

dynea

**DYNEA PAKISTAN LIMITED**

**Condensed Interim Financial Statements  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019.  
(UN-AUDITED)**

# DYNEA PAKISTAN LIMITED

## CONTENTS

	<b>Page No.</b>
Company Information .....	1
Directors' Review Report .....	2
Condensed Interim Statement of Financial Position .....	4
Condensed Interim Statement of Profit or Loss Account .....	5
Condensed Interim Statement of Comprehensive Income .....	6
Condensed Interim Statement of Cash Flows .....	7
Condensed Interim Statement of Changes in Equity .....	8
Notes to the Condensed Interim Financial Statements .....	9

# DYNEA PAKISTAN LIMITED

## 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 Mohammad Bandukda	<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. 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

# DYNEA PAKISTAN LIMITED

## DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS FOR THE QUARTER ENDED SEPTEMBER 30, 2019.

The Directors of your Company are pleased to present this report along with the unaudited financial results for the quarter ended September 30, 2019.

During the period ended September 30, 2019, the Company earned a profit before tax of Rs.39.31 million and an after tax profit of Rs.27.77 million compared to the profit before tax of Rs.39.70 million and after tax profit of Rs.27.97 million during the corresponding period last year. The basic and diluted earnings per share decreased slightly from Rs.1.48 to Rs.1.47.

### Resin Division

The Resin Division generated sales revenue of Rs.512.07 million compared to Rs.549.24 million achieved during the same period last year, showing a decline of 6.77% due to a decrease in the sales volume allied with the slowdown in the construction industry. The Resin Division result was Rs.30.08 million compared to Rs.31.70 million for the corresponding period of the previous financial year.

### Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs.561.27 million compared to Rs.513.70 million achieved during the same period last year, showing an increase of 9.26%. The Moulding Compound Division result was Rs.61.47 million compared to Rs.51.07 million for the corresponding period of the previous financial year.

### Future Outlook

Dyne Pakistan Limited operates in a highly competitive industry in which there is excess capacity. The coming year is expected to be challenging on the back of a further slowdown in the economy. The company anticipates pressure on sales volume and profitability due to ongoing competition and weakness in the construction sector. In addition, there has been a trend in recent years of resin users going captive and making their resins. To mitigate these factors, management is committed to taking all possible measures to alleviate these risks.

### Vend Fee and Permit Fee Case

Presently the case is pending before the Honourable Supreme Court of Pakistan. The Sindh High Court has already twice given decisions in favour of the Company. 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.

### Acknowledgment

In conclusion, as Directors of the Company, we 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. 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 Officer



Dr. Donald Jenkin  
Chairman

Karachi, October 25, 2019.

## ڈانیا پاکستان لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے شیئر ہولڈرز

30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے لئے

آپ کی کمپنی کے ڈائریکٹرز ہر سہ ماہی رپورٹ مع آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی پہلی سہ ماہی 30 ستمبر 2019 پیش کرتے ہیں۔

اس سہ ماہی میں قبل از ٹیکس منافع 39.31 ملین روپے اور بعد از ٹیکس منافع 27.77 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 39.70 ملین روپے اور بعد از ٹیکس منافع 27.97 ملین روپے باقی رہا تھا۔ فی حصہ (شیئر) آمدن معمولی کمی کے بعد 1.48 روپے سے گھٹ کر 1.47 روپے ہو گئی۔

ریزن قسم

ریزن قسم کی کل بکری (ٹرن اوور) 512.07 ملین روپے رہی جب کہ گزشتہ سال اسی عرصہ میں اس کی مقدار 549.24 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں % 6.77 کم ہے جس کی وجہ سے متعلقہ تعمیراتی صنعت میں سٹروئی کے باعث بکری میں کمی ہے۔ ریزن قسم کا شعبہ جاتی نتیجہ 30.08 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہ 31.70 ملین روپے تھا۔

مولڈنگ کپاؤنڈر قسم

مولڈنگ کپاؤنڈر قسم کی کل بکری (ٹرن اوور) 561.27 ملین روپے رہی جب کہ گزشتہ سال اسی عرصہ میں اس کی مقدار 513.70 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں % 9.26 زیادہ ہے۔ مولڈنگ کپاؤنڈر قسم کا شعبہ جاتی نتیجہ 61.47 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہ 51.07 ملین روپے تھا۔

مستقبل پر ایک نظر

ڈانیا پاکستان لمیٹڈ شدید مسابقتی ماحول میں کام کر رہی ہے۔ توقع کی جارہی ہے کہ آنے والا سال معیشت میں مزید سست روی کے باعث چیلنجنگ ہوگا۔ کمپنی جاری مقابلہ اور تعمیراتی شعبے میں کمزوری کی وجہ سے فروخت کے حجم اور منافع پر دباؤ کی توقع رکھتی ہے مزید یہ کہ حالیہ برسوں میں ریزن استعمال کرنے والوں کا خود سے ریزن کی پیداوار کا رجحان ہے۔ انتظامیہ ان عوامل کو کم کرنے کے ساتھ ساتھ ان تمام خطرات سے نمٹنے کیلئے پرعزم ہے۔

ویڈیو اور پرمٹ فی کیس

اس وقت یہ مقدمہ معزز سپریم کورٹ آف پاکستان میں زیر سماعت ہے۔ سندھ ہائی کورٹ اس مقدمہ میں پہلے ہی دو موافق فیصلوں کا اعلان کمپنی کے حق میں کر چکا ہے۔ کیس کی قانونی مضبوطی اور سندھ ہائی کورٹ کے پہلے دو موافق فیصلوں کی بدولت انتظامیہ پُر اعتماد ہے کہ سپریم 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 متشکر ہیں اور اپنے حصص یافتگان، گاہکوں، مالیتی اداروں اور دیگر اسٹیک ہولڈرز کی مسلسل معاونت اور کمپنی پر ان کے اعتماد کے لئے ہدیہ تحسین پیش کرتے ہیں۔ ہم اپنی منتظم ٹیم کے ارکان اور کارکنوں کی کوششوں کے معترف ہیں جو بہتر نتائج کیلئے مسلسل کوشاں ہیں۔



ڈاکٹر ڈوملا حسین

چیئرمین

بورڈ آف ڈائریکٹرز کی جانب سے



شیعبا

چیف ایگزیکٹو

کراچی 25 اکتوبر 2019

# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

		30 September 2019 (Un-audited)	30 June 2019 (Audited)
Note		----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
	Property, plant and equipment	472,512	490,399
	Intangible assets	559	559
	Long-term loans	261	145
	Long-term deposits	6,674	6,674
	Deferred taxation - net	26,465	12,146
		<b>506,471</b>	<b>509,923</b>
<b>CURRENT ASSETS</b>			
	Stores and spares	23,727	23,790
	Stock-in-trade	642,882	683,110
	Trade debts	860,059	929,059
	Loans and advances	31,710	29,998
	Deposits and prepayments	5,913	6,773
	Other receivables	-	257
	Taxation - net	108,186	75,990
	Cash and bank balances	95,276	101,772
		<b>1,767,753</b>	<b>1,850,749</b>
	<b>TOTAL ASSETS</b>	<b>2,274,224</b>	<b>2,360,672</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
	Authorised share capital		
	40,000,000 (June 30, 2019: 40,000,000) ordinary shares of Rs.5/- each	200,000	200,000
	Issued, subscribed and paid-up capital	94,362	94,362
	Revenue reserves	1,312,132	1,284,366
		<b>1,406,494</b>	<b>1,378,728</b>
<b>NON-CURRENT LIABILITIES</b>			
	Long-term financing	225,000	253,125
	Liabilities against assets subject to finance lease	9,606	5,844
		<b>234,606</b>	<b>258,969</b>
<b>CURRENT LIABILITIES</b>			
	Trade and other payables	375,666	316,940
	Current portion of liabilities against assets subject to finance lease	4,876	3,070
	Unclaimed dividend	5,054	5,260
	Accrued mark-up	8,931	10,421
	Short-term running finance	126,097	274,784
	Current portion of long term financing	112,500	112,500
		<b>633,124</b>	<b>722,975</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,274,224</b>	<b>2,360,672</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 25, 2019

# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (UN-AUDITED)

	30 September 2019	30 September 2018
	----- (Rupees in '000) -----	
Turnover - net	1,073,332	1,062,932
Cost of sales	<u>(922,403)</u>	<u>(940,935)</u>
<b>Gross profit</b>	<b>150,929</b>	<b>121,997</b>
Distribution costs	<u>(66,734)</u>	<u>(46,327)</u>
Administrative expenses	<u>(26,258)</u>	<u>(22,002)</u>
	<u>(92,992)</u>	<u>(68,329)</u>
Other income	<u>3,113</u>	<u>3,004</u>
<b>Operating profit</b>	<b>61,050</b>	<b>56,672</b>
Finance costs	<u>(17,753)</u>	<u>(13,449)</u>
Other charges	<u>(3,992)</u>	<u>(3,525)</u>
	<u>(21,745)</u>	<u>(16,974)</u>
<b>Profit before taxation</b>	<b>39,305</b>	<b>39,698</b>
<b>Taxation</b>		
- current	<u>(25,857)</u>	<u>(19,423)</u>
- deferred	<u>14,318</u>	<u>7,697</u>
	<u>(11,539)</u>	<u>(11,726)</u>
<b>Net profit for the period</b>	<b><u>27,766</u></b>	<b><u>27,972</u></b>
Basic and diluted earnings per share	<u>1.47</u>	<u>1.48</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 25, 2019

# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (UN-AUDITED)

	30 September 2019	30 September 2018
	----- (Rupees in '000) -----	
Net profit for the period	27,766	27,972
Other comprehensive income	-	-
Total comprehensive income for the period	<u>27,766</u>	<u>27,972</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 25, 2019



# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (UN-AUDITED)

	Note	30 September 2019 ----- (Rupees in '000) -----	30 September 2018 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		39,305	39,698
Adjustments for non-cash and other items			
Depreciation and amortisation		31,814	29,145
Provision for expected credit loss	7.1	31,902	12,624
Finance costs		17,753	13,449
		81,469	55,218
		120,774	94,916
<b>(Increase) / decrease in current assets</b>			
Stores and spares		63	50
Stock-in-trade		40,228	(9,393)
Trade debts		37,098	(18,288)
Loans and advances		(1,712)	(53,745)
Deposits and prepayments		860	(534)
Other receivables		257	3,752
		76,794	(78,158)
<b>Increase in current liabilities</b>			
Trade and other payables		58,726	4,094
		256,294	20,852
Finance cost paid		(19,243)	(12,583)
Income tax paid		(58,053)	(56,770)
Long-term loans and deposits - net		(116)	(68)
Net cash used in operating activities		178,882	(48,569)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(7,628)	(5,312)
Proceeds from disposal of operating fixed assets		-	846
Net cash used in investing activities		(7,628)	(4,466)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing		(28,125)	-
Lease rental paid - finance lease		(732)	-
Dividends paid		(206)	(41)
Net cash used in financing activities		(29,063)	(41)
<b>Net decrease in cash and cash equivalents</b>			
		142,191	(53,076)
Cash and cash equivalent at the beginning of period		(173,012)	(138,256)
Cash and cash equivalents at the end of period		(30,821)	(191,332)
<b>CASH AND CASH EQUIVALENT</b>			
Cash and bank balances		95,276	77,230
Short-term running finance		(126,097)	(268,562)
		(30,821)	(191,332)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**SHABBIR ABBAS**  
Chief Executive Officer

Karachi: October 25, 2019



**DR. DONALD JENKIN**  
Chairman



**SHAKEEL UDDIN**  
Chief Financial Officer

# DYNEA PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Total	
----- (Rupees in '000) -----					
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>
Balance as at 30 June 2019	94,362	991,000	293,366	1,284,366	1,378,728
Transfer to general reserve	-	150,000	(150,000)	-	-
Net profit for the period	-	-	27,766	27,766	27,766
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	27,766	27,766	27,766
Balance as at 30 September 2019	<b>94,362</b>	<b>1,141,000</b>	<b>171,132</b>	<b>1,312,132</b>	<b>1,406,494</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 25, 2019

# DYNEA PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 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, 2019.

### 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, 2019. The Company has adopted certain amended International Financial Reporting Standards (IFRS) which became effective during the period and reported in note 5 to the audited financial statements for the year ended June 30, 2019. The adoption of such amended IFRS did not have any material effect on these condensed interim financial statements except IFRS 16 described below:

**IFRS 16 'Leases'** - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It resulted in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The Company has adopted IFRS 16 and concluded that it is in compliance with the requirement of the new accounting standard.

### 4. ACCOUNTING ESTIMATES 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.

Judgements and estimates made 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 June 30, 2019.

		30 September 2019	30 June 2019
	Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	456,454	480,550
Right to use asset		15,377	9,599
Capital work-in-progress	5.2	681	250
		<u>472,512</u>	<u>490,399</u>
<b>5.1</b>	Includes following additions during the period:		
		30 September 2019	30 September 2018
		----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
	<b>Additions - at cost</b>		
	Plant and machinery	7,022	-
	Office equipments	-	57
	Computer and accessories	-	400
	Motor vehicles	175	-
		<u>7,197</u>	<u>457</u>
<b>5.2</b>	<b>Movement in capital work-in-progress is as follows:</b>		
	Balance at beginning of the period	250	12,039
	Additions during the period	431	36,104
	Transfers to operating fixed assets	-	(47,893)
	Balance at end of the period	<u>681</u>	<u>250</u>
<b>6. STOCK-IN-TRADE</b>			
	Raw material:		
	In hand	348,308	462,695
	In bonded warehouse	18,301	-
	In transit	181,897	122,309
		<u>548,506</u>	<u>585,004</u>
	Packing material	6,783	6,507
	Finished goods	87,593	91,599
		<u>642,882</u>	<u>683,110</u>
<b>7. TRADE DEBTS - unsecured</b>			
	Considered good	860,059	929,059
	Considered doubtful	120,473	88,571
		<u>980,532</u>	<u>1,017,630</u>
	Provision for expected credit loss	(120,473)	(88,571)
		<u>860,059</u>	<u>929,059</u>
<b>7.1</b>	<b>Movement of provision for expected credit loss:</b>		
	Balance at beginning of the period	88,571	76,565
	Charge during the period	31,902	12,006
	Balance at end of the period	<u>120,473</u>	<u>88,571</u>
<b>8. LONG-TERM FINANCING - secured</b>			
	Long-term financing	337,500	365,625
	Current portion of long-term financing	(112,500)	(112,500)
		<u>225,000</u>	<u>253,125</u>
<b>8.1</b>	Represents utilized portion of long-term finance facility obtained from a commercial bank amounting to Rs. 500 million (June 30, 2019: Rs. 500 million). The facility carries a mark-up at the rate of three months' KIBOR plus 0.35% (June 30, 2019: 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.		

## 9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into a finance lease arrangement with a financial institution for the purchase of vehicles. The finance lease arrangement carries mark-up at the rate of six months' KIBOR plus 2.75% (June 30, 2019: six months' KIBOR plus 2.75%).

	30 September 2019	30 June 2019
	Minimum Lease Payments	Minimum Lease Payments
	----- (Rupees in '000) -----	
Not later than one year	6,839	4,166
Later than one year and not later than five years	11,070	6,703
<b>Total minimum lease payments</b>	<b>17,909</b>	<b>10,869</b>
Financial charges allocated to future periods	(3,427)	(1,955)
<b>Present value of minimum lease payments</b>	<b>14,482</b>	<b>8,914</b>
Current portion of liabilities against assets subject to finance lease	(4,876)	(3,070)
<b>Liabilities against assets subject to finance lease</b>	<b>9,606</b>	<b>5,844</b>

## 10. SHORT-TERM RUNNING FINANCE - secured

Represents utilized portion of running finance facilities obtained from various commercial banks amounting to Rs.550 million (June 30, 2019: 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+0.75% to six months' KIBOR+0.50% (June 30, 2019: one month KIBOR plus 0.75% to six months' KIBOR plus 0.50%) 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, 2019: Rs.100 million) remained unutilized at the reporting date.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

- 11.1.1 The Company is exposed to pay vend and permit fee amounting to Rs. 1,622.45 million (June 30, 2019: Rs. 1,597.58 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. 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 September 2019	30 June 2019
		----- (Rupees in '000) -----	
		(Un-audited)	(Audited)
11.1.2	Outstanding bank guarantees	23,884	23,884
<b>11.2 Commitments</b>			
11.2.1	Outstanding letter of credits	280,306	283,806
11.2.2	Postdated cheques issued in favour of collector of customs	115,309	-
11.2.3	Commitment for capital expenditure	-	268
11.2.4	Commitment for rental under Ijarah finance agreement		
	Within one year	1,030	1,402
	After one year but not more than five years	-	-
	11.2.4.1	1,030	1,402

- 11.2.4.1 Represent Ijarah finance facility entered into with First Habib Modaraba in respect of vehicles. Total Ijarah payments due under the agreement is Rs 1.030 million (June 30, 2019: Rs. 1.402 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.



13. 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 2019	30 September 2018
				----- (Rupees in '000) ----- (Un-audited)	
Remuneration	Key management personnel	0.005%	Remuneration	12,739	10,408
Directors		0.03%	Director fee	2,220	1,125
Provident Fund		Nil	Contribution to fund	2,392	2,200

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2019 by the Board of Directors of the Company.

15. GENERAL

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



SHABBIR ABBAS  
Chief Executive Officer



DR. DONALD JENKIN  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: October 25, 2019

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