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

HEAD OF INTERNAL AUDIT
KHURRAM YOUSUF

SHARE REGISTRAR
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.

PERFORMANCE OF THE COMPANY AT A GLANCE

	YEAR ENDED 30 JUNE									
	2005	2006	2007	2008	2009	2010	2011	2012 restated	2013 restated	2014
STATISTICAL SUMMARY	**Rupees in million**									
Gross sales	1,891	1,873	1,560	2,284	2,503	3,349	4,234	4,491	5,359	5,107
Profit / (loss) before taxation	(59)	27	(103)	63	63	77	441	40	66	70
Taxation	11	(1)	27	(18)	(20)	(25)	(154)	(22)	(23)	(20)
Profit / (loss) after taxation	(48)	26	(76)	6	42	52	286	19	43	50
Gross assets employed (including capital work-in-progress)	1,302	1,292	1,275	1,696	1,302	1,324	2,644	3,010	3,101	3,348
Paid-up capital	560	560	560	560	560	560	560	560	560	560
Shareholders' equity	956	983	851	857	899	881	1,167	1,072	1,118	1,167
EARNINGS AND PAY OUT	**Rs. per share of Rs. 10 each**									
Earnings/(loss) per share after taxation	(0.86)	0.47	(1.36)	0.10	0.76	0.92	5.11	0.33	0.77	0.89
Break-up value	17.06	17.53	15.18	15.29	16.04	15.71	20.82	19.13	19.94	20.82
Cash dividend	—	1.00	—	—	1.25	—	2.00	—	—	1.00
FINANCIAL RATIOS	**Ratios**									
Current Assets : Current Liabilities	2.93:1	3.27:1	2.29:1	1.65:1	2.57:1	2.41:1	1.09:1	1.31:1	1.28:1	1.20:1
Long-term Debts : Equity	0:100	0:100	9:91	7:93	0:1	0:1	0:1	27:73	20:80	17:83
PRODUCTION	**Quantity**									
Polyester Staple Fibre - Tons	17,532	23,092	15,539	24,921	20,544	25,837	24,449	23,868	23,910	18,566
Polyester Chips - Tons	2,038	133	—	—	—	—	—	—	120	—
Plastic and Crown Caps - Cartons	—	—	—	—	—	—	3,785	129,492	201,986	301,971

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2014

We are pleased to present before you the 29th Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2014.

OPERATING PERFORMANCE

During the year under review, the Company produced 18,566 tons of Polyester Staple Fibre as against 24,030 tons produced during the last year. The company sold 19,539 tons of PSF as against 24,430 tons of last year. Further the Company produced 301,971 cartons of plastic and crown caps during the year as against 201,986 cartons of last year and sold 311,744 cartons during the year as against 224,998 cartons of last year.

FINANCIAL RESULTS

During the year under review, the company's gross turnover decreased to Rs. 5,106.59 million from Rs. 5,359.05 million during the corresponding last year.

The Company earned profit before tax of Rs. 70.36 million as against profit before tax of Rs. 66.02 million in the last year. The net profit after tax stood at Rs. 49.77 million as against net profit after tax of Rs. 43.23 million in the last year.

Decrease in revenue is mainly attributable to decrease in demand of polyester fibre owing to adverse market situation.

EARNING PER SHARE

The net earning per share, after providing for taxation, for the year ended 30 June 2014 was Re. 0.89 (2013: Re. 0.77).

DIVIDEND

The Directors of the Company recommended cash dividend @ Re.1 per share (i.e. 10%) for the year ended 30 June 2014. Sponsors Directors and their family members are intending to relinquish their proportion of dividend if approved in AGM, in favour of the Company.

FUTURE OUTLOOK

Dumping of Chinese Fibre at cheaper rate has badly affected all the local producers of the Country. The situation is coupled with energy crisis and has lead to extreme suppression of demand for local fibre. However, the management is reviewing the situation for taking suitable action.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2014

During the year, packaging segment of the Company has witnessed healthy growth in revenue and profit margin. We expect that our packaging segment will perform well in the next financial year with average growth of around 15%. The main challenge we face is variation in exchange rate because of instability of political situation which might adversely affect the profitability of the segment. However, management is very keen to deal with that challenge in very effective manner.

SUBSEQUENT EVENT

The Directors report that no material change or commitment has taken place, other than those disclosed which has affected the financial position of the company from the end of the financial year up to the date of this report.

FINANCIAL REPORTING FRAME WORK

As required under the Code of Corporate Governance, the Directors confirm compliance with the Corporate and Financial Reporting Frame Work for the following:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment except for the change in accounting policy as mentioned in note 2.7 to the financial statements.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements

e) The system of internal control and other such procedures, which are in place, are sound in design and have been effectively implemented and monitored on an on going basis by the management. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the Company’s ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key operating and financial data for the last ten years in summarized form is annexed.

i) No trade has been made by the Directors, executives and their spouses and minor children in the shares of the Company during the year under review.

j) Information about outstanding taxes and levies are given in the Notes to the Financial Statements.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2014

MEETING OF THE BOARD OF DIRECTORS

During the year, five (05) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

	NAME OF DIRECTOR	NO OF MEETING ATTENDANC
I.	Mr. Umer Haji Karim	5
II.	Mr. Anwar Haji Karim	5
III.	Mr. Yakoob Haji Karim	4
IV.	Mr. Abid Umer	5
V.	Mr. Sajid Haroon	5
VI.	Mr. Pir Mohammad A. Kaliya	5
VII.	Mr. Aamir Amin-NIT	5
VIII.	Mr. Faraz Younus Bandukda	5

Leave of absence was granted to Directors who could not attend the Board meetings.

MEETING OF THE AUDIT COMMITTEE

During the year, four (04) meetings of the Audit Committee were held. Attendance by each Director was as follows:-

	NAME OF DIRECTOR	NO OF MEETING ATTENDANC
I.	Mr. Aamir Amin-NIT	4
II.	Mr. Pir Mohammad A. Kaliya	4
III.	Mr. Abid Umer	4

DIRECTORS TRAINING PROGRAM

During the year, one of the Directors of the Company had obtained certification of Director Training Program from Institute of Chartered Accountants of Pakistan.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2014

PATTERN OF SHARE HOLDING

The pattern of share holding as on 30 June 2014 is annexed.

AUDITORS

The present auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Directors endorsed recommendation of the Audit Committee for their re-appointment for the year ending 30 June 2015.

ACKNOWLEDGEMENT

The Management would like to place on record its appreciation for dedication and hard work rendered by its employees and workers for their dedication.

For and on behalf of the
Board of Directors

UMER HAJI KARIM
CHAIRMAN

Date: 15 September 2014
Karachi

MISSION STATEMENT
OF
PAKISTAN SYNTHETICS LIMITED

Our Mission is to be a quality producer of Polyester Staple Fibre and Plastic and Crown Caps, continuously striving for excellence.

VISION

To be the leading manufacturing company of Polyester Staple Fibre and Plastic and Crown Caps, PSL realizes it has a responsibility to treat all stakeholders equitably and transparently to be true to their trust.

STATEMENT OF ETHICS
AND
BUSINESS PRACTICES

- ***PSL resolves to always place the Company's interest first;***

- ***PSL resolves to excel through resource management namely, human (professional & technical both), financial and other infrastructural facilities and to ensure reasonable return to all the stakeholders;***

- ***PSL conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate culture;***

- ***PSL expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;***

- ***PSL resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality Polyester Staple Fibre at competitive prices;***

- ***PSL resolves not to compromise on principles.***

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

The Company has applied principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	1) Aamir Amin
	2) Faraz Younus Bandukda
Executive Directors	1) Anwar Haji Karim
	2) Yakoob Haji Karim
Non-Executive Directors	1) Umer Haji Karim
	2) Sajid Haroon
	3) Abid Umer
	4) Pir Muhammad A. Kaliya

   The independent directors meet the criteria of independence under clause i(b) of the Code of Corporate Governance

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the directors is a member of a stock exchange or has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy in the Board during 2014.

5. The Company has adopted corporate values supported by" Statement of ethics and business practice" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed vision / mission statement and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. However, overall corporate strategy is in the process of being formulated.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

9. During the year, one of the Directors of the Company has attended Director Training Program (DTP) Program organized by Institute of Chartered Accountants of Pakistan (ICAP). The Directors, being in the corporate sector for long time, are fully conversant with their duties and responsibilities, listing regulations of Stock Exchanges, legal requirements and operational imperatives of the Company.

10. The Board had approved appointment of CFO, Company Secretary including their remuneration and terms and conditions of employment, as well the Head of Internal Audit who was appointed in the current year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed and signed by the CEO and CFO before approval of the Board.

13. The CEO, directors and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. At present, it comprises three members, of whom all directors are non-executive and the chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter. Further meetings were held prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members of whom two are non-executive directors and the chairman of the Committee is a non-executive director.

18. The Board has established an in-house internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The closed period prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with except for clause v (e) regarding the establishment of a mechanism for the annual evaluation of the Board's own performance. The Company is in process of preparing a framework for this purpose and eventual approval by the Board of Directors.

Date: 15 September 2014

Karachi

YAKOOB HAJI KARIM
DIRECTOR

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Pakistan Synthetics Limited** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

i. Paragraph 6 with respect to formulation of overall corporate strategy towards which reasonable progress is being made by the Company.

ii. Paragraph 23 relating to a mechanism for the annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance which is yet to be put in place by the Company.

Date: 15 September 2014

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan Synthetics Limited ("the Company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.7 with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 15 September 2014

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants
Moneeza Usman Butt

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	2014	2013 Restated	2012 Restated
			(Rupees in '000)	
Equity and liabilities				
Shareholders' equity				
Authorised capital of 70,000,000 ordinary shares of Rs. 10 each		**700,000**	700,000	700,000
Issued, subscribed and paid-up capital	4	**560,400**	560,400	560,400
General reserve		**292,450**	292,450	292,450
Unappropriated profit		**313,702**	264,855	219,320
Total shareholders' equity		**1,166,552**	1,117,705	1,072,170
Liabilities				
Non-current liabilities				
Long term finance - secured	5	**238,175**	281,250	406,250
Staff retirement benefits	6	**35,915**	28,163	30,566
Deferred taxation	7	**62,731**	91,086	110,437
Total non-current liabilities		**336,821**	400,499	547,253
Current liabilities				
Trade and other payables	8	**710,519**	875,604	553,712
Accrued markup		**18,084**	17,302	7,350
Short term borrowings - secured	9	**975,812**	565,361	735,310
Current portion of long term finance	5	**140,034**	125,000	93,750
Total current liabilities		**1,844,449**	1,583,267	1,390,122
Total equity and liabilities		**3,347,822**	3,101,471	3,009,545
Contingencies and Commitments	10			

The annexed note 1 to 39 form an integral part of these financial statements.

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	2014	2013 Restated	2012 Restated
		(Rupees in '000)		
Assets				
Non-current assets				
Property, plant and equipment	11	**1,130,534**	1,075,586	1,186,323
Long term loan to employees	12	**848**	375	738
Long term deposits	13	**924**	924	924
Total non-current assets		**1,132,306**	1,076,885	1,187,985
Current assets				
Stores and spares	14	**191,440**	164,516	151,628
Stock-in-trade	15	**937,031**	993,620	836,101
Trade debts	16	**762,130**	709,049	578,112
Loans and advances	17	**11,793**	3,686	5,182
Short term deposits and prepayments		**37**	1,470	1,527
Advance against investment	18	**199,290**	-	-
Other receivables	19	**14,594**	13,928	48,354
Taxation - net		**88,533**	50,920	39,201
Cash and bank balances	20	**10,668**	87,397	161,455
Total current assets		**2,215,516**	2,024,586	1,821,560
Total assets		**3,347,822**	3,101,471	3,009,545

The annexed note 1 to 39 form an integral part of these financial statements.

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013 Restated
		(Rupees in '000)	
Net sales	21	**4,777,295**	5,123,546
Cost of sales	22	**(4,428,594)**	(4,813,663)
Gross profit		**348,701**	309,883
Distribution and selling costs	23	**(62,626)**	(45,060)
Administration and general expenses	24	**(44,031)**	(36,330)
Other operating expenses	25	**(27,667)**	(60,030)
		(134,324)	(141,420)
		214,377	168,463
Other income	26	**2,019**	13,948
Operating profit before finance costs		**216,396**	182,411
Finance costs	27	**(146,040)**	(116,394)
Profit before taxation		**70,356**	66,017
Taxation	28	**(20,583)**	(22,788)
Profit for the year		**49,773**	43,229
		(Rupees)	
Earnings per share - basic and diluted	29	**0.89**	0.77

The annexed notes 1 to 39 form an integral part of these financial statements.

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013 Restated
	(Rupees in '000)	
Profit for the year	**49,773**	43,229
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	**(1,424)**	3,548
Tax thereon	**498**	(1,242)
	(926)	2,306
Total comprehensive income for the year	**48,847**	45,535

The annexed notes 1 to 39 form an integral part of these financial statements.

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		(Rupees in '000)	
Profit before taxation		**70,356**	66,017
Adjustments for:			
Depreciation		**145,575**	159,142
Charge for staff gratuity		**8,877**	7,712
Profit on disposal of property, plant and equipment		**(300)**	(63)
Profit on saving and deposit accounts		**(98)**	(2,242)
Finance costs		**145,086**	116,394
Advances written off		**-**	364
Provision for doubtful debts and deposits - net		**4,257**	1,300
		373,753	348,624
Movement in:			
Working capital changes	34	**(197,762)**	13,399
Long term loan to employees		**(2,801)**	363
Net cash from operations		**173,190**	362,386
Staff gratuity paid		**(2,549)**	(6,567)
Financial charges paid		**(144,304)**	(106,442)
Taxes paid		**(86,053)**	(55,100)
Net cash (used in) / generated from operating activities		**(59,716)**	194,277
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		**(200,523)**	(6,932)
Advance against Investment		**(199,290)**	-
Proceeds from disposal of property, plant and equipment		**300**	63
Profit on saving accounts received		**98**	2,242
Net cash used in investing activities		**(399,415)**	(4,627)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term diminishing musharka - net		**(28,041)**	(93,750)
Short term foreign currency loan and money market loan - net		**84,012**	(269,733)
Dividend paid		**(8)**	(9)
Net cash generated from / (used in) financing activities		**55,963**	(363,492)
Net decrease in cash and cash equivalents		**(403,168)**	(173,842)
Cash and cash equivalents at beginning of the year		**(12,387)**	161,455
Cash and cash equivalents at end of the year		**(415,555)**	(12,387)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	20	**10,668**	87,397
Running finance under mark-up arrangement	9.3	**(426,223)**	(99,784)
		(415,555)	(12,387)

The annexed notes 1 to 39 form an integral part of these financial statements.

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued, subscribed and paid-up capital	General reserves	Unappropriated profit	Total reserves	Total
	(Rupees in '000)				
Balance as at 1 July 2012	560,400	292,450	220,503	512,953	1,073,353
Effect of change in accounting policy (note 2.7.3)	-	-	(1,183)	(1,183)	(1,183)
Balance as at 1 July 2012 - restated	560,400	292,450	219,320	511,770	1,072,170
Total comprehensive income for the year ended 30 June 2013 - restated					
Profit for the year - restated	-	-	43,229	43,229	43,229
Other comprehensive income - restated	-	-	2,306	2,306	2,306
	-	-	45,535	45,535	45,535
Balance as at 30 June 2013 - restated	**560,400**	**292,450**	**264,855**	**557,305**	**1,117,705**
Total comprehensive income for the year ended 30 June 2014					
Profit for the year	-	-	49,773	49,773	49,773
Other comprehensive income	-	-	(926)	(926)	(926)
	-	-	48,847	48,847	48,847
Balance as at 30 June 2014	**560,400**	**292,450**	**313,702**	**606,152**	**1,166,552**

The annexed notes 1 to 39 form an integral part of these financial statements.

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 Karachi, Lahore and Islamabad Stock Exchanges with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Polyester Staple Fibre, Plastic Caps and Crown Caps. The registered office of the Company is situated at 3rd floor, K.D.L.B, building, 58, West wharf, Karachi.

During the year ended 30 June 2011 the Company setup packaging division to manufacture crown and plastic caps at plot No. A-5 North Western Industrial Zone of Port Qasim. The commercial production was commenced with effect from 20 June 2011.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance,1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are described in the following:

i) Employee benefits (note 3.1)
ii) Income taxes (note 3.3)
iii) Estimated useful lives of property, plant and equipment (refer note 3.4)
iv) Stock in trade and store and spares (note 3.5 & 3.6)
v) Impairment (note 3.11)

2.5 Standards, amendments and interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material affect on these financial statements except for additional disclosures as required by IAS 1 amendment relating to presentation of items of other comprehensive income, and IAS 19 'Employee Benefits' and IAS 16 'Property, Plant and Equipment'.

2.6 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2014:

- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company’s financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company’s financial statements.

- Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebutt based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company’s financial statements.

- IFRS 10 ‘Consolidated Financial Statements’ – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 ‘Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called ‘Separate Financial Statements’ and will deal with only separate financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

  Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 ‘Related Party Disclosure’. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 ‘Investment Property’. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.7 Changes in accounting policies

2.7.1 Employee benefits - defined benefit plan

IAS 19 (revised) ' Employee benefits' amends the accounting for employment benefits which became effective to the Company from 1 January 2013. The changes introduced by the IAS 19 (revised) are as follows:

(a) The standard requires past service cost to be recognised immediately in profit or loss;

(b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year:

(c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost: and

(d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

As a result of the above mentioned changes, the cumulative balance for un-recognised actuarial losses that existed as at 1 July 2012 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income is re-stated and disclosed as part of the statement of comprehensive income. The above change has been accounted for retrospectively in accordance with International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", resulting in restatement of financial statements of prior periods.

The effect of the change in accounting policy has been stated in note 2.7.3

2.7.2 Capital spares

IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

As a result of above mentioned changes, the Company carried out an exercise to determine the items of stores and spares which comes under the defination of IAS 16 Property, Plant and Equipment as stated above. The items identified to be classified as property, plant and equipment from stores and spares were purchased on or after January 2013. Accordingly the effect of the above change has been accounted for retrospectively in accordance with International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", resulting in restatement of financial statements of prior periods.

The effect of the change in accounting policy has been stated in note 2.7.3.

2.7.3 Effect of changes:
Effect on the balance sheet

	30 June 2013	1 July 2012
	(Rupees in ‘000)	
Employee retirement benefit		
As previously reported	**29,891**	28,746
Effect of change in accounting policy	**(1,728)**	1,820
As restated	**28,163**	30,566
Property plant and equipment		
As previously reported	**1,035,139**	1,186,323
Effect of change in accounting policy	**40,447**	-
As restated	**1,075,586**	1,186,323
Stores and spares		
As previously reported	**205,989**	151,628
Effect of change in accounting policy	**(41,473)**	-
As restated	**164,516**	151,628
Un appropriated profit		
As previously stated	**264,399**	220,503
Effect of change in accounting policy for stores and spares - net of tax	**(667)**	-
Cumulative effect of recognising previously unrecognised actuarial losses and expected return on plan assets in the other comprehensive income - net of tax	**1,123**	(1,183)
As restated	**264,855**	219,320
Deferred Taxation		
As previously stated	**88,663**	111,074
Cumulative effect of change in accounting policy		
Deferred tax on recognized actuarial loss	**605**	(637)
Effect of change in accounting policy of capital spares	**1,818**	-
As restated	**91,086**	110,437

Impact on total comprehensive income - 30 June 2013	**30 June 2013 (Rupees in '000)**
Profit after taxation- as previously stated	43,896
Effect of change in accounting policy	(667)
Profit after taxation - as restated	43,229
Other comprehensive income - as previously stated	-
Effect of change in accounting policy - net of tax	2,306
Other comperhensive income - as restated	2,306

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented except for changes stated in note 2.7.

3.1 Employee benefits

Defined benefit scheme

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Interest cost and current service cost are recognized in profit and loss account. The latest Actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for the permanent employees as per the service rules of the Company.

3.2 Financial Instruments

3.2.1 Non-derivative Financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, loans and advances, other receivables, deposits and cash and cash equivalents. The Company derecognizes the financial assets when it ceases to be a party to such contractual provisions of the instruments.

3.2.1.1 Trade debts, loans and advances, deposits and other receivables

These are recognised initially at fair value and subsequently measured at amortised cost or cost, as the case may be, less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Items considered irrecoverable are written off.

3.2.1.2 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances held with banks and short term borrowings availed by the Company, which are payable on demand and form an integral part of the Company’s cash management.

3.2.2 Financial Liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities represent mark-up bearing borrowings and trade and other payables. Financial liabilities are initially recognised on trade date i.e. the date on which the Company becomes party to the respective contractual provisions of the instruments. The Company derecognizes the financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.2.2.1 Markup bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in Profit and Loss Account over the period of borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.2.2.2 Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting or when the derivative does not qualifies for hedge accounting are measured at fair value and all changes in its fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

3.2.2.3 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.2.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

3.4 Property, plant and equipment

Operating assets and depreciation

Initial Recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.
Recognition of the cost in the carrying amount of an item of plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure (including normal repairs and maintenance)

Expenditures incurred to replace a significant component of an item of plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including repairs and normal maintenance) is recognised in the profit and loss account as an expense when it is incurred.

Depreciation

Depreciation on all items is charged on straight line method. The useful lives of depreciation are indicated in note 11.1.

Depreciation on additions to buildings and plant and machinery, furniture, fixture and office equipment and vehicles is charged from the quarter the asset is available for use upto the quarter prior to disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income/other expenses in the profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.5 Stores and spares

These are valued at lower of moving average cost. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

3.6 Stock-in-trade

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the weighted average basis. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, except for cost of work in process which comprises of raw material cost only as conversion costs are not significant.

Net realisable value signifies the estimated selling price in the ordinary course of the business less net estimated cost of completion and selling expenses.

3.7 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Interest income is accrued on a time apportion basis on the principal outstanding at the rates applicable.

Miscelleneous income is recognized on receipt basis.

3.8 Expenses

All expenses are recognised in the profit and loss account on an accrual basis.

3.9 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani rupees at the rates of exchange ruling on the balance sheet date.

Exchange differences are included in the profit and loss account currently.

3.10 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-Financial assets

The carrying amounts of the Company's non financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

3.12 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Mangement monitors the operating results of the business seperately for the purpose of making decisions regarding resource allocation and performance assessment. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The business of the Company has two reportable operating segments i.e., Polyester Staple Fibre segment and Crown and Plastic Caps segment.

Segment results that are reported for review and performance evaluation include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, certain other operating income and expenses, certain finance costs, tax assets and liabilities and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire tangible fixed assets and intangible assets other than goodwill.

3.13 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		2014	2013
(Number of shares)			(Rupees in '000)	
37,360,000	37,360,000	Ordinary shares of Rs. 10 each fully paid in cash	**373,600**	373,600
18,680,000	18,680,000	Ordinary shares of Rs. 10 each issued as fully paid bouns shares	**186,800**	186,800
56,040,000	56,040,000		**560,400**	560,400

5. LONG TERM FINANCE - secured

		2014	2013
		(Rupees in '000)	
Long term finances utilised under diminishing musharka		**378,209**	406,250
Current portion of long term finances shown under current liabilities		**(140,034)**	(125,000)
		238,175	281,250

The Company has entered into Diminishing Musharka arrangement with three different banks as under:

Bank Al-Habib Limited - Islamic Banking Division	*5.1*	**281,250**	406,250
Meezan Bank Limited	*5.2*	**58,126**	-
Askari Bank Limited-Islamic Banking Services	*5.3*	**38,833**	-
		378,209	406,250

5.1 The Company has entered into a Diminishing Musharka arrangement with Bank Al-Habib Limited Islamic Banking Division (an associated banking company). It carries profit at the rate of 6 months average KIBOR plus 1% (2013: 6 months average KIBOR plus 1%) per annum with a floor of 10% per annum and cap of 20% per annum and is payable on quarterly basis. The tenor of facility is five years with grace period of 12 months from the date of draw down. The principal is payable in 16 equal quarterly installments with the ninth installment of principal amounting to Rs. 31.250 million is due in December 2014. This facility is secured against registered hypothecation charges over specific plant and machinery of plastic and crown caps project.

5.2 The Company has entered into a Diminishing Musharka arrangement with Meezan Bank Limited. It carries profit at the rate of 6 months KIBOR plus 0.5% per annum with a floor of 6% per annum and cap of 24% per annum and is payable on Semi-annual basis. The tenor of facility is upto five years with grace period of 1 year from the date of draw down. The principal is payable in 8 equal Semi-annual installments with the first installment due in April 2015.This facility is secured against 1st Exclusive charge over specific fixed asset of the company with 25% margin to be covered throught 1st pari-pasu charge of 20 million over general plant and machinery.

5.3 The Company has entered into a Diminishing Musharka arrangement with Askari Bank Limited. It carries profit at the rate of 3 months KIBOR plus 0.5% per annum with a floor of 7% per annum and cap of 25% per annum and is payable on quarterly basis in arrears. The tenor of facility is five years from the date of drawdown. The principal is payable in 20 equal quarterly installments with the first installment due in September 2014. This facility is secured against exclusive hypothecation charges over Imported plastic printing machine.

6. STAFF RETIREMENT BENEFITS

6.1 Defined Benefit Gratuity Scheme

Principal actuarial assumptions used in the actuarial valuation of the fund carried out under Projected Unit Credit Method as at 30 June 2014 are as follows:

	2014	2013
- Discount rate per annum	**13%**	12%
- Expected rate of increase in salary level per annum	**13%**	12%
- Normal retirement age - years	**60**	60
- Death rate - mortality table	**EFU 61-66**	EFU 61-66

	2014	2013
The amounts recognised in balance sheet are as follows:	**(Rupees in ‘000)**	
Present value of defined benefit obligation	**35,915**	28,163
Fair value of plan assets	**-**	-
	35,915	28,163
Movement in net defined benefit liability		
Opening balance	**28,163**	30,566
Charge for the year	**8,877**	7,712
Re-measurement: Actuarial loss recognised in other comprehensive income	**1,424**	(3,548)
Benefits paid	**(2,549)**	(6,567)
Closing balance	**35,915**	28,163

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

	2014	2013
	(Rupees in '000)	
Component of defined benefit costs recognised in profit and loss account		
Current service cost	**5,382**	4,301
Interest cost	**3,495**	3,411
	8,877	7,712
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Re-measurements: Actuarial (gain) / loss on obligation		
- (Gain) / loss due to change in financial assumptions	**-**	-
- (Gain) / loss due to change in demographic assumptions	**-**	-
- (Gain) / loss due to change in experience adjustments	**1,424**	(3,548)
	1,424	(3,548)
Total defined benefit cost recognised in profit and loss account and other comprehensive income	**10,301**	4,164
Expected contributions to funds in the following year	**9,942**	7,777
Re-measurements: Accumulated actuarial losses recognised in other comprehensive income	**1,424**	(3,548)
Weighted average duration of the defined benefit obligation (years)	**11.04**	11.60

Analysis of present value of defined benefit obligation

	2014	2013
Type of Members:		
- Management	**26,193**	20,541
- Non - management	**9,722**	7,622
	35,915	28,163
Vested / Non-Vested		
- Vested benefits	**35,615**	27,577
- Non - vested benefits	**300**	586
	35,915	28,163
Type of benefits		
- Accumulated benefit obligation	**26,805**	22,579
- Amount attributed to future salary increase	**9,110**	5,584
	35,915	28,163

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2014	2013
	(Rupees in '000)	
Discount rate + 1%	**32,724**	25,521
Discount rate - 1%	**39,686**	31,294
Long term salary increase + 1%	**39,650**	31,264
Long term salary decrease - 1%	**32,698**	25,499

7. DEFERRED TAXATION

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2014	2013
Taxable temporary difference		
Accelerated tax depreciation	**144,346**	151,217
Deductible temporary differences		
Provision for staff gratuity	**(12,570)**	(9,857)
Provision for doubtful debts, slow moving and obsolete stores and spares and doubtful deposits	**(52,499)**	(49,758)
Pre-commencement expenditure	**(258)**	(516)
Minimum tax	**(16,288)**	-
	62,731	91,086

8. TRADE AND OTHER PAYABLES

	Note	2014	2013
Trade creditors including bills payable		**276,532**	339,397
Murabaha	*8.1*	**405,342**	508,409
Accrued expenses		**957**	1,271
Advances from customers		**1,870**	701
Workers' welfare fund		**1,909**	2,703
Workers' profit participation fund		**3,803**	3,671
Unclaimed dividend	*8.2*	**3,212**	3,220
Bonus payable		**6,507**	7,128
Insurance premium payable		**3,624**	2,068
Due to employees		**1,524**	2,584
Sales tax payable	*8.3*	**1,510**	1,510
Short term compensated absences		**2,688**	1,899
Provision for Government levies		**1,000**	1,000
Others	*8.4*	**41**	43
		710,519	875,604

8.1 The Company has obtained facility of Rs. 500 million (2013: Rs. 500 million) from an Islamic Bank for short term finance under Murabaha financing arrangement and has availed Rs. 338.904 million and USD 565,350 as at 30 June 2014 (2013: Rs. 495.755 million). The rate of profit is approved by the bank at time of disbursement ranges from 9.27% to 10.40% and 2.5% to 2.75 for USD (2013: 9.55% to 9.82%). This facility can be availed in either Pakistani rupees or in USD and carries profit at the preferential rate as approved by the bank from time to time and is based on KIBOR This facility matures within six months and is renewable. During the period, the Company has availed facility in Pak Rupees and purchased material valuing Rs. 716.162 million at sale amount of Rs. 751.157 million in PKR and purchased material of USD 565,350 at sales value of USD 572,610. The repayment is due after six months from the date of purchase. The arrangement is secured against pari passu hypothecation charge on moveables and receivables of the Company.

8.2 Workers' profit participation fund

		2014	2013
		(Rupees in '000)	
Balance as at 1 July		**3,671**	2,333
Interest on funds utilised in the Company's business at 12.5% (2013: 14%) per annum	*27*	**331**	242
		4,002	2,575
Allocation for the year	*25*	**3,803**	3,671
		7,805	6,246
Payments made during the year		**(4,002)**	(2,575)
Balance as at 30 June		**3,803**	3,671

8.3 This represents salary and gratuity payable to employees amounting to Rs. 1.328 million (2013: Rs. 1.734 million) and Rs. 0.196 million (2013: Rs. 0.851 million) respectively.

8.4 Movement in provision for Government levies is as follows:

Opening balance		**1,000**	7,690
Provided during the year	*25*	**54**	-
		1,054	7,690
Payment / adjustment during the year		**(54)**	(6,690)
Closing balance		**1,000**	1,000

9. SHORT TERM BORROWINGS - secured

Short term import finance under mark-up arrangement	*9.1*	**249,589**	165,577
Money market loan under mark-up arrangement	*9.2*	**300,000**	300,000
Running finance under mark-up arrangement	*9.3*	**426,223**	99,784
		975,812	565,361

9.1 The facilities for short term import finance under Foreign Exchange Circular No. 25 dated 20 June 1998 available from various commercial banks are for the purpose of meeting import requirements. This facility availed, is from an associated banking company for an amount of USD 1.674 million and EUR 0.625 million equivalent to Rs. 249.589 million (2013: USD 1.647 million and EUR 0.022 million equivalent to Rs. 165.577 million). The rates of mark-up on these finances range from 1.8% to 2.8% (2013: 1.8% to 2.8%) per annum. These facilities mature within six months and are renewable. The arrangement is secured against first pari passu charge by way of registered hypothecation over Company's stock and trade debts.

9.2 The facility for money market is available from an associated banking company for the purpose of meeting the fixed portion of working capital requirement. The rate of mark-up on this financing arrangement is agreed at KIBOR plus 0.50% (2013: KIBOR plus 0.50%) per annum. The arrangement is secured against registered hypothecation over Company's stock and trade debts.

9.3 The facilites for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from KIBOR plus 0.50% to KIBOR plus 1.00% (2013: KIBOR plus 0.50% to KIBOR plus 1.00%) per annum. These facilities mature within twelve months and are renewable. The arrangement is secured against first pari passu charge by way of registered hypothecation over Company's stock and trade debts.

9.4 As at 30 June 2014, the unavailed facilities from the above borrowings amounted to Rs. 124.19 million (2013: Rs. 534.64 million).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingency

10.1.1 The facilities for opening letter of guarantees from an associated banking company amounted to Rs. 75 million (2013: 75 million). Bank guarantees amounting to Rs. 73.994 million (2013: Rs. 70.737 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills and others.

10.1.2 As per the Gas infrastructure and Development Cess Act 2011 (the Act), certain companies as specified in the Act (including Sui Southern Gas Company Limited) shall collect and pay Gas infrastructure and Development Cess (GID Cess) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the company. Through Finance Bill 2012 – 2013, an amendment was made to the Act whereby the rate of GID Cess applicable on Pakistan Synthetics Limited was increased to Rs. 50 per MMBTU. On 3 August 2012, the Company filed a suit bearing number 865/2012 wherein it has impugned the Act on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh at Karachi vide its ad-interim order dated 6 September 2012 has restrained Sui Southern Gas Company Limited from charging GID Cess above Rs. 13 per MMBTU. On 31 Dec 2013 The Ministry of Petroleum and Natural Resources, Government of Pakistan via S.RO. 1091V (I) increased the GID Cess applicable to Rs. 100 per MMBTU with immediate effect. In view of above stated order of Honourable High Court of Sindh and opinion of legal advisor ,the Company is confident of a favourable outcome and therefore has not recorded differential of GID Cess amounting to Rs. 50.12 million (2013: Rs. 23.23 million) in these financial statements.

Peshawar High Court vide order dated 13 June 2013 declared that the provisions of the Act, imposing, levying and recovering the impugned cess, are absolutely expropriator and exploitative and being constitutionally illegitimate, having no sanction there for under the constitution, hence, are declared as such and set at naught. However, Supreme Court of Pakistan vide its order dated 30 December 2013 has suspended the judgment of Peshawar High Court. The management is of the view that the Supreme Court of Pakistan suspended the order of the Peshawar High Court and leave is granted to consider various other aspects stated in the order. Therefore, a final decision is pending for adjudication.

10.2 Commitments

10.2.1 Letters of credits

The Company has facilities of Rs. 2,208 million (2013: Rs. 1,900 million) for opening letters of credit including Rs. 1,100 million from an associated banking company (2013: Rs. 1,100 million). At 30 June 2014, the open letters of credits amounted to Rs. 482.348 million (2013: Rs. 512.257 million) including Rs. 382.867 million from an associated banking company (2013: Rs. 149.438 million).

10.3 The facilities disclosed in notes 10.1.1 and 10.2.1 are secured against first pari passu charge by way of registered hypothecation over Company's stock and trade debts, export bills sent to collection, documents of title to goods consigned to the Company, Banker's acceptance and Accepted Draft.

11. PROPERTY, PLANT AND EQUIPMENT

		2014	2013
		(Rupees in '000)	
Operating fixed assets	*11.1*	**1,073,075**	1,075,586
Capital work-in-progress - Machine in transit		**57,459**	-
		1,130,534	1,075,586

11.1 Operating fixed assets

The following is a summary of the Company's operating fixed assets:

	2014							
	Leasehold land	**Building on leasehold land**	**Plant and machinery**	**Vehicles**	**Office Improvements**	**Furniture and equipment**	**Computer accessories**	**Total**
	(Rupees in '000)							
As at 1 July 2013								
Cost	**28,118**	**188,101**	**2,948,278**	**67,691**	**1,976**	**13,065**	**3,555**	**3,250,784**
Accumulated Depreciation	**(3,172)**	**(79,959)**	**(2,043,852)**	**(36,539)**	**(1,976)**	**(6,451)**	**(3,249)**	**(2,175,198)**
Net book value	**24,946**	**108,142**	**904,426**	**31,152**	**-**	**6,614**	**306**	**1,075,586**
Additions	**-**	**22,128**	**118,212**	**2,185**	**-**	**500**	**39**	**143,064**
Disposal								
Cost	**-**	**-**	**-**	**(1,025)**	**-**	**-**	**-**	**(1,025)**
Accumulated depreciation	**-**	**-**	**-**	**1,025**	**-**	**-**	**-**	**1,025**
Depreciation for the year	**658**	**6,665**	**129,830**	**6,436**	**-**	**1,792**	**194**	**145,575**
Closing net book value	**24,288**	**123,605**	**892,808**	**26,901**	**-**	**5,322**	**151**	**1,073,075**
As at 30 June 2014								
Cost	**28,118**	**210,229**	**3,066,490**	**68,851**	**1,976**	**13,565**	**3,594**	**3,392,823**
Accumulated depreciation	**(3,830)**	**(86,624)**	**(2,173,682)**	**(41,950)**	**(1,976)**	**(8,243)**	**(3,443)**	**(2,319,748)**
Net book value	**24,288**	**123,605**	**892,808**	**26,901**	**-**	**5,322**	**151**	**1,073,075**
Useful life (in years)	**50 - 99**	**20**	**5 - 20**	**8**	**3**	**5-15**	**3**	

	2013							
	Leasehold land	Building on leasehold land	Plant and machinery	Vehicles	Office Improvements	Furniture and equipment	Computer accessories	Total
	(Rupees in '000)							
As at 1 July 2012								
Cost	28,118	185,996	2,906,477	64,685	1,976	12,231	3,399	3,202,882
Accumulated Depreciation	(2,513)	(73,623)	(1,900,895)	(29,753)	(1,976)	(4,759)	(3,040)	(2,016,559)
Net book value	25,605	112,373	1,005,582	34,932	-	7,472	359	1,186,323
Additions - restated	-	2,105	41,801	3,509	-	834	156	48,405
Disposal								
Cost	-	-	-	(503)	-	-	-	(503)
Accumulated depreciation	-	-	-	503	-	-	-	503
Depreciation for the year - restated	659	6,336	142,957	7,289	-	1,692	209	159,142
Closing net book value	24,946	108,142	904,426	31,152	-	6,614	306	1,075,586
As at 30 June 2013								
Cost	28,118	188,101	2,948,278	67,691	1,976	13,065	3,555	3,250,784
Accumulated depreciation	(3,172)	(79,959)	(2,043,852)	(36,539)	(1,976)	(6,451)	(3,249)	(2,175,198)
Net book value	24,946	108,142	904,426	31,152	-	6,614	306	1,075,586
Useful life (in years)	50 - 99	20	5 - 20	8	3	5-15	3	

11.2 The depreciation charge for the year has been allocated as follows:

		2014	2013 (Restated)
		(Rupees in '000)	
Cost of sales	*22*	**139,752**	152,817
Distribution and selling costs	*23*	**1,456**	1,582
Administration and general expenses	*24*	**4,367**	4,743
		145,575	159,142

11.3 The following fixed assets were disposed off / retired during the year:

Particulars	**Cost**	**Accumulated depreciation**	**Book value**	**Sale proceeds**	**Gain on disposal**	**Mode of disposal**	**Particulars of buyers**
Vehicles	(Rupees in '000)						
Honda Civic	1,025	1,025	-	300	300	Negotiation	Mr. Aftab Siddiqui
2014	**1,025**	**1,025**	**-**	**300**	**300**		
2013	503	503	-	63	63		

12. LONG TERM LOANS TO EMPLOYEES

	Note	2014	2013 Restated
		(Rupees in '000)	
Due from employees - considered good		**4,103**	1,302
Less: Recoverable within one year	17	**(3,255)**	(927)
		848	375

12.1. Loans are granted to executives and employees of the Company in accordance with the Company's policy for purchase of cars, motor cycles and household appliances and are interest free. The loans are recoverable in installments over a period of 24 to 36 months.

13. LONG TERM DEPOSITS

	2014	2013 Restated
Utility deposits	**1,588**	1,588
Security deposits	**250**	250
	1,838	1,838
Provision for doubtful deposits	**(914)**	(914)
	924	924

14. STORES AND SPARES

	2014	2013 Restated
Stores and spares		
- in hand	**217,170**	200,353
- in transit	**10,773**	666
	227,943	201,019
Provision for slow moving and obsolete items	**(36,503)**	(36,503)
	191,440	164,516

15. STOCK-IN-TRADE

	Note	2014	2013 Restated
Raw and packing material			
- in hand		**468,903**	509,519
- in transit		**112,846**	78,189
		581,749	587,708
Work-in-process		**49,607**	77,393
Finished goods		**323,886**	329,701
Written down of inventory to net realisable value	15.1	**(11,292)**	-
Provision for slow moving and obsolete stock		**(6,919)**	(1,182)
		305,675	328,519
		937,031	993,620

15.1 Finished goods costing Rs. 249.62 million (2013: Rs. Nil) has been carried at net realisable value of Rs. 238.33 million (2013: Rs. Nil).

16. TRADE DEBTS

	Note	2014	2013 Restated
Considered good - secured	16.1	**11,767**	85,689
- unsecured		**750,363**	623,360
		762,130	709,049
Considered doubtful		**105,403**	101,146
		867,533	810,195
Provision for doubtful debts		**(105,403)**	(101,146)
		762,130	709,049

16.1 These trade debts are secured through inland letter of credits.

16.2 The amount due from associated undertaking as at 30 June 2014 was Rs. 50.957 million including mark-up of Rs. 3.26 million (2013: Rs. 45.841 million including mark-up of Rs. 2 million). The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. 84.106 million (2013: Rs. 134.584 million).

16.2.1 The aging of trade receivable from an associated company at the balance sheet date was:

	2014	2013
	(Rupees in '000)	
Not past due	**48,096**	33,582
Past due 90-183 days	**2,861**	12,259
Total	**50,957**	45,841

17. LOANS AND ADVANCES - considered good

	Note	2014	2013
Loans			
Current maturity of long term loans due from employees	*12*	**3,255**	927
Advances to:			
- employees against salary		**57**	46
- letters of credit fees and expenses		**384**	250
- suppliers		**8,097**	2,463
		8,538	2,759
		11,793	3,686

18. ADVANCE AGAISNT INVESTMENT

The Government of Pakistan through the Privatisation Commission of Pakistan, has made an offer for sale of shares of Pakistan Petroleum Limited out of its shareholding in Pakistan Petroleum Limited through Book Building. The offer is made only to insitutional investors and high net worth individual investors. The Company has particiapted in this book building process and has successfully bid for 910,000 shares of Pakistan Petroleum Limited at strike price of Rs. 219 per share. As at 30 June 2014, the Company has made advance payment against purchase of shares. These shares have been transferred in the name of Company subsequent to year end.

19. OTHER RECEIVABLES

	2014	2013
Sales tax recoverable	**14,594**	13,909
Other receivable	**-**	19
	14,594	13,928

20. CASH AND BANK BALANCES

	Note	2014	2013
With banks			
- On current accounts		**10,616**	87,173
- On saving accounts	*20.1*	**18**	182
- On deposit account		**257**	257
- Provision for doubtful deposit	*20.2*	**(257)**	(257)
		-	-
Cash in hand		**34**	42
		10,668	87,397

20.1 Rates of returns on saving accounts range from 7% per annum to 8% per annum (2013: 7% to 9%).

20.2 This represents provision made against Certificates of Investment of Bankers Equity Limited.

21. NET SALES

		2014	2013
		(Rupees in '000)	
Polyester staple fibre		**3,355,916**	4,181,009
Polyester chips		**3,597**	8,696
Waste fibre		**17,860**	25,997
Crowns and plastic caps		**1,720,347**	1,135,559
Waste packing material		**8,873**	7,791
		5,106,593	5,359,052
Brokerage, discounts and freight reimbursements		**(12,914)**	(49,508)
Sales tax		**(316,384)**	(185,998)
		(329,298)	(235,506)
Net sales		**4,777,295**	5,123,546

22. COST OF SALES

Raw and packing materials consumed			
- Opening stock		**587,708**	563,529
- Purchases		**3,511,997**	4,038,756
		4,099,705	4,602,285
- Closing stock		**(581,749)**	(587,708)
		3,517,956	4,014,577
Salaries, wages and other benefits	*22.1*	**150,649**	134,730
Fuel and power		**245,513**	250,634
Depreciation	*11.2*	**139,752**	152,817
Repairs and maintenance		**13,867**	13,356
Rent, rates and taxes		**3,344**	6,232
Stores and spares consumed		**68,100**	74,689
Printing and stationary		**816**	838
Travelling and conveyance		**23,774**	25,400
Security expenses		**3,897**	5,148
Communication		**498**	430
Insurance		**13,420**	13,231
General expenses		**2,182**	1,839
		4,183,768	4,693,921
Opening stock of work-in-process		**77,393**	46,463
Closing stock of work-in-process		**(49,607)**	(77,393)
Cost of goods manufactured		**4,211,554**	4,662,991
Opening stock of finished goods		**329,701**	227,985
Provision for slow moving and obsolete stock		**(1,182)**	(1,876)
		328,519	226,109
Purchase of finished goods		**194,196**	253,082
Closing stock of finished goods		**(323,886)**	(329,701)
Written down of inventory to net realisable value		**11,292**	-
Provision for slow moving and obsolete stock		**6,919**	1,182
		(305,675)	(328,519)
		4,428,594	4,813,663

22.1 Salaries, wages and other benefits include Rs. 7.54 million (2013: Rs. 6.56 million) in respect of staff gratuity expense.

23. DISTRIBUTION AND SELLING COSTS

		2014	2013
		(Rupees in '000)	
Salaries and other benefits	*23.1*	**6,744**	5,866
Depreciation	*11.2*	**1,456**	1,582
Outward freight and handling charges		**51,660**	35,666
Marketing expense		**412**	309
Travelling and conveyance		**1,418**	857
Fuel and power		**486**	380
Repair and maintenance		**93**	46
Communication		**148**	171
Other expenses		**209**	183
		62,626	45,060

23.1 Salaries and other benefits include Rs. 0.33 million (2013: Rs. 0.29 million) in respect of staff gratuity expense.

24. ADMINISTRATION AND GENERAL EXPENSES

Salaries and other benefits	*24.1*	**20,231**	17,597
Rent, rates and taxes		**4,015**	4,305
Depreciation	*11.2*	**4,367**	4,743
Fuel and power		**1,458**	1,141
Travelling and conveyance		**4,253**	2,571
Communication		**443**	514
Printing, stationary and subscription fees		**1,672**	1,715
Provision for doubtful debts - net		**4,257**	1,300
Repair and maintenance		**279**	138
Legal and professional charges		**2,429**	1,393
Advances written off		**-**	364
Other expenses		**627**	549
		44,031	36,330

24.1 Salaries and other benefits include Rs. 0.99 million (2013: Rs. 0.87 million) in respect of staff gratuity expense.

25. OTHER OPERATING EXPENSES

Auditors' remuneration	*25.1*	**970**	950
Donations	*25.2*	**-**	7,300
Workers' profit participation fund	*8.2*	**3,803**	3,671
Workers' welfare fund		**1,909**	2,703
Exchange loss - net	*25.3*	**20,931**	45,406
Provision for government levies		**54**	-
		27,667	60,030

25.1 Auditors' remuneration

Audit fee	**600**	600
Half yearly review	**220**	200
Special certifications	**100**	100
Out of pocket expenses	**50**	50
	970	950

25.2 This includes donation of Rs. nil (2013: Rs. 0.5 million) paid to Memon Education Board in which one of the directors of the Company holds a position.

25.3 These include exchange loss amounting to Rs. 7.606 million (2013: Rs. Nil) on account of forward contracts entered into during the year.

26. OTHER INCOME

		2014	2013
		(Rupees in '000)	
Income from financial assets			
Profit on saving accounts		**98**	2,242
Profit on short term investment		**-**	726
Mark-up charged to an associated company	*26.1*	**1,600**	3,455
Reversal of provision for doubtful deposits		**-**	129
		1,698	6,552
Income from non financial assets			
Profit on disposal of property, plant and equipment		**300**	63
Liabilities written back		**-**	643
Provision for government levies written back		**-**	6,690
Others		**21**	-
		321	7,396
		2,019	13,948

26.1 This represents mark-up charged by the Company on mutually agreed basis and at the rate of KIBOR plus 2% per annum from an associated company on account of delayed payments of its balances over its credit period.

27. FINANCE COSTS

		2014	2013
Mark-up on:			
- long term finance		**40,935**	54,349
- short term murabaha		**38,984**	12,654
- short term running finance		**62,591**	36,188
- short term import finances		**2,245**	10,778
Bank guarantee commission		**611**	651
Discounting and documentation charges	*8.2*	**-**	949
Interest on workers' profit participation fund		**331**	242
Bank charges		**343**	583
		146,040	116,394

28. TAXATION

	2014	2013
Current year	**47,902**	40,524
Prior year	**538**	2,857
Deferred	**(27,857)**	(20,593)
	20,583	22,788

Income tax assessment of the Company has been deemed to be finalised upto and including tax year 2013 on the basis of tax return filed under section 120 of Income Tax Ordinance 2001. However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in audit.

Current tax charge represents minimum tax charge under section 113 of Income Tax Ordinance, 2001 (the Ordinance).

28.1 Relationship between income tax expense and accounting profit

	2014	2013
	(Rupees in '000)	
Accounting profit before taxation	**70,356**	66,017
Tax at the applicable rate of 34% (2013: 35%)	**23,921**	23,106
Tax credit	**-**	(1,095)
Expenses and gains not allowed and other adjustment	**(3,876)**	(2,080)
Effect of prior year charge	**538**	2,857
	20,583	22,788

29. EARNINGS PER SHARE - BASIC AND DILUTED

	2014	2013
Profit for the year after taxation	**49,773**	43,229
	(Number of shares)	
Weighted average number of ordinary shares	**56,040,000**	56,040,000
	(Rupees)	
Earnings per share- basic and diluted	**0.89**	0.77

30. REMUNERATIONS OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

	Chief Executive		Executive Directors		Non - Executive Directors		Executives		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Rupees in '000)									
Managerial remuneration	**2,388**	1,296	**1,596**	1,197	**—**	—	**23,672**	24,796	**27,656**	27,289
Housing and utilities	**1,212**	654	**804**	603	**—**	—	**12,099**	11,072	**14,115**	12,329
Gratuity	**—**	—	**—**	—	**—**	—	**3,082**	2,772	**3,082**	2,772
Medical expenses	**—**	—	**—**	—	**—**	—	**2,806**	2,457	**2,806**	2,457
Leave encashment	**—**	—	**—**	—	**—**	—	**2,315**	2,002	**2,315**	2,002
Other allowances	**—**	—	**—**	—	**—**	—	**282**	228	**282**	228
Meeting fees	**50**	35	**40**	80	**420**	270	**—**	—	**510**	385
	3,650	1,985	**2,440**	1,880	**420**	270	**44,256**	43,327	**50,766**	47,462
Number of persons	**1**	1	**1**	2	**6**	5	**36**	33	**44**	41

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

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meets its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Customers of the Company's polyester staple fibre segment are textile mills whereas customers of crown and plastic caps are food and beverages companies.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the trade debts and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2014	2013
	(Rupees in '000)	
Long term loan to employees	**4,103**	1,302
Long term deposits	**924**	924
Trade debts	**762,130**	709,049
Short term deposits	**37**	372
Advance against investment	**199,290**	-
Bank balances	**10,634**	87,355
	977,118	799,002

Bank balances are held with reputable banks with high quality credit ratings. At year end, the Company has bank balances with the credit ratings ranging from A1 to A1+.

Certain trade debts are secured with reputable banks with high quality credit ratings. Trade debts are monitored on an ongoing basis.

The aging of trade receivable at the reporting date is:

	2014		
	Gross	**Impairment**	**Total**
	(Rupees in '000)		
Not past due	**571,640**	**-**	**571,640**
Past due 90-183 days	**116,253**	**-**	**116,253**
Past due 184-365 days	**88,298**	**(17,132)**	**71,166**
Past due more than 365 days	**91,342**	**(88,271)**	**3,071**
	867,533	**(105,403)**	**762,130**

	2013		
	Gross	Impaiment	Total
	(Rupees in '000)		
Not past due	668,948	-	668,948
Past due 90-183 days	39,672	-	39,672
Past due 183-365 days	10,869	(10,440)	429
Past due more than 365 days	90,706	(90,706)	-
	810,195	(101,146)	709,049

The movement in the allowance for impairment in respect of trade receivables is as follows:

	2014	2013
	(Rupees in '000)	
Opening balance	**(101,146)**	(99,846)
Provision for doubtful debts	**(17,132)**	(4,000)
Reversal made during the year	**12,875**	2,700
	(4,257)	(1,300)
Closing balance	**(105,403)**	(101,146)

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that appropriate impairment has been made.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, by having credit lines available as disclosed in note 8.1 and 9 to these financial statements. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities	2014 Carrying amount	Contractual cash flows	Upto one year	Two to five years
	(Rupees in '000)			
Long term finances	**378,209**	**(442,304)**	**(173,098)**	**(269,206)**
Trade and other payables	**697,738**	**(705,084)**	**(705,084)**	**-**
Short term borrowings	**975,812**	**(1,028,528)**	**(1,028,528)**	**-**
Accrued markup	**18,084**	**(18,084)**	**(18,084)**	**-**
	2,069,843	**(2,194,000)**	**(1,924,794)**	**(269,206)**

Non-derivative financial liabilities	2013 Carrying amount	Contractual cash flows	Upto one year	Two to five years
	(Rupees in '000)			
Long term finances	406,250	(478,054)	(160,031)	(318,023)
Trade and other payables	864,120	(875,110)	(875,110)	-
Short term borrowings	565,361	(585,003)	(585,003)	-
Accrued markup	17,302	(17,302)	(17,302)	-
	1,853,033	(1,955,469)	(1,637,446)	(318,023)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rate of mark-up have been disclosed in notes 7, 8.1 and 9 to these financial statements.

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

31.3.1 Currency risk

The Company is exposed to currency risk on foreign creditors and short term borrowings that are denominated in a currency other than the respective functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2014 Rupees	US Dollars	Euro
	Amount in thousands		
Foreign creditors	**(233,562)**	**(1,117)**	**(915)**
Foreign currency Murabaha	**(56,190)**	**(569)**	**-**
Short term borrowings	**(249,589)**	**(1,674)**	**(625)**
Gross balance sheet exposure	**(539,341)**	**(3,360)**	**(1,540)**

	2013 Rupees	US Dollars	Euro
	Amount in thousands		
Foreign creditors	(202,441)	(1,812)	(181)
Short term borrowings	(165,577)	(1,647)	(22)
Gross balance sheet exposure	(368,018)	(3,459)	(203)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2014	2013	**2014**	2013
USD to PKR	**102.90**	96.95	**98.75**	98.80
EURO to PK	**139.93**	125.51	**134.73**	129.11

Sensitivity analysis

A five percent depreciation of the Rupee against the following currencies at 30 June would have (decreased) the equity and profit or loss by the after tax amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity and profit and loss	
	2014	2013
USD	**(10,949**	(11,278)
EURO	**(6,847)**	(865)
	(17,796)	(12,143)

A five percent appreciation of the Rupee against the above currencies at 30 June would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

31.3.2 Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from long term finance and short term borrowings.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	30 June 2014				
	Effective interest rates	**Carrying amount**	**Upto one year**	**Two to five year**	**Not exposed to interest rate risk**
		-----------------------------(Rupees in '000)-----------------------------			
Financial assets					
Long term loan to employees		**4,103**	**-**	**-**	**4,103**
Long term deposits		**924**	**-**	**-**	**924**
Trade debts	**12%**	**762,130**	**47,698**	**-**	**714,432**
Short term deposits		**37**	**-**	**-**	**37**
Advance against Investment		**199,290**	**-**	**-**	**199,290**
Bank balances	**7% - 8%**	**10,634**	**-**	**-**	**10,634**
		977,118	**47,698**	**-**	**929,420**
Financial liabilities					
Long term finances	**10.00% - 11.14%**	**378,209**	**140,034**	**238,175**	**-**
Trade and other payables		**697,738**	**-**	**-**	**697,738**
Short term borrowings	**1.8% - 11.38%**	**975,812**	**426,223**	**-**	**549,589**
Accrued mark-up		**18,084**	**-**	**-**	**18,084**
		2,069,843	**566,257**	**238,175**	**1,265,411**
On balance sheet gap - 2014		**(1,092,725)**	**(518,559)**	**(238,175)**	**(335,991)**

	30 June 2013				
	Effective interest rates	Carrying amount	Upto one year	Two to five year	Not exposed to interest rate risk
		(Rupees in '000)			
Financial assets					
Long term loan to employees		1,302	-	-	1,302
Long term deposits		924	-	-	924
Trade debts	12%	709,049	43,843	-	665,206
Short term deposits		372	-	-	372
Bank balances	7% - 9%	87,355	-	-	87,355
		799,002	43,843	-	755,159
Financial liabilities					
Long term finances	10.54%	406,250	125,000	281,250	-
Trade and other payables		864,120	-	-	864,120
Short term borrowings	2.25% - 10.28%	565,361	99,784	-	465,577
Accrued mark-up		17,302	-	-	17,302
		1,853,033	224,784	281,250	1,346,999
On balance sheet gap - 2013		(1,054,031)	(180,941)	(281,250)	(591,840)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit after tax for the year by Rs. 4.994 million (2013: Rs. 3.004 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

31.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values.

32. TRANSACTIONS 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. However, where balances with an associated company on account of sale of goods exceeds credit period mark-up thereon is charged (refer note 26.1). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2014	2013
	(Rupees in '000)	
Associated company		
Sales of goods	**162,533**	104,107
Mark-up charged	**1,600**	3,455
Key management personnel compensation		
Managerial remuneration	**27,656**	27,289
Others	**23,110**	20,173
Associated banking company		
Current bank account balance	**923**	47,288
Saving account balance	**18**	168
Long term finance	**281,250**	406,250
Short term borrowings	**826,871**	465,577
Accrued mark-up	**12,820**	12,150
Bank collection charges paid	**343**	583
Discounting and documentation charges	**-**	949
Bank guarantee commission	**611**	651
Mark up on long term finance	**36,732**	54,349
Interest income on bank deposits	**97**	2,241
Mark up on short term import finance under mark-up arrangement	**1,885**	10,778
Mark up on short term borrowings	**50,736**	27,762

33. PLANT CAPACITY AND PRODUCTION

		2014	2013
Capacity available - Plastic and crown caps	*Cartons*	**360,000**	360,000
Actual production - Plastic and crown caps	*Cartons*	**301,971**	201,986
Capacity available - Polyester staple fibre / polyester chips	*Metric tons*	**28,000**	28,000
Actual production - Polyester staple fibre	*Metric tons*	**18,566**	24,030

33.1 Since the production of plastic and crown division is purely demand driven therefore variance is mainly attributed to the reduced demand. However, the variance in the production of polyester staple fibre division mainly attributed to reduced demand and accordingly plant was shut down during last two months of the year.

34. MOVEMENT IN WORKING CAPITAL

	2014	2013
	(Rupees in '000)	
Decrease / (increase) in current assets:		
Stores and spares	**(26,924)**	(54,361)
Stock in trade	**56,589**	(157,519)
Trade debts	**(57,338)**	(132,237)
Loans and advances	**(5,779)**	1,132
Short term prepayments	**1,433**	57
Other receivables	**(666)**	33,654
	(32,685)	(309,274)
Increase in current liabilities:		
Trade and other payables	**(165,077)**	322,673
	(197,762)	13,399

35. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

36. INFORMATION ABOUT BUSINESS SEGMENTS

36.1 The Company's reportable segments are as follows:

- Manufacturing and sale of polyester staple fibre (polyester staple fibre segment).
- Manufacturing of crown and plastic caps (crown and plastic caps segment).

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments. Information regarding the Company's reportable segments is presented below:

36.2 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segment:

	2014			
	Polyester Staple Fibre	Crown and plastic caps	Unallocated	Total
	(Rupees in '000)			
Revenue - net	**3,298,178**	**1,479,117**	**-**	**4,777,295**
Cost of goods sold				
Opening balance of finished goods	**246,347**	**82,172**	**-**	**328,519**
Cost of goods manufactured	**3,080,975**	**1,130,579**	**-**	**4,211,554**
Available for sale	**3,327,322**	**1,212,751**	**-**	**4,540,073**
Purchase of finished goods	**194,196**	**-**	**-**	**194,196**
Closing balance of finished goods	**(259,576)**	**(46,099)**	**-**	**(305,675)**
	3,261,942	**1,166,652**	**-**	**4,428,594**
Gross profit	**36,236**	**312,465**	**-**	**348,701**
Administration and general expenses	**(25,699)**	**(18,332)**	**-**	**(44,031)**
Distribution and selling costs	**(19,108)**	**(43,518)**	**-**	**(62,626)**
Other operating expenses	**(12,047)**	**(8,885)**	**(6,735)**	**(27,667)**
	(56,854)	**(70,735)**	**(6,735)**	**(134,324)**
Profit / (loss) from operations	**(20,618)**	**241,730**	**(6,735)**	**214,377**
Other income	**1,921**	**-**	**98**	**2,019**
Finance costs	**(40,447)**	**(93,064)**	**(12,529)**	**(146,040)**
Profit / (loss) before taxation	**(59,144)**	**148,666**	**(19,166)**	**70,356**
Taxation	**-**	**-**	**(20,583)**	**(20,583)**
Profit / (loss) after taxation for the year	**(59,144)**	**148,666**	**(39,749)**	**49,773**

	2014			
	Polyester Staple Fibre	Crown and plastic caps	Unallocated	Total
	(Rupees in '000)			
Cost of goods manufactured:				
Opening stock of work in process	**21,540**	**55,853**	**-**	**77,393**
Raw materials consumed	**2,614,619**	**903,337**	**-**	**3,517,956**
Salaries, wages and other benefits	**107,430**	**43,219**	**-**	**150,649**
Fuel and power	**211,220**	**34,293**	**-**	**245,513**
Depreciation	**28,836**	**110,916**	**-**	**139,752**
Repairs and maintenance	**11,421**	**2,446**	**-**	**13,867**
Rent, rates and taxes	**1,340**	**2,004**	**-**	**3,344**
Stores and spares consumed	**56,456**	**11,644**	**-**	**68,100**
Printing and stationary	**671**	**145**	**-**	**816**
Travelling and conveyance	**16,650**	**7,124**	**-**	**23,774**
Security Expenses	**2,036**	**1,861**	**-**	**3,897**
Communication	**266**	**232**	**-**	**498**
Insurance	**7,437**	**5,983**	**-**	**13,420**
General expenses	**1,053**	**1,129**	**-**	**2,182**
	3,080,975	**1,180,186**	**-**	**4,261,161**
Closing stock of work in process	**-**	**(49,607)**	**-**	**(49,607)**
	3,080,975	**1,130,579**	**-**	**4,211,554**

	2013			
	Polyester Staple Fibre	Crown and plastic caps	Unallocated	Total
	(Rupees in '000)			
Revenue - net	4,138,990	984,556	-	5,123,546
Cost of goods sold				
Opening balance of finished goods	66,742	159,367	-	226,109
Cost of goods manufactured	3,862,055	800,936	-	4,662,991
Available for sale	3,928,797	960,303	-	4,889,100
Import of finished goods	253,082	-	-	253,082
Closing balance of finished goods	(246,347)	(82,172)	-	(328,519)
	3,935,532	878,131	-	4,813,663
Gross profit	203,458	106,425	-	309,883
Other operating income	3,518	643	9,787	13,948
	206,976	107,068	9,787	323,831
Administration and general expenses	(27,080)	(9,250)	-	(36,330)
Distribution and selling costs	(19,561)	(25,499)	-	(45,060)
Other operating expenses	(22,516)	(22,890)	(14,624)	(60,030)
	(69,157)	(57,639)	(14,624)	(141,420)
Profit / (loss) from operations	137,819	49,429	(4,837)	182,411
Finance costs	(19,833)	(72,910)	(23,651)	(116,394)
Profit / (loss) before taxation	117,986	(23,481)	(28,488)	66,017
Taxation	-	-	(22,788)	(22,788)
Profit / (loss) after taxation for the year	117,986	(23,481)	(51,276)	43,229

	2013			
	Polyester Staple Fibre	Crown and plastic caps	Unallocated	Total
	------------------------------ (Rupees in '000) ------------------------------			
Cost of goods manufactured:				
Opening stock of work in process	19,458	27,005	-	46,463
Raw materials consumed	3,376,502	638,075	-	4,014,577
Salaries, wages and other benefits	103,837	30,893	-	134,730
Fuel and power	229,932	20,702	-	250,634
Depreciation	47,824	104,993	-	152,817
Repairs and maintenance	9,863	3,493	-	13,356
Rent, rates and taxes	1,449	4,783	-	6,232
Stores and spares consumed	65,067	9,622	-	74,689
Printing and stationary	270	568	-	838
Travelling and conveyance	19,070	6,330	-	25,400
Security Expenses	1,818	3,330	-	5,148
Communication	223	207	-	430
Insurance	6,920	6,311	-	13,231
General expenses	1,362	477	-	1,839
	3,883,595	856,789	-	4,740,384
Closing stock of work in process	(21,540)	(55,853)	-	(77,393)
	3,862,055	800,936	-	4,662,991

36.2.1 Revenue from sale of polyester staple fibre represents 69.04% (2013: 80.78%) of the gross sales of the Company.

36.2.2 100% (2013: 100%) of the gross sales of the Company are made to customers located in Pakistan.

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

36.2.4 Sales to four customers (2013: two customer) of the Company is more than 10% of total sales of the Company during the year aggregating to 65.09% (2013: 48.88%). The details are as follows:

36.3 Segment assets and liabilities

	2014		
	Polyester Staple Fibre	**Crown and plastic caps**	**Total**
		(Rupees in '000)	
Segment assets	**1,321,247**	**1,713,490**	**3,034,737**
Segment liabilities	**517,003**	**1,431,808**	**1,948,811**

	2013 restated		
	Polyester Staple Fibre	Crown and plastic caps	Total
		(Rupees in '000)	
Segment assets	1,388,722	1,560,504	2,949,226
Segment liabilities	797,870	944,145	1,742,015

36.3.1 For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments except advance against investment, sales tax refundable, taxation - net and cash and bank balances.

- all liabilities are allocated to reportable segments other than workers' welfare fund, workers' profit participation fund, unclaimed dividend, sales tax payable, provision for government levies, staff retirement benefits and deferred tax liabilities.

The above balances are not allocated to reportable segments as these are managed on total Company's basis.

36.3.2 Other segment information

	2014		
	Polyester Staple Fibre	**Crown and plastic caps**	**Total**
		(Rupees in '000)	
Capital expenditure	**13,444**	**129,620**	**143,064**
Depreciation and amortisation	**30,038**	**115,537**	**145,575**
Non-cash items (excluding depreciation and amortisation)	**4,257**	**-**	**4,257**

	2013 restated		
	Polyester Staple Fibre	Crown and plastic caps	Total
		(Rupees in '000)	
Capital expenditure	45,023	3,382	48,405
Depreciation and amortisation	49,772	109,370	159,142
Non-cash items (excluding depreciation and amortisation)	1,664	-	1,664

37. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2014	2013
	(No of employees)	
Average number of employees during the year	**342**	330
Number of employees as at 30 June	**347**	333

38. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

39. GENERAL

39.1 The Board of Directors in its meeting held on 15 September 2014 has proposed a cash dividend in respect of the year ended 30 June 2014 of Re.1 per share (2013: Rs. nil per share). This appropriation will be approved in the forthcoming Annual General Meeting. Sponsors Directors and their family members are intending to relinquish their proportion of dividend if approved in AGM, in favour of the Company. The financial statements for the year ended 30 June 2014 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

39.2 These financial statements were authorised for issue in the meeting of Board of Directors held on 15 September 2014

YAKOOB HAJI KARIM
DIRECTOR

SAJID HAROON
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
"The Chief Executive of the Company is presently out of country, therefore, these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors"

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2014

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
366	1	—	100	16,234
405	101	—	500	110,444
229	501	—	1000	178,588
297	1001	—	5000	718,855
38	5001	—	10000	287,968
15	10001	—	15000	195,471
6	15001	—	20000	102,496
5	20001	—	25000	110,450
4	25001	—	30000	112,425
4	30001	—	35000	133,350
1	40001	—	45000	43,900
1	50001	—	55000	55,000
2	60001	—	65000	129,300
1	65001	—	70000	67,450
1	120001	—	125000	121,082
1	125001	—	130000	129,450
1	155001	—	160000	157,500
2	160001	—	165000	323,550
1	220001	—	225000	225,000
1	395001	—	400000	397,050
1	495001	—	500000	500,000
1	800001	—	805000	801,400
1	925001	—	930000	927,850
3	930001	—	935000	2,792,094
4	945001	—	950000	3,791,368
1	1040001	—	1045000	1,043,001
1	1055001	—	1060000	1,056,191
1	1215001	—	1220000	1,217,060
2	1230001	—	1235000	2,464,446

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2014

NO. OF SHAREHOLDERS	SHAREHOLDING From		To	TOTAL SHARES HELD
1	1270001	—	1275000	1,273,845
1	1535001	—	1540000	1,537,000
1	1625001	—	1630000	1,627,630
1	1645001	—	1650000	1,648,830
1	1655001	—	1660000	1,656,822
1	1725001	—	1730000	1,729,576
1	1860001	—	1865000	1,861,396
1	1880001	—	1885000	1,880,591
1	1905001	—	1910000	1,908,813
1	2125001	—	2130000	2,129,816
1	2140001	—	2145000	2,140,640
1	2175001	—	2180000	2,175,284
1	2275001	—	2280000	2,277,790
1	3740001	—	3745000	3,741,168
1	5020000	—	5025000	5,020,202
1	5220000	—	5225000	5,221,624
1412				**56,040,000**

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2014

Associated Companies, Undertakings and Related Parties	
First Paramount Modaraba	100

NOTICE OF MEETING

Notice is hereby given that the Twenty Ninth Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Saturday, 11 October 2014 at 3.00 p.m. at the Institute of Chartered Accountants of Pakistan, G-13, Block-8, Chartered Accountant Avenue, Clifton, Karachi, Pakistan to transact the following business:

1. To confirm the minutes of the Twenty Eighth Annual General Meeting of the Company held on 23 October 2013.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with Director's and Auditors' Reports thereon for the year ended 30 June 2014.

3. To appoint the Auditors of the Company and to fix their remuneration. The retiring auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

4. To approve the payment of cash dividend @ 10% (i.e. Re.1 per share) for the year ended 30 June 2014 as recommended by the Board of Directors. Sponsors Directors and their family members are intending to relinquish their proportion of dividend if approved in AGM, in favour of the Company.

5. To transact any other business with permission of the Chair.

By the Order of the Board

Date: 15 September 2014
Karachi

YAKOOB HAJI KARIM
DIRECTOR

NOTICE OF MEETING

NOTES:-

- The Shares Transfer Books of the Company will remain closed from Saturday 4 October 2014 to Saturday, 11 October 2014 (both days inclusive). Transfer received at the Registered Office of the Company at the close of business on 3 October 2014 will be treated in time to attend the Twenty Ninth Annual General Meeting of the Company.

- A member of the Company entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing proxies, in order to be effective, must be received at the Registered Office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi, duly stamped, signed and witnessed not less than 48 hours before the time of holding of the Meeting. A proxy must be a Member of the Company.

- Members are requested to notify the Company if there is any change in their addresses immediately.

- CDC Account Holders will further have to strictly follow the guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

- The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Technology Trade (Private) Limited at Dagia House, 24-C, Block-2, PECHS, Off: Shahrah-e-Quaideen, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

- Under the Law, Shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The Shareholders who hold shares in Central Depository Company may approach to submit the prescribed Dividend Mandate Form, to CDC for this option.

PAKISTAN SYNTHETICS LIMITED

FORM OF PROXY
TWENTY NINTH ANNUAL GENERAL MEETING

I/We ____

of ____

being a member(s) of Pakistan Synthetics Limited holding ______________________

Ordinary Shares hereby appoint ______________________________

of ______________________ or failing him/her ______________________

of ______________________ who is / are also member(s) of Pakistan Synthetics Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at Twenty Ninth Annual General Meeting of the Company to be held on 11 October 2014 and / or any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2014

Signed by the said ______________________________

in the presence of 1. ______________________________

2. ______________________________

Please Quote Folio # / Participant ID# & A/c#

Signature on Revenue Stamp of Appropriate value

The signature should agree with the specimen registered with the Company.

IMPORTANT

1. This Proxy Form, duly completed and signed must be received at the Registered Office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi. not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

1. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.