



Synthetic Products Enterprises Ltd.



Strengthening
Reliable
Supply Chain....

2015
FIRST QUARTERLY REPORT
FOR THE QUARTER ENDED
30 SEPTEMBER

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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
Sheikh Naseer Hyder	Director
Mr. Muhammad Tabassum Munir	Director
Mr. Abid Saleem Khan	Director

CFO & Company Secretary

Mr. Khalil Ahmad Hashmi ACA

Audit Committee

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

HR & R Committee

Mr. Almas Hyder	Committee Chairman
Dr. S. M. Naqi	Member
Mr. Zia Hyder Naqi	Member
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

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Tax Advisors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Cornelius Lane and Mufti
Advocate & 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

Bankers

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

Website

www.spelgroup.com



DIRECTORS' REVIEW

*of the Condensed Interim Financial Information
For the Quarter Ended 30 September 2015*

We are pleased to present your Company's un-audited condensed financial information for the first quarter ended 30 September 2015.

Financial Analysis

	Quarter ended 30 September 2015 Rupees	30 September 2014 Rupees
Sales –net	576,580,887	472,140,858
Cost of sales	(428,503,969)	(378,651,778)
Gross profit	148,076,918	93,489,080
Operating profit	111,332,391	62,747,284
Profit after taxation	86,606,805	29,678,302
EPS - Basic	1.12	0.51

Sales:

The sales revenue for the first quarter stood at Rs. 576 million registering a growth of 22% compared to same period last year.

Gross Profit:

Our gross profit of the first quarter increased by 59% to Rs. 54 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 first quarter under review reached Rs. 111 million registering a growth of 77% as compared to same period last year.

Net Profit after tax:

Our net profit after tax increased to Rs. 86 million registering a growth of 192 %.

Future outlook

- The Board of Directors in its last meeting has accorded approval for establishing a new manufacturing facility in the Industrial Estate of Rahim Yar Khan on 6.5 Acres of Land.
- LCs for import of plant and machinery worth Rs. 146 million have been opened.
- Agreements for construction of building and procurement of plant and machinery for future expansion are being finalized.

Zia Hyder Naqi
Chief Executive Officer

Dr. S. M. Naqi
Director

Place: Lahore

Dated: 20 October 2015

**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION**

For the quarter ended 30 September 2015

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As At 30 September 2015 (Un-audited)

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		773,500,000	773,500,000
Share Premium		347,391,050	347,391,050
Accumulated profit		296,666,823	210,060,018
		1,417,557,873	1,330,951,068
Surplus on revaluation of land		226,943,081	226,943,081
Non-Current liabilities			
Long term finance	5	50,587,158	52,255,716
Diminishing musharika - secured	6	8,220,418	11,069,808
Liabilities against assets subject to finance lease	7	24,497,969	29,381,452
Deferred taxation		106,504,039	122,134,405
		189,809,584	214,841,381
Current liabilities			
Trade and other payables		129,284,003	127,468,516
Short term borrowings - secured	8	420,841,293	380,450,601
Current maturity of non-current liabilities	9	68,195,920	76,154,092
Accrued markup		6,367,662	8,123,321
		624,688,878	592,196,530
		2,458,999,416	2,364,932,060
Contingencies and commitments	10		

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial information.



Chief Executive

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,081,178,876	1,030,345,221
Intangibles		3,860,374	4,207,204
Investments - related parties	12	2,197,847	2,546,005
Long term deposits		7,014,548	7,263,948
		1,094,251,645	1,044,362,378
Current assets			
Stores, spares and loose tools		15,479,293	15,966,041
Stock-in-trade		330,682,497	321,691,498
Trade debts - unsecured, considered good		284,704,000	249,155,073
Income tax		86,521,779	84,901,576
Advances, deposits, prepayments and other receivables		58,997,619	30,722,007
Short term investments		580,500,000	580,500,000
Cash and bank balances		7,862,583	37,633,487
		1,364,747,771	1,320,569,682
		2,458,999,416	2,364,932,060


Director

▶ CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the quarter ended 30 September 2015 (Un-audited)

	Note	Quarter ended (Un-audited) 30 September 2015 Rupees	30 September 2014 Rupees
Sales -net	13	576,580,887	472,140,858
Cost of sales		(428,503,969)	(378,651,778)
Gross profit		148,076,918	93,489,080
Administrative expenses		(25,656,485)	(22,068,929)
Selling and distribution expenses		(11,088,042)	(8,672,867)
Operating profit		111,332,391	62,747,284
Other income		13,614,482	1,133,699
Other charges		(8,125,606)	(3,066,287)
Finance cost	14	(11,882,079)	(16,609,412)
Profit before taxation		104,939,188	44,205,284
Taxation		(18,332,383)	(14,526,982)
Profit after taxation		86,606,805	29,678,302
Earnings per share - Basic and diluted	15	1.12	0.51

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial information.



Chief Executive



Director

**▶ CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME**
For the quarter ended 30 September 2015 (Un-audited)

	Quarter ended (Un-audited)	
	30 September 2015 Rupees	30 September 2014 Rupees
Profit after taxation	86,606,805	29,678,302
Other comprehensive income for the period	-	-
Total comprehensive income for the period	86,606,805	29,678,302

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial information.


Chief Executive


Director

▶ CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

For the quarter ended 30 September 2015 (Un-audited)

Note	30 September 2015 Rupees	30 September 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit after taxation	86,606,805	29,678,302
Adjustments for non cash items:		
Depreciation on property, plant and equipment	18,970,322	18,000,000
Amortization on intangible asset	346,830	335,520
Taxation	18,332,383	14,526,982
Finance cost	11,882,079	16,609,412
Provision for Workers Profit Participation Fund & Workers Welfare Fund	7,777,448	3,066,287
	57,309,062	52,538,201
Cash generated from operations before working capital changes	143,915,867	82,216,503
(Increase) / decrease in current assets:		
Stores, spares and loose tools	486,748	(1,902,617)
Stock-in-trade	(8,990,999)	(66,517,615)
Trade debts	(35,548,927)	(4,082,009)
Advances, deposits, prepayments and other receivable	(28,275,612)	6,682,368
	(72,328,790)	(65,819,873)
Increase / (decrease) in current liabilities:		
Trade and other payables	(5,961,961)	7,977,191
	(78,290,751)	(57,842,682)
Cash generated from operations	65,625,116	24,373,821
Taxes paid	(35,582,952)	(3,037,731)
Finance cost paid	(13,637,738)	(13,551,267)
Net cash generated from operating activities	16,404,426	7,784,823
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(69,803,977)	(22,669,415)
Increase in long term deposits	597,558	42,500
Net cash used in investing activities	(69,206,419)	(22,626,915)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal repayment of lease liability	(12,841,655)	(9,099,793)
Long term finance repaid	(1,668,558)	(1,112,367)
Diminishing musharika repaid	(2,849,390)	(491,640)
Short term borrowings - net	40,711,926	71,291,488
Net cash generated from / (used in) financing activities	23,352,323	60,587,688
Net (decrease) / increase in cash and cash equivalents	(29,449,670)	45,745,596
Cash and cash equivalents at the beginning of the period	(151,704,231)	(4,047,659)
Cash and cash equivalents at the end of the period	16 (181,153,901)	41,697,937

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial information.



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 30 September 2015 (Un-audited)

	Issued subscribed & paid-up capital	Capital Reserve	Revenue Reserve	Total
	Rupees	Share premium Rupees	Accumulated profit Rupees	Rupees
Balance as at 30 June 2014 - audited	580,000,000	-	18,989,521	598,989,521
Total comprehensive income for the period	-	-	29,678,302	29,678,302
Balance as at 30 September 2014 - un-audited	580,000,000	-	48,667,823	628,667,823
Balance as at 30 June 2015 - audited	773,500,000	347,391,050	210,060,018	1,330,951,068
Total comprehensive income for the period	-	-	86,606,805	86,606,805
Balance as at 30 September 2015 - un-audited	773,500,000	347,391,050	296,666,823	1,417,557,873

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial information.


Chief Executive


Director



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

For the quarter ended 30 September 2015 (Un-audited)

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 and subsequently listed on the Karachi, Islamabad and Lahore stock exchanges on 10 February 2015. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. The Company is principally engaged in the manufacturing and sale of plastic auto parts, plastic packaging for food and FMCG industry and moulds & dies.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information comprises of the condensed interim balance sheet of the Company, as at 30 September 2015 and the related 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 together with the notes forming part thereof.
- 2.2 This condensed interim financial information of the Company for the quarter ended 30 September 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 and directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3 This condensed interim 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 2015 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 balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim 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 financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015 available on the Company website.

4. JUDGMENTS AND ESTIMATES

The preparation of the condensed interim 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 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 30 September 2015 Rupees	Audited 30 June 2015 Rupees
5. LONG TERM FINANCE - SECURED		
- Standard Chartered Bank (Pakistan) Limited - secured	10,011,438	11,680,008
- Loan from customer	47,250,000	47,250,000
	57,261,438	58,930,008
Less: current maturity presented under current liabilities	(6,674,280)	(6,674,292)
	50,587,158	52,255,716
6. DIMINISHING MUSHARIKA - SECURED		
Diminishing musharika		
United Bank Limited - I	3,113,720	3,605,360
United Bank Limited - II	16,504,250	18,862,000
	19,617,970	22,467,360
Less: current maturity presented under current liabilities	(11,397,552)	(11,397,552)
	8,220,418	11,069,808
	58,807,576	63,325,524

	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Lease liability	74,622,057	87,463,700
Less: current maturity presented under current liabilities	(50,124,088)	(58,082,248)
	24,497,969	29,381,452
8. SHORT TERM BORROWINGS - SECURED		
Running Finance	189,016,484	189,337,718
Short term borrowings	231,824,809	191,112,883
	420,841,293	380,450,601
9. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long term finance	6,674,280	6,674,292
Diminishing Musharika	11,397,552	11,397,552
Liabilities against assets subject to finance lease	50,124,088	58,082,248
	68,195,920	76,154,092

10. CONTINGENCIES AND COMMITMENTS**10.1 Contingencies**

- a) Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 50.97 million ("2014": Rs. 3.77 million)
- b) The Deputy Commissioner Inland Revenue has issued an order on 23 January 2015 against the Company in respect of TY 2009 raising a demand of Rs. 45.8 million. The order was annulled by the Commissioner Inland Revenue (Appeals) against which the department has filed appeal before the Income Tax Appellate Tribunal on 30 April 2015. As the decision of appeal is expected in favour of the Company, therefore no provision is recorded in these financial statement.
- c) The Deputy Commissioner Inland Revenue has issued an assessment order on 27 June 2015 against SPEL Packaging Industries (Private) Limited (which was merged with Company in financial year 2011) in respect of TY 2009 and assessed Rs. 53.2 million payable by the Company. The Company filed an appeal to the Commissioner Inland Revenue (Appeals) which was decided against the Company. However, the departmental action against the assessed amount payable has been delayed through a stay order and the management has filed an appeal before the Income

Tax Appellate Tribunal. No provision has been made in these financial statements as the management is confident of favourable outcome of the matter.

- d) The Additional Commissioner Inland Revenue has passed an assessment order against the Company on 30 April 2015 raising demand of Rs. 6.1 million pertaining to TY 2013. The Company has filed appeal against the order before Commissioner Inland Revenue (Appeals) decision of which is pending. As there is no expectation of any liability arising from the case therefore no provision is recorded in this regard.
- e) The Board of Directors of the Company in its meeting held on 12 September 2015 has proposed a final cash dividend of Rs. 0.5 per share, for the year ended 30 June 2015, for approval of the members in the Annual General Meeting to be held on 31 October 2015.

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
10.2 Commitments			
Commitments under irrevocable letters of credit for:			
- purchase of machinery		146,470,600	111,849,716
- purchase of raw material and its related components		74,856,978	123,392,436
		<u>221,327,578</u>	<u>235,242,152</u>
11. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	1,037,235,946	990,506,538
Capital work in progress - at cost	11.2	43,942,930	39,838,683
		<u>1,081,178,876</u>	<u>1,030,345,221</u>

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
11.1 Operating fixed assets			
Opening written down value		990,506,538	872,587,223
Add: Additions during the period / year (cost)	11.1.1	65,699,730	200,507,040
Add: Transfers		-	-
		1,056,206,268	1,073,094,263
Less: Disposals during the period/ year at written down value		-	8,243,041
Less: Depreciation charge for the period / year		18,970,322	74,344,684
Closing written down value		1,037,235,946	990,506,538
11.1.1 Additions during the period / year:			
Land		55,771,925	-
Buildings on freehold land		652,726	3,518,656
Plant and machinery - owned		2,956,523	121,280,079
Office equipment		272,222	1,442,204
Tools and equipment		559,502	3,058,188
Computer equipment		274,192	661,324
Furniture and fittings		1,134,395	3,961,294
Vehicles - owned		4,078,245	12,702,518
Plant and machinery - leased		-	53,882,777
		65,699,730	200,507,040
11.2 Capital work in progress - at cost			
Balance at the beginning of the period / year		39,838,683	597,898
Add: Additions during the period / year		4,104,247	49,786,747
Less: Transfers to fixed assets during the period / year		-	10,545,962
		43,942,930	39,838,683

	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
12. LONG TERM INVESTMENTS		
Investment in related parties - unquoted		
Cost	10,000,000	10,000,000
Less: Accumulated impairment	(7,802,153)	(7,453,995)
	<u>2,197,847</u>	<u>2,546,005</u>
	Quarter ended (Un-audited)	
	30 September 2015 Rupees	30 September 2014 Rupees
13. SALES - NET		
Local sales	674,532,008	540,406,495
Export sales	1,373,295	10,921,006
Less: Sales tax	(99,324,416)	(79,186,643)
	<u>576,580,887</u>	<u>472,140,858</u>
14. FINANCE COST		
Profit / interest / mark-up on:		
- long term finance	241,846	528,204
- diminishing musharika	587,670	513,235
- short term borrowings	8,151,185	13,459,468
- lease finance	1,568,728	1,614,370
- advance from customers	983,738	52,850
Bank charges	310,892	442,161
Exchange loss /(gain)	38,020	(876)
	<u>11,882,079</u>	<u>16,609,412</u>

		Quarter ended (Un-audited)	
		30 September 2015	30 September 2014
		Unit	
15. EARNINGS PER SHARE			
15.1 Basic earnings per share			
Profit for the year after taxation	Rupees	86,606,805	29,678,302
Weighted average number of ordinary shares in issue during the period	Number	77,350,000	58,000,000
Earnings per share	Rupees	1.12	0.51

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".

15.2 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 30 September 2015 and 30 September 2014

		Quarter ended (Un-audited)	
		30 September 2015	30 September 2014
		Rupees	Rupees
16. CASH AND CASH EQUIVALENTS			
Short term running finance- secured		(189,016,484)	(17,653,524)
Cash and bank balances		7,862,583	59,351,461
		(181,153,901)	41,697,937

17. 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	Quarter ended (Un-audited)	
		30 September 2015 Rupees	30 September 2014 Rupees
Post employment benefit plans	Contribution to provident fund trust	2,798,171	2,389,350
Post employment benefit plans	Payable to provident fund trust	1,105,676	936,480
Key management personnel	Remuneration and other benefits	17,039,176	12,467,122

18. OPERATING SEGMENT

- 18.1** This condensed interim financial information has been prepared on the basis of single reportable segment.
- 18.2** Revenue from sale of synthetic products represents 100% (September 30, 2014: 100%) of the total revenue of the Company.
- 18.3** 99.76% (September 30, 2014: 98.59%) sales of the Company relate to customers in Pakistan.
- 18.4** All current assets of the Company as at 30 September 2015 are located in Pakistan, except export based debtors.

19. DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on 20 October 2015.

20. GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive


Director

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**
For the quarter ended 30 September 2015

▶ CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As At 30 September 2015 (Un-audited)

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		773,500,000	773,500,000
Share Premium		347,391,050	347,391,050
Accumulated profit		294,430,624	207,823,819
		1,415,321,674	1,328,714,869
Surplus on revaluation of land		226,943,081	226,943,081
Non-Current liabilities			
Long term finance	5	50,587,158	52,255,716
Diminishing musharika - secured	6	8,220,418	11,069,808
Liabilities against assets subject to finance lease	7	24,497,969	29,381,452
Deferred taxation		108,740,238	124,370,604
		192,045,783	217,077,580
Current liabilities			
Trade and other payables		129,471,847	127,644,493
Short term borrowings - secured	8	420,841,293	380,450,601
Current maturity of non-current liabilities	9	68,195,920	76,154,092
Accrued markup		6,367,662	8,123,321
		624,876,722	592,372,507
		2,459,187,260	2,365,108,037
Contingencies and commitments	10		

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.



Chief Executive

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,081,195,952	1,030,363,969
Intangibles		3,860,374	4,207,204
Long term deposits		7,014,548	7,263,948
		1,092,070,874	1,041,835,121
Current assets			
Stores, spares and loose tools		15,479,293	15,966,041
Stock-in-trade		330,682,497	321,691,498
Trade debts - unsecured, considered good		284,775,114	249,451,311
Income tax		86,521,779	84,987,657
Advances, deposits, prepayments and other receivables		59,472,941	31,097,917
Short term investments		580,500,000	582,103,302
Cash and bank balances		9,684,762	37,975,190
		1,367,116,386	1,323,272,916
		2,459,187,260	2,365,108,037


Director

▶ CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the quarter ended 30 September 2015 (Un-audited)

	Note	Quarter ended (Un-audited)	
		30 September 2015 Rupees	30 September 2014 Rupees
Sales -net	12	576,672,035	472,402,021
Cost of sales		(428,713,846)	(378,716,580)
Gross profit		147,958,189	93,685,441
Administrative expenses		(25,656,485)	(22,068,929)
Selling and distribution expenses		(11,352,445)	(9,637,903)
Operating profit		110,949,259	61,978,609
Other income		13,651,862	1,133,699
Other charges		(7,777,448)	(2,296,287)
Finance cost	13	(11,884,485)	(16,610,737)
Profit before taxation		104,939,188	44,205,284
Taxation		(18,332,383)	(14,526,982)
Profit after taxation		86,606,805	29,678,302
Earnings per share - Basic and diluted	14	1.12	0.51

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.



Chief Executive



Director

**▶ CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME**
For the quarter ended 30 September 2015 (Un-audited)

	Quarter ended (Un-audited)	
	30 September 2015 Rupees	30 September 2014 Rupees
Profit after taxation	86,606,805	29,678,302
Other comprehensive income for the period	-	-
Total comprehensive income for the period	86,606,805	29,678,302

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the quarter ended 30 September 2015 (Un-audited)

Note	30 September 2015 Rupees	30 September 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit after taxation	86,258,647	28,908,302
Adjustments for non cash items:		
Depreciation on property, plant and equipment	18,971,994	17,902,132
Amortization on intangible asset	346,830	335,520
Taxation	18,332,383	14,526,967
Finance cost	11,882,079	16,609,412
Provision for Workers Profit Participation Fund & Workers Welfare Fund	7,777,448	3,066,287
	57,310,734	52,440,318
Cash generated from operations before working capital changes	143,569,381	81,348,620
(Increase) / decrease in current assets:		
Stores, spares and loose tools	486,748	(1,902,617)
Stock-in-trade	(8,990,999)	(67,183,870)
Trade debts	(35,323,803)	(4,082,009)
Advances, deposits, prepayments and other receivable	(28,375,024)	7,104,789
	(72,203,078)	(66,063,707)
Increase / (decrease) in current liabilities:		
Trade and other payables	(5,950,094)	7,977,773
	(78,153,172)	(58,085,934)
Cash generated from operations	65,416,209	23,262,686
Taxes paid	(35,496,871)	(3,037,731)
Finance cost paid	(13,637,738)	(13,551,267)
Net cash generated from operating activities	16,281,600	6,673,688
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(69,803,977)	(22,669,415)
Short term investments	1,603,302	-
Increase in long term deposits	597,558	42,500
Net cash used in investing activities	(67,603,117)	(22,626,915)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal repayment of lease liability	(12,841,655)	(9,099,793)
Long term finance repaid	(1,668,558)	(1,112,367)
Diminishing musharika repaid	(2,849,390)	(491,640)
Short term borrowings - net	40,711,926	71,291,488
Net cash generated from financing activities	23,352,323	60,587,688
Net (decrease) / increase in cash and cash equivalents	(27,969,194)	44,634,461
Cash and cash equivalents at the beginning of the period	(151,362,528)	1,116,389
Cash and cash equivalents at the end of the period	15 (179,331,722)	45,750,850

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 30 September 2015 (Un-audited)

	Issued subscribed & paid-up capital	Capital Reserve	Revenue Reserve	Total
	Rupees	Share premium Rupees	Accumulated profit Rupees	Rupees
Balance as at 30 June 2014 - audited	580,000,000	-	14,681,925	594,681,925
Total comprehensive income for the period	-	-	29,678,302	29,678,302
Balance as at 30 September 2014 - un-audited	580,000,000	-	44,360,227	624,360,227
Balance as at 30 June 2015 - audited	773,500,000	347,391,050	207,823,819	1,328,714,869
Total comprehensive income for the period	-	-	86,606,805	86,606,805
Balance as at 30 September 2015 - un-audited	773,500,000	347,391,050	294,430,624	1,415,321,674

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.


Chief Executive


Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the quarter ended 30 September 2015 (Un-audited)

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 and subsequently listed on the Karachi, Islamabad and Lahore stock exchanges on 10 February 2015. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. The Company is principally engaged in the manufacturing and sale of plastic auto parts, plastic packaging for food and FMCG industry and moulds & dies.

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

During the year 2013, Synthetic Products Enterprises Limited acquired 100% 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, as at 30 September 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 financial information for the quarter ended 30 September 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 and directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3 This condensed interim 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 2015 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 balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim 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 financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015 available on the Company website.

4. JUDGMENTS AND ESTIMATES

The preparation of the condensed interim 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 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 30 September 2015 Rupees	Audited 30 June 2015 Rupees
5. LONG TERM FINANCE - SECURED		
- Standard Chartered Bank (Pakistan) Limited - secured	10,011,438	11,680,008
- Loan from customer	47,250,000	47,250,000
	57,261,438	58,930,008
Less: current maturity presented under current liabilities	(6,674,280)	(6,674,292)
	50,587,158	52,255,716
6. DIMINISHING MUSHARIKA - SECURED		
Diminishing musharika		
United Bank Limited - I	3,113,720	3,605,360
United Bank Limited - II	16,504,250	18,862,000
	19,617,970	22,467,360
Less: current maturity presented under current liabilities	(11,397,552)	(11,397,552)
	8,220,418	11,069,808
	58,807,576	63,325,524

	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Lease liability	74,622,057	87,463,700
Less: current maturity presented under current liabilities	(50,124,088)	(58,082,248)
	24,497,969	29,381,452
8. SHORT TERM BORROWINGS - SECURED		
Running Finance	189,016,484	189,337,718
Short term borrowings	231,824,809	191,112,883
	420,841,293	380,450,601
9. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long term finance	6,674,280	6,674,292
Diminishing Musharika	11,397,552	11,397,552
Liabilities against assets subject to finance lease	50,124,088	58,082,248
	68,195,920	76,154,092

10. CONTINGENCIES AND COMMITMENTS**10.1 Contingencies**

- a) Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 50.97 million ("2014": Rs. 3.77 million)
- b) The Deputy Commissioner Inland Revenue has issued an order on 23 January 2015 against the Company in respect of TY 2009 raising a demand of Rs. 45.8 million. The order was annulled by the Commissioner Inland Revenue (Appeals) against which the department has filed appeal before the Income Tax Appellate Tribunal on 30 April 2015. As the decision of appeal is expected in favour of the Company, therefore no provision is recorded in these financial statement.
- c) The Deputy Commissioner Inland Revenue has issued an assessment order on 27 June 2015 against SPEL Packaging Industries (Private) Limited (which was merged with Company in financial year 2011) in respect of TY 2009 and assessed Rs. 53.2 million payable by the Company. The Company filed an appeal to the Commissioner Inland Revenue (Appeals) which was decided against the Company. However, the departmental action against the assessed amount payable has been delayed through a stay order and the management has filed an appeal before the Income

Tax Appellate Tribunal. No provision has been made in these financial statements as the management is confident of favourable outcome of the matter.

- d) The Additional Commissioner Inland Revenue has passed an assessment order against the Company on 30 April 2015 raising demand of Rs. 6.1 million pertaining to TY 2013. The Company has filed appeal against the order before Commissioner Inland Revenue (Appeals) decision of which is pending. As there is no expectation of any liability arising from the case therefore no provision is recorded in this regard.
- e) The Board of Directors of the Company in its meeting held on 12 September 2015 has proposed a final cash dividend of Rs. 0.5 per share, for the year ended 30 June 2015, for approval of the members in the Annual General Meeting to be held on 31 October 2015.

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
10.2 Commitments			
Commitments under irrevocable letters of credit for:			
- purchase of machinery		146,470,600	111,849,716
- purchase of raw material and its related components		74,856,978	123,392,436
		<u>221,327,578</u>	<u>235,242,152</u>
11. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	1,037,253,022	990,525,286
Capital work in progress - at cost	11.2	43,942,930	39,838,683
		<u>1,081,195,952</u>	<u>1,030,363,969</u>

	Note	Un-audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
11.1 Operating fixed assets			
Opening written down value		990,525,286	872,608,872
Add: Additions during the period / year (cost)	11.1.1	65,699,730	200,507,040
Add: Transfers		-	-
		1,056,225,016	1,073,115,912
Less: Disposals during the period/ year at written down value		-	8,243,041
Less: Depreciation charge for the period / year		18,971,994	74,347,585
Closing written down value		1,037,253,022	990,525,286
11.1.1 Additions during the period / year:			
Land		55,771,925	-
Buildings on freehold land		652,726	3,518,656
Plant and machinery - owned		2,956,523	121,280,079
Office equipment		272,222	1,442,204
Tools and equipment		559,502	3,058,188
Computer equipment		274,192	661,324
Furniture and fittings		1,134,395	3,961,294
Vehicles - owned		4,078,245	12,702,518
Plant and machinery - leased		-	53,882,777
		65,699,730	200,507,040
11.2 Capital work in progress - at cost			
Balance at the beginning of the period / year		39,838,683	597,898
Add: Additions during the period / year		4,104,247	49,786,747
Less: Transfers to fixed assets during the period / year		-	10,545,962
		43,942,930	39,838,683

		Quarter ended (Un-audited)	
		30 September 2015 Rupees	30 September 2014 Rupees
12. SALES - NET			
Local sales		674,623,156	540,667,658
Export sales		1,373,295	10,921,006
Less: Sales tax		(99,324,416)	(79,186,643)
		<u>576,672,035</u>	<u>472,402,021</u>
13. FINANCE COST			
Profit / interest / mark-up on:			
- long term finance		241,846	528,204
- diminishing musharika		587,670	513,235
- short term borrowings		8,151,185	13,459,468
- lease finance		1,568,728	1,614,370
- advance from customers		983,738	52,850
Bank charges		313,298	443,486
Exchange loss /(gain)		38,020	(876)
		<u>11,884,485</u>	<u>16,610,737</u>
14. EARNINGS PER SHARE			
14.1 Basic earnings per share	Unit		
Profit for the year after taxation	Rupees	<u>86,258,647</u>	<u>29,678,302</u>
Weighted average number of ordinary shares in issue during the period	Number	<u>77,350,000</u>	<u>58,000,000</u>
Earnings per share	Rupees	<u>1.12</u>	<u>0.51</u>

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".

14.2 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 30 September 2015 and 30 September 2014.

	Quarter ended (Un-audited)	
	30 September 2015 Rupees	30 September 2014 Rupees
15. CASH AND CASH EQUIVALENTS		
Short term running finance- secured	(189,016,484)	(17,653,524)
Cash and bank balances	9,684,762	63,404,374
	<u>(179,331,722)</u>	<u>45,750,850</u>

16. 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	Quarter ended (Un-audited)	
		30 September 2015 Rupees	30 September 2014 Rupees
Post employment benefit plans	Contribution to provident fund trust	2,828,171	2,403,638
Post employment benefit plans	Payable to provident fund trust	1,105,676	1,872,960
Key management personnel	Remuneration and other benefits	17,264,176	12,692,122

17. OPERATING SEGMENT

- 17.1** This condensed interim financial information has been prepared on the basis of single reportable segment.
- 17.2** Revenue from sale of synthetic products represents 100% (September 30, 2014: 100%) of the total revenue of the Company.
- 17.3** 99.76% (September 30, 2014: 98.59%) sales of the Company relate to customers in Pakistan.
- 17.4** All current assets of the Company as at 30 September 2015 are located in Pakistan, except export based debtors.

18. DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on 20 October 2015.

19. GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive


Director



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