

dynea

**DYNEA PAKISTAN LIMITED**

Condensed Interim Financial Statements

For the First Quarter Ended 30 September 2018  
(UN-AUDITED)

# **DYNEA PAKISTAN LIMITED**

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# DYNEA PAKISTAN LIMITED

## COMPANY INFORMATION

### Board of Directors :

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

### Audit Committee :

Mr. Aqeel Loon *Chairman*  
Dr. Donald Jenkin *Member*  
Mr. Tayyeb Afzal *Member*

### Human Resource and Remuneration Committee:

Mr. Aqeel Loon *Chairman*  
Dr. Donald Jenkin *Member*  
Mr. Sajid Hassan *Member*

### Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

### Company Secretary :

Mr. Adnan Husseini

### Head of Internal Audit:

Mr. Mujtaba Hassan Ghanchi

### Bankers :

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

### Auditors :

M/s. EY Ford Rhodes  
*Chartered Accountants*

### Legal Advisors :

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

### Share Registrar :

FAMCO Associates (Pvt) Ltd  
Management Consultants & Share Registrars  
8-F, Next to Hotel Faran Nursery, Block - 6, P.E.C.H.S  
Shahra-e-Faisal, Karachi.  
Ph: (92-21) 34380101-5, 34384621-3 (Ext. 103) Fax: (92-21) 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, Road-3, Industrial Estate,  
Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.  
Ph: (92-938) 270150 - 52 Fax: (92-938) 270246

# DYNEA PAKISTAN LIMITED

## DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

The Directors of your Company are pleased to present this report along with the unaudited financial results for the first quarter of the current financial year, ended September 30, 2018.

During the period ended September 30, 2018, the Company earned a profit before tax of Rs.39.70 million and an after tax profit of Rs.27.97 million compared to the profit before tax of Rs.88.55 million and the after tax profit of Rs.62.07 million during the corresponding period last year. The decline in profit is due to increases in the costs of imported raw materials which could not be fully passed on to our customers. The basic and diluted earnings per share decreased from Rs.3.29 to Rs.1.48.

### Resin Division

The Resin Division generated the sales revenue of Rs.549.24 million compared to Rs.364.81 million achieved during the same period last year, showing an increase of 50.55%, in part due to increased sales volume and partly due to price increases necessitated by increasing raw material costs. The Resin Division result was Rs.31.70 million compared to Rs.59.02 million for the corresponding period of the previous financial year.

### Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs.513.70 million compared to Rs.332.36 million achieved during the same period last year, showing an increase of 54.56%. As for the Resin Division, the increase in revenue was a consequence of increased sales volumes and increased costs of raw materials passed on to customers. The Moulding Compound Division result was Rs.51.07 million compared to Rs.63.19 million for the corresponding period of the previous financial year.

### Future Outlook

In spite of strong competition from existing and new players, our resin and moulding compound sales outlook continues to be healthy. The ongoing devaluation of the Pak rupee is a cause of concern because, as already mentioned, the Company is very dependent on imported raw materials. However, the Company's management is well equipped to face the challenges in the market and it shall continue to make every effort possible to achieve the Company's business objectives.

### Vend Fee and Permit Fee Case

The Sindh High Court has already twice given decisions 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 Company expects the Supreme Court to confirm the previous decisions.

### Acknowledgement

In conclusion, as Directors of the Company, we would like to thank the Almighty Allah for all His blessings in these challenging times and to convey our appreciation to shareholders, customers, financial institutions and other stakeholders for their continued support and the confidence that they have shown in the Company. We also wish to recognise the efforts of our management team and workers who continue to strive to achieve better results.

On behalf of the Board



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman

Karachi: October 23, 2018

## ڈائمیٹیا پاکستان لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے شمیر ہولڈرز  
30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لئے

آپ کی کمپنی کے ڈائریکٹرز ہمسرت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی پہلی سہ ماہی 30 ستمبر 2018 پیش کرتے ہیں۔ اس سہ ماہی میں قبل ازگیس منافع 39.70 ملین روپے اور بعد ازگیس منافع 27.97 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قبل ازگیس منافع 88.55 ملین روپے اور بعد ازگیس منافع 62.07 ملین روپے باآزیتیب رہا تھا۔ منافع میں کمی درآمدی خام مال کی لاگت میں اضافہ کی وجہ سے ہے جس کو مکمل طور پر گاہکوں کو منتقل نہیں کیا جا سکا۔ فی حصہ (شینئر) آمدن 3.29 روپے سے گھٹ کر 1.48 روپے ہوئی۔

ریڑن قسمت

ریڑن قسمت کی کل بکری (ٹرن اوور) 549.24 ملین روپے رہی جب کہ گزشتہ سال اسی عرصہ میں اس کی مقدار 364.81 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں 50.55% زیادہ ہے اس کی کچھ وجہ بکری کی مقدار میں اضافہ اور بڑی قیمت میں اضافہ ہے جو خام مال کی قیمت میں اضافہ کی وجہ سے ضروری تھا۔ ریڑن قسمت کا شعبہ جاتی نتیجہ 31.70 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہ 59.02 ملین روپے تھا۔

مولڈنگ کمپاؤنڈ قسمت

مولڈنگ کمپاؤنڈ قسمت کی کل بکری (ٹرن اوور) 513.70 ملین روپے رہی جب کہ گزشتہ سال اسی عرصہ میں اس کی مقدار 332.36 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں 54.56% زیادہ ہے ریڑن قسمت کی طرح، آمدنی میں اضافہ کی وجہ بکری کی مقدار اور خام مال کی قیمتوں میں اضافہ ہے جو کہ خریداروں کو منتقل کیا گیا ہے۔ مولڈنگ کمپاؤنڈ قسمت کا شعبہ جاتی نتیجہ 51.07 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہ 63.19 ملین روپے تھا۔

مستقبل پر ایک نظر

موجودہ اور نئے کارخانے داروں کی طرف سے شدید مسابقت کے باوجود بکری کی صورتحال ریڑن اور مولڈنگ مرکب کیلئے منطوق اور توانا نظر آتی ہے۔ روپے کی قدر میں تیزی سے گراؤ ایک اہم مسئلہ ہے کیونکہ جیسا کہ پہلے بیان کیا گیا ہے، کمپنی کی پیداوار کا انحصار درآمدی خام مال پر ہے۔ تاہم کمپنی کی انتظامیہ مٹی میں اس چیلنج سے نمبر آنا ہونے کیلئے پوری طرح تیار ہے اور کمپنی کے کاروباری مقاصد کے حصول کے لئے ہر طرح کی کوشش جاری رکھے گی۔

ویڈیو اور پرمٹ فی کیس

سندھ ہائی کورٹ اس مقدمہ میں پہلے ہی دو موافق فیصلوں کا اعلان کمپنی کے حق میں کر چکا ہے۔ سندھ حکومت کی اپیل کی وجہ سے مقدمہ محض پریم کورٹ آف پاکستان میں زیر سماعت ہے۔ کیس کی قانونی مضبوطی اور سندھ ہائی کورٹ کے پہلے دو موافق فیصلوں کی بدولت انتظامیہ پر اعتماد ہے کہ پریم کورٹ، سندھ ہائی کورٹ کے پہلے دیئے گئے فیصلوں کی توثیق کرے گا۔

اعتراف

آخر میں ہم ڈائریکٹرز اللہ تعالیٰ کی اس مشکل وقت میں انکی تمام مہربانیوں پر شکریہ ادا کرتے ہیں اور اپنے حصص یافتگان، گاہکوں، مالیاتی اداروں اور دیگر اسٹیک ہولڈرز کی مسلسل معاونت اور کمپنی پر ان کے اعتماد کے لئے ہدیہ حسین پیش کرتے ہیں۔ ہم اپنی ہنتم ٹیم کے ارکان اور کارکنوں کی کوششوں کے معترف ہیں جو بہتر نتائج کیلئے



ڈاکٹر ڈونلڈ جینٹین  
چیئرمین

بورڈ آف ڈائریکٹرز کی جانب سے



شمیر عباس  
چیف ایگزیکٹو

کراچی 23 اکتوبر 2018

**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2018**

		30 September 2018	30 June 2018
		(Un-audited)	(Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	517,567	541,303
Intangible assets		751	847
Long-term loans		207	139
Long-term deposits		6,725	6,725
Deferred taxation - net		4,280	-
		<u>529,530</u>	<u>549,014</u>
<b>CURRENT ASSETS</b>			
Stores and spares		21,249	21,299
Stock-in-trade	5	708,904	699,511
Trade debts	6	733,750	728,086
Loans and advances		67,912	14,167
Deposits and prepayments		6,511	5,977
Other receivables		-	4,598
Taxation - net		161,425	124,078
Cash and bank balances		77,230	128,412
		<u>1,776,981</u>	<u>1,726,128</u>
		<u>2,306,511</u>	<u>2,275,142</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
40,000,000 (June 30, 2018: 40,000,000) ordinary shares of Rs.5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital		94,362	94,362
Revenue reserves		1,208,107	1,180,135
		<u>1,302,469</u>	<u>1,274,497</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	7	337,500	365,625
Deferred taxation - net		-	3,416
		<u>337,500</u>	<u>369,041</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		273,855	269,761
Unclaimed dividend		3,651	3,692
Accrued mark-up		7,974	7,108
Short-term running finance	8	268,562	266,668
Current portion of long term financing	7	112,500	84,375
		<u>666,542</u>	<u>631,604</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
		<u>2,306,511</u>	<u>2,275,142</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 23, 2018

# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED 30 SEPTEMBER 2018 (UN-AUDITED)

	30 September 2018	30 September 2017
	----- (Rupees in '000) -----	
Turnover - net	1,062,932	697,167
Cost of sales	<u>(940,935)</u>	<u>(554,116)</u>
<b>Gross profit</b>	<b>121,997</b>	<b>143,051</b>
Distribution costs	<u>(46,327)</u>	<u>(27,237)</u>
Administrative expenses	<u>(22,002)</u>	<u>(19,975)</u>
	<b>(68,329)</b>	<b>(47,212)</b>
Other income	<u>3,004</u>	<u>787</u>
<b>Operating profit</b>	<b>56,672</b>	<b>96,626</b>
Finance costs	<u>(13,449)</u>	<u>(597)</u>
Other charges	<u>(3,525)</u>	<u>(7,479)</u>
	<b>(16,974)</b>	<b>(8,076)</b>
<b>Profit before taxation</b>	<b>39,698</b>	<b>88,550</b>
<b>Taxation</b>		
- current	<u>(19,423)</u>	<u>(27,240)</u>
- deferred	<u>7,697</u>	<u>756</u>
	<b>(11,726)</b>	<b>(26,484)</b>
<b>Net profit for the period</b>	<b><u>27,972</u></b>	<b><u>62,066</u></b>
Basic and diluted earnings per share	<u>1.48</u>	<u>3.29</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 23, 2018

**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**  
**(UN-AUDITED)**

	30 September 2018	30 September 2017
	----- (Rupees in '000) -----	
Net profit for the period	27,972	62,066
Other comprehensive income	-	-
Total comprehensive income for the period	<u>27,972</u>	<u>62,066</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 23, 2018

# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2018 (UN-AUDITED)

	30 September 2018	30 September 2017
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	39,698	88,550
Adjustments for non-cash and other items		
Depreciation and amortisation	29,145	13,518
Provision for/ (reversal of) doubtful debts	12,624	(4,339)
Finance costs	13,449	597
Gain on disposal of operating fixed assets	-	(312)
	<u>55,218</u>	<u>9,464</u>
<b>(Increase) / decrease in current assets</b>	94,916	98,014
Stores and spares	50	401
Stock-in-trade	(9,393)	(169,241)
Trade debts	(18,288)	15,213
Loans and advances	(53,745)	(9,904)
Deposits and prepayments	(534)	(2,628)
Other receivables	3,752	1,054
<b>Increase in current liabilities</b>	(78,158)	(165,105)
Trade and other payables	4,094	24,744
	<u>20,852</u>	<u>(42,347)</u>
Finance cost (paid)/ unpaid	(12,583)	1,040
Income tax paid	(56,770)	(39,767)
Long-term loans and deposits - net	(68)	(6)
Net cash used in operating activities	<u>(48,569)</u>	<u>(81,080)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(5,312)	(269,682)
Proceeds from disposal of operating fixed assets	846	312
Net cash used in investing activities	<u>(4,466)</u>	<u>(269,370)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	-	250,000
Dividends paid	(41)	-
Net cash (used in)/ generated from financing activities	<u>(41)</u>	<u>250,000</u>
<b>Net decrease in cash and cash equivalents</b>	(53,076)	(100,450)
Cash and cash equivalent at the beginning of period	(138,256)	141,832
Cash and cash equivalents at the end of period	<u>(191,332)</u>	<u>41,382</u>
<b>CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	77,230	87,643
Short-term running finance	(268,562)	(46,261)
	<u>(191,332)</u>	<u>41,382</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 23, 2018

**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

Issued, subscribed and paid-up capital	Revenue reserves			Total
	General reserve	Unappropriated profit	Total	

(Rupees in '000')

Balance as at 30 June 2017	94,362	691,000	269,738	960,738	1,055,100
Net profit for the period	-	-	62,066	62,066	62,066
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	62,066	62,066	62,066
Balance as at 30 September 2017	<b>94,362</b>	<b>691,000</b>	<b>331,804</b>	<b>1,022,804</b>	<b>1,117,166</b>
Balance as at 30 June 2018	94,362	691,000	489,135	1,180,135	1,274,497
Transfer to general reserve		300,000	(300,000)	-	-
Net profit for the period	-	-	27,972	27,972	27,972
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	27,972	27,972	27,972
Balance as at 30 September 2018	<b>94,362</b>	<b>991,000</b>	<b>217,107</b>	<b>1,208,107</b>	<b>1,302,469</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 23, 2018

# DYNEA PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018 (UN-AUDITED)

### 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 compounds. 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. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 (the "Act") differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended June 30, 2018. The Company has adopted certain amended International Financial Reporting Standards (IFRS) which became effective during the period and reported in note 2.3 to the audited financial statements for the year ended June 30, 2018. The adoption of such amended IFRS did not have any material effect on these condensed interim financial statements.

		30 September 2018	30 June 2018
	Note	----- (Rupees in '000) ----- (Un-audited)	(Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	500,673	529,264
Capital work-in-progress	4.2	16,894	12,039
		<u>517,567</u>	<u>541,303</u>

<b>4.1</b>	Includes following additions during the period:	<b>30 September 2018</b>	<b>30 September 2017</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
		<b>(Un-audited)</b>	
	<b>Additions - at cost</b>		
	Building on leasehold land	-	3,060
	Plant and machinery	-	3,748
	Office equipments	57	572
	Computer and accessories	400	267
	Vehicles	-	175
		<u>457</u>	<u>7,822</u>
		<b>30 September 2018</b>	<b>30 June 2018</b>
		<b>----- (Rupees in '000) -----</b>	
		<b>(Un-audited)</b>	<b>(Audited)</b>
<b>4.2</b>	<b>Capital work-in-progress</b>		
	Plant and machinery	13,894	9,039
	Advance given for capital expenditure	<u>3,000</u>	<u>3,000</u>
	4.2.1	<u>16,894</u>	<u>12,039</u>
<b>4.2.1</b>	<b>Movement in capital work-in-progress is as follows:</b>		
	Balance at beginning of the period	12,039	65,332
	Additions during the period	4,855	377,356
	Transfers to operating fixed assets	-	(430,649)
	Balance at end of the period	<u>16,894</u>	<u>12,039</u>
<b>5.</b>	<b>STOCK-IN-TRADE</b>		
	Raw material:		
	In hand	478,952	484,317
	In bonded warehouse	8,039	-
	In transit	<u>109,942</u>	<u>137,327</u>
		596,933	621,644
	Packing material	6,760	6,869
	Finished goods	<u>105,211</u>	<u>70,998</u>
		<u>708,904</u>	<u>699,511</u>
<b>6.</b>	<b>TRADE DEBTS - unsecured</b>		
	Considered good	733,750	728,086
	Considered doubtful	<u>89,189</u>	<u>76,565</u>
		822,939	804,651
	Provision for doubtful debts	<u>(89,189)</u>	<u>(76,565)</u>
		<u>733,750</u>	<u>728,086</u>

	<b>30 September 2018</b>	<b>30 June 2018</b>
	----- (Rupees in '000) -----	
	<u>(Un-audited)</u>	<u>(Audited)</u>
<b>6.1 Movement of provision for doubtful debts:</b>		
Balance at beginning of the period	76,565	62,898
Charge during the period	<u>12,624</u>	<u>13,667</u>
Balance at end of the period	<u><u>89,189</u></u>	<u><u>76,565</u></u>
<b>7. LONG-TERM FINANCING - secured</b>		
Long-term financing	450,000	450,000
Current portion of long-term financing	<u>(112,500)</u>	<u>(84,375)</u>
	<u><u>337,500</u></u>	<u><u>365,625</u></u>

**7.1** Represents utilized portion of long-term finance facility obtained from a commercial bank amounting to Rs. 500 million (June 30, 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 commencing from November 2018 and is secured against equitable mortgage and hypothecation of the Company's operating fixed assets.

**8. SHORT-TERM RUNNING FINANCE - secured**

Represents utilized portion of running finance facilities obtained from various commercial banks amounting to Rs. 500 million (June 30, 2018: Rs. 500 million). These facilities are secured by joint / first pari passu hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these facilities ranges from one month KIBOR+0.75% to six months' KIBOR+0.50% (June 30, 2018: one month KIBOR+0.50% to three months' KIBOR+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 (June 30, 2018:100 million) remained unutilized at the reporting date.

**9. CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

**9.1.1** The Company is exposed to pay vend and permit fee amounting to Rs. 1,490.82 million (June 30, 2018: Rs. 1,460.12 million) on methanol consumed since July, 1990. Based on the legal advice, the Company is expecting favourable decision from the Honourable Supreme Court of Pakistan and accordingly no provision for any liability has been made.

		30 September 2018	30 June 2018
	Note	----- (Rupees in '000) ----- (Un-audited)	(Audited)
9.1.2	Outstanding bank guarantees	<u>13,084</u>	<u>13,084</u>
<b>9.2</b>	<b>Commitments</b>		
9.2.1	Outstanding letter of credits	<u>635,404</u>	<u>364,132</u>
9.2.2	Postdated cheques issued in favour of collector of customs	<u>45,620</u>	<u>-</u>
9.2.3	Commitment for capital expenditure	<u>27,747</u>	<u>28,061</u>
9.2.4	Commitment for rental under Ijarah finance agreement		
	Within one year	<u>1,734</u>	<u>2,182</u>
	After one year but not more than five years	<u>983</u>	<u>1,336</u>
	9.2.4.1	<u>2,717</u>	<u>3,518</u>

**9.2.4.1** Represent Ijarah finance facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payments due under the agreement is Rs 2.717 million (June 30, 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.

#### 10. 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 moulding compounds.

	30 September 2018			30 September 2017		
	Moulding			Moulding		
	Resin division	compound division	Total	Resin division	compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	549,238	513,695	1,062,933	364,812	332,355	697,167
Segment result	31,695	51,069	82,764	59,015	63,192	122,207
<b>Unallocated expenses:</b>						
Administrative expenses			(22,002)			(19,975)
Distribution costs			(7,094)			(6,393)
Other income			3,004			787
Finance costs			(13,449)			(597)
Other charges			(3,525)			(7,479)
Taxation			(11,726)			(26,484)
Net profit for the period			27,972			62,066
Capital expenditure	4,912	38	4,950	130,191	139,208	269,399
Unallocated capital expenditure			362			283
<b>Total capital expenditure</b>			5,312			269,682
Depreciation and amortisation	13,587	15,185	28,772	6,177	6,576	12,753
Unallocated depreciation and amortisation			373			765
<b>Total depreciation and amortisation</b>			29,145			13,518

	30 September 2018			30 June 2018		
	Moulding			Moulding		
	Resin division	compound division	Total	Resin division	compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Segment assets	898,204	1,059,095	1,957,298	981,761	981,513	1,963,274
Unallocated assets			349,213			311,868
<b>Total assets</b>			2,306,511			2,275,142
Segment liabilities	351,186	323,361	674,547	363,460	336,348	699,808
Unallocated liabilities			329,495			300,837
<b>Total liabilities</b>			1,004,042			1,000,645

## 11. 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 period are as follows:

Name of related party	Relationship	% of shareholding	Nature of transaction	30 September 2018	30 September 2017
				----- (Rupees in '000) -----	
				(Un-audited)	
Remuneration	Key management personnel	0.005%	Remuneration	10,408	9,320
Directors		0.03%	Director fee	1,125	250
Provident Fund		Nil	Contribution to fund	2,200	1,989

**12. CORRESPONDING FIGURES**

Corresponding figures has been rearranged and reclassified for the purpose of better presentation and comparison.

**13. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 23, 2018 by the Board of Directors of the Company.

**14. GENERAL**

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



SHABBIR ABBAS  
Chief Executive



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 23, 2018

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