

dynea

DYNEA PAKISTAN LIMITED

*37th Annual Report
For the year ended
30th June, 2019*

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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. Ameen Mohammad Bandukda	
Mr. Muhammad Aqeel Loon	
Ms. Anam Fatima Khan	
Mr. Adnan Afridi	

Audit Committee :

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

Human Resource and Remuneration Committee:

Ms. Anam Fatima Khan	<i>Chairperson</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Ameen Bandukda	<i>Member</i>

Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

Company Secretary :

Mr. Saqib Naim

Head of Internal Audit:

Mr. Mujlaba 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) 34380106

Registered Office :

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

Factories :

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 & 38-A Road-3, Industrial Estate,
Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.
Ph: (92-938) 270150 - 52 Fax: (92-938) 270246

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 Seventh Annual General Meeting of the Members of the Company will be held on Monday, October 21, 2019 at 12:30 PM at Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2019 together with the Chairman's Review Report and Reports of the Directors' and Auditors' thereon.
2. To approve a final cash dividend of 50% (i.e. Rs. 2.50 per share) for the year 2018-19 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2019-20 and to fix their remuneration. The present auditors - Messrs. EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for re-appointment.

B. SPECIAL BUSINESS

4. To consider, and if thought fit, pass the following Resolution, with or without modification, to obtain consent from the members for the transmission of Annual Audited Accounts of the Company in electronic form:

"RESOLVED THAT the consent and approval of the members of the Company be and is hereby accorded for transmission of annual reports including annual audited accounts, auditor's report and directors' report, notices of annual general meetings and other information contained therein of the Company to the members for future years through CD/DVD/USB instead of transmitting the same in hard copies.

FURTHER RESOLVED THAT the Chief Executive Officer or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution."

By Order of the Board

Karachi.
Dated: August 30, 2019

Saqib Naim
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 14, 2019 to October 21, 2019 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 13, 2019. 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, Nursery, Block 6 P.E.C.H.S., Shakra-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 holder is 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.
- 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.

NOTICE OF ANNUAL GENERAL MEETING

The Notice of Annual General Meeting has been placed on the Company's website www.dynea.com.pk in addition to its dispatch to the shareholders.

Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC/SNIC or NTN (in case of corporate entities), are not available with the Share Registrar shall be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2019 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:	30%

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 30% instead of 15%.

As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No. 1 (43) DG (WHT)/2008-Vol. II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the Statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

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 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)

NOTICE OF ANNUAL GENERAL MEETING

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).

Payment of Cash Dividend through Electronic Mode (Mandatory)

The provisions of Section 242 of the Companies Act, 2017 (the Act) 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 (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 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.

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 (Pvt) 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(1)/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.

NOTICE OF ANNUAL GENERAL MEETING

Financial Statements and reports of the Company for the year ended June 30, 2019 can be downloaded from the Company's website.

Unclaimed Dividend

As per the provisions of Section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date of which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website www.dynea.com.pk. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

STATEMENT UNDER SECTION 134(3)(B) OF THE COMPANIES ACT, 2017 REGARDING THE SPECIAL BUSINESS:

This statement sets out the material facts concerning the special business, given in agenda item No.4 of the notice, intended to be transacted at the Annual General Meeting of Dynea Pakistan Limited to be held on October 21, 2019.

The directors of the Company have recommended the resolution which will give the members the option to receive annual balance sheet, profit & loss account, auditor's report and directors' report etc. ("annual audited accounts") through CD/DVD/USB at their registered address and to bring about and implement the Securities and Exchange Commission of Pakistan's directive communicated through Notification # SRO 470(1)/2016 dated 31st May 2016.

The Directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.

CHAIRMAN'S REVIEW REPORT

Board Structure

The Board has a strong background in financial management complemented by directors with legal, technical and manufacturing expertise. During the year, Syed Ali Azfar Naqvi resigned and he was replaced by Ms. Anam Fatima Khan. Mr Sajid Hassan did not seek re-election and the incoming director is Mr. Adnan Afridi.

I wish to thank Syed Ali Azfar Naqvi and Mr. Sajid Hassan for their valuable contributions and I welcome the two new directors to our Board.

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. Further land adjacent to the existing site has been acquired in Gadoon. The site is now under development and it will be used to expand the Company's manufacturing base when economic and market conditions are favourable.

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. During the past year, IT systems have been upgraded and new access protocols established. I believe that the Company's proprietary data are now much more secure from the threat of cyber attack.

CHAIRMAN'S REVIEW REPORT

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 as illustrated by the use of an external consultant to review the Company's IT systems and to advise on how to better secure our data.

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 10 years are a reflection of the performance of the Board and its management. I wish to thank my fellow directors for having faith in me to continue in my role as Chairman. 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.
Dated: August 30, 2019

DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2019.

Economic Environment

Pakistan's economy witnessed a sharp decline in GDP growth from 5.79% in 2017-18 to 3.30% in 2018-19. The hike in energy prices and the ongoing political and economic 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.

Operations

Sales revenue during 2018-19 was Rs.5,140.03 million compared to Rs.3,858.32 million in the previous financial year and the profit before tax was Rs 321.48 million compared to Rs.379.10 million in the previous financial year. The main reasons for the decline in profits are instability of the economy, devaluation of the currency and the increase in KIBOR rates.

Resin Division

Turnover of the Resin Division in 2018-19 was Rs.2,485.01 million compared to Rs.2,156.92 million in the previous financial year, an increase of 15.21%. The segment result of the Resin Division was Rs.241.60 million compared to Rs.310.48 million for the previous financial year.

Moulding Compound Division

Turnover of the Moulding Compound Division in 2018-19 was Rs.2,655.02 million compared to Rs.1,701.39 million in the previous financial year, an increase of 56.05%. The segment result of the Moulding Compound Division was Rs.320.54 million compared to Rs.235.33 million for the previous financial year.

Financial Performance

Following are the summarised financial results of the Company for the year 2018-19:

	------(Rupees '000')-----	
	2018-19	2017-18
Sales Revenue	5,140,030	3,858,318
Gross Profit	698,876	687,675
Profit Before Taxation	321,480	379,096
Profit After Taxation	226,901	294,887
Earnings per Share in Rupees	12.02	15.63

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.1,282 million (2017-18 was Rs.1,028 million).

Future Outlook

On top of the slowdown of economy, the implementation of statutory requirements would have implication to achieve sales targets of our Company. 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.

Election of Directors

After the expiry of the terms of the previous members of the Board of Directors, the following were elected as Directors for a term of three years with effect from June 29,2019.

- i. Dr. Donald Jenkin
- ii. Mr. Shabbir Abbas
- iii. Mr. Tayyeb Afzal
- iv. Mr. Ameen Mohammad Bandukda
- v. Mr. Muhammad Aqeel Loon
- vi. Mr. Adnan Afridi
- vii. Ms. Anam Fatima Khan

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 82 come from the local community. Furthermore, the Company contributes 1% of PBT to a charitable trust.

DIRECTORS' REPORT

Risk and Uncertainties

The Company's operations could be adversely affected by payment defaults as the economy tightens; adverse changes in government regulations; foreign currency fluctuations; increase in the KIBOR rate; entrance of a new competitor and an enduser going captive; changes in the rate or method of taxation; and a deterioration in the security situation.

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.

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 therefrom has been adequately disclosed and explained.

DIRECTORS' REPORT

- 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, 2019, stands at Rs.92.50 million.
- 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:
 - i) The Board of Directors convened 7 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meetings Attended
1	Dr. Donald Jenkin (Chairman)	6/7
2	Mr. Shabbir Abbas	7/7
3	Mr. Sajid Hassan	6/6
4	Mr. Muhammad Aqeel Loon	3/7
5	Mr. Tayyeb Afzal	7/7
6	Syed Ali Azfar Naqvi	3/3
7	Mr. Ameen Mohammad Bandukda	7/7
8	Ms. Anam Fatima Khan	4/4
9	Mr. Adnan Afridi	1/1

DIRECTORS' REPORT

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

Sr.#	Names of Directors	Meetings Attended
1	Mr. Muhammad Aqeel Loon (Chairman)	2/4
2	Dr. Donald Jenkin	4/4
3	Mr. Tayyeb Afzal	4/4
4	Ms. Anam Fatima Khan	1/1*

* Ms. Anam Fatima Khan was appointed as a member after three meetings.

- iii) The Human Resource & Remuneration Committee convened 3 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meetings Attended
1	Mr. Muhammad Aqeel Loon (Chairman)	0/3
2	Dr. Donald Jenkin	3/3
3	Mr. Sajid Hassan	3/3
4	Ms. Anam Fatima Khan	0/1*

* Ms. Anam Fatima Khan was appointed as a member after two meetings.

Directors Training Programme

All the directors of the Company have attended mandatory directors training programme required under the Code of Corporate Governance.

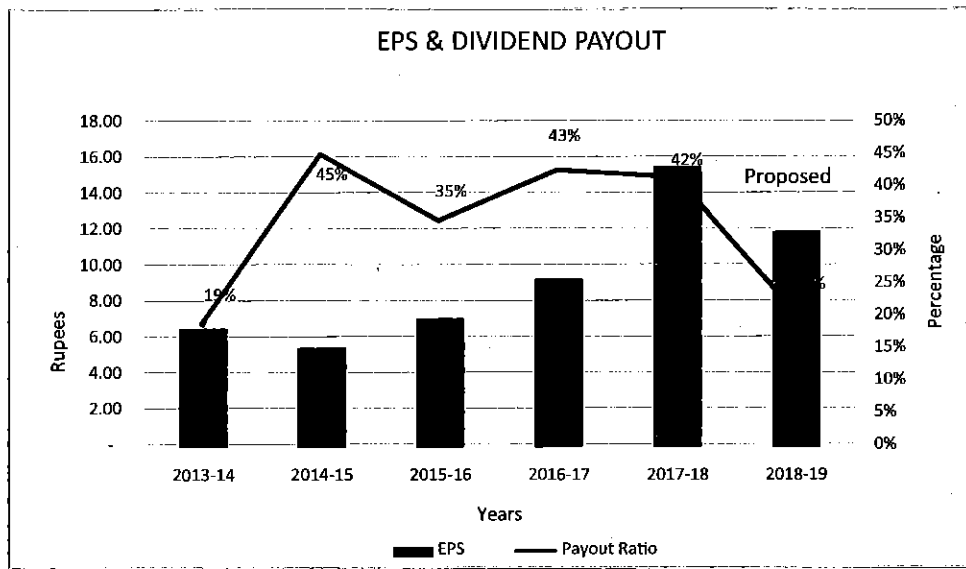
Vend Fee and Permit Fee Case

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. The Company is optimistic that the Supreme Court will deliver its verdict in timely manner.

DIRECTORS' REPORT

Dividend and Appropriations

The Company has made the following cash dividend payments since 2013-14.



In view of the Company's performance during the outgoing financial year, the Directors propose a payment of Rs 2.50 per share i.e. 50% dividend to the shareholders. The Directors have also announced a transfer of Rs. 150 million to the 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

SHABBIR ABBAS
Chief Executive

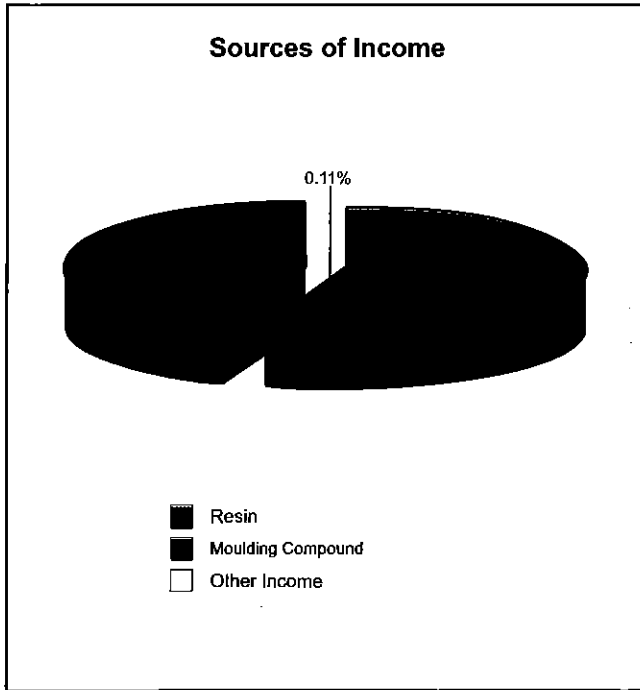
Karachi: August 30, 2019

Donald Jenkin

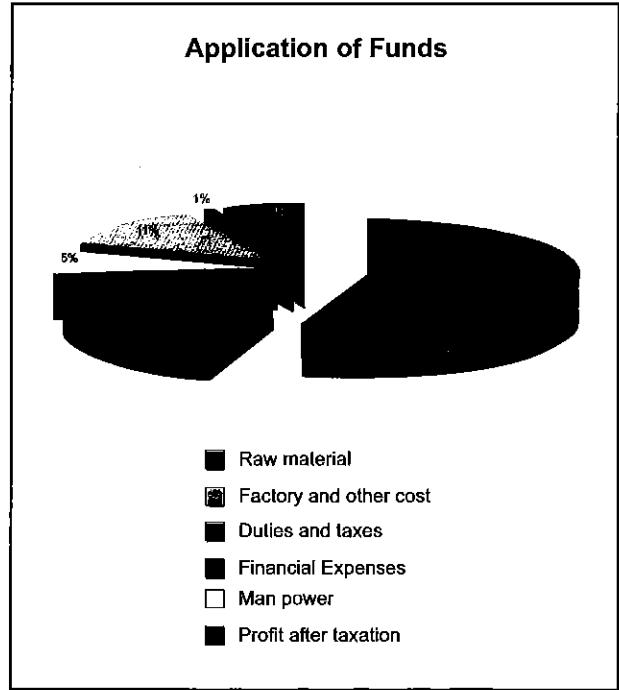
DONALD JENKIN
Chairman

KEY OPERATING AND FINANCIAL DATA

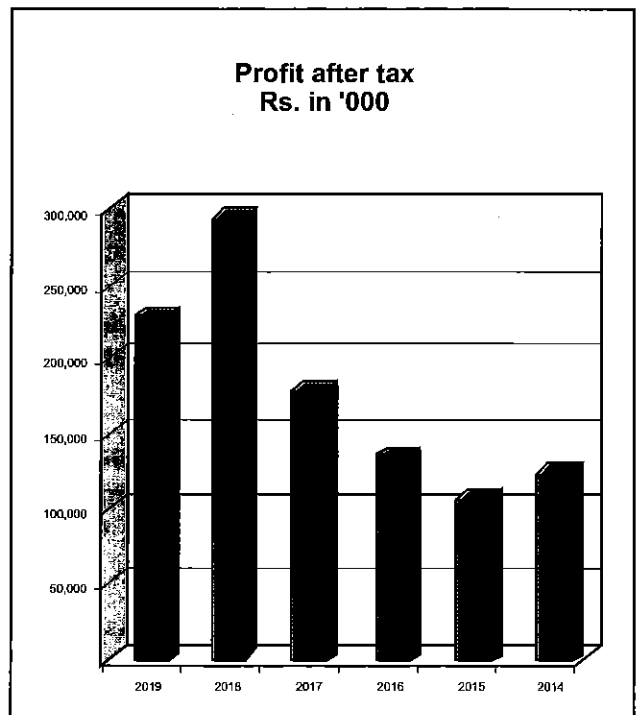
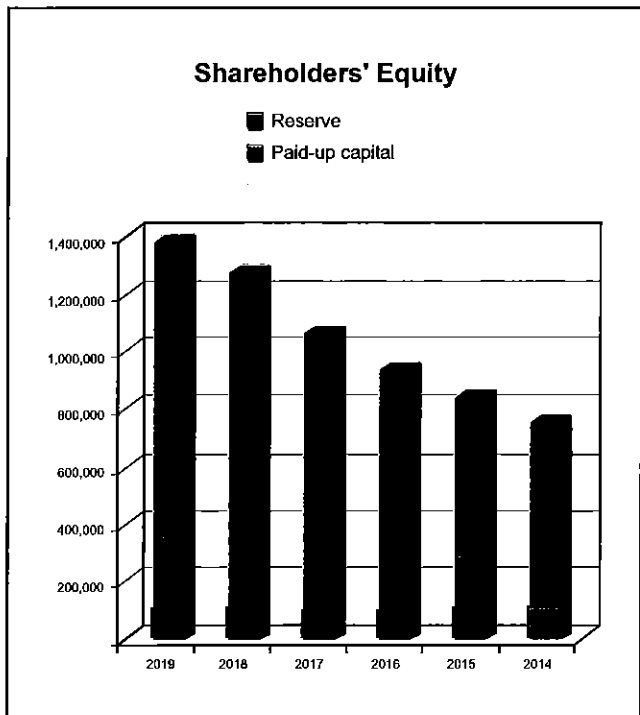
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
	----- Rupees in thousands -----					
<u>FINANCIAL POSITION :</u>						
SHAREHOLDERS EQUITY	1,378,728	1,274,497	1,055,100	925,304	837,138	756,140
TOTAL ASSETS	2,360,672	2,275,142	1,292,328	1,190,005	1,294,972	1,411,894
<u>OPERATING RESULTS :</u>						
TURNOVER	5,140,030	3,858,318	2,497,540	2,418,400	2,387,736	2,703,246
PROFIT / (LOSS) BEFORE TAXATION	321,480	379,096	258,910	199,229	156,199	152,742
TAXATION	(94,579)	(84,209)	(81,932)	(63,882)	(51,610)	(27,921)
PROFIT / (LOSS) AFTER TAXATION	226,901	294,887	176,978	135,347	104,588	124,821
EARNING / (LOSS) PER SHARE Rs.	12.02	15.63	9.38	7.17	5.54	6.61
CASH DIVIDEND DECLARED % (Proposed)	50.00	130.00	80.00	50.00	50.00	25.00



* Includes Sales Tax on Resin Rs.455.20 million and on Moulding Compound Rs. 527.33 million



**Duties and taxes including Sales Tax amounting to Rs. 1,227.58 million.



STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Name of company Dynea Pakistan Limited
 Year ended: June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (07) as per the following:

Male	Female
6	1

2. The composition of the Board is as follows:

Category	Names
Independent Director	Mr. Muhammad Aqeel Loon Mr. Adnan Afridi Ms. Anam Fatima Khan
Other Non-Executive Directors	Mr. Donald John Jenkin Mr. Tayyeb Afzal Mr. Ameen Mohammad Bandukda
Executive Directors	Mr. Shabbir Abbas

3. During the year, one casual vacancy occurred in the Board of Directors which was filled up within 30 days.
4. Election of Directors was held on June 29, 2019 and the related pre / post requirement of the relevant laws and regulations have also been complied with.
5. 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 where applicable).
6. 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.
7. 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.
8. 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 Act and these Regulations.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

9. 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 meeting of Board.
10. The Board has approved appointment of Company Secretary in the wake of resignation of previous Company Secretary including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointment of Chief Financial Officer and Head of Internal Audit has been made during the year while a change in their remunerations were approved by the Board.
11. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
12. The Board has duly complied with the Directors' Training Program requirement and the criteria as prescribed in the Listed Companies (Code of Corporate Governance) Regulations, 2017.
13. The Chief Financial Officer and Chief Execution Officer have duly endorsed the financial statements before approval of the Board.
14. The Board has formed committees comprising of members given below:


Audit Committee	Mr. Adnan Afridi Mr. Donald John Jenkin Mr. Tayyeb Afzal Mr. Muhammed Aqeel Loon
HR and Remuneration Committee	Ms. Anam Fatima Khan Mr. Donald John Jenkin Mr. Ameen Mohammad Bandukda

15. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
16. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Name of Committee	Frequency of Meeting
Audit Committee	The meetings of Audit Committee were held in each quarter during the year.
HR and Remuneration Committee	The meetings of HR & Remuneration Committee were held three times this year.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

17. 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.
18. 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.
19. 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.
20. We confirm that all other requirements of the Regulations have been complied with.



Shabbir Abbas
Chief Executive Officer

Karachi: August 30, 2019



Donald John Jenkin
Chairman



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi-75530
Pakistan.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynea Pakistan Limited (the Company)

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 2019 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 2019.

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: 03 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Dynea Pakistan Limited

Report on the Audit of the Financial Statements

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 2019**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 2019 and of the profit, the comprehensive income, its cash flows and the changes in equity 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. These 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.



Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Contingency</p> <p>As disclosed in note 25 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. 1,597.58 million as at 30 June 2019 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 which 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 including 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>Valuation of Inventories</p> <p>The company is engaged in the manufacturing and sale of Formaldehyde, Urea / Melamine Formaldehyde and Aminoplast Compound. As of the date of statement of financial position, the Company held inventory balances of Rs. 683 million which constitutes 28.9% of total assets, as disclosed in note 13 to the financial statements.</p> <p>We focused our audit on this area as it is a material balance for the Company and it also requires management judgment in determining an appropriate costing basis and assessing its valuation.</p>	<p>We performed a range of audit procedures with respect to inventory items including amongst others, physical observation of inventory counts, test of valuation methods and their appropriateness in accordance with the applicable accounting standards and an evaluation of the usability of the inventory items based on management reports for slow moving, expired and obsolete items, if any, and the impact of the same on the net realizable value of the inventories.</p> <p>Further, we assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</p>
3.	<p>Adoption of IFRS 9 'Financial Instruments'</p> <p>As referred to in note 5.1 to the accompanying financial statements, the Company has adopted IFRS 9 'Financial Instruments' with effect from 1 July 2018.</p>	<p>In order to assess the appropriateness of the management's judgment and estimate, our key audit procedures included, among others, review of the methodology developed and</p>

S.No	Key audit matters	How the matter was addressed during audit
	<p>IFRS 9 requires the Company to make provision using expected credit losses (ECL) approach as against the incurred loss model previously applied by the management. The management has determined that the most significant impact on the new standard on the Company's financial statements relates to the calculation of ECL against trade debts.</p> <p>Assessment of provision for ECL against trade debts requires significant judgment, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking information.</p>	<p>applied by the Company to estimate the ECL in relation to trade debts.</p> <p>We considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimate. Further, we assessed the integrity and quality of the data used for ECL computation by matching the same with the accounting records and information system of the Company. We also checked the mathematical accuracy of the ECL computation on a sample basis.</p> <p>In addition to the above, we assessed the adequacy of disclosures in the accompanying financial statements of the Company regarding application of IFRS 9 as per the requirements of the standard.</p>

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.

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

ETM

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.
- 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.

EY



Building a better
working world

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, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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
- 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**.

ET Feroz Khan

Chartered Accountants

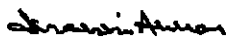
Place: Karachi

Date: 03 September 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	490,398,547	541,303,407
Intangible assets	9	558,536	847,257
Long-term loans	10	144,767	138,752
Long-term deposits	11	6,673,726	6,725,182
Deferred taxation - net	22	12,146,505	-
		509,922,081	549,014,598
CURRENT ASSETS			
Stores and spares	12	23,789,725	21,298,613
Stock-in-trade	13	683,109,925	699,510,730
Trade debts	14	929,058,669	728,086,303
Loans and advances	15	29,998,370	14,167,104
Deposits and prepayments	16	6,773,444	5,977,026
Other receivables	17	257,581	4,598,269
Taxation - net		75,990,468	124,077,890
Cash and bank balances	18	101,772,034	128,411,554
		1,850,750,216	1,726,127,489
TOTAL ASSETS		2,360,672,297	2,275,142,087
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40,000,000 (2018: 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		1,284,365,705	1,180,135,222
		1,378,727,770	1,274,497,287
NON-CURRENT LIABILITIES			
Long-term financing	20	253,125,000	365,625,000
Liabilities against assets subject to finance lease	21	5,844,617	-
Deferred taxation - net	22	-	3,416,080
		258,969,617	369,041,080
CURRENT LIABILITIES			
Trade and other payables	23	316,940,543	269,760,748
Current portion of liabilities against assets subject to finance lease	21	3,069,710	-
Unclaimed dividend		5,259,703	3,691,868
Accrued mark-up		10,421,323	7,108,261
Short-term running finance	24	274,783,631	266,667,843
Current portion of long-term financing	20	112,500,000	84,375,000
		722,974,910	631,603,720
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		2,360,672,297	2,275,142,087

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



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 -----
Turnover - net	26	5,140,029,779	3,858,317,868
Cost of sales	27	(4,441,153,923)	(3,170,642,435)
Gross profit		698,875,856	687,675,433
Distribution costs	28	(167,768,178)	(168,848,869)
Administrative expenses	29	(101,513,097)	(85,089,893)
		(269,281,275)	(253,938,762)
Other income	30	6,861,011	12,950,950
Operating profit		436,455,592	446,687,621
Finance costs	31	(75,714,940)	(29,163,240)
Other charges	32	(39,260,470)	(38,428,185)
		(114,975,410)	(67,591,425)
Profit before taxation		321,480,182	379,096,196
Taxation	33	(94,578,708)	(84,209,583)
Net profit for the year		226,901,474	294,886,613
Basic and diluted earnings per share	34	12.02	15.63

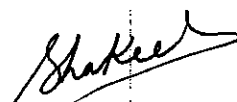
The annexed notes from 1 to 46 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

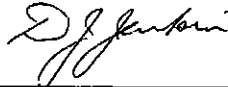
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	30 June 2019	30 June 2018
	----- (Rupees) -----	
Net profit for the year	226,901,474	294,886,613
Other comprehensive income	-	-
Total comprehensive income for the year	<u>226,901,474</u>	<u>294,886,613</u>

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



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		321,480,182	379,096,196
Adjustments for non-cash and other items			
Depreciation and amortisation	8.4 & 9.1	120,381,563	92,930,737
Provision for expected credit loss	14.1	12,006,177	13,666,789
Finance costs		75,714,940	29,163,240
Gain on disposals of operating fixed assets		(1,378,749)	(11,044,363)
		<u>206,723,931</u>	<u>124,716,403</u>
		528,204,113	503,812,599
(Increase) / decrease in current assets			
Stores and spares		(2,491,112)	(3,895,849)
Stock-in-trade		16,400,805	(344,439,293)
Trade debts		(212,978,543)	(295,265,958)
Loans and advances		(15,831,266)	(10,526,141)
Deposits and prepayments		(796,418)	1,943,976
Other receivables		3,494,599	(2,698,493)
		<u>(212,201,935)</u>	<u>(654,881,758)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		47,179,795	35,395,737
		<u>363,181,973</u>	<u>(115,673,422)</u>
Finance costs paid		(72,401,878)	(22,088,956)
Income tax paid		(62,053,871)	(146,158,667)
Long-term loans and deposits - net		45,441	(2,780)
Net cash generated from / (used in) operating activities		<u>228,771,665</u>	<u>(283,923,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(58,770,513)	(381,736,308)
Proceeds from disposal of operating fixed assets		2,240,870	10,198,407
Net cash used in investing activities		<u>(56,529,643)</u>	<u>(371,537,901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / proceeds of long-term financing		(84,375,000)	450,000,000
Lease rental paid - finance lease		(1,519,174)	
Dividends paid		(121,103,156)	(74,626,095)
Net cash (used in) / generated from financing activities		<u>(206,997,330)</u>	<u>375,373,905</u>
Net decrease in cash and cash equivalents		<u>(34,755,308)</u>	<u>(280,087,821)</u>
Cash and cash equivalents at the beginning of year		(138,256,289)	141,831,532
Cash and cash equivalents at the end of year		<u>(173,011,597)</u>	<u>(138,256,289)</u>
CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	101,772,034	128,411,554
Short-term running finance	24	(274,783,631)	(266,667,843)
		<u>(173,011,597)</u>	<u>(138,256,289)</u>

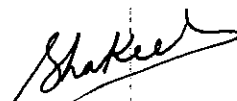
The annexed notes from 1 to 46 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Total	
(Rupees)					
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
Transferred to general reserve	-	300,000,000	(300,000,000)	-	-
Final dividend for the year ended 30 June 2018 @ Rs. 6.50 per share	-	-	(122,670,991)	(122,670,991)	(122,670,991)
Net profit for the year	-	-	226,901,474	226,901,474	226,901,474
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	226,901,474	226,901,474	226,901,474
Balance as at 30 June 2019	94,362,065	991,000,000	293,365,705	1,284,365,705	1,378,727,770

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



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. THE COMPANY AND ITS OPERATIONS

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 moulding 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.

2. GEOGRAPHICAL LOCATION AND ADDRESSES

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 & 38-A Road-3, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.	Production plant

3. STATEMENT OF COMPLIANCE

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.

4. BASIS OF MEASUREMENT

- 4.1 These financial statements have been prepared under the historical cost convention except for liabilities against assets subject to finance lease which are carried at present value of minimum lease payments.
- 4.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

5.1 New Standards, Interpretations and Amendments

The Company has adopted the following standards, amendments and improvements of International Financial Reporting Standards (IFRSs) which became effective for the current year:

NOTES TO THE FINANCIAL STATEMENTS

IFRS 2 — Share-based Payments: Classification and Measurement of Share-based Payments Transactions (Amendment)

IFRS 9 — Financial Instruments

IFRS 15— Revenue from Contracts with Customers

IAS 40 — Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22— Foreign Currency Transactions and Advance Consideration

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period/ year ending on or after 30 June 2019. The Company early adopted IFRS 9 as was allowed to do so by SECP.

The Company's financial assets mainly includes long term loans, long term deposits, trade debts, loans, trade deposits, other receivables, cash and bank balances held with commercial banks.

IFRS 9 retain but simplifies the measurement model and establishes the measurement categories of financial assets as: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets.

The Company's trade debts and other financial assets, previously classified as loans and receivables, are now measured at amortised cost under IFRS 9.

The Classification and measurement of IFRS 9, as described above did not have a significant impact on the Company's financial statements.

Further, the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred loss model approach with a forward looking Expected Credit Loss (ECL) approach.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL.

The impact of adoption of the ECL approach under IFRS 9 is disclosed in note 14.1 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company.

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 3 — Definition of a Business (Amendments)	01 January 2020
IFRS 3 — Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9 — Prepayment Features with Negative Compensation — (Amendments)	01 January 2019
IFRS 10 / IAS 28 — Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 — Joint arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16 – Leases	01 January 2019

NOTES TO THE FINANCIAL STATEMENTS

IAS 1 / IAS 8 – Definition of Material (Amendments)	01 January 2020
IAS 12 — Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 — Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 — Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28 — Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IFRIC 23 — Uncertainty over Income Tax Treatments	01 January 2019

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 16 - 'Leases'. The management of the Company is currently evaluating the impact of this standard on the financial statements of the Company.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 — First time adoption of IFRSs	01 January 2004
IFRS 14 — Regulatory Deferral Accounts	01 January 2016
IFRS 17 — Insurance Contracts	01 January 2021

NOTES TO THE FINANCIAL STATEMENTS

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 expected credit loss	7.5 & 14.1
- provisions	7.10
- provision for compensated absences	7.12
- recognition of current and deferred tax	7.13, 22 & 33
- contingencies	25

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 upto 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.

Leased assets acquired under finance lease

Fixed assets acquired under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of Minimum Lease Payments. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

NOTES TO THE FINANCIAL STATEMENTS

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.

7.5 Trade debts, loans and other receivables

Trade debts, loans and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

NOTES TO THE FINANCIAL STATEMENTS

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 a 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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognized from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or derecognition of the financial assets and liabilities is taken to statement of profit or loss or other comprehensive income.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL and financial liabilities are classified as measured at amortised cost or FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

Off setting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also off-set accordingly.

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.

7.12 Employee retirement benefits

Defined contribution plan

The Company operates a recognized provident fund for its permanent employees. Equal monthly contributions 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.

NOTES TO THE FINANCIAL STATEMENTS

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 .

7.14 Revenue recognition

Revenue is recognised at the point in time when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

7.14.1 Sale of goods

Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer either over time or at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates, if any.

7.14.2 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 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.

7.16 Dividends and appropriation to reserves

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

7.17 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.

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 -----
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	490,148,547	529,264,360
Capital work-in-progress	8.4	250,000	12,039,047
		<u>490,398,547</u>	<u>541,303,407</u>

NOTES TO THE FINANCIAL STATEMENTS

8.1 Operating fixed assets

	COST				Depreciation rate/ years	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 01 July 2018	Additions/transfers from capital work-in progress*	Disposals	As at 30 June 2019		As at 01 July 2018	Charge for the year (note 8.4)	Disposals	As at 30 June 2019	As at 30 June 2019
	Freehold land	659,961	-	-		659,961	-	-	-	-
Leasehold land	11,920,159	31,195,000 *	-	43,115,159	99 years	1,468,062	434,976	-	1,903,038	41,212,121
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	19,254,451	526,335	-	19,780,786	526,671
Buildings on leasehold land	203,392,895	-	-	203,392,895	10%	78,612,261	17,909,023	-	96,521,284	106,871,611
Plant and machinery	810,140,965	6,087,033	(1,153,137)	831,773,322	16.67%	458,978,690	90,402,402	(1,153,136)	548,227,956	283,545,366
		16,698,461 *								
Electrical installations	59,340,799	1,760,000	-	61,100,799	16.67%	23,169,595	7,539,773	-	30,709,368	30,391,431
Furniture and fittings	3,080,302	-	-	3,080,302	20%	1,890,956	391,306	-	2,282,262	798,040
Office equipment	5,701,989	1,186,576	(24,600)	6,863,965	20%	3,878,348	504,166	(24,600)	4,357,914	2,506,051
Computers and accessories	6,716,519	13,581,550	(950,026)	19,348,043	33%	5,279,196	1,451,517	(950,020)	5,780,693	13,567,350
Vehicles	4,099,983	50,940	(1,329,925)	2,820,998	20%	3,565,110	99,002	(1,313,900)	2,350,212	470,786
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
Leased Vehicles	-	10,433,500	-	10,433,500	20%	-	834,341	-	834,341	9,599,159
2019	1,127,868,064	33,099,599	(3,457,688)	1,205,403,436		598,603,704	120,092,841	(3,441,656)	715,254,889	490,148,547
		47,893,461 *								
	1,127,868,064	80,993,060	(3,457,688)	1,205,403,436		598,603,704	120,092,841	(3,441,656)	715,254,889	490,148,547

	COST				Depreciation rate/ years	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 01 July 2017	Additions/transfers from capital work-in progress*	Disposals	As at 30 June 2018		As at 01 July 2017	Charge for the year (note 8.4)	Disposals	As at 30 June 2018	As at 30 June 2018
	Freehold land	659,961	-	-		659,961	-	-	-	-
Leasehold land	11,920,159	-	-	11,920,159	99 years	1,293,304	174,758	-	1,468,062	10,452,097
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	18,728,116	526,335	-	19,254,451	1,053,006
Buildings on leasehold land	111,071,428	92,321,467 *	-	203,392,895	10%	64,189,200	14,423,061	-	78,612,261	124,780,634
Plant and machinery	638,524,875	2,215,171	(130,063,450)	810,140,965	16.67%	519,487,564	69,554,443	(130,063,317)	458,978,690	351,162,275
		299,464,369 *								
Electrical installations	21,048,880	38,291,919 *	-	59,340,799	16.67%	17,842,700	5,326,895	-	23,169,595	36,171,204
Furniture and fittings	3,080,302	-	-	3,080,302	20%	1,449,155	441,801	-	1,890,956	1,189,346
Office equipment	4,165,027	965,234	-	5,701,989	20%	3,468,405	409,943	-	3,878,348	1,823,641
		571,728 *								
Computers and accessories	5,691,642	1,024,877	-	6,716,519	33%	4,398,784	880,412	-	5,279,196	1,437,323
Vehicles	3,925,028	174,955	-	4,099,983	20%	3,458,163	106,947	-	3,565,110	534,873
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
2018	822,901,794	4,380,237	(130,063,450)	1,127,868,064		636,822,426	91,844,595	(130,063,317)	598,603,704	529,264,360
		430,649,483 *								
	822,901,794	435,029,720	(130,063,450)	1,127,868,064		636,822,426	91,844,595	(130,063,317)	598,603,704	529,264,360

8.2 Immovable properties i.e. land (freehold land and leasehold land) and buildings thereon, are situated at Hub and Gadoon measuring 17,500 Square meter and 28,273.63 Square meter respectively.

NOTES TO THE FINANCIAL STATEMENTS

		30 June 2019	30 June 2018						
	Note	----- (Rupees) -----							
8.3	Depreciation charge for the year has been allocated as follows:								
Cost of sales	27	118,219,179	90,724,499						
Distribution costs	28	635,017	635,599						
Administrative expenses	29	1,238,646	484,497						
		<u>120,092,842</u>	<u>91,844,595</u>						
8.4	Capital work-in-progress								
Plant and machinery		250,000	9,039,047						
Advance given for capital expenditure		-	3,000,000						
	8.4.1	<u>250,000</u>	<u>12,039,047</u>						
8.4.1	Movement in capital work-in-progress is as follows:								
Balance at beginning of the year		12,039,047	65,332,459						
Additions during the year		36,104,414	377,356,071						
Transfers to operating fixed assets		(47,893,461)	(430,649,483)						
Balance at end of the year		<u>250,000</u>	<u>12,039,047</u>						
9.	INTANGIBLE ASSETS								
Software	9.1	536	289,257						
Intangibles under development	9.2	558,000	558,000						
		<u>558,536</u>	<u>847,257</u>						
9.1	Software								
		COST	ACCUMULATED AMORTISATION	NET BOOK VALUE					
		As at 01 July 2018	As at 30 June 2019	As at 01 July 2018	Charge for the year (note 29)	Disposals	As at 30 June 2019	As at 30 June 2019	
		----- (Rupees) -----		----- (Rupees) -----			Rupees		
2019		5,362,500	5,362,500	33%	5,073,243	288,721	-	5,361,964	536
2018		5,362,500	5,362,500	33%	3,987,101	1,086,142	-	5,073,243	289,257
		<u>5,362,500</u>	<u>5,362,500</u>		<u>3,987,101</u>	<u>1,086,142</u>	<u>-</u>	<u>5,073,243</u>	<u>289,257</u>
10.	LONG-TERM LOANS - secured, considered good			Note	----- (Rupees) -----				
Loan to employees		314,640	272,084						
Current portion of long-term loans	15	(169,873)	(133,332)						
	10.1	<u>144,767</u>	<u>138,752</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 Human Resource 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.								

NOTES TO THE FINANCIAL STATEMENTS

		30 June 2019	30 June 2018
	Note	----- (Rupees) -----	
11. LONG-TERM DEPOSITS			
Lasbella Industrial Estate Development Authority		4,915,870	4,915,870
Water and Power Development Authority		823,200	823,200
Others		934,656	986,112
		<u>6,673,726</u>	<u>6,725,182</u>
12. STORES AND SPARES			
Stores		15,540,231	14,909,029
Spares		8,249,494	6,389,584
		<u>23,789,725</u>	<u>21,298,613</u>
13. STOCK-IN-TRADE			
Raw material:			
In hand		462,694,785	484,316,537
In transit		122,308,837	137,327,421
		<u>585,003,622</u>	621,643,958
Packing material		6,507,178	6,868,729
Finished goods		91,599,125	70,998,043
		<u>683,109,925</u>	<u>699,510,730</u>
14. TRADE DEBTS - unsecured			
Considered good		929,058,669	728,086,303
Considered doubtful		88,571,665	76,565,488
		<u>1,017,630,334</u>	804,651,791
Provision for expected credit loss	14.1	<u>(88,571,665)</u>	<u>(76,565,488)</u>
		<u>929,058,669</u>	<u>728,086,303</u>
14.1 Movement of provision for expected credit loss:			
Balance at beginning of the year		76,565,488	62,898,699
Charge during the year	28	12,006,177	13,666,789
Balance at end of the year		<u>88,571,665</u>	<u>76,565,488</u>
15. LOANS AND ADVANCES - considered good			
Loans - secured			
Executives		-	416,666
Employees		2,513,561	2,446,154
Current portion of long-term loans	10	169,873	133,332
		<u>2,683,434</u>	2,996,152
Advances - unsecured			
Suppliers and contractors		27,314,936	11,170,952
		<u>29,998,370</u>	<u>14,167,104</u>

NOTES TO THE FINANCIAL STATEMENTS

		30 June 2019	30 June 2018
		----- (Rupees) -----	
16.	DEPOSITS AND PREPAYMENTS	Note	
	Deposits	2,301,086	2,705,218
	Prepayments	4,472,358	3,271,808
		<u>6,773,444</u>	<u>5,977,026</u>
17.	OTHER RECEIVABLES		
	Interest receivable on PLS and deposit accounts	257,581	42,971
	Workers' Profit Participation Fund (WPPF)	-	2,140,376
	Sales tax refundable - net	-	1,568,833
	Receivable against disposal of operating fixed assets	-	846,089
		<u>257,581</u>	<u>4,598,269</u>
18.	CASH AND BANK BALANCES		
	Cash in hand	22,500	25,800
	Cash at banks		
	Current accounts	18.1 42,607,265	65,542,822
	PLS accounts	18.2 29,872,743	45,842,932
	Deposit account	18.3 29,269,526	17,000,000
		<u>101,749,534</u>	<u>128,385,754</u>
		<u>101,772,034</u>	<u>128,411,554</u>
18.1	Includes an amount of Rs. 0.720 million (2018: Rs. 0.147 million) in an Islamic bank.		
18.2	Includes an amount of Rs. 20.970 million (2018: 23.281 million) placed with an Islamic bank carrying interest at the rate of 6.56% (2018: 4.5%). Interest rate under conventional banking relationship is at 10.25% (2018: 4.5%) per annum.		
18.3	Represents deposits with a commercial bank against bank guarantee and carries interest at the rate of 9.5% (2018: 4.3%) per annum.		
19.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	30 June 2019	30 June 2018
		----- (Rupees) -----	
	Number of ordinary shares of Rs. 5/- each		
	2019	2018	
	8,316,000	8,316,000	Fully paid in cash
	10,556,413	10,556,413	Issued as fully paid bonus shares
	<u>18,872,413</u>	<u>18,872,413</u>	
		<u>41,580,000</u>	41,580,000
		<u>52,782,065</u>	52,782,065
		<u>94,362,065</u>	<u>94,362,065</u>

NOTES TO THE FINANCIAL STATEMENTS

- 19.1 AICA Asia Pacific Holding Pte Limited (a related party) held 4,716,216 (2018: 4,716,216) ordinary shares representing 24.99% (2018: 24.99%) shareholding as of the reporting date.

	30 June 2019	30 June 2018
	----- (Rupees) -----	
20. LONG-TERM FINANCING - secured		
Long-term financing	365,625,000	450,000,000
Current portion of long-term financing	<u>(112,500,000)</u>	<u>(84,375,000)</u>
	<u>253,125,000</u>	<u>365,625,000</u>

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

21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into a finance lease arrangement with a commercial bank for the purchase of vehicles. The finance lease arrangement carries mark-up at the rate of KIBOR plus 2.75% (2018: Nil). The Company has utilized Rs. 10.285 million from the finance lease arrangement as at 30 June 2019.

	30 June 2019	30 June 2018
	Minimum Lease Payments	Minimum Lease Payments
	----- (Rupees) -----	
Not later than one year	4,166,160	-
Later than one year and not later than five years	6,703,175	-
Total minimum lease payments	<u>10,869,335</u>	-
Less: Financial charges allocated to future periods	<u>1,955,008</u>	-
Present value of minimum lease payments	8,914,327	-
Less: Current portion of liabilities against assets subject to finance lease	<u>3,069,710</u>	-
Liabilities against assets subject to finance lease	<u>5,844,617</u>	-

	30 June 2019	30 June 2018
	----- (Rupees) -----	
22. DEFERRED TAXATION - net		
Temporary differences arising due to:		
Accelerated tax depreciation and amortisation	13,340,677	26,385,726
Assets subject to finance lease	2,783,756	-
Liabilities against assets subject to finance lease	(2,585,155)	-
Provision for expected credit loss	<u>(25,685,783)</u>	<u>(22,969,646)</u>
	<u>(12,146,505)</u>	<u>3,416,080</u>

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER PAYABLES	Note	30 June 2019	30 June 2018
		----- (Rupees) -----	
Creditors		6,576,083	3,015,378
Bills payable		70,173,191	81,731,489
Accrued liabilities	23.1	205,468,299	160,509,464
Workers' Welfare Fund		7,773,010	19,198,689
Workers' Profit Participation Fund (WPPF)		2,329,116	-
Vend / permit fee payable	23.2	4,552,438	4,552,438
Tax deducted at source		1,397,378	753,290
Sales tax payable - net		18,671,028	-
		<u>316,940,543</u>	<u>269,760,748</u>

23.1 Include accrual for leave encashment of Rs. 20.34 million (2018: Rs. 16.84 million) and bonus to employees of Rs. 11.13 million (2018: Rs. 13.70 million).

23.2 Represents amount charged to certain customers in respect of vend and permit fee. Depending on the outcome of the law suit mentioned in note 25.1.1 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.

24. SHORT-TERM RUNNING FINANCE - secured

Represent utilized portion of running finance facilities obtained from various commercial banks amounting to Rs. 550 million (2018: Rs. 550 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 plus 0.75% to six months' KIBOR plus 0.50% (2018: one month KIBOR plus 0.50% to three months' KIBOR plus 0.75%) 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 (2018: Rs. 100 million) remained unutilized at the reporting date.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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.

NOTES TO THE FINANCIAL STATEMENTS

Total alleged liability against Vend and Permit fee, as on 30 June 2019 works out at Rs. 1,597.58 million (2018: Rs. 1,460.12 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.

	Note	30 June 2019	30 June 2018
		----- (Rupees) -----	
25.1.2 Outstanding bank guarantees		<u>23,883,947</u>	<u>13,083,947</u>
25.2 Commitments			
25.2.1 Outstanding letter of credits		<u>283,805,782</u>	<u>364,132,261</u>
25.2.2 Commitment for capital expenditure		<u>267,500</u>	<u>28,061,075</u>
25.2.3 Commitment for rental under Ijarah finance agreement			
Within one year		1,402,004	2,181,796
After one year but not more than five years		-	1,336,653
	25.2.3.1	<u>1,402,004</u>	<u>3,518,449</u>
25.2.3.1 Represent Ijarah finance facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payments due under the agreement is Rs 1.402 million (2018: Rs. 3.518 million) and are payable in monthly installments latest by April 2020. These liabilities are secured by on demand promissory note for entire amount of the Ijarah rentals.			
		30 June 2019	30 June 2018
		----- (Rupees) -----	
26. TURNOVER - net			
Sales		6,141,150,234	4,569,391,792
Sales tax		(982,526,761)	(703,397,964)
Sales return		(16,672,367)	(7,150,292)
Trade discount		(1,921,327)	(525,668)
		<u>(1,001,120,455)</u>	<u>(711,073,924)</u>
		<u>5,140,029,779</u>	<u>3,858,317,868</u>

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

NOTES TO THE FINANCIAL STATEMENTS

27. COST OF SALES	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 -----
Opening stock - raw and packing materials		491,185,266	217,115,955
Purchases		<u>3,765,158,150</u>	<u>2,917,223,565</u>
		4,256,343,416	3,134,339,520
Closing stock - raw and packing materials		<u>(469,201,963)</u>	<u>(491,185,266)</u>
Raw and packing material consumed		3,787,141,453	2,643,154,254
Manufacturing expenses			
Indirect material consumed		18,659,535	8,036,706
Stores and spares consumed		60,411,711	43,520,128
Fuel and power		147,455,410	112,356,302
Salaries, wages and other benefits		259,166,483	234,710,949
Rent, rates and taxes		1,164,365	1,107,497
Insurance		2,503,764	2,375,239
Repairs and maintenance		20,429,332	18,285,250
Vehicles running and maintenance		7,895,940	6,661,215
Ijarah rentals		1,491,826	1,561,522
Postage, telephone and telex		1,695,240	1,499,697
Storage and handling charges		17,179,508	15,156,812
Travelling and conveyance		1,066,685	1,385,670
Printing and stationery		1,049,709	956,173
Depreciation	8.4	118,219,179	90,724,499
Others		16,224,865	15,732,159
		674,613,552	554,069,818
Cost of goods manufactured		4,461,755,005	3,197,224,072
Opening stock - finished goods	13	70,998,043	44,416,406
Closing stock - finished goods	13	<u>(91,599,125)</u>	<u>(70,998,043)</u>
		(20,601,082)	(26,581,637)
		4,441,153,923	3,170,642,435
28. DISTRIBUTION COSTS			
Salaries and other benefits		17,788,555	15,336,912
Cartage and freight		124,734,628	128,203,275
Rent, rates and taxes		2,162,466	2,093,581
Insurance		1,773,725	1,414,366
Repairs and maintenance		211,346	387,936
Vehicles running and maintenance		1,865,774	2,339,542
Postage, telephone and telex		857,805	916,475
Travelling and conveyance		2,775,877	2,150,805
Printing and stationery		194,924	144,930
Electricity		492,039	363,345
Depreciation	8.4	635,017	635,599
Sales promotion		261,917	594,470
Provision for expected credit loss	14.1	12,006,177	13,666,789
Market research		1,350,350	-
Others		657,578	600,844
		167,768,178	168,848,869

NOTES TO THE FINANCIAL STATEMENTS

		30 June 2019	30 June 2018
	Note	----- (Rupees) -----	
29. ADMINISTRATIVE EXPENSES			
Salaries and other benefits		61,049,191	47,726,512
Insurance		376,471	506,969
Repairs and maintenance		8,572,946	1,137,362
Vehicles running and maintenance		4,424,653	2,755,513
Ijarah rentals		376,805	904,332
Postage, telephone and telex		1,622,372	1,445,419
Travelling and conveyance		6,639,960	7,142,563
Printing and stationery		918,027	755,181
Utilities		1,200,000	1,170,331
Depreciation	8.4	1,238,646	484,497
Amortisation	9.1	288,721	1,086,142
Legal and professional charges		5,084,979	9,558,586
Advertisement and publicity		99,612	399,912
Donations	29.1	3,214,802	3,902,000
Auditor's remuneration	29.2	2,073,830	1,596,650
ISO certification fee		761,945	500,000
Others		3,570,137	4,017,924
		<u>101,513,097</u>	<u>85,089,893</u>
29.1	Represents donations made to Mohamed Ali Habib Welfare Trust and Lasbella Industrial Estate Development Authority. None of the directors of the Company or their spouses had any interest in the donee.		
		30 June 2019	30 June 2018
	Note	----- (Rupees) -----	
29.2 Auditor's remuneration			
Statutory audit fee		1,080,000	981,750
Half yearly review fee		127,000	115,500
Review of Code of Corporate Governance		57,500	57,500
Other certifications		520,180	274,959
Out of pocket expenses		289,150	166,941
		<u>2,073,830</u>	<u>1,596,650</u>
30. OTHER INCOME - net			
Income from financial assets			
Interest on PLS accounts	18.1	1,002,980	1,186,266
Interest on deposit account	18.2	1,504,913	306,709
	30.1	<u>2,507,893</u>	<u>1,492,975</u>
Income from non-financial assets			
Scrap sales		323,181	189,075
Gain on disposal of operating fixed assets		1,378,749	11,044,363
Insurance claims		2,651,188	224,537
		<u>4,353,118</u>	<u>11,457,975</u>
		<u>6,861,011</u>	<u>12,950,950</u>

NOTES TO THE FINANCIAL STATEMENTS

30.1 Includes an amount of Rs. 0.710 million (2018: Rs. 0.186 million) earned from an Islamic bank.

31. FINANCE COSTS

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 ----- (Rupees) -----
Mark-up on:			
Long-term financing		40,000,972	16,738,152
Short-term running finance		32,331,565	10,394,699
Finance lease		645,254	-
	31.1	<u>72,977,791</u>	<u>27,132,851</u>
Bank guarantees commission		1,183,708	751,629
Bank charges		1,553,441	1,278,760
		<u>75,714,940</u>	<u>29,163,240</u>

31.1 Includes an amount of Rs. 5.03 million (2018: Rs. 1.00 million) paid to an Islamic bank.

32. OTHER CHARGES

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 ----- (Rupees) -----
Workers' Profit Participation Fund		17,329,116	20,359,624
Workers' Welfare Fund		7,773,010	7,736,657
Net exchange loss	32.1	<u>14,158,344</u>	<u>10,331,904</u>
		<u>39,260,470</u>	<u>38,428,185</u>

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

33. TAXATION

	30 June 2019 ----- (Rupees) -----	30 June 2018 ----- (Rupees) -----
Current	108,411,901	64,097,225
Prior	1,729,392	596,081
Deferred	<u>(15,562,585)</u>	<u>19,516,277</u>
	<u>94,578,708</u>	<u>84,209,583</u>

33.1 Relationship between accounting profit and tax expense

Profit before taxation	<u>321,480,182</u>	<u>379,096,196</u>
Tax @ 29% (2018: 30%)	93,229,253	113,728,859
Effects of previous year's tax charge	1,729,392	596,081
Effect of tax credit under section 65B	(1,139,275)	(30,167,957)
Others	759,338	52,600
Tax expense	<u>94,578,708</u>	<u>84,209,583</u>
Effective tax rate	<u>29.42%</u>	<u>22.21%</u>

NOTES TO THE FINANCIAL STATEMENTS

34. BASIC AND DILUTED EARNINGS PER SHARE	Note	30 June 2019	30 June 2018
		(Rupees)	
Net profit for the year		<u>226,901,474</u>	<u>294,886,613</u>
		(No. of shares)	
Weighted average number of ordinary shares in issue during the year		<u>18,872,413</u>	<u>18,872,413</u>
		(Rupees)	
Basic earnings per share	34.1	<u>12.02</u>	<u>15.63</u>

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

35. 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 moulding compound division produces aminoplast compound and melamine glazing powder.

	30 June 2019			30 June 2018		
	Resin division	Moulding Compound division	Total	Resin division	Moulding Compound division	Total
	(Rupees)			(Rupees)		
Turnover - net	<u>2,485,011,405</u>	<u>2,655,018,374</u>	<u>5,140,029,779</u>	2,156,921,980	1,701,395,888	3,858,317,868
Segment result	<u>241,598,336</u>	<u>320,536,715</u>	<u>562,135,051</u>	310,478,347	235,327,022	545,805,369
Unallocated expenses:						
Administrative expenses			(101,513,097)			(85,089,893)
Distribution costs			(31,027,373)			(26,978,805)
Other income			6,861,011			12,950,950
Finance costs			(75,714,940)			(29,163,240)
Other charges			(39,260,470)			(38,428,185)
Taxation			(94,578,708)			(84,209,583)
Net profit for the year			<u>226,901,474</u>			<u>294,886,613</u>
Segment assets	<u>976,593,454</u>	<u>1,107,816,623</u>	<u>2,084,410,077</u>	981,761,462	981,512,961	1,963,274,423
Unallocated assets			<u>276,262,220</u>			<u>311,867,664</u>
Total assets			<u>2,360,672,297</u>			<u>2,275,142,087</u>
Segment liabilities	<u>365,066,497</u>	<u>286,191,076</u>	<u>651,257,573</u>	363,460,303	336,348,479	699,808,782
Unallocated liabilities			<u>330,686,954</u>			<u>300,836,018</u>
Total liabilities			<u>981,944,527</u>			<u>1,000,644,800</u>
Capital expenditure	<u>9,902,798</u>	<u>35,202,865</u>	<u>45,105,663</u>	169,838,340	211,394,065	381,232,405
Unallocated capital expenditure			<u>13,664,850</u>			<u>503,903</u>
Total capital expenditure			<u>58,770,513</u>			<u>381,736,308</u>
Depreciation and amortisation	<u>55,781,978</u>	<u>62,482,869</u>	<u>118,264,847</u>	42,101,635	48,622,864	90,724,499
Unallocated depreciation and amortisation			<u>2,116,716</u>			<u>2,206,238</u>
Total depreciation and amortisation			<u>120,381,563</u>			<u>92,930,737</u>

NOTES TO THE FINANCIAL STATEMENTS

35.1 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.

- 35.2** 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.
- 35.3** Total sales of the Company are made to customers in Pakistan during the year ended 30 June 2019 and 2018. There were no sales among different operating segments of the Company.
- 35.4** There were no major customer of the Company which formed sale of 10% or more of the Company's revenue.
- 35.5** All non-current assets of the Company as at 30 June 2019 and 2018 are located in Pakistan.

36. 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:

36.1 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. 4.547 million (2018: Rs. 7.167 million). 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. 70.1 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. 3.5 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.

NOTES TO THE FINANCIAL STATEMENTS

36.2 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.

	30 June 2019	30 June 2018
	----- (Rupees) -----	
Quality of financial assets		
The analysis of trade debts is as follows:		
Neither past due nor impaired	563,243,121	442,536,166
Past due but not impaired		
61 to 90 days	213,891,342	206,153,841
91 to 120 days	102,394,334	63,146,954
121 days and above	49,529,872	16,249,342
	929,058,669	728,086,303
 Bank balances		
Ratings		
A1+	101,749,534	128,237,839
A1	-	147,915
	101,749,534	128,385,754

36.3 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:

NOTES TO THE FINANCIAL STATEMENTS

	Less than 3 months	3 to 12 months	1 to 5 years	Total
30 June 2019	----- (Rupees) -----			
Long-term financing	28,125,000	84,375,000	253,125,000	365,625,000
Trade and other payables	312,388,105	4,552,438	-	316,940,543
Accrued markup	10,421,323	-	-	10,421,323
Unclaimed dividend	5,259,703	-	-	5,259,703
Liabilities against assets subject to finance lease	767,427	2,302,283	5,844,617	8,914,327
Short-term running finances	274,783,631	-	-	274,783,631
	<u>631,745,189</u>	<u>91,229,721</u>	<u>258,969,617</u>	<u>981,944,527</u>
30 June 2018	----- (Rupees) -----			
Long-term financing	28,125,000	56,250,000	365,625,000	450,000,000
Trade and other payables	265,208,310	4,552,438	-	269,760,748
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>304,133,439</u>	<u>327,470,281</u>	<u>365,625,000</u>	<u>997,228,720</u>

37. 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.

38. 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.

NOTES TO THE FINANCIAL STATEMENTS

The gearing ratio as at 30 June 2019 and 30 June 2018 is as follows:

	Note	30 June 2019 ----- (Rupees) -----	30 June 2018 ----- (Rupees) -----
Long-term financing	20	365,625,000	450,000,000
Short-term running finance	24	274,783,631	266,667,843
Total debt		640,408,631	716,667,843
Issued, subscribed and paid-up capital	19	94,362,065	94,362,065
Revenue reserves		1,284,365,705	1,180,135,222
Equity		1,378,727,770	1,274,497,287
Total debt plus equity		2,019,136,401	1,991,165,130
Gearing ratio		31.72%	35.99%

39. 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 2019 ----- (Rupees) -----	30 June 2018 ----- (Rupees) -----
Provident Fund	Retirement benefits fund	Nil	Contribution to fund	8,883,294	7,893,842

39.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers all members of their executive management team, including the chief executive and directors, to be key management personnel.

40. 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:

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees) -----			----- (Rupees) -----		
Managerial remuneration	8,939,604	-	12,243,600	7,773,696	-	10,540,272
Bonus/ ex-gratia	4,227,723	-	3,407,187	3,178,680	-	2,864,247
Retirement and other benefits	2,033,508	-	2,856,311	706,728	-	2,710,325
House rent	3,655,632	-	5,001,384	3,128,108	-	4,304,556
	18,856,467	-	23,508,482	14,787,212	-	20,419,400
Number of persons	1	6	5	1	6	5

NOTES TO THE FINANCIAL STATEMENTS

- 40.1** In addition, the chief executive and certain executives are provided with free use of Company's maintained cars.
- 40.2** Directors' fee to non executive directors for attending the board meetings amounted to Rs.7.29 million (2018: Rs. 4.74 million)
- 40.3** No remuneration was paid to any of the directors other than the chief executive.

	2019		2018	
	Rated Capacity	Actual Production	Rated Capacity	Actual Production
	----- (M. tonnes) -----			
41. CAPACITY AND PRODUCTION				
Resin division				
Urea/ Melamine formaldehyde	77,000	39,034	77,000	46,338
Formaldehyde	109,000	70,570	109,000	64,799
	186,000	109,604	186,000	111,137
Moulding Compound division				
Aminoplast compound	18,000	20,799	18,000	16,958
Melamine Glazing Powder	2,000	1,268	2,000	457
	20,000	22,067	20,000	17,415

- 41.1** The reason for shortfall in actual production is low demand during the year.

42. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on 30th August, 2019 proposed final cash dividend of Rs.2.50 per share for the year ended 30 June 2019 amounting to Rs. 47.18 million for approval of the members at the Annual General Meeting to be held on 21st October, 2019.

The directors have also approved appropriation of Rs. 150 million (2018: Rs. 300 million) to general reserve. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statement for the year ended 30 June 2019 do not include the effect of these appropriations which will be accounted in the financial statement for the year ending 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2019 (Unaudited) ----- (Rupees) -----	30 June 2018 (Audited) -----
43. PROVIDENT FUND		
Size of the fund	<u>95,245,540</u>	<u>90,574,719</u>
Cost of investments made	<u>89,031,470</u>	<u>84,735,994</u>
Percentage of investment made	<u>93.48%</u>	<u>93.55%</u>
Fair value of investments made	<u>92,504,023</u>	<u>88,690,804</u>

	<u>30 June 2019</u>		<u>30 June 2018</u>	
	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	<u>87,895,999</u>	<u>92.28%</u>	<u>82,812,590</u>	<u>91.43%</u>
National Investment Trust Units	<u>2,980,576</u>	<u>3.13%</u>	<u>4,046,242</u>	<u>4.47%</u>
Cash at bank	<u>1,627,448</u>	<u>1.71%</u>	<u>1,831,972</u>	<u>2.02%</u>
	<u>92,504,023</u>	<u>97.12%</u>	<u>88,690,804</u>	<u>97.92%</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.

	30 June 2019	30 June 2018
44. NUMBER OF EMPLOYEES		
Total number of employees as at the reporting date	<u>225</u>	<u>225</u>
Average number of employees during the year	<u>225</u>	<u>224</u>

45. GENERAL

Figures have been rounded off to the nearest rupee.

46. DATE OF AUTHORISATION FOR ISSUE

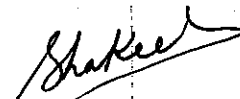
These financial statements were authorised for issue on August 30, 2019 by the Board of Directors of the Company.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2019

NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORYWISE NO. OF FOLIOS/CDC ACCOUNTS	CATEGORYWISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		1,527	5,537,925	29.34
2	INVESTMENT COMPANIES		1	2,200	0.01
3	JOINT STOCK COMPANIES		17	1,324,274	7.02
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		5	5,000	0.03
	Mr. Shabbir Abbas	1,000			
	Mr. Tayyeb Afzal	1,000			
	Ms. Anam Fatima Khan	1,000			
	Mr. Ameen Bandukda	1,000			
	Mr. Mohammad Aqeel Loon	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		7	313,643	1.66
	Financial Institutions	2,597			
	Insurance Companies	140,000			
	Modaraba	616			
	Pension Funds	170,430			
9	MUTUAL FUNDS		3	2,005,543	10.63
	Golden Arrow Selected Stocks Fund Limited	336,733			
	CDC - Trustee NBP Islamic Sarmaya Fund	21,500			
	CDC - Trustee National Investment (Unit) Trust	1,647,310			
10	FOREIGN INVESTORS		18	4,859,399	25.75
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		1,583	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.# 6	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	5.86
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

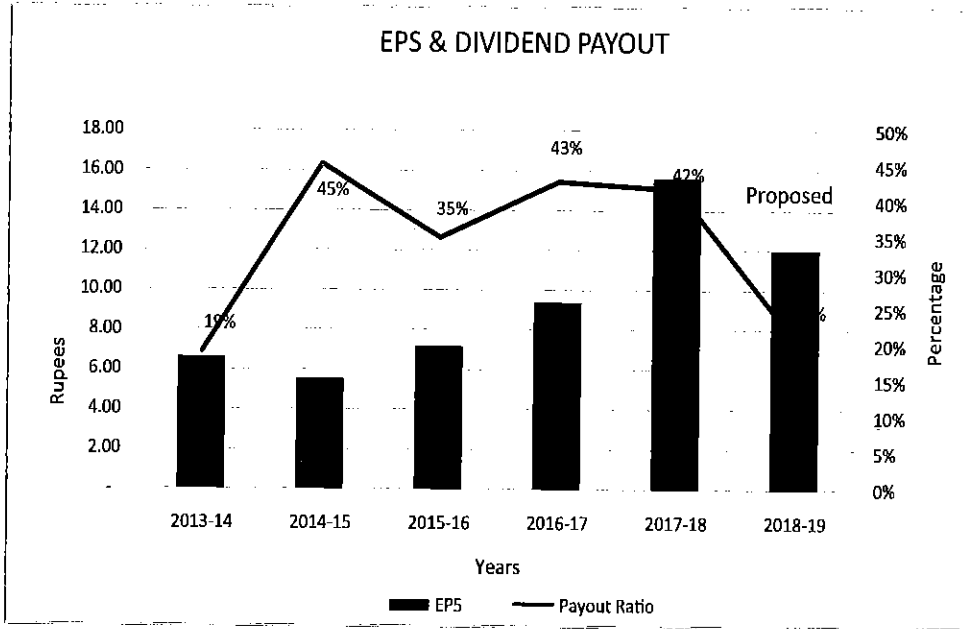
COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2019

Number of Shareholders	Share Holdings Rs.5/- each			Total Shares Held
603	1	----	100	17,650
395	101	----	500	122,881
201	501	----	1000	167,658
252	1001	----	5000	600,916
56	5001	----	10000	409,997
12	10001	----	15000	152,768
11	15001	----	20000	203,965
5	20001	----	25000	111,196
3	25001	----	30000	85,500
1	30001	----	35000	30,500
1	35001	----	40000	38,751
1	40001	----	45000	44,500
3	45001	----	50000	138,486
1	55001	----	60000	58,643
2	60001	----	65000	121,538
1	65001	----	70000	67,855
4	75001	----	80000	306,796
4	95001	----	100000	399,137
1	105001	----	110000	110,000
1	110001	----	115000	115,000
1	120001	----	125000	123,000
1	125001	----	130000	126,500
3	135001	----	140000	413,111
1	150001	----	155000	154,200
1	155001	----	160000	159,300
2	160001	----	165000	325,304
1	195001	----	200000	200,000
1	245001	----	250000	250,000
1	335001	----	340000	336,733
4	385001	----	390000	1,547,832
1	395001	----	400000	400,000
1	445001	----	450000	447,000
1	450001	----	455000	451,300
1	795001	----	800000	800,000
1	815001	----	820000	816,986
1	1105001	----	1110000	1,105,169
1	1545001	----	1550000	1,548,715
1	1645001	----	1650000	1,647,310
1	4715001	----	4720000	4,716,216
1,583				18,872,413

منافع منقسمہ اور مختص کردہ فنڈ

کمپنی نے 2013-14 سے لے کر اب تک مندرجہ ذیل نقد منافع منقسمہ دیے ہیں۔



رواں مالی سال کی کارکردگی کو دیکھتے ہوئے ڈائریکٹرز نے تجویز دی ہے کہ حتمی نقد منافع منقسمہ بحساب 2.50 روپے فی شیئر، یعنی 50% ادا کیا جائے۔ اس کے علاوہ ڈائریکٹرز نے 150 ملین روپے جزل ریزرو میں منتقل کرنے کا اعلان کیا ہے۔

محاسب کا تقرر

سبکدوش ہونے والی محاسب EY فورڈ رھوڈس، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بناء پر، آئندہ مالی سال کیلئے خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوائٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش کارکردگی کا مظاہرہ کیا ہے۔ اگلے سال کیلئے ڈائریکٹرز نے ان کو دوبارہ منتخب کرنے کی تجویز پیش کی 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۔

منجانب بورڈ آف ڈائریکٹرز

D. J. Khan

ڈونلڈ جیکسن

چیئرمین

Shiraz Abbas

شیر عباس

چیف ایگزیکٹو

ڈائریکٹرز کی رپورٹ

(ii) آڈٹ کمیٹی نے 14 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب محمد عقیل لون (چیئرمین)	2/4
۲۔	ڈاکٹر ڈونلڈ جینکن	4/4
۳۔	جناب طیب افضل	4/4
۴۔	محترمہ انم فاطمہ خان	1/1*

* محترمہ انم فاطمہ خان تین اجلاسوں کے بعد ممبر منتخب ہوئیں۔

(iii) ہیومن ریسورس کمیٹی نے 13 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب محمد عقیل لون (چیئرمین)	0/3
۲۔	ڈاکٹر ڈونلڈ جینکن	3/3
۳۔	جناب ساجد حسن	3/3
۴۔	محترمہ انم فاطمہ خان	0/1*

* محترمہ انم فاطمہ خان دو اجلاسوں کے بعد ممبر منتخب ہوئیں۔

ڈائریکٹرز ٹریڈنگ پروگرام:

تمام ڈائریکٹرز نے کوڈ آف کورپوریٹ گورننس کے تحت لازمی ڈائریکٹرز ٹریڈنگ پروگرام کر رکھا ہے۔

وینڈ فیس اور پرمٹ فیس کا معاملہ

وینڈ فیس اور پرمٹ فیس کیس کے معاملے میں سندھ ہائی کورٹ پہلے ہی کمپنی کے حق میں دو مرتبہ فیصلہ 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۔ کمپنی پڑ امید ہے کہ سپریم کورٹ مناسب وقت میں فیصلہ سنا دے گی۔

ڈائریکٹرز کی رپورٹ

کارپوریٹ گورننس کے ضوابط

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

- (۱) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے معاملات، آپریشنز کے نتائج، قومات کے بہاؤ 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 معیاری بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- (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 شبہ نہیں ہے تا آنکہ ویڈیو اینڈ 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 کسی دوسری جگہ 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 پھنچا دیا گیا ہے۔
- (۸) بورڈ آف ڈائریکٹرز نے وژن اور مشن اسٹیٹمنٹ کو اپنایا ہے۔
- (۹) ٹیکسوں اور محصولات کی معلومات کا وٹنس کے نوٹس میں موجود ہیں۔
- (۱۰) کمپنی کی پراویڈنٹ فنڈ اسکیم میں سرمایہ کاری کی رقم، غیر آڈٹ شدہ اکاؤنٹس برائے سال ختم 30 جون 2019 کے مطابق 92.50 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 17 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱-	ڈاکٹر ڈونلڈ جینکین (چیئرمین)	6/7
۲-	جناب شہیر عباس	7/7
۳-	جناب ساجد حسن	6/6
۴-	جناب محمد عقیل لون	3/7
۵-	جناب طیب افضل	7/7
۶-	سید علی اعظم نقوی	3/3
۷-	جناب امین محمد بندو قدا	7/7
۸-	محترمہ انعم فاطمہ خان	4/4
۹-	جناب عدنان آفریدی	1/1

صحت، تحفظ اور ماحولیات (HSE)

کمپنی کا HSE کی کارکردگی کو بہتر بنانے پر مرکز توجہ کا سلسلہ جاری ہے۔ دونوں فیکٹریوں 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 جینسن ویلج 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 82 مقامی کیونٹی کے بچے ہیں۔ اس کے علاوہ قبل از ٹیکس منافع کا 1% کمپنی کی جانب سے خیراتی ادارے کو دیا جاتا ہے۔

خطرات اور غیر یقینی صورتحال

کمپنی کا کاروبار عدم ادائیگیوں کی وجہ سے متاثر ہو سکتا ہے، جسکی وجہ کمزور معاشی صورت حال، حکومتی قوانین و ضوابط میں بڑی تبدیلیوں، غیر ملکی کرنسی کے نرخوں میں اتار چڑھاؤ، KIBOR کے نرخ میں اضافہ، نئے مسابقتی اداروں کی آمد اور صارف کا اپنی پیداوار خود بنانا، محاصل کے طریقہ کار میں تبدیلی اور سیکورٹی کی صورت حال میں بگاڑ ہے۔

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 وراثتی غدشہ 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 رپورٹنگ کنٹرولز 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 کنٹرولز کا موجودہ نظام موزوں و مناسب ہے 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۔

مالیاتی کارکردگی

کمپنی کے سال 2018-19 کے مالیاتی نتائج مختصر طور پر درج ذیل ہیں:

-----('000' روپے)-----

2017-18	2018-19	
3,858,318	5,140,030	فروخت سے آمدنی
687,675	698,876	مجموعی منافع
379,096	321,480	منافع قبل از ٹیکس
294,887	226,901	منافع بعد از ٹیکس
15.63	12.02	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 1,282 ملین روپے کی رقم جمع کرائی ہے (2017-18 میں 1,028 ملین روپے)

مستقبل پر ایک نظر

معاشی سست روی اور قانونی تقاضوں کا نفاذ فروخت کے اہداف کے حصول میں اثر انداز ہو سکتا 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۔

ڈائریکٹرز کا انتخاب

بورڈ آف ڈائریکٹرز کے ممبران کی مدت ختم ہونے کے بعد مندرجہ ذیل افراد 29 جون 2019 سے تین سال کیلئے ڈائریکٹر منتخب ہو گئے ہیں۔

ڈاکٹر ڈونلڈ چینکن

جناب شہیر عباس

جناب طیب افضل

جناب امین محمد بندو قدا

جناب محمد عقیل لون

جناب عدنان آفریدی

محترمہ انعم فاطمہ خان

آپ کی کمپنی کے ڈائریکٹرز ہمسرت کمپنی کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مالی سال ختمہ 30 جون 2019 پیش کرتے ہیں۔

معاشی صورت حال

پاکستان کی معیشت میں مجموعی اندرون ملکی پیداوار (GDP) کی شرح نمو جو 2017-18 میں 5.79% تھی 2018-19 میں تیزی سے گھٹ کر 3.30% ہو گئی۔ توانائی کی قیمتوں میں اضافہ اور رواں سیاسی اور معاشی مسائل پاکستان کی ترقی اور بیرونی سرمایہ کاری میں اہم رکاوٹیں ہیں۔ امید ہے کہ حکومت میں حالیہ تبدیلی ان مسائل کو حل کرے گی۔

کمپنی کے عملیات

معاشی سال 2018-19 میں فروخت سے آمدن 5,140.03 ملین روپے بمقابلہ گزشتہ مالی سال کے 3,858.32 ملین روپے رہی اور قبل از ٹیکس منافع 321.48 ملین روپے گزشتہ مالی سال کے مقابلے میں 379.10 ملین روپے رہا۔ منافع میں گراؤٹ کی بنیادی وجہ معاشی عدم استحکام، کرنسی کی قدر میں کمی اور شرح سود میں اضافہ ہے۔

ریزن قسم

مالی سال 2018-19 میں ریزن قسم کی مجموعی بکری 2,485.01 ملین روپے بمقابلہ گزشتہ مالی سال کے 2,156.92 ملین روپے کے رہی، جو 15.21% کے اضافہ کو ظاہر کرتی ہے۔ ریزن قسم کے شعبہ جاتی نتائج 241.60 ملین روپے بمقابلہ گزشتہ مالی سال کے 310.48 ملین روپے کے رہے۔

مولڈنگ مرکب قسم

مالی سال 2018-19 میں مولڈنگ مرکب قسم کی بکری 2,655.02 ملین روپے بمقابلہ 1,701.39 ملین روپے گزشتہ مالی سال کے رہی جو کہ 56.05% کے اضافہ کو ظاہر کرتا ہے۔ شعبہ جاتی نتیجہ 320.54 ملین روپے بمقابلہ گزشتہ مالی سال کے 235.33 ملین روپے رہا۔

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 ۱۰ سال کے دوران کمپنی کے نتائج بورڈ اور اس کی انتظامیہ کی کارکردگی کا عکاس ہیں۔ میں اپنے ساتھی ڈائریکٹرز کا خود پران کے اعتماد کیلئے شکر گزار ہوں جو وہ بطور چیرمین مجھ پر کرتے ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے فراہم کردہ ہدایات اور رہنمائی کا بذریعہ ہذا بھرپور اعتراف کرتا ہوں۔ شکر یہ ادا کرنے کے ساتھ میں اس جائزہ رپورٹ کا اختتام کرتا ہوں۔

ڈونلڈ چینکن

چیرمین

مورخہ: ۳۰ اگست ۲۰۱۹ء

کہ کمپنی آپریشنز کے تمام پہلوؤں کا مالیاتی انتظام شفاف، ایماندارانہ اور مربوط انداز میں انجام دیا جائے۔ میں محسوس کرتا ہوں کہ پی ڈبلیو سی کے لئے انٹرنل آڈٹ کے امور کی آؤٹ سورسنگ، بزنس کے مالیاتی انتظام میں مزید استحکام کا باعث ہوگی۔

خطرات سے نمٹنے کا انتظام

بورڈ کاروباری 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 تاکہ کاروبار کے تسلسل کو یقینی بنایا جاسکے۔ دو ایسے پروڈیکٹس جن میں ڈائریکٹرز موجودہ طور پر فعال ہیں سکسیشن پلاننگ تاکہ سہل اور ہموار ٹرانزیشن کو اس وقت یقینی بنایا جائے جب کلیدی افراد کمپنی کو چھوڑ کر جارہے ہوں اور انٹرنل یا ایکسٹرنل سورسز کی جانب سے آئی ٹی کے معاملات میں غیر قانونی مداخلت کا اندیشہ ہو۔ گزشتہ سال کے دوران آئی ٹی سسٹمز کو اپ گریڈ کیا گیا اور رسائی کے نئے پروٹوکول وضع کئے گئے۔ مجھے یقین ہے کہ کمپنی کا پروپرائٹری اب پہلے سے زیادہ محفوظ ہو چکا ہے اور اسے کسی بھی سا بھرم سے مزید تحفظ ملا ہے۔

نگرانی کا کردار

آڈٹ کمیٹی اور بورڈ نے ایک پروگرام پر عملدرآمد کا آغاز کیا ہے جس کے ذریعے کمپنی کی بیشتر پالیسیوں اور طریقہ کاران 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۔

معاونتی 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 معاونتی خدمات حاصل کی جائیں جو کہ بورڈ کے اور کی استعداد کار سے بڑھ کر ہوں اور انتظامیہ ایک ایکسٹرنل کنسلٹنٹ کے استعمال کے ذریعے کمپنی کے آئی ٹی سسٹمز کا جائزہ لینے کیلئے بطور نگران کام کرتی ہے اور مشاورت فراہم کرتی ہے کہ ہمارے ڈیٹا کو بہتر تحفظ کیسے دیا جاسکتا ہے۔

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

بورڈ کا اسٹرکچر

بورڈ ڈائریکٹرز کے ساتھ قانونی، ٹیکنیکی اور مینوفیکچرنگ مہارت کے تحت مالیاتی انتظام کے ذریعے مستحکم پس منظر کا حامل ہے۔ سال کے دوران سید علی اظفر نقوی نے استعفیٰ دیا اور ان کی جگہ محترمہ انعم فاطمہ خان نے سنبھالی۔ جناب ساجد حسن دوبارہ انتخاب کے خواہشمند نہیں اور آنے والے ڈائریکٹر جناب عدنان آفریدی ہیں۔

میں سید علی اظفر نقوی اور جناب ساجد حسن کا ان کی قابل قدر خدمات پر شکریہ ادا کرتا ہوں اور میں اپنے بورڈ میں شامل ہونے والے دو نئے ڈائریکٹرز کا خیر مقدم کرتا ہوں۔

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 میں بہتری کے سلسلے کی غرض سے ایک نئی حکمت عملی تیار کی گئی ہے۔ موجودہ سائٹ سے متصل مزید اراضی گدون میں حاصل کی گئی ہے۔ سائٹ اب ترقی کے مراحل میں ہے اور اسے کمپنی کی مینوفیکچرنگ بنیاد میں توسیع دینے کیلئے اس وقت استعمال کیا جائے گا جب معیشت اور مارکیٹ کی صورت حال مناسب ہوگی۔

مالیاتی رپورٹنگ کا طریقہ کار، انٹرنل آڈٹ اور انٹرنل کنٹرولز

بورڈ مستحکم طور پر فنانس، بینکنگ اور بزنس مینجمنٹ کے حامل ڈائریکٹرز پر مشتمل ہے۔ تمام سسٹمز اس امر کو یقینی بناتے ہیں