



PAKISTAN SYNTHETICS LIMITED
HALF YEARLY REPORT
DECEMBER
— 2023 —

PAKISTAN SYNTHETICS LIMITED

BOARD OF DIRECTORS	MR. KHURSHID AKHTAR MR. YAKOOB HAJI KARIM MR. NOMAN YAKOOB MR. ABID UMER MR. MUBBASHIR AMIN MR. ALI KAMAL MR. FARAZ YOUNUS BANDUKDA MS. SADAF SHABBIR	CHAIRMAN – INDEPENDENT CHIEF EXECUTIVE EXECUTIVE NON – EXECUTIVE NON – EXECUTIVE INDEPENDENT INDEPENDENT INDEPENDENT
AUDIT COMMITTEE	MR. ALI KAMAL MR. MUBBASHIR AMIN MR. FARAZ YOUNUS BANDUKDA	CHAIRMAN
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. FARAZ YOUNUS BANDUKDA MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	CHAIRMAN
CHIEF FINANCIAL OFFICER COMPANY SECRETARY	MR. SHAHID YAQOOB MR. MUHAMMAD IMRAN	
BANKERS	ASKARI BANK LIMITED AL BARAKA BANK PAKISTAN LIMITED BANK AL HABIB LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED BANK ISLAMIC PAKISTAN LIMITED DUBAI ISLAMIC BANK PAKISTAN LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED MEEZAN BANK LIMITED SONERI BANK LIMITED	
AUDITORS	BDO EBRAHIM & CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	MR. JAFFAR IQBAL	
REGISTRAR	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17 TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.	
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE	
REGISTERED OFFICE	OFFICE # 1504, 15 TH FLOOR, EMERALD TOWER, BLOCK 5, CLIFTON, KARACHI	
FACTORY	F-1, 2, 3, & 13, 14 & 15 HUB INDUSTRIAL TRADING ESTATE DISTRIC LASBELLA, BALOCHISTAN. PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI.	

PAKISTAN SYNTHETICS LIMITED

DIRECTORS' REVIEW

The Board of Directors is pleased to present unaudited financial statements of the Company for the half year ended December 31, 2023 together with Auditor's Review Report on the financial statements:

OPERATING AND FINANCIAL PERFORMANCE

During the half year ended December 31, 2023, the sales revenue of the Company decreased by 6% over the corresponding period last year. This decline is due to decrease in overall quantity sold. Gross profit fall from Rs. 1,053.137 million to 842.925 million on account of higher input cost. Increase in cost of sales mainly attributable to higher fuel, power and raw & packing material cost. The Administrative expenses increased by 31.30% mainly due to impact of rising inflation over every component of cost. Distribution expenses mainly consist of outwar freight which declined by 36.98% on account of lower sales volume. Decline in other operating expenses is mainly on account of higher exchange loss incurred in the corresponding period last year. Higher utilization of short term borrowing facilities and rise in discount rates to its highest ever have resulted in increased Finance cost of the Company from Rs. 142.220 million (December 2022) to Rs. 379.989 million (December 2023). After providing all the cost, the Company posted net profit after tax for the half year ended amounting to Rs. 216.241 million (2022: 410.723 million). The profit is translated into earning per share of Rs. 1.56 (2022: Rs. 2.96).

FUTURE OUTLOOK

The global economy faces strong headwinds. The Israel-Hamas war has added to the uncertainty and volatility in commodity prices. Despite being in stand by arrangement with IMF, Pakistan still faces the challenges of high inflation, depleting foreign exchange reserves and unsustainable fiscal deficit. Recent steps taken by the caretaker government have yielded good results in the short term but economic revival will depend on key reforms and fiscal discipline.

The current financial year is expected to bring significant challenges for Pakistan's economy and businesses. These challenges will persist until inflation and interest rates reduce substantially. Post- election scenario has further deteriorated political crises which the country was facing since last two years. Demand is expected to remain under pressure as continuously rising inflation is deteriorating the buying powers of the consumers. Cost of doing business has become higher due to prevailing highest ever discount rates, rising fuel and power tariffs.

The Management is proactively managing situation against all the aforesaid challenges to maintain existing market share in the industry while remain competitive and keeping the profit margins intact.

ACKNOWLEDGEMENT

The Board expresses its gratitude to all the valued shareholders, Federal and Provincial Government functionaries, Banks, financial institutions, suppliers and customers for their unwavering commitment and support to the Company.

The Board also extends its appreciation to the management team, executives, staff members and workers of the company for the valuable contributions, services, loyalty & dedication and recognize that they are most valuable assets of the Company.

For and on behalf of the Board of Directors



YAKOOB HAJI KARIM
CHIEF EXECUTIVE



NOMAN YAKOOB
DIRECTOR

Date: February 23, 2024

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAKISTAN SYNTHETICS LIMITED** ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at and for the six months' period ended December 31, 2023 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim financial statements for the three months period ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



The engagement partner on the engagement resulting in this independent auditor's review report is Tariq Feroz Khan.

KARACHI

DATED: 23 FEB 2024

UDIN: AR202310166bh1WexjoT

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

PAKISTAN SYNTHETICS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,035,001	3,225,828
Right-of-use assets		17,303	22,246
Long term loan to employees		919	1,610
Long term deposits		4,209	4,209
Investment in associates	6	1,480,271	1,398,365
		<u>4,537,703</u>	<u>4,652,258</u>
CURRENT ASSETS			
Stores and spares		356,254	289,601
Stock-in-trade	7	4,892,689	3,200,803
Trade debts	8	1,083,534	1,427,591
Loans and advances		53,511	17,863
Short term deposits and prepayments		23,289	10,938
Short term investments		4,793	3,846
Other receivables	9	294,328	2,032
Taxation - net		25,120	-
Cash and bank balances	10	11,773	3,052
		<u>6,745,290</u>	<u>4,955,726</u>
TOTAL ASSETS		<u><u>11,282,993</u></u>	<u><u>9,607,984</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
140,000,000 (June 30, 2023: 140,000,000) ordinary shares of Rs. 10 each		<u>1,400,000</u>	<u>1,400,000</u>
Issued, subscribed and paid-up capital			
138,699,000 (June 30, 2023: 138,699,000) ordinary shares of Rs. 10 each		1,386,990	1,386,990
Reserves		<u>2,739,812</u>	<u>2,523,571</u>
		4,126,802	3,910,561
NON-CURRENT LIABILITIES			
Long term borrowings	11	633,279	811,685
Lease liability		9,504	13,485
Deferred liabilities		153,228	151,332
Deferred income - government grant		65,493	85,909
Deferred taxation		41,490	64,074
		<u>902,995</u>	<u>1,126,485</u>
CURRENT LIABILITIES			
Trade and other payables		2,988,476	2,739,346
Short term borrowings	12	2,932,717	1,380,819
Accrued markup		58,085	23,306
Current portion of long term borrowings	11	218,366	94,239
Current portion of lease liabilities		14,303	15,831
Current portion of deferred government grant		35,852	30,202
Taxation - net		-	281,798
Unclaimed dividend		5,397	5,397
		<u>6,253,196</u>	<u>4,570,938</u>
TOTAL EQUITY AND LIABILITIES		<u><u>11,282,993</u></u>	<u><u>9,607,984</u></u>
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

PAKISTAN SYNTHETICS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Six months period ended		Three months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----					
Revenue from contracts with customers	14	5,451,876	5,810,395	1,831,022	2,110,776
Cost of sales		(4,608,951)	(4,757,258)	(1,557,266)	(1,761,994)
Gross profit		842,925	1,053,137	273,756	348,782
Administrative and general expenses		(79,870)	(60,832)	(38,468)	(25,717)
Distribution and selling costs		(78,786)	(125,024)	(16,934)	(49,020)
Other operating expenses		(42,518)	(128,983)	(6,926)	(1,127)
		(201,174)	(314,839)	(62,328)	(75,864)
Operating profit		641,751	738,297	211,428	272,918
Other income		67,788	34,131	58,936	32,502
Finance costs		(379,989)	(142,220)	(182,026)	(72,253)
Profit before tax		329,550	630,208	88,338	233,167
Taxation	15	(113,309)	(219,485)	(15,956)	(100,452)
Profit for the period		216,241	410,723	72,382	132,715
----- (Rupees) -----					
Earnings per share - basic and diluted	16	1.56	2.96	0.52	0.96

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

PAKISTAN SYNTHETICS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	----- (Rupees in '000) -----			
Profit for the period	216,241	410,723	72,382	132,715
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>216,241</u>	<u>410,723</u>	<u>72,382</u>	<u>132,715</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

PAKISTAN SYNTHETICS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Reserves					Total
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total reserves	
			Share premium	General reserve		
----- (Rupees in '000) -----						
Balance as at July 01, 2022 (Audited)	924,660	140,100	292,450	1,757,523	2,190,073	3,114,733
Total comprehensive income for the period ended December 31, 2022						
Profit for the period	-	-	-	410,723	410,723	410,723
Other comprehensive income	-	-	-	-	-	-
	-	-	-	410,723	410,723	410,723
Balance as at December 31, 2022 (Un-Audited)	924,660	140,100	292,450	2,168,246	2,600,796	3,525,456
Balance as at July 01, 2023 (Audited)	1,386,990	140,100	292,450	2,091,021	2,523,571	3,910,561
Total comprehensive Income for the period ended December 31, 2023						
Profit for the period	-	-	-	216,241	216,241	216,241
Other comprehensive income	-	-	-	-	-	-
	-	-	-	216,241	216,241	216,241
Balance as at December 31, 2023 (Un-Audited)	1,386,990	140,100	292,450	2,307,262	2,739,812	4,126,802

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

PAKISTAN SYNTHETICS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		December 31, 2023	December 31, 2022
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	17	(606,390)	365,428
Staff gratuity paid		(5,132)	(2,364)
Financial charges paid		(291,435)	(88,632)
Taxes paid		(442,053)	(58,821)
Net cash (used in) / generated from operating activities		<u>(1,345,010)</u>	<u>215,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(22,370)	(76,194)
Proceeds from disposal of property, plant and equipment		-	6,049
Investment in associate		(100,000)	-
Net cash used in investing activities		<u>(122,370)</u>	<u>(70,145)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(6,752)	(6,251)
Repayment of long term borrowings		(69,045)	(70,908)
Short term murabaha, salam and istisna - net		1,214,299	(186,866)
Net cash flows from / (used in) financing activities		<u>1,138,502</u>	<u>(264,025)</u>
Net decrease in cash and cash equivalents during the period		<u>(328,878)</u>	<u>(118,559)</u>
Cash and cash equivalents at beginning of the period		<u>(287,423)</u>	<u>(171,179)</u>
Cash and cash equivalents at end of the period		<u><u>(616,301)</u></u>	<u><u>(289,738)</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	10	11,773	240,762
Running Finance and Running Musharakah	12	(628,074)	(530,500)
		<u>(616,301)</u>	<u>(289,738)</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

PAKISTAN SYNTHETICS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited ("the Company") was incorporated on November 18, 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on December 30, 1987. The shares of the Company are listed on Pakistan Stock Exchange with effect from June 27, 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps, Crown Caps, PET resin, Preform and BOPET resin. The registered office of the company is situated at office no. 1504, 15th Floor, Emerald Tower, Block 5, Clifton, Karachi.

The manufacturing facility of the Company is situated at F-1,2,3 and 13,14 & 15, Hub Industrial Trading Estate, District Lasbella Balochistan and Plot No. A-5, N.W.I.Z, Port Qasim Authority, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of;

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.1 These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

PAKISTAN SYNTHETICS LIMITED

- 2.1.2 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.
- 2.1.3 The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2023 have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes thereto for the six month period ended December 31, 2022 have been extracted from the condensed interim financial statements of the company for the six months period ended December 31, 2022. which were subjected to a review but not audited.
- 2.1.4 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2023 and December 31, 2022 included in these condensed interim financial statements were neither subjected to review nor audited.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except as stated otherwise.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees ("Rupees" or "Rs.") which is the functional currency of the Company.

3. MATERIAL ACCOUNTING POLICIES INFORMATION AND CHANGES THEREIN

The accounting policies adopted and the methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2023.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements 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.

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 annual financial statements as at and for the year ended June 30, 2023.

PAKISTAN SYNTHETICS LIMITED

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,957,567	3,148,394
Capital work-in-progress		77,434	77,434
		<u>3,035,001</u>	<u>3,225,828</u>
5.1 Operating fixed assets			
Opening net book value		3,148,394	3,181,503
Additions / transfers during the period / year		22,370	381,136
Disposals during the period / year		-	(6,977)
Depreciation charge for the period / year		(213,197)	(407,268)
Closing net book value		<u>2,957,567</u>	<u>3,148,394</u>
6. INVESTMENT IN ASSOCIATES			
Carrying value		1,498,365	1,400,000
Less: share of loss from Associate		(18,094)	(1,635)
	6.1	<u>1,480,271</u>	<u>1,398,365</u>
6.1	This represents shareholding of 23.08% (June 30, 2023: 23.41%) comprising of 150,000,000 shares (June 30, 2023: 140,000,000) of Petpak Films (Private) Limited, original cost of the shares is Rs. 10/share		
6.2	Movement of investment in associate is as follows:		
Opening balance		1,398,365	-
Investment during the Period / Year		100,000	1,400,000
Share of loss for the Period / Year		(18,094)	(1,635)
Closing balance		<u>1,480,271</u>	<u>1,398,365</u>
7 STOCK-IN-TRADE			
Raw and packing material			
in hand		1,703,257	1,620,218
in transit		5,310	223,011
		<u>1,708,567</u>	<u>1,843,229</u>
Work-in-process		382,353	343,106
Finished goods		2,801,769	1,014,468
		<u>4,892,689</u>	<u>3,200,803</u>

PAKISTAN SYNTHETICS LIMITED

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
8	TRADE DEBTS		
	Unsecured and considered good		
	Trade debts	1,351,856	1,745,024
	Less: allowance for expected credit losses	8.1 (268,322)	(317,433)
		<u>1,083,534</u>	<u>1,427,591</u>
8.1	Allowance for expected credit losses		
	Opening balance	317,433	279,544
	(Reversal) / provision for the period / year	(49,111)	37,889
	Closing balance	<u>268,322</u>	<u>317,433</u>
9	OTHER RECEIVABLES - CONSIDERED GOOD		
	Sales tax refundable	252,937	-
	Others	41,391	2,032
		<u>294,328</u>	<u>2,032</u>
10	CASH AND BANK BALANCES		
	Cash in hand	2,483	785
	With Islamic banks		
	- current accounts	3,901	1,123
	- saving accounts	10.1 330	125
		4,231	1,248
	With conventional banks		
	- current accounts	4,732	579
	- saving accounts	10.2 326	440
		5,058	1,019
		<u>11,773</u>	<u>3,052</u>
10.1	These carry profit at 15% per annum (June 30, 2023: 8.75% per annum).		
10.2	These carry markup at the rate of 20% per annum (June 30, 2023: 19% per annum).		

PAKISTAN SYNTHETICS LIMITED

	December 31, 2023	June 30, 2023
	(Un-audited)	(Audited)
Note	----- (Rupees in '000) -----	
11 LONG TERM BORROWINGS - SECURED		
Loans from Islamic financial institutions		
Long Term Finance Facility - Diminishing Musharakah	276,157	313,285
Islamic Temporary Economic Refinance Facility (ITERF)	676,833	708,750
	952,990	1,022,035
Less: Deferred income - government grant	(101,345)	(116,111)
Current portion of loans from Islamic financial institutions		
Long Term Finance Facility - Diminishing Musharakah	(98,366)	(71,739)
Islamic Temporary Economic Refinance Facility (ITERF)	(120,000)	(22,500)
	(218,366)	(94,239)
11.1	<u>633,279</u>	<u>811,685</u>

11.1 There is no significant changes as compared to audited financial statements of June 30, 2023

12 SHORT TERM BORROWINGS - SECURED

Conventional		
Running finance under mark-up arrangement	40,406	60
Islamic		
Murabaha	322,612	149,564
Istisna	1,982,031	940,780
Running Musharakah	587,668	290,415
	<u>2,932,717</u>	<u>1,380,819</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual financial statements

13.2 Commitments

The Company has facilities of Rs. 3,600 million (June 30, 2023: Rs. 3,150 million) for opening letters of credit. At December 31, 2023, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 128.26 million (June 30, 2023: Rs. 834.835 million).

PAKISTAN SYNTHETICS LIMITED

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Note	----- (Rupees in '000) -----			
14. REVENUE FROM CONTRACTS WITH CUSTOMERS				
Gross sales	6,448,380	6,839,967	2,175,441	2,494,878
Less: Sales tax	(996,504)	(1,029,572)	(344,419)	(384,102)
	<u>5,451,876</u>	<u>5,810,395</u>	<u>1,831,022</u>	<u>2,110,776</u>
15. TAXATION				
Current	135,135	232,882	19,876	96,216
Defferred	(21,826)	(13,397)	(3,920)	4,236
	<u>113,309</u>	<u>219,485</u>	<u>15,956</u>	<u>100,452</u>

16. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company to the weighted average number of ordinary shares in issue during the period. There is no dilutive effect on the basic earnings per share of the Company.

Profit for the period	<u>216,241</u>	<u>410,723</u>	<u>72,382</u>	<u>132,715</u>
	----- (Number) -----			
Weighted average number of ordinary shares outstanding during the year (2022: adjusted for Bonus issue)	16.1 <u>138,699,000</u>	<u>138,699,000</u>	<u>138,699,000</u>	<u>138,699,000</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted (Rupees)	16.1 <u>1.56</u>	<u>2.96</u>	<u>0.52</u>	<u>0.96</u>

16.1 Earnings per share and weighted average number of ordinary shares for prior period is restated for effect of bonus shares issued in the prior period.

PAKISTAN SYNTHETICS LIMITED

	December 31, 2023 (Un-audited)	December 31, 2022 (Un-audited)
	----- (Rupees in '000) -----	
17. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before tax	329,550	630,208
Adjustment for non-cash charges and other items:		
Depreciation on property, plant and equipment	213,197	196,758
Depreciation on right of use asset	4,944	4,944
Charge for staff gratuity	20,000	20,000
Gain on disposal of property, plant and equipment	-	(439)
Finance costs	340,980	121,990
Interest expense on lease liability	1,242	1,746
Unrealised (gain) / loss remeasurement of short term investment	(946)	1060
Amortisation of deferred income - government grant	(14,766)	(14,649)
Net remeasurement gain on provision of GIDC	(1,795)	(2,281)
Share of loss on investment in associates	18,094	
Interest expense on GIDC	4,634	4,992
Reversal of provision against expected credit loss	(49,111)	(14,492)
	536,473	319,629
Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(66,653)	(18,730)
Stock in trade	(1,691,886)	(846,161)
Trade debts	393,168	739,173
Loans and advances	(35,648)	263,494
Short term deposits and prepayments	(12,351)	(19,353)
Other receivables	(292,296)	(33,689)
Short term investment	-	1,060
	(1,705,666)	85,794
Increase / (decrease) in current liabilities:		
Trade and other payables	232,562	(670,353)
	(1,473,104)	(584,559)
Long term loan to employees - net	691	150
Net cash (used in) / generated from operations	<u>(606,390)</u>	<u>365,428</u>

PAKISTAN SYNTHETICS LIMITED

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of entities over which the Company is able to exercise significant influence, entities with common directors, major shareholders, staff retirement benefits, directors and key management personnel. Transactions with related parties are entered into at commercial terms, as per the terms of employment and actuarial advice, as the case may be. The name, nature and basis of relationships are:

Name of related party	Nature of relationship	Basis of relationship
Amna Industries (Private) Limited	Associated Company	Common directorship
Petpak Films (Private) Limited	Associated Company	Investment + Common directorship
3M Industries (Private) Limited	Associated Company	Common directorship
Al-Hilal Shariah Advisors (Private) Limited	Associated Company	Common directorship
Al-Hilal Securities Advisors (Private) Limited	Associated Company	Common directorship
Akaz Brands (Private) Limited	Associated Company	Common directorship
Key management personnel	Related parties	Executives

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

Six months period ended	
December 31, 2023	December 31, 2022
----- (Rupees in '000) -----	

18.1 Transactions during the period

Key management personnel compensation

Managerial remunerations	32,088	34,846
Others	7,122	4,896

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

Associated Company

Petpak Films (Private) Limited- Investment	100,000	-
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December 31, 2023	June 30, 2023
(Un-audited)	(Audited)
(Rupees in '000)	

18.2 Period / Year-end balances

Associated Company

Petpak Films (Private) Limited- Investment	1,480,271	1,398,365
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PAKISTAN SYNTHETICS LIMITED

19. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2023.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As of the reporting date, except for short term investment none of the financial instruments of the Company are carried at fair value.

During the period, there has been no significant changes in the business circumstances that would affect the fair values of the Company's financial assets and financial liabilities whether those assets or liabilities are recognised at fair value or amortised cost. Further, there have been no transfers between levels of fair value hierarchy used in measuring the fair value of the financial instruments.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

21. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation. However there were no major reclassification during the period

22. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on Feb, 23, 2024 by the Board of Directors of the Company.

23. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER