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**Report & Financial Information for
the 1st Quarter ended 30 September 2015**

Pakistan Synthetics Limited

Pakistan Synthetics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	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
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	
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, 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.	

Pakistan Synthetics Limited

DIRECTORS' REPORT

The Board of Directors is pleased to present unaudited financial information for the quarter ended 30 September 2015 to the shareholders of the Company.

OPERATING PERFORMANCE

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 and addition in existing plant. For the purpose the Board has approved investment proposal of Rs. 650 million.

During the period under review the Company produced 104,623 cartons of plastic and crown caps as against 94,999 cartons during the corresponding period last year and sold 103,368 cartons as against 95,053 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. 521.88 million from Rs. 535.75 million during the corresponding last year.

The Company earned profit before tax from continuing operations of Rs. 53.23 million as against profit before tax of Rs. 54.09 million in the last year. The net profit after tax stood from continuing operations at Rs. 42.42 million as against net profit after tax of Rs.45.62 million in the last year.

Discontinued operations

During the year under review, the company's gross turnover of discontinued operations decreased to Rs. 37.92 million from Rs. 299.56 million during the corresponding last year.

The Company posted loss before tax from discontinued operations of Rs. 21.84 million as against loss before tax of Rs. 27.56 million in the last year. The net loss after tax stood from discontinued operations at Rs. 21 million as against net loss after tax of Rs. 27.22 million in the last year.

EARNING PER SHARE

The net earning per share for the period under review was Re. 0.38 as compared to net earning per share of Re. 0.33 in the corresponding period last year.

Pakistan Synthetics Limited

DIRECTORS' REPORT

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.

For packaging segment of the Company, we have now approached winter season where the demand for our product remained on lower side in next two quarters.

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: 28 October 2015
Karachi.

ANWAR HAJI KARIM
Chief Executive

Pakistan Synthetics Limited

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2015

	30 September Note 2015 (Unaudited)	30 June 2015 (Audited)
(Rupees in '000)		
EQUITY AND LIABILITIES		
Share capital and reserves		
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>317,361</u>	<u>295,940</u>
	<u>1,170,211</u>	<u>1,148,790</u>
Non-current liabilities		
Staff retirement benefits	14,236	13,484
Deferred taxation	54,112	48,962
Long term finance - secured	<u>213,406</u>	<u>266,906</u>
	<u>281,754</u>	<u>329,352</u>
Current liabilities		
Trade and other payables	409,283	507,585
Accrued markup	16,180	19,996
Short term borrowings - secured	669,277	732,363
Current portion of long term finance	<u>175,743</u>	<u>158,147</u>
	<u>1,270,483</u>	<u>1,418,091</u>
Total equity and liabilities	<u><u>2,722,448</u></u>	<u><u>2,896,233</u></u>
ASSETS		
Non-current assets		
Property, plant and equipment	5 1,234,011	1,260,198
Long term loans to employees	134	773
Long term deposits	<u>744</u>	<u>744</u>
Total non current assets	<u>1,234,889</u>	<u>1,261,715</u>
Current assets		
Stores and spares	6 189,188	188,768
Stock-in-trade	7 445,623	621,731
Trade debts	8 638,602	633,821
Loans and advances	14,372	9,574
Short term deposits and prepayments	2,334	36
Investment	4,898	5,138
Other receivables	-	505
Taxation - net	185,582	171,872
Cash and bank balances	<u>6,960</u>	<u>3,073</u>
	<u>1,487,559</u>	<u>1,634,518</u>
Total assets	<u><u>2,722,448</u></u>	<u><u>2,896,233</u></u>
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 2015

	30 September 2015	30 September 2014
 (Rupees in '000).....	
Gross sales	521,883	535,746
Sales tax	(77,006)	(77,743)
Net sales	<u>444,877</u>	<u>458,003</u>
Cost of sales	(331,734)	(349,432)
Gross profit	113,143	108,571
Distribution and Selling costs	(13,123)	(13,154)
Administration and general expenses	(8,250)	(6,135)
Other operating expenses	(12,699)	(13,217)
	<u>(34,072)</u>	<u>(32,506)</u>
Other (loss) / income	(240)	6,415
Operating profit before finance costs	78,831	82,480
Finance costs	(25,603)	(28,394)
Profit before taxation	53,228	54,086
Taxation	(10,803)	(8,471)
Profit after taxation from continuing operation	42,425	45,615
Loss after taxation from discontinued operation (Note-10)	(21,004)	(27,215)
Profit for the period	<u>21,421</u>	<u>18,400</u>
 (Rupee)	
Earnings per share - basic and diluted	<u>0.38</u>	<u>0.33</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 2015

	30 September 2015	30 September 2014
 (Rupees in '000).....	
Profit after taxation for the period	21,421	18,400
Other comprehensive income	-	-
Total comprehensive income for the period	<u>21,421</u>	<u>18,400</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 CASH FLOW STATEMENT (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

	30 September 2015	30 September 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rupees in '000)	
Profit before taxation	31,385	26,530
Adjustments for:		
Adjustments for non cash charges and other items		
- Depreciation	43,275	38,108
- Charge for staff retirement benefits	752	2,486
- (Loss) / profit on disposal of property, plant and equipment	83	(1,375)
- Loss on revaluation of investment	240	-
- Finance cost	25,741	35,750
- Unrealised gain on remeasurement of other financial assets	-	(6,415)
- Reversal of provision for doubtful debts	(600)	(700)
	100,876	94,384
Movement in:		
Working capital		
- Stores and spares	(420)	(6,901)
- Stock-in-trade	176,108	169,944
- Trade debts	(4,181)	56,320
- Loans and advances	(4,798)	699
- Short term deposits and prepayments	(2,298)	(2,074)
- Other receivables	505	10,110
- Trade and other payables	(98,302)	(254,036)
Net cash generated from operations	167,490	68,446
Staff retirement benefits paid	-	(10,981)
Finance cost paid	(29,557)	(37,269)
Long-term loans to employees	639	571
Taxes paid	(18,524)	(24,052)
Net cash flows from / (used in) operating activities	120,048	(3,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(21,401)	(8,854)
Proceeds from disposal of property plant and equipment	4,230	3,994
Profit on saving and deposit accounts received	-	-
Net cash flows used in investing activities	(17,171)	(4,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	(104,713)	240,129
Long term loan obtained / paid - net	(35,904)	21,053
Net cash flows (used in) / from financing activities	(140,617)	261,182
Net (decrease) / increase in cash and cash equivalents	(37,740)	253,037
Cash and cash equivalents at beginning of the period	(210,671)	(415,555)
Cash and cash equivalents at the end of the period	(248,411)	(162,518)
CASH AND CASH EQUIVALENTS COMPRISE		
Cash and bank balances	6,960	3,723
Running finance under mark-up arrangement	(255,371)	(166,241)
	(248,411)	(162,518)

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 2015

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 1 July 2014	560,400	292,450	313,702	1,166,552
Transactions with owners recorded directly in equity - distributions				
Final dividend for the year ended 30 June 2014 (Rs. 1 per share)	—	—	(15,955)	(15,955)
Changes in equity for the quarter ended 30 September 2014				
Total comprehensive income for the period - profit for the period	—	—	18,400	18,400
Balance as at 30 September 2014	560,400	292,450	316,147	1,168,997
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

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 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, crown caps and plastic caps. The registered office of the Company is situated at 3rd floor, K.D.L.B. Building, 58, West Wharf Road, Karachi.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

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.

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 2015.

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 2015.

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

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 2015.

5. PROPERTY, PLANT AND EQUIPMENT	Additions		Disposal/Transfer	
	30 September 2015	2014	30 September 2015	2014
	(Unaudited) (Rupees in '000)			
- <i>Operating assets</i>				
Building on leasehold land	166	-	-	-
Plant and machinery	-	66,313	-	-
Vehicles	6,029	-	(4,313)	(2,619)
Furniture and equipments	225	-	-	-
Capital work in process	14,981	-	-	(57,459)
	<u>21,401</u>	<u>66,313</u>	<u>(4,313)</u>	<u>(60,078)</u>

6. STORES AND SPARES	30 September 2015	30 June 2015
	(Unaudited)	(Audited)
	(Rupees in '000)	
Stores and spares [including in transit stores and spares amounting to Rs. Nil (30 June 2015: Rs.7.70 million)]	237,668	237,248
Provision for slow moving and obsolete items	(48,480)	(48,480)
	<u>189,188</u>	<u>188,768</u>

7. STOCK-IN-TRADE		
Raw and packing materials [including in transit of Rs. 41.60 million (30 June 2015: Rs.105.665 million)]	310,878	465,488
Work-in-process	40,002	50,378
Finished goods - net of provision	94,743	105,865
	<u>445,623</u>	<u>621,731</u>

8. TRADE DEBTS - unsecured		
Considered good		638,602
Considered doubtful	113,862	114,462
	<u>752,464</u>	<u>748,283</u>
Provision for doubtful debts	(113,862)	(114,462)
	<u>638,602</u>	<u>633,821</u>

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

9. CONTINGENCIES AND COMMITMENTS

	30 September 2015 (Unaudited)	30 June 2015 (Audited)
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(Rupees in '000)

- Contingencies

Bank guarantee in favour of Sui Sothern Gas Company Limited		
- from associated banking company	76,891	76,891

The Company has not recorded a provision of Rs. 60.39 million (30 June 2015: 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).

- Commitments

Letters of credit for raw materials and stores and spare		
- from associated banking company	359,720	468,370
- other banking companies	56,640	92,920

10. LOSS AFTER TAXATION FROM DISCONTINUED OPERATION

	1st quarter ended	
	30 September 2015 (Unaudited)	30 September 2014
	(Rupees in '000)	
Net sales	36,425	292,342
Cost of sales	(56,270)	(305,348)
Gross loss	(19,845)	(13,006)
Distribution and selling costs	(635)	(1,992)
Administration and general expenses	(3,783)	(3,650)
Other operating income / (expenses)	2,041	(3,627)
	(2,377)	(9,269)
Loss from operations	(22,222)	(22,275)
Other income	517	2,075
Finance costs	(138)	(7,356)
Loss before taxation	(21,843)	(27,556)
Taxation	839	341
Loss after taxation from discontinued operation	(21,004)	(27,215)

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

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

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:

	1st quarter ended	
	30 September 2015 (Unaudited)	30 September 2014 (Unaudited)
(Rupees in '000)		
Associated company		
Sale of goods	11,252	11,871
Key management personnel compensation		
Managerial remuneration	8,640	6,203
Others	1,218	1,000
Associated banking company		
Interest income on bank deposits	-	-
Profit on long term finance	3,759	7,704
Markup on foreign currency loan	990	2,056
Markup on running finance	2,566	4,169
Markup on money market loan	5,452	8,068

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

11.1 Period end balances arising from transactions with related parties	30 September 2015 (Unaudited)	30 June 2015 (Audited)
	(Rupees in '000)	
Trade receivable from associated company	10,690	9,818
Current account balance (banking company)	217	353
Saving account balance (banking company)	104	46
Long term finance (banking company)	125,000	156,250
Short term borrowings (banking company)	541,068	604,152
Accrued markup	9,114	9,565

12. OPERATING SEGMENTS

12.1 SEGMENT RESULTS

	Polyester Staple Fibre	Crown and plastic caps	Total
	(Rupees in '000)		
For the quarter ended 30 September 2015			
Net Revenue	36,425	444,877	481,302
Segment results	(21,843)	53,228	31,385
For the quarter ended 30 September 2014			
Net Revenue	292,342	458,003	750,345
Segment results	(27,556)	55,179	27,623

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

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

	1st quarter ended	
	30 September 2015	30 September 2014
	(Rupees in '000)	
Total results for reportable segments	31,385	27,623
Other operating expenses	-	(2,028)
Finance cost	-	(5,480)
Other operating income	-	6,415
Taxation	(9,964)	(8,130)
Profit after tax	<u>21,421</u>	<u>18,400</u>

12.2 100% (2014: 100%) sales of the Company relates to customers in Pakistan.

12.3 All non-current assets of the Company at 30 September 2015 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 2015 (2014: sales to two of the customers was more than 10% of sales of the Company individually).

13. DATE OF AUTHORISATION

This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on October 28, 2015.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered please return to:
PAKISTAN SYNTHETICS LIMITED,
Third Floor, Karachi Dock Labour Board Building,
58, West Wharf Road,
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