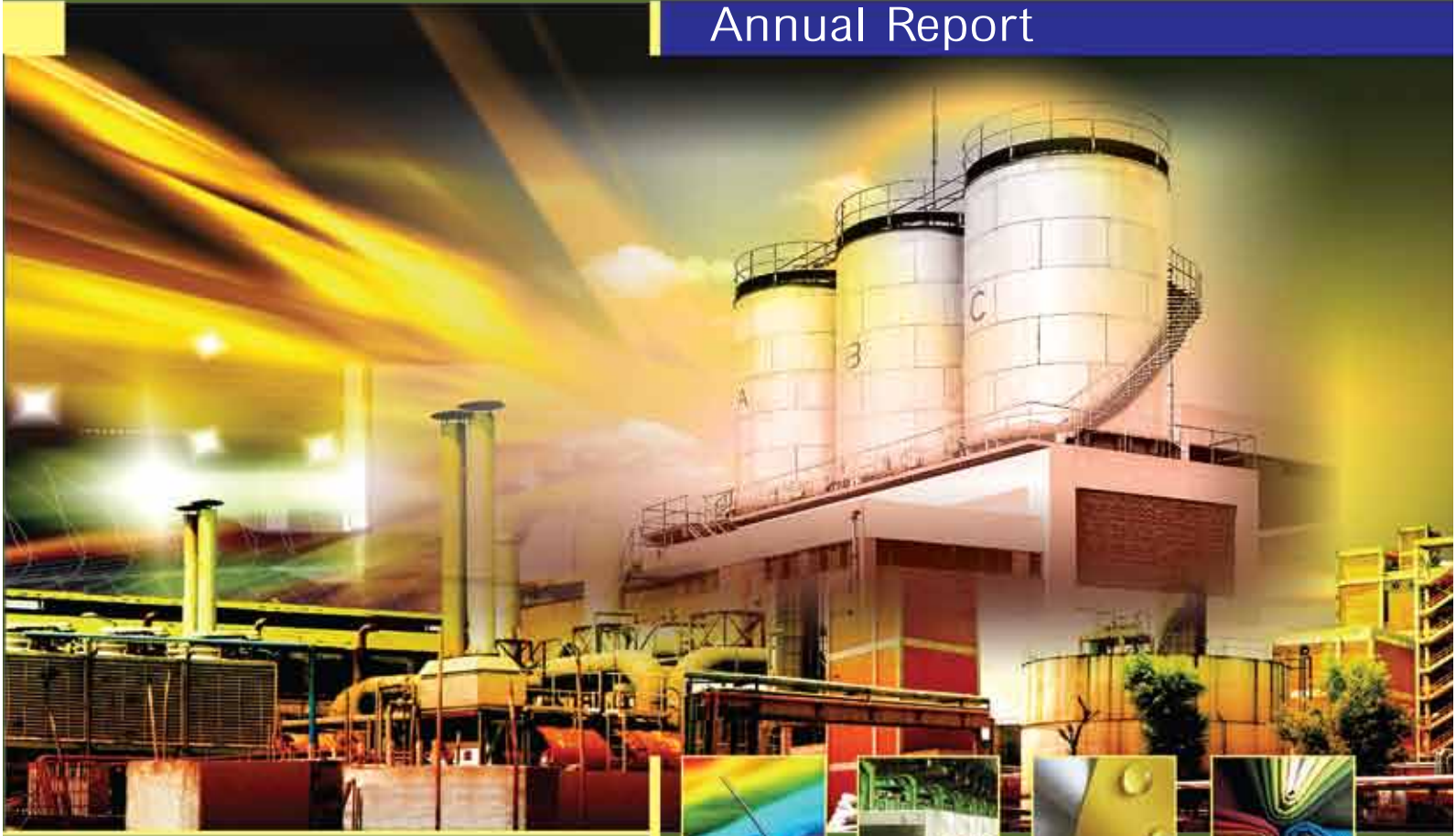


2010

Annual Report



Rupali Polyester Limited

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# Corporate Data

## 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

## 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  
The Royal Bank of Scotland 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 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 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 Rs. 2,803 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.

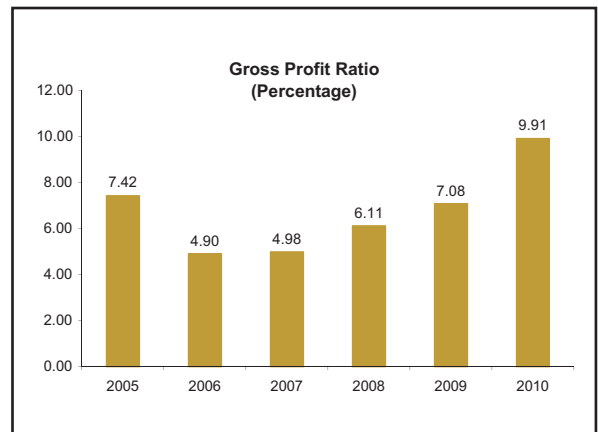
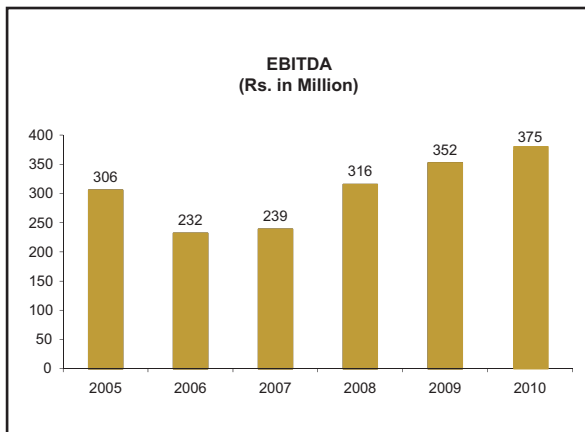
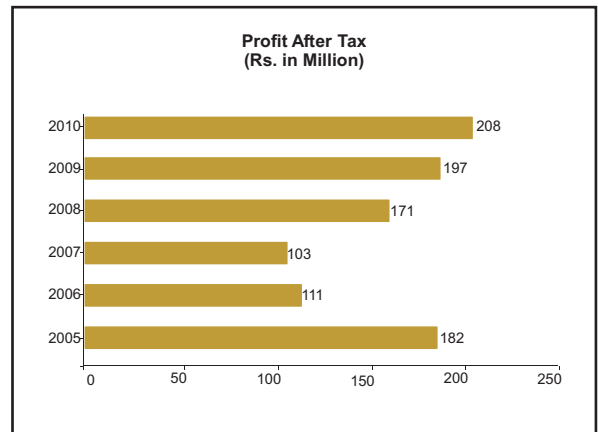
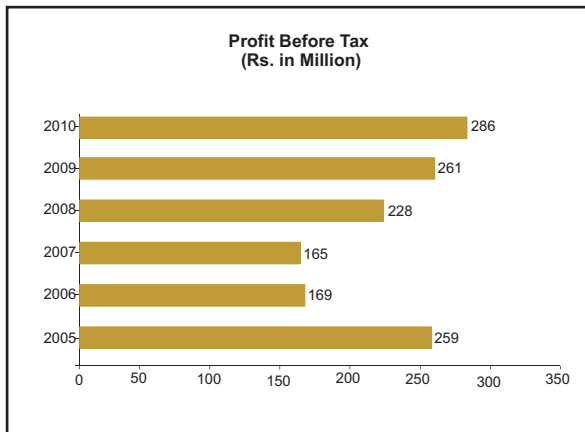
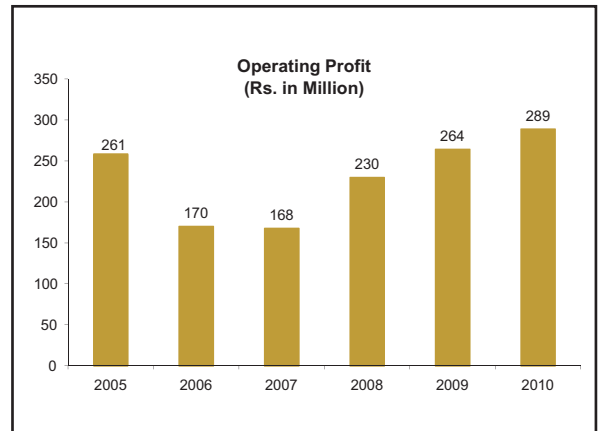
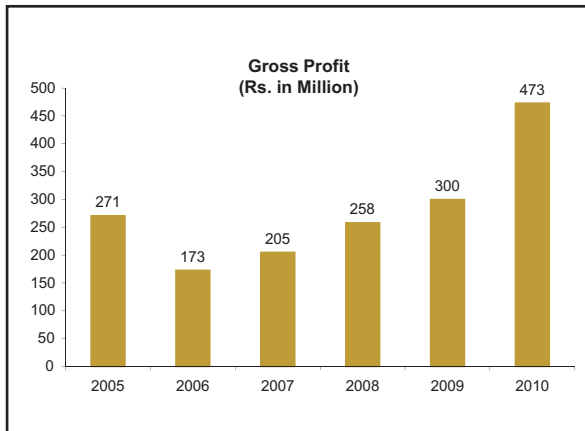
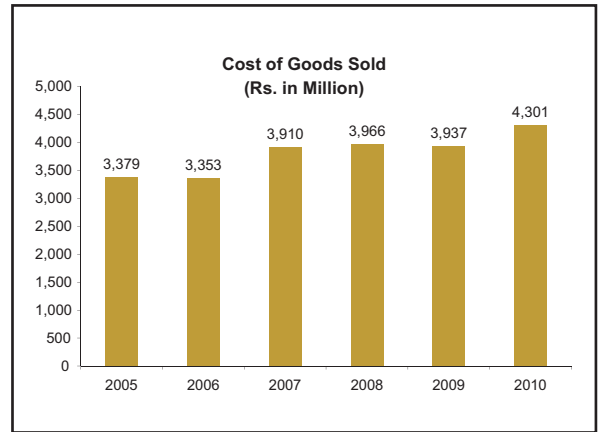
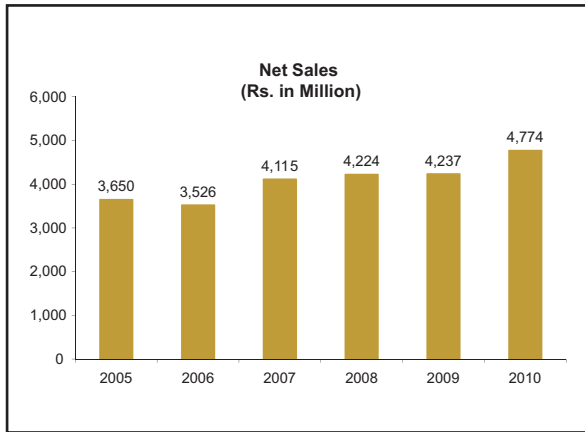


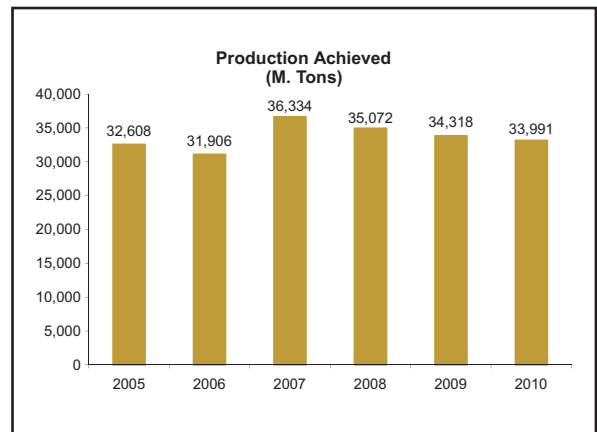
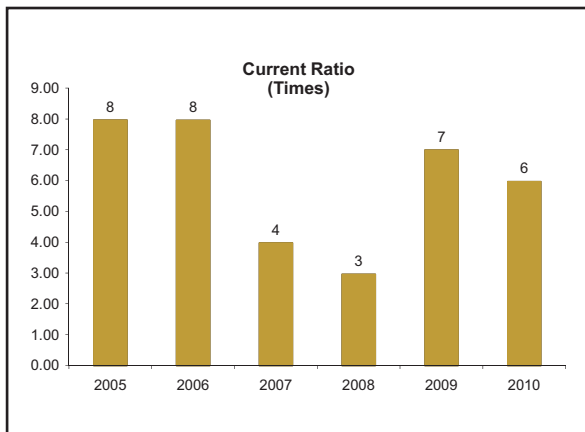
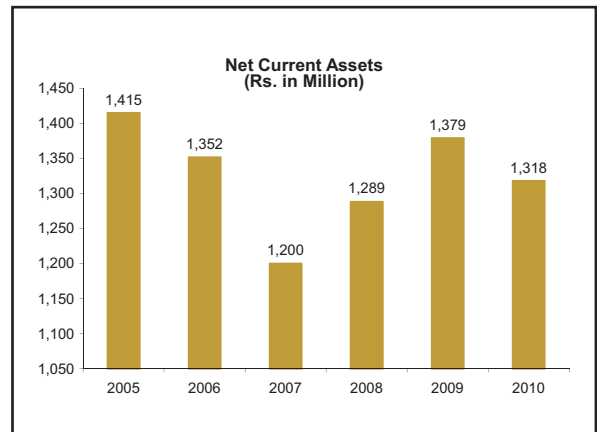
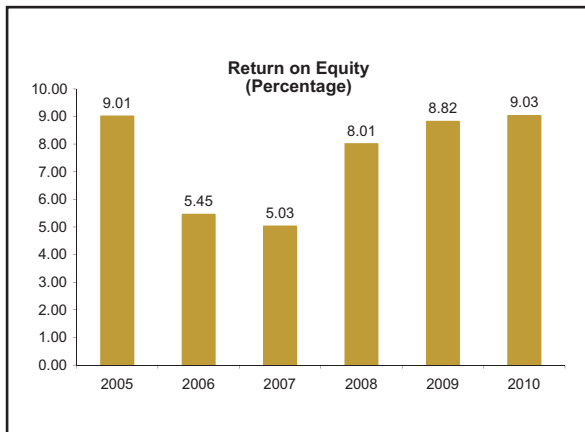
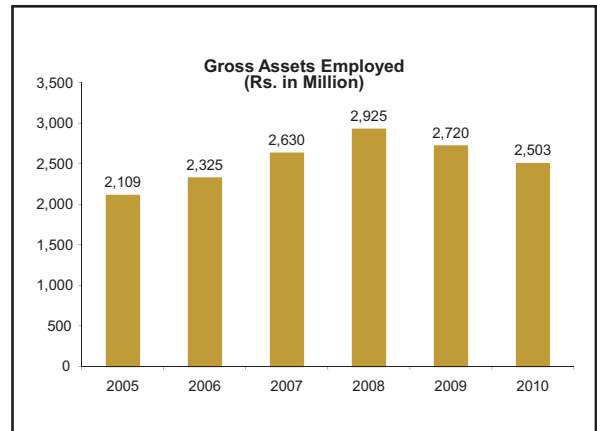
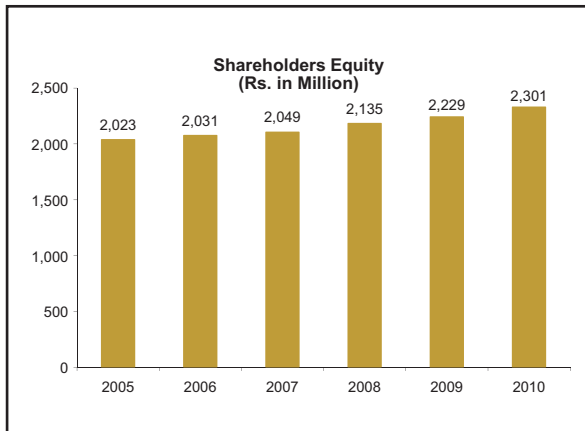
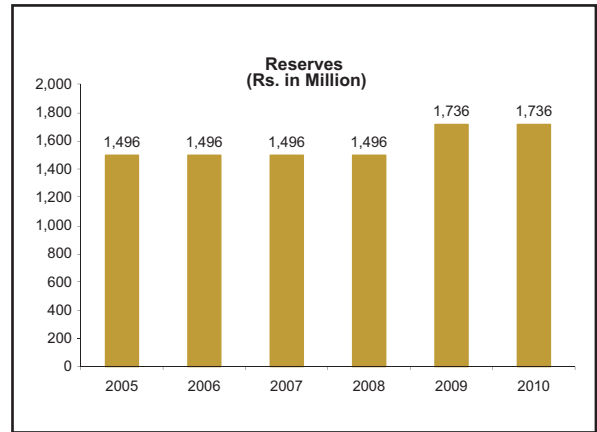
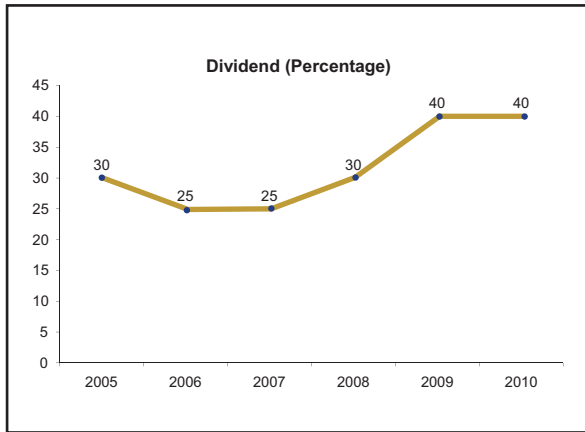
## FINANCIAL HIGHLIGHTS

	UOM	2010	2009	2008
<b>Profit and Loss Account</b>				
Sales - Net	Rs. in thousand	4,774,324	4,237,268	4,224,019
Cost of Goods Sold	Rs. in thousand	4,301,276	3,937,467	3,965,886
<b>Gross Profit</b>	Rs. in thousand	473,048	299,801	258,133
Operating profit	Rs. in thousand	288,930	264,307	229,752
Profit before tax	Rs. in thousand	286,005	261,092	227,539
Profit after tax	Rs. in thousand	207,802	196,632	171,023
Income tax - current	Rs. in thousand	107,860	90,972	56,428
- prior years	Rs. in thousand	(22,197)	(4,210)	(52,002)
- deferred	Rs. in thousand	(7,460)	(22,302)	52,090
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Rs. in thousand	374,508	352,423	315,596
<b>Dividend</b>				
Cash dividend	Rs. in thousand	136,274	136,274	102,206
Cash dividend rate	Percentage	40	40	30
<b>Balance Sheet</b>				
Share capital	Rs. in thousand	340,685	340,685	340,685
Reserves	Rs. in thousand	1,735,615	1,735,615	1,495,615
Unappropriated profit	Rs. in thousand	224,514	152,986	298,560
Shareholders equity	Rs. in thousand	2,300,814	2,229,286	2,134,860
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514
Non current liabilities	Rs. in thousand	261,634	263,293	279,678
Current liabilities	Rs. in thousand	240,394	230,032	516,869
Property, Plant and Equipment	Rs. in thousand	907,586	969,334	986,262
Capital work-in-progress	Rs. in thousand	300,143	2,845	6,271
Long term investments/loans/deposits	Rs. in thousand	36,334	140,984	133,427
Current assets	Rs. in thousand	1,558,779	1,609,448	1,805,447
Net current assets	Rs. in thousand	1,318,385	1,379,416	1,288,578
<b>Total liabilities</b>	Rs. in thousand	2,802,842	2,722,611	2,931,407
<b>Total Assets</b>	Rs. in thousand	2,802,842	2,722,611	2,931,407
<b>Ratios Analysis</b>				
Gross profit	Percentage	9.91	7.08	6.11
Net profit	Percentage	4.35	4.64	4.05
Return on equity	Percentage	9.03	8.82	8.01
Return on capital employed	Percentage	11.28	10.60	9.52
Current ratio	Times	6.48	7.00	3.49
Acid test	Times	2.33	3.05	1.22
Inventory turnover	Times	7	5	5
Fixed assets turnover	Percentage	508.74	433.35	460.70
EBITDA margin to sales	Percentage	7.84	8.32	7.47
Dividend	Percentage	40	40	30
Cash dividend per share	Rupees	4.00	4.00	3.00
Debt : equity ratio		0 : 100	0 : 100	0 : 100
Break-up value per share	Rupees	67.53	65.44	62.66
Market value per share at the end of the year	Rupees	33.00	29.45	42.00
<b>Production volume</b>				
Production capacity	M. Tons	22,100	22,100	22,100
Production achieved	M. Tons	33,991	34,318	35,072
Capacity utilization	Percentage	154	155	159
<b>Employees</b>	Numbers	1,186	1,249	1,288

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







## HORIZONTAL ANALYSIS

BALANCE SHEET		Rupees in thousand			
PARTICULARS	2004	2005	2006	2007	
<b>Share Capital and Reserves</b>					
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	3,999	186,273	194,841	212,708	
<b>Shareholders' Equity</b>	<b>1,840,299</b>	<b>2,022,573</b>	<b>2,031,141</b>	<b>2,049,008</b>	
Non Current Liabilities	132,536	126,928	175,725	219,965	
<b>Sub total</b>	<b>1,972,835</b>	<b>2,149,501</b>	<b>2,206,866</b>	<b>2,268,973</b>	
<b>Current Liabilities</b>					
Trade and Other Payables	281,291	204,015	197,323	457,856	
<b>Sub total</b>	<b>281,291</b>	<b>204,015</b>	<b>197,323</b>	<b>457,856</b>	
<b>Total</b>	<b>2,254,126</b>	<b>2,353,516</b>	<b>2,404,189</b>	<b>2,726,829</b>	
<b>Assets</b>					
<b>Non Current Assets</b>					
Operating Fixed Assets	461,304	422,077	661,303	847,485	
Capital Work-in-Progress	10,231	244,691	79,365	96,470	
<b>Sub Total</b>	<b>471,535</b>	<b>666,768</b>	<b>740,668</b>	<b>943,955</b>	
Long Term Investments	-	60,122	77,351	87,875	
Long Term Loans	-	-	33,000	33,000	
Long Term Deposits	13,927	7,232	3,727	3,731	
<b>Sub Total</b>	<b>485,462</b>	<b>734,122</b>	<b>854,746</b>	<b>1,068,561</b>	
<b>Current Assets</b>					
Stores, Spares and Loose Tools	174,632	409,555	271,624	269,344	
Stock-in-Trade	756,512	489,409	706,555	774,371	
Trade Debts	13,951	7,618	12,081	17,325	
Loans and Advances	31,396	23,541	31,078	14,502	
Trade Deposits and Short Term Prepayments	-	5,629	4,860	5,395	
Other Receivables	-	123,050	110,825	80,896	
Taxation -Net	24,455	-	8,528	38,317	
Cash and Bank Balances	767,718	560,592	403,892	458,118	
<b>Sub Total</b>	<b>1,768,664</b>	<b>1,619,394</b>	<b>1,549,443</b>	<b>1,658,268</b>	
<b>Total</b>	<b>2,254,126</b>	<b>2,353,516</b>	<b>2,404,189</b>	<b>2,726,829</b>	

Percentage Change

2008	2009	2010	05 Over 04	06 Over 05	07 Over 06	08 Over 07	09 Over 08	10 Over 09
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
1,424,125	1,664,125	1,664,125	0.00	0.00	0.00	0.00	16.85	0.00
298,560	152,986	224,514	4,557.99	4.60	9.17	40.36	-48.76	46.75
<b>2,134,860</b>	<b>2,229,286</b>	<b>2,300,814</b>	<b>9.90</b>	<b>0.42</b>	<b>0.88</b>	<b>4.19</b>	<b>4.42</b>	<b>3.21</b>
279,678	263,293	261,634	-4.23	38.44	25.18	27.15	-5.86	-0.63
<b>2,414,538</b>	<b>2,492,579</b>	<b>2,562,448</b>	<b>8.95</b>	<b>2.67</b>	<b>2.81</b>	<b>6.42</b>	<b>3.23</b>	<b>2.80</b>
516,869	230,032	240,394	-27.47	-3.28	132.03	12.89	-55.50	4.50
<b>516,869</b>	<b>230,032</b>	<b>240,394</b>	<b>-27.47</b>	<b>-3.28</b>	<b>132.03</b>	<b>12.89</b>	<b>-55.50</b>	<b>4.50</b>
<b>2,931,407</b>	<b>2,722,611</b>	<b>2,802,842</b>	<b>4.41</b>	<b>2.15</b>	<b>13.42</b>	<b>7.50</b>	<b>-7.12</b>	<b>2.95</b>
986,262	969,334	907,586	-8.50	56.68	28.15	16.38	-1.72	-6.37
6,271	2,845	300,143	2,291.66	-67.57	21.55	-93.50	-54.63	10,449.84
<b>992,533</b>	<b>972,179</b>	<b>1,207,729</b>	<b>41.40</b>	<b>11.08</b>	<b>27.45</b>	<b>5.15</b>	<b>-2.05</b>	<b>24.23</b>
91,844	92,064	32,150	0.00	28.66	13.61	4.52	0.24	-65.08
37,499	44,797	-	0.00	0.00	0.00	13.63	19.46	-100.00
4,084	4,123	4,184	-48.07	-48.47	0.11	9.46	0.95	1.48
<b>1,125,960</b>	<b>1,113,163</b>	<b>1,244,063</b>	<b>51.22</b>	<b>16.43</b>	<b>25.02</b>	<b>5.37</b>	<b>-1.14</b>	<b>11.76</b>
291,490	300,554	310,414	134.52	-33.68	-0.84	8.22	3.11	3.28
881,259	607,564	687,403	-35.31	44.37	9.60	13.80	-31.06	13.14
3,945	5,481	61,302	-45.39	58.58	43.41	-77.23	38.94	1,018.45
61,876	22,143	40,016	-25.02	32.02	-53.34	326.67	-64.21	80.72
1,764	856	712	0.00	-13.66	11.01	-67.30	-51.47	-16.82
136,414	145,524	265,387	0.00	-9.93	-27.01	68.63	6.68	82.37
62,055	-	25,231	0.00	0.00	349.31	61.95	-100.00	0.00
366,644	527,326	168,314	-26.98	-27.95	13.43	-19.97	43.83	-68.08
<b>1,805,447</b>	<b>1,609,448</b>	<b>1,558,779</b>	<b>-8.44</b>	<b>-4.32</b>	<b>7.02</b>	<b>8.88</b>	<b>-10.86</b>	<b>-3.15</b>
<b>2,931,407</b>	<b>2,722,611</b>	<b>2,802,842</b>	<b>4.41</b>	<b>2.15</b>	<b>13.42</b>	<b>7.50</b>	<b>-7.12</b>	<b>2.95</b>

## VERTICAL ANALYSIS

### BALANCE SHEET

Rupees in thousand

PARTICULARS	2004	2005	2006	2007	2008
<b>Share Capital and Reserves</b>					
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	1,424,125
Unappropriated Profit	3,999	186,273	194,841	212,708	298,560
<b>Shareholders' Equity</b>	<b>1,840,299</b>	<b>2,022,573</b>	<b>2,031,141</b>	<b>2,049,008</b>	<b>2,134,860</b>
Non Current Liabilities	132,536	126,928	175,725	219,965	279,678
<b>Sub total</b>	<b>1,972,835</b>	<b>2,149,501</b>	<b>2,206,866</b>	<b>2,268,973</b>	<b>2,414,538</b>
<b>Current Liabilities</b>					
Trade and Other Payables	281,291	204,015	197,323	457,856	516,869
<b>Sub total</b>	<b>281,291</b>	<b>204,015</b>	<b>197,323</b>	<b>457,856</b>	<b>516,869</b>
<b>Total</b>	<b>2,254,126</b>	<b>2,353,516</b>	<b>2,404,189</b>	<b>2,726,829</b>	<b>2,931,407</b>
<b>Assets</b>					
<b>Non Current Assets</b>					
Operating Fixed Assets	461,304	422,077	661,303	847,485	986,262
Capital Work-in-Progress	10,231	244,691	79,365	96,470	6,271
<b>Sub Total</b>	<b>471,535</b>	<b>666,768</b>	<b>740,668</b>	<b>943,955</b>	<b>992,533</b>
Long Term Investments	-	60,122	77,351	87,875	91,844
Long Term Loans	-	-	33,000	33,000	37,499
Long Term Deposits	13,927	7,232	3,727	3,731	4,084
<b>Sub Total</b>	<b>485,462</b>	<b>734,122</b>	<b>854,746</b>	<b>1,068,561</b>	<b>1,125,960</b>
<b>Current Assets</b>					
Stores, Spares and Loose Tools	174,632	409,555	271,624	269,344	291,490
Stock-in-Trade	756,512	489,409	706,555	774,371	881,259
Trade Debts	13,951	7,618	12,081	17,325	3,945
Loans and Advances	31,396	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	24,455	-	8,528	38,317	62,055
Cash and Bank Balances	767,718	560,592	403,892	458,118	366,644
<b>Sub Total</b>	<b>1,768,664</b>	<b>1,619,394</b>	<b>1,549,443</b>	<b>1,658,268</b>	<b>1,805,447</b>
<b>Total</b>	<b>2,254,126</b>	<b>2,353,516</b>	<b>2,404,189</b>	<b>2,726,829</b>	<b>2,931,407</b>

Percentage

2009	2010	2004	2005	2006	2007	2008	2009	2010
340,685	340,685	15.11	14.48	14.17	12.49	11.62	12.51	12.15
71,490	71,490	3.17	3.04	2.97	2.62	2.44	2.63	2.55
1,664,125	1,664,125	63.18	60.51	59.24	52.23	48.58	61.12	59.38
152,986	224,514	0.18	7.91	8.10	7.80	10.19	5.62	8.01
<b>2,229,286</b>	<b>2,300,814</b>	<b>81.64</b>	<b>85.94</b>	<b>84.48</b>	<b>75.14</b>	<b>72.83</b>	<b>81.88</b>	<b>82.09</b>
263,293	261,634	5.88	5.39	7.31	8.07	9.54	9.67	9.33
<b>2,492,579</b>	<b>2,562,448</b>	<b>87.52</b>	<b>91.33</b>	<b>91.79</b>	<b>83.21</b>	<b>82.37</b>	<b>91.55</b>	<b>91.42</b>
230,032	240,394	12.48	8.67	8.21	16.79	17.63	8.45	8.58
<b>230,032</b>	<b>240,394</b>	<b>12.48</b>	<b>8.67</b>	<b>8.21</b>	<b>16.79</b>	<b>17.63</b>	<b>8.45</b>	<b>8.58</b>
<b>2,722,611</b>	<b>2,802,842</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
969,334	907,586	20.46	17.93	27.51	31.08	33.64	35.60	32.38
2,845	300,143	0.45	10.40	3.30	3.54	0.21	0.10	10.71
<b>972,179</b>	<b>1,207,729</b>	<b>20.92</b>	<b>28.33</b>	<b>30.81</b>	<b>34.62</b>	<b>33.86</b>	<b>35.71</b>	<b>43.09</b>
92,064	32,150	0.00	2.55	3.22	3.22	3.13	3.38	1.15
44,797	-	0.00	0.00	1.37	1.21	1.28	1.65	0.00
4,123	4,184	0.62	0.31	0.16	0.14	0.14	0.15	0.15
<b>1,113,163</b>	<b>1,244,063</b>	<b>21.54</b>	<b>31.19</b>	<b>35.55</b>	<b>39.19</b>	<b>38.41</b>	<b>40.89</b>	<b>44.39</b>
300,554	310,414	7.75	17.40	11.30	9.88	9.94	11.04	11.07
607,564	687,403	33.56	20.79	29.39	28.40	30.06	22.32	24.53
5,481	61,302	0.62	0.32	0.50	0.64	0.13	0.20	2.19
22,143	40,016	1.39	1.00	1.29	0.53	2.11	0.81	1.43
856	712	0.00	0.24	0.20	0.20	0.06	0.03	0.03
145,524	265,387	0.00	5.23	4.61	2.97	4.65	5.35	9.47
-	25,231	1.08	0.00	0.35	1.41	2.12	0.00	0.90
527,326	168,314	34.06	23.82	16.80	16.80	12.51	19.37	6.01
<b>1,609,448</b>	<b>1,558,779</b>	<b>78.46</b>	<b>68.81</b>	<b>64.45</b>	<b>60.81</b>	<b>61.59</b>	<b>59.11</b>	<b>55.61</b>
<b>2,722,611</b>	<b>2,802,842</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>



## HORIZONTAL ANALYSIS

PROFIT AND LOSS		Rupees in thousand			
PARTICULARS	2004	2005	2006	2007	
Sales - Net	3,210,297	3,649,631	3,525,961	4,115,381	
Cost of Goods Sold	(2,868,514)	(3,378,752)	(3,353,139)	(3,910,332)	
<b>Gross Profit</b>	<b>341,783</b>	<b>270,879</b>	<b>172,822</b>	<b>205,049</b>	
Selling and Distribution Expenses	(9,381)	(10,098)	(9,407)	(13,372)	
Administrative and General Expenses	(75,780)	(81,123)	(71,963)	(86,176)	
Other Operating Charges	(23,914)	(21,819)	(10,041)	(12,673)	
Other Operating Income	75,168	102,667	88,808	74,877	
<b>Operating Profit</b>	<b>307,876</b>	<b>260,506</b>	<b>170,219</b>	<b>167,705</b>	
Finance Costs	(3,161)	(1,785)	(1,100)	(2,661)	
<b>Profit before Taxation</b>	<b>304,715</b>	<b>258,721</b>	<b>169,119</b>	<b>165,044</b>	
Taxation	(116,113)	(76,447)	(58,345)	(62,006)	
<b>Profit after Taxation</b>	<b>188,602</b>	<b>182,274</b>	<b>110,774</b>	<b>103,038</b>	
Earnings per share - basic and diluted (Rs.)	5.54	5.35	3.25	3.02	

## VERTICAL ANALYSIS

PROFIT AND LOSS		Rupees in thousand				
PARTICULARS	2004	2005	2006	2007	2008	
Sales - Net	3,210,297	3,649,631	3,525,961	4,115,381	4,224,019	
Cost of Goods Sold	(2,868,514)	(3,378,752)	(3,353,139)	(3,910,332)	(3,965,886)	
<b>Gross Profit</b>	<b>341,783</b>	<b>270,879</b>	<b>172,822</b>	<b>205,049</b>	<b>258,133</b>	
Selling and Distribution Expenses	(9,381)	(10,098)	(9,407)	(13,372)	(12,345)	
Administrative and General Expenses	(75,780)	(81,123)	(71,963)	(86,176)	(82,239)	
Other Operating Charges	(23,914)	(21,819)	(10,041)	(12,673)	(20,422)	
Other Operating Income	75,168	102,667	88,808	74,877	86,625	
<b>Operating Profit</b>	<b>307,876</b>	<b>260,506</b>	<b>170,219</b>	<b>167,705</b>	<b>229,752</b>	
Finance Costs	(3,161)	(1,785)	(1,100)	(2,661)	(2,213)	
<b>Profit before Taxation</b>	<b>304,715</b>	<b>258,721</b>	<b>169,119</b>	<b>165,044</b>	<b>227,539</b>	
Taxation	(116,113)	(76,447)	(58,345)	(62,006)	(56,516)	
<b>Profit after Taxation</b>	<b>188,602</b>	<b>182,274</b>	<b>110,774</b>	<b>103,038</b>	<b>171,023</b>	

### Percentage Change

2008	2009	2010	05 Over 04	06 Over 05	07 Over 06	08 Over 07	09 Over 08	10 Over 09
4,224,019	4,237,268	4,774,324	13.69	-3.39	16.72	2.64	0.31	12.67
(3,965,886)	(3,937,467)	(4,301,276)	17.79	-0.76	16.62	1.42	-0.72	9.24
<b>258,133</b>	<b>299,801</b>	<b>473,048</b>	<b>-20.75</b>	<b>-36.20</b>	<b>18.65</b>	<b>25.89</b>	<b>16.14</b>	<b>57.79</b>
(12,345)	(12,300)	(13,669)	7.64	-6.84	42.15	-7.68	-0.36	11.13
(82,239)	(89,765)	(221,798)	7.05	-11.29	19.75	-4.57	9.15	147.09
(20,422)	(22,745)	(25,303)	-8.76	-53.98	26.21	61.15	11.37	11.25
86,625	89,316	76,652	36.58	-13.50	-15.69	15.69	3.11	-14.18
<b>229,752</b>	<b>264,307</b>	<b>288,930</b>	<b>-15.39</b>	<b>-34.66</b>	<b>-1.48</b>	<b>37.00</b>	<b>15.04</b>	<b>9.32</b>
(2,213)	(3,215)	(2,925)	-43.53	-38.38	141.91	-16.84	45.28	-9.02
<b>227,539</b>	<b>261,092</b>	<b>286,005</b>	<b>-15.09</b>	<b>-34.63</b>	<b>-2.41</b>	<b>37.87</b>	<b>14.75</b>	<b>9.54</b>
(56,516)	(64,460)	(78,203)	-34.16	-23.68	6.27	-8.85	14.06	21.32
<b>171,023</b>	<b>196,632</b>	<b>207,802</b>	<b>-3.36</b>	<b>-39.23</b>	<b>-6.98</b>	<b>65.98</b>	<b>14.97</b>	<b>5.68</b>
<b>5.02</b>	<b>5.77</b>	<b>6.10</b>	<b>-3.36</b>	<b>-39.23</b>	<b>-6.98</b>	<b>65.98</b>	<b>14.97</b>	<b>5.68</b>

### Percentage

2009	2010	2004	2005	2006	2007	2008	2009	2010
4,237,268	4,774,324	100.00	100.00	100.00	100.00	100.00	100.00	100.00
(3,937,467)	(4,301,276)	-89.35	-92.58	-95.10	-95.02	-93.89	-92.92	-90.09
<b>299,801</b>	<b>473,048</b>	<b>10.65</b>	<b>7.42</b>	<b>4.90</b>	<b>4.98</b>	<b>6.11</b>	<b>7.08</b>	<b>9.91</b>
(12,300)	(13,669)	-0.29	-0.28	-0.27	-0.32	-0.29	-0.29	-0.29
(89,765)	(221,798)	-2.36	-2.22	-2.04	-2.09	-1.95	-2.12	-4.65
(22,745)	(25,303)	-0.74	-0.60	-0.28	-0.31	-0.48	-0.54	-0.53
89,316	76,652	2.34	2.81	2.52	1.82	2.05	2.11	1.61
<b>264,307</b>	<b>288,930</b>	<b>9.59</b>	<b>7.14</b>	<b>4.83</b>	<b>4.08</b>	<b>5.44</b>	<b>6.24</b>	<b>6.05</b>
(3,215)	(2,925)	-0.10	-0.05	-0.03	-0.06	-0.05	-0.08	-0.06
<b>261,092</b>	<b>286,005</b>	<b>9.49</b>	<b>7.09</b>	<b>4.80</b>	<b>4.01</b>	<b>5.39</b>	<b>6.16</b>	<b>5.99</b>
(64,460)	(78,203)	-3.62	-2.09	-1.65	-1.51	-1.34	-1.52	-1.64
<b>196,632</b>	<b>207,802</b>	<b>5.87</b>	<b>4.99</b>	<b>3.14</b>	<b>2.50</b>	<b>4.05</b>	<b>4.64</b>	<b>4.35</b>

# Directors' Report to the Shareholders

On behalf of the Board of Directors, I have pleasure to welcome you to the thirtieth annual general meeting and present the Annual Report together with the Audited Accounts of your Company for the year ended 30 June 2010.

## Financial Results: Rupees in thousand

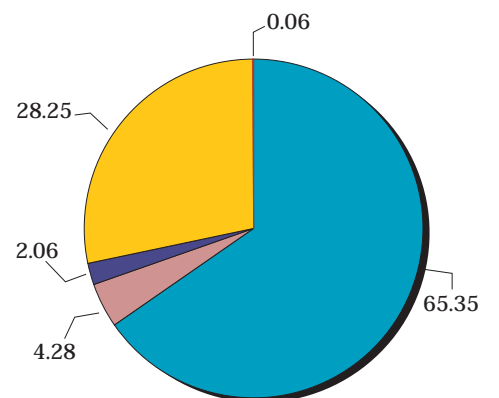
Net profit before taxation	286,005
Provision for taxation	<u>78,203</u>
Profit after taxation	207,802
Un-appropriated profit brought forward	<u>16,712</u>
Profit available for appropriation	224,514
<b>Appropriations:</b>	
Proposed final cash dividend @40% (2009:@40%)	136,274
Un-appropriated profit carried forward	<u>88,240</u>
Earnings per share after tax	<u>Rs. 6.10</u>

## Overview

Industrialization and smooth industrial operations are the pillars of sustained economic stability of the country. Unfortunately, the year 2009-10 faced stubbornly high inflation and crippling energy crises which has almost devastated the industrial operations and

## Utilization of Revenue

(Percentage)



<span style="color: blue;">■</span> Raw and packing material	<span style="color: yellow;">■</span> Admin, selling Opt and other expenses
<span style="color: brown;">■</span> Dividend and profit retained	<span style="color: red;">■</span> Financial Costs
<span style="color: blue;">■</span> Taxation & Statutory Prov	

production in the country. Economic stability accelerates the industrial growth which has been bitterly hampered by variety of misfortunes that took a heavy toll of Pakistan's economy in the year under review. Trade deficit has been putting serious and unsustainable impacts on Pakistan's economy. The security situation adds to uncertainty and hinders injection of foreign investments. The recent devastating floods have engulfed major part of the country with disastrous economic losses apart from displacement of millions of people and collapse of the infrastructure. This is the worst natural disaster in Pakistan's history and the country has become further economically weak. Political uncertainty, chronic insecurity and a budget deficit inflated by spending to tackle law and order insurgency are all threats to economic recovery.

The energy outages and supply demand imbalance in the country has restrained the large scale manufacturing of Polyester Staple Fiber and Polyester Filament Yarn, thus posting substantial loss to the national revenue, as statistically presented in this report.

The Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) Industry has been suffering from unsustainable crises since 2001-2002. Drastic increase in import of PFY has been witnessed while local capacity remained idle. Heavy imports of PSF and PFY is one of the elements in increasing trade deficit. Import of PFY increased over 10 folds in seven years at the expense of local PFY Industry. The import of PFY which in 2001 was 7,000 M.Tons reached to 82,000 M.Tons in 2007 and onward to 95,000 M.Tons in 2009. On the other hand, PFY local output which was over 100,000 M.Tons in 2001 has now gone down to as low as 55,000 M.Tons per annum. Within this short span of 8 years, 17 units of PFY, which included five quoted public companies are closed down which is a major setback to the Industry. 21 units of PFY in 2000 were producing in excess of 100,000 M.Tons per annum, but to a great dismay, only 4 units are operating, and production has decreased to around half. These operating units are also on the brink of closure and running below their capacity.



Last year the Government of Pakistan announced the six-year Textile Policy which included continuation of monetization of customs duty on PTA @7.5%, giving some relief to the highly capital intensive and margin-squeezed PSF industry and textile sector in general. Effective 1 July 2010, the monetization regime has been dispensed with, and replaced with imposition of 3% duty on import of PTA. Indigenous Industry needs quick revival by taking remedial measures by the Ministry of Textile Industry to find solution to the wounds inflicted on this Industry by discriminatory tariff structure, and to pull it out from monetary crunch.

We have to compete our products 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 not being able to compete because of high production costs.

The dumping issue was addressed by the National Tariff Commission (NTC) in 2005, and after an intensive investigation into unfair dumping of Polyester Staple Fiber and Polyester Filament Yarn, definitive anti-dumping duty was imposed on dumped imports of PFY exported from Korea, Indonesia, Malaysia and Thailand from 12 November 2005, for a period of five years which is going to expire on 11 November 2010. This greatly prevented the dumping practices of

the exporters providing a fair basis to the local Industry. In case these duties are discontinued the exporters would resort to dumping which would have negative consequences for the local PFY Industry.

Our afflictions have been further compounded by the non payment of our refunds of custom duty on PTA by the State Bank of Pakistan. We have not received any refund from February 2010 onward and a heavy amount of Rs.50 million is stuck up which has severely disturbed our cash flows, thus aggravating the already suppressed business fraternity in this Industry. A sympathetic and serious consideration by the NTC, State Bank of Pakistan and Ministry of Textile Industry needs to be given to safeguard the local Industry, which otherwise shall badly collapse due to the factors explained above in detail. The local Polyester Industry is highly capital intensive industry feeding a complete Textile chain and cannot sustain the financial burden of an anomalous Tariff structure and non payment of refund of import duty.



The PSF Industry is under tremendous pressure with low capacity utilization and the continuously increasing cost of doing business to compete with product being dumped into Pakistan by various regional manufacturers.

The PSF manufacturers are conscientiously committed to the industrial growth in Pakistan and the Government support is inevitable for this task. A realistic tariff regime translating into tariff protection of atleast 8% for PSF instead of present 6% would effectively counter the illegal dumping of material into Pakistan by regional producers. This is absolutely critical for our Industry without which we face extinction which would in turn drive Pakistan towards a trading state rather than a manufacturing or industrial nation. Thus, in order to facilitate the growth of industry in Pakistan the Government of Pakistan should declare a firm five-year tariff regime.

As already explained above, the NTC had imposed a definitive anti-dumping duty ranging from zero percent to 36.56% of C&F price on dumped imports of Polyester Filament Yarn produced and exported from Indonesia, Korea, Malaysia and Thailand for a period of five years from 12 November 2005 which will terminate on expiry of five-year period. The domestic Industry strongly recommended imposition of anti-dumping duty for the sake of a fair competitiveness in the country which is all the more necessary for survival of local manufacturers of PFY. The PSF dumping issue was further addressed by the NTC and after an intensive investigation into unfair dumping of Polyester Staple Fiber provisional anti-dumping duty was imposed on majority of imports, but the issue of imposition of anti-dumping duty could not be materialized under a judicial ramification.

Despite all this, by the Grace of Almighty Allah, the Company has achieved another milestone of highest sales during the year under review. The sale prices during the year have increased compared to the previous years.

The overall costs of raw material and packing material consumption during the year were



unstable and reflected upward trend than the prices of last year. The price of MEG which was ranging between US\$540-630 per M.Ton in quarter April-June 2009, remained higher throughout the year 2009-10 and inflated as high as US\$1,050 per M.Ton in the months of March, April and May 2010 with slight decrease to US\$970 per M.Ton in June 2010. The prices of PTA also remained on the higher side and fluctuated between US\$890-990 per M.Ton during second half of the year as against US\$670-910 per M. Ton in same period of the year 2009.

The power situation in the country is not improving and we are facing severe load shedding besides irregular and curtailed supplies of gas. As a result, 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.466 million in the last year to Rs.501 million in the year under review.

As stated above, sales revenue reflected increase from Rs.4,237 million in the year ended 30 June 2009 to Rs.4,774 million in the year 2010. Pre-tax profit showed an increase from Rs.261.092 million in 2009 to Rs.286.005 million in 2010. The after-tax profit also increased to Rs.207.802 million as compared to Rs.196.632 million in 2009. Administrative and general expenses were increased to Rs.221.798 million from Rs.89.689 million in 2009, mainly due to bad debts written off as already disclosed in detail in interim reports

for the second and third quarter of the year. The financial costs reduced to Rs.2.925 million as compared to Rs.3.215 million in last year.

#### Future Outlook

The havoc by recent floods has put prolonged impacts on our country. The loss to infrastructure is irreparable and the rebuilding and economic revival may take several years. The Industry as a whole may face more challenges due to this worst natural disaster. The acute shortage of power and gas supplies coupled with persistent inflationary pressures will substantially increase the production costs.

The present load shedding situation if not improved in coming months, the impact on Industry will be more serious and aggravate resulting in production losses and reduced profitability.

The electricity tariff has been heavily raised by 7.6% since July 2010, applicable to all categories of consumers which will have a further plaguing impact on our cost of production and profit margins will be narrowed down.

The Government had announced Textile Policy with an export target of US\$25 billion. The Government also allocated Rs.4.5 billion for the reimbursement of PTA duty to the PTA consumers. Despite this, the monetization mechanism has been abolished effective 1 July 2010, instead 3% custom duty has been imposed on import of PTA.

If the Textile Policy is implemented effectively, it is hoped that the downstream Textile Industry and Filament Yarn Weavers will be compensated for competition with the imported textile products particularly from China and Far-Eastern countries.

To avoid under invoicing on import, Government needs to re-impose LC margin on PFY and increase the withholding tax at import stage to 3% as against present rate of 1%. An effective mechanism needs to be developed to control under invoicing of imports which is extremely necessary for the health of local Industry.

Notwithstanding all such impediments, the Company Management vows to achieve maximum operational efficiency, performance evaluation, resource optimization and maintenance for attaining further improvements in profitability.

#### Board of Directors

Since 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 @ 40%, i.e. Rs.4.00 per share of Rs.10.00 each for the year ended 30 June 2010.

#### 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 2010-11.

#### Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2010 appears on Page 69.

#### 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 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 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:

30 June 2010 (Unaudited)	30 June 2009 (audited)
25,648	25,395

#### Board Meetings held and Attendance by each Director

Total number of Board Meetings held during the year under review: 5

#### Attendance by each Director:

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

### Corporate Social Responsibility (CSR)

The Company Management 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 towards wide 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 Aga Khan University Foundation and its education program which assist the underprivileged patients, students and children of various walks of life. In full cognizance of our sympathies to the affectees of recent intensive floods in the country we have made handsome monetary contribution towards the Prime Minister's Flood Relief Fund.

### 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 setup.

Our commitment to environment, health & safety is manifested in our operational activities as no major accident was reported in the year 2010.

There was no reportable occupational illness to our employees or contracted manpower in 2010.

### 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 2010 were approved by the Board of Directors on 22 September 2010 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 & Sales Tax 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

Jafferali M. Feerasta  
Chairman

Lahore:

22 September 2010



# Notice of Meeting

Notice is hereby given that the Thirtieth 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, 30 October 2010 at 10.00 a.m. to transact the following business:

## Ordinary Business:

- 1) To confirm the minutes of last Annual General Meeting held on 31 October 2009.
- 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 2010.
- 3) To approve payment of final cash dividend @40% i.e. Rs.4.00 per share for the year ended 30 June 2010 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:  
22 September 2010



NOTES:

- 1) Share transfer books of the Company will remain closed from 22 October 2010 to 30 October 2010 (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 2010 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 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:  
22 September 2010

## 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 2010 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 2010.

Lahore:  
22 September 2010

Qavi & Co.  
Chartered Accountants  
Engagement partner: Ghulam Abbas

## 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 2010.

For and on behalf of the Board of Directors

Lahore:  
22 September 2010

Nooruddin Feerasta  
Chief Executive

# Financial Statements



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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of RUPALI POLYESTER LIMITED as at 30 June 2010 and the related profit and loss account, statement of other 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 other 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 2010 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:  
22 September 2010

Qavi & Co.  
Chartered Accountants  
Engagement partner: Ghulam Abbas



## BALANCE SHEET as at 30 June 2010

	Note	2010 Rupees in thousand	2009
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized Share Capital</b>			
35,000,000 (2009: 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		224,514	152,986
		2,300,814	2,229,286
<b>NON-CURRENT LIABILITIES</b>			
Staff Retirement Benefits - Gratuity	6	70,672	64,871
Deferred Taxation	7	190,962	198,422
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	240,394	226,860
Short Term Borrowings	9	-	-
Taxation - Net		-	3,172
		240,394	230,032
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
		2,802,842	2,722,611

The annexed notes 1 to 42 form an integral part of these financial statements.

## BALANCE SHEET as at 30 June 2010

	Note	2010 Rupees in thousand	2009
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment			
Operating Fixed Assets	11	907,586	969,334
Capital Work-in-Progress	12	300,143	2,845
		1,207,729	972,179
Long Term Investments	13	32,150	92,064
Long Term Loans	14	-	44,797
Long Term Deposits	15	4,184	4,123
		1,244,063	1,113,163
<b>CURRENT ASSETS</b>			
Stores, Spares and Loose Tools	16	310,414	300,554
Stock-in-Trade	17	687,403	607,564
Trade Debts	18	61,302	5,481
Loans and Advances	19	40,016	22,143
Trade Deposits and Short Term Prepayments	20	712	856
Accrued Interest		-	19,984
Other Receivables	21	265,387	125,540
Taxation - Net	22	25,231	-
Cash and Bank Balances	23	168,314	527,326
		1,558,779	1,609,448
		2,802,842	2,722,611

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 2010

	Note	2010 Rupees in thousand	2009
Sales	24	4,774,324	4,237,268
Cost of Goods Sold	25	(4,301,276)	(3,937,467)
Gross Profit		473,048	299,801
Selling and Distribution Expenses	26	(13,669)	(12,376)
Administrative and General Expenses	27	(221,798)	(89,689)
Other Operating Charges	28	(25,303)	(22,745)
Other Operating Income	29	76,652	89,316
Operating Profit		288,930	264,307
Finance Costs	30	(2,925)	(3,215)
Profit before Taxation		286,005	261,092
Taxation	31	(78,203)	(64,460)
Profit after Taxation		207,802	196,632
		Rupees	Rupees
Earnings per Share - Basic and Diluted	32	6.10	5.77

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

The annexed notes 1 to 42 form an integral part of these financial statements.

Jafferli M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive

## STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 30 June 2010

	2010	2009
	Rupees in thousand	
Profit after Taxation	207,802	196,632
Other Comprehensive Income	-	-
Total Comprehensive Income	207,802	196,632

The annexed notes 1 to 42 form an integral part of these financial statements.

Jafferli M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive

## CASH FLOW STATEMENT for the year ended 30 June 2010

	Note	2010 Rupees in thousand	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit Before Taxation		286,005	261,092
Add/(Less):			
Adjustment for Non Cash Charges and Other Items:			
Depreciation	11.1	85,578	88,116
Amortization of Short Term Prepayments		480	1,388
Staff Retirement Benefits - Gratuity	6.5	13,208	11,458
Mark-up/Interest Income	29.1	(43,804)	(45,511)
Remission of Liabilities	29	(2,273)	(6,139)
Profit on Disposal of Operating Fixed Assets	29	(223)	(719)
Exchange Gain	29	(1)	(10,596)
Mark-up on Short Term Borrowings	30	5	86
Amount written off		124,713	-
Finance Costs	30	2,920	3,129
		180,603	41,212
Effect on Cash Flow Due to Working Capital Changes:			
(Increase)/Decrease In Current Assets:			
Stores, Spares and Loose Tools		(9,860)	(9,064)
Stock-in-Trade		(79,839)	273,695
Trade Debts		(55,821)	(1,536)
Loans and Advances		(17,883)	39,733
Trade Deposits and Short Term Prepayments		(336)	(480)
Other Receivables		(139,847)	38
		(303,586)	302,386
Increase/(Decrease) in Current Liabilities:			
Trade and Other Payables		15,807	(284,768)
		(287,779)	17,618
Cash generated from Operations		178,829	319,922
Mark-up on Short Term Borrowings and Bank Charges Paid		(2,925)	(3,215)
Income Tax Paid		(114,066)	(21,535)
Mark-up / Interest Received		43,804	39,647
Staff Retirement Benefits - Gratuity Paid		(7,407)	(5,541)
<b>Net Cash Inflow from Operating Activities</b>		<b>98,235</b>	<b>329,278</b>

## CASH FLOW STATEMENT for the year ended 30 June 2010

	Note	2010 Rupees in thousand	2009
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed Capital Expenditure		(322,247)	(72,708)
Long Term Investments		(8)	(220)
Long Term Deposits and Prepayments		(61)	(39)
Proceeds from the sale of Operating Fixed Assets		1,342	5,665
<b>Net Cash Outflow from Investing Activities</b>		<b>(320,974)</b>	<b>(67,302)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid		(136,274)	(101,308)
<b>Net Cash Outflow from Financing Activities</b>		<b>(136,274)</b>	<b>(101,308)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(359,013)</b>	<b>160,668</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>527,326</b>	<b>366,644</b>
<b>Effect of Exchange Rate Fluctuations</b>		<b>1</b>	<b>14</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>33</b>	<b>168,314</b>	<b>527,326</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2010

Rupees in thousand

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Un- appropriated Profit		
<b>Balance as on 01 July 2008</b>	340,685	71,490	1,424,125	298,560	1,794,175	2,134,860
Net Profit for the year ended 30 June 2009	-	-	-	196,632	196,632	196,632
Final Dividend for the year ended 30 June 2008 @ 30%	-	-	-	(102,206)	(102,206)	(102,206)
Transfer to General Reserve	-	-	240,000	(240,000)	-	-
<b>Balance as on 30 June 2009</b>	<b>340,685</b>	<b>71,490</b>	<b>1,664,125</b>	<b>152,986</b>	<b>1,888,601</b>	<b>2,229,286</b>
<b>Balance as on 01 July 2009</b>	<b>340,685</b>	<b>71,490</b>	<b>1,664,125</b>	<b>152,986</b>	<b>1,888,601</b>	<b>2,229,286</b>
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)
<b>Balance as on 30 June 2010</b>	<b>340,685</b>	<b>71,490</b>	<b>1,664,125</b>	<b>224,514</b>	<b>1,960,129</b>	<b>2,300,814</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Jafferli M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2010

### 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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) issued by Institute of Chartered Accountants of Pakistan 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 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

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- IFRS 7 'Financial Instruments - Disclosures' (Amendment) is effective from 01 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. These financial statements have been prepared under revised disclosure requirements. However, there is no impact on profit for the year.

- IAS 1 (Revised), 'Presentation of Financial Statements' is effective from 01 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the company shows all owner related changes in equity in statement of changes in equity, whereas all non-owner changes in equity are presented in other comprehensive income. Comparative information is required to be re-presented so that it is in conformity with the revised standard.

The company has preferred to present two statements; a profit and loss account (income statement) and a second statement beginning with profit or loss and display components of other comprehensive income (statement of other comprehensive income). Comparative information has also been re-presented so it is in conformity with the revised standard. As this change only impacts presentation aspects, there is no impact on profit for the year.



- IAS 23 (Amendment), 'Borrowing Costs' is effective from 01 January 2009. The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The company's current accounting policy is in compliance with this amendment, and therefore there is no impact on the company's financial statements.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 3, (Revised), 'Business Combinations'	01 July 2009
IFRS 4, 'Insurance Contracts'	01 January 2009
IFRS 8, 'Operating Segments'	01 January 2009
IAS 27, (Revised), 'Consolidated and Separate Financial Statements'	01 July 2009
IFRIC 17, 'Distribution of non - cash assets to owners'	01 July 2009
IFRIC 18, 'Transfer of Assets from Customers'	01 July 2009

## 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 2010 or later periods, but the company has not early adopted them:

- 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 IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The company will apply IFRS 5 (amendment) from 01 July 2010. It is not expected to have a material impact on the company's financial statements.

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 01 January 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in profit or loss. The company has not yet decided when to adopt IFRS 9.

- 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. The company will apply IAS 1 (amendment) from 01 July 2010. It is not expected to have a material impact on the company's financial statements.

- Revised IAS 24, 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised IAS 24 is required to be applied from 01 January 2011. Earlier application, in whole or in part, is permitted.

- IAS 38 (Amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (Amendment) from the date IFRS 3 (Revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any significant impact on the company's financial statements.

- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 01 February 2010. Earlier application is permitted.

- IAS 39 (Amendment), 'Cash flow hedge accounting'. This amendment provides clarification when to recognize gains or losses on hedging instruments as a 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. The company will apply IAS 39 (Amendment) from 01 July 2010. It is not expected to have any significant impact on the company's financial statements.

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 01 January 2011. Earlier application is permitted.

- 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. The interpretation is effective for annual periods beginning on or after 01 July 2010. Earlier application is permitted.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and improvements to International Financial Reporting Standards 2010, issued in May 2010 (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.

### **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 views 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 2009 (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 36 (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

2010	2009		2010	2009
			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 2009, using the Projected Unit Credit Method.

### 6.2 Principal Actuarial Assumptions

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

		2010	2009
Discount rate (%) per annum		12	12
Expected rate of salary increase in future years (%) per annum		11	11
Average expected remaining working life time of employees (years)		12	12
	Note	2010 Rupees in thousand	2009
<b>6.3 Reconciliation of Payable to Defined Benefit Plan</b>			
Present value of defined benefit obligation		70,672	55,563
Unrecognized actuarial Gains		-	9,308
Net liability recognized in the Balance Sheet		<u>70,672</u>	<u>64,871</u>
<b>6.4 Movement in Liability Recognized in the Balance Sheet</b>			
Present value of defined benefit obligation at the beginning of the year		64,871	58,954
Charge for the year	6.5	13,208	11,458
Payments made during the year		(7,407)	(5,541)
Present value of defined benefit obligation at the end of the year		<u>70,672</u>	<u>64,871</u>
<b>6.5 Charge for the Year</b>			
Current Service Cost		6,540	5,562
Interest Cost		6,668	5,896
		<u>13,208</u>	<u>11,458</u>

	Note	2010 Rupees in thousand	2009
<b>6.6 Charge for the Year has been Allocated as Follows</b>			
Cost of Sales	25.1	10,284	8,921
Selling and Distribution Expenses	26.1	146	127
Administrative and General Expenses	27.1	2,778	2,410
		<u>13,208</u>	<u>11,458</u>

	2010	2009	2008	2007	2006
<b>6.7 Historical Information</b>					
Present value of defined benefit obligation	<u>70,672</u>	55,563	58,954	54,853	44,786
Experience (gain) / loss on plan liabilities	-	(9,308)	-	3,522	-

	Note	2010 Rupees in thousand	2009
<b>7. Deferred Taxation</b>			
Deferred Tax Liability on Taxable Temporary Difference: Tax Depreciation Allowance		<u>190,962</u>	<u>198,422</u>
<b>8. Trade and Other Payables</b>			
Creditors		134,277	121,971
Due to Associated Companies	8.1	11	-
Accrued Liabilities		58,290	56,106
Advances from Customers		4,378	3,537
Retention Money		5,158	9,491
Payable to Provident Fund		304	293
Income Tax Deducted at Source		381	782
Workers' Profit Participation Fund	8.2	18,641	15,856
Workers' Welfare Fund		17,597	16,541
Unclaimed Dividend		845	1,635
Other Payables		512	648
		<u>240,394</u>	<u>226,860</u>
<b>8.1 Due to Associated Companies</b>			
These are in the normal course of business and are interest free.			
<b>8.2 Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		15,856	13,267
Allocation for the year	28	15,383	14,021
		<u>31,239</u>	<u>27,288</u>
Less: Amount paid to the trustees of the fund Deposited with the Government		<u>12,598</u>	<u>11,432</u>
		-	-
		<u>12,598</u>	<u>11,432</u>
Balance at the end of the year		<u>18,641</u>	<u>15,856</u>

	Note	2010 Rupees in thousand	2009
<b>9. Short Term Borrowings</b>			
<b>Secured - From Banking Companies</b>			
Running Finances under Mark-up arrangements from banks	9.1, 9.2 & 9.4	-	-
Term Finances under Mark-up arrangements from banks	9.1 & 9.3	-	-
		-	-

**9.1** The total facilities aggregating Rs.1,100.000 million (2009: Rs. 1,100.000 million) available from various commercial banks. These are secured by way of hypothecation charge over current assets to the extent of Rs.1,334.821 million (2009: Rs. 1,334.821 million) and promissory notes valuing Rs. 1,365.556 million (2009: Rs. 1,365.556 million).

**9.2** The rate of mark-up for these facilities ranges between 13.47% to 14.41% (2009: 12.88% to 17.58%).

**9.3** The rate of mark-up for these facilities is Nil (2009: Nil ).

**9.4** The aggregate facility available for opening letters of credit from various commercial banks amount to Rs. 2,349.200 million (2009: Rs. 2,369.100 million) of which Rs. 133.132 million were utilized at 30 June 2010 (2009: Rs. 256.355 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 (2009: Rs. 66.314 million).

**10.1.2** Outstanding guarantees given on behalf of Related Parties amounted to Rs. Nil (2009: Rs. 6.161 million).

### 10.2 Commitments:

**10.2.1** Contracts for Capital expenditure commitments outstanding as at 30 June 2010 amounted to Rs. 401.608 million (2009: Rs. 14.113 million).

**10.2.2** Commitments against irrevocable letters of credit as at 30 June 2010 amounted to Rs. 133.132 million (2009: Rs. 256.355 million).

## 11 Operating fixed assets

	Building										Rupees in thousand			
	Freehold Land	Factory on freehold land	Office on freehold land	Office on leasehold land	Roads	Plant and machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Total			
<b>COST</b>														
Balance as at 01 July 2008	27,784	195,583	13,865	195,212	4,312	2,040,004	22,867	32,170	56,807	5,734	2,594,338			
Additions during the year	-	6,085	9,118	10,511	526	36,974	2,547	-	10,249	124	76,134			
Disposal during the year	-	-	-	-	-	(26,919)	(95)	(8,552)	(501)	(83)	(36,150)			
Balance as at 30 June 2009	27,784	201,668	22,983	205,723	4,838	2,050,059	25,319	23,618	66,555	5,775	2,634,322			
Balance as at 01 July 2009	27,784	201,668	22,983	205,723	4,838	2,050,059	25,319	23,618	66,555	5,775	2,634,322			
Additions during the year	-	202	2,157	11,141	-	7,464	3	3,195	787	-	24,949			
Disposal during the year	-	-	(2,078)	-	-	-	(110)	(6,728)	-	(54)	(8,970)			
Balance as at 30 June 2010	27,784	201,870	23,062	216,864	4,838	2,057,523	25,212	20,085	67,342	5,721	2,650,301			

## DEPRECIATION

Balance as at 01 July 2008	-	110,533	6,368	2,440	2,725	1,418,486	9,450	21,676	33,918	2,480	1,608,076			
Charge for the year	-	8,611	413	9,799	94	62,430	1,461	1,930	3,048	330	88,116			
Disposal during the year	-	-	-	-	-	(23,380)	(76)	(7,324)	(382)	(42)	(31,204)			
Balance as at 30 June 2009	-	119,144	6,781	12,239	2,819	1,457,536	10,835	16,282	36,584	2,768	1,664,988			
Balance as at 01 July 2009	-	119,144	6,781	12,239	2,819	1,457,536	10,835	16,282	36,584	2,768	1,664,988			
Charge for the year	-	8,268	669	10,067	101	59,671	1,447	2,010	3,046	299	85,578			
Disposal during the year	-	-	(1,417)	-	-	-	(88)	(6,313)	-	(33)	(7,851)			
Balance as at 30 June 2010	-	127,412	6,033	22,306	2,920	1,517,207	12,194	11,979	39,630	3,034	1,742,715			
Book value as at 30 June 2009	27,784	82,524	16,202	193,484	2,019	592,523	14,484	7,336	29,971	3,007	969,334			
Book value as at 30 June 2010	27,784	74,458	17,029	194,558	1,918	540,316	13,018	8,106	27,712	2,687	907,586			
Annual depreciation rate %	-	10	5	5	5	10	10	20	10	10	10			

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

	Note	2010 Rupees in thousand	2009 Rupees in thousand
Cost of Goods Sold	25	68,339	71,465
Selling and Distribution Expenses	26	862	833
Administrative and General Expenses	27	16,377	15,818
		85,578	88,116

## 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
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### Building Plant Office

Admin Block and Time Office	2,078	1,417	661	235	(426)	Negotiation	Debris sold to Farman Ali & Co.
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### Furniture & Fittings

Wooden Chairs with arms	11	9	2	2	-	Negotiation	M/s Rupafil Limited
Wooden Almira	4	3	1	1	-	Negotiation	M/s Rupafil Limited
Steel Cupboard	10	9	1	1	-	Negotiation	M/s Rupafil Limited
Computer Tables	4	3	1	1	-	Negotiation	M/s Rupafil Limited
Wooden Office Tables	2	2	-	-	-	Negotiation	M/s Rupafil Limited
Bracket Fan	1	1	-	-	-	Negotiation	M/s Rupafil Limited
Wooden Side Rack	20	16	4	4	-	Negotiation	M/s Rupafil Limited
Wooden Wall Rack	9	7	2	2	-	Negotiation	M/s Rupafil Limited
Wooden Side Rack without Door	30	24	6	6	-	Negotiation	M/s Rupafil Limited
Steel Rack	3	2	1	1	-	Negotiation	M/s Rupafil Limited
Ceiling Fan	1	1	-	-	-	Negotiation	M/s Rupafil Limited
Wooden Cupboard	15	11	4	4	-	Negotiation	M/s Rupafil Limited
	110	88	22	22	-		

### Vehicles

Suzuki Swift (LOA-4282)	206	204	2	70	68	Negotiation	Vista Apparels
Trailer Nissan (LSV-2496)	1,400	1,354	46	50	4	Negotiation	Al-Amin Enterprises
Trailer Nissan (LSB-4996)	3,250	3,083	167	170	3	Negotiation	Al-Amin Enterprises
Fork Lifter (5FD-30)	550	543	7	-	(7)	Salvage	-
Honda Civic VTI (ACS-940)	1,156	1,049	107	633	526	Negotiation	Sikindar Ali Memon
Honda Motor Cycle (LEQ-07-2426)	54	20	34	54	20	Company Policy	Abdul Ghaffar
Honda Motor Cycle (LWM-8699)	54	28	26	54	28	Company Policy	Muhammad Riaz
Honda Motor Cycle (LWL-8166)	54	28	26	54	28	Company Policy	Mehmood Hayyat
Bicycles 22"	4	4	-	-	-	Salvage	-
	6,728	6,313	415	1,085	670		

### Other Assets

Electric balance weighing	26	18	8	-	(8)	Salvage	-
Wooden pallets	28	15	13	-	(13)	Salvage	-
	54	33	21	-	(21)		

<b>2010</b>	<b>8,970</b>	<b>7,851</b>	<b>1,119</b>	<b>1,342</b>	<b>223</b>
2009	36,150	31,204	4,946	5,665	719

	Note	2010 Rupees in thousand	2009
<b>12. Capital Work-in-Progress</b>			
Building and Civil Works		3,414	734
Plant and Machinery		172,123	1,331
Office Equipment		171	113
Furniture and Fixture		133	132
Other Assets		82	478
Capital Stores		57	57
		<b>175,980</b>	<b>2,845</b>
<b>Advances</b>			
Plant and Machinery		124,163	-
		<b>300,143</b>	<b>2,845</b>
<b>13. Long Term Investments</b>			
These represent the long term investments in:			
Related Parties	13.1	32,150	32,142
Others	13.2	-	59,922
		<b>32,150</b>	<b>92,064</b>
<b>13.1 Related Parties</b>			
Associated Company-Unquoted Swat HydroPower Limited 19,988 (2009: 19,988) fully paid Ordinary Shares of Rs. 10 each. Equity held 40% (2009: 40%)		200	200
Advance for Issue of Shares	13.1.1	31,950	31,942
		<b>32,150</b>	<b>32,142</b>

**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. 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.

	Note	2010 Rupees in thousand	2009
<b>13.2 Others-Unquoted</b>			
World Bridge Connect (Pvt.) Limited	13.2.1	-	59,922

**13.2.1** This investment is written off during the year under review since winding up Petition was filed in Lahore High Court by the Company against World Bridge Connect (Pvt.) Limited on 24 November 2009, which was argued on 25 November 2009 and after hearing Company's preliminary arguments, Petition was accepted for regular hearing.

	Note	2010 Rupees in thousand	2009
<b>14. Long Term Loans</b>			
<b>Considered Good - Others</b>			
World Bridge Connect (Pvt.) Limited	14.1	-	20,362
World Bridge Connect (Pvt.) Limited	14.2	-	24,435
		<u>-</u>	<u>44,797</u>

14.1 This represents the US \$ 250,000 (Rs.20.362 million), and is unsecured and interest free. The Company has the option to convert this amount into ordinary shares @US \$ 0.51 per share.

14.2 This represents the US \$ 300,000 (Rs.24.435 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.

14.3 Loans are written off during the year under review since winding up Petition was filed in Lahore High Court by the Company against World Bridge Connect (Pvt.) Limited on 24 November 2009, which was argued on 25 November 2009 and after hearing Company's preliminary arguments, Petition was accepted for regular hearing.

	Note	2010 Rupees in thousand	2009
<b>15. Long Term Deposits</b>			
Security Deposit		4,184	4,123
<b>16. Stores, Spares and Loose Tools</b>			
Stores			
- In Hand		118,768	95,111
- In Transit		5,658	24,466
		124,426	119,577
Spares			
- In Hand		164,139	150,750
- In Transit		17,173	25,801
		181,312	176,551
Loose Tools			
- In Hand		4,676	4,426
		310,414	300,554
<b>17. Stock-in-Trade</b>			
Raw and Packing Materials			
- In Hand		438,000	152,984
- In Transit		55,575	41,342
		493,575	194,326
Work-in-Process		66,582	76,181
Finished Goods	17.1	127,246	337,057
		687,403	607,564

17.1 Finished Goods of Rs.32.527 million (2009: Rs.97.799 million) are being carried at net realizable value and an amount of Rs.1.335 million (2009: Rs.14.111 million) has been charged to Cost of Goods Sold.



	Note	2010 Rupees in thousand	2009
18. Trade Debts			
Considered Good - Unsecured		61,302	5,481
19. Loans and Advances			
Considered Good			
Loans due from:			
- Executives	19.1, 19.2 & 19.3	191	-
- Employees		855	784
		1,046	784
Advances due from:			
- Staff Against Expenses		801	887
- Suppliers and Contractors		35,812	20,472
		36,613	21,359
Margin on Letters of Credit		2,357	-
		40,016	22,143

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

19.2 The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs.0.250 million (2009: Rs.Nil).

19.3 Chief Executive and Directors have not taken any loan / advance from the Company (2009: Rs.Nil).

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

	2010 Rupees in thousand	2009
20. Trade Deposits and Short Term Prepayments		
Deposits - Considered Good		
Margin on Bank Guarantees	265	265
Security Deposits	-	111
Prepayments - Considered Good		
Prepaid Insurance	287	296
Other Prepayments	160	184
	712	856

	Note	2010 Rupees in thousand	2009
<b>21. Other Receivables</b>			
<b>Considered Good</b>			
Due from Associated Companies	21.1	11	-
Due from Other Related Parties	21.2	58,116	-
Insurance Claim Receivable		564	635
Custom Duty Refundable	21.3	53,219	17,465
Sales Tax Refundable		150,231	102,976
Others		735	327
		<b>262,876</b>	<b>121,403</b>
<b>Considered Doubtful</b>			
Transit Pass Fee Refundable from KMC Karachi		142	142
Sales Tax Refundable		33,087	33,088
Less: Provision for Doubtful Receivable	21.4	31,569	31,569
		<b>1,518</b>	<b>1,519</b>
Others		851	2,476
		<b>265,387</b>	<b>125,540</b>

**21.1** Maximum amount due from Associated Companies at the end of any month during the year was Rs.3.093 million (2009: Rs.Nil).

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

**21.2** Maximum amount due from Related Parties at the end of any month during the year was Rs.59.694 million (2009: Rs.58.527 million).

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

**21.3** This represents custom duty refundable on Pure Terephthalic Acid (PTA) Rs.53.219 million (2009: Rs.17.465 million).

**21.4** This includes provision for doubtful receivable to the tune of Rs.28.952 million (2009: 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.

	2010	2009
	Rupees in thousand	
<b>22. Taxation - Net</b>		
Advance Tax	133,091	87,800
Provision for Taxation	(107,860)	(90,972)
	<u>25,231</u>	<u>(3,172)</u>

The income tax assessment of the Company has been finalized upto tax year 2009 (accounting year ended 30 June 2009) and adequate provisions have been made in these financial statements for the year ended 30 June 2010 (Tax Year 2010).

	Note	2010	2009
		Rupees in thousand	
<b>23. Cash and Bank Balances</b>			
Balance With Banks in:			
- Current Accounts		13,411	110,219
- PLS Accounts			
- Local Currency	23.1	154,852	416,997
- Foreign Currency	23.2	10	9
		<u>168,273</u>	<u>527,225</u>
Cash in Hand:			
- Local Currency		38	98
- Foreign Currency		3	3
		<u>41</u>	<u>101</u>
		<u>168,314</u>	<u>527,326</u>

23.1 The balances in PLS accounts carry mark-up rate ranging between 5.00% to 11.00% (2009: 4.00% to 14.00%) for local currency and Nil (2009: Nil) for foreign currency.

23.2 Cash at banks in PLS accounts include US\$111.12 (2009: US\$111.12) and Pound Sterling 0.15 (2009: Pound Sterling 0.15).

	2010	2009
	Rupees in thousand	
<b>24. Sales</b>		
Gross Sales - Local	4,793,411	4,254,612
Less: Commission / Discount	19,087	17,344
	<u>4,774,324</u>	<u>4,237,268</u>

	Note	2010 Rupees in thousand	2009
<b>25. Cost of Goods Sold</b>			
Raw and Packing Materials Consumed		3,169,957	3,075,092
Stores and Spares Consumed		141,738	95,879
Salaries, Wages and Amenities	25.1	149,000	152,884
Fuel and Power		500,962	466,322
Repair and Maintenance		28,933	22,789
Running and Maintenance of Vehicles		10,259	8,507
Insurance		9,595	8,458
Depreciation	11.1	68,339	71,465
Rent, Rates and Taxes		1,310	1,248
Other Expenses		1,776	1,112
		<b>4,081,869</b>	<b>3,903,756</b>
Add: Opening Work-in-Process		76,181	65,284
Less: Closing Work-in-Process		66,585	76,181
		<b>4,091,465</b>	<b>3,892,859</b>
Add: Opening Finished Goods		337,057	381,665
Less: Closing Finished Goods		127,246	337,057
		<b>4,301,276</b>	<b>3,937,467</b>

25.1 Salaries, Wages and Amenities include Rs.10.284 million (2009: Rs.8.921 million) in respect of staff retirement benefits and Rs.0.820 million (2009: Rs.1.000 million) in respect of provident fund contribution.

	Note	2010 Rupees in thousand	2009
<b>26. Selling and Distribution Expenses</b>			
Salaries, Wages and Amenities	26.1	2,825	2,481
Rent, Rates and Taxes		7	10
Electricity, Gas and Water Charges		193	188
Postage, Telephone and Fax		101	108
Printing and Stationery		156	171
Books and Subscription		26	14
Running and Maintenance of Vehicles		37	69
Repair and Maintenance		31	63
Travelling Expenses		103	87
Entertainment		40	37
Insurance		101	87
Depreciation	11.1	862	833
Freight and Forwarding		9,187	8,228
		<b>13,669</b>	<b>12,376</b>

26.1 Salaries, Wages and Amenities include Rs.0.146 million (2009: Rs.0.127 million) in respect of staff retirement benefits and Rs.0.027 million (2009: Rs.0.021 million) in respect of provident fund contribution.

	Note	2010 Rupees in thousand	2009
<b>27. Administrative and General Expenses</b>			
Salaries, Wages and Amenities	27.1	53,680	47,145
Director's Remuneration		3,325	2,955
Rent, Rates and Taxes		138	187
Electricity, Gas and Water Charges		3,675	3,585
Postage, Telephone and Fax		1,921	2,053
Printing and Stationery		2,971	3,250
Books and Subscription		491	259
Running and Maintenance of Vehicles		706	1,306
Repair and Maintenance		580	1,200
Legal and Professional Charges		8,064	7,123
Travelling Expenses		1,957	1,658
Entertainment		753	713
Insurance		1,917	1,642
Advertisement		208	528
Depreciation	11.1	16,377	15,818
Bad Debts	13.2 & 14.3	124,713	-
Miscellaneous Expenses		322	267
		<b>221,798</b>	<b>89,689</b>

27.1 Salaries, Wages and Amenities include Rs.2.778 million (2009: Rs.2.410 million) in respect of staff retirement benefits and Rs.0.509 million (2009: Rs.0.407 million) in respect of provident fund contribution.

	Note	2010 Rupees in thousand	2009
<b>28. Other Operating Charges</b>			
Workers' Profit Participation Fund	8.2	15,383	14,021
Workers' Welfare Fund		6,290	5,305
Auditors' Remuneration	28.1	630	404
Donations	28.2	3,000	3,015
		<b>25,303</b>	<b>22,745</b>
<b>28.1 Auditors' Remuneration</b>			
Audit Fee		287	250
Certification and Review		80	70
Taxation Services		216	84
Other Professional Services		47	-
		<b>630</b>	<b>404</b>

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

	Note	2010 Rupees in thousand	2009
<b>29. Other Operating Income</b>			
<b>Income from Financial Assets</b>			
Mark-up / Interest Income	29.1	43,804	45,511
Exchange Gain		1	10,596
		43,805	56,107
<b>Income from non-financial assets</b>			
Scrap, Waste and Other Sales - Net	29.2	27,113	21,738
MEG Handling Income		3,238	4,613
Remission of Liabilities		2,273	6,139
Profit on Disposal of Operating Fixed Assets	11.2	223	719
		32,847	33,209
		76,652	89,316
<b>29.1 Mark-up / Interest Income</b>			
Interest Income on:			
- Bank Accounts		43,677	39,536
- Long Term Loans		-	5,864
Mark-up on:			
- Staff Loans		127	111
		43,804	45,511
<b>29.2 Scrap, Waste and Other Sales - Net</b>			
Gross Sales		28,760	22,172
Less: Sales Tax		1,647	434
		27,113	21,738
<b>30. Finance Costs</b>			
Mark-up on Short Term Borrowings		5	86
Bank Commission and Other Charges		2,920	3,129
		2,925	3,215
<b>31. Taxation</b>			
<b>Current</b>			
- for the year		107,860	90,972
- Prior years		(22,197)	(4,210)
		85,663	86,762
<b>Deferred</b>		(7,460)	(22,302)
		78,203	64,460
<b>31.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:</b>			
		2010 %	2009 %
Applicable Tax Rate		35.00	35.00
Effect of Change in Prior Years Tax		(7.76)	(1.61)
Effect of Change in Deferred Tax		(2.61)	(8.54)
Tax effect of Expenses that are not Deductible in determining Taxable Profit		2.71	(0.16)
		(7.66)	(10.31)
Average Effective Tax Rate		27.34	24.69

	Note	2010 Rupees in thousand	2009 Rupees in thousand
<b>32. Earnings Per Share</b>			
<b>32.1 Earnings Per Share - Basic</b>			
Net profit for the year after taxation attributable to Ordinary Shareholders		207,802	196,632
Weighted Average Ordinary Shares in Issue during the year	5	34,068,514	34,068,514
		Number of Shares	
		Amount in Rupees	
Basic Earnings Per Share		6.10	5.77
<b>32.2 Earnings Per Share - Diluted</b>			
There is no dilution effect on Basic Earnings Per Share as the Company has no such commitments.			
<b>33. Cash and Cash Equivalents</b>			
Cash and Bank Balances	23	168,314	527,326
Short Term Borrowings	9	-	-
		168,314	527,326

#### 34. Financial risk management

##### 34.1 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 2010 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	206	317
Japanese Yen	56	86
Euro	41	63
Pound Sterling	7	10

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:

	2010	2009
	Rupees in thousand	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Bank balances - savings accounts	154,862	417,006
Financial liabilities	-	-
<b>Net exposure</b>	<b>154,862</b>	<b>417,006</b>
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Loan against installments	1,046	784
Financial liabilities	-	-
Short term borrowings	-	-
<b>Net exposure</b>	<b>1,046</b>	<b>784</b>



### 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.0.352 million (2009: Rs.0.334 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:

	2010	2009
	Rupees in thousand	
Trade debts	61,302	5,481
Advances, deposits and other receivables	309,253	196,675
Bank balances	168,314	527,326
	<u>538,869</u>	<u>729,482</u>

There is no impairment loss of trade receivables as of 30 June 2010.

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	2010 Rupees in thousand	2009
	Short term	Long term			
EFU General Life Insurance Limited		AA	JCR-VIS	287	296
Meezan Bank Limited	A1	AA-	JCR-VIS	1,092	1,092
The Royal Bank of Scotland	A1+	AA	PACRA	254	355
Citibank, N.A.	F1+	A+	Fitch	2,875	2,862
Habib Bank Limited	A1+	AA+	JCR-VIS	2,286	48,627
National Bank of Pakistan	A1+	AAA	JCR-VIS	123	458
Standard Chartered Bank Ltd.	A1+	AAA	PACRA	-	-
NIB Bank Limited	A1+	AA-	PACRA	1,463	1,143
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	-	-
Faysal Bank Limited	A1+	AA	PACRA	1,953	1,754
Bank Al-Habib Limited	A1+	AA+	PACRA	58	51,601
MCB Bank Limited	A1+	AA+	PACRA	3,302	1,378
Soneri Bank Limited	A1+	AA-	PACRA	154,864	417,952
Silk Bank Limited	A-3	A-	JCR-VIS	3	3
				<u>168,560</u>	<u>527,521</u>

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 33) 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			
<b>At 30 June 2010</b>				
Short term borrowings	-	-	-	-
Trade and other payables	240,394	240,394	-	-
	<b>240,394</b>	<b>240,394</b>	-	-
<b>At 30 June 2009</b>				
Short term borrowings	-	-	-	-
Trade and other payables	226,860	226,860	-	-
	<b>226,860</b>	<b>226,860</b>	-	-

### 34.2 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.

### 34.3 Financial instruments by categories

#### Assets as per balance sheet

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

	Loans and receivables	
	2010	2009
	Rupees in thousand	
Trade debts	61,302	5,481
Advances, deposits and other receivables	309,253	196,675
Cash and bank balances	168,314	527,326
	<b>538,869</b>	<b>729,482</b>

#### Liabilities as per balance sheet

Short term borrowings  
Trade and other payables

	Financial liabilities at amortized cost	
	2010	2009
	Rupees in thousand	
Short term borrowings	-	-
Trade and other payables	240,394	226,860
	<b>240,394</b>	<b>226,860</b>

### 34.4 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.

### 34.5 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.

### 35. 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	
	2010	2009	2010	2009	2010	2009	2010	2009
Managerial Remuneration	-	-	2,197	1,940	18,583	13,535	20,780	15,475
House Rent	-	-	659	592	5,517	4,060	6,176	4,652
Utilities	-	-	220	197	1,839	1,353	2,059	1,550
Medical Expenses	-	-	220	197	1,839	1,353	2,059	1,550
Retirement Benefits	-	-	-	-	337	252	337	252
Bonus etc.	-	-	29	29	1,460	691	1,489	720
	-	-	3,325	2,955	29,575	21,244	32,900	24,199
Number of Persons	1	1	1	1	28	23	30	25

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

### 36. 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 35. Other significant transactions with the related parties are as follows:

Relationship with the Company	Nature of Transactions	2010	2009
		Rupees in thousand	
1 Associated Undertakings	Sales of goods and services	8,515	16,140
	Purchase of goods and services	872,995	427,563
	Profit on Bank Deposits	43,677	36,032
	Guarantees issued on behalf of entity	-	6,161
	Investments / Advance to parties	8	220
	Disposal of Fixed Assets	22	-
2 Other Related Parties	Sales of goods and services	-	455
	Purchase of goods and services	3,100	819
3 Defined Contribution Plan (Provident Fund)	Contribution to Provident Fund	1,356	1,425

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.

	2010	2009
	In Metric Tons	
<b>37. Plant Capacity and Actual Production</b>		
Annual Capacity (In Three Shifts)		
- Yarn	10,100	10,100
- Fiber	12,000	12,000
Actual Production		
- Yarn	11,111	10,478
- Fiber	22,880	23,840
<b>38. Staff Strength</b>		
	Number of Employees	
Number of Employees as at 30 June	<u>1,186</u>	<u>1,249</u>

#### 39. Date of Authorisation for Issue

These financial statements were authorized for issue on 22 September 2010 by the Board of Directors of the Company.

#### 40. Non Adjusting Events after the Balance Sheet date

The Board of Directors have proposed a final dividend for the year ended 30 June 2010 of Rs.4.00 per share (2009: Rs.4.00 per share), amounting to Rs.136.274 million (2009: Rs.136.274 million) at their meeting held on 22 September 2010 for approval of the members at the annual general meeting to be held on 30 October 2010. The financial statements do not reflect this proposed dividend which will be accounted for in subsequent year.

#### 41. 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
41.1 Vehicle expenses payable has been reclassified from "Accrued liabilities" to "Creditors".	671
41.2 Salary of executive has been reclassified from "Director's remuneration" to "Salaries wages and amenities" in Administrative and general expenses and Selling and distribution expenses.	
Administrative and general expenses	1,454
Selling and distribution expenses	76

#### 42. General

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

Jafferli M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive

**FORM 34**  
**PATTERN OF HOLDING OF THE SHARES HELD**  
**BY THE SHAREHOLDERS**  
as at 30 June 2010 (Section 236)

Number of Shareholders	From	Shareholding	To	Total Shares held
126	1	-	100	6,064
128	101	-	500	38,544
93	501	-	1,000	61,105
83	1,001	-	5,000	186,484
7	5,001	-	10,000	50,575
1	10,001	-	15,000	11,500
3	20,001	-	25,000	66,689
1	25,001	-	30,000	25,642
2	30,001	-	35,000	64,008
2	35,001	-	40,000	78,367
2	40,001	-	45,000	85,761
1	85,001	-	90,000	90,000
2	110,001	-	115,000	230,000
1	190,001	-	195,000	194,000
1	205,001	-	210,000	209,490
1	215,001	-	220,000	219,710
1	225,001	-	230,000	230,000
1	260,001	-	265,000	260,605
1	285,001	-	290,000	286,000
1	305,001	-	310,000	308,000
1	340,001	-	345,000	342,841
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	965,001	-	970,000	969,005
1	1,085,001	-	1,090,000	1,085,316
1	1,255,001	-	1,260,000	1,257,572
1	1,600,001	-	1,605,000	1,602,223
1	2,105,001	-	2,110,000	2,106,745
1	4,210,001	-	4,215,000	4,210,778
1	8,515,001	-	8,520,000	8,519,800
1	8,815,001	-	8,820,000	8,816,384
<b>472</b>		<b>Total</b>		<b>34,068,514</b>

## FORM 34 PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS as at 30 June 2010 (Section 236)

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	439	2,848,649	8.36
Joint Stock Companies	6	91,040	0.27
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and Minor Children	11	3,317,976	9.74
Mr. Jafferli M. Feerasta		2,342,888	6.88
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. Aymna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
		<b>3,317,976</b>	<b>9.74</b>

Executives			
National Bank of Pakistan, Trustee Deptt.	4	2,612,489	7.67
Investment Corporation of Pakistan		200	0.00
Associated Companies, undertakings and related parties			
Public Sector Companies and Corporations			
Banks, DFIs, NBFIs, Insurance Companies, Modaraba & Mutual Funds			
	6	1,509,963	4.43
Foreign Investors	1	8,519,800	25.01
Co-operative Societies			0.00
Trusts	5	15,168,397	44.52
Others			
<b>Total:</b>	<b>472</b>	<b>34,068,514</b>	<b>100.00</b>

### 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	8,850,384	25.98
Trustees Feerasta Senior Trust	4,211,268	12.36
<b>Total</b>	<b>21,581,452</b>	<b>63.35</b>



# FORM OF PROXY 30<sup>TH</sup> 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 30th Annual General Meeting of the Company to be held on 30 October 2010 and / or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2010

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](http://www.rupaligroup.com)