PAKISTAN
SYNTHETICS

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Report & Financial Information for the six months period ended 31 December 2014

Pakistan Synthetics Limited

Pakistan Synthetics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	UMER HAJI KARIM	CHAIRMAN- NON-EXECUTIVE
	ANWAR HAJI KARIM	CHIEF EXECUTIVE- EXECUTIVE
	YAKOOB HAJI KARIM	EXECUTIVE
	PIR MUHAMMAD A. KALIYA	NON-EXECUTIVE
	ABID UMER	NON-EXECUTIVE
	SAJID HAROON	NON-EXECUTIVE
	AAMIR AMIN	NON-EXECUTIVE
	FARAZ YOUNUS BANDUKDA	NON-EXECUTIVE

AUDIT COMMITTEE
AAMIR AMIN - CHAIRMAN
PIR MUHAMMAD A. KALIYA
ABID UMER

HUMAN RESOURCE AND REMUNERATION COMMITTEE
SAJID HAROON - CHAIRMAN
YAKOOB HAJI KARIM
ABID UMER

CHIEF FINANCIAL OFFICER
SALEEM ADVANI

COMPANY SECRETARY
MUBBASHIR AMIN

BANKERS
HABIB BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
BANK AL HABIB LIMITED
NATIONAL BANK OF PAKISTAN
MEEZAN BANK LIMITED
BANK OF PUNJAB LIMITED
ASKARI BANK LIMITED

AUDITORS
KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

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, KARACHI DOCK LABOUR BOARD
BUILDING, 58- WEST WHARF ROAD,
KARACHI-74000

FACTORY
F. 1, 2, 3, & F. 13, 14 & 15,
HUB INDUSTRIAL TRADING ESTATE,
DISTRICT LASBELLA, BALOCHISTAN

PACKAGING UNIT
PLOT # A-5, N.W.I.Z. PORT QASIM AUTHORITY,
KARACHI.

Pakistan Synthetics Limited

DIRECTORS' REPORT

The Board of Directors is pleased to present unaudited financial information for the half year ended 31 December 2014 to the shareholders of the Company.

OPERATING PERFORMANCE

During the period the Company has temporarily closed down fibre plant because of the ongoing adverse market situation and dumping of Chinese Fibre. The matter of dumping of Chinese fibre has been raised with National Tariff Commission on different occasions but the matter remains unresolved. Significance of the matter can be analyzed from huge losses incurred by all local fibre manufacturers of the country. After accounting for all circumstances, the Board decided to close the fibre plant temporarily till April 2015. Board will review the decision in April 2015.

During the period under review, the Company sold 2,791 tons of fibre as against 11,578 tons during the corresponding period last year. Further, the Company produced 143,430 as against 115,240 cartons of plastic and crown caps in the corresponding period last year and sold 125,888 as against 126,944 cartons in the corresponding period last year.

FINANCIAL RESULTS

During the period under review, the Company's gross turnover decreased to Rs. 1,129.38 million from Rs. 2,700.88 million during the corresponding period last year.

The Company earned gross profit of Rs. 51.19 million as compared to gross profit of Rs. 131.05 million in the corresponding period last year. The net loss was Rs. 72.35 million as against net loss of Rs. 9.75 million in the corresponding period last year.

Decrease in revenue is mainly attributable to adverse fibre market conditions and temporary closure of fibre plant during the period. Moreover, the Company has recorded loss of Rs. 38.66 million as at 31 December 2014 on account of revaluation of short term investment.

EARNING PER SHARE

The net loss per share for the period under review was Rs. 1.29 as compared to net loss per share of Rs. 0.17 in the corresponding period last year.

FUTURE OUTLOOK

Continued dumping of fibre by Chinese fibre producers has remained a big concern for local producers. Dumping of fibre has created a demand supply imbalance in the fibre market which has forced all suppliers to cut down their production significantly. The situation has become more worsen because of decreasing petroleum prices in international market resulting in steep decline in raw material and finished goods prices thereby leading to considerable inventory loss.

Packaging segment of the Company has been flourishing with time and we expect that the same will continue in next summer season.

Pakistan Synthetics Limited

DIRECTORS' REPORT

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Date: 25 February 2015

Karachi

ANWAR HAJI KARIM
CHIEF EXECUTIVE

Pakistan Synthetics Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Synthetics Limited** ("the Company") as at 31 December 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTER

The figures for the quarter ended 31 December 2014 and 31 December 2013 in the condensed interim financial information have not been reviewed by us and we do not express a conclusion on them.

Date: 25 February 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Pakistan Synthetics Limited

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
		(Rupees in '000)	
ASSETS			
Non-current assets			
Propery, plant and equipment	5	**1,075,249**	1,130,534
Long term loan to employees		**601**	848
Long term deposits		**924**	924
		1,076,774	1,132,306
Current assets			
Stores and spares		**202,760**	191,440
Stock-in-trade	6	**785,570**	937,031
Trade debts	7	**539,890**	762,130
Loan and advances		**7,934**	11,793
Short term deposits and prepayments		**708**	37
Investment		**160,633**	199,290
Other receivables		**23,728**	14,594
Taxation - net		**115,922**	88,533
Cash and bank balances		**3,588**	10,668
		1,840,733	2,215,516
Total assets		**2,917,507**	3,347,822
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital of 70,000,000 ordinary shares of Rs 10 each		**700,000**	700,000
Issued, subscribed and paid-up capital		**560,400**	560,400
General reserve		**292,450**	292,450
Unappropriated profit		**225,395**	313,702
		1,078,245	1,166,552
Non-current liabilities			
Long term finances	8	**205,212**	238,175
Staff retirement benefits		**24,233**	35,915
Deferred taxation-net		**38,046**	62,731
		267,491	336,821
Current liabilities			
Trade and other payables		**402,002**	710,519
Accrued markup		**15,531**	18,084
Short term borrowings		**996,091**	975,812
Current portion of long term finances		**158,147**	140,034
		1,571,771	1,844,449
Total equity and liabilities		**2,917,507**	3,347,822
Contingencies and Commitments	9		

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2014

	Note	Six months period ended		Quarter ended	
		31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
		(Rupees in '000)			
Gross sales		**1,129,382**	2,700,882	**294,077**	1,115,080
Brokerage, discounts and freight reimbursement		**(1,824)**	(7,750)	**(481)**	(3,640)
Sales tax		**(109,517)**	(134,799)	**(25,900)**	(49,841)
Net sales		**1,018,041**	2,558,333	**267,696**	1,061,599
Cost of sales		**(966,847)**	(2,427,280)	**(312,067)**	(1,013,045)
Gross profit		**51,194**	131,053	**(44,371)**	48,554
Selling and distribution expenses		**(22,225)**	(29,794)	**(7,079)**	(11,815)
Administration expenses		**(19,487)**	(22,147)	**(9,702)**	(12,012)
Other operating expenses		**(6,001)**	(29,798)	**10,843**	(11,043)
		(47,713)	(81,739)	**(5,938)**	(34,870)
Other income		**11,530**	1,449	**9,456**	661
Other loss		**(38,657)**	-	**(45,073)**	-
(Loss) / profit from operations		**(23,646)**	50,763	**(85,926)**	14,345
Financial charges		**(69,298)**	(65,727)	**(33,548)**	(34,779)
Loss before taxation		**(92,944)**	(14,964)	**(119,474)**	(20,434)
Taxation - net		**20,592**	5,213	**28,722**	7,095
Loss after taxation for the period		**(72,352)**	(9,751)	**(90,752)**	(13,339)
		(Rupee)			
Loss per share - basic and diluted		**(1.29)**	(0.17)	**(1.62)**	(0.24)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2014

	Six months period ended		Quarter ended	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	---------------(Rupees in '000)---------------			
Loss for the period	**(72,352)**	(9,751)	**(90,752)**	(13,339)
Items that will never be reclassified to profit or loss:				
Remeasurements of defined benefit liability	**-**	-	**-**	-
Related tax thereon	**-**	-	**-**	-
Total other comprehensive income - net of tax	**-**	-	**-**	-
Total comprehensive income for the period	**(72,352)**	(9,751)	**(90,752)**	(13,339)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2014

	Note	31 December 2014	31 December 2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(92,944)**	(14,964)
Adjustments for:			
Depreciation		**76,975**	68,697
Provision for staff gratuity		**2,486**	3,889
Gain on disposal of property, plant and equipment		**(1,375)**	(300)
Profit on saving and deposit accounts		**(8)**	(93)
Loss on revaluation of derivative financial liability		**6,736**	8,565
Unrealised loss on short term investment		**38,657**	-
Finance costs		**69,298**	65,727
Reversal of provision for doubtful debts		**(2,651)**	-
		97,174	131,521
Movement in:			
Stores and spares		**(11,320)**	(12,262)
Stock in trade		**151,461**	(46,117)
Trade debts		**224,891**	17,784
Loans and advances		**3,859**	(2,481)
Short term deposits and prepayments		**(671)**	781
Other receivables		**(9,134)**	(5,209)
Trade and other payables		**(315,841)**	(64,360)
Net cash generated from operations		**140,419**	19,657
Staff gratuity paid		**(14,168)**	(1,139)
Finance costs paid		**(71,851)**	(66,408)
Long term loans to employees		**247**	(69)
Taxes paid		**(31,483)**	(35,370)
Net cash generated from / (used in) operations activities		**23,164**	(83,329)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(24,309)**	(66,511)
Proceeds form disposal of property, plant and equipment		**3,994**	300
Profit on saving and deposit accounts		**8**	93
Net cash used in investing activities		**(20,307)**	(66,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(15,367)**	-
Short term foreign currency loan and money market loan paid - net of loans obtained		**95,617**	(242,541)
Long term finances repaid - net		**(14,850)**	(4,374)
Net cash generated from / (used in) financing activities		**65,400**	(246,915)
Net increase / (decrease) in cash and cash equivalents		**68,257**	(396,362)
Cash and cash equivalents at beginning of the period		**(415,555)**	(12,387)
Cash and cash equivalents at end of the period		**(347,298)**	(408,749)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		**3,588**	11,694
Short term borrowings		**(350,886)**	(420,443)
		(347,298)	(408,749)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2014

	Issued, subscribed and paid-up capital	Revenue reserve	Unappropriated profit	Total reserves	Total
	(Rupees in '000)				
Balances as at 1 July 2013	560,400	292,450	264,855	557,305	1,117,705
Loss for the period	—	—	(9,751)	(9,751)	(9,751)
Other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	(9,751)	(9,751)	(9,751)
Balance as at 31 December 2013	560,400	292,450	255,104	547,554	1,107,954
Balances as at 1 July 2014	560,400	292,450	313,702	606,152	1,166,552
Transactions with owners recorded directly in equity - distributions					
Final dividend for the year ended 30 June 2014 (Re.1 per share)	—	—	(15,955)	(15,955)	(15,955)
Loss for the period	—	—	(72,352)	(72,352)	(72,352)
Other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	(72,352)	(72,352)	(72,352)
Balance as at 31 December 2014	560,400	292,450	225,395	517,845	1,078,245

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2014

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on all the stock exchanges of Pakistan. The principal activity of the Company is manufacturing and sale of Polyester Staple Fiber and Crown and Plastic Caps. The registered office of the Company is situated at 3rd floor, K.D.L.B, building, 58, West Wharf, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2014.

The comparative Balance Sheet presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended 31 December 2013.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi Stock Exchange vide section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 December 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for derivatives, investments classified as 'held for trading' which are stated at fair value and the Company's liability under its defined benefit plan (gratuity) which is reported on the basis of present value of defined benefit obligations as determined by an independent actuary.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2014 except for adoption of below mentioned policies :

Financial Instruments

- At fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange or on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

- Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

3.2 **Amendments and interpretation to approved accounting standards effective during the period**

Certain amendments and interpretation to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

4.2 The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2014.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2014 except for the risk arisen owing to its investment in equity security, measured at fair value. Management does not consider that it will result in material exposure at reporting date.

5. PROPERTY, PLANT AND EQUIPMENT

	31 December 2014 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
Operating fixed assets	**1,061,358**	1,073,075
Capital work in process	**13,891**	57,459
	1,075,249	1,130,534

5.1 Following are the additions and disposals of property, plant and equipment during the current period:

	For the six months period ended	
	31 December 2014	31 December 2013
	(Rupees in '000)	
Additions / Transfers from CWIP :		
Plant and machinery	**67,877**	61,272
Vehicles	**-**	2,185
Furniture and equipment	**-**	195
Computer accessories	**-**	39
Capital work in process	**13,891**	2,820
	81,768	66,511
Disposal - cost		
Vehicles [written down value Rs. 2.619 million (2013: Nil)]	**9,716**	1,025

6. STOCK IN TRADE

	31 December 2014 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
Raw and packing materials [including in transit of Rs. 48.76 million (30 June 2014: Rs. 112.85 million)]	**596,729**	581,749
Write down of inventory to net realisable value	**(32,930)**	-
	563,799	581,749
Work in process	**24,154**	49,607
Finished goods [including in transit of Rs. 36.40 million (30 June 2014: Nil)]	**211,598**	323,886
Write down of inventory to net realisable value	**(6,973)**	(11,292)
Provision for slow moving and obsolete stock	**(7,008)**	(6,919)
	197,617	305,675
	785,570	937,031

7. TRADE DEBTS

		31 December 2014 (Unaudited)	30 June 2014 (Audited)
		(Rupees in '000)	
Considered good - secured	*7.1*	**3,032**	11,767
- unsecured	*7.2*	**536,858**	750,363
		539,890	762,130
Considered doubtful		**102,752**	105,403
		642,642	867,533
Provision for doubtful debts		**(102,752)**	(105,403)
		539,890	762,130

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

7.2 The amount due from associated undertaking as at 31 December 2014 was Rs. 32.883 million (30 June 2014: Rs. 50.957 million) including markup of Rs. 3.93 million (30 June 2014: Rs. 3.26 million). The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs. 56.725 million (six months period ended 31 December 2013: Rs. 84.106 million).

8. LONG TERM FINANCES

Long term finances utilised under diminishing musharka	**363,359**	378,209
Current portion of long term finances shown under current liabilities	**(158,147)**	(140,034)
	205,212	238,175

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

Bank Al-Habib Limited - Islamic Banking Division	*8.1*	**218,750**	281,250
Meezan Bank Limited	*8.2*	**58,126**	58,126
Askari Bank Limited - Islamic Banking Services	*8.3*	**86,483**	38,833
		363,359	378,209

8.1 This represents Diminishing Musharka arrangement with Bank Al-Habib Limited - Islamic Banking Division (an associated banking company). It carries profit at the rate of 6 months average KIBOR + 1% per annum with a floor of 10% per annum and cap of 20% per annum and is payable on quarterly basis. The tenor of facility is five years with grace period of 12 months from the date of draw down. The principal is payable in 16 equal quarterly instalments. The tenth installment of principal amounting to Rs. 31.250 million is due in March 2015. This facility is secured against registered hypothecation charges over specific plant and machinery of plastic and crown caps project.

8.2 This represents Diminishing Musharka arrangement entered with Meezan Bank Limited It carries profit at the rate of 6 months average KIBOR + 0.5% per annum with a floor of 6% per annum and cap of 24% per annum and is payable on semi-annually basis. The tenor of facility is five years with grace period of 12 months from the date of draw down. The principal is payable in 8 equal semi-annually installments with the first installment due in April 2015. This facility is secured against registered hypothecation charges over specific and general plant and machinery of plastic and crown caps project.

8.3 This represents two Diminishing Musharka arrangements entered with Askari Bank Limited - Islamic Banking Services. Both facility carries profit at the rate of 3 months average KIBOR + 0.5% per annum with a floor of 6% per annum and cap of 24% per annum and is payable on quarterly basis in arrears. The tenor of both facility is five years from the date of draw down. The principal is payable in 20 equal quarterly installments. The facilities are secured against registered hypothecation charges over specific plant and machinery of plastic and crown caps project.

9. CONTINGENCIES AND COMMITMENTS

9.1 As per the Gas infrastructure and Development Cess Act 2011 (the Act), certain companies as specified in the Act (including Sui Southern Gas Company Limited) shall collect and pay Gas Infrastructure and Development Cess (GID Cess) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the company.

Through Finance Bill 2012 – 2013, an amendment was made to the Act whereby the rate of GID Cess applicable on Pakistan Synthetics Limited was increased to Rs. 50 per MMBTU. On 3 August 2012, the Company filed a suit bearing number 865/2012 wherein it has impugned the Act on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh at Karachi vide its ad-interim order dated 6 September 2012 has restrained Sui Southern Gas Company Limited from charging GID Cess above Rs. 13 per MMBTU. On 31 Dec 2013 The Ministry of Petroleum and Natural Resources, Government of Pakistan via S.RO. 1091V (I) increased the GID Cess applicable to Rs. 100 per MMBTU with immediate effect.

The Peshawar High Court vide order dated 13 June 2013 declared that the provisions of the Act imposing, the impugned cess, ultra vires and unconstitutional and the same position was upheld by the Supreme Court of Pakistan vide its order dated 22 August 2014.

During the six months period ended 31 December 2014, the Federal Government promulgated GID Cess Ordinance 2014 imposing GID Cess at Rs. 200 per MMBTU for captive power plants and Rs. 150 per MMBTU for industrial units. The Company filed a constitutional petition on the basis that GID Cess Act 2011 should be dealt in accordance with the decision of Supreme Court. The Ordinance included the application of GID Cess as defined in the Act. In view of Supreme Court's order declaring the application of the Act as unconstitutional and ultra vires, the Company has not recorded the differential of GID Cess at the stipulated rate per MMBTU amounting to Rs. 56.05 million in this condensed interim financial information.

9.2 The facilities for opening letter of guarantees from an associated banking company amounted to Rs. 100 million. Bank guarantees amounting to Rs. 76.891 million (30 June 2014: Rs. 73.994 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills and others.

9.3 The Company has facilities of Rs. 2,150 million (30 June 2014: Rs. 2,208 million) for opening letters of credit including Rs. 1,100 million from an associated banking company (30 June 2014: Rs. 1,100 million). At 31 December 2014, the open letters of credits amounted to Rs. 497.998 million (30 June 2014: Rs. 482.348 million) including Rs. 236.649 million from an associated banking company (30 June 2014: Rs. 382.867 million).

9.4 The facilities disclosed in notes 9.2 and 9.3 are secured by way of export bills sent to collection documents of title to goods consigned to the Company, Banker's acceptance and Accepted Draft.

9.5 The aggregate unavailed facility against short term borrowings as at 31 December 2014 is Rs. 103.91 million (30 June 2014 : Rs. 124.19 million).

10. RELATED PARTY TRANSACTIONS

The related parties comprise of entities over which the Company is able to exercise significant influence, entities with common directors, major shareholders, staff retirement benefits, directors and key management personnel. Transactions with related parties are entered into at commercial terms, as per the terms of employment and actuarial advice, as the case may be. However, where balances with an associated company on account of sale of goods exceeds credit period markup thereon is charged. Details of transactions with and balances from / to related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information are as follows:

Related party transactions:	Six months period ended	
	31 December 2014	31 December 2013
	(Rupees in '000)	
Associated company		
Sales of goods	**40,851**	73,319
Markup charged	**671**	1,056
Key management personnel compensation		
Managerial remuneration	**9,729**	13,156
Others	**9,448**	11,407
Associated banking company		
Bank collection charges paid	**158**	71
Bank guarantee commission	**92**	94
Discounting and documentation charges	**100**	-
Mark up on long term finance	**14,538**	19,656
Interest income on bank deposits	**8**	93
Mark up on short term import finance under markup arrangement	**4,236**	839
Mark up on short term borrowings	**23,206**	20,628

Balances:	31 December 2014 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
Associated banking company		
Current account balance	**60**	923
Saving account balance	**53**	18
Long term finance	**218,750**	281,250
Short term borrowings	**847,151**	826,871
Accrued markup	**8,969**	12,820

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

11. OPERATING SEGMENTS

11.1 Segment results

	Polyester Staple Fibre		Crown and Plastic caps		Total	
	Six months period ended 31 December 2014	Six months period ended 31 December 2013	**Six months period ended 31 December 2014**	Six months period ended 31 December 2013	**Six months period ended 31 December 2014**	Six months period ended 31 December 2013
	------ (Rupees in '000) ------					
External revenues-net	**423,135**	1,997,897	**594,906**	560,436	**1,018,041**	2,558,333
Reportable segment (loss) / profit before tax	**(106,444)**	17,410	**61,264**	10,503	**(45,180)**	27,913

	Polyester Staple Fibre		Crown and Plastic caps		Total	
	Quarter ended 31 December 2014	Quarter ended 31 December 2013	**Quarter ended 31 December 2014**	Quarter ended 31 December 2013	**Quarter ended 31 December 2014**	Quarter ended 31 December 2013
	------ (Rupees in '000) ------					
External revenues-net	**130,793**	869,587	**136,903**	192,012	**267,696**	1,061,599
Reportable segment (loss) / profit before tax	**(78,888)**	20,909	**6,085**	(20,933)	**(72,803)**	(24)

Reconciliation of reportable segment profit or loss is as follows:

	Six months period ended 31 December 2014	Six months period ended 31 December 2013	**Quarter ended 31 December 2014**	Quarter ended 31 December 2013
	------ (Rupees in '000) ------			
Total profit or (loss) for reportable segments before tax	**(45,180)**	27,913	**(72,803)**	(24)
Unallocated finance cc	**(15,717)**	(14,528)	**(10,237)**	(10,028)
Unallocated other expenses	**(223)**	(29,798)	**1,805**	(11,043)
Unallocated other income	**6,833**	1,449	**6,834**	661
Unallocated other loss	**(38,657)**	-	**(45,073)**	-
Taxation	**20,592**	5,213	**28,722**	7,095
Loss after tax	**(72,352)**	(9,751)	**(90,752)**	(13,339)

11.2 Segment assets

	Polyester Staple Fibre		Crown and Plastic caps		Total	
	As at 31 December 2014 (Unaudited)	As at 30 June 2014 (Audited)	**As at 31 December 2014 (Unaudited)**	As at 30 June 2014 (Audited)	**As at 31 December 2014 (Unaudited)**	As at 30 June 2014 (Audited)
	------ (Rupees in '000) ------					
Segment assets	**1,071,178**	1,321,247	**1,541,857**	1,713,490	**2,613,035**	3,034,737
Segment liabilities	**225,858**	517,003	**1,182,804**	1,431,808	**1,408,662**	1,948,811

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

	31 December 2014 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
Total assets for reportable segments	**2,613,035**	3,034,737
Unallocated assets	**304,472**	313,085
Total assets as per balance sheet	**2,917,507**	3,347,822

12. DATE OF AUTHORISATION

This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on 25 February 2015.

ANWAR HAJI KARIM
Chief Executive

YAKOOB HAJI KARIM
Director

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