

# Pakistan Synthetics Limited

## Balance Sheet

As at 30 June 2008

	Note	2008 (Rupees in '000)	2007		Note	2008 (Rupees in '000)	2007
<b>Share capital and reserves</b>				<b>Assets</b>			
Share capital				<b>Non-current assets</b>			
Authorised				Property, plant and equipment	13	425,733	503,132
70,000,000 ordinary shares				Long-term loans and advances	14	1,464	848
of Rs. 10 each		<u>700,000</u>	<u>700,000</u>	Long-term deposits and			
				prepayments	15	8,571	8,566
Issued, subscribed and	6	560,400	560,400	Deferred taxation	9	-	4,566
paid-up capital						<u>435,768</u>	<u>517,112</u>
Revenue reserve		362,500	362,500	<b>Current assets</b>			
Accumulated loss		(66,420)	(72,213)	Stores and spares	16	100,775	94,295
		<u>296,080</u>	<u>290,287</u>	Stock-in-trade	17	683,183	294,620
		<u>856,480</u>	<u>850,687</u>	Trade debts	18	356,525	291,398
<b>Non-current liabilities</b>				Loans and advances	19	1,236	2,212
Liabilities against assets				Other assets and short			
subject to finance lease	7	50,016	67,376	term prepayments	20	1,145	8,071
Staff retirement benefits	8	27,577	25,366	Other receivables	21	102,154	63,213
Deferred taxation	9	1,573	-	Cash and bank balances	22	15,022	3,641
		<u>79,166</u>	<u>92,742</u>			<u>1,260,040</u>	<u>757,450</u>
<b>Current liabilities</b>						<u>1,695,808</u>	<u>1,274,562</u>
Trade and other payables	10	544,693	227,949				
Short-term borrowings	11	184,089	74,207				
Current portion of liabilities							
against assets subject							
to finance lease	7	17,197	15,714				
Taxation- net		14,183	13,263				
		<u>760,162</u>	<u>331,133</u>				
		<u>1,695,808</u>	<u>1,274,562</u>				
Contingencies and							
commitments	12						

The annexed notes 1 to 42 form an integral part of these financial statements.

**EBRAHIM HAJI KARIM**  
CHAIRMAN

**UMER HAJI KARIM**  
CHIEF EXECUTIVE

# PAKISTAN SYNTHETICS LIMITED

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	EBRAHIM HAJI KARIM – CHAIRMAN UMER HAJI KARIM – CHIEF EXECUTIVE OFFICER ANWAR HAJI KARIM YAKOOB HAJI KARIM AHMED EBRAHIM RAFIQUE EBRAHIM SAJID HAROON SHAHID ANWAR
<b>AUDIT COMMITTEE</b>	YAKOOB HAJI KARIM– CHAIRMAN AHMED EBRAHIM RAFIQUE EBRAHIM
<b>CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY</b>	SHOAIB BATVIA, ACMA
<b>BANKERS</b>	HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED BANK AL-HABIB LIMITED NATIONAL BANK OF PAKISTAN MEEZAN BANK LIMITED
<b>AUDITORS</b>	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS
<b>LEGAL ADVISOR</b>	TASAWUR ALI HASHMI - ADVOCATE
<b>REGISTERED OFFICE</b>	3RD FLOOR, KARACHI DOCK LABOUR BOARD BUILDING, 58-WEST WHARF ROAD, KARACHI-74000
<b>FACTORY</b>	F. 1, 2, 3, & F. 13, 14 & 15, HUB INDUSTRIAL TRADING ESTATE, DISTRICT LASBELLA, BALOCHISTAN

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2008.**

Your Directors take pleasure in presenting before you the 23<sup>rd</sup> Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June, 2008.

### **Overview**

In spite of difficult economic conditions during the year under review, and rising cost of production, the overall performance of your company is satisfactory. Although the company has utilized 90% of its installed capacity as well as its turnover has increased by 46% over the last year, but increasing cost of inputs have diluted its profits.

### **Operating Performance**

During the year under review, the Company produced 24,921 M.tons of PSF as against 15,539 M.tons produced during the last year. The company has sold 22,775 M.tons of PSF as against 17,126 M.tons of last year.

### **Financial Results**

During the year under review, the company's gross turnover increased to Rs. 2,284 million from Rs. 1,560 million during the corresponding last year. Although selling price as well as sales volume has increased substantially but unprecedented rise in the prices of PTA and MEG, as a result of surging trend in global crude oil prices, our margins slashed.

The Company earned profit before tax of Rs. 23.35 million after providing for depreciation and finance cost aggregating to Rs. 117.32 million as against loss before tax of Rs. 102.95 million in the last year after providing for depreciation and finance cost aggregating to Rs. 95.56 million. The net profit after tax stood at Rs. 5.79 million as against net loss after tax of Rs. 75.97 million in the last year.

### **Earning Per Share**

The net earning per share, after providing for taxation, for the year ended 30<sup>th</sup> June, 2008 was Rs. 0.10 (2007: loss per share of Rs. 1.36).

### **Dividend**

In view of the financial result for the year under review, the Directors did not recommend any dividend for the year ended 30<sup>th</sup> June, 2008.

## **Future Outlook**

In the budget 2008-09, the government has reduced custom duty on PTA from 15% to 7.5% and on Polyester Staple Fibre from 6.5% to 4.5%, but the government has withdrawn refund of duty component paid on PTA. Hence the current tariff structure has directly increased cost of PTA by 7.50% to the domestic industry. On the other hand, the imported fibre became cheaper. The gas tariff has risen by 31%, with effective from July 2008.

The price of crude oil has decreased substantially and it is hoped that it would have positive impact on the prices of basic raw material. However, on account of devaluation of Pak Rupee to the extent of around 25%, the cost of raw material would increase substantially.

More ever, consumer of the fibre i.e. Textile industry of the country remained under pressure and facing tough competition in the export market due to higher cost of doing business in Pakistan. Textile mills are finding it difficult to cope up with the present situation and consequently, some of the mills have closed or are on the verge of closure.

Under the present circumstances, your Management is striving its best to improve the efficiencies and contain the cost to withstand the critical situation through which the PSF industry is passing.

## **Subsequent Event**

The Directors report that no material change or commitment has taken place, 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.
- 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) There has been no trade in the shares of the company during the year under review by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.
- j) Information about outstanding taxes and levies are given in the Notes to the Financial Statements.

### **Meeting of the Board of Directors**

During the year, four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

Name of Directors(s)	No. of Meeting Attendance
Mr. Ebrahim Haji karim	1
Mr. Umer Haji Karim	3
Mr. Anwar Haji Karim	4
Mr. Yakoob Haji Karim	3
Mr. Ahmed Ebrahim	4
Mr. Rafique Ebrahim	3
Mr. Sajid Haroon	2
Mr. Shahid Anwar-NIT	4

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

### **Pattern of Share Holding**

The pattern of share holding as on 30<sup>th</sup> June, 2008 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 endorse recommendation of the Audit Committee for their re-appointment for the year ending 30<sup>th</sup> June, 2009.

## **ACKNOWLEDGEMENT**

The management recognizes sincere efforts of the employees and appreciates the pleasant relations that were remained throughout the year between the management and the employees of the Company.

For and on behalf of the  
Board of Directors

---

**UMER HAJI KARIM**  
**CHIEF EXECUTIVE**

Karachi: 24 September 2008.