

**PAKISTAN  
SYNTHETICS**

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**Report & Financial Information for  
the nine months ended 31 March 2015**

**Pakistan Synthetics Limited**

# Pakistan Synthetics Limited

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	UMER HAJI KARIM ANWAR HAJI KARIM YAKOOB HAJI KARIM PIR MUHAMMAD A. KALIYA ABID UMER SAJID HAROON AAMIR AMIN FARAZ YOUNUS BANDUKDA	CHAIRMAN- NON-EXECUTIVE CHIEF EXECUTIVE- EXECUTIVE EXECUTIVE NON-EXECUTIVE NON-EXECUTIVE NON-EXECUTIVE NON-EXECUTIVE NON-EXECUTIVE
<b>AUDIT COMMITTEE</b>	AAMIR AMIN - CHAIRMAN PIR MUHAMMAD A. KALIYA ABID UMER	
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	SAJID HAROON - CHAIRMAN YAKOOB HAJI KARIM ABID UMER	
<b>CHIEF FINANCIAL OFFICER</b>	SALEEM ADVANI	
<b>COMPANY SECRETARY</b>	MUBBASHIR AMIN	
<b>BANKERS</b>	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	
<b>AUDITORS</b>	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
<b>REGISTER</b>	TECHNOLOGY TRADE (PVT.) LTD. DAGIA HOUSE, 24-C, BLOCK-2, PECHS, OFF: SHAHRAH-E-QUAIDEEN, KARACHI.	
<b>LEGAL ADVISOR</b>	TASAWUR ALI HASHMI ADVOCATE	
<b>REGISTERED OFFICE</b>	3RD FLOOR, KARACHI DOCK LABOUR BOARD BUILDING, 58- WEST WHARF ROAD, KARACHI-74000	
<b>FACTORY</b>	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.	

# Pakistan Synthetics Limited

## DIRECTORS' REPORT

### DIRECTORS' REPORT

The Board of Directors of Pakistan Synthetics Limited is pleased to present unaudited financial information for the nine months ended 31 March 2015 to the shareholders of the Company.

### OPERATING PERFORMANCE

During the period the Company has temporarily 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.

During the period under review, the Company sold 3,370 tons of fibre as against 16,795 tons during the corresponding period last year. Further, the Company produced 232,445 as against 197,262 cartons of plastic and crown caps in the corresponding period last year and sold 200,486 as against 209,758 cartons in the corresponding period last year.

### FINANCIAL RESULTS

During the period under review, the Company's gross turnover decreased to Rs. 1,646.12 million from Rs. 4,093.92 million during the corresponding period last year.

The Company earned gross profit of Rs. 85.75 million as compared to gross profit of Rs. 242.1 million in the corresponding period last year. The net loss was Rs. 95.74 million as against net profit of Rs. 29.83 million in the corresponding period last year.

Decrease in revenue is mainly attributable to adverse fibre market conditions and temporary closure of fibre plant during the period. Moreover, the Company has recorded loss of Rs. 58.54 million during nine months period ended 31 March 2015 on account of revaluation of short term investment.

### EARNING PER SHARE

The net loss per share for the period under review was Rs. 1.71 as compared to net earning per share of Rs. 0.53 in the corresponding period last year.

## **FUTURE OUTLOOK**

Fibre industry of the country is still under serious crisis because of dumping of Chinese fibre. The matter has been raised with National Tariff Commission and other authorities from time to time yet that serious matter has not got deserved attention from concerned authorities. Dumping has forced all local producers to curtail their production level and all units are under serious threat of being permanently closed. In addition to dumping decreasing petroleum prices in international market resulting in steep decline in raw material and finished goods prices thereby leading to considerable inventory loss. In the given circumstances, future outlook of fibre segment remains bleak. Therefore, after taking into account the present scenario in the fibre industry, the Board has decided to convert existing fibre manufacturing plant into PET resin manufacturing plant by making necessary modifications in the existing plant. For this purpose, the Board has approved investment proposal of Rs. 650 million.

Packaging segment of the Company has continued to show improvement over time. We have now entered into main summer season and are expecting healthy growth both in revenue and profits. However, fluctuating prices of raw material for plastic caps because of shortage in international market remains a key challenge to be addressed. However, management is very keen to tackle all the challenges and maintain healthy growth in this segment.

## **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: 20 April 2015

Karachi.

**ANWAR HAJI KARIM**  
CHIEF EXECUTIVE

# Pakistan Synthetics Limited

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2015

	31 March Note 2015 (Unaudited)	30 June 2014 (Audited)
<b>ASSETS</b>		
<b>(Rupees in '000)</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5 1,202,529	1,130,534
Long term loan to employees	286	848
Long term deposits	924	924
	<u>1,203,739</u>	<u>1,132,306</u>
<b>Current assets</b>		
Stores and spares	206,881	191,440
Stock-in-trade	6 669,530	937,031
Trade debts	7 657,513	762,130
Loans and advances	19,524	11,793
Short term deposits and prepayments	1,516	37
Investment	140,750	199,290
Other receivables	16,230	14,594
Taxation - net	143,868	88,533
Cash and bank balances	11,280	10,668
	<u>1,867,092</u>	<u>2,215,516</u>
<b>Total assets</b>	<u><b>3,070,831</b></u>	<u><b>3,347,822</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareolders' equity</b>		
Authorised share capital 70,000,000 ordinary shares of Rs 10 each	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital	560,400	560,400
General reserve	292,450	292,450
Unappropriated profit	<u>202,011</u>	<u>313,702</u>
	<u>1,054,861</u>	<u>1,166,552</u>
<b>Non-current liabilities</b>		
Long term finances - secured	8 310,075	238,175
Staff retirement benefits	25,434	35,915
Deferred taxation	<u>37,678</u>	<u>62,731</u>
	<u>373,187</u>	<u>336,821</u>
<b>Current liabilities</b>		
Trade and other payables	459,732	710,519
Accrued markup	21,471	18,084
Short term borrowings-secured	1,003,433	975,812
Current portion of long term finance	<u>158,147</u>	<u>140,034</u>
	<u>1,642,783</u>	<u>1,844,449</u>
<b>Total equity and liabilities</b>	<u><b>3,070,831</b></u>	<u><b>3,347,822</b></u>
<b>Contingencies and Commitments</b> 9		

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**ANWAR HAJI KARIM**  
Chief Executive

**YAKOOB HAJI KARIM**  
Director

# Pakistan Synthetics Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

	Nine months period ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in '000) -----			
Gross sales	1,646,117	4,093,924	516,735	1,393,042
Brokerage, discounts and freight reimbursement	(2,000)	(11,395)	(176)	(3,645)
Sales tax	(169,977)	(221,756)	(60,460)	(86,957)
Net sales	1,474,140	3,860,773	456,099	1,302,440
Cost of sales	(1,388,390)	(3,618,676)	(421,543)	(1,191,396)
<b>Gross profit</b>	<b>85,750</b>	<b>242,097</b>	<b>34,556</b>	<b>111,044</b>
Selling and distribution expenses	(32,774)	(45,582)	(10,549)	(15,788)
Administration expenses	(29,645)	(31,827)	(10,158)	(9,680)
Other operating income / (expenses)	2,289	(16,984)	8,290	12,814
	(60,130)	(94,393)	(12,417)	(12,654)
Other income	19,218	2,170	7,688	721
Other loss	(58,540)	-	(19,883)	-
Operating (loss) / profit before finance costs	(13,702)	149,874	9,944	99,111
Finance costs	(105,995)	(104,810)	(36,697)	(39,083)
<b>(Loss) / Profit before tax</b>	<b>(119,697)</b>	<b>45,064</b>	<b>(26,753)</b>	<b>60,028</b>
Taxation - net	23,961	(15,236)	3,369	(20,449)
<b>(Loss) / Profit after tax for the period</b>	<b>(95,736)</b>	<b>29,828</b>	<b>(23,384)</b>	<b>39,579</b>
	------(Rupees)-----			
(Loss) / earnings per share - basic and diluted	(1.71)	0.53	(0.42)	0.71

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

	Nine months period ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in '000) -----			
<b>(Loss) / Profit for the period</b>	<b>(95,736)</b>	<b>29,828</b>	<b>(23,384)</b>	<b>39,579</b>
<i>Items that will never be reclassified to profit or loss</i>				
Remeasurements of defined benefit liability	-	-	-	-
Related tax thereon	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(95,736)</b>	<b>29,828</b>	<b>(23,384)</b>	<b>39,579</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**ANWAR HAJI KARIM**  
Chief Executive

**YAKOUB HAJI KARIM**  
Director

# Pakistan Synthetics Limited

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2015

	Note	31 March 2015	31 March 2014
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		(119,697)	45,064
<b>Adjustments for:</b>			
Depreciation		120,103	103,071
Provision for staff retirement benefits		3,728	5,833
Unrealised loss on short term investment		58,540	-
Profit on saving accounts		(8)	(94)
Profit on disposal of property, plant and equipment		(1,375)	(300)
Loss on revaluation of derivative financial liability		-	13,468
Finance costs		105,995	104,810
Reversal of provision for doubtful debts - net		(6,244)	(720)
		161,042	271,132
<b>Movement in:</b>			
Working capital			
Stores and spares		(15,441)	(23,173)
Stock in trade		267,501	(109,468)
Trade debts		110,861	(160,496)
Loans and advances		(7,731)	(4,644)
Trade deposits and short term prepayments		(1,479)	(169)
Other receivables		(1,636)	(3,851)
Trade and other payables		(251,334)	(100,206)
		261,783	(130,875)
Net cash generated from / (used in) operations		261,783	(130,875)
Staff retirement benefits paid		(14,209)	(2,104)
Finance costs paid		(102,608)	(100,507)
Long term loans to employees		562	(27)
Taxes paid		(56,427)	(59,070)
		89,101	(292,583)
Net cash generated from / (used in) operating activities		89,101	(292,583)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures incurred		(194,717)	(85,127)
Proceeds from disposal of property, plant and equipment		3,994	300
Profit on saving accounts		8	94
Net cash used in investing activities		(190,715)	(84,733)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances obtained - net		90,013	(35,624)
Short term foreign currency loan and money market loan paid - net of loans obtained		(75,315)	(131,871)
Dividend paid		(15,407)	(7)
Net cash used in financing activities		(709)	(167,502)
		(102,323)	(544,818)
Net decrease in cash and cash equivalents		(102,323)	(544,818)
Cash and cash equivalents at beginning of the period		(415,555)	(12,387)
Cash and cash equivalents at end of the period		(517,878)	(557,205)
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash and bank balances		11,280	5,479
Short term running finances		(529,158)	(562,684)
		(517,878)	(557,205)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**ANWAR HAJI KARIM**  
Chief Executive

**YAKOOB HAJI KARIM**  
Director

# Pakistan Synthetics Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2015

	Issued, subscribed and paid-up capital	Revenue reserve	Unappropriated profit	Total reserves	Total
	(Rupees in '000)				
Balance as at 01 July 2013	560,400	292,450	264,855	557,305	1,117,705
Profit for the period	-	-	29,828	29,828	29,828
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income for the period</i>	-	-	29,828	29,828	29,828
Balance as at 31 March 2014	560,400	292,450	294,683	587,133	1,147,533
<b>Balance as at 01 July 2014</b>	560,400	292,450	313,702	606,152	1,166,552
<b>Transactions with owners recorded directly in equity - distributions</b>					
Final dividend for the year ended 30 June 2014 (Re1 per share)	-	-	(15,955)	(15,955)	(15,955)
Loss for the period	-	-	(95,736)	(95,736)	(95,736)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	(95,736)	(95,736)	(95,736)
<b>Blance as at 31 March 2015</b>	560,400	292,450	202,011	494,461	1,054,861

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**ANWAR HAJI KARIM**  
Chief Executive

**YAKOOB HAJI KARIM**  
Director



# Pakistan Synthetics Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

### 1. STATUS AND NATURE OF BUSINESS

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 all the stock exchanges of Pakistan. The principal activity of the Company is manufacturing and sale of Polyester Staple Fiber and Crown and Plastic Caps. 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 2015 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, 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 2014.

The comparative Balance Sheet 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 2014, 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 2014.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi Stock Exchange vide section 245 of the Companies Ordinance, 1984.

#### 2.2 Basis of measurement

This 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.

### **3. ACCOUNTING POLICIES**

**3.1** 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 2014 except for adoption of below mentioned policies :

#### **Financial Instruments**

**- At fair value through profit or loss - held for trading**

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange or on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

**- Available for sale**

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

**3.2 Amendments and interpretation to approved accounting standards effective during the period**

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.

### **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 2014.

**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 2014 except for the risk arisen owing to its investment in equity security, measured at fair value. Management does not consider that it will result in material exposure at reporting date.

<b>5. PROPERTY, PLANT AND EQUIPMENT</b>	<b>31 March 2015 (Unaudited)</b>	<b>30 June 2014 (Audited)</b>
	<b>(Rupees in '000)</b>	
Operating fixed assets	1,202,529	1,073,075
Capital work in process	—	57,459
	<u>1,202,529</u>	<u>1,130,534</u>

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

	<b>For the nine months period ended</b>	
	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>(Rupees in '000)</b>	
Additions / Transfers from CWIP :		
Plant and machinery	194,485	64,092
Vehicles	—	2,185
Furniture and equipment	232	340
Computer accessories	—	39
Capital work in process	—	18,471
	<u>194,717</u>	<u>85,127</u>
Disposal - cost		
Vehicles [written down value Rs. 2.619 million (2013: Nil)]	9,716	1,025

<b>6. STOCK IN TRADE</b>	<b>31 March 2015 (Unaudited)</b>	<b>30 June 2014 (Audited)</b>
	<b>(Rupees in '000)</b>	
Raw and packing materials [including in transit of Rs. 102.02 million (30 June 2014: Rs. 112.85 million)]	467,854	581,749
Write down of inventory to net realisable value	(27,960)	—
	<u>439,894</u>	<u>581,749</u>
Work in process	55,126	49,607
Finished goods	186,577	323,886
Write down of inventory to net realisable value	(4,832)	(11,292)
Provision for slow moving and obsolete stock	(7,235)	(6,919)
	<u>174,510</u>	<u>305,675</u>
	<u>669,530</u>	<u>937,031</u>

<b>7. TRADE DEBTS</b>		<b>31 March 2015</b>	<b>30 June 2014</b>
		<b>(Rupees in '000)</b>	
Considered good - secured	7.1	4,555	11,767
- unsecured	7.2	652,958	750,363
		<u>657,513</u>	<u>762,130</u>
Considered doubtful		99,159	105,403
		<u>756,672</u>	<u>867,533</u>
Provision for doubtful debts		(99,159)	(105,403)
		<u>657,513</u>	<u>762,130</u>

7.1 These trade debts are secured through inland letter of credits.

7.2 The amount due from associated undertaking as at 31 March 2015 was Nil (30 June 2014: Rs. 50.957 million) including markup of Rs. Nil (30 June 2014: Rs. 3.26 million). The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs. 56.725 million (nine months period ended 31 March 2014: Rs. 84.106 million).

	<b>31 March 2015 (Unaudited)</b>	30 June 2014 (Audited)
<b>8. LONG TERM FINANCES</b>	<b>(Rupees in '000)</b>	
Long term finances utilised under diminishing musharka	<b>468,222</b>	378,209
Current portion of long term finances shown under current liabilities	<b>(158,147)</b>	(140,034)
	<b><u>310,075</u></b>	<u>238,175</u>

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

	8.1	<b>187,500</b>	281,250
Bank Al-Habib Limited - Islamic Banking Division	8.2	<b>198,893</b>	58,126
Meezan Bank Limited	8.3	<b>81,829</b>	38,833
Askari Bank Limited - Islamic Banking Services		<b><u>468,222</u></b>	<u>378,209</u>

8.1 This represents 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 + 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 instalments. The eleventh installment of principal amounting to Rs. 31.250 million is due in June 2015. This facility is secured against registered hypothecation charges over specific plant and machinery of plastic and crown caps project.

8.2 This represents two Diminishing Musharka arrangements entered with Meezan Bank Limited It carries profit at the rate of 6 months average KIBOR + 0.5% and 6 months average KIBOR + 0.6% per annum with a floor of 6% per annum and cap of 24% per annum and is payable on semi-annually 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 8 equal semi-annually installments. This facility is secured against registered hypothecation charges over specific and general plant and machinery of plastic and crown caps project.

8.3 This represents two Diminishing Musharka arrangements entered with Askari Bank Limited - Islamic Banking Services. Both facility carries profit at the rate of 3 months average KIBOR + 0.5% per annum with a floor of 6% per annum and cap of 24% per annum and is payable on quarterly basis in arrears. The tenor of both facility is five years from the date of draw down. The principal is payable in 20 equal quarterly installments. The facilities are secured against registered hypothecation charges over specific plant and machinery of plastic and crown caps project.

## **9. CONTINGENCY AND COMMITMENTS**

**9.1** 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 from charging GID Cess above Rs. 13 per MMBTU. On 31 Dec 2013 The Ministry of Petroleum and Natural Resources, Government of Pakistan via S.R.O. 1091V (I) increased the GID Cess applicable to Rs. 100 per MMBTU with immediate effect.

The Peshawar High Court vide order dated 13 June 2013 declared that the provisions of the Act imposing, the impugned cess, ultra vires and unconstitutional and the same position was upheld by the Supreme Court of Pakistan vide its order dated 22 August 2014.

During the nine months period ended 31 March 2015, the Federal Government promulgated GID Cess Ordinance 2014 imposing GID Cess at Rs. 200 per MMBTU for captive power plants and Rs. 150 per MMBTU for industrial units. The Company filed a constitutional petition on the basis that GID Cess Act 2011 should be dealt in accordance with the decision of Supreme Court. The Ordinance included the application of GID Cess as defined in the Act. In view of Supreme Court's order declaring the application of the Act as unconstitutional and ultra vires, the Company has not recorded the differential of GID Cess at the stipulated rate per MMBTU amounting to Rs. 59.14 million in this condensed interim financial information.

**9.2** The facilities for opening letter of guarantees from an associated banking company amounted to Rs. 100 million. Bank guarantees amounting to Rs. 76.891 million (30 June 2014: Rs. 73.994 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills and others.

**9.3** The Company has facilities of Rs. 2,150 million (30 June 2014: Rs. 2,208 million) for opening letters of credit including Rs. 1,100 million from an associated banking company (30 June 2014: Rs. 1,100 million). At 31 March 2015, the open letters of credits amounted to Rs. 661.35 million (30 June 2014: Rs. 482.348 million) including Rs. 503.73 million from an associated banking company (30 June 2014: Rs. 382.867 million).

**9.4** The facilities disclosed in notes 9.2 and 9.3 are secured by way of export bills sent to collection documents of title to goods consigned to the Company, Banker's acceptance and Accepted Draft.

**9.5** The aggregate unavailed facility against short term borrowings as at 31 March 2015 is Rs. 96.57 million (30 June 2014 : Rs. 124.19 million)

## 10. 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. However, where balances with an associated company on account of sale of goods exceeds credit period markup thereon is charged. 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 2015 (Rupees in '000)	31 March 2014
<b>Associated company</b>		
Sales of goods	<u>72,367</u>	<u>114,981</u>
Markup charged	<u>671</u>	<u>1,056</u>
<b>Key management personnel compensation</b>		
Managerial remuneration	<u>14,112</u>	<u>21,883</u>
Others	<u>12,628</u>	<u>18,937</u>
<b>Associated banking company</b>		
Bank collection charges paid	<u>249</u>	<u>230</u>
Bank guarantee commission	<u>392</u>	<u>94</u>
Mark up on long term finance	<u>20,240</u>	<u>28,157</u>
Interest income on bank deposits	<u>8</u>	<u>93</u>
Mark up on short term import finance under markup arrangement	<u>5,575</u>	<u>1,159</u>
Mark up on short term borrowings	<u>37,775</u>	<u>35,000</u>
<b>Balances:</b>	<b>31 March 2015 (Unaudited)</b>	<b>30 June 2014 (Audited)</b>
<b>Associated banking company</b>	<b>(Rupees in '000)</b>	
Current account balance	<u>6</u>	<u>923</u>
Saving account balance	<u>142</u>	<u>18</u>
Long term finance	<u>187,500</u>	<u>281,250</u>
Short term borrowings	<u>854,492</u>	<u>826,871</u>
Accrued markup	<u>11,593</u>	<u>12,820</u>

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

## 11. OPERATING SEGMENTS

### 11.1 Segment results

	Polyester Staple Fibre		Crown and Plastic caps		Total	
	Nine months period ended	Nine months period ended	Nine months period ended	Nine months period ended	Nine months period ended	Nine months period ended
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(Rupees in '000)					

External revenues-net	<u>540,952</u>	<u>2,893,003</u>	<u>933,188</u>	<u>967,770</u>	<u>1,474,140</u>	<u>3,860,773</u>
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Reportable segment (loss) / profit before tax	<u>(145,855)</u>	<u>9,381</u>	<u>101,077</u>	<u>77,858</u>	<u>(44,778)</u>	<u>87,239</u>
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	Polyester Staple Fibre		Crown and Plastic caps		Total	
	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(Rupees in '000)					

External revenues-net	<u>117,817</u>	<u>895,104</u>	<u>338,282</u>	<u>407,336</u>	<u>456,099</u>	<u>1,302,440</u>
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Reportable segment (loss) / profit before tax	<u>(39,412)</u>	<u>(8,031)</u>	<u>39,814</u>	<u>67,351</u>	<u>402</u>	<u>59,320</u>
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Reconciliation of reportable segment profit or loss is as follows:

	Nine months period ended 31 March 2015	Nine months period ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
	(Rupees in '000)			
Total (loss) or profit for reportable segments before tax	(44,778)	87,239	402	59,320
Unallocated finance cost	(27,084)	(27,361)	(11,367)	(12,827)
Unallocated other expenses	(223)	(16,984)	-	12,814
Unallocated other income	10,928	2,170	4,095	721
Unallocated other loss	(58,540)	-	(19,883)	-
Taxation	23,961	(15,236)	3,369	(20,449)
Loss after tax	<u>(95,736)</u>	<u>29,828</u>	<u>(23,384)</u>	<u>39,579</u>

### 11.2 Segment assets

	Polyester Staple Fibre		Crown and Plastic caps		Total	
	As at 31 March 2015	As at 30 June 2014	As at 31 March 2015	As at 30 June 2014	As at 31 March 2015	As at 30 June 2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Rupees in '000)					

Segment assets	<u>812,715</u>	<u>1,321,247</u>	<u>1,944,540</u>	<u>1,713,490</u>	<u>2,757,255</u>	<u>3,034,737</u>
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Segment liabilities	<u>80,968</u>	<u>517,003</u>	<u>1,317,750</u>	<u>1,431,808</u>	<u>1,398,718</u>	<u>1,948,811</u>
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Reconciliation of segment assets with total assets in the balance sheet is as follows:

	31 March 2015 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
Total assets for reportable segments	2,757,255	3,034,737
Unallocated assets	313,576	313,085
Total assets as per balance sheet	<u>3,070,831</u>	<u>3,347,822</u>

## 12. DATE OF AUTHORISATION

This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on 20 April 2015.

**ANWAR HAJI KARIM**  
Chief Executive

**YAKOOB HAJI KARIM**  
Director

# BOOK POST

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