



PAKISTAN SYNTHETICS LIMITED
REPORT & FINANCIAL INFORMATION FOR
THE NINE MONTHS ENDED
31 MARCH 2018



Pakistan Synthetics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	UMER HAJI KARIM ANWAR HAJI KARIM YAKOOB HAJI KARIM PIR MOHAMMAD A. KALIYA ABID UMER SAJID HAROON ALI KAMAL NOMAN YAKOOB	CHAIRMAN-NON-EXECUTIVE CHIEF EXECUTIVE -EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE
AUDIT COMMITTEE	ALI KAMAL – CHAIRMAN PIR MOHAMMAD 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 ASKARI BANK LIMITED MEEZAN BANK LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED	
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
REGISTER	F.D. REGISTRAR SERVICES (SMC-PVT.) LIMITED 17 TH FLOOR, SAIMA TRADE TOWER-A, I.I.CHUNDRIGAR ROAD, 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 PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI	

Pakistan Synthetics Limited

DIRECTORS' REPORT

The Board of Directors is pleased to present unaudited financial information for the nine months ended 31 March 2018 to the shareholders of the Company.

OPERATING PERFORMANCE

During the period under review the Company produced 19,582 MT of Resin as against 15,863 MT of Resin during the corresponding period last year and sold 18,919 MT of Resin as against 4,914 MT of Resin during the corresponding period last year.

Moreover, during the period under review the Company produced 337,052 cartons of plastic and crown caps as against 273,667 cartons during the corresponding period last year and sold 284,198 cartons as against 264,254 cartons during the corresponding period last year.

FINANCIAL RESULTS

The Company has presented fibre segment as discontinued operation. Summarized financial results of continuing and discontinued operations are as below,

Continuing operations

During the period under review, the company's gross turnover of continuing operations increased to Rs. 3,962.69 million from Rs. 1,888.06 million during the corresponding period last year.

The Company posted profit before tax from continuing operations of Rs. 14.69 million as against profit before tax of Rs. 31.66 million in the corresponding period last year. The net profit after tax stood from continuing operations at Rs. 37.03 million as against net profit after tax of Rs. 78.13 million in the corresponding period last year. Decrease in profit is mainly attributable to exchange loss of Rs. 103.55 million due to devaluation of Pak Rupees.

Pakistan Synthetics Limited

DIRECTORS' REPORT

Discontinued operations

During the period under review, the company's gross turnover of discontinued operations decreased to Rs. 1.97 million from Rs. 5.56 million during the corresponding period last year.

The Company posted loss before tax from discontinued operations of Rs. 30.67 million as against loss before tax of Rs. 13.21 million in the corresponding period last year. The net loss after tax stood from discontinued operations at Rs. 21.60 million as against net loss after tax of Rs. 5.09 million in the corresponding period last year.

EARNING PER SHARE

The net earnings per share for the period under review was Rs. 0.28 as compared to net earnings per share of Rs. 1.30 in the corresponding period last year.

FUTURE OUTLOOK

Your Company is now planning for vertical integration by entering into Preform Manufacturing to consume its own product and sell directly to beverage manufacturing units. We expect that plant will commence commercial production in May 2018.

The Country is facing severe pressure on foreign exchange reserves. Already a bout of devaluation in December 2017 and March 2018 has made our inputs more expensive. The Company envisages further challenges in the year ahead regarding PKR devaluation.

ACKNOWLEDGEMENT

The management recognizes sincere efforts of the employees and appreciates the pleasant relations that remained throughout the period between the management and the employees of the Company.

For and on behalf of the Board of Directors

*Date: 26 April 2018
Karachi*

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	31 March 2018 (Unaudited) (Rupees in '000)	30 June 2017 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,126,171	1,537,731
Intangibles	6	1,263	-
Long term loans to employees		4,312	3,971
Long term deposits and prepayments	7	7,755	765
Deferred taxation - net		55,671	24,263
		<u>2,195,172</u>	<u>1,566,730</u>
Current assets			
Stores and spares		193,772	182,763
Stock in trade	8	2,326,766	1,899,392
Trade debts	9	591,052	795,250
Loans and advances		27,452	12,246
Short term deposits and prepayments		24,202	4,273
Other receivables		116,404	63,917
Taxation - net		415,145	359,451
Cash and bank balances		51,940	11,826
		<u>3,746,733</u>	<u>3,329,118</u>
		<u>5,941,905</u>	<u>4,895,848</u>
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital of 70,000,000 ordinary shares of Rs. 10 each			
		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital			
General reserve		560,400	560,400
Unappropriated profit		292,450	292,450
		<u>384,493</u>	<u>369,061</u>
		<u>1,237,343</u>	<u>1,221,911</u>
Non-current liabilities			
Long term finances - secured	10	436,964	286,478
Long term payable - secured	11	422,259	-
Staff retirement benefits		18,225	16,888
		<u>877,448</u>	<u>303,366</u>
Current liabilities			
Trade and other payables	12	2,856,457	2,395,564
Accrued markup		22,995	12,491
Short term borrowings		781,823	819,177
Current portion of long term finances		165,839	143,339
		<u>3,827,114</u>	<u>3,370,571</u>
		<u>5,941,905</u>	<u>4,895,848</u>
Total equity and liabilities			
Contingencies and commitments			
	13		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2018

Note	Nine months period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
----- (Rupees in '000) -----				
Gross sales	3,962,691	1,888,060	1,678,892	1,019,643
Sales tax	(492,729)	(268,487)	(199,556)	(143,908)
Net sales	3,469,962	1,619,573	1,479,336	875,735
Cost of sales	(3,136,457)	(1,408,226)	(1,285,371)	(767,529)
Gross profit	333,505	211,347	193,965	108,206
Selling and distribution expenses	(45,844)	(39,865)	(20,522)	(17,511)
Administration expenses	(37,360)	(33,019)	(13,421)	(10,268)
Other operating expenses	(103,831)	(2,950)	(46,413)	(2,730)
	(187,035)	(75,834)	(80,356)	(30,509)
Other income / (loss)	17,234	741	1,983	(1,376)
Profit from operations	163,704	136,254	115,592	76,321
Financial charges	(149,012)	(104,591)	(55,530)	(39,311)
Profit before taxation	14,692	31,663	60,062	37,010
Taxation - net	22,342	46,471	1,915	(11,421)
Profit after taxation from continuing operation	37,034	78,134	61,977	25,589
(Loss) / profit after taxation from discontinued operation	14 (21,602)	(5,094)	164	771
Profit after taxation for the period	15,432	73,040	62,141	26,360
----- (Rupees) -----				
Earnings per share - basic and diluted	0.28	1.30	1.11	0.47

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2018

	Nine months period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in '000)			
Profit for the period	15,432	73,040	62,141	26,360
<i>Items that will never be reclassified to profit or loss</i>				
<i>Remeasurements of defined benefit liability</i>	-	-	-	-
<i>Related tax thereon</i>	-	-	-	-
<i>Total other comprehensive income - net of tax</i>	-	-	-	-
Total comprehensive income for the period	15,432	73,040	62,141	26,360

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

	31 March 2018	31 March 2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(15,976)	18,450
Adjustments for:		
Depreciation	190,139	166,277
Provision for staff retirement benefits	3,016	2,228
Gain on disposal of property, plant and equipment	-	(1,607)
Profit on saving and deposit accounts	(3)	(47)
Finance costs	149,012	104,591
Provision / (reversal against provision) for doubtful debts	30,221	(200)
	<u>356,409</u>	<u>289,692</u>
Movement in:		
Stores and spares	(11,009)	(3,416)
Stock in trade	(427,374)	(1,096,950)
Trade debts	173,977	30,035
Loans and advances	(15,206)	7,837
Short term deposits and prepayments	(19,929)	(5,969)
Other receivables	(52,487)	(38,310)
Trade and other payables	460,893	1,255,044
	<u>465,274</u>	<u>437,963</u>
Net cash generated from operations	465,274	437,963
Staff gratuity paid	(1,679)	(451)
Finance costs paid	(138,508)	(108,831)
Long term loans to employees - net	(341)	(3,450)
Long term deposits and prepayments - net	(6,990)	699
Long term payable	422,259	-
Taxes paid - net	(55,694)	(55,185)
	<u>684,321</u>	<u>270,745</u>
Net cash generated from operating activities	684,321	270,745
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure including intangible assets	(779,885)	(46,170)
Proceeds from disposal of property, plant and equipment	43	1,825
Profit on saving and deposit accounts	3	47
Net cash used in investing activities	(779,839)	(44,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(20,543)
Long term diminishing musharka - net	172,986	(106,420)
Short term foreign currency loan and money market loan - net	(403,435)	(107,237)
Net cash used in financing activities	(230,449)	(234,200)
	<u>(325,967)</u>	<u>(7,753)</u>
Net decrease in cash and cash equivalents	(325,967)	(7,753)
Cash and cash equivalents at beginning of the period	(103,916)	(444,101)
Cash and cash equivalents at end of the period	<u>(429,883)</u>	<u>(451,854)</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	51,940	1,894
Short term borrowings	(481,823)	(453,748)
	<u>(429,883)</u>	<u>(451,854)</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total reserves	Total
------(Rupees in '000)-----					
Balances as at 1 July 2016	560,400	292,450	386,807	679,257	1,239,657
Total comprehensive income for the period ended 31 March 2017					
Profit for the year	-	-	73,040	73,040	73,040
Other comprehensive income	-	-	-	-	-
	-	-	73,040	73,040	73,040
Transactions with owners recorded directly in equity - distributions					
Final dividend for the year ended 30 June 2016 (Re.1 per share)	-	-	(56,040)	(56,040)	(56,040)
Balance as at 31 March 2017	<u>560,400</u>	<u>292,450</u>	<u>403,807</u>	<u>696,257</u>	<u>1,256,657</u>
Balances as at 1 July 2017					
	560,400	292,450	369,061	661,511	1,221,911
Total comprehensive income for the period ended 31 March 2018					
Profit for the year	-	-	15,432	15,432	15,432
Other comprehensive income	-	-	-	-	-
	-	-	15,432	15,432	15,432
Balance as at 31 March 2018	<u>560,400</u>	<u>292,450</u>	<u>384,493</u>	<u>676,943</u>	<u>1,237,343</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

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 Pakistan Stock Exchange (formerly they were listed on all stock exchanges of Pakistan (Karachi, Lahore and Islamabad) with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps, Crown Caps, PET resin and BOPET resin. The registered office of the Company is situated at 3rd floor, K.D.L.B. Building, 58, West Wharf, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the nine months period ended 31 March 2018 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2017.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2017, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended 31 March 2017.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017

2.2 Basis of measurement

These condensed interim financial information has been prepared under the historical cost convention, except for derivatives, investments classified as 'held for trading' which are stated at fair value and the Company's liability under its defined benefit plan (gratuity) which is reported on the basis of present value of defined benefit obligations as determined by an independent actuary.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2017.

Certain amendments and interpretation to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

Further, Securities and Exchange Commission of Pakistan vide S.R.O. 1007 (I) / 2017 dated 4 October 2017 has notified IFRS 9 'Financial Instruments' replacing IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 15 'Revenue from Contracts with Customers' replacing IAS 18 'Revenue' and IAS 11 'Construction Contracts' which are effective from annual reporting period beginning on or after 1 July 2018. Currently management is assessing the impact of these Standards.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.
- 4.2 The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2017.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2017.

5. PROPERTY, PLANT AND EQUIPMENT

	31 March 2018 (Unaudited)	30 June 2017 (Audited)
Operating fixed assets	1,607,929	1,530,035
Capital work in process	518,242	7,696
	<u>2,126,171</u>	<u>1,537,731</u>

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

- 5.1 Following are the additions and disposals of property, plant and equipment during the current period:

	For the nine months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
Additions / Transfers from CWIP:		
Building on leasehold land	-	92,762
Plant and machinery	267,897	604,964
Vehicles	48	-
Furniture and equipment	98	500
Computer accessories	33	392
Capital work in process	510,546	(652,448)
	<u>778,622</u>	<u>46,170</u>
Disposal - cost		
Vehicles [written down value Rs. 0.043 million (2017: Rs. 0.218 million)]	<u>48</u>	<u>4,589</u>

6. INTANGIBLE ASSETS

This represents SAP ERP software under development.

7. LONG TERM DEPOSITS AND PREPAYMENTS

	31 March 2018 (Unaudited)	30 June 2017 (Audited)
	(Rupees in '000)	
Security deposits	924	765
Long term prepayments	21,760	-
Less: current portion of long term prepayments	(14,929)	-
	<u>6,831</u>	<u>-</u>
	<u>7,755</u>	<u>765</u>

- 7.1 This represent payments made in advance in respect of LC confirmation charges at the rate of 3.6% per annum and is charged to profit and loss account over the period of two years.

8. STOCK IN TRADE

- 8.1 Raw material costing Rs. 54.114 million (30 June 2017: Rs. Nil) has been carried at net realisable value of Rs. 46.664 million (30 June 2017: Rs. Nil).

- 8.2 Finished goods costing Rs. Nil (30 June 2017: Rs. 1.115 billion) has been carried at net realisable value of Rs. Nil (30 June 2017: Rs. 1.1 billion).

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

9. TRADE DEBTS

	31 March 2018 (Unaudited) (Rupees in '000)	30 June 2017 (Audited)
Considered good - unsecured	526,733	621,267
Considered good - secured	64,319	173,983
Considered doubtful	203,073	172,852
	<u>794,125</u>	<u>968,102</u>
Provision for doubtful debts	(203,073)	(172,852)
	<u>591,052</u>	<u>795,250</u>

10. LONG TERM FINANCES

Long term finances utilised under diminishing musharka	602,803	429,817
Current portion of long term finances shown under current liabilities	(165,839)	(143,339)
	<u>436,964</u>	<u>286,478</u>

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

Meezan Bank Limited	10.1	190,571	127,373
Askari Bank Limited - Islamic Banking Services	10.2	232,232	302,444
MCB Islamic Bank Limited	10.3	180,000	-
		<u>602,803</u>	<u>429,817</u>

10.1 The Company entered into Diminishing Musharka arrangements with Meezan Bank Limited amounting to Rs. 58.13 million, Rs. 140.77 million, Rs. 63.64 million and Rs. 42.02 million. These carry profit at the rate of 6 months KIBOR plus 0.5% per annum, 6 months average KIBOR + 0.6% per annum and 6 months KIBOR + 0.7% per annum and 6 months KIBOR + 0.7% 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 drawdown. The principal is payable in 8 equal semi-annual installments and last installment is payable on 23 October 2018, 25 January 2020, 15 November 2022 and 29 November 2022 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-passu charge over general plant and machinery.

10.2 This represents Diminishing Musharka arrangements entered with Askari Bank Limited - Islamic Banking Services amounting to Rs. 38.83 million, Rs. 54.25 million and Rs. 300 million. The first two tranches 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. Further, third tranche carry profit at the rate of 3 months average KIBOR + 0.8% per annum with a floor of 4% and cap of 25%. The tenor of the facilities are five years from the date of drawdown. The principal is payable in 20 and 16 equal quarterly installments and last installment is payable on 20 June 2019, 09 July 2019 and 27 November 2020 respectively. The facilities are secured against registered hypothecation charges over specific plant and machinery of plastic and crown along with general plant and machinery of the Company

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

10.3 The Company has entered into Diminishing Musharka arrangements with MCB Islamic Bank Limited amounting to Rs. 180 million. This carry profit at the rate of 6 months KIBOR plus 0.5% per annum with a floor of 5% and cap of 20% per annum and is payable on quarterly basis in arrears. The tenor of facility is upto three years with grace period of 1 year from the date of drawdown. The principal is payable in 8 equal quarterly installments and last installment is payable on 27 November 2020. This facility is secured against 1st exclusive charge over general plant and machinery and Personal Guarantee of Sponsor Directors.

11. LONG TERM PAYABLE - secured

This represents amount payable to a supplier amounting to USD 3.826 million under letter of credit (LC) to purchase Huksy molding machine. This carry markup at the rate of 3.05% per annum. The LC is maturing on 14 September 2019.

12. TRADE AND OTHER PAYABLES

This includes Rs. 137.69 million payable against purchase of machinery due on 6 July 2018. The Company has arranged long term diminishing musharka financing facility amounting to Rs. 125 million for payment on due date.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The facilities for opening letter of guarantees from an associated banking company amounted to Rs. 120 million (30 June 2017: Rs. 100 million). Bank guarantees amounting to Rs. 119,242 million (30 June 2017: Rs. 77, 839 million) have been issued in favour of Sui Southern Gas Company Limited and Collector of Customs for payment of gas bills and others.

13.1.2 There are no changes in the status of Gas Infrastructure Development Cess contingency from the preceding audited annual financial statements for the year ended 30 June 2017.

13.2 Commitments

13.2.1 Letters of credits

The Company has facilities of Rs. 2,078.53 million (30 June 2017: Rs. 1,725.38 million) for opening letters of credit including Rs. 900 million from an associated banking company (30 June 2017: Rs. 800 million). At 31 March 2018, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 1,813.10 million (30 June 2017: Rs. 1,272.37 million) including Rs. 749.76 million from an associated banking company (30 June 2017: Rs. 490.771 million).

13.3 The facilities disclosed in notes 13.1.1 and 13.2.1 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.

13.4 The aggregate unavailed facility against short term borrowings as at 31 March 2018 is Rs. 82.79 million (30 June 2017: Rs. 80.82 million)

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

14. 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.

	Nine months period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in '000)			
Gross sales	1,967	5,564	1,405	361
Sales tax	(39)	(184)	(28)	(7)
Net sales	1,928	5,380	1,377	354
Cost of sales	(2,375)	(4,932)	(1,213)	(290)
Gross (loss) / profit	(447)	448	164	64
Selling and distribution expenses	-	(146)	-	-
Administration expenses	(30,221)	(15,322)	-	-
Other operating expenses	-	-	-	-
	(30,221)	(15,468)	-	-
Other income	-	1,807	-	707
(Loss) / profit from operations	(30,668)	(13,213)	164	771
Financial charges	-	-	-	-
(Loss) / profit before taxation	(30,668)	(13,213)	164	771
Taxation - net	9,066	8,119	-	-
(Loss) / profit after taxation for the period	(21,602)	(5,094)	164	771
	(Rupees)			
(Loss) / earnings per share - basic and diluted	(0.39)	(0.09)	0.00	0.01

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

15. RELATED PARTY TRANSACTIONS

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. Details of transactions with and balances from / to related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information are as follows:

Related party transactions:	Nine months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
Associated company		
Sales of goods	-	-
Key management personnel compensation		
Managerial remuneration	26,443	21,248
Others	21,019	15,147
Associated banking company		
Bank collection charges paid	2,924	814
Bank guarantee commission	522	393
Mark up on long term finance	-	608
Interest income on bank deposits	3	47
Mark up on short term murabaha	4,919	1,806
Mark up on short term import finance under markup arrangement	1,158	3,920
Discounting charges paid	3,961	1,247
Mark up on short term borrowings	37,186	30,410
Mark up on short term istisna	4,159	-
Balances:	31 March 2018 (Unaudited)	30 June 2017 (Audited)
	(Rupees in '000)	
Associated banking company		
Current account balance	5,840	162
Saving account balance	106	45
Short term borrowings	781,823	819,177
Short term murabaha	35,611	-
Short term istisna	254,159	-
Accrued markup	13,723	7,023

15.1 The directors and most of the executives of the Company are provided with free use of Company maintained cars.

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

16. OPERATING SEGMENTS

16.1 Segment results

	Nine months period ended 31 March					
	2018	2017	2018	2017	2018	2017
	Polyester Staple Fibre		Crown and Plastic Caps and PET Resin		Total	
	Discontinued operations		Continued operations			
	(Rupees in '000)					
External revenues	1,928	5,380	3,469,962	1,619,573	3,471,890	1,624,953
Reportable segment profit / (loss) before tax	(30,668)	(13,213)	118,523	33,261	87,855	20,048
	Quarter ended 31 March					
	2018	2017	2018	2017	2018	2017
	Polyester Staple Fibre		Crown and Plastic Caps and PET Resin		Total	
	Discontinued operations		Continued operations			
	(Rupees in '000)					
External revenues	1,377	354	1,479,336	875,735	1,480,713	876,089
Reportable segment profit / (loss) before tax	164	771	107,213	38,388	107,377	39,159

Reconciliation of reportable segment profit or loss is as follows:

	Nine months period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in '000)			
Total profit for reportable segments before tax	87,855	20,048	107,377	39,159
Unallocated other expenses	(103,831)	(1,598)	(47,151)	(1,378)
Taxation	31,408	54,590	1,915	(11,421)
Profit after tax	15,432	73,040	62,141	26,360

16.2 Segment assets

	*Polyester Staple Fibre		Crown and Plastic Caps and PET Resin		Total	
	As at 31 March 2018 (Unaudited)	As at 30 June 2017 (Audited)	As at 31 March 2018 (Unaudited)	As at 30 June 2017 (Audited)	As at 31 March 2018 (Unaudited)	As at 30 June 2017 (Audited)
	Discontinued operation		Continued operation			
	(Rupees in '000)					
Segment assets	105,367	137,960	5,197,378	4,298,431	5,302,745	4,436,391
Segment liabilities	3,127	2,925	4,694,531	3,657,661	4,697,658	3,660,586

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

Reconciliation of segment assets with total assets in the statement of financial position is as follows:

	31 March 2018 (Unaudited) (Rupees in '000)	30 June 2017 (Audited)
Total assets for reportable segments	5,302,745	4,436,391
Unallocated assets	639,160	459,457
Total assets as per balance sheet	<u>5,941,905</u>	<u>4,895,848</u>

*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.

16.3 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 and deferred tax liabilities.

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

17. DATE OF AUTHORISATION

This condensed interim financial information has been authorized for issue on 26 April 2018 by the Board of Directors of the Company.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

YAKOOB HAJI KARIM
DIRECTOR

If undelivered please return to:

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