



PAKISTAN SYNTHETICS LIMITED

**FIRST QUARTER REPORT
SEPTEMBER**

— 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 - CHAIRMAN MR. MUBBASHIR AMIN MR. FARAZ YOUNUS BANDUKDA	
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. FARAZ YOUNUS BANDUKDA MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	
CHIEF FINANCIAL OFFICER	MR. SHAHID YAQOOB	
COMPANY SECRETARY	MR. MUHAMMAD IMRAN	
BANKERS	ASKARI BANK LIMITED BANK AL HABIB LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED BANK ISLAMI 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 IBRAHIM AND CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	MR. JAFFAR IQBAL	
REGISTRAR	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.	
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE	
REGISTERED OFFICE	OFFICE # 1504, 15TH 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 Condensed Interim Financial Statement for the quarter ended September 30, 2023 to the shareholders of the Company.

OPERATING AND FINANCIAL REVIEW

During the quarter ended September 30, 2023, the Company generated a net revenue of Rs. 3,620.85 million. This figure represents a slight decrease of 2.12% when compared to the Rs. 3,699.62 million earned during the same period last year. Conversely, the cost of sales for the current reporting period amounted to Rs. 3,051.60 million, which showed marginal increase in comparison to the Rs. 2,997.64 million incurred in the corresponding period of last year. As a result, the gross profit for the quarter under review amounted to Rs. 569 million. The Administrative and Distribution expenses amounted to Rs. 103.25 million as against Rs. 108.75 million recorded in the same period of last year. Decline in other 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 have resulted in increased Finance cost of the Company from Rs. 69.97 million (September 2022) to Rs. 197.96 million (September 2023). After providing all the cost, the Company posted net profit after tax for the quarter amounting to Rs. 143.86 million (2022: 278.01 million). The profit is translated into earning per share of Rs. 1.04 (2022: Rs. 2.00).

FUTURE OUTLOOK

The Country's economy remains under pressure until the general election and effective execution of IMF arrangements. 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 power and oil prices. Recent announcement of increase in gas tariffs by many folds depicts that it will further compound the existing challenge.

The challenge for the company is to maintain the margins in an environment of significant cost increases owing to increased raw material costs, fuel prices and higher inflation. The management is aware and actively taking proactive measures to improve efficiencies in operations specially in fuel consumption while ensuring increase in revenue and costs reduction.

ACKNOWLEDGEMENT

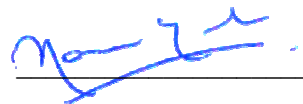
The Board expresses its gratitude to all the valued shareholders, Federal and Provincial Government functionaries, Banks, financial institutions, suppliers and customers for their unwavering commitment and support to the Company.

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: 27 October 2023

Karachi

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Financial Position As at 30 September 2023


	Note	Unaudited 2023 September 30 (Rupees in '000)	Audited 2023 June 30
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,149,597	3,225,828
Right-of-use asset		19,775	22,246
Long term loan to employees		1,385	1,610
Long term deposits		4,209	4,209
Investment in Associate	6	1,498,365	1,398,365
		4,673,331	4,652,258
Current assets			
Stores and spares		252,667	289,601
Stock-in-trade	7	3,520,067	3,200,803
Trade debts	8	1,907,226	1,427,591
Loans and advances		37,500	17,863
Short term deposits and prepayments		18,685	10,938
Short term Investments		3,905	3,846
Other receivables		85,963	2,032
Cash and bank balances		7,491	3,052
		5,833,504	4,955,726
TOTAL ASSETS		10,506,835	9,607,984
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital of 140,000,000 (June 2023: 140,000,000) ordinary shares of Rs. 10 each		1,400,000	1,400,000
Issued, subscribed and paid-up capital 138,699,000 (June 2023: 138,699,000) ordinary shares of Rs.10 each		1,386,990	1,386,990
Reserves		2,667,430	2,523,571
		4,054,420	3,910,561
Non-current liabilities			
Long term borrowings		699,946	811,685
Lease liability		12,534	13,485
Deferred liabilities		157,893	151,332
Deferred income - government grant		77,327	85,909
Deferred taxation		45,410	64,074
		993,110	1,126,485
Current liabilities			
Trade and other payables		2,147,997	2,739,360
Short term borrowings	9	2,791,699	1,380,819
Accrued markup		72,645	23,306
Current portion of long term borrowings		178,950	94,239
Current portion of lease liability		14,191	15,831
Current portion of deferred income - government grant		31,702	30,202
Taxation - net		218,959	281,798
Unclaimed dividend		3,162	5,383
		5,459,305	4,570,938
TOTAL EQUITY AND LIABILITIES		10,506,835	9,607,984

Contingencies and commitments

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Yakoob Haji Karim
Chief Executive


Noman Yakoob
Director


Shahid Yaqoob
Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

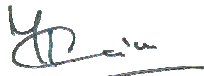
Condensed Interim Statement of Profit or Loss (Un-audited)

For the quarter ended 30 September 2023

	Note	2023 September 30, (Rupees in '000)	2022
Revenue from contracts with customers	11	3,620,854	3,699,619
Cost of sales		<u>(3,051,685)</u>	<u>(2,997,638)</u>
Gross profit		569,169	701,981
Administrative and general expenses		<u>(41,402)</u>	<u>(32,742)</u>
Distribution and selling costs		<u>(61,852)</u>	<u>(76,004)</u>
Other operating expenses		<u>(35,592)</u>	<u>(127,856)</u>
		<u>(138,846)</u>	<u>(236,602)</u>
Operating profit		<u>430,323</u>	465,379
Other income		8,852	1,629
Finance costs		<u>(197,963)</u>	<u>(69,967)</u>
Profit before tax		<u>241,212</u>	397,041
Taxation	12	<u>(97,353)</u>	<u>(119,033)</u>
Profit after tax		<u><u>143,859</u></u>	<u><u>278,008</u></u>
		(Rupees)	
Earnings per share - basic and diluted	13	<u><u>1.04</u></u>	<u><u>* 2.00</u></u>

* Earnings per share is restated for the effect of bonus shares.

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Yakoob Haji Karim
Chief Executive



Noman Yakoob
Director



Shahid Yaqoob
Chief Financial Officer

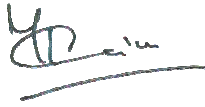
PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended 30 September 2023

	2023	2022
	September 30, (Rupees in '000)	
Profit for the period	143,859	278,008
Other comprehensive income / (loss) :		
<i>Items that will not be reclassified to statement of profit or loss</i>	-	-
Total comprehensive income for the period	<u>143,859</u>	<u>278,008</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Yakoob Haji Karim
Chief Executive



Noman Yakoob
Director



Shahid Yaqoob
Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended 30 September 2023

	Issued, subscribed and paid-up capital	Reserves			Total reserves	Total
		Capital reserve	Revenue reserves			
		Share premium	General reserve	Unappropriated profit		
----- (Rupees in '000) -----						
Balance as at 1 July 2022	924,660	140,100	292,450	1,757,523	2,190,073	3,114,733
<i>Total comprehensive income for the period ended 30 September 2022</i>						
Profit after tax	-	-	-	278,008	278,008	278,008
Balance as at 30 September 2022	<u>924,660</u>	<u>140,100</u>	<u>292,450</u>	<u>2,035,531</u>	<u>2,468,081</u>	<u>3,392,741</u>
Balance as at 1 July 2023	1,386,990	140,100	292,450	2,091,021	2,523,571	3,910,561
<i>Total comprehensive income for the period ended 30 September 2023</i>						
Profit after tax	-	-	-	143,859	143,859	143,859
Balance as at 30 September 2023	<u>1,386,990</u>	<u>140,100</u>	<u>292,450</u>	<u>2,234,880</u>	<u>2,667,430</u>	<u>4,054,420</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Yakoob Haji Karim
Chief Executive



Noman Yakoob
Director



Shahid Yaqoob
Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended 30 September 2023

	Note	September 30	
		2023	2022
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		241,212	397,041
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment		106,247	95,725
Depreciation on right of use asset		2,472	2,472
Charge for staff gratuity		10,000	10,000
Gain on disposal of property, plant and equipment		-	(250)
Unrealised exchange loss		-	3,975
Finance costs		180,477	66,383
Interest expense on lease liability		657	1,029
Unrealised (gain) / loss on remeasurement of investment		(59)	504
Amortisation of deferred income - government grant		(7,082)	(2,555)
Net remeasurement gain on provision of GIDC		(1,663)	-
Interest expense on GIDC		227	-
		<u>532,488</u>	<u>574,324</u>
Working capital changes	14	(1,467,628)	59,530
Long term loan to employees - net		225	285
Cash (used in) / generated from operations		<u>(934,915)</u>	<u>634,139</u>
Staff gratuity paid		(2,003)	(2,098)
Financial charges paid		(124,056)	(60,290)
Taxes paid		(178,097)	(22,392)
Net cash (used in) / generated from operating activities		<u>(1,239,071)</u>	<u>549,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(30,012)	(65,095)
Proceed from disposal of Property, Plant & Equipment		-	2,269
Investment in Associate		(100,000)	-
Net cash used in investing activities		<u>(130,012)</u>	<u>(62,826)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(3,248)	(3,007)
Repayments of long term borrowings		(34,110)	(34,179)
Short term murabaha, salam and istisna - net		571,020	(453,964)
Net cash generated from / (used in) financing activities		<u>533,662</u>	<u>(491,150)</u>
Net decrease in cash and cash equivalents		(835,421)	(4,617)
Cash and cash equivalents at beginning of the period		<u>(287,423)</u>	<u>(171,178)</u>
Cash and cash equivalents at end of the period		<u>(1,122,844)</u>	<u>(175,795)</u>
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances		7,491	38,347
Running Finance and Running Musharakah	9	(1,130,335)	(214,142)
		<u>(1,122,844)</u>	<u>(175,795)</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Yakoob Haji Karim
Chief Executive



Noman Yakoob
Director



Shahid Yaqoob
Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

Notes to the Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2023

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 PET resin, PET Preform, BOPET resin, Plastic Caps, and Crown Caps,. The registered office of the Company is situated at office no. 1504, 15th floor, Emeraled 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.

These condensed interim financial statements of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June 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.

These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

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

PAKISTAN SYNTHETICS LIMITED

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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 were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2023.

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 30 June 2023.

5. PROPERTY, PLANT AND EQUIPMENT

	30 September 2023 (Unaudited) (Rupees in '000)	30 June 2023 (Audited)
Operating fixed assets	3,042,416	3,148,394
Capital work-in-progress	107,181	77,434
	<u>3,149,597</u>	<u>3,225,828</u>

5.1 Following are the additions to property, plant and equipment during the period:

	For the quarter ended	
	30 September 2023	30 September 2022
	(Rupees in '000)	
<i>Additions / transfers from CWIP:</i>		
Computer accessories	414	-
Capital work in progress	29,500	65,095
	<u>29,914</u>	<u>65,095</u>

6. INVESTMENT IN ASSOCIATE

This represents shareholding in shares of Petpak Films (Private) Limited. During the period remaining Rs. 100 million were invested out of total approved investment amount of Rs. 1,500 million. Shares against Rs. 100 million were issued subsequent to the period end.

PAKISTAN SYNTHETICS LIMITED

	30 September 2023 (Unaudited) (Rupees in '000)	30 June 2023 (Audited)
7. STOCK IN TRADE		
Raw and packing material		
- in hand	1,660,785	1,620,218
- in transit	71,174	223,011
	<u>1,731,959</u>	<u>1,843,229</u>
Work-in-process	795,487	343,106
Finished goods	992,621	1,014,468
	<u>3,520,067</u>	<u>3,200,803</u>
8. TRADE DEBTS		
Trade debts	2,224,659	1,745,024
Less: Allowance for expected credit losses	(317,433)	(317,433)
	<u>1,907,226</u>	<u>1,427,591</u>
9. SHORT TERM BORROWINGS		
<i>Conventional</i>		
Running finance under mark-up arrangement	559,368	60
<i>Islamic</i>		
Murabaha	-	149,564
Istisna	1,661,364	940,780
Running Musharaka	570,967	290,415
	<u>2,791,699</u>	<u>1,380,819</u>
10. CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
There are no changes in the status of contingencies as disclosed in the annual audited financial statements for the year ended 30 June 2023.		
10.2 Commitments		
The Company has facilities of Rs. 3,350 million (30 June 2023: Rs. 3,150 million) for opening letters of credit. At 30 September 2023, the open letters of credits for stock in trade and stores and spares amounted to Rs. 462 million (30 June 2023: Rs. 834.835 million).		

PAKISTAN SYNTHETICS LIMITED

11. Revenue from contracts with customers	30 September 2023	30 September 2022
	(Unaudited)	
	(Rupees in '000)	
Gross sales	4,272,939	4,345,089
Less Sales tax	(652,085)	(645,470)
	<u>3,620,854</u>	<u>3,699,619</u>

12. TAXATION

Current tax	115,259	136,666
Deferred tax	(17,906)	(17,633)
	<u>97,353</u>	<u>119,033</u>

13. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by 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:

	Quarter ended	
	30 September 2023	30 September 2022
	----- (Rupees in '000) -----	
Profit for the period	<u>143,859</u>	<u>278,008</u>
	----- (Number) -----	
Weighted average number of ordinary shares	<u>138,699,000</u>	<u>138,699,000</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>1.04</u>	<u>2.00</u>

13.1 Weighted average number of ordinary shares and earnings per share for prior period are restated for effect of bonus shares issued in June 2023 @ 50%.

14. WORKING CAPITAL CHANGES

Movement in working capital

Stores and spares	36,934	45,942
Stock in trade	(319,264)	(218,999)
Trade debts	(479,635)	(83,946)
Loans and advances	(19,637)	250,274
Short term deposits and prepayments	(7,747)	2,143
Other receivables	(83,931)	53,873
Trade and other payables	(594,348)	10,243
	<u>(1,467,628)</u>	<u>59,530</u>

PAKISTAN SYNTHETICS LIMITED

15. 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.

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

		Quarter ended	
		30 September 2023	30 September 2022
		(Rupees in '000)	
15.1.	Related party transactions:		
	Key management personnel		
	Managerial remuneration	16,671	16,958
	Others	1,909	2,244
	Associated company		
	Petpak Films (Private) Limited		
	Investment	100,000	-
15.2.	Related party balances:	30 September 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
	Petpak Films (Private) Limited		
	Investment	1,498,365	1,398,365


15.3.

16. GENERAL

These condensed interim financial statements have been authorised for issue on October 27, 2023 by the Board of Directors of the Company.



Yakoob Haji Karim
Chief Executive



Noman Yakoob
Director



Shahid Yaqoob
Chief Financial Officer