

Pakistan Synthetics Limited
Condensed Interim Balance Sheet
As at 30 September 2013

	30 September 2013 (Unaudited)	30 June 2013 (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>267,987</u>	<u>264,399</u>
	1,120,837	1,117,249
Non-current liabilities		
Staff retirement benefits	31,356	29,891
Deferred taxation	85,286	88,663
Long term finance	<u>250,000</u>	<u>281,250</u>
	366,642	399,804
Current liabilities		
Trade and other payables	887,234	876,376
Accrued markup	12,165	17,302
Short-term borrowings - secured	363,175	565,361
Current portion of long term finance	<u>125,000</u>	<u>125,000</u>
	1,387,574	1,584,039
Total equity and liabilities	<u>2,875,053</u>	<u>3,101,092</u>
ASSETS		
Non-current assets		
Property, plant and equipment	5 1,003,715	1,035,139
Long term loans to employees	553	375
Long-term deposits	<u>924</u>	<u>924</u>
Total non current assets	1,005,192	1,036,438
Current assets		
Stores and spares	6 205,583	205,989
Stock-in-trade	7 802,927	993,620
Trade debts	8 755,327	709,049
Loans and advances	10,583	3,686
Short term deposits and prepayments	1,987	1,470
Other receivables	8,724	14,700
Taxation - net	67,971	48,743
Cash and bank balances	<u>16,759</u>	<u>87,397</u>
	1,869,861	2,064,654
Total assets	<u>2,875,053</u>	<u>3,101,092</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

YAKOUB HAJI KARIM
DIRECTOR

Pakistan Synthetics Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the 1st quarter ended 30 September 2013

	30 September 2013	30 September 2012
	----- (Rupees in '000) -----	
Gross sales	1,585,802	1,372,479
Brokerage, discounts and freight reimbursement	(4,110)	(15,877)
Sales tax	(84,958)	(39,193)
Net sales	1,496,734	1,317,409
Cost of sales	(1,414,235)	(1,226,721)
Gross profit	82,499	90,688
Selling and distribution expenses	(17,979)	(11,058)
Administration expenses	(10,135)	(7,263)
Other operating expenses	(18,755)	(17,061)
	(46,869)	(35,382)
Other operating income	788	2,599
Operating profit before finance cost	36,418	57,905
Finance cost	(30,948)	(21,224)
Profit before tax	5,470	36,681
Taxation	(1,882)	(15,929)
Profit after tax for the period	3,588	20,752
	----- (Rupee) -----	
Earnings per share - basic and diluted	0.06	0.37

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the 1st quarter ended 30 September 2013

	----- (Rupees in '000) -----	
Profit after tax for the period	3,588	20,752
Other comprehensive income	-	-
Total comprehensive income for the period	3,588	20,752

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 2013

	Note	30 September 2013	30 September 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
		(Rupees in '000)	
Profit before taxation		5,470	36,681
Adjustments for:			
Adjustments for non cash charges and other items			
- Depreciation		33,804	39,397
- Charge for staff retirement benefits		1,944	2,107
- Profit on saving and deposit accounts		(88)	(1,899)
- Finance cost		30,948	21,224
- Reversal of provision for doubtful debts		(700)	(700)
		71,378	96,810
Movement in:			
Working capital			
- Stores and spares		406	(10,958)
- Stock-in-trade		190,693	(24,061)
- Trade debts		(45,578)	5,097
- Loans and advances		(6,897)	(6,442)
- Short term deposits and prepayments		(517)	(1,247)
- Other receivables		5,977	(11,654)
- Trade and other payables		10,858	(168,904)
Net cash generated from / (used in) operations		226,320	(121,359)
Staff retirement benefits paid		(480)	(1,348)
Finance cost paid		(36,085)	(21,529)
Long-term loans to employees		(178)	413
Taxes paid		(24,487)	(21,520)
Net cash flows from / (used in) operating activities		165,090	(165,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,380)	(3,967)
Profit on saving and deposit accounts received		88	1,899
Net cash flows used in investing activities		(2,292)	(2,068)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(9)
Short-term borrowings - net		(152,186)	77,736
Long term loan paid		(31,250)	-
Net cash flows (used in) / from investing activities		(183,436)	77,727
Net decrease in cash and cash equivalents		(20,638)	(89,684)
Cash and cash equivalents at beginning of the period		(12,387)	161,455
Cash and cash equivalents at the end of the period		(33,025)	71,771
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances		16,759	71,771
Running finance under mark-up arrangement		(49,784)	-
		(33,025)	71,771

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 2013

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
----- (Rupees in '000) -----				
Balance as at 1 July 2012	560,400	292,450	220,503	1,073,353
Changes in equity for the quarter ended 30 September 2012				
Total comprehensive income for the period - profit for the period	-	-	20,752	20,752
Balance as at 30 September 2012	560,400	292,450	241,255	1,094,105
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

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 2013

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 2013.

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 2013.

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 2013.

- 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 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	<i>Additions</i>		<i>Disposal/Transfer</i>	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)			
	(Rupees in '000)			
- <i>Operating assets</i>				
Plant and machinery	-	328	-	-
Vehicles	2,185	3,457	-	-
Furniture and equipments	195	67	-	-
Computer Accessories	-	115	-	-
	2,380	3,967	-	-

6. STORES AND SPARES	30 September 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Stores and spares [including in transit stores and spares amounting to Rs. Nil (30 June 2013: Rs.0.67 million)]	242,086	242,492
Provision for slow moving and obsolete items	(36,503)	(36,503)
	<u>205,583</u>	<u>205,989</u>
7. STOCK-IN-TRADE		
Raw and packing materials [including in transit of Rs. 78.044 million (30 June 2013: Rs. 78.189 million)]	546,338	587,708
Work-in-process	54,789	77,393
Finished goods - net of provision	201,800	328,519
	<u>802,927</u>	<u>993,620</u>
8. TRADE DEBTS		
Considered good - secured	77,167	85,689
- unsecured	678,160	623,360
	<u>755,327</u>	<u>709,049</u>
Considered doubtful	100,446	101,146
	<u>855,773</u>	<u>810,195</u>
Provision for doubtful debts	(100,446)	(101,146)
	<u>755,327</u>	<u>709,049</u>
9. CONTINGENCIES AND COMMITMENTS		
<i>- Contingencies</i>		
Bank guarantee in favour of Sui Sothern Gas Company Limited	<u>70,737</u>	<u>70,737</u>
<i>- Commitments</i>		
Letters of credit for raw materials and stores and spares	<u>607,900</u>	<u>512,257</u>

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 2013	30 September 2012
	(Rupees in '000)	
Associated company		
Sale of goods	41,143	26,480
Key management personnel compensation		
Managerial remuneration	9,228	8,779
Others	2,332	2,438

	1st quarter ended	
	30 September 2013	30 September 2012
	(Rupees in '000)	
Associated banking company		
Interest income on bank deposits	88	1,173
Profit on long term finance	10,384	15,914
Markup on foreign currency loan	619	4,743
Markup on running finance	7,581	152
Bank guarantee commission paid	-	85

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 2013	30 June 2013
	(Unaudited)	(Audited)
	(Rupees in '000)	
Trade receivable from associated company	43,259	45,841
Current account balance (banking company)	4,911	47,288
Saving account balance (banking company)	3,833	168
Long term finance (banking company)	375,000	406,250
Short term borrowings (banking company)	313,391	465,577
Accrued markup	9,786	12,150

11. OPERATING SEGMENTS

11.1 SEGMENT RESULTS

	Polyester Staple Fibre	Crown and plastic caps	Total
	----- (Rupees in '000) -----		
For the quarter ended 30 September 2013			
Net Revenue	<u>1,128,310</u>	<u>368,424</u>	<u>1,496,734</u>
Segment results	<u>(3,499)</u>	<u>31,436</u>	<u>27,937</u>
For the quarter ended 30 September 2012			
Net Revenue	<u>1,070,027</u>	<u>247,382</u>	<u>1,317,409</u>
Segment results	<u>54,993</u>	<u>17,374</u>	<u>72,367</u>

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

	1st quarter ended	
	30 September 2013	30 September 2012
	(Rupees in '000)	
Total results for reportable segments	27,937	72,367
Other operating expenses	(18,755)	(17,061)
Finance cost	(4,500)	(21,224)
Other operating income	788	2,599
Taxation	(1,882)	(15,929)
Profit after tax	<u>3,588</u>	<u>20,752</u>

- 11.2** 100% (2012: 100%) sales of the Company relates to customers in Pakistan.
- 11.3** All non-current assets of the Company at 30 September 2013 are located in Pakistan.
- 11.4** Sales to three customers of the Company is more than 10% of total sales of the Company during the quarter ended 30 September 2013 (2012: sales to two 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, 2013.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

ANWAR HAJI KARIM
CHIEF EXECUTIVE

YAKOOB HAJI KARIM
DIRECTOR