

dynea

DYNEA PAKISTAN LIMITED

Condensed Interim Financial Statements
for the Nine Months ended March 31, 2022
(Un-Audited)

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Board of Directors :

Dr. Donald Jenkin	<i>Chairman</i>
Mr. Shabbir Abbas	<i>Chief Executive Officer</i>
Mr. Ameen Mohammad Bandukda	
Ms. Anam Fatima Khan	
Mr. Adnan Afridi	
Mr. Andalib Alavi	
Mr. Tariq Ahmed	

Audit Committee :

Mr. Adnan Afridi	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Andalib Alavi	<i>Member</i>

Human Resource and Remuneration Committee :

Mr. Andalib Alavi	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Ameen Mohammad Bandukda	<i>Member</i>
Ms. Anam Fatima Khan	<i>Member</i>

Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

Company Secretary :

Mr. Saqib Naim

Head of Internal Audit :

Mr. Mujtaba Hassan Ghanchi

Bankers :

M/s. Habib Bank Limited
M/s. National Bank of Pakistan
M/s. Habib Metropolitan Bank Limited
M/s. Allied Bank Limited
M/s. MCB Bank Limited
M/s. Bank Al-Falah Limited
M/s. Standard Chartered Bank (Pakistan) Limited
M/s. Meezan Bank 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. Zahid & Tariq Advocates

Share Registrar :

FAMCO Associates (Pvt) Limited
Management Consultants & Share Registrars
8-F, Next to Hotel Faran, Nursery, Block-6,
P.E.C.H.S., Shahrah-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, Balochistan.
Ph: (92-853) 363706 - 09
Fax: (92-853) 363907

2) Gadoon Unit
34-A, 34-B, 35, 38-A and 88, Road-3,
Industrial Estate, Gadoon Amazai,
District Swabi, Khyber Pakhtunkhwa.
Ph: (92-938) 270150 - 52
Fax: (92-938) 270246

**DIRECTORS' REPORT
FOR THE NINE MONTHS ENDED
MARCH 31, 2022**

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The Directors of your Company are pleased to present this report along with the unaudited financial results for the third quarter and nine months ended March 31, 2022.

During the nine months ended March 31, 2022, the Company earned a profit before tax of Rs. 962.09 million and an after tax profit of Rs.689.79 million compared to the profit before tax of Rs.1,100.75 million and after tax profit of Rs.784.10 million during the corresponding period last year. The basic and diluted earnings per share decreased from Rs.41.55 to Rs.36.55.

Resin Division

The Resin Division generated sales revenue of Rs. 3,321.34 million compared to Rs.1,944.21 million achieved during the same period last year, showing an increase of 70.83%. The Resin Division result was Rs.486.81 million compared to Rs.350.12 million for the corresponding period of the last financial year.

Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs.3,936.15 million compared to Rs. 3,234.55 million achieved during the same period last year, showing an increase of 21.70%. The Moulding Compound Division result was Rs.735.01 million compared to Rs.944.72 million for the corresponding period of the last financial year.

Future Outlook

Market Conditions:

The costs of many imported raw materials have increased significantly due to rise in international prices, devaluation of rupee and increase in freight costs. The company is monitoring the situation and shall take counter measures to retain its profitability.

Acknowledgement

The Directors of the Company would like to thank the Almighty Allah for all His blessings in these challenging times. We wish to convey our appreciation to our shareholders, customers, financial institutions and other stakeholders for their continued support and the confidence that they have shown in the Company.

On behalf of the Board



Shabbir Abbas
Chief Executive Officer

Karachi: April 27, 2022



Anam Fatima Khan
Director

آپ کی کمپنی کے ڈائریکٹرز ہمسرت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی تیسری سہ ماہی نو ماہی 31 مارچ 2022 پیش کرتے ہیں۔
31 مارچ 2022 کو ختم ہونے والی نو ماہی میں قبل از ٹیکس منافع 962.09 ملین روپے اور بعد از ٹیکس منافع 689.79 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس
منافع 1,100.75 ملین روپے اور بعد از ٹیکس منافع 784.10 ملین روپے با تزیب رہا تھا۔ فی حصہ (شیئر) آمدن 41.55 روپے سے کم ہو کر 36.55 روپے ہو گئی۔

ریزن قسمت

ریزن قسمت کی کل بکری (ٹرن اوور) 3,321.34 ملین روپے رہی جب کہ گزشتہ سال اسی عرصے میں اس کی مقدار 1,944.21 ملین روپے رہی تھی جو کہ پچھلے سال کے
مقابلے میں %70.83 زیادہ ہے۔ ریزن قسمت کا شعبہ جاتی نتیجہ 486.81 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں یہ 350.12 ملین روپے تھا۔

مولڈنگ کپاؤنڈ قسمت

مولڈنگ کپاؤنڈ قسمت کی کل بکری (ٹرن اوور) 3,936.15 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے میں اس کی مقدار 3,234.55 ملین روپے رہی تھی۔ جو کہ پچھلے
سال کے مقابلے میں %21.70 زیادہ ہے۔ مولڈنگ کپاؤنڈ قسمت کا شعبہ جاتی نتیجہ 735.01 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں 944.72 ملین
روپے تھا۔

مستقبل پر ایک نظر

مارکیٹ کی صورتحال:

بین الاقوامی نرخ بڑھ جانے، روپے کی قدر میں کمی اور فریٹ اخراجات میں اضافہ کی وجہ سے متعدد درآمد شدہ خام مال کی لاگت میں اضافہ ہوا ہے۔ کمپنی اس صورتحال پر توجہ دے
رہی ہے اور منافع جات کی شرح برقرار رکھنے کیلئے موثر اقدامات کئے جائیں گے۔

اعتراف

ہم ڈائریکٹرز اللہ تعالیٰ کی اس مشکل وقت میں اس کی تمام مہربانیوں پر متشکر ہیں اور اپنے حصص یافتگان، کارکنوں، مالیاتی اداروں اور دیگر اسٹیک ہولڈرز کی مسلسل معاونت اور کمپنی
پر ان کے اعتماد کے لئے بدیہہ تحسین پیش کرتے ہیں۔ ہم اپنی تنظیم ٹیم کے ارکان اور کارکنوں کی کوششوں کے معترف ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Abulhasan

انجم قاسم خان
ڈائریکٹر

Abulhasan

شیر عباس
چیف ایگزیکٹو آفیسر

کراچی: 27 اپریل 2022

**CONDENSED INTERIM STATEMENT OF
FINANCIAL POSITION
AS AT 31 MARCH 2022**

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		31 March 2022 (Un-audited)	30 June 2021 (Audited)
	Note	(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	833,221	640,434
Long-term loans		166	112
Long-term deposits		7,995	7,195
Deferred taxation - net		18,293	15,613
		<u>859,675</u>	<u>663,354</u>
CURRENT ASSETS			
Stores and spares		32,535	22,069
Stock-in-trade	8	1,445,954	1,189,668
Trade debts	9	1,680,853	993,364
Loans and advances		59,731	30,158
Trade deposits and short-term prepayments		8,115	8,664
Accrued markup		-	1,009
Cash and bank balances		149,548	499,304
		<u>3,376,736</u>	<u>2,744,236</u>
TOTAL ASSETS		<u>4,236,411</u>	<u>3,407,590</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
40,000,000 (30 June 2021: 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		2,883,023	2,287,599
		<u>2,977,385</u>	<u>2,381,961</u>
NON-CURRENT LIABILITIES			
Long-term financing	10	65,693	108,413
Deferred income		6,510	9,370
Lease liabilities		9,412	5,715
		<u>81,615</u>	<u>123,498</u>
CURRENT LIABILITIES			
Trade and other payables		778,965	655,695
Accrued mark-up		10,915	1,583
Current portion of long-term financing	10	83,964	128,206
Current portion of deferred income		4,011	5,493
Current portion of lease liabilities		4,572	5,052
Short-term running finance	11	280,151	-
Taxation - net		7,828	99,619
Unclaimed dividend		7,005	6,483
		<u>1,177,411</u>	<u>902,131</u>
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u>4,236,411</u>	<u>3,407,590</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


SHABBIR ABBAS
Chief Executive Officer


ANAM FATIMA KHAN
Director


SHAKEEL UDDIN
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 31 MARCH 2022
(UN-AUDITED)**

	Nine months ended		Quarter ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(Rupees in '000)		(Rupees in '000)	
Turnover - net	7,257,487	5,178,753	2,695,703	1,953,275
Cost of sales	(5,884,028)	(3,875,917)	(2,277,896)	(1,477,578)
Gross profit	1,373,459	1,302,836	417,807	475,697
Distribution costs	(190,707)	(159,740)	(67,510)	(51,730)
Administrative expenses	(111,138)	(99,208)	(37,762)	(33,523)
Reversal of allowance/ (allowance) for expected credit loss	4,430	124,251	(5,369)	12,211
	(297,415)	(134,697)	(110,641)	(73,042)
Other income	13,971	27,859	3,345	13,114
Operating profit	1,090,015	1,195,998	310,511	415,769
Finance costs	(26,712)	(16,522)	(14,744)	(5,158)
Other charges	(101,215)	(78,729)	(24,253)	(27,444)
	(127,927)	(95,251)	(38,997)	(32,602)
Profit before taxation	962,088	1,100,747	271,514	383,167
Taxation				
Current	(282,095)	(277,529)	(83,273)	(97,131)
Prior	7,113	2,073	2,554	1,562
Deferred	2,680	(41,190)	4,270	(13,180)
	(272,302)	(316,646)	(76,449)	(108,749)
Net profit	689,786	784,101	195,065	274,418
Basic and diluted earnings per share	36.55	41.55	10.34	14.54

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 MARCH 2022 (UN-AUDITED)

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	Nine months ended		Quarter ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
 (Rupees in '000) (Rupees in '000)	
Net profit	689,786	784,101	195,065	274,418
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>689,786</u>	<u>784,101</u>	<u>195,065</u>	<u>274,418</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

	31 March 2022	31 March 2021
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	962,088	1,100,747
Adjustments for non-cash and other items		
Depreciation on operating fixed assets	114,436	72,143
Depreciation on right-of-use assets	4,741	4,568
Reversal of allowance for expected credit loss	(4,430)	(124,251)
Finance costs	26,712	16,522
Deferred income amortised	(4,342)	-
Gain on disposals of operating fixed assets	(3,107)	(2,818)
	<u>134,010</u>	<u>(33,836)</u>
	1,096,098	1,066,911
(Increase) / decrease in current assets		
Stores and spares	(10,466)	(1,750)
Stock-in-trade	(256,286)	(393,228)
Trade debts	(683,059)	(142,441)
Loans and advances	(29,573)	(27,919)
Trade deposits and short-term prepayments	549	198
Accrued markup	1,009	480
Other receivables	-	2,072
	<u>(977,825)</u>	<u>(562,588)</u>
Increase in current liabilities		
Trade and other payables	123,271	289,151
	<u>241,544</u>	<u>793,474</u>
Finance costs paid	(13,038)	(19,491)
Income tax paid	(366,774)	(210,821)
Long-term loans and deposits - net	(853)	(551)
	<u>(139,122)</u>	<u>562,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(304,991)	(260,465)
Proceeds from disposals of operating fixed assets	5,207	6,121
Net cash used in investing activities	<u>(299,784)</u>	<u>(254,344)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing repaid	(91,304)	(84,375)
Long-term financing obtained	-	110,856
Lease rentals paid	(5,856)	(9,094)
Dividend paid	(93,840)	(141,543)
Net cash used in financing activities	<u>(191,000)</u>	<u>(124,156)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(629,906)</u>	<u>184,111</u>
Cash and cash equivalents at the beginning of period	499,304	323,719
Cash and cash equivalents at the end of period	<u>(130,603)</u>	<u>507,830</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	149,548	514,136
Short-term running finance	(280,151)	(6,306)
	<u>(130,603)</u>	<u>507,830</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2022**

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	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Total	
(Rupees in '000)					
Balance as at 30 June 2020 (audited)	94,362	1,141,000	349,534	1,490,534	1,584,896
Final dividend for the year ended 30 June 2020 @ Rs. 5.0 per share	-	-	(94,362)	(94,362)	(94,362)
Interim dividend for the half year ended 31 December 2020 @ Rs. 2.50 per share	-	-	(47,181)	(47,181)	(47,181)
Transferred to general reserve	-	200,000	(200,000)	-	-
Net profit	-	-	784,101	784,101	784,101
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	784,101	784,101	784,101
Balance as at 31 March 2021 (un-audited)	94,362	1,341,000	792,092	2,133,092	2,227,454
Balance as at 30 June 2021 (audited)	94,362	1,341,000	946,599	2,287,599	2,381,961
Final dividend for the year ended 30 June 2021 @ Rs. 5.0 per share	-	-	(94,362)	(94,362)	(94,362)
Transferred to general reserve	-	500,000	(500,000)	-	-
Net profit	-	-	689,786	689,786	689,786
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	689,786	689,786	689,786
Balance as at 31 March 2022 (un-audited)	94,362	1,841,000	1,042,023	2,883,023	2,977,385

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

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. IMPACT OF COVID-19 ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19. The situation, however, has now improved on the back of steps taken by the Government. The Company has taken all necessary measures for the health and safety of its employees. Employees were also allowed to work from their homes during COVID-19. The management fully supports the Government's stance of vaccination. Based on the assessment performed by the management, there is no significant accounting impact of COVID-19 in these condensed interim financial statements.

3. BASIS OF PREPARATION

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

3.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2021.

3.3 These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT 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 annual financial statements for the year ended 30 June 2021 except for the adoption of amendments to approved accounting standards as disclosed in note 5 to these condensed interim financial statements.

5. AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments)
IFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 MARCH 2022**

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6. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

The assumptions, judgements and estimates used by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended 30 June 2021.

	Note	31 March 2022 (Un-audited)	30 June 2021 (Audited)
..... (Rupees in '000)			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	736,485	603,719
Capital work-in-progress	7.2	77,815	22,125
Right-of-use assets		18,921	14,590
		<u>833,221</u>	<u>640,434</u>

7.1 The following additions (including transfers from capital work-in-progress) and disposals were made in the operating fixed assets during the period:

	Additions at cost / Transfers from capital work-in-progress		Disposals at net book value	
	Nine Months ended		Nine Months ended	
	31 March 2022 (Un-audited)	31 March 2021	31 March 2022 (Un-audited)	31 March 2021
..... (Rupees in '000)				
Leasehold land	41,350	—	—	—
Buildings on leasehold land	8,207	61,968	—	—
Plant and machinery	174,584	151,030	—	—
Computer and accessories	473	1,549	—	54
Office equipment	774	1,816	—	—
Furniture and fittings	—	126	—	—
Electrical installations	—	21,047	—	—
Vehicles	23,913	16,454	2,100	3,249
	<u>249,301</u>	<u>253,990</u>	<u>2,100</u>	<u>3,303</u>

	Note	31 March 2022 (Un-audited)	30 June 2021 (Audited)
..... (Rupees in '000)			
7.2 Movement in capital work-in-progress			
Balance at beginning of the period / year		22,125	11,351
Capital expenditure incurred during the period / year		277,456	292,143
Transferred to operating fixed assets during the period / year		(221,766)	(281,369)
Balance at end of the period / year		<u>77,815</u>	<u>22,125</u>

8. STOCK-IN-TRADE

Raw material:			
In hand		807,544	729,793
In bonded warehouse		2,653	—
In transit		502,508	335,771
		<u>1,312,705</u>	<u>1,065,564</u>
Packing material		18,072	13,163
Finished goods		115,177	110,941
		<u>1,445,954</u>	<u>1,189,668</u>

9. TRADE DEBTS - unsecured

Considered good		1,680,853	993,364
Considered doubtful		53,457	57,887
		<u>1,734,310</u>	<u>1,051,251</u>
Allowance for Expected Credit Loss (ECL)	9.1	(53,457)	(57,887)
		<u>1,680,853</u>	<u>993,364</u>

	31 March 2022 (Un-audited)	30 June 2021 (Audited)
 (Rupees in '000)	
9.1 Movement in allowance for ECL		
Balance at beginning of the period / year	57,887	184,162
Reversal during the period / year	(4,430)	(111,311)
Written-off during the period / year	-	(14,964)
Balance at end of the period / year	53,457	57,887
10. LONG-TERM FINANCING - secured		
Term Loan	56,250	140,625
Temporary Economic Refinance Facility	93,407	95,994
	149,657	236,619
Current portion	(83,964)	(128,206)
	65,693	108,413

11. SHORT-TERM RUNNING FINANCE - secured

Represents utilised portion of running finance facilities obtained from various commercial banks amounting to Rs. 860 million (30 June 2021: Rs.750 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 to six months' KIBOR as bench mark rate plus 0.50% to 1.00% as spread (30 June 2021: one month KIBOR to six months' KIBOR as bench mark rate plus 0.50% to 0.75% as spread) per annum and mark-up is payable quarterly.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 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 Honorable High Court of Sindh (HCS) in August 1996. In June 2001, the Honorable HCS decided the case in the favor of the Company. However, the Department filed an appeal in the Honorable Supreme Court of Pakistan (SCP) against the above judgement. The Honorable SCP suspended the decision of the Honorable HCS and reverted the case back to the Honorable HCS for fresh hearing. In March 2003, the Honorable HCS once again decided the case in favor of the Company. The Department once again filed an appeal before the Honorable SCP.

In December 2019, the Honourable SCP disposed off the appeal on the basis that the Department would not press the instant and connected appeals, and that a fresh demand shall be raised following the notification dated 14 February 2002 and Sindh (Amendment) Abkari Ordinance 2002 notified on 30 October 2002. In addition to that the Department would surrender the demand secured by indemnity bonds for the period 1990 up to October 2002.

As of the reporting date, no fresh demand has yet been received from the Department against Vend and Permit fee amounting to Rs. 1,548.24 million (30 June 2021: Rs. 1,415.62 million) determined on the basis of consumption of methanol by the Company since November 2002.

The consignment is being released by paying Rs. 3 cash per bulk gallon and issuing indemnity bond of Rs. 14 per bulk gallon under protest.

Upon the receipt of the fresh demand from the Department, the Company intends to approach the relevant Court of Justice to defend the case. The management expects, based on the merit of the case, that the Company has strong grounds to challenge such a demand and its challenge is likely to succeed. Accordingly, no provision for any liability has been made in these condensed interim financial statements.

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	31 March 2022 (Un-audited)	30 June 2021 (Audited)
 (Rupees in '000)	
12.2 Commitments		
Outstanding bank guarantees	<u>23,884</u>	<u>23,884</u>
Outstanding letter of credits	<u>473,989</u>	<u>504,307</u>
Commitment for capital expenditure	<u>-</u>	<u>7,957</u>

13. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised 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 urea / melamine formaldehyde moulding compound and melamine glazing powder.

13.1 Segment analysis and reconciliation

	Nine months ended 31 March 2022 (Un-audited)			Nine months ended 31 March 2021 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
 (Rupees in '000) (Rupees in '000)		
Turnover - net	<u>3,321,341</u>	<u>3,936,146</u>	<u>7,257,487</u>	1,944,207	3,234,546	5,178,753
Segment result	486,805	735,009	1,221,814	350,122	944,719	1,294,841
Unallocated expenses:						
Administrative expenses			(111,138)			(99,208)
Distribution costs			(34,632)			(27,494)
Other income			13,971			27,859
Finance costs			(26,712)			(16,522)
Other charges			(101,215)			(78,729)
Taxation			(272,302)			(316,646)
Net profit			<u>689,786</u>			<u>784,101</u>
Capital expenditure	98,689	148,058	246,747	10,891	238,700	249,591
Unallocated capital expenditure			58,244			10,874
Total capital expenditure			<u>304,991</u>			<u>260,465</u>
Depreciation	33,931	74,343	108,274	28,677	40,293	68,970
Unallocated depreciation			10,903			7,741
Total depreciation			<u>119,177</u>			<u>76,711</u>

	Quarter ended 31 March 2022 (Un-audited)			Quarter ended 31 March 2021 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	1,330,924	1,364,779	2,695,703	729,731	1,223,544	1,953,275
Segment result	164,844	192,850	357,694	118,056	328,054	446,110
Unallocated expenses:						
Administrative expenses			(37,762)			(33,523)
Distribution costs			(12,766)			(9,932)
Other income			3,345			13,114
Finance costs			(14,744)			(5,158)
Other charges			(24,253)			(27,444)
Taxation			(76,449)			(108,749)
Net profit			<u>195,065</u>			<u>274,418</u>
Capital expenditure	14,823	42,256	57,079	3,735	27,101	30,836
Unallocated capital expenditure			12,210			4,965
Total capital expenditure			<u>69,289</u>			<u>35,801</u>
Depreciation	12,293	26,573	38,866	10,113	16,655	26,768
Unallocated depreciation			3,946			3,005
Total depreciation			<u>42,812</u>			<u>29,773</u>

13.2 Segment assets and liabilities

	31 March 2022 (Un-audited)			30 June 2021 (Audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Segment assets	1,652,250	2,223,320	3,875,570	1,034,117	1,756,170	2,790,287
Unallocated assets			360,841			617,303
Total assets			<u>4,236,411</u>			<u>3,407,590</u>
Segment liabilities	393,581	376,760	770,341	277,819	375,110	652,929
Unallocated liabilities			488,685			372,700
Total liabilities			<u>1,259,026</u>			<u>1,025,629</u>

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14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated companies, employee retirement benefits fund, directors and key management personnel. All the transactions with related parties are carried out on agreed terms duly approved by the Board of Directors of the Company. Details of transactions with related parties during the period are as follows:

Name of related Party	Relationship	% of shareholding	Nature of transaction	31 March 2022	31 March 2021
			 (Rupees in '000)	
				(Un-audited)	
Key management personnel	Key management personnel	0.005%	Remuneration	<u>68,578</u>	<u>51,203</u>
Directors	Directors	0.03%	Directors' fee	<u>7,471</u>	<u>6,786</u>
Provident fund	Retirement benefits funds	Nil	Contribution to fund	<u>9,101</u>	<u>7,752</u>
AICA Asia Pacific Holding Pte Ltd.	Associated company	24.99	Dividend	<u>23,581</u>	<u>35,372</u>

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 27, 2022 by the Board of Directors of the Company.

16. GENERAL

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



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

Karachi: April 27, 2022

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