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**Report & Financial Information for
the 1st Quarter ended 30 September 2014**

Pakistan Synthetics Limited

Pakistan Synthetics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	UMER HAJI KARIM	CHAIRMAN- NON-EXECUTIVE
	ANWAR HAJI KARIM	CHIEF EXECUTIVE- EXECUTIVE
	YAKOOB HAJI KARIM	EXECUTIVE
	PIR MUHAMMAD A. KALIYA	NON-EXECUTIVE
	ABID UMER	NON-EXECUTIVE
	SAJID HAROON	NON-EXECUTIVE
	AAMIR AMIN	NON-EXECUTIVE
	FARAZ YOUNUS BANDUKDA	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 2014 to the shareholders of the Company.

OPERATING PERFORMANCE

During the period under review the Company sold 1,906 tons of PSF as against 6,703 tons during the corresponding period last year. Further, the Company produced 94,999 cartons of plastic and crown caps as against 75,204 cartons during the corresponding period last year and sold 95,053 cartons as against 85,069 cartons during the corresponding period last year.

FINANCIAL RESULTS

During the period under review, the Company's gross turnover decreased to Rs. 835.31 million from Rs. 1,585.80 million during the corresponding period last year.

The Company earned gross profit of Rs. 95.56 million as compared to gross profit of Rs. 82.50 million in the corresponding period last year. The net profit was Rs. 18.40 million as against net profit of Rs. 3.59 million in the corresponding period last year.

EARNING PER SHARE

The net earning per share for the period under review was Re. 0.33 as compared to net earning per share of Re. 0.06 in the corresponding period last year.

FUTURE OUTLOOK

Dumping of Chinese fibre has badly affected our sales volume as imported fibre is available at cheaper rates than locally manufactured products. This situation has put an adverse impact on all local fibre producers of the country yielding significant losses. Continuous losses have put all of the local producers on the brink of closure. This situation demands immediate action from the government to take up the matter and impose anti-dumping duty on Chinese fibre to protect local industry.

The other unit of the Company has continued healthy growth during the current quarter as well. However, we have now approached winter season where the demand for our product remained on lower side in next quarter.

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: 29 October 2014
Karachi.

ANWAR HAJI KARIM
Chief Executive

Pakistan Synthetics Limited

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2014

	30 September Note 2014 (Unaudited)	30 June 2014 (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>316,147</u>	<u>313,702</u>
	<u>1,168,997</u>	<u>1,166,552</u>
Non-current liabilities		
Staff retirement benefits	27,420	35,915
Deferred taxation	63,344	62,731
Long term finance	<u>248,381</u>	<u>238,175</u>
	<u>339,145</u>	<u>336,821</u>
Current liabilities		
Trade and other payables	472,438	710,519
Accrued markup	16,565	18,084
Short term borrowings - secured	955,959	975,812
Current portion of long term finance	<u>150,881</u>	<u>140,034</u>
	<u>1,595,843</u>	<u>1,844,449</u>
Total equity and liabilities	<u><u>3,103,985</u></u>	<u><u>3,347,822</u></u>
ASSETS		
Non-current assets		
Property, plant and equipment	5 1,098,661	1,130,534
Long term loans to employees	277	848
Long term deposits	<u>924</u>	<u>924</u>
Total non current assets	<u>1,099,862</u>	<u>1,132,306</u>
Current assets		
Stores and spares	6 198,341	191,440
Stock-in-trade	7 767,087	937,031
Trade debts	8 706,510	762,130
Loans and advances	11,094	11,793
Short term deposits and prepayments	2,111	37
Advance against investment	-	199,290
Other financial assets	205,705	-
Other receivables	4,484	14,594
Taxation - net	105,068	88,533
Cash and bank balances	<u>3,723</u>	<u>10,668</u>
	<u>2,004,123</u>	<u>2,215,516</u>
Total assets	<u><u>3,103,985</u></u>	<u><u>3,347,822</u></u>
Contingencies and commitments	9	

The annexed notes 1 to 13 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 2014

	30 September 2014	30 September 2013
 (Rupees in '000)	
Gross sales	835,305	1,585,802
Brokerage, discounts and freight reimbursement	(1,343)	(4,110)
Sales tax	(83,617)	(84,958)
Net sales	<u>750,345</u>	<u>1,496,734</u>
Cost of Sales	<u>(654,780)</u>	<u>(1,414,235)</u>
Gross profit	95,565	82,499
Selling and distribution expenses	(15,146)	(17,979)
Administration expenses	(9,785)	(10,135)
Other operating expenses	(16,844)	(18,755)
	(41,775)	(46,869)
Other operating income	8,490	788
Operating profit before finance cost	<u>62,280</u>	<u>36,418</u>
Finance cost	(35,750)	(30,948)
Profit before tax	26,530	5,470
Taxation	(8,130)	(1,882)
Profit after tax for the period	<u>18,400</u>	<u>3,588</u>
 (Rupee)	
Earnings per share - basic and diluted	<u>0.33</u>	<u>0.06</u>

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014

 (Rupees in '000)	
Profit after tax for the period	18,400	3,588
Other comprehensive income	—	—
Total comprehensive income for the period	<u>18,400</u>	<u>3,588</u>

The annexed notes 1 to 13 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 2014

	30 September 2014	30 September 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rupees in '000)	
Profit before taxation	26,530	5,470
Adjustments for:		
Adjustments for non cash charges and other items		
- Depreciation	38,108	33,804
- Charge for staff retirement benefits	2,486	1,944
- Profit on disposal of property, plant and equipment	(1,375)	-
- Profit on saving and deposit accounts	-	(88)
- Finance cost	35,750	30,948
- Unrealised gain on remeasurement of other financial assets	(6,415)	-
- Reversal of provision for doubtful debts	(700)	(700)
	94,384	71,378
Movement in:		
Working capital		
- Stores and spares	(6,901)	406
- Stock-in-trade	169,944	190,693
- Trade debts	56,320	(45,578)
- Loans and advances	699	(6,897)
- Short term deposits and prepayments	(2,074)	(517)
- Other receivables	10,110	5,977
- Trade and other payables	(254,036)	10,858
Net cash generated from operations	68,446	226,320
Staff retirement benefits paid	(10,981)	(480)
Finance cost paid	(37,269)	(36,085)
Long-term loans to employees	571	(178)
Taxes paid	(24,052)	(24,487)
Net cash flows (used in) / from operating activities	(3,285)	165,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(8,854)	(2,380)
Proceeds from disposal of property plant and equipment	3,994	-
Profit on saving and deposit accounts received	-	88
Net cash flows used in investing activities	(4,860)	(2,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	240,129	(152,186)
Long term loan obtained / paid - net	21,053	(31,250)
Net cash flows from / (used in) financing activities	261,182	(183,436)
Net increase / (decrease) in cash and cash equivalents	253,037	(20,638)
Cash and cash equivalents at beginning of the period	(415,555)	(12,387)
Cash and cash equivalents at the end of the period	(162,518)	(33,025)
CASH AND CASH EQUIVALENTS COMPRISE		
Cash and bank balances	3,723	16,759
Running finance under mark-up arrangement	(166,241)	(49,784)
	(162,518)	(33,025)

The annexed notes 1 to 13 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 2014

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 1 July 2013	560,400	292,450	264,399	1,117,249
Changes in equity for the quarter ended 30 September 2013				
Total comprehensive income for the period - profit for the period	—	—	3,588	3,588
Balance as at 30 September 2013	560,400	292,450	267,987	1,120,837
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

The annexed notes 1 to 13 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 2014

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 2014.

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.

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 2014.

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 2014.

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 2014.

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014

Additions		Disposal/Transfer	
30 September	30 September	30 September	30 September
2014	2013	2014	2013
(Unaudited)			
(Rupees in '000)			

5. PROPERTY, PLANT AND EQUIPMENT

- <i>Operating assets</i>				
Plant and machinery	66,313	-	-	-
Vehicles	-	2,185	(2,619)	-
Furniture and equipments	-	195	-	-
Capital work in process	-	-	(57,459)	-
	<u>66,313</u>	<u>2,380</u>	<u>(60,078)</u>	<u>-</u>

6. STORES AND SPARES

30 September	30 June
2014	2014
(Unaudited)	(Audited)
(Rupees in '000)	

Stores and spares [including in transit stores and spares amounting to Rs. Nil (30 June 2014: Rs.10.77 million)]	234,844	227,943
Provision for slow moving and obsolete items	(36,503)	(36,503)
	<u>198,341</u>	<u>191,440</u>

7. STOCK-IN-TRADE

Raw and packing materials [including in transit of Rs. 102.845 million (30 June 2014: Rs.112.846 million)]	627,630	581,749
Work-in-process	29,260	49,607
Finished goods - net of provision	110,197	305,675
	<u>767,087</u>	<u>937,031</u>

8. TRADE DEBTS

Considered good - secured	48,155	11,767
- unsecured	658,355	750,363
	<u>706,510</u>	<u>762,130</u>
Considered doubtful	104,703	105,403
	<u>811,213</u>	<u>867,533</u>
Provision for doubtful debts	(104,703)	(105,403)
	<u>706,510</u>	<u>762,130</u>

9. CONTINGENCIES AND COMMITMENTS

- Contingencies

Bank guarantee in favour of Sui Sothern Gas Company Limited	<u>73,994</u>	<u>73,994</u>
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- Commitments

Letters of credit for raw materials and stores and spares	<u>346,730</u>	<u>482,348</u>
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Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014

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 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:

	1st quarter ended	
	30 September 2014	30 September 2013
	(Rupees in '000)	
Associated company		
Sale of goods	11,871	41,143
Key management personnel compensation		
Managerial remuneration	6,203	9,228
Others	1,000	2,332
Associated banking company		
Interest income on bank deposits	—	88
Profit on long term finance	7,704	10,384
Markup on foreign currency loan	2,056	619
Markup on running finance	4,169	7,581
Markup on money market loan	8,068	—

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

10.1 Period end balances arising from transactions with related parties

	30 September 2014 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
Trade receivable from associated company	15,242	50,957
Current account balance (banking company)	509	923
Saving account balance (banking company)	71	18
Long term finance (banking company)	250,000	281,250
Short term borrowings (banking company)	807,019	826,871
Accrued markup	9,951	12,820
Letter of credit fees	126,500	382,867

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014

11. OPERATING SEGMENTS

11.1 SEGMENT RESULTS

	Polyester Staple Fibre	Crown and plastic caps	Total
	(Rupees in '000)		
For the quarter ended 30 September 2014			
Net Revenue	292,342	458,003	750,345
Segment results	(27,556)	55,179	27,623
For the quarter ended 30 September 2013			
Net Revenue	1,128,310	368,424	1,496,734
Segment results	(3,499)	31,436	27,937

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

	1st quarter ended	
	30 September 2014	30 September 2013
	(Rupees in '000)	
Total results for reportable segments	27,623	27,937
Other operating expenses	(2,028)	(18,755)
Finance cost	(5,480)	(4,500)
Other operating income	6,415	788
Taxation	(8,130)	(1,882)
Profit after tax	18,400	3,588

11.2 100% (2013: 100%) sales of the Company relates to customers in Pakistan.

11.3 All non-current assets of the Company at 30 September 2014 are located in Pakistan.

11.4 Sales to two customers of the Company is more than 10% of total sales of the Company during the quarter ended 30 September 2014 (2013: sales to three of the customers was more than 10% of sales of the Company individually).

12. DATE OF AUTHORISATION

This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on October 29, 2014.

13. 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:

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Karachi-74000.