

dynea

DYNEA PAKISTAN LIMITED

*36th Annual Report
For the year ended
30th June, 2018*



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COMPANY INFORMATION

Board of Directors :

Dr. Donald Jenkin	<i>Chairman</i>
Mr. Shabbir Abbas	<i>Chief Executive Officer</i>
Mr. Tayyeb Afzal	
Mr. Sajid Hassan	
Syed Ali Azfar Naqvi	
Mr. Ameen Bandukda	
Mr. Aqeel Loon	

Audit Committee :

Mr. Aqeel Loon	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Tayyeb Afzal	<i>Member</i>

Human Resource and Remuneration Committee:

Mr. Aqeel Loon	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Sajid Hassan	<i>Member</i>

Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

Company Secretary :

Mr. Adnan Husseini

Head of Internal Audit:

Mr. Mujtaba Hassan Ghanchi

Bankers :

M/s. Habib Bank Limited
M/s. Habib Metropolitan Bank Limited
M/s. MCB Bank Limited
M/s. Standard Chartered Bank (Pakistan) Limited
M/s. United Bank Limited
M/s. Dubai Islamic Bank Pakistan Limited

Auditors :

M/s. EY Ford Rhodes
Chartered Accountants

Legal Advisors :

M/s. Sayeed & Sayeed, Advocates & Legal Consultants
M/s. Zahid & Tariq Advocates

Share Registrar :

FAMCO Associates (Pvt) Ltd
Management Consultants & Share Registrars
8-F, Next to Hotel Faran Nursery, Block - 6, P.E.C.H.S
Shahra-e-Faisal, Karachi.
Ph: (92-21) 34380101-5, 34384621-3 (Ext. 103) Fax: (92-21) 34380108

Registered Office :

Office No.406, Parsa Tower, Plot No.31/1/A,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi.75400
Ph: (92-21) 34520132 - 35 Fax: (92-21) 34392182

Factorles :

- | | |
|---|---|
| 1) Hub Unit
A101 - A105, A132 - A136,
Hub Industrial Trading Estate,
Hub Chowki, Distt. Lasbella, Baluchistan.
Ph: (92-853) 363706 - 09 Fax: (92-853) 363907 | 2) Gadoon Unit
34-A, 34-B & 35, Road-3, Industrial Estate,
Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.
Ph: (92-938) 270150 - 52 Fax: (92-938) 270246 |
|---|---|

VISION AND MISSION STATEMENTS*Vision*

Dynea Pakistan is Market Leader in its core and diversified business, delighting its customers by providing quality products at competitive price through development of market, product range, technology and human whilst ensuring sound return to stakeholders.

Mission

Maximize productivity and sales of Formaldehyde, Resins for wood-based panel industries and Moulding Compounds and provide satisfaction to customers.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Members of the Company will be held on Monday, October 22, 2018 at 12:30 PM at Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018 together with the Chairman's Review Report and Reports of the Directors' and Auditors' thereon.
2. To approve a final cash dividend of 130% (i.e. Rs. 6.50 per share) for the year 2017-18 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2018-19 and to fix their remuneration. The present auditors - Messrs. EY Ford Rhodos, Chartered Accountants, being eligible offer themselves for re-appointment.

By Order of the Board

Adnan Hussein
Company Secretary

Karachi: August 30, 2018

NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 15, 2018 to October 22, 2018 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 14, 2018. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s FAMCO Associates (Private) Ltd, 8-F Next to Hotel Faran, Nursery, Block 6 P.E.C.H.S., Shalra-e-Faisal, Karachi. Tel: 0092-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
- ii. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1, dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- ii. In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B. For Appointing Proxies

- i. In case of individuals, the account holder or sub-account holders and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations shall submit the proxy form as per the above requirement.

NOTICE OF ANNUAL GENERAL MEETING

- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of Shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 243(2)(a) of the Companies Act, 2017, (hereinafter referred as "the Act"), which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2017 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For filers of income tax returns:	15%
(b)	For non-filers of income tax returns:	20%

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

Withholding Tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each shareholder accordingly.

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

NOTICE OF ANNUAL GENERAL MEETING

Payment of Cash Dividend through Electronic Mode (Mandatory)

The provisions of Section 242 of the Act, 2017 provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that with effect from November 01, 2017 as also provided in the Companies (Distribution of Dividends) Regulations, 2017 (as amended from time to time) cash dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number, (c) IBAN number (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate same to their concerned participant / CDC.

Please note that as per Section 243(3) of the Act, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

For the convenience of shareholders e-Dividend Mandate Form is available on Company's website.

Unclaimed / Unpaid Shares and Dividends

In accordance with the provisions of Section 244 of the Act, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notice to the shareholders to file claim, if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Act.

In this regard, a Notice dated December 27, 2017 was sent by Registered AD due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance of Section 244(1)(b) of the Act a Final Notice had also been published on April 20, 2018 in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Express in English and Urdu respectively.

In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed / unpaid amount with the Federal Government pursuant to the provisions of sub-section (2) of Section 244 of the Act.

E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Act and applicable clauses of Companies (Postal Ballot) Regulations 2018.

Video Conference

Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the Share Registrar, Messrs. FAMCO Associates (Private) Limited.

I/We, of being a member of Dynea Pakistan Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for video conference facility at (Please insert name of the City)

Distribution of Annual Report through Email

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan has under and pursuant to SRO No. 787(f)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditors' report and directors' report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notice of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, M/s.FAMCO Associates (Private) Limited.

Financial Statements and reports of the Company for the year ended June 30, 2018 can be downloaded from the Company's website.

CHAIRMAN'S REVIEW REPORT

Board Structure

The Board has a strong background in financial management complemented by directors with legal, technical and manufacturing expertise.

Dynamics and Functioning of the Board

Board meetings are held quarterly and otherwise as required. Attendance and participation are good and directors are available at other times to support management, in particular with compliance and legal matters. Their input is highly valued and much appreciated by both management and myself.

Business Strategy Governance

In a mature market such as that in which the Company finds itself, it is not always easy to devise a strategy going forward. The strategy developed in 2010 to rebuild the Company was fully supported by the Board and the results speak for themselves. A new strategy has been developed to begin growing the Company's manufacturing base and improving efficiency. The first phase of this has been approved by the Board and it is currently being implemented by management. Looking further ahead, management, with Board support, is evaluating potential avenues for diversification as a means to growth.

Financial Reporting Process, Internal Audit and Internal Controls

The Board contains a strong representation of directors with backgrounds in finance, banking and business management. Systems are in place to ensure that financial management of all aspects of the Company's operations are managed with transparency, honesty and integrity. I feel that the outsourcing of the internal audit function, to PwC adds further strength to the financial management of the business.

Risk Management

The Board is very conscious of the need to evaluate and manage risk to ensure business continuity. Two projects in which directors are currently active is in succession planning to ensure smooth transitions when key people leave the Company and the unauthorised infiltration of the IT function by internal or external sources. With regard to the latter, an independent review of the Company's IT systems and controls has been undertaken. As a result the IT function within the Company has been strengthened.

Monitoring Role

The Audit Committee and Board have implemented a programme whereby a number of Company policies and procedures are presented for review and updating at their meetings. Efforts are ongoing to maintain corporate governance compliance at a time of increasingly stricter requirements.

Supporting and Advisory Role

As mentioned earlier in this review, the Directors willingly give of their time and expertise on a regular basis. This is important to management. Beyond that, the Company often outsources support services that are beyond the scope of the Board and management to provide.

CHAIRMAN'S REVIEW REPORT

The Chairperson's Role

I see my role as Chairman as that of a leader and facilitator. I am not based in Pakistan although I am a frequent visitor. With the assistance of modern communication systems I am able to maintain a mentoring and advisory role during my periods of absence.

All in all, I think the Company's results during the last 8 or so years are a reflection of the performance of the Board and its management. The direction and guidance provided by the Board of Directors is hereby acknowledged.

It is with thanks that I sign off on this review.



DONALD JENKIN
Chairman

Karachi : August 30, 2018

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2018.

Economic Environment

Pakistan's economy witnessed an increase in GDP growth from 5.37% in 2016-17 to 5.79% in 2017-18. The realization of investment inflows stemming from the China-Pakistan Economic Corridor should further increase GDP growth to more than 6% over the medium to long-term. However, the energy shortages and the ongoing political & security problems still remain key impediments to growth and foreign investment in Pakistan. It is hoped that the recent changes in governance will address these issues. Strong economic growth is vital to cater for the growing population of the country.

Operations

Sales revenue during 2017-18 was Rs. 3,858.32 million compared to Rs. 2,497.54 million in the previous financial year and the profit before tax was Rs 379.10 million compared to Rs.258.91 million in the previous financial year. This profit is the highest in the last decade. It was made possible by improved production efficiencies and an increase in sales as a consequence of an expansion in production capacity at the Gadoon factory.

Resin Division

Turnover of the Resin Division in 2017-18 was Rs. 2,156.92 million compared to Rs. 1,236.44 million in the previous financial year, an increase of 74.46%. The segment result of the Resin Division was Rs.310.48 million compared to Rs.121.98 million for the previous financial year.

Aminoplast Compound Division

Turnover of the Aminoplast Compound Division in 2017-18 was Rs. 1,701.39 million compared to Rs. 1,261.10 million in the previous financial year, an increase of 34.91%. The segment result of the Aminoplast Compound Division was Rs.235.33 million compared to Rs.248.09 million for the previous financial year.

Results of Aminoplast compound division have been affected due to intense competition being faced because of enormous expansion in production capacity in the country of this item as well as volatile changes in external value of the rupee.

Expansion at Gadoon

The expansion of resin and aminoplast compound capacity at Gadoon commenced commercial production during the year. A new commodity 'glazing compound' has been added to the list of items manufactured by the company.

Financial Performance

Following are the summarised financial results of the Company for the year 2017-18:

	2017-2018	2016-2017
	(Rupees in thousands)	
Sales Revenue	<u>3,858,318</u>	<u>2,497,540</u>
Gross Profit	<u>687,675</u>	<u>464,369</u>
Profit Before Taxation	<u>379,096</u>	<u>258,910</u>
Profit After Taxation	<u>15.63</u>	<u>9.38</u>
Earnings per Share in Rupees		

DIRECTORS' REPORT

Contribution to the National Exchequer

The Company's contribution to the National Exchequer in the form of various taxes and levies for the year under review was Rs. 1,028 million (2016-17 was Rs. 628 million).

Future Outlook

Market Conditions:

The outlook for sales looks healthy for both resin and moulding compound but intense competition from existing players and new entrants is also expected. However, the Company's management shall continue to make every effort to achieve its business objectives through effective and efficient planning and its execution. The Company is striving to broaden its customer base to ensure its long-term sustainability.

Health, Safety and Environment (HSE)

The Company has continued its focus on improving its HSE performance. Both factories are certified to international safety and environmental management systems standards.

The Company currently has projects underway to improve the quality of its liquid waste with the aim of being able to recycle it back into the processes, thereby reducing its outsourced water usage.

Corporate Social Responsibility

The Company not only fosters a culture of mutual respect among all its employees but it also encourages people to share their input towards improving the quality of the work environment.

The Company runs a well maintained primary school at Jenson Village in Hub, Baluchistan. This school was established primarily for the children of the Company's employees but other children of the locality are also permitted to study at the school. Presently there are 114 students of whom 80 come from the local community. Furthermore, the Company contributes 1% of PBT to a charitable trust.

Risk and Uncertainties

The Company's operations could be adversely affected by restrictions on imports and sources of supply; prolonged labour strikes (including any at key manufacturing operations); adverse weather conditions; imposition of further duties or tariffs; adverse changes in governmental regulations; the introduction of additional measures to control inflation; foreign currency fluctuations; entrance of new competitors; changes in the rate or method of taxation or a deterioration in the security situation. The foregoing list of risks and uncertainties is not exclusive.

During the course of the year, the Company employed the services of an internationally recognised IT consultancy to review its exposure to potential cybercrime. As a consequence, the Company's IT Department has been strengthened and a programme has been implemented to address deficiencies.

The Company vigilantly monitors its operations with a view to minimizing the adverse impact to its overall business that could arise as a result of inherent risks.

Adequacy of Internal Financial Controls

Internal audit services continued to be outsourced. During the year, significant and material findings of internal and external auditors were addressed on a priority basis by the management and the status was regularly reported to the Audit Committee.

Based upon the results achieved from reviews, ongoing testing of financial reporting controls and audits conducted during the year, the Company considers that the existing system of internal controls is adequate and is being effectively implemented and monitored.

DIRECTORS' REPORT

Transactions with Related Parties:

All transactions with related parties are entered into by the company in its ordinary course of business on an arm's length basis and they have been disclosed in the financial statements under the relevant notes.

Code of Corporate Governance

The Directors and management of the Company are committed to good corporate governance. As required under the Code of Corporate Governance the Directors are pleased to state as follows:

- 1) The financial statements prepared by the management of the Company present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- 2) Proper books of accounts of the Company have been maintained.
- 3) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- 4) International Financial Reporting Standards have been used as the basis for the preparation of the financial statements and any departure there from has been adequately disclosed and explained.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern unless there is an adverse decision in the Vend and Permit Fee case currently pending before the Supreme Court of Pakistan. Information about the case is being presented separately in this report.
- 7) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations. A Code of Conduct has been prepared and delivered to every director and employee.
- 8) The Board of Directors has adopted Vision and Mission Statements.
- 9) Information about taxes and levies is given in the notes to the accounts.
- 10) The value of the investments in the Company's provident fund scheme, based on un-audited accounts for the year ended June 30, 2018, stands at Rs. 88.85million.
- 11) Statements are annexed in respect of the following:
 - Key financial data for the last six years.
 - Pattern of shareholding.
- 12) During the year under review:
 - 1) The Board of Directors convened 8 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Dr. Donald Jenkin (Chairman)	8/8
2	Mr. Shabbir Abbas	8/8
3	Mr. Sajid Hassan	8/8
4	Mr. Aqeel Loon	5/8
5	Mr. Tayyeb Afzal	8/8
6	Syed Ali Azfar Naqvi	8/8
7	Mr. Amcen Bandukda	4/8

Dr. Donald Jenkin, Mr. Shabbir Abbas, Mr. Sajid Hassan, Mr. Tayyeb Afzal and Mr. Aqeel Loon are certified directors.

DIRECTORS' REPORT

ii) The Audit Committee convened 4 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Mr. Aqeel Loon (Chairman)	2/2*
2	Dr. Donald Jenkin	4/4
3	Mr. Tayyeb Afzal	4/4
4	Syed Ali Azfar Naqvi	2/2*

*Mr. Aqeel Loon was appointed member after two meetings in place of Syed Ali Azfar Naqvi.

iii) The Human Resource & Remuneration Committee convened 6 times and attendance of the respective was as under:

Sr.#	Names of Directors	Meeting Attended
1	Mr. Aqeel Loon (Chairman)	2/2*
2	Dr. Donald Jenkin	6/6
3	Mr. Sajid Hassan	6/6
4	Mr. Shabbir Abbas	4/4*

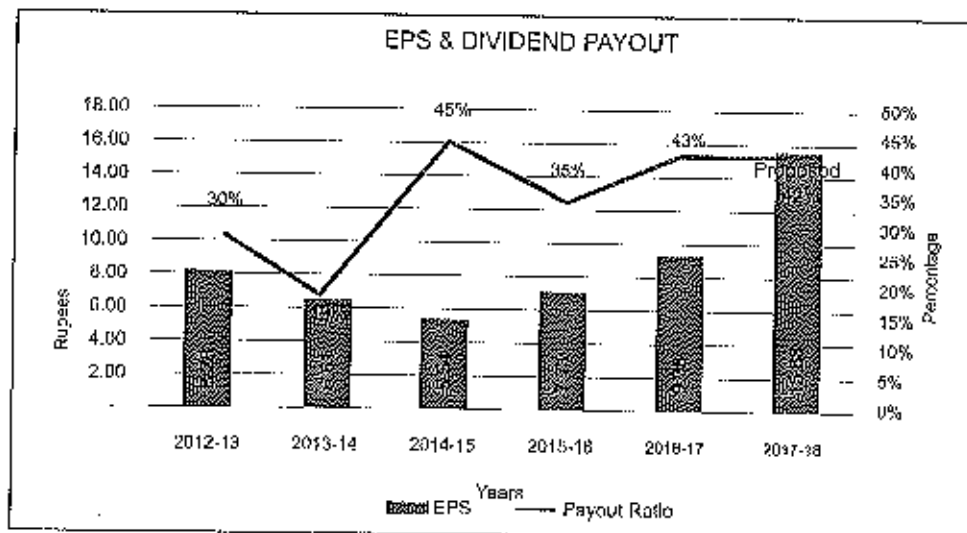
* Mr. Aqeel Loon was appointed member after four meetings in place of Mr. Shabbir Abbas.

Vend Fee and Permit Fee Case

Regarding the Vend and Permit Fee case, the Sindh High Court has already pronounced favourable decisions twice in favour of the Company. Presently the case is pending before the Honourable Supreme Court of Pakistan. In view of the legal merits of the case and the previous two favourable decisions of the Sindh High Court, the management expects the Supreme Court to confirm the previous decisions, thereby not affecting the Company's ability to continue as a going concern.

Dividend and Appropriations

The Company has made the following cash dividend payments since 2012-2013.



DIRECTORS' REPORT

In view of the Company's excellent performance during the outgoing financial year, the Directors propose a payment of Rs.6.50 per share i.e. 130% dividend to the shareholders. The Directors have also announced transfer of Rs. 300 million to general reserve.

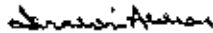
Appointment of Auditors.

The retiring auditors, M/s. EY Ford Rhodes, Chartered Accountants, being eligible, offer themselves for re-appointment for the ensuing year. They have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan. The Directors recommend that they be reappointed for the upcoming year.

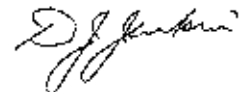
Acknowledgement

The Directors acknowledge and extend their appreciation to all the stakeholders for their efforts in contributing to the satisfactory outcome for the current financial year, especially the motivation and support received from the customers and employees of the company.

On behalf of the Board of Directors



SHABBIR ABBAS
Chief Executive

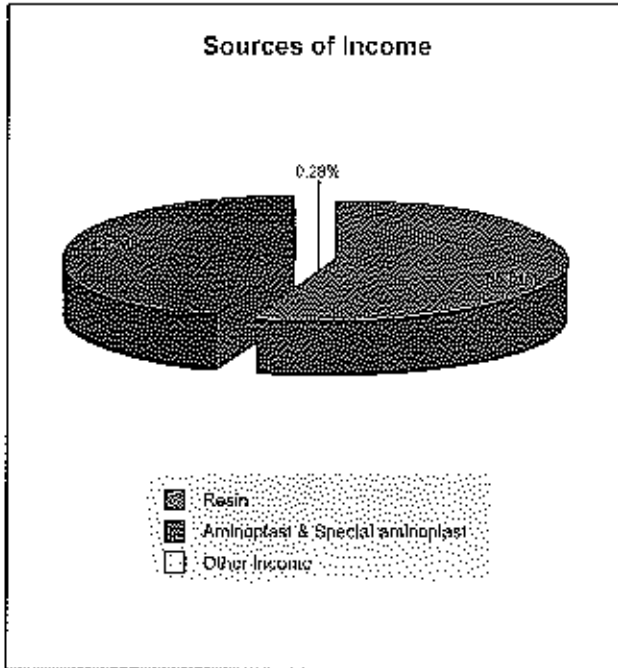
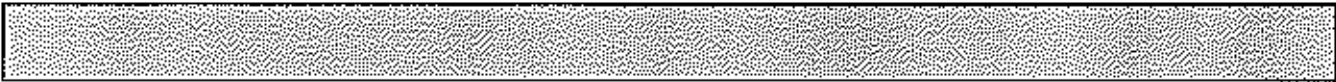


DONALD JENKIN
Chairman

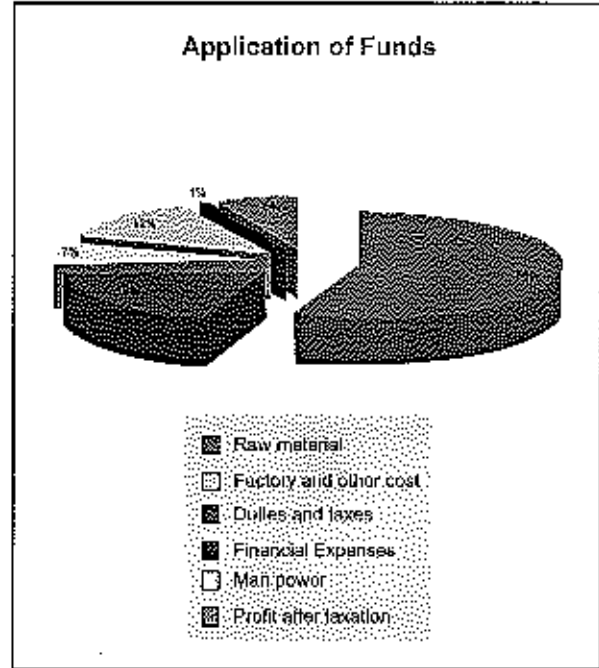
Karachi : August 30, 2018

KEY OPERATING AND FINANCIAL DATA

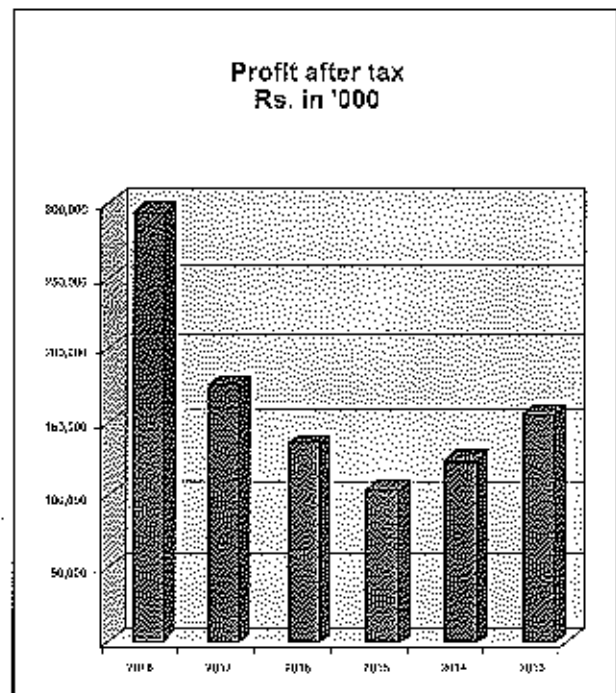
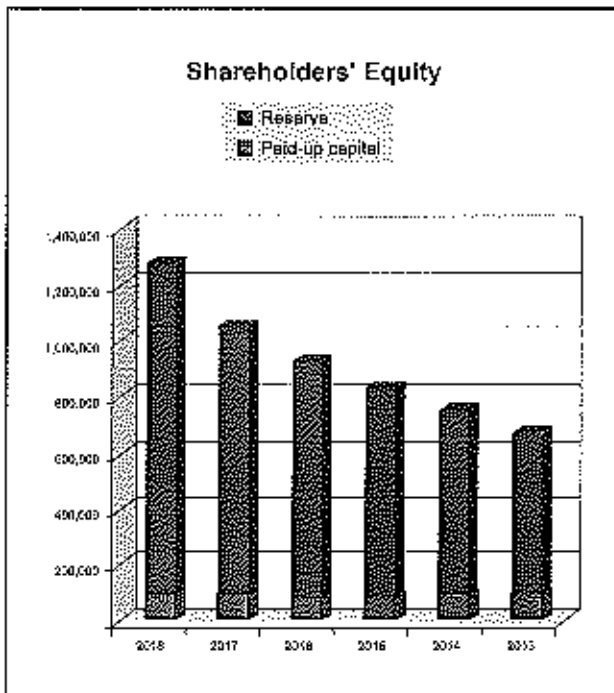
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	----- Rupees in thousands -----					
<u>FINANCIAL POSITION:</u>						
SHAREHOLDERS EQUITY	1,274,497	1,055,100	925,304	837,138	756,140	678,500
TOTAL ASSETS	2,275,142	1,292,328	1,190,005	1,294,972	1,411,894	980,464
<u>OPERATING RESULTS:</u>						
TURNOVER	3,858,318	2,497,540	2,418,400	2,387,736	2,703,246	2,390,922
PROFIT / (LOSS) BEFORE TAXATION	379,096	258,910	199,229	156,199	152,742	242,168
TAXATION	(84,209)	(81,932)	(63,882)	(51,610)	(27,921)	(85,843)
PROFIT / (LOSS) AFTER TAXATION	294,887	176,978	135,347	104,588	124,821	156,326
EARNING / (LOSS) PER SHARE Rs.	15.63	9.38	7.17	5.54	6.61	8.28
CASH DIVIDEND DECLARED %	130.00	80.00	50.00	50.00	25.00	60.00
	(Proposed)					



* Includes Sales Tax on Resin Rs.217.62 million and on Aminoplast Rs. 237.57 million.



**Duties and taxes including Sales Tax amounting to Rs. 627.86 million.



STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2018

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (hereinafter referred as "Regulations") in the following manner:

1. The total number of directors are seven as per the following:

- | | | |
|------|----------------------|----------|
| i. | Dr. Donald Jenkin | Chairman |
| ii. | Mr. Tayyeb Afzal | |
| iii. | Syed Ali Azfar Naqvi | |
| iv. | Mr. Sajid Hassan | |
| v. | Mr. Ameen Bandukda | |
| vi. | Mr. Shabbir Abbas | |
| vii. | Mr. Aqeel Loon | |

2. The composition of board is as follows:

a. Independent Directors

- | | |
|-----|----------------------|
| i. | Syed Ali Azfar Naqvi |
| ii. | Mr. Aqeel Loon |

b. Other Non-Executive Directors

- | | |
|------|--------------------|
| i. | Dr. Donald Jenkin |
| ii. | Mr. Tayyeb Afzal |
| iii. | Mr. Sajid Hassan |
| iv. | Mr. Ameen Bandukda |

c. Executive Director

- | | |
|----|-------------------|
| i. | Mr. Shabbir Abbas |
|----|-------------------|

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies).
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (hereinafter referred as "Act") and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the board.
8. Since half of the directors are already compliant and have taken Directors' Training Program, therefore the board has not arranged Directors' Training Program during the year.
9. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year while a change in their remunerations was approved by the board.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

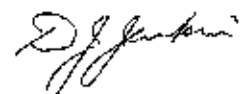
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a. Audit Committee
 - i. Mr. Aqeel Loon Chairman
 - ii. Dr. Donald Jenkin
 - iii. Mr. Tayyeb Afzal
 - b. Human Resource ("HR") and Remuneration Committee
 - i. Mr. Aqeel Loon Chairman
 - ii. Dr. Donald Jenkin
 - iii. Mr. Sajid Hassan
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per the following:
- a. Audit Committee:

The meetings of the audit committee were held in each quarter during the year.
 - b. HR and Remuneration Committee:

The meetings of the HR and remuneration committee were held six times this year.
15. The board has outsourced the internal audit function to M/s. A. F. Ferguson & Co., Chartered Accountants (a member of the PwC network) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. 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 and registered with Audit Oversight Board of Pakistan, 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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Pakistan

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Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dynea Pakistan Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 3 September 2018



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the annexed financial statements of Dynea Pakistan Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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S.No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Contingency</p> <p>As disclosed in note 21.1 to the accompanying financial statements, the matter relating to vend and permit fee being imposed on the Company by the relevant authority is currently pending adjudication before the Honorable Supreme Court of Pakistan.</p> <p>The aggregate amount of such fee works out to Rs. 1,460.12 million as at 30 June 2018 against which no provision has been made by the Company in the accompanying financial statements on the basis of legal advisor's opinion that the case will be decided in favour of the Company.</p> <p>We have considered the contingency as a key audit matter due to the potential significance, inherent uncertainties, time period such matter may take to resolve and the management's judgment and estimates in relation to the said contingency may be complex and can significantly impact the accompanying financial statements.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the related available correspondences with the relevant authority and legal advisor. We also reviewed the orders passed by the Courts of competent jurisdiction from time to time to understand and ascertain the nature and status of the case.</p> <p>We discussed the matter with management and evaluated their judgements in relation to recognition of any provision in this respect that may be required.</p> <p>We also obtained and evaluated the confirmation from the Company's legal advisor.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>
2.	<p>Capital expenditure on plant capacity enhancement and related long-term financing facility</p> <p>As disclosed in note 2.1 and 6.1 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for enhancement of production capacity.</p> <p>Further, as disclosed in note 2.2 and 20 to the accompanying financial statements, the Company has obtained long-term financing facility from a commercial bank during the year amounting to Rs. 500 million to finance the enhancement of aforementioned production capacity.</p> <p>We identified capital expenditure and long-term financing facility as a key audit matter as these represent significant transactions for the year.</p>	<p>Our key audit procedures in these areas included, amongst others, obtaining an understanding of the Company's process with respect to capital expenditure and controls relevant to such process.</p> <p>We performed substantive audit procedures through inspection of related contracts and documents supporting various components of the capitalized costs.</p> <p>We also considered whether the items of cost capitalized, including borrowing costs, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards.</p> <p>We reviewed management's estimates about the useful life of assets so capitalized and consequent depreciation rates used by the Company.</p> <p>In relation to the long-term financing facility, we reviewed the significant terms and</p>



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S.No.	Key audit matters	How our audit addressed the key audit matter
		<p>conditions contained in the bank's facility letter and financing agreement executed during the year.</p> <p>We also inquired management in respect of future compliance with the loan covenants and any challenges expected in this regard.</p> <p>We circularized confirmation to the financing bank with outstanding loan balances at the reporting date. We also reviewed the maturity analysis of the financing to ascertain the classification of loan as per the remaining maturity.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>
3.	<p>New Companies Act, 2017 and its impact on the financial statements</p>	
	<p>As referred to in note 3.1 to the accompanying financial statements, the Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 3.2 to the accompanying financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important as a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act.</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the requirements as envisaged under the Act. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>



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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and



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- d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

Tariq Feroz Khan

Chartered Accountants

Place: Karachi

Date: 3 September 2018

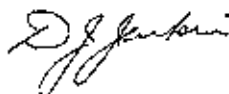
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	541,303,407	251,411,827
Intangible assets	9	847,257	1,933,399
Long-term loans	10	138,752	135,972
Long-term deposits	11	6,725,182	6,725,182
Deferred taxation - net	21	-	16,100,197
		549,014,598	276,306,577
CURRENT ASSETS			
Stores and spares	12	21,298,613	17,402,764
Stock-in-trade	13	699,510,730	355,071,437
Trade debts	14	728,086,303	446,487,134
Loans and advances	15	14,167,104	3,640,963
Deposits and prepayments	16	5,977,026	7,921,002
Other receivables	17	4,598,269	1,053,687
Taxation - net		124,077,890	42,612,529
Cash and bank balances	18	128,411,554	141,831,532
		1,726,127,489	1,016,021,048
		2,275,142,087	1,292,327,625
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40,000,000 (2017: 40,000,000) ordinary shares of Rs.5/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	19	94,362,065	94,362,065
Revenue reserves		1,180,135,222	960,738,261
		1,274,497,287	1,055,100,326
NON-CURRENT LIABILITIES			
Long-term financing	20	365,625,000	-
Deferred taxation - net	21	3,416,080	-
		369,041,080	-
CURRENT LIABILITIES			
Trade and other payables	22	269,760,748	234,365,011
Unclaimed dividend		3,691,868	2,828,311
Accrued mark-up		7,108,261	33,977
Short-term running finance	23	266,667,843	-
Current portion of long term financing	20	84,375,000	-
		631,603,720	237,227,299
CONTINGENCIES AND COMMITMENTS			
	24		
		2,275,142,087	1,292,327,625
TOTAL EQUITY AND LIABILITIES			

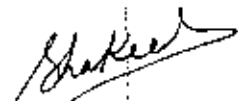
The annexed notes from 1 to 45 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEELUDDIN
Chief Financial Officer

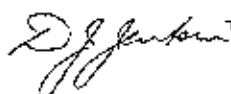
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
Turnover - net	25	3,858,317,868	2,497,540,206
Cost of sales	26	<u>(3,170,642,435)</u>	<u>(2,033,170,897)</u>
Gross profit		687,675,433	464,369,309
Distribution costs	27	<u>(168,848,869)</u>	<u>(118,416,170)</u>
Administrative expenses	28	<u>(85,089,893)</u>	<u>(69,648,535)</u>
		<u>(253,938,762)</u>	<u>(188,064,705)</u>
Other income	29	<u>12,950,950</u>	<u>7,219,261</u>
Operating profit		446,687,621	283,523,865
Finance costs	30	<u>(29,163,240)</u>	<u>(3,434,535)</u>
Other charges	31	<u>(38,428,185)</u>	<u>(21,179,576)</u>
		<u>(67,591,425)</u>	<u>(24,614,111)</u>
Profit before taxation		379,096,196	258,909,754
Taxation	32	<u>(84,209,583)</u>	<u>(81,932,025)</u>
Net profit for the year		<u>294,886,613</u>	<u>176,977,729</u>
Basic and diluted earnings per share	33	<u>15.63</u>	<u>9.38</u>

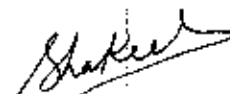
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SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEELUDDIN
Chief Financial Officer

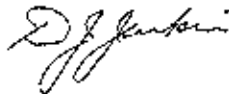
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	30 June 2018	30 June 2017
	----- (Rupees) -----	
Net profit for the year	294,886,613	176,977,729
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>294,886,613</u></u>	<u><u>176,977,729</u></u>

The annexed notes from 1 to 45 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEELUDDIN
Chief Financial Officer

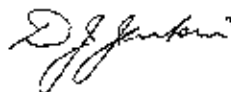
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Note	30 June 2018 ----- (Rupcos) -----	30 June 2017 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		379,096,196	258,909,754
Adjustments for non-cash and other items			
Depreciation and amortisation	8.4 & 9.1	92,930,737	61,883,416
Provision for doubtful debts	14.1	13,666,789	10,226,418
Finance costs		29,163,240	3,434,535
Gain on disposal of operating fixed assets		(11,044,363)	(597,206)
		<u>124,716,403</u>	<u>74,947,083</u>
		503,812,599	333,856,837
(Increase) / decrease in current assets			
Stores and spares		(3,895,849)	(2,752,238)
Stock-in-trade		(344,439,293)	(31,154,088)
Trade debts		(295,265,958)	(74,842,712)
Loans and advances		(10,526,141)	350,182
Deposits and prepayments		1,943,976	(3,157,334)
Other receivables		(2,698,493)	(1,053,687)
		<u>(654,881,758)</u>	<u>(112,609,877)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		35,395,737	19,904,204
		<u>(115,673,422)</u>	<u>241,151,164</u>
Finance costs paid		(22,088,956)	(3,679,303)
Income tax paid		(146,158,667)	(89,620,124)
Long-term loans and deposits - net		(2,780)	(433,029)
Net cash (used in) / generated from operating activities		<u>(283,923,825)</u>	<u>147,418,708</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(381,736,308)	(73,124,246)
Proceeds from disposal of operating fixed assets		10,198,407	611,758
Net cash used in investing activities		<u>(371,537,901)</u>	<u>(72,512,488)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (repayment) of long-term financing		450,000,000	(46,875,000)
Dividends paid		(74,626,095)	(46,792,446)
Net cash generated from / (used in) financing activities		<u>375,373,905</u>	<u>(93,667,446)</u>
Net decrease in cash and cash equivalents		(260,087,821)	(18,761,226)
Cash and cash equivalent at the beginning of year		141,831,532	160,592,758
Cash and cash equivalents at the end of year		<u>(138,256,289)</u>	<u>141,831,532</u>
CASH AND CASH EQUIVALENT			
Cash and bank balances	18	128,411,554	141,831,532
Short-term running finance	23	(266,667,843)	-
		<u>(138,256,289)</u>	<u>141,831,532</u>

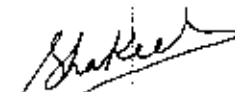
The annexed notes from 1 to 45 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEELUDDIN
Chief Financial Officer

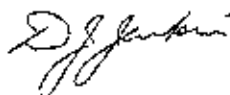
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reservc	Unappropriated profit	Total	
(Rupees)					
Balance as at 30 June 2016	94,362,065	691,000,000	139,941,865	830,941,865	925,303,930
Final dividend for the year ended 30 June 2016 @ Rs. 2.50 per share	-	-	(47,181,333)	(47,181,333)	(47,181,333)
Net profit for the year	-	-	176,977,729	176,977,729	176,977,729
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	176,977,729	176,977,729	176,977,729
Balance as at 30 June 2017	94,362,065	691,000,000	269,738,261	960,738,261	1,055,100,326
Final dividend for the year ended 30 June 2017 @ Rs. 4 per share	-	-	(75,489,652)	(75,489,652)	(75,489,652)
Net profit for the year	-	-	294,886,613	294,886,613	294,886,613
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	294,886,613	294,886,613	294,886,613
Balance as at 30 June 2018	94,362,065	691,000,000	489,135,222	1,180,135,222	1,274,497,287

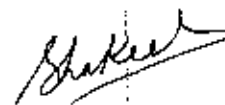
The annexed notes from 1 to 45 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEELUDDIN
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 Dynea Pakistan Limited (the Company) was incorporated on June 20, 1982, in Pakistan as a public limited company and is listed on Pakistan Stock Exchange Limited. It is engaged in the manufacture and sale of formaldehyde, urea / melamine formaldehyde and aminoplast compound. The registered office of the Company is situated at Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, Pakistan.

1.2 Geographical location and addresses of all the business units are as under:

Location	Business unit
Karachi Office No. 406, Parsa Tower, Block-6, P.E.C.H.S, Shahrah-e-Faisal	Registered office
Hub A101-105, A132-136, H.I.T.E., Hub Chowki, Distt. Lasbella, Baluchistan	Production plant
Gadoon 34-A, 34-B & 35 Road-3, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.	Production plant

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

2.1 The Company has expanded its production facilities at Gadoon site which has enhanced its production capacity from 51,200 M. Tonnes to 135,000 M.Tonnes. Total amount capitalised to operating fixed assets during the year amounted to Rs. 435.02 million, out of which Rs. 427.48 million relates to enhancement of production capacity.

2.2 The Company has obtained long-term financing facility from a commercial bank amounting to Rs. 500 million to finance the expansion of production facility at plant located at Gadoon site.

2.3 The Company has disposed off its plant and machinery having cost of Rs. 130 million and net book value of Rs. 133 at sale proceed of Rs. 11.04 million.

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3.2 The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (note 8.2), management assessment of sufficiency tax provision in the financial statements (note 32.2), additional disclosure requirements for related parties (note 38), change in threshold for identification of executives (note 39) etc.

4. BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention.

4.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

5.1 New Standards, Interpretations and Amendments

The Company has adopted the following amendments to the accounting standards which became effective for the current year:

IAS 7 — Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12 Income Taxes — Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on these financial statements.

5.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or Interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 — Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 4 — Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — (Amendments)	01 January 2018
IFRS 9 — Financial Instruments	01 July 2018
IFRS 9 — Prepayment Features with Negative Compensation — (Amendments)	01 January 2018
IFRS 15 — Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 — Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 — Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 — Uncertainty over Income Tax Treatments	01 January 2019

NOTES TO THE FINANCIAL STATEMENTS

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - 'Revenue from Contracts with Customers' and IFRS 9 - 'Financial Instruments'. The Company is currently evaluating the impact of these standards on the financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14— Regulatory Deferral Accounts	01 January 2016
IFRS 17— Insurance Contracts	01 January 2021

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- determining the residual values, method of depreciation and useful lives of property, plant and equipment	7.1 & 8.1
- determining the method of amortisation and useful lives of intangible assets	7.2 & 9.1
- provision for doubtful debts	7.5 & 14
- provisions	7.10
- provision for compensated absences	7.12
- recognition of current and deferred tax	7.13, 21 & 32
- contingencies	24

NOTES TO THE FINANCIAL STATEMENTS

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost. Depreciation is charged to statement of profit or loss using the straight line method, at the rates specified in note 8.1 to these financial statements. Depreciation on additions is charged from the month when the asset is available for use and in case of disposals up to the month of disposal. Leasehold land is amortised in equal installments over the lease period of 99 years.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of operating fixed assets are recognized in statement of profit or loss in the period of disposal.

Capital work in progress

These are stated at cost less accumulated impairment losses, if any, and represents expenditures incurred and advances made in respect of specific assets during the construction / erection period. These are transferred to specific assets as and when assets are available for use.

Impairment

The carrying value of property, plant and equipment are reviewed at each reporting date for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, and the resulting impairment charge is recognised in the statement of profit or loss.

7.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any except for intangibles under development capital work-in-progress which are stated at cost less impairment loss, if any. Amortisation is charged to the statement of profit or loss using the straight line method at the rates specified in note 9 to these financial statements.

7.3 Stores and spares

These are valued at the lower of weighted average cost and net realizable value (NRV). NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

7.4 Stock-in-trade

These are stated at the lower of cost and net realisable value (NRV) determined as follows:

Raw and packing materials	Weighted average cost
Finished goods	Cost of direct materials and labour plus attributable overheads
Goods in transit and stock in bonded warehouse	Invoice price plus other charges paid thereon

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

NOTES TO THE FINANCIAL STATEMENTS

7.5 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for doubtful debts. Other receivables are carried at cost less provision for doubtful debts, if any. Provision for doubtful debts is based on management's assessment of customers outstanding and creditworthiness. Bad debts are written off as and when identified.

7.6 Ijarah rentals

Ijarah payments for assets under Ijarah finance agreements are recognised as an expense in the statement of profit or loss on a straight line basis over the Ijarah term.

7.7 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances net off short-term running finance.

7.8 Borrowing and its costs

All loans and borrowings are initially recognised at the fair value of proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged to the statement of profit or loss on an accrual basis.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

7.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

7.10 Provisions

Provisions are recognised in the statement of financial position where the Company has a legal or constructive obligation as a result of past event, and its is probable that out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

7.11 Financial Instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the statement of profit or loss of the current period.

NOTES TO THE FINANCIAL STATEMENTS

Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

7.12 Employee retirement benefits

Defined contribution plan

The Company operates a recognized provident fund for its permanent employees. Equal monthly contribution are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognized as employee benefit expenses when they are due.

Compensated absences

The Company accounts for these benefits in the accounting period in which the absences are earned. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

7.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits and tax rebates available, if any. The tax charged as calculated above is compared with turnover tax. Higher of normal tax or turnover tax is compared with Alternate Corporate Tax and whichever is higher is provided in the financial statements. Turnover tax is calculated in accordance with the provisions of section 113 of Income Tax Ordinance 2001. Alternate Corporate Tax is calculated in accordance with the provisions of section 113C of Income Tax Ordinance 2001.

Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduces to the extent that it is no longer probable that sufficient taxable profits will be available in future to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax loss) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

7.14 Revenue recognition

Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.

Other income

- Interest on bank deposits and PLS accounts are recognized on time proportion basis using effective interest rate method.
- Scrap sales are accounted for on accrual basis.

7.15 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 that asset.

7.16 Foreign currency transactions

Transaction in foreign currencies are translated into rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the statement of profit or loss.

7.17 Dividends and appropriation to reserves

Dividend and appropriation to the reserves are recognized in the period in which these are approved.

7.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

8. PROPERTY, PLANT AND EQUIPMENT	Note	30 June 2018	30 June 2017
		----- (Rupees) -----	
Operating fixed assets	8.1	529,264,360	186,079,368
Capital work-in-progress	8.5	12,039,047	65,332,159
		<u>541,303,407</u>	<u>251,411,527</u>

NOTES TO THE FINANCIAL STATEMENTS

8.1 Operating fixed assets

	COST			As at 30 June 2018	Depreciation rate/ years	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at 01 July 2017	Additional transfers from capital work-in- progress ^a	Disposals			As at 01 July 2017	Charge for the year (note 8.4)	Disposals	As at 30 June 2018	As at 30 June 2019
	Freehold land	659,961	-			-	659,961	-	-	-
Leasehold land	11,923,159	-	-	11,923,159	99 years	1,293,204	174,753	-	1,468,062	10,452,997
Buildings on freehold land	20,307,437	-	-	20,307,437	10%	13,728,116	526,205	-	14,254,451	1,053,009
Buildings on leasehold land	111,071,428	92,321,457	-	203,392,885	10%	64,189,220	14,423,061	-	78,612,281	124,780,604
Plant and machinery	628,504,875	2,215,174	(130,063,450)	610,649,965	18.67%	519,487,564	63,554,443	(130,063,312)	452,978,695	251,162,273
Electrical installations	21,048,630	293,464,395	-	59,340,795	16.67%	17,842,700	5,326,895	-	23,169,595	36,171,204
Furniture and fittings	3,060,392	33,291,919	-	3,090,302	20%	1,449,195	441,201	-	1,890,396	1,169,346
Office equipment	4,165,927	965,234	-	5,701,939	20%	3,466,405	409,943	-	3,876,348	1,823,641
Computers and accessories	5,891,642	571,738	-	6,716,519	32%	4,298,784	880,412	-	5,279,196	1,437,323
Vehicles	3,925,028	174,955	-	4,099,983	20%	3,453,163	106,947	-	3,560,110	534,873
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
2018	822,961,794	4,360,237	(130,063,450)	1,127,668,664		636,822,426	51,644,595	(130,063,312)	598,803,704	529,284,380
		430,649,463	-	1,127,668,664						
	822,961,794	435,029,726	(130,063,450)	1,127,668,664		636,822,426	51,644,595	(130,063,312)	598,803,704	529,284,380

	COST			As at 30 June 2017	Depreciation rate/ years	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at 01 July 2016	Additional transfers from capital work-in- progress ^a	Disposals			As at 01 July 2016	Charge for the year (note 8.4)	Disposals	As at 30 June 2017	As at 30 June 2017
	Freehold land	659,961	-			-	659,961	-	-	-
Leasehold land	11,923,159	-	-	11,923,159	99 years	1,118,248	174,758	-	1,293,004	10,525,856
Buildings on freehold land	20,307,437	-	-	20,307,437	10%	13,291,781	526,205	-	13,728,116	1,579,541
Buildings on leasehold land	105,658,097	4,408,421	-	111,071,428	10%	55,716,442	8,472,752	-	64,189,220	46,282,228
Plant and machinery	628,504,875	77,778	(649,526)	610,649,965	18.67%	472,032,351	48,054,535	(640,522)	519,487,564	119,027,211
Electrical installations	21,048,630	-	-	21,048,630	16.67%	16,710,601	1,132,039	-	17,842,700	3,206,169
Furniture and fittings	1,277,034	1,803,230	-	3,080,262	20%	586,862	462,193	-	1,049,155	1,851,147
Office equipment	3,662,657	932,370	-	4,165,927	20%	3,106,820	301,518	-	3,408,405	595,622
Computers and accessories	4,713,642	973,020	-	5,681,842	32%	3,519,254	879,230	-	4,298,784	1,236,858
Vehicles	4,041,918	27,910	(143,850)	3,925,028	20%	3,494,823	92,671	(123,421)	3,468,163	466,865
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
2017	645,930,432	3,359,366	(130,426)	822,961,794		577,505,224	63,056,365	(773,953)	636,822,426	186,029,395
		4,403,421	-	822,961,794						
	645,930,432	7,791,787	(130,426)	822,961,794		577,505,224	63,056,365	(773,953)	636,822,426	186,029,395

8.2 Immovable properties i.e. land (freehold land and leasehold land) and buildings thereon, are situated at Hub and Gadoon measuring 17,500 Sq. meter and 22,678.65 Sq. meter respectively.

8.3 Additions to plant and machinery includes an amount of Rs. 4.383 million (2017: Nil) capitalized as borrowing cost at the rate of three months' KIBOR plus 0.35% (2017 : Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
8.4	Depreciation charge for the year has been allocated as follows:		
Cost of sales	26	90,724,499	58,820,835
Distribution costs	27	635,599	530,590
Administrative expenses	28	484,497	744,670
		<u>91,844,595</u>	<u>60,096,095</u>
8.5	Capital work-in-progress		
Buildings and civil works		-	36,100,906
Plant and machinery		9,039,047	29,231,553
Advance given for capital expenditure		3,000,000	-
	8.5.1	<u>12,039,047</u>	<u>65,332,459</u>
8.5.1	Movement in capital work-in-progress is as follows:		
Balance at beginning of the year		65,332,459	-
Additions during the year		377,356,071	69,735,880
Transfers to operating fixed assets		(430,649,483)	(4,403,421)
Balance at end of the year		<u>12,039,047</u>	<u>65,332,459</u>
9.	INTANGIBLE ASSETS		
Software	9.1	289,257	1,375,399
Intangibles under development		558,000	558,000
		<u>847,257</u>	<u>1,933,399</u>

9.1 Software

	COST			Amort- ization rate	ACCUMULATED AMORTISATION			NET BOOK VALUE	
	As at 01 July 2017	Additions	Disposals		As at 30 June 2018	Charge for the year (note 28)	Disposals	As at 30 June 2018	As at 30 June 2017
	----- (Rupees) -----				----- (Rupees) -----			Rupees	
2018	<u>5,362,500</u>	-	-	33%	<u>3,987,101</u>	<u>1,086,142</u>	-	<u>5,073,243</u>	<u>289,257</u>
2017	<u>5,362,500</u>	-	-	33%	<u>2,199,780</u>	<u>1,787,321</u>	-	<u>3,987,101</u>	<u>1,375,399</u>

NOTES TO THE FINANCIAL STATEMENTS

			30 June 2018	30 June 2017
			----- (Rupees) -----	-----
10.	LONG-TERM LOANS - secured, considered good	Note		
	Loan to employees	15	272,084	252,636
	Current portion of long-term loans	10.1	<u>(133,332)</u>	<u>(116,664)</u>
			<u>138,752</u>	<u>135,972</u>
10.1	Interest free loans are granted for purchase of property, motor vehicles and for miscellaneous purposes to the employees which are repayable within a maximum period of three years as per the Company's policy. These loans are secured against the retirement benefits of the employees. These loans are carried at cost due to practicality and materiality of the amounts involved.			
			30 June 2018	30 June 2017
			----- (Rupees) -----	-----
11.	LONG-TERM DEPOSITS	Note		
	Lastbella Industrial Estate Development Authority		4,915,870	4,915,870
	Water and Power Development Authority		823,200	823,200
	Others		<u>986,112</u>	<u>986,112</u>
			<u>6,725,182</u>	<u>6,725,182</u>
12.	STORES AND SPARES			
	Stores		14,909,029	11,526,686
	Spares		<u>6,389,584</u>	<u>5,876,078</u>
			<u>21,298,613</u>	<u>17,402,764</u>
13.	STOCK-IN-TRADE			
	Raw material:			
	In hand		484,316,537	212,101,313
	In bonded warehouse		-	29,345,802
	In transit		<u>137,327,421</u>	<u>64,193,274</u>
			621,643,958	306,640,389
	Packing material		6,868,729	5,014,642
	Finished goods		<u>70,998,043</u>	<u>44,416,406</u>
			<u>699,510,730</u>	<u>356,071,437</u>
14.	TRADE DEBTS - unsecured			
	Considered good		728,086,303	446,487,134
	Considered doubtful		<u>76,565,488</u>	<u>62,898,699</u>
			804,651,791	509,385,833
	Provision for doubtful debts	14.1	<u>(76,565,488)</u>	<u>(62,898,699)</u>
			<u>728,086,303</u>	<u>446,487,134</u>
14.1	Movement of provision for doubtful debts:			
	Balance at beginning of the year		62,898,699	52,672,281
	Charge during the year	27	<u>13,666,789</u>	<u>10,226,418</u>
	Balance at end of the year		<u>76,565,488</u>	<u>62,898,699</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 ----- (Rupees) -----
15. LOANS AND ADVANCES - considered good			
Loans - secured			
Executives		416,666	-
Employees		2,446,154	2,506,309
Current portion of long-term loans	10	<u>133,332</u>	<u>116,664</u>
		2,996,152	2,622,913
Advances - unsecured			
Suppliers and contractors		<u>11,170,952</u>	<u>1,017,990</u>
		<u>14,167,104</u>	<u>3,640,963</u>
16. DEPOSITS AND PREPAYMENTS			
Deposits		2,705,218	6,906,178
Prepayments		<u>3,271,808</u>	<u>1,014,824</u>
		<u>5,977,026</u>	<u>7,921,002</u>
17. OTHER RECEIVABLES			
Interest receivable on PLS accounts		42,971	507,382
Workers' Profit Participation Fund (WPPF)		2,140,376	546,305
Sales tax refundable - net		1,568,833	-
Receivable against disposal of operating fixed assets		<u>846,089</u>	<u>-</u>
		<u>4,598,269</u>	<u>1,053,687</u>
Workers' Profit Participation Fund (WPPF):			
Balance (receivable) / payable at beginning of the year		546,305	(762,120)
Allocation for the year	31	<u>(20,359,624)</u>	<u>(13,953,695)</u>
		<u>(19,813,319)</u>	<u>(14,715,816)</u>
Payments made during the year		<u>21,953,695</u>	<u>15,262,120</u>
Balance at end of the year		<u>2,140,376</u>	<u>546,305</u>
		30 June 2018	30 June 2017
		----- (Rupees) -----	----- (Rupees) -----
18. CASH AND BANK BALANCES			
Cash in hand		25,800	23,100
Cash at banks			
Current accounts	18.1	<u>65,542,822</u>	<u>70,823,878</u>
PLS accounts	18.2	<u>45,842,932</u>	<u>63,984,554</u>
Deposit account	18.3	<u>17,000,000</u>	<u>7,000,000</u>
		<u>128,385,754</u>	<u>141,808,432</u>
		<u>128,411,554</u>	<u>141,831,532</u>

NOTES TO THE FINANCIAL STATEMENTS

- 18.1 Includes an amount of Rs. 0.147 million (2017: Rs. 0.196 million) in an Islamic bank.
- 18.2 Includes an amount of Rs. 23.281 million (2017: 6,745 million) placed with an Islamic bank carrying interest at the rate ranging from 2.4% to 4.5% (2017: Nil). Interest rate under conventional banking relationships ranged from 4.25% to 4.5% (2017: 5%) per annum.
- 18.3 Represents deposits with a commercial bank against bank guarantee and carries interest at the rate of 4.3% (2017: 4.3%) per annum.

30 June 2018 30 June 2017
----- (Rupees) -----

19. **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

Number of ordinary shares of Rs. 5/- each				
2018	2017		30 June 2018	30 June 2017
8,316,000	8,316,000	Fully paid in cash	41,580,000	41,580,000
10,556,413	10,556,413	Issued as fully paid bonus shares	52,782,065	52,782,065
<u>18,872,413</u>	<u>18,872,413</u>		<u>94,362,065</u>	<u>94,362,065</u>

- 19.1 AICA Asia Pacific Holding Pte Limited (a related party) held 4,716,216 (2017: 4,716,216) ordinary shares representing 24.99% (2017: 24.99%) shareholding as of the reporting date.

30 June 2018 30 June 2017
----- (Rupees) -----

20. **LONG-TERM FINANCING - secured**

Long-term financing	450,000,000	-
Current portion of long-term financing	(84,375,000)	-
	<u>365,625,000</u>	<u>-</u>

- 20.1 Represents utilized portion of long-term finance facility obtained from a commercial bank amounting to Rs. 500 million (2017: Nil). The facility carries a mark-up at the rate of three months' KIBOR plus 0.35% (2017: Nil) per annum. The loan is repayable in sixteen equal quarterly installments commencing from November 2018 and is secured against equitable mortgage and hypothecation of the Company's operating fixed assets.

30 June 2018 30 June 2017
----- (Rupees) -----

21. **DEFERRED TAXATION - net**

Temporary differences arising due to:	26,385,726	2,769,413
Accelerated tax depreciation and amortisation	(22,969,646)	(18,869,610)
Provisions	<u>3,416,080</u>	<u>(16,100,197)</u>

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES	Note	30 June 2018	30 June 2017
		----- (Rupees) -----	
Creditors		3,015,378	4,912,317
Bills payable		81,731,489	76,376,026
Accrued liabilities	22.1	160,509,464	128,372,139
Workers' Welfare Fund		19,198,689	11,462,032
Vend / permit fee payable	22.2	4,552,438	4,552,438
Tax deducted at source		753,290	264,762
Sales tax payable - net		-	8,426,297
		<u>269,760,748</u>	<u>234,365,011</u>

22.1 Include accrual for leave encashment of Rs. 16.84 million (2017: Rs. 12.839 million) and bonus to employees of Rs. 13.70 million (2017: Rs. 18.174 million).

22.2 Represents amount charged to certain customers in respect of vend and permit fee. Depending on the outcome of the law suit mentioned in note 24.1.1 to these financial statements, the amount would either be paid to the Excise and Taxation Department, Government of Sindh or refunded to the customers. The Company discontinued this practice of charging the fee from July 2002 in accordance with the industrial norms.

23. SHORT-TERM RUNNING FINANCE - secured

Represent utilized portion of running finance facilities obtained from various commercial banks amounting to Rs. 500 million (2017: Rs. 500 million). These facilities are secured by joint / first pari passu hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these facilities ranges from one month KIBOR+0.50% to three months' KIBOR+0.75% (2017: one month KIBOR+0.50% to three months' KIBOR+1%) per annum and mark-up is payable quarterly.

The facilities for foreign currency import financing obtained from various commercial banks amounting to Rs 100 million (2017: 100 million) remained unutilized at the reporting date.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Excise and Taxation Department, Government of Sindh (the Department) imposed, vend and permit fee on methanol, a major raw material used by the Company in the production of formaldehyde. The Company filed a petition against the imposition of these levies in the Honourable High Court of Sindh (HCS) in August 1996. In June 2001, the Honourable HCS decided the case in the favour of the Company. However, the Department filed an appeal in the Honourable Supreme Court of Pakistan (SCP) against the above judgement. The Honourable SCP suspended the decision of the Honourable HCS and reverted the case back to the Honourable HCS for fresh hearing. The Honourable HCS once again decided the case in favour of the Company.

The Department has filed an appeal before the Honourable SCP which is pending final judgment / decision albeit having been heard at length on numerous dates.

Total alleged liability against Vend and Permit fee, as on 30 June 2018 works out at Rs. 1,460.12 million (2017: Rs. 1,339.94 million). Based on the legal advice, the Company is expecting favourable decision from the Honourable SCP and accordingly no provision for any liability has been made in these financial statements. Furthermore, management is making necessary efforts to resolve this matter and is confident that the Company will be able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
24.1.2	Outstanding bank guarantees	<u>13,083,947</u>	<u>11,083,947</u>
24.2	Commitments		
24.2.1	Outstanding letter of credits	<u>364,132,261</u>	<u>338,702,116</u>
24.2.2	Postdated cheques issued in favour of collector of customs	<u>-</u>	<u>73,728,855</u>
24.2.3	Commitment for capital expenditure	<u>28,061,075</u>	<u>32,887,719</u>
24.2.4	Commitment for rental under Ijarah finance agreement		
	Within one year	<u>2,181,796</u>	<u>3,352,164</u>
	After one year but not more than five years	<u>1,336,653</u>	<u>3,400,913</u>
	24.2.4.1	<u>3,518,449</u>	<u>6,753,077</u>
24.2.4.1	Represent Ijarah finance facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payments due under the agreement is Rs 3.518 million (2017: Rs. 6.753 million) and are payable in monthly instalments latest by April 2020. These liabilities are secured by on demand promissory note for entire amount of the Ijarah rentals.		

		30 June 2018 ----- (Rupees) -----	30 June 2017 -----
25.	TURNOVER - net		
	Sales	4,569,391,792	2,957,943,680
	Sales tax	<u>(703,397,964)</u>	<u>(455,197,180)</u>
	Sales return	<u>(7,150,292)</u>	<u>(4,505,684)</u>
	Trade discount	<u>(525,668)</u>	<u>(700,590)</u>
		<u>(711,073,924)</u>	<u>(460,403,454)</u>
		<u>3,858,317,868</u>	<u>2,497,540,206</u>

25.1 Revenue earned from the normal operations of the Company is Shariah Compliant.

NOTES TO THE FINANCIAL STATEMENTS

26. COST OF SALES	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 ----- (Rupees) -----
Opening stock - raw and packing materials		217,115,955	226,197,766
Purchases		2,917,223,565	1,583,795,086
		<u>3,134,339,520</u>	<u>1,809,992,852</u>
Closing stock - raw and packing materials		(491,185,276)	(217,115,955)
Raw and packing material consumed		<u>2,643,154,244</u>	<u>1,592,876,897</u>
Manufacturing expenses			
Indirect material consumed		8,036,706	6,166,963
Stores and spares consumed		43,520,128	37,613,750
Fuel and power		112,356,302	90,557,487
Salaries, wages and other benefits		234,710,949	191,276,545
Rent, rates and taxes		1,107,497	1,009,171
Insurance		2,375,239	2,165,896
Repairs and maintenance		18,285,250	19,764,847
Vehicles running and maintenance		6,661,215	5,752,079
Tractor rentals		1,561,522	1,295,802
Postage, telephone and telex		1,499,697	1,436,645
Storage and handling charges		15,156,812	11,031,982
Travelling and conveyance		1,385,670	656,137
Printing and stationery		956,173	749,971
Depreciation	8.4	90,724,499	58,820,835
Others		15,732,169	12,706,640
		<u>554,069,828</u>	<u>441,004,750</u>
Cost of goods manufactured		<u>3,197,224,072</u>	<u>2,033,881,647</u>
Opening stock - finished goods	13	44,416,406	43,705,656
Closing stock - finished goods	13	(70,998,043)	(44,416,406)
		<u>(26,581,637)</u>	<u>(710,750)</u>
		<u>3,170,642,435</u>	<u>2,033,170,897</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
27. DISTRIBUTION COSTS			
Salaries and other benefits		15,336,912	13,863,904
Cartage and freight		128,203,275	84,072,392
Rent, rates and taxes		2,093,581	2,041,224
Insurance		1,414,366	1,153,323
Repairs and maintenance		387,936	360,976
Vehicles running and maintenance		2,339,542	2,349,241
Postage, telephone and telex		916,475	919,982
Travelling and conveyance		2,150,805	1,643,466
Printing and stationery		144,930	180,117
Electricity		363,345	236,298
Depreciation	8.4	635,599	530,590
Sales promotion		594,470	331,945
Provision for doubtful debts	14.1	13,666,789	10,226,418
Others		600,844	506,294
		<u>168,848,869</u>	<u>118,416,170</u>
28. ADMINISTRATIVE EXPENSES			
Salaries and other benefits		47,726,512	41,548,622
Insurance		506,969	603,274
Repairs and maintenance		1,137,362	1,857,285
Vehicles running and maintenance		2,755,513	2,305,965
Ijarah rentals		904,332	1,932,143
Postage, telephone and telex		1,445,419	1,217,361
Travelling and conveyance		7,142,563	4,292,266
Printing and stationery		755,181	765,460
Utilities		1,170,331	863,082
Depreciation	8.4	484,497	744,670
Amortisation	9.1	1,086,142	1,787,321
Legal and professional charges		9,558,586	4,041,043
Advertisement and publicity		399,912	438,767
Donations	28.1	3,902,000	2,589,107
Auditors' remuneration	28.2	1,596,650	1,400,600
ISO certification fee		500,000	420,000
Others		4,017,924	2,841,569
		<u>85,089,893</u>	<u>69,648,535</u>

NOTES TO THE FINANCIAL STATEMENTS

28.1 Represents donations made to Mohamed Ali Habib Welfare Trust. None of the directors of the Company or their spouses had any interest in the donee.

28.2	Auditors' remuneration	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
	Statutory audit fee		981,750	935,000
	Half yearly review fee		115,500	110,000
	Review of Code of Corporate Governance		57,500	55,000
	Other certifications		274,959	126,730
	Out of pocket expenses		166,941	173,870
			<u>1,596,650</u>	<u>1,400,600</u>

29. OTHER INCOME - net

Income from financial assets

Interest on PLS accounts	18.1	1,186,266	6,091,537
Interest on deposit account	18.2	306,709	160,690
	29.1	<u>1,492,975</u>	<u>6,252,227</u>

Income from non-financial assets

Scrap sales		189,075	369,748
Gain on disposal of operating fixed assets		11,044,363	597,286
Insurance claims		224,537	-
		<u>11,457,975</u>	<u>967,034</u>
		<u>12,950,950</u>	<u>7,219,261</u>

29.1 Includes an amount of Rs. 0.186 million (2017: Nil) earned from an Islamic bank.

30.	FINANCE COSTS	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 -----
	Mark-up on:			
	Long-term financing		16,738,152	1,583,279
	Short-term running finance		10,394,699	72,542
		30.1	<u>27,132,851</u>	<u>1,655,821</u>
	Bank guarantees commission		751,629	640,153
	Bank charges		1,278,760	1,138,561
			<u>29,163,240</u>	<u>3,434,535</u>

30.1 Includes an amount of Rs. 1 million (2017: Nil) paid to an Islamic bank.

31. OTHER CHARGES

Workers' Profit Participation Fund		20,359,624	13,953,695
Workers' Welfare Fund		7,736,657	6,210,445
Net exchange loss	31.1	10,331,904	1,015,436
		<u>38,428,185</u>	<u>21,179,576</u>

NOTES TO THE FINANCIAL STATEMENTS

31.1 Represents net exchange loss arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

30 June 2018 30 June 2017
----- (Rupees) -----

32. TAXATION

Current	64,097,225	93,534,035
Prior	596,081	983,065
Deferred	19,516,277	(12,585,075)
	<u>84,209,583</u>	<u>81,932,025</u>

32.1 Relationship between accounting profit and tax expense

Profit before taxation	379,096,196	258,909,754
Tax @ 30% (2017: 31%)	113,728,859	80,262,024
Effects of previous year's tax charge	596,081	983,065
Effect of tax credit under section 65B	(30,167,957)	-
Others	52,600	686,936
Tax expense	<u>84,209,583</u>	<u>81,932,025</u>
Effective tax rate	<u>22.21%</u>	<u>31.65%</u>

32.2 Adequate provision for tax has been provided in these financial statements for the current year in accordance with requirements laid under Income Tax Ordinance, 2001 (the Ordinance). The provision for current year tax represent tax on taxable income at the rate of 30% (2017: 31%). The returns of income have been filed on due date and is treated as deemed assessment order under section 120 of the Ordinance. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
	----- (Rupees) -----		
Income tax provision for the year	93,534,035	81,707,273	83,719,140
Income tax as per tax assessment	93,534,035	81,695,031	83,418,190

Note 30 June 2018 30 June 2017
----- (Rupees) -----

33. BASIC AND DILUTED EARNINGS PER SHARE

Net profit for the year	294,886,613	176,977,729
	----- (No. of shares) -----	
Weighted average number of ordinary shares in issue during the year	18,872,413	18,872,413
	----- (Rupees) -----	
Basic earnings per share	33.1 15.63	9.38

33.1 There is no dilutive effect on basic earning per share of the Company as calculated above.

34. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and has two reportable operating segments as follows:

- The resin division produces urea/ melamine formaldehyde and formaldehyde; and
- The aminoplast division produces aminoplast compound.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2018			30 June 2017		
	Resin division	Aminoplast division	Total	Resin division	Aminoplast division	Total
	(Rupees)			(Rupees)		
Turnover - net	<u>2,156,921,980</u>	<u>1,701,395,888</u>	<u>3,858,317,868</u>	1,236,444,558	1,261,095,648	2,497,540,206
Segment result	310,479,347	235,327,022	545,806,369	121,979,636	246,090,863	370,070,499
Unallocated expenses:						
Administrative expenses			(85,089,893)			(89,018,535)
Distribution costs			(26,978,805)			(24,117,360)
Other Income			12,950,950			6,203,825
Finance costs			(29,163,240)			(3,434,535)
Other charges			(36,428,185)			(20,164,140)
Taxation			(84,209,583)			(81,932,025)
Net profit for the year			<u>294,886,613</u>			<u>176,877,728</u>
Segment assets	981,761,462	981,512,961	1,963,274,423	538,631,005	445,828,040	984,459,045
Unallocated assets			309,935,289			307,868,580
Total assets			<u>2,273,209,712</u>			<u>1,292,327,625</u>
Segment liabilities	363,460,303	336,348,479	699,808,782	77,497,401	21,882,419	99,379,800
Unallocated liabilities			298,903,843			137,847,399
Total liabilities			<u>998,712,625</u>			<u>237,227,299</u>
Capital expenditure	169,838,340	209,394,064	379,232,404	32,829,129	37,384,329	70,213,458
Unallocated capital expenditure			503,903			2,910,788
Total capital expenditure			<u>379,736,307</u>			<u>73,124,246</u>
Depreciation and amortisation	42,101,635	48,622,864	90,724,499	28,896,946	30,160,894	59,057,939
Unallocated depreciation and amortisation			2,206,238			2,825,477
Total depreciation and amortisation			<u>92,930,737</u>			<u>61,883,416</u>

34.1 Segment assets and liabilities

Segment assets include all operating assets by a segment and consist principally of property, plant and equipment, stock-in-trade and trade debts. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

34.2 Administrative expenses, distribution costs (excluding cartage and freight), other income, finance costs, other charges and taxation is managed on Company basis and are not allocated to operating segments.

34.3 Total sales of the Company are made to customers in Pakistan during the year ended 30 June 2018 and 2017.

34.4 There were no major customer of the Company which formed sale of 10% or more of the Company's revenue.

34.5 All non-current assets of the Company as at 30 June 2018 and 2017 are located in Pakistan.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below

NOTES TO THE FINANCIAL STATEMENTS

35.1 Market risk

Market risk is the risk that fair value or future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of long-term financing and short-term running finance. Management of the Company estimates that 1% increase / decrease in the market interest rate, with all other factors remaining constant, would decrease / increase the Company's profit after tax by Rs. 7.167 million (2017: Rs. Nil). However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. As of the reporting date, this risk primarily relates to payables in foreign currency.

The Company is exposed to foreign currency risk amounting to Rs. 80.1 million in relation to foreign currency financial liabilities. Management of the Company estimates that 5% increase / decrease in exchange rate, with all other factors remaining constant, would decrease / increase the Company's profit before tax by Rs. 4.005 million. However, in practice, the actual result may differ from sensitivity analysis.

(iii) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments 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 the market. As of the reporting date, the Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

35.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2018	30 June 2017
	----- (Rupees) -----	
Quality of financial assets		
The analysis of trade debts is as follows:		
Neither past due nor impaired	442,536,166	297,952,134
Past due but not impaired		
61 to 90 days	206,153,841	113,741,683
91 to 120 days	63,146,954	29,324,095
121 to 180 days	<u>16,249,342</u>	<u>5,469,222</u>
	<u>728,086,303</u>	<u>446,487,134</u>
Bank balances		
Ratings		
A1+	128,237,839	141,611,705
A1	<u>147,909</u>	<u>196,727</u>
	<u>128,385,748</u>	<u>141,808,432</u>

35.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained:

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- (Rupees) -----			
30 June 2018				
Long-term financing	-	84,375,000	365,625,000	450,000,000
Trade and other payables	204,458,774	4,552,438	-	209,011,212
Accrued markup	7,108,261	-	-	7,108,261
Unclaimed dividend	3,691,868	-	-	3,691,868
Short-term running finances	-	266,667,843	-	266,667,843
	<u>215,258,903</u>	<u>355,595,281</u>	<u>365,625,000</u>	<u>936,479,184</u>
30 June 2017				
Trade and other payables	157,918,201	4,552,438	-	162,470,639
Accrued markup	33,977	-	-	33,977
Unclaimed dividend	2,828,311	-	-	2,828,311
	<u>160,780,489</u>	<u>4,552,438</u>	<u>-</u>	<u>165,332,927</u>

NOTES TO THE FINANCIAL STATEMENTS

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. As of the reporting date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

37. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations through long-term financing and short-term running finance in addition to its equity.

The gearing ratio as at 30 June 2018 and 30 June 2017 is as follows:

	Note	30 June 2018 ----- (Rupees) -----	30 June 2017 ----- (Rupees) -----
Long-term financing	20	450,000,000	-
Short-term running finance	23	266,667,843	-
Total debt		716,667,843	-
Issued, subscribed and paid-up capital	19	94,362,065	94,362,065
Revenue reserves		1,180,135,222	960,738,261
Equity		1,274,497,287	1,055,100,326
Total debt plus equity		1,991,165,130	1,055,100,326
Gearing ratio		35.99%	-

38. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, associated companies, employee retirement benefits fund, directors and key management personnel. Details of associated companies / related parties and transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Relationship	% of Shareholding	Nature of transaction	30 June 2018 ----- (Rupees) -----	30 June 2017 ----- (Rupees) -----
AI/CA Asia Pacific Holding Pte Limited	Significant influence over the Company	24.99%	Dividend paid	18,864,864	11,790,540
Provident Fund	Retirement benefits fund	Nil	Contribution to fund	7,893,842	6,993,436
Directors	Key management personnel	0.03%	Dividend paid	24,000	15,000

NOTES TO THE FINANCIAL STATEMENTS

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

	2018			2017		
	Chief Executive	Directors (Rupees)	Executives	Chief Executive	Directors (Rupees)	Executives
Managerial remuneration	7,773,696	-	10,540,272	6,910,344	-	9,086,880
Bonus/ ex-gratia	3,178,680	-	2,864,247	3,507,868	-	2,527,156
Retirement and other benefits	706,728	-	2,710,325	891,508	-	2,444,816
House rent	3,128,108	-	4,304,556	2,825,496	-	3,709,992
	<u>14,787,212</u>	<u>-</u>	<u>20,419,400</u>	<u>14,135,216</u>	<u>-</u>	<u>17,780,844</u>
Number of person(s)	1	6	5	1	6	5

39.1 In addition, the chief executive and certain executives are provided with free use of Company's maintained cars.

39.2 Directors' fee to non executive directors for attending the board meetings amounted to Rs.4.736 million (2017: Rs. 0.830 million).

39.3 No remuneration was paid to any of the directors other than the chief executive.

39.4 A non-executive director was paid fee for technical advisory services amounting to Rs. Nil (2017: Rs. 3.474 million) as per contractual arrangement.

40. CAPACITY AND PRODUCTION	Note	2018		2017	
		Rated Capacity	Actual Production	Rated Capacity	Actual Production
Resin division		----- (M. tonnes) -----			
Urea/ Melamine formaldehyde		77,000	46,338	47,000	33,772
Formaldehyde		109,000	64,799	59,000	43,424
	40.1	<u>186,000</u>	<u>111,137</u>	<u>106,000</u>	<u>77,196</u>
Aminoplast division					
Aminoplast compound		18,000	16,958	16,200	13,673
Melamine Glazing Powder		2,000	457	-	-
		<u>20,000</u>	<u>17,415</u>	<u>16,200</u>	<u>13,673</u>

40.1 The reason for shortfall is primarily that the related capacities enhanced during the year at Gadoon site and was partly operational during the year.

41. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting hold on August 30, 2018 proposed final cash dividend of Rs.6.50 per share for the year ended 30 June 2018 amounting to Rs. 122.67 million for approval of the members at the Annual General Meeting to be held on October 22, 2018.

The directors have also approved appropriation of Rs. 300 million (2017:nil) to general reserve. These appropriation will be approved in the forthcoming Annual General Meeting. The financial statement for the year ended 30 June 2018 do not include the effect of these appropriations which will be accounted for in the financial statement for the year ending 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2018 (Unaudited)	30 June 2017 (Audited)
	----- (Rupees) -----	
42. PROVIDENT FUND		
Size of the fund	<u>90,736,314</u>	<u>82,985,643</u>
Cost of investments made	<u>84,735,994</u>	<u>72,512,926</u>
Percentage of investment made	<u>93.39%</u>	<u>87.38%</u>
Fair value of investments made	<u>88,854,077</u>	<u>81,213,803</u>

	30 June 2018		30 June 2017	
	Investment Rupees	% of investment as size of the fund	Investment Rupees	% of investment as size of the fund

Break-up of fair value of investments:

Term Deposit Receipts	82,812,590	91.27%	74,716,784	90.04%
National Investment Trust Units	4,209,515	4.64%	4,588,115	5.53%
Cash at bank	1,831,972	2.02%	1,908,904	2.30%
	<u>88,854,077</u>	<u>97.93%</u>	<u>81,213,803</u>	<u>97.86%</u>

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

43. NUMBER OF EMPLOYEES	30 June 2018	30 June 2017
Total number of employees as at the reporting date	<u>225</u>	<u>221</u>
Average number of employees during the year	<u>224</u>	<u>221</u>
Total number of factory employees as at the reporting date	<u>196</u>	<u>193</u>
Average number of factory employees during the year	<u>196</u>	<u>193</u>

44. GENERAL

44.1 Figures have been rounded off to the nearest rupee.

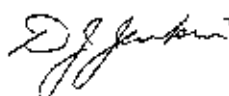
44.2 There were no material reclassifications that could affect the financial statements.

45. DATE OF AUTHORISATION FOR ISSUE

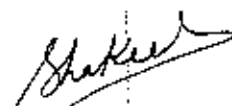
These financial statements were authorised for issue on August 30, 2018 by the Board of Directors of the Company.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEELUDDIN
Chief Financial Officer

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2018

S. No.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORYWISE NO. OF FOLIOS/CDC ACCOUNTS	CATEGORYWISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		1,438	5,262,540	27.88
2	INVESTMENT COMPANIES		1	2,200	0.01
3	JOINT STOCK COMPANIES		22	1,285,159	6.81
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		6	6,000	0.03
	Mr. Shabbir Abbas	1,000			
	Mr. Tayyeb Afzal	1,000			
	Syed Ali Azfar Naqvi	1,000			
	Mr. Sajid Hassan	1,000			
	Mr. Ameen Bandukda	1,000			
	Mr. Mohammad Aqeel Loan	1,000			
5	EXECUTIVES		-	-	-
6	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES				
	AICA Asia Pacific Holding Pte Ltd.		1	4,716,216	24.99
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
8	BANKS, DFIS, NBFIS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		10	347,143	1.84
	Financial Institutions	2,597			
	Insurance Companies	140,000			
	Modaraba	616			
	Pension funds	203,930			
9	MUTUAL FUNDS		5	2,026,543	10.74
	Golden Arrow Selected Stocks Fund Limited	336,733			
	CDC - Trustee AKD Opportunity Fund	20,000			
	CDC - Trustee Al-Meezan Mutual Fund	1,000			
	CDC - Trustee NAI'A Islamic Asset Allocation Fund	21,500			
	CDC - Trustee National Investment (Unit) Trust	1,647,310			
10	FOREIGN INVESTORS		20	5,118,399	27.12
11	CO-OPERATIVE SOCIETIES		1	2,701	0.01
12	CHARITABLE TRUST		1	99,137	0.53
13	OTHERS		2	6,375	0.03
	TOTAL		1,507	18,872,413	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY	18,872,413	SHARES
5% OF THE PAID-UP CAPITAL OF THE COMPANY	943,621	SHARES

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
AICA Asia Pacific Holding Pte Ltd.	FALL IN CAT.# 8	4,716,216	24.99
CDC - Trustee National Investment (Unit) Trust	FALL IN CAT.# 9	1,647,310	8.73
Aylesbury International Ltd.	FALL IN CAT.# 10	1,548,715	8.21
Robert Finance Corporation AG	FALL IN CAT.# 10	1,105,169	5.89
TOTAL		9,017,410	47.78

Detail of trading in the shares by the Directors, Executive and their spouses and minor children:

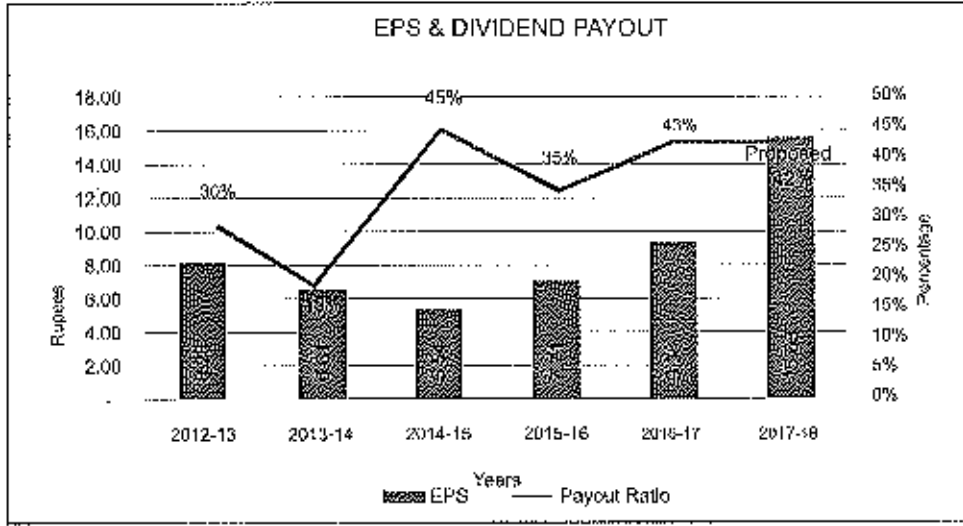
None of the Directors, Executives and their spouses and minor children has traded in the shares of the Company during the year of the company

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2018

Number of Shareholders	Share Holdings Rs.5/- each		Total Shares Held	
579	1	-	100	14,671
361	101	-	500	115,356
179	501	-	1000	149,738
254	1001	-	5000	632,040
51	5001	-	10000	379,797
16	10001	-	15000	201,888
14	15001	-	20000	260,465
6	20001	-	25000	134,196
4	25001	-	30000	112,500
1	30001	-	35000	35,000
4	35001	-	40000	155,251
1	40001	-	45000	42,000
3	45001	-	50000	138,486
1	55001	-	60000	58,643
2	60001	-	65000	121,538
1	65001	-	70000	67,855
3	75001	-	80000	230,296
1	90001	-	95000	94,000
1	95001	-	100000	99,137
2	100001	-	105000	210,000
1	105001	-	110000	110,000
1	130001	-	135000	132,500
1	135001	-	140000	135,311
2	160001	-	165000	325,304
1	175001	-	180000	178,500
1	195001	-	200000	200,000
1	215001	-	220000	217,000
1	245001	-	250000	250,000
1	300001	-	305000	305,000
1	335001	-	340000	336,733
4	385001	-	390000	1,547,832
1	395001	-	400000	400,000
1	795001	-	800000	800,000
1	815001	-	820000	816,986
1	845001	-	850000	847,000
1	1105001	-	1110000	1,105,169
1	1545001	-	1550000	1,548,715
1	1645001	-	1650000	1,647,310
1	4715001	-	4720000	4,716,216
1,507				18,872,413

کمپنی نے 2012-13 سے لے کر اب تک مندرجہ ذیل نقد منافع منقسمہ دیے ہیں۔



رواں مالی سال کی بہترین کارکردگی کو دیکھتے ہوئے ڈائریکٹرز نے تجویز دی ہے کہ حتمی نقد منافع منقسمہ بحساب 6.50 روپے فی شیئر، یعنی % 130 ادا کیا جائے۔ اس کے علاوہ ڈائریکٹرز نے 300 ملین روپے جنرل ریزرو میں منتقل کرنے کا اعلان کیا ہے۔

محاسب کا تقرر

سبکدوش ہونے والی محاسب EY فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بناء پر، آئندہ مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ انہوں نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش کارکردگی کا مظاہرہ کیا ہے۔

اعتراف

ڈائریکٹرز موجودہ مالی سال کے تسلی بخش نتائج کے حصول کیلئے اپنے تمام اسٹیک ہولڈرز کی کاوشوں کا اعتراف کرتے ہیں اور ان کے شکر گزار ہیں، خاص طور پر صارفین اور کمپنی کے ملازمین کے تعاون اور گہری دلچسپی کیلئے ان کے ممنون ہیں۔

D. J. Jankari

ڈونلڈ جینکسن
چیئرمین

منجانب بورڈ آف ڈائریکٹرز

Shabir Abbas

شبیر عباس
چیف ایگزیکٹو

کراچی ۳۰ اگست ۲۰۱۸

(ii) آڈٹ کمیٹی نے 4 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب عقیل لون (چیئر مین)	2 / 2 *
۲۔	ڈاکٹر ڈونلڈ چینکن	4 / 4
۳۔	جناب طیب افضل	4 / 4
۴۔	سید علی اظفر نقوی	2 / 2 *

* جناب عقیل لون دو اجلاسوں کے بعد سید علی اظفر نقوی کی جگہ ممبر منتخب ہوئے۔

(iii) ہیومن ریسورسز کمیٹی نے 6 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب عقیل لون (چیئر مین)	2 / 2 *
۲۔	ڈاکٹر ڈونلڈ چینکن	6 / 6
۳۔	جناب ساجد حسن	6 / 6
۴۔	جناب شبیر عباس	4 / 4 *

* جناب عقیل لون چار اجلاسوں کے بعد جناب شبیر عباس کی جگہ ممبر منتخب ہوئے۔

ویبڈ فیس اور پرمٹ فیس کا معاملہ

ویبڈ فیس اور پرمٹ فیس کیس کے معاملے میں سندھ ہائی کورٹ پہلے ہی کمپنی کے حق میں دو مرتبہ انتہائی امید افزا فیصلے دے چکی ہے۔ اس وقت یہ مقدمہ فاضل سپریم کورٹ آف پاکستان کے پاس التوا میں ہے۔ قانونی اہلیت اور سندھ ہائی کورٹ کی جانب سے دو موافقانہ فیصلوں کے پیش نظر انتظامیہ کو توقع ہے کہ سپریم کورٹ آف پاکستان گزشتہ دو فیصلوں کی توثیق کر دے گی اور کمپنی اپنی موجودہ حیثیت کے مطابق کام جاری رکھ سکے گی۔

- (۵) اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- (۶) کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ کا شہ نہیں ہے تا آنکہ وہ پنڈا پنڈا پرمٹ فیس کے معاملہ میں کمپنی کے خلاف کوئی فیصلہ نہ آجائے جو اس وقت سپریم کورٹ آف پاکستان میں زیر سماعت ہے۔ اس معاملہ کے بارے میں معلومات اسی رپورٹ میں علیحدہ سے فراہم کی گئی ہیں۔
- (۷) اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔ ایک ضابطہ اخلاق تیار کر کے ہر ڈائریکٹر اور ہر ملازم کو پانچا دیا گیا ہے۔
- (۸) بورڈ آف ڈائریکٹرز نے وژن اور مشن اسٹیٹمنٹ کو اپنایا ہے۔
- (۹) ٹیکسوں اور محصولات کی معلومات اکاؤنٹس کے نوٹس میں موجود ہیں۔
- (۱۰) کمپنی کی پراویڈنٹ فنڈ اسکیم میں سرمایہ کاری کی رقم، غیر آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2018 کے مطابق 88.85 ملین روپے ہے۔

(۱۱) درج ذیل کے بارے میں بیانات منسلک ہیں:

- گزشتہ چھ سال کی بنیادی مالیاتی معلومات
- شیئرز کا طرز عمل

(۱۲) زیر جائزہ سال کے دوران

(۱) بورڈ آف ڈائریکٹرز نے 18 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	ڈاکٹر ڈونلڈ جیکسن (چیرمین)	8 / 8
۲۔	جناب شہیر عباس	8 / 8
۳۔	جناب ساجد حسن	6 / 8
۴۔	جناب عقیل لون	5 / 8
۵۔	جناب طیب افضل	8 / 8
۶۔	سید علی الطغرلتوی	8 / 8
۷۔	جناب امین بھرتوڈا	4 / 8

ڈاکٹر ڈونلڈ جیکسن، جناب شہیر عباس، جناب ساجد حسن، جناب طیب افضل اور جناب عقیل لون مصدقہ ڈائریکٹرز ہیں۔

کمپنی نے اپنے کاروبار کے عملیات کی نگرانی اپنے مجموعی کاروبار پر اس کے اثرات کو کم سے کم کرنے کے پیش نظر کی جو دراشقی غدرہ کے نتیجے میں مرتب ہو سکتے تھے۔

اندرونی مالیاتی ضبط کی مناسب کوششیں

حساب کتاب کی اندرونی جانچ پڑتال کا عمل بیرونی طور پر جاری رہا۔ سال کے دوران اندرونی اور بیرونی محاسب کی موزوں اور ضروری نشاندہی کی بنیاد پر انتظامیہ کی جانب سے ترجیحی بنیاد پر نمٹنے کے اقدامات کئے گئے اور اس کے بارے میں باقاعدگی سے آڈٹ کمیٹی کو آگاہ کیا جاتا رہا۔

جائزوں، مالیاتی رپونگ کنٹریولز کی جانچ پڑتال اور اس سال کے دوران کی جانے والی جانچ پڑتال سے حاصل کردہ نتائج کی بنیاد پر کمپنی یہ سمجھتی ہے کہ اندرونی کنٹریولز کا موجودہ نظام موزوں و مناسب اور اس کو موثر طور پر لاگو کیا گیا ہے اور بہتر انداز میں اس کی نگرانی کی جارہی ہے۔

متعلقہ پارٹی سے لین دین

کمپنی کی جانب سے متعلقہ پارٹی کی تمام لین دین عمومی کاروباری نوعیت اور غیر متعلقہ بنیاد پر کی گئیں اور جسے مالیاتی گوشواروں کے متعلقہ نوٹ میں ظاہر کیا گیا ہے۔

کارپوریٹ گورننس کے ضوابط

کمپنی کی انتظامیہ ایک اچھی کارپوریٹ گورننس پر عمل پیرا ہے۔ کارپوریٹ گورننس کے ضوابط پر عمل درآمد کے بارے میں ڈائریکٹرز بمسرت بیان کرتے ہیں کہ:

- (۱) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے معاملات، آپریشنز کے نتائج، قوت کے براؤ اور ایکویٹی میں تبدیلیوں کے معاملات کو شفاف طور پر پیش کیا گیا ہے۔
- (۲) کمپنی کے کھاتہ جات کو درست طور پر مرتب کیا گیا ہے۔
- (۳) مالیاتی گوشواروں کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- (۴) مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ کے معیار کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔

صحت، تحفظ اور ماحولیات (HSE)

کمپنی کا HSE کی کارکردگی کو بہتر بنانے پر مرکوز توجہ کا سلسلہ جاری ہے۔ دونوں ٹیکنیکوں میں تحفظ اور ماحولیات کے انتظامات کے بین الاقوامی تصدیق شدہ جدید ترین نظام موجود ہیں۔

کمپنی اس وقت اپنے مائع فضلے کے معیار کو مزید بہتر بنا کر اس کو دوبارہ قابل استعمال بنانے کے منصوبوں پر کام کر رہی ہے جس کا مقصد پانی کے استعمال کو کم سے کم کرنا ہے۔

اجتماعی سماجی ذمہ داریاں

کمپنی نہ صرف اپنے تمام ملازمین کے درمیان باہمی احترام کے ماحول کو فروغ دیتی ہے بلکہ کام کے ماحول میں بہتری لانے کی کوششوں میں شرکت کیلئے اپنے لوگوں کی حوصلہ افزائی بھی کرتی ہے۔

کمپنی کی جانب سے بلوچستان کے علاقے حب کے گاؤں جنسن میں ایک بہترین منظم پرائمری اسکول کام کر رہا ہے۔ ابتداء میں یہ اسکول کمپنی کے ملازمین کے بچوں کیلئے قائم کیا گیا تھا لیکن اب اس میں مقامی آبادی کے بچے بھی تعلیم حاصل کر رہے ہیں۔ اس وقت اسکول میں طلبہ کی کل تعداد 114 ہے جن میں سے 80 مقامی کمیونٹی کے بچے ہیں۔

اس کے علاوہ اجتماعی سماجی ذمہ داری کے لحاظ سے قبل از ٹیکس منافع کا 1% کمپنی کی جانب سے ایک خیراتی ادارے کو عطیہ کیا جاتا ہے۔

خطرات اور غیر یقینی صورتحال

کمپنی کا کاروبار درآمدات اور سپلائی کے ذرائع پر پابندیوں، مزدوروں کی طویل ہڑتالوں (نشمول کسی بھی اہم مینوفیکچرنگ آپریشن) موسم کی خراب صورتحال، مزید محاصل یا میٹل کے لاگو کرنے، حکومتی قوانین و ضوابط میں بڑی تبدیلیوں، انفراسٹرکچر کو قابو کرنے کیلئے اضافی اقدامات کا نفاذ، غیر ملکی کرنسی کے زخموں میں اتار چڑھاؤ، نئے مسابقتی اداروں کی آمد، نرخ یا محاصل کے طریقہ کار میں تبدیلیوں یا محافظت کی صورتحال بگڑنے کے باعث بری طرح متاثر ہو سکتا ہے۔ خطرات اور غیر یقینی صورتحال کی موجودہ فہرست مکمل نہیں ہے۔

اس سال کے دوران کمپنی نے بین الاقوامی تسلیم شدہ IT consultancy کی خدمات حاصل کی ہیں تاکہ ممکنہ سا بھر کرائم کے خطرات کا جائزہ لیا جاسکے۔ اس کے نتیجے میں کمپنی کی IT کا شعبہ مطبوعہ ہوا اور اس کمی کو دور کرنے کا لائحہ عمل لاگو ہو گیا۔

گدون میں توسیع

گدون میں ریژن اور ایمپو پلاسٹ مرکب کی استعداد میں توسیع نے اس سال کے دوران تجارتی پیداوار شروع کر دی۔ نئی جنس گلیرنگ پاڈر کو کمپنی کی تیار کردہ مصنوعات کی فہرست میں شامل کیا گیا ہے۔

مالیاتی کارکردگی

کمپنی کے سال 2017-18 کے مالیاتی نتائج مختصر طور پر درج ذیل ہیں:

-----('000 روپے)-----

2016-17	2017-18
2,497,540	3,858,318
464,369	687,675
258,910	379,096
176,978	294,887
9.38	15.63

فروخت سے آمدنی

مجموعی منافع

منافع قبل از ٹیکس

منافع بعد از ٹیکس

آمدنی فی شیئر روپے میں

قومی خزانے میں شراکت

زیر جائزہ سال میں کمپنی نے مختلف ٹیکسوں اور محصولات کی شکل میں قومی خزانہ میں 1,028 ملین روپے کی رقم جمع کرائی ہے (2016-17 میں 628 ملین روپے)۔

مستقبل پر ایک نظر

مارکیٹ کی صورتحال

بہری کی صورتحال دونوں یعنی ریژن اور ایمپو پلاسٹ مرکب کے لیے تو انا نظر آتی ہے جبکہ موجودہ اور نئی کمپنیوں سے شدید مسابقت کی توقع ہے۔ تاہم کمپنی کی انتظامیہ مزید کاروبار کے مقاصد کے حصول کے لئے (موثر اور ذی استعداد منصوبہ بندی کی تکمیل سے) ہر طرح کی کوشش جاری رکھے گی۔ کمپنی اپنے کاروبار کو عرصہ دراز تک جاری رکھنے کیلئے اپنے گاہکوں کی اساس میں وسعت کے لئے کوشاں ہے۔

آپ کی کمپنی کے ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مالی سال ختمہ 30 جون 2018 پیش کرتے ہیں۔

معاشی صورت حال

پاکستان کی معیشت میں مجموعی اندرون ملکی پیداوار (GDP) کی شرح نمو جو 2016-17 میں 5.37% تھی 2017-18 میں بڑھ کر 5.79% ہو گئی۔ پاکستان، چائنا، اقتصادی راہداری سے سرمایہ کاری کے داخلی بہاؤ کی وجہ سے مجموعی اندرونی پیداوار GDP کی شرح نمو درمیانی مدت سے طویل مدت تک 6% متوقع ہے۔ تاہم توانائی کی قلت، رواں سیاسی آویزش اور سلامتی کے مسائل پاکستان کی ترقی میں اور بیرونی سرمایہ کاری میں اہم رکاوٹیں ہیں جبکہ ملک کی تیزی سے بڑھتی ہوئی آبادی کی ضروریات پورا کرنے کے لیے معاشی ترقی کا عمل نگری ہے۔

کمپنی کے عملیات

معاشی سال 2017-18 میں فروخت سے آمدنی 3,858.32 ملین روپے بمقابلہ گزشتہ مالی سال کے 2,497.54 ملین روپے رہی اور قبل از ٹیکس منافع 379.10 ملین روپے گزشتہ مالی سال کے مقابلے میں 258.91 ملین روپے رہا۔ یہ کچھلی دہائی کا اعلیٰ ترین منافع ہے۔ جو پیداوار کی استعداد میں بہتری اور کمری میں اضافے کے سبب ممکن ہوا، جو کہ گلدون ٹیکنی کی پیداواری استعداد میں توسیع کا نتیجہ ہے۔

ریزن قسمت

مالی سال 2017-18 میں ریزن قسمت کی مجموعی بکری 2,156.92 ملین روپے بمقابلہ گزشتہ مالی سال کے 1,236.44 ملین روپے کے رہی، جو کہ 74.46% کے اضافہ کو ظاہر کرتی ہے۔ ریزن قسمت کے شعبہ جاتی نتیجہ 310.48 ملین روپے بمقابلہ گزشتہ مالی سال کے 121.98 ملین روپے رہا۔

ایبٹو پلاسٹ مرکب قسمت

مالی سال 2017-18 میں ایبٹو پلاسٹ مرکب قسمت کی بکری 1,701.39 ملین روپے بمقابلہ 1,261.10 ملین روپے گزشتہ مالی سال کے رہی جو کہ 34.91% کے اضافہ کو ظاہر کرتا ہے۔ شعبہ جاتی نتیجہ 35.33 ملین روپے بمقابلہ گزشتہ مالی سال کے 248.09 ملین روپے رہا۔

ایبٹو پلاسٹ مرکب کا نتیجہ شدید مسابقت کی وجہ سے متاثر ہوا جس کی وجہ اس مصنوعات کی ملکی پیداواری استعداد میں اضافہ اور روپے کی قدر میں غیر مستحکم تبدیلی ہے۔

خطرات سے نمٹنے کا انتظام
 بورڈ کا روبراری امور کو جاری رکھنے کو یقینی بنانے کی غرض سے خطرات (رسک) کی نشاندہی اور اس سے نمٹنے کی ضرورت کے بارے میں انتہائی محتاط رہتا ہے۔ دوپروڈیکٹس جس میں ڈائریکٹرز موجودہ طور پر متحرک اور فعال ہیں، ان میں کسی بھی وجہ سے اہم افراد کے چلے جانے کی صورت میں ان کے متبادل کا باسہولت انتظام کرنے کی منصوبہ بندی کرنا اور اندرونی اور بیرونی ذریعے سے آئی ٹی کے امور میں غیر متعلقہ دراندازی کو روکنا شامل ہے۔ دوسرے امور کے سلسلے میں آئی ٹی سسٹمز اور کنٹرولز کا آڈٹ سروس سے آزادانہ جائزہ کرایا گیا ہے۔ اس کے نتیجے میں کمپنی کا IT FUNCTION مضبوط ہوا ہے۔

نگرانی کا کردار

آڈٹ کمیٹی اور بورڈ نے ایک پروگرام پر عمل درآمد کا آغاز کیا ہے جس کے ذریعے کمپنی کی بیشتر پالیسیوں اور طریقہ کار ان کے اجلاسوں میں نظر ثانی اور اپ ڈیٹ کرنے کیلئے پیش کی جاتی ہیں۔ سخت انتظامی شرائط اور ضروریات پر عمل کرنے کی غرض سے کارپوریٹ گورننس کو برقرار رکھنے کی کوششیں بھی جاری ہیں۔

معاہتی اور مشاورتی کردار

جیسا کہ اس جائزے میں پہلے بھی بیان کیا جا چکا ہے، ڈائریکٹرز بخوشی مستقل بنیادوں پر اپنا وقت اور مہارت کمپنی کی تعمیر و ترقی کیلئے فراہم کرتے ہیں۔ انتظامیہ اور اس سے بڑھ کر کمپنی کیلئے یہ ضروری ہے کہ عمومی طور پر وہ بیرونی معاہتی خدمات حاصل کی جائیں جو کہ بورڈ اور مینجمنٹ کی استعداد کار سے بڑھ کر ہوں۔

چیئر پرسن کا کردار

میں بحیثیت چیئر مین اپنا کردار ایک لیڈر اور سہولت کار کے طور پر دیکھتا ہوں۔ میں پاکستان میں مستقل طور پر مقیم نہیں ہوں۔ تاہم میرا یہاں آمد کا سلسلہ جاری رہتا ہے۔ جدید ترین مواصلاتی سسٹمز کی بدولت میں اپنی غیر موجودگی کی مدت کے دوران بھی نگرانی اور مشاورت کا عمل جاری رکھتا ہوں۔

سب سے بڑھ کر یہ کہ میرے خیال میں گزشتہ آٹھ سال یا حالیہ سالوں کے دوران کمپنی کے نتائج اس کے بورڈ آف ڈائریکٹرز کی ہدایات اور رہنمائی کے ذریعے بہترین انتظامی کارکردگی کا منہ بولتا ثبوت ہیں۔
 شکر یہ ادا کرنے کے ساتھ میں اس جائزہ رپورٹ کا اختتام کرتا ہوں۔

D. J. J. J.

ڈونلڈ جینکین

چیئر مین

مورخہ: ۳۰ اگست ۲۰۱۸ء

بورڈ کا اسٹرکچر

بورڈ کا منظوب مالیاتی انتظامی پس منظر ڈائریکٹرز کے قانونی، ٹیکنیکی اور مینوفیکچرنگ مہارت سے متمم ہوتا ہے۔

بورڈ کے اہداف اور کارکردگی

بورڈ کے اجلاس سہ ماہی طور پر اور دوسری صورت میں ضرورت کی بنیاد پر منعقد ہوتے ہیں۔ موجودگی اور شرکت بھی بہتر ہوتی ہے اور ڈائریکٹرز انتظامیہ کی معاونت کیلئے دیگر اوقات میں بھی موجود ہوتے ہیں، بالخصوص قانونی معاملات پر عمل درآمد کے سلسلے میں ان کا تعاون رہتا ہے۔ ان کی کارکردگی انتہائی قابل قدر اور انتظامیہ اور میری طرف سے قابل تحسین قرار دی گئی ہے۔

کاروباری حکمت عملی کی گورننس

ایک ایسی پختہ مارکیٹ جس میں کمپنی اپنا مقام حاصل کرے، اس کیلئے ہمیشہ آگے بڑھنے کی حکمت عملی بنانا آسان نہیں ہوتا۔ کمپنی کو ری بلڈ کرنے کیلئے ایک حکمت عملی ۲۰۱۰ء میں تیار کی گئی تھی جس کو بورڈ کی مکمل حمایت حاصل تھی اور اس کے نتائج اپنی مثال آپ تھے۔ کمپنی کی مینوفیکچرنگ بنیاد میں توسیع اور کارکردگی کو بہتر بنانے کے سلسلے کی غرض سے ایک نئی حکمت عملی تیار کی گئی ہے۔ اس کے پہلے مرحلے کی بورڈ کی جانب سے منظوری دے دی گئی ہے اور موجودہ طور پر انتظامیہ کی جانب سے اسے لاگو کیا جا رہا ہے۔ مستقبل کی جانب نظر ڈالتے ہوئے بورڈ اور انتظامیہ ترقی کی راہوں کے طور پر کاروبار کو مختلف سمتوں میں، بورڈ کی حمایت، توسیع دینے کیلئے مستحکم اور مربوط منصوبوں پر غور و فکر کر رہی ہے۔

مالیاتی رپورٹنگ کا طریقہ کار، انٹرنل آڈٹ اور انٹرنل کنٹرولز

بورڈ میں فنانس، بینکنگ اور بزنس مینجمنٹ کے حامل ڈائریکٹرز کی منظوب نمائندگی ہے۔ تمام سسٹمز اس امر کو یقینی بناتے ہیں کہ کمپنی آپریشنز کے تمام پہلوؤں کا مالیاتی انتظام شفاف، ایماندارانہ اور مربوط انداز میں انجام دیا جائے۔ میں محسوس کرتا ہوں کہ PWC کو انٹرنل آڈٹ کے امور کی آڈٹ سوسنگ، جیسا کہ بورڈ کی جانب سے سفارش کی گئی ہے، بزنس کے مالیاتی انتظام میں مزید استحکام کا باعث ہوگی۔

FORM OF PROXY

THIRTY SIXTH ANNUAL GENERAL MEETING

I/We _____ of _____

being a member(s) of **DYNEA PAKISTAN LIMITED** and a holder of _____

_____ ordinary shares as per Share Register Folio No. _____

or CDC Participant ID No. _____ Account No. _____

Hereby appoint _____ of _____

Who is also member of **DYNEA PAKISTAN LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

or failing him/her _____ of _____

who is also member of **DYNEA PAKISTAN LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Thirty Sixth Annual General Meeting of the Company to be held on Monday, October 22, 2018 at 12:30 PM and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2018

Signed by the said

Witness _____ (Signature) Witness _____ (Signature)

Name _____ Name _____

Address _____ Address _____

**Please affix
Rs. 5/-
Revenue Stamp**

SIGNATURE OF MEMBER(S)

NOTES :

1. This proxy form duly completed and signed must be received at the Registered Office of the Company, Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400, not less than 48 hours before the time of holding of the Meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company. Except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES

In addition to the above the following requirements have to be met:

- a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- b) Attested copy of CNIC or the passport of the beneficial owners shall be furnished with the proxy form.
- c) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- d) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.