

Synthetic Products Enterprises Limited



ISO 9001-2008 & 14001-2004 Certified

Condensed Interim Financial Information
For the nine months and quarter ended 31 March 2015



Synthetic Products Enterprises Limited

Table of Contents

Corporate

Company Information	03
Directors' Review.....	04

Condensed Interim Unconsolidated Financial Information

Condensed Interim Unconsolidated Balance Sheet	08
Condensed Interim Unconsolidated Profit and Loss Account	10
Condensed Interim Unconsolidated Statement of Comprehensive Income.....	11
Condensed Interim Unconsolidated Statement of Changes in Equity.....	12
Condensed Interim Unconsolidated Cash Flow Statement.....	13
Selected Notes to the Condenses Unconsolidated Interim Financial Information	14

Condensed Interim Consolidated Financial Information

Condensed Interim Consolidated Balance Sheet	20
Condensed Interim Consolidated Profit and Loss Account.....	22
Condensed Interim Consolidated Statement of Comprehensive Income.....	23
Condensed Interim Consolidated Statement of Changes in Equity.....	24
Condensed Interim Consolidated Cash Flow Statement	25
Selected Notes to the Condenses Consolidated Interim Financial Information.....	26

Synthetic Products Enterprises Limited

Company Information

The Board of Directors

Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	CEO
Dr. S. M. Naqi	Director
Mr. Raza Haider Naqi	Director
Mr. Sheikh Naseer Hyder	Director
Mr. Muhammad Tabassum Munir	Director
Mr. Abid Saleem Khan	Director

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Cornelius Lane and Mufti
Advocates & Solicitors

Share Registrar

THK Associates (Private) Limited
2nd Floor, State Life Building # 3,
Dr. Ziauddin Ahmed Road, Karachi, Pakistan.
Phone: +92 (21) 111-000-322
Email: secretariat@thk.com.pk

Company Secretary & CFO

Mr. Khalil Ahmad Hashmi (ACA)

Audit Committee

Mr. Muhammad Tabassum Munir	Committee Chairman
Dr. S. M. Naqi	Member
Mr. Almas Hyder	Member
Mr. Sheikh Naseer Hyder	Member

Bankers

Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Allied Bank Limited
United Bank Limited
Meezan Bank Limited
Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited

HR & R Committee

Mr. Almas Hyder	Committee Chairman
Dr. S. M. Naqi	Member
Mr. Zia Hyder Naqi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Abid Saleem Khan	Member

Registered Office

127-S, Quid-e-Azam Industrial Estate,
Kot Lakhpat, Lahore.
Ph: 042-111-005-005
Fax: 042-35118507

Website

www.spelgroup.com

Synthetic Products Enterprises Limited

For the nine months and quarter ended 31 March 2015

Directors' Review of the Condensed Interim Financial Information

We are pleased to present your Company's un-audited consolidated financial information for the nine months and quarter ended 31 March 2015.

Financial Analysis

	Nine Months Ended		Quarter Ended	
	31 March 2015 Rupees	31 March 2014 Rupees	31 March 2015 Rupees	31 March 2014 Rupees
Sales -net	1,482,301,060	1,113,243,500	543,302,436	437,461,582
Cost of sales	1,172,230,218	880,203,529	418,355,310	324,054,396
Gross profit	310,070,842	233,039,971	124,947,126	113,407,186
Operating profit	214,891,015	153,678,884	91,699,893	82,786,647
Profit after taxation	140,581,400	81,396,422	59,342,999	50,825,059
EPS - Basic and diluted	2.26	1.40	0.95	0.88

Sales:

The sales revenue for the nine months stood at Rs. 1,482 million registering a growth of 33% compared to same period last year.

Gross Profit:

Our gross profit of the nine months increased by Rs. 77 million compared to the profit of same period last year mainly due to higher sales and production efficiencies.

Operating Profit:

The operating profit for the nine months under review reached Rs. 215 million registering a growth of 40% as compared to same period last year this was achieved with effective cost management.

Net Profit after tax:

Our net profit after tax increased to Rs. 141 million registering a growth of 73% vs the net profit of the same period last year

To cater to the growing market demand, we invested Rs. 153 million in the fixed assets. The investment helped us achieve higher production levels and lower the cost. Significant amount has also been spent on better technologies to increase capacity and to ensure timely delivery to our customers.

Earnings per share:

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares was calculated as per requirements of "International Accounting Standard 33 - Earnings per Share".

Synthetic Products Enterprises Limited

For the nine months and quarter ended 31 March 2015

Initial Public Offering:

During the period under review, the Company decided to enlist its shares on all the three stock exchanges in Pakistan by way of an Initial Public Offer (IPO). The total size of the issue was 19,325,000 shares out of which 75% shares were offered to the institutional investors & high net worth individuals and remaining 25% were offered to the general public.

The Company adopted the book building mechanism for determining the price of its shares. The strike price of the share was Rs. 30 per share. The Company received an overwhelming response by the investors. The book building portion was oversubscribed by 1.4 times whereas the general public portion was oversubscribed by 2.18 times, which shows a strong confidence of the investors in the Company.

Future outlook

Pakistan's political situation and the economy is causing some concerns but there are still inherent strengths in the economy and the fundamentals of the country are good. We are positive on the stability of our markets and the ability of Company's management to develop strategies to maintain the pattern of growth.

The Company has built a blue-chip clientele which provide natural growth as the clients grow. The Company focuses on horizontal growth also by developing and adding new product lines.

Acknowledgement

We are pleased to acknowledge that the relation with employees remained congenial throughout the period. The management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work without which this performance could not have been possible.

We would also like to appreciate our valuable customers for their continued support and reliance on our products and quality. The support extended by our financial institutions is also encouraging for us, and we extend our gratitude to them.



Almas Hyder
Chairman



Zia Hyder Naqi
Chief Executive Officer

Place: Lahore
24 April 2015

**Synthetic Products
Enterprises Limited**

Condensed interim unconsolidated financial information

For the nine months and quarter ended 31 March 2015

Synthetic Products Enterprises Limited

Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 March 2015

	<i>Note</i>	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		773,500,000	580,000,000
Share Premium		348,868,196	-
Accumulated profit		120,895,921	18,989,521
		1,243,264,117	598,989,521
Surplus on revaluation of land		226,943,081	226,943,081
<u>Non-Current liabilities</u>			
Long term finance - secured	5	6,674,298	11,679,995
Diminishing musharika - secured	6	13,920,156	22,467,360
Liabilities against assets subject to finance lease		50,863,904	40,943,933
Deferred taxation		123,334,475	121,617,088
		194,792,833	196,708,376
<u>Current liabilities</u>			
Trade and other payables		128,306,665	82,922,668
Short term running finance - secured		164,533,815	82,950,686
Short term FATRs/Murabahas- secured		246,998,177	279,877,997
Current maturity of non-current liabilities		66,583,611	51,955,797
Accrued markup		5,590,503	4,103,912
Provision for taxation		25,976,640	34,447,918
		637,989,411	536,258,978
Contingencies and commitments	7	2,302,989,442	1,558,899,956

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 March 2015

ASSETS	Note	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
<u>Non-current assets</u>			
Property, plant and equipment	8	976,640,831	873,185,121
Intangible asset		4,508,795	5,368,325
Advance for purchase of shares		4,000,000	9,900,020
Long term investments	9	10,396,366	4,496,346
Long term deposits		20,851,668	12,621,192
		1,016,397,660	905,571,004
<u>Current assets</u>			
Stores, spares and loose tools		13,124,831	9,666,099
Stock-in-trade		281,616,456	250,407,056
Trade debts - unsecured, considered good		233,285,873	185,227,576
Income tax refund due from Government		80,833,185	73,968,469
Advance income tax		23,480,381	41,312,634
Advances, deposits, prepayments and other receivables		62,760,195	13,844,091
Short term investments		580,500,000	-
Cash and bank balances		10,990,861	78,903,027
		1,286,591,782	653,328,952
		2,302,989,442	1,558,899,956

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the nine months and quarter ended 31 March 2015

Note	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
Sales -net	10 1,482,301,060	1,113,243,500	543,302,436	437,461,582
Cost of sales	(1,172,230,218)	(880,203,529)	(418,355,310)	(324,054,396)
Gross profit	310,070,842	233,039,971	124,947,126	113,407,186
Administrative expenses	(68,026,956)	(54,046,639)	(22,758,461)	(17,511,085)
Selling and distribution expenses	(27,657,780)	(26,805,395)	(13,275,400)	(10,339,629)
Other expenses	(13,011,940)	(8,044,723)	(5,281,726)	(4,333,684)
	(108,696,676)	(88,896,757)	(41,315,587)	(32,184,398)
Other income	13,516,849	9,535,670	8,068,354	1,563,859
Operating profit	214,891,015	153,678,884	91,699,893	82,786,647
Finance cost	11 (46,615,588)	(36,987,058)	(14,827,807)	(12,947,992)
Profit before taxation	168,275,427	116,691,826	76,872,086	69,838,655
Taxation	(27,694,027)	(35,295,404)	(17,529,087)	(19,013,596)
Profit after taxation	140,581,400	81,396,422	59,342,999	50,825,059
Earnings per share - Basic and diluted	12 2.26	1.40	0.95	0.88

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the nine months and quarter ended 31 March 2015

	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	140,581,400	81,396,422	59,342,999	50,825,059
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	140,581,400	81,396,422	59,342,999	50,825,059

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the nine months ended 31 March 2015

	Share capital	Rupees	Capital reserve		Revenue reserve	
			Advance against share capital	Rupees	Share premium	Rupees
Balance as at 1 July 2013 -audited	412,274,830		-	-	106,009,660	518,284,490
Total comprehensive income for the period	-		-	-	81,396,422	81,396,422
Balance as at 31 March 2014 - un-audited	412,274,830				187,406,082	599,680,912
Balance as at 1 July 2014 -audited	580,000,000		-	-	18,989,521	598,989,521
Total comprehensive income for the period	-		-	-	140,581,400	140,581,400
Advance received during the period	193,500,000		580,500,000	-	-	580,500,000
Shares issued during the period	-		(193,500,000)	-	-	-
Share premium	-		(387,000,000)	387,000,000	-	-
Expenses incurred on issuance of shares	-		-	(38,131,804)	-	(38,131,804)
Dividend paid during the period	-		-	-	(38,675,000)	(38,675,000)
Balance as at 31 March 2015- unaudited	773,500,000				348,868,196	120,895,921
						1,243,264,117

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months ended 31 March 2015

	Note	31 March 2015 Rupees	31 March 2014 Rupees
<u>Cash flow from operating activities</u>			
Profit before taxation		168,275,427	116,691,826
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment		51,449,952	44,398,794
Amortization on intangible asset		859,530	1,006,561
Loss on disposal of property, plant and equipment		1,343,478	-
Finance cost		46,615,588	36,987,058
Provision for Workers Profit Participation Fund & Workers Welfare Fund		11,668,463	8,044,723
		111,937,077	90,437,136
Cash generated from operations before working capital changes		280,212,438	207,128,962
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(3,458,732)	(12,213,520)
Stock-in-trade		(31,209,400)	(19,146,208)
Trade debts		(48,058,297)	51,362,263
Advances, deposits, prepayments and other receivable		(48,916,104)	(53,895,158)
<i>Increase in current liabilities:</i>			
Trade and other payables		45,838,290	17,380,359
		(85,804,243)	(16,512,264)
Cash generated from operations		194,408,195	190,616,698
WPPF and WWF paid		(12,122,756)	(4,492,792)
Taxes paid		(23,480,382)	(18,328,864)
Net cash generated from operating activities		158,805,057	167,795,042
<u>Cash flow from investing activities</u>			
Capital expenditure		(107,484,208)	(61,765,171)
Short term investments		(580,500,000)	-
Proceeds from disposal of property, plant and equipment		5,117,846	-
Increase in long term deposits		(8,230,476)	(18,583,370)
Net cash used in investing activities		(691,096,838)	(80,348,541)
<u>Cash flow from financing activities</u>			
Liabilities against assets subject to finance lease repaid		(35,851,073)	(33,103,746)
Long term finance obtained		-	20,022,858
Cash received against issuance of shares		580,500,000	-
Expenses incurred on issuance of shares		(38,131,804)	-
Dividend paid		(38,675,000)	-
Repayment of long term finance- secured		(5,561,900)	-
Repayment of diminishing musharika- secured		(1,474,920)	-
(Decrease) / Increase in short term borrowings		(32,879,820)	1,967,955
Finance cost paid		(45,128,997)	(40,682,398)
Net cash generated from / (used in) financing activities		382,796,486	(51,795,331)
Net (decrease) / increase in cash and cash equivalents		(149,495,295)	35,651,170
Cash and cash equivalents at the beginning of the year		(4,047,659)	(53,693,119)
Cash and cash equivalents at the end of the year	13	(153,542,954)	(18,041,949)

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the nine months ended 31 March 2015

1 Reporting entity

Synthetic Products Enterprises Limited ("the Company") was incorporated in Pakistan on 16 May 1982 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a private limited company. The Company converted into public limited company on 21 July 2008. The Company is listed on all the three stock exchanges of Pakistan. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. It is principally engaged in the manufacturing and sale of plastic packaging for food and FMCG products, plastic auto parts, molds and dies.

2 Basis of preparation

- 2.1 This condensed interim unconsolidated financial information comprises of the condensed interim unconsolidated balance sheet of the Company, as at 31 March 2015 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.
- 2.2 This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard 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.
- 2.3 This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2014 available on the Company website.
- 2.4 In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim unconsolidated balance sheet and condensed interim unconsolidated statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income and condensed interim unconsolidated cash flow statement have been compared with the balances of comparable period of immediately preceding year.
- 2.5 Corresponding figures have been re-arranged wherever necessary for the purpose of comparison, however, no significant re-arrangements have been made.

3 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2014 available on the Company website.


Chief Executive


Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months ended 31 March 2015

4 Judgments and estimates

The preparation of the condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim unconsolidated financial information the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirement and other benefits
- Provisions and contingencies

Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
--	--------------------------------------

5 Long term finance - secured

Standard Chartered Bank (Pakistan) Limited	13,348,578	18,910,478
Less: current maturity presented under current liabilities	(6,674,280)	(7,230,483)
	6,674,298	11,679,995

6 Diminishing musharika - secured

Diminishing musharika		
United Bank Limited - I	4,097,000	5,571,920
United Bank Limited - II	18,862,000	18,862,000
	22,959,000	24,433,920
Less: current maturity presented under current liabilities	(9,038,844)	(1,966,560)
	13,920,156	22,467,360

7 Contingencies and commitments

7.1 Contingencies

- a) Counter guarantee given by the Company to its banker as at the reporting date amounts to Rs. 3.77 million (2014: Rs. 3.77 million).
- b) The Deputy Commissioner Inland Revenue had passed an order on 23 January 2015 against the Company in respect of TY 2009 raising a demand of Rs. 45.8 million. The order has been declared invalid by the Commissioner Inland Revenue (Appeals) subsequent to the date of balance sheet.
- c) The Deputy Commissioner Inland Revenue issued an order against the Company raising demand of sales tax of Rs. 7,616,426 pertaining to tax year 2012 based on procedural matter. The Company filed appeal before Commissioner Inland Revenue (Appeals). The decision of the appeal is pending, however, there is no likelihood of arising of any tax liability being the procedural matter. Therefore, no provision is made there against.


Chief Executive


Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the nine months ended 31 March 2015

	Note	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
7.2 Commitments			
Commitments under irrevocable letters of credit for:			
- purchase of machinery		6,013,385	2,325,500
- purchase of raw material and its related components		115,424,334	100,688,295
		121,437,719	103,013,795
8 Property, plant and equipment			
Operating fixed assets	8.1	967,786,396	872,587,223
Capital work in progress - at cost	8.2	8,854,435	597,898
		976,640,831	873,185,121
8.1 Operating fixed assets			
Opening written down value		872,587,223	627,059,481
Add: Additions during the period / year (cost)	8.1.1	153,110,448	87,961,717
Add: Revaluation surplus on land during the period / year		-	226,943,081
		1,025,697,671	941,964,279
Less: Disposals during the period/ year at written down value		6,461,323	5,854,346
Less: Depreciation charge for the period / year		51,449,952	63,522,710
Closing written down value		967,786,396	872,587,223
8.1.1 Additions during the period / year:			
Buildings on freehold land		3,108,428	463,376
Plant and machinery - owned		88,619,287	82,113,427
Office equipment		1,259,936	411,338
Tools and equipment		1,897,280	481,711
Computer equipment		498,056	342,109
Furniture and fittings		3,208,366	1,415,916
Vehicles - owned		636,318	239,840
Vehicles - leased		-	2,494,000
Plant and machinery - leased		53,882,777	-
		153,110,448	87,961,717
8.2 Capital work in progress - at cost			
Balance at the beginning of the period / year		597,898	2,186,182
Add: Additions during the period / year		8,256,537	5,122,122
Less: Transfers to fixed assets during the period / year		-	(6,710,406)
		8,854,435	597,898



Chief Executive



Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited) For the nine months ended 31 March 2015

	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
9 Long term investments		
Investment in related parties - unquoted		
- investment in subsidiary	6,000,000	99,980
- investment in associate	4,396,366	4,396,366
	10,396,366	4,496,346
	Nine months ended (Un-audited)	
	31 March 2015 Rupees	31 March 2014 Rupees
10 Sales - net		
Local sales	1,715,937,101	1,282,501,242
Export sales	18,854,971	15,653,006
Less: Sales tax	(252,491,012)	(184,910,748)
	1,482,301,060	1,113,243,500
11 Finance cost		
Profit / interest / mark-up on:		
- long term finance	1,373,264	-
- diminishing musharika	1,838,454	-
- short term borrowings	34,989,025	25,608,595
- lease finance	7,120,584	8,385,058
- Advance from customers	52,850	1,641,276
Bank charges	1,149,830	1,352,129
Exchange loss	91,581	-
	46,615,588	36,987,058
12 Earnings per share		
12.1 Basic earnings per share	<i>Unit</i>	
Profit for the year after taxation	<i>Rupees</i>	140,581,400
Weighted average number of ordinary shares in issue during the year	<i>Number</i>	62,300,000
Earnings per share	<i>Rupees</i>	2.26
		1.40
Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares was calculated as per requirements of "International Accounting Standard 33 - Earnings per Share".		
12.2 Diluted earnings per share		
There is no dilutive effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 31 March 2015 and 31 March 2014		
13 Cash and cash equivalents		
Short term running finance- secured	(164,533,815)	(21,523,484)
Cash and bank balances	10,990,861	3,481,535
	(153,542,954)	(18,041,949)


Chief Executive


Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited) For the nine months ended 31 March 2015

14 Transactions with related parties

The related parties comprise subsidiary, associated undertaking, key management personnel including directors of the Company, post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Nine months ended (Un-audited)	
		31 March 2015 Rupees	31 March 2014 Rupees
Subsidiary Company	Expenses incurred for and reimbursed by Subsidiary Company	529,606	2,940,643
Post employment benefit plans	Contribution to provident fund trust	6,876,211	4,324,694
Post employment benefit plans	Payable to provident fund trust	1,019,760	837,952
Key management personnel	Remuneration and other benefits	39,283,610	26,094,945

15 Operating segment

- 15.1 This condensed interim consolidated financial information has been prepared on the basis of single reportable segment.
- 15.2 Revenue from sale of synthetic products represents 100% (March 31, 2014: 100%) of the total revenue of the Company.
- 15.3 98.73% (March 31, 2014: 98.59%) sales of the Company relate to customers in Pakistan.
- 15.4 All current assets of the Company as at 31 March 2015 are located in Pakistan, except export based debtors.

16 Date of authorization

This condensed interim unconsolidated financial information has been approved by the Board of Directors of the Company and authorized for issue on 24 April 2015.

17 General

Figures have been rounded off to the nearest rupee.


Chief Executive


Director

**Synthetic Products
Enterprises Limited**

Condensed interim consolidated financial information

For the nine months and quarter ended 31 March 2015

Synthetic Products Enterprises Limited

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 March 2015

	Note	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		773,500,000	580,000,000
Share premium		348,868,196	-
Accumulated profit		114,411,410	14,682,767
		1,236,779,606	594,682,767
Non controlling interest		(1,278)	(842)
		1,236,778,328	594,681,925
Surplus on revaluation of land	5	226,943,081	226,943,081
<u>Non-current liabilities</u>			
Long term finance - secured		6,674,298	11,679,995
Diminishing musharika - secured		13,920,156	22,467,360
Liabilities against assets subject to finance lease		50,863,904	40,943,933
Deferred taxation		123,334,475	121,617,088
		194,792,833	196,708,376
<u>Current liabilities</u>			
Trade and other payables		128,500,193	83,169,690
Short term running finance - secured		164,533,815	82,950,686
Short term FATRs/Murabahas- secured		246,998,177	279,877,997
Current maturity of non-current liabilities		66,583,611	51,955,797
Accrued markup		5,590,503	4,103,912
Provision for taxation		25,976,640	34,447,933
		638,182,939	536,506,015
Contingencies and commitments	7	2,296,697,181	1,554,839,397

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited
Condensed Interim Consolidated Balance Sheet (Un-audited)
As at 31 March 2015

	<i>Note</i>	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	8	976,660,136	873,206,098
Intangible asset		4,508,795	5,368,325
Long term investments		4,396,366	4,396,366
Long term deposits		20,851,668	12,621,192
		1,006,416,965	895,591,981
<u>Current assets</u>			
Stores, spares and loose tools		13,124,831	9,666,099
Stock-in-trade		282,406,294	250,466,844
Trade debts - unsecured, considered good		233,607,209	185,227,576
Income tax refund due from Government		80,833,185	73,968,469
Advance income tax		23,480,381	41,312,634
Advances, deposits, prepayments and other receivables		63,176,824	14,538,719
Short term investments		582,000,000	-
Cash and bank balances		11,651,492	84,067,075
		1,290,280,216	659,247,416
		2,296,697,181	1,554,839,397

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the nine months and quarter ended 31 March 2015

Note	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
Sales -net	9 1,483,163,943	1,113,243,500	543,609,482	437,461,582
Cost of sales	(1,172,483,217)	(880,203,529)	(418,506,800)	(324,054,396)
Gross profit	310,680,726	233,039,971	125,102,682	113,407,186
Administrative expenses	(68,026,956)	(54,046,639)	(22,758,461)	(17,511,085)
Selling and distribution expenses	(30,559,308)	(29,931,055)	(14,343,082)	(11,884,873)
Other expenses	(13,011,940)	(8,044,723)	(5,281,726)	(4,333,684)
	(111,598,204)	(92,022,417)	(42,383,269)	(33,729,642)
Other income	13,632,706	9,535,670	8,103,430	1,563,859
Operating profit	212,715,228	150,553,224	90,822,843	81,241,403
Finance cost	10 (46,617,994)	(36,988,383)	(14,827,807)	(12,949,317)
Profit before taxation	166,097,234	113,564,841	75,995,036	68,292,086
Taxation	(27,694,027)	(35,295,404)	(17,529,087)	(19,013,596)
Profit after taxation	138,403,207	78,269,437	58,465,949	49,278,490
Attributable to:				
Equity holders of the Holding Company	138,403,643	78,270,062	58,466,124	49,278,799
Non-controlling interest	(436)	(625)	(175)	(309)
	138,403,207	78,269,437	58,465,949	49,278,490
Earnings per share - Basic and diluted	11 2.22	1.35	0.94	0.85

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the nine months and quarter ended 31 March 2015

	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	138,403,207	78,269,437	58,465,949	49,278,490
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	138,403,207	78,269,437	58,465,949	49,278,490

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

Synthetic Products Enterprises Limited

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the nine months ended 31 March 2015

	Capital reserve	Revenue reserve	Advance against share capital	Total	Non-controlling interest	Total equity
Share capital	Share premium	Accumulated profit	Rupees			
Balance as at 1 July 2013 - audited	412,274,830	-	106,009,660	-	518,284,490	518,284,490
Share capital	-	-	-	-	20	20
Total comprehensive income for the period	-	-	78,269,437	-	(625)	78,268,812
Balance as at 31 March 2014 - un-audited	412,274,830	-	184,279,097	-	596,553,927	596,553,927
Balance as at 1 July 2014 - audited	580,000,000	-	14,682,767	-	594,682,767	594,682,767
Total comprehensive income for the period	-	-	138,403,643	-	(436)	138,403,207
Advance received during the period	-	-	-	580,500,000	-	580,500,000
Shares issued during the period	193,500,000	-	-	(193,500,000)	-	-
Share premium	-	387,000,000	-	(387,000,000)	-	-
Expenses incurred on issuance of shares	-	(38,131,804)	-	-	(38,131,804)	(38,131,804)
Dividend paid during the period	-	-	(38,675,000)	-	(38,675,000)	(38,675,000)
Balance as at 31 March 2015 - un-audited	773,500,000	348,868,196	114,411,410	-	1,236,779,606	(1,278)

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial information.



Director



Chief Executive

Synthetic Products Enterprises Limited
Condensed Interim Consolidated Cash Flow Statement (Un-audited)
For the nine months ended 31 March 2015

	Note	31 March 2015 Rupees	31 March 2014 Rupees
<u>Cash flow from operating activities</u>			
Profit before taxation		166,097,234	113,564,841
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment		51,451,624	44,398,976
Amortization on intangible asset		859,530	1,006,561
Loss on disposal of property, plant and equipment		1,343,478	-
Finance cost		46,617,994	36,987,058
Provision for Workers Profit Participation Fund & Workers Welfare Fund		11,668,463	8,044,723
		111,941,089	90,437,318
Cash generated from operations before working capital changes		278,038,323	204,002,159
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(3,458,732)	(12,213,520)
Stock-in-trade		(31,939,450)	(19,146,208)
Trade debts		(48,379,633)	51,362,263
Advances, deposits, prepayments and other receivable		(48,638,105)	(54,041,979)
<i>Increase in current liabilities:</i>			
Trade and other payables		45,784,796	20,715,917
		(86,631,124)	(13,323,527)
Cash generated from operations		191,407,199	190,678,632
WPPF and WWF paid		(12,122,756)	(4,492,792)
Taxes paid		(23,480,397)	(18,328,864)
Net cash generated from operating activities		155,804,046	167,856,976
<u>Cash flow from investing activities</u>			
Capital expenditure		(107,484,208)	(61,774,702)
Short term investments		(582,000,000)	-
Proceeds from disposal of property, plant and equipment		5,117,846	-
Increase in long term deposits		(8,230,476)	(18,583,370)
Net cash used in investing activities		(692,596,838)	(80,358,072)
<u>Cash flow from financing activities</u>			
Liabilities against assets subject to finance lease repaid		(35,851,073)	(33,103,746)
Long term finance obtained		-	20,022,858
Cash received against issuance of shares		580,500,000	-
Expenses incurred on issuance of shares		(38,131,804)	-
Dividend paid		(38,675,000)	-
Repayment of long term finance- secured		(5,561,900)	-
Repayment of diminishing musharika- secured		(1,474,920)	-
(Decrease) / Increase in short term borrowings		(32,879,820)	1,967,955
Finance cost paid		(45,131,403)	(40,682,398)
Net cash generated from / (used in) financing activities		382,794,080	(51,795,331)
Net (decrease) / increase in cash and cash equivalents		(153,998,712)	35,703,573
Cash and cash equivalents at the beginning of the year		1,116,389	(53,693,119)
Cash and cash equivalents at the end of the year	12	(152,882,323)	(17,989,546)

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial information.


Chief Executive


Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months ended 31 March 2015

1 Reporting entity

1.1 Synthetic Products Enterprises Limited - ("the Company")

Synthetic Products Enterprises Limited ("the Company") was incorporated in Pakistan on 16 May 1982 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a private limited company. The Company converted into public limited company on 21 July 2008. The Company is listed on all the three stock exchanges of Pakistan. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. It is principally engaged in the manufacturing and sale of plastic packaging for food and FMCG products, plastic auto parts, molds and dies.

1.2 SPEL Pharmatec (Private) Limited ("the Subsidiary Company")

During the year 2013, Synthetic Products Enterprises Limited acquired 99.98% shares in its newly incorporated Subsidiary Company from the date of its incorporation on 01 November 2013. The principal business of the Subsidiary Company is trading of medical devices, machines, disposable items, surgical instruments, drugs and pharmaceuticals. The registered office of the Subsidiary Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.

2 Basis of preparation

- 2.1 This condensed interim consolidated financial information comprises of the condensed interim consolidated balance sheet of the Group, as at 31 March 2015 and the related condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity together with the notes forming part thereof.
- 2.2 This condensed interim consolidated financial information of the Group for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard 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.
- 2.3 This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2014 available on the Company website.
- 2.4 In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income and condensed interim consolidated cash flow statement have been compared with the balances of comparable period of immediately preceding year.
- 2.5 Corresponding figures have been re-arranged wherever necessary for the purpose of comparison, however, no significant re-arrangements have been made.


Chief Executive


Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Consolidated Financial Information (Un-audited) For the nine months ended 31 March 2015

3 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2014 available on the Company website.

4 Judgments and estimates

The preparation of the condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim consolidated financial information the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirement and other benefits
- Provisions and contingencies

Un-audited 31 March 2015	Audited 30 June 2014
Rupees	Rupees

5 Long term finance - secured

Standard Chartered Bank (Pakistan) Limited	13,348,578	18,910,478
Less: current maturity presented under current liabilities	(6,674,280)	(7,230,483)
	6,674,298	11,679,995

6 Diminishing musharika - secured

Diminishing musharika		
United Bank Limited - I	4,097,000	5,571,920
United Bank Limited - II	18,862,000	18,862,000
	22,959,000	24,433,920
Less: current maturity presented under current liabilities	(9,038,844)	(1,966,560)
	13,920,156	22,467,360

7 Contingencies and commitments

7.1 Contingencies

- Counter guarantee given by the Company to its banker as at the reporting date amounts to Rs. 3.77 million (2014: Rs. 3.77 million).
- The Deputy Commissioner Inland Revenue had passed an order on 23 January 2015 against the Company in respect of TY 2009 raising a demand of Rs. 45.8 million. The order has been declared invalid by the Commissioner Inland Revenue (Appeals) subsequent to the date of balance Sheet.



Chief Executive



Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the nine months ended 31 March 2015

- c) The Deputy Commissioner Inland Revenue issued an order against the Company raising demand of sales tax of Rs. 7,616,426 pertaining to tax year 2012 based on procedural matter. The Company filed appeal before Commissioner Inland Revenue (Appeals). The decision of the appeal is pending, however, there is no likelihood of arising of any tax liability being the procedural matter. Therefore, no provision is made there against.

	<i>Note</i>	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
7.2 Commitments			
Commitments under irrevocable letters of credit for:			
- purchase of machinery		6,013,385	2,325,500
- purchase of raw material and its related components		115,424,334	100,688,295
		121,437,719	103,013,795
8 Property, plant and equipment			
Operating fixed assets	8.1	967,805,701	872,608,200
Capital work in progress - at cost	8.2	8,854,435	597,898
		976,660,136	873,206,098
8.1 Operating fixed assets			
Opening written down value		872,608,200	627,059,481
Add: Additions during the period / year (cost)	8.1.1	153,110,448	87,983,366
Add: Revaluation surplus on land during the period / year		-	226,943,081
		1,025,718,648	941,985,928
Less: Disposals during the period / year at written down value		6,461,323	5,854,346
Less: Depreciation charge for the period / year		51,451,624	63,523,382
Closing written down value		967,805,701	872,608,200
8.1.1 Additions during the period / year:			
Buildings on freehold land		3,108,428	463,376
Plant and machinery - owned		88,619,287	82,113,427
Office equipment		1,259,936	432,987
Tools and equipment		1,897,280	481,711
Computer equipment		498,056	342,109
Furniture and fittings		3,208,366	1,415,916
Vehicles - owned		636,318	239,840
Vehicles - leased		-	2,494,000
Plant and machinery - leased		53,882,777	-
		153,110,448	87,983,366



Chief Executive



Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months ended 31 March 2015

	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
8.2 Capital work in progress - at cost		
Balance at the beginning of the period / year	597,898	2,186,182
Add: Additions during the period / year	8,256,537	5,122,122
Less: Transfers to fixed assets during the period / year	-	(6,710,406)
	8,854,435	597,898
	Nine months ended (Un-audited)	
	31 March 2015 Rupees	31 March 2014 Rupees
9 Sales - net		
Local sales	1,716,799,984	1,282,501,242
Export sales	18,854,971	15,653,006
Less: Sales tax	(252,491,012)	(184,910,748)
	1,483,163,943	1,113,243,500
10 Finance cost		
<i>Profit / interest / mark-up on:</i>		
- long term finance	1,373,264	-
- diminishing musharika	1,838,454	-
- short term borrowings	34,989,025	25,608,595
- lease finance	7,120,584	8,385,058
- Advance from customers	52,850	1,641,276
Bank charges	1,152,236	1,353,454
Exchange loss	91,581	-
	46,617,994	36,988,383
11 Earnings per share		
11.1 Basic earnings per share	<i>Unit</i>	
Profit for the year after taxation	<i>Rupees</i>	138,403,207
Weighted average number of ordinary shares in issue during the year	<i>Number</i>	62,300,000
Earnings per share	<i>Rupees</i>	2.22
		1.35
Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares was calculated as per requirements of "International Accounting Standard 33 - Earnings per Share".		
11.2 Diluted earnings per share		
There is no dilutive effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 31 March 2015 and 31 March 2014		
12 Cash and cash equivalents		
Short term running finance- secured	(164,533,815)	(21,523,484)
Cash and bank balances	11,651,492	3,533,938
	(152,882,323)	(17,989,546)


Chief Executive


Director

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months ended 31 March 2015

13 Transactions with related parties

The related parties comprise subsidiary, associated undertaking, key management personnel including directors of the Company, post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Nine months ended (Un-audited)	
		31 March 2015 Rupees	31 March 2014 Rupees
Subsidiary Company	Expenses incurred for and reimbursed by Subsidiary Company	529,606	2,940,643
Post employment benefit plans	Contribution to provident fund trust	6,876,211	4,324,694
Post employment benefit plans	Payable to provident fund trust	1,019,760	837,952
Key management personnel	Remuneration and other benefits	39,283,610	26,094,945

14 Operating segment

- 14.1 This condensed interim consolidated financial information has been prepared on the basis of single reportable segment.
- 14.2 Revenue from sale of synthetic products represents 100% (March 31, 2014: 100%) of the total revenue of the Company.
- 14.3 98.73% (March 31, 2014: 98.59%) sales of the Company relate to customers in Pakistan.
- 14.4 All current assets of the Company as at 31 March 2015 are located in Pakistan, except export based debtors.

15 Date of authorization

This condensed interim consolidated financial information has been approved by the Board of Directors of the Company and authorized for issue on 24 April 2015.

16 General

Figures have been rounded off to the nearest rupee.


Chief Executive


Director