



PAKISTAN SYNTHETICS LIMITED
ANNUAL REPORT
2017



**Quality is the best
BUSINESS PLAN.**

TABLE OF CONTENTS

<i>Company Information</i>	2
<i>Performance of the Company at a Glance</i>	6
<i>Report of the Directors</i>	8
<i>Mission Statement & Vision</i>	16
<i>Statement of Ethics and Business Practices</i>	17
<i>Jama Punji</i>	18
<i>Statement of Compliance with the Code of Corporate Governance</i>	19
<i>Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance</i>	22
<i>Auditors' Report to the Members</i>	23
<i>Balance Sheet</i>	24
<i>Profit and Loss Account</i>	26
<i>Statement of Comprehensive Income</i>	27
<i>Cash Flow Statement</i>	28
<i>Statement of Changes in Equity</i>	29
<i>Notes to the Financial Statements</i>	30
<i>Pattern of Shareholding</i>	70
<i>Notice of Meeting</i>	73
<i>Form of Proxy</i>	

Pakistan Synthetics Limited

COMPANY INFORMATION



BOARD OF DIRECTORS	UMER HAJI KARIM ANWAR HAJI KARIM YAKOOB HAJI KARIM PIR MOHAMMAD A. KALIYA ABID UMER SAJID HAROON AAMIR AMIN NOMAN YAKOOB	CHAIRMAN-NON-EXECUTIVE CHIEF EXECUTIVE -EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE
AUDIT COMMITTEE	AAMIR AMIN – CHAIRMAN PIR MOHAMMAD 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 ASKARI BANK LIMITED MEEZAN BANK LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED	
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	TABISH SHARIF	
REGISTER	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, KARACH 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 PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI	

Pakistan Synthetics Limited

COMPANY PROFILE



The Company was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange (formerly they were listed on all Stock Exchanges of Pakistan with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic and Crown Caps and Polyester Staple Fibre. The registered office of the Company is situated in Karachi.

Due to continuing depressed polyester staple fibre market situation, the Board has decided to convert existing fibre manufacturing plant into PET resin manufacturing plant by making necessary modifications

and addition in existing plant. PET resin manufacturing facility has started its commercial production in October 2016

The commencement of PET Resin manufacturing would enable the Company to go further downstream in packaging industry and provide complete one window solution to beverage industry customers which has shown continuous growth in double figure over years. The Company is now poised to participate in growing needs of beverage consumption by playing an integral role by being a priority one-window supplier to multinational bottlers and local brand owners in Pakistan.

Pakistan Synthetics Limited

PRODUCT INFORMATION



Plastic and Crown Caps

The role of caps and closure is to seal and preserve the product inside each bottle. Pakistan Synthetics Limited (PSL) provides bottlers capping solutions that provide secure sealing, safe opening, consistent and consumer friendly removal torques, effective tamper evidence and application optimization. PSL understands how important excellent application performance and line efficiency are for bottlers. The caps by PSL reflect the bottler's individual brand identity; we have a wide range of colors and offer customized printing while fully maintaining product integrity and safety.

PET Resin

Polyethylene terephthalate (PET) is the most common thermoplastic polymer resin of the polyester family. Because PET is an excellent water and moisture barrier material, plastic bottles made from PET are used for soft drinks, still water, edible oil industry and pharmaceutical sector. The convenience attached with plastic packaging is paramount in increasing the consumption of PET in Pakistan.

Pakistan Synthetics Limited

PERFORMANCE OF THE COMPANY AT A GLANCE

YEAR
ENDED
30 JUNE

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

STATISTICAL SUMMARY		Rupees in million									
Gross sales		2,284	2,503	3,349	4,234	4,491	5,359	5,107	2,419	2,006	3,404
Profit / (loss) before taxation		24	63	77	441	40	66	70	(36)	96	(30)
Taxation		(18)	(20)	(25)	(154)	(22)	(23)	(20)	26	(4)	69
Profit / (loss) after taxation		6	42	52	286	19	43	50	(10)	92	39
Gross assets employed (including capital work-in-progress)		1,696	1,302	1,324	2,644	3,010	3,101	3,348	2,896	3,874	4,896
Paid-up capital		560	560	560	560	560	560	560	560	560	560
Shareholders' equity		857	899	881	1,167	1,072	1,118	1,167	1,149	1,240	1,222
EARNINGS AND PAY OUT		Rs. per share of Rs. 10 each									
Earnings/(loss) per share after taxation		0.10	0.76	0.92	5.11	0.33	0.77	0.89	(0.18)	1.63	0.69
Break-up value		15.29	16.04	15.71	20.82	19.13	19.94	20.82	20.50	22.12	21.82
Cash dividend		—	1.25	—	2.00	—	—	1.00	—	1.00	—
FINANCIAL RATIOS		Ratios									
Current Assets : Current Liabilities		1.65:1	2.57:1	2.41:1	1.09:1	1.31:1	1.28:1	1.20:1	1.15:1	1.01:1	0.99:1
Long-term Debts : Equity		7:93	0:1	0:1	0:1	27:73	20:80	17:83	19:81	26:74	26:74
PRODUCTION		Quantity									
Polyester Staple Fibre - Tons		24,921	20,544	25,837	24,449	23,868	23,910	18,566	—	—	—
PET Resin / Polyester Chips - Tons		—	—	—	—	—	120	—	—	—	20,952
Plastic and Crown Caps - Cartons		—	—	—	3,785	129,492	201,986	301,971	354,283	404,813	409,253

A hand is shown holding a glowing, golden orb. In the background, there is a line graph with a red arrow pointing upwards and to the right, and a grey arrow pointing downwards and to the right. The graph is set against a dark blue background. The text is centered in a white box.

THE ONLY PLACE
success
COMES BEFORE
work
IS THE DICTIONARY

(Vince Lombardi)

Pakistan Synthetics Limited

DIRECTORS' REPORT

We are pleased to present before you the 32nd Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2017.

OPERATING PERFORMANCE

PET resin manufacturing plant of the Company has commenced commercial production on 1 October 2016. During the period under review the Company produced 20,952 MT of Resin and sold 11,580 MT of Resin

During the year under review, the Company produced 409,253 cartons of plastic and crown caps as against 404,813 cartons of last year and sold 417,367 cartons during the year as against 402,553 cartons of last year.

FINANCIAL RESULTS

As the Board has decided to convert existing fibre manufacturing plant into PET resin manufacturing plant by making necessary modifications in existing plant, the Company has presented fibre segment as discontinued operation. Summarized financial results of continuing and discontinued operations are as below,

Continuing operations

During the year under review, the company's gross turnover of continuing operations increased to Rs. 3,396.31 million from Rs. 1,946.92 million during the corresponding last year.

The Company earned profit before tax from continuing operations of Rs. 17 million as against profit before tax of Rs. 221.69 million in the last year. The net profit after tax stood from continuing operations at Rs. 83.50 million as against net profit after tax of Rs. 201.62 million in the last year

Discontinued operations

During the year under review, the company's gross turnover of discontinued operations decreased to Rs. 7.30 million from Rs. 58.72 million during the corresponding last year.

The Company posted loss before tax from discontinued operations of Rs. 47.55 million as against loss before tax of Rs. 125.83 million in the last year. The net loss after tax from discontinued operations was Rs. 44.84 million as against net loss after tax of Rs. 110.11 million in the last year.

EARNING PER SHARE

The net earnings per share, after providing for taxation, for the year ended 30 June 2017 was Rs. 0.69 (30 June 2016: Rs. 1.63.)

Pakistan Synthetics Limited

DIRECTORS' REPORT

DIVIDEND

Based on the current liquidity position of the Company, the Directors did not recommend any dividend for the year ended 30 June 2017.

BUSINESS OVERVIEW AND FUTURE OUTLOOK

During the year the Company has successfully commissioned PET Resin Plant. Initially the Company has faced difficulties because of stiff competition and volatility in raw material prices owing to volatility in crude oil prices. The things have now settled down with Company gaining adequate market share to sell its entire produce. Your Company is now planning for vertical integration by entering into Preform Manufacturing to consume its own product and sell directly to beverage manufacturing units. The Company already enjoys good reputation in industry and selling its plastic and crown caps to all beverage units.

It may be pointed out that widening trade deficit has created significant risk of devaluation of Pak Rupee. As almost all of the raw materials used by the Company are imported, cost of raw material will shoot up with depreciation in value of rupee. However, passing on the impact to customer in existing competitive market remains the biggest challenge to address. In addition to the risk of devaluation of Rupee, volatility in raw material prices owing to global political crisis is also a factor which management of your Company is closely monitoring.

WEBSITE

All our stakeholders and general public can visit the Company's website, www.pslpet.com, which has a designated section for investors containing relevant information.

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.*

Pakistan Synthetics Limited

DIRECTORS' REPORT

- 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. The Board of Directors oversees the system of internal control.*
- 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) *The Company has developed an efficient and effective Environment Management Plan to ensure that all necessary measures are identified and implemented in order to protect the environment and comply with the environmental legislation. The Plan has been approved from relevant authorities. Further, the Company has also provided appropriate training to employees of the Company to work on environment management plan whereby employees were trained to ensure safe handling, storage and transportation of hazardous chemicals and to follow other environmental requirements.*
- i) *Key operating and financial data for the last ten years in summarized form is annexed.*
- j) *Trade made by the Directors, executives and their spouses and minor children in the shares of the Company are disclosed in attached pattern of shareholding.*
- k) *Information about outstanding taxes and levies are given in the Notes to the Financial Statements.*

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:-

<u>NAME OF DIRECTOR</u>	<u>NO OF MEETING ATTENDANCE</u>
I. Mr. Umer Haji Karim	5
II. Mr. Anwar Haji Karim	5
III. Mr. Yakoob Haji Karim	5
IV. Mr. Abid Umer	4
V. Mr. Sajid Haroon	4
VI. Mr. Pir Mohammad A. Kaliya	5
VII. Mr. Aamir Amin-NIT	4
VIII. Mr. Muhammad Aslam Motiwala **	1
IX. Mr. Noman Yakoob**	1

** Mr. Muhammad Aslam Motiwala has resigned from the directorship of the Company on 27 April 2017. Mr. Noman Yakoob was appointed by the Board on 22 May 2017 to fill in the casual vacancy.

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

Pakistan Synthetics Limited

DIRECTORS' REPORT

MEETING OF THE AUDIT COMMITTEE

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

<u>NAME OF DIRECTOR</u>	<u>NO OF MEETING ATTENDANCE</u>
I. Mr. Aamir Amin-NIT	4
II. Mr. Pir Mohammad A. Kaliya	4
III. Mr. Abid Umer	4

PATTERN OF SHARE HOLDING

The pattern of share holding as on 30 June 2017 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 2018.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

ANWAR HAJI KARIM
Chief Executive

YAKOUB HAJI KARIM
Director

Karachi
Dated: 21 September 2017

پاکستان سینٹیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

سال کے دوران منعقدہ آڈٹ کمیٹی کے اجلاس

آڈٹ کمیٹی تین ارکان پر مشتمل ہے، بشمول چیئرمین سب ہی نان ایگزیکٹو ڈائریکٹرز ہیں۔ چار اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی شرکت مندرجہ ذیل کے مطابق رہی:

ڈائریکٹرز کے نام	حاضری
جناب عامر امین	۴
جناب پیر محمد کالیا	۴
جناب عابد عمر	۴

حصہ داری کا نمونہ

30 جون 2017 پر حصہ داری کے نمونے کا بیان موجود ہے۔

آڈیٹرز

موجودہ آڈیٹرز، KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل، نے دوبارہ اپنی تعیناتی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز، کمپنی کے لیے بطور آڈیٹرز برائے سال ختمہ 30 جون 2018، باہمی متفقہ فیس پر، ان کی دوبارہ تعیناتی کے لیے سفارش کو منظور کرتا ہے۔

اعتراف

یہ بورڈ عملے کے تمام اراکین اور ورکرز کی سخت حالات کے دوران بہترین کارکردگی پر شکر یہ ادا کرتا ہے

بورڈ کی جانب سے

یعقوب حاجی کریم
ڈائریکٹر

جناب انور حاجی کریم
چیف ایگزیکٹو

کراچی: 21 ستمبر 2017

پاکستان سینٹیاکس لمیٹڈ

ڈائریکٹرز رپورٹ

کارپوریٹ گورننس

لسٹنگ ریگولیشنز کے مطابق اس کمپنی نے کارپوریٹ گورننس کے ضابطے کی شرائط کی تعمیل کی ہے۔ اس کے مطابق ڈائریکٹرز مندرجہ ذیل کی توثیق کرتے ہیں:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے سے اس کے معاملات کی حالت، اس کے آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب بکس تیار کر لی گئی ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں مستقل طور پر درست شماریاتی پالیسیوں کا اطلاق کیا جاتا ہے اور شماریاتی تخمینے قابل فہم اور محتاط اندازوں پر مبنی ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کی پاسداری کی گئی ہے۔
- کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور موثر طور پر اس کا اطلاق اور مانیٹر کیا گیا ہے بورڈ اس عمل کی مستقل نگرانی کرتا ہے۔
- ایک چلتے کاروبار کے طور پر کمپنی کی جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک موجود نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے قطعاً کوئی انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔
- کمپنی کے حصص میں ڈائریکٹرز، ایگزیکٹوز اور ان کے بیویوں اور چھوٹے بچوں کی طرف سے تجارت کی تفصیلات شیئر ہولڈنگ کے منسلک نمونے میں موجود ہے۔
- بقایا ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی حسابات کے ساتھ منسلک نوٹس میں دی گئی ہے۔
- آخری دس سالوں کے آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ رپورٹ میں موجود ہے۔
- کمپنی نے ماحول کو تحفظ فراہم کرنے اور ماحولیاتی قانون سازی کے مطابق عمل کرنے کے لئے تمام ضروری اقدامات کی شناخت اور لاگو کرنے کے لئے ایک مؤثر ماحولیات مینجمنٹ پلان تیار کیا ہے۔ منصوبہ متعلقہ حکام سے منظور کیا گیا ہے۔ اس کے علاوہ، کمپنی نے کمپنی کے ملازمین کو ماحولیاتی انتظام کی منصوبہ بندی پر کام کرنے کے لئے مناسب تربیت فراہم کی ہے جس کے تحت ملازمین کو خطرناک کیمیکلوں کے محفوظ ہینڈلنگ، اسٹوریج اور نقل و حمل کو یقینی بنانے اور دوسری ماحولیاتی ضروریات کو پورا کرنے کے لئے تربیت دی گئی ہے۔

سال کے دوران منعقدہ بورڈ کے اجلاس

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد کیے گئے جن میں ڈائریکٹرز کی حاضری مندرجہ ذیل کے مطابق رہی:

حاضری	ڈائریکٹرز کے نام
۵	جناب عمر حاجی کریم
۵	جناب انور حاجی کریم
۵	جناب یعقوب حاجی کریم
۴	جناب عابد عمر
۴	جناب ساجد ہارون
۵	جناب بیر محمد کالیا
۴	جناب عامر امین
۱	جناب محمد اسلم موتی والا
۱	جناب نعمان یعقوب

ان ڈائریکٹرز کو جو بورڈ کے اجلاسوں میں حاضر نہیں ہو سکتے تھے غیر حاضری کی چھوٹ دی گئی تھی۔

جناب محمد اسلم موتی والا نے 27 اپریل 2017 کو کمپنی کی ڈائریکٹرز شپ سے استعفا دیا۔ ان کی جگہ جناب نعمان یعقوب کو بورڈ نے ڈائریکٹر مقرر کیا۔

پاکستان سینٹیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

فی حصص آمدنی

30 جون 2017 کو ختم ہونے والے سال کے لئے، ٹیکس فراہم کرنے کے بعد، فی حصص خالص آمدنی 0.69 روپے تھی (30 جون 2016: 1.63 روپے)۔

ڈیوڈینڈ

کمپنی کی موجودہ لیکویڈیٹی پوزیشن کی بنیاد پر ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لئے ڈیوڈینڈ تجویز نہیں کیا۔

کاروباری جائزہ اور مستقبل کی صورت حال

کمپنی کے پیٹریزن مینوفیکچرنگ پلانٹ نے رواں سال تجارتی پیداوار شروع کر دی ہے۔ ابتدائی طور پر خام تیل کی قیمتوں میں عدم استحکام کے باعث خام مال کی قیمتوں میں عدم استحکام اور سخت مقابلہ کی وجہ سے کمپنی نے مشکلات کا سامنا کیا ہے۔ اب کمپنی نے کافی مارکیٹ حصص حاصل کر لیا ہے جو اپنی پوری پیداوار کو فروخت کرنے کے لئے کافی ہے۔ آپ کی کمپنی اب ورٹیکل انٹیگریشن کرتے ہوئے پریفورم مینوفیکچرنگ پلانٹ کی منصوبہ بندی کر رہی ہے جس سے کمپنی اپنے ریزن کی پیداوار کو براہ راست مشروبات کی مینوفیکچررز یونٹس کو فروخت کر سکے گی۔ کمپنی پہلے سے ہی صنعت میں اچھی ساکھ رکھتی ہے اور اپنے پلاسٹک اور کراون کیپ تمام مشروبات کے مینوفیکچررز یونٹس کو فروخت کر رہی ہے۔

اس کے ساتھ پاکستان کا بڑھتا ہوا تجارتی خسارے کے باعث روپے کی قدر گٹھنے کا بڑا رسک پیدا ہو گیا ہے۔ جیسا کہ کمپنی کی طرف سے استعمال ہونے والے تقریباً تمام خام مالوں کو درآمد کیا جاتا ہے، خام مال کی قیمت روپے کی قیمت میں قیمتوں میں کمی کے ساتھ بڑھ جائے گی۔ تاہم، موجودہ مسابقتی مارکیٹ میں کسٹمر کو اس کے اثرات منتقل کرنا ایک بڑا چیلنج ہے۔ روپے کی قدر میں کمی کے علاوہ عالمی سیاسی بحران کی وجہ سے خام مال کی قیمتوں میں عدم استحکام بھی ایک عنصر ہے جس کو آپ کی کمپنی کی مینجمنٹ مستقل جانچ رہی ہے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس پاکستان سینٹیٹاکس لمیٹڈ کی ویب سائٹ www.pslpet.com پر وزٹ کر سکتے ہیں جس پر سرمایہ کاروں کے لیے متعلقہ معلومات پر مشتمل مخصوص سیکشن موجود ہے۔

مابعد واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی پوزیشن کو متاثر کرنے والی ذمہ داریاں یا کوئی اہم تبدیلی واقع نہیں ہوئی۔

پاکستان سینٹیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

30 جون 2017 کو ختم ہونے والی سال کے لئے ہم 32 ویں سالانہ رپورٹ کمپنی کے آڈٹ کردہ مالی حسابات کے ساتھ پیش کرتے ہیں۔

کارکردگی کا جائزہ

کمپنی کے پیٹریزن مینوفیکچرنگ پلانٹ نے 1 اکتوبر 2016 کو تجارتی پیداوار شروع کر دی ہے۔ رواں مالی سال کے دوران کمپنی نے 20,952 ٹن ریزن کی پیداوار کی اور 11,580 ٹن ریزن فروخت کی۔

رواں مالی سال کے دوران کمپنی نے 409,253 کارٹون پلاسٹک اور کراون کیپ کی پیداوار کی جو گزشتہ برس 404,813 کارٹون تھے۔ رواں مالی سال کے دوران کمپنی نے 417,367 کارٹون فروخت کیے جو گزشتہ برس 402,553 کارٹون تھے۔

مالیاتی نتائج

جیسا کہ بورڈ نے طے کیا ہے کہ فایبر مینوفیکچرنگ پلانٹ کو تبدیل کر دیا جائے پیٹریزن مینوفیکچرنگ پلانٹ میں اس میں ضروری ترمیم کر کے۔ لہذا کمپنی نے فایبر مینوفیکچرنگ پلانٹ کو بند آپریشن کے طور پر پیش کیا ہے۔ مسلسل اور بند ہونے والے آپریشن کے خلاصہ مالیاتی نتائج ذیل میں ہیں۔

مسلسل آپریشن

رواں مالی سال کے دوران کمپنی کے مسلسل آپریشن کے مجموعی کاروبار میں اضافہ ہوا جو اس سال 3,396.31 ملین روپے رہا جو گزشتہ برس 1,946.92 ملین تھا۔

اس سال کمپنی نے 17 ملین روپے ٹیکس سے قبل منافع حاصل کیا جو گزشتہ سال 221.69 ملین تھا۔ ٹیکس کے بعد خالص منافع مسلسل آپریشن سے 83.50 ملین روپے حاصل کیا جو گزشتہ سال 201.62 ملین تھا۔

بند ہونے والے آپریشن

رواں مالی سال کے دوران کمپنی کے بند ہونے والے آپریشن کے مجموعی کاروبار میں کمی ہوئی جو اس سال 7.30 ملین روپے رہا جو گزشتہ برس 58.72 ملین تھا۔

اس سال کمپنی نے 47.55 ملین روپے ٹیکس سے قبل خسارہ کیا جو گزشتہ سال 125.83 ملین تھا۔ ٹیکس کے بعد خسارہ بند ہونے والے آپریشن سے 44.84 ملین روپے رہا جو گزشتہ سال 110.11 ملین تھا۔

Pakistan Synthetics Limited

MISSION STATEMENT

Our Mission.

Our Mission is to be the most efficient manufacturer of high performance packaging requirements of Industry in Pakistan.



Our Vision.

To be an End to End solution provider for our partners, instead of working in a vendor-supplier model whereby all needs of our customers is catered by Pakistan Synthetics Limited.

Pakistan Synthetics Limited

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 product at competitive prices;*
- *PSL resolves not to compromise on principles.*

www.jamapunji.pk



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

- 🗉 Licensed Entities Verification
- 🚫 Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ❓ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 🖥️ Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19.24 of listing regulations of Pakistan Stock Exchange 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 of Corporate in the following manner:

- 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
<i>Independent Directors</i>	<i>1) Aamir Amin</i>
<i>Executive Directors</i>	<i>1) Anwar Haji Karim</i>
	<i>2) Yakoob Haji Karim</i>
<i>Non-Executive Directors</i>	<i>1) Umer Haji Karim</i>
	<i>2) Sajid Haroon</i>
	<i>3) Abid Umer</i>
	<i>4) Pir Mohammad A. Kaliya</i>
	<i>5) Noman Yakoob</i>

The independent directors meet the criteria of independence under clause 5.19.1.(b) of the Code of Corporate Governance

- 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).*
- 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 or, being a broker of stock exchange, has been declared as a defaulter by that stock exchange.*
- A casual vacancy occurring on the Board on 27 April 2017 was filled by the Directors within twenty six days.*
- The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.*
- The Board has developed vision / mission statement, overall corporate strategy 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.*
- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board / shareholders.*

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2017

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 at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.*
9. *All directors of the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.*
10. *The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.*
11. *The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 directors, CEO 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 of Corporate Governance.*
15. *The Board has formed an Audit Committee. 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 prior to approval of interim and final results of the Company as required by the Code of Corporate Governance. 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 setup an effective 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 program 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.*

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2017

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 exchange.*
22. *Material / price sensitive information has been disseminated among all market participants at once through stock exchange.*
23. *The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management office in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.*
24. *We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.*

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

Karachi
Dated: 21 September 2017

Pakistan Synthetics Limited

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 2017 to comply with the requirements of Listing Regulations No. 5.19.24 of the Rule Book of Pakistan Stock Exchange 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 2017.

Karachi
Dated: 21 September 2017

KPMG TASEER HADI & CO.
Chartered Accountants
Moneeza Usman Butt

Pakistan Synthetics Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan Synthetics Limited ("the Company") as at 30 June 2017 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 repealed 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 repealed 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 repealed 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, 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 repealed 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi
Dated: 21 September 2017

KPMG TASEER HADI & CO.
Chartered Accountants
Moneeza Usman Butt

Pakistan Synthetics Limited

Balance Sheet

AS AT 30 JUNE 2017

Note **2017** 2016
(RUPEES IN '000)

Equity and liabilities

Shareholders' equity

Authorised capital of 70,000,000
ordinary shares of Rs. 10 each

700,000 700,000

Issued, subscribed and
paid-up capital

4 **560,400** 560,400

General reserve

292,450 292,450

Unappropriated profit

369,061 386,807

Total shareholders' equity

1,221,911 1,239,657

Liabilities

Non-current liabilities

Long term finance - secured

5 **286,478** 429,817

Staff retirement benefits

6 **16,888** 14,554

Deferred taxation

13 **-** 45,099

Total non-current liabilities

303,366 489,470

Current liabilities

Trade and other payables

7 **2,395,564** 1,026,041

Accrued markup

12,491 20,457

Short term borrowings - secured

8 **819,177** 960,873

Current portion of long term
finance

5 **143,339** 137,089

Total current liabilities

3,370,571 2,144,460

Total equity and liabilities

4,895,848 3,873,587

Contingencies and Commitments

9

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

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

Balance Sheet

AS AT 30 JUNE 2017

	Note	2017 (RUPEES IN '000)	2016
Assets			
Non-current assets			
Property, plant and equipment	10	1,537,731	1,711,444
Long term loan to employees	11	3,971	307
Long term deposits	12	765	1,464
Deferred taxation	13	24,263	-
Total non-current assets		1,566,730	1,713,215
Current assets			
Stores and spares	14	182,763	183,588
Stock-in-trade	15	1,899,392	948,173
Trade debts	16	795,250	646,135
Loans and advances	17	12,246	27,282
Short term deposits and prepayments	18	4,273	1,376
Other receivables	19	63,917	72,778
Taxation - net		359,451	273,404
Cash and bank balances	20	11,826	7,636
Total current assets		3,329,118	2,160,372
Total assets		4,895,848	3,873,587

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

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 (RUPEES IN '000)	2016
Net sales	21	2,911,967	1,661,248
Cost of sales	22	<u>(2,642,741)</u>	<u>(1,206,571)</u>
Gross profit		269,226	454,677
Distribution and selling costs	23	(63,004)	(54,331)
Administration and general expenses	24	(43,365)	(33,597)
Other operating expenses	25	(12,159)	(30,868)
		<u>(118,528)</u>	<u>(118,796)</u>
		150,698	335,881
Other income	26	<u>9,289</u>	<u>142</u>
Operating profit before finance costs		159,987	336,023
Finance costs	27	(142,986)	(114,335)
Profit before taxation		<u>17,001</u>	<u>221,688</u>
Taxation	28	66,502	(20,070)
Profit after taxation from continuing operation		<u>83,503</u>	<u>201,618</u>
Loss after taxation from discontinued operation	29	(44,845)	(110,112)
Profit for the year		<u><u>38,658</u></u>	<u><u>91,506</u></u>
		(RUPEES)	
Earnings per share - basic and diluted	30	<u><u>0.69</u></u>	<u><u>1.63</u></u>

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

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOUB HAJI KARIM
Director

Pakistan Synthetics Limited

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 (RUPEES IN '000)	2016
Profit for the year		38,658	91,506
Items that will never be reclassified to profit and loss account			
Remeasurements of defined benefit liability		(520)	(913)
Tax thereon		156	274
		(364)	(639)
Total comprehensive income for the year		<u>38,294</u>	<u>90,867</u>

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

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOUB HAJI KARIM
Director

Pakistan Synthetics Limited

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 (RUPEES IN '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(30,549)	95,856
Adjustments for:			
Depreciation		226,881	174,617
Charge for staff gratuity		3,255	3,087
Profit on disposal of property, plant and equipment		(1,607)	(1,173)
Profit on saving and deposit accounts		(53)	(2)
Finance costs		140,493	113,607
Reversal against slow moving and obsolete stock		(6,174)	-
Provision for doubtful debts and deposits - net		30,231	28,159
		<u>362,477</u>	<u>414,151</u>
<i>Movement in:</i>			
Working capital changes	35	231,443	65,411
Long term deposit - net		699	(720)
Long term loan to employees - net		(3,664)	466
Net cash from operations		<u>590,955</u>	<u>479,308</u>
Staff gratuity paid		(1,441)	(2,930)
Financial charges paid		(148,459)	(113,146)
Taxes paid		(86,046)	(109,471)
Net cash generated from operating activities		<u>355,009</u>	<u>253,761</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(53,386)	(630,176)
Investment - net		-	5,138
Proceeds from disposal of property, plant and equipment		1,825	5,486
Profit on saving accounts received		53	2
Net cash used in investing activities		<u>(51,508)</u>	<u>(619,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term diminishing musharka - net		(137,089)	141,853
Short term foreign currency loan and money market loan - net		194,299	(9,483)
Dividend paid		(20,526)	(11)
Net cash from financing activities		<u>36,684</u>	<u>132,359</u>
Net increase / (decrease) in cash and cash equivalents		<u>340,185</u>	<u>(233,430)</u>
Cash and cash equivalents at beginning of the year		<u>(444,101)</u>	<u>(210,671)</u>
Cash and cash equivalents at end of the year		<u>(103,916)</u>	<u>(444,101)</u>
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	20	11,826	7,636
Running finance under mark-up arrangement	8.3	(115,742)	(451,737)
		<u>103,916</u>	<u>(444,101)</u>

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

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOUB HAJI KARIM
Director

Pakistan Synthetics Limited

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total reserves	Total
	(RUPEES IN '000)				
Balance as at 1 July 2015	560,400	292,450	295,940	588,390	1,148,790
Total comprehensive income for the year ended 30 June 2016					
Profit for the year	-	-	91,506	91,506	91,506
Other comprehensive income	-	-	(639)	(639)	(639)
	-	-	90,867	90,867	90,867
Balance as at 30 June 2016	560,400	292,450	386,807	679,257	1,239,657
Total comprehensive income for the year ended 30 June 2017					
Profit for the year	-	-	38,658	38,658	38,658
Other comprehensive income	-	-	(364)	(364)	(364)
	-	-	38,294	38,294	38,294
Transactions with owners recorded directly in equity - distributions					
Final dividend for the year ended 30 June 2016 (Re. 1 per share)	-	-	(56,040)	(56,040)	(56,040)
Balance as at 30 June 2017	560,400	292,450	369,061	661,511	1,221,911

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

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited (the Company) was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps and Crown Caps, PET resin and BOPET resin. The registered office of the Company is situated at 3rd floor, K.D.L.B, building, 58, West Wharf, Karachi.

Further, PET Resin manufacturing plant of the Company commenced commercial production on 01 October, 2016.

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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the repealed 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) which is determined based on the present value of defined benefit obligation less fair value of plan assets.

2.3 Functional and presentation currency

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

Pakistan Synthetics Limited

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) *Property, plant and equipment (refer note 3.4)*
- iv) *store and spares and Stock in trade (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, amendments to certain standards became effective which were not relevant to the Company's accounting policies.

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 01 July 2017:

- *Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.*
- *Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.*

Pakistan Synthetics Limited

- *Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.*
- *Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.*
- *IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.*
- *IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.*
- *Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:*
 - *Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.*

Pakistan Synthetics Limited

- *Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.*

The above amendments are not likely to have an impact on Company's financial statements.

- *The Companies Act, 2017 was enacted on 30 May 2017 and Securities and Exchange Commission of Pakistan (SECP) vide its circular 17 of 2017 dated 20 July 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires certain additional disclosures which will be incorporated in financial statements for the period beginning on or after 1 July 2017.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all years presented.

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.

Pakistan Synthetics Limited

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' at the time of purchase of financial assets. The financial assets of the Company are categorized as follows:

a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, other receivables and cash and bank balances in the balance sheet.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) financial assets at fair value through profit or loss; (b) loans and receivables; (c) held to maturity.

3.2.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

3.2.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Pakistan Synthetics Limited

a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category.

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) financial assets at fair value through profit or loss; (b) loans and receivables; (c) held to maturity.

b) 'Loans and receivables' and 'held-to-maturity'

Loans and receivables and held-to-maturity financial assets are carried at amortised cost.

3.2.1.4 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.

3.2.1.5 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances held with banks and short term running finance 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.

Pakistan Synthetics Limited

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 qualify 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.

Pakistan Synthetics Limited

Deferred

Deferred tax is recognized using balance sheet 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

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 property, 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;*
- (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 the management; and*
- (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 property, 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 normal repairs and maintenance) is recognised in the profit and loss account as an expense when it is incurred.

Pakistan Synthetics Limited

Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 10.1.

Depreciation on additions to property, plant and equipment 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 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

Stores and spares are valued at weighted average cost except for items in transit which are stated at cost. Provision for obsolete and slow moving stores and spares 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 is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

Pakistan Synthetics Limited

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

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Miscellaneous 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.

Pakistan Synthetics Limited

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 Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from rest of the Company's business and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs on disposal, abandoning or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative profit and loss account is represented as if the operation had been discontinued from the start of the comparative year.

3.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of the business separately 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., Crown / Plastic Caps and PET resin segment and Polyester Staple Fibre segment (discontinued).

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.

3.14 Dividend and appropriation

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

Pakistan Synthetics Limited

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017 (Number Of Shares)	2016		2017 (RUPEES IN '000)	2016
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 bonus shares	186,800	186,800
56,040,000	56,040,000		560,400	560,400

5. LONG TERM FINANCE - secured

Islamic

Long term finances utilised under diminishing musharka	429,817	566,906
Less: current portion of long term finances	(143,339)	(137,089)
	286,478	429,817

The Company has entered into Diminishing Musharka arrangements with following banks as under:

Bank Al-Habib Limited - Islamic Banking Division	-	31,250
Meezan Bank Limited	5.1	127,373
Askari Bank Limited - Islamic Banking Services	5.2	302,444
	429,817	566,906

5.1 The Company has entered into Diminishing Musharka arrangements with Meezan Bank Limited amounting to Rs. 58.13 million and Rs. 140.77 million. These carry profit at the rate of 6 months KIBOR plus 0.5% per annum and 6 months average KIBOR + 0.6% per annum respectively, with a floor of 6% per annum and cap of 24% per annum and is payable on semi-annual basis. The tenor of facilities 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 and last installment is payable on 23 October 2018 and 25 January 2020 respectively. These facilities are secured against First exclusive charge over specific fixed asset of the Company with 25% margin to be covered through First pari-pasu charge over general plant and machinery.

5.2 This represents Diminishing Musharka arrangements entered with Askari Bank Limited - Islamic Banking Services amounting to Rs. 38.83 million, Rs. 54.25 million and Rs. 300 million. The first two tranches carry profit at the rate of 3 months average KIBOR + 0.5% per annum with a floor of 7% and cap of 25% per annum and is payable on quarterly basis in arrears. Further, third tranche carry profit at the rate of 3 months average KIBOR + 0.8% per annum with a floor of 4% and cap of 25%. The tenor of the facilities are five years from the date of drawdown. The principal is payable in 20 equal quarterly installments and last installment is payable on 20 June 2019, 09 July 2019 and 27 November 2020 respectively. The facilities are secured against registered hypothecation charges over specific plant and machinery of plastic and crown along with general plant and machinery of the Company.

Pakistan Synthetics Limited

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 2017 are as follows:

	2017	2016
- Discount rate per annum - percentage	9.0%	9.0%
- Expected rate of increase in salary level per annum - percentage	9.0%	9.0%
- Normal retirement age - years	60	60
- Death rate - mortality table	SLIC 2001-2005	EFU 61-66

The amounts recognised in balance sheet are as follows:

	2017	2016
	(RUPEES IN '000)	
Present value of defined benefit obligation	16,888	14,554
Fair value of plan assets	-	-
	<u>16,888</u>	<u>14,554</u>

Movement in net defined benefit liability

Opening balance	14,554	13,484
Charge for the year	3,255	3,087
Re-measurement: Actuarial loss recognised in other comprehensive income	520	913
Benefits paid	(1,441)	(2,930)
Closing balance	<u>16,888</u>	<u>14,554</u>

Pakistan Synthetics Limited

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:

	2017	2016
	(RUPEES IN '000)	
<i>Component of defined benefit costs recognised in profit and loss account</i>		
Current service cost	2,010	1,825
Interest cost	1,245	1,262
	<u>3,255</u>	<u>3,087</u>
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>		
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	520	913
	<u>520</u>	<u>913</u>
Total defined benefit cost recognised in profit and loss account and other comprehensive income	<u>3,775</u>	<u>4,000</u>
Expected contribution in the following year	<u>4,021</u>	<u>2,971</u>
Expected benefit payments to retire in the following year	<u>4,314</u>	<u>3,083</u>
Re-measurements: Accumulated actuarial loss recognised in other comprehensive income	<u>520</u>	<u>913</u>
Weighted average duration of the defined benefit obligation (years)	<u>36.95</u>	<u>11.18</u>
<i>Analysis of present value of defined benefit obligation</i>		
Type of Members:		
- Management	13,029	11,899
- Non - management	3,859	2,655
	<u>16,888</u>	<u>14,554</u>
Vested / Non-Vested		
- Vested benefits	13,694	11,112
- Non - vested benefits	3,194	3,442
	<u>16,888</u>	<u>14,554</u>
Type of benefits		
- Accumulated benefit obligation	8,044	12,215
- Amount attributed to future salary increase	8,844	2,339
	<u>16,888</u>	<u>14,554</u>

Pakistan Synthetics Limited

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.

	2017	2016
	(RUPEES IN '000)	
Discount rate + 1%	<u>15,287</u>	<u>13,213</u>
Discount rate - 1%	<u>18,813</u>	<u>16,161</u>
Long term salary increase + 1%	<u>18,867</u>	<u>16,206</u>
Long term salary decrease - 1%	<u>15,216</u>	<u>13,154</u>

7. TRADE AND OTHER PAYABLES

Trade creditors including bills payable		875,589	515,638
Murabaha	7.1	215,728	284,976
Tijarah	7.1	-	49,889
Istisna	7.1	1,057,480	110,164
Accrued expenses		1,518	752
Advances from customers		108,661	1,698
Workers' welfare fund		560	3,637
Workers' profit participation fund	7.2	5,585	5,236
Unclaimed dividend		39,257	3,743
Insurance premium payable		11,757	2,361
Due to employees	7.3	13,518	11,195
Sales tax payable		759	735
Short term compensated absences		2,249	1,916
Provision for Government levies		1,000	1,000
Provision for gas infrastructure cess		48,839	20,022
Others		13,064	13,079
		<u>2,395,564</u>	<u>1,026,041</u>

- 7.1** The Company has obtained facility of Rs. 1,272.809 million (2016: Rs. 709.147 million) from Islamic banks for short term finance under Murabaha, Tijarah and Istisna financing arrangement and has availed Rs. 212.744 million under Murabaha financing and Rs. 1,046.797 million under Istisna financing as at 30 June 2017 (2016 : Rs. 281.544 million under Murabaha financing, Rs. 48.864 million under Tijarah financing and Rs. 109.728 million under Istisna financing). The rate of profit approved by the bank at time of disbursement ranges from 6.17% to 6.67% (2016: 6.32% to 7.26% and 2.5% for USD). This facility can be availed either in 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 Murabaha facility in Pak Rupees and purchased material valuing Rs. 448.281 million at sale amount of Rs. 462.416 million in Pak Rupees. The repayment is due after six months from the date of purchase. Moreover, the Company has availed Rs. Nil (2016: Rs. 120.116 million) under Tijarah financing and Rs. 1,933.92 million (2016: Rs. 208.953 million) under Istisna financing during the year. The arrangement is secured against pari passu hypothecation charge on moveable and receivables of the Company.

Pakistan Synthetics Limited

7.2 Workers' profit participation fund		2017	2016
		(RUPEES IN '000)	
Balance as at 1 July		5,236	-
Interest on funds utilised in the Company's business at 9% (2016: nil) per annum	27	<u>349</u>	-
		5,585	-
Allocation for the year	25	<u>-</u>	5,236
Balance as at 30 June		<u>5,585</u>	<u>5,236</u>

7.3 This represents salary and gratuity payable to employees amounting to Rs. 11.124 million (2016: Rs. 9.045 million) and Rs. 2.394 million (2016: Rs. 2.150 million) respectively.

8. SHORT TERM BORROWINGS - secured

Conventional

Short term import finance under mark-up arrangement	8.1	403,435	209,136
Money market loan under mark-up arrangement	8.2	300,000	300,000
Running finance under mark-up arrangement	8.3	<u>115,742</u>	<u>451,737</u>
		<u>819,177</u>	<u>960,873</u>

8.1 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 3.317 million and EUR 0.459 million equivalent to Rs. 403.435 million (2016: USD 1.341 million and EUR 0.590 million equivalent to Rs. 209.136 million). The rates of mark-up on these finances range from 1.8% to 2.8% (2016: 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.

8.2 The facility for money market loan is available from an associated banking company for the purpose of meeting working capital requirement. The rate of mark-up on this financing arrangement is agreed at KIBOR plus 0.50% (2016: KIBOR plus 0.50%) per annum. The arrangement is secured against registered hypothecation over Company's stock and trade debts.

8.3 The facilities for running finance available from an associated banking company are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from KIBOR plus 1.00% (2016: 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.

8.4 During the year, in addition to the above, the Company obtained and repaid interest-free short term loan from its associated companies on as and when required basis. Maximum aggregate amount of short term loan outstanding at the end of any day during the year was Rs. 101.55 million. Cumulative short term loan availed and repaid during the year was Rs. 1,216 million.

8.5 The facilities for above borrowings is available aggregating to Rs. 900 million (2016: Rs. 1.001 billion). Further, as at 30 June 2017, the unavailed facilities from the above borrowings amounted to Rs. 80.82 million (2016: Rs. 40.354 million).

Pakistan Synthetics Limited

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 The facility for opening letter of guarantees from an associated banking company amounted to Rs. 100 million (2016: 100 million). Bank guarantees amounting to Rs. 77.839 million (2016: Rs. 77.839 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills.

9.1.2 In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act, 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act, 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law "Gas Infrastructure Development Cess Act, 2015 by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 200/MMBTU on captive power consumption and at Rs.100/MMBTU on industrial connection from the date of passing of that Act. The Company has obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh. The Company is confident of favourable outcome and therefore has not recorded a provision of Rs. 60.39 million (2016: Rs. 60.39 million) in these financial statements. However, The Company has recognised charge against GID cess from the date (i.e. April 2015) of the passing of the Act. On 26 October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication. On 31 May 2017, separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In view of aforementioned developments, the Company on prudent basis, continue to recognise provision after the passage of the Act.

9.2 Commitments

9.2.1 Letters of credits

The Company has facilities of Rs. 1,725.38 million (2016: Rs. 1,781.23 million) for opening letters of credit including Rs. 800 million from an associated banking company (2016: Rs. 810.21 million). At 30 June 2017, the open letters of credits for stock in trade, stores and spares and for capital commitment amounted to Rs. 1,272.37 million (2016: Rs. 643.49 million) including Rs. 490.771 million from an associated banking company (2016: Rs. 605.54 million).

9.3 The facilities disclosed in notes 9.1.1 and 9.2.1 are secured against ranking 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.

Pakistan Synthetics Limited

10. PROPERTY, PLANT AND EQUIPMENT

		2017	2016
		(Rupees in '000)	
Operating fixed assets	10.1	1,530,035	1,058,334
Capital work-in-progress	10.2	7,696	653,110
		<u>1,537,731</u>	<u>1,711,444</u>

10.1 Operating fixed assets

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

	2017								
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and equipment	Computer accessories	Total
	(Rupees in '000)								
As at 1 July 2016									
Cost	28,118	213,620	3,332,083	52,693	52,647	1,976	15,510	4,471	3,701,118
Accumulated depreciation	(5,146)	(101,650)	(2,450,501)	(31,242)	(36,153)	(1,976)	(12,282)	(3,834)	(2,642,784)
Net book value	22,972	111,970	881,582	21,451	16,494	-	3,228	637	1,058,334
Additions	-	92,763	604,964	-	48	-	500	525	698,800
Disposal									
Cost	-	-	-	-	(4,589)	-	-	-	(4,589)
Accumulated depreciation	-	-	-	-	4,371	-	-	-	4,371
	-	-	-	-	(218)	-	-	-	(218)
Depreciation charge for the year	658	10,795	198,423	10,539	4,564	-	1,512	390	226,881
Closing net book value	22,314	193,938	1,288,123	10,912	11,760	-	2,216	772	1,530,035
As at 30 June 2017									
Cost	28,118	306,383	3,937,047	52,693	48,106	1,976	16,010	4996	4,395,329
Accumulated depreciation	(5,804)	(112,445)	(2,648,924)	(41,781)	(36,346)	(1,976)	(13,794)	(4,224)	(2,865,294)
Net book value	22,314	193,938	1,288,123	10,912	11,760	-	2,216	772	1,530,035
Useful life (in years)	50 - 99	20	5 - 20	5	8	3	5-15	3	
	2016								
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and equipment	Computer accessories	Total
	(Rupees in '000)								
As at 1 July 2015									
Cost	28,118	213,454	3,274,441	52,693	58,243	1,976	14,539	3,751	3,647,215
Accumulated depreciation	(4,488)	(94,159)	(2,301,621)	(20,703)	(38,814)	(1,976)	(10,133)	(3,585)	(2,475,479)
Net book value	23,630	119,295	972,820	31,990	19,429	-	4,406	166	1,171,736
Additions	-	166	57,642	-	6,029	-	971	720	65,528
Disposal									
Cost	-	-	-	-	(11,625)	-	-	-	(11,625)
Accumulated depreciation	-	-	-	-	7,312	-	-	-	7,312
	-	-	-	-	(4,313)	-	-	-	(4,313)
Depreciation charge for the year	658	7,491	148,880	10,539	4,651	-	2,149	249	174,617
Closing net book value	22,972	111,970	881,582	21,451	16,494	-	3,228	637	1,058,334
As at 30 June 2016									
Cost	28,118	213,620	3,332,083	52,693	52,647	1,976	15,510	4,471	3,701,118
Accumulated depreciation	(5,146)	(101,650)	(2,450,501)	(31,242)	(36,153)	(1,976)	(12,282)	(3,834)	(2,642,784)
Net book value	22,972	111,970	881,582	21,451	16,494	-	3,228	637	1,058,334
Useful life (in years)	50 - 99	20	5 - 20	5	8	3	5-15	3	

Pakistan Synthetics Limited

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

		2017	2016
		(Rupees in '000)	
<i>Continuing operations</i>			
Cost of sales	22	211,813	142,633
Distribution and selling costs	23	2,206	1,496
Administration and general expenses	24	6,619	4,489
		<u>220,638</u>	<u>149,618</u>
<i>Discontinued operations</i>			
Distribution and selling costs	29.3	62	250
Administration and general expenses	29.4	6,181	24,749
		<u>6,243</u>	<u>24,999</u>

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

Particulars	2017					Mode of disposal	Particulars of buyers
	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on disposal		
(Rupees in '000)							
<i>Vehicles</i>							
Toyota Corolla	1,064	1,064	-	200	200	Negotiation	Mr. Ahmed Zahid S/O Haji Abdul Rauf
Toyota Corolla	1,064	1,064	-	200	200	Negotiation	Mr. Abdullah S/O Haji Ghulam Sarwar
Toyota Corolla	1,066	1,066	-	500	500	Negotiation	Flight Connection Travel and Tours (Pvt) Limited
Toyota Corolla	1,395	1,177	218	925	707	Negotiation	Mr. Qamar Uddin Sheikh S/O Muhammad Perial Sheikh
	<u>4,589</u>	<u>4,371</u>	<u>218</u>	<u>1,825</u>	<u>1,607</u>		
2016							
Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
(Rupees in '000)							
<i>Vehicles</i>							
Toyota Corolla	1,400	918	482	580	98	Negotiation	Irfan Bawa
Toyota Corolla	1,067	1,067	-	500	500	Negotiation	Pakistan Dairy Products (Private) Limited
Toyota Vigo	3,508	1,316	2,192	1,850	(342)	Negotiation	Al-Shaheer Corporation Limited
Honda Civic	2,185	546	1,639	1,800	161	Insurance Claim	EFU Insurance
Honda Accord	2,465	2,465	-	350	350	Negotiation	Muhammad Anwar
Mitsubishi Lancer	1,000	1,000	-	406	406	Negotiation	Imran Crown Corks (Private) Limited
	<u>11,625</u>	<u>7,312</u>	<u>4,313</u>	<u>5,486</u>	<u>1,173</u>		

Pakistan Synthetics Limited

10.2 Capital work-in-progress

	Cost			As at 30 June 2017
	As at 1 July 2016	Additions	Transfers	
	----- (Rupees in '000) -----			
Building on leasehold land	78,633	18,342	(94,279)	2,696
Plant and machinery	574,477	24,981	(599,458)	-
Advance against capital expenditure	-	7,500	(2,500)	5,000
	<u>653,110</u>	<u>50,823</u>	<u>(696,237)</u>	<u>7,696</u>

	Cost			As at 30 June 2016
	As at 1 July 2015	Additions	Transfers	
	----- (Rupees in '000) -----			
Building on leasehold land	473	78,160	-	78,633
Plant and machinery	18,578	555,899	-	574,477
Advance against capital expenditure	69,411	-	(69,411)	-
	<u>88,462</u>	<u>634,059</u>	<u>(69,411)</u>	<u>653,110</u>

11. LONG TERM LOAN TO EMPLOYEES

	2017		2016	
	(Rupees in '000)			
Due from employees - considered good		5,182		867
Less: Recoverable within one year		<u>(1,211)</u>		<u>(560)</u>
		<u>3,971</u>		<u>307</u>

11.1 These loans are interest free and granted to executives and employees of the Company in accordance with the Company's policy for purchase of cars, motor cycles and household appliances. The loans are recoverable in installments over a period of 24 to 86 months. These are secured against staff retirement benefits of such employees.

12. LONG TERM DEPOSITS

Utility deposits		1,609		1,608
Security deposits		<u>250</u>		<u>950</u>
		1,859		2,558
Provision for doubtful deposits		<u>(1,094)</u>		<u>(1,094)</u>
		<u>765</u>		<u>1,464</u>

12.1 These long term deposits are non-interest bearing.

13. DEFERRED TAXATION

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

Taxable temporary difference			
Accelerated tax depreciation		106,704	116,157
Deductible temporary differences			
Provision for staff gratuity		(5,066)	(4,366)
Provision for doubtful debts, slow moving and obsolete stocks stores and spares and doubtful deposits		(67,068)	(59,851)
Minimum tax, un-used tax credits and tax losses		(58,833)	(6,841)
		<u>(130,967)</u>	<u>(71,058)</u>
		<u>(24,263)</u>	<u>45,099</u>
14. STORES AND SPARES			
Stores and spares			
- in hand		231,243	227,596
- in transit		-	4,472
		<u>231,243</u>	<u>232,068</u>
Provision for slow moving and obsolete items		<u>(48,480)</u>	<u>(48,480)</u>
		<u>182,763</u>	<u>183,588</u>

Pakistan Synthetics Limited

15. STOCK-IN-TRADE		2017	2016
		(Rupees in '000)	
Raw and packing material			
- in hand	15.1	336,073	578,813
- in transit		383,672	274,167
		719,745	852,980
Work-in-process	15.2	18,828	14,107
Finished goods	15.2	1,161,952	88,393
Provision for slow moving and obsolete stock		(1,133)	(7,307)
		1,160,819	81,086
		1,899,392	948,173
15.1 Raw material costing Rs. nil (2016: 81.201 million) has been carried at net realisable value of Rs. nil (2016: 67.581 million).			
15.2 Finished goods and work-in-progress costing Rs. 1.115 billion (2016: Rs. nil) has been carried at net realisable value of Rs. 1.1 billion (2016: Rs. nil).			
16. TRADE DEBTS			
Considered good - unsecured		621,267	646,135
Considered good - secured	16.1	173,983	-
Considered doubtful		172,852	142,621
		968,102	788,756
Provision for doubtful debts		(172,852)	(142,621)
		795,250	646,135
16.1 These debtors are secured by way of inland letter of credit.			
17. LOANS AND ADVANCES - considered good			
Loans:			
Current maturity of long term loans due from employees	17	1,211	560
Advances to:			
- employees against salary		64	148
- letters of credit fees and expenses		340	174
- suppliers		10,631	26,400
		11,035	26,722
		12,246	27,282
17.1 These loan and advances are non-interest bearing.			
18. SHORT TERM DEPOSITS AND PREPAYMENTS			
Conventional			
Short term deposits		4,273	827
Prepayments		-	549
		4,273	1,376
19. OTHER RECEIVABLES			
This represent sales tax recoverable amounting to Rs. 63.917 million (2016: Rs. 72.778 million).			

Pakistan Synthetics Limited

20. CASH AND BANK BALANCES

	2017	2016
	(Rupees in '000)	
With Islamic banks		
- current accounts	10,895	5,758
- saving accounts	45	9
	<u>10,940</u>	<u>5,767</u>
With conventional banks		
- current accounts	772	1,670
Cash in hand	114	199
	<u>11,826</u>	<u>7,636</u>

20.1 Rate of return on saving accounts range from 3.75% to 4% (2016: 4.26% to 6%) per annum.

21. NET SALES

Local - Crowns and plastic caps	1,829,467	1,937,623
Local - PET resin	1,561,711	-
Export - Crowns and plastic caps	-	5,638
Raw material	3,166	1,525
Waste packing material	1,967	2,134
	<u>3,396,311</u>	<u>1,946,920</u>
Sales tax	(484,344)	(285,672)
Net sales	<u>2,911,967</u>	<u>1,661,248</u>

22. COST OF SALES

Raw and packing materials consumed			
- Opening stock	785,407	345,670	
- Purchases	2,938,079	1,276,450	
- Inter-segment transfer	8,711	-	
	<u>3,732,197</u>	<u>1,622,120</u>	
- Closing stock	(670,707)	(785,407)	
	<u>3,061,490</u>	<u>836,713</u>	
Salaries, wages and other benefits	22.1	142,084	63,738
Fuel and power		181,059	55,935
Depreciation	10.1.1	211,813	143,633
Repairs and maintenance		7,244	354
Rent, rates and taxes		10,753	6,872
Stores and spares consumed		78,983	30,626
(Reversal against) / provision for slow moving and obsolete stock		(6,174)	294
Printing and stationary		589	314
Travelling and conveyance		15,063	7,977
Security expenses		-	20
Communication		429	295
Insurance		15,582	9,303
General expenses		2,106	772
		<u>3,721,021</u>	<u>1,156,846</u>
Opening stock of work-in-process		14,107	50,378
Closing stock of work-in-process		(18,828)	(14,107)
Cost of goods manufactured		<u>3,716,300</u>	<u>1,193,117</u>
Opening stock of finished goods		88,393	101,847
Closing stock of finished goods		(1,161,952)	(88,393)
		<u>2,642,741</u>	<u>1,206,571</u>

Pakistan Synthetics Limited

22.1 Salaries, wages and other benefits include Rs. 2.6 million (2016: Rs. 1.54 million) in respect of staff gratuity expense.

23. DISTRIBUTION AND SELLING COSTS		2017	2016
		(Rupees in '000)	
Salaries and other benefits	23.1	7,703	5,582
Depreciation	10.1.1	2,206	1,496
Outward freight and handling charges		51,533	45,608
Travelling and conveyance		608	942
Fuel and power		521	414
Repair and maintenance		42	58
Communication		149	106
Other expenses		242	125
		63,004	54,331

23.1 Salaries and other benefits include Rs. 0.16 million (2016: Rs. 0.21 million) in respect of staff gratuity expense.

24. ADMINISTRATION AND GENERAL EXPENSES

Salaries and other benefits	24.1	23,109	16,746
Rent, rates and taxes		5,277	3,886
Depreciation	10.1.1	6,619	4,489
Fuel and power		1,070	1,242
Travelling and conveyance		1,824	2,826
Communication		448	320
Printing, stationary and subscription fees		1,770	1,398
Reversal against doubtful debts - net		-	-
Repair and maintenance		126	172
Legal and professional charges		2,395	2,143
Other expenses		727	375
		43,365	33,597

24.1 Salaries and other benefits include Rs. 0.49 million (2016: Rs. 0.65 million) in respect of staff gratuity expense.

25. OTHER OPERATING EXPENSES

Auditors' remuneration	25.1	990	990
Workers' profit participation fund	7.2	-	5,236
Workers' welfare fund		560	3,637
Exchange loss - net	25.2	10,609	21,005
		12,159	30,868

Pakistan Synthetics Limited

25.1 Auditors' remuneration	2017 (Rupees in '000)	2016
Audit fee	600	600
Half yearly review	220	220
Special certifications	100	100
Out of pocket expenses	70	70
	<u>990</u>	<u>990</u>
25.2	These include exchange gain amounting to Rs. nil (2016: Rs. 8.54 million) on account of forward contracts entered during the year.	
26. OTHER INCOME		
Income from financial assets - islamic		
Profit on saving accounts	53	2
Income from financial assets - conventional		
Profit on short term investment - net	-	140
Income from non-financial assets		
Others	4,721	-
Reversal of provision	4,515	-
	<u>9,289</u>	<u>142</u>
27. FINANCE COSTS		
Conventional		
Mark-up on:		
- short term running finance	41,436	51,692
- short term import finances	5,698	3,019
	<u>47,134</u>	<u>54,711</u>
Islamic		
Mark-up on:		
- long term finance	33,838	38,841
- short term murabaha	13,901	13,731
- short term istisna	42,141	3,729
- short term tijarah	733	2,568
	<u>90,613</u>	<u>58,869</u>
Conventional		
Bank guarantee commission	705	123
Inland bill discounting and documentation charges	27.1 2,397	-
Interest on workers' profit participation fund	7.2 349	-
Bank charges	1,788	632
	<u>5,239</u>	<u>755</u>
	<u>142,986</u>	<u>114,335</u>
27.1	This represent charges paid to Bank Al-Habib Limited, an associated banking company, for inland bill discounting. The Company has facility for inland bill discounting, without recourse, to the extent of Rs. 100 million. Out of which, the Company has utilised Rs. 85.92 million through discounting of inland letter of credit.	

Pakistan Synthetics Limited

28. TAXATION	2017	2016
	(Rupees in '000)	
Current tax	-	12,138
Deferred	(66,502)	7,932
	<u>(66,502)</u>	<u>20,070</u>

28.1 Under section 5A of Income Tax Ordinance, 2001 (as amended by the Finance Act 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute atleast 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. The Company has reported loss before tax (refer note 28.2), therefore, the provisions of above-mentioned section are not applicable.

28.2 Relationship between income tax expense and accounting profit

Accounting profit before taxation - continuing operation	17,001	221,688
Accounting loss before taxation - discontinued operation	<u>(47,550)</u>	<u>(125,832)</u>
	<u>(30,549)</u>	<u>95,856</u>
Tax at the applicable rate of 31% (2016: 32%)	(9,470)	30,674
Tax effect of permanent difference on land depreciation	197	-
Effect of minimum tax and tax credits	(60,496)	(27,194)
Others	562	870
	<u>(69,207)</u>	<u>4,350</u>
Taxation - continuing operation	(66,502)	20,070
Taxation - discontinued operation	<u>(2,705)</u>	<u>(15,720)</u>
	<u>(69,207)</u>	<u>4,350</u>

29. LOSS AFTER TAXATION FROM DISCONTINUED OPERATION

On 20 April 2015, the Board of Directors had decided to convert existing polyester staple fibre plant into PET resin manufacturing plant by making necessary modifications in existing plant.

Results of discontinued operation

Net sales	29.1	7,080	56,169
Cost of sales	29.2	<u>(9,824)</u>	<u>(63,276)</u>
Gross loss		<u>(2,744)</u>	<u>(7,107)</u>
Distribution and selling costs	29.3	(145)	(2,057)
Administration and general expenses	29.4	(46,268)	(117,287)
Other operating expenses	29.5	-	(22)
		<u>(46,413)</u>	<u>(119,366)</u>
Loss from operations		<u>(49,157)</u>	<u>(126,473)</u>
Other income	29.6	1,607	1,173
Finance costs	29.7	-	(532)
Loss before taxation		<u>(47,550)</u>	<u>(125,832)</u>
Taxation	29.8	2,705	15,720
Loss after taxation from discontinued operation		<u>(44,845)</u>	<u>(110,112)</u>

Pakistan Synthetics Limited

29.1 Net sales	2017	2016
	(Rupees in '000)	
Polyester staple fibre	-	11,253
Raw material	<u>7,298</u>	<u>47,471</u>
	7,298	58,724
Sales tax	(218)	(2,555)
Net Sales	<u><u>7,080</u></u>	<u><u>56,169</u></u>

29.2 Cost of sales		
Raw and packing materials consumed		
- Opening stock	67,573	119,818
- Inter- segment transfer	<u>(8,711)</u>	<u>-</u>
	58,862	119,818
- Closing stock	<u>(49,038)</u>	<u>(67,573)</u>
	9,824	52,245
Opening stock of finished goods	-	11,031
	<u><u>9,824</u></u>	<u><u>63,276</u></u>

29.3 Distribution and selling costs			
Salaries and other benefits	29.3.1	64	1,395
Depreciation	10.1.1	62	250
Travelling and conveyance		9	236
Fuel and power		3	104
Repair and maintenance		-	14
Communication		2	27
Other expenses		5	31
		<u><u>145</u></u>	<u><u>2,057</u></u>

29.3.1 Salaries and other benefits include Rs. Nil (2016: Rs. 0.05 million) in respect of staff gratuity expense.

29.4 Administration and general expenses			
Salaries and other benefits	29.4.1	6,441	39,187
Rent, rates and taxes		183	2,209
Depreciation	10.1.1	6,181	24,749
Fuel and power		716	1,192
Travelling and conveyance		1,066	3,558
Communication		5	200
Printing, stationary and subscription fees		202	696
Provision for doubtful debts - net		30,231	28,159
Repair and maintenance		-	1,791
Legal and professional charges		26	536
Sales Tax written off		-	2,904
Insurance		1,200	5,305
Other expenses		17	6,801
		<u><u>46,268</u></u>	<u><u>117,287</u></u>

Pakistan Synthetics Limited

29.4.1 Salaries and other benefits include Rs. Nil (2016: Rs. 0.63 million) in respect of staff gratuity expense.

29.5 Other operating expenses	2017	2016
	(Rupees in '000)	
Exchange loss - net	<u>-</u>	<u>22</u>
29.6 Other income		
Income from non-financial assets		
Profit on disposal of property, plant and equipment	<u>1,607</u>	<u>1,173</u>
29.7 Finance cost		
Conventional		
Mark-up on short term import finances	-	27
Bank guarantee commission	-	505
	<u>-</u>	<u>532</u>
29.8 TAXATION		
Current year	-	(4,199)
Deferred	<u>(2,705)</u>	<u>(11,521)</u>
	<u>(2,705)</u>	<u>(15,720)</u>
29.9 Cash flow statement - discontinued operation		
Net cash flow from operating activities	<u>41,644</u>	142,698
Net cash flow from investing activities	<u>1,825</u>	4,266
	<u>43,469</u>	<u>146,964</u>

29.10 Basis of preparation - discontinued operation

Net sales are on actual basis. Raw and packing material consumed are on actual basis in the cost of sales.

Distribution and selling costs and administrative and general expenses have been allocated on the basis of actual and internal usage basis which is consistent with prior years.

Other operating expenses and other income have been allocated on actual basis. Finance costs have been allocated on working capital basis.

The bifurcation of long term financing and short term borrowings in cash flows from financing activities has been made on working capital basis.

Pakistan Synthetics Limited

30. EARNINGS PER SHARE - BASIC AND DILUTED

	2017	2016
	(Rupees in '000)	
Profit for the year after taxation - continuing operation	83,503	201,618
Loss for the year after taxation - discontinued operation	(44,845)	(110,112)
	<u>38,658</u>	<u>91,506</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>56,040,000</u>	<u>56,040,000</u>
	(Rupees)	
Earnings per share- basic and diluted - continuing operation	1.49	3.60
Loss per share - basic and diluted - discontinued operation	(0.80)	(1.97)
Net earnings per share - basic and diluted	<u>0.69</u>	<u>1.63</u>

31. 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		Executive Directors		Non-Executive Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	----- (Rupees in '000) -----									
Managerial remuneration	2,772	2,772	1,980	1,980	-	-	25,791	20,056	30,543	24,808
Housing and utilities	1,428	1,428	1,020	1,020	-	-	13,499	10,375	15,947	12,823
Gratuity	-	-	-	-	-	-	1,433	944	1,433	944
Medical expenses	-	-	-	-	-	-	1,264	1,237	1,264	1,237
Leave encashment	-	-	-	-	-	-	780	1,104	780	1,104
Other allowances	-	-	-	-	-	-	371	559	371	559
Meeting fees	125	100	125	125	900	950	-	-	1,150	1,175
	<u>4,325</u>	<u>4,300</u>	<u>3,125</u>	<u>3,125</u>	<u>900</u>	<u>950</u>	<u>43,138</u>	<u>34,275</u>	<u>51,488</u>	<u>42,650</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>7</u>	<u>6</u>	<u>42</u>	<u>27</u>	<u>51</u>	<u>35</u>

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

32. 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

Pakistan Synthetics Limited

Risk management framework

The Board of Directors are responsible 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.

32.1 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 meet 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 / plastic caps and PET resin are mostly food and beverages companies.

Exposure to credit risk

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:

	2017	2016
	(Rupees in '000)	
Loan to employees	5,182	867
Long term deposits	765	1,464
Trade debts	795,250	646,135
Short term deposits	4,273	1,376
Bank balances	11,712	7,437
	<u>817,182</u>	<u>657,279</u>

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

The aging of trade receivables at the reporting date is:

Pakistan Synthetics Limited

	2017		
	Gross	Impairment	Total
	(Rupees in '000)		
Not past due	646,322	-	646,322
Past due 90-180 days	37,767	-	37,767
Past due 181-360 days	21,314	-	21,314
Past due over 360 days	262,699	(172,852)	89,847
	<u>968,102</u>	<u>(172,852)</u>	<u>795,250</u>

	2016		
	Gross	Impairment	Total
	(Rupees in '000)		
Not past due	459,887	-	459,887
Past due 90-180 days	50,253	-	50,253
Past due 181-360 days	10,130	-	10,130
Past due over 360 days	268,486	(142,621)	125,865
	<u>788,756</u>	<u>(142,621)</u>	<u>646,135</u>

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

	2017	2016
	(Rupees in '000)	
Opening balance	142,621	114,462
Provision for doubtful debts	31,432	29,759
Reversal made during the year	(1,201)	(1,600)
	<u>30,231</u>	<u>28,159</u>
Closing balance	<u>172,852</u>	<u>142,621</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that appropriate impairment has been made and no impairment allowance is necessary in respect of unprovided amounts as there are reasonable grounds to believe that the amounts will be recovered in due course of time.

32.2 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:

Pakistan Synthetics Limited

	2017			
	Carrying amount	Contractual cash flows	Upto one year	Two to five years
	----- (Rupees in '000) -----			
Non-derivative financial liabilities				
Long term finances	429,817	(475,761)	(164,172)	(311,589)
Trade and other payables	2,276,750	(2,315,628)	(2,315,628)	-
Short term borrowings	819,177	(826,189)	(826,189)	-
Accrued mark-up	12,491	(12,491)	(12,491)	-
	<u>3,538,235</u>	<u>(3,630,069)</u>	<u>(3,318,480)</u>	<u>(311,589)</u>

	2016			
	Carrying amount	Contractual cash flows	Upto one year	Two to five years
	----- (Rupees in '000) -----			
Non-derivative financial liabilities				
Long term finances	566,906	(655,157)	(173,420)	(481,737)
Trade and other payables	1,011,819	(1,017,509)	(1,017,509)	-
Short term borrowings	960,873	(973,205)	(973,205)	-
Accrued mark-up	20,457	(20,457)	(20,457)	-
	<u>2,560,055</u>	<u>(2,666,328)</u>	<u>(2,184,591)</u>	<u>(481,737)</u>

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 5, 7.1 and 8 to these financial statements.

32.3 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.

32.3.1 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:

	2017		
	Rupees	US Dollars	Euro
	----- (Amount in '000) -----		
Foreign creditors	(797,995)	(6,994)	(529)
Short term borrowings	<u>(403,435)</u>	<u>(3,317)</u>	<u>(459)</u>
Gross balance sheet exposure	<u>(1,201,430)</u>	<u>(10,311)</u>	<u>(988)</u>

Pakistan Synthetics Limited

	2016		
	Rupees	US Dollars	Euro
	(Amount in '000)		
Foreign creditors	(462,636)	(4,193)	(202)
Short term borrowings	(209,136)	(1,342)	(591)
Gross balance sheet exposure	<u>(671,772)</u>	<u>(5,535)</u>	<u>(793)</u>

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
USD to PKR	104.75	104.37	105.00	104.70
Euro to PKR	115.21	116.95	120.14	116.31

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	
	2017	2016
USD	(37,351)	(19,703)
EURO	(4,097)	(3,136)
	<u>(41,448)</u>	<u>(22,839)</u>

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

32.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or 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:

	Interest rate		Carrying amount	
	2017	2016	2017	2016
	(Percentage)		(Rupees in '000)	
Fixed rate instruments				
Bank balances	3.75% - 4%	4.26% - 6%	<u>45</u>	<u>9</u>

Pakistan Synthetics Limited

	Interest rate		Carrying amount	
	2017	2016	2017	2016
	(Percentage)		(Rupees in '000)	
Variable rate instruments				
Long term finances	6.5% - 10%	4% - 10%	(429,817)	(566,906)
Trade and other payables	6.17% - 9%	6.32% - 8.8%	(1,278,793)	(445,029)
Short term borrowings	1.8% - 7.28%	1.8% - 7.98%	(819,177)	(960,873)
			<u>(2,527,787)</u>	<u>(1,972,808)</u>

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. 17.442 million (2016: Rs. 13.415 million). This analysis assume that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

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

32.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to other price risk.

32.4 Fair value of financial instruments

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Pakistan Synthetics Limited

	30-Jun-17					
	Carrying amount			Fair Value		
	Loan and receivables	Fair value	Other financial liabilities	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----					
Financial assets not measured at fair value						
Loan to employees	5,182	-	-	-	-	-
Trade debts	795,250	-	-	-	-	-
Deposits	4,273	-	-	-	-	-
Bank balances	11,712	-	-	-	-	-
Financial liabilities not measured at fair value						
Long term financing	-	-	429,817	-	-	-
Trade and other payables	-	-	2,395,564	-	-	-
Short term borrowings	-	-	819,177	-	-	-

	30-Jun-16					
	Carrying amount			Fair Value		
	Loan and receivables	Fair value	Other financial liabilities	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----					
Financial assets not measured at fair value						
Loan to employees	867	-	-	-	-	-
Trade debts	646,135	-	-	-	-	-
Deposits	2,291	-	-	-	-	-
Cash and bank balances	7,636	-	-	-	-	-
Financial liabilities not measured at fair value						
Long term financing	-	-	566,906	-	-	-
Trade and other payables	-	-	1,026,041	-	-	-
Short term borrowings	-	-	960,873	-	-	-

The estimated fair value of all financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically repriced.

Pakistan Synthetics Limited

33. 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.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2017	2016
	(Rupees in '000)	
Associated company		
Sales of goods	-	10,924
Key management personnel compensation		
Managerial remuneration	30,543	24,808
Others	20,945	17,842
Associated banking company		
Current bank account balance	162	143
Saving account balance	45	9
Long term finance	-	31,250
Short term borrowings	819,177	832,664
Accrued mark-up	7,023	10,970
Bank collection charges paid	1,788	632
Bank guarantee commission	705	628
Mark up on long term finance	608	10,257
Interest income on bank deposits	53	2
Mark up on short term import finance under mark-up arrangement	5,698	3,046
Mark up on short term borrowings	38,303	42,594
Mark up on short term murabaha	2,585	36

34. PLANT CAPACITY AND PRODUCTION

Capacity available - Plastic and crown caps	Cartons	504,000	504,000
Actual production - Plastic and crown caps	Cartons	409,253	404,813
Capacity available - PET resin	Metric tons	28,000	28,000
Actual production - PET resin	Metric tons	20,952	-

Pakistan Synthetics Limited

34.1 Since the production of crown / plastic caps and PET Resin is purely demand driven therefore variance is mainly attributed to the reduced demand.

35. MOVEMENT IN WORKING CAPITAL	2017	2016
	(Rupees in '000)	
(Increase) / decrease in current assets:		
Stores and spares	825	5,180
Stock in trade	(945,045)	(326,442)
Trade debts	(179,346)	(40,473)
Loans and advances	15,036	(17,708)
Short term deposits and prepayments	(2,897)	(1,340)
Other receivables	8,861	(72,273)
	(1,102,566)	(453,056)
Increase in current liabilities:		
Trade and other payables	1,334,009	518,467
	231,443	65,411

36. 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.

37. INFORMATION ABOUT BUSINESS SEGMENTS

37.1 The Company's reportable segments are as follows:

- Manufacturing of crown / plastic caps and PET Resin (crown / plastic caps and PET Resin segment).
- Manufacturing and sale of polyester staple fibre (polyester staple fibre 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. The Company has discontinued production of polyester staple fibre. Information regarding the Company's reportable segments is presented below:

Pakistan Synthetics Limited

37.2 Segment revenue and results

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

	2017			
	Polyester staple fibre (Discontinued)	Crown / plastic caps and PET Resin	Unallocated	Total
	----- (Rupees in '000) -----			
Net sales	7,080	2,911,967	-	2,919,047
Cost of sales				
Opening balance of finished goods	-	88,393	-	88,393
Cost of goods manufactured	9,824	3,716,300	-	3,726,124
Available for sale	9,824	3,804,693	-	3,814,517
Closing balance of finished goods	-	(1,161,952)	-	(1,161,952)
	<u>9,824</u>	<u>2,642,741</u>	<u>-</u>	<u>2,652,565</u>
Gross (loss) / profit	(2,744)	269,226	-	266,482
Distribution and selling costs	(145)	(63,004)	-	(63,149)
Administration and general expenses	(46,268)	(43,365)	-	(89,633)
Other operating expenses	-	(10,609)	(1,550)	(12,159)
	<u>(46,413)</u>	<u>(116,978)</u>	<u>(1,550)</u>	<u>(164,941)</u>
(Loss) / profit from operations	<u>(49,157)</u>	<u>152,248</u>	<u>(1,550)</u>	<u>101,541</u>
Other income	1,607	9,236	53	10,896
Finance costs	-	(142,637)	(349)	(142,986)
(Loss) / profit before taxation	<u>(47,550)</u>	<u>18,847</u>	<u>(1,846)</u>	<u>(30,549)</u>
Taxation	-	-	69,207	69,207
(Loss) / profit after taxation	<u>(47,550)</u>	<u>18,847</u>	<u>67,361</u>	<u>38,658</u>

	2017			
	Polyester staple fibre (Discontinued)	Crown / plastic caps and PET Resin	Unallocated	Total
	----- (Rupees in '000) -----			
Cost of goods manufactured:				
Opening stock of work in process	-	14,107	-	14,107
Raw and packing materials consumed	9,824	3,061,490	-	3,071,314
Salaries, wages and other benefits	-	142,084	-	142,084
Fuel and power	-	181,059	-	181,059
Depreciation	-	211,813	-	211,813
Repairs and maintenance	-	7,244	-	7,244
Rent, rates and taxes	-	10,753	-	10,753
Stores and spares consumed	-	78,983	-	78,983
Provision for slow moving and obsolete stock	-	(6,174)	-	(6,174)
Printing and stationary	-	589	-	589
Travelling and conveyance	-	15,063	-	15,063
Security expenses	-	-	-	-
Communication	-	429	-	429
Insurance	-	15,582	-	15,582
General expenses	-	2,106	-	2,106
	<u>9,824</u>	<u>3,735,128</u>	<u>-</u>	<u>3,744,952</u>
Closing stock of work in process	-	(18,828)	-	(18,828)
	<u>9,824</u>	<u>3,716,300</u>	<u>-</u>	<u>3,726,124</u>

Pakistan Synthetics Limited

	2016			Total
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Unallocated	
----- (Rupees in '000) -----				
Net sales	56,169	1,661,248	-	1,717,417
Cost of sales				
Opening balance of finished goods	11,031	101,847	-	112,878
Cost of goods manufactured	52,245	1,193,117	-	1,245,362
Available for sale	63,276	1,294,964	-	1,358,240
Closing balance of finished goods	-	(88,393)	-	(88,393)
	<u>63,276</u>	<u>1,206,571</u>	<u>-</u>	<u>1,269,847</u>
Gross (loss) / profit	(7,107)	454,677	-	447,570
Administration and general expenses	(117,287)	(33,597)	-	(150,884)
Distribution and selling costs	(2,057)	(54,331)	-	(56,388)
Other operating expenses	(22)	(9,765)	(21,103)	(30,890)
	<u>(119,366)</u>	<u>(97,693)</u>	<u>(21,103)</u>	<u>(238,162)</u>
(Loss) / profit from operations	(126,473)	356,984	(21,103)	209,408
Other income	1,173	-	142	1,315
Finance costs	(532)	(102,446)	(11,889)	(114,867)
(Loss) / profit before taxation	<u>(125,832)</u>	<u>254,538</u>	<u>(32,850)</u>	<u>95,856</u>
Taxation	-	-	(4,350)	(4,350)
(Loss) / profit after taxation	<u>(125,832)</u>	<u>254,538</u>	<u>37,200</u>	<u>91,506</u>

	2016			Total
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Unallocated	
----- (Rupees in '000) -----				
Cost of goods manufactured:				
Opening stock of work in process	-	50,378	-	50,378
Raw and packing materials consumed	52,245	836,713	-	888,958
Salaries, wages and other benefits	-	63,738	-	63,738
Fuel and power	-	55,935	-	55,935
Depreciation	-	143,633	-	143,633
Repairs and maintenance	-	354	-	354
Rent, rates and taxes	-	6,872	-	6,872
Stores and spares consumed	-	30,626	-	30,626
Provision for slow moving and obsolete stock	-	294	-	294
Printing and stationary	-	314	-	314
Travelling and conveyance	-	7,977	-	7,977
Security expenses	-	20	-	20
Communication	-	295	-	295
Insurance	-	9,303	-	9,303
General expenses	-	772	-	772
	<u>52,245</u>	<u>1,207,224</u>	<u>-</u>	<u>1,259,469</u>
Closing stock of work in process	-	(14,107)	-	(14,107)
	<u>52,245</u>	<u>1,193,117</u>	<u>-</u>	<u>1,245,362</u>

Pakistan Synthetics Limited

37.2.1 100% (2016: 99.72%) of the gross sales of the Company are made to customers located in Pakistan.

37.2.2 All non-current assets of the Company at 30 June 2017 are located in Pakistan.

37.2.3 Sales to two major customers (2016: two customers) of the Company is more than 10% of total sales of the Company during the year aggregating to 50% (2016: 66%).

37.3 Segment assets and liabilities

	*Polyester staple fibre (Discontinued)	Crown / plastic caps and PET Resin	Total
	----- (Rupees in '000) -----		
As at 30 June 2017			
Segment assets	<u>137,960</u>	<u>4,298,431</u>	<u>4,436,391</u>
Segment liabilities	<u>2,925</u>	<u>3,657,661</u>	<u>3,660,586</u>
As at 30 June 2016			
Segment assets	<u>420,936</u>	<u>3,097,817</u>	<u>3,518,753</u>
Segment liabilities	<u>5,774</u>	<u>2,562,450</u>	<u>2,568,224</u>

Reconciliation of segment assets and segment liabilities with total assets and liabilities in the balance sheet is as follows:

	2017	2016
	(Rupees in '000)	
Total assets for reportable segments	<u>4,436,391</u>	3,518,753
Unallocated assets	<u>459,457</u>	354,834
Total assets as per balance sheet	<u>4,895,848</u>	<u>3,873,587</u>
Total liabilities for reportable segments	<u>3,660,586</u>	2,568,224
Unallocated liabilities	<u>13,351</u>	65,706
Total liabilities as per balance sheet	<u>3,673,937</u>	<u>2,633,930</u>

* Property, plant and equipment and stores and spares related to discontinued operation are stated at not less than their recoverable amounts. Stock-in-trade is stated at their net realisable values. Appropriate impairment has been recorded against doubtful trade debts. All other assets are stated at their realisable values. All liabilities are stated at settlement values. During the year, Property, plant and equipment and related stores and spares of discontinued segment having carrying value of Rs. 76.23 million and Rs. 145.51 million respectively, were transferred to continuing segment.

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

- all assets are allocated to reportable segments except 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.

Pakistan Synthetics Limited

37.3.2 Other segment information

	2017		
	Polyester staple fibre (Discontinued)	Crown / plastic caps and PET Resin	Total
	----- (Rupees in '000) -----		
Capital expenditure	-	53,386	53,386
Depreciation	6,243	220,638	226,881
Non-cash items (excluding depreciation and amortisation)	30,231	(6,174)	24,057

	2016		
	Polyester staple fibre (Discontinued)	Crown and plastic caps	Total
	----- (Rupees in '000) -----		
Capital expenditure	1,227	628,949	630,176
Depreciation	24,999	149,618	174,617
Non-cash items (excluding depreciation and amortisation)	28,159	-	28,159

38. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2017	2016
	(Number of employees)	
Average number of employees during the year	173	187
Number of employees as at 30 June	234	197

39. GENERAL

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

39.2 These financial statements were authorised for issue in the meeting of Board of Directors held on 21 September 2017.

ANWAR HAJI KARIM
Chief Executive

SALEEM ADVANI
Chief Financial Officer

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2017

NO. OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
	From		To	
395	1	—	100	16,063
411	101	—	500	115,198
221	501	—	1000	174,320
275	1001	—	5000	669,239
32	5001	—	10000	251,594
18	10001	—	15000	233,463
5	15001	—	20000	83,500
9	20001	—	25000	208,350
2	25001	—	30000	58,000
3	30001	—	35000	102,400
2	35001	—	40000	76,500
1	40001	—	45000	43,900
2	60001	—	65000	129,300
1	65001	—	70000	67,450
1	85001	—	90000	90,000
1	95001	—	100000	100,000
2	120001	—	125000	246,082
1	125001	—	130000	129,450
1	155001	—	160000	157,500
2	160001	—	165000	323,550
1	220001	—	225000	225,000
1	240001	—	245000	242,848
1	335001	—	340000	335,500
1	355001	—	360000	360,000
1	395001	—	400000	397,050
2	495001	—	500000	1,000,000
1	565001	—	570000	567,500
1	605001	—	610000	608,500
1	800001	—	805000	801,400
1	925001	—	930000	927,850
3	930001	—	935000	2,792,094

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2017

NO. OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
	From		To	
4	945001	—	950000	3,791,368
1	1055001	—	1060000	1,056,191
1	1160001	—	1165000	1,165,000
1	1215001	—	1220000	1,217,060
2	1230001	—	1235000	2,464,446
1	1270001	—	1275000	1,273,845
1	1615001	—	1620000	1,615,500
1	1630001	—	1635000	1,633,405
1	1645001	—	1650000	1,648,830
1	1655001	—	1660000	1,656,822
1	1735001	—	1740000	1,735,351
1	1860001	—	1865000	1,861,396
1	1880001	—	1885000	1,880,591
1	1905001	—	1910000	1,909,613
1	2075001	—	2080000	2,079,175
1	2125001	—	2130000	2,129,816
1	2140001	—	2145000	2,140,640
1	2180001	—	2185000	2,180,309
1	2275001	—	2280000	2,277,790
1	3560001	—	3565000	3,561,902
1	5225001	—	5230000	5,227,349
1424				56,040,000

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,379	49,533,275	88.38%
2	JOINT STOCK COMPANIES	-	-	-
3	FINANCIAL INSTITUTIONS	27	2,482,784	4.43%
4	INVESTMENT COMPANIES	-	-	-
5	INSURANCE COMPANIES	4	1,884,797	3.36%
6	FOREIGN INVESTORS	4	343,952	0.61%
7	BANK	2	1,892	0.01%
8	MODARABA	3	1,100	0.01%
9	LEASING	1	1,700	0.01%
10	MUTUAL FUND	4	1,790,500	3.19%
		1,424	56,040,000	100.00%

Following trade in shares by Directors, Executives and their spouses and minor children was made during the year;

Noor Jehan Bano - shares sold (23 January 2017)	965,000
Noor Jehan Bano - shares sold (30 January 2017)	500,000

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2017

NIT and ICP

1	National Investment (Unit) Trust		2,079,175
2	Investment Corporation of Pakistan		1,800
		2	<u>2,080,975</u>

Directors, CEO & their Spouses

1	Mr. Umer Haji Karim - Director		2,277,790
2	Mrs. Amina (W/o Mr. Umer Haji Karim)		930,694
3	Mr. Anwar Haji Karim - Chief Executive Officer		1,273,845
4	Mrs. Zeenat (W/o Mr. Anwar Haji Karim)		1,056,191
5	Mr. Yakoob Haji Karim - Director		2,140,640
6	Mrs. Shahida (W/o Mr. Yakoob Haji Karim)		947,848
7	Mr. Sajid Haroon - Director		1,656,822
8	Mrs. Akila (W/o Mr. Sajid Haroon)		930,700
9	Mr. Abid Umer - Director		1,861,396
10	Mr. Pir Mohammad A. Kaliya - Director		500
11	Mr. Noman Yakoob - Director		1,909,613
		11	<u>14,986,039</u>

Executives

Nil —

Public Sector Companies and Corporation

Nil —

Banks, Development Finance Institutions, Banking
Finance Institutions, Insurance Companies and Modarabas

35 2,291,298

Mutual Funds

	Safe Way Fund Limited		125,000
	CDC-Trustee AKD Opportunity Fund		500,000
	Golden Arrow Selected Stocks Fund Limited		1,165,000
	Asian Stock Funds Limited		500
		4	<u>1,790,500</u>

Individuals

34,891,188

Total 56,040,000

Shareholders holding 5% or more

Noor Jehan Bano	6.36%	3,561,902
Fawad Anwar	9.33%	5,227,349

Associated Companies, Undertakings and Related Parties

First Paramount Modaraba		100
--------------------------	--	-----

Pakistan Synthetics Limited

NOTICE OF MEETING

Notice is hereby given that the Thirty Second Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Thursday, 26 October 2017 at 2.30 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 Thirty First Annual General Meeting of the Company held on 26 October 2016.
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 2017.
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 transact any other business with permission of the Chair.

By the Order of the Board

Karachi
Dated: 21 September 2017

ANWAR HAJI KARIM
Chief Executive

NOTES:-

- The Shares Transfer Books of the Company will remain closed from Thursday 19 October 2017 to Thursday, 26 October 2017 (both days inclusive). Transfer received at the Registered Office of the Company at the close of business on 18 October 2017 will be treated in time to attend the Thirty Second Annual General Meeting of the Company.
- CDC members are requested to bring with them their CNIC along with Participant's ID numbers and their account numbers at the time of attending the meeting in order to facilitate identification of the respective members.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given either personally or by proxy or by attorney, and in case of a corporation by a representative duly authorized.
- The instrument of proxy, as per form attached, duly executed should be deposited at the Registered Office of the Company at least 48 hours before the time of the Thirty Second Annual General Meeting.
- The Shareholders are requested to notify the Company if there is any change in their addresses immediately.
- 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.

Pakistan Synthetics Limited

NOTICE OF MEETING

- *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.*
- *In accordance with the provisions of Section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated 1 August 2017, has presently waived this condition till 31 October 2017. Any dividend payable after this due date shall be paid in the manner prescribed only. All shareholders are requested to provide the details of their bank mandate specifying ; (i) title of account (ii) account number (iii) IBAN number (iv) bank name (v) branch name, code and address to the Company's Share Registrar, M/s Technology Trade (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned Participant / CDC.*

Pakistan Synthetics Limited

FORM OF PROXY

THIRTY SECOND 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 Thirty Second Annual General Meeting of the Company to be held on 26 October 2017 and / or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2017

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.

If undelivered please return to:

PAKISTAN SYNTHETICS LIMITED

Third Floor, Karachi Dock Labour Board Building,
58, West Wharf Road, Karachi-74000.