

dynea

DYNEA PAKISTAN LIMITED

**Condensed Interim Financial Statements
For the Nine Months Ended March 31, 2019
(UN-AUDITED)**

DYNEA PAKISTAN LIMITED

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DYNEA PAKISTAN LIMITED

COMPANY INFORMATION

Board of Directors :

Dr. Donald Jenkin
Mr. Shabbir Abbas
Mr. Tayyeb Afzal
Mr. Sajid Hassan
Mr. Ameen Bandukda
Mr. Aqeel Loon
Ms. Anam Fatima Khan

Chairman
Chief Executive Officer

Audit Committee :

Mr. Aqeel Loon
Dr. Donald Jenkin
Mr. Tayyeb Afzal
Ms. Anam Fatima Khan

Chairman
Member
Member
Member

Human Resource and Remuneration Committee:

Mr. Aqeel Loon
Dr. Donald Jenkin
Mr. Sajid Hassan
Ms. Anam Fatima Khan

Chairman
Member
Member
Member

Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

Company Secretary :

Mr. Saqib Naim

Head of Internal Audit:

Mr. Mujtaba Hassan Ghanchi

Bankers :

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

Auditors :

M/s. EY Ford Rhodes
Chartered Accountants

Legal Advisors :

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

Share Registrar :

FAMCO Associates (Pvt) Ltd
Management Consultants & Share Registrars
8-F, Next to Hotel Faran Nursery, Block - 6, P.E.C.H.S
Shahra-e-Faisal, Karachi.
Ph: (92-21) 34380101-5, 34384621-3 (Ext. 103) Fax: (92-21) 34380106

Registered Office :

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

Factories :

- 1) **Hub Unit**
A101 – A105, A132 – A136,
Hub Industrial Trading Estate,
Hub Chowki, Distt. Lasbella, Baluchistan.
Ph: (92-853) 363706 – 09 Fax: (92-853) 363907
- 2) **Gadoon Unit**
34-A, 34-B, 35 and 38-A, Road-3, Industrial Estate,
Gadoon Amazal, District Swabi, Khyber Pakhtunkhwa.
Ph: (92-938) 270150 – 52 Fax: (92-938) 270246

DYNEA PAKISTAN LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE NINE MONTHS ENDED 31 MARCH 2019

The Directors of your Company are pleased to present this report along with the unaudited financial results for the third quarter and the nine months ended March 31, 2019.

During the nine months ended March 31, 2019, the Company earned a profit before tax of Rs.269.17 million and an after tax profit of Rs.190.95 million compared to the profit before tax of Rs.353.72 million and after tax profit of Rs.275.44 million during the corresponding period last year. The decline in profit is due to increase in the cost of imported raw materials largely caused by the ongoing devaluation of the Pak rupee. This has significantly increased the cost of finished products which could not be fully passed on to our customers due to intense competition in the market. The basic and diluted earnings per share decreased from Rs. 14.59 to Rs. 10.12.

Resin Division

The Resin Division generated sales revenue of Rs. 2,005.51 million compared to Rs.1,600.92 million achieved during the same period last year. The increase of 25.27% was due to increase in the sales price rather than an increase in volume. The Resin Division result was Rs.184.06 million compared to Rs.264.37 million for the corresponding period of the previous financial year.

Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs. 2,029.66 million compared to Rs.1,315.72 million achieved during the same period last year, showing an increase of 54.26%. As compared with the Resin Division, the increase in revenue was a consequence of both the increase in sales price coupled with an increase in sales volume. The Moulding Compound Division result was Rs.255.18 million compared to Rs.219.72 million for the corresponding period of the previous financial year.

Future Outlook

Despite the challenging economic environment, management holds a positive outlook and believes that the strategy which it has been following will continue to drive the Company forward into the future.

Vend Fee and Permit Fee Case

Presently the case is pending before the Honourable Supreme Court of Pakistan. The Sindh High Court has already twice given decisions in favour of the Company. In view of the legal merits of the case and the previous two favourable decisions of the Sindh High Court, the Company expects the Supreme Court to confirm the previous decisions.

Acknowledgement

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

On behalf of the Board



Shabbir Abbas
Chief Executive Officer



Dr. Donald Jenkin
Chairman

Karachi: April 23, 2019

ڈائری پاکستان لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے شیئر ہولڈرز

31 مارچ 2019 کو ختم ہونے والی نوامی کے لئے

آپ کی کمپنی کے ڈائریکٹرز ہمسرت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج باہت جاری مالی سال کی تیسری سہ ماہی و نوامی 31 مارچ 2019 پیش کرتے ہیں۔ اس نوامی میں قمل انریگس منافع 269.17 ملین روپے اور بعد انریگس منافع 190.95 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قمل انریگس منافع 353.72 ملین روپے اور بعد انریگس منافع 275.44 ملین روپے بالترتیب رہا تھا۔ منافع میں کسی درآمدی خام مال کی لاگت میں اضافہ ہے جو کہ بڑی حد تک روپے کی قدر میں کمی کی وجہ سے ہے۔ اس کی وجہ سے تیار مال کی لاگت میں نمایاں اضافہ ہوا جس کو شدید مسابقت کی وجہ سے مکمل طور پر گاہکوں کو منتقل نہیں کیا جا سکا۔ فی حصہ (شیئر) آمدن 14.59 روپے سے گھٹ کر 10.12 روپے ہوئی۔

ریزن قسمت

ریزن قسمت کی کل بکری (ٹرن اوور) 2,005.51 ملین روپے رہی جب کہ گزشتہ سال اسی عرصہ میں اس کی مقدار 1,600.92 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں %25.27 زیادہ ہے اس کی وجہ قیمت میں اضافہ ہے تاکہ مقدار میں اضافہ ہے۔ ریزن قسمت کا شعبہ جاتی نتیجہ 184.06 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہ 264.37 ملین روپے تھا۔

مولڈنگ کمپائٹ قسمت

مولڈنگ کمپائٹ قسمت کی کل بکری (ٹرن اوور) 2,029.66 ملین روپے رہی جب کہ گزشتہ سال اسی عرصہ میں اس کی مقدار 1,315.72 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں %54.26 زیادہ ہے ریزن قسمت کی مقابلہ میں، بکری میں اضافہ کی وجہ بکری کی مقدار میں اور قیمتوں میں اضافہ ہے۔ مولڈنگ کمپائٹ قسمت کا شعبہ جاتی نتیجہ 255.18 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہ 219.72 ملین روپے تھا۔

مستقبل پر ایک نظر

مشکل معاشی حالات کے باوجود کمپنی کی انتظامیہ مستقبل کے بارے میں پرامید اور یقین رکھتی ہے کہ جس حکمت عملی پر عمل پیرا ہے وہ کمپنی کو مستقبل میں آگے بڑھاتی رہے گی۔

ویڈیٹی اور پرمٹ فی کیس

اس وقت یہ مقدمہ معزز سپریم کورٹ آف پاکستان میں زیر سماعت ہے۔ سندھ ہائی کورٹ اس مقدمہ میں پہلے ہی دو موافق فیصلوں کا اعلان کمپنی کے حق میں کر چکا ہے۔ کیس کی قانونی مضبوطی اور سندھ ہائی کورٹ کے پہلے دو موافق فیصلوں کی بدولت انتظامیہ پُر اعتماد ہے کہ سپریم کورٹ، سندھ ہائی کورٹ کے پہلے دیئے گئے فیصلوں کی توثیق کرے گا۔

اعتراف

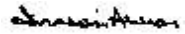
آخر ہم ڈائریکٹرز اللہ تعالیٰ کی اس مشکل وقت میں آپ کی تمام مہربانیوں پر متفکر ہیں اور اپنے حصص یافتگان، گاہکوں، مالیاتی اداروں اور دیگر اسٹیک ہولڈرز کی مسلسل معاونت اور کمپنی پر ان کے اعتماد کے لئے بدیہ تحسین پیش کرتے ہیں۔ ہم اپنی انتظامیہ کے ارکان اور کارکنوں کی کوششوں کے معترف ہیں جو بہتر نتائج کیلئے مسلسل کوشاں ہیں۔



ڈاکٹر وائلڈ ہسین

چیئرمین

بورڈ آف ڈائریکٹرز کی جانب سے



شیئیر عباس

چیف ایگزیکٹو آفیسر


کراچی 23 اپریل 2019

DYNEA PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

		31 March 2019 (Un-audited)	30 June 2018 (Audited)
Note		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
	6	501,367	541,303
Property, plant and equipment		558	847
Intangible assets		179	139
Long-term loans		6,634	6,725
Long-term deposits		1,884	-
Deferred taxation - net		<u>510,622</u>	<u>549,014</u>
CURRENT ASSETS			
		31,049	21,299
Stores and spares		677,092	699,511
Stock-in-trade	7	1,046,865	728,086
Trade debts	8	61,131	14,167
Loans and advances		5,061	5,977
Deposits and prepayments		-	4,598
Other receivables		106,536	124,078
Taxation - net		143,264	128,412
Cash and bank balances		<u>2,070,998</u>	<u>1,726,128</u>
TOTAL ASSETS		<u><u>2,581,620</u></u>	<u><u>2,275,142</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
		200,000	200,000
Authorised share capital			
40,000,000 (June 30, 2018: 40,000,000) ordinary shares of Rs.5/- each			
		94,362	94,362
Issued, subscribed and paid-up capital		1,248,413	1,180,135
Revenue reserves		<u>1,342,775</u>	<u>1,274,497</u>
NON-CURRENT LIABILITIES			
	9	281,250	365,625
Long-term financing		4,032	-
Liability against assets subject to finance lease	10	-	3,416
Deferred taxation - net		<u>285,282</u>	<u>369,041</u>
CURRENT LIABILITIES			
		481,587	269,761
Trade and other payables		5,643	3,692
Unclaimed dividend		14,664	7,108
Accrued mark-up		337,319	266,668
Short-term running finance	11	1,849	-
Current portion of liability against assets subject to finance lease	10	112,500	84,375
Current portion of long-term financing	9	953,562	631,604
CONTINGENCY AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u><u>2,581,620</u></u>	<u><u>2,275,142</u></u>

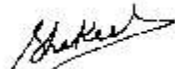
The annexed notes from 1 to 16 form an integral part of these interim financial statements.



SHABBIR ABBAS
Chief Executive Officer



DR. DONALD JENKIN
Chairman



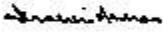
SHAKEEL UDDIN
Chief Financial Officer

Karachi: April 23, 2019

DYNEA PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 31 MARCH 2019
(UN-AUDITED)

	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Turnover - net	4,035,169	2,916,650	1,485,207	1,244,797
Cost of sales	<u>(3,516,620)</u>	<u>(2,349,590)</u>	<u>(1,304,778)</u>	<u>(1,031,017)</u>
Gross profit	518,549	567,060	180,429	213,780
Distribution costs	<u>(100,952)</u>	<u>(102,649)</u>	<u>(47,470)</u>	<u>(53,295)</u>
Administrative expenses	<u>(72,411)</u>	<u>(65,027)</u>	<u>(27,166)</u>	<u>(24,248)</u>
	<u>(173,363)</u>	<u>(167,676)</u>	<u>(74,636)</u>	<u>(77,543)</u>
Other income	<u>4,664</u>	<u>2,323</u>	<u>1,264</u>	<u>885</u>
Operating profit	349,850	401,707	107,057	137,122
Finance costs	<u>(55,832)</u>	<u>(16,180)</u>	<u>(22,823)</u>	<u>(10,521)</u>
Other charges	<u>(24,849)</u>	<u>(31,811)</u>	<u>(7,411)</u>	<u>(10,491)</u>
	<u>(80,681)</u>	<u>(47,991)</u>	<u>(30,234)</u>	<u>(21,012)</u>
Profit before taxation	269,169	353,716	76,823	116,110
Taxation				
- current	<u>(83,520)</u>	<u>(55,390)</u>	<u>(27,424)</u>	<u>(33,880)</u>
- prior	<u>-</u>	<u>(596)</u>	<u>-</u>	<u>(596)</u>
- deferred	<u>5,300</u>	<u>(22,294)</u>	<u>4,821</u>	<u>(966)</u>
	<u>(78,220)</u>	<u>(78,280)</u>	<u>(22,603)</u>	<u>(35,442)</u>
Net profit for the period	190,949	275,436	54,220	80,668
Basic and diluted earnings per share	<u>10.12</u>	<u>14.59</u>	<u>2.87</u>	<u>4.27</u>

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


SHABBIR ABBAS
 Chief Executive Officer


DR. DONALD JENKIN
 Chairman


SHAKEEL UDDIN
 Chief Financial Officer

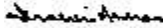
Karachi: April 23, 2019

DYNEA PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 31 MARCH 2019 (UN-AUDITED)

	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Net profit for the period	190,949	275,436	54,220	80,668
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>190,949</u>	<u>275,436</u>	<u>54,220</u>	<u>80,668</u>

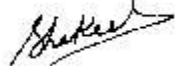
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SHABBIR ABBAS
Chief Executive Officer



DR. DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

Karachi: April 23, 2019


DYNEA PAKISTAN LIMITED

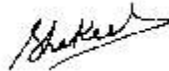
CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 31 MARCH 2019 (UN-AUDITED)

	31 March 2019	31 March 2018
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	269,169	353,716
Adjustments for non-cash and other items		
Depreciation and amortisation	89,492	63,665
Reversal of doubtful debts	(18,730)	(13,706)
Finance costs	55,832	16,180
Gain on disposal of operating fixed assets	(674)	(910)
	125,920	65,229
	395,089	418,945
(Increase) / decrease in current assets		
Stores and spares	(9,750)	(5,261)
Stock-in-trade	22,419	(262,489)
Trade debts	(300,049)	(319,088)
Loans and advances	(46,964)	(83,374)
Deposits and prepayments	916	2,788
Other receivables	3,752	1,035
	(329,676)	(666,389)
Increase in current liabilities		
Trade and other payables	211,825	195,762
	277,238	(51,682)
Finance cost paid	(48,276)	(10,261)
Income tax paid	(65,978)	(138,438)
Long-term loans and deposits - net	51	(32)
Net cash used in operating activities	163,035	(200,413)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(42,661)	(366,680)
Proceeds from disposal of operating fixed assets	1,520	910
Net cash used in investing activities	(41,141)	(365,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing (repaid)/ obtained	(56,250)	400,000
Finance lease (repaid)	(723)	-
Dividends paid	(120,720)	(75,489)
Net cash (used in)/ generated from financing activities	(177,693)	324,511
Net decrease in cash and cash equivalents		
	(55,799)	(241,672)
Cash and cash equivalent at the beginning of period	(138,256)	141,832
Cash and cash equivalents at the end of period	(194,055)	(99,840)
CASH AND CASH EQUIVALENT		
Cash and bank balances	143,264	113,652
Short-term running finance	(337,319)	(213,492)
	(194,055)	(99,840)

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


SHABBIR ABBAS
Chief Executive Officer


DR. DONALD JENKIN
Chairman


SHAKEEL UDDIN
Chief Financial Officer

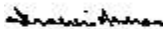
Karachi: April 23, 2019

DYNEA PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Issued, subscribed and paid- up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Total	
(Rupees in '000)					
Balance as at 30 June 2017	94,362	691,000	269,738	960,738	1,055,100
Final dividend for the year ended 30 June 2017 @ Rs. 4.00 per share	-	-	(75,489)	(75,489)	(75,489)
Net profit for the period	-	-	275,436	275,436	275,436
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	275,436	275,436	275,436
Balance as at 31 March 2018	94,362	691,000	469,685	1,160,685	1,255,047
Balance as at 30 June 2018	94,362	691,000	489,135	1,180,135	1,274,497
Transfer to general reserve	-	300,000	(300,000)	-	-
Final dividend for the year ended 30 June 2018 @ Rs. 6.50 per share	-	-	(122,671)	(122,671)	(122,671)
Net profit for the period	-	-	190,949	190,949	190,949
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	190,949	190,949	190,949
Balance as at 31 March 2019	94,362	991,000	257,413	1,248,413	1,342,775

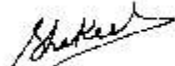
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SHABBIR ABBAS
Chief Executive Officer



DR. DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

Karachi: April 23, 2019

DYNEA PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 MARCH 2019

1. THE COMPANY AND ITS OPERATIONS

Dynea Pakistan Limited (the Company) was incorporated on June 20, 1982, in Pakistan as a public limited company and is listed on Pakistan Stock Exchange Limited. It is engaged in the manufacture and sale of formaldehyde, urea / melamine formaldehyde and moulding compounds. The registered office of the Company is situated at Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, Pakistan.

2. BASIS OF PREPARATION

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

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

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

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

3. ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for as disclosed in note 4.

4. NEW / REVISED STANDARDS, INTERPRETATION AND AMENDMENTS

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

- | | | |
|----------|---|---|
| IFRS 2 | - | Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments) |
| IFRS 4 | - | Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments) |
| IFRS 9 | - | Financial Instruments |
| IFRS 15 | - | Revenue from Contracts with Customers |
| IAS 40 | - | Investment Property: Transfers of Investment Property (Amendments) |
| IFRIC 22 | - | Foreign Currency Transactions and Advance Consideration |

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except as follows:

4.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in manufacture and sale of formaldehyde, urea/melamine formaldehyde and moulding compounds. The Company has assessed that significant performance obligation in contracts with customers, across all divisions, is to deliver the goods which also coincides with the transfer of control and is discharged at that point of time.

The Company has concluded, based on the assessment carried out by the management, that it is in compliance with the requirements of the new accounting standard.

4.2 IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP)

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

IFRS 9 retain but simplifies the measurement model and establishes the measurement categories of financial asset: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company's trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

Further the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

The Company has concluded, based on the assessment carried out by the management, that it is in compliance with the requirements of the new accounting standard.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018 except for changes as disclosed in note 4.2 above.

		31 March 2019	30 June 2018
	Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	501,367	529,264
Capital work-in-progress	6.2	-	12,039
		<u>501,367</u>	<u>541,303</u>
6.1	Includes following additions during the period:		
		31 March 2019	31 March 2018
		----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
Additions - at cost			
Leasehold land		31,195	-
Building on leasehold land		-	88,710
Plant and machinery		21,858	284,130
Electrical installations		-	38,292
Office equipments		57	572
Computer and accessories		1,550	640
Motor vehicles		40	175
Leased vehicles		6,605	-
		<u>61,305</u>	<u>412,519</u>
		31 March 2019	30 June 2018
		----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
6.2 Movement in capital work-in-progress:			
Balance at the beginning of the period/year		12,039	65,332
Additions during the period/ year		34,487	377,356
Transfers to operating fixed assets		(46,526)	(430,649)
		<u>-</u>	<u>12,039</u>
7. STOCK-IN-TRADE			
Raw material:			
In hand		442,032	484,317
In bonded warehouse		1,131	-
In transit		138,371	137,327
		<u>581,534</u>	<u>621,644</u>
Packing material		5,854	6,869
Finished goods		89,704	70,998
		<u>677,092</u>	<u>699,511</u>
8. TRADE DEBTS - unsecured			
Considered good		1,046,865	728,086
Considered doubtful		57,835	76,565
		<u>1,104,700</u>	<u>804,651</u>
Provision for doubtful debts		(57,835)	(76,565)
		<u>1,046,865</u>	<u>728,086</u>
8.1 Movement of provision for doubtful debts:			
Balance at beginning of the period		76,565	62,898
(Reversal)/ charge during the period		(18,730)	13,667
Balance at end of the period		<u>57,835</u>	<u>76,565</u>
9. LONG-TERM FINANCING - secured			
Long-term financing		393,750	450,000
Current portion of long-term financing		(112,500)	(84,375)
		<u>281,250</u>	<u>365,625</u>

- 9.1 Represents utilized portion of long-term finance facility obtained from a commercial bank amounting to Rs. 500 million (June 30, 2018: Rs. 500 million). The facility carries a mark-up at the rate of three months' KIBOR plus 0.35% (2018: three months' KIBOR plus 0.35%) per annum. The loan is repayable in sixteen equal quarterly installments commencing from November 2018 and is secured against equitable mortgage and hypothecation of the Company's operating fixed assets.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 March 2019		30 June 2018	
	Minimum lease payment	Present value	Minimum lease payment	Present value
	----- (Rupees in '000) -----			
Not later than one year	2,459	1,849	-	-
Later than one year and not later than five years	4,473	4,032	-	-
Total minimum lease payments	6,932	5,881	-	-
Less: Financial charges allocated to future periods	1,051	-	-	-
Present value of minimum lease payments	5,881	5,881	-	-
Less: Current portion shown under current liabilities	1,849	1,849	-	-
	4,032	4,032	-	-

- 10.1 Represent finance leases entered into by the Company with First Habib Modaraba for vehicles. Lease rentals are payable in monthly installments latest by November 2021. These carry interest rate of 6 months KIBOR plus 2.75% (June 2018: Nil) per annum.

11. SHORT-TERM RUNNING FINANCE - secured

Represents utilized portion of running finance facilities obtained from various commercial banks amounting to Rs. 550 million (June 30, 2018: Rs. 500 million). These facilities are secured by joint / first pari passu hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these facilities ranges from one month KIBOR+0.75% to six months' KIBOR+0.50% (June 30, 2018: one month KIBOR+0.50% to three months' KIBOR+0.75%) per annum and mark-up is payable quarterly.

The facilities for foreign currency import financing obtained from various commercial banks amounting to Rs. 100 million (June 30, 2018: Rs. 100 million) remained unutilized at the reporting date.

12. CONTINGENCY AND COMMITMENTS

12.1 Contingency

- 12.1.1 The Company is exposed to pay vend and permit fee amounting to Rs. 1,565.36 million (June 30, 2018: Rs. 1,460.12 million) on methanol consumed since July, 1990. Based on the legal advice, the Company is expecting favourable decision from the Honourable Supreme Court of Pakistan and accordingly no provision for any liability has been made in these condensed interim financial statements.

	Note	31 March 2019	30 June 2018
		(Un-audited)	(Audited)
		----- (Rupees in '000) -----	
12.1.2 Outstanding bank guarantees		23,884	13,084
12.2 Commitments			
12.2.1 Outstanding letter of credits		412,845	364,132
12.2.2 Postdated cheques issued in favour of collector of customs		89,627	-
12.2.3 Commitment for capital expenditure		8,661	28,061
12.2.4 Commitment for rental under Ijarah finance agreement			
Within one year		1,415	2,182
After one year but not more than five years		275	1,336
12.2.4.1		1,690	3,518

- 12.2.4.1 Represent Ijarah finance facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payments due under the agreement is Rs. 1.690 million (June 30, 2018: Rs. 3.518 million) and are payable in monthly installments latest by April 2020. These liabilities are secured by on demand promissory note for entire amount of the Ijarah rentals.

13. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and has two reportable operating segments as follows:

- The resin division produces urea/ melamine formaldehyde and formaldehyde; and
- The moulding compound division produces moulding compounds.

13.1 Segment wise operating result for nine months ended (Un-audited):

	31 March 2019			31 March 2018		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Turnover - net	<u>2,005,512</u>	<u>2,029,657</u>	<u>4,035,169</u>	<u>1,600,921</u>	<u>1,315,729</u>	<u>2,916,650</u>
Segment result	184,061	255,176	439,237	264,371	219,723	484,094
Unallocated expenses:						
Administrative expenses			(72,411)			(65,027)
Distribution costs			(21,640)			(19,683)
Other income			4,664			2,323
Finance costs			(55,832)			(16,180)
Other charges			(24,849)			(31,811)
Taxation			(78,220)			(78,280)
Net profit for the period			<u>190,949</u>			<u>275,436</u>
Capital expenditure	6,789	35,015	41,804	188,892	177,383	366,275
Unallocated capital expenditure			857			405
Total capital expenditure			<u>42,661</u>			<u>366,680</u>
Depreciation and amortisation	41,498	46,644	88,142	29,724	32,091	61,815
Unallocated depreciation and amortisation			1,350			1,850
Total depreciation and amortisation			<u>89,492</u>			<u>63,665</u>
	31 March 2019			30 June 2018		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Segment assets	1,027,305	1,192,733	2,220,038	981,761	981,513	1,963,274
Unallocated assets			361,582			311,868
Total assets			<u>2,581,620</u>			<u>2,275,142</u>
Segment liabilities	459,279	306,431	765,709	363,460	336,348	699,808
Unallocated liabilities			473,135			300,837
Total liabilities			<u>1,238,844</u>			<u>1,000,645</u>

13.2 Segment wise operating result for the third quarter ended (Un-audited):

	31 March 2019			31 March 2018		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Turnover - net	<u>717,852</u>	<u>767,355</u>	<u>1,485,207</u>	695,012	549,785	1,244,797
Segment result	53,510	86,073	139,583	96,180	71,153	167,333
Unallocated expenses:						
Administrative expenses			(27,166)			(24,248)
Distribution costs			(6,624)			(6,848)
Other income			1,264			885
Finance costs			(22,823)			(10,521)
Other charges			(7,411)			(10,491)
Taxation			(22,603)			(35,442)
Net profit for the period			<u>54,220</u>			<u>80,668</u>
Capital expenditure	1,367	630	1,997	16,700	-	16,700
Unallocated capital expenditure			244			-
Total capital expenditure			<u>2,241</u>			<u>16,700</u>
Depreciation and amortisation	14,147	15,813	29,960	12,788	15,136	27,924
Unallocated depreciation and amortisation			541			362
Total depreciation and amortisation			<u>30,501</u>			<u>28,286</u>

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, associated companies, employee retirement benefits fund, directors and key management personnel. Details of associated companies / related parties and transactions with related parties during the period are as follows:

Name of related party	Relationship	% of shareholdin	Nature of transaction	31 March	31 March
				2019	2018
				----- (Rupees in '000) -----	
				(Un-audited)	
Remuneration	Key management personnel	0.005%	Remuneration	<u>33,359</u>	<u>28,910</u>
Directors		0.03%	Director fee	<u>4,875</u>	<u>3,359</u>
Directors		0.03%	Dividend paid	<u>39</u>	<u>24</u>
AICA Asia Pacific Holding Pte Limited	Significant influence over the Company	24.99%	Dividend paid	<u>30,655</u>	<u>18,865</u>
Provident Fund		Nil	Contribution to fund	<u>6,636</u>	<u>5,921</u>

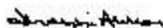
15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 23, 2019 by the Board of Directors of the Company.

16. GENERAL

16.1 Key management personnel remuneration's corresponding figure in related party transactions note has been revised in line with the new definition of executives in the Companies Act, 2017.

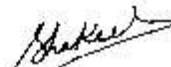
16.2 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated



SHABBIR ABBAS
Chief Executive Officer
Karachi: April 23, 2019



DR. DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

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