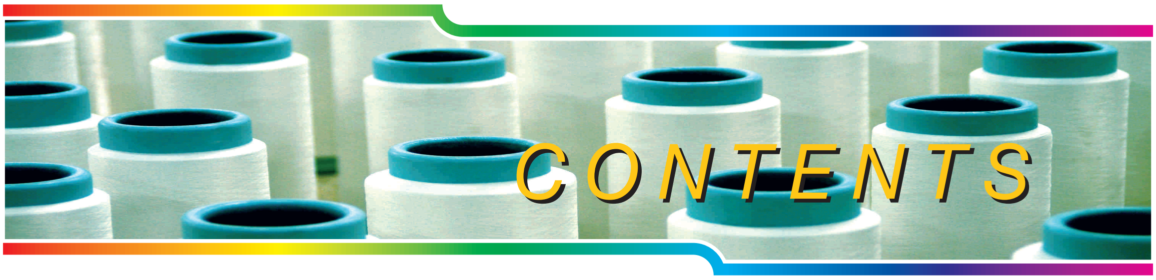


CONTENTS

VISION STATEMENT

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.

MISSION STATEMENT

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.

Board of Directors

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive

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

Secretary

S. Ghulam Shabbir Gilani

Audit Committee

Jafferali M. Feerasta
Chairman

Muhammad Rashid Zahir
Member

Amin A. Feerasta
Member/Secretary

Bankers

Bank Al-Habib Limited
Habib Bank Ltd.
Meezan Bank Limited
Soneri Bank Limited
Citibank, N.A.
MCB Bank Limited
NIB Bank Limited
The Royal Bank of Scotland Limited
(formerly ABN AMRO Bank N.V.)

Auditors

Qavi & Co.
Chartered Accountants

Registered Office

Rupali House,
241-242, Upper Mall Scheme
Anand Road, Lahore - 54000
PAKISTAN

Plant

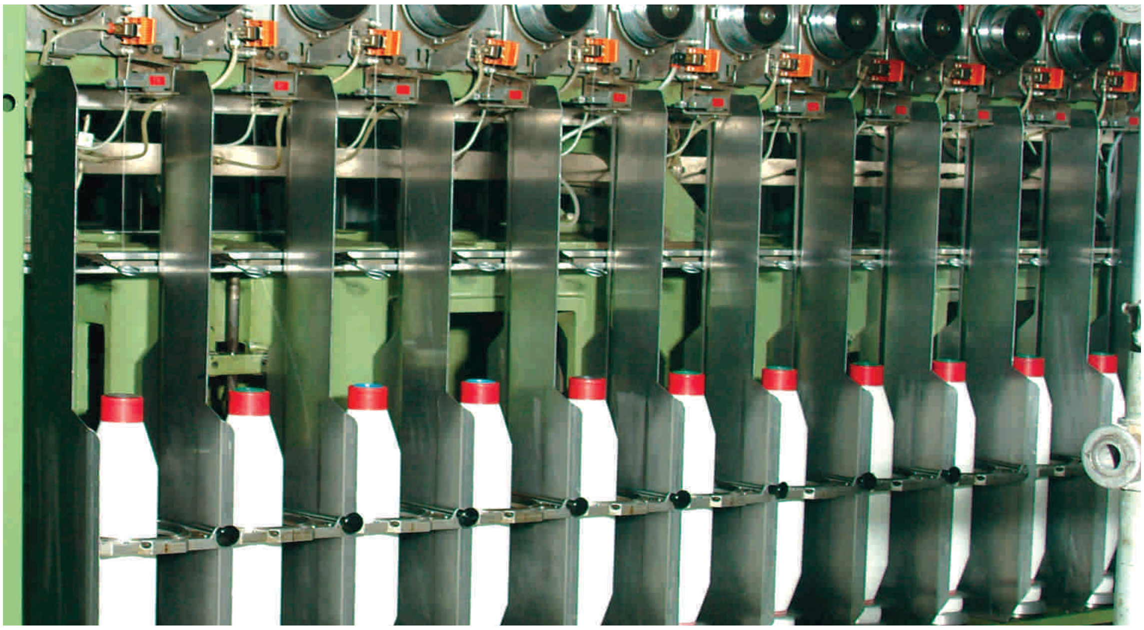
30.2 Kilometer
Lahore - Sheikhupura Road
Sheikhupura - 39350
PAKISTAN

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 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 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 over Rs. 2,931 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.

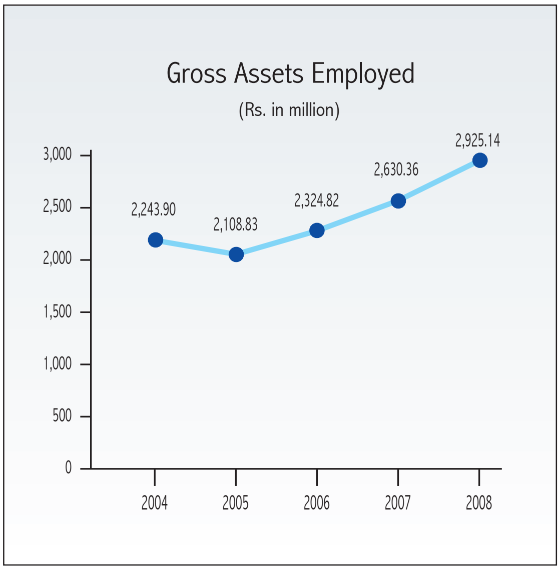
The Company gives high priority to customers' satisfaction, tries to maintain uninterrupted supply of its products and provides after sales services, technical support for trouble shooting. AL HAMDO LILLAH, the Company enjoys high prestige and reputation in the business community, banks, financial institutions and customers. It is also amongst major contributors to the national exchequer.

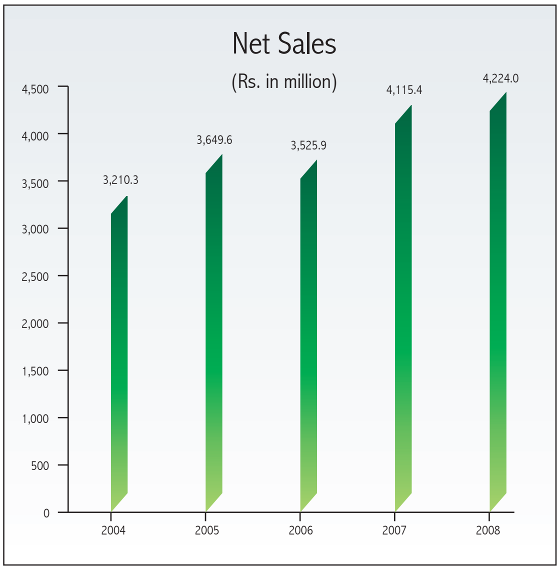


Rupali Financial Highlights

Rupees in thousand

	2003	2004	2005	2006	2007	2008
Sales (Net)	2,584,908	3,210,297	3,649,631	3,525,961	4,115,381	4,224,019
Gross profit	247,800	341,783	270,879	172,822	205,049	258,133
Operating profit	115,024	253,106	102,667	170,219	167,705	229,752
Profit before tax	134,643	304,715	258,721	169,119	165,044	227,539
Profit after tax	50,659	188,602	182,274	110,774	103,038	171,023
Income Tax- Current	55,192	111,915	97,080	12,660	19,879	56,428
- Prior years	(1,213)	11,872	(12,681)	(115)	–	(52,002)
- Deferred	30,005	(7,674)	(7,952)	45,800	42,127	52,090
Gross assets employed (excluding capital work-in-progress)	2,179,466	2,243,895	2,108,825	2,324,824	2,630,359	2,925,136
Net current assets	1,402,283	1,630,550	1,415,379	1,352,120	1,200,412	1,288,578
Share capital	340,685	340,685	340,685	340,685	340,685	340,685
Reserves	1,435,615	1,495,615	1,495,615	1,495,615	1,495,615	1,495,615
Unappropriated profit	11,671	3,999	186,273	194,841	212,708	298,560
Shareholders equity	1,787,971	1,976,573	2,022,573	2,031,141	2,049,008	2,134,860
Long term loan	–	–	–	–	–	–
Gross profit %	9.59	10.65	7.42	4.90	4.98	6.11
Net profit to sales %	1.96	5.87	4.99	3.94	2.50	4.04
Debt/ Equity ratio	00:100	00:100	00:100	00:100	00:100	00:100
Current ratio	6.14:1	12.24:1	7.94:1	7.85:1	3.62:1	3.49:1
Return on equity %	2.83	10.25	9.01	5.45	5.03	8.01
Earnings per share before tax-Rs.	3.95	8.94	7.59	4.96	4.84	6.68
Dividend %	20	40	30	25	25	30
Production volume (M. tons)	30,362	33,326	32,608	31,906	36,334	35,072
Number of employees	1442	1095	1068	1181	1256	1158





Directors' Report to the Shareholders

The Board of Directors of your Company have pleasure in presenting before you the Annual Report together with the Annual Audited Accounts of the Company for the year ended 30 June 2008.

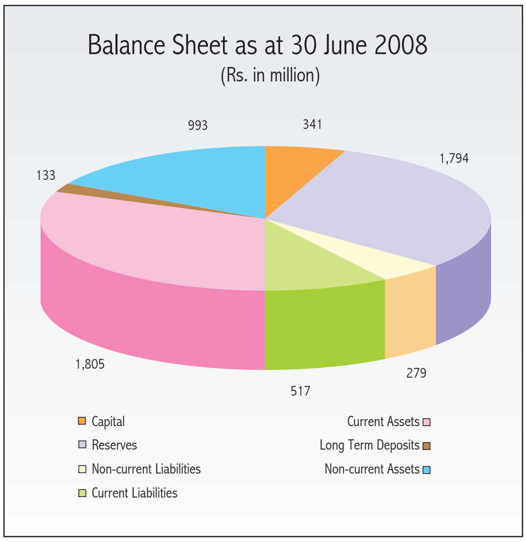
Financial Results:	Rupees in thousand
Net profit before taxation	227,539
Provision for taxation	56,516
Profit after taxation	171,023
Un-appropriated profit brought forward	212,708
Profit available for appropriation	383,731
Appropriations:	
Proposed final cash dividend @ 30% (2007: @ 25%)	102,206
Un-appropriated profit carried forward	281,525
Earnings per share after tax	Rs. 5.02

Overview

The country's economy in the year under review remained under multiple pressures. Political unrest till the end of third quarter, combined with country-wide civil disturbances in end-December 2007 had put adverse impact on the economy and overall business conditions in the country.

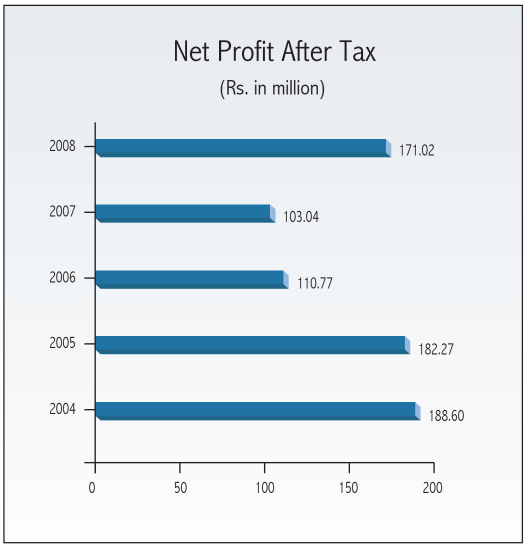
The economic growth of the country is directly leveraged with protection, growth and stability of the industry. The industrial sector has two-prong differentiation i.e. one sector producing basic necessity products and the other one producing luxury items. The first priority for the Government to attain the sustained economic growth is to give full protection to the companies engaged in producing basic necessity items as well as to those producing direct raw material for these units. In the Budget 2008-09, the Government for the first time has very rightly realized the significance of this fundamental tool which may largely help in rehabilitation of sick industries. Both these manufacturing groups use basic raw materials either locally produced or imported and as such it becomes a downstream chain till end product. The textile industry in Pakistan as producers of basic necessity products is considered to be the backbone of the country's economy because of its volume. It plays a key role towards economic stability of the country. Textile industry is solely based on Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) industry as downstream consumer, hence Government's protection to PSF/PFY industry is inevitable to save both these industries from collapse.

With this background, we now highlight serious nature of the difficulties being encountered by PSF and PFY industry for the past several years, due to which most



of the units have already been closed down and remaining units are in highly vulnerable condition.

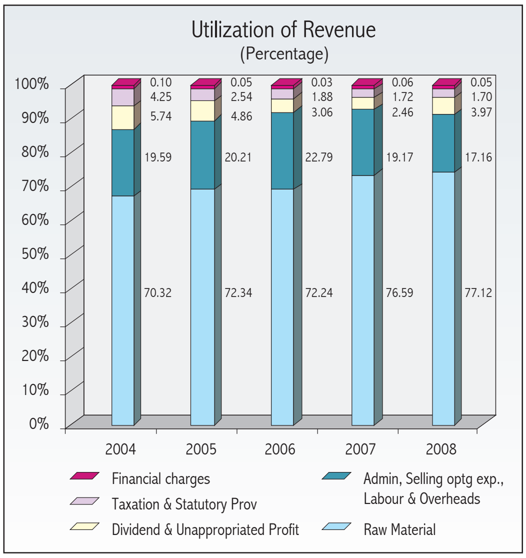
The unusual surge in oil prices in the world market which in July 2007 were US$70 per barrel peaked to a historically high level of US$147 per barrel in August 2008, thus seriously impacting the economic viability of all business operations in the country. The business community which is already facing stiff competition finds it very difficult to smoothly run their businesses as the cost of production has undoubtedly reached the highest level ever. This sudden increase in oil prices has made import of our basic raw materials PTA & MEG absolutely out of our reach. The soaring trend in oil prices reverted through a gradual decrease to US$102 per barrel was witnessed in September 2008. The PTA prices fluctuated between US$958 per M.Ton in July 2007 to a peak price of US$1,200 per M.Ton in June 2008. Similarly, the MEG prices also remained on the higher side throughout the year with peak price of US$1,614 per M.Ton in January 2008.



The power situation in the country is worsening day by day. The year 2008 is the third consecutive year when the entire nation is facing intense load shedding and power shortage which is having a detrimental impact on domestic, commercial and industrial activities. The recent unprecedented increase at an average 31% in electricity tariff will put further burden on the production cost.

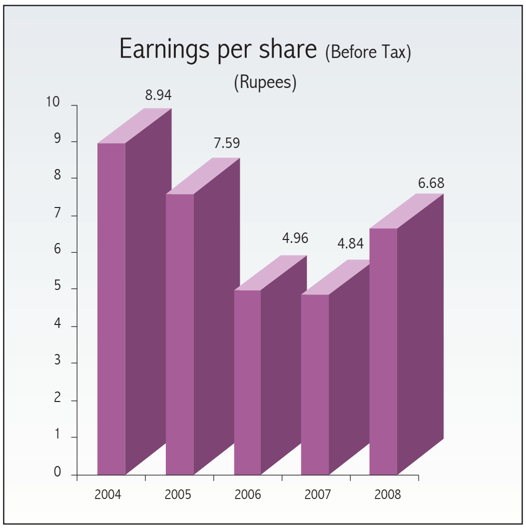
Another major factor hampering the growth of local industry is the illegal dumping and direct import of Polyester Staple Fiber and Filament Yarn from China and other Far-Eastern countries. Import volume of Polyester Filament Yarn which in year 2000 was 7,500 M.Tons has increased manifold. As a result of this import, several local units have been closed down disturbing the economical production targets of upstream PFY manufacturing companies. As stated before, the Textile industry in Pakistan is based on PSF, hence protection to PSF industry is inevitable to save the downstream industry from total collapse. The incentives to PSF industry will greatly help in producing less costlier feedstock for the downstream textile industry with quality assurance to face the competitiveness with the cheaper but low quality dumped polyester yarn from China and other Far-Eastern countries. To curb this situation, the National Tariff Commission (NTC) had earlier conducted an anti-dumping investigation of dumped imports of PSF from Indonesia, Korea and Thailand, and anti dumping duties were imposed on dumped imports of PSF from these countries ranging from Zero to 10.26%.

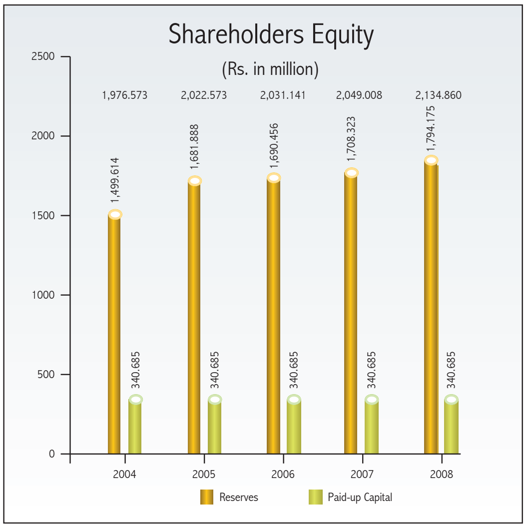
In the budget 2008-09, the duty on imported PSF has been reduced from 6.5% to 4.5%. This reduction in PSF import duty will end up destroying the domestic PSF industry, and this must be a matter of concern for the Government to protect local industry from complete devastation. As a careful analysis of financial performance of the local PSF manufacturers in isolation from their respective business group's performance it would be abundantly clear that they were hardly surviving even at 6.5% import tariff on Polyester Staple. If the domestic PSF industry shuts down, the majority of the spinners will consequentially close because they do not possess the financial capability of importing PSF and holding two to three months of inventory in case the local PSF manufacturers fail to provide them the feedstocks.



The Compensatory Support allowed by the Government to monetize and reimburse PTA duty to PTA users will provide a sigh of relief to PTA consumers. It is, however, need to ensure timely reimbursement to the manufacturers and the mechanism of this compensation must be smooth and free from bottlenecks.

As stated above, it is the domestic PSF industry struggling for survival with only 4.5% import tariff which was not adequate enough to compensate poor



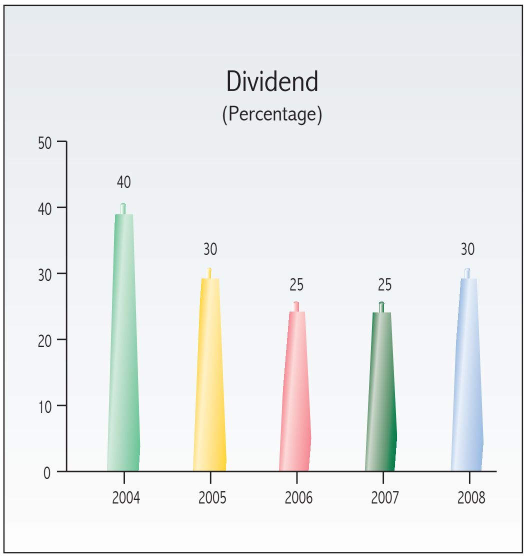


infrastructure, costly port charges on liquid chemicals, unreliable power supply, high labour cost due to low productivity, under developed upstream chemical industry necessitating import of chemicals requiring high financial costs with additional freight charges and the relatively higher cost of borrowing.

R & D facility of 3.5% allowed last year to PSF industry needs to be immediately implemented. This facility should also be allowed to Polyester Filament Yarn industry to make this industry viable and keep it abreast with day to day innovations which are taking place world over in the man-made yarn industry. Level playing field concept has been jeopardized because of the fact that import of Polyester Filament Yarn has increased manifold (from 7,000 to 80,000 M.Tons) over a period of 5 years, and constitutes approx. 70% of the installed capacity in the country. This massive scale import at cheaper rate has heavily impacted the local industry which is closing down at a faster pace. This is a highly critical issue of prime importance and needs to be resolved by the Government on an urgent basis to save the Polyester industry from further erosion.

ALHAMDO LILLAH, by the Grace of Almighty Allah, the year 2008 has witnessed a record sale in the Rupali history. The revenue from sales in the year 2008 was recorded at Rs.4,224 million compared to Rs.4,115 million in the year 2007.

Pre-tax profit increased to Rs.227.539 million from Rs.165.044 million in 2007. After making the provision for taxation, net profit came to Rs.171.023 million as compared to Rs.103.038 million in the previous year. This year Administrative and General expenses remained under control and were reduced to Rs.82.239 million from Rs.86.176 million in year 2007. The financial charges were decreased to Rs.2.213 million from Rs.2.661 million in 2007.



Future Outlook

In 2008-09, the industrial operations may face more difficult and challenging situation because of aftermaths of factors like unstable oil prices, high utilities and labor cost and Pak rupee depreciation. The State Bank of Pakistan has aggressively tightened the monetary and import policies whereby the industry facilitation regime may have a discouraging effect.

There seems to be some declining trend in PTA & MEG prices in September 2008, however, this decline may be a temporary phase because the world oil experts and price analysts report envisage oil prices to increase again. Any increase in oil prices coupled with other market driven forces like the demand / supply trend will affect the Paraxylene prices to go high which will have direct impact on our imported raw materials. It is further expected that the demand of polyester may rise, because of fact that due to increase in cotton prices, the downstream textile producers shall increase polyester blend ratio, thereby improving polyester consumption. Effective July 1st, 2008, there was a sharp increase of over 38% in natural gas prices, from Rs.238.40 per MMBTU in July 2007 to Rs.329.54 per MMBTU. This will further aggravate the economic condition of industrial sector with an extra impact on our cost of production.

Investment friendly environment helpful to indigenous industry is essential for its growth. The Government must consider to create attractive environment for the survival of the local industry.

The adverse economic, tariff and market factors as highlighted above will influence the future results of the Company. Inspite of all these impediments the management would strive to maximize sales volume and control costs to minimize the impact on declining margins.

Board of Directors

Since last elections held in 2006, there has been no change in composition of the Board of Directors.

Dividend

Your Directors are pleased to propose a cash dividend @ 30%, i.e. Rs.3.00 per share of Rs.10.00 each for the year ended 30 June 2008.

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 2008-09.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2008 appears on Page 40.

Change of Company's Registered Office

It is very gratifying to note that from April 2008 the Company's registered office has been shifted to its newly constructed premises known as "Rupali House" located at a very conveniently approachable place at Shahrah-e-Quaid-e-Azam, and all administrative activities are now housed under one roof.

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. 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 management is satisfied regarding going concern status of the Company. The Company's internal controls are effective and sound.

Further appropriate accounting policies and applicable International Accounting Standards were applied in preparation of these 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 2008 (Unaudited)	30 June 2007 (Audited)
24,591	71,520

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

Transfer Pricing

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

Safety, Health and Environment

The Company is strongly committed towards all aspects of Safety, Health and Environment connected with our business operations, and are in full compliance with National Environmental Quality Standards.

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 2008 were approved by the Board of Directors on 25 September 2008 and authorized for their issuance.

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
Lahore:
25 September 2008

Notice of Annual General Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of Rupali Polyester Limited will be held at Registered Office of the Company, Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Thursday, 30 October 2008 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 2007.

2) To receive, consider and adopt audited accounts together with the Directors and Auditors Reports thereon for the year ended 30 June 2008.

3) To approve payment of final cash dividend @ 30% i.e. Rs. 3.00 per share for the year ended 30 June 2008 as recommended by the Board of Directors.

4) To appoint Auditors of the Company 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:

25 September 2008

Notes:

1) Share transfer books of the Company will remain closed from 23 October 2008 to 30 October 2008 (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 22 October 2008 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 Regulation No. 37, Chapter XI, No. 43 Chapter XIII & Section 36 of Chapter XI of the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited respectively 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 NBFI. 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

Lahore:

25 September 2008

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of RUPALI POLYESTER LIMITED to comply with the Listing Regulation No. 37 (Chapter XI), No. 43 (Chapter XIII) & Section 36 (Chapter XI) of the Karachi, Lahore & Islamabad Stock Exchanges respectively, 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 the 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 2008.

Lahore:
25 September 2008

Qavi & Co.
Chartered Accountants

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 2008.

For and on behalf of the Board of Directors

Lahore:
25 September 2008

Nooruddin Feerasta
Chief Executive

Rupali Auditors' Report to the Members

We have audited the annexed balance sheet of RUPALI POLYESTER LIMITED as at 30 June 2008 and the related profit and loss account, 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 account 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, 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 2008 and of the profit, 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:	Qavi & Co.
25 September 2008	Chartered Accountants

Balance Sheet as at 30 June 2008

	Note	Rupees in thousand 2008	2007
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
35,000,000 (2007: 35,000,000) Ordinary Shares of Rs. 10 each		350,000	350,000
Issued, Subscribed and Paid-up Capital	3	340,685	340,685
Capital Reserves		71,490	71,490
Revenue Reserves		1,424,125	1,424,125
Unappropriated Profit		298,560	212,708
		2,134,860	2,049,008
NON-CURRENT LIABILITIES			
Staff Retirement Benefits - Gratuity	4	58,954	51,331
Deferred Taxation	5	220,724	168,634
CURRENT LIABILITIES			
Trade and Other Payables	6	516,869	457,856
Short Term Borrowings	7	-	-
		516,869	457,856
CONTINGENCIES AND COMMITMENTS	8		
		2,931,407	2,726,829

The annexed notes 1 to 40 form an integral part of these financial statements.

Balance Sheet as at 30 June 2008

	Note	Rupees in thousand 2008	2007
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	9	986,262	847,485
Capital Work-in-Progress	10	6,271	96,470
		992,533	943,955
Long Term Investments	11	91,844	87,875
Long Term Loans	12	37,499	33,000
Long Term Deposits	13	4,084	3,731
		1,125,960	1,068,561
CURRENT ASSETS			
Stores, Spares and Loose Tools	14	291,490	269,344
Stock-in-Trade	15	881,259	774,371
Trade Debts	16	3,945	17,325
Loans and Advances	17	61,876	14,502
Trade Deposits and Short Term Prepayments	18	1,764	5,395
Other Receivables	19	136,414	80,896
Taxation - Net	20	62,055	38,317
Cash and Bank Balances	21	366,644	458,118
		1,805,447	1,658,268
		2,931,407	2,726,829

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director

Profit and Loss Account for the year ended 30 June 2008

	Note	Rupees in thousand 2008	2007
Sales	22	4,224,019	4,115,381
Cost of Goods Sold	23	(3,965,886)	(3,910,332)
Gross Profit		258,133	205,049
Selling and Distribution Expenses	24	(12,345)	(13,372)
Administrative and General Expenses	25	(82,239)	(86,176)
Other Operating Charges	26	(20,422)	(12,673)
Other Operating Income	27	86,625	74,877
Operating Profit		229,752	167,705
Finance Costs	28	(2,213)	(2,661)
Profit before Taxation		227,539	165,044
Taxation	29	(56,516)	(62,006)
Profit after Taxation		171,023	103,038
		Rupees	Rupees
Earnings per Share - Basic and Diluted	30	5.02	3.02

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

The annexed notes 1 to 40 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director

Cash Flow Statement for the year ended 30 June 2008

	Note	2008	2007
		Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Taxation		227,539	165,044
Add/(Less):			
Adjustment for Non Cash Charges and Other Items:			
Depreciation	9	85,844	71,158
Adjustment/Amortization of Long Term Deposits		-	3,657
Staff Retirement Benefits - Gratuity	4.5	15,206	13,471
Mark-up/Interest Income	27	(37,689)	(40,239)
Remission of Liabilities	27	(209)	(277)
Profit on Disposal of Operating Fixed Assets	27	(6,424)	(1,420)
Exchange Gain	27	(4,511)	(5)
Mark-up on Short Term Borrowings	28	10	1,232
Finance Costs	28	2,203	1,429
		54,430	49,006
Effect on Cash Flow Due to Working Capital Changes:			
(Increase)/Decrease In Current Assets:			
Stores, Spares and Loose Tools		(22,146)	2,280
Stock-in-Trade		(106,888)	(67,816)
Trade Debts		13,380	(5,244)
Loans and Advances		(47,374)	16,576
Trade Deposits and Short Term Prepayments		3,631	(4,192)
Other Receivables		(50,610)	14,380
		(210,007)	(44,016)
Increase/(Decrease) in Current Liabilities:			
Trade and Other Payables		59,183	259,187
		(150,824)	215,171
Cash generated from Operations		131,145	429,221
Mark-up on Short Term Borrowings and Bank Charges Paid		(2,213)	(2,705)
Income Tax Paid		(28,164)	(49,668)
Mark-up / Interest Received		32,781	35,918
Staff Retirement Benefits - Gratuity Paid		(7,583)	(6,926)
Net Cash Inflow from Operating Activities		125,966	405,840

	Note	2008	2007
		Rupees in thousand	
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		(143,477)	(257,417)
Long Term Investments		(3,969)	(10,524)
Long Term Deposits and Prepayments		(353)	(4)
Proceeds from the sale of Operating Fixed Assets		15,479	1,497
Net Cash Outflow from Investing Activities		(132,320)	(266,448)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(85,132)	(85,171)
Net Cash Outflow from Financing Activities		(85,132)	(85,171)
Net Increase /(Decrease) in Cash and Cash Equivalents		(91,486)	54,221
Cash and Cash Equivalents at the Beginning of the Year		458,118	403,892
Effect of Exchange Rate Fluctuations		12	5
Cash and Cash Equivalents at the End of the Year	31	366,644	458,118

The annexed notes 1 to 40 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director

Statement of Changes in Equity for the year ended 30 June 2008

Rupees in thousand

	Issued Subscribed and Paid-up Capital	Capital Reserves	Revenue Reserves		Total Reserve	Total Equity
		Share Premium	General Reserve	Un-appropriated Profit		
Balance as on 01 July 2006	340,685	71,490	1,424,125	194,841	1,690,456	2,031,141
Net Profit for the year ended 30 June 2007	-	-	-	103,038	103,038	103,038
Final Dividend for the year ended 30 June 2006 @ 25%	-	-	-	(85,171)	(85,171)	(85,171)
Balance as on 30 June 2007	340,685	71,490	1,424,125	212,708	1,708,323	2,049,008
Balance as on 01 July 2007	340,685	71,490	1,424,125	212,708	1,708,323	2,049,008
Net Profit for the year ended 30 June 2008	-	-	-	171,023	171,023	171,023
Final Dividend for the year ended 30 June 2007 @ 25%	-	-	-	(85,171)	(85,171)	(85,171)
Balance as on 30 June 2008	340,685	71,490	1,424,125	298,560	1,794,175	2,134,860

The annexed notes 1 to 40 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive

Muhammad Ali H. Sayani
Director

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. Summary of Significant Accounting Policies

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

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for measurement of certain financial instruments at fair value and staff retirement benefits which have been recognized at present value.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) 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. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in the current year:

IAS 1 (Amendment) - 'Presentation of Financial Statements - Capital Disclosures', is mandatory for the Company's accounting periods beginning on or after 01 January 2007. It introduces capital disclosure requirements regarding how the entity manages its capital. Adoption of this amendment only impacts the format and extent of disclosure as presented in Note 32.6 to the financial statements.

Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective:

Amendments to the following Standards and interpretations have been published that are mandatory to the financial statements of the Company covering accounting periods beginning on or after the following effective dates:

IAS 1 Presentation of Financial Statements, issued in September 2007 (effective from 01 January 2009) revises the existing IAS 1 and requires apart from changing the names of certain financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in the comprehensive income statement.

IAS 23 'Borrowing Costs' (effective from 01 January 2009) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption, the option of immediately expensing those borrowing costs will be withdrawn.

The amendments, that are not yet effective and which have no significant impact on the financial statements of the Company are listed below:

IAS 27	- Consolidated and Separate Financial Statements	effective from 01 January 2009
IAS 29	- Financial Reporting in Hyperinflationary Economies	effective from 01 July 2008
IFRS 2	- Share-based Payments	effective from 01 January 2009
IFRS 3	- Business Combinations	effective from 01 July 2009
IFRS 7	- Financial Instruments: Disclosures	effective from 28 April 2008
IFRS 8	- Operating Segments	effective from 01 January 2009
IFRIC 12	- Service Concession Arrangements	effective from 01 January 2008
IFRIC 13	- Customer Loyalty Programmes	effective from 01 July 2008

Adoption of the above amendments may only impact the extent of disclosure presented in the future financial statements.

2.3 Use of Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

2.3.1 Staff Retirement Benefits

Certain actuarial assumptions have been adopted as disclosed in note 4 to the financial statements for valuation of present value of defined benefit obligations.

2.3.2 Property, Plant and Equipment

The Company has made certain estimations with respect to residual value, depreciation method and depreciable lives of property, plant and equipment. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in estimates in future years might effect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

2.3.3 Income Taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in Note 2.16 of these financial statements.

2.3.4 Future Estimation of Export Sales

Deferred tax calculation has been made based on estimate of future ratio of export and local sales.

2.4 Staff Retirement Benefits

2.4.1 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 2007 (refer Note 4).

2.4.2 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 and cost of living allowance. During the year Rs. 1.268 million (2007: Rs. 0.634 million) has been recognized as an expense by the Company.

2.5 Compensated Absences

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

2.6 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 out flow 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.

2.7 Borrowing 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 substantially ready for their intended use.

2.8 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.

2.9 Property, Plant and Equipment

2.9.1 Operating Fixed Assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, leasehold land and capital work-in-progress 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 9, 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 recognised 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.

2.9.2 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.

2.10 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.

2.11 Long Term Investments

Investment in Equity Instruments of Related Parties and Others

Available for Sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology.

Unrealized gains and losses arising from changes in fair value are directly recognized in equity in the period in which these arise. Accumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognised.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At subsequent reporting dates, the Company reviews the carrying amounts on the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.12 Advances, Deposits and Prepayments

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

2.13 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.

2.14 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.

2.15 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 debt/ 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.

2.16 Taxation

2.16.1 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 / finalised during the year.

2.16.2 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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.

2.17 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.

2.18 Revenue Recognition

Revenue from sales is recognized on despatch 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 principal amount outstanding and the rate applicable.

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

2.19 Foreign Currency Translation

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

2.20 Financial Assets and Liabilities

All the financial assets and financial liabilities are recognized at the time when Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. All financial liabilities are derecognized at the time when they are extinguished that is, when all obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the Company.

2.21 Offsetting of Financial Assets and Financial Liabilities

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

2.22 Proposed Dividend and Transfer between Reserves

Dividends 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.

2.23 Transactions with Related Parties

All transactions with related parties are entered into at arm's length basis as disclosed in Note 34 (as defined in the Companies Ordinance, 1984).

2.24 Functional and Presentation Currency

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

			Rupees in thousand 2008	2007

3. Issued, Subscribed and Paid-up Capital

Ordinary Shares of Rs.10 each

2008	2007		2008	2007
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 Shares	44,437	44,437
34,068,514	34,068,514		340,685	340,685

4. Staff Retirement Benefits - Gratuity

Defined Benefit Plan

4.1 General Description

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 2007, using the Projected Unit Credit Method.

4.2 Principal Actuarial Assumptions

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

	2008	2007
Discount rate (%) per annum	10	10
Expected rate of salary increase in future years (%) per annum	9	9
Average expected remaining working life time of employees (years)	11	11

	Note	Rupees in thousand 2008	2007
4.3 Reconciliation of Payable to Defined Benefit Plan			
Present value of defined benefit obligation		58,954	54,853
Unrecognized actuarial losses		-	(3,522)
Net liability recognized in the Balance Sheet		58,954	51,331
4.4 Movement in Liability Recognized in the Balance Sheet			
Present value of defined benefit obligation at the beginning of the year		51,331	44,786
Charge for the year	4.5	15,206	13,471
Payments made during the year		(7,583)	(6,926)
Present value of defined benefit obligation at the end of the year		58,954	51,331
4.5 Charge for the Year			
Current Service Cost		8,667	9,440
Interest Cost		6,539	4,031
		15,206	13,471
4.6 Charge for the Year has been Allocated as Follows:			
Cost of Sales	23.1	8,316	10,372
Selling and Distribution Expenses	24.1	345	155
Administrative and General Expenses	25.1	6,545	2,944
		15,206	13,471

Rupees in thousand

4.7 Historical Information	2008	2007	2006	2005	2004
Present value of defined benefit obligation	58,954	54,853	44,786	40,967	39,446
Experience loss/ (gain) on plan liabilities	-	-	-	-	-

Rupees in thousand

5. Deferred Taxation	Note	2008	2007
Deferred Tax Liability on Taxable Temporary Difference:			
Tax Depreciation Allowance		220,724	168,634

6. Trade and Other Payables	Note	2008	2007
Creditors		423,469	384,288
Due to Associated Companies	6.1	-	-
Accrued Liabilities		51,001	47,137
Advances from Customers		4,584	1,459
Customers Deposits - Payable on Demand - Interest Free		-	1,585
Retention Money		10,452	5,369
Payable to Provident Fund		252	249
Income Tax Deducted at Source		1,255	181
Workers' Profit Participation Fund	6.2	13,267	9,483
Workers' Welfare Fund		11,236	6,592
Unclaimed Dividend		737	698
Other Payables		616	815
		516,869	457,856

6.1 Due to Associated Companies

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

6.2 Workers' Profit Participation Fund	Note	2008	2007
Balance at the beginning of the year		9,483	9,642
Allocation for the year	26	12,220	8,748
		21,703	18,390
Less: Amount paid to the trustees of the fund		8,436	4,094
Deposited with the Government		-	4,813
		8,436	8,907
Balance at the end of the year		13,267	9,483

7. Short Term Borrowings	Note	2008	2007
Secured - From Banking Companies			
Running Finances under Mark-up arrangements from banks	7.1, 7.2 & 7.4	-	-
Term Finances under Mark-up arrangements from banks	7.1 & 7.3	-	-
		-	-

7.1 The total facilities aggregating Rs. 1,085.000 million (2007: Rs. 1,000.000 million) available from various commercial banks. These are secured by way of hypothecation charge over current assets to the extent of Rs. 1,379.821 million (2007: Rs. 1,317.623 million) and promissory notes valuing Rs. 1,217.075 million (2007: Rs. 1,146.815 million) and as at 30 June 2008 the entire outstanding amount has been adjusted.

7.2 The rate of mark-up for these facilities is 10 % (2007: 9.73% to 12.12.%).

7.3 The rate of mark-up for these facilities is Nil (2007: 9.25% to 11.13 %).

7.4 The aggregate facility available for opening letters of credit from various commercial banks amount to Rs. 2,070.000 million (2007: Rs. 1,930.000 million) of which Rs. 592.403 million were utilized at 30 June 2008 (2007: Rs. 465.495 million).

8. Contingencies and Commitments

8.1 Contingencies:

8.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.064 million (2007: Rs. 66.314 million).

8.1.2 Outstanding guarantees given on behalf of Related Parties amounted to Rs. 6.161 million (2007: Rs. 6.060 million).

8.2 Commitments:

8.2.1 Contracts for Capital expenditure commitments outstanding as at 30 June 2008 amounted to Rs. 12.462 million (2007: Rs. 122.973 million).

8.2.2 Commitments against irrevocable letters of credit as at 30 June 2008 amounted to Rs. 592.403 million (2007: Rs. 465.495 million).

9. Operating Fixed Assets

Rupees in thousand

	C O S T			D E P R E C I A T I O N				BOOK VALUE
	As at 01.07.07	Additions/ (Deletions)	As at 30.06.08	Rate %	As at 01.07.07	For the year / (deletions)	Accumu-lated upto 30.06.08	As at 30.06.08
Freehold Land	21,172	6,612	27,784	-	-	-	-	27,784
Building								
- Factory on Freehold Land	188,077	7,506	195,583	10	101,839	8,694	110,533	85,050
- Office on Freehold Land	13,865	-	13,865	5	5,973	395	6,368	7,497
- Office on Leasehold Land	-	195,212	195,212	5	-	2,440	2,440	192,772
Roads	4,312	-	4,312	5	2,642	83	2,725	1,587
Plant & Machinery	2,085,822	7,535 (53,353)	2,040,004	10	1,396,549	68,336 (46,399)	1,418,486	621,518
Furniture & Fittings	14,092	8,775	22,867	10	8,691	759	9,450	13,417
Vehicles	39,400	885 (8,115)	32,170	20	24,961	2,855 (6,140)	21,676	10,494
Office Equipments	50,888	6,281 (362)	56,807	10	32,147	2,007 (236)	33,918	22,889
Other Assets	4,864	870	5,734	10	2,205	275	2,480	3,254
2008	2,422,492	233,676 (61,830)	2,594,338		1,575,007	85,844 (52,775)	1,608,076	986,262
2007	2,166,549	257,417 (1,474)	2,422,492		1,505,246	71,158 (1,397)	1,575,007	847,485

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

Rupees in thousand

	Note	2008	2007
Cost of Goods Sold	23	77,388	65,931
Selling and Distribution Expenses	24	422	261
Administrative and General Expenses	25	8,034	4,966
		85,844	71,158

9.2 Property, Plant and Equipment includes assets amounting to Rs. Nil (2007: Rs. Nil) of the Company which are not in operation.

9.3 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
Plant & Machinery							
Generator	50,750	43,997	6,753	10,500	3,747	Insurance Claim	EFU Insurance
Generator Panel	2,603	2,402	201	2,454	2,253	Insurance Claim	New Jubilee Insurance
Vehicles							
Mercedez Benz	7,000	5,409	1,591	1,800	209	Negotiation	Amjad Khan, House # 7, 76- Onkar Road Islampura, Lahore.
Suzuki Mehran VXR	395	93	302	395	93	Negotiation	Muhammad Idrees S/O Sh.Muhammad Afzal H# 35, Abbubakar Street Umer Park Multan Road Lahore
Toyota Corolla	39	37	2	200	198	Negotiation	Asif Khan S/O Raja Abuzar Khan Flat # B-219 Anam Homes Karachi
Honda Motor Cycle	71	54	17	30	13	Negotiation	Shabbir Ahmad S/O Mirza Ahmad Tufail H # 21, Ellahi Town Chain Road ,New Shadbagh Lahore
Honda Motor Cycle	54	-	54	54	-	Company Policy	Shahid Majeed, Employee
Fork Lifter	556	547	9	-	(9)	Salvage	
Office Equipments							
Nokia 1100	3	1	2	1	(1)	Company Policy	Majid Iqbal (Ex-Employee)
Nokia 1100	3	-	3	1	(2)	Company Policy	Majid Iqbal (Ex-Employee)
Photo Copier	299	199	100	35	(65)	Trade - in	Office Automation Group
Fax Machine	37	18	19	4	(15)	Trade - in	Office Automation Group
IBM Typewriter	20	18	2	5	3	Trade - in	Multi Supplies
2008	61,830	52,775	9,055	15,479	6,424		
2007	1,474	1,397	77	1,497	1,420		

	Note	2008 (Rupees in thousand)	2007 (Rupees in thousand)
10. Capital Work-in-Progress			
Land and Land Development		-	4,721
Building and Civil Works		71	85,963
Roads		27	27
Plant and Machinery		3,627	4,566
Office Equipment		2,201	-
Other Assets		35	-
Capital Stores		310	1,193
		6,271	96,470
11. Long Term Investments			
These represent the long term investments in:			
Related Parties	11.1	31,922	27,953
Others	11.2	59,922	59,922
		91,844	87,875
11.1 Related Parties			
Associated Company-Unquoted			
Swat HydroPower Limited			
19,988 (2007: 19,988) fully paid Ordinary Shares of Rs. 10 each. Equity held 40% (2007: 40%)		200	200
Advance for Issue of Shares	11.1.1	31,722	27,753
		31,922	27,953

11.1.1 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. After the issuance of LOS the ordinary shares against this advance shall be issued to the Company and shall rank pari passu with the existing shares, at the face value of Rs. 10/- each and / or at a discount or otherwise as decided and mutually agreed by the Board of Directors of both the investing and investee companies after determination of share capital. The Company has not commenced its operations and accordingly no Profit and Loss Account has been prepared. The Company's share of the net assets of Swat HydroPower Ltd. based on the unaudited balance sheet as at 30 June 2008 was Rs. 31.922 million.

	Note	2008	2007
11.2 Others-Unquoted			
World Bridge Connect (Pvt.) Limited			
1,469,659 (2007: 1,469,659) fully paid Ordinary Shares of Rs. 40.77 each Equity held 13.44% (2007: 13.44%)		59,922	59,922
12. Long Term Loans			
Considered good - Others			
World Bridge Connect (Pvt.) Limited	12.1	17,045	15,000
World Bridge Connect (Pvt.) Limited	12.2	20,454	18,000
		37,499	33,000

12.1 This represents the US $ 250,000 (Rs. 17.045 million), and is unsecured and interest free. The Company has the option to convert this amount into ordinary shares @ US $ 0.51 per share.

12.2 This represents the US $ 300,000 (Rs. 20.454 million), and is unsecured and carries mark up @ 2.00% per month, becomes due and payable after US$ 2.000 million in equity has been invested in Series B subject to the Company exercising its option to convert this amount into ordinary shares @ US $ 0.71 per share.

		Note	2008	2007
			Rupees in thousand	
13.	Long Term Deposits			
	Long Term Deposits		4,084	3,731
14.	Stores, Spares and Loose Tools			
	Stores			
	- In Hand		48,019	39,285
	- In Transit		8,976	12,630
			56,995	51,915
	Spares			
	- In Hand		215,114	190,781
	- In Transit		15,505	22,931
			230,619	213,712
	Loose Tools			
	- In Hand		3,876	3,717
			291,490	269,344
15.	Stock-in-Trade			
	Raw and Packing Materials			
	- In Hand		357,489	369,994
	- In Transit		76,821	61,355
			434,310	431,349
	Work-in-Process		65,284	47,846
	Finished Goods		381,665	295,176
			881,259	774,371
16.	Trade Debts			
	Considered good - Unsecured		3,945	17,325
17.	Loans and Advances			
	Considered good			
	Loans due from:			
	- Executives	17.1&17.2	-	179
	- Employees		788	425
			788	604
	Advances due from:			
	- Staff Against Expenses		426	787
	- Suppliers and Contractors		27,142	13,111
			27,568	13,898
	Margin on Letters of Credit		33,520	-
			61,876	14,502

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

	Note	Rupees in thousand 2008	2007
17.2 Reconciliation of loans to Executives:			
Opening balance		179	613
Transferred to executives during the year		-	-
Recovered during the year		(179)	(434)
		(179)	(434)
Closing balance		-	179

17.2.1 The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs. 0.146 million (2007: Rs. 0.613 million).

17.2.2 Chief Executive and Directors have not taken any loan / advance from the Company (2007: Rs. Nil).

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

	Note	2008	2007
18. Trade Deposits and Short Term Prepayments			
Deposits - considered good			
Margin on Bank Guarantees		265	265
Security Deposits		111	-
Prepayments - considered good			
Prepaid rent		703	4,398
Prepaid Insurance		296	303
Letters of Credit		-	222
Other Prepayments		389	207
		1,764	5,395
19. Other Receivables			
Considered good			
Due from Associated Companies	19.1	-	-
Due from Other Related Parties	19.2	-	-
Insurance Claim Receivable		9,970	247
Custom Duty Refundable	19.3	51,238	16,964
Sales Tax Refundable		59,594	54,827
Accrued Interest		10,836	5,928
Others		606	859
		132,244	78,825
Considered doubtful			
Transit Pass Fee Refundable from KMC Karachi		142	142
Sales Tax Refundable		33,121	33,121
Less: Provision for Doubtful Receivable	19.4	31,569	31,569
		1,552	1,552
Investment in Rupali Power (Pvt.) Ltd.	19.5	45,000	45,000
Less: Provision for Doubtful Receivable		45,000	45,000
		-	-
Others		2,476	377
		136,414	80,896

19.1 Maximum amount due from Associated Companies at the end of any month during the year was Rs.6.382 million (2007: Rs. 6.015 million).
These are in the normal course of business and are interest free.

19.2 Maximum amount due from other Related Parties at the end of any month during the year was Rs.60.058 million (2007: Rs. 31.752 million).
These are in the normal course of business and are interest free.

19.3 This represents custom duty refundable on the inventory existed as at 30 June 2008 of Pure Terephthalic Acid (PTA).

19.4 This includes provision for doubtful receivable to the tune of Rs. 28.952 million (2007: 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.

19.5 This amount represents investment in performance bond provided to Private Power and Infrastructure Board (PPIB), Government of Pakistan, on behalf of Rupali Power (Pvt.) Ltd. The Performance Bond was encashed by PPIB and the matter is in litigation with Government of Pakistan.

20. Taxation - Net

	Rupees in thousand 2008	Rupees in thousand 2007
Advance Tax	118,151	76,863
Provision for Taxation	(56,096)	(38,546)
	62,055	38,317

The income tax assessment of the Company has been finalized upto tax year 2007 (accounting year ended 30 June 2007) and adequate provisions have been made in these financial statements for the year ended 30 June 2008 (tax year 2008).

21. Cash and Bank Balances

	Note	Rupees in thousand 2008	Rupees in thousand 2007
Balance With Banks in:			
- Current Accounts		51,308	3,766
- PLS Accounts			
- Local Currency	21.1	315,218	453,957
- Foreign Currency	21.1 & 21.2	7	7
		366,533	457,730
Cash in Hand:			
- Local Currency		109	386
- Foreign Currency		2	2
		111	388
		366,644	458,118

21.1 The balances in PLS accounts carry mark-up rate ranging between 4% to 10% (2007: 1.00% to 10.00%) for local currency and Nil (2007: 1.68% to 2.00%) for foreign currency.

21.2 Cash at banks in PLS accounts include US $ 111.12 (2007: US $ 111.12) and Pound Sterling 0.15 (2007: Pound Sterling 0.15).

22. Sales

	Rupees in thousand 2008	Rupees in thousand 2007
Gross Sales:		
- Local	4,240,964	4,104,562
- Export	-	26,110
	4,240,964	4,130,672
Less:		
Discount on - Local Sales	16,945	14,907
Commission on - Export Sales	-	384
	16,945	15,291
	4,224,019	4,115,381

	Note	Rupees in thousand 2008	2007
23. Cost of Goods Sold			
Raw and Packing Materials Consumed		3,324,330	3,209,385
Stores and Spares Consumed		98,873	79,666
Salaries, Wages and Amenities	23.1	134,112	122,034
Fuel and Power		403,677	487,460
Repair and Maintenance		16,566	23,079
Running and Maintenance of Vehicles		6,832	6,247
Insurance		5,983	5,189
Depreciation	9.1	77,388	65,931
Rent, Rates and Taxes		1,323	587
Other Expenses		729	906
		4,069,813	4,000,484
Add: Opening Work-in-Process		47,846	47,093
Less: Closing Work-in-Process		65,284	47,846
		4,052,375	3,999,731
Add: Opening Finished Goods		295,176	205,777
Less: Closing Finished Goods		381,665	295,176
		3,965,886	3,910,332

23.1 Salaries, Wages and Amenities include Rs. 8.316 million (2007: Rs. 10.372 million) in respect of staff retirement benefits.

	Note	2008	2007
24. Selling and Distribution Expenses			
Salaries, Wages and Amenities	24.1	2,345	2,804
Rent, Rates and Taxes		212	230
Electricity, Gas and Water Charges		127	91
Postage, Telephone and Telex		129	125
Printing and Stationery		190	92
Books and Subscription		12	95
Running and Maintenance of Vehicles		61	39
Repair and Maintenance		33	108
Legal and Professional Charges		25	296
Travelling Expenses		133	124
Entertainment		35	39
Insurance		155	53
Depreciation	9.1	422	261
Freight and Forwarding		8,466	7,844
Export Expenses		-	1,171
		12,345	13,372

24.1 Salaries, Wages and Amenities include Rs. 0.345 million (2007: Rs. 0.155 million) in respect of staff retirement benefits.

	Note	Rupees in thousand 2008	2007
25. Administrative and General Expenses			
Salaries, Wages and Amenities	25.1	44,548	53,277
Directors' Remuneration		3,111	2,611
Rent, Rates and Taxes		4,028	4,374
Electricity, Gas and Water Charges		2,389	1,735
Postage, Telephone and Telex		2,457	2,379
Printing and Stationery		3,603	1,744
Books and Subscription		236	1,799
Running and Maintenance of Vehicles		1,166	739
Repair and Maintenance		622	2,054
Legal and Professional Charges		5,049	5,627
Travelling Expenses		2,521	2,356
Entertainment		669	746
Insurance		2,951	998
Advertisement		618	635
Depreciation	9.1	8,034	4,966
Miscellaneous Expenses		237	136
		82,239	86,176

25.1 Salaries, Wages and Amenities include Rs. 6.545 million (2007: Rs. 2.944 million) in respect of staff retirement benefits.

	Note	2008	2007
26. Other Operating Charges			
Workers' Profit Participation Fund	6.2	12,220	8,748
Workers' Welfare Fund		4,644	1,159
Auditors' Remuneration	26.1	358	409
Donations	26.2	3,200	2,357
		20,422	12,673
26.1 Auditors' Remuneration			
Audit Fee		200	200
Certification and Review		70	65
Taxation Services		88	144
		358	409

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

	Note	2008	2007
27. Other Operating Income			
Income from financial assets			
Mark-up / Interest Income	27.1	37,689	40,239
Exchange Gain		4,511	5
		42,200	40,244
Income from non-financial assets			
Scrap, Waste and Other Sales - Net	27.2	33,685	28,060
Miscellaneous Income		-	1,018
MEG Handling Income		4,107	3,858
Remission of Liabilities		209	277
Profit on Disposal of Operating Fixed Assets	9.3	6,424	1,420
		44,425	34,633
		86,625	74,877

	Note	2008 Rupees in thousand	2007 Rupees in thousand
27.1 Mark-up / Interest Income			
Interest Income on:			
- Bank Accounts		32,708	35,783
- Long Term Loans		4,909	4,320
Mark-up on:			
- Credit Sales (Net)		-	50
- Staff Loans		72	86
		37,689	40,239
27.2 Scrap, Waste and Other Sales - Net			
Gross Sales		34,839	29,805
Less: Sales Tax		1,154	1,745
		33,685	28,060

28. Finance Costs

		2008	2007
Mark-up on Short Term Borrowings		10	1,232
Bank Commission and Other Charges		2,203	1,429
		2,213	2,661

29. Taxation

		2008	2007
Current			
- for the year		56,428	19,879
- Prior years		(52,002)	-
		4,426	19,879
Deferred		52,090	42,127
		56,516	62,006

29.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2008 %	2007 %
Applicable Tax Rate	35.00	35.00
Effect of Change in Prior Years Tax	(22.85)	-
Effect of Change in Deferred Tax	22.89	25.52
Tax effect of Expenses that are not Deductible in determining Taxable Profit	10.12	(22.96)
	10.16	2.56
Average Effective Tax Rate	24.84	37.56

30. Earnings Per Share

30.1 Earnings Per Share - Basic

	Note	2008	2007
		Rupees in thousand	
Net profit for the year after taxation attributable to Ordinary Shareholders		171,023	103,038
		Number of Shares	
Weighted Average Ordinary Shares in Issue during the year	3	34,068,514	34,068,514
		Rupees	
Basic Earnings Per Share		5.02	3.02

30.2 Earnings Per Share - Diluted

There is no dilution effect on Basic Earnings Per Share as the Company has no such commitments.

31. Cash and Cash Equivalents

	Note	2008 Rupees in thousand	2007 Rupees in thousand
Cash and Bank Balances	21	366,644	458,118
Short Term Borrowings	7	-	-
		366,644	458,118

32. Financial Instruments and Related Disclosures

32.1 Interest/Mark-Up/Profit Rate Risk

Interest / mark-up / profit rate risk arises from the possibility that changes in interest / mark-up / profit rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up / profit bearing financial liabilities, the following table provides information about the exposure of the Company to interest / mark-up / profit rate risk at the balance sheet date based on contractual re-pricing or maturity dates, whichever is earlier.

2008 — Rupees in thousand

	INTEREST BEARING			NON INTEREST BEARING			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total
Financial Assets							
Long Term Investments	-	-	-	-	91,844	91,844	91,844
Long Term Loans	-	20,454	20,454	-	17,045	17,045	37,499
Long Term Deposits	-	-	-	111	4,084	4,195	4,195
Trade Debts	-	-	-	3,945	-	3,945	3,945
Loans to Staff	788	-	788	-	-	-	788
Other Receivables	-	-	-	21,110	-	21,110	21,110
Cash and Bank Balances	315,225	-	315,225	51,419	-	51,419	366,644
	316,013	20,454	336,467	76,585	112,973	189,558	526,025
Financial Liabilities							
Trade and Other Payables	-	-	-	494,339	-	494,339	494,339
	-	-	-	494,339	-	494,339	494,339
On Balance Sheet Gap	316,013	20,454	336,467	(417,754)	112,973	(304,781)	31,686
Off Balance Sheet Items							
Contracts for Capital Expenditure	-	-	-	-	12,462	12,462	12,462
Letters of Credit	-	-	-	592,403	-	592,403	592,403
Guarantees	-	-	-	72,225	-	72,225	72,225
	-	-	-	(664,628)	(12,462)	(677,090)	(677,090)
Total Gap	316,013	20,454	336,467	(1,082,382)	100,511	(981,871)	(645,404)

2007 — Rupees in thousand

	INTEREST BEARING			NON INTEREST BEARING			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total
Financial Assets							
Long Term Investments	-	-	-	-	87,875	87,875	87,875
Long Term Loans	-	18,000	18,000	-	15,000	15,000	33,000
Long Term Deposits	-	-	-	-	3,731	3,731	3,731
Trade Debts	-	-	-	17,325	-	17,325	17,325
Loans to Staff	604	-	604	-	-	-	604
Other Receivables	-	-	-	6,442	-	6,442	6,442
Cash and Bank Balances	453,964	-	453,964	4,154	-	4,154	458,118
	454,568	18,000	472,568	27,921	106,606	134,527	607,095
Financial Liabilities							
Trade and Other Payables	-	-	-	436,550	-	436,550	436,550
	-	-	-	436,550	-	436,550	436,550
On Balance Sheet Gap	454,568	18,000	472,568	(408,629)	106,606	(302,023)	170,545
Off Balance Sheet Items							
Contracts for Capital Expenditure	-	-	-	-	122,973	122,973	122,973
Letters of Credit	-	-	-	465,494	-	465,494	465,494
Guarantees	-		-	72,374	-	72,374	72,374
	-	-	-	(537,868)	(122,973)	(660,841)	(660,841)
Total Gap	454,568	18,000	472,568	(946,497)	(16,367)	(962,864)	(490,296)

32.2 Effective Interest Rates

Effective interest rates for the monetary financial liabilities are mentioned in the respective notes to the financial statements. Effective interest rates for the monetary financial assets are given below:

	2008	2007
Loan against installment (%)	12.00 to 18.00	12.00 to 18.00
Cash with Banks on PLS accounts:		
Local currency (%)	4.00 to 10.00	1.00 to 10.00
Foreign currency (%)	-	1.68 to 2.00

32.3 Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customer, by obtaining advance against sales and does not have significant exposure to any individual customer. To reduce exposure to credit risk the Company applies credit limits to its customers.

32.4 Liquidity Risk

Liquidity Risk reflects an enterprise's inability in raising funds to meet commitments. To guard this risk, Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

32.5 Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign suppliers. Payables exposed to foreign currency risks are assessed and, if required, covered through foreign exchange forward cover contracts on the basis of management's assessment of fluctuations in rates.

32.6 Capital Risk Management

The Company's objectives regarding capital management are to safeguard Company's ability to continue as a going concern in order to provide better returns for shareholders, to safegaurd the interest of 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.

32.7 Fair Value of Financial Assets and Liabilities

The Management is of the view that carrying values of financial assets and financial liabilities approximate their fair value.

33. 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	
	2008	2007	2008	2007	2008	2007	2008	2007
Managerial Remuneration	-	-	1,954	1,495	6,732	5,830	8,686	7,325
House Rent	-	-	586	449	2,021	1,766	2,607	2,215
Utilities	-	-	195	149	673	589	868	738
Medical Expenses	-	-	195	149	673	589	868	738
Retirement Benefits	-	-	151	130	90	84	241	214
Bonus etc.	-	-	30	239	327	474	357	713
	-	-	3,111	2,611	10,516	9,332	13,627	11,943
Number of Persons	1	1	1	1	11	7	13	9

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

34. 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 33. Other significant transactions with the related parties are as follows:

	Relationship with the Company	Nature of Transactions	2008	2007
			Rupees in thousand	
1	Associated Undertakings	Sales of goods and services	7,515	246,797
		Purchase of goods and services	400,241	222,248
		Disposal of Operating Fixed Assets	-	200
		Profit on Bank Deposits	32,708	35,783
		Gurantees issued on behalf of entity	6,161	6,060
		Investments / Advance to parties	3,969	10,484
2	Other Related Parties	Sales of goods and services	186,753	316,800
		Purchase of goods and services	196,643	337,337
3	Defind Contribution Plan (Provident Fund)	Contributuion to Provident Fund	1,268	634

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.

35. Plant Capacity and Actual Production

		In Metric Tons	
Annual Capacity (In Three Shifts)			
-	Yarn	10,100	10,100
-	Fiber	12,000	12,000
Actual Production			
-	Yarn	12,311	12,166
-	Fiber	22,761	24,168

36. Staff Strength

	Number of Employees	
Number of Employees as at 30 June	1,158	1,256

37. Date of Authorisation for Issue

These financial statements were authorized for issue on 25 September 2008 by the Board of Directors of the Company.

38. Non Adjusting Events after the Balance Sheet date

The Board of Directors have proposed a final dividend for the year ended 30 June 2008 of Rs. 3.00 per share (2007: Rs. 2.50 per share), amounting to Rs. 102.206 million (2007: Rs. 85.171 million) at their meeting held on 25 September 2008 for approval of the members at the annual general meeting to be held on 30 October 2008. The financial statements do not reflect this proposed dividend which will be accounted for in subsequent year.

39. Corresponding Figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. There have been no significant reclassifications in these financial statements.

40. General

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

Nooruddin Feerasta Chief Executive	Muhammad Ali H. Sayani Director

Form 34

Pattern of Holding of the shares held by the shareholders
as at 30 June 2008 (Section 236)

Number of Shareholders	Shareholding From		To	Total Shares held
115	1	-	100	6,343
123	101	-	500	36,670
97	501	-	1,000	64,405
71	1,001	-	5,000	154,310
11	5,001	-	10,000	80,245
2	10,001	-	15,000	23,000
3	20,001	-	25,000	67,345
1	25,001	-	30,000	28,950
2	30,001	-	35,000	66,000
3	35,001	-	40,000	113,500
1	40,001	-	45,000	44,500
2	45,001	-	50,000	97,500
1	95,001	-	100,000	99,000
2	110,001	-	115,000	230,000
1	115,001	-	120,000	117,000
1	130,001	-	135,000	134,500
2	180,001	-	185,000	367,210
1	190,001	-	195,000	194,000
1	205,001	-	210,000	209,490
1	225,001	-	230,000	230,000
1	260,001	-	265,000	262,530
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	655,001	-	660,000	658,545
1	1,085,001	-	1,090,000	1,085,316
1	1,230,001	-	1,235,000	1,233,944
1	1,600,001	-	1,605,000	1,602,223
1	1,650,001	-	1,655,000	1,650,422
1	2,055,001		2,060,000	2,056,869
1	4,110,001		4,115,000	4,111,012
1	8,515,001		8,520,000	8,519,800
1	8,725,001		8,730,000	8,727,124
455		Total		34,068,514

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	423	2,753,286	8.08
Joint Stock Companies	6	268,920	0.79
Investment Companies	2	1,500	0.00
Directors, Chief Executive Officer and their Spouses and Minor Children	9	3,293,848	9.67
Mr. Jafferali M. Feerasta		2,319,260	6.81
Mr. Nooruddin Feerasta		500	0.00
Mr. Muhammad Rashid Zahir (Nominee Director) SAPICO		0	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
		3,293,848	9.67
Executives			
National Bank of Pakistan, Trustee Deptt.	3	3,252,645	9.55
Investment Corporation of Pakistan		200	0.00
Associated Companies, Undertakings and related parties			
Public Sector Companies and Corporations			
Banks, DFIs, NBFIs, Insurance Companies, Modarabas & Mutual Funds	6	1,048,820	3.08
Foreign Investors	1	8,519,800	25.01
Trusts	5	14,929,495	43.82
Others			
Total	455	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
Deutsche Bank Investments (Guernsey) Limited		8,519,800	25.01
Trustees Alauddin Feerasta Trust		8,761,124	25.72
Trustees Feerasta Senior Trust		4,111,502	12.07
	Total	21,392,426	62.80

Form of Proxy 28th Annual General Meeting

Rupali

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 28th Annual General Meeting of the Company to be held on 30 October 2008 and/or any adjournment thereof.

As witness my / our hand / seal this ______________________________ day of ______________ 2008

Signed by ______________________________

in the presence of ______________________________

Shareholder 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.

Rupali Polyester Limited

AFFIX
CORRECT
POSTAGE

The Company Secretary

Rupali Polyester Limited

Rupali House, 241-242

Upper Mall Scheme, Anand Road,

Lahore-54000