit Committee for re-appointment of M/s. Qavi & Co., Chartered Accountants as Auditors of the Company for the year 2011-12.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2011 appears on Page 65.

Disclosure Requirements as per Stock Exchanges Regulations of Corporate Governance

Good Corporate Governance has always been the focal point of the Board of Directors of the Company. I am happy to report that your Company by the Grace of Allah, meets the

standard set in the guidelines for good Corporate Governance and in full compliance with all relevant regulations. The Company has maintained its books of account as per statutory requirements. Company’s financial statements fully meet the disclosure standards and fairly represent the state of affairs of the Company, its results of operations, cash flow and changes in equity. These accounts have been prepared on going concern basis and the Management is satisfied regarding going concern status of the Company. Internal controls of the Company are significantly effective and sound from the grass-roots level upto the corporate level.

Further appropriate accounting policies and applicable International Accounting Standards were applied in preparation of the financial statements. There is no inconsistency in these policies and no material departure from best practices of corporate governance is allowed.

Investment of Provident Fund

The value of investment in Provident Fund Trust Account inclusive of profit accrued thereon is as under:

(Rupees in thousand)	
30 June 2011 (Unaudited)	30 June 2010 (Audited)
27,868	25,648

Board Meetings held and Attendance by each Director

Total number of Board Meetings held during the year under review: 4

Attendance by each Director:

1. Mr. Jafferali M. Feerasta	4
2. Mr. Nooruddin Feerasta	4
3. Mr. Muhammad Rashid Zahir	4
4. Mr. Muhammad Ali H. Sayani	4
5. Mr. Amin A. Feerasta	4
6. Mr. Abdul Hayee	1
7. Syed Ali Zafar	4

Leave of absence was granted to the Directors who could not attend some of the Board Meetings.

Transfer Pricing

The Company is in compliance with the best practices on transfer pricing as contained in the listing regulations of the Stock Exchanges as amended from time to time.

Corporate Social Responsibility (CSR)

Your Company gives high priority to its social responsibilities and is committed to the highest standards of corporate behaviour. The Company's CSR responsibilities are fulfilled through monetary contributions in the areas of health care, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes the contributions to hospitals and education programs engaged in assisting the under-privileged patients, students and children of various walks of life.

Health Safety and Environment

The Company is strongly committed towards all aspects of Safety, Health and Environment connected with our business operations.

The Company fully recognizes safety as the key component of operational excellence and gives vital importance to training of employees and contractors to enhance safety awareness and actively incorporate industry best practices in the overall operational set-up.

Our commitment to environment, health and safety is manifested in our operational activities as no major accident was reported in the year 2011.

There was no reportable occupational illness to our employees or contracted manpower in 2011.

Labor Management Relations

Like previous years, cordial relations were maintained between the Management and labor during this year and we wish to place on record our appreciation for the dedication and hard work demonstrated by employees at every level for the progress and growth of the Company.

Approval of Financial Statements

The financial statements for the year 2011 were approved and authorized for their issuance by the Board of Directors on 26 September 2011.

A Note of Gratitude

The Directors wish to place on record their appreciation for the cooperation extended by the Ministries of Finance, Industries and Production, Commerce, Communication and Textile Industry. We also owe our thanks to the Departments of Customs, Central Excise and Government of the Punjab for their cooperation. We appreciate the patronage and confidence placed in the Company by the Development Financial Institutions and commercial banks. We are thankful to our valued customers and expect growing business relationship with them. To our stakeholders we are grateful for their faith in the Company. We greatly value their trust.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Lahore:

26 September 2011

Notice of Meeting

Notice is hereby given that the Thirty First Annual General Meeting of the Company, Rupali Polyester Limited will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Saturday, 29 October 2011 at 10.00 a.m. to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of last Annual General Meeting held on 30 October 2010.
- 2) To receive, consider and adopt audited accounts of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2011.
- 3) To approve payment of final cash dividend @55% i.e. Rs. 5.50 per share for the year ended 30 June 2011 as recommended by the Board of Directors.
- 4) To re-appoint Messers Qavi & Co., Chartered Accountants as External Auditors of the Company for year 2011-12 and to fix their remuneration.
- 5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board

S. Ghulam Shabbir Gilani
Company Secretary

Lahore:
26 September 2011



NOTES:

- 1) Share transfer books of the Company will remain closed from 22 October 2011 to 29 October 2011 (both days inclusive) for determining the entitlement of dividend. The members whose names appear in the register of members as at the close of business on 21 October 2011 will qualify for payment of dividend.
- 2) A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting.
- 3) Accountholders/sub-accountholders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) who wish to attend the meeting are requested to please bring their original Computerised National Identity Card (CNIC) or original passport with a photocopy duly attested by their bankers along with participant's I.D. number and their account number in CDS for identification purposes.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee together with the original proxy form duly filled in must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.

- 4) Shareholders are requested to notify any change in their addresses immediately.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes at least five (5) independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBF. No director in the Board is a member of any of the stock exchanges in Pakistan and hence the question of declaring any of our directors as a defaulter by any stock exchange does not arise.
4. During the year no casual vacancy occurred in the Board.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and its signing by the employees is in process.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive director have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, a Director elected by the Board for this purpose, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are aware about their fiduciary responsibilities and most of them have attended formal orientation courses.
10. The appointment of CFO, Company Secretary and Head of Internal Audit, were made before the implementation of Code of Corporate Governance. However, their next appointment, if any, including their remuneration and terms and conditions of employment, after its determination by the CEO, will be referred to the Board of Directors for their approval.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises 3 members, all of whom are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function. The personnel involved are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are working on full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board of Directors

Nooruddin Feerasta
Chief Executive Officer

Lahore:
26 September 2011

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2011 prepared by the Board of Directors of RUPALI POLYESTER LIMITED (“the Company”) to comply with the Listing Regulations of the Karachi, Lahore & Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board’s statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

Lahore:
26 September 2011

Qavi & Co.
Chartered Accountants
Engagement partner: Khalid Anwar

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of all the three Stock Exchanges as amended from time to time in respect of all transactions carried out during the year ended 30 June 2011.

For and on behalf of the Board of Directors

Lahore:
26 September 2011

Nooruddin Feerasta
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of RUPALI POLYESTER LIMITED as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied ;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of the profit, total comprehensive income, its cash flows and changes in the equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore:
26 September 2011

Qavi & Co.
Chartered Accountants
Engagement partner: Khalid Anwar

BALANCE SHEET
as at 30 June 2011

	Note	2011 Rupees in thousand	2010
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
35,000,000 (2010: 35,000,000) Ordinary Shares of Rs. 10 each			
		350,000	350,000
Issued, Subscribed and Paid-up Capital	5	340,685	340,685
Capital Reserve		71,490	71,490
General Reserve		1,664,125	1,664,125
Unappropriated Profit		420,502	224,514
		2,496,802	2,300,814
NON-CURRENT LIABILITIES			
Staff Retirement Benefits - Gratuity	6	79,661	70,672
Deferred Taxation	7	249,592	190,962
CURRENT LIABILITIES			
Trade and Other Payables	8	1,135,072	241,656
Short Term Borrowings	9	10,817	-
Accrued Mark-up		688	-
		1,146,577	241,656
CONTINGENCIES AND COMMITMENTS			
	10		
		3,972,632	2,804,104

The annexed notes 1 to 41 form an integral part of these financial statements.

BALANCE SHEET

as at 30 June 2011

	Note	2011 Rupees in thousand	2010
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	11	1,192,889	907,586
Capital Work-in-Progress	12	26,998	300,143
		1,219,887	1,207,729
Long Term Investments	13	-	32,150
Long Term Deposits	14	4,281	4,184
		1,224,168	1,244,063
CURRENT ASSETS			
Stores, Spares and Loose Tools	15	396,737	310,414
Stock-in-Trade	16	1,925,566	687,403
Trade Debts	17	65,930	61,302
Loans and Advances	18	30,699	40,016
Trade Deposits and Short Term Prepayments	19	1,861	712
Other Receivables	20	282,115	266,649
Taxation - Net	21	35,290	25,231
Cash and Bank Balances	22	10,266	168,314
		2,748,464	1,560,041
		3,972,632	2,804,104

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2011

	Note	2011 Rupees in thousand	2010
Sales	23	6,455,848	4,774,324
Cost of Goods Sold	24	(5,804,892)	(4,301,276)
Gross Profit		650,956	473,048
Selling and Distribution Expenses	25	(15,397)	(13,669)
Administrative and General Expenses	26	(134,768)	(221,798)
Other Operating Charges	27	(35,435)	(25,303)
Other Operating Income	28	50,439	76,652
Operating Profit		515,795	288,930
Finance Costs	29	(11,914)	(2,925)
Profit before Taxation		503,881	286,005
Taxation	30	(171,619)	(78,203)
Profit after Taxation		332,262	207,802
		Rupees	Rupees
Earnings per Share - Basic and Diluted	31	9.75	6.10

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

The annexed notes 1 to 41 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	2011	2010
	Rupees in thousand	
Profit after Taxation	332,262	207,802
Other Comprehensive Income	-	-
Total Comprehensive Income	332,262	207,802

The annexed notes 1 to 41 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

CASH FLOW STATEMENT for the year ended 30 June 2011

	Note	2011 Rupees in thousand	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Taxation		503,881	286,005
Add/(Less):			
Adjustment for Non Cash Charges and Other Items:			
Depreciation	11.1	83,843	85,578
Amortization of Short Term Prepayments		447	480
Staff Retirement Benefits - Gratuity	6.5	15,702	13,208
Mark-up/Interest Income	28.1	(14,246)	(43,804)
Remission of Liabilities	28	(1,111)	(2,273)
Loss/(Profit) on Disposal of Operating Fixed Assets	27	12	(223)
Exchange Gain	28	(272)	(1)
Mark-up on Short Term Borrowings	29	6,493	5
Amount written off		31,862	124,713
Finance Costs	29	5,421	2,920
		128,151	180,603
Effect on Cash Flow Due to Working Capital Changes:			
(Increase)/Decrease In Current Assets:			
Stores, Spares and Loose Tools		(86,323)	(9,860)
Stock-in-Trade		(1,238,163)	(79,839)
Trade Debts		(4,628)	(55,821)
Loans and Advances		9,317	(17,883)
Trade Deposits and Short Term Prepayments		(1,596)	(336)
Other Receivables		(15,466)	(139,847)
		(1,336,859)	(303,586)
Increase in Current Liabilities:			
Trade and Other Payables		894,527	15,807
		(442,332)	(287,779)
Cash generated from Operations		189,700	178,829
Mark-up on Short Term Borrowings and Bank Charges Paid		(11,226)	(2,925)
Income Tax Paid		(123,048)	(114,066)
Mark-up / Interest Received		14,246	43,804
Staff Retirement Benefits - Gratuity Paid		(6,713)	(7,407)
Net Cash Inflow from Operating Activities		62,959	98,235

CASH FLOW STATEMENT for the year ended 30 June 2011

	Note	2011 Rupees in thousand	2010
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		(96,107)	(322,247)
Long Term Investments		288	(8)
Long Term Deposits and Prepayments		(97)	(61)
Proceeds from the sale of Operating Fixed Assets		94	1,342
Net Cash Outflow from Investing Activities		(95,822)	(320,974)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(136,274)	(136,274)
Net Cash Outflow from Financing Activities		(136,274)	(136,274)
Net (Decrease) in Cash and Cash Equivalents		(169,137)	(359,013)
Cash and Cash Equivalents at the Beginning of the Year		168,314	527,326
Effect of Exchange Rate Fluctuations		272	1
Cash and Cash Equivalents at the End of the Year	32	(551)	168,314

The annexed notes 1 to 41 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 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 2009	340,685	71,490	1,664,125	152,986	1,888,601	2,229,286
Net Profit for the year ended 30 June 2010	-	-	-	207,802	207,802	207,802
Final dividend for the year ended 30 June 2009 @ 40 %	-	-	-	(136,274)	(136,274)	(136,274)
Balance as on 30 June 2010	340,685	71,490	1,664,125	224,514	1,960,129	2,300,814
Balance as on 01 July 2010	340,685	71,490	1,664,125	224,514	1,960,129	2,300,814
Net Profit for the year ended 30 June 2011	-	-	-	332,262	332,262	332,262
Final dividend for the year ended 30 June 2010 @ 40 %	-	-	-	(136,274)	(136,274)	(136,274)
Balance as on 30 June 2011	340,685	71,490	1,664,125	420,502	2,156,117	2,496,802

The annexed notes 1 to 41 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 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 241-242 Upper Mall Scheme, Anand Road, Lahore. It is principally engaged in the manufacture and sale of polyester products.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Company

Following are the amendments that are applicable for accounting periods beginning on or after 01 January 2010:

- IAS 1 (amendment), 'Presentation of Financial Statements'. The amendment is part of the International Accounting Standard Board's (IASB) annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It does not have a material impact on the Company's financial statements.

- IAS 7, 'Statement of cash flows'. The guidance has been amended to clarify that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment results in an improvement in the alignment of the classification of cash flows from investing activities in the statement of cash flows and the presentation of recognised assets in the statement of financial position. It does not have material impact on the Company's financial statements.

- IAS 39 (amendment); 'Cash flow hedge accounting'. This amendment provides clarification when to recognise gains or losses on hedging instruments as reclassification adjustments in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to income statement in the period in which the hedged forecast cash flow affects income statement. It is not expected to have any significant impact on the Company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS1. It is not expected to have a material impact on the Company's financial statements.

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2010:

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

2.2.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the Company's operations

Improvements / amendments to IFRSs (February 2010)

IAS 32 (Classification of Right Issues)

Improvements / amendments to IFRSs (May 2010)

IFRS 3 - Business Combinations

IAS 27- Consolidated and Separate Financial Statements

Improvements / amendments to IFRSs (April 2009)

IFRS 8 - Operating segments: Disclosure of information about operating segments

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments: Recognition and Measurement

Improvements / amendments to IFRSs (Others)

IFRS 2 - Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions

IAS 32 - Financial Instruments: Presentation - Amendments

2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2011 or later periods, but the Company has not early adopted them:

**Effective for
Periods Beginning
on or after**

Improvements / amendments to IFRSs and interpretations (May 2010)

IFRS 7 - Financial Instruments: Disclosures

01 January 2011

IAS 34 - Interim Financial Reporting

01 January 2011

IFRIC 13 - Customer Loyalty Programmes

01 January 2011

Improvements / amendments to IFRSs and interpretations(Others)

IFRS 7 - Financial Instruments: Disclosures (Amendment)	01 January 2011
IAS 1 - Presentation of Financial Statements (Amendment)	01 January 2011 and 01 July 2012
IAS 12 - Income Taxes (Amendment)	01 January 2012
IAS 19 - Employee Benefits (Amendment)	01 January 2013
IAS 24 - Related Party Disclosures (Revised)	01 January 2011
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)	01 January 2011

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention.

3.2 The Company's significant accounting policies are stated in Note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

4.1 Staff Retirement Benefits

4.1.1 Defined Benefit Plan - Gratuity

The Company operates an Unfunded Defined Benefit Gratuity Scheme for all its permanent

employees who attain the minimum qualification period for entitlement to gratuity. The provision is made on the basis of actuarial recommendation to cover the obligation under the scheme for all employees eligible to gratuity benefits. The latest actuarial valuation for gratuity scheme was carried out as at 30 June 2011 (refer Note 6).

Actuarial gain or loss is recognized in the period in which it is incurred.

4.1.2 Defined Contribution Plan - Provident Fund

The Company contributes to an Approved Provident Fund Scheme which covers all permanent employees. Equal contributions are made by the Company and employees. Contribution is made by the Company at the rate of 8.33% of basic salary.

4.2 Taxation

4.2.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalized during the year.

4.2.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on the deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to income.

4.3 Compensated Absences

The Company accounts for compensated absences in the accounting period in which these are earned.

4.4 Trade and Other Payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.5 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting future cash flows and appropriate discount rate wherever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.6 Borrowings and Borrowing Cost

Borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are disclosed as Mark-up Accrued to the extent of the amount remaining unpaid.

All mark-up, interest and other charges on long term, if any, and short term borrowings are charged to profit in the period in which they are incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are ready for their intended use.

4.7 Property, Plant and Equipment

4.7.1 Operating Fixed Assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and leasehold land which are stated at cost.

Depreciation on Operating Fixed Assets is calculated on reducing balance method. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in Note 11, are determined to allocate the cost of an asset less estimated residual value, if significant, over its useful life.

The assets' residual values and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal of assets are included in income in the year of disposal.

Normal repairs and maintenance costs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

4.7.2 Capital Work-in-Progress

Capital Work-in-Progress are stated at cost and consists of expenditure incurred, advances made and other directly attributable costs in respect of operating fixed assets in the

course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

4.8 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are charged to income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Financial Instruments

4.9.1 Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial Assets at fair value through profit or loss

Financial Assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where

management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition

of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.9.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.10 Advances, Deposits and Prepayments

These are stated at cost which represents the fair value of consideration given.

4.11 Stores, Spares and Loose Tools

Stores, Spares and Loose Tools are valued at lower of moving average cost and net realizable value.

Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for slow moving and obsolete items.

4.12 Stock-in-Trade

Stock-in-Trade, except for those in transit, are valued at lower of weighted average cost and net realizable value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon. Cost of work-in-process and finished goods comprises direct material, labour and appropriate manufacturing overheads.

Provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make a sale.

4.13 Trade Debts and Other Receivables

Trade Debts and Other Receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts/receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

Other receivables and receivables from related parties are recognized and carried at cost.

4.14 Cash and Cash Equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

4.15 Revenue Recognition

Revenue from sales is recognized on dispatch of goods to customers and in case of export when the goods are shipped.

Revenue on bank deposits is recognized on a time proportion basis on the principle amount outstanding and at the rate applicable.

Dividend income, if any, on equity investments is recognized as income when the right of receipt is established.

4.16 Proposed Dividend and Transfer between Reserves

Dividend declared and transferred between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared/transfers made.

4.17 Transactions with Related Parties

All transactions with related parties are entered into at arm's length basis as disclosed in Note 35 (as defined in the Companies Ordinance, 1984).

4.18 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

5. Issued, Subscribed and Paid-up Capital

2011	2010		2011	2010
			Rupees in thousand	
Ordinary Shares of Rs.10 each				
9,690,900	9,690,900	Shares allotted for consideration paid in cash	96,909	96,909
19,933,895	19,933,895	Shares issued against non-repatriable investment	199,339	199,339
4,443,719	4,443,719	Shares allotted as Bonus	44,437	44,437
<u>34,068,514</u>	<u>34,068,514</u>		<u>340,685</u>	<u>340,685</u>

6. Staff Retirement Benefits - Gratuity

6.1 Defined Benefit Plan

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period for entitlement to gratuity.

Annual charge is based on actuarial valuation conducted in accordance with IAS-19 "Employee benefits" as of 30 June 2011, using the Projected Unit Credit Method.

6.2 Principal Actuarial Assumptions

Following are a few important actuarial assumptions used in the valuation:

	2011	2010
Discount rate (%) per annum	14	12
Expected rate of salary increase in future years (%) per annum	13	11
Average expected remaining working life time of employees (years)	11	12

	Note	2011 Rupees in thousand	2010
6.3 Reconciliation of Payable to Defined Benefit Plan			
Present value of defined benefit obligation		71,056	70,672
Unrecognized actuarial Gains		8,605	-
Net liability recognized in the Balance Sheet		<u>79,661</u>	<u>70,672</u>
6.4 Movement in Liability Recognized in the Balance Sheet			
Present value of defined benefit obligation at the beginning of the year		70,672	64,871
Charge for the year	6.5	15,702	13,208
Payments made during the year		(6,713)	(7,407)
Present value of defined benefit obligation at the end of the year		<u>79,661</u>	<u>70,672</u>
6.5 Charge for the Year			
Current Service Cost		7,222	6,540
Interest Cost		8,480	6,668
		<u>15,702</u>	<u>13,208</u>

	Note	2011 Rupees in thousand	2010
6.6 Charge for the Year has been Allocated as Follows			
Cost of Sales	24.1	12,226	10,284
Selling and Distribution Expenses	25.1	174	146
Administrative and General Expenses	26.1	3,302	2,778
		<u>15,702</u>	<u>13,208</u>

	2011	2010	2009	2008	2007
6.7 Historical Information					
Present value of defined benefit obligation	<u>71,056</u>	<u>70,672</u>	<u>55,563</u>	<u>58,954</u>	<u>54,853</u>
Experience (gain) / loss on plan liabilities	<u>(8,605)</u>	<u>-</u>	<u>(9,308)</u>	<u>-</u>	<u>3,522</u>

	Note	2011 Rupees in thousand	2010
7. Deferred Taxation			
Deferred Tax Liability on Taxable Temporary Difference: Tax Depreciation Allowance		<u>249,592</u>	<u>190,962</u>
8. Trade and Other Payables			
Creditors		<u>1,017,540</u>	<u>135,475</u>
Due to Associated Companies	8.1	-	11
Accrued Liabilities		56,571	58,290
Advances from Customers		3,366	4,378
Retention Money		5,000	5,158
Payable to Provident Fund		315	304
Income Tax Deducted at Source		248	381
Surcharge on Income Tax Deducted At Source		35	-
Workers' Profit Participation Fund	8.2	31,649	18,641
Workers' Welfare Fund		17,916	17,597
Unclaimed Dividend		1,001	845
Other Payables		1,431	576
		<u>1,135,072</u>	<u>241,656</u>
8.1 Due to Associated Companies			
These are in the normal course of business and are interest free.			
8.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		18,641	15,856
Allocation for the year	27	26,870	15,383
		<u>45,511</u>	<u>31,239</u>
Less: Amount paid to the trustees of the fund Deposited with the Government		<u>13,862</u>	<u>12,598</u>
		<u>-</u>	<u>-</u>
		<u>13,862</u>	<u>12,598</u>
Balance at the end of the year		<u>31,649</u>	<u>18,641</u>

	Note	2011 Rupees in thousand	2010
9. Short Term Borrowings			
Secured - From Banking Companies			
Running Finances under Mark-up arrangements from banks	9.1, 9.2 & 9.4	10,817	-
Term Finances under Mark-up arrangements from banks	9.1 & 9.3	-	-
		10,817	-

9.1 The total facilities aggregating Rs. 900.000 million (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 (2010: Rs. 1,334.821 million) and promissory notes valuing Rs. 1,115.215 million (2010: Rs. 1,365.556 million).

9.2 The rate of mark-up for these facilities ranges between 13.02% to 14.03% (2010: 13.47% to 14.41%).

9.3 The rate of mark-up for these facilities is Nil (2010: Nil).

9.4 The aggregate facility available for opening letters of credit from various commercial banks amount to Rs. 1,949.200 million (2010: Rs. 2,349.200 million) of which Rs. 1,283.979 million were utilized at 30 June 2011 (2010: Rs. 133.132 million).

10. Contingencies and Commitments

10.1 Contingencies:

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

10.1.2 Outstanding guarantees given on behalf of Related Parties amounted to Rs. Nil (2010: Rs. Nil).

10.2 Commitments:

10.2.1 Contracts for Capital expenditure commitments outstanding as at 30 June 2011 amounted to Rs. 217.050 million (2010: Rs. 401.608 million).

10.2.2 Commitments against irrevocable letters of credit as at 30 June 2011 amounted to Rs. 1,283.979 million (2010: Rs. 133.132 million).

11 Operating Fixed Assets

	Building				Roads	Plant and machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Total
	Freehold Land	Factory on freehold land	Office on leasehold land	Office on freehold land							
Net carrying value basis											
Year ended 30 June 2011											
Opening net book value (NBV)	27,784	74,458	17,029	194,558	1,918	540,316	13,018	8,106	27,712	2,687	907,586
Additions (at cost)	-	11,929	2,126	2,783	-	343,936	4,215	-	3,384	879	369,252
Disposals / write-offs (at NBV)	-	-	-	-	-	-	-	(21)	(55)	(30)	(106)
Depreciation Charge	-	(8,168)	(913)	(9,792)	(96)	(58,574)	(1,486)	(1,618)	(2,917)	(279)	(83,843)
Closing net book value (NBV)	27,784	78,219	18,242	187,549	1,822	825,678	15,747	6,467	28,124	3,257	1,192,889
Gross carrying value basis											
As at 30 June 2011											
Cost	27,784	213,799	25,188	219,647	4,838	2,401,459	29,427	20,031	70,410	6,528	3,019,111
Accumulated depreciation	-	(135,580)	(6,946)	(32,098)	(3,016)	(1,575,781)	(13,680)	(13,564)	(42,286)	(3,271)	(1,826,222)
Net book value (NBV)	27,784	78,219	18,242	187,549	1,822	825,678	15,747	6,467	28,124	3,257	1,192,889
Depreciation rate % per annum	-	10	5	5	5	10	10	20	10	10	10
Net carrying value basis											
Year ended 30 June 2010											
Opening net book value (NBV)	27,784	82,524	16,202	193,484	2,019	592,523	14,484	7,336	29,971	3,007	969,334
Additions (at cost)	-	202	2,157	11,141	-	7,464	3	3,195	787	-	24,949
Disposals / write-offs (at NBV)	-	-	(661)	-	-	-	(22)	(415)	-	(21)	(1,119)
Depreciation Charge	-	(8,268)	(669)	(10,067)	(101)	(59,671)	(1,447)	(2,010)	(3,046)	(299)	(85,578)
Closing net book value (NBV)	27,784	74,458	17,029	194,558	1,918	540,316	13,018	8,106	27,712	2,687	907,586
Gross carrying value basis											
As at 30 June 2010											
Cost	27,784	201,870	23,062	216,864	4,838	2,057,523	25,212	20,085	67,342	5,721	2,650,301
Accumulated depreciation	-	(127,412)	(6,033)	(22,306)	(2,920)	(1,517,207)	(12,194)	(11,979)	(39,630)	(3,034)	(1,742,715)
Net book value (NBV)	27,784	74,458	17,029	194,558	1,918	540,316	13,018	8,106	27,712	2,687	907,586
Depreciation rate % per annum	-	10	5	5	5	10	10	20	10	10	10

11.1 The depreciation charge for the year has been allocated as follows:

	Note	2011	2010
		Rupees in thousand	
Cost of Goods Sold	24	67,117	68,339
Selling and Distribution Expenses	25	836	862
Administrative and General Expenses	26	15,890	16,377
		83,843	85,578

11.2 Disposal of Operating Fixed Assets

The following assets were disposed off during the year:

Rupees in thousand

Particulars of Assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/(Loss) on Disposal	Mode of Disposal	Particulars of Buyers
Vehicles							
Honda Motor Cycle (LWM-8768)	54	33	21	54	33	Company Policy	Muhammad Zahid
	54	33	21	54	33		
Office Equipment							
Photo Copier Canon	300	251	49	40	(9)	Trade-In	Shirazi Trading Company
Air Conditioner	16	10	6	-	(6)	Salvage	
	316	261	55	40	(15)		
Other Assets							
Wooden pallets	72	42	30	-	(30)	Salvage	-
	72	42	30	-	(30)		
2011	442	336	106	94	(12)		
2010	8,970	7,851	1,119	1,342	223		

12. Capital Work-in-Progress

 Building and Civil Works
 Plant and Machinery
 Office Equipment
 Furniture and Fixture
 Other Assets
 Capital Stores

 Note
 2011
 Rupees in thousand
 2010

Building and Civil Works	2,420	3,414
Plant and Machinery	24,127	172,123
Office Equipment	209	171
Furniture and Fixture	126	133
Other Assets	60	82
Capital Stores	56	57
	26,998	175,980
Advances		
Plant and Machinery	-	124,163
	26,998	300,143
13. Long Term Investments		
These represent the long term investments in:		
Related Parties	13.1	-
		32,150
		32,150
13.1 Related Parties		
Associated Company-Unquoted		
Swat HydroPower Limited		
Nil (2010: 19,988) fully paid		
Ordinary Shares of Rs. 10 each.		
Equity held 40% (2010: 40%)		
		-
		200
Advance for Issue of Shares	13.1.1	-
		31,950
		32,150

13.1.1 This advance has been 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.

During the current year M/s Swat HydroPower Limited was dissolved under the COMPANY EASY EXIT SCHEME announced by the Securities and Exchange Commission of Pakistan pursuant to the provision 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 year. Remaining amount represents adjusted against transfer of assets and amount due to the Company.

	Note	2011 Rupees in thousand	2010
14. Long Term Deposits			
Security Deposit		4,281	4,184
15. Stores, Spares and Loose Tools			
Stores			
- In Hand		121,005	118,768
- In Transit		4,969	5,658
		125,974	124,426
Spares			
- In Hand		237,291	164,139
- In Transit		28,772	17,173
		266,063	181,312
Loose Tools			
- In Hand		4,700	4,676
		396,737	310,414
16. Stock-in-Trade			
Raw and Packing Materials			
- In Hand		535,522	437,997
- In Transit		8,022	55,575
		543,544	493,572
Work-in-Process		60,369	66,585
Finished Goods	16.1	1,321,653	127,246
		1,925,566	687,403

16.1 Finished Goods of Rs. 98.617 million (2010: Rs. 32.527 million) are being carried at net realizable value and an amount of Rs. 6.612 million (2010: Rs. 1.335 million) has been charged to Cost of Goods Sold.

	Note	2011 Rupees in thousand	2010
17. Trade Debts			
Considered Good - Unsecured		65,930	61,302
18. Loans and Advances			
Considered Good			
Loans due from:			
- Executives	18.1, 18.2 & 18.3	999	191
- Employees		892	855
		1,891	1,046
Advances due from:			
- Staff Against Expenses		325	801
- Suppliers and Contractors		28,483	35,812
		28,808	36,613
Margin on Letters of Credit	-	-	2,357
		30,699	40,016

18.1 Loans to executives are provided as temporary financial assistance and are repayable in monthly instalments.

18.2 The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs. 1.093 million (2010: Rs. 0.250 million).

18.3 Chief Executive and Directors have not taken any loan / advance from the Company (2010: Rs. Nil).

18.4 None of the loans are outstanding for more than 3 years.

	2011 Rupees in thousand	2010
19. Trade Deposits and Short Term Prepayments		
Deposits - Considered Good		
Margin on Bank Guarantees	265	265
Prepayments - Considered Good		
Prepaid Rent	1,153	-
Prepaid Insurance	306	287
Other Prepayments	137	160
	1,861	712

	Note	2011 Rupees in thousand	2010
20. Other Receivables			
Considered Good			
Due from Associated Companies	20.1	159	11
Due from Other Related Parties	20.2	58,491	58,116
Insurance Claim Receivable		1,182	564
Custom Duty Refundable	20.3	6	53,219
Sales Tax Refundable		214,033	151,429
Others		1,621	735
		275,492	264,074
Considered Doubtful			
Transit Pass Fee Refundable from KMC Karachi		142	142
Sales Tax Refundable		33,261	33,087
Less: Provision for Doubtful Receivable	20.4	31,569	31,569
		1,692	1,518
Others		4,789	915
		282,115	266,649

20.1 Maximum amount due from Associated Companies at the end of any month during the year was Rs.4.647 million (2010: Rs.3.093 million).

These are in the normal course of business and are interest free.

20.2 Maximum amount due from Related Parties at the end of any month during the year was Rs.58.491 million (2010: Rs.59.694 million).

These are in the normal course of business and are interest free.

20.3 This represents custom duty refundable on Pure Terephthalic Acid (PTA) Rs.0.006 million (2010: Rs.53.219 million).

20.4 This includes provision for doubtful receivable to the tune of Rs.28.952 million (2010: Rs.28.952 million), which has been created towards payments made under protest to Sales Tax Department to avail amnesty offered vide SRO 575 (I) / 1998 dated 12.06.1998 and SRO 679 (I) / 1999 dated 12.06.1999.

	2011	2010
	Rupees in thousand	
21. Taxation - Net		
Advance Tax	151,509	133,091
Provision for Taxation	(116,219)	(107,860)
	35,290	25,231

The income tax assessment of the Company has been finalized upto tax year 2010 (accounting year ended 30 June 2010) and adequate provisions have been made in these financial statements for the year ended 30 June 2011 (Tax Year 2011).

	Note	2011	2010
		Rupees in thousand	
22. Cash and Bank Balances			
Balance With Banks in:			
- Current Accounts		5,265	13,411
- PLS Accounts			
- Local Currency	22.1	4,919	154,852
- Foreign Currency	22.2	10	10
		10,194	168,273
Cash in Hand:			
- Local Currency		69	38
- Foreign Currency		3	3
		72	41
		10,266	168,314

22.1 The balances in PLS accounts carry mark-up rate ranging between 5.00% to 11.50% (2010: 5.00% to 11.00%) for local currency and Nil (2010:Nil) for foreign currency.

22.2 Cash at banks in PLS accounts include US\$111.12 (2010: US\$111.12) and Pound Sterling 0.15 (2010: Pound Sterling 0.15).

	2011	2010
	Rupees in thousand	
23. Sales		
Gross Sales		
- Local	6,444,945	4,793,411
- Export	35,011	-
	6,479,956	4,793,411
Less:		
- Commission / Discount	23,957	19,087
- Sales Tax	151	-
	24,108	19,087
	6,455,848	4,774,324

	Note	2011 Rupees in thousand	2010
24. Cost of Goods Sold			
Raw and Packing Materials Consumed		5,664,817	3,169,957
Stores and Spares Consumed		125,782	141,738
Salaries, Wages and Amenities	24.1	174,672	149,000
Fuel and Power		881,762	500,962
Repair and Maintenance		55,827	28,933
Running and Maintenance of Vehicles		10,304	10,259
Insurance		10,108	9,595
Depreciation	11.1	67,117	68,339
Rent, Rates and Taxes		624	1,310
Other Expenses		2,070	1,776
		6,993,083	4,081,869
Add: Opening Work-in-Process		66,585	76,181
Less: Closing Work-in-Process		60,369	66,585
		6,999,299	4,091,465
Add: Opening Finished Goods		127,246	337,057
Less: Closing Finished Goods		1,321,653	127,246
		5,804,892	4,301,276

24.1 Salaries, Wages and Amenities include Rs.12.226 million (2010: Rs.10.284 million) in respect of staff retirement benefits and Rs.1.031 million (2010: Rs.0.820 million) in respect of provident fund contribution.

	Note	2011 Rupees in thousand	2010
25. Selling and Distribution Expenses			
Salaries, Wages and Amenities	25.1	3,204	2,825
Rent, Rates and Taxes		65	7
Electricity, Gas and Water Charges		214	193
Postage, Telephone and Fax		109	101
Printing and Stationery		198	156
Books and Subscription		28	26
Running and Maintenance of Vehicles		42	37
Repair and Maintenance		86	31
Travelling Expenses		78	103
Entertainment		42	40
Insurance		101	101
Depreciation	11.1	836	862
Freight and Forwarding		9,297	9,187
Export Expenses		1,097	-
		15,397	13,669

25.1 Salaries, Wages and Amenities include Rs.0.174 million (2010: Rs.0.146 million) in respect of staff retirement benefits and Rs.0.030 million (2010: Rs.0.027 million) in respect of provident fund contribution.

	Note	2011 Rupees in thousand	2010
26. Administrative and General Expenses			
Salaries, Wages and Amenities	26.1	60,863	53,680
Director's Remuneration		985	3,325
Rent, Rates and Taxes		1,240	138
Electricity, Gas and Water Charges		4,059	3,675
Postage, Telephone and Fax		2,068	1,921
Printing and Stationery		3,759	2,971
Books and Subscription		526	491
Running and Maintenance of Vehicles		805	706
Repair and Maintenance		1,638	580
Legal and Professional Charges		6,307	8,064
Travelling Expenses		1,475	1,957
Entertainment		798	753
Insurance		1,917	1,917
Advertisement		427	208
Depreciation	11.1	15,890	16,377
Bad Debts	13.1.1	31,862	124,713
Miscellaneous Expenses		149	322
		134,768	221,798

26.1 Salaries, Wages and Amenities include Rs.3.302 million (2010: Rs.2.778 million) in respect of staff retirement benefits and Rs.0.569 million (2010: Rs.0.509 million) in respect of provident fund contribution.

	Note	2011 Rupees in thousand	2010
27. Other Operating Charges			
Workers' Profit Participation Fund	8.2	26,870	15,383
Workers' Welfare Fund		6,641	6,290
Auditors' Remuneration	27.1	658	630
Donations	27.2	1,254	3,000
Loss on Disposal of Operating Fixed Assets	11.2	12	-
		35,435	25,303
27.1 Auditors' Remuneration			
Audit Fee		325	287
Certification and Review		80	80
Taxation Services		241	216
Other Professional Services		12	47
		658	630

27.2 Recipients of donations do not include any donee in whom a director or his spouse had any interest.

	Note	2011 Rupees in thousand	2010
28. Other Operating Income			
Income from Financial Assets			
Mark-up / Interest Income	28.1	14,246	43,804
Exchange Gain		272	1
		14,518	43,805
Income from non-financial assets			
Scrap, Waste and Other Sales - Net	28.2	30,320	27,113
MEG Handling Income		4,490	3,238
Remission of Liabilities		1,111	2,273
Profit on Disposal of Operating Fixed Assets	11.2	-	223
		35,921	32,847
		50,439	76,652
28.1 Mark-up / Interest Income			
Interest Income on:			
- Bank Accounts		14,043	43,677
Mark-up on:			
- Staff Loans		203	127
		14,246	43,804
28.2 Scrap, Waste and Other Sales - Net			
Gross Sales		33,693	28,760
Less: Sales Tax		3,373	1,647
		30,320	27,113
29. Finance Costs			
Mark-up on Short Term Borrowings		6,493	5
Bank Commission and Other Charges		5,421	2,920
		11,914	2,925
30. Taxation			
Current			
- for the year		116,219	107,860
- Prior years		(3,230)	(22,197)
		112,989	85,663
Deferred		58,630	(7,460)
		171,619	78,203
30.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:			
		2011 %	2010 %
Applicable Tax Rate		35.00	35.00
Effect of Change in Prior Years Tax		(0.64)	(7.76)
Effect of Change in Deferred Tax		11.63	(2.61)
Tax effect of Expenses that are not Deductible in determining Taxable Profit		(11.93)	2.71
		(0.94)	(7.66)
Average Effective Tax Rate		34.06	27.34

	Note	2011 Rupees in thousand	2010
31. Earnings Per Share			
31.1 Earnings Per Share - Basic			
Net profit for the year after taxation attributable to Ordinary Shareholders		332,262	207,802
Weighted Average Ordinary Shares in Issue during the year	5	34,068,514	34,068,514
		Number of Shares	
Basic Earnings Per Share		9.75	6.10
		Amount in Rupees	
31.2 Earnings Per Share - Diluted			
There is no dilution effect on Basic Earnings Per Share as the Company has no such commitments.			
32. Cash and Cash Equivalents			
Cash and Bank Balances	22	10,266	168,314
Short Term Borrowings	9	(10,817)	-
		(551)	168,314
33. Financial risk management			
33.1 Financial risk factors			

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Japanese Yen, Pound Sterling and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities.

5% strengthening of Pak rupees against the following currencies at 30 June 2011 would have increased the equity and profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Rupees in thousand Equity	Profit or (Loss)
US Dollar	255	393
Japanese Yen	153	236
Euro	20	30
Pound Sterling	1	1

5% weakening of Pak rupee against the above currencies at period end would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

(ii) **Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2011	2010
	Rupees in thousand	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	4,929	154,862
Financial liabilities	-	-
Net exposure	4,929	154,862
Floating rate instruments		
Financial assets		
Loan against installments	1,891	1,046
Financial liabilities		
Short term borrowings	10,817	-
Net exposure	12,708	1,046

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs.0.005 million (2010: Rs.0.352 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2011	2010
	Rupees in thousand	
Trade debts	65,930	61,302
Advances, deposits and other receivables	317,065	310,777
Bank balances	10,266	168,314
	393,261	540,393

There is no impairment loss of trade receivables as of 30 June 2011.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not receive the amount due from the particular customer. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to income statement.

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2011	2010
	Short term	Long term		Rupees in thousand	
EFU General Life Insurance Limited		AA	PACRA	306	287
Meezan Bank Limited	A1+	AA	JCR-VIS	-	1,092
The Royal Bank of Scotland	A1+	AA	JCR-VIS	-	254
Citibank, N.A.	A1	A+	S & P	961	2,875
Habib Bank Limited	A1+	AA+	JCR-VIS	775	2,286
National Bank of Pakistan	A1+	AAA	PACRA	304	123
Standard Chartered Bank Ltd.	A1+	AAA	PACRA	-	-
NIB Bank Limited	A1+	AA-	PACRA	1,029	1,463
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	-	-
Faysal Bank Limited	A1+	AA	JCR-VIS	109	1,953
Bank Al-Habib Limited	A1+	AA+	PACRA	-	58
MCB Bank Limited	A1+	AA+	PACRA	2,087	3,302
Soneri Bank Limited	A1+	AA-	PACRA	4,929	154,864
Silk Bank Limited	A-2	A-	JCR-VIS	-	3
				10,500	168,560

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's business, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents (Note 32) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees in thousand			
At 30 June 2011				
Short term borrowings	10,817	10,817	-	-
Trade and other payables	1,135,072	1,135,072	-	-
	1,145,889	1,145,889	-	-
At 30 June 2010				
Short term borrowings	-	-	-	-
Trade and other payables	241,656	241,656	-	-
	241,656	241,656	-	-

33.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. However, the Company does not hold any quoted financial instrument.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39 'Financial Instruments: Recognition and Measurement'.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

33.3 Financial instruments by categories

Assets as per balance sheet

Trade debts
Advances, deposits and other receivables
Cash and bank balances

Loans and receivables	
2011	2010
Rupees in thousand	
65,930	61,302
317,065	310,777
10,266	168,314
393,261	540,393

Liabilities as per balance sheet

Short term borrowings
Trade and other payables

Financial liabilities at amortized cost	
2011	2010
Rupees in thousand	
10,817	-
1,135,072	241,656
1,145,889	241,656

33.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

33.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations through equity and working capital and since it does not have any long term debt in its capital structure, there is no gearing risk in current year.

34. Remuneration of Directors and Executives

The aggregate amount charged in the financial statements for remuneration including all benefits to the Chief Executive, Directors and the Executives of the Company are as follows:

Rupees in thousand

	Chief Executive		Directors		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Managerial Remuneration	-	-	505	2,197	22,918	18,583	23,423	20,780
House Rent	-	-	152	659	6,823	5,517	6,975	6,176
Utilities	-	-	50	220	2,240	1,839	2,290	2,059
Medical Expenses	-	-	50	220	2,274	1,839	2,324	2,059
Retirement Benefits	-	-	-	-	422	337	422	337
Bonus etc.	-	-	228	29	2,013	1,460	2,241	1,489
	-	-	985	3,325	36,690	29,575	37,675	32,900
Number of Persons	1	1	1	1	38	28	40	30

34.1 Chief Executive of the Company is provided with free use of Company maintained car.

35. 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). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to the related parties are shown under receivables and payables, amounts due from key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in Note 34. Other significant transactions with the related parties are as follows:

Relationship with the Company	Nature of Transactions	2011	2010
		Rupees in thousand	
1 Associated Undertakings	Sales of goods and services	15,853	8,515
	Purchase of goods and services	768,179	872,995
	Profit on Bank Deposits	14,043	43,677
	Investments / Advance to parties	(32,150)	8
	Disposal of Fixed Assets	-	22
2 Other Related Parties	Sales of goods and services	44	-
	Purchase of goods and services	2,202	3,100
3 Defined Contribution Plan (Provident Fund)	Contribution to Provident Fund	1,630	1,356

The Company continues to have a policy whereby all transactions with Related Parties and Associated Undertakings are entered into at arm's length prices using comparable un-controlled price method and cost plus method, wherever appropriate. Further, contributions to the Defined Contribution Plan (Provident Fund) are made as per the terms of employment.

	2011	2010
	In Metric Tons	
36. Plant Capacity and Actual Production		
Annual Capacity (In Three Shifts)		
- Yarn	10,100	10,100
- Fiber	12,000	12,000
Actual Production		
- Yarn	10,991	11,111
- Fiber	24,259	22,880
37. Staff Strength		
	Number of Employees	
Number of Employees as at 30 June	1,239	1,186

38. Date of Authorisation for Issue

These financial statements were authorized for issue on 26 September 2011 by the Board of Directors of the Company.

39. Non Adjusting Events after the Balance Sheet date

The Board of Directors have proposed a final dividend for the year ended 30 June 2011 of Rs. 5.50 per share (2010 : Rs. 4.00 per share), amounting to Rs. 187.377 million (2010: Rs.136.274 million) at their meeting held on 26 September 2011 for approval of the members at the annual general meeting to be held on 29 October 2011. The financial statements do not reflect this proposed dividend which will be accounted for in subsequent year.

40. Corresponding Figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, significant reclassifications in these financial statements are as follows:

	Rupees in thousand
40.1 Amount payable to Collector of Customs have been reclassified from "Other Receivables" to "Trade and Other Payables"	64
40.2 Sales tax refundable has been reclassified from "Creditors" to "Other Receivables"	1,198
40.3 Raw and packing material has been reclassified from "In hand" to "Work-in-Process"	3

41. General

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

Nooruddin Feerasta
Chief Executive Officer

Amin A. Feerasta
Director

FORM 34 PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS as at 30 June 2011 (Section 236)

Number of Shareholders	From	Shareholding	To	Total Shares held
147	01	-	100	6,501
147	101	-	500	46,894
100	501	-	1,000	67,141
105	1,001	-	5,000	260,264
19	5,001	-	10,000	149,950
6	10,001	-	15,000	76,423
5	20,001	-	25,000	113,289
2	30,001	-	35,000	68,867
3	40,001	-	45,000	130,761
1	55,001	-	60,000	56,695
1	70,001	-	75,000	74,900
1	85,001	-	90,000	90,000
2	110,001	-	115,000	230,000
2	150,001	-	155,000	305,567
1	190,001	-	195,000	194,000
1	205,001	-	210,000	209,490
1	225,001	-	230,000	230,000
1	270,001	-	275,000	270,710
1	285,001	-	290,000	286,000
1	295,001	-	300,000	300,000
1	350,001	-	355,000	352,811
1	470,001	-	475,000	472,022
1	480,001	-	485,000	483,918
1	485,001	-	490,000	488,010
1	815,001	-	820,000	816,483
1	1,085,001	-	1,090,000	1,085,316
1	1,315,001	-	1,320,000	1,319,582
1	1,600,001	-	1,605,000	1,602,223
1	2,235,001	-	2,240,000	2,237,641
1	4,470,001	-	4,475,000	4,472,612
1	8,515,001	-	8,520,000	8,519,800
1	9,050,001	-	9,055,000	9,050,644
559		Total		34,068,514

FORM 34 PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS as at 30 June 2011 (Section 236)

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	527	3,184,644	9.35
Joint Stock Companies	4	90,390	0.27
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	10	3,379,986	9.92
Mr. Jafferli M. Feerasta		2,404,898	7.06
Mr. Nooruddin Feerasta		500	0.00
Mr. Muhammad Rashid Zahir		500	0.00
Mr. Muhammad Ali H. Sayani		488,010	1.43
Mr. Amin A. Feerasta		500	0.00
Mr. Abdul Hayee		1,150	0.00
Syed Ali Zafar		10	0.00
Mrs. Roshan Ara Sayani w/o Mr. Muhammad Ali H. Sayani		483,918	1.42
Mrs. Amyna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
Total:		3,379,986	9.92
Executives	0	0	0.00
National Bank of Pakistan, Trustee Deptt.	4	2,612,489	7.67
Investment Corporation of Pakistan	1	200	0.00
Associated Companies, undertakings and related parties	0	0	0.00
Public Sector Companies and Corporations			
Banks, DFIs, NBFIs, Insurance Companies, Modaraba & Mutual Funds	7	485,618	1.43
Foreign Investors	1	8,519,800	25.01
Co-operative Societies	0	0	0.00
Trusts	5	15,795,387	46.36
Others	0	0	0.00
Total:	559	34,068,514	100.00

SHARE-HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholders	No. of Shares Held	Percentage
Trustees Alauddin Feerasta Trust	9,084,644	26.67
Deutsche Bank Investments (Guernsey) Limited	8,519,800	25.01
Trustees Feerasta Senior Trust	4,473,102	13.13
Total:	22,077,546	64.80



FORM OF PROXY 31ST ANNUAL GENERAL MEETING

I/We _____
of _____
being member(s) of RUPALI POLYESTER LIMITED holding _____
ordinary shares hereby appoint _____
of _____ or failing him/her _____
of _____ who is/are also member(s) of RUPALI POLYESTER LIMITED

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on 29 October 2011 and / or any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2011

Signed by _____

in the presence of _____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The signature should match with the specimen registered with the Company

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, RUPALI POLYESTER LIMITED, Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.



AFFIX
CORRECT
POSTAGE

The Company Secretary
Rupali Polyester Limited
Rupali House,
241-242 Upper Mall Scheme, Anand Road,
Lahore-54000





Rupali Polyester Limited

www.rupaligroup.com