
PAKISTAN SYNTHETICS LIMITED

QUARTERLY ACCOUNTS (UN-AUDITED)

30 SEPTEMBER 2016



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 AAMIR AMIN MUHAMMAD ASLAM	CHAIRMAN-NON-EXECUTIVE CHIEF EXECUTIVE -EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE
AUDIT COMMITTEE	AAMIR AMIN – 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	
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	TABISH SHARIF	
REGISTER	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, KARACH 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 quarter ended 30 September 2016 to the shareholders of the Company.

OPERATING PERFORMANCE

During the period under review the Company produced 105,278 cartons of plastic and crown caps as against 104,623 cartons during the corresponding period last year and sold 102,070 cartons as against 103,368 cartons during the corresponding period last year.

FINANCIAL RESULTS

As the Board has decided to convert existing fibre manufacturing plant into PET resin manufacturing plant by making necessary modifications and addition 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 decreased to Rs. 486.02 million from Rs. 521.88 million during the corresponding last year. Overall sales volume was lower as compare to last year due to reduced sales price of material. Moreover, finance cost increased by 20.9% mainly on account of resin plant raw material procurement.

The Company earned profit before tax from continuing operations of Rs. 22.12 million as against profit before tax of Rs. 53.23 million in the last year. The net profit after tax stood from continuing operations at Rs. 17.38 million as against net profit after tax of Rs.42.42 million in the last year.

Discontinued operations

During the year under review, the company's gross turnover of discontinued operations decreased to Rs. 2.69 million from Rs. 37.92 million during the corresponding last year.

The Company posted loss before tax from discontinued operations of Rs. 15.12 million as against loss before tax of Rs. 21.84 million in the last year. The net loss after tax stood from discontinued operations at Rs. 12.58 million as against net loss after tax of Rs. 21 million in the last year.

Pakistan Synthetics Limited

DIRECTORS' REPORT

EARNING PER SHARE

The net earning per share for the period under review was Re. 0.09 as compared to net earning per share of Re. 0.38 in the corresponding period last year.

FUTURE OUTLOOK

PET Resin manufacturing facility has commenced commercial production from 1 October 2016. The management is confident that PET resin manufacturing facility will add value to the Company

As far as plastic and crown caps manufacturing is concern, demand for our product will remain on lower side during the next two quarters as we are approaching winter season..

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: 27 October 2016

Karachi

ANWAR HAJI KARIM
CHIEF EXECUTIVE

Pakistan Synthetics Limited

CONDENSED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	30 September 2016 (Unaudited) (Rupees in '000)	30 June 2016 (Audited)
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised share capital 70,000,000 ordinary shares of Rs 10 each	700,000	700,000
Issued, subscribed and paid-up capital	560,400	560,400
General reserve	292,450	292,450
Unappropriated profit	335,571	386,807
	1,188,421	1,239,657
Non-current liabilities		
Staff retirement benefits	15,297	14,554
Deferred taxation	43,350	45,099
Long term finance - secured	388,817	429,817
	447,464	489,470
Current liabilities		
Trade and other payables	1,000,938	1,026,041
Accrued markup	15,722	20,457
Short-term borrowings - secured	994,002	960,873
Current portion of long term finance	124,589	137,089
	2,135,251	2,144,460
Total equity and liabilities	3,771,136	3,873,587
ASSETS		
Non-current assets		
Property, plant and equipment	5 1,696,711	1,711,444
Long term loans to employees	247	307
Long-term deposits	1,464	1,464
Total non current assets	1,698,422	1,713,215
Current assets		
Stores and spares	6 198,830	183,588
Stock in trade	7 1,003,166	948,173
Trade debts	8 488,275	646,135
Loans and advances	14,715	27,282
Short term deposits and prepayments	15,691	1,376
Other receivables	86,049	72,778
Taxation - net	261,557	273,404
Cash and bank balances	4,431	7,636
	2,072,714	2,160,372
Total assets	3,771,136	3,873,587
Contingencies and commitments		
	9	

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	Note	30 September 2016	30 September 2015
----- (Rupees in '000) -----			
Gross sales		486,018	521,883
Sales tax		(69,792)	(77,006)
Net sales		<u>416,226</u>	<u>444,877</u>
Cost of sales		(339,237)	(331,734)
Gross profit		<u>76,989</u>	<u>113,143</u>
Distribution and selling costs		(13,501)	(13,123)
Administration and general expenses		(8,364)	(8,250)
Other operating expenses		(2,086)	(12,699)
		(23,951)	(34,072)
Other income / (loss)		31	(240)
Operating profit before finance costs		<u>53,069</u>	<u>78,831</u>
Finance costs		(30,951)	(25,603)
Profit before taxation		<u>22,118</u>	<u>53,228</u>
Taxation		(4,738)	(10,803)
Profit after taxation from continuing operation		<u>17,380</u>	<u>42,425</u>
Loss after taxation from discontinued operation	10	(12,576)	(21,004)
Profit for the period		<u>4,804</u>	<u>21,421</u>
----- (Rupee) -----			
Earnings per share - basic and diluted		<u>0.09</u>	<u>0.38</u>

The annexed notes 1 to 14 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 COMPREHENSIVE INCOME (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	30 September 2016	30 September 2015
	----- (Rupees in '000) -----	
Profit after taxation for the period	4,804	21,421
Other comprehensive income	-	-
Total comprehensive income for the period	4,804	21,421

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	30 September 2016	30 September 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,001	31,385
Adjustments for:		
Adjustments for non cash charges and other items		
- Depreciation	44,683	43,275
- Charge for staff retirement benefits	743	752
- (Profit) / loss on disposal of property, plant and equipment	(400)	83
- Loss on revaluation of investment	-	240
- Profit on savings account	(31)	-
- Finance cost	30,951	25,741
- Reversal of provision for doubtful debts	-	(600)
	82,947	100,876
Movement in:		
Working capital		
- Stores and spares	(15,242)	(420)
- Stock-in-trade	(54,993)	176,108
- Trade debts	157,860	(4,181)
- Loans and advances	12,567	(4,798)
- Short term deposits and prepayments	(14,315)	(2,298)
- Other receivables	(13,271)	505
- Trade and other payables	(81,143)	(98,302)
Net cash generated from operations	74,410	167,490
Finance cost paid	(35,686)	(29,557)
Long-term loans to employees	60	639
Taxes refund / (paid) - net	7,901	(18,524)
Net cash flows from operating activities	46,685	120,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(29,950)	(21,401)
Proceeds from disposal of property plant and equipment	400	4,230
Profit on saving and deposit accounts received	31	-
Net cash flows used in investing activities	(29,519)	(17,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	326,722	(104,713)
Long term loan paid	(53,500)	(35,904)
Net cash flows from / (used in) financing activities	273,222	(140,617)
Net increase / (decrease) in cash and cash equivalents	290,388	(37,740)
Cash and cash equivalents at beginning of the period	(444,101)	(210,671)
Cash and cash equivalents at the end of the period	(153,713)	(248,411)
CASH AND CASH EQUIVALENTS COMPRISE		
Cash and bank balances	4,431	6,960
Running finance under mark-up arrangement	(158,144)	(255,371)
	(153,713)	(248,411)

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at 1 July 2015	560,400	292,450	295,940	1,148,790
Changes in equity for the quarter ended 30 September 2015				
Total comprehensive income for the period - profit for the period	-	-	21,421	21,421
Balance as at 30 September 2015	560,400	292,450	317,361	1,170,211
Balance as at 1 July 2016	560,400	292,450	386,807	1,239,657
Transactions with owners recorded directly in equity - distributions				
Final dividend for the year ended 30 June 2016 (Rs. 1 per share)	-	-	(56,040)	(56,040)
Changes in equity for the quarter ended 30 September 2016				
Total comprehensive income for the period - profit for the period	-	-	4,804	4,804
Balance as at 30 September 2016	560,400	292,450	335,571	1,188,421

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

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 (Karachi, Lahore and Islamabad of Pakistan) 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.

2. BASIS OF PREPARATION

This condensed interim financial information for the quarter ended 30 September 2016 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 2016.

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 2016, 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 30 September 2015.

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, therefore polyester staple fibre segment has been classified as a discontinued operation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2016.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2016.

4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

5. PROPERTY, PLANT AND EQUIPMENT

	Additions 30 September		Disposal/Transfer 30 September	
	2016	2015	2016	2015
	(Unaudited) (Rupees in '000)			
- Operating assets				
Building on leasehold land	-	166	-	-
Plant and machinery	-	-	-	-
Vehicles	-	6,029	(2,128)	(4,313)
Furniture and equipments	130	225	-	-
Computer accessories	112	-	-	-
Capital work in process	29,708	14,981	-	-
	<u>29,950</u>	<u>21,401</u>	<u>(2,128)</u>	<u>(4,313)</u>

6. STORES AND SPARES

	30 September 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Stores and spares [including in transit stores and spares amounting to Rs. Nil (30 June 2016: Rs.4.47 million)]	247,310	232,068
Provision for slow moving and obsolete items	<u>(48,480)</u>	<u>(48,480)</u>
	<u>198,830</u>	<u>183,588</u>

7. STOCK-IN-TRADE

Raw and packing materials [including in transit of Rs. 40.18 million (30 June 2016: Rs. 274.167 million)]	681,163	852,980
Work-in-process	237,939	14,107
Finished goods - net of provision	<u>84,064</u>	<u>81,086</u>
	<u>1,003,166</u>	<u>948,173</u>

8. TRADE DEBTS - unsecured

Considered good	488,275	646,135
Considered doubtful	<u>142,621</u>	<u>142,621</u>
	<u>630,896</u>	<u>788,756</u>
Provision for doubtful debts	<u>(142,621)</u>	<u>(142,621)</u>
	<u>488,275</u>	<u>646,135</u>

9. CONTINGENCIES AND COMMITMENTS

- Contingencies

Bank guarantee in favour of Sui Sothern Gas Company Limited - from associated banking company	<u>77,839</u>	<u>77,839</u>
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The Company has not recorded a provision of Rs. 60.39 million (30 June 2016: Rs. 60.39 million) of gas infrastructure development cess pertaining to April 2015 and before. However, the company has recognised charge against GID cess from the date of the passing of Gas Infrastructure Development Cess Act 2015 (i.e. April 2015).

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

- Commitments	30 September 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Letters of credit for raw materials and stores and spares		
- from associated banking company	334,690	605,540
- other banking companies	<u>52,210</u>	<u>37,950</u>

10. LOSS AFTER TAXATION FROM DISCONTINUED OPERATION

	1st quarter ended	
	30 September 2016	30 September 2015
	(Unaudited)	
	(Rupees in '000)	
Net sales	2,559	36,425
Cost of sales	<u>(2,608)</u>	(56,270)
Gross loss	(49)	(19,845)
Distribution and selling costs	(146)	(635)
Administration and general expenses	(15,322)	(3,783)
Other operating income	-	2,041
	<u>(15,468)</u>	(2,377)
Loss from operations	(15,517)	(22,222)
Other income	400	517
Finance costs	-	(138)
Loss before taxation	<u>(15,117)</u>	(21,843)
Taxation	2,541	839
Loss after taxation from discontinued operation	<u>(12,576)</u>	(21,004)

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

Associated company

Sale of goods	-	11,252
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Key management personnel compensation

Managerial remuneration	9,110	8,640
Others	2,080	1,218

Associated banking company

Interest income on bank deposits	31	-
Profit on long term finance	608	3,759
Profit on short term murabaha	793	-
Markup on foreign currency loan	2,070	990
Markup on running finance	2,251	2,566
Markup on money market loan	5,074	5,452

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 1ST QUARTER ENDED 30 SEPTEMBER 2016

11.1 Period end balances arising from transactions with related parties

	30 September 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Current account balance (banking company)	10	143
Saving account balance (banking company)	148	9
Long term finance (banking company)	-	31,250
Short term borrowings (banking company)	873,609	832,664
Short term murabaha (banking company)	54,018	28,159
Accrued markup	8,531	10,970

12. OPERATING SEGMENTS

12.1 SEGMENT RESULTS

	Polyester Staple Fibre	Crown and plastic caps	Total
	----- (Rupees in '000) -----		
For the quarter ended 30 September 2016			
Net Revenue	2,559	416,226	418,785
Segment results	(15,117)	24,173	9,056
For the quarter ended 30 September 2015			
Net Revenue	36,425	444,877	481,302
Segment results	(21,843)	53,228	31,385

Reconciliation of segment results with profit after tax is as follows:

	1st quarter ended	
	30 September 2016	30 September 2015
	(Rupees in '000)	
Total results for reportable segments	9,056	31,385
Other operating expenses	(2,086)	-
Other operating income	31	-
Taxation	(2,197)	(9,964)
Profit after tax	4,804	21,421

12.2 100% (2015: 100%) sales of the Company relates to customers in Pakistan.

12.3 All non-current assets of the Company at 30 September 2016 are located in Pakistan.

12.4 Sales to two customers of the Company is more than 10% of total sales of the Company during the quarter ended 30 September 2016 (2015: sales to two of the customers was more than 10% of sales of the Company individually).

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

13. DATE OF AUTHORISATION

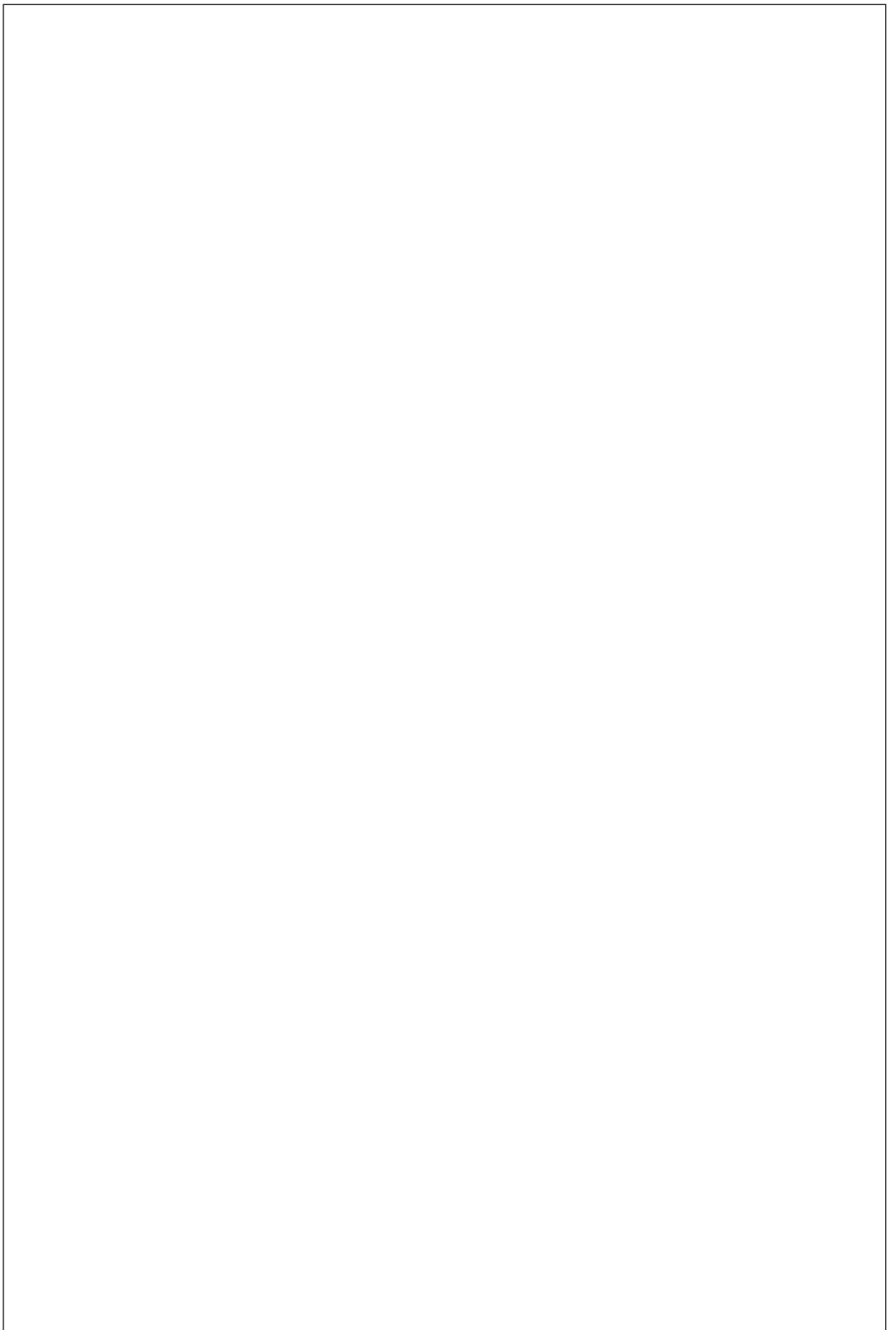
This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on 27 October 2016.

14. GENERAL

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

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR



If undelivered please return to:

PAKISTAN SYNTHETICS LIMITED

Third Floor, Karachi Dock Labour Board Building,
58, West Wharf Road, Karachi-74000.