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COMPANY INFORMATION

BOARD OF DIRECTORS	UMER HAJI KARIM	CHAIRMAN- NON-EXECUTIVE
	ANWAR HAJI KARIM	CHIEF EXECUTIVE- EXECUTIVE
	YAKOOB HAJI KARIM	EXECUTIVE
	PIR MUHAMMAD A. KALIYA	NON-EXECUTIVE
	ABID UMER	NON-EXECUTIVE
	SAJID HAROON	NON-EXECUTIVE
	AAMIR AMIN	NON-EXECUTIVE
	FARAZ YOUNUS BANDUKDA	NON-EXECUTIVE

AUDIT COMMITTEE

AAMIR AMIN – CHAIRMAN
PIR MUHAMMAD A. KALIYA
ABID UMER

HUMAN RESOURCE AND REMUNERATION COMMITTEE

SAJID HAROON - CHAIRMAN
YAKOOB HAJI KARIM
ABID UMER

CHIEF FINANCIAL OFFICER

SALEEM ADVANI

COMPANY SECRETARY

MUBBASHIR AMIN

BANKERS

HABIB BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
BANK AL HABIB LIMITED
NATIONAL BANK OF PAKISTAN
MEEZAN BANK LIMITED
BANK OF PUNJAB LIMITED
ASKARI BANK LIMITED

AUDITORS

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

HEAD OF INTERNAL AUDIT

TABISH SHARIF

SHARE REGISTRAR

TECHNOLOGY TRADE (PVT.) LTD.
DAGIA HOUSE, 24-C, BLOCK-2, PECHS,
OFF: SHAHRAH-E-QUAIDEEN, KARACHI.

LEGAL ADVISOR

TASAWUR ALI HASHMI
ADVOCATE

REGISTERED OFFICE

3RD FLOOR, KARACHI DOCK LABOUR BOARD
BUILDING, 58- WEST WHARF ROAD,
KARACHI-74000

FACTORY

F. 1, 2, 3, & F. 13, 14 & 15,
HUB INDUSTRIAL TRADING ESTATE,
DISTRICT LASBELLA, BALOCHISTAN

PACKAGING UNIT
PLOT # A-5, N.W.I.Z. PORT QASIM AUTHORITY,
KARACHI.

PERFORMANCE OF THE COMPANY AT A GLANCE

	YEAR ENDED 30 JUNE									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
STATISTICAL SUMMARY	**Rupees in million**									
Gross sales	1,873	1,560	2,284	2,503	3,349	4,234	4,491	5,359	5,107	2,419
Profit / (loss) before taxation	27	(103)	24	63	77	441	40	66	70	(36)
Taxation	(1)	27	(18)	(20)	(25)	(154)	(22)	(23)	(20)	26
Profit / (loss) after taxation	26	(76)	6	42	52	286	19	43	50	(10)
Gross assets employed (including capital work-in-progress)	1,292	1,275	1,696	1,302	1,324	2,644	3,010	3,101	3,348	2,896
Paid-up capital	560	560	560	560	560	560	560	560	560	560
Shareholders' equity	983	851	857	899	881	1,167	1,072	1,118	1,167	1,149
EARNINGS AND PAY OUT	**Rs. per share of Rs. 10 each**									
Earnings/(loss) per share after taxation	0.47	(1.36)	0.10	0.76	0.92	5.11	0.33	0.77	0.89	(0.18)
Break-up value	17.53	15.18	15.29	16.04	15.71	20.82	19.13	19.94	20.82	20.50
Cash dividend	1.00	—	—	1.25	—	2.00	—	—	1.00	—
FINANCIAL RATIOS	**Ratios**									
Current Assets : Current Liabilities	3.27:1	2.29:1	1.65:1	2.57:1	2.41:1	1.09:1	1.31:1	1.28:1	1.20:1	1.15:1
Long-term Debts : Equity	0:100	9:91	7:93	0:1	0:1	0:1	27:73	20:80	17:83	19:81
PRODUCTION	**Quantity**									
Polyester Staple Fibre - Tons	23,092	15,539	24,921	20,544	25,837	24,449	23,868	23,910	18,566	—
Polyester Chips - Tons	133	—	—	—	—	—	—	120	—	—
Plastic and Crown Caps - Cartons	—	—	—	—	—	3,785	129,492	201,986	301,971	354,283

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

We are pleased to present before you the 30th Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2015.

OPERATING PERFORMANCE

During the period the Company has closed down fibre plant because of the ongoing adverse market situation and dumping of Chinese Fibre. The matter of dumping of Chinese fibre has been raised with National Tariff Commission on different occasions but the matter remains unresolved. Significance of the matter can be analyzed from huge losses incurred by all local fibre manufacturers of the country. Due to the continuing adverse market situation, the Board in its meeting held on 20 April 2015 has decided to convert existing fibre manufacturing plant into PET resin manufacturing plant by making necessary modifications in existing plant. For the purpose the Board has approved investment proposal of Rs. 650 million.

During the year under review, the Company sold 3,499 tons of PSF as against 19,539 tons of last year. Further the Company produced 354,283 cartons of plastic and crown caps during the year as against 301,971 cartons of last year and sold 337,185 cartons during the year as against 311,744 cartons of last year. Capacity utilization of plant is around 80%.

FINANCIAL RESULTS

As the Board has decided to convert existing fibre manufacturing plant into PET resin manufacturing plant by making necessary modifications in existing plant, the Company has presented fibre segment as discontinued operation. Summarize financial results of continuing and discontinued operations are as below,

Continuing operations

During the year under review, the company’s gross turnover of continuing operations increased to Rs. 1,807.06 million from Rs. 1,729.22 million during the corresponding last year.

The Company earned profit before tax from continuing operations of Rs. 150.20 million as against profit before tax of Rs. 129.50 million in the last year. The net profit after tax stood from continuing operations at Rs. 174.96 million as against net profit after tax of Rs. 153.33 million in the last year.

Discontinued operations

During the year under review, the company’s gross turnover of discontinued operations decreased to Rs. 612.23 million from Rs. 3,377.37 million during the corresponding last year.

The Company posted loss before tax from discontinued operations of Rs. 186.31 million as against loss before tax of Rs. 59.14 million in the last year. The net loss after tax stood from discontinued operations at Rs. 184.95 million as against net loss after tax of Rs. 103.56 million in the last year.

EARNING PER SHARE

The net loss per share, after providing for taxation, for the year ended 30 June 2015 was Re. 0.18 (2014: net earnings per share of Rs. 0.89).

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

DIVIDEND

Based on the current liquidity position of the Company, the Directors did not recommend any dividend for the year ended 30 June 2015.

FUTURE OUTLOOK

Letter of credits for PET Resin plant and machinery has been opened and we expect that our plant will be in commercial production by third quarter of financial year 2016. We expect that the conversion of Fibre plant into PET resin manufacturing plant will add value to the Company.

Packaging segment of the Company has maintained track record of healthy growth. However, because of global economic rescission and volatility in commodity prices coupled with exchange rate volatility and increasing conversion cost are key challenges to be addressed in future period. These factors might hamper the growth of packaging segment. Recent increase in gas prices will further hamper bottom line.

SUBSEQUENT EVENT

The Directors report that no material change or commitment has taken place, other than those disclosed which has affected the financial position of the company from the end of the financial year up to the date of this report.

FINANCIAL REPORTING FRAME WORK

As required under the Code of Corporate Governance, the Directors confirm compliance with the Corporate and Financial Reporting Frame Work for the following:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements

e) The system of internal control and other such procedures, which are in place, are sound in design and have been effectively implemented and monitored on an on going basis by the management. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key operating and financial data for the last ten years in summarized form is annexed.

i) No trade has been made by the Directors, executives and their spouses and minor children in the shares of the Company during the year under review.

j) Information about outstanding taxes and levies are given in the Notes to the Financial Statements.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

MEETING OF THE BOARD OF DIRECTORS

During the year, six (06) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

	NAME OF DIRECTOR	NO OF MEETING ATTENDANC
I.	Mr. Umer Haji Karim	6
II.	Mr. Anwar Haji Karim	5
III.	Mr. Yakoob Haji Karim	6
IV.	Mr. Abid Umer	5
V.	Mr. Sajid Haroon	5
VI.	Mr. Pir Mohammad A. Kaliya	6
VII.	Mr. Aamir Amin-NIT	6
VIII.	Mr. Faraz Younus Bandukda	6

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

MEETING OF THE AUDIT COMMITTEE

During the year, four (04) meetings of the Audit Committee were held. Attendance by each Director was as follows:-

	NAME OF DIRECTOR	NO OF MEETING ATTENDANC
I.	Mr. Aamir Amin-NIT	4
II.	Mr. Pir Mohammad A. Kaliya	4
III.	Mr. Abid Umer	3

DIRECTORS TRAINING PROGRAM

During the year, two Directors of the Company had obtained certification of Director Training Program.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

PATTERN OF SHARE HOLDING

The pattern of share holding as on 30 June 2015 is annexed.

AUDITORS

The present auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Directors endorsed recommendation of the Audit Committee for their re-appointment for the year ending 30 June 2016.

ACKNOWLEDGEMENT

The Management would like to place on record its appreciation for dedication and hard work rendered by its employees and workers for their dedication.

For and on behalf of the
Board of Directors

ANWAR HAJI KARIM
CHIEF EXECUTIVE

Date: 16 September 2015
Karachi

MISSION STATEMENT
OF
PAKISTAN SYNTHETICS LIMITED

Our Mission is to be a quality producer of Polyester Staple Fibre and Plastic and Crown Caps, continuously striving for excellence.

VISION

To be the leading manufacturing company of Polyester Staple Fibre and Plastic and Crown Caps, PSL realizes it has a responsibility to treat all stakeholders equitably and transparently to be true to their trust.

STATEMENT OF ETHICS
AND
BUSINESS PRACTICES

- *PSL resolves to always place the Company's interest first;*

- *PSL resolves to excel through resource management namely, human (professional & technical both), financial and other infrastructural facilities and to ensure reasonable return to all the stakeholders;*

- *PSL conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate culture;*

- *PSL expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;*

- *PSL resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality Polyester Staple Fibre at competitive prices;*

- *PSL resolves not to compromise on principles.*

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

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

The Company has applied 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:

Category	Name
Independent Directors	1) Aamir Amin
	2) Faraz Younus Bandukda
Executive Directors	1) Anwar Haji Karim
	2) Yakoob Haji Karim
Non-Executive Directors	1) Umer Haji Karim
	2) Sajid Haroon
	3) Abid Umer
	4) Pir Muhammad A. Kaliya

   The independent directors meet the criteria of independence under clause i(b) of the Code of Corporate Governance

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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 Development Financial Institution or a Non-Banking Financial Institution. None of the directors is a member of a stock exchange or has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy in the Board during 2015.

5. The Company has adopted corporate values supported by" Statement of ethics and business practice" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed vision / mission statement and significant policies and overall corporate strategy 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 terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by 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 atleast seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. During the year, two Directors of the Company has attended Director Training Program (DTP) Program organized by Institute of Chartered Accountants of Pakistan (ICAP) and University of Lahore. The Directors, being in the corporate sector for long time, are fully conversant with their duties and responsibilities, listing regulations of Stock Exchanges, legal requirements and operational imperatives of the Company.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

10. The Board had approved appointment of CFO, Company Secretary including their remuneration and terms and conditions of employment, as well the Head of Internal Audit who was appointed in the current year.

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 and signed by the CEO and CFO before approval of the Board.

13. The CEO, directors 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. At present, it comprises three members, of whom all directors are non-executive and the chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter. Further meetings were held prior to approval of interim and final results of the Company 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 formed an HR and Remuneration Committee. It comprises three members of whom two are non-executive directors and the chairman of the Committee is a non-executive director.

18. The Board has established an in-house internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the Company

19. 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 (ICAP), 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 the ICAP.

20. 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.

21. The closed period prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. As required under the amended Code of Corporate Governance 2012, the Board, on the basis of a mechanism carries out an annual evaluation of its own performance. The mechanism is designed to assess and identify strengths and weaknesses in the performance of the Board covering sound corporate governance practices, strategy, roles of the Chairman and Directors, objective settings, effectiveness of meetings of the Board and its committees. Evaluation will be carried out in December 2015.

24. We confirm that all other material principles enshrined in the Code have been complied with.

Date: 16 September 2015

Karachi

ANWAR HAJI KARIM

CHIEF EXECUTIVE

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Pakistan Synthetics Limited** ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 as applicable to the Company for the year ended 30 June 2015.

Date: 16 September 2015

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan Synthetics Limited ("the Company") as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the loss, its cash flows and changes in 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 dedcuted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date: 16 September 2015

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants
Moneeza Usman Butt

BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015	2014
Equity and liabilities		(Rupees in '000)	
Shareholders' equity			
Authorised capital of 70,000,000 ordinary shares of Rs. 10 each		**700,000**	700,000
Issued, subscribed and paid-up capital	4	**560,400**	560,400
General reserve		**292,450**	292,450
Unappropriated profit		**295,940**	313,702
Total shareholders' equity		**1,148,790**	1,166,552
Liabilities			
Non-current liabilities			
Long term finance - secured	5	**266,906**	238,175
Staff retirement benefits	6	**13,484**	35,915
Deferred taxation	7	**48,962**	62,731
Total non-current liabilities		**329,352**	336,821
Current liabilities			
Trade and other payables	8	**507,585**	710,519
Accrued markup		**19,996**	18,084
Short term borrowings - secured	9	**732,363**	975,812
Current portion of long term finance	5	**158,147**	140,034
Total current liabilities		**1,418,091**	1,844,449
Total equity and liabilities		**2,896,233**	3,347,822
Contingencies and Commitments	10		

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015	2014
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	11	**1,260,198**	1,130,534
Long term loan to employees	12	**773**	848
Long term deposits	13	**744**	924
Total non-current assets		**1,261,715**	1,132,306
Current assets			
Stores and spares	14	**188,768**	191,440
Stock-in-trade	15	**621,731**	937,031
Trade debts	16	**633,821**	762,130
Loans and advances	17	**9,574**	11,793
Short term deposits and prepayments		**36**	37
Advance against investment	18	**-**	199,290
Investment	19	**5,138**	-
Other receivables	20	**505**	14,594
Taxation - net		**171,872**	88,533
Cash and bank balances	21	**3,073**	10,668
Total current assets		**1,634,518**	2,215,516
		2,896,233	3,347,822

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		(Rupees in '000)	
Net sales	22	**1,543,633**	1,479,117
Cost of sales	23	**(1,175,018)**	(1,166,652)
Gross profit		**368,615**	312,465
Distribution and selling costs	24	**(45,907)**	(43,518)
Administration and general expenses	25	**(25,805)**	(18,332)
Other operating income / (expenses)	26	**850**	(15,620)
		(70,862)	(77,470)
		297,753	234,995
Other (loss) / income	27	**(22,859)**	98
Operating profit before finance costs		**274,894**	235,093
Finance costs	28	**(124,694)**	(105,593)
Profit before taxation		**150,200**	129,500
Taxation	29	**24,755**	23,828
Profit after taxation from continuing operation		**174,955**	153,328
Loss after taxation from discontinued operation	30	**(184,949)**	(103,555)
(Loss) / profit for the year		**(9,994)**	49,773
		(Rupees)	
(Loss) / earnings per share - basic and diluted	31	**(0.18)**	0.89

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	(Rupees in '000)	
(Loss) / profit for the year	**(9,994)**	49,773
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	**11,696**	(1,424)
Tax thereon	**(3,509)**	498
	8,187	(926)
Total comprehensive income for the year	**(1,807)**	48,847

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		**(36,112)**	70,356
Adjustments for:			
Depreciation		**163,720**	145,575
Dividend income		**(11,636)**	-
Charge for staff gratuity		**2,568**	8,877
Profit on disposal of property, plant and equipment		**(4,755)**	(300)
Profit on saving and deposit accounts		**(9)**	(98)
Finance costs		**137,545**	145,086
Provision for slow moving and obsolete stock		**11,977**	-
Provision for doubtful debts and deposits - net		**9,239**	4,257
		272,537	373,753
Movement in:			
Working capital changes		**238,078**	(197,762)
Long term loan to employees - net	*36*	**75**	(2,801)
Net cash from operations		**510,690**	173,190
Staff gratuity paid		**(13,303)**	(2,549)
Financial charges paid		**(135,633)**	(144,304)
Taxes paid		**(74,499)**	(86,053)
Net cash generated from / (used in) operating activities		**287,255**	(59,716)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		**(296,003)**	(200,523)
Advance against investment		**199,290**	(199,290)
Investment - net		**(5,138)**	-
Proceeds from disposal of property, plant and equipment		**7,374**	300
Profit on saving accounts received		**9**	98
Net cash used in investing activities		**(94,468)**	(399,415)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term diminishing musharka - net		**46,844**	(28,041)
Short term foreign currency loan and money market loan - net		**(30,970)**	84,012
Dividend received		**11,636**	-
Dividend paid		**(15,413)**	(8)
Net cash generated from financing activities		**12,097**	55,963
Net increase / (decrease) in cash and cash equivalents		**204,884**	(403,168)
Cash and cash equivalents at beginning of the year		**(415,555)**	(12,387)
Cash and cash equivalents at end of the year		**(210,671)**	(415,555)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	21	**3,073**	10,668
Running finance under mark-up arrangement	9.3	**(213,744)**	(426,223)
		(210,671)	(415,555)

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued, subscribed and paid-up capital	General reserves	Unappropriated profit	Total reserves	Total
	(Rupees in '000)				
Balance as at 1 July 2013	560,400	292,450	264,855	557,305	1,117,705
Total comprehensive income for the year ended 30 June 2014					
Profit for the year	-	-	49,773	49,773	49,773
Other comprehensive income	-	-	(926)	(926)	(926)
	-	-	48,847	48,847	48,847
Balance as at 30 June 2014	560,400	292,450	313,702	606,152	1,166,552
Total comprehensive income for the year ended 30 June 2015					
Loss for the year	-	-	(9,994)	(9,994)	(9,994)
Other comprehensive income	-	-	8,187	8,187	8,187
	-	-	(1,807)	(1,807)	(1,807)
Transactions with owners recorded directly in equity - distributions					
Final dividend for the year ended 30 June 2014 (Re.1 per share)	-	-	(15,955)	(15,955)	(15,955)
Balance as at 30 June 2015	560,400	292,450	295,940	588,390	1,148,790

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited (the Company) was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps and Crown Caps and Polyester Staple Fibre. The registered office of the Company is situated at 3rd floor, K.D.L.B, building, 58, West Wharf, Karachi.

During the year, the Board of Directors in their meeting held on 20 April 2015 decided to convert existing polyester staple fibre plant into PET resin manufacturing plant by making necessary modifications in existing plant.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

"These financial statements have been prepared under the historical cost convention except for" the Company's liability under defined benefit plan (gratuity) which is determined based on the present value of defined benefit obligation less fair value of plan assets and investments classified as held for trading which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are described in the following:

i) Employee benefits (note 3.1)
ii) Income taxes (note 3.3)
iii) Property, plant and equipment (refer note 3.4)
iv) Stock in trade and store and spares (note 3.5 & 3.6)
v) Impairment (note 3.11)

2.5 Standards, amendments and interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

2.6 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2015 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 is not likely to have any impact on the financial statements of the Company.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the Company.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are not likely to have any implication on the Company's Financial Statements.

- IFRS 7 'Financial Instruments - Disclosures'. These amendments are not likely to have any implication on the Company's Financial Statements.

- IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the Company's Financial Statements.

- IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the Company's Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

Certain comparative amounts in the profit and loss account has been reclassified or re-represented as a result of an operation discontinued during the current year (see note 30).

3.1 Employee benefits

Defined benefit scheme

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Interest cost and current service cost are recognized in profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for the permanent employees as per the service rules of the Company.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' at the time of purchase of financial assets. The financial assets of the Company are categorized as follows:

a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, other receivables and cash and bank balances in the balance sheet.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) financial assets at fair value through profit or loss; (b) loans and receivables; (c) held to maturity.

3.2.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

3.2.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

Basis of valuation of quoted equity securities

The fair value of a security listed on a stock exchange, local or foreign as the case may be, is valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security is valued at an amount neither higher than the closing ask price nor lower than the closing bid price.

b) 'Loans and receivables' and 'held-to-maturity'

Loans and receivables and held-to-maturity financial assets are carried at amortised cost.

3.2.1.4 Trade debts, loans and advances, deposits and other receivables

These are recognised initially at fair value and subsequently measured at amortised cost or cost, as the case may be, less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Items considered irrecoverable are written off.

3.2.1.5 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances held with banks and short term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management.

3.2.2 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities represent mark-up bearing borrowings and trade and other payables. Financial liabilities are initially recognised on trade date i.e. the date on which the Company becomes party to the respective contractual provisions of the instruments. The Company derecognizes the financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.2.2.1 Markup bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in profit and loss account over the period of borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.2.2.2 Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting or when the derivative does not qualifies for hedge accounting are measured at fair value and all changes in its fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

3.2.2.3 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.2.3 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 legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

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

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

3.4 Property, plant and equipment

Operating assets and depreciation

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and

(c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure (including normal repairs and maintenance)

Expenditures incurred to replace a significant component of an item of property, plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including repairs and normal maintenance) is recognised in the profit and loss account as an expense when it is incurred.

Depreciation

Depreciation on all items is charged on straight line method. The useful lives of depreciation are indicated in note 11.1.

Depreciation on additions to property, plant and equipment is charged from the quarter the asset is available for use upto the quarter prior to disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in the profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.5 Stores and spares

Stores and spares are valued at weighted average cost except for items in transit which are stated at cost. Provision for obsolete and slow moving stores and spares is determined based on management's estimate regarding their future usability.

3.6 Stock-in-trade

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the weighted average basis. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, except for cost of work in process which comprises of raw material cost only as conversion costs are not significant.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Interest income is accrued on a time apportion basis on the principal outstanding at the rates applicable.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains and losses arising on revaluation of securities classified as 'held for trading' are recognized in the profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the profit and loss account.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Miscellaneous income is recognized on receipt basis.

3.8 Expenses

All expenses are recognised in the profit and loss account on an accrual basis.

3.9 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are included in the profit and loss account currently.

3.10 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-Financial assets

The carrying amounts of the Company's non financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

3.12 Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from rest of the Company's business and which:

-represents a separate major line of business or geographical area of operations.

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or.

- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs on disposal, abounding or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative profit and loss account is represented as if the operation had been discontinued from the start of the comparative year.

3.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of the business separately for the purpose of making decisions regarding resource allocation and performance assessment. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The business of the Company has two reportable operating segments i.e., Polyester Staple Fibre segment and Crown and Plastic Caps segment.

Segment results that are reported for review and performance evaluation include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, certain other operating income and expenses, certain finance costs, tax assets and liabilities and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire tangible fixed assets and intangible assets other than goodwill.

3.14 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in theperiod in which these are approved.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014		2015	2014
(Number of shares)			(Rupees in '000)	
37,360,000	37,360,000	Ordinary shares of Rs. 10 each fully paid in cash	**373,600**	373,600
18,680,000	18,680,000	Ordinary shares of Rs. 10 each issued as fully paid bouns shares	**186,800**	186,800
56,040,000	56,040,000		**560,400**	560,400

5. LONG TERM FINANCE - secured

	2015	2014
Long term finances utilised under diminishing musharka	**425,053**	378,209
Current portion of long term finances shown under current liabilities	**(158,147)**	(140,034)
	266,906	238,175

The Company has entered into Diminishing Musharka arrangement with three different banks as under:

		2015	2014
Bank Al-Habib Limited - Islamic Banking Division	*5.1*	**156,250**	281,250
Meezan Bank Limited	*5.2*	**191,628**	58,126
Askari Bank Limited-Islamic Banking Services	*5.3*	**77,175**	38,833
		425,053	378,209

5.1 The Company has entered into a Diminishing Musharka arrangement with Bank Al-Habib Limited - Islamic Banking Division (an associated banking company). It carries profit at the rate of 6 months average KIBOR plus 1% (2014: 6 months average KIBOR plus 1%) per annum with a floor of 10% per annum and cap of 20% per annum and is payable on quarterly basis. The tenor of facility is five years with grace period of 12 months from the date of draw down. The principal is payable in 16 equal quarterly installments with the twelevth installment of principal amounting to Rs. 31.250 million due in September 2015. This facility is secured against registered hypothecation charge over specific plant and machinery of plastic and crown caps project.

5.2 The Company has entered into Diminishing Musharka arrangements with Meezan Bank Limited amounting to Rs. 58.13 million and Rs. 140.77 million. Theses carry profit at the rate of 6 months KIBOR plus 0.5% per annum and 6 months average KIBOR + 0.6% per annum respectively, with a floor of 6% per annum and cap of 24% per annum and is payable on semi-annual basis. The tenor of facilities is upto five years with grace period of 1 year from the date of draw down. The principal is payable in 8 equal semi-annual installments and last installment is payable on 23 October 2018 and 25 January 2020 respectively. These facilities are secured against 1st exclusive charge over specific fixed asset of the Company with 25% margin to be covered through 1st pari-pasu charge of 63 million over general plant and machinery.

5.3 This represents Diminishing Musharka arrangements entered with Askari Bank Limited - Islamic Banking Services amounting to Rs. 38.83 million and Rs. 54.25 million. These carry profit at the rate of 3 months average KIBOR + 0.5% per annum with a floor of 7% and cap of 25% per annum and is payable on quarterly basis in arrears. The tenor of the facilities are five years from the date of drawdown. The principal is payable in 20 equal quarterly installments and last installment is payable on 20 June 2019 and 09 July 2019 respectively. The facilities are secured against registered hypothecation charges over specific plant and machinery of plastic and crown caps project.

6. STAFF RETIREMENT BENEFITS

6.1 Defined Benefit Gratuity Scheme

Principal actuarial assumptions used in the actuarial valuation of the fund carried out under Projected Unit Credit Method as at 30 June 2015 are as follows:

	2015	2014
- Discount rate per annum	**10.5%**	13%
- Expected rate of increase in salary level per annum	**10.5%**	13%
- Normal retirement age - years	**60**	60
- Death rate - mortality table	**EFU 61-66**	EFU 61-66

	2015	2014
The amounts recognised in balance sheet are as follows:	**(Rupees in '000)**	
Present value of defined benefit obligation	**13,484**	35,915
Fair value of plan assets	**-**	-
	13,484	35,915
Movement in net defined benefit liability		
Opening balance	**35,915**	28,163
Charge for the year	**2,568**	8,877
Re-measurement: Actuarial (gain) / loss recognised in other comprehensive income	**(11,696)**	1,424
Benefits paid	**(13,303)**	(2,549)
Closing balance	**13,484**	35,915

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

	2015	2014
Component of defined benefit costs recognised in profit and loss account		
Current service cost	**2,652**	5,382
Past service cost	**(3,157)**	-
Interest cost	**3,073**	3,495
	2,568	8,877
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Re-measurements: Actuarial (gain) / loss on obligation		
- (Gain) / loss due to change in financial assumptions	**-**	-
- (Gain) / loss due to change in demographic assumptions	**-**	-
- (Gain) / loss due to change in experience adjustments	**(11,696)**	1,424
	(11,696)	1,424

	2015	2014
	(Rupees in '000)	
Total defined benefit (income) / cost recognised in profit and loss account and other comprehensive income	**(9,128)**	10,301
Expected contribution in the following year	**3,009**	9,942
Expected benefit payments to retire in the following year	**4,143**	6,888
Re-measurements: Accumulated actuarial (gain) / loss recognised in other comprehensive income	**(11,696)**	1,424
Weighted average duration of the defined benefit obligation (years)	**11.82**	11.04

Analysis of present value of defined benefit obligation

	2015	2014
Type of Members:		
- Management	**11,893**	26,193
- Non - management	**1,591**	9,722
	13,484	35,915
Vested / Non-Vested		
- Vested benefits	**9,800**	35,615
- Non - vested benefits	**3,684**	300
	13,484	35,915
Type of benefits		
- Accumulated benefit obligation	**11,616**	26,805
- Amount attributed to future salary increase	**1,868**	9,110
	13,484	35,915

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2015	2014
Discount rate + 1%	**12,205**	32,724
Discount rate - 1%	**15,046**	39,686
Long term salary increase + 1%	**15,030**	39,650
Long term salary decrease - 1%	**12,194**	32,698

7. DEFERRED TAXATION

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

		2015	2014
		(Rupees in '000)	
Taxable temporary difference			
Accelerated tax depreciation		**130,962**	144,346
Deductible temporary differences			
Provision for staff gratuity		**(4,045)**	(12,570)
Provision for doubtful debts, slow moving and obsolete stocks stores and spares and doubtful deposits		**(51,370)**	(52,499)
Pre-commencement expenditure		**-**	(258)
Minimum tax, un-used tax credits and tax losses		**(26,585)**	(16,288)
		(82,000)	(81,615)
		48,962	62,731

8. TRADE AND OTHER PAYABLES

		2015	2014
Trade creditors including bills payable		**142,422**	276,532
Murabaha	*8.1*	**311,442**	405,342
Tijarah	*8.1*	**18,084**	-
Derivative financial liability		**11,288**	-
Accrued expenses		**984**	957
Advances from customers		**1,903**	1,870
Workers' welfare fund		**-**	1,909
Workers' profit participation fund	*8.2*	**-**	3,803
Unclaimed dividend		**3,754**	3,212
Bonus payable		**5,790**	6,507
Insurance premium payable		**4,450**	3,624
Due to employees	*8.3*	**552**	1,524
Sales tax payable		**1,510**	1,510
Short term compensated absences		**1,783**	2,688
Provision for Government levies	*8.4*	**1,000**	1,000
Provision for gas infrastructure cess		**2,598**	-
Others		**25**	41
		507,585	710,519

8.1 The Company has obtained facility of Rs. 609.232 million (2014: Rs. 500 million) from Islamic banks for short term finance under Murabaha, Tijarah and Istisna financing arrangement and has availed Rs. 233.532 million and USD 735,799 under Murabaha financing and Rs. 17.568 million under Tijarah financing as at 30 June 2015 (2014: Rs. 338.904 million and USD 565,350 under Murabaha financing). The rate of profit approved by the bank at time of disbursement ranges from 7.00% to 10.40% and 2.25% to 3% for USD (2014: 9.27% to 10.40% and 2.5% to 2.75% for USD). This facility can be availed in either in Pakistani rupees or in USD and carries profit at the preferential rate as approved by the bank from time to time and is based on KIBOR. This facility matures within six months and is renewable. During the period, the Company has availed Murabaha facility in Pak Rupees and purchased material valuing Rs. 359.432 million at sale amount of Rs.374.306 million in PKR and purchased material of USD 1,639,257 at sales value of USD 1,659,474. The repayment is due after six months from the date of purchase. Moreover, the Company has availed Rs. 128.287 million under Tijarah financing during the year. The arrangement is secured against pari passu hypothecation charge on moveable and receivables of the Company.

8.2 Workers' profit participation fund

	Note	2015	2014
		(Rupees in '000)	
Balance as at 1 July		**3,803**	3,671
Interest on funds utilised in the Company's business at 12% (2014: 12.5%) per annum	*28*	**339**	331
		4,142	4,002
Allocation for the year	*26*	**-**	3,803
		4,142	7,805
Payments made during the year		**(4,142)**	(4,002)
Balance as at 30 June		**-**	3,803

8.3 This represents salary and gratuity payable to employees amounting to Rs. 0.427 million (2014: Rs. 1.328 million) and Rs. 0.125 million (2014: Rs. 0.196 million) respectively.

8.4 Movement in provision for Government levies is as follows:

	Note	2015	2014
Opening balance		**1,000**	1,000
Provided during the year	*26*	**3**	54
		1,003	1,054
Payment / adjustment during the year		**(3)**	(54)
Closing balance		**1,000**	1,000

9. SHORT TERM BORROWINGS - secured

	Note	2015	2014
Short term import finance under mark-up arrangement	*9.1*	**218,619**	249,589
Money market loan under mark-up arrangement	*9.2*	**300,000**	300,000
Running finance under mark-up arrangement	*9.3*	**213,744**	426,223
		732,363	975,812

9.1 The facilities for short term import finance under Foreign Exchange Circular No. 25 dated 20 June 1998 available from various commercial banks are for the purpose of meeting import requirements. This facility availed, is from an associated banking company for an amount of USD 1.551 million and EUR 0.535 million equivalent to Rs. 218.619 million (2014: USD 1.647 million and EUR 0.625 million equivalent to Rs. 249.589 million). The rates of mark-up on these finances range from 1.8% to 2.8% (2014: 1.8% to 2.8%) per annum. These facilities mature within six months and are renewable. The arrangement is secured against first pari passu charge by way of registered hypothecation over Company's stock and trade debts.

9.2 The facility for money market is available from an associated banking company for the purpose of meeting the fixed portion of working capital requirement. The rate of mark-up on this financing arrangement is agreed at KIBOR plus 0.50% (2014: KIBOR plus 0.50%) per annum. The arrangement is secured against registered hypothecation over Company's stock and trade debts.

9.3 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from KIBOR plus 0.50% to KIBOR plus 1.00% (2014: KIBOR plus 0.50% to KIBOR plus 1.00%) per annum. These facilities mature within twelve months and are renewable. The arrangement is secured against first pari passu charge by way of registered hypothecation over Company's stock and trade debts.

9.4 As at 30 June 2015, the unavailed facilities from the above borrowings amounted to Rs. 295.847 million (2014: Rs. 124.19 million).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The facility for opening letter of guarantees from an associated banking company amounted to Rs. 100 million (2014: 75 million). Bank guarantees amounting to Rs. 76.891 million (2014: Rs. 73.994 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills and others.

10.1.2 As per the Gas infrastructure and Development Cess Act, 2011 (the Act), certain companies as specified in the Act (including Sui Southern Gas Company Limited) shall collect and pay Gas infrastructure and Development Cess (GID Cess) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Company. Through Finance Bill 2012 – 2013, an amendment was made to the Act whereby the rate of GID Cess applicable on Pakistan Synthetics Limited was increased to Rs. 50 per MMBTU. On 3 August 2012, the Company filed a suit bearing number 865/2012 wherein it has impugned the Act on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh at Karachi vide its ad-interim order dated 6 September 2012 has restrained Sui Southern Gas Company Limited (SSGC) from charging GID Cess above Rs. 13 per MMBTU. As a result, SSGC invoices the Company at Rs. 13 per MMBTU which has been recorded and paid through monthly bills.

Peshawar High Court vide order dated 13 June 2013 declared that the provisions of the Act, imposing, levying and recovering the impugned cess, are absolutely expropriator and exploitative and being constitutionally illegitimate, having no sanction there for under the constitution, hence, are declared as such and set at naught. However, Supreme Court of Pakistan vide its order dated 30 December 2013 has suspended the judgment of Peshawar High Court. The management is of the view that the Supreme Court of Pakistan suspended the order of the Peshawar High Court and leave is granted to consider various other aspects stated in the order. Therefore, a final decision is pending for adjudication.

During the year, Government passed a new law "Gas Infrastructure Development Cess Act 2015 by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs 200/MMBTU on captive power consumption and at Rs.100/MMBTU on industrial connection from the date of passing of that Act. The Company has obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh. The Company is confident of favourable outcome and therefore has not recorded a provision of Rs. 60.39 million (2014: Rs. 50.12 million) in these financial statements. However, The Company has recognised charge against GID cess from the date (i.e. April 2015) of the passing of the Act.

10.2 Commitments

10.2.1 Letters of credits

The Company has facilities of Rs. 2,021 million (2014: Rs. 2,208 million) for opening letters of credit including Rs. 1,180 million from an associated banking company (2014: Rs. 1,100 million). At 30 June 2015, the open letters of credits for stock in trade and stores and spares amounted to Rs. 275.53 million (2014: Rs. 482.3482 million) and for capital commitment amounted to Rs. 285.76 million (2014: nil) including Rs. 468.37 million from an associated banking company (2014: Rs. 382.867 million).

10.3 The facilities disclosed in notes 10.1.1 and 10.2.1 are secured against first pari passu charge by way of registered hypothecation over Company's stock and trade debts, export bills sent to collection, documents of title to goods consigned to the Company, Banker's acceptance and Accepted Draft.

11. PROPERTY, PLANT AND EQUIPMENT

		2015	2014
		(Rupees in ‘000)	
Operating fixed assets	*11.1*	**1,171,736**	1,073,075
Capital work-in-progress	*11.2*	**88,462**	57,459
		1,260,198	1,130,534

11.1 Operating fixed assets

The following is a summary of the Company's operating fixed assets:

	Leasehold Land	Building on Leasehold Land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and equipment	Computer accessories	Total
	2015								
	(Rupees in '000)								
As at 1 July 2014									
Cost	**28,118**	**210,229**	**3,013,797**	**52,693**	**68,851**	**1,976**	**13,565**	**3,594**	**3,392,823**
Accumulated depreciation	**(3,830)**	**(86,624)**	**(2,163,518)**	**(10,164)**	**(41,950)**	**(1,976)**	**(8,243)**	**(3,443)**	**(2,319,748)**
Net book value	**24,288**	**123,605**	**850,279**	**42,529**	**26,901**	**-**	**5,322**	**151**	**1,073,075**
Additions	**-**	**3,225**	**260,644**	**-**	**-**	**-**	**974**	**157**	**265,000**
Disposal									
Cost	**-**	**-**	**-**	**-**	**(10,608)**	**-**	**-**	**-**	**(10,608)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**7,989**	**-**	**-**	**-**	**7,989**
	-	**-**	**-**	**-**	**(2,619)**	**-**	**-**	**-**	**(2,619)**
Depreciation charge for the year	**658**	**7,535**	**138,103**	**10,539**	**4,853**	**-**	**1,890**	**142**	**163,720**
Closing net book value	**23,630**	**119,295**	**972,820**	**31,990**	**19,429**	**-**	**4,406**	**166**	**1,171,736**
As at 30 June 2015									
Cost	**28,118**	**213,454**	**3,274,441**	**52,693**	**58,243**	**1,976**	**14,539**	**3,751**	**3,647,215**
Accumulated depreciation	**(4,488)**	**(94,159)**	**(2,301,621)**	**(20,703)**	**(38,814)**	**(1,976)**	**(10,133)**	**(3,585)**	**(2,475,479)**
Net book value	**23,630**	**119,295**	**972,820**	**31,990**	**19,429**	**-**	**4,406**	**166**	**1,171,736**
Useful life (in years)	**50 - 99**	**20**	**5 - 20**	**5**	**8**	**3**	**5-15**	**3**	

	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and equipment	Computer accessories	Total
	2014								
	(Rupees in '000)								
As at 1 July 2013									
Cost	28,118	188,101	2,906,805	41,473	67,691	1,976	13,065	3,555	3,250,784
Accumulated depreciation	(3,172)	(79,959)	(2,042,826)	(1,026)	(36,539)	(1,976)	(6,451)	(3,249)	(2,175,198)
Net book value	24,946	108,142	863,979	40,447	31,152	-	6,614	306	1,075,586
Additions	-	22,128	106,992	11,220	2,185	-	500	39	143,064
Disposal									
Cost	-	-	-	-	(1,025)	-	-	-	(1,025)
Accumulated depreciation	-	-	-	-	1,025	-	-	-	1,025
	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	658	6,665	120,692	9,138	6,436	-	1,792	194	145,575
Closing net book value	24,288	123,605	850,279	42,529	26,901	-	5,322	151	1,073,075
As at 30 June 2014									
Cost	28,118	210,229	3,013,797	52,693	68,851	1,976	13,565	3,594	3,392,823
Accumulated depreciation	(3,830)	(86,624)	(2,163,518)	(10,164)	(41,950)	(1,976)	(8,243)	(3,443)	(2,319,748)
Net book value	24,288	123,605	850,279	42,529	26,901	-	5,322	151	1,073,075
Useful life (in years)	50 - 99	20	5 - 20	5	8	3	5-15	3	

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

		2015	2014
		(Rupees in '000)	
Continuing operations			
Cost of sales	*23*	**132,130**	110,916
Distribution and selling costs	*24*	**1,376**	1,156
Administration and general expenses	*25*	**4,130**	3,465
		137,636	115,537
Discontinued operations			
Cost of sales	*30.2*	**25,041**	28,836
Distribution and selling costs	*30.3*	**261**	300
Administration and general expenses	*30.4*	**782**	902
		26,084	30,038

11.1.2 The following fixed assets were disposed off / retired during the year:

Particulars	**Cost**	**Accumulated depreciation**	**Book value**	**Sale proceeds**	**Gain on disposal**	**Mode of disposal**	**Particulars of buyer**
Vehicles	(Rupees in '000)						
Toyota Corolla	1,400	744	656	800	144	As per policy	Asma Aslam
Toyota Corolla	1,397	742	655	669	14	As per policy	Swaleh Baig
Toyota Corolla	1,395	741	654	700	46	As per policy	Wajihuddin
Toyota Corolla	1,395	741	654	700	46	As per policy	Laiq Ahmed Khan
Others	5,021	5,021	-	4,505	4,505	As per policy	Various
2015	**10,608**	**7,989**	**2,619**	**7,374**	**4,755**		
2014	1,025	1,025	-	300	300	Negotiation	Mr. Aftab Siddiqui

11.2 Capital work-in-progress

	Cost			
	As at 1 July 2014	**Additions**	**Transfers**	**As at 30 June 2015**
	(Rupees in '000)			
Building on leasehold land	**-**	**3,698**	**(3,225)**	**473**
Plant and machinery	**57,459**	**23,414**	**(62,295)**	**18,578**
Advance against capital expenditure	**-**	**69,411**	**-**	**69,411**
	57,459	**96,523**	**(65,520)**	**88,462**

	Cost			
	As at 1 July 2013	Additions	Transfers	As at 30 June 2014
	(Rupees in '000)			
Plant and machinery	-	57,459	-	57,459

		2015	2014
12. LONG TERM LOANS TO EMPLOYEES		**(Rupees in '000)**	
Due from employees - considered good		**2,643**	4,103
Less: Recoverable within one year	*17*	**(1,870)**	(3,255)
		773	848

12.1. Loans are granted to executives and employees of the Company in accordance with the Company's policy for purchase of cars, motor cycles and household appliances and are interest free. The loans are recoverable in installments over a period of 24 to 36 months. These are secured against staff retirement benefits of suh employees.

13. LONG TERM DEPOSITS

	2015	2014
Utility deposits	**1,588**	1,588
Security deposits	**250**	250
	1,838	1,838
Provision for doubtful deposits	**(1,094)**	(914)
	744	924

14. STORES AND SPARES

	2015	2014
Stores and spares		
- in hand	**229,546**	217,170
- in transit	**7,702**	10,773
	237,248	227,943
Provision for slow moving and obsolete items	**(48,480)**	(36,503)
	188,768	191,440

15. STOCK-IN-TRADE

		2015	2014
Raw and packing material			
- in hand	*15.1*	**359,823**	468,903
- in transit		**105,665**	112,846
		465,488	581,749
Work-in-process		**50,378**	49,607
Finished goods	*15.2*	**112,878**	312,594
Provision for slow moving and obsolete stock		**(7,013)**	(6,919)
		105,865	305,675
		621,731	937,031

15.1 Raw material costing Rs. 140.312 million (2014: Nil) has been carried at net realisable value of Rs. 119.876 million (2014: Nil).

15.2 Finished goods costing Rs. 13.05 million (2014: Rs. 249.62) has been carried at net realisable value of Rs. 11.03 million (2014: Rs. 238.33).

16. TRADE DEBTS

	2015	2014
	(Rupees in '000)	
Considered good - secured	-	11,767
- unsecured	633,821	750,363
	633,821	762,130
Considered doubtful	114,462	105,403
	748,283	867,533
Provision for doubtful debts	(114,462)	(105,403)
	633,821	762,130

16.1 These trade debts have secured through inland letter of credits.

16.2 The amount due from associated undertaking as at 30 June 2015 was Rs. 9.818 million including mark up of Rs. Nil (2014: Rs. 50.957 million including mark-up of Rs. 3.26 million). The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. 56.725 million (2014: Rs. 84.106 million).

16.2.1 The aging of trade receivable from an associated company at the balance sheet date was:

	2015	2014
Not past due	9,818	48,096
Past due 90-183 days	-	2,861
Total	9,818	50,957

17. LOANS AND ADVANCES - considered good

	Note	2015	2014
Loans:			
Current maturity of long term loans due from employees	*12*	1,870	3,255
Advances to:			
- employees against salary		-	57
- letters of credit fees and expenses		1,261	384
- suppliers		6,443	8,097
		7,704	8,538
		9,574	11,793

18. ADVANCE AGAINST INVESTMENT

The Government of Pakistan through the Privatization Commission of Pakistan, has made an offer for sale of shares of Pakistan Petroleum Limited out of its shareholding in Pakistan Petroleum Limited through book building. The offer is made only to institutional investors and high net worth individual investors. The Company has participated in this book building process and has successfully bid for 910,000 shares of Pakistan Petroleum Limited at strike price of Rs. 219 per share. As at 30 June 2014, the Company had made advance payment against purchase of shares. These shares were transferred in the name of Company and subsequently disposed off during the year.

19. INVESTMENT

At fair value through profit and loss - held for trading

2015	2014	Name of investee company	2015	2014
(Number of units)			(Rupees in '000)	
500,257	-	NIT Islamic Equity Fund	5,138	-

20. OTHER RECEIVABLES

This represent sales tax recoverable amounting to Rs. 0.505 million (2014: Rs. 14.594 million).

21. CASH AND BANK BALANCES

	Note	2015	2014
		(Rupees in '000)	
With banks			
- On current accounts	21.1	**2,909**	10,616
- On saving accounts		**46**	18
- On deposit account		**-**	257
- Provision for doubtful deposit		**-**	(257)
		-	-
Cash in hand		**118**	34
		3,073	10,668

21.1 Rates of returns on saving accounts range from 5% to 7% (2014: 7% to 8%) per annum.

22. NET SALES

	2015	2014
Crowns and plastic caps	**1,803,389**	1,720,347
Waste packing material	**3,668**	8,873
	1,807,057	1,729,220
Sales tax	**(263,424)**	(250,103)
Net sales	**1,543,633**	1,479,117

23. COST OF SALES

	Note	2015	2014
Raw and packing materials consumed			
- Opening stock		**333,990**	251,649
- Purchases		**948,685**	985,678
		1,282,675	1,237,327
- Closing stock		**(345,670)**	(333,990)
		937,005	903,337
Salaries, wages and other benefits	23.1	**62,181**	43,219
Fuel and power		**40,560**	34,293
Depreciation	11.1.1	**132,130**	110,916
Repairs and maintenance		**2,218**	2,446
Rent, rates and taxes		**535**	2,004
Stores and spares consumed		**33,143**	11,644
Printing and stationary		**236**	145
Travelling and conveyance		**7,677**	7,124
Security expenses		**20**	1,861
Communication		**269**	232
Insurance		**7,375**	5,983
General expenses		**1,175**	1,129
		1,224,524	1,124,333
Opening stock of work-in-process		**49,607**	55,853
Closing stock of work-in-process		**(50,378)**	(49,607)
Cost of goods manufactured		**1,223,753**	1,130,579
Opening stock of finished goods		**53,018**	83,354
Provision for slow moving and obsolete stock		**(6,919)**	(1,182)
		46,099	82,172
Closing stock of finished goods		**(101,847)**	(53,018)
Provision for slow moving and obsolete stock		**7,013**	6,919
		(94,834)	(46,099)
		1,175,018	1,166,652

23.1 Salaries, wages and other benefits include Rs. 1.28 million (2014: Rs. 2.16 million) in respect of staff gratuity expense.

24. DISTRIBUTION AND SELLING COSTS

		2015	2014
		(Rupees in '000)	
Salaries and other benefits	*24.1*	**5,081**	2,023
Depreciation	*11.1.1*	**1,376**	1,156
Outward freight and handling charges		**38,027**	39,221
Marketing expense		**-**	412
Travelling and conveyance		**651**	425
Fuel and power		**440**	146
Repair and maintenance		**31**	28
Communication		**86**	44
Other expenses		**215**	63
		45,907	43,518

24.1 Salaries and other benefits include Rs. 0.17 million (2014: Rs. 0.11 million) in respect of staff gratuity expense.

25. ADMINISTRATION AND GENERAL EXPENSES

		2015	2014
Salaries and other benefits	*25.1*	**15,242**	6,069
Rent, rates and taxes		**3,312**	1,204
Depreciation	*11.1.1*	**4,130**	3,465
Fuel and power		**1,318**	437
Travelling and conveyance		**1,952**	1,276
Communication		**259**	133
Printing, stationary and subscription fees		**1,248**	502
(Reversal against) / provision for doubtful debts - net		**(4,245)**	4,245
Repair and maintenance		**92**	84
Legal and professional charges		**1,851**	729
Other expenses		**646**	188
		25,805	18,332

25.1 Salaries and other benefits include Rs. 0.51 million (2014: Rs. 0.30 million) in respect of staff gratuity expense.

26. OTHER OPERATING (INCOME) / EXPENSES

		2015	2014
Auditors' remuneration	*26.1*	**970**	970
Workers' profit participation fund	*8.2*	**-**	3,803
Workers' welfare fund		**-**	1,909
Exchange (gain) / loss - net	*26.2*	**(1,823)**	8,884
Provision for government levies		**3**	54
		(850)	15,620

26.1 Auditors' remuneration

	2015	2014
Audit fee		
Half yearly review	**600**	600
Special certifications	**220**	220
Out of pocket expenses	**100**	100
	50	50
	970	970

26.2 These include exchange gain amounting to Rs. 13.071 million (2014: exchange loss Rs. 7.606) on account of forward contracts entered during the year.

27. OTHER (LOSS) / INCOME

		2015	2014
		(Rupees in '000)	
Income from financial assets			
Profit on saving accounts		**9**	98
Dividend income		**11,636**	-
Loss on short term investment - net		**(34,642)**	-
Unrealised gain on remeasurement of investment classified as held for trading		**138**	-
		(22,859)	98

28. FINANCE COSTS

		2015	2014
Mark-up on:			
- long term finance		**44,856**	40,935
- short term murabaha		**7,634**	-
- short term running finance		**64,939**	62,591
- short term import finances		**6,294**	1,287
		123,723	104,813
Bank guarantee commission		**109**	106
Interest on workers' profit participation fund	*8.2*	**339**	331
Bank charges		**523**	343
		124,694	105,593

29. TAXATION

		2015	2014
Current tax		**3,110**	14,257
Prior year		**(11,950)**	538
Deferred		**(15,915)**	(38,623)
		(24,755)	(23,828)

29.1 During the year, minimum tax under section 113 of the Income Tax Ordinance, 2001, has been applied. The applicable minimum tax charge has been adjusted against the credits available to the Company under section 65B of the Income Tax Ordinance, 2001. The current tax charge represents tax on undistributed reserves as per section 5A of the Income Tax Ordinance, 2001.

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year. Accordingly, current tax at the rate of 10% is recognised in these financial statements on undistributed reserves amounting to Rs. 31.10 million.

Income tax assessment of the Company has been deemed to be finalised upto and including tax year 2014 on the basis of tax return filed under section 120 of Income Tax Ordinance 2001. However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in audit.

29.2 Relationship between income tax expense and accounting profit

	2015	2014
	(Rupees in '000)	
Accounting profit before taxation - continuing operation	**150,200**	129,500
Accounting loss before taxation - discontinued operation	**(186,312)**	(59,144)
	(36,112)	70,356
Tax at the applicable rate of 33% (2014: 34%)	**(11,917)**	23,921
Effect of prior year charge	**(11,950)**	538
Tax on un-distributed reserves	**3,110**	-
Effect of tax rate change	**(11,026)**	-
Tax credit	**(3,471)**	-
Expenses and gains not allowed and other adjustment	**9,136**	(3,876)
	(26,118)	20,583
Taxation - continuing operation	**(24,755)**	(23,828)
Taxation - discontinued operation	**(1,363)**	44,411
	(26,118)	20,583

30. LOSS AFTER TAXATION FROM DISCONTINUED OPERATION

On 20 April 2015, the Board of Directors had decided to convert existing polyester staple fibre plant into PET resin manufacturing plant by making necessary modifications in existing plant.

The polyester staple fibre segment was not previously classified as a discontinued operation. The comparative profit and loss account has been restated to show the discontinued operation separately from the continuing operations.

Results of discontinued operation

		2015	2014
Net sales	*30.1*	**597,335**	3,298,178
Cost of sales	*30.2*	**(738,012)**	(3,261,942)
Gross (loss) / profit		**(140,677)**	36,236
Distribution and selling costs	*30.3*	**(4,124)**	(19,108)
Administration and general expenses	*30.4*	**(34,883)**	(25,699)
Other operating income / (expenses)	*30.5*	**1,934**	(12,047)
		(37,073)	(56,854)
Loss from operations		**(177,750)**	(20,618)
Other income	*30.6*	**5,426**	1,921
Finance costs	*30.7*	**(13,988)**	(40,447)
Loss before taxation		**(186,312)**	(59,144)
Taxation		**1,363**	(44,411)
Loss after taxation from discontinued operation		**(184,949)**	(103,555)

30.1 Net sales

	Note	2015	2014
		(Rupees in '000)	
Polyester staple fibre		**521,446**	3,355,916
Polyester chips		**-**	3,597
Waste fibre and raw material		**90,780**	17,860
		612,226	3,377,373
Brokerage and discounts		**(2,034)**	(12,914)
Sales tax		**(12,857)**	(66,281)
		(14,891)	(79,195)
Net sales		**597,335**	3,298,178

30.2 Cost of sales

	Note	2015	2014
Raw and packing materials consumed			
- Opening stock		**247,759**	336,059
- Purchases		**-**	2,526,319
		247,759	2,862,378
- Closing stock		**(119,818)**	(247,759)
		127,941	2,614,619
Salaries, wages and other benefits	*30.2.1*	**29,489**	107,430
Fuel and power		**3,944**	211,220
Depreciation	*11.1.1*	**25,041**	28,836
Repairs and maintenance		**3,315**	11,421
Rent, rates and taxes		**1,633**	1,340
Stores and spares consumed		**7,044**	56,456
Printing and stationary		**368**	671
Travelling and conveyance		**2,804**	16,650
Security expenses		**-**	2,036
Communication		**141**	266
Insurance		**7,373**	7,437
General expenses		**8,729**	1,053
		217,822	3,059,435
Opening stock of work-in-process		**-**	21,540
Cost of goods manufactured		**217,822**	3,080,975
Opening stock of finished goods		**259,576**	246,347
Purchase of finished goods		**271,645**	194,196
Closing stock of finished goods		**(11,031)**	(259,576)
		738,012	3,261,942

30.2.1 Salaries, wages and other benefits include Rs. 0.39 million (2014: Rs. 5.38 million) in respect of staff gratuity expense.

30.3 Distribution and selling costs

	Note	2015	2014
Salaries and other benefits	*30.3.1*	**1,694**	4,721
Depreciation	*11.1.1*	**261**	300
Outward freight and handling charges		**1,695**	12,439
Travelling and conveyance		**217**	993
Fuel and power		**146**	340
Repair and maintenance		**10**	65
Communication		**29**	104
Other expenses		**72**	146
		4,124	19,108

30.3.1 Salaries, wages and other benefits include Rs. 0.05 million (2014: Rs. 0.22 million) in respect of staff gratuity expense.

30.4 Administration and general expenses

	Note	2015	2014
		(Rupees in '000)	
Salaries and other benefits	*30.4.1*	**5,081**	14,162
Rent, rates and taxes		**1,104**	2,811
Depreciation	*11.1.1*	**782**	902
Fuel and power		**439**	1,021
Travelling and conveyance		**651**	2,977
Communication		**86**	310
Printing, stationary and subscription fees		**416**	1,170
Provision for doubtful debts - net		**13,304**	12
Provision for slow moving and obsolete stores and spares		**11,977**	-
Provision for doubtful deposits		**180**	-
Repair and maintenance		**31**	195
Legal and professional charges		**617**	1,700
Other expenses		**215**	439
		34,883	25,699

30.4.1 Salaries and other benefits include Rs. 0.17 million (2014: Rs. 0.69 million) in respect of staff gratuity expense.

30.5 Other operating (income) / expenses

	Note	2015	2014
Exchange (gain) / loss - net	*30.5.1*	**(1,934)**	12,047

30.5.1 These include exchange loss amounting to Rs. 4.423 million (2014: Rs. nil) on account of forward contracts entered during the year.

30.6 Other income

	Note	2015	2014
Income from financial assets			
Mark-up charged to an associated company	*30.6.1*	**671**	1,600
Income from non financial assets		**4,755**	300
Profit on disposal of property, plant and equipment		**-**	21
Others		**4,755**	321
		5,426	1,921

30.6.1 This represents mark-up charged by the Company at the rate of KIBOR plus 2% per annum from an associated company on account of delayed payments of its balances over its credit period.

30.7 Finance cost

	2015	2014
Mark-up on:	**11,284**	38,984
- short term murabaha	**2,199**	958
- short term import finances	**13,483**	39,942
Bank guarantee commission	**505**	505
	13,988	40,447

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30.8 Cash flow statement - discontinued operation

	2015	2014
Net cash flow from operating activities	**53,513**	(324,555)
Net cash flow from investing activities	**4,908**	(13,144)
Net cash flow from financing activities	**(50,349)**	44,067
	8,072	(293,632)

30.9 Basis of preparation - discontinued operation

Net sales are on actual basis. Raw and packing material consumed and finished goods purchases are on actual basis in the cost of sales. Manufacturing expenses have been bifurcated on the basis of actual and internal usage basis which is consistent with prior years.

Distribution and selling costs and administrative and general expenses have been allocated on the basis of actual and internal usage basis which is consistent with prior years.

Other operating expenses and other income have been allocated on actual basis. Finance costs have been allocated on working capital basis.

The bifurcation of long term financing and short term borrowings in cash flows from financing activities has been made on working capital basis.

31. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	2015	2014
	(Rupees in '000)	
Profit for the year after taxation - continuing operation	**174,955**	153,328
Loss for the year after taxation - discontinued operation	**(184,949)**	(103,555)
	(9,994)	49,773
	(number of shares)	
Weighted average number of ordinary shares	**56,040,000**	56,040,000
	(Rupees in '000)	
Earnings per share- basic and diluted - continuing operation	**3.12**	2.74
Loss per share - basic and diluted - discontinued operation	**(3.30)**	(1.85)
Net (loss) / earnings per share - basic and diluted	**(0.18)**	0.89

32. REMUNERATIONS OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Directors		Non-Executive Directors		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)									
Managerial remuneration	**2,388**	2,388	**1,596**	1,596	**-**	-	**16,251**	23,672	**20,235**	27,656
Housing and utilities	**1,212**	1,212	**804**	804	**-**	-	**7,557**	12,099	**9,573**	14,115
Gratuity	**-**	-	**-**	-	**-**	-	**809**	3,082	**809**	3,082
Medical expenses	**-**	-	**-**	-	**-**	-	**1,355**	2,806	**1,355**	2,806
Leave encashment	**-**	-	**-**	-	**-**	-	**1,340**	2,315	**1,340**	2,315
Other allowances	**-**	-	**-**	-	**-**	-	**164**	282	**164**	282
Meeting fees	**125**	50	**135**	40	**1,005**	420	**-**	-	**1,265**	510
	3,725	3,650	**2,535**	2,440	**1,005**	420	**27,476**	44,256	**34,741**	50,766
Number of persons	**1**	1	**1**	1	**6**	6	**24**	36	**32**	44

32.1 Four directors and most of the executives of the Company are provided with free use of Company maintained cars.

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meets its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Customers of the Company's polyester staple fibre segment are textile mills whereas customers of crown and plastic caps are food and beverages companies.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2015	2014
	(Rupees in '000)	
Loan to employees	**2,643**	4,103
Long term deposits	**744**	924
Trade debts	**633,821**	762,130
Short term deposits	**36**	37
Investment	**5,138**	-
Bank balances	**2,955**	10,634
	645,337	777,828

Bank balances are held with reputable banks with high quality credit ratings. At year end, the Company has bank balances with banks having credit ratings ranging from A1 to A1+.

The aging of trade receivables at the reporting date is:

	2015		
	Gross	**Impairment**	**Total**
		(Rupees in '000)	
Not past due	316,047	-	316,047
Past due 90-183 days	51,360	(240)	51,120
Past due 184-365 days	145,818	(3,143)	142,675
Past due over 365 days	235,058	(111,079)	123,979
	748,283	(114,462)	633,821

	2014		
	Gross	Impairment	Total
		(Rupees in '000)	
Not past due	571,640	-	571,640
Past due 90-183 days	116,253	-	116,253
Past due 184-365 days	88,298	(17,132)	71,166
Past due over 365 days	91,342	(88,271)	3,071
	867,533	(105,403)	762,130

The movement in the allowance for impairment in respect of trade receivables is as follows:

	2015	2014
	(Rupees in '000)	
Opening balance	**105,403**	101,146
Provision for doubtful debts	**16,924**	17,132
Reversal made during the year	**(7,865)**	(12,875)
	9,059	4,257
Closing balance	**114,462**	105,403

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that appropriate impairment has been made and no impairment allowance is necessary in respect of unprovided amounts as there are reasonable grounds to believe that the amounts will be recovered in due course of time.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, by having credit lines available as disclosed in note 8.1 and 9 to these financial statements. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2015			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**Two to five years**
		(Rupees in '000)		
Non-derivative financial liabilities	**425,053**	**(494,770)**	**(183,896)**	**(310,874)**
Long term finances	**501,389**	**(507,417)**	**(507,417)**	**-**
Trade and other payables	**732,363**	**(741,356)**	**(741,356)**	**-**
Short term borrowings	**19,996**	**(19,996)**	**(19,996)**	**-**
Accrued mark-up	**1,678,801**	**(1,763,539)**	**(1,452,665)**	**(310,874)**

	2014			
	Carrying amount	Contractual cash flows	Upto one year	Two to five years
	(Rupees in '000)			
Non-derivative financial liabilities				
Long term finances	378,209	(442,304)	(173,098)	(269,206)
Trade and other payables	697,738	(705,084)	(705,084)	-
Short term borrowings	975,812	(1,028,528)	(1,028,528)	-
Accrued mark-up	18,084	(18,084)	(18,084)	-
	2,069,843	(2,194,000)	(1,924,794)	(269,206)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rate of mark-up have been disclosed in notes 5, 8.1 and 9 to these financial statements.

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

33.3.1 Currency risk

The Company is exposed to currency risk on foreign creditors and short term borrowings that are denominated in a currency other than the respective functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2015		
	Rupees	**US Dollars**	**Euro**
	(Amount in '000)		
Foreign creditors	**(105,580)**	**(472)**	**(506)**
Foreign currency Murabaha	**(75,503)**	**(742)**	**-**
Short term borrowings	**(219,448)**	**(1,556)**	**(537)**
Gross balance sheet exposure	**(400,531)**	**(2,770)**	**(1,043)**

	2014		
	Rupees	US Dollars	Euro
	(Amount in '000)		
Foreign creditors	(233,562)	(1,117)	(915)
Foreign currency Murabaha	(56,190)	(569)	-
Short term borrowings	(249,589)	(1,674)	(625)
Gross balance sheet exposure	(539,341)	(3,360)	(1,540)

The following significant exchange rate has been applied:

	Average rate		**Reporting date rate**	
	2015	2014	**2015**	2014
USD to PKR	**100.54**	102.90	**101.70**	98.75
Euro to PKR	**120.70**	139.93	**113.79**	134.7

Sensitivity analysis

A five percent depreciation of the rupee against the following currencies at 30 June would have decreased the equity and profit or loss by the after tax amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity and profit and loss	
	2015	2014
USD	**(9,437)**	(10,949)
EURO	**(3,976)**	(6,847)
	(13,413)	(17,796)

A five percent appreciation of the rupees against the above currencies at 30 June would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant. The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

33.3.2 Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from long term finance and short term borrowings.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Interest rate		Interest rate	
	2015	2014	**2015**	2014
	(Percentage)		**(Rupees in '000)**	
Fixed rate instruments				
Trade debts	**12%**	12.0%	**633,821**	762,130
Bank balances	**5% - 7%**	7% - 8%	**46**	18
			633,867	762,148
Variable rate instruments				
Long term finances	**7.38% - 11.18%**	10% - 11.14%	**(425,053)**	(378,209)
Trade and other payables	**7.03% - 10.38%**	7.03% - 10.38%	**(329,526)**	(405,342)
Short term borrowings	**1.8% - 11.37%**	1.8% - 11.38%	**(732,363)**	(975,812)
			(1,486,942)	(1,759,363)

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit after tax for the year by Rs. 9.963 million (2014: Rs. 11.612 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/ liabilities of the Company.

33.3.3 Other price risk

Other price risk is 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). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have increased / decreased the Company's profit / loss in case of held for trading investments as follows:

	2015	2014
	(Rupees in ‘000)	
Effect on profit	**514**	-
Effect on investments	**514**	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Company.

33.4 Fair value of financial instruments

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level l: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Valuation techniques using significant unobservable inputs.

Investment in listed ordinary shares and units of mutual funds is valued using quoted prices in active market, hence, fair value of such investments fall within Level 1 in fair value hierarchy as mentioned above.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities over which the Company is able to exercise significant influence, entities with common directors, major shareholders, staff retirement benefits, directors and key management personnel. Transactions with related parties are entered into at commercial terms, as per the terms of employment and actuarial advice, as the case may be. However, where balances with an associated company on account of sale of goods exceeds credit period mark-up thereon is charged (refer note 30.6.1).

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2015	2014
Associated company	**(Rupees in ‘000)**	
Sales of goods	**85,439**	162,533
Mark-up charged	**671**	1,600
Key management personnel compensation		
Managerial remuneration	**20,235**	27,656
Others	**14,506**	23,110
Associated banking company		
Current bank account balance	**353**	923
Saving account balance	**46**	18
Long term finance	**156,250**	281,250
Short term borrowings	**604,152**	826,871
Accrued mark-up	**9,565**	12,820
Bank collection charges paid	**523**	343
Bank guarantee commission	**614**	611
Mark up on long term finance	**24,718**	36,732
Interest income on bank deposits	**9**	98
Mark up on short term import finance under mark-up arrangement	**6,452**	1,885
Mark up on short term borrowings	**50,352**	50,736

35. PLANT CAPACITY AND PRODUCTION

		2015	2014
		(Rupees in '000)	
Capacity available - Plastic and crown caps	*Cartons*	**435,000**	360,000
Actual production - Plastic and crown caps	*Cartons*	**354,283**	301,971
Capacity available - Polyester staple fibre / polyester chips	*Metric tons*	**28,000**	28,000
Actual production - Polyester staple fibre	*Metric tons*	**-**	18,566

35.1 Since the production of plastic and crown division is purely demand driven therefore variance is mainly attributed to the reduced demand. However, no production was made in polyester staple fibre segment as the plant had been shutdown.

36. MOVEMENT IN WORKING CAPITAL

	2015	2014
Decrease / (increase) in current assets:		
Stores and spares	**(9,305)**	(26,924)
Stock in trade	**315,300**	56,589
Trade debts	**119,250**	(57,338)
Loans and advances	**2,219**	(5,779)
Short term prepayments	**1**	1,433
Other receivables	**14,089**	(666)
	441,554	(32,685)
Increase in current liabilities:		
Trade and other payables	**(203,476)**	(165,077)
	238,078	(197,762)

37. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

38. INFORMATION ABOUT BUSINESS SEGMENTS

38.1 The Company's reportable segments are as follows:

- Manufacturing and sale of polyester staple fibre (polyester staple fibre segment).

- Manufacturing of crown and plastic caps (crown and plastic caps segment).

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments. As mentioned in note 1 to the financial statements, the Company has discontinued production of polyester staple fibre. Information regarding the Company's reportable segments is presented below:

38.2 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segment:

	2015			
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Unallocated	Total
	----------------------------- (Rupees in '000) -----------------------------			
Net sales	**597,335**	1,543,633	-	2,140,968
Cost of sales				
Opening balance of finished goods	**259,576**	46,099	-	305,675
Cost of goods manufactured	**217,822**	1,223,753	-	1,441,575
Available for sale	**477,398**	1,269,852	-	1,747,250
Purchase of finished goods	**271,645**	-	-	271,645
Closing balance of finished goods	**(11,031)**	(94,834)	-	(105,865)
	738,012	1,175,018	-	1,913,030
Gross profit / (loss)	**(140,677)**	368,615	-	227,938
Administration and general expenses	**(34,883)**	(25,805)	-	(60,688)
Distribution and selling costs	**(4,124)**	(45,907)	-	(50,031)
Other operating income / expenses	**1,934**	1,823	(973)	2,784
	(37,073)	(69,889)	(973)	(107,935)
Profit / (loss) from operations	**(177,750)**	298,726	(973)	120,003
Other income / (Loss)	**5,426**	-	(22,859)	(17,433)
Finance costs	**(13,988)**	(123,832)	(862)	(138,682)
Profit / (loss) before taxation	**(186,312)**	174,894	(24,694)	(36,112)
Taxation	**-**	-	26,118	26,118
Profit / (loss) after taxation for the year	**(186,312)**	174,894	1,424	(9,994)

	2015			
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Unallocated	Total
	----------------------------- (Rupees in '000) -----------------------------			
Cost of goods manufactured:				
	-	49,607	-	49,607
Opening stock of work in process	**127,941**	937,005	-	1,064,946
Raw materials consumed	**29,489**	62,181	-	91,670
Salaries, wages and other benefits	**3,944**	40,560	-	44,504
Fuel and power	**25,041**	132,130	-	157,171
Depreciation	**3,315**	2,218	-	5,533
Repairs and maintenance	**1,633**	535	-	2,168
Rent, rates and taxes	**7,044**	33,143	-	40,187
Stores and spares consumed	**368**	236	-	604
Printing and stationary	**2,804**	7,677	-	10,481
Travelling and conveyance	**-**	20	-	20
Security expenses	**141**	269	-	410
Communication	**7,373**	7,375	-	14,748
Insurance	**8,729**	1,175	-	9,904
General expenses	**217,822**	1,274,131	-	1,491,953
	-	(50,378)	-	(50,378)
Closing stock of work in process	**217,822**	1,223,753	-	1,441,575

	2014			
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Unallocated	Total
	(Rupees in '000)			
Net sales	**3,298,178**	1,479,117	-	4,777,295
Cost of sales				
Opening balance of finished goods	**246,347**	82,172	-	328,519
Cost of goods manufactured	**3,080,975**	1,130,579	-	4,211,554
Available for sale	**3,327,322**	1,212,751	-	4,540,073
Purchase of finished goods	**194,196**	-	-	194,196
Closing balance of finished goods	**(259,576)**	(46,099)	-	(305,675)
	3,261,942	1,166,652	-	4,428,594
Gross profit	**36,236**	312,465	-	348,701
Administration and general expenses	**(25,699)**	(18,332)	-	(44,031)
Distribution and selling costs	**(19,108)**	(43,518)	-	(62,626)
Other operating expenses	**(12,047)**	(8,885)	(6,735)	(27,667)
	(56,854)	(70,735)	(6,735)	(134,324)
Profit / (loss) from operations	**(20,618)**	241,730	(6,735)	214,377
Other income	**1,921**	-	98	2,019
Finance costs	**(40,447)**	(93,064)	(12,529)	(146,040)
Profit / (loss) before taxation	**(59,144)**	148,666	(19,166)	70,356
Taxation	**-**	-	(20,583)	(20,583)
Profit / (loss) after taxation for the year	**(59,144)**	148,666	(39,749)	49,773

	2014			
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Unallocated	Total
	(Rupees in '000)			
Cost of goods manufactured:				
Opening stock of work in process	21,540	55,853	-	77,393
Raw materials consumed	2,614,619	903,337	-	3,517,956
Salaries, wages and other benefits	107,430	43,219	-	150,649
Fuel and power	211,220	34,293	-	245,513
Depreciation	28,836	110,916	-	139,752
Repairs and maintenance	11,421	2,446	-	13,867
Rent, rates and taxes	1,340	2,004	-	3,344
Stores and spares consumed	56,456	11,644	-	68,100
Printing and stationary	671	145	-	816
Travelling and conveyance	16,650	7,124	-	23,774
Security expenses	2,036	1,861	-	3,897
Communication	266	232	-	498
Insurance	7,437	5,983	-	13,420
General expenses	1,053	1,129	-	2,182
	3,080,975	1,180,186	-	4,261,161
Closing stock of work in process	-	(49,607)	-	(49,607)
	3,080,975	1,130,579	-	4,211,554

38.2.1 Revenue from sale of crown and plastic caps represents 75% (2014: 34%) of the gross sales of the Company.

38.2.2 100% (2014: 100%) of the gross sales of the Company are made to customers located in Pakistan.\

38.2.3 All non-current assets of the Company at 30 June 2015 are located in Pakistan.

38.2.4 Sales to two major customers (2014: four customers) of the Company is more than 10% of total sales of the Company during the year aggregating to 49.93% (2014: 65.09%).

38.3 Segment assets and liabilities

	2015		
	Polyester staple fibre (Discontinued)	**Crown and plastic caps**	**Total**
	(Rupees in '000)		
Segment assets			
Property, plant and equipment	**110,565**	**1,061,171**	**1,171,736**
Long term deposits	**82**	**662**	**744**
Stores and spares	**152,368**	**36,400**	**188,768**
Stock-in-trade	**130,848**	**490,883**	**621,731**
Trade debts	**309,777**	**324,044**	**633,821**
Loans and advances	**4,216**	**2,403**	**6,619**
Short term deposits and prepayments	**36**	**-**	**36**
			2,623,455
Unallocated assets			**272,778**
Total asset as per balance sheet			**2,896,233**
Segment liabilities			
Staff retirement benefit	**2,023**	**9,439**	**11,462**
Long term diminishing musharka	**-**	**266,906**	**266,906**
Trade and other payables	**46,754**	**453,368**	**500,122**
Short term borrowings	**-**	**732,363**	**732,363**
Accrued markup	**-**	**19,996**	**19,996**
Current portion of long term diminishing musharka	**-**	**158,147**	**158,147**
			1,688,996
Unallocated liabilities			**58,447**
Total liabilities as per balance sheet			**1,747,443**

	2014		
	Polyester staple fibre (Discontinued)	**Crown and plastic caps**	**Total**
	(Rupees in '000)		
Segment assets			
Property, plant and equipment	136,802	993,732	1,130,534
Long term loans to employees	848	-	848
Long term deposits	262	662	924
Stores and spares	158,554	32,886	191,440
Stock-in-trade	507,335	429,696	937,031
Trade debts	512,264	249,866	762,130
Loans and advances	5,145	6,648	11,793
Short term deposits and prepayments	37	-	37
			3,034,737
Unallocated assets			313,085
Total asset as per balance sheet			3,347,822

	2014		
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Total
	------------------ (Rupees in '000)	------------------------------	
Segment liabilities			
Staff retirement benefits	25,141	5,387	30,528
Long term diminishing musharka	-	238,175	238,175
Trade and other payables	441,263	257,821	699,084
Short term borrowings	50,349	776,522	826,871
Accrued markup	250	13,869	14,119
Current portion of long term diminishing musharka	-	140,034	140,034
			1,948,811
Unallocated liabilities			232,459
Total liabilities as per balance sheet			2,181,270

* Property, plant and equipment and stores and spares related to discontinued operation are stated at not less than their recoverable amounts. Stock-in-trade is stated at their net realisable values. Appropriate impairment has been recorded against doubtful trade debts. All other assets are stated at their realisable values. All liabilities are stated at settlement values.

38.3.1 For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments except advance against investment, investment, sales tax refundable, taxation - net and cash and bank balances.

- all liabilities are allocated to reportable segments other than workers' welfare fund, workers' profit participation fund, unclaimed dividend, sales tax payable, provision for government levies and deferred tax liabilities.

The above balances are not allocated to reportable segments as these are managed on total Company's basis.

38.3.2 Other segment information

	2015		
	Polyester staple fibre (Discontinued)	**Crown and plastic caps**	**Total**
	(Rupees in '000)		
Capital expenditure	**2,462**	**262,538**	**265,000**
Depreciation	**26,084**	**137,636**	**163,720**
Non-cash items (excluding depreciation and amortisation)	**21,216**	**-**	**21,216**

	2014		
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Total
	(Rupees in '000)		
Capital expenditure	13,444	187,079	200,523
Depreciation	30,038	115,537	145,575
Non-cash items (excluding depreciation and amortisation)	4,257	-	4,257

39. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2015	2014
	(Number of employees)	
Average number of employees during the year	204	342
Number of employees as at 30 June	181	347

40. GENERAL

40.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

40.2 These financial statements were authorised for issue in the meeting of Board of Directors held on 16 September 2015.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2015

NO. OF SHAREHOLDERS	SHAREHOLDING From		To	TOTAL SHARES HELD
370	1	—	100	15,984
396	101	—	500	107,369
222	501	—	1000	172,820
283	1001	—	5000	677,174
36	5001	—	10000	269,618
16	10001	—	15000	207,971
10	15001	—	20000	166,496
4	20001	—	25000	89,450
2	25001	—	30000	58,500
3	30001	—	35000	98,700
1	35001	—	40000	37,500
1	40001	—	45000	43,900
1	50001	—	55000	55,000
2	60001	—	65000	129,300
2	65001	—	70000	135,950
1	80001	—	85000	84,200
1	120001	—	125000	121,082
1	125001	—	130000	129,450
1	155001	—	160000	157,500
2	160001	—	165000	323,550
1	220001	—	225000	225,000
1	240001	—	245000	242,848
1	395001	—	400000	397,050
1	495001	—	500000	500,000
1	800001	—	805000	801,400
1	925001	—	930000	927,850
3	930001	—	935000	2,792,094
4	945001	—	950000	3,791,368
1	1055001	—	1060000	1,056,191

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2015

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
1	1210001	—	1215000	1,212,500
1	1215001	—	1220000	1,217,060
2	1230001	—	1235000	2,464,446
1	1270001	—	1275000	1,273,845
1	1585001	—	1590000	1,588,000
1	1625001	—	1630000	1,628,380
1	1645001	—	1650000	1,648,830
1	1655001	—	1660000	1,656,822
1	1740001	—	1745000	1,740,326
1	1860001	—	1865000	1,861,396
1	1880001	—	1885000	1,880,591
1	1905001	—	1910000	1,909,613
1	2125001	—	2130000	2,129,816
1	2140001	—	2145000	2,140,640
1	2185001	—	2190000	2,185,284
1	2275001	—	2280000	2,277,790
1	3165001		3170000	3,166,720
1	5020000		5025000	5,020,202
1	5220000		5225000	5,222,424
1389				**56,040,000**

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,350	49,345,688	88.02%
2	JOINT STOCK COMPANIES	2	55,400	0.10%
3	FINANCIAL INSTITUTIONS	21	3,522,396	6.28%
4	INVESTMENT COMPANIES	-	-	-
5	INSURANCE COMPANIES	4	1,884,797	3.36%
6	FOREIGN INVESTORS	4	1,220,952	2.18%
7	BANK	2	1,992	0.01%
8	MODARABA	3	1,100	0.01%
9	LEASING	2	7,175	0.01%
10	MUTUAL FUND	1	500	0.01%
		1,389	56,040,000	100.00%

No trading in shares by Directors, Executives and their spouses and minor children was made during the year.

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2015

	NIT and ICP		
1	National Investment (Unit) Trust		3,166,720
2	Investment Corporation of Pakistan		2,300
		2	3,169,020
	Directors, CEO & their Spouses		
1	Mr. Umer Haji Karim - Director		2,277,790
2	Mrs. Amina (W/o Mr. Umer Haji Karim)		930,694
3	Mr. Anwar Haji Karim - Chief Executive Officer		1,273,845
4	Mrs. Zeenat (W/o Mr. Anwar Haji Karim)		1,056,191
5	Mr. Yakoob Haji Karim - Director		2,140,640
6	Mrs. Shahida (W/o Mr. Yakoob Haji Karim)		947,848
7	Mr. Sajid Haroon - Director		1,656,822
8	Mrs. Akila (W/o Mr. Sajid Haroon)		930,700
9	Mr. Abid Umer - Director		1,861,396
10	Mr. Pir Mohammad A. Kaliya - Director		500
11	Mr. Faraz Younus Bandukda - Director		4,500
		11	13,080,926
	Executives	**Nil**	—
	Public Sector Companies and Corporation	**2**	55,400
	Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies and Modarabas	**30**	2,248,440
	Mutual Funds		
	Asian Stock Funds Limited		500
		1	500
	Individuals		37,485,714
		Total	56,040,000
	Shareholders holding 5% or more		
	National Investment (Unit) Trust	5.65%	3,166,720
	Noor Jehan Bano	8.96%	5,020,202
	Fawad Anwar	9.32%	5,222,424
	Associated Companies, Undertakings and Related Parties		
	First Paramount Modaraba		100

NOTICE OF MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Saturday, 17 October 2015 at 3.00 p.m. at the Institute of Chartered Accountants of Pakistan, G-13, Block-8, Chartered Accountant Avenue, Clifton, Karachi, Pakistan to transact the following business:

1. To confirm the minutes of the Twenty ninth Annual General Meeting of the Company held on 11 October 2014.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with Director's and Auditors' Reports thereon for the year ended 30 June 2015.

3. To appoint the Auditors of the Company and to fix their remuneration. The retiring auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

4. To transact any other business with permission of the Chair.

By the Order of the Board

Date: 16 September 2015
Karachi

ANWAR HAJI KARIM
CHIEF EXECUTIVE

NOTICE OF MEETING

NOTES:-

- The Shares Transfer Books of the Company will remain closed from Saturday 10 October 2015 to Saturday, 17 October 2015 (both days inclusive). Transfer received at the Registered Office of the Company at the close of business on 9 October 2015 will be treated in time to attend the Thirtieth Annual General Meeting of the Company.

- A member of the Company entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing proxies, in order to be effective, must be received at the Registered Office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi, duly stamped, signed and witnessed not less than 48 hours before the time of holding of the Meeting. A proxy must be a Member of the Company.

- Members are requested to notify the Company if there is any change in their addresses immediately.

- CDC Account Holders will further have to strictly follow the guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

- The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Technology Trade (Private) Limited at Dagia House, 24-C, Block-2, PECHS, Off: Shahrah-e-Quaideen, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

- Under the Law, Shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The Shareholders who hold shares in Central Depository Company may approach to submit the prescribed Dividend Mandate Form, to CDC for this option.

PAKISTAN SYNTHETICS LIMITED

FORM OF PROXY
THIRTIETH ANNUAL GENERAL MEETING

I/We ____

of ____

being a member(s) of Pakistan Synthetics Limited holding ______________________

Ordinary Shares hereby appoint ______________________________

of ______________________ or failing him/her ______________________

of __________________ who is / are also member(s) of Pakistan Synthetics Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at Thirtieth Annual General Meeting of the Company to be held on 17 October 2015 and / or any adjournment thereof.

As witness my/our hand/seal this ______________ day of __________________ 2015

Signed by the said ______________________________

in the presence of 1. ______________________________

2. ______________________________

Please Quote Folio # /
Participant ID# & A/c#

Signature on
Revenue Stamp
of Appropriate value

The signature should agree 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 at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi. not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself 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.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

1. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.