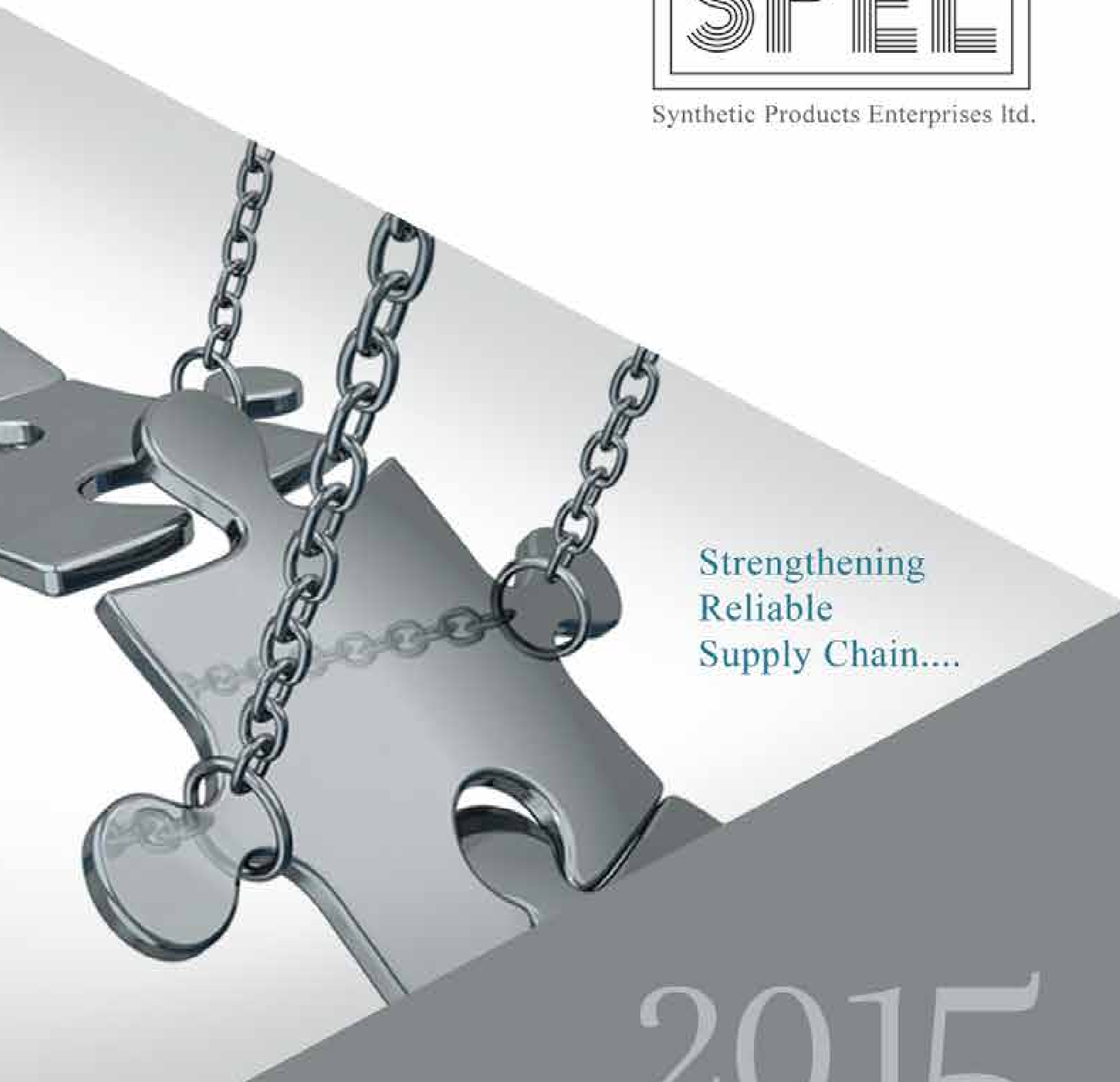
SPEL

Synthetic Products Enterprises ltd.



Strengthening
Reliable
Supply Chain....

2015 ANNUAL REPORT

CONTENTS


SPEL
ISO 9001
CERTIFIED COMPANY

CORPORATE INFORMATION

Company Information

Board of Directors

Mr. Almas Hyder
Chairman/Non-Executive Director
Mr. Zia Hyder Naqi
Chief Executive Officer/ Executive Director
Dr. S. M. Naqi
Non-Executive Director
Mr. Muhammad Tabassum Munir
Independent Non-Executive Director
Mr. Raza Haider Naqi
Non-Executive Director
Mr. Sheikh Naseer Hyder
Non-Executive Director
Mr. Abid Saleem Khan
Executive Director

Company Secretary
Mr. Khalil Ahmad Hashmi ACA

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

Human Resource & Remuneration 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 Quaid-e-Azam Industrial Estate Township,
Kot Lakhpat, Lahore.
Ph: 042-111-005-005
Fax: 042-35118507

Manufacturing Plants
4-km Off Feroz Pur Road Raiwind Lilliani Link,
Road Pandoki Lahore.

Share Registrar
THK Associates (Pvt) Ltd
2nd Floor State Life Building # 3,
Dr. Ziauddin Ahmad Road Karachi.

Statutory Auditor
KPMG Taseer Hadi and Co.

Tax Consultant
PWC A.F. Ferguson

Legal Advisors
Cornelius Lane and Mufti
Advocates & Solicitors

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

Stock Symbol
SPEL

Website
www.spelgroup.com

COMPANY PROFILE

SPEL is one of the leading manufacturers of technology intensive engineering and plastic products in Pakistan. Initially in 1978, SPEL started its operations as a partnership concern. In 1982, SPEL incorporated as a private limited company and then converted into a public limited company in 2008. The Company got listed on the stock exchanges of Pakistan in the year 2015.

SPEL is engaged in manufacturing of following products:

- Molds and Dies
- Automotive Parts
- Food and FMCG Packaging

VISION

To become Premium Player in the market by building a professional organization, having state of the art technology and expanding our products and then remain as the most progressive and profitable Company.

CORE VALUES

Customer Satisfaction

- Delivery
- Quality
- Response
- Relationships
- Service and Support

Respect

- Respect for customers employees and all stakeholders
- Business is about human beings. They want to be treated well.
- CSR is one way to show respect to society

Integrity

- Building trust
- Honoring Commitments
- Dependability
- Staying within ethical and legal boundaries
- Rewarding Honesty

Ownership

- Empowerment
- Punctuality
- Value time
- Capability
- Delegation
- Responsibility with authority
- Training of people for growth and continuous improvement
- Prepare Leaders for the future

Save Environment

- Eliminate waste
- Save energy, water, air and natural resources
- Eliminate pollutants from the system

CALENDAR OF NOTABLE EVENTS

2014 SEP	Best Timely Development Award – 2014 by Indus Motor Company 1st BoD Meeting
2014 OCT	Annual General Meeting 2nd BoD Meeting
2014 DEC	Book Building of SPEL's Initial Public Offering
2015 JAN	Public Subscription of SPEL's Initial Public Offering
2015 FEB	Listing on Karachi, Lahore & Islamabad Stock Exchange 3rd BoD Meeting
2015 MAR	Payment of Interim Dividend
2015 APR	Corporate Briefing at Lahore Stock Exchange 4th BoD Meeting
2015 JUN	Best Quality Achievement Award – 2015 from Honda 5th BoD Meeting

CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

SPEL is committed to conduct its business with honesty, integrity and in ethical manner. For this purpose, the Company has developed a code of conduct to manage the Company affairs in an ethical manner. The code is intended to set out principles relating to the manner, approach and behavior that should be observed in SPEL.

This code includes the following aspects:

- act with integrity and truthfully
- respect each other
- work together as a team work
- comply with all applicable laws and regulations
- never involve in any activity which leads to insiders' trading
- follow rules and regulations of the Company
- maintain work environment as free from sexual harassment
- disclose any personal interest, if any, in any Company's matter
- inform immediately any misconduct if they observe to their immediate boss

MAJOR EVENTS

1982
SPEL converted to Private Limited Company

1983
Steering wheels to Millat Tractors started

1989
Auto parts to Suzuki started

1993
SPEL packaging established

1996
Auto parts to Toyota (IMC) started

2002
Auto parts to Honda Atlas started

2005
Major Expansion took Place and a new plant (Unit 3) established

Yogurt cups to Nestle started

2008
SPEL becomes largest private sector tool manufacturer in the country

2009
Expansion into 5G stretch blow molding and plastic crates. Sales to Coca Cola and Nestle started

2010
ISO 14001 Certification achieved and sales of ice cream tubs to Engro started

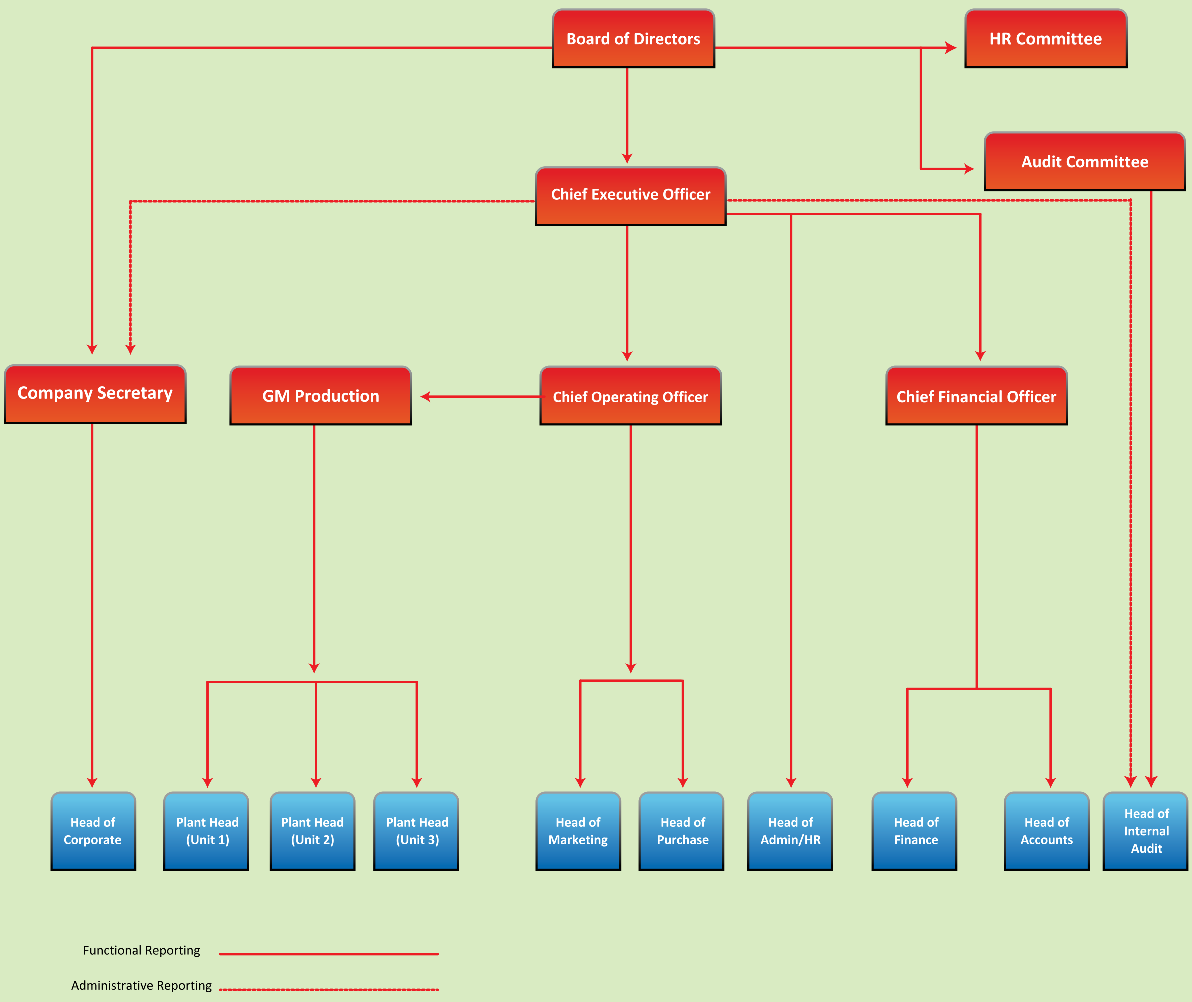
2011
Merger of SPEL & SPIL

2012
Yogurt Cups to Almarai.
Shampoo bottles to Unilever

2014
Expansion of Blow Molding Facility

2015
IPO for Expansion

ORGANIZATIONAL CHART



AWARDS

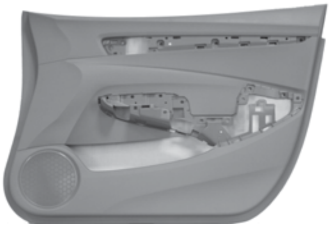
Best Quality Achievement Award - 2015

SPEL was awarded Best Quality Achievement Award - 2015 by Honda Atlas Cars (Pakistan) Limited for providing quality products.

Best Timely Development Award - 2014

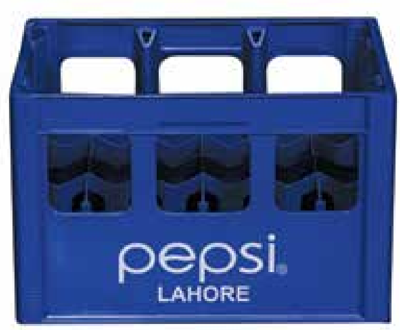
SPEL was awarded Best Timely Development Award – 2014 by Indus Motor Company Limited for development of moulds and components for new models.

OUR PRODUCTS



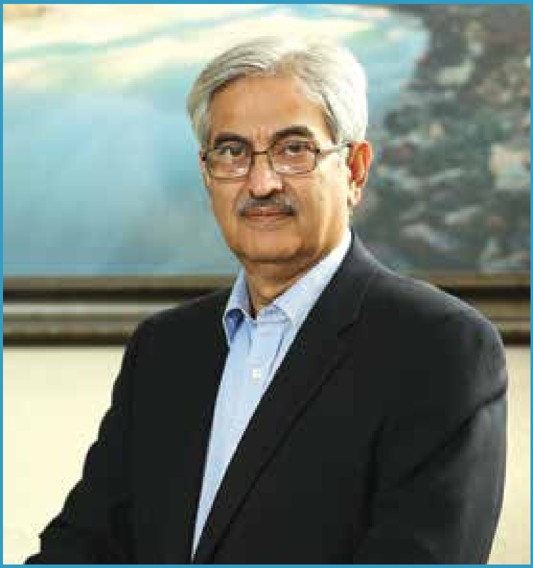

Nestlé
YOGURT


Coca-Cola


pepsi
LAHORE

CORPORATE GOVERNANCE

Directors' Profiles



Mr. Almas Hyder
Chairman
Mechanical Engineer

Mr. Hyder is a graduate engineer from University of Engineering & Technology, Lahore and a member of the Institute of Engineers Pakistan. He also holds memberships in Institute of Materials (London) and Society of Plastic Engineers (USA).

Other Engagements

Director

- National Transmission & Dispatch Company Limited Pakistan (NTDC)
- Punjab Skills Development Fund (PSDF)
- SPEL Technology Support (Private) Limited
- SPEL Pharmatec (Private) Limited

Chief Executive Officer

- AJ Power (Private) Limited
- RT Power (Private) Limited
- MST Power (Private) Limited
- EDAS Entrepreneurship Development and Advisory Services (Private) Limited

Dr. S. M. Naqi
Non-Executive Director
Chartered Engineer
Ph. D Business Administration

Dr. S. M. Naqi is a Chartered Engineer and has a Ph. D. in Business Administration. He is a Fellow member of Institute of Mechanical Engineers (London), European Institute of Products Management (U.K.), Pakistan Institute of Metallurgical Engineers, and Institute of Engineers - Electrical (Pakistan).

Other Engagements

Director

- SPEL Technology Support (Private) Limited

Directors' Profiles

Mr. Zia Hyder Naqi
Chief Executive Officer
Mechanical Engineer, MBA

Mr. Zia Hyder Naqi did his Mechanical Engineering in 1989 from University of Engineering & Technology Lahore and Master in Business Administration in 1994. Mr. Zia Hyder Naqi has participated in a number of training programs from renowned trainers in Japan, Germany and Canada. He is also a Certified Project Management Professional and IT expert.

Other Engagements

Director

- SPEL Pharmatec (Private) Limited
- AJ Power (Private) Limited
- RT Power (Private) Limited
- MST Power (Private) Limited

Mr. Raza Haider Naqi
Non-Executive Director
Chemical Engineer

A Chemical Engineer and an MBA in marketing started his career from manufacturing of electronic security systems, researching and developing top of the line car and home security systems including the real time auto tracking system for security as well as fleet management system. Later he gained tremendous amount of insight in sale and marketing of durable goods.

Directors' Profiles

Sheikh Naseer Hyder
Non-Executive Director
MBA

Sheikh Naseer Hyder did his MBA with a distinction from Cardiff University, UK in 2007 and Graduation from Wilfrid Laurier University, Canada in 2001.

Mr. Abid Saleem Khan
Executive Director
MBA

Mr. Khan is an MBA from The Institute of Management Sciences (Previously Pak American Institute of Management Sciences), and graduate of Management Development Programme from LUMS. He is working for SPEL for over 19 years he has deep understanding of the automotive industry and Japanese systems of management.

Other Engagements

Chief Executive Officer

- SPEL Pharmatec (Private) Limited

Mr. Muhammad Tabassum Munir
Independent Director
Graduate

Mr. Muhammad Tabassum Munir has worked for more than three decades, as member of Lahore Stock Exchange, till January 15, 2014. He had also served as Vice President of Lahore Stock Exchange.

He has participated in numerous seminars, round tables, conferences, workshops etc and has gained useful domain knowledge and experience. It has strengthen his dedicated role and capacity, in the management of finance and delivering advisory services.

Other Engagements

Chief Executive Officer
- MTM Securities (Private) Limited

Director
- Hi-Tech Lubricants Limited

THE BOARD STRUCTURE AND ITS COMMITTEES

Board Structure

NAME	POSITION
Mr. Almas Hyder	Chairman/Non-Executive Director
Dr. S. M. Naqi	Non-Executive Director
Zia Hyder Naqi	CEO/Executive Director
Raza Haider Naqi	Non-Executive Director
Sheikh Naseer Hyder	Non-Executive Director
Mr. Abid Saleem Khan	Executive Director
Mr. Muhammad Tabassum Munir	Independent Non-Executive Director

Audit Committee

The Board constitutes an Audit Committee and during the year audit committee held four meetings, the audit committee comprises of following members

NAME	POSITION	STATUS
Mr. Muhammad Tabassum Munir	Chairman	Independent Director
Mr. Almas Hyder	Member	Non-Executive Director
Dr. S. M .Naqi	Member	Non-Executive Director
Sheikh Naseer Hyder	Member	Non-Executive Director

Term of Reference of Audit Committee includes:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with listing regulations and other statutory and regulatory requirements; and
  - significant related party transactions.
- Review of preliminary announcements of results prior to publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the listed company;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls,

accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

- Review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource & Remuneration Committee

The Board constitutes a Human Resource and Remuneration Committee which comprises of following members among which three are non-executive directors.

NAME	POSITION	STSTUS
Mr. Almas Hyder	Chairman	Non Executive Director
Dr. S. M .Naqi	Member	Non Executive Director
Mr. Zia Hyder Naqi	Member	Executice Director
Sheikh Naseer Hyder	Member	Non Executive Director
Mr. Abid Saleem Khan	Member	Executice Director

The committee shall be responsible for:

- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Annual Evaluation of Board's performance

The Board has put in place a mechanism for evaluating the Board's performance by the members of the Board themselves. Evaluation forms are circulated to the members and each member is required to return duly filled proformas to the Company Secretary. The responses are consolidated with identification of the weak areas and discussed in the next Board meeting to formulate strategy for effecting improvement in the Board's performance.

Issues raised in the last AGM

The 2014 Annual General Meeting of the Company was held on 10 October 2014. The meeting was conducted in accordance with the agenda of the meeting. All agenda items were resolved unanimously by the members. No other issue was raised by any of the members present at the meeting.

COMPANY POLICIES

Environment Health & Safety Policy

It is policy of SPEL to:

- Place continuous and concerted efforts towards minimizing the impacts on the environment and use of energy and natural resources.

- We strive to reduce waste, emission to air, water and land; and are committed to comply with all the applicable legal requirements.

- Ensure adequate controls to prevent any adverse effect on the environment and to reduce or eliminate health and safety hazards.

- Practice efficient energy management with resource conservation and promote recycling, reuse, reduction and replacement wherever possible.

- Promote awareness, responsibility and commitment for the conservation of the global environment as well as health safety and protection amongst all levels of employees.

- Educate employees on the issues of health, safety and environment.

- Work in the spirit of cooperation with the relevant authorities.

Policy for safety of records

The Company pursues an effective policy for the safety of its records and to ensure that authentic, reliable and usable records are created, captured and stored to meet the needs of Company's business and statutory requirements.

The policy ensures that:

- Complete and accurate record of the transactions of the Company is created, captured and stored physically and/or in soft form along with proper backup;

- Records are to be maintained in conditions suitable for the length of time to cater for the Company's needs and statutory requirements;

- Records and archives are protected against the risks of unauthorized access, damage caused by fire, natural calamities and physical deterioration etc.

- The Records will be available to the authorized persons within the constraints of security, confidentiality, privacy and archival access conditions;

- Records are destroyed or disposed of in accordance with the disposal policies, procedures and guidelines of the Company;

Investors Grievance Policy

It is policy of SPEL to:

Prohibits the selective disclosure of material, nonpublic information about the Company,
Sets forth procedures designed to prevent such disclosure, and

Provides for the broad, public distribution of material information regarding SPEL.

At all times SPEL will guard the Company's need for confidentiality about key business and operating strategies & SECP's directive on nonpublic earnings guidance.

- Communication Channels

  The CEO or CFO or their nominee(s) will be the primary contacts who may communicate on behalf of the Company to analysts, securities market professionals, institutional investors, and major shareholders of the Company.

- Quarterly Earnings Release & Analyst Briefing

  SPEL will release earnings information quarterly as required by stock exchange soon after the accounts are reviewed by the Board of Directors at date to be announced publicly and post the same on the Company Web site which may be followed by an Analyst briefing, date and venue to be posted on web site and communicated to the Stock Exchanges.

- Analyst Earnings Models and Reports

  SPEL will not share earnings projections and will not provide focused guidance to analysts in their efforts to develop earnings estimates.

- Closed Period

  SPEL expects to observe a "closed period," at time of finalizing quarterly / annual earnings during which the Company will not participate in any further one-on-one or group conversations that relate to the Company's financial performance or current business activities Presentations. Duration of this period to be posted on website.

- Responding to Market Rumors

  The Company does not have a general duty to monitor and to correct or verify rumors in the market place unless such rumors can be attributed to SPEL or the stock exchange requests disclosure when the rumor is causing unusual trading activity in SPEL shares. Generally, SPEL will adopt a "no comment" policy with respect to rumors that are not attributable to SPEL and will take precautions to ensure that it is not the source of rumors.

Critical Performance Indicators

SPEL has developed critical performance indicators to evaluate the Company's performance against the objectives. This includes responsible and safe operations to meet the highest professional standards and commitment to the Company's values. The bench mark includes:

- Optimal use of available resources

- Improved operational efficiencies

- Increasing shareholders wealth

DIRECTORS REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2015

Dear Shareholders

The Directors of your Company are pleased to place before you the Company's Annual Report on the results of its operations along with the Audited Accounts for the year ended 30 June 2015.

Financial Overview

Financial Results

The financial results of the Company for the year under review and of the previous year are as follows:

	2015	**2014**
	Rupees in million	
Turnover	2,165.70	1,718.56
Gross profit	492.80	345.93
Operating profit	346.05	232.11
Financial cost	59.03	56.46
Profit before taxation	286.31	175.12
Taxation	56.56	53.19
Profit after tax	229.75	121.93

Dividends and Appropriations

	2015	2014
	Rupees in million	
Profit available for appropriation	248.74	227.94
Appropriation:		
Interim Cash Dividend @ 5% (2014: @10%)	38.68	41.23
Interim Bonus Dividend @ Nil (2014: @40.68%)	-	167.73
*Final Cash Dividend @ 5% (2014: @NIL)	38.67	-
	77.35	208.96
Un-appropriated profit carried forward	171.39	18.98

*The Directors have recommended a final cash dividend @ 5% (Re. 0.5 per share). This is in addition to the interim dividend @ 5% (Re. 0.5 per share) already declared and paid to the shareholders thereby making it a total cash dividend @10% (Re. 1 per share) for the year 2014-15.

Earnings Per Share

The earnings per share for the current and the previous year are as follows:

Basic and diluted EPS – 2015	Rs. 3.48
Basic and diluted EPS – 2014	Rs. 2.10


SUCCESS

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".

Operations

Operations

The financial year 2014-15 was another successful year for the Company with sales, operating income and profits surpassing all previous levels.

The sales revenue of the Company increased by 26% from Rupees 1,719 million to Rupees 2,163 million. The gross profit increased by 42% due to higher sales volume and production efficiencies. Operating profit and net profit also increased by 48% and 88% respectively.

To increase productivity and to cater to growing market demand, we invested Rs. 121 million (2014: Rs. 82 million) in Plant and Machinery. The investment helped us achieve higher productivity and lower cost. Significant amount has also been spent for the automation of the processes to ensure timely delivery to our customers and improving efficiency of our workforce.

There have been no material changes since 30 June 2015 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Award and Recognition:

The Company's commitment to the excellence in producing quality products and on time delivery was recognized by its customers. It gives us great pleasure to inform that the Company has the honour of receiving the following awards:

Best Quality Achievement Award - 2015

SPEL was awarded Best Quality Achievement Award - 2015 by Honda Atlas Cars (Pakistan) Limited for providing quality products.

Best Timely Development Award - 2014

SPEL was awarded Best Timely Development Award – 2014 by Indus Motor Company Limited for development of moulds and components for new models.

Human Resource Development:

Our human resources are our assets. Developing the personal and organizational skills, knowledge and abilities has been a priority of the Company. The trainings ranged from fundamental skills for production members to refresher courses on Toyota Production Systems (TPS), Kaizen, 5S and strategic managerial skills. 3024 man-hours were invested on training and skill development of our employees using in-house and outsourced training resources.

Corporate Social Responsibility

The Company considers social, environmental and ethical matters as an important element of the business activity. The company is committed to make conscious effort to balance the interest of all stakeholders. During the year under review, we have spent Rupees 856,000 on different CSR activities.

Corporate

Meetings of the Board and Attendance

During the year under review, five (05) Board meetings were held and attendance by each director is given below:

NAME	POSITION	MEETINGS ATTENDED
Mr. Almas Hyder	Chairman/Non-Executive Director	5
Dr. S. M. Naqi	Non-Executive director	5
Mr. Zia Hyder Naqi	CEO/Executive director	5
Mr. Raza Haider Naqi	Non-Executive Director	4
Mr. Sheikh Naseer hyder	Non-Executive Director	4
Mr. Abid Saleem khan	Executive Director	5
Mr. Muhammad Tabassum Munir	Independent Non-Executive Director	4*

*Mr. Muhammad Tabassum Munir was appointed as director on 10 October 2014 after his appointment only four meeting were held during the year.

Board Audit Committee

During the year under review, four (04) Board Audit Committee meetings were held and attendance by each member is given below:

NAME	POSITION	MEETINGS ATTENDED
Mr. Muhammad Tabassum Munir	Committee Chairman	4
Mr. Almas hyder	Member	4
Dr. S. M. Naqi	Member	3
Sheikh Naseer Hyder	Member	2

Human Resource & Remuneration Committee

Human Resource and Remuneration Committee comprises of following members: During the year no Human Resource and Remuneration Committee was held.

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

Trainings by Directors

During the year Mr. Zia Hyder Naqi has attended a training course titled Owner President Management Program at Harvard Business School.

Mr. Almas Hyder is a certified director as per requirements of the Code of Corporate Governance.

Appointment of Auditors

The present auditors, M/s KPMG Taseer Hadi & Co Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has suggested and the Board has recommended their re-appointment as auditors of the Company for the year 2015-16.

Pattern of Shareholding

The pattern of shareholding is annexed to this report.

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 19,350,000 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.

Investor Relations

The Company places great importance on its relations with investors. Annual, half yearly and quarterly reports are distributed promptly. During the year under review, the Company has conducted one Corporate Briefing in the Lahore Stock Exchange. In addition, information useful for investors is uploaded on the Company's website.

Corporate and Financial Reporting Framework

The company is in compliance with the all requirements of the Corporate and Financial Reporting Framework as enumerated in the Code of Corporate Governance and we confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- Key operating and financial data for the last six years is annexed.
- Information about taxed and levies is given in notes to the Financial Statements.
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.
- The Company operates a contributory Provident Fund Scheme for all its eligible employees. The value of investment as on 30 June 2015 of the investments made by the Company's Provident and other relevant information has been mentioned in note number 42 to the Financial Statements.
- The detail of trading in shares of the Company by the Company's Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary Head of Internal Audit, Executives their spouses and minor children is annexed.

Variation in the terms of appointment of CEO & Executive Director

During the year under review, the monthly remuneration of Mr. Zia Hyder Naqi, Chief Executive Officer was increased by Rs. 100,000 from the start of the financial year 2014-15 without varying other terms and conditions of his employment contract.

The monthly remuneration of Mr. Abid Saleem Khan, Executive Director has been increased by Rs. 30,000 with effect from 1 July 2015 without varying other terms and conditions of his employment contract.

Interest of Directors

There was no other interest of any director in any of the variations except of the concerned directors to the extent of their remuneration.

Future outlook

The Company is in process of expanding its manufacturing facilities. It is also focusing on achieving more efficient and profitable utilization of the installed manufacturing capacity. A new manufacturing facility in the Industrial Estate of Rahim Yar Khan is planned for which 6.5 acres of land has been acquired. The operations of wholly owned subsidiary, SPEL Pharmatec (Private) Limited, a nascent company, has been stopped till an appropriate product line is identified.

The Company's sales outlook is positive. Our blue-chip clientele is growing. The investment should provide better results in the future.

Acknowledgement

We are pleased to acknowledge that the relation with employees remained congenial throughout the year. 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 as well as quality. The support extended by our financial institutions is also encouraging for us, and we extend our gratitude to them.

Zia Hyder Naqi	**Dr. S. M. Naqi**
Chief Executive Officer	Director

Lahore
12 September 2015

Six Years Financial Information

Financial Summary		2015	2014	2013	2012	2011	2010
Balance Sheet							
Share capital	Rs. in 000	773,500	580,000	412,275	329,820	242,439	265,166
No of shares (closing)	No. in 000	77,350	58,000	41,227	32,982	24,244	26,517
Fixed assets	Rs. in 000	1,030,345	873,185	629,246	504,469	489,318	423,079
Total assets	Rs. in 000	2,364,932	1,524,452	1,319,885	1,164,426	999,291	855,601
Equity	Rs. in 000	1,557,894	825,933	518,284	458,097	386,642	330,878
Long term loans & leases	Rs. in 000	92,707	75,091	83,843	25,974	56,417	38,453
Current assets	Rs. in 000	1,320,570	618,881	670,609	649,513	491,979	418,920
Stocks	Rs. in 000	337,658	260,073	319,781	331,603	293,723	200,627
Debtors	Rs. in 000	249,155	185,228	225,236	127,770	110,922	113,457
Cash and bank Balances	Rs. in 000	37,633	78,903	17,436	82,182	7,583	38,972
Creditors	Rs. in 000	127,469	82,923	191,474	199,457	111,502	117,334
Current liabilities	Rs. in 000	592,197	501,811	614,880	594,271	457,034	422,757
Short term finances	Rs. in 000	456,605	414,784	418,089	373,527	322,310	278,978
Working capital	Rs. in 000	443,378	352,712	351,941	257,893	291,389	193,402
Profit and Loss Account							
Sales	Rs. in 000	2,165,703	1,718,561	1,415,829	1,399,020	1,191,922	1,098,953
Cost of sales	Rs. in 000	1,672,903	1,371,825	1,183,530	1,145,326	977,548	880,608
Gross profit	Rs. in 000	492,801	346,736	232,299	253,694	214,374	218,345
Profit before taxation	Rs. in 000	286,310	175,120	78,603	96,547	80,898	94,049
Depreciation	Rs. in 000	74,345	63,523	48,868	44,178	42,215	35,244
Amortization	Rs. in 000	1,387	1,342	-	-	-	-
Financial cost	Rs. in 000	59,028	56,462	50,352	47,813	50,571	37,155
Profit after tax	Rs. in 000	229,745	121,933	60,188	71,455	55,763	59,546
EBIT	Rs. in 000	345,338	231,582	128,954	144,360	131,469	131,204
EBITDA	Rs. in 000	421,070	296,447	177,822	188,538	173,684	166,449
Cash Flow Statement							
Cash flow from operating activities	Rs. in 000	204,667	212,996	61,060	153,316	43,475	88,883
Cash flow from investing activities	Rs. in 000	(756,799)	(98,246)	(48,640)	(62,883)	(59,713)	(55,180)
Cash flow from financing activities	Rs. in 000	404,476	(65,105)	1,560	(70,720)	29,853	(38,668)
Opening cash & cash equivalents	Rs. in 000	(4,049)	(53,694)	(67,674)	(87,387)	(101,002)	(96,037)
Closing cash & cash equivalents	Rs. in 000	(151,705)	(4,049)	(53,694)	(67,674)	(87,387)	(101,002)

* Cash and cash equivalents represents the cash & bank balances net of short term running finances.

Significant Ratios

		2015	2014	2013	2012	2011	2010
Profitability							
Gross profit ratio	%age	23%	20%	16%	18%	18%	20%
Net profit ratio	%age	11%	7%	4%	5%	5%	5%
EBIDTA margin to sales	%age	19%	17%	13%	13%	15%	15%
Return on equity	%age	15%	15%	12%	16%	14%	18%
Return on capital employed	%age	18%	16%	11%	15%	14%	14%
Liquidity / Leverage							
Current ratio	Times	2.23	1.23	1.09	1.09	1.08	0.99
Quick/Acid test ratio	Times	1.66	0.72	0.57	0.53	0.43	0.52
Cash to current liabilities	%age	6%	16%	3%	14%	2%	9%
Cash flow from operations to sales	%age	15%	17%	7%	13%	7%	11%
Activity/Turnover Ratios							
Inventory turnover ratio	Times	5.60	4.73	3.63	3.66	3.95	5.37
No. of days in inventory	Days	65.21	77.14	100.44	99.64	92.29	67.99
Debtor turnover ratio	Times	9.97	8.37	8.02	11.72	10.62	8.18
No. of days in receivables	Days	36.60	43.59	45.50	31.14	34.36	44.64
Creditor turnover ratio	Times	15.90	10.00	6.05	7.37	8.54	8.22
No of days in payables	Days	22.95	36.50	60.28	49.55	42.72	44.42
Fixed assets turnover ratio	Times	2.10	1.97	2.25	2.77	2.44	2.60
Total assets turnover ratio	Times	0.92	1.13	1.07	1.20	1.19	1.28
Operating cycle	Days	78.86	84.23	85.66	81.23	83.92	68.21
Investment/Market Ratios							
Earning per share - Reported	Rs.	3.48	2.10	1.46	1.73	1.75	1.87
Dividend yield ratio	%age	0.9%	N/A	N/A	N/A	N/A	N/A
Dividend payout ratio	%age	14.4%	N/A	N/A	N/A	N/A	N/A
Dividend cover ratio	Times	6.96	2.10	0.00	0.00	1.25	0.00
Cash dividend per share	Rs.	0.50	1.00	0.00	0.00	1.40	0.00
Market value per share at the year end*	Rs.	54.87	N/A	N/A	N/A	N/A	N/A
Market value per share high*	Rs.	64.25	N/A	N/A	N/A	N/A	N/A
Market value per share low*	Rs.	31.49	N/A	N/A	N/A	N/A	N/A
Breakup value per share (without land's revaluation surplus)	Rs.	17.21	10.33	12.57	13.89	15.95	12.48
Breakup value per share (with land's revaluation surplus)	Rs.	20.14	14.24	12.57	13.89	15.95	12.48
Capital Structure Ratios							
Financial leverage ratio	Times	0.35	0.59	0.97	0.87	0.98	0.96
Weighted average cost of debt	%age	11%	11%	11%	12%	15%	13%
Debt to equity ratio	Times	0.11	0.15	0.25	0.13	0.22	0.20
Interest cover ratio	Times	5.85	4.10	2.56	3.02	2.60	3.53
Return to Shareholders							
R.O.E. before tax	%age	18%	21%	15%	21%	21%	28%
R.O.E. after tax	%age	15%	15%	12%	16%	14%	18%
EPS	Rs.	3.48	2.10	1.46	1.73	1.75	1.87
Solvency							
Debtors turnover	Times	9.97	8.37	8.02	11.72	10.62	8.18
Creditors turnover	Times	15.90	10.00	6.05	7.37	8.54	8.22
Other Information							
Sale growth rate	%age	26%	21%	1%	17%	8%	32%

* Source of information is karachi stocks exchange website

** N/A refers to "not applicable" as the Company was not listed during those years.

Vertical Financial Analysis

	2015		2014		2013		2012		2011		2010	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Equity and reserves	1,330,951	56.28	598,990	39.29	518,284	39.27	458,097	39.34	386,642	38.69	330,878	38.67
Surplus on revaluation of land	226,943	9.60	226,943	14.89	-	0.00	-	0.00	-	0.00	-	0.00
Long term loans	63,326	2.68	34,147	2.24	-	0.00	-	0.00	-	0.00	-	0.00
Non current liabilities	151,516	6.41	162,561	10.66	186,720	14.15	112,059	9.62	155,616	15.57	101,966	11.92
Total current liabilities	592,197	25.04	501,811	32.92	614,880	46.59	594,271	51.04	457,034	45.74	422,757	49.41
	2,364,932	100.00	1,524,452	100.00	1,319,885	100.00	1,164,426	100.00	999,291	100.00	855,601	100.00
Property plant and equipment	1,030,345	43.57	873,185	57.28	629,246	47.67	504,469	43.32	489,318	48.97	423,079	49.45
Long Term Investments	2,546	0.11	4,496	0.29	4,417	0.33	3,916	0.34	4,157	0.42	4,157	0.49
Non current assets - Others	11,471	0.49	17,990	1.18	15,614	1.18	6,528	0.56	13,838	1.38	9,444	1.10
Stores spares and loose tools	15,966	0.68	9,666	0.63	1,603	0.12	2,023	0.17	1,754	0.18	3,347	0.39
Stock in trade	321,691	13.60	250,407	16.43	318,179	24.11	329,580	28.30	291,969	29.22	197,279	23.06
Trade debts	249,155	10.54	185,228	12.15	225,236	17.06	127,770	10.97	110,922	11.10	113,457	13.26
Income Tax Receivables	84,902	3.59	80,833	5.30	92,563	7.01	76,945	6.61	67,033	6.71	52,708	6.16
Short Term Investment	580,500	24.55	-	0.00	-	0.00	8,885	0.76	-	0.00	1,000	0.12
Advances, deposits, prepayments and other receivables	30,722	1.30	23,744	1.56	15,592	1.18	22,129	1.90	12,718	1.27	12,157	1.42
Cash and Bank Balances	37,633	1.59	78,903	5.18	17,436	1.32	82,182	7.06	7,583	0.76	38,972	4.55
	2,364,932	100.00	1,524,452	100.00	1,319,885	100.00	1,164,426	100.00	999,291	100.00	855,601	100.00
Profit and Loss Account												
Sales - net	2,165,703	100.00	1,718,561	100.00	1,415,829	100.00	1,399,020	100.00	1,191,922	100.00	1,098,953	100.00
Cost of sales	1,672,903	77.25	1,371,825	79.82	1,183,530	83.59	1,145,326	81.87	977,548	82.01	880,608	80.13
Gross profit	492,801	22.75	346,736	20.18	232,299	16.41	253,694	18.13	214,374	17.99	218,345	19.87
Admin expenses	104,335	4.82	80,507	4.68	70,852	5.00	68,655	4.91	57,092	4.79	54,263	4.94
Selling and distribution expenses	42,417	1.96	33,102	1.93	33,335	2.35	39,611	2.83	30,471	2.56	29,810	2.71
Operating profit	346,049	15.98	233,127	13.57	128,112	9.05	145,428	10.39	126,811	10.64	134,272	12.22
Other charges	30,902	1.43	13,159	0.77	4,493	0.32	7,916	0.57	6,001	0.50	6,507	0.59
Finance cost	59,028	2.73	56,462	3.29	50,352	3.56	47,813	3.42	50,571	4.24	37,155	3.38
	256,120	11.83	163,506	9.51	73,267	5.17	89,699	6.41	70,238	5.89	90,610	8.25
Other income	30,191	1.39	11,614	0.68	4,835	0.34	7,089	0.51	10,659	0.89	3,439	0.31
Share of after tax profit/(loss) of an associated company	-	-	-	-	500	0.04	(241)	(0.02)	-	-	-	-
Profit before tax	286,310	13.22	175,120	10.19	78,603	5.55	96,547	6.90	80,898	6.79	94,049	8.56
Taxation	56,565	2.61	53,187	3.09	18,415	1.30	25,092	1.79	25,134	2.11	34,504	3.14
Profit after tax	229,745	10.61	121,933	7.10	60,188	4.25	71,455	5.11	55,763	4.68	59,546	5.42

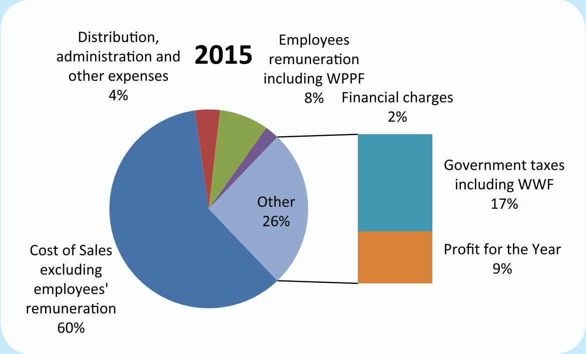
Horizontal Financial Analysis

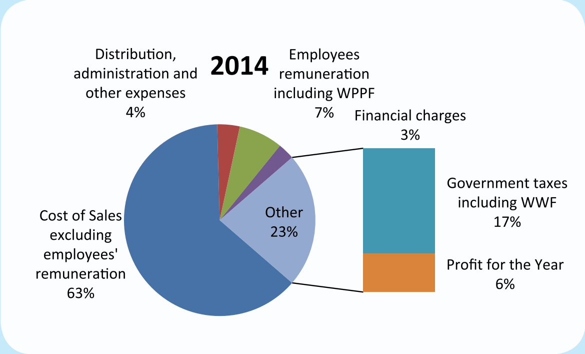
	2015		2014		2013		2012		2011		2010	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Equity and reserves	1,330,951	122.20	598,990	15.57	518,284	13.14	458,097	18.48	386,642	16.85	330,878	-4.74
Surplus on revaluation of land	226,943	0.00	226,943	100.00	-	-	-	-	-	-	-	-
Long term loans	63,326	85.45	34,147	100.00	-	-	-	-	-	-	-	-
Non current liabilities	151,516	-6.79	162,561	-12.94	186,720	66.63	112,059	-27.99	155,616	52.62	101,966	-12.81
Total current liabilities	592,197	18.01	501,811	-18.39	614,880	3.47	594,271	30.03	457,034	8.11	422,757	10.01
	2,364,932	55.13	1,524,452	15.50	1,319,885	13.35	1,164,426	16.53	999,291	16.79	855,601	-7.57
Property plant and equipment	1,030,345	18.00	873,185	38.77	629,246	24.73	504,469	3.10	489,318	15.66	423,079	-20.80
Long term investments	2,546	-43.38	4,496	1.81	4,417	12.77	3,916	-5.79	4,157	0.00	4,157	-2.18
Non current assets - others	11,471	-36.23	17,990	15.21	15,614	139.19	6,528	-52.83	13,838	46.52	9,444	-11.77
Stores spares and loose tools	15,966	65.18	9,666	503.12	1,603	-20.78	2,023	15.33	1,754	-47.59	3,347	34.93
Stock in trade	321,691	28.47	250,407	-21.30	318,179	-3.46	329,580	12.88	291,969	48.00	197,279	57.89
Trade debts	249,155	34.51	185,228	-17.76	225,236	76.28	127,770	15.19	110,922	-2.23	113,457	-26.98
Income tax receivables	84,902	5.03	80,833	-12.67	92,563	20.30	76,945	14.79	67,033	27.18	52,708	2640.18
Short term investment	580,500	100.00	-	-	-	-100.00	8,885	100.00	-	-100.00	1,000	-50.00
Advances, deposits, prepayments and other receivables	30,722	29.39	23,744	52.28	15,592	-29.54	22,129	73.99	12,718	4.61	12,157	-86.10
Cash and bank balances	37,633	-52.30	78,903	352.52	17,436	-78.78	82,182	983.82	7,583	-80.54	38,972	1573.08
	2,364,932	55.13	1,524,452	15.50	1,319,885	13.35	1,164,426	16.53	999,291	16.79	855,601	-7.57
Profit and Loss Account												
Sales - net	2,165,703	26.02	1,718,561	21.38	1,415,829	1.20	1,399,020	17.38	1,191,922	8.46	1,098,953	32.33
Cost of sales	1,672,903	21.95	1,371,825	15.91	1,183,530	3.34	1,145,326	17.16	977,548	11.01	880,608	28.08
Gross profit	492,801	42.13	346,736	49.26	232,299	(8.43)	253,694	18.34	214,374	(1.82)	218,345	52.79
Admin expenses	104,335	29.60	80,507	13.63	70,852	3.20	68,655	20.25	57,092	5.21	54,263	22.58
Selling and distribution expenses	42,417	28.14	33,102	(0.70)	33,335	(15.84)	39,611	30.00	30,471	2.22	29,810	98.37
Operating profit	346,049	48.44	233,127	81.97	128,112	(11.91)	145,428	14.68	126,811	(5.56)	134,272	60.59
Other charges	30,902	134.83	13,159	192.90	4,493	(43.24)	7,916	31.91	6,001	(7.77)	6,507	77.49
Finance cost	59,028	4.54	56,462	12.14	50,352	5.31	47,813	(5.45)	50,571	36.11	37,155	(4.13)
	256,120	56.64	163,506	123.16	73,267	(18.32)	89,699	27.71	70,238	(22.48)	90,610	119.98
Other income	30,191	159.96	11,614	140.21	4,835	(31.80)	7,089	(33.49)	10,659	209.94	3,439	(58.17)
Share of after tax profit/(loss) of an associated company	-	-	-	(100.00)	500	307.76	(241)	(100.00)	-	-	-	-
Profit before tax	286,310	63.49	175,120	122.79	78,603	(18.59)	96,547	19.35	80,898	(13.98)	94,049	90.34
Taxation	56,565	6.35	53,187	188.83	18,415	(26.61)	25,092	(0.17)	25,134	(27.16)	34,504	147.91
Profit after tax	229,745	88.42	121,933	102.59	60,188	(15.77)	71,455	28.14	55,763	(6.35)	59,546	67.76

Statement of Wealth Generated and Distributed

For the year ended: June 30, 2015

	2015		2014	
	Rs. 000	%	Rs. 000	%
Total Revenue inclusive of sales tax	2,533,780	99%	1,996,497	99%
Other Income	30,191	1%	11,614	1%
	2,563,971	100%	2,008,111	100%
WEALTH DISTRIBUTION				
Cost of Sales excluding employees' remuneration	1,535,175	60%	1,269,753	63%
Distribution, administration and other expenses	104,988	4%	76,329	4%
Employees remuneration including WPPF	205,402	8%	149,750	7%
Financial charges	59,028	2%	56,462	3%
Government taxes including WWF	429,633	17%	333,884	17%
Profit for the Year	229,745	9%	121,933	6%
	2,563,971	100%	2,008,111	100%





REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Synthetic Products Enterprises Limited("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Lahore
Date: 12 September 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

STATEMENT OF COMPLIANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of Karachi Stock Exchange Rule Book and Regulation No. 35 of listing regulations of Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the Board includes:

Category	Names
Independent Director	Mr. Muhammad Tabassum Munir
Executive Directors	Mr. Zia Hyder Naqi Mr. Abid Saleem Khan
Non-Executive Directors	Mr. Almas Hyder Dr. S. M. Naqi Mr. Raza Haider Naqi Mr. Sheikh Naseer Hyder

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the current year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/ mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors have been taken by board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

9. This is the first year of listing of the Company, one director holds certification under the Directors Training Program by the University of Lahore and the remaining directors will acquire the required certification within the time specified in the Code, unless exempt there under.

10. The board has ratified appointment of Mr. Khalil Ahmad Hashmi CFO & Company

Secretary and Mr. Abu Bakar Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of four members, all of them are Non-Executive Directors and the Chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an Human Resource and Remuneration Committee. It comprises of five members, of whom three are non-executive directors including the Chairman of the committee.

18. The board has outsourced the internal audit function to A. F. Fergusons, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Zia Hyder Naqi
Chief Executive Officer
Lahore.
Dated: 12 September 2015

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Synthetic Products Enterprises ltd.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of Synthetic Products Enterprises Limited ("the Company") as at 30 June 2015, the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also include assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

LAHORE:
Date: 12 September 2015

UNCONSOLIDATED BALANCE SHEET
As At June 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital of Rs. 10 each	5	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5	773,500,000	580,000,000
Share premium	6	347,391,050	-
Accumulated profit		210,060,018	18,989,521
		1,330,951,068	598,989,521
Surplus on revaluation of land	7	226,943,081	226,943,081
Non-current liabilities			
Long term finance	8.1	52,255,716	11,679,995
Diminishing musharika - secured	8.2	11,069,808	22,467,360
Liabilities against assets subject to finance lease	9	29,381,452	40,943,933
Deferred taxation	10	122,134,405	121,617,088
		214,841,381	196,708,376
Current liabilities			
Trade and other payables	11	127,468,516	82,922,668
Short term borrowings - secured	12	380,450,601	362,828,683
Current maturity of long term liabilities	13	76,154,092	51,955,797
Accrued mark up	14	8,123,321	4,103,912
		592,196,530	501,811,060
		2,364,932,060	1,524,452,038
Contingencies and commitments	15		

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,030,345,221	873,185,121
Intangibles	17	4,207,204	5,368,325
Investments - related parties	18	2,546,005	14,396,366
Long term deposits	19	7,263,948	12,621,192
		1,044,362,378	905,571,004
Current assets			
Stores, spares and loose tools		15,966,041	9,666,099
Stock-in-trade	20	321,691,498	250,407,056
Trade debts - unsecured, considered good		249,155,073	185,227,576
Income tax	21	84,901,576	80,833,185
Advances, deposits, prepayments and other receivables	22	30,722,007	13,844,091
Short term investments	23	580,500,000	-
Cash and bank balances	24	37,633,487	78,903,027
		1,320,569,682	618,881,034
		2,364,932,060	1,524,452,038

Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	25	2,165,703,472	1,718,561,027
Cost of sales	26	(1,672,902,798)	(1,371,824,851)
Gross profit		492,800,674	346,736,176
Administrative expenses	27	(104,335,115)	(80,506,950)
Selling and distribution expenses	28	(42,416,731)	(33,101,754)
Operating profit		346,048,828	233,127,472
Other income	29	30,190,882	11,613,774
Other charges	30	(30,901,663)	(13,159,374)
Finance cost	31	(59,027,591)	(56,461,988)
Profit before taxation		286,310,456	175,119,884
Taxation	32	(56,564,959)	(53,187,370)
Profit after taxation		229,745,497	121,932,514
Earnings per share - basic and diluted	33	3.48	2.10

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2015

	Note	**2015 Rupees**	2014 Rupees
Profit after taxation		229,745,497	121,932,514
Other comprehensive income		-	-
Total comprehensive income for the year (transferred to equity)		229,745,497	121,932,514
Item that is not transferred to equity			
Surplus on revaluation of land		-	226,943,081
		229,745,497	348,875,595

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

UNCONSOLIDATED CASH FLOW STATEMENT

For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	326,556,666	294,889,663
Workers' Profit Participation Fund and Workers' Welfare Fund paid		(12,122,756)	(4,492,792)
Finance cost paid		(55,008,182)	(56,053,416)
Taxes paid		(60,116,033)	(24,340,335)
Long term deposits - net		5,357,244	2,992,831
Cash generated from operating activities		204,666,939	212,995,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(186,091,248)	(93,083,839)
Proceeds from disposal of property, plant and equipment		5,117,851	4,837,984
Proceeds from disposal of investment in associate		4,674,194	-
Investments - related parties		-	(10,000,000)
Short term investments		(580,500,000)	-
Net cash used in investing activities		(756,799,203)	(98,245,855)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital - net		540,891,050	-
Principal repayment of lease liability		(47,165,458)	(47,567,241)
Long term finance obtained		47,250,000	44,784,540
Long term finance and diminishing musharika repaid		(9,197,030)	(1,440,142)
Short term borrowings - net		(88,765,114)	(19,654,310)
Cash dividend paid		(38,537,756)	(41,227,483)
Net cash generated from / (used in) financing activities		404,475,692	(65,104,636)
Net (decrease) / increase in cash and cash equivalents		(147,656,572)	49,645,460
Cash and cash equivalents at beginning of the year		(4,047,659)	(53,693,119)
Cash and cash equivalents at end of the year	35	(151,704,231)	(4,047,659)

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2015

	Issued, subscribed and paid-up capital	Advance against share capital	Capital reserves: Share premium	Revenue reserves: Accumulated profit	Total
	-----------------Rupees	-----------------	-----------------	-----------------	-----------------
As at 30 June 2013	412,274,830	-	-	106,009,660	518,284,490
Total comprehensive income for the year	-	-	-	121,932,514	121,932,514
Transactions with owners of the Company					
Bonus shares issued 16,772,517 shares of Rs. 10 each	167,725,170	-	-	(167,725,170)	-
Final cash dividend for the year ended 30 June 2013 @ Rs. 1 per share	-	-	-	(41,227,483)	(41,227,483)
	167,725,170	-	-	(208,952,653)	(41,227,483)
As at 30 June 2014	580,000,000	-	-	18,989,521	598,989,521
Total comprehensive income for the year	-	-	-	229,745,497	229,745,497
Transactions with owners of the Company					
Advance received against shares	-	580,500,000	-	-	580,500,000
Shares issued during the year 19,350,000 shares of Rs. 10 each	193,500,000	(193,500,000)	-	-	-
Share premium	-	(387,000,000)	387,000,000	-	-
Expenses incurred on issuance of shares	-	-	(39,608,950)	-	(39,608,950)
Interim cash dividend for the year ended 30 June 2015 @ Rs. 0.5 per share	-	-	-	(38,675,000)	(38,675,000)
	193,500,000	-	347,391,050	(38,675,000)	502,216,050
As at 30 June 2015	773,500,000	-	347,391,050	210,060,018	1,330,951,068

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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 Separate financial statements

These financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared and presented separately.

The Company has the following long term investments:

	2015	2014
	(Direct holding percentage)	
Subsidiary		
SPEL Pharmatec (Private) Limited	100	100
Associate		
SPEL Fujiya Limited	Nil	49.65

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment which are stated at revalued amounts as referred in note 3.1.

2.4 Judgments, estimates and assumptions

The preparation of unconsolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 16.1.

2.4.2 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of income between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in year of change.

2.4.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.5 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment was carried out by independent professional valuers. Revalued amounts of property, plant and equipment was determined by reference to local market values.

The frequency of revaluations depends upon the changes in fair values of the items of land being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of land with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

Further the surplus on revaluation of land shall be utilized in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

2.4.6 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

2.4.7 Stock in trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realisable value is below the cost.

2.4.8 Provisions against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts provision required there against on an annual basis.

2.5 Functional and presentation currency

These unconsolidated financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICES

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements, unless otherwise stated.

3.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount less accumulated impairment losses and capital work in progress, which is stated at cost less accumulated impairment loss. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.18.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

The Company recognizes depreciation in profit and loss account by applying reducing balance method, over the useful life of each item of property, plant and equipment using rates specified in note 16.1 to the unconsolidated financial statements, except for leasehold land which is amortised using straight line basis. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Any gain or loss on disposal of property, plant and equipment is recognized in unconsolidated profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for intended use.

3.2 Intangibles

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost and are amortized on a straight line basis. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. The rate of amortization is specified in note 17.

3.3 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Average cost
Packing materials	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.5 Employee benefits

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 10.00% of basic salary. The Company's contribution is charged to unconsolidated profit and loss account currently.

3.6 Investments

3.6.1 Investment in equity instruments of subsidiary

Investment in subsidiary company is measured at cost as per the requirements of IAS 27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in unconsolidated profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated profit and loss account.

3.6.2 Investment in equity instruments of associate

Associates are all entities over which the Company has significant influence but not control. Investments in associates are measured at cost less accumulated impairment in the Company's separate financial statements. At subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated profit and loss account.

3.7 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less impairment, if any.

3.8 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets are de-recognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is extinguished, cancelled or expired. Any gain or loss on de-recognizing of the financial assets and financial liabilities is taken to unconsolidated profit and loss account currently.

The particular measurement methods adopted for various financial instruments are disclosed in the individual policy statements associated with each item.

3.9 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10 Regular way purchases and sales of financial assets

Regular way purchases and sales of financial assets are recognized on trade dates.

3.11 Loans and borrowings

Loans and borrowings are classified as ‘financial liabilities at amortized cost’. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.12 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as ‘property, plant and equipment’. On initial recognition, these are measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, gains and losses on de-recognition are accounted for in accordance with the respective policies for property, plant and equipment. Liabilities against assets subject to finance lease and deposits against finance lease are classified as ‘financial liabilities at amortized cost’ and ‘loans and receivables’ respectively. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at amortised cost, less impairment, if any.

3.13 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit and loss account on a straight line basis over the lease term.

3.14 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method.

3.15 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.16 Trade and other receivables

On initial recognition, these are measured at cost, being their fair value at the date of transaction. Subsequent to initial recognition, these are measured at amortized cost less impairment losses if any, using the effective interest method, with interest recognized in profit and loss account. Bad debts are written off when identified.

3.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer;
- Dividend income is recognized when the Company’s right to receive payment is established; and
- Interest income is recognized as and when accrued on effective interest method.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in unconsolidated profit and loss account as incurred.

3.19 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in unconsolidated profit and loss account except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity, as the case may be.

Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss account attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.21 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.22 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

3.23 Impairment

3.23.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.23.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.24 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed, in the Company's unconsolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

3.25 Share Capital

Incremental cost directly attributable to the issue of ordinary shares are recognised as deduction from equity.

4. NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS THERETO

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on unconsolidated Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's unconsolidated financial statements.

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's unconsolidated financial statements.

  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's unconsolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments-Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

5. SHARE CAPITAL

5.1 Authorized share capital

2015	2014		2015	2014
Number of shares			Rupees	Rupees
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000

5.2 Issued, subscribed and paid-up capital

19,791,940	441,940	Ordinary shares of Rs. 10 each, fully paid in cash	197,919,400	4,419,400
49,893,060	49,893,060	Fully paid bonus shares of Rs. 10 each	498,930,600	498,930,600
7,665,000	7,665,000	Shares of Rs. 10 each, issued under scheme of amalgamation	76,650,000	76,650,000
77,350,000	58,000,000		773,500,000	580,000,000

5.3 Reconciliation of ordinary shares

58,000,000	41,227,483	Balance at 01 July	580,000,000	412,274,830
-	16,772,517	Bonus shares issued during the year	-	167,725,170
19,350,000	-	Shares issued during the year - note 5.4	193,500,000	-
77,350,000	58,000,000	Balance at 30 June	773,500,000	580,000,000

5.4 During the year, the Company has made an Initial Public Offer (IPO) through issue of 19.35 million ordinary shares of Rs. 10 each at a price of Rs. 30 per share (including premium of Rs. 20 per share) determined through book building process. Out of the total issue of 19.35 million ordinary shares, 14.51 million shares were subscribed through book building by high net worth individuals and institutional investors whereas the remaining 4.84 million shares were subscribed by the general public. The shares were issued in this regard on 02 February 2015. The Karachi Stock Exchange approved the Company's application for formal listing and quotation of shares on 06 February 2015.

5.5 Directors hold 56,548,135 (2014: 56,533,135) ordinary shares of Rs. 10 each of the Company.

6. SHARE PREMIUM

This reserve can be utilized by the Company only for the purpose specified in Section 83(2) of the Companies Ordinance, 1984 (refer note 5.5 for details).

7. SURPLUS ON REVALUATION OF LAND

Land of the Company was revalued as at 30 June 2014 by a firm of independent valuers, Hamid Mukhtar & Company (Private) Limited. The valuation was determined with respect to current market value of similar properties.

	Note	2015 Rupees	2014 Rupees

8. LONG TERM FINANCE

These comprise of:

8.1 Long term finance

	Note	2015 Rupees	2014 Rupees
- Standard Chartered Bank (Pakistan) Limited - secured	8.1.1	11,680,008	18,910,478
- Loan from customer	8.1.2	47,250,000	-
		58,930,008	18,910,478
Less: Current maturity	13	(6,674,292)	(7,230,483)
		52,255,716	11,679,995

8.2 Diminishing musharika - secured

	Note	2015 Rupees	2014 Rupees
- United Bank Limited - I	8.2.1	3,605,360	5,571,920
- United Bank Limited - II	8.2.2	18,862,000	18,862,000
		22,467,360	24,433,920
Less: Current maturity	13	(11,397,552)	(1,966,560)
		11,069,808	22,467,360
		63,325,524	34,147,355

8.1.1 The long term finance amounting to Rs. 20.02 million has been obtained from Standard Chartered Bank (Pakistan) Limited ("SCB") for the purpose of retirement of letters of credit established with Meezan Bank Limited ("MBL") and SCB for import of plant and machinery ("the Assets") for the Company's business. The term finance agreement ("the Agreement") was entered on 21 March 2014 between the Company and SCB. As per terms of the Agreement, principal is payable in thirty six equal monthly installments starting from 30 April 2014 and ending on 31 March 2017. This finance carries mark-up at the rate of three months KIBOR plus a spread of 1.75% per annum (2014: three months KIBOR plus a spread rate of 1.75% per annum), payable monthly.

The loan along with other facilities provided by SCB are secured by:

- exclusive first charge by way of hypothecation on plant and machinery amounting to Rs. 31 million; and
- first pari passu over present and future current assets of the Company by way of hypothecation amounting to Rs. 126.67 million.
- first pari passu over present and future plant and machinery of the Company by way of hypothecation amounting to Rs. 126.67 million.
- personal guarantees of some directors;

During the year, the Company has made repayments amounting to Rs. 7.23 million.

8.1.2 This represents a loan from a customer for production of specific items to be utilized for the customer's order. This carries mark up at 3 months KIBOR + 1.25%. Loan will be repaid in 24 equal monthly installments which will be started after the mass production of items required by the customer. The Company expects the mass production to start after 01 July 2016. This loan is secured against guarantee issued by the financial institution for which the Company has given a counter guarantee through promissory note to the financial institution.

8.2.1 The facility amounting to Rs. 5.90 million has been obtained from United Bank Limited, Islamic Bank Branch ("UBL Ameen") for import of machinery and equipment ("Machinery"). The diminishing musharika agreement ("DMA - I") was entered on 14 April 2014 between the Company and UBL Ameen. As per terms of the DMA - I, musharika units are repayable in thirty six equal monthly installments starting from 15 May 2014 and ending on 15 April 2017. Under the musharika agreement, the Company holds joint ownership of the machine with UBL Ameen. The finance carries mark-up at six months KIBOR plus a spread of 2.00% per annum (2014: six months KIBOR plus a spread of 2.00% per annum), payable monthly.

The facility is secured in favour of UBL Ameen by:

- hypothecation charge on the machinery; and
- demand promissory note amounting to Rs. 9.60 million.
- personal guarantees of some directors;

During the year, the Company has made repayments amounting to Rs. 1.96 million.

8.2.2 The facility amounting to Rs. 18.86 million has been obtained from United Bank Limited, Islamic Bank Branch ("UBL Ameen") to finance the acquisition of conductors, poles and other related accessories for independent feeder ("Equipments") from Water and Power Development Authority ("WAPDA") for uninterrupted power supply. The diminishing musharika agreement ("DMA - II") was entered on 26 June 2014 between the Company and UBL Ameen. As per terms of the DMA - II, musharika units are repayable in twenty four equal monthly installments starting from 30 July 2015 and ending on 30 June 2017. Under the musharika agreement, the Company holds joint ownership of the equipment with UBL Ameen. The finance carries mark-up at six months KIBOR plus a spread of 2.00% per annum (2014: six months KIBOR plus a spread of 2.00% per annum), payable monthly.

The facility is secured in favour of UBL Ameen by:

- hypothecation charge on the equipment; and

- demand promissory note amounting to Rs. 22.64 million.

	2015	2014
9. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Salient features of the leases are as follows:		
Discounting factor	8.9% to 13.30%	11.09% to 13.16%
Period of lease	36 months	36 months
Security deposits	10%	10%
Year of maturity	2015-2017	2014-2016

The Company has entered into finance lease arrangements with various financial institutions for lease of plant and machinery and vehicles as shown in note 16.1. The liabilities under these arrangements are payable in monthly installments. Interest rates implicit in the leases are used as discounting factor to determine the present value of minimum lease payments.

All lease agreements carry purchase option at the end of lease term and the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid by the Company at inception of the lease in form of security deposit. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by the lessee.

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	2015		
	Total future minimum lease payments	**Finance charges allocated to future periods**	**Principal**
	---------------	**Rupees**	---------------
Not later than one year	63,568,697	5,486,449	58,082,248
Later than one year and not later than five year	31,280,561	1,899,109	29,381,452
	94,849,258	7,385,558	87,463,700

	2014		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	---------------	Rupees	---------------
Not later than one year	48,649,422	5,890,668	42,758,754
Later than one year and not later than five year	42,675,150	1,731,217	40,943,933
	91,324,572	7,621,885	83,702,687

10. DEFERRED TAXATION

The liability for deferred taxation comprises temporary differences relating to:

	2015 Rupees	2014 Rupees
Deferred tax liability arising on:		
- accelerated tax depreciation	151,947,683	149,949,192
Deferred tax asset arising on:		
- finance lease transactions - net	(27,577,079)	(28,332,104)
- impairment loss on subsidiary	(2,236,199)	-
	122,134,405	121,617,088

	Note	2015 Rupees	2014 Rupees

11. TRADE AND OTHER PAYABLES

	Note	2015 Rupees	2014 Rupees
Trade creditors		57,998,145	29,723,823
Accrued liabilities		35,538,246	17,594,015
Sales tax payable - net		-	2,545,294
Advances from customers	11.1	9,834,869	16,364,508
Workers' Profit Participation Fund		15,331,647	9,362,132
Workers' Welfare Fund		4,990,831	2,760,624
Payable to Provident Fund Trust		997,325	794,757
Withholding tax payable		1,747,779	746,500
Unclaimed dividend		137,244	-
Others		892,430	3,031,015
		127,468,516	82,922,668

11.1 This includes advance of Rs. Nil (2014: Rs. 4.19 million) from a customer for manufacture of molds and carried markup of nil (2014: 15% per annum).

12. SHORT TERM BORROWINGS - SECURED

These represent short term finances utilized under interest / mark-up arrangements from banking companies and financial institutions.

	Note	2015 Rupees	2014 Rupees
Short term running finance	12.1	189,337,718	82,950,686
Finance against trust receipts	12.2	191,112,883	279,877,997
		380,450,601	362,828,683

12.1 This represents utilized amount of short term running finance facilities under mark up arrangement available from commercial banks aggregating to Rs. 412 million (2014: Rs. 165 million). These carry mark-up rates ranging from one month to three months KIBOR plus an agreed spread (2014: one month to three months KIBOR plus an agreed spread).

12.2 This represents utilized amount of trust finance against under mark-up arrangements available from commercial banks aggregating to Rs. 535 million (2014: Rs. 445 million). These carry mark-up rates ranging from one month to three months KIBOR plus an agreed spread (2014: one month to three months KIBOR plus an agreed spread).

12.3 These facilities are secured by first pari passu registered hypothecation charge on current and fixed assets of the Company, by lien over import documents and pledge of imported goods, local currency deposits and personal guarantees of executive directors of the Company.

13. CURRENT MATURITY OF LONG TERM LIABILITIES

	Note	2015 Rupees	2014 Rupees
Long term finance - secured	8	6,674,292	7,230,483
Diminishing musharika - secured	8	11,397,552	1,966,560
Liabilities against assets subject to finance lease	9	58,082,248	42,758,754
		76,154,092	51,955,797

	2015 Rupees	2014 Rupees
14. ACCRUED MARK UP		
Long term finance - secured	1,050,329	598,031
Diminishing musharika - secured	18,061	-
Short term borrowings	7,054,931	3,505,881
	8,123,321	4,103,912

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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).

15.1.2 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 unconsolidated financial statement.

15.1.3 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 2011-12) 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 unconsolidated financial statements as the management is confident of favourable outcome of the matter.

15.1.4 The Deputy Commissioner Inland Revenue has issued an order against the Company raising demand of sales tax of Rs. 7.6 million pertaining to TY 2012 based on a procedural matter. The Company has filed appeal before Income Tax Appellate Tribunal. The decision of the appeal is pending, however, there is no likelihood of arising of any tax liability being a procedural matter. Therefore, no provision is made there against.

15.1.5 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.

15.2 Commitments

15.2.1 Commitments under irrevocable letters of credit for:

	Note	2015 Rupees	2014 Rupees
- Purchase of machinery		72,384,510	2,325,500
- Purchase of raw material		141,076,786	100,688,295
		213,461,296	103,013,795
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	990,506,538	872,587,223
Capital work in progress	16.6	39,838,683	597,898
		1,030,345,221	873,185,121

16.1 Operating fixed assets

2015

	Cost							Accumulated depreciation					
	As at 01 July 2014	Additions	Revaluation surplus	Transfers	Disposals	As at 30 June 2015	Rate	As at 01 July 2014	For the year	Transfers	Disposals	As at 30 June 2015	Net book value as at 30 June 2015
	Rupees						%	Rupees					Rupees
Owned													
Freehold land													
- cost	20,481,919	-	-	-	-	20,481,919	-	-	-	-	-	-	20,481,919
- revaluation	226,943,081	-	-	-	-	226,943,081	-	-	-	-	-	-	226,943,081
	247,425,000	-	-	-	-	247,425,000		-	-	-	-	-	247,425,000
Buildings on freehold land	33,472,011	3,518,656	-	-	-	36,990,667	10.00%	21,425,202	1,366,993	-	-	22,792,195	14,198,472
Plant and machinery	778,102,226	121,280,079	-	27,821,061	(22,675,000)	904,528,366	10.00%	346,103,203	52,864,161	10,557,102	(14,674,171)	394,850,295	509,678,071
Office equipment	2,115,753	1,442,204	-	-	-	3,557,957	10.00%	1,453,587	190,227	-	-	1,643,814	1,914,143
Tools and equipment	3,926,931	3,058,188	-	-	-	6,985,119	10.00%	2,136,731	290,537	-	-	2,427,268	4,557,851
Computer equipment	9,392,594	661,324	-	-	-	10,053,918	30.00%	7,402,847	681,549	-	-	8,084,396	1,969,522
Furniture and fittings	5,970,689	3,961,294	-	-	-	9,931,983	10.00%	2,726,909	624,261	-	-	3,351,170	6,580,813
Vehicles	8,311,995	12,702,518	-	1,742,000	(773,000)	21,983,513	20.00%	5,244,152	1,269,875	713,366	(530,788)	6,696,605	15,286,908
	1,088,717,199	146,624,263	-	29,563,061	(23,448,000)	1,241,456,523		386,492,631	57,287,603	11,270,468	(15,204,959)	439,845,743	801,610,780
Leased													
Leasehold land (note 16.2)	22,083,915	-	-	-	-	22,083,915	1.67%	1,844,007	368,801	-	-	2,212,808	19,871,107
Plant and machinery	163,452,757	53,882,777	-	(27,821,061)	-	189,514,473	10.00%	17,978,710	15,964,267	(10,557,102)	-	23,385,875	166,128,598
Vehicles	6,329,000	-	-	(1,742,000)	-	4,587,000	20.00%	1,680,300	724,013	(713,366)	-	1,690,947	2,896,053
	191,865,672	53,882,777	-	(29,563,061)	-	216,185,388		21,503,017	17,057,081	(11,270,468)	-	27,289,630	188,895,758
2015	1,280,582,871	200,507,040	-	-	(23,448,000)	1,457,641,911		407,995,648	74,344,684	-	(15,204,959)	467,135,373	990,506,538

2014

	Cost							Accumulated depreciation					
	As at 01 July 2013	Additions	Revaluation surplus	Transfers	Disposals	As at 30 June 2014	Rate	As at 01 July 2013	For the year	Transfers	Disposals	As at 30 June 2014	Net book value as at 30 June 2014
	Rupees						%	Rupees					Rupees
Owned													
Freehold land													
- cost	20,481,919	-	-	-	-	20,481,919	-	-	-	-	-	-	20,481,919
- revaluation	-	-	226,943,081	-	-	226,943,081	-	-	-	-	-	-	226,943,081
	20,481,919	-	226,943,081	-	-	247,425,000		-	-	-	-	-	247,425,000
Buildings on freehold land	33,008,635	463,376	-	-	-	33,472,011	10.00%	20,121,421	1,303,781	-	-	21,425,202	12,046,809
Plant and machinery	685,122,072	82,113,427	-	25,396,880	(14,530,153)	778,102,226	10.00%	307,772,967	39,324,365	8,711,130	(9,705,259)	346,103,203	431,999,023
Office equipment	1,746,415	411,338	-	-	(42,000)	2,115,753	10.00%	1,421,048	43,770	-	(11,231)	1,453,587	662,166
Tools and equipment	3,445,220	481,711	-	-	-	3,926,931	10.00%	1,985,695	151,036	-	-	2,136,731	1,790,200
Computer equipment	9,050,485	342,109	-	-	-	9,392,594	30.00%	6,613,980	788,867	-	-	7,402,847	1,989,747
Furniture and fittings	4,554,773	1,415,916	-	-	-	5,970,689	10.00%	2,484,270	242,639	-	-	2,726,909	3,243,780
Vehicles	10,469,725	239,840	-	1,032,500	(3,430,070)	8,311,995	20.00%	6,496,961	627,801	550,777	(2,431,387)	5,244,152	3,067,843
	767,879,244	85,467,717	226,943,081	26,429,380	(18,002,223)	1,088,717,199		346,896,342	42,482,259	9,261,907	(12,147,877)	386,492,631	702,224,568
Leased													
Leasehold land	22,083,915	-	-	-	-	22,083,915	1.67%	-	1,844,007	-	-	1,844,007	20,239,908
Plant and machinery	188,849,637	-	-	(25,396,880)	-	163,452,757	10.00%	8,672,085	18,017,755	(8,711,130)	-	17,978,710	145,474,047
Vehicles	4,867,500	2,494,000	-	(1,032,500)	-	6,329,000	20.00%	1,052,388	1,178,689	(550,777)	-	1,680,300	4,648,700
	215,801,052	2,494,000	-	(26,429,380)	-	191,865,672		9,724,473	21,040,451	(9,261,907)	-	21,503,017	170,362,655
2014	983,680,296	87,961,717	226,943,081	-	(18,002,223)	1,280,582,871		356,620,815	63,522,710	-	(12,147,877)	407,995,648	872,587,223

16.2 Leasehold land comprises of land situated in Karachi which has been obtained by the Company on lease and is being amortized over the term of 60 years. The title of land remains with the lessor at end of the lease term. However, leasehold land has been included in property, plant and equipment in accordance with clarification issued by Institute of Chartered Accountants of Pakistan through selected opinion issued on IAS 17 Leases.

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

	2015 Rupees	2014 Rupees
Cost of goods sold	66,166,769	56,270,812
Capital work in progress	743,447	1,115,078
Administrative expenses	3,717,234	3,068,410
Selling and distribution expenses	3,717,234	3,068,410
	74,344,684	63,522,710

16.4 The carrying value of freehold land would have been Rs. 20.48 million (2014: Rs. 20.48 million), had there been no revaluation.

16.5 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	--------	--------	Rupees	--------	--------		
Vehicles							
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr. Faqir Hussain
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Muhammad Ashraf
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Muhammad Arif
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr. Muhammad Azam
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Saleen Akhter
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Yasir Nawaz
Motor cycle CD 70	63,500	43,603	19,897	37,720	17,823	Company Policy	Mr.Zafar Iqbal
Motor cycle CD 70	63,500	43,603	19,897	32,976	13,079	Company Policy	Mr. Tanveer Ahmed
Motor cycle CD 70	63,500	43,603	19,897	32,976	13,079	Company Policy	Mr. Shabir Hussain
Motor cycle CD 70	63,500	43,603	19,897	32,976	13,079	Company Policy	Mr. Khalid Mehmood
	773,000	530,788	242,212	473,656	231,444		
Plant and machinery							
Injection molding machine	11,450,000	7,657,250	3,792,750	2,975,285	(817,465)	Negotiation	Abdul Ghafoor
Injection molding machine	1,075,000	786,569	288,431	300,000	11,569	Negotiation	Abdul Ghafoor
Injection molding machine	3,750,000	3,089,857	660,143	796,260	136,117	Negotiation	Abdul Ghafoor
Generator	6,400,000	3,140,495	3,259,505	572,650	(2,686,855)	Negotiation	Power Parts Trading Company
	22,675,000	14,674,171	8,000,829	4,644,195	(3,356,634)		
2015	23,448,000	15,204,959	8,243,041	5,117,851	(3,125,190)		
2014	18,002,223	12,147,877	5,854,346	4,837,984	(1,016,362)		

16.6 Capital Work In Progress

	30 June 2015			
	As at 01 July 2014	Additions	Transfers	As at 30 June 2015
	----------------- Rupees -----------------			
Plant and machinery	597,898	49,786,747	10,545,962	39,838,683

	30 June 2014			
	As at 01 July 2013	Additions	Transfers	As at 30 June 2014
	----------------- Rupees -----------------			
Plant and machinery	2,186,182	5,122,122	6,710,406	597,898

	2015 Rupees	2014 Rupees
17. INTANGIBLES		
Cost	6,936,606	6,710,406
Accumulated amortization	(2,729,402)	(1,342,081)
As at 30 June	4,207,204	5,368,325
Amortization rate	20%	20%
17.1 Balance as at 01 July	5,368,325	-
Additions during the year	226,200	6,710,406
Amortization charge for year	(1,387,321)	(1,342,081)
Balance as at 30 June	4,207,204	5,368,325

This represents expenditure incurred on implementation of SAP business one suite. The amortization charge has been allocated to administrative expenses.

	Note	2015 Rupees	2014 Rupees
18. INVESTMENTS - RELATED PARTIES			
Investment in related parties - unquoted			
- investment in subsidiary	18.1	2,546,005	10,000,000
- investment in associate	18.2	-	4,396,366
		2,546,005	14,396,366

	Note	2015 Rupees	2014 Rupees
18.1 Investment in subsidiary			
SPEL Pharmatec (Private) Limited			
600,002 (2014: 10,000) fully paid ordinary shares of Rs. 10 each			
Capital held: 100% (2014: 100%)			
Activity: medical and surgical equipment			
Cost	18.1.1	6,000,020	100,000
Advance for purchase of shares		3,999,980	9,900,000
		10,000,000	10,000,000
Less: Impairment during the year		(7,453,995)	-
		2,546,005	10,000,000

18.1.1 The Company acquired a wholly-owned subsidiary, SPEL Pharmatec (Private) Limited, as on 01 November 2013. During the year, the Company further acquired 590,002 ordinary shares of Rs. 10 each of the subsidiary at par that are adjusted against advance for purchase of shares.

	Note	2015 Rupees	2014 Rupees
18.2 Investment in associate			
SPEL Fujiya Limited			
762,150 (2014: 762,150) fully paid ordinary shares of Rs. 10 each			
Capital held: 49.65% (2014: 49.65%)			
Activity: Manufacturing and trading of industrial appliances			
Cost		7,621,500	7,621,500
Less: Accumulated impairment	18.2.1	(2,947,306)	(3,225,134)
		4,674,194	4,396,366
Less: Sale proceeds on dissolution	18.2.2	4,674,194	-
As at 30 June		-	4,396,366
18.2.1 Accumulated impairment			
As at 01 July		3,225,134	3,225,134
(Reversal of) / impairment loss during the year	18.2.2	(277,828)	-
As at 30 June		2,947,306	3,225,134

18.2.2 During the year, after completing necessary corporate / legal formalities, SPEL Fujiya Limited has been dissolved and the Company has received its share of net asset on dissolution.

	Note	2015 Rupees	2014 Rupees
19. LONG TERM DEPOSITS			
Financial institutions	19.1	5,637,101	11,111,345
Utility companies and regulatory authorities		1,626,847	1,509,847
		7,263,948	12,621,192

19.1 These represent deposits with various banking companies and financial institutions against finance lease .

	Note	2015 Rupees	2014 Rupees
20. STOCK-IN-TRADE			
Raw and packing material		255,622,377	212,043,962
Stock in transit		32,697,008	18,251,805
Work in process		12,712,071	10,361,284
Finished goods	20.1	20,660,042	9,750,005
		321,691,498	250,407,056

20.1 This includes net realizable value adjustment of Rs. 2.68 million (2014: nil).

	Note	2015 Rupees	2014 Rupees
21. INCOME TAX			
Income tax refundable		78,072,559	73,968,469
Taxation - net		6,829,017	6,864,716
		84,901,576	80,833,185
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured, considered good			
- to employees	22.1	422,781	1,838,497
- to suppliers		6,896,276	7,902,286
Short term deposits		10,802,445	2,956,306
Sales tax receivable - net		3,160,873	-
Interest receivable		8,482,699	-
Prepaid insurance		956,933	1,147,002
		30,722,007	13,844,091

22.1 These are to the Company's employees for business expenses.

23. These represent term deposit receipts of Habib Bank Limited carrying interest rate ranging from 6.7% to 7.7%. per annum and are for the period from six to twelve months.

	Note	2015 Rupees	2014 Rupees
24. CASH AND BANK BALANCES			
Cash in hand		25,000	2,461
Cash at bank			
- current accounts in local currency		36,957,483	59,937,062
- current accounts in foreign currency		532,119	63,156
- saving accounts in local currency	24.1	118,885	18,900,348
		37,608,487	78,900,566
		37,633,487	78,903,027

24.1 These carry return at 5% to 5.50% per annum (2014: 5.50% to 6.50% per annum).

	Note	2015 Rupees	2014 Rupees
25. SALES - NET			
Local		2,510,037,505	1,975,450,666
Export		23,742,819	21,046,792
		2,533,780,324	1,996,497,458
Less: Sales tax		(368,076,852)	(277,936,431)
		2,165,703,472	1,718,561,027
26. COST OF GOODS SOLD			
Raw and packing materials consumed		1,278,447,735	938,169,758
Stores, spare parts and loose tools consumed		6,396,086	12,700,226
Salaries, wages and benefits	26.1	137,727,612	102,071,584
Electricity and water charges		154,782,029	159,559,319
Depreciation on property, plant and equipment	16.3	66,166,769	56,270,812
Repair and maintenance		32,741,565	23,849,280
Sorting charges		3,537,979	1,953,499
Insurance		4,179,529	2,353,337
Oil and lubricants		2,184,318	1,473,685
		1,686,163,622	1,298,401,500
Work in progress			
- At beginning of the year		10,361,284	83,720,272
- At end of the year		(12,712,071)	(10,361,284)
Cost of goods manufactured		1,683,812,835	1,371,760,488
Finished goods			
- At beginning of the year		9,750,005	9,814,368
- At end of the year		(20,660,042)	(9,750,005)
Cost of goods sold		1,672,902,798	1,371,824,851

26.1 Salaries, wages and benefits include Rs. 3.58 million (2014: Rs. 3.01 million) in respect of defined contribution plan.

	Note	2015 Rupees	2014 Rupees
27. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	27.1	19,219,577	12,811,457
Directors' remuneration		29,986,863	22,612,742
Traveling expenses		19,290,902	20,505,501
Legal and professional charges		5,757,077	2,325,689
Vehicle running expenses		3,353,783	3,119,570
Insurance		1,877,759	1,057,297
Repair and maintenance		1,723,240	1,562,969
Telephone and postage		2,869,981	2,691,541
Depreciation on property, plant and equipment	16.3	3,717,234	3,068,410
Amortization on intangibles	17	1,387,321	1,342,081
Printing and stationery		2,309,526	1,561,901
Staff training and development		4,888,570	939,394
Fee and subscription		795,347	1,996,795
Rent, rates and taxes		176,255	161,652
Entertainment		1,503,292	1,443,343
Donations	27.2	856,000	15,000
Auditors' remuneration	27.3	775,000	350,000
Research and development		693,808	154,278
Bad debts		-	255,105
Miscellaneous expenses		3,153,580	2,532,225
		104,335,115	80,506,950

27.1 Salaries, wages and benefits include Rs. 0.76 million (2014: Rs. 0.59 million) in respect of defined contribution plan.

27.2 None of Directors and their spouses had any interest in any of the donees.

	2015 Rupees	2014 Rupees
27.3 Auditors' remuneration		
Statutory audit fee including consolidation	500,000	350,000
Half yearly review	150,000	-
Certifications	50,000	-
Out of pocket expenses	75,000	-
	775,000	350,000

	Note	2015 Rupees	2014 Rupees
28. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits	28.1	4,231,139	3,345,921
Depreciation on property, plant and equipment	16.3	3,717,234	3,068,410
Freight and forwarding		31,800,941	24,517,828
Advertisement		1,459,917	2,066,319
Sales promotion expenses		1,207,500	103,276
		42,416,731	33,101,754

28.1 Salaries, wages and benefits include Rs. 0.51 million (2014: Rs. 0.43 million) in respect of defined contribution plan.

	2015 Rupees	2014 Rupees
29. OTHER INCOME		
Income from financial assets		
Profit on bank deposits and short term investments	16,653,783	77,455
Income from non-financial assets		
Sale of unusable items	10,635,269	6,622,388
Reversal of impairment loss on investment in associate	277,828	-
Other income	2,624,002	4,913,931
	13,537,099	11,536,319
	30,190,882	11,613,774
30. OTHER CHARGES		
Workers' Profit Participation Fund	15,331,647	9,362,132
Workers' Welfare Fund	4,990,831	2,760,624
Loss on disposal of property, plant and equipment	3,125,190	1,016,362
Impairment loss - subsidiary	7,453,995	-
- associate	-	20,256
	30,901,663	13,159,374
31. FINANCE COST		
Mark-up on:		
- short term borrowings - secured	42,884,943	40,921,077
- long term finance - secured	5,553,023	716,525
- advance from customer	52,850	1,899,938
- lease finance	9,100,866	11,226,241
Bank charges	1,435,909	1,698,207
	59,027,591	56,461,988

	2015 Rupees	2014 Rupees

32. TAXATION

Current	56,047,642	34,447,918
Deferred	517,317	18,739,452
	56,564,959	53,187,370

32.1 Relationship between tax expense and accounting profit

	2015 Rupees	2014 Rupees
Profit before taxation	286,310,456	175,119,884
Tax at 33% / 34%	94,482,450	59,540,761
Tax effect of:		
- income under Final Tax Regime	(1,497,710)	(1,141,430)
- tax rate adjustment	(17,163,164)	(501,400)
- change in proportion of local and export sales	4,137,320	307,572
- permanent difference	5,734,827	7,729,370
- tax credits	(29,128,764)	(12,747,503)
	56,564,959	53,187,370

33. EARNINGS PER SHARE

33.1 Basic earnings per share

	Unit	2015	2014
Profit for the year after taxation	Rupees	229,745,497	121,932,514
Weighted average number of ordinary shares in issue during the year	Number	66,062,500	58,000,000
Earnings per share	Rupees	3.48	2.10

33.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company.

	Note	2015 Rupees	2014 Rupees
34. CASH GENERATED FROM OPERATIONS			
Profit before taxation		286,310,456	175,119,884
Adjustments for non-cash items:			
Finance cost		59,027,591	56,461,988
Depreciation on property, plant and equipment		74,344,684	63,522,710
Amortization of intangibles		1,387,321	1,342,081
Impairment loss on investment in subsidiary		7,453,995	-
(Reversal) / impairment loss on investment in associate		(277,828)	20,256
Loss on disposal of property, plant and equipment		3,125,190	1,016,362
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund		20,322,478	12,122,756
		165,383,431	134,486,153
Operating profit before working capital changes		451,693,887	309,606,037
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(6,299,942)	(8,063,412)
Stock-in-trade		(71,284,442)	67,771,492
Trade debts		(63,927,497)	40,008,583
Advances, deposits, prepayments and other receivables		(19,834,222)	1,747,801
		(161,346,103)	101,464,464
Increase / (decrease) in current liabilities:			
Trade and other payables		36,208,882	(116,180,838)
		326,556,666	294,889,663
35. CASH AND CASH EQUIVALENTS			
Short term running finance	12	(189,337,718)	(82,950,686)
Cash and bank balances	24	37,633,487	78,903,027
		(151,704,231)	(4,047,659)

36. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary company, associated undertaking, key management personnel (including chief executive and directors), post employment benefit plan and entities in which the directors have significant influence. Details of transactions and balances with related parties is as follows:

		Note	2015 Rupees	2014 Rupees
36.1 Transactions with related parties	**Nature of transaction**			
SPEL Pharmatec (Private) Limited - subsidiary	Reimbursement of expenses		529,606	3,523,084
	Adjustment of advance through issuance of shares		5,900,020	100,000
SPEL Technology Support (Private) Limited - associated undertaking	Purchase of goods		201,250	-
	Reimbursement of expenses		1,196,268	-
Provident Fund Trust	Contribution		9,737,688	8,047,406
Directors	Dividend		28,274,068	40,184,808
Worker's Participation Profit Fund	Contribution		9,362,132	4,129,751
Remuneration of Key Management Personnel	Remuneration	40	46,601,482	33,450,780

36.2 Balances with related parties

	Note	2015 Rupees	2014 Rupees
Advance for purchase of shares - subsidiary	18.1	3,999,980	9,900,000
Provident Fund Trust	11	997,325	794,757
Payable to Worker's Participation Profit Fund	11	15,331,647	9,362,132

37. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

37.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, and monitoring of exposures against credit limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

37.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period was as follows:

	Note	2015 Rupees	2014 Rupees
Loans and receivables			
Long term deposits	19.1	7,263,948	12,621,192
Trade debts		249,155,073	185,227,576
Deposits and other receivables	22	19,285,144	2,956,306
Short term investments	23	580,500,000	-
Bank balances	24	37,608,487	78,900,566
		893,812,652	279,705,640

37.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2015 Rupees	2014 Rupees
Customers	249,155,073	185,227,576
Banking companies and financial institutions	643,030,732	92,968,217
Others	1,626,847	1,509,847
	893,812,652	279,705,640

37.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

37.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to term deposits, bank balances, security deposits, and accrued return on deposits. Credit risk is considered minimal these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating	2015	2014
	Short term	Long term	Agency	Rupees	
Banks					
Allied Bank Limited	A1+	AA+	PACRA	611,719	4,504
Bank Islami Pakistan Limited	A1	A+	PACRA	10,235,178	91,190
Habib Bank Limited	A-1+	AAA	JCR-VIS	550,746	48,458,617
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	19,683,287	2,489,687
KASB Bank Limited	A3	BBB	PACRA	8,153	16,153
MCB Bank Limited	A1+	AAA	PACRA	819,848	3,487
Meezan Bank Limited	A-1+	AA	JCR-VIS	338,042	7,279,760
National Bank of Pakistan	A1+	AAA	JCR-VIS	84,368	63,893
United Bank Limited	A-1+	AA+	JCR-VIS	5,277,146	20,493,275
				37,608,487	78,900,566
Security Deposits					
First National Bank Modaraba	A1+	AAA	JCR-VIS	964,262	964,262
Allied Bank	A1+	AA+	PACRA	-	2,782,106
Habib Modaraba	A-1+	AAA	JCR-VIS	-	174,200
Habib Bank Limited	A-1+	AAA	JCR-VIS	15,475,284	10,147,083
				16,439,546	14,067,651
Short term investments					
Habib Bank Limited	A-1+	AAA	JCR-VIS	580,500,000	-
Interest receivable					
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,482,699	-
				643,030,732	92,968,217

37.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade receivables. The analysis of ages of trade receivables of the Company as at the reporting date is as follows:

	Carrying amount	
	2015	2014
	Rupees	Rupees
The aging of trade debts at the reporting date is:		
Not due	189,278,799	141,494,323
Past due 0 - 30 days	51,189,065	28,315,143
Past due 31 - 60 days	4,298,679	11,159,691
Past due 61 - 90 days	1,346,503	2,511,306
Past due 91 - 120 days	702,639	14,079
Past due 120 days	2,339,388	1,733,034
	249,155,073	185,227,576

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. As at year end, trade debts do not include any balance receivable from related parties (2014: nil).

37.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

37.2.1 Exposure to liquidity risk

37.2.1(a) Contractual maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The cash flows are undiscounted, and include estimated interest payments.

	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		2015				
	Note	**Rupees**				
Non-derivative financial liabilities						
Long term finances	8	81,397,368	86,351,171	21,909,963	64,441,208	-
Liabilities against assets subject to finance lease	9	87,463,700	94,849,258	63,568,697	31,280,561	-
Trade and other payables	11	95,563,390	95,563,390	95,563,390	-	-
Short term borrowing	12	380,450,601	380,450,601	380,450,601	-	-
Accrued mark up	14	8,123,321	8,123,321	8,123,321	-	-
		652,998,380	665,337,741	569,615,972	95,721,769	-

	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		2014				
	Note	Rupees				
Non-derivative financial liabilities						
Long term finances	8	43,344,398	53,186,916	14,897,568	38,289,348	-
Liabilities against assets subject to finance lease	9	83,702,687	91,324,572	48,649,422	42,675,150	-
Trade and other payables	11	51,143,610	51,143,610	51,143,610	-	-
Short term borrowing	12	362,828,683	362,828,683	362,828,683	-	-
Accrued mark up	14	4,103,912	4,103,912	4,103,912	-	-
		545,123,290	562,587,693	481,623,195	80,964,498	-

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

37.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euro and US dollars.

37.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2015		
	EURO	USD	Total (Rupees)
Assets			
Trade debts	8,979	-	1,019,779
Bank balances	-	5,243	532,119
	8,979	5,243	1,551,898
Liabilities			
Trade and other payables	-	-	-
Net assets exposure	8,979	5,243	1,551,898

	2014		
	EURO	USD	Total (Rupees)
Assets			
Trade debts	54	16,594	1,642,631
Bank balances	-	641	63,156
	54	17,235	1,705,787
Liabilities			
Trade and other payables	(13,000)	(17,558)	(3,485,300)
Net liability exposure	(12,946)	(323)	(1,779,513)

37.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	EURO		USD	
	2015	2014	2015	2014
	---------- Rupees ----------			
Reporting date spot rate				
- buying	113.57	134.46	101.50	98.55
- selling	113.70	134.73	101.70	98.75
Average rate for the year	124.02	140.70	100.03	103.69

37.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2015 Rupees	2014 Rupees
Effect on profit and loss		
EURO	101,978	(163,189)
USD	53,212	(14,762)
	155,190	(177,951)

37.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.117% (2014: 0.114%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar and Euro will not have any material impact on the operational results.

37.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

37.3.2(a) Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the unconsolidated financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2015		2014	
	Financial asset	Financial liability	Financial asset	Financial liability
	------------------------- Rupees ---------------------------			
Non-derivative financial instruments				
Fixed rate instruments	580,618,885	-	18,900,348	-
Variable rate instruments	-	549,311,669	-	489,875,768

37.3.2(b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit	
	2015	2014
	Rupees	Rupees
Increase of 100 basis points	(5,493,117)	(4,898,758)
Decrease of 100 basis points	5,493,117	4,898,758

37.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing, finance lease and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

37.3.3 Other price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The Company is not exposed to equity price risk.

37.4 Fair values

37.4.1 Fair value estimation

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost. Carrying value of all financial instruments approximate their fair value.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non-derivative financial instrument

The fair value of non-derivative financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determine for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date.

38. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

39. RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY AGAINST LONG AND SHORT TERM BORROWINGS

	2015 Rupees	2014 Rupees
Mortgages and charges		
Mortgage over land and building	-	155,000,000
Hypothecation charge over plant and machinery	823,670,000	653,400,000
Hypothecation over current assets	551,010,000	605,300,000

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	2015				
	Directors				
	Chairman	Chief Executive	Non-Executive	Executive	Executives
	(------------------------------ Rupees ------------------------------)				
Managerial remuneration	5,600,000	5,600,000	-	3,200,000	8,120,400
Utilities and house rent	2,800,000	2,800,000	-	1,600,000	3,999,600
Contribution to provident fund	-	-	-	319,968	807,919
Bonus and rewards	-	-	-	1,500,000	3,686,700
Advisory fee	-	-	5,400,000	-	-
Other benefits	396,780	319,527	450,588	-	-
	8,796,780	8,719,527	5,850,588	6,619,968	16,614,619
Number of persons	1	1	1	1	6

	2014			
	Directors			
	Chairman / Chief Executive	Non-Executive	Executive	Executives
	(------------------------- Rupees --------------------------)			
Managerial remuneration	4,000,000	-	7,480,000	5,992,000
Utilities and house rent	2,000,000	-	3,740,000	2,996,000
Contribution to provident fund	-	-	267,996	599,208
Bonus and rewards	-	-	-	1,250,830
Advisory fee	-	3,600,000	-	-
Other benefits	361,201	750,404	413,141	-
	6,361,201	4,350,404	11,901,137	10,838,038
Number of persons	1	1	2	5

40.1 The Company also provides the chief executive and some of the directors and executives the Company's maintained cars.

40.2 No meeting fee was paid to non executive directors during the year.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

	Installed processing capacity		Actual processing	
	2015	2014	**2015**	2014
Small, medium and large mould making facility	60 to 70 moulds	60 to 70 moulds	48 to 50 moulds	48 to 50 moulds
Injection mould facility	3,100 tons plastic	2,500 tons plastic	1,516 tons plastic	1,584 tons plastic
Blow moulding facility	1,680 tons plastic	1,600 tons plastic	1,112 tons plastic	1,053 tons plastic
Extrusion	5,400 tons plastic	5,400 tons plastic	2,000 tons plastic	2,850 tons plastic
Thermoforming	1,700 tons plastic	1,700 tons plastic	966 tons plastic	1,368 tons plastic

Lower capacity utilization of plant is due to gap between demand and supply of products. The capacity figures are based on 300 days.

42. PROVIDENT FUND TRUST

The following information is based on un-audited financial statements of Provident Fund Trust.

	Unit	**2015**	2014
Size of the fund - total assets	Rupees	32,576,795	21,708,029
Cost of investments made	Rupees	27,811,049	18,777,003
Percentage of investments made	Percentage	85.37%	86.50%
Fair value of investments	Rupees	27,811,049	18,777,003

The breakup of fair value of investments is as follows:

	2015		2014	
	Rupees	Percentage	Rupees	Percentage
Defence Saving Certificates	3,175,000	11.40%	3,175,000	16.90%
Bank balances	1,534,748	5.50%	102,003	0.50%
PLS term deposits receipts	2,101,301	7.60%	5,500,000	29.30%
Certificate of musharika	21,000,000	75.50%	10,000,000	53.30%
	27,811,049	100.00%	18,777,003	100.00%

42.1 The provident fund trust is a common fund for employees of the group. Entity wise break up of the fund as on 30 June is as follows:

	(Un-audited) 30 June 2015		(Un-audited) 30 June 2014	
	% of total Fund	Rupees	% of total Fund	Rupees
Synthetic Products Enterprises Limited	98.12	31,964,351	98.23	21,323,797
SPEL Pharmatec (Private) Limited	1.49	485,394	0.95	206,226
SPEL Technology Support (Private) Limited	0.39	127,050	0.82	178,006

The investments out of provident fund have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. NUMBER OF EMPLOYEES

The Company has employed following number of persons including permanent and contractual staff:

	Number of Employees	
	2015	2014
- Average number of employees	465	418
- As at 30 June	448	446

44. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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 (2014: nil) 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.

45. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 12 September 2015.

46. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive **Director**

Synthetic Products Enterprises Limited
Consolidated Financial Statements
for the year ended 30 June 2015

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Synthetic Products Enterprises Limited ("the Holding Company") and its subsidiary Company as at 30 June 2015 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Synthetic Products Enterprises Limited and its subsidiary company. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Synthetic Products Enterprises Limited and its subsidiary company as at 30 June 2015 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

LAHORE:
Date: 12 September 2015

CONSOLIDATED BALANCE SHEET

As At June 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital of Rs. 10 each	5	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5	773,500,000	580,000,000
Share premium	6	347,391,050	-
Accumulated profit		207,808,962	14,681,925
		1,328,700,012	594,681,925
Surplus on revaluation of land	7	226,943,081	226,943,081
Non-current liabilities			
Long term finance	8.1	52,255,716	11,679,995
Diminishing musharika - secured	8.2	11,069,808	22,467,360
Liabilities against assets subject to finance lease	9	29,381,452	40,943,933
Deferred taxation	10	124,370,604	121,617,088
		217,077,580	196,708,376
Current liabilities			
Trade and other payables	11	127,659,350	83,169,690
Short term borrowings - secured	12	380,450,601	362,828,683
Current maturity of long term liabilities	13	76,154,092	51,955,797
Accrued mark up	14	8,123,321	4,103,912
		592,387,364	502,058,082
		2,365,108,037	1,520,391,464
Contingencies and commitments	15		

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,030,363,969	873,206,098
Intangibles	17	4,207,204	5,368,325
Investments - related parties	18	-	4,396,366
Long term deposits	19	7,263,948	12,621,192
		1,041,835,121	895,591,981
Current assets			
Stores, spares and loose tools		15,966,041	9,666,099
Stock-in-trade	20	321,691,498	250,466,844
Trade debts - unsecured, considered good		249,451,311	185,227,576
Income tax	21	84,987,657	80,843,635
Advances, deposits, prepayments and other receivables	22	31,097,917	14,528,254
Short term investments	23	582,103,302	-
Cash and bank balances	24	37,975,190	84,067,075
		1,323,272,916	624,799,483
		2,365,108,037	1,520,391,464

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	25	2,166,769,428	1,718,564,027
Cost of sales	26	(1,673,470,689)	(1,371,825,710)
Gross profit		493,298,739	346,738,317
Administrative expenses	27	(107,644,835)	(84,852,918)
Selling and distribution expenses	28	(43,035,884)	(33,143,171)
Operating profit		342,618,020	228,742,228
Other income	29	30,474,069	11,695,367
Other charges	30	(23,447,668)	(13,146,688)
Finance cost	31	(59,030,566)	(56,465,918)
Share of loss from associate		-	(12,686)
Profit before taxation		290,613,855	170,812,303
Taxation	32	(58,811,818)	(53,187,385)
Profit after taxation		231,802,037	117,624,918

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive **Director**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit after taxation	231,802,037	117,624,918
Other comprehensive income	-	-
Total comprehensive income for the year (transferred to equity)	231,802,037	117,624,918
Item that is not transferred to equity		
Surplus on revaluation of land	-	226,943,081
	231,802,037	344,567,999

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive **Director**

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	323,426,889	290,089,755
Workers' Profit Participation Fund and Workers' Welfare Fund paid		(12,122,756)	(4,492,792)
Finance cost paid		(55,011,157)	(56,057,346)
Taxes paid		(60,202,324)	(24,350,800)
Long term deposits - net		5,357,244	2,992,831
Cash generated from operating activities		201,447,896	208,181,648
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(186,091,248)	(93,105,488)
Proceeds from disposal of property, plant and equipment		5,117,851	4,837,984
Proceeds from disposal of investment in associate		4,674,194	-
Short term investments		(582,103,302)	-
Net cash used in investing activities		(758,402,505)	(88,267,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital - net		540,891,050	-
Principal repayment of lease liability		(47,165,458)	(47,567,241)
Long term finance obtained		47,250,000	44,784,540
Long term finance and diminishing musharika repaid		(9,197,030)	(1,440,142)
Short term borrowings - net		(88,765,114)	(19,654,310)
Cash dividend paid		(38,537,756)	(41,227,483)
Net cash generated from / (used in) financing activities		404,475,692	(65,104,636)
Net (decrease) / increase in cash and cash equivalents		(152,478,917)	54,809,508
Cash and cash equivalents at beginning of the year		1,116,389	(53,693,119)
Cash and cash equivalents at end of the year	34	(151,362,528)	1,116,389

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive **Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2015

	Issued, subscribed and paid-up capital	Advance against share capital	Capital reserves Share premium	Revenue reserves Accumulated profit	Total
	----------Rupees----------				
As at 30 June 2013	412,274,830	-	-	106,009,660	518,284,490
Total comprehensive income for the year	-	-	-	117,624,918	117,624,918
Transactions with owners of the Company					
Bonus shares issued 16,772,517 shares of Rs. 10 each	167,725,170	-	-	(167,725,170)	-
Final cash dividend for the year ended 30 June 2013 @ Rs. 1 per share	-	-	-	(41,227,483)	(41,227,483)
	167,725,170	-	-	(208,952,653)	(41,227,483)
As at 30 June 2014	580,000,000	-	-	14,681,925	594,681,925
Total comprehensive income for the year	-	-	-	231,802,037	231,802,037
Transactions with owners of the Company					
Advance received against shares	-	580,500,000	-	-	580,500,000
Shares issued during the year 19,350,000 shares of Rs. 10 each	193,500,000	(193,500,000)	-	-	-
Share premium	-	(387,000,000)	387,000,000	-	-
Expenses incurred on issuance of shares	-	-	(39,608,950)	-	(39,608,950)
Interim cash dividend for the year ended 30 June 2015 @ Rs. 0.5 per share	-	-	-	(38,675,000)	(38,675,000)
	193,500,000	-	347,391,050	(38,675,000)	502,216,050
As at 30 June 2015	773,500,000	-	347,391,050	207,808,962	1,328,700,012

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive **Director**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

The Group comprises of the following Companies:

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

Synthetic Products Enterprises Limited 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")

SPEL Pharmatec (Private) Limited was incorporated on 01 November 2013 under the Companies Ordinance, 1984 as a private limited company. The principal business of the Subsidiary Company is trading and manufacturing of medical devices, machines, disposable items, surgical instruments, drugs and pharmaceuticals. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.

1.3 SPEL Fujiya Limited - ("the Associate")

The Company was incorporated in Pakistan on 08 January 1994 as a public limited company. The principal business of the Company was to set up an industrial undertaking to assemble and progressively manufacture and selling of industrial/ home appliances and security system.

During the year, after completing necessary corporate / legal formalities, Company has been dissolved and the Group has received its share of net asset on dissolution.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment which are stated at revalued amounts as referred in note 3.3.

2.3 Judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Group reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Group expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 16.1.

2.3.2 Recoverable amount of assets / cash generating units and impairment

The management of the Group reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Taxation

The Group takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Group also regularly reviews the trend of proportion of income between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in year of change.

2.3.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.5 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment was carried out by independent professional valuers. Revalued amounts of property, plant and equipment was determined by reference to local market values.

The frequency of revaluations depends upon the changes in fair values of the items of land being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of land with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

Further the surplus on revaluation of land shall be utilized in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

2.3.6 Stores, spare parts and loose tools

The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

2.3.7 Stock in trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realisable value is below the cost.

2.3.8 Provisions against trade debts, advances and other receivables

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts provision required there against on an annual basis.

2.4 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupees which is the Group's functional currency.

3. SIGNIFICANT ACCOUNTING POLICES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements:

3.1 Basis of consolidation

3.1.1 Subsidiary

The financial statements of the Subsidiary Company have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the Subsidiary Company.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognised in assets, have been eliminated in full.

3.2 Associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of consolidated profit and loss account and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the consolidated profit and loss account.

3.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount less accumulated impairment losses and capital work in progress, which is stated at cost less accumulated impairment loss. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.19.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Group and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

The Group recognizes depreciation in profit and loss account by applying reducing balance method, over the useful life of each item of property, plant and equipment using rates specified in note 16.1 to the consolidated financial statements, except for leasehold land which is amortised using straight line basis. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Any gain or loss on disposal of property, plant and equipment is recognized in consolidated profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for intended use.

3.4 Intangibles

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost and are amortized on a straight line basis. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. The rate of amortization is specified in note 17.

3.5 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.6 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Average cost
Packing materials	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.7 Employee benefits

The Group operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Group and employees at 10.00% of basic salary. The Group's contribution is charged to consolidated profit and loss account currently.

3.8 Loans and receivables

Loans and receivables are non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less impairment, if any.

3.9 Financial instruments

Financial assets and liabilities are recognized when the Group becomes party to the contractual provisions of the instruments. Financial assets are de-recognized when the Group looses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is extinguished, cancelled, or expired. Any gain or loss on de-recognizing of the financial assets and financial liabilities is taken to consolidated profit and loss account currently.

The particular measurement methods adopted for various financial instruments are disclosed in the individual policy statements associated with each item.

3.10 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Group has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Regular way purchases and sales of financial assets

Regular way purchases and sales of financial assets are recognized on trade dates.

3.12 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.13 Finance leases

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'property, plant and equipment'. On initial recognition, these are measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, gains and losses on de-recognition are accounted for in accordance with the respective policies for property, plant and equipment. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at amortised cost, less impairment, if any.

3.14 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit and loss account on a straight line basis over the lease term.

3.15 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method.

3.16 Provisions and contingencies

Provisions are recognized when the Group has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.17 Trade and other receivables

On initial recognition, these are measured at cost, being their fair value at the date of transaction. Subsequent to initial recognition, these are measured at amortized cost less impairment losses if any, using the effective interest method, with interest recognized in profit and loss account. Bad debts are written off when identified.

3.18 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer;
- Dividend income is recognized when the Group's right to receive payment is established; and
- Interest income is recognized as and when accrued on effective interest method.

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated profit and loss account as incurred.

3.20 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in consolidated profit and loss account except to the extent that it relates to items recognized directly in other comprehensive income, or equity, in which case it is recognized in other comprehensive income, or equity, as the case may be.

Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.21 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash and bank balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.22 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

3.23 Impairment

3.23.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.23.2 Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.24 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed, in the Group's consolidated financial statements in the year in which the dividends are approved by the Group's shareholders.

3.25 Share Capital

Incremental cost directly attributable to the issue of ordinary shares are recognised as deduction from equity.

3.26 Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that makes strategic decisions. The management has determined that the Holding Company which has significant operations has a single reportable segment as the Board of Directors views the Holding Company's operations as one reportable segment. However, the Group derives revenue from local and export sales.

4. NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS THERETO

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Group’s consolidated financial statements.

- IFRS 10 ‘Consolidated Financial Statements’ – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 ‘Consolidated and Separate Financial Statements’. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called ‘Separate Financial Statements’ and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

- IFRS 11 ‘Joint Arrangements’ (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 ‘Interests in Joint Ventures’. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named ‘Investment in Associates and Joint Ventures’. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Group’s consolidated financial statements.

- IFRS 12 ‘Disclosure of Interests in Other Entities’ (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or consolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on consolidated Group’s financial statements.

- IFRS 13 ‘Fair Value Measurement’ effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Group’s consolidated financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Group's consolidated financial statements.

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Group's consolidated financial statements.

  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Group's consolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments-Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

5. SHARE CAPITAL

5.1 Authorized share capital

2015	2014		2015	2014
Number of shares			Rupees	Rupees
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000

5.2 Issued, subscribed and paid-up capital

19,791,940	441,940	Ordinary shares of Rs. 10 each, fully paid in cash	197,919,400	4,419,400
49,893,060	49,893,060	Fully paid bonus shares of Rs. 10 each	498,930,600	498,930,600
7,665,000	7,665,000	Shares of Rs. 10 each, issued under scheme of amalgamation	76,650,000	76,650,000
77,350,000	58,000,000		773,500,000	580,000,000

5.3 Reconciliation of ordinary shares

58,000,000	41,227,483	Balance at 01 July	580,000,000	412,274,830
-	16,772,517	Bonus shares issued during the year	-	167,725,170
19,350,000	-	Shares issued during the year - note 5.4	193,500,000	-
77,350,000	58,000,000	Balance at 30 June	773,500,000	580,000,000

5.4 During the year, the Group has made an Initial Public Offer (IPO) through issue of 19.35 million ordinary shares of Rs. 10 each at a price of Rs. 30 per share (including premium of Rs. 20 per share) determined through book building process. Out of the total issue of 19.35 million ordinary shares, 14.51 million shares were subscribed through book building by high net worth individuals and institutional investors whereas the remaining 4.84 million shares were subscribed by the general public. The shares were issued in this regard on 02 February 2015. The Karachi Stock Exchange approved the Group's application for formal listing and quotation of shares on 06 February 2015.

5.5 Directors hold 56,548,135 (2014: 56,533,135) ordinary shares of Rs. 10 each of the Group.

6. SHARE PREMIUM

This reserve can be utilized by the Group only for the purpose specified in Section 83(2) of the Companies Ordinance, 1984 (refer note 5.4 for details).

7. SURPLUS ON REVALUATION OF LAND

Land of the Group was revalued as at 30 June 2014 by a firm of independent valuers, Hamid Mukhtar & Company (Private) Limited. The valuation was determined with respect to current market value of similar properties.

	Note	2015 Rupees	2014 Rupees

8. LONG TERM FINANCE

These comprise of:

8.1 Long term finance

	Note	2015 Rupees	2014 Rupees
- Standard Chartered Bank (Pakistan) Limited - secured	8.1.1	11,680,008	18,910,478
- Loan from customer	8.1.2	47,250,000	-
		58,930,008	18,910,478
Less: Current maturity	13	(6,674,292)	(7,230,483)
		52,255,716	11,679,995

8.2 Diminishing musharika - secured

	Note	2015 Rupees	2014 Rupees
- United Bank Limited - I	8.2.1	3,605,360	5,571,920
- United Bank Limited - II	8.2.2	18,862,000	18,862,000
		22,467,360	24,433,920
Less: Current maturity	13	(11,397,552)	(1,966,560)
		11,069,808	22,467,360
		63,325,524	34,147,355

8.1.1 The long term finance amounting to Rs. 20.02 million has been obtained from Standard Chartered Bank (Pakistan) Limited ("SCB") for the purpose of retirement of letters of credit established with Meezan Bank Limited ("MBL") and SCB for import of plant and machinery ("the Assets") for the Group's business. The term finance agreement ("the Agreement") was entered on 21 March 2014 between the Group and SCB. As per terms of the Agreement, principal is payable in thirty six equal monthly installments starting from 30 April 2014 and ending on 31 March 2017. This finance carries mark-up at the rate of three months KIBOR plus a spread of 1.75% per annum (2014: three months KIBOR plus a spread rate of 1.75% per annum), payable monthly.

The loan along with other facilities provided by SCB are secured by:

- exclusive first charge by way of hypothecation on plant and machinery amounting to Rs. 31 million; and
- first pari passu over present and future current assets of the Group by way of hypothecation amounting to Rs. 126.67 million.
- first pari passu over present and future plant and machinery of the Group by way of hypothecation amounting to Rs. 126.67 million.
- personal guarantees of some directors;

During the year, the Group has made repayments amounting to Rs. 7.23 million.

8.1.2 This represents a loan from a customer for production of specific items to be utilized for the customer's order. This carries mark up at 3 months KIBOR + 1.25%. Loan will be repaid in 24 equal monthly installments which will be started after the mass production of items required by the customer. The Group expects the mass production to start after 01 July 2016. This loan is secured against guarantee issued by the financial institution for which the Group has given a counter guarantee through promissory note to the financial institution.

8.2.1 The facility amounting to Rs. 5.90 million has been obtained from United Bank Limited, Islamic Bank Branch ("UBL Ameen") for import of machinery and equipment ("Machinery"). The diminishing musharika agreement ("DMA - I") was entered on 14 April 2014 between the Group and UBL Ameen. As per terms of the DMA - I, musharika units are repayable in thirty six equal monthly installments starting from 15 May 2014 and ending on 15 April 2017. Under the musharika agreement, the Group holds joint ownership of the machine with UBL Ameen. The finance carries mark-up at six months KIBOR plus a spread of 2.00% per annum (2014: six months KIBOR plus a spread of 2.00% per annum), payable monthly.

The facility is secured in favour of UBL Ameen by:

- hypothecation charge on the machinery; and
- demand promissory note amounting to Rs. 9.60 million.
- personal guarantees of some directors;

During the year, the Group has made repayments amounting to Rs. 1.96 million.

8.2.2 The facility amounting to Rs. 18.86 million has been obtained from United Bank Limited, Islamic Bank Branch ("UBL Ameen") to finance the acquisition of conductors, poles and other related accessories for independent feeder ("Equipments") from Water and Power Development Authority ("WAPDA") for uninterrupted power supply. The diminishing musharika agreement ("DMA - II") was entered on 26 June 2014 between the Group and UBL Ameen. As per terms of the DMA - II, musharika units are repayable in twenty four equal monthly installments starting from 30 July 2015 and ending on 30 June 2017. Under the musharika agreement, the Group holds joint ownership of the equipment with UBL Ameen. The finance carries mark-up at six months KIBOR plus a spread of 2.00% per annum (2014: six months KIBOR plus a spread of 2.00% per annum), payable monthly.

The facility is secured in favour of UBL Ameen by:

- hypothecation charge on the equipment; and

- demand promissory note amounting to Rs. 22.64 million.

	2015	2014
9. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Salient features of the leases are as follows:		
Discounting factor	8.9% to 13.30%	11.09% to 13.16%
Period of lease	36 months	36 months
Security deposits	10%	10%
Year of maturity	2015-2017	2014-2016

The Group has entered into finance lease arrangements with various financial institutions for lease of plant and machinery and vehicles as shown in note 16.1. The liabilities under these arrangements are payable in monthly installments. Interest rates implicit in the leases are used as discounting factor to determine the present value of minimum lease payments.

All lease agreements carry purchase option at the end of lease term and the Group intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid by the Group at inception of the lease in form of security deposit. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by the lessee.

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	2015		
	Total future minimum lease payments	**Finance charges allocated to future periods**	**Principal**
	--------------- **Rupees** ---------------		
Not later than one year	63,568,697	5,486,449	58,082,248
Later than one year and not later than five year	31,280,561	1,899,109	29,381,452
	94,849,258	7,385,558	87,463,700

	2014		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	--------------- Rupees ---------------		
Not later than one year	48,649,422	5,890,668	42,758,754
Later than one year and not later than five year	42,675,150	1,731,217	40,943,933
	91,324,572	7,621,885	83,702,687

10. DEFERRED TAXATION

The liability for deferred taxation comprises temporary differences relating to:

	2015 Rupees	2014 Rupees
Deferred tax liability arising on:		
- accelerated tax depreciation	151,947,683	149,949,192
Deferred tax asset arising on:		
- finance lease transactions - net	(27,577,079)	(28,332,104)
	124,370,604	121,617,088

	Note	2015 Rupees	2014 Rupees

11. TRADE AND OTHER PAYABLES

	Note	2015 Rupees	2014 Rupees
Trade creditors		57,998,145	29,723,823
Accrued liabilities		35,648,685	17,763,643
Sales tax payable - net		-	2,545,294
Advances from customers	11.1	9,834,869	16,364,508
Workers' Profit Participation Fund		15,331,647	9,362,132
Workers' Welfare Fund		4,990,831	2,760,624
Payable to Provident Fund Trust		1,007,325	855,357
Withholding tax payable		1,750,115	748,850
Unclaimed dividend		137,244	-
Others		960,489	3,045,459
		127,659,350	83,169,690

11.1 This includes advance of Rs. Nil (2014: Rs. 4.19 million) from a customer for manufacture of molds and carried markup of nil (2014: 15% per annum).

12. SHORT TERM BORROWINGS - SECURED

These represent short term finances utilized under interest / mark-up arrangements from banking companies and financial institutions.

	Note	2015 Rupees	2014 Rupees
Short term running finance	12.1	189,337,718	82,950,686
Finance against trust receipts	12.2	191,112,883	279,877,997
		380,450,601	362,828,683

12.1 This represents utilized amount of short term running finance facilities under mark up arrangement available from commercial banks aggregating to Rs. 412 million (2014: Rs. 165 million). These carry mark-up rates ranging from one month to three months KIBOR plus an agreed spread (2014: one month to three months KIBOR plus an agreed spread).

12.2 This represents utilized amount of finance against trust receipt under mark up arrangements available from commercial banks aggregating to Rs. 535 million (2014: Rs. 445 million). These carry mark-up rates ranging from one month to three months KIBOR plus an agreed spread (2014: one month to three months KIBOR plus an agreed spread).

12.3 These facilities are secured by first pari passu registered hypothecation charge on current and fixed assets of the Group, by lien over import documents and pledge of imported goods, local currency deposits and personal guarantees of executive directors of the Group.

13. CURRENT MATURITY OF LONG TERM LIABILITIES

	Note	2015 Rupees	2014 Rupees
Long term finance - secured	8	6,674,292	7,230,483
Diminishing musharika - secured	8	11,397,552	1,966,560
Liabilities against assets subject to finance lease	9	58,082,248	42,758,754
		76,154,092	51,955,797

	2015 Rupees	2014 Rupees

14. ACCRUED MARK UP

	2015 Rupees	2014 Rupees
Long term finance - secured	1,050,329	598,031
Diminishing musharika - secured	18,061	-
Short term borrowings	7,054,931	3,505,881
	8,123,321	4,103,912

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Counter guarantees given by the Group to its bankers as at the reporting date amount to Rs. 50.97 million (2014: Rs. 3.77 million).

15.1.2 The Deputy Commissioner Inland Revenue has issued an order on 23 January 2015 against the Group 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 Group, therefore no provision is recorded in these consolidated financial statement.

15.1.3 The Deputy Commissioner Inland Revenue has issued an assessment order on 27 June 2015 against SPEL Packaging Industries (Private) Limited (which was merged with Group in financial year 2011-12) in respect of TY 2009 and assessed Rs. 53.2 million payable by the Group. The Group filed an appeal to the Commissioner Inland Revenue (Appeals) which was decided against the Group. 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 consolidated financial statements as the management is confident of favourable outcome of the matter.

15.1.4 The Deputy Commissioner Inland Revenue has issued an order against the Group raising demand of sales tax of Rs. 7.6 million pertaining to TY 2012 based on a procedural matter. The Group has filed appeal before Income Tax Appellate Tribunal. The decision of the appeal is pending, however, there is no likelihood of arising of any tax liability being a procedural matter. Therefore, no provision is made there against.

15.1.5 The Additional Commissioner Inland Revenue has passed an assessment order against the Group on 30 April 2015 raising demand of Rs. 6.1 million pertaining to TY 2013. The Group 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.

15.2 Commitments

15.2.1 Commitments under irrevocable letters of credit for:

	Note	2015 Rupees	2014 Rupees
- Purchase of machinery		72,384,510	2,325,500
- Purchase of raw material		141,076,786	100,688,295
		213,461,296	103,013,795

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	16.1	990,525,286	872,608,200
Capital work in progress	16.6	39,838,683	597,898
		1,030,363,969	873,206,098

16.1 Operating fixed assets

2015

	Cost							Accumulated depreciation					
	As at 01 July 2014	Additions	Revaluation surplus	Transfers	Disposals	As at 30 June 2015	Rate	As at 01 July 2014	For the year	Transfers	Disposals	As at 30 June 2015	Net book value as at 30 June 2015
	Rupees						%	Rupees					Rupees
Owned													
Freehold land													
- cost	20,481,919	-	-	-	-	20,481,919	-	-	-	-	-	-	20,481,919
- revaluation	226,943,081	-	-	-	-	226,943,081	-	-	-	-	-	-	226,943,081
	247,425,000	-	-	-	-	247,425,000		-	-	-	-	-	247,425,000
Buildings on freehold land	33,472,011	3,518,656	-	-	-	36,990,667	10.00%	21,425,202	1,366,993	-	-	22,792,195	14,198,472
Plant and machinery	778,102,226	121,280,079	-	27,821,061	(22,675,000)	904,528,366	10.00%	346,103,203	52,864,161	10,557,102	(14,674,171)	394,850,295	509,678,071
Office equipment	2,129,343	1,442,204	-	-	-	3,571,547	10.00%	1,453,860	191,559	-	-	1,645,419	1,926,128
Tools and equipment	3,926,931	3,058,188	-	-	-	6,985,119	10.00%	2,136,731	290,537	-	-	2,427,268	4,557,851
Computer equipment	9,393,344	661,324	-	-	-	10,054,668	30.00%	7,402,941	681,746	-	-	8,084,687	1,969,981
Furniture and fittings	5,977,998	3,961,294	-	-	-	9,939,292	10.00%	2,727,214	624,961	-	-	3,352,175	6,587,117
Vehicles	8,311,995	12,702,518	-	1,742,000	(773,000)	21,983,513	20.00%	5,244,152	1,269,875	713,366	(530,788)	6,696,605	15,286,908
	1,088,738,848	146,624,263	-	29,563,061	(23,448,000)	1,241,478,172		386,493,303	57,289,832	11,270,468	(15,204,959)	439,848,644	801,629,528
Leased													
Leasehold land (note 16.2)	22,083,915	-	-	-	-	22,083,915	1.67%	1,844,007	368,801	-	-	2,212,808	19,871,107
Plant and machinery	163,452,757	53,882,777	-	(27,821,061)	-	189,514,473	10.00%	17,978,710	15,964,267	(10,557,102)	-	23,385,875	166,128,598
Vehicles	6,329,000	-	-	(1,742,000)	-	4,587,000	20.00%	1,680,300	724,013	(713,366)	-	1,690,947	2,896,053
	191,865,672	53,882,777	-	(29,563,061)	-	216,185,388		21,503,017	17,057,081	(11,270,468)	-	27,289,630	188,895,758
2015	1,280,604,520	200,507,040	-	-	(23,448,000)	1,457,663,560		407,996,320	74,346,913	-	(15,204,959)	467,138,274	990,525,286

2014

	Cost							Accumulated depreciation					
	As at 01 July 2013	Additions	Revaluation surplus	Transfers	Disposals	As at 30 June 2014	Rate	As at 01 July 2013	For the year	Transfers	Disposals	As at 30 June 2014	Net book value as at 30 June 2014
	Rupees						%	Rupees					Rupees
Owned													
Freehold land													
- cost	20,481,919	-	-	-	-	20,481,919	-	-	-	-	-	-	20,481,919
- revaluation	-	-	226,943,081	-	-	226,943,081	-	-	-	-	-	-	226,943,081
	20,481,919	-	226,943,081	-	-	247,425,000		-	-	-	-	-	247,425,000
Buildings on freehold land	33,008,635	463,376	-	-	-	33,472,011	10.00%	20,121,421	1,303,781	-	-	21,425,202	12,046,809
Plant and machinery	685,122,072	82,113,427	-	25,396,880	(14,530,153)	778,102,226	10.00%	307,772,967	39,324,365	8,711,130	(9,705,259)	346,103,203	431,999,023
Office equipment	1,746,415	424,928	-	-	(42,000)	2,129,343	10.00%	1,421,048	44,043	-	(11,231)	1,453,860	675,483
Tools and equipment	3,445,220	481,711	-	-	-	3,926,931	10.00%	1,985,695	151,036	-	-	2,136,731	1,790,200
Computer equipment	9,050,485	342,859	-	-	-	9,393,344	30.00%	6,613,980	788,961	-	-	7,402,941	1,990,403
Furniture and fittings	4,554,773	1,423,225	-	-	-	5,977,998	10.00%	2,484,270	242,944	-	-	2,727,214	3,250,784
Vehicles	10,469,725	239,840	-	1,032,500	(3,430,070)	8,311,995	20.00%	6,496,961	627,801	550,777	(2,431,387)	5,244,152	3,067,843
	767,879,244	85,489,366	226,943,081	26,429,380	(18,002,223)	1,088,738,848		346,896,342	42,482,931	9,261,907	(12,147,877)	386,493,303	702,245,545
Leased													
Leasehold land	22,083,915	-	-	-	-	22,083,915	1.67%	-	1,844,007	-	-	1,844,007	20,239,908
Plant and machinery	188,849,637	-	-	(25,396,880)	-	163,452,757	10.00%	8,672,085	18,017,755	(8,711,130)	-	17,978,710	145,474,047
Vehicles	4,867,500	2,494,000	-	(1,032,500)	-	6,329,000	20.00%	1,052,388	1,178,689	(550,777)	-	1,680,300	4,648,700
	215,801,052	2,494,000	-	(26,429,380)	-	191,865,672		9,724,473	21,040,451	(9,261,907)	-	21,503,017	170,362,655
2014	983,680,296	87,983,366	226,943,081	-	(18,002,223)	1,280,604,520		356,620,815	63,523,382	-	(12,147,877)	407,996,320	872,608,200

16.2 Leasehold land comprises of land situated in Karachi which has been obtained by the Group on lease and is being amortized over the term of 60 years. The title of land remains with the lessor at end of the lease term. However, leasehold land has been included in property, plant and equipment in accordance with clarification issued by Institute of Chartered Accountants of Pakistan through selected opinion issued on IAS 17 Leases.

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

	2015 Rupees	2014 Rupees
Cost of goods sold	66,166,769	56,270,812
Capital work in progress	743,447	1,115,078
Administrative expenses	3,719,463	3,069,082
Selling and distribution expenses	3,717,234	3,068,410
	74,346,913	63,523,382

16.4 The carrying value of freehold land would have been Rs. 20.48 million (2014: Rs. 20.48 million), had there been no revaluation.

16.5 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	(-------------------	-------------------	Rupees	-------------------	-------------------)		
Vehicles							
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr. Faqir Hussain
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Muhammad Ashraf
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Muhammad Arif
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr. Muhammad Azam
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Saleen Akhter
Motor cycle CG125	86,500	59,396	27,104	56,168	29,064	Company Policy	Mr.Yasir Nawaz
Motor cycle CD 70	63,500	43,603	19,897	37,720	17,823	Company Policy	Mr.Zafar Iqbal
Motor cycle CD 70	63,500	43,603	19,897	32,976	13,079	Company Policy	Mr. Tanveer Ahmed
Motor cycle CD 70	63,500	43,603	19,897	32,976	13,079	Company Policy	Mr. Shabir Hussain
Motor cycle CD 70	63,500	43,603	19,897	32,976	13,079	Company Policy	Mr. Khalid Mehmood
	773,000	530,788	242,212	473,656	231,444		
Plant and machinery							
Injection molding machine	11,450,000	7,657,250	3,792,750	2,975,285	(817,465)	Negotiation	Abdul Ghafoor
Injection molding machine	1,075,000	786,569	288,431	300,000	11,569	Negotiation	Abdul Ghafoor
Injection molding machine	3,750,000	3,089,857	660,143	796,260	136,117	Negotiation	Abdul Ghafoor
Generator	6,400,000	3,140,495	3,259,505	572,650	(2,686,855)	Negotiation	Power Parts Trading Company
	22,675,000	14,674,171	8,000,829	4,644,195	(3,356,634)		
2015	23,448,000	15,204,959	8,243,041	5,117,851	(3,125,190)		
2014	18,002,223	12,147,877	5,854,346	4,837,984	(1,016,362)		

16.6 Capital Work In Progress

	30 June 2015			
	As at 01 July 2014	Additions	Transfers	As at 30 June 2015
	----------------- Rupees -----------------			
Plant and machinery	597,898	49,786,747	10,545,962	39,838,683

	30 June 2014			
	As at 01 July 2013	Additions	Transfers	As at 30 June 2014
	----------------- Rupees -----------------			
Plant and machinery	2,186,182	5,122,122	6,710,406	597,898

	2015 Rupees	2014 Rupees
17. INTANGIBLES		
Cost	6,936,606	6,710,406
Accumulated amortization	(2,729,402)	(1,342,081)
As at 30 June	4,207,204	5,368,325
Amortization rate	20%	20%
17.1 Balance as at 01 July	5,368,325	-
Additions during the year	226,200	6,710,406
Amortization charge for year	(1,387,321)	(1,342,081)
Balance as at 30 June	4,207,204	5,368,325

This represents expenditure incurred on implementation of SAP business one suite. The amortization charge has been allocated to administrative expenses.

	Note	2015 Rupees	2014 Rupees
18. INVESTMENTS - RELATED PARTIES			
Investment in related parties - unquoted			
- investment in associate	18.1	-	4,396,366
		-	4,396,366

18.1 Investment in Associate

SPEL Fujiya Limited

762,150 (2014: 762,150) fully paid ordinary shares of Rs. 10 each
Capital held: 49.65% (2014: 49.65%)
Activity: Manufacturing and trading of industrial appliances

	Note	2015 Rupees	2014 Rupees
Opening balance		4,396,366	4,416,622
Less: Share of loss for the year		-	(12,686)
Less: Reversal of impairment / (impairment loss) during the year	18.1.1	277,828	(7,570)
		4,674,194	4,396,366
Less: Sale proceeds on dissolution		(4,674,194)	-
As at 30 June		-	4,396,366

18.1.1 During the year, after completing necessary corporate / legal formalities, associate has been dissolved and the Group has received its share of net asset on dissolution.

	Note	2015 Rupees	2014 Rupees
19. LONG TERM DEPOSITS			
Financial institutions	19.1	5,637,101	11,111,345
Utility companies and regulatory authorities		1,626,847	1,509,847
		7,263,948	12,621,192

19.1 These represent deposits with various banking companies and financial institutions against finance lease.

	Note	2015 Rupees	2014 Rupees
20. STOCK-IN-TRADE			
Raw and packing material		255,622,377	212,043,962
Stock in transit		32,697,008	18,251,805
Work in process		12,712,071	10,361,284
Finished goods	20.1	20,660,042	9,809,793
		321,691,498	250,466,844

20.1 This includes net realizable value adjustment of Rs. 2.68 million (2014: nil).

	Note	2015 Rupees	2014 Rupees
21. INCOME TAX			
Income tax refundable		78,072,559	73,968,469
Taxation - net		6,915,098	6,875,166
		84,987,657	80,843,635
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured, considered good			
- to employees	22.1	426,374	1,888,463
- to suppliers		7,268,593	8,536,483
Short term deposits		10,802,445	2,956,306
Sales tax receivable - net		3,160,873	-
Interest receivable		8,482,699	-
Prepaid insurance		956,933	1,147,002
		31,097,917	14,528,254

22.1 These are to the Group's employees for business expenses.

23. These represent term deposit receipts of Habib Bank Limited and First National Bank Modaraba carrying interest rate ranging from 6.7% to 9.8%. per annum and are for the period from six to twelve months.

	Note	2015 Rupees	2014 Rupees
24. CASH AND BANK BALANCES			
Cash in hand		25,087	7,461
Banker's cheque		-	4,600,000
Cash at bank			
- current accounts in local currency		36,958,393	59,937,972
- current accounts in foreign currency		532,119	63,156
- saving accounts in local currency	24.1	459,591	19,458,486
		37,950,103	79,459,614
		37,975,190	84,067,075

24.1 These carry return at 5% to 6.50% per annum (2014: 5.50% to 6.50% per annum).

	Note	2015 Rupees	2014 Rupees
25. SALES - NET			
Local		2,511,103,461	1,975,453,666
Export		23,742,819	21,046,792
		2,534,846,280	1,996,500,458
Less: Sales tax		(368,076,852)	(277,936,431)
		2,166,769,428	1,718,564,027
26. COST OF GOODS SOLD			
Raw and packing materials consumed		1,278,955,838	938,230,405
Stores, spare parts and loose tools consumed		6,396,086	12,700,226
Salaries, wages and benefits	26.1	137,727,612	102,071,584
Electricity and water charges		154,782,029	159,559,319
Depreciation on property, plant and equipment	16.3	66,166,769	56,270,812
Repair and maintenance		32,741,565	23,849,280
Sorting charges		3,537,979	1,953,499
Insurance		4,179,529	2,353,337
Oil and lubricants		2,184,318	1,473,685
		1,686,671,725	1,298,462,147
Work in progress			
- At beginning of the year		10,361,284	83,720,272
- At end of the year		(12,712,071)	(10,361,284)
		(2,350,787)	73,358,988
Cost of goods manufactured		1,684,320,938	1,371,821,135
Finished goods			
- At beginning of the year		9,809,793	9,814,368
- At end of the year		(20,660,042)	(9,809,793)
		(10,850,249)	4,575
Cost of goods sold		1,673,470,689	1,371,825,710

26.1 Salaries, wages and benefits include Rs. 3.58 million (2014: Rs. 3.01 million) in respect of defined contribution plan.

	Note	2015 Rupees	2014 Rupees
27. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	27.1	21,156,962	16,074,759
Directors' remuneration		29,986,863	22,612,742
Traveling expenses		19,682,905	21,092,624
Legal and professional charges		5,899,922	2,586,772
Vehicle running expenses		3,353,783	3,119,570
Insurance		1,877,759	1,057,297
Repair and maintenance		1,724,570	1,653,509
Telephone and postage		2,902,724	2,730,650
Depreciation on property, plant and equipment	16.3	3,719,463	3,069,082
Amortization on intangibles	17	1,387,321	1,342,081
Printing and stationery		2,580,286	1,578,246
Staff training and development		4,888,570	939,394
Fee and subscription		1,221,688	2,017,930
Rent, rates and taxes		176,255	161,652
Entertainment		1,503,292	1,443,343
Donations	27.2	856,000	15,000
Auditors' remuneration	27.3	825,000	400,000
Research and development		693,808	154,278
Bad debts		-	255,105
Commission expense		11,250	-
Miscellaneous expenses		3,196,414	2,548,884
		107,644,835	84,852,918

27.1 Salaries, wages and benefits include Rs. 0.81 million (2014: Rs. 0.62 million) in respect of defined contribution plan.

27.2 None of Directors and their spouses had any interest in any of the donees.

	2015 Rupees	2014 Rupees
27.3 Auditors' remuneration		
Statutory audit fee (including consolidation)	500,000	350,000
Half yearly review	150,000	-
Subsidiary audit fee	50,000	50,000
Certifications	50,000	-
Out of pocket expenses	75,000	-
	825,000	400,000

	Note	2015 Rupees	2014 Rupees
28. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits	28.1	4,231,139	3,345,921
Depreciation on property, plant and equipment	16.3	3,717,234	3,068,410
Freight and forwarding		31,800,941	24,517,828
Advertisement		1,497,517	2,102,244
Sales promotion expenses		1,207,500	103,276
Sample cost		581,553	5,492
		43,035,884	33,143,171

28.1 Salaries, wages and benefits include Rs. 0.51 million (2014: Rs. 0.43 million) in respect of defined contribution plan.

	2015 Rupees	2014 Rupees
29. OTHER INCOME		
Income from financial assets		
Profit on bank deposits and short term investments	16,936,970	159,048
Income from non-financial assets		
Sale of unusable items	10,635,269	6,622,388
Reversal of impairment loss on investment in associate	277,828	-
Other income	2,624,002	4,913,931
	13,537,099	11,536,319
	30,474,069	11,695,367
30. OTHER CHARGES		
Workers' Profit Participation Fund	15,331,647	9,362,132
Workers' Welfare Fund	4,990,831	2,760,624
Loss on disposal of property, plant and equipment	3,125,190	1,016,362
Impairment loss - associate	-	7,570
	23,447,668	13,146,688
31. FINANCE COST		
Mark-up on:		
- short term borrowings - secured	42,884,943	40,921,077
- long term finance - secured	5,553,023	716,525
- advance from customer	52,850	1,899,938
- lease finance	9,100,866	11,226,241
Bank charges	1,438,884	1,702,137
	59,030,566	56,465,918

	2015 Rupees	2014 Rupees
32. TAXATION		
Current	56,058,302	34,447,933
Deferred	2,753,516	18,739,452
	58,811,818	53,187,385
32.1 Relationship between tax expense and accounting profit		
Profit before taxation	290,613,855	170,812,303
Tax at 33% / 34%	95,902,572	58,076,183
Tax effect of:		
- income under Final Tax Regime	(1,497,710)	(1,141,430)
- tax rate adjustment	(17,163,164)	(501,400)
- change in proportion of local and export sales	4,137,320	307,572
- permanent difference	5,511,207	7,729,370
- tax credits	(29,128,764)	(12,747,503)
- deferred tax asset not recognised	1,039,697	1,464,578
- minimum tax under section 113 of Income Tax Ordinance, 2001	10,660	15
	58,811,818	53,187,385

	Note	2015 Rupees	2014 Rupees
33. CASH GENERATED FROM OPERATIONS			
Profit before taxation		290,613,855	170,812,303
Adjustments for non-cash items:			
Finance cost		59,030,566	56,465,918
Depreciation on property, plant and equipment		74,346,913	63,523,382
Amortization of intangibles		1,387,321	1,342,081
(Reversal) / impairment loss on investment in associate		(277,828)	20,256
Loss on disposal of property, plant and equipment		3,125,190	1,016,362
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund		20,322,478	12,122,756
		157,934,640	134,490,755
Operating profit before working capital changes		448,548,495	305,303,058
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(6,299,942)	(8,063,412)
Stock-in-trade		(71,224,654)	67,711,704
Trade debts		(64,223,735)	40,008,583
Advances, deposits, prepayments and other receivables		(19,525,969)	1,063,638
		(161,274,300)	100,720,513
Increase / (decrease) in current liabilities:			
Trade and other payables		36,152,694	(115,933,816)
		323,426,889	290,089,755
34. CASH AND CASH EQUIVALENTS			
Short term running finance	12	(189,337,718)	(82,950,686)
Cash and bank balances	24	37,975,190	84,067,075
		(151,362,528)	1,116,389

35. TRANSACTIONS WITH RELATED PARTIES

The Group's related parties comprise of , associated undertaking, key management personnel (including chief executive and directors), post employment benefit plan and entities in which the directors have significant influence. Details of transactions and balances with related parties is as follows:

			Note	2015 Rupees	2014 Rupees
35.1	**Transactions with related parties**	**Nature of transaction**			
	SPEL Technology Support (Private) Limited - associated undertaking	Purchase of goods		201,250	-
		Reimbursement of expenses		1,196,268	-
	Provident Fund Trust	Contribution		9,737,688	8,047,406
	Directors	Dividend		28,274,068	40,184,808
	Worker's Participation Profit Fund	Contribution		9,362,132	4,129,751
	Remuneration of Key Management Personnel	Remuneration	39	47,541,482	35,382,447
35.2	**Balances with related parties**				
	Provident Fund Trust		11	1,007,325	835,357
	Payable to Worker's Participation Profit Fund		11	15,331,647	9,362,132

36. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Group's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

36.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, and monitoring of exposures against credit limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

36.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period was as follows:

	Note	2015 Rupees	2014 Rupees
Loans and receivables			
Long term deposits	19.1	7,263,948	12,621,192
Trade debts		249,451,311	185,227,576
Deposits and other receivables	22	19,285,144	2,956,306
Short term investments	23	582,103,302	-
Bank balances	24	37,950,103	79,459,614
		896,053,808	280,264,688

36.1.2 Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2015 Rupees	2014 Rupees
Customers	249,451,311	185,227,576
Banking companies and financial institutions	644,975,650	93,527,265
Others	1,626,847	1,509,847
	896,053,808	280,264,688

36.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

36.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to term deposits, bank balances, security deposits, and accrued return on deposits. Credit risk is considered minimal these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating	2015	2014
	Short term	Long term	Agency	Rupees	
Banks					
Allied Bank Limited	A1+	AA+	PACRA	611,719	4,504
Bank Islami Pakistan Limited	A1	A+	PACRA	10,235,178	91,190
Habib Bank Limited	A-1+	AAA	JCR-VIS	891,452	49,016,755
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	19,684,197	2,490,597
KASB Bank Limited	A3	BBB	PACRA	8,153	16,153
MCB Bank Limited	A1+	AAA	PACRA	819,848	3,487
Meezan Bank Limited	A-1+	AA	JCR-VIS	338,042	7,279,760
National Bank of Pakistan	A1+	AAA	JCR-VIS	84,368	63,893
United Bank Limited	A-1+	AA+	JCR-VIS	5,277,146	20,493,275
				37,950,103	79,459,614
Security Deposits					
First National Bank Modaraba	A1+	AAA	JCR-VIS	964,262	964,262
Allied Bank	A1+	AA+	PACRA	-	2,782,106
Habib Modaraba	A-1+	AAA	JCR-VIS	-	174,200
Habib Bank Limited	A-1+	AAA	JCR-VIS	15,475,284	10,147,083
				16,439,546	14,067,651
Short term investments					
Habib Bank Limited	A-1+	AAA	JCR-VIS	580,500,000	-
First National Bank Modaraba	A1+	AAA	JCR-VIS	1,603,302	-
				582,103,302	-
Interest receivable					
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,482,699	-
				644,975,650	93,527,265

36.1.3(b) Counterparties without external credit ratings

These include customers which are counterparties to trade receivables. The analysis of ages of trade receivables of the Group as at the reporting date is as follows:

	Carrying amount	
	2015	2014
	Rupees	Rupees
The aging of trade debts at the reporting date is:		
Not due	189,278,799	141,494,323
Past due 0 - 30 days	51,485,303	28,315,143
Past due 31 - 60 days	4,298,679	11,159,691
Past due 61 - 90 days	1,346,503	2,511,306
Past due 91 - 120 days	702,639	14,079
Past due 120 days	2,339,388	1,733,034
	249,451,311	185,227,576

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. As at year end, trade debts do not include any balance receivable from related parties (2014: nil).

36.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Group. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

36.2.1 Exposure to liquidity risk

36.2.1(a) Contractual maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The cash flows are undiscounted, and include estimated interest payments.

	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		2015				
		----------------------------------	----------	Rupees	----------	----------------------------------
Non-derivative financial liabilities						
Long term finances	8	81,397,368	39,101,171	21,909,963	17,191,208	-
Liabilities against assets subject to finance lease	9	87,463,700	94,849,258	63,568,697	31,280,561	-
Trade and other payables	11	95,751,888	95,751,888	95,751,888	-	-
Short term borrowing	12	380,450,601	380,450,601	380,450,601	-	-
Accrued mark up	14	8,123,321	8,123,321	8,123,321	-	-
		653,186,878	618,276,239	569,804,470	48,471,769	-

	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		2014				
		----------------------------------	----------	Rupees	----------	----------------------------------
Non-derivative financial liabilities						
Long term finances	8	43,344,398	53,186,916	14,897,568	38,289,348	-
Liabilities against assets subject to finance lease	9	83,702,687	91,324,572	48,649,422	42,675,150	-
Trade and other payables	11	51,388,282	51,388,282	51,388,282	-	-
Short term borrowing	12	362,828,683	362,828,683	362,828,683	-	-
Accrued mark up	14	4,103,912	4,103,912	4,103,912	-	-
		545,367,962	562,832,365	481,867,867	80,964,498	-

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

36.3.1 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales purchases and bank balances are denominated and the respective functional currency of the Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euro and US dollars.

36.3.1(a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	2015		
	EURO	USD	Total (Rupees)
Assets			
Trade debts	8,979	-	1,019,779
Bank balances	-	5,243	532,119
	8,979	5,243	1,551,898
Liabilities			
Trade and other payables	-	-	-
Net assets exposure	8,979	5,243	1,551,898

	2014		
	EURO	USD	Total (Rupees)
Assets			
Trade debts	54	16,594	1,642,631
Bank balances	-	641	63,156
	54	17,235	1,705,787
Liabilities			
Trade and other payables	(13,000)	(17,558)	(3,485,300)
Net liability exposure	(12,946)	(323)	(1,779,513)

36.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	EURO		USD	
	2015	2014	2015	2014
	Rupees			
Reporting date spot rate				
- buying	113.57	134.46	101.50	98.55
- selling	113.70	134.73	101.70	98.75
Average rate for the year	124.02	140.70	100.03	103.69

36.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2015 Rupees	2014 Rupees
Effect on profit and loss		
EURO	101,978	(163,189)
USD	53,212	(14,762)
	155,190	(177,951)

36.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.117% (2014: 0.114%) of the Group's total assets, any adverse / favorable movement in functional currency with respect to US dollar and Euro will not have any material impact on the operational results.

36.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

36.3.2(a) Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2015		2014	
	Financial asset	Financial liability	Financial asset	Financial liability
	------------------------- Rupees ---------------------------			
Non-derivative financial instruments				
Fixed rate instruments	582,562,893	-	18,900,348	-
Variable rate instruments	-	549,311,669	-	489,875,768

36.3.2(b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit 2015 Rupees	Profit 2014 Rupees
Increase of 100 basis points	(5,493,117)	(4,898,758)
Decrease of 100 basis points	5,493,117	4,898,758

36.3.2(c) Interest rate risk management

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing, finance lease and loans and advances by the Group has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

36.3.3 Other price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The Group is not exposed to equity price risk.

36.4 Fair values

36.4.1 Fair value estimation

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost. Carrying value of all financial instruments approximate their fair value.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non-derivative financial instrument

The fair value of non-derivative financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-Derivative financial liabilities

Fair value, which is determine for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date.

37. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii. to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

38. RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY AGAINST LONG AND SHORT TERM BORROWINGS

	2015 Rupees	2014 Rupees
Mortgages and charges		
Mortgage over land and building	-	155,000,000
Hypothecation charge over plant and machinery	823,670,000	653,400,000
Hypothecation over current assets	551,010,000	605,300,000

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group is as follows:

	2015				
	Directors				
	Chairman	**Chief Executive**	**Non-Executive**	**Executive**	**Executives**
	(------------------------- **Rupees**				--------------------------)
Managerial remuneration	5,600,000	5,600,000	-	3,200,000	8,720,400
Utilities and house rent	2,800,000	2,800,000	-	1,600,000	4,299,600
Contribution to provident fund	-	-	-	319,968	847,919
Bonus and rewards	-	-	-	1,500,000	3,686,700
Advisory fee	-	-	5,400,000	-	-
Other benefits	396,780	319,527	450,588	-	-
	8,796,780	8,719,527	5,850,588	6,619,968	17,554,619
Number of persons	1	1	1	1	7

	2014			
	Directors			
	Chairman / Chief Executive	Non-Executive	Executive	Executives
	(------------------------- Rupees		--------------------------)	
Managerial remuneration	4,000,000	-	7,480,000	7,286,217
Utilities and house rent	2,000,000	-	3,740,000	3,633,450
Contribution to provident fund	-	-	267,996	599,208
Bonus and rewards	-	-	-	1,250,830
Advisory fee	-	3,600,000	-	-
Other benefits	361,201	750,404	413,141	-
	6,361,201	4,350,404	11,901,137	12,769,705
Number of persons	1	1	2	6

39.1 The Group also provides the chief executive and some of the directors and executives the Group's maintained cars.

39.2 No meeting fee was paid to non executive directors during the year.

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	Installed processing capacity		Actual processing	
	2015	2014	**2015**	2014
Small, medium and large mould making facility	60 to 70 moulds	60 to 70 moulds	48 to 50 moulds	48 to 50 moulds
Injection mould facility	3,100 tons plastic	2,500 tons plastic	1,516 tons plastic	1,584 tons plastic
Blow moulding facility	1,680 tons plastic	1,600 tons plastic	1,112 tons plastic	1,053 tons plastic
Extrusion	5,400 tons plastic	5,400 tons plastic	2,000 tons plastic	2,850 tons plastic
Thermoforming	1,700 tons plastic	1,700 tons plastic	966 tons plastic	1,368 tons plastic

Lower capacity utilization of plant is due to gap between demand and supply of products. The capacity figures are based on 300 days.

41. OPERATING SEGMENT

Information about operating segment

These financial statements have been prepared on the basis of single reportable segment.

Geographical information

98.9% (2014: 98.78%)sales of Group relates to customers in Pakistan.

Geographical area

	2015	2014
	Percentage	
Pakistan	98.90	98.78
Others	1.10	1.22
	100.00	100.00

All assets of the Company as at 30 June are located in Pakistan.

42. PROVIDENT FUND TRUST

The following information is based on un-audited financial statements of Provident Fund Trust.

	Unit	2015	2014
Size of the fund - total assets	Rupees	32,576,795	21,708,029
Cost of investments made	Rupees	27,811,049	18,777,003
Percentage of investments made	Percentage	85.37%	86.50%
Fair value of investments	Rupees	27,811,049	18,777,003

The breakup of fair value of investments is as follows:

	2015		2014	
	Rupees	Percentage	Rupees	Percentage
Defence Saving Certificates	3,175,000	11.40%	3,175,000	16.90%
Bank balances	1,534,748	5.50%	102,003	0.50%
PLS term deposits receipts	2,101,301	7.60%	5,500,000	29.30%
Certificate of musharika	21,000,000	75.50%	10,000,000	53.30%
	27,811,049	100.00%	18,777,003	100.00%

The investments out of provident fund have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. NUMBER OF EMPLOYEES

The Group has employed following number of persons including permanent and contractual staff:

	Number of Employees	
	2015	2014
- Average number of employees	467	422
- As at 30 June	449	449

44. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group in its meeting held on 12 September 2015 has proposed a final cash dividend of Rs. 0.5 (2014: nil) 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.

45. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on 12 September 2015.

46. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholding From	Shareholding To	Shares held	Percentage
58	1	100	1,235	0.0016
2273	101	500	1,131,928	1.4634
330	501	1000	329,010	0.4254
281	1001	5000	713,500	0.9224
66	5001	10000	549,100	0.7099
8	10001	15000	103,500	0.1338
8	15001	20000	154,500	0.1997
2	20001	25000	44,500	0.0575
8	25001	30000	221,780	0.2867
5	30001	35000	165,500	0.2140
2	35001	40000	73,000	0.0944
1	40001	45000	43,500	0.0562
5	45001	50000	240,500	0.3109
2	50001	55000	103,150	0.1334
2	55001	60000	115,000	0.1487
1	80001	85000	83,000	0.1073
3	95001	100000	297,500	0.3846
1	115001	120000	119,093	0.1540
1	130001	135000	135,000	0.1745
1	135001	140000	138,500	0.1791
3	145001	150000	450,000	0.5818
1	160001	165000	161,000	0.2081
1	170001	175000	175,000	0.2262
1	210001	215000	211,000	0.2728
2	250001	255000	510,000	0.6593
1	355001	360000	359,648	0.4650
1	360001	365000	364,500	0.4712
1	385001	390000	390,000	0.5042
1	540001	545000	544,500	0.7039
1	615001	620000	620,000	0.8016
1	635001	640000	639,000	0.8261
1	785001	790000	788,500	1.0194
1	810001	815000	810,754	1.0482
1	845001	850000	850,000	1.0989
1	1030001	1035000	1,032,000	1.3342
1	1395001	1400000	1,396,200	1.8050
1	1450001	1455000	1,451,250	1.8762
1	1465001	1470000	1,467,365	1.8970
1	1990001	1995000	1,992,000	2.5753
1	2200001	2205000	2,202,000	2.8468
2	6025001	6030000	12,050,724	15.5795
1	17870001	17875000	17,872,818	23.1064
1	26245001	26250000	26,248,945	33.9353
3085			**77,350,000**	**100**

Pattern of Shareholding as per Code of Corporate Governance 2012

As At June 30, 2015

Particulars	Shareholding
Associated Companies, Undertakings and Related Parties	NIL
Sponsors, Directors, CEO and Children	
Mr. Almas Hyder	26,248,945
Dr. S. M. Naqi	17,872,818
Mr. Raza Haider Naqi	6,025,362
Mr. Zia Hyder Naqi	6,025,362
Mrs. Munawar Naqi	1,467,365
Mr. Sheikh Naseer Hyder	359,648
Mr. Abid Saleem Khan	15,500
Mr. Muhammad Tabassum Munir	500
Mutual Funds	
CDC - Trustee HBL - Stock Fund	1,992,000
MCBFSL - Trustee JS Value Fund	1,032,000
CDC - Trustee Unit Trust Of Pakistan	850,000
CDC-Trustee HBL Islamic Stock Fund	639,000
CDC - Trustee HBL Multi - Asset Fund	544,500
CDC - Trustee Askari Asset Allocation Fund	364,500
CDC - Trustee NIT-Equity Market Opportunity Fund	255,000
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	161,000
CDC - Trustee JS Aggressive Asset Allocation Fund	100,000
CDC - Trustee Askari Equity Fund	100,000
CDC - Trustee HBL PF Equity Sub Fund	48,500
CDC - Trustee HBL IPF Equity Sub Fund	43,500
Executives	46,680
Public Sector Companies And Corporations	NIL
Banks, Development Finance Institutions, NBFCs, Insurance companies, Takaful, Modarabas,and Pension Funds	3,794,700
Shareholders Holding Five Percent or More Voting Rights	
Mr. Almas Hyder	26,248,945
Dr. S. M. Naqi	17,872,818
Mr. Raza Haider Naqi	6,025,362
Mr. Zia Hyder Naqi	6,025,362

Category Wise Shareholding

Sr. No.	Particulars	No. Shareholders	No. of Shares	Percentage
1	Sponsors, Directors, CEO And Children	8	58,015,500	75.0039
2	NIT And ICP	1	255,000	0.3297
3	Insurance Companies	2	3,598,200	4.6518
4	Modarabas and Mututal Funds	12	6,130,000	7.9250
5	General Public (Local)	2997	6,893,718	8.9124
6	General Public (Foreign)	42	515,081	0.6659
7	Others	22	1,890,501	2.4441
8	Foreign Companies	1	52,000	0.0672
	Total	**3085**	**77,350,000**	**100**

Trading by Directors, Executives, their Spouses and Minor Children

Serial Number	Name of Shareholder	Sale	Purchase
1	Almas Hyder	500	-
2	Muhammad Tabassum Munir	-	500
3	Abid Saleem Khan	-	15,500
4	Khalil Ahmad Hashmi	-	25,680
5	Muhammad Munir	-	9,500
6	Mirza Sikander Baig	-	8,500
7	Abu Bakar	-	1,500
8	Muhammad Zafar Iqbal	-	1,500

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Third Annual General Meeting of the shareholders of **Synthetic Products Enterprises Limited** will be held on Saturday 31 October 2015 at 10:00 AM at ICMAP Building 42 Ferozpur Road, Lahore to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements including consolidated financial statements for the year ended 30 June 2015 together with Directors' and Auditors' Report thereon;

2. To approve the payment of cash dividend @ 5% i.e. 0.5 Re per ordinary share, out of the reserves for the year ended 30 June 2015, as recommended by the Directors;

3. To appoint auditors for the year 2015-16 and fix their remuneration. The Board, has recommended, as suggested by the audit committee, the appointment of M/s KPMG Taseer Hadi and Co., Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

4. To elect nine (9) Directors of the Company as fixed by the Board of Directors, in accordance with the provisions of section 178 of the Companies Ordinance, 1984 for a term of three (3) years. Following are the retiring Directors:

    1. Mr. Almas Hyder
    2. Dr. S. M. Naqi
    3. Mr. Muhammad Tabassum Munir
    4. Mr. Zia Hyder Naqi
    5. Mr. Raza Haider Naqi
    6. Mr. Sheikh Naseer Hyder
    7. Mr. Abid Saleem Khan

Special Business:

5. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

    "RESOLVED that placing of the Company's quarterly accounts on its website instead of transmitting the same to its shareholders by post, be and is hereby approved."

By the Order of the Board

Khalil Ahmad Hashmi
Company Secretary

7 October 2015
Lahore

Notes:

A member entitled to attend and vote at the meeting is entitled to appoint any other member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company, 127-S Quaid-e-Azam Industrial Estate Township Kot Lakhpat, Lahore duly stamped and signed not less than 48 hours before the time of the meeting. A proxy need not be a member of the Company.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. For Attending the Meeting

In case of individuals: The account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing their original Computerized National Identity Card (CNIC), or original passport at the time of attending the meeting.

In case of corporate entities: The Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of attending the meeting.

B. For Appointing Proxies

In case of individuals: The account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.

In case of corporate entities: The Board of Directors' resolution/power of attorney with specimen signature of the person nominated to present and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

The proxy shall produce his/her original CNIC or passport at the time of the meeting.

Election of Directors

Any person who seeks to contest the election to the office of the director, whether he is a retiring director or otherwise, is required to file with the Company at its registered office, not later than fourteen days before the date of the meeting at which elections are to be held, the following documents:

i. Notice of his/her intention to offer himself/herself for the election of director in terms of Section 178(3) of the Companies Ordinance, 1984.

ii. Copy of computerized national identification card.

iii. Consent to act as director on Form-28 under section 184 of the Companies Ordinance, 1984.

iv. A detailed profile as required under SECP SRO 634(I)/2014 dated 10 July 2014.

v. He / She should also confirm that :

- o He / She is not ineligible to become a director of a listed Company under any applicable laws and regulations.

- o He / She is not serving as director in more than seven (7) listed companies simultaneously included this Company.

- o Neither he/she nor his spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.

- o He / She is registered as taxpayer (except for non-residents) and has not defaulted in payment of any loan to a banking company, Development Finance Institution or a Non Banking Financial Institution or being a member of stock exchange has not been declared as a defaulter by that stock exchange.

Closure of Share Transfer Books:

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 23, 2015 to October 31, 2015 (both days inclusive). Transfers received in order at the Shares Department of M/s THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, P. O. Box No. 8533, Karachi-75530, Pakistan at the close of business on October 22, 2015 will be treated in time for the purpose of payment of final cash dividend, if approved by the shareholders.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2015 has made the certain amendments in section 150 of the Income Tax Ordinance, 2001. The applicable withholding tax rates on payment of dividend are as under:

For filers of income tax returns	12.5%
For non-filers of income tax returns	17.5%

Payment of Cash Divided Electronically

In accordance with SECP's letter No. 8(4) SM/CDC 2008 dated 5th April 2013, we would like to apprise the shareholders that SECP has devised a strategy for implementation and promotion of e-dividend mechanism whereby the cash dividend amount would be directly credited into the respective bank account of the shareholder through electronic fund transfer facilities.

The shareholders can avail benefits of the e-dividend facility by providing dividend mandate in their CDC accounts through their Participants and in case of physical shares to the share registrar.

Electronic Transmission of Audited Financial Statements and Notices

Through SRO 787 (1)/2014 dated 8th September 2015 the Securities and Exchange Commission of Pakistan has permitted companies to circulate their annual audited financial statements and notice of annual general meetings through e-mail to its share holders.

Those shareholders who wish to receive the Company's Annual Report through e-mail are requested to provide a complete Consent form mentioning their valid e-mail addresses to the Company. Consent forms are available on Company's website. "www.spelgroup.com"

Statement Under Section 160 of the Companies Ordinance, 1984 (Item 5 of the Agenda)

The Securities and Exchange Commission of Pakistan vide its circular No. 19 dated April 14, 2004 has allowed listed companies to place their quarterly accounts on their website instead of sending the same to each shareholder by post, subject to fulfillment of a few conditions including seeking of consent of the members.

This will be a convenient and cost effective way for the company to transmit its quarterly accounts and ensure quick and easy access for the members to such accounts of the company.

FORM OF PROXY

127-S Q.I.E. Township Kot Lakhpat Lahore.

I/We____Of____,

being a member of Synthetic Products Enterprises Limited, holder of ___________________, Ordinary Share(s) as per Register Folio No. ___________________ hereby Appoint Mr. _______________________,having CNIC No. ________________________ as my/our proxy in my/our absence to attend and vote for me /us, and on my/our behalf at the Annual General Meeting of the Company to be held on October 31, 2015 and at any adjournment thereof.

Signed this _______ day of ___________ 2015.

Signature across
Revenue Stamp Rs. 5

Witness 1
Signature___________________________

Name______________________________

CNIC # ______________________________

Witness 2
Signature_______________________________

Name__________________________________

CNIC # ________________________________

NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.

2. The Instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

AFFIX
CORRECT
POSTAGE

The Company Secretary

SYNTHETIC PRODUCTS ENTERPRISES LIMITED

127-S Quaid-e-Azam Industrial Estate,

Township Kot Lakhpat, Lahore.

042-35115506-07

www.spelgroup.com

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