ANNUAL REPORT 2009

PAKISTAN SYNTHETICS LIMITED

Manufacturers of :
QUALITY POLYESTER STAPLE FIBRE
"UNDER BASIC TECHNOLOGY LICENCED BY TEIJIN"

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COMPANY INFORMATION

BOARD OF DIRECTORS	EBRAHIM HAJI KARIM - CHAIRMAN UMER HAJI KARIM - CHIEF EXECUTIVE ANWAR HAJI KARIM YAKOOB HAJI KARIM AHMED EBRAHIM RAFIQUE EBRAHIM SAJID HAROON SHAHID AZIZ - NIT
AUDIT COMMITTEE	YAKOOB HAJI KARIM - CHAIRMAN AHMED EBRAHIM RAFIQUE EBRAHIM
CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY	SHOAIB BATVIA, ACMA
BANKERS	HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED BANK AL HABIB LIMITED NATIONAL BANK OF PAKISTAN MEEZAN BANK LIMITED
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS
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

PERFORMANCE OF THE COMPANY AT A GLANCE

	YEAR ENDED 30 JUNE									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
STATISTICAL SUMMARY	**Rupees in million**									
Gross sales	1,558	1,880	1,899	2,086	2,223	1,891	1,873	1,560	2,284	2503
Profit / (loss) before taxation	122	153	129	99	47	(59)	27	(103)	23	63
Taxation	(38)	(56)	(39)	(58)	(16)	11	(1)	27	(18)	(20)
Profit / (loss) after taxation	84	97	90	41	31	(48)	26	(76)	6	42
Gross assets employed (including capital work-in-progress)	1,306	1,262	1,296	1,392	1,357	1,302	1,292	1,275	1,696	1,302
Paid-up capital	560	560	560	560	560	560	560	560	560	560
Shareholders' equity	997	996	974	973	1,005	956	983	851	857	899
EARNINGS AND PAY OUT	**Rs. per share of Rs. 10 each**									
Earnings/(loss) per share after taxation	1.50	1.73	1.60	0.74	0.56	(0.86)	0.47	(1.36)	0.10	0.76
Break-up value	17.79	17.77	17.37	17.36	17.92	17.06	17.53	15.18	15.29	16.04
Cash dividend	1.00	1.75	2.00	0.75	—	—	1.00	—	—	1.25
FINANCIAL RATIOS	**Ratios**									
Current Assets : Current Liabilities	2.05:1	3.18:1	2.80:1	2.63:1	3.05:1	2.93:1	3.27:1	2.29:1	1.65:1	2.57:1
Long-term Debts : Equity	0:100	0:100	0:100	0:100	0:100	0:100	0:100	9:91	7:93	0:1
PRODUCTION	**Tonnes**									
Polyester Staple Fibre	22,142	22,679	22,524	24,973	23,063	17,532	23,092	15,539	24,921	20,544
Polyester Chips	2,834	3,660	5,052	4,843	4,149	2,038	133	—	—	—
TOTAL	24,976	26,339	27,576	29,816	27,212	19,570	23,225	15,539	24,921	20,544

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2009

We are pleased to present before you the 24th Annual Report together with the audited Financial Statements of the Company for the year ended 30 June, 2009.

Board of Directors

Mr. Shahid Anwar, nominee Director of NIT resigned on 03-Dec-08 and NIT nominated Mr. Muahhamd Mudassir in his place on 18-Dec-08. Subsequently, Mr. Muhammad Mudassir resigned on 18-May-09 and Mr. Shahid Aziz was nominated by NIT in his place on 15-June-09.

The Board Places on record its appreciation of the valuable services rendered by Mr. Shahid Anwar and Mr. Muhammad Mudassir. The Board also extends a warm welcome to Mr. Shahid Aziz as a Director.

Overview

The overall performance of the Company improved during the year under review. The Management decided to carry out necessary modification in the spinning line of the plant in order to reduce waste, curtailing cost and enhancing efficiencies. The job started in mid of August 2008 and we are pleased to inform the Shareholders that it was successfully completed in early October, 2008.

Operating Performance

During the year under review, the Company produced 20,544 M.tons of Polyester Staple Fibre as against 24,921 M.tons produced during the last year. Decrease in production was mainly due to closure of the Plant for 56 days in order to carry out modification in the Plant as stated above. The company sold 23,050 M.tons of PSF as against 22,775 M.tons of last year.

Financial Results

During the year under review, the company's gross turnover increased to Rs. 2,503 million from Rs. 2,284 million during the corresponding last year. Gross profit improved due to increase in selling price and sales volume.

The Company earned profit before tax of Rs. 62.82 million as against profit before tax of Rs. 23.35 million in the last year. The net profit after tax stood at Rs. 42.33 million as against net profit after tax of Rs. 5.79 million in the last year.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2009

Earning Per Share

The net earning per share, after providing for taxation, for the year ended 30th June, 2009 was Re. 0.76 (2008: Re. 0.10).

Dividend

The Directors of the Company recommended cash dividend @ Rs. 1.25 per share (i.e. 12.5%) for the year ended 30th June, 2009.

Future Outlook

The tariff structure on Polyester chain has remained the same in the budget 2009-10. The Production and Sales of PSF has improved in the first quarter of the current year. Increase in the Production and Sales of PSF in the current year will have positive impact on the profitability of the Company.

The government has recently announced Textile Policy which has offerred several direct and indirect incentives to the exporter of Textiles. The Textile Policy, if implemented, in letter and spirit, will result in substantial increase in the demand of Fibre.

During the year under review, the Company has paid the entire outstanding Ijarah liability which would reduce financial cost and improve profitability of the Company.

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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2009

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	4
Mr. Umer Haji Karim	4
Mr. Anwar Haji Karim	4
Mr. Yakoob Haji Karim	4
Mr. Ahmed Ebrahim	4
Mr. Rafique Ebrahim	4
Mr. Sajid Haroon	4
Mr. Shahid Anwar-NIT	2
Mr. Mudassir Iqbal-NIT	2

Pattern of Share Holding

The pattern of share holding as on 30th June, 2009 is annexed.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2009

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 30th June, 2010.

ACKNOWLEDGEMENT

The management would like to place on record its appreciation for dedication and hard work rendered by its employees and workers for improvement of the Operating and Financial Performance of the Company.

For and on behalf of the
Board of Directors

Karachi: 28 September 2009.

UMER HAJI KARIM
CHIEF EXECUTIVE

MISSION STATEMENT OF PAKISTAN SYNTHETICS LIMITED

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

VISION

To be the leading Polyester Staple Fibre manufacturing company, 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 BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2009

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

The Company has applied the 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. In addition of non-executive Chairman there are three non-executive directors, one of whom represents National Investment Trust Limited. At present the Board comprises of eight directors, including the Chairman and the Chief Executive.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

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 DFI or and NBFC. None of the Directors is a member of a stock exchange.

4. Two casual vacancies occurred in the Board, which were filled up by the Directors within thirty days. The Company has filed necessary returns in this regard.

5. The Company has updated the 'Statement of Ethics and Business Practices' which shall be signed by all the Directors and employees of the Company after its consideration and necessary approval by the Board of Directors.

6. The Board has developed a vision / mission statement, whereas, formal documentation for significant policies of the Company is in the process of development.

7. All the powers of the Board have been duly exercised and significant issues are placed for the information, consideration and decision of the Board of Directors and such decisions on material transactions or significant matters are minuted.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. 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 has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment as determined by CEO.

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.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2009

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

13. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justifications for the non arm's length transactions, if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

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

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

16. The Board has formed an Audit Committee. At present, it comprises of three members, including one non-executive director. One of the members is acting as the Secretary of the Committee.

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

18. The Board has outsourced the internal audit function to M. Yousuf, Adil Saleem & Co., Chartered Accountants, who are suitably qualified and experienced for the purpose.

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, 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 Institute of Chartered Accountants of Pakistan.

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. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board of Directors

EBRAHIM HAJI KARIM
CHAIRMAN

Karachi: 28 September 2009

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

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

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSA/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transations which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by he Board of Directos and placement of such transactions before the audit committe. We have not carried out any procedures to determine Whether the related party transactions were under taken at arm's length price.

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 of Corporate *Governance* as applicable to the Company for the year ended 30 June 2009.

Date: 28 September 2009
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 2009 and the related profit and loss account, 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 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;

  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, 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 2009 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: 28 September 2009

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000)	
Share capital and reserves			
Share capital			
Authorised			
70,000,000 ordinary shares of Rs. 10 each		**700,000**	700,000
Issued, subscribed and paid-up capital	6	**560,400**	560,400
Revenue reserve		**362,500**	362,500
Accumulated loss		**(24,089)**	(66,420)
		338,411	296,080
		898,811	856,480
Non-current liabilities			
Liabilities against assets subject to finance lease	7	**-**	50,016
Staff retirement benefits	8	**30,602**	27,577
Deferred taxation	9	**7,296**	1,573
		37,898	79,166
Current liabilities			
Trade and other payables	10	**307,009**	544,693
Short-term borrowings	11	**41,215**	184,089
Current portion of liabilities against assets subject to finance lease	7	**-**	17,197
Taxation-net		**17,233**	14,183
		365,457	760,162
		1,302,166	1,695,808
Contingencies and commitments	12		

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

EBRAHIM HAJI KARIM
CHAIRMAN

UMER HAJI KARIM
CHIEF EXECUTIVE

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	13	**360,693**	425,733
Long-term loans and advances	14	**1,460**	1,464
Long-term deposits and prepayments	15	**262**	8,571
		362,415	435,768
Current assets			
Stores and spares	16	**113,725**	100,775
Stock-in-trade	17	**326,747**	683,183
Trade debts	18	**332,029**	356,525
Loans and advances	19	**713**	1,236
Other assets and short term prepayments	20	**1,145**	1,145
Other receivables	21	**44,377**	102,154
Cash and bank balances	22	**121,015**	15,022
		939,751	1,260,040
		1,302,166	1,695,808

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

EBRAHIM HAJI KARIM
CHAIRMAN

UMER HAJI KARIM
CHIEF EXECUTIVE

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000)	
Net sales	23	**2,452,646**	2,257,734
Cost of sales	24	**(2,310,990)**	(2,136,272)
Gross profit / (loss)		**141,656**	121,462
Other operating income	25	**9,120**	1,809
		150,776	123,271
Distribution and selling costs	26	**(10,890)**	(11,460)
Administration and general expenses	27	**(39,875)**	(45,197)
Other operating expenses	28	**(17,933)**	(24,266)
		68,698	(80,923)
Profit / (loss) from operations before finance cost		**82,078**	42,348
Finance cost	29	**(19,255)**	(19,001)
Profit / (loss) before tax		**62,823**	23,347
Income tax	30	**(20,492)**	(17,554)
Profit / (loss) after tax		**42,331**	5,793
		(Rupee)	
Earnings / (loss) per share - basic and diluted	31	**0.76**	0.10

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

EBRAHIM HAJI KARIM
CHAIRMAN

UMER HAJI KARIM
CHIEF EXECUTIVE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**379,746**	(29,618)
Staff gratuity paid		**(3,131)**	(2,630)
Finance cost paid		**(24,916)**	(18,804)
Long-term loans		**4**	(616)
Long-term deposits		**8,309**	(5)
Taxes		**(11,719)**	(10,495)
Net cash flows from operating activities		**348,293**	(62,168)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(39,405)**	(21,358)
Proceeds from disposal of property, plant and equipment		**1,116**	105
Profit on saving and deposit accounts received		**6,076**	841
Net cash flows from investing activities		**(32,213)**	(20,412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**(67,213)**	(15,877)
Dividend paid		**-**	(44)
Net Cash flows from financing activities		**(67,213)**	(15,921)
Net decrease in cash and cash equivalents		**248,867**	(98,501)
Cash and cash equivalents as at 1 July		**(169,067)**	(70,566)
Cash and cash equivalents as at 30 June		**79,800**	(169,067)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**121,015**	15,022
Short-term borrowings	11	**(41,215)**	(184,089)
		79,800	(169,067)

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

EBRAHIM HAJI KARIM
CHAIRMAN

UMER HAJI KARIM
CHIEF EXECUTIVE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued, subscribed and paid-up capital	Revenue reserve	Accumulated loss	Total
	(Rupees in '000)			
Balance as at 01 July 2007	**560,400**	362,500	(72,213)	850,687
Changes in Equity for the year end 30 June 2008				
Profit for the year	—	—	5,793	5,793
Blance as at 30 June 2008	**560,400**	362,500	(66,420)	856,480
Changes in Equity for the year end 30 June 2009				
Profit for the year	—	—	42,331	42,331
Balance as at 30 June 2009	**560,400**	**362,500**	**(24,089)**	**898,811**

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

EBRAHIM HAJI KARIM
CHAIRMAN

UMER HAJI KARIM
CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. **STATUS AND NATURE OF BUSINESS**

The Company was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Karachi and Lahore Stock Exchanges with effect from 16 and 17 July 1990 respectively and on Islamabad Stock Exchange with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Polyester Staple Fibre. The registered office of the Company is situated in Karachi.

2. **BASIS OF PREPARATION**

2.1 **Statement of compliance**

These financial statements have been prepared in accordance with the 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 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 and directives of the Companies Ordinance, 1984 shall prevail.

2.2 **Basis of measurement**

These financial statements have been prepared under historical cost convention.

2.3 **Functional and persentation currency**

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

3. **USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts 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 judgements 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 and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

Judgements 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 a significant risk of material adjustment in the next year are as follows:

i) Employee benefits (note 5.1)
ii) Deferred taxation (note 5.4)
iii) Property, plant and equipment (note 5.5)
iv) Stock in trade and store and spares (note 5.6. & 5.7)
v) Impairment (note 5.13)

4. INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

4.1 Initial application

- IFRS 7-Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30-Disclousures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32-Financial Instruments: Disclosure and Presentation. The application of the standad did not have significat impact on the Company's financial statements other than increase in disclosures.

- IAS 29 - Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.

- IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entitties that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not affect the Company's financial statements.

- IFRIC 14-IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset.

4.2 Forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significat impact on the Company's financial statements oter than increased disclosures in certain cases:

- Revised IAS 1 - Presentation of finanical statements (effective for annual periods beginning on or after 1 January 2009).

- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009

- Amended IAS 27-Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

- IAS 27 'Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009).

- Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).

- Amendments to IAS 39 Financial instruments: Recognition and Measurement-Eligible hedged items (effective for annual periods beginning on or after 1 July 2009.)
- Amendment to IAS 39 IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 Share-based Payment-Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2-Share-based Payment-Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).
- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).
- IFRS 4 - Insurance Contract (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8-Operating Segments (effective for annual periods beginning on or after 1 January 2009.)
- IFRIC 15-Agreement for the Construction of Real Estate (effective for annaual periods beginning on or after 1 October 2009).
- IFRIC 16-Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning or on or after 1 October 2008).
- IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning or or after 1 July 2009).
- IFRIC 18 - Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvments project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments very by standard and most will be applicable to the Company's 2010 financial statements.

5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES

5.1 Employee benefits

defined benefit scheme

The Comapny operates an unfunded gratuity scheme for its confirmed employees. The actuarial valuation of the gratuity scheme was carried out at 30 June 2009 using the Projected Unit Credit Method. Provision for gratuity has been made on the basis of actuarial recommendations after taking into consideration the expected rate of increase in salary at 13 percent per annum discounted at 13 percent over the remaining period of service.

Actuarial gains and losses are amortised over the expected average remaining working lives of the employees as allowed under the relevant provisions of IAS 19 "Employee Benefits".

Compensated absences

The Company accounts for its libility towards accumulated compensated absences for the permanent staff members as per the service rules of the Company.

5.2 Trade and other payables

Trade and other amounts payable are recognised initially at fair value and subsequently carried at amortised cost.

5.3 Dividend

Dividend is recognised as liability in the period in which it is declared.

5.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary 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 realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available and the credits can be utilised.

5.5 Property, plant and equipment

Propert, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except capital work-in-progress which is stated at cost. Cost of certain items of property, plant and equipment comprise of historical cost and costs of borrowing incurred during the process of acquisition, construction, erection and installation of qualifying assets.

Depreciation on property, plant and equipment is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation is calculated on quarterly basis. The depreciation charge commences from the quarter the asset is put to use whereas on depreciation is charged for the quarter in which the asset is disposed or deleted.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any , are taken to profit and loss account.

5.6 Stores and spares

Stores and spares are valued at moving average cost except for items in transit which are stated at cost.

5.7 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realisable value.

Cost of work-in-process comprises of raw material cost only. Conversion costs are not included as these are not significat.

Cost of finished goods comprises of prime cost and an applicable portion of production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurrred to make the sale.

5.8 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortised cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

5.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and / or deposit accounts held with banks. Short term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

5.10 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 significat risks and rewards of ownership have been transerred 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 managment involvement with the goods.

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

5.11 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange those prevalent at the balance sheet date. Foreign exchange gains and losses on translation are included in income currently.

5.12 Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewd at each balance sheet date and adjusted to reflect current best estimates.

5.13 Impairment

The carrying amount of the company's assets is assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognized in the profit and loss account wherever the carrying amount of the asset exceeds its recoverable amount.

5.14 Borrowing cost

Borrowing are recognised initially at fair value net of transaction costs incurred.

Borrowing costs incurred on long term finances attributable for the construction / acquisition of qualifiying assets are capitalised up to the date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

5.15 Finance lease

Leases of property, plant and equipment where the Company assumes substantially all of the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets subject to finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated deprectation and impairment losses (if any). The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability. Assets acquired under a finace lease are depreciated on straight line basis over the useful life of the asset.

5.16 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.17 off-setting of financial assets and financial liability

Financial asssets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends to eirther settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009	2008		2009	2008
(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 as fully paid bouns shares	186,800	186,800
56,040,000	56,040,000		560,400	560,400

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	30 June 2009		
	Minimum lease payments	Finance charges for future period	Principal outstanding
	(Rupees in '000)		
Not later than one year	—	—	—
Later then one year and not later than five years	—	—	—
	—	—	—

	30 June 2008		
	Minimum lease payments	Finance charges for future period	Principal outstanding
	(Rupees in '000)		
Not later than one year	22,704	5,507	17,197
Later then one year and not later than five years	56,760	6,744	50,016
	79,464	12,251	67,213

7.1 During the year the Company has terminated the lease by making payments of all the outstanding rentals.

8. STAFF RETIREMENT BENEFITS

The actuarial valuation has been conducted in accordance with IAS 19" Employee Benefits" as at 30 June 2009.

	2009	2008
The actuarial liability recognised in the balance sheet is arrvied as follows:	(Rupees in '000)	
Balance sheet reconciliation		
Present value of defined benefit obligation	**32,679**	25,845
Unrecognised net gain / (loss)	**(2,077)**	1,732
Book provision as at 30 June	**30,602**	27,577
Changes in present value of defined benefit obligation		
Obligation as at 1 July	**27,577**	25,366
Current service cost	**3,055**	2,251
Intereset cost	**3,101**	2,590
Actuarial loss	**-**	-
Benefits paid / pavable during the year	**(3,131)**	(2,630)
Obligation as at 30 June	**30,602**	27,577
The amount recognised in the profit and loss account		
Current service cost	**3,055**	2,251
Interest cost	**3,101**	2,590
Net acturial loss	**-**	-
	6,156	4,841
Recognised liability		
Balance as on 2 July	**27,577**	25,366
Expense recognised	**6,156**	4,841
Payments during the year	**(3,131)**	(2,630)
Company's liability at 30 June	**30,602**	27,577
Actuarial assumptions		
Discount rate	**13%**	12%
Expected rate of salary increase	**13%**	12%

Historical Information	**2009**	2008	2007	2,006	2005
	-------	-------	*(Rupees in '000)*	-------	-------
Present value of the defined benefit obligation	**32,679**	**25,845**	**25,895**	**27,629**	**22,982**

9. DEFERRED TAXATION

	2009	**2008**
	(Rupees in '000)	
Credit balance arising due to accelerated tax depreciation allowances	**44,354**	**42,760**
Debit balance arising in repect of:		
- provision for staff gratuity	**(10,711)**	**(9,651)**
- provision for doubtful debts	**(12,620)**	**(10,172)**
- provision for slow moving and obsolete stores and spares	**(11,550)**	**(11,550)**
- provision for doubtful deposits	**(620)**	**(620)**
- unused loss / depreciation	**(1,557)**	**(5,420)**
- Finance leased asset	**-**	**(3,774)**
	(37,058)	**(41,187)**
	7,296	**1,573**

10. TRADE AND OTHER PAYABLES

	Note	2009	2008
		(Rupees in '000)	
Trade creditors including bills payable			
Accued expenses		274,128	512,309
Advances from customers		15,165	9,445
Finance cost accrued on secured short term borrowings		111	556
Workers' welfare fund		95	5,756
Workers' profit participation fund		1,117	2,809
Unclaimed dividend	10.1	2,711	1,255
Gratuity payable to outgoing employees		2,234	2,234
Sales tax payable		2,048	2,048
Short term compensated absences		1,718	19
Others		1,331	3,124
		6,351	5,138
		307,009	544,693

10.1 Workers' profit participation fund

	Note	2009	2008
At beginning of the year		1,255	-
Allocation for the year	28	2,711	1,255
		3,966	1,255
Amount paid during the year		(1,255)	-
At end of the year		2,711	1,255

11. SHORT TERM BORROWING- secured

	Note	2009	2008
Short term running finance	11.1	-	48,915
Foreign currency loan	11.2	41,215	135,174
		41,215	184,089

11.1 Short-term running finance under mark-up arrangement - secured

The facilities for short- term running finance from commercial banks amount to Rs. 280 million as at 30 June 2009 (30 June 2008: Rs. 180 million). The rate of mark-up is reset on monthly basis and is based on one month KIBOR plus 1% -2%. The arrangements are secured against hypothecation of the Company's stock-in-trade, stores and spares and trade debts. The facilities expire on 30 June 2009 and 31 December 2009 and are renewable annually.

11.2 Foreign currency loan-secured

This represents foreign currency loan facilities obtained from commercial bank amounting to US$ 4.02 million as at 30 June 2009 (30 June 2008: US$ 4.02 million). The rate of mark-up set at 4.5.% -6.5%. The arrangements are secured against the hypothecation of the Company's stock in trade, stores and spares and trade debts. The facilities expire on 30 September 2009 and 31 December 2009.

11.3 Morabaha - secured

Morabaha finance facilities of Rs. 300 million have been arranged from Bank. The rate of mark-up is agreed for each sub-morabaha based on Kibor rate plus 0.3% at the time of disbursement request. The facility is secured against the hypothecation of the Company's stock in trade, stores and spares and trade debts. The facilities expire on 31 December 2009 and 31 August 2009, however these are renewable on an annual basis.

12. CONTINGENCIES AND COMMITEMENTS

12.1 Sales tax

During the period 1994 to 1995 the company paid sales tax amounting to Rs. 1,538,946 on import of spare parts for plant and machinery. The Company claimed such input tax in its sales tax return of June 1996 under section 66-A of the Sales Tax Act, 1990. However, the superintendent of sales tax rejected the Company's claim, reduced the amount of refund claimed by the Company at that time by an amount of Rs. 1,538,946 and levied additional tax @ 10% along with penalty of Rs. 25,000. The Company has filed an appeal with the Collector of Sales Tax (Appeals) for refund of said amount of reduction of refund claim as well as penalty amounting in total to Rs. 1,722,840. The management is confident of favourable outcome in appeal.

12.2 Letters of credit and guarantees

a) The Company has facility of Rs. 1,285 million (2008: Rs. 1,260 million) for opening of letters of credit and guarantees and the amount unutilised as at 30 June 2009 was Rs. 983.7 million (2008: Rs. 738.885 million). The facility is secured by hypothecation of stocks and receivables and lien on LC documents.

b) Bank guarantees amounting to Rs. 25.677 million (2008: Rs. 25.677 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills. These guarantees are secured by second charge on the Company's undertaking, on all its present and future properties, assets, rights and interest and letter of hypothecation of the Company's stock-in-trade,, stores and spares and trade receivables.

12.3 Bills discounted

Inland bills discounted upto 30 June 2009 amounted to Rs. 140.298 million (2008: 134.664 million).

13. PROPERTY, PLANT AND EQUIPMENT

		2009	2008
		(Rupees in '000)	
Operating property, plant and equipment - net book value	*13.1*	**360,693**	425,733
		360,693	425,733

13.1 The following is a statement of operating property. plant and equipment

	Leasehold land	Building on leasehold land	Plant and machinery Owned	Plant and machinery Leased	Vehicles	Office Imporvements	Furniture and equipments	Computer accessories	Total
	(Rupees in '000)								
As at 01 July 2007									
Cost	12,943	72,269	1,731,387	83,090	30,668	-	9,691	2,334	1,942,382
Accumulated depreciation	(1,704)	(58,260)	(1,345,340)	(8,309)	(14,314)	-	(9,124)	(2,199)	(1,439,250)
Net book value	11,239	14,009	386,047	74,781	16,354	-	567	135	503,132
Year ended 30 June 2008									
Opening net book value	11,239	14,009	386,047	74,781	16,354	-	567	135	503,132
Additions - cost	-	-	15,211	-	-	1,976	3,842	329	21,358
Disposals - cost	-	-	-	-	(401)	-	(9,691)	-	(10,092)
Depreciation - for the year	(137)	(2,648)	(74,424)	(16,618)	(2,793)	(659)	(899)	(143)	(98,321)
Depreciation - on disposal	-	-	-	-	401	-	9,255	-	9,656
Closing net book value	11,102	11,361	326,834	58,163	13,561	1,317	3,074	321	425,733
As at 30 June 2008									
Cost	12,943	72,269	1,746,598	83,090	30,267	1,976	3,842	2,663	1,953,648
Accumulated depreciation	(1,841)	(60,908)	(1,419,764)	(24,927)	(16,706)	(659)	(768)	(2,342)	(1,527,915)
Net book value	11,102	11,361	326,834	58,163	13,561	1,317	3,074	321	425,733
Year ended 30 June 2009									
Opening net book value	11,102	11,361	326,834	58,163	13,561	1,317	3,074	321	427,733
Additions - cost	-	-	97,439	-	39	-	15	75	97,568
Disposals - cost	-	-	-	(58,163)	(2,079)	-	-	-	(60,242)
Depreciation - for the year	(137)	(2,648)	(96,565)	-	(2,498)	(659)	(771)	(149)	(103,427)
Depreciation - on disposal	-	-	-	-	1,061	-	-	-	1,061
Closing net book value	10,965	8,713	327,708	-	10,084	658	2,318	247	360,693
As at 30 June 2009									
Cost	12,943	72,269	1,844,037	24,927	28,227	1,976	3,857	2,738	1,990,974
Accumulated depreciation	(1,978)	(63,556)	(1,516,329)	(24,927)	(18,143)	(1,318)	(1,539)	(2,491)	(1,630,281)
Net book value	10,965	8,713	327,708	-	10,084	658	2,318	247	360,693
Useful lives-years	80-99	20	5-20	5	8	3	5-15	3	

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

		2009	2008
		(Rupees in '000)	
Cost	24	**99,085**	93,583
Distribution and selling costs	26	**659**	412
Administration and general expenses	27	**3,683**	4,326
		103,427	98,321

13.3 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)						
Toyota Corolla-	450	309	141	200	59	Negotiation	Mr Syed Ali Akbar Karachi
Suzuki Cultus VXR-	564	352	212	250	38	Negotiation	Muhammad Iqbal Malik Karachi
Toyota Corolla 2.0D-	1,065	400	665	666	1	Negotiation	Muhammad Iqbal Malik Karachi
2009	2,079	1,061	1,018	1,116	98		
2008	10,092	9,656	436	105	(331)		

14. LONG-TERM LOANS AND ADVANCES-considered good

	2009	2008
	(Rupees in '000)	
Due from employees	**2,160**	2,410
Recoverable within one year	**700**	946
	1,460	1,464

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 instalments over a period of 24 to 36 months.

15. LONG-TERM DEPOSITS AND PREPAYMENTS

Deposits	**1,091**	1,091
Utility deposits	**85**	85
Security deposits	**-**	8,309
Secuity deposits - Ijarah Financing	**1,176**	9,485
	(914)	(914)
Provision for doubtful deposits	**262**	8,571

16. STORES AND SPARES

Stores and spares [including items in - transit Rs. 3.566 million (2008: Rs. 0.706 million)]	**146,725**	133,775
Provision for slow moving and obsolete items	**(33,000)**	(33,000)
	113,725	100,775

17. STOCK-IN-TRADE

Raw and packing materials [including items	**188,101**	314,851
in-transit Rs.88. 171 million (2008: Rs. Nil)]	**17,094**	31,802
Work-in-process	**121,552**	336,530
Finished goods	**326,747**	683,183

17.1 As at 30 June 2009, no write down of finished goods is required (2008: Rs. Nil).

18. TRADE DEBTS - unsecured

		2009	2008
		(Rupees in '000)	
Considered good	-secured		
	-unsecured	**211,529**	356,525
		120,500	-
		332,029	356,525
Considered doubtful		**36,057**	29,064
		368,086	385,589
Provision for doubtful		**(36,057)**	(29,064)
		332,029	356,525

18.1 As at June 30, 2009, trade debts aggregating to Rs. 8.389 million (2008: Rs. 36.376 million) were past due but not impaired. These relate to various customers for which there is no current or some recent history of default. These trade debts are outstanding for 3 to 6 months.

18.2 As at June 30, 2009, trade debts aggregating Rs. 142.087 million (2008: Rs. 78.192 million) were deemed to have been impaired, of which Rs. 36.057 million (2008: Rs. 29.064 million) were considered doubtful and provided for. The ageing of these trade debts is as follows:

Past due 183-365 day	**47,546**	37,532
Past due 365-730 days	**60,002**	29,713
Past due 730-1095 days	**23,592**	-
past due 1095 days	**10,947**	10,947
	142,087	78,792

18.3 The amount due from associated undertaking as at 30 June 2009 was Rs. 2.840 million (2008: Rs. 14.145 million). The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. 67.175 million (2008: Rs. 47.563 million).

19. LOANS AND ADVANCES - considered good

	Note		
Lonas			
Current maturity of long term loans due from employees	14	**700**	946
Advances to:		**13**	6
- employees		**-**	284
- contractors and suppliers		**13**	290
		713	1,236

20. OTHER ASSETS AND SHORT TERM PREPAYMENTS

	2009	2008
	(Rupees in '000)	
Other assets held for sale	**1,111**	1,111
Prepaid bank guarantee commission	**34**	34
	1,145	1,145

21. OTHER RECEIVABLES

	2009	2008
	(Rupees in '000)	
Sales tax recoverable	**11,170**	7,674
Rebate / price differential receivable	**-**	15,650
Refund against tariff protection	**33,187**	78,830
Insurance claim	**20**	-
	44,377	102,154

22. CASH AND BANK BALANCES

	Note	2009	2008
With banks			
- On current accounts		**37,639**	15,001
- On saving accounts		**83,372**	-
- On deposit account		**858**	858
- provision for doubtful deposit	22.1	**(858)**	(858)
		-	-
Cash in hand		**4**	21
		121,015	15,022

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

23. NET SALES

	2009	2008
Gross sales	**2,502,701**	2,284,268
Sales return	**(14,615)**	(1,364)
Brokerage, discounts and freight reimbusements	**(35,440)**	(25,170)
	(50,055)	(26,534)
Net sales	**2,452,646**	2,257,734

24. COST OF SALES

	Note	2009	2008
		(Rupees in '000)	
Raw and packing materials consumed			
Opening stock			
- in hand		314,851	157,607
- in transit		-	1,673
		314,851	159,280
Purchases		1,556,780	2,214,396
		1,871,631	2,373,676
Closing stock			
- in hand		(99,930)	(314,851)
- in transit		(88,171)	-
		(188,101)	(314,851)
		1,683,530	2,058,825
Salaries, wages and other benefits	*24,1*	73,893	60,925
Fuel and power		137,047	109,669
Depreciation	*13,2*	99,085	93,583
Repairs and mintenance		8,383	7,570
Rent, rates and taxes		916	1,243
Stores and spares consumed		32,254	30,509
Travelling and conveyance		248	312
Communication		68	29
Insurance		5,397	4,159
General expenses		2,222	2,440
		2,043,043	2,369,264
Opening stock of work-in-process		31,802	24.502
Closing stock of work-in-process		(17,094)	(31,802)
Cost of goods manufactured		2,057,751	2,361,964
Opening stock of finished goods		336,530	110,838
Purchases of finished goods		38,261	-
Closing stock of finished goods		(121,552)	(336,530)
		2,310,990	2,136,272

24.1 Salaries, wages and other benefits include Rs. 5.392 million (2008: Rs. 4.241 million) in respect of staff gratuity expense.

25. OTHER OPERATING INCOME

	2009	2008
income from finanical assets		
Profit on saving and deposit accounts	6,076	841
Income from assets other than financial assets	138	863
Scrap sales	98	105
Profit on disposal of property plant and equipment	2,808	-
Ohters	3,044	968
	9,120	1,809

26. DISTRIBUTION AND SELLING COSTS

	Note	2009	2008
		(Rupees in '000)	
Saleries and other benefits	26.1	2,905	2,779
Depreciation	13.2	659	412
Outward freight and handling charges		4,875	4,201
Marketing and sales promotion		1,217	3,213
Travelling and conveyance		373	267
Communication		116	133
other expenses		745	455
		10,890	11,460

26.1 Salaries and other benefits include Rs. 0.18 million (2008: Rs. 0.225 million) in respect of staff gratuity expense.

27. ADMINISTRATION AND GENERAL EXPENSES

	Note	2009	2008
Salaries and other benefits	27.1	9,545	10,158
Rent, rates and taxes		3,497	2,632
Depreciation	13.2	3,683	4,326
Travelling and conveyance		11,845	9,812
Communication		347	399
Printing, stationary and subscription fees		682	601
Provision, for doubtful debts		6,993	7,140
Provision for slow moving and obsolete stores and spares		-	8,000
Legal and professional charges		966	705
General expenses		2,317	1,424
		39,875	45,197

27.1 Salaries and other benefits include Rs. 0.584 million (2008: Rs. 0.375 million) in respect of staff gratuity expense.

28. OTHER OPERATING EXPENSES

	Note	2009	2008
Auditors' remuneration	28.1	589	403
Donation		24	-
Workers' profit participation fund	10.1	2,711	1,255
Workers' welfare fund		1,117	502
Exchange loss		13,492	20,896
Write off of old furniture		-	436
Special Excise Duty		-	324
Sales tax expense		-	450
		17,933	24,266

28.1 Auditors' remuneration

	2009	2008
Audit fee	375	200
Half yearly review	100	100
Special certifications	70	50
Out of pocket expenses	44	53
	589	403

29. FINANCE COST

	2009	2008
	(Rupees in '000)	
Mark-up on short-term borrowings	**2,099**	2,070
Mark-up on foreign currency loan	**341**	4,691
Mark-up on morabaha finance	**1,990**	5,670
Mark-up on Ijarah financing	**11,474**	3,341
Bank guarantee commission	**220**	224
Discounting and documentation charges	**2,436**	2,437
Others	**695**	568
	19,255	19,001

30. INCOME TAX

Current year	**(14,769)**	(11,415)
Deferred	**(5,723)**	(6,139)
	(20,492)	(17,554)

30.1 Income tax assessments of the Company have been finalised upto and including tax year 2008 (Income year ended 30 June 2008) which is deemed to be assessed and for which no further proceeding have been initiated for audit or otherwise by the Income Tax department.

30.2 Reconciliation between accounting profit and tax expense

	2009	2008
	(Rupees in '000)	
Accounting profit before tax	**62,823**	23,347
Tax at the applicable rate of 35% (2008: 35%)	**(21,988)**	(8,171)
Tax effect of minimum tax u/s 113 of the Income Tax Ordinance, 2001	**-**	(11,415)
Others	**1,496**	2,032
	(20,492)	(17,554
Current taxation	**(14,769)**	(11,415)
Deferred taxation	**(5,723)**	(6,139)
	(20,492)	(17,554)

31. EARNING PER SHARE

Profit after tax attributable to ordinary shareholders	**42,331**	5,793
	(Number of Shares)	
Weighted average number of ordinary shares	**56,040,000**	56,040,000
	(Rupees)	
Earningss per share- basic and diluted	**0.76**	0.10

32. REMUNERATION 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		DIRECTORS		EXECUTIVES		TOTAL	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Managerial remuneration	—	—	—	—	**11,955**	11,115	**11,955**	11,115
Housing and utilities	—	—	—	—	**4,988**	5,696	**4,988**	5,696
Gratuity	—	—	—	—	**1,529**	1,266	**1,529**	1,266
Medical expenses	—	—	—	—	**1,185**	1,066	**1,185**	1,066
Leave encashment	—	—	—	—	—	678	—	678
Other allowances	—	—	—	—	**1,926**	893	**1,926**	893
Meeting fees	**10**	8	**98**	77	—	—	**108**	85
	10	8	**98**	77	**21,583**	20,714	**21,691**	20,799
Number of persons	**1**	1	**7**	7	**11**	11	**19**	19

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

33. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

33.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 449.495 million (2008: Rs. 398.447 million), the financial assets which are subject to credit risk amounted to Rs. 449.495 million (2008: Rs. 398.447 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payaments are obtained from certain parties. Sales made to major customers are secured though letters of credit.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2009	2008
	(Rupees in '000)	
Long-term lonas and advances	**1,460**	1,464
Long-term deposits and payments	**262**	8,571
Short-term loans and advances	**713**	1,236
Trade debts	**332,029**	356,525
other receivables	**20**	15,650
Bank Balances	**121011**	15,001
	455,495	398,447

The Credit quality of receivables can be assessed with refernce to their historical performance with no or some defults in recent history, however, no significant losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	**Rating agency**	**Rating**	
		Short term	**Long term**
National Bank of Pakistan	JCR-VIS	Al+	A A A
United Bank Limited	JCR-VIS	Al+	A A +
Habib Bank Limited	JCR-VIS	Al+	A A +
Meezan Bank Limited	JCR-VIS	Al	A +
Habib Metropolitan Bank	PACRA	Al+	A A +
Bank Al Habib	PACRA	Al+	A A +

All the trade debtors at the balance sheet date represent domestic parties and end-user customers.

The aging of trade receivable at the reporting date is:

Not past due	**217,610**	271,020
Past due 90-183 days	**8,389**	36,377
Past due 183-365 days	**47,545**	37,532
Past due 365-730 days	**60,002**	29,713
Past due 730-1095 days	**23,592**	-
Past due 1095 days	**10,948**	10,947
	368,086	385,589

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

Opening balance	**(29,064)**	(21,924)
Provision during the year	**(6,993)**	(7,140)
written off	**-**	-
Closing balance	**(36,057)**	(29,064)

33.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far ass possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2009					
	Carrying amount	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
Financial Liabilities	(Rupees in '000)					
Trade and other payables	**307,009**	**307,009**	**307,009**	—	—	—
Short term borrowings	**41,215**	**42,172**	**42,172**	—	—	—
	348,224	**349,181**	**349,181**	—	—	—

	2008					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial Liabilities	(Rupees in '000)					
Liability against asset subject to finance lease	67,213	79,646	11,352	11,352	22,704	34,056
Trade and other payables	544,693	544,693	544,693	—	—	—
Short term borrowings	184,089	187,920	187,920	—	—	—
	795,995	812,077	743,965	11,352	22,704	34,056

33.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not materially exposed to equity securities price risk as the majority of investments are in non-listed securities.

33.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and foreign currency loan mainly denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2009	2008
	(Rupees in '000)	
Foreign creditors		
Short term Borrowings	**(57,323)**	(887)
Goross balance sheet exposure	**(41,215)**	(135,174)
	(98,538)	(136,061)

The following significant excchange rate has been applied:

	Average rate		Reporting date rate	
	2009	2008	**2009**	2008
USD to PKR	**78,89**	62.81	**81.30**	68.20
Euro to PKR	**107.99**	93.40	**114.82**	107.65

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

Effect on profit or loss	**2009**	2008
	(Rupees in '000)	
US Dollars	**9,854**	13,606

The weakening of the PKR against US Dollars would have had an equal but opposite impact on the post tax profits.

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

33.3.2 Interest rate risk

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

	2009	2008	2009	2008
Financial assets	Effective interest rate (in Perecent)		(Rupees in '000)	
Variable rate instruments				
Cash and bank balance	**10 to 12**	-	**83,372**	-
Financia liabilities				
Variable rate instruments				
Libilities against assets subject to finance lease	-	9.13	-	67,213
Short term borrowings	**4.5 to 6.5**	10.61. to 11.68	**41,215**	184,089

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 decreasd/ (increased) profit for the yar by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit and loss 100 bp	
	increase	decrease
	(Rupees in '000)	
As at 30 June 2009		
Cash flow sensitivity-Variable rate financial liabilities	**422**	(422)
As at 30 June 2008		
Cash flow sensitivity-Variable rate financial liabilities	(2,513)	2,513

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

33.4 Fair Value of Financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities over which the directors are able to execise significant influence, entities with common directors, major shareholders, directors and key management personnel. The Company has a policy whereby all transactions with related parties, entered into using the comparable uncontrolled price method. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2009	2008
	(Rupees in '000)	
Associated companies		
Sales	**190,229**	225,822
Liabilities against assets subject to finance lease	**-**	67,213
Long term security deposit	**-**	8,309
Bank collection charges paid	**160**	169
Mark-up on Ijarah financing	**11,474**	3,341
Current account balance (bank) -net	**31,060**	11,142
Saving account balance (bank)	**104**	-
Foreign currency loan	**41,215**	69,428
Mark up on foreign currency loan	**341**	2,578
Dividend account balance	**-**	18

35. PLANT CAPACITY AND PRODUCTION

	(Metric Tones)	
Capacity - Polyester staple fibre / polyester chips	**28,000**	28,000
Actual production - Polyester stple fibre	***20,544***	*24,921*

36. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	**62,823**	23,347
Adjustments for non cash charges and other items	**103,427**	98,321
- Depreciation	**-**	-
- Impairment on scrap held for sale	**6,156**	4,841
- Charge for staff gratuity	**(98)**	(105)
- Profit on disposal of property, plant and equipment	**-**	436
- Fixed asset written off	**(6,076)**	(841)
- Profit on saving and deposit accounts	**19,255**	19,001
- Finance cost	**-**	8,000
- Provision for slow moving and obsolete stores and spares	**6,993**	7,140
- Provision for doubtful debts and deposits	**129,657**	136,793
Profit before working capital changes	**192,480**	160,140

Effect of cash flow due to working capital changes		
(Increase) / decrease in current assets		
- Stores and spares	**(12,950)**	(7,680)
- Stock in trade	**356,436**	(388,563)
- Trade debts	**17,503**	(72,267)
- Loans and advances	**523**	976
- Trade deposits and short term prepayments	**-**	126
- Other receivables	**57,777**	(38,941)
	419,289	(506,349)
Increase / (decrease) in current liabilities		
- Trade and other payables	**(232,023)**	316,591
Cash used / generated form operations	**379,746**	(29,618)

37. NUMBER OF EMPLOYEES

The total number of employees as at 30 June 2009 were 235 (2008: 231).

38. 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 ligh 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.

39. GENERAL

39.1 Previous year figures have been rearranged and reclassified where necessary for the purposes of comparision. These changes were made for better presentation of transactions in the financial statements of the Company.

39.2 These financial statments were authorised for issue by the Board of Directors in their meeting held on 28 September, 2009.

EBRAHIM HAJI KARIM	**UMER HAJI KARIM**
CHAIRMAN	CHIEF EXECUTIVE

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2009

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
313	1	—	100	17,225
526	101	—	500	146,800
289	501	—	1000	229,587
418	1001	—	5000	1,030,304
60	5001	—	10000	480,750
30	10001	—	15000	401,275
17	15001	—	20000	303,350
8	20001	—	25000	178,650
6	25001	—	30000	173,925
4	30001	—	35000	131,850
2	35001	—	40000	73,250
7	40001	—	45000	297,750
1	45001	—	50000	50,000
2	50001	—	55000	107,525
3	55001	—	60000	168,850
5	60001	—	65000	317,550
3	65001	—	70000	206,750
1	70001	—	75000	71,700
2	80001	—	85000	162,500
5	85001	—	90000	438,102
1	90001	—	95000	93,750
1	100001	—	105000	104,400
1	110001	—	115000	114,300
1	120001	—	125000	124,650
1	125001	—	130000	129,450
1	130001	—	135000	132,900
2	135001	—	140000	277,650
5	140001	—	145000	711,522
5	145001	—	150000	750,000
1	150001	—	155000	153,750
1	155001	—	160000	157,500
2	160001	—	165000	323,550
1	170001	—	175000	172,050
3	175001	—	180000	528,102
1	190001	—	195000	195,000
8	195001	—	200000	1,581,166
1	200001	—	205000	202,500
1	205001	—	210000	208,650
1	210001	—	215000	210,750
2	220001	—	225000	445,737
5	235001	—	240000	1,181,950
5	260001	—	265000	1,319,445
1	270001	—	275000	271,000
4	315001	—	320000	1,266,667
2	320001	—	325000	644,850
3	330001	—	335000	1,003,050
1	335001	—	340000	339,550
2	340001	—	345000	680,100
2	350001	—	355000	703,704
1	365001	—	370000	367,350

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2009

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
4	370001	—	375000	1,496,850
7	395001	—	400000	2,772,050
1	450001	—	455000	452,581
1	470001	—	475000	470,300
1	530001	—	535000	534,343
1	555001	—	560000	556,334
2	620001	—	625000	1,246,096
1	655001	—	660000	660,000
1	660001	—	665000	663,000
2	665001	—	670000	1,334,700
1	675001	—	680000	675,083
1	680001	—	685000	680,100
2	745001	—	750000	1,499,400
2	750001	—	755000	1,508,499
1	800001	—	805000	801,032
1	945001	—	950000	945,150
1	1880001	—	1885000	1,880,591
1	2655001	—	2660000	2,656,283
2	2735001	—	2740000	5,473,342
1	3130001	—	3135000	3,135,000
1	3505001	—	3510000	3,510,000
1	3705001	—	3710000	3,706,500
			56,040,000	

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1725	34334999	61.27%
2	JOINT STOCK COMPANIES	40	10040977	17.92%
3	FINANCIAL INSTITUTIONS	17	6220486	11.10%
4	INVESTMENT COMPANIES	5	29951	0.05%
5	INSURANCE COMPANIES	5	1884812	3.36%
6	FOREIGN INVESTORS	4	3518200	6.28%
7	BANK	1	300	0.00%
8	MUDARBA	3	1100	0.00%
9	LEASING & MODARABA	2	7175	0.01%
10	MUTUAL FUND	2	2000	0.00%
		1804	56040000	100.00%

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION
AS AT 30 JUNE 2009

Sl. No.	Categories of Shareholders	Number	Shares held
	Associated Companies, Undertakings		
1	Sattar (Pvt.) Limited		2,737,150
2	Orient Textile Mills Limited		22,500
3	Al-Karam Textile Mills Limited		3,135,000
4	Gul Agencies (Pvt) Limited		124,650
		4	**6,019,300**
	NIT and ICP		
1	National Bank of Pakistan Trustees Department		6,193,907
2	Investment Corporation of Pakistan		3,800
		2	**6,197,707**
	Directors, CEO & their Spouses		
1	Mr. Ebrahim Haji Karim		30,000
2	Mrs. Hajra Hajiani		240,000
3	Mr. Umer Haji Karim - Chief Executive Officer		528,734
4	Mrs. Amina (W/o Mr. Umer Haji Karim)		598,333
5	Mr. Anwar Haji Karim - Director		408,789
6	Mrs. Zeenat (W/o Mr. Anwar Haji Karim)		585,639
7	Mr. Yakoob Haji Karim - Director		450,884
8	Mrs. Shahida (W/o Mr. Yakoob Haji Karim)		718,933
9	Mr. Ahmed Ebrahim - Director		445,880
10	Mr. Rafique Ebrahim - Director		445,602
11	Mrs. Mehfooza (W/o Mr. Rafique Ebrahim)		537,467
12	Mr. Sajid Haroon - Director		511,667
13	Mrs. Akila (W/o Mr. Sajid Haroon)		340,050
		13	**5,841,978**
	Executives	**Nil**	—
	Public Sector Companies and Corporation	**36**	**4,021,677**
	Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies, Modarabas, and Mutual Funds	**33**	**5,466,317**
	Shareholders holding 10% or more	**Nil**	—
	Individuals		**28,493,021**
	Total		**56,040,000**

NOTICE OF MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Wednesday, 28 October 2009 at 4.00 p.m. at Moosa D. Desai Auditorium of the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Black-8, Clifton, Karachi-Pakistan, to transact the following business:-

1. To confirm the minutes of the Twenty Third Annual General Meeting of the Company held on 27 October 2008.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with Directors' and Auditors' Reports thereon for the year ended 30 June 2009.

3 To approve the payment of final dividend @ Rs. 1. 25 per share (i.e. 12.5%) for the year ended June 30, 2009 as recommended by the Board of Directors.

4. To appoint the Auditors of the Company and to fix their remuneration.

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

By the Order of the Board

UMER HAJI KARIM
CHIEF EXECUTIVE

Karachi: 28 September 2009

NOTES :-

1. The Shares Transfer Books of the Company will remain closed from Wednesday, 14 October 2009 to Wednesday, 28 October 2009 (both days inclusive). Transfers received at the Registered Office of the Company at the close of business on 13 October 2009 will be treated in time to attend the Twenty Fourth Annual General Meeting of the Company.

2. A member of the Company entitled to attend and vote at the Meeting may appoint any other members 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.

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

4. 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.

PAKISTAN SYNTHETICS LIMITED

FORM OF PROXY
TWENTY FOURTH 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 Fourth Annual General Meeting of the Company to be held on 28 October 2009 and / or any adjournment thereof.

As witness my/our hand/seal this ____________ day of ____________________ 2009

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 NIC numbers shall be mentioned on the Form.

2. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.