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**Report & Financial Information for
the 1st Quarter ended 30 September 2011**

Pakistan Synthetics Limited

Pakistan Synthetics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	EBRAHIM HAJI KARIM - CHAIRMAN UMER HAJI KARIM - CHIEF EXECUTIVE ANWAR HAJI KARIM YAKOOB HAJI KARIM PIR MUHAMMAD A. KALIYA ABID UMER SAJID HAROON AAMIR AMIN - NIT
AUDIT COMMITTEE	YAKOOB HAJI KARIM - CHAIRMAN PIR MUHAMMAD A. KALIYA ABID UMER
CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY	MUBBASHIR AMIN
BANKERS	HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED BANK AL HABIB LIMITED NATIONAL BANK OF PAKISTAN MEEZAN BANK LIMITED MCB BANK LIMITED
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS
REGISTRAR	TECHNOLOGY TRADE (PVT.) LTD. DAGIA HOUSE, 24-C, BLOCK-2, PECHS, OFF: SHAHRAH-E-QUAIDEEN, KARACHI.
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE
REGISTERED OFFICE	3RD FLOOR, KARACHI DOCK LABOUR BOARD BUILDING, 58- WEST WHARF ROAD, KARACHI-74000
FACTORY	F. 1, 2, 3, & F. 13, 14 & 15, HUB INDUSTRIAL TRADING ESTATE, DISTRICT LASBELLA, BALOCHISTAN PACKAGING UNIT PLOT # A-5, N.W.I.Z. PORT QASIM AUTHORITY, KARACHI.

Pakistan Synthetics Limited

DIRECTORS' REPORT

The Board of Directors is pleased to present un-audited financial statements for the 1st quarter ended 30 September, 2011 to the shareholders of the Company.

OPERATING PERFORMANCE

During the period under review the Company produced 6,855 M.tons of Polyester Staple Fibre as against 6,730 M.tons produced during the corresponding period last year. The Company sold 5,770 M.tons of PSF as against 6,265 M.tons during the corresponding period last year. Further, the Company has started production of plastic caps.

FINANCIAL RESULTS

During the quarter under review, the Company's gross turnover increased to Rs. 1,033.42 million from Rs. 849.56 million during the corresponding period last year.

The Company earned gross profit of Rs. 66.86 million as compared to gross profit of Rs. 104.80 million in the corresponding period last year. The net profit was Rs. 34.43 million as against net profit of Rs. 41.54 million in the corresponding period last year.

EARNING PER SHARE

The net earning per share for the quarter under review was Re. 0.61 as compared to net earning per share of Re.0.74 in the corresponding period last year.

FUTURE OUTLOOK

The prices of the raw material of the fibre have started declining which would reduce the cost of the production of fibre. It will have positive impact on the earning of the Company.

Further, the production of packaging division has started and will have a positive impact on the earnings of the Company by the end of the current financial year.

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: 27th October, 2011

Karachi.

UMER HAJI KARIM
CHIEF EXECUTIVE

Pakistan Synthetics Limited

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2011

EQUITY AND LIABILITIES	30 September	30 June
	Note	2011
	(Unaudited)	(Audited)
Share capital and reserves		
		(Rupees in '000)
Authorised share capital 70,000,000 ordinary shares of Rs 10 each	700,000	700,000
Issued, subscribed and paid-up capital	560,400	560,400
Revenue reserve	292,450	292,450
Accumulated profit	236,390	314,036
	1,089,240	1,166,886
Non-current liabilities		
Long term diminishing musharika	300,000	—
Staff retirement benefits	24,932	25,617
Deferred tax liability	97,391	89,184
Current liabilities		
Trade and other payables	575,551	271,979
Accrued markup	9,611	2,382
Short-term borrowings - secured	786,665	1,088,371
	1,371,827	1,362,732
Total equity and liabilities	2,883,391	2,644,419
ASSETS		
Non-current assets		
Property, plant and equipment	5 1,203,781	1,154,708
Long term loans and advances	1,353	186
Long-term deposits	924	924
Total non current assets	1,206,058	1,155,818
Current assets		
Stores and spares	6 164,600	154,554
Stock-in-trade	7 767,127	526,186
Trade debts	8 512,796	337,851
Loans and advances	7,423	3,613
Short term prepayments	717	17
Other receivables	119,779	75,932
Taxation - net	12,825	1,521
Cash and bank balances	92,066	388,927
	1,677,333	1,488,601
Total assets	2,883,391	2,644,419
Contingencies and commitments	9	

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

UMER HAJI KARIM
Chief Executive

ANWAR HAJI KARIM
Director

MUBBASHIR AMIN
Chief Financial Officer

Pakistan Synthetics Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

	30 September 2011	30 September 2010
 (Rupees in '000)	
Gross sales	1,033,415	849,564
Brokerage, discounts and freight reimbursement	<u>(6,109)</u>	<u>(18,167)</u>
Net sales	1,027,306	831,397
Cost of Sales	<u>(960,444)</u>	<u>(726,600)</u>
Gross profit	66,862	104,797
Selling and distribution expenses	<u>(4,808)</u>	<u>(3,775)</u>
Administration expenses	<u>(8,327)</u>	<u>(36,324)</u>
Other operating expenses	<u>(3,979)</u>	<u>(6,268)</u>
	(17,114)	(46,367)
Other operating income	<u>21,568</u>	<u>5,593</u>
Operating profit before finance cost	71,316	64,023
Finance cost	<u>(18,341)</u>	<u>(118)</u>
Profit before tax	52,975	63,905
Taxation	<u>(18,541)</u>	<u>(22,367)</u>
Profit after tax for the period	<u>34,434</u>	<u>41,538</u>
 (Rupee)	
Earnings per share - basic and diluted	<u>0.61</u>	<u>0.74</u>

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

 (Rupees in '000)	
Profit after tax for the period	34,434	41,538
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>34,434</u>	<u>41,538</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

UMER HAJI KARIM
Chief Executive

ANWAR HAJI KARIM
Director

MUBBASHIR AMIN
Chief Financial Officer

Pakistan Synthetics Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

	Note	30 September 2011	30 September 2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		52,975	63,905
Adjustment for:			
Adjustments for non cash charges and other items			
- Depreciation		51,719	27,427
- Charge for staff retirement benefits		1,625	1,500
- Profit on saving and deposit accounts		(2,242)	(3,606)
- Profit on disposal of property, plant and equipment		—	(200)
- Finance cost		18,341	118
- Provision for doubtful debts		—	30,000
		122,418	119,144
Movement in:			
Working Capital			
- Stores and spares		(10,046)	(4,213)
- Stock in trade		(240,941)	(63,463)
- Trade debts		(174,945)	(64,321)
- Loans and advances		(3,810)	1,544
- Short term prepayments		(700)	(3,579)
- Other receivables		(43,847)	5,802
- Trade and other payables		191,492	(132,189)
Net cash generated form operations		(160,379)	(141,275)
Staff retirement benefits paid		(2,310)	(1,511)
Finance cost paid		(11,112)	(40)
Long-term loans and advances		(1,167)	341
Taxes paid		(21,637)	(5,743)
Net cash flows from operating activities		(196,605)	(148,228)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(100,792)	(2,585)
Sales proceeds of motor vehicle		—	200
Profit on saving and deposit accounts received		2,242	3,606
Net cash flows from investing activities		(98,550)	1,221
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		—	(29)
Long term loan obtained		300,000	—
		300,000	(29)
Net increase in cash and cash equivalents		4,845	(147,036)
Cash and cash equivalents at beginning of the period		(699,444)	173,384
Cash and cash equivalents at the end of the period	10	(694,599)	26,348

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

UMER HAJI KARIM
Chief Executive

ANWAR HAJI KARIM
Director

MUBBASHIR AMIN
Chief Financial Officer

Pakistan Synthetics Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

	Issued, subscribed and paid-up capital	Revenue reserve	Accumulated profit	Total
	(Rupees in '000)			
Balance as at 30 June 2010	560,400	292,450	27,732	880,582
Total comprehensive income for the period - profit for the period	—	—	41,538	41,538
Balance as at 30 September 2010	560,400	292,450	69,270	922,120
Total comprehensive income for the nine months period - profit for the period	—	—	244,766	244,766
Balance as at 30 June 2011	560,400	292,450	314,036	1,166,886
Final dividend for the year ended 30 June 2011 (Rs. 2 per share)	—	—	(112,080)	(112,080)
Total comprehensive income for the period - profit for the period	—	—	34,434	34,434
Balance as at 30 September 2011	560,400	292,450	236,390	1,089,240

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

UMER HAJI KARIM
Chief Executive

ANWAR HAJI KARIM
Director

MUBBASHIR AMIN
Chief Financial Officer

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

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 fibre, crown caps and plastic caps. The registered office of the Company is situated in Karachi.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2011

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2011.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

were applied to the financial statements as at and for the year ended 30 June 2011.

4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

5. PROPERTY, PLANT AND EQUIPMENT	30 September 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited)
Operating assets	1,139,893	972,801
Capital work in progress (including advance of Rs. 30.95 (June 2011: Rs. 25.537) million for civil work)	<u>63,888</u>	<u>181,907</u>
	<u>1,203,781</u>	<u>1,154,708</u>

	Additions		Disposal/Transfer	
	30 September 2011	2010	30 September 2011	2010
	(Unaudited) (Rupees in '000)			
- <i>Operating assets</i>				
Plant and machinery	209,025	1,900	—	—
Vehicles	9,084	685	—	351
Furniture and equipments	682	—	—	—
Computer Accessories	20	—	—	—
- <i>Capital work in progress</i>	32,971	—	150,990	—
	<u>251,782</u>	<u>2,585</u>	<u>150,990</u>	<u>351</u>

6. STORES AND SPARES	30 September 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited)
Stores and spares [including in transit stores and spares amounting to Rs. 14.162 million (30 June 2011: Rs.3.709 million)]	201,103	191,057
Provision for slow moving and obsolete items	<u>(36,503)</u>	<u>(36,503)</u>
	<u>164,600</u>	<u>154,554</u>

7. STOCK-IN-TRADE	30 September 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited)
Raw and Packing materials [including in transit of Rs. 3.510 million (30 June 2011: Rs.1.88 million)]	460,744	417,960
Work-in-process	20,013	11,012
Finished goods	<u>286,370</u>	<u>97,214</u>
	<u>767,127</u>	<u>526,186</u>

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

8. TRADE DEBTS	30 September 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited)
Considered good - secured	49,875	90,928
- unsecured	<u>462,921</u>	<u>246,923</u>
	512,796	337,851
Considered doubtful	<u>99,410</u>	<u>99,410</u>
	612,206	437,261
 Provision for doubtful debts	 (99,410)	 (99,410)
	<u>512,796</u>	<u>337,851</u>
 9. CONTINGENCIES AND COMMITMENTS		
<i>- Contingencies</i>		
Bank Guarantee in favour of Sui Sothern Gas Company Limited	<u>56,547</u>	<u>45,677</u>
<i>- Commitments</i>		
Letters of credit for raw materials	<u>437,817</u>	<u>174,640</u>
 10. CASH AND CASH EQUIVALENTS		
	30 September 2011 (Rupees in '000)	30 September 2010
Cash and bank balances	92,066	83,669
Short term borrowings - secured	<u>(786,665)</u>	<u>(57,321)</u>
	<u>(694,599)</u>	<u>26,348</u>

Pakistan Synthetics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

11. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated companies, directors and key management personnel. Remuneration to key management personnel is paid according to terms of their employment. Transaction with associated companies are carried out under normal commercial terms. Transactions with related parties during the 1st quarter ended 30 September 2011 are as follows:

	1st quarter ended	
	30 September 2011	30 September 2010
	(Rupees in '000)	
Associate company		
Sale of goods	129,610	9,672
Current account balance (bank)	1,724	—
Saving account balance (bank)	86,868	—
Foreign currency loan	786,665	—
Long term loan obtained	300,000	—
Interest income on bank deposits	2,242	3,606
Markup on foreign currency loan	13,656	78
Markup on long term loan	2,248	—

12. DATE OF AUTHORISATION

This condensed interim financial information were authorized for issue by the Board of Directors in their meeting held on 27 October 2011.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

UMER HAJI KARIM
Chief Executive

ANWAR HAJI KARIM
Director

MUBBASHIR AMIN
Chief Financial Officer

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