

dynea

DYNEA PAKISTAN LIMITED

*35th Annual Report  
For the year ended  
30th June, 2017*

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## *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, Amino Resins and Aminoplast Moulding Compounds and provide satisfaction to customers.

## COMPANY INFORMATION

### Board of Directors :

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

### Audit Committee :

Mr. Tayyeb Afzal	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Syed Ali Azfar Naqvi	<i>Member</i>

### Human Resource and Remuneration Committee :

Mr. Sajid Hassan	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Shabbir Abbas	<i>Member</i>

### Chief Financial Officer :

Mr. Muhammad Shakeef 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 Number 31/1/A, Block-6, P.E.C.H.S,  
Shahrah-e-Faisal, Karachi-75400. Pakistan.  
Phone : (92-21) 34520132-5 Fax : (92-21) 34382182  
Email : [info@dynea.com.pk](mailto:info@dynea.com.pk)

### 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 Amazal, District Swabi, Khyber Pakhtunkhwa.  
Ph: (92-938) 270150 - 52 Fax: (92-938) 270246

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Thirty Fifth Annual General Meeting of the Members of the Company will be held on Monday, October 9, 2017 at 12:30 PM at Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017 together with the Chairman's Review Report and Reports of the Directors' and Auditors' thereon.
2. To approve a final cash dividend of 80% (i.e. Rs.4.00 per share) for the year 2016-17 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2017-18 and to fix their remuneration. The present auditors -Messrs. EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for re-appointment.

By Order of the Board

Karachi: August 28, 2017

**Adnan Hussaini**  
Company Secretary

### NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 02, 2017 to October 09, 2017 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members at the close of business on October 01, 2017. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. FAMCO Associates (Private) Ltd, 8-F Next to Hotel Faran, Nursery, Block 6 PECHS, Main Shahra-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.

## NOTICE OF ANNUAL GENERAL MEETING

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

### Submission of copies of CNIC and NTN Certificate (Mandatory)

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

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

### Withholding Tax on Dividend

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

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

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

### Withholding Tax on Dividend in case of Joint Account Holders

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

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

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

**NOTICE OF ANNUAL GENERAL MEETING****Payment of Cash Dividend through Electronic Mode**

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.

Further SECP through circular no.18 / 2017 has provided relaxation till 31<sup>st</sup> October 2017 for the compliance of this section and required the listed companies to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 01, 2017 shall be paid through electronic mode only.

Therefore, all Shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. FAMCO Associates (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

**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(I)/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.

## CHAIRMAN'S REVIEW REPORT

### **Board Structure**

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

### **Dynamics and Functioning of the Board**

Board meetings are held quarterly and otherwise as required. Attendance and participation are good and Directors are available at other times to support management, in particular with compliance with corporate governance 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. The first phase of this has been approved by the Board and it is currently being implemented by management. Looking further ahead, the Board and management are evaluating potential avenues for diversification as a means to growth.

### **Financial Reporting Process, Internal Audit and Internal Controls**

The Board contains a strong representation of Directors with backgrounds in finance, banking and business management. Systems are in place to ensure that financial management of all aspects of the Company's operations are dealt with transparency, honesty and integrity. I feel that the outsourcing of the internal audit function, as recommended by the Board, 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 for whatever reason and the unauthorised infiltration of the IT function by internal or external sources. With regard to the latter, the Board has directed management to outsource an independent review of the Company's IT systems and controls.

### **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 to provide.

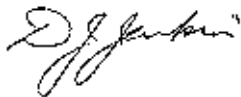


**CHAIRMAN'S REVIEW REPORT****The Chairperson's Role**

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

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

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



DONALD JENKIN  
Chairman

Karachi : August 28, 2017

صورت میں ان کے متبادل کا باسہولت انتظام کرنے کی منصوبہ بندی کرنا اور اندرونی اور بیرونی ذریعے سے آئی ٹی کے امور میں غیر متعلقہ دراندازی کو روکنا شامل ہے۔ دوسرے امور کے سلسلے میں بورڈ نے انتظامیہ کو کمپنی کے آئی ٹی سسٹمز اور کنٹریولز کا آڈٹ سوس سے آزادانہ جائزہ کرانے کی ہدایت کی ہے۔

### نگرانی کا کردار

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

### معاونتی اور مشاورتی کردار

جیسا کہ اس جائزے میں پہلے بھی بیان کیا جا چکا ہے، ڈائریکٹر 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 کی استعداد کار سے بڑھ کر ہوں۔

### چیمبر پرسن کا کردار

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

سب سے بڑھ کر یہ کہ میرے خیال میں گزشتہ آٹھ سال یا حالیہ سالوں کے دوران کمپنی کے نتائج اس کے بورڈ آف ڈائریکٹرز کی ہدایات اور رہنمائی کے ذریعے بہترین انتظامی کارکردگی کا منہ بولتا ثبوت ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے دی گئی ہدایات و رہنمائی کا اعتراف کرتا ہوں۔

شکر یہ ادا کرنے کے ساتھ میں اس جائزہ رپورٹ کا اختتام کرتا ہوں۔

*D. J. J. J.*

ڈونلڈ جینٹلن

چیمبر مین

مورخہ: ۲۸ اگست ۲۰۱۷ء

## بورڈ کا اسٹریکچر

بورڈ کا منظوب مالیاتی انتظامی پس منظر ڈائریکٹرز کے قانونی، تکنیکی اور مینیجنگ مہارت سے متعم ہوتا ہے۔

## بورڈ کے اہداف اور کارکردگی

بورڈ کے اجلاس سہ ماہی طور پر اور دوسری صورت میں ضرورت کی بنیاد پر منعقد ہوتے ہیں۔ موجودگی اور شرکت بھی بہتر ہوتی ہے اور ڈائریکٹرز انتظامیہ کی معاونت کیلئے دیگر اوقات میں بھی موجود ہوتے ہیں، بالخصوص کارپوریٹ گورننس اور 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 مینیجنگ مہارتوں میں توسیع کے سلسلے کی غرض سے ایک نئی حکمت عملی تیار کی گئی ہے۔ اس کے پہلے مرحلے کی بورڈ کی جانب سے منظوری دے دی گئی ہے اور موجودہ طور پر انتظامیہ کی جانب سے اسے لاگو کیا جا رہا ہے۔ مستقبل کی جانب نظر ڈالتے ہوئے بورڈ اور انتظامیہ ترقی کی راہوں کے طور پر کاروبار کو مختلف سمتوں میں توسیع دینے کیلئے مستحکم اور مربوط منصوبوں پر غور و فکر کر رہی ہے۔

## مالیاتی رپورٹنگ کا طریقہ کار، انٹرنل آڈٹ اور انٹرنل کنٹرولز

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

## خطرات سے نمٹنے کا انتظام

بورڈ کا کاروباری امور کو جاری رکھنے کو یقینی بنانے کی غرض سے خطرات (ریسک) کی نشاندہی اور اس سے نمٹنے کی ضرورت کے بارے میں انتہائی محتاط رہتا ہے۔ دو پروجیکٹس جس میں ڈائریکٹرز موجودہ طور پر متحرک اور فعال ہیں، ان میں کسی بھی وجہ سے اہم افراد کے چلے جانے کی

## DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2017.

### Economic Environment

Pakistan's economy witnessed an increase in GDP from 4.5% in 2015-16 to 5.3% in 2016-17. The GDP growth rate of 4% of the last few years is merely a foretaste of what is to come. GDP will take off in the next 12-24 months and average out at more than 6% within 5-6 years. Also, the reform and consolidation of Pakistan's stock exchanges into a single entity has facilitated the re-entry of Pakistan into the MSCI Emerging Markets Index from 1 June 2017.

The realisation of investment inflows stemming from the China-Pakistan Economic Corridor should strengthen the external sector outlook over the medium to long-term. However, the energy shortage and the ongoing political & security problems still remain key impediments to growth and foreign investment in Pakistan. Strong economic growth is vital to cater for the growing population of the country.

### Operations

Sales revenue during 2016-2017 was Rs. 2,497.54 million compared to Rs. 2,418.40 million in the previous financial year and the profit before tax was Rs 258.91 million compared to Rs.199.23 million in the previous financial year. This profit is the highest in the last decade. It was made possible by improved production efficiencies and an increase in sales.

### Resin Division

Turnover of the Resin Division in 2016-2017 was Rs. 1,236.44 million compared to Rs. 1,086.01 million in the previous financial year, showing an increase of 13.85%. The segment result of the Resin Division was Rs.121.98 million compared to Rs.57.37 million for the previous financial year.

### Aminoplast Compound Division

Turnover of the Aminoplast Compound Division in 2016-2017 was Rs. 1,261.10 million compared to Rs. 1,332.39 million in the previous financial year, showing a decline of 5.35%. The segment result of the Aminoplast Compound Division was Rs.248.09 million compared to Rs.268.73 million for the previous financial year.

### Financial Performance

Following are the summarised financial results of the Company for the year 2016-17:

	2016-2017	2015-2016
	(Rupees in thousands)	
Sales Revenue	<u>2,497,540</u>	<u>2,418,400</u>
Gross Profit	<u>464,369</u>	<u>411,030</u>
Profit Before Taxation	<u>258,910</u>	<u>199,229</u>
Profit After Taxation	<u>176,978</u>	<u>135,347</u>
Earnings per Share in Rupees	<u>9.38</u>	<u>7.17</u>

### Contribution to the Exchequer

The Company's contribution to the National Exchequer in the form of various taxes and levies for the year under review was Rs.628 million (2015-16 was Rs.610 million).

## DIRECTORS' REPORT

### Future Outlook

#### a) **Market Conditions:**

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

#### b) **Expansion at Gadoon:**

Civil works are in progress for the expansion of formaldehyde production capacity along with that of downstream processing. Commercial production is expected to commence by the third quarter of financial year 2017-18. Project is being financed through long term loan of Rs.500 million obtained from a commercial bank.

### Health, Safety and Environment (HSE)

The Company, being a major participant in Pakistan's chemical industry, has continued its focus on improvement of its HSE performance. Both factories are certified to the latest international safety and environmental management systems. All safety incidents and unsafe acts are reviewed with reference to behavioural, equipment and system deficiencies and the actions required to address them are monitored by the management and reported to the Board of Directors.

The company currently has projects underway to further improve the quality of its liquid waste with the aim of being able to recycle more of it and thereby reduce its net water usage.

### Corporate Social Responsibility

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

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

Contributions to the workers' profit participation fund and the workers' welfare fund are up-to-date.

### Risk and Uncertainties

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

The Company monitors its operations with a view to minimizing the 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.

## DIRECTORS' REPORT

Based upon the results achieved from reviews, ongoing testing of financial reporting controls and audits conducted during the year 2017, the Company considers that the existing system of internal controls is adequate and has been effectively implemented and monitored.

### Transaction with Related Party:

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

### Code of Corporate Governance

The management of the Company is 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 account of the Company have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- 4) International Financial Reporting Standards have been used as the basis for the preparation of the financial statements and any departure there from has been adequately disclosed and explained.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern unless there is an adverse decision in the Vend and Permit Fee case currently before the Supreme Court of Pakistan. Information about the case is 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 passed 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, 2017, stands at Rs.81.88 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 6 times and attendance of the respective directors was as under:

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

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

## DIRECTORS' REPORT

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

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

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

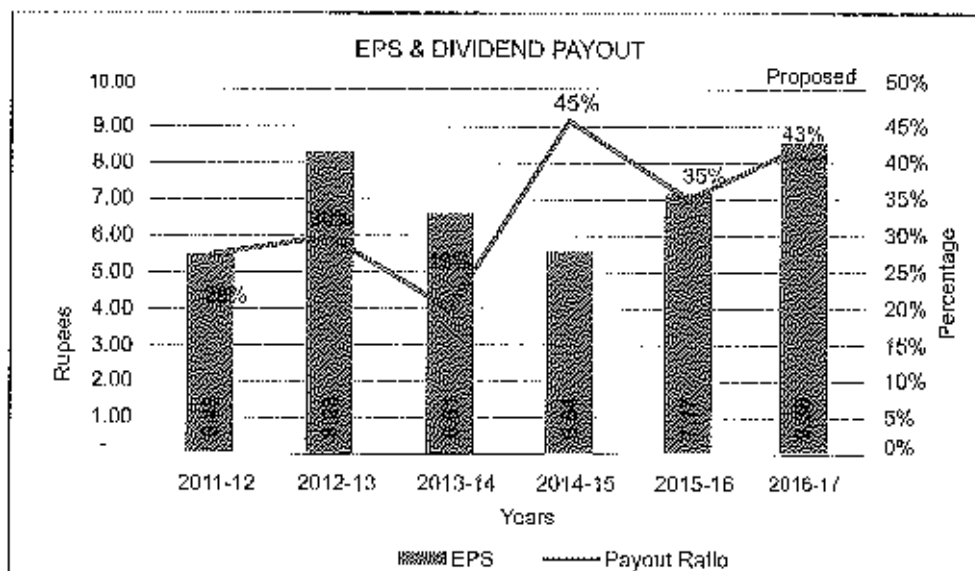
Sr.#	Names of Directors	Meeting Attended
1	Mr. Sajid Hassan (Chairman)	3/3
2	Dr. Donald Jenkin	3/3
3	Mr. Shabbir Abbas	3/3

### Vend Fee and Permit Fee Case

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

### Dividend and Appropriations

The company made the following cash dividend payments since 2011-2012.



## DIRECTORS' REPORT

In view of the Company's excellent performance during the outgoing financial year, the directors propose a payment of Rs 4.00 per share i.e. 80% to the shareholders.

### Appointment of Auditors

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

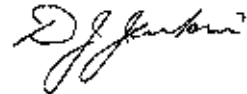
### Acknowledgement

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

On behalf of the Board of Directors



SHABBIR ABBAS  
Chief Executive



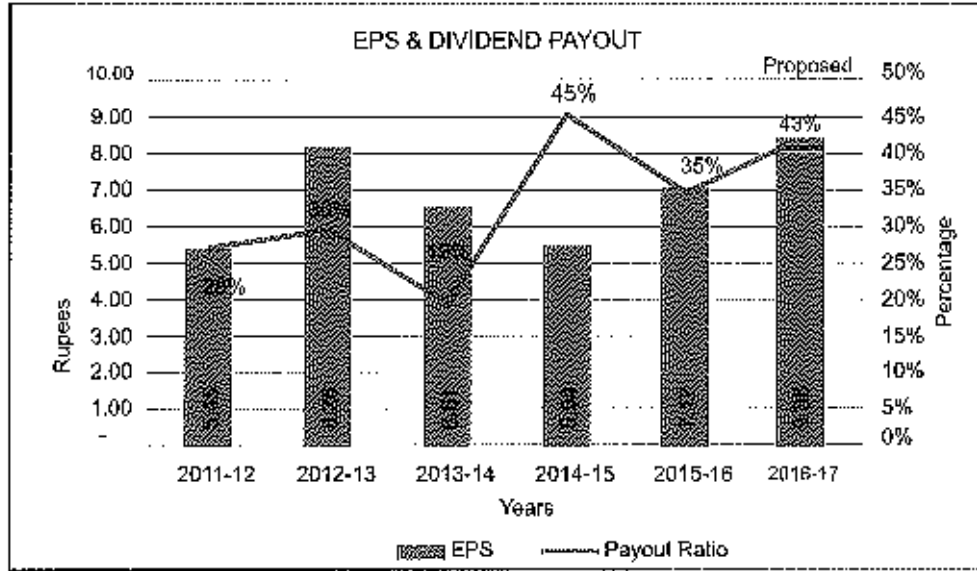
DONALD JENKIN  
Chairman

Karachi : August 28, 2017



منافع منقسمہ اور مختص کردہ فنڈ

کمپنی نے 2011-12 سے لے کر اب تک مندرجہ ذیل نقد منافع منقسمہ دیے ہیں۔



رواں مالی سال کی بہترین کارکردگی کو دیکھتے ہوئے ڈائریکٹرز نے تجویز دی ہے کہ حتیٰ نقد منافع منقسمہ بحساب 4 روپے فی شیئر، یعنی 80% فیصد ادا کیا جائے۔

آڈیٹرز کا تقرر

سکدوش ہونے والے آڈیٹرز میسرز ارنسٹ اینڈ یوگ فورڈر ہوؤس، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بناء پر، آئندہ مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش کارکردگی کا مظاہرہ کیا ہے۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

*D. J. Jankari*

ڈونلڈ جینکنس  
چیئرمین

*Shameem Akhtar*

شہیر عباس  
چیف ایگزیکٹو

کراچی ۲۸ اگست ۲۰۱۷

ڈاکٹر ڈوہلا ڈیٹیکٹن، جناب فقیر عباس، جناب ساجد حسن، جناب طیب افضل اور جناب عقیل لون مصدقہ ڈائریکٹرز ہیں۔

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

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب طیب افضل (چیئر مین)	4 / 4
۲۔	ڈاکٹر ڈوہلا ڈیٹیکٹن	4 / 4
۳۔	سید علی انظر نقوی	4 / 4

(iii) ایومن ریٹورسز کمیٹی نے 3 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب ساجد حسن (چیئر مین)	3 / 3
۲۔	ڈاکٹر ڈوہلا ڈیٹیکٹن	3 / 3
۳۔	جناب فقیر عباس	3 / 3

وینڈ فیس اور پرمٹ فیس کا معاملہ

وینڈ فیس اور پرمٹ فیس کیس کے معاملے میں سندھ ہائی کورٹ پہلے ہی کمیٹی کے حق میں انہنجائی ٹھوس اور حمایت میں فیصلہ دے چکی ہے۔ اس وقت یہ کیس فاضل سپریم کورٹ آف پاکستان کے پاس الٹا میں ہے۔ قانونی اہلیت اور سندھ ہائی کورٹ کی جانب سے دو موافقت نامہ فیصلوں کے پیش نظر انتظامیہ کو توقع ہے کہ سپریم کورٹ آف پاکستان گزشتہ دو فیصلوں کی توثیق کر دے گی اور کمیٹی اپنی موجودہ حیثیت کے مطابق کام جاری رکھ سکے گی۔

- (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 معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- (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 شائبہ نہیں ہے تا آنکہ وینڈائیز 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 پہنچایا گیا ہے۔
- (۸) بورڈ آف ڈائریکٹرز نے وژن اور مشن اسٹینڈٹ کو اپنایا ہے۔
- (۹) ٹیکسوں اور محصولات کی معلومات کا انڈیکس کے نوٹس میں موجود ہیں۔
- (۱۰) کمپنی کی پراویڈنٹ فنڈ اسکیم میں سرمایہ کاری کی رقم، غیر آرڈر شدہ اکاؤنٹس برائے سال ختمہ 30 جون 2017 کے مطابق 81.88 بلین روپے ہے۔
- (۱۱) درج ذیل کے بارے میں بیانات منسلک ہیں:
  - گزشتہ چھ سالوں کی بنیادی مالیاتی معلومات
  - شیئرز کا طرز عمل
- (۱۲) زیر حاکمہ سال کے دوران:
  - (۱) بورڈ آف ڈائریکٹرز نے 16 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱-	ڈاکٹر ڈوہڑا (چیئر مین)	4 / 6
۲-	جناب فقیر عباس	6 / 6
۳-	جناب ساجد حسن	5 / 6
۴-	جناب عقیل لونان	5 / 6
۵-	جناب طیب افضل	6 / 6
۶-	سید علی الظفر نقوی	6 / 6
۷-	جناب امین ہندو دتتا	5 / 6

### خطرات اور غیر یقینی صورتحال

کمپنی کا کاروبار درآمدات اور سپلائی کے ذرائع پر پابندیوں، مزدوروں کی طویل ہڑتالوں (بشمول کسی بھی اہم میٹو فیکچرنگ آپریشنز) موسم کی خراب صورتحال، مزید ڈیولپمنٹ یا ٹیرف کے لاگو کرنے، حکومتی قوانین و ضوابط میں بڑی تبدیلیوں، افراط زر کو کنٹرول کرنے کیلئے اضافی اقدامات کے تعارف، غیر ملکی کرنسی کے نرخوں میں اتار چڑھاؤ، نئے مسابقتی اداروں کی آمد، نرخ یا ٹیکنیشن کے طریقہ کار میں تبدیلیوں یا سیکورٹی کی صورتحال بگڑنے کے باعث بری طرح متاثر ہو سکتا ہے۔ خطرات اور غیر یقینی صورتحال کی موجودہ فہرست خصوصی نہیں ہے۔

کمپنی نے اپنے کاروبار کی گمرانی، اپنے مجموعی کاروبار پر اس کے اثرات کو کم سے کم کرنے کے پیش نظر کی، جو متوقع خطرات کے نتیجے میں مرتب ہو سکتے تھے۔

### اندرونی مالیاتی کنٹرول کی مناسب کوششیں

انٹرنل آڈٹ سروسز بیرونی طور پر جاری رہیں۔ سال کے دوران انٹرنل اور ایکسٹرنل آڈیٹرز کی موزوں اور ضروری نشاندہی کی بنیاد پر انتظامیہ کی جانب سے تزچی بنیاد پر نمٹنے کے اقدامات کئے گئے اور اس کے بارے میں باقاعدگی سے آڈٹ کمیٹی کو آگاہ کیا جاتا رہا۔

جائزوں، مالیاتی رپونگ کنٹرولز کی جانچ پڑتال اور سال 2017 کے دوران کیے جانے والے آڈٹس سے حاصل کردہ نتائج کی بنیاد پر کمپنی یہ سمجھتی ہے کہ اندرونی کنٹرولز کا موجودہ نظام موزوں و مناسب اور اس کو موثر طور پر لاگو کیا گیا ہے اور بہتر انداز میں اس کی گمرانی کی جاری ہے۔

### متعلقہ پارٹی سے لین دین

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

### کارپوریٹ گورننس کے ضوابط

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

(1) 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۔

توقع ہے۔ تاہم کمپنی کی انتظامیہ مزید کاروبار کے مقاصد کے حصول کے لئے (موثر اور ذی استعداد منصوبہ بندی کی تکمیل سے) ہر طرح کی کوشش جاری رکھے گی۔ کمپنی اپنے کاروبار کو عرصہ دراز تک جاری رکھنے کیلئے اپنے گاہکوں کی اساس میں وسعت کے لئے کوشاں ہے۔

### گلدون پلانٹ میں توسیع

گلدون پلانٹ میں فارملڈیہائیڈ اور اس کی ذیلی مصنوعات کی استعداد میں توسیع کا تعمیراتی کام جاری ہے۔ تجارتی پیداوار سال 2017-18 کی تیسری سہ ماہی میں متوقع ہے۔ اس منصوبے کا سرمایہ 500 ملین روپے کے طویل مدتی قرضے سے پورا کیا جا رہا جو کہ ایک تجارتی بینک سے حاصل کیا گیا ہے۔

### صحت، تحفظ اور ماحولیات (HSE)

کمپنی کا شمار پاکستان کی بڑی کیمیکل کمپنیوں میں ہوتا ہے۔ اس بناء پر یہ HSE کی کارکردگی کو بہتر بنانے پر توجہ مرکوز رکھتی ہے۔ اس کی دونوں فیکٹریوں میں تحفظ اور ماحولیات کے انتظامات کے بین الاقوامی تصدیق شدہ جدید ترین نظام موجود ہیں۔ تحفظ سے متعلق حادثات اور غیر محفوظ طریقہ کار کی وجوہات کے بارے میں رویے، آلات اور نظام میں کمی کے حوالے سے جانچ کی جاتی ہے اور ان کے تدارک کیلئے منجمنٹ کی زیر نگرانی اقدامات کئے جاتے ہیں جسکی رپورٹ بورڈ آف ڈائریکٹرز کو پیش کی جاتی ہے۔

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 اصل استعمال کو کم سے کم کرنا ہے۔

### اجتماعی سماجی ذمہ داریاں

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

کمپنی کی جانب سے بلوچستان کے علاقے حب کے گاؤں جنینسن میں ایک بہترین منظم پرائمری اسکول کام کر رہا ہے۔ ابتداء میں یہ اسکول کمپنی کے ملازمین کے بچوں کیلئے قائم کیا گیا تھا لیکن اب اس میں مقامی آبادی کے بچے بھی تعلیم حاصل کر رہے ہیں۔ اس وقت اسکول میں طلبہ کی کل تعداد 114 ہے جن میں سے 80 مقامی کمیونٹی کے بچے ہیں۔ اس کے علاوہ اجتماعی سماجی ذمہ داری کے لحاظ سے PBT کا 1% کمپنی کی جانب سے شامل کیا جاتا ہے۔

کارکنوں کے منافع میں شرکت کے فنڈ اور کارکنوں کے فلاحی فنڈ کے حسابات آج کی تاریخ تک مکمل ہیں۔

### ایمیٹو پلاسٹ مرکب قسمت

مالی سال 2016-17 میں ایمیٹو پلاسٹ مرکب قسمت کی بکری 1,261.10 ملین روپے بمقابلہ 1,332.39 ملین روپے گزشتہ مالی سال کے رہی جو کہ % 5.35 فیصد کی کمی کو ظاہر کرتی ہے۔ شعبہ جاتی نتیجہ 248.09 ملین روپے بمقابلہ گزشتہ مالی سال کے 268.73 ملین روپے رہا۔

### مالیاتی کارکردگی

کمپنی کے سال 2016-17 کے مالیاتی نتائج مختصر طور پر درج ذیل ہیں:

2015-16	2016-17	
-----('000 روپے)-----		
2,418,400	2,497,540	فروخت سے آمدنی
411,030	464,369	مجموعی منافع
199,229	258,910	منافع قبل از ٹیکس
135,347	176,978	منافع بعد از ٹیکس
7.17	9.38	آمدنی فی شیئر روپے میں

### قومی خزانے میں حصہ داری

زیر جائزہ سال میں کمپنی نے مختلف ٹیکسوں اور محصولات کی شکل میں قومی خزانہ میں 628 ملین روپے کی رقم جمع کرائی ہے (2015-16 میں 610 ملین روپے)۔

### مستقبل پر ایک نظر

### ۱۔ مارکیٹ کی صورتحال

بکری کی صورتحال دونوں یعنی ریٹرن اور ایمیٹو پلاسٹ مرکب کے لیے نوانا نظر آتی ہے جبکہ موجودہ ادنیٰ کمپنیوں سے شدید مسابقت کی

آپ کی کمپنی کے ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مالی سال تختہ 30 جون 2017 پیش کرتے ہیں۔

### معاشی صورت حال

پاکستان کی معیشت میں مجموعی اندرون ملکی پیداوار (GDP) کی شرح نمو جو 2015-16 میں 4.5% تھی، 2016-17 میں بڑھ کر 5.3% ہو گئی۔ گذشتہ چند سالوں کی مجموعی اندرون ملکی پیداوار کی 4% شرح نمو آنے والے وقت کی پیش بین ہے۔ آنے والے 12 سے 24 ماہ میں مجموعی اندرون ملکی پیداوار کی شرح نمو میں اضافہ وسطاً 6% سالانہ تک پہنچ جائے گا۔ اسکے علاوہ پاکستان سٹاک ایکسچینج میں اصلاحات اور اس کو یکجا کر کے ایک ادارہ بنانے سے MSCI ایبرجنگ مارکیٹ انڈیکس میں یکم جون 2017 سے دوبارہ داخلے کی سہولت ہوئی۔

پاکستان، چانکا اقتصادی راہداری سے سرمایہ کاری کے داخلی بہاؤ سے بیرونی شعبہ کی صورت حال میں درمیانی مدت سے طویل مدت تک استحکام آئے گا۔ تاہم توانائی کی قلت، رواں سیاسی آویزش اور سلامتی کے مسائل پاکستان کی ترقی میں اور بیرونی سرمایہ کاری میں اہم رکاوٹیں ہیں جبکہ ملک کی تیزی سے بڑھتی ہوئی آبادی کی ضروریات پورا کرنے کے لیے معاشی ترقی کا عمل ناگزیر ہے۔

### کمپنی کے عملیات

معاشی سال 2016-17 میں فروخت سے آمدنی 2,497.54 ملین روپے بمقابلہ گزشتہ مالی سال کے 2,418.40 ملین روپے رہی اور قبل از ٹیکس منافع 258.91 ملین روپے گزشتہ مالی سال کے 199.23 ملین روپے رہا۔ یہ کچھلی وہائی کا اعلیٰ ترین منافع ہے جو پیداوار کی استعداد میں بہتری اور نگری میں اضافے کے سبب حاصل ہوا۔

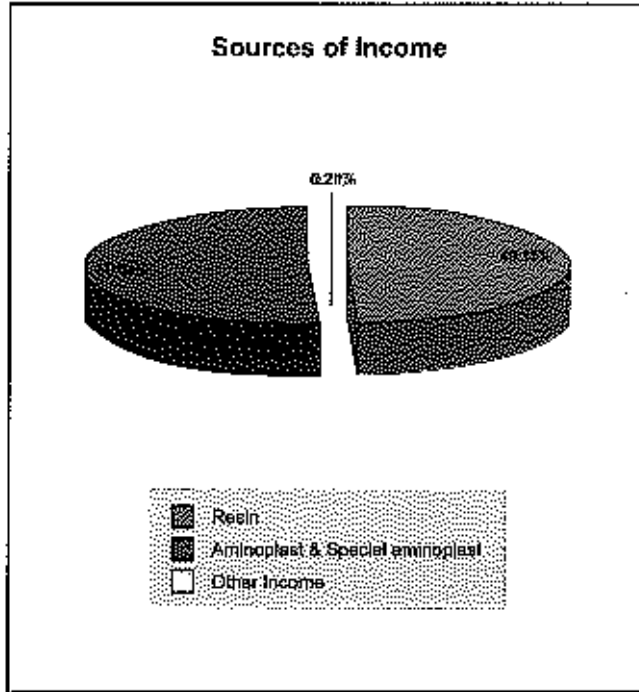
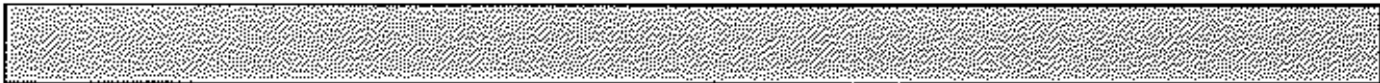
### ریزن قسمت

مالی سال 2016-17 میں ریزن قسمت کی مجموعی بکری 1,236.44 ملین روپے بمقابلہ گزشتہ مالی سال کے 1,086.01 ملین روپے کے رہی، جو کہ 13.85 فیصد کے اضافہ کو ظاہر کرتی ہے۔ ریزن قسمت کے شعبہ جاتی نتائج 121.98 ملین روپے بمقابلہ گزشتہ مالی سال کے 57.37 ملین روپے کے رہے۔

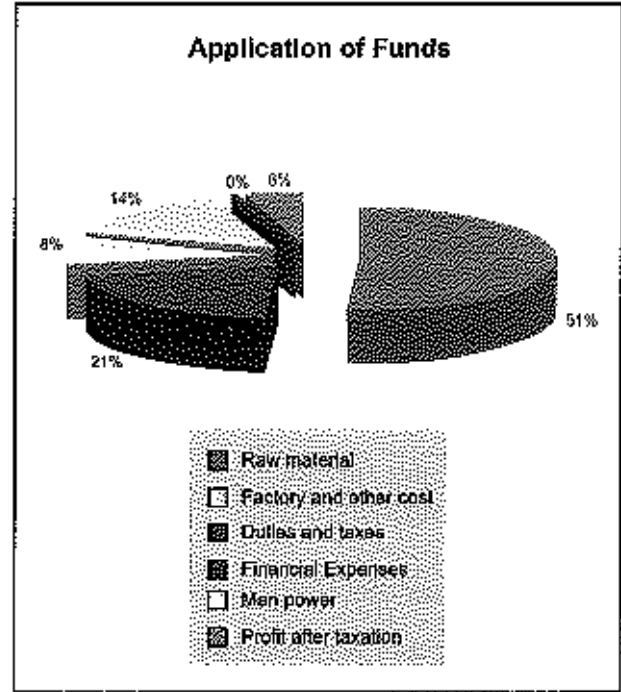
**KEY OPERATING AND FINANCIAL DATA**

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	----- Rupees in thousands -----					
<b><u>FINANCIAL POSITION:</u></b>						
SHAREHOLDERS EQUITY	1,055,100	925,304	837,138	756,140	678,500	550,483
TOTAL ASSETS	1,292,328	1,190,005	1,294,972	1,411,894	980,464	930,695
<b><u>OPERATING RESULTS:</u></b>						
TURNOVER	2,497,540	2,418,400	2,387,736	2,703,246	2,390,922	2,151,496
PROFIT / (LOSS) BEFORE TAXATION	258,910	199,229	156,199	152,742	242,168	161,872
TAXATION	(81,932)	(63,882)	(51,610)	(27,921)	(85,843)	(58,965)
PROFIT / (LOSS) AFTER TAXATION	176,978	135,347	104,588	124,821	156,326	102,908
EARNING / (LOSS) PER SHARE Rs.	9.38	7.17	5.54	6.61	8.28	5.45
CASH DIVIDEND DECLARED %	80.00	50.00	50.00	25.00	50.00	30.00
	(Proposed)					

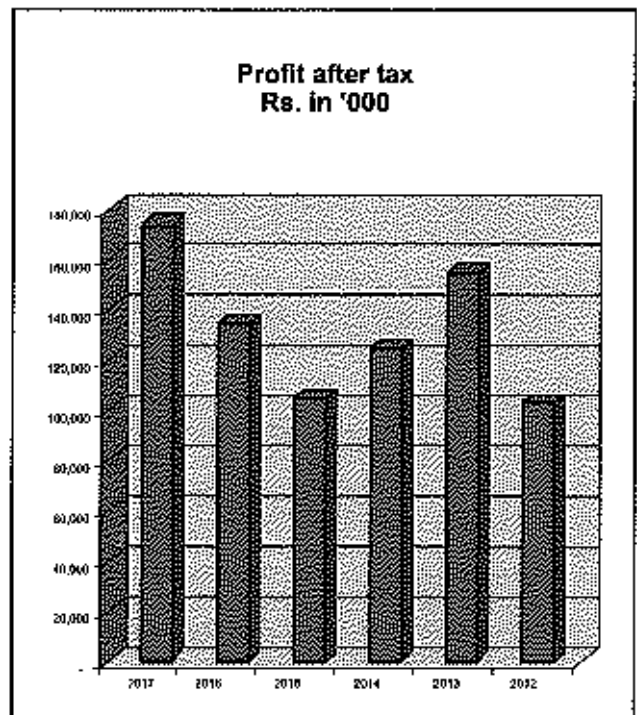
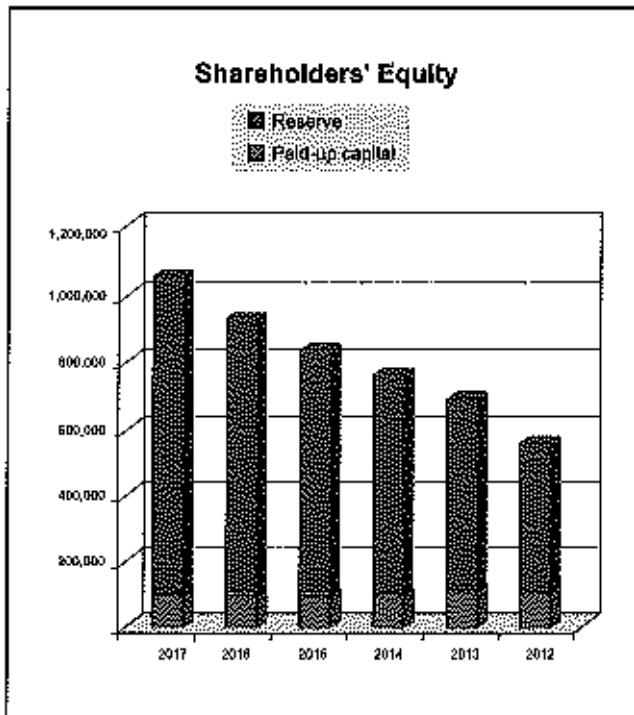




\* Includes Sales Tax on Resin Rs.217.62 million and on Aminoplast Rs. 237.57 million.



\*\*Duties and taxes including Sales Tax amounting to Rs. 627.80 million.



## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

**For the year ended June 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance contained in Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code of Corporate Governance for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present, the Board includes:

Category	Names
Non-Executive Directors	1. Dr. Donald Jenkin - Chairman 2. Mr. Tayyeb Afzal - Director 3. Mr. Sajid Hassan - Director 4. Mr. Ameen Bandukda - Director
Executive Director	1. Mr. Shabbir Abbas - Chief Executive Officer (CEO)
Independent Directors	1. Syed Ali Azfar Naqvi - Director 2. Mr. Aqeel Loon - Director

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. 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.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors have been taken by the Board.
8. 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 and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for one meeting with the prior approval of the board. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.7, five Directors of Company are duly certified. All the directors are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its Directors in the previous years to apprise them of their roles and responsibilities.
10. The board has approved appointment of Company Secretary and Head of Internal Audit; no new appointment of Chief Financial Officer (CFO) was made during the year. The terms of remuneration of CFO, Company Secretary and Head of Internal Audit have been approved by the Board.

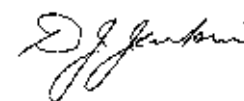
## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive director and one is independent director, the chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The term of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and remuneration committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is a non-executive director.
18. The Board has outsourced the internal audit function to M/s. Ferguson & Co., Chartered Accountants (a member firm 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 and they are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The close period, prior to the announcement of interim/final results, and business decisions which may materially affect the market price of company's securities, was determined and intimated to directors, employees and Stock Exchanges.
22. Material price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

We confirm that all other material principles contained in the CCG have been complied with.



SHABBIR ABBAS  
Chief Executive



DONALD JENKIN  
Chairman



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

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## **Review report to the members on statement of compliance with the code of corporate governance**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Dynea Pakistan Limited (the Company) (the Company) for the year ended 30 June 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

*EY Ford Rhodes*  
Chartered Accountants

Date: 28 August 2017

Place: Karachi



Building a better  
working world

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

We have audited the annexed balance sheet of Dynea Pakistan Limited (the Company) as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 4.1 to the accompanying financial statements, with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance, 1984, 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 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, 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.

We draw attention to note 22.1.1 to the financial statements which describes the uncertainty related to the outcome of law suit contingency for which no provision is considered necessary in the financial statements for the reasons disclosed in the said note. Our report is not qualified in respect of above matter.

*EY Ford Rhodes*

Chartered Accountants  
Audit Engagement Partner: Rizaz A. Rehman Chamdia  
Date: 28 August 2017  
Place: Karachi

## BALANCE SHEET AS AT JUNE 30, 2017

<u>ASSETS</u>	Note	30 June 2017 ----- (Rupees) -----	30 June 2016 -----
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	251,969,827	238,956,148
Intangible assets	7	1,375,399	3,162,720
Long-term loans	8	135,972	73,599
Long-term deposits	9	6,725,182	6,354,526
Deferred tax asset	10	16,100,197	3,515,122
		<u>276,306,577</u>	<u>252,062,115</u>
<b>CURRENT ASSETS</b>			
Stores and spares	11	17,402,764	14,650,526
Stock-in-trade	12	355,071,437	323,917,349
Trade debts	13	446,487,134	381,870,840
Loans and advances	14	3,640,963	3,991,145
Deposits and prepayments	15	7,921,002	4,763,668
Other receivables	16	1,053,687	-
Taxation – net		42,612,529	47,509,505
Cash and bank balances	17	141,831,532	161,239,805
		<u>1,016,021,048</u>	<u>937,942,838</u>
<b>TOTAL ASSETS</b>		<u>1,292,327,625</u>	<u>1,190,004,953</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 40,000,000 (2016: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	18	94,362,065	94,362,065
Reserves		960,738,261	830,941,865
		<u>1,055,100,326</u>	<u>925,303,930</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	19	-	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	237,193,322	216,900,231
Accrued mark-up		33,977	278,745
Short-term running finance	21	-	647,047
Current portion of long term financing	19	-	46,875,000
		<u>237,227,299</u>	<u>264,701,023</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,292,327,625</u>	<u>1,190,004,953</u>

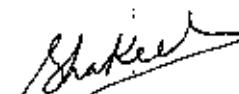
The annexed notes from 1 to 41 form an integral part of these financial statements.



DONALD JENKIN  
Chairman



SHABBIR ABBAS  
Chief Executive



SHAKEELUDDIN  
Chief Financial Officer

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017**

	Note	30 June 2017 ----- (Rupees) -----	30 June 2016 -----
Turnover – net	23	2,497,540,206	2,418,399,721
Cost of sales	24	(2,033,170,897)	(2,007,370,215)
<b>Gross profit</b>		<b>464,369,309</b>	<b>411,029,506</b>
Distribution costs	25	(118,416,170)	(109,317,275)
Administrative expenses	26	(69,648,535)	(74,209,533)
		(188,064,705)	(183,526,808)
Other income	27	6,203,825	647,207
<b>Operating profit</b>		<b>282,508,429</b>	<b>228,149,905</b>
Finance costs	28	(3,434,535)	(12,907,509)
Other charges	29	(20,164,140)	(16,013,707)
<b>Profit before taxation</b>		<b>258,909,754</b>	<b>199,228,689</b>
Taxation	30	(81,932,025)	(63,881,725)
<b>Net profit for the year</b>		<b>176,977,729</b>	<b>135,346,964</b>
<b>Basic and diluted earnings per share</b>	31	<b>9.38</b>	<b>7.17</b>

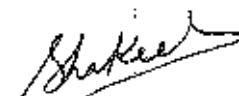
The annexed notes from 1 to 41 form an integral part of these financial statements.



DONALD JENKIN  
Chairman



SHABBIR ABBAS  
Chief Executive




SHAKEELUDDIN  
Chief Financial Officer

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	30 June 2017	30 June 2016
	----- (Rupees) -----	
<b>Net profit for the year</b>	<b>176,977,729</b>	<b>135,346,964</b>
Other comprehensive Income	-	-
<b>Total comprehensive income for the year</b>	<u><b>176,977,729</b></u>	<u><b>135,346,964</b></u>

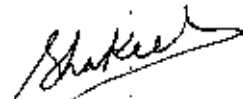
The annexed notes from 1 to 41 form an integral part of these financial statements.



DONALD JENKIN  
Chairman



SHABBIR ABBAS  
Chief Executive



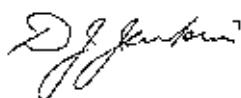
SHAKEELUDDIN  
Chief Financial Officer



**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017**

	Note	30 June 2017 ----- (Rupees) -----	30 June 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		258,909,754	199,228,689
Adjustments for non-cash and other items			
Depreciation and amortisation		61,883,416	78,595,766
Provision for doubtful debts		10,226,418	10,946,975
Finance costs		3,434,535	12,907,509
Gain on disposal of property, plant and equipment		(597,286)	(488,197)
		<u>74,947,083</u>	<u>101,962,053</u>
		<b>333,856,837</b>	<b>301,190,742</b>
(Increase) / decrease in current assets			
Stores and spares		(2,752,238)	(351,748)
Stock-in-trade		(31,154,088)	49,289,228
Trade debts		(74,842,712)	(77,056,190)
Loans and advances		350,182	33,197,510
Deposits and prepayments		(3,157,334)	(2,757,219)
Other receivables		(1,053,687)	188,307
		<u>(112,609,877)</u>	<u>2,509,888</u>
Increase / (decrease) in current liabilities			
Trade and others payables		20,293,091	(1,785,680)
		<u>241,540,051</u>	<u>301,914,950</u>
Finance costs paid		(3,679,303)	(13,674,543)
Income tax (paid) / refund		(89,620,124)	13,115,789
Long-term loans and deposits		(433,029)	(69,440)
<b>Net cash generated from operating activities</b>		<u><b>147,807,595</b></u>	<u><b>301,286,756</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(73,124,246)	(5,644,573)
Proceeds from disposal of property, plant and equipment		611,758	1,449,245
<b>Net cash used in investing activities</b>		<u><b>(72,512,488)</b></u>	<u><b>(4,195,328)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing		(46,875,000)	(156,250,000)
Dividend paid		(47,181,333)	(47,181,032)
<b>Net cash used in financing activities</b>		<u><b>(94,056,333)</b></u>	<u><b>(203,431,032)</b></u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u><b>(18,761,226)</b></u>	<u><b>93,660,396</b></u>
<b>Cash and cash equivalents at the beginning of year</b>		<u><b>160,592,758</b></u>	<u><b>66,932,362</b></u>
<b>Cash and cash equivalents at the end of year</b>		<u><b>141,831,532</b></u>	<u><b>160,592,758</b></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash and bank balances	17	141,831,532	161,239,806
Short-term running finance	21	-	(647,047)
		<u><b>141,831,532</b></u>	<u><b>160,592,758</b></u>

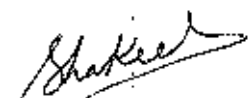
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DONALD JENKIN  
Chairman



SHABBIR ABBAS  
Chief Executive

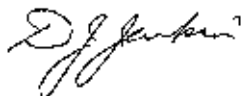


SHAKEELUDDIN  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General Reserve	Unappropriated Profit	Total	
-----Rupees-----					
<b>Balance as at June 30, 2015</b>	<b>94,362,065</b>	<b>501,000,000</b>	<b>241,775,934</b>	<b>742,775,934</b>	<b>837,137,999</b>
Transferred to general reserve	-	190,000,000	(190,000,000)	-	-
Final dividend for the year ended June 30, 2015 @ Rs.2.50 per share	-	-	(47,181,033)	(47,181,033)	(47,181,033)
Net profit for the year	-	-	135,346,964	135,346,964	135,346,964
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	135,346,964	135,346,964	135,346,964
<b>Balance as at June 30, 2016</b>	<b>94,362,065</b>	<b>691,000,000</b>	<b>139,941,865</b>	<b>830,941,865</b>	<b>925,303,930</b>
Final dividend for the year ended June 30, 2016 @ Rs.2.50 per share	-	-	(47,181,333)	(47,181,333)	(47,181,333)
Net profit for the year	-	-	176,977,729	176,977,729	176,977,729
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	176,977,729	176,977,729	176,977,729
<b>Balance as at June 30, 2017</b>	<b>94,362,065</b>	<b>691,000,000</b>	<b>269,738,261</b>	<b>960,738,261</b>	<b>1,055,100,326</b>

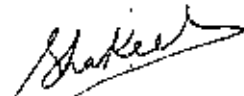
The annexed notes from 1 to 41 form an integral part of these financial statements.



DONALD JENKIN  
Chairman



SHABBIR ABBAS  
Chief Executive



SHAKEELUDDIN  
Chief Financial Officer

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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 aminoplast compound. During the year the registered office of the Company has been changed to Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, Pakistan.

### 2. STATEMENT OF COMPLIANCE

2.1 During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

#### 2.2 New standards, interpretation and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards and the amendments and Interpretation of IFRSs which became effective for the current year:

- IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment (Amendment)

#### Improvements to Accounting Standards Issued by the IASB in September 2014

- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting

The adoption of the above amendments, improvements to accounting standards and interpretation did not have any material effect on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**2.3 Standards 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.

	<b>Effective date (annual periods beginning on or after)</b>
IAS 7 - Statements of Cash Flows - (Amendment)	01 January 2017
IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. 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.

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.

	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 15 – Revenue from Contracts with Customers	01 January 2018

**3. BASIS OF MEASUREMENT**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Property, plant and equipment

##### Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost. Depreciation is charged to profit and loss account using the straight line method, at the rates specified in note 6.1 to the financial statements. Depreciation on additions is charged from the month when the asset is available for use and in case of deletions upto the month of disposal. Leasehold land is amortised in equal installments over the lease period.

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

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

##### Capital work in progress

These are stated at cost less impairment, 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 values of property, plant and equipment are reviewed at each balance sheet date for impairment when events or changes in circumstances indicate that the carrying values 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.

#### 4.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment loss, if any, except for capital work-in-progress which are stated at cost less impairment loss, if any. Amortisation is charged to profit and loss account using the straight line method at the rates specified in note 7 to the financial statements.

#### 4.3 Stores and spares

These are valued at the lower of weighted average cost and Net Realisable Value (NRV). Provision is made for slow moving and obsolete stores.

#### 4.4 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 labor 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. Provision is made for slow moving stock-in-Trade.

**NOTES TO THE FINANCIAL STATEMENTS**

**4.5 Trade debts and other receivables**

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

**4.6 Ijarah rentals**

Ijarah payments for assets under Ijarah agreements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

**4.7 Cash and cash equivalents**

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

**4.8 Long-term financing**

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged to profit and loss account on an accrual basis.

**4.9 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.

**4.10 Provisions**

Provisions are recognised in the balance sheet where the Company has a legal or constructive obligation as a result of past event, it is probable that outflow 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 balance sheet date and adjusted to reflect current best estimate.

**4.11 Financial instruments**

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights that comprise the financial assets are realised, expired or surrendered. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and a financial liability is taken to the profit and loss account in the period in which it arises.

**4.12 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised 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 offset accordingly.

**4.13 Employee retirement benefits**

**Defined contribution plan**

The Company operates a recognised 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 recognised as employee benefit expense when they are due.

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

### 4.14 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 on turnover. 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 balance sheet date between the tax basis 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 un used tax assets and un used tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduces to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

### 4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

### 4.16 Revenue recognition

#### Sales

Sales are recorded when goods are dispatched to customers.

#### Other income

Interest on bank deposits is recognised on an accrual basis.

### 4.17 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 4.18 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account.

### 4.19 Dividends and appropriation to reserves

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

### 4.20 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.

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of 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 recognised 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:

	Note
- determining the residual values, method of depreciation and useful lives of property, plant and equipment	4.1 & 6
- determining the method of amortisation and useful lives of intangible assets	4.2 & 7
- provision for doubtful trade debts	4.5 & 13
- provisions	4.10
- provision for compensated absences	4.13
- recognition of current and deferred tax	4.14, 10 & 30
- contingencies	22

	Note	30 June 2017 ----- (Rupees) -----	30 June 2016 -----
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	186,079,368	238,398,148
Capital work-in-progress	6.4	65,890,459	558,000
		<u>251,969,827</u>	<u>238,956,148</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 6.1 Operating fixed assets

	COST				Rate	DEPRECIATION / AMORTISATION			NET BOOK VALUE	
	As at July 01, 2016	Additions	Disposals	As at June 30, 2017		As at July 01, 2016	Charge for the year	Disposals	As at June 30, 2017	As at June 30, 2017
	Rupees					Rupees				
Freehold land	659,961	-	-	659,961	-	-	-	-	659,961	
Leasehold land	11,920,159	-	-	11,920,159	59 years	1,118,548	174,758	-	12,922,301	10,626,855
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	18,201,781	526,335	-	18,728,116	1,579,341
Buildings on leasehold land	103,668,007	4,403,421	-	111,071,428	10%	55,716,442	3,472,758	-	64,189,200	46,882,228
Plant and machinery	639,066,822	77,778	(649,825)	638,574,875	16.67%	472,062,551	48,354,535	(648,522)	519,467,564	119,107,311
Electrical installations	21,048,880	-	-	21,048,880	10.67%	16,710,601	1,132,039	-	17,842,700	3,206,180
Furniture and fittings	1,277,094	1,833,238	-	3,090,332	20%	986,962	462,192	-	1,449,155	1,641,177
Office equipments	3,682,657	532,379	-	4,195,027	20%	3,166,899	301,518	-	3,468,405	686,622
Computers and accessories	4,713,842	978,000	-	5,691,842	33%	3,519,554	679,230	-	4,198,784	1,292,858
Vehicles	4,041,918	77,010	(143,900)	3,925,028	20%	3,494,923	92,611	(129,431)	3,458,103	466,885
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
<b>2017</b>	<b>816,903,432</b>	<b>7,791,787</b>	<b>(783,425)</b>	<b>822,901,794</b>		<b>577,505,284</b>	<b>60,096,095</b>	<b>(778,953)</b>	<b>836,822,426</b>	<b>186,078,368</b>

	COST				Rate	DEPRECIATION / AMORTISATION			NET BOOK VALUE	
	As at July 01, 2015	Additions	Disposals	As at June 30, 2016		As at July 01, 2015	Charge for the year	Disposals	As at June 30, 2016	As at June 30, 2016
	Rupees					Rupees				
Freehold land	659,961	-	-	659,961	-	-	-	-	659,961	
Leasehold land	11,920,159	-	-	11,920,159	59 years	943,769	174,757	-	1,119,546	10,801,613
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	17,675,416	526,335	-	18,201,781	2,105,676
Buildings on leasehold land	106,668,007	-	-	106,668,007	10%	47,479,936	8,236,538	-	55,716,442	50,951,565
Plant and machinery	634,926,605	4,170,117	-	639,096,722	16.67%	466,937,724	65,144,827	-	472,082,551	167,014,171
Electrical installations	21,048,880	-	-	21,048,880	10.67%	16,233,776	1,475,023	-	16,710,601	4,338,279
Furniture and fittings	1,277,094	-	-	1,277,094	20%	625,171	161,791	-	786,962	290,132
Office equipments	3,682,657	69,000	(61,554)	3,682,857	20%	3,015,996	212,446	(61,532)	3,166,899	496,768
Computers and accessories	4,180,957	604,440	(71,765)	4,713,632	33%	2,544,825	1,004,626	(29,859)	3,519,554	1,194,088
Vehicles	7,201,601	743,317	(3,402,900)	4,041,918	20%	5,819,519	159,024	(2,463,720)	3,494,923	546,585
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
<b>2016</b>	<b>814,353,077</b>	<b>5,086,574</b>	<b>(3,536,219)</b>	<b>816,903,432</b>		<b>507,083,288</b>	<b>77,097,166</b>	<b>(2,575,171)</b>	<b>577,505,284</b>	<b>238,398,148</b>

**NOTES TO THE FINANCIAL STATEMENTS**

6.2 The following operating fixed assets were disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of Disposal	Particulars of Purchases
-----Rupees-----							
<b>Vehicles</b>							
Honda CG 125	96,500	82,031	14,469	65,000	50,531	Insurance Claim	Hahib Insurance Co.
Hero RF 70 CG	47,400	47,400	-	4,740	4,740	As per Company's policy	Mr. Kashif Anjum
<b>Plant and machinery</b>							
Lifter and Tank	649,525	649,522	3	542,018	542,015	Tender	Mr. Salim Khan & Mr. Nazeer Hussain
2017	<u>793,425</u>	<u>776,953</u>	<u>14,472</u>	<u>611,758</u>	<u>597,286</u>		
2016	<u>3,536,219</u>	<u>2,575,171</u>	<u>961,054</u>	<u>1,449,245</u>	<u>488,197</u>		

30 June 2017      30 June 2016  
 Note ----- (Rupees) -----

6.3 Depreciation / amortisation charge for the year has been allocated as follows

Cost of sales – manufacturing expenses	24	58,820,835	76,009,489
Distribution costs	25	530,590	123,678
Administrative expenses	26	744,670	963,999
		<u>60,096,095</u>	<u>77,097,166</u>

6.4 Capital work-in-progress

Building and civil works	36,100,906	-
Plant and machinery	29,231,553	-
Intangibles – software	558,000	558,000
	<u>65,890,459</u>	<u>558,000</u>

7. INTANGIBLE ASSETS

	COST		ACCUMULATED AMORTIZATION			NET BOOK VALUE		Amortization rate %
	As at July 01, 2016	As at June 30, 2017	As at July 01, 2016	Charge for the year	As at June 30, 2017	As at June 30, 2017		
----- (Rupees) -----								
Software								
2017	5,362,500	-	5,362,500	2,199,780	1,787,321	3,987,101	1,375,399	33
2016	4,207,500	1,156,000	5,362,500	701,180	1,498,800	2,199,780	3,162,720	33

## NOTES TO THE FINANCIAL STATEMENTS

7.1 The amortization charge for the year has been charged to administrative expenses (note 26).

	30 June 2017	30 June 2016
Note	----- (Rupees) -----	-----

### 8. LONG-TERM LOANS – secured, considered good

Due from employees	8.1	252,636	141,455
Current portion	14.1	(116,664)	(67,856)
		<u>135,972</u>	<u>73,599</u>

8.1 Interest free loans are granted for purchase of property, motor vehicles and for miscellaneous purposes to the employees which are repayable within a maximum period of three years as per the Company's policy. These loans are secured against the retirement benefits of the employees. These loans are carried at cost due to practicality and materiality of the amounts involved.

	30 June 2017	30 June 2016
	----- (Rupees) -----	-----

### 9. LONG-TERM DEPOSITS

Water and Power Development Authority		823,200	823,200
Lasbela Industrial Estate Development Authority		4,915,870	4,915,870
Others		986,112	615,456
		<u>6,725,182</u>	<u>6,354,526</u>

### 10. DEFERRED TAXATION

Temporary differences arising due to:			
- Accelerated tax depreciation and amortization		(2,769,413)	(13,340,008)
- Provisions		18,869,610	16,855,130
		<u>16,100,197</u>	<u>3,515,122</u>

### 11. STORES AND SPARES

Stores		11,526,686	8,663,159
Spares		5,876,078	5,987,367
		<u>17,402,764</u>	<u>14,650,526</u>

### 12. STOCK-IN-TRADE

Raw material			
In hand		212,101,313	220,039,120
In bonded warehouse		29,345,802	28,440,444
In transit		64,193,274	25,573,482
		<u>305,640,389</u>	<u>274,053,046</u>
Packing material		5,014,642	6,158,647
Finished good		44,416,406	43,705,656
		<u>355,071,437</u>	<u>323,917,349</u>

## NOTES TO THE FINANCIAL STATEMENTS

		30 June 2017	30 June 2016
	Note	----- (Rupees) -----	
<b>13. TRADE DEBTS – unsecured</b>			
Considered good		446,487,134	381,870,840
Considered doubtful		<u>62,898,699</u>	<u>52,672,281</u>
		509,385,833	434,543,121
Provision for doubtful debts	13.1	<u>(62,898,699)</u>	<u>(52,672,281)</u>
		<u>446,487,134</u>	<u>381,870,840</u>
<b>13.1 Reconciliation of provision for doubtful debts</b>			
Balance at the beginning of the year		52,672,281	41,725,306
Charge during the year	25	<u>10,226,418</u>	<u>10,946,975</u>
Balance at the end of the year		<u>62,898,699</u>	<u>52,672,281</u>
<b>14. LOANS AND ADVANCES – considered good</b>			
<b>Loans – secured</b>			
- Executives		411,057	792,225
- Employees	14.1	<u>2,211,916</u>	<u>2,570,417</u>
		2,622,973	3,362,642
<b>Advances – unsecured</b>			
- Suppliers and contractors		1,017,990	628,503
		<u>3,640,963</u>	<u>3,991,145</u>
<b>14.1</b>	Includes current portion of long-term loan to employees amounting to Rs. 0.117 million (2016: Rs. 0.068 million).		
		30 June 2017	30 June 2016
	Note	----- (Rupees) -----	
<b>15. DEPOSITS AND PREPAYMENTS</b>			
Deposits		6,906,178	1,035,000
Prepayments		<u>1,014,824</u>	<u>3,728,668</u>
		<u>7,921,002</u>	<u>4,763,668</u>
<b>16. OTHER RECEIVABLES</b>			
Interest receivable		507,382	-
Workers' Profits Participation Fund	16.1	<u>546,305</u>	-
		<u>1,053,687</u>	-

## NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2017	30 June 2016
		----- (Rupees) -----	-----
<b>16.1 Workers' Profits Participation Fund</b>			
Balance payable at the beginning of the year		762,120	8,429,968
Allocation for the year	29	13,953,695	10,762,120
		<u>14,715,815</u>	<u>19,192,088</u>
Less: Payments made during the year		15,262,120	18,429,968
Balance (receivable) / payable at the end of the year		<u>(546,305)</u>	<u>762,120</u>
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		23,100	48,300
With banks			
- Current accounts		70,823,878	58,245,515
- PLS account	17.1	63,984,554	100,445,990
- Deposit account	17.2	7,000,000	2,500,000
		<u>141,808,432</u>	<u>161,191,505</u>
		<u>141,831,532</u>	<u>161,239,805</u>
<b>17.1</b>	This carries interest at the rate of 5% (2016: 4.75%) per annum.		
<b>17.2</b>	Represents deposits of Rs 7.0 million given to a commercial bank against bank guarantee and carries interest at the rate of 4.7% (2016: 4.3%) per annum.		
<b>18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
		30 June 2017	30 June 2016
<u>Number of ordinary shares of Rs. 5/- each</u>		----- (Rupees) -----	-----
2017	2016		
8,316,000	8,316,000	Fully paid In cash	41,580,000
		Issued as fully paid bonus	
<u>10,556,413</u>	<u>10,556,413</u>	Shares	52,782,065
<u>18,872,413</u>	<u>18,872,413</u>	<u>94,362,065</u>	<u>94,362,065</u>
<b>18.1</b>	A related party held 4,716,216 (2016: 4,716,216) ordinary shares of Rs. 5/- each in the Company at year end.		
<b>19. LONG-TERM FINANCING – secured</b>		30 June 2017	30 June 2016
		----- (Rupees) -----	-----
Long-term loan		-	46,875,000
Less: Current portion		-	46,875,000
		<u>-</u>	<u>-</u>

During the year the Company has repaid its entire liability.

## NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2017	30 June 2016
		----- (Rupees) -----	-----
<b>20. TRADE AND OTHER PAYABLES</b>			
Creditors		4,912,317	6,726,655
Bills payable		76,375,026	62,528,652
Accrued liabilities	20.1	128,372,139	112,658,514
Workers' Welfare Fund		11,462,032	9,222,249
Workers' Profits Participation Fund	16.1	-	762,120
Vend / permit fee payable	20.2	4,552,438	4,552,438
Tax deducted at source		264,762	89,328
Unclaimed and unpaid dividend		2,828,311	2,439,424
Sales tax payable		8,426,297	17,920,851
		237,193,322	216,900,231

**20.1** Includes accrual for leave encashment of Rs. 12.839 million (2016: Rs. 9.559 million) and bonus to employees of Rs. 18.174 million (2016: Rs. 16.416 million).

**20.2** Represents amount charged to certain customers in respect of vend and permit fee. Depending on the outcome of the law suit mentioned in note 22.1.1, the amount would either be paid to the Excise and Taxation Department, Government of Sindh or refunded to the customers. The Company has discontinued this practice of charging the fee from July 2002 in accordance with the industrial norms.

### **21. SHORT-TERM RUNNING FINANCE - secured**

**21.1** Represent utilized portion of running finance facilities obtained from various banks amounting to Rs. 500 million (2016: Rs. 500 million). These are secured by hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these finances ranges from one months' KIBOR+0.50% to three months' KIBOR+1% (2016: one months' KIBOR+0.50% to three months' KIBOR+1%) per annum and payable quarterly.

**21.2** The facilities for foreign currency import financing obtained from banks amounting to Rs. 100 million (2016: Rs. 100 million) remained unutilised at the balance sheet date.

### **22. CONTINGENCIES AND COMMITMENTS**

#### **22.1 Contingencies**

**22.1.1** The Excise and Taxation Department, Government of Sindh imposed vend fee 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 High Court of Sindh in August 1996. In June 2001, the Honorable High Court of Sindh decided the case in favor of the Company. However, the Department filed an appeal in the Supreme Court of Pakistan against the above judgment. The Supreme Court of Pakistan suspended the decision of the High Court and reverted the case back to the High Court for fresh hearing. The High Court once again decided the case in favor of the Company.

The Department has filed an appeal before the Supreme Court 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 June 30, 2017 works out at Rs. 1,339.94 million (2016: Rs. 1,262.90 million). Based on the legal advice, the Company is confident to get a favorable decision from the Supreme Court 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.

	30 June 2017	30 June 2016
	----- (Rupees) -----	
22.1.2 Outstanding bank guarantees	<u>11,083,947</u>	<u>10,583,947</u>
<b>22.2 Commitments</b>		
22.2.1 Outstanding letters of credit	<u>338,702,116</u>	<u>74,768,680</u>
Includes letter of credit for capital expenditure amounting to Rs. 202,379,754 (2016: Nil)		
22.2.2 Postdated cheques issued in favor of collector of customs	<u>73,728,855</u>	<u>25,307,474</u>
22.2.3 Commitment for capital expenditure	<u>32,887,719</u>	<u>-</u>
22.2.4 Commitments for rental under Ijarah finance agreement		
Within one year	<u>3,352,164</u>	<u>3,514,155</u>
After one year but not more than five years	<u>3,400,913</u>	<u>2,703,781</u>
	<u>6,753,077</u>	<u>6,217,936</u>

Represent Ijarah finance facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payment due under the agreement is Rs 6,753,077 (2016: Rs 6,217,936/-) 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 2017	30 June 2016
	----- (Rupees) -----	
<b>23. TURNOVER – net</b>		
Sales	2,957,943,660	2,871,891,930
Less: Sales tax	<u>455,197,180</u>	<u>445,677,869</u>
Sales return	<u>4,505,684</u>	<u>6,554,087</u>
Trade discount	<u>700,590</u>	<u>1,260,253</u>
	<u>460,403,454</u>	<u>453,492,209</u>
	<u>2,497,540,206</u>	<u>2,418,399,721</u>

## NOTES TO THE FINANCIAL STATEMENTS

	30 June 2017	30 June 2016
Note	----- (Rupees) -----	
<b>24. COST OF SALES</b>		
Opening stock – raw and packing materials	226,197,766	205,103,619
Purchases	1,583,795,086	1,566,809,420
	<b>1,809,992,852</b>	<b>1,771,913,039</b>
Closing stock – raw and packing materials	<b>(217,115,955)</b>	<b>(226,197,766)</b>
Raw and packing materials consumed	<b>1,592,876,897</b>	<b>1,545,715,273</b>
<b>Manufacturing expenses</b>		
Indirect material consumed	6,166,963	8,824,564
Stores and spares consumed	37,613,750	37,123,353
Fuel and power	90,557,487	93,664,662
Salaries, wages and other benefits	191,276,545	172,906,546
Rent, rates and taxes	1,009,171	850,322
Insurance	2,165,896	2,378,655
Repairs and maintenance	19,764,847	36,160,101
Vehicle running and maintenance	5,752,079	5,044,623
Ijarah rentals	1,295,802	419,304
Postage, telephone and telex	1,436,645	1,376,122
Storage and handling charges	11,031,982	9,959,993
Traveling and conveyance	656,137	970,157
Printing and stationery	749,971	672,931
Depreciation	6.3 58,820,835	76,009,489
Others	12,706,640	10,982,600
	<b>441,004,750</b>	<b>457,343,422</b>
<b>Cost of goods manufactured</b>	<b>2,033,881,647</b>	<b>2,003,058,695</b>
<b>Finished goods</b>		
Opening stock	43,705,656	48,017,176
Closing stock	<b>(44,416,406)</b>	<b>(43,705,656)</b>
	<b>(710,750)</b>	<b>4,311,520</b>
	<b>2,033,170,897</b>	<b>2,007,370,215</b>
<b>25. DISTRIBUTION COSTS</b>		
Salaries and other benefits	13,863,904	13,353,639
Cartage and freight	84,072,392	73,979,883
Rent, rates and taxes	2,041,224	743,810
Insurance	1,153,323	1,060,185
Repairs and maintenance	360,976	123,460
Vehicle running and maintenance	2,349,241	3,027,765
Postage, telephone and telex	919,982	812,453
Traveling and conveyance	1,643,466	1,949,325
Printing and stationery	180,117	54,941
Electricity	236,298	104,561
Depreciation	6.3 530,590	123,678
Sales promotion	331,945	225,000
Market research	-	2,398,560
Provision for doubtful debts	13.1 10,226,418	10,946,975
Others	506,294	413,040
	<b>118,416,170</b>	<b>109,317,275</b>



## NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2017	30 June 2016
		----- (Rupees) -----	
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits		41,548,622	35,601,686
Insurance		603,274	611,581
Repairs and maintenance		1,857,285	1,921,556
Vehicle running and maintenance		2,305,965	2,564,283
Ijarah rentals		1,932,143	1,967,600
Postage, telephone and telex		1,217,361	1,000,533
Traveling and conveyance		4,292,266	5,913,635
Printing and stationery		765,460	645,701
Utilities		863,082	880,688
Depreciation	6.3	744,670	963,999
Amortisation	7	1,787,321	1,498,600
Legal and professional charges		4,041,043	13,373,910
Advertisement and publicity		438,767	461,247
Charity and donations	26.1	2,589,107	1,992,516
Auditors' remuneration	26.2	1,400,600	1,373,218
ISO certification fees		420,000	300,000
Others		2,841,569	3,138,780
		<b>69,648,535</b>	<b>74,209,533</b>

### 26.1 Charity and donations

None of the directors or their spouses have any interest in any of the donees to whom donations were made during the year.

	Note	30 June 2017	30 June 2016
		----- (Rupees) -----	
<b>26.2 Auditors' remuneration</b>			
Audit fee		935,000	850,000
Half year review		110,000	100,000
Other certifications		181,730	263,920
Out of pocket expenses		173,870	159,298
		<b>1,400,600</b>	<b>1,373,218</b>

### 27. OTHER INCOME – net

#### Income from financial assets

Interest on PLS account	17.1	6,091,537	966,890
Interest on deposit account	17.2	160,690	3,181
		<b>6,252,227</b>	<b>970,071</b>

#### Income from non-financial assets

Scrap sales		369,748	276,882
Gain on disposal of property, plant and equipment		597,286	488,197
Insurance claims		-	998,109
Net exchange loss	27.1	(1,015,436)	(2,086,052)
		<b>(48,402)</b>	<b>(322,864)</b>
		<b>6,203,825</b>	<b>647,207</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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

	Note	30 June 2017 ----- (Rupees) -----	30 June 2016 -----
<b>28. FINANCE COSTS</b>			
Mark-up on:			
- long-term financing	19	1,583,279	7,866,083
- short-term running finance	21	72,542	3,628,330
		<u>1,655,821</u>	<u>11,494,413</u>
Bank guarantees commission		640,153	475,407
Bank charges		1,138,561	937,689
		<u>3,434,535</u>	<u>12,907,509</u>
<b>29. OTHER CHARGES</b>			
Workers' Profits Participation Fund	16.1	13,953,695	10,762,120
Workers' Welfare Fund		6,210,445	5,251,587
		<u>20,164,140</u>	<u>16,013,707</u>
<b>30. TAXATION</b>			
Current		93,534,035	81,707,273
Prior		983,065	628,161
Deferred		(12,585,075)	(18,453,709)
		<u>81,932,025</u>	<u>63,881,725</u>
<b>30.1 Relationship between accounting profit and tax expense</b>			
Profit before taxation		<u>258,909,754</u>	<u>199,228,689</u>
Tax @ 31 % (2016: 32%)		80,262,024	63,753,180
Effect of previous year tax charge		983,065	628,161
Others		686,936	(499,616)
Tax expense		<u>81,932,025</u>	<u>63,881,725</u>
Effective tax rate		<u>31.64%</u>	<u>32.06%</u>
<b>31. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Net profit for the year		<u>176,977,729</u>	<u>135,346,964</u>
		<b>No. of shares</b>	
Weighted average number of ordinary shares in issue during last year		<u>18,872,413</u>	<u>18,872,413</u>
		----- (Rupees) -----	
Basic earnings per share		<u>9.38</u>	<u>7.17</u>

## NOTES TO THE FINANCIAL STATEMENTS

31.1 Basic earnings per share have no dilution effect.

### 32. 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 aminoplast division produces aminoplast compound.

	30 June 2017			30 June 2016		
	Resin Division	Aminoplast Division	Total	Resin Division	Aminoplast Division	Total
	Rupees			Rupees		
Turnover – net	1,236,444,558	1,261,095,646	2,497,540,206	1,086,010,321	1,332,369,400	2,418,399,721
Segment Result	121,979,836	248,090,863	370,070,499	67,373,632	268,729,016	326,102,648
<b>Unallocated expenses:</b>						
Administrative expenses						
distribution costs			(93,765,896)			(98,599,950)
Other income			6,203,825			647,207
Finance costs			(3,434,535)			(12,907,509)
Other charges			(20,164,140)			(16,013,707)
Taxation			(81,932,025)			(83,881,725)
Net profit for the year			176,977,729			135,346,964
Segment assets	530,631,005	445,828,040	986,459,045	498,938,388	443,927,211	942,865,599
Unallocated assets			307,868,580			247,139,354
<b>Total assets</b>			<b>1,292,327,625</b>			<b>1,190,004,953</b>
Segment liabilities	77,497,481	21,682,419	99,379,900	69,068,240	4,739,504	73,807,744
Unallocated liabilities			137,647,399			190,893,279
<b>Total liabilities</b>			<b>237,227,299</b>			<b>264,701,023</b>
Capital expenditure	32,829,129	37,384,329	70,213,458	3,311,458	1,147,983	4,459,441
Unallocated capital expenditure			2,910,788			1,185,133
<b>Total capital expenditure</b>			<b>73,124,246</b>			<b>5,644,574</b>
Depreciation and amortization	28,896,945	30,160,894	59,057,839	37,775,270	38,581,689	76,356,959
Unallocated depreciation			2,825,477			2,238,827
<b>Total depreciation and amortization</b>			<b>61,883,416</b>			<b>78,595,786</b>

#### 32.1 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.

32.2 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.

32.3 Total sales of the Company are made to customers in Pakistan during the year ended June 30, 2017 and 2016.

32.4 All non-current assets of the Company as at June 30, 2017 and 2016 are located in Pakistan.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. 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.

#### 33.1 Market risk

Market risk is the risk that fair value of 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 fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the balance sheet date, the Company is not exposed to such risk.

##### (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. It arises mainly where payables exist due to transactions in foreign currency.

The Company is exposed to foreign currency risk amounting to Rs. 76,375,026/- in relation to foreign currency financial liabilities. Management of the Company estimates that 5% increase in exchange rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 3,818,751/- and a 5% decrease would result in the increase in the Company's profit before tax by the same amount. 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 balance sheet date, the Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

#### 33.2 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.

## NOTES TO THE FINANCIAL STATEMENTS

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.

### Quality of financial assets

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	30 June 2017	30 June 2016
	----- (Rupees) -----	
<b>The analysis of trade debts is as follows</b>		
Neither past due nor impaired	297,952,134	285,007,654
Past due but not impaired		
- 61 to 90 days	113,741,683	75,776,799
- 91 to 120 days	29,324,095	11,747,642
- 121 to 180 days	5,469,222	9,338,745
	<u>446,487,134</u>	<u>381,870,840</u>
<b>Bank balances</b>		
<b>Ratings</b>		
A1+	141,611,705	160,888,778
A1	196,727	302,727
	<u>141,808,432</u>	<u>161,191,505</u>

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

### 33.3 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:

	30 June 2017			
	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- Rupees -----			
Trade and other payables	209,992,353	4,552,438	-	214,544,791
Accrued markup	33,977	-	-	33,977
	<u>210,026,330</u>	<u>4,552,438</u>	<u>-</u>	<u>214,578,768</u>
	30 June 2016			
	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- Rupees -----			
Long term financing	-	46,875,000	-	46,875,000
Trade and other payables	181,593,044	4,552,438	-	186,145,482
Accrued markup	278,745	-	-	278,745
Short-term running finance	-	647,047	-	647,047
	<u>181,871,789</u>	<u>52,074,485</u>	<u>-</u>	<u>233,946,274</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. 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 balance sheet date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

### 35. 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 majority of its operations through long-term and short-term financing in addition to its equity. The Company has a gearing ratio of Nil (2016: 5%) as of the balance sheet date.

### 36. TRANSACTIONS WITH RELATED PARTIES

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

	30 June 2017	30 June 2016
	----- (Rupees) -----	
Contribution to provident fund	<u>6,993,436</u>	<u>6,304,284</u>
Sale proceeds from disposal of operating fixed assets to CEO as per Company's policy	<u>-</u>	<u>681,478</u>

### 37. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	30 June 2017			30 June 2016		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees -----			----- Rupees -----		
Managerial remuneration	6,910,344	-	20,243,590	6,115,476	-	16,878,336
Bonus / Ex-Gratia	3,507,868	-	5,569,464	2,158,315	-	3,360,408
Retirement and other benefits	891,508	-	5,047,283	1,390,792	-	3,873,382
House rent	2,825,496	-	6,239,728	2,500,308	-	6,863,508
	<u>14,135,216</u>	<u>-</u>	<u>39,100,065</u>	<u>12,162,891</u>	<u>-</u>	<u>30,975,644</u>
Number of person(s)	<u>1</u>	<u>6</u>	<u>20</u>	<u>1</u>	<u>6</u>	<u>18</u>

## NOTES TO THE FINANCIAL STATEMENTS

- 37.1** In addition, the Chief Executive and certain executives are provided with free use of Company maintained cars.
- 37.2** Fee paid to non-executive directors for attending the Board meetings amounts to Rs. 0.830 million (2016: Rs. 2.359) million.
- 37.3** No remuneration was paid to any of the directors other than the Chief Executive.
- 37.4** Further, a non-executive director is provided fee for technical advisory services amounting to Rs 3.474 million (2016: Rs 3.471 million) as per contractual arrangement.

### 38. CAPACITY AND PRODUCTION

Note	30 June 2017		30 June 2016	
	Rated capacity	Actual production	Rated Capacity	Actual Production
----- Metric Tons -----				
<b>Resin division</b>				
	47,000	33,772	47,000	31,232
	59,000	43,424	59,000	38,831
38.1	106,000	77,196	106,000	70,063
<b>Aminoplast division</b>				
	16,200	13,673	16,200	13,385

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

### 39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 39.1** The Board of Directors in its meeting held on August 28, 2017 proposed final cash dividend of Rs. 4/- per share for the year ended June 30, 2017 amounting to Rs.75.49 million for approval of the members at the Annual General Meeting to be held on October 09, 2017.
- 39.2** Under section 5A of the Income tax Ordinance, 2001 (the Ordinance), every public company is obligated to pay tax at the rate of 7.50% on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year, through cash or bonus shares.

Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs.75.49 million for the financial and tax year 2017 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

### 40. GENERAL

- 40.1** Figures have been rounded off to the nearest rupee.
- 40.2** There were no material reclassifications that could affect the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

	30 June 2017 (Un-audited) ----- (Rupees) -----	30 June 2016 (Audited) -----
<b>40.3 PROVIDENT FUND</b>		
Size of the fund	<u>83,655,174</u>	<u>82,986,275</u>
Cost of investments made	<u>72,512,926</u>	<u>76,289,558</u>
Percentage of investment made	<u>86.7%</u>	<u>91.93%</u>
Fair value of investments made	<u>81,884,980</u>	<u>80,865,758</u>

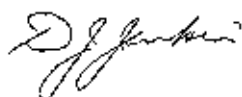
	30 June 2017	%	30 June 2016	%
	Investment Rupees	of investment as size of the fund	Investment Rupees	of investment as size of the fund
<b>Break-up of investments</b>				
Term Deposit Receipts	74,716,784	89.3%	74,610,654	89.9%
National Investment Trust Units	5,259,292	6.3%	3,569,568	4.3%
Cash at bank	1,908,904	2.3%	2,685,536	3.2%
	<u>81,884,980</u>	<u>97.9%</u>	<u>80,865,758</u>	<u>97.4%</u>

Investments out of provident fund have been made in accordance with the provision of the section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for the purpose.

40.4 The number of employees at the year-end was 221 (2016: 219) and average number of employees during the year was 221 (2016: 222).

**41. DATE OF AUTHORISATION FOR ISSUE**

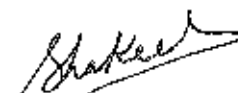
These financial statements were authorised for issue on August 28, 2017 by the Board of Directors of the Company.



DONALD JENKIN  
Chairman



SHABBIR ABBAS  
Chief Executive



SHAKEELUDDIN  
Chief Financial Officer



## COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

**AS AT JUNE 30, 2017**

NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF FOLIOS/CDC ACCOUNTS	CATEGORY WISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		1,377	4,856,240	25.73
2	INVESTMENT COMPANIES		1	2,200	0.01
3	JOINT STOCK COMPANIES		21	1,476,659	7.82
4	<b>DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN</b> Mr. Shabbir Abbas Mr. Tayyeb Afzal Syed Ali Azfar Naqvi Mr. Sajid Hassan Mr. Amoon Bandukda Mr. Muhammad Aqeel Loon	1,000 1,000 1,000 1,000 1,000 1,000	6	6,000	0.03
5	EXECUTIVES		-	-	-
6	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b> Alca Asia Pacific Holding Pte Ltd.		1	4,716,216	24.99
7	<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>		-	-	-
8	<b>BANKS, DFIS, NBFIS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b> Financial Institutions Insurance Companies Modaraba Pension Funds	2,597 142,000 616 547,930	12	893,143	3.87
9	<b>MUTUAL FUNDS</b> Golden Arrow Selected Stocks Fund Limited CDC - Trustee Al-Meezan Mutual Fund CDC - Trustee NAFA Islamic Asset Allocation Fund CDC - Trustee National Investment (Unit) Trust	336,733 1,000 21,500 1,750,110	4	2,109,343	11.18
10	<b>FOREIGN INVESTORS</b>		18	4,859,399	25.75
11	<b>CO-OPERATIVE SOCIETIES</b>		1	2,701	0.01
12	<b>CHARITABLE TRUST</b>		3	144,137	0.76
13	<b>OTHERS</b>		2	6,375	0.03
	<b>TOTAL</b>		<b>1,446</b>	<b>18,872,413</b>	<b>100.00</b>

### 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 %
Alca Asia Pacific Holding Pte Ltd.	FALL IN CAT.# 6	4,716,216	24.99
CDC - Trustee National Investment (Unit) Trust	FALL IN CAT.# 9	1,750,110	9.27
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
<b>TOTAL</b>		<b>9,120,210</b>	<b>48.33</b>

#### 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, except the following:

	BUY	SELL
Syed Ali Azfar Naqvi - Non Executive Director	1,000	

**COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS**

**AS AT JUNE 30, 2017**

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS RS.5/- EACH			TOTAL SHARES HELD
562	1	-	100	13,673
343	101	-	500	105,891
174	501	-	1000	147,743
235	1001	-	5000	580,962
41	5001	-	10000	310,677
15	10001	-	15000	190,168
13	15001	-	20000	244,265
11	20001	-	25000	256,696
7	25001	-	30000	199,256
3	30001	-	35000	102,500
1	35001	-	40000	38,751
5	45001	-	50000	238,486
2	55001	-	60000	114,643
2	60001	-	65000	121,538
3	65001	-	70000	206,355
4	75001	-	80000	310,296
1	90001	-	95000	91,500
2	95001	-	100000	199,137
1	100001	-	105000	105,000
1	115001	-	120000	120,000
1	135001	-	140000	135,311
2	160001	-	165000	325,304
1	175001	-	180000	178,500
1	195001	-	200000	200,000
1	215001	-	220000	217,000
1	245001	-	250000	250,000
1	335001	-	340000	336,733
4	385001	-	390000	1,547,832
1	395001	-	400000	400,000
1	795001	-	800000	800,000
1	815001	-	820000	816,986
1	845001	-	850000	847,000
1	1105001	-	1110000	1,105,169
1	1545001	-	1550000	1,548,715
1	1750001	-	1755000	1,750,110
1	4715001	-	4720000	4,716,216
<b>1,446</b>				<b>18,872,413</b>

**FORM OF PROXY**

**THIRTY FIFTH ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ of \_\_\_\_\_

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

\_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_

or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

Hereby appoint \_\_\_\_\_ of \_\_\_\_\_

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

or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

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

or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Thirty Fifth Annual General Meeting of the Company to be held on Monday, October 9, 2017 at 12:30 PM and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signed by the said

Witness \_\_\_\_\_

(Signature)

Witness \_\_\_\_\_

(Signature)

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. \_\_\_\_\_

CNIC No. \_\_\_\_\_

Please affix  
Rs. 5/-  
Revenue Stamp

SIGNATURE OF MEMBER(S)

**NOTES:**

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

**FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES**

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

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

### پینتیسواں سالانہ اجلاس عام

میں / ہم ..... ساکن ..... بحیثیت ممبر ڈائیکٹریا پاکستان لیمیٹڈ ..... عام حصص یافتہ مطابق شیئر رجسٹر فولیو ای سی ڈی سی اکاؤنٹ نمبر ..... مقرر کرتا ہوں ..... فولیو ای سی ڈی سی اکاؤنٹ نمبر ..... شناختی کارڈ نمبر ..... یا بصورت دیگر ..... فولیو ای سی ڈی سی اکاؤنٹ نمبر ..... شناختی کارڈ نمبر ..... جو کہ کپنی کے ممبر بھی ہیں، کو کپنی کے 9 اکتوبر 2017 کو دوپہر (12:30) بجے منعقد ہونے والے مینٹیسویں (35) سالانہ اجلاس عام میں اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا قائم مقام امتبادل۔

گواہی مورخہ ..... 2017

گواہ	گواہ
دستخط	دستخط
نام	نام
پتہ	پتہ
شناختی کارڈ نمبر	شناختی کارڈ نمبر

51- روپے کا  
موصول ٹکٹ

ممبر (ز) کے دستخط

نوٹ:

- 1- پراکسی فارم بڑا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑھتالیس (48) گھنٹے قبل کپنی کے رجسٹرڈ آفس دفتر نمبر 406، پارسا ٹاور، پلاٹ نمبر (31/1/A)، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی۔ میں جمع کروایا جائیگا۔
- 2- پراکسی کیلئے کپنی کا ممبر ہونا ضروری ہے۔ تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پراکسی مقرر کر سکتی ہے۔
- 3- اگر کوئی ممبر ایک سے زائد پراکسی مقرر کرتا ہے اور کپنی کو پراکسی کی ایک سے زائد دستاویزات جمع کروانا ہے تو پراکسی کی اس طرح کی تمام دستاویزات غیر قانونی تصور ہوگی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز کا کارپوریشن ایجنسی

مزید برآں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

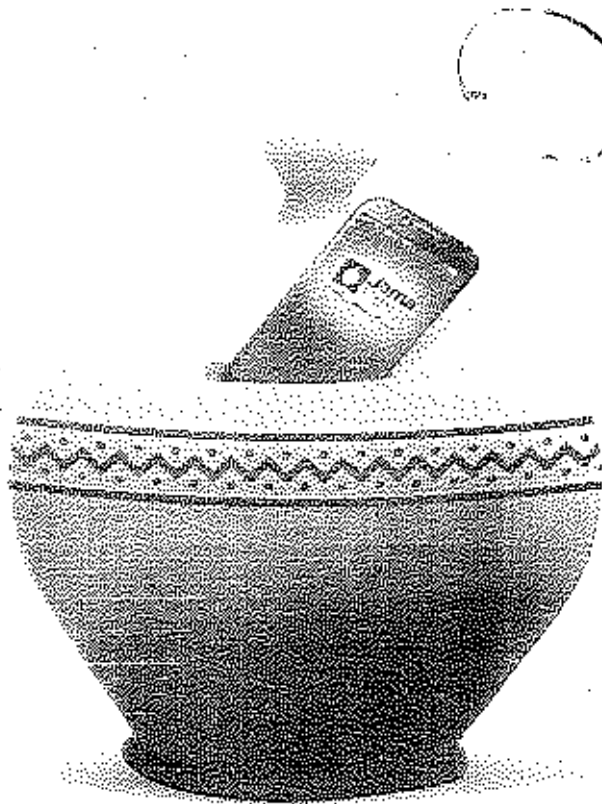
- 1- پراکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور شناختی کارڈ نمبر یا پاسپورٹ نمبر فارم میں درج ہوں۔
- 2- ممبر اور پراکسی کے شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔
- 3- پراکسی کو اجلاس کے وقت اپنا اصل شناختی کارڈ نمبر یا پاسپورٹ پیش کرنا ہوگا۔
- 4- کارپوریٹ ایجنسی کی صورت میں ڈائریکٹرز کی قرارداد اور آف انٹرنی معائنہ فرم کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیئے گئے ہوں) پراکسی فارم کے ہمراہ کپنی کو پیش کرنے ہو گئے۔

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(based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
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- 📝 Online Quizzes



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Chartered Accountants

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\*Feature apps are also available for download for android and ios devices

