



PAKISTAN SYNTHETICS LIMITED
QUARTERLY ACCOUNTS (UN-AUDITED)
30 SEPTEMBER 2019

Pakistan Synthetics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	ANWAR HAJI KARIM YAKOOB HAJI KARIM NOMAN YAKOOB ABID UMER SAJID HAROON MUHAMMAD AHMED ASLAM ALI KAMAL SAEED FATIMA NAQVI FARAZ YOUNUS BANDUKDA	CHAIRMAN-NON-EXECUTIVE CHIEF EXECUTIVE -EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE INDEPENDENT INDEPENDENT INDEPENDENT
AUDIT COMMITTEE	ALI KAMAL – CHAIRMAN SAJID HAROON ABID UMER	
HUMAN RESOURCE AND REMUNERATION COMMITTEE	ALI KAMAL – CHAIRMAN SAJID HAROON NOMAN YAKOOB	
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 BANK AL-FALAH LIMITED BANK ISLAMI PAKISTAN LIMITED	
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	NABIL YAQOOB	
REGISTER	F.D REGISTRAR SERVICES (PVT.) LTD. OFF: # 1705 17TH FLOOR SAIMA TRADE TOWER-A I.I. CHUNDRIGAR ROAD, 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, & 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 2019 to the shareholders of the Company.

OPERATING PERFORMANCE

During the period under review, the Company produced 5,392 MT as against 5,046 MT of Resin during the corresponding period last year and sold 5,247 MT as against 6,235 MT of Resin during the corresponding period last year. During the period under review, the Company produced 2,254 octabins of preform as against 726 octabins produced during the corresponding period last year and sold 2,568 octabins during the period.

During the period under review, the Company produced 120,293 cartons of plastic and crown caps as against 144,254 cartons during the corresponding period last year and sold 123,349 cartons as against 128,047 cartons during the corresponding period last year.

FINANCIAL RESULTS

As the Company had converted existing fibre manufacturing plant into PET resin manufacturing plant in 2016 by making necessary modifications in existing plant, the Company has presented fibre segment as discontinued operation. Summarized financial results of continuing and discontinued operations are as below,

Continuing operations

During the period under review, the company's gross turnover of continuing operations increased to Rs. 2,002.60 million from Rs. 1,711.16 million during the corresponding period last year.

The Company earned profit before tax from continuing operations of Rs. 47.55 million as against profit before tax of Rs. 61.25 million in the corresponding period last year. The net profit after tax stood from continuing operations at Rs. 33.72 million as against net profit after tax of Rs. 44.80 million in the corresponding period last year.

Discontinued operations

During the period under review, the company's gross turnover of discontinued operations was Rs. 0.71 million as against Rs. 6.68 million in the corresponding period last year.

The Company posted profit before tax from discontinued operations of Rs. 0.01 million as against profit before tax of Rs. 0.22 million in the corresponding period last year. The net profit after tax stood from discontinued operations at Rs. 0.01 million as against net profit after tax of Rs. 0.22 million in the corresponding period last year.

Pakistan Synthetics Limited

DIRECTORS' REPORT

EARNING PER SHARE

The net earning per share for the period under review was Re. 0.60 as compared to net earning per share of Re. 0.80 in the corresponding period last year.

FUTURE OUTLOOK

Going forward, we remain highly hopeful that the turbulence our country witnessed in the last financial year is behind us. The uncertainty on the exchange rate front seems to much under control too. The latest inflation report reflects that the inflation numbers are not as high as was being predicted. Hence, we remain optimistic that going forward, interest rates will recede from the current levels.

Your company is poised in a good position of playing a pivotal role in the government's policy of import substitution. Our latest project of preforms has attained approval by all MNCs and running satisfactorily by the customers. The management is keen to increase its sales through a "total package deal" for its customers by providing both caps and preforms together and to achieve operational efficiencies.

COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors as at 30 September 2019 is as under;

Independent Directors:	3
Other Non-Executive Directors:	4
Executive Directors:	2

The total number of directors is nine as per the following:

- a. Male: Eight
- b. Female: One

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.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
CHAIRMAN

Date: 29 October 2019
Karachi

Pakistan Synthetics Limited

Condensed Interim Statement of Financial Position AS AT 30 SEPTEMBER 2019

	30 September 2019 (Unaudited)	30 June 2019 (Audited)
	(Rupees in '000)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised share capital 140,000,000 (30 June 2019: 70,000,000) ordinary shares of Rs 10 each	1,400,000	700,000
Issued, subscribed and paid-up capital	560,400	560,400
General reserve	292,450	292,450
Unappropriated profit	376,889	343,164
	1,229,739	1,196,014
Non-current liabilities		
Long term finance - secured	219,082	126,035
Staff retirement benefits	32,430	30,925
	251,512	156,960
Current liabilities		
Trade and other payables	1,016,078	1,110,554
Accrued markup	14,751	21,971
Short-term borrowings - secured	2,630,907	2,432,290
Unclaimed dividend	4,223	4,223
Current portion of long term finance	236,414	403,420
Current portion of long term payable	-	608,386
	3,902,373	4,580,844
Total equity and liabilities	5,383,624	5,933,818
ASSETS		
Non-current assets		
Property, plant and equipment	2,145,217	2,166,193
Intangible assets	316	421
Long term loans to employees - secured	3,145	3,575
Long-term deposits and prepayments	5,871	5,163
Deferred taxation	199,521	187,935
Total non current assets	2,354,070	2,363,287
Current assets		
Stores and spares	254,366	248,454
Stock in trade	1,604,736	1,866,070
Trade receivables	698,193	951,465
Loans and advances	16,588	12,841
Short term deposits and prepayments	9,774	8,331
Other receivables	3,700	2,084
Taxation - net	432,247	440,016
Cash and bank balances	9,950	41,270
	3,029,554	3,570,531
Total assets	5,383,624	5,933,818
Contingencies and commitments	9	

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

ANWAR HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	30 September 2018
		----- (Rupees in '000) -----	
Gross sales		2,002,595	1,711,160
Sales tax		(307,923)	(224,186)
Net sales		1,694,672	1,486,974
Cost of sales		(1,534,699)	(1,290,275)
Gross profit		159,973	196,699
Distribution and selling costs		(23,566)	(21,567)
Administration and general expenses		(18,021)	(13,085)
Other operating expenses		(3,525)	(34,590)
		(45,112)	(69,242)
Other income		34,912	1,801
Operating profit before finance costs		149,773	129,258
Finance costs		(102,220)	(68,009)
Profit before taxation		47,553	61,249
Taxation		(13,833)	(16,451)
Profit after taxation from continuing operation		33,720	44,798
Profit after taxation from discontinued operation	10	5	222
Profit for the period		33,725	45,020
		----- (Rupee) -----	
Earnings per share - basic and diluted		0.60	0.80

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

ANWAR HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

	30 September 2019	30 September 2018
	----- (Rupees in '000) -----	
Profit after taxation for the period	33,725	45,020
Other comprehensive income	-	-
Total comprehensive income for the period	33,725	45,020

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

ANWAR HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

	30 September 2019	30 September 2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	47,567	61,471
Adjustments for:		
Adjustments for non cash charges and other items		
- Depreciation	57,565	57,012
- Amortization of intangibles	105	105
- Charge for staff retirement benefits	1,569	1,822
- Finance cost	102,220	68,009
	209,026	188,419
Movement in:		
Working capital		
- Stores and spares	(5,912)	(15,600)
- Stock-in-trade	261,334	(111,683)
- Trade debts	253,272	22,975
- Loans and advances	(3,747)	4,134
- Short term deposits and prepayments	(1,443)	(2,855)
- Other receivables	(1,616)	7,394
- Long term payables	(608,386)	(110,449)
- Trade and other payables	(94,476)	(21,818)
Net cash generated from / (used in) operations	8,052	(39,483)
Finance cost paid	(109,440)	(58,893)
Staff retirement benefits paid	(63)	(107)
Long-term loans to employees	430	(27)
Long-term deposits and prepayments - net	(708)	3,110
Taxes paid	(17,660)	(25,612)
Net cash flows used in operating activities	(119,389)	(121,012)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(36,589)	(5,103)
Net cash flows used in investing activities	(36,589)	(5,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	330,896	-
Dividend paid	-	(12,608)
Long term loan (paid) / obtained - net	(73,959)	83,000
Net cash flows from financing activities	256,937	70,392
Net increase / (decrease) in cash and cash equivalents	100,959	(55,723)
Cash and cash equivalents at beginning of the period	(149,411)	(365,451)
Cash and cash equivalents at the end of the period	(48,452)	(421,174)
CASH AND CASH EQUIVALENTS COMPRISE		
Cash and bank balances	9,950	101,407
Running finance under mark-up arrangement	(58,402)	(522,581)
	(48,452)	(421,174)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

ANWAR HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at 1 July 2018	560,400	292,450	482,823	1,335,673
Changes in equity for the quarter ended 30 September 2018				
Total comprehensive income for the period - profit for the period	-	-	45,020	45,020
Balance as at 30 September 2018	560,400	292,450	527,843	1,380,693
Balance as at 1 July 2019	560,400	292,450	343,164	1,196,014
Changes in equity for the quarter ended 30 September 2019				
Total comprehensive income for the period - profit for the period	-	-	33,725	33,725
Balance as at 30 September 2019	560,400	292,450	376,889	1,229,739

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

ANWAR HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

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 with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps and Crown Caps, PET Preform, PET Resin and BOPET Resin. 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 2019 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, 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 2019.

The comparative statement of financial position 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 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended 30 September 2018.

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 2019.

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 2019.
- 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 2019.

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

5. PROPERTY, PLANT AND EQUIPMENT

	Additions 30 September		Disposal/Transfer 30 September	
	2019	2018	2019	2018
	(Unaudited) (Rupees in '000)			
- Operating assets				
Plant and machinery	43,724	14,212	-	-
Vehicles	-	52	-	-
Furniture and equipments	67	197	-	-
Computer accessories	52	102	-	-
Capital work in process	34,713	4,723	(41,967)	(14,183)
	<u>78,556</u>	<u>19,286</u>	<u>(41,967)</u>	<u>(14,183)</u>

6. STORES AND SPARES

	30 September 2019 (Unaudited)	30 June 2019 (Audited)
	(Rupees in '000)	
Stores and spares [including in transit stores and spares amounting to Rs. 0.392 million (30 June 2019: Rs. 11.836 million)]	302,847	296,935
Provision for slow moving and obsolete items	(48,481)	(48,481)
	<u>254,366</u>	<u>248,454</u>

7. STOCK-IN-TRADE

Raw and packing materials [including in transit of Rs. 304.770 million (30 June 2019: Rs. 365.998 million)]	795,075	951,774
Work-in-process	256,573	233,126
Finished goods - net of provision	553,088	681,170
	<u>1,604,736</u>	<u>1,866,070</u>

8. TRADE RECEIVABLES

Considered good - unsecured	698,193	951,465
Considered doubtful	251,180	251,180
	<u>949,373</u>	<u>1,202,645</u>
Provision for doubtful debts	(251,180)	(251,180)
	<u>698,193</u>	<u>951,465</u>

9. CONTINGENCIES AND COMMITMENTS

- Contingencies

There is no material change in the status of contingencies till date as reported in the financial statements for the year ended 30 June 2019.

- Commitments

Letters of credit for raw materials and stores and spare	138,930	74,390
- from associated banking company	26,535	154,450
- other banking companies		

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019

10. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION

	1st quarter ended	
	30 September 2019	30 September 2018
	(Unaudited) (Rupees in '000)	
Net sales	594	6,485
Cost of sales	(580)	(6,263)
Gross profit	14	222
Other income	-	-
Profit before taxation	14	222
Taxation	(9)	-
Profit after taxation from discontinued operation	5	222

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 at commercial terms, as per the terms of employment and actuarial advice, as the case may be. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial information are as follows;

Key management personnel compensation

Managerial remuneration	9,570	10,990
Others	6,482	1,018

Associated banking company

Interest income on bank deposits	186	1
Profit on long term finance	2,053	-
Profit on short term murabaha	15,381	387
Profit on short term istisna	10,213	4,560
Markup on foreign currency loan	474	-
Markup on running finance	2,417	10,823
Markup on money market loan	8,657	5,730
Bank guarantee commission	299	37
Bank collection charges paid	222	458
Inland bill discounting charges	-	994

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 2019

11.1 Period end balances arising from transactions with related parties

	30 September 2019 (Unaudited) (Rupees in '000)	30 June 2019 (Audited)
Current account balance (banking company)	1,182	1,716
Saving account balance (banking company)	796	90
Long term finance (banking company)	62,502	62,502
Short term borrowings (banking company)	380,582	390,681
Short term murabaha (banking company)	520,746	370,393
Short term istisna (banking company)	351,616	355,276
Accrued markup (banking company)	5,161	10,585

12. DATE OF AUTHORISATION

This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on 29 October 2019.

13. GENERAL

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

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

SALEEM ADVANI
CHIEF FINANCIAL OFFICER

ANWAR HAJI KARIM
DIRECTOR