

dynea

DYNEA PAKISTAN LIMITED

Condensed Interim Financial Statements
FOR THE HALF YEAR ENDED DECEMBER 31, 2020.
(UN-AUDITED)

DYNEA PAKISTAN LIMITED

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DYNEA PAKISTAN LIMITED

COMPANY INFORMATION

Board of Directors :

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

Audit Committee :

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

Human Resource and Remuneration Committee :

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

Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

Company Secretary :

Mr. Saqib Naim

Head of Internal Audit :

Mr. Mujtaba Hassan Ghanchi

Bankers :

M/s. Habib Bank Limited
M/s. 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
M/s. National Bank of Pakistan
M/s. Allied Bank Limited
M/s. Bank Al-Falah Limited
M/s. Meezan Bank Limited

Auditors :

M/s. EY Ford Rhodes
Chartered Accountants

Legal Advisors :

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., Shahra-e-Faisal,
Karachi.75400
Ph: (92-21) 34520132 - 35
Fax: (92-21) 34392182

Factories :

1) Hub Unit
A101 - A105, A132 - A136,
Hub Industrial Trading Estate,
Hub Chowki, Distt. Lasbella, Balochistan.
Ph: (92-853) 363706 - 09
Fax: (92-853) 363907

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

DYNEA PAKISTAN LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED DECEMBER 31, 2020.

The Directors of your Company are pleased to present this report along with the unaudited financial results for the second quarter and half year ended December 31, 2020.

During the half year ended December 31, 2020, the Company earned a profit before tax of Rs.717.58 million and an after tax profit of Rs.509.68 million compared to the profit before tax of Rs.172.67 million and after tax profit of Rs.122.27 million during the corresponding period last year. The basic and diluted earnings per share increased from Rs.6.48 to Rs.27.01.

The Board has approved an interim cash dividend of Rs. 2.50 per share i.e. 50% for the half year ended December, 2020.

Resin Division

The Resin Division generated sales revenue of Rs. 1,214.48 million compared to Rs. 1,039.24 million achieved during the same period last year, showing an increase of 16.86%. The Resin Division result was Rs.232.07 million compared to Rs.88.59 million for the corresponding period of the last financial year.

Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs. 2,011.00 million compared to Rs. 1,385.11 million achieved during the same period last year, showing an increase of 45.19%. The Moulding Compound Division result was Rs.616.67 million compared to Rs.195.80 million for the corresponding period of the last financial year.

Future Outlook

a) Market Conditions:

The COVID-19 health crisis and continuing economic uncertainty present a unique set of challenges for Dynea. Inflation and interest rates are falling, the current account deficit is under control and foreign exchange reserves are growing which are positive signs for the recovery of industry. We will continue to build on the momentum that has been achieved on the productivity front.

The cost of many imported raw materials is increasing significantly partly due to an increase in shipping costs caused by a shortage of vessels. The Company is monitoring the situation and it has in place a strategy to ensure adequate raw material stocks for the smooth running of operations.

b) Expansion at Gadoon:

Urea/melamine-formaldehyde moulding compound plant has been installed successfully at Gadoon unit and its commercial production commenced from 8th February, 2021.

Vend Fee and Permit Fee Case

In December 2019, The Government of Sindh filed an application that the Department will not press the instant and connected appeals, and that a fresh demand shall be raised following the notification dated 14 February 2002 and the Sindh (Amendment) Abkari Ordinance 2002 notified on 30 October 2002. In addition to that, the Department would surrender the demand secured by Indemnity Bonds for the period 1990 up to October 2002. The Supreme Court accepted the withdrawal on those terms. Upon the receipt of the fresh demand from the Department, the Company intends to approach the relevant Court of Justice to defend the case. The Company expects, based on the view of the legal advisor and the merit of the case, that the decision will be in the favour of the Company. Accordingly, no provision for any liability has been made in these condensed interim financial statements. The management is confident that the Company will be able to continue as a going concern.

Acknowledgement

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

On behalf of the Board



Shabbir Abbas
Chief Executive Officer



Anam Fatima Khan
Director

Karachi, February 19, 2021.

ڈانیا پاپا کستان لمیٹڈ

ڈائریکٹرز رپورٹ

31 دسمبر 2020 کو ختم ہونے والی ششماہی کے لئے

آپ کی کمپنی کے ڈائریکٹرز سمیت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج باہت جاری مالی سال کی دوسری ششماہی و ششماہی 31 دسمبر 2020 پیش کرتے ہیں۔ اس ششماہی میں قبل از ٹیکس منافع 717.58 ملین روپے اور بعد از ٹیکس منافع 509.68 ملین روپے رہا۔ جبکہ گذشتہ سال اسی مدت میں قبل از ٹیکس منافع 172.67 ملین روپے اور بعد از ٹیکس منافع 122.27 ملین روپے باقی رہا تھا۔ فی حصہ (شئیر) آمدن 6.48 روپے سے بڑھ کر 27.01 روپے ہو گئی ہے۔ پورے 31 دسمبر 2020 کو ختم ہونے والے ششماہی کے لئے 2.50 روپے فی شئیر یعنی 50% کے عبوری نقد منصفہ کی منظوری دی ہے۔

ریزن قسمت

ریزن قسمت کی کل بکری (ژرن اور) 1,214.48 ملین روپے رہی جب کہ گذشتہ سال اسی عرصہ میں اس کی مقدار 1,039.24 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں 16.86% زیادہ ہے۔ ریزن قسمت کا شعبہ جاتی نتیجہ 232.07 ملین روپے رہا جبکہ گذشتہ مالی سال کے دوران یہ 88.59 ملین روپے تھا۔

مولڈنگ کمپاؤنڈ قسمت

مولڈنگ کمپاؤنڈ قسمت کی کل بکری (ژرن اور) 2,011.00 ملین روپے رہی جب کہ گذشتہ سال اسی عرصہ میں اس کی مقدار 1,385.11 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں 45.19% زیادہ ہے۔ مولڈنگ کمپاؤنڈ قسمت کا شعبہ جاتی نتیجہ 616.67 ملین روپے رہا جبکہ گذشتہ مالی سال کے دوران یہ 195.80 ملین روپے تھا۔

مستقبل پر ایک نظر

الف) مارکیٹ کے حالات

کوڈ-19 صحت کا بحران اور مستقل معاشی غیر یقینی صورتحال ڈانیا کے لئے چیلنجوں کا ایک اٹو کھا مجموعہ پیش کرتی ہے۔ افزائش اور سود کی شرحیں کم ہو رہی ہیں، کرنٹ اکاؤنٹ خسارہ کنٹرول میں ہے اور زرعی پیداوار کے ذخائر بڑھ رہے ہیں جو صنعت کی بازیابی کے لئے مثبت علامت ہیں۔ ہم اس رفتار کو آگے بڑھاتے رہیں گے جو پیہ اور بیت کے لحاظ پر حاصل ہوا ہے۔ بہت سے درآمد شدہ خام مال کی قیمت میں اضافہ ہو رہا ہے جس کی ایک وجہ جہازوں کی کمی کی وجہ سے شینگ کے اخراجات میں اضافہ ہوا ہے۔ کمپنی اس صورتحال کی گھرائی کر رہی ہے اور اس کی حکمت عملی ہے کہ آپریشن کو آسانی سے چلانے کے لئے مناسب خام مال کے ذخائر کو یقینی بنایا جائے۔

ب) گلوبل توسیع

یورپا/اسیلا میں - فارملا بائو مولڈنگ کمپاؤنڈ پلانٹ گلوبل یونٹ میں کامیابی کے ساتھ نصب کیا جا چکا ہے اور اس کی تجارتی پیداوار 8 فروری، 2021 سے شروع ہوئی ہے۔

ویڈیو اور پرمٹ فی کیس

دسمبر 2019 میں، حکومت سندھ نے ایک درخواست دائر کی کہ ٹیکس فورس اور منسک ایبلوں پر دباؤ نہیں ڈالنا، اور 14 فروری 2020 کے نوٹیفکیشن اور سندھ (ترمیمی) آئی آر بیٹس 2002 کے 30 اکتوبر 2002 کو مطلع شدہ نوٹیفکیشن کے بعد ایک نیا مطالبہ اٹھایا جائے گا۔ اس کے علاوہ ٹیکس ایڈمنسٹریٹو بلڈ کے ذریعے حاصل کردہ مطالبہ کو سال 1990 سے نیکرا اکتوبر 2002 تک کے معاملے کو دے گا۔ سیریم کورٹ نے اس شرائط پر دستبرداری قبول کر دی۔ حکم کی طرف سے تازہ مطالبہ کی وصولی کے بعد، کمپنی اس کیس کا دفاع کرنے کے لئے متعلقہ عدالت انصاف سے رجوع کرنے کا ارادہ رکھتی ہے۔ کمپنی قانونی مشیر کے کنٹیکٹ کے مطابق اور اس معاملے کی خوبیوں کے پیش نظر، کمپنی کے حق میں فیصلے کی توقع رکھتی ہے۔ اسی مناسبت سے اس مالی گوشوارے میں کسی بھی قسم کی کوئی ذمہ داری فراہم نہیں کی گئی ہے۔ انتظامیہ کو یقین ہے کہ کمپنی اپنا موجودہ حیثیت کے مطابق کام جاری رکھے گی۔

اعتراف

آخر میں ہم ڈائریکٹرز اللہ تعالیٰ کی اس مشکل وقت میں انکی تمام مہربانیوں پر تشکر ہیں اور اپنے حصص یافتگان، گاؤں، مالیاتی اداروں اور دیگر اسٹیک ہولڈرز کی مسلسل معاونت اور کمپنی پر ان کے اعتماد کے لئے بدیہ تشکر پیش کرتے ہیں۔

پورڈ آف ڈائریکٹرز کی جانب سے

Shaukeen

انعم فاطمہ خان
ڈائریکٹر

Shaukeen

شعبیر عباس
چیف ایگزیکٹو آفیسر



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

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynea Pakistan Limited (the Company)

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dynea Pakistan Limited** (the Company) as at **31 December 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

Emphasis of Matter

We draw attention to note 11.1.1 to the interim financial statements which describes the significant uncertainty related to the outcome of a contingency for which no provision is considered necessary in the interim financial statements for the reasons disclosed in the said note. Our conclusion is not modified in respect of this matter.

Chartered Accountants
Place: Karachi
Date: 23 February 2021

DYNEA PAKISTAN LIMITED

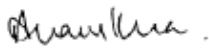
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		31 December 2020 (Un-audited)	30 June 2020 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	601,515	414,796
Long-term loans		187	151
Long-term deposits		7,195	6,674
Deferred taxation - net		<u>29,583</u>	<u>57,593</u>
		638,480	479,214
CURRENT ASSETS			
Stores and spares		<u>19,787</u>	18,828
Stock-in-trade	7	<u>864,344</u>	698,834
Trade debts	8	<u>938,714</u>	788,497
Loans and advances		<u>64,694</u>	22,918
Trade deposits and short-term prepayments		<u>10,098</u>	4,030
Accrued markup		-	480
Other receivables		-	2,072
Taxation - net		-	7,288
Cash and bank balances		<u>438,070</u>	<u>323,719</u>
		<u>2,335,707</u>	<u>1,866,666</u>
TOTAL ASSETS		<u>2,974,187</u>	<u>2,345,880</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40,000,000 (June 30, 2020: 40,000,000) ordinary shares of Rs.5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital		<u>94,362</u>	94,362
Revenue reserves		<u>1,905,855</u>	<u>1,490,534</u>
		2,000,217	1,584,896
NON-CURRENT LIABILITIES			
Long-term financing	9	<u>195,231</u>	140,625
Lease liabilities		<u>7,328</u>	5,152
		202,559	145,777
CURRENT LIABILITIES			
Trade and other payables		<u>550,001</u>	485,191
Accrued mark-up		<u>1,712</u>	4,593
Short-term running finance	10	<u>2,791</u>	-
Current portion of long-term financing	9	<u>112,500</u>	112,500
Current portion of lease liabilities		<u>8,911</u>	7,473
Taxation - net		<u>89,388</u>	-
Unclaimed dividend		<u>6,108</u>	5,450
		771,411	615,207
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>2,974,187</u>	<u>2,345,880</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



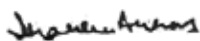
CHIEF FINANCIAL OFFICER

DYNEA PAKISTAN LIMITED

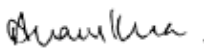
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2020 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Turnover - net	3,225,478	2,424,354	1,763,892	1,351,022
Cost of sales	(2,398,339)	(2,035,936)	(1,323,706)	(1,113,533)
Gross profit	827,139	388,418	440,186	237,489
Distribution costs	(108,010)	(73,693)	(57,391)	(38,861)
Administrative expenses	(65,685)	(52,809)	(35,312)	(26,551)
Reversal of allowance / (allowance) for expected credit loss	112,040	(46,341)	33,732	(14,439)
	(61,655)	(172,843)	(58,971)	(79,851)
Other income	14,745	5,707	10,444	2,594
Operating profit	780,229	221,282	391,659	160,232
Finance costs	(11,364)	(34,053)	(5,193)	(16,300)
Other charges	(51,285)	(14,560)	(26,213)	(10,568)
	(62,649)	(48,613)	(31,406)	(26,868)
Profit before taxation	717,580	172,669	360,253	133,364
Taxation				
- current	(180,398)	(73,246)	(96,928)	(47,389)
- prior	511	84	511	84
- deferred	(28,010)	22,766	(7,420)	8,448
	(207,897)	(50,396)	(103,837)	(38,857)
Net profit for the period	509,683	122,273	256,416	94,507
Basic and diluted earnings per share	27.01	6.48	13.59	5.01

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

DYNEA PAKISTAN LIMITED

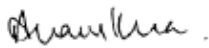
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Net profit for the period	509,683	122,273	256,416	94,507
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	509,683	122,273	256,416	94,507

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

DYNEA PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020 (UN-AUDITED)

	31 December 2020	31 December 2019
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	717,580	172,669
Adjustments for non-cash and other items		
Depreciation and amortisation	46,938	64,526
(Reversal of allowance) / allowance for expected credit loss	(112,040)	46,341
Finance costs	11,364	34,053
Gain on disposal of operating fixed assets	(570)	(1,520)
	<u>(54,308)</u>	<u>143,400</u>
	663,272	316,069
Decrease / (Increase) in current assets		
Stores and spares	(959)	4,539
Stock-in-trade	(165,510)	69,555
Trade debts	(38,177)	(8,970)
Loans and advances	(41,776)	535
Trade deposits and short-term prepayments	(6,068)	(8,468)
Accrued markup	480	-
Other receivables	2,072	257
	<u>(249,938)</u>	<u>57,448</u>
Increase in current liabilities		
Trade and other payables	65,468	130,257
	<u>478,802</u>	<u>503,774</u>
Finance cost paid	(14,245)	(37,198)
Income tax paid	(83,210)	(62,775)
Long-term loans and deposits - net	(557)	(88)
Net cash generated from operating activities	<u>380,790</u>	<u>403,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(224,664)	(8,043)
Proceeds from disposals of operating fixed assets	640	1,567
Net cash used in investing activities	<u>(224,024)</u>	<u>(6,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing availed / (repaid) - net	54,606	(56,250)
Lease rentals paid	(5,450)	(2,875)
Dividend paid	(94,362)	(47,181)
Net cash used in financing activities	<u>(45,206)</u>	<u>(106,306)</u>
Net increase in cash and cash equivalents		
	111,560	290,931
Cash and cash equivalents at the beginning of period	323,719	(173,012)
Cash and cash equivalents at the end of period	<u>435,279</u>	<u>117,919</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	438,070	141,443
Short-term running finance	(2,791)	(23,524)
	<u>435,279</u>	<u>117,919</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR




CHIEF FINANCIAL OFFICER

DYNEA PAKISTAN LIMITED

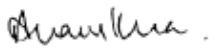
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued, subscribed and paid- up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Total	
----- (Rupees in '000) -----					
Balance as at 30 June 2019	94,362	991,000	293,366	1,284,366	1,378,728
Final dividend for the year ended 30 June 2019 @ Rs. 2.50 per share	-	-	(47,181)	(47,181)	(47,181)
Transferred to general reserve	-	150,000	(150,000)	-	-
Net profit for the period	-	-	122,273	122,273	122,273
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	122,273	122,273	122,273
Balance as at 31 December 2019 (un-audited)	<u>94,362</u>	<u>1,141,000</u>	<u>218,458</u>	<u>1,359,458</u>	<u>1,453,820</u>
Balance as at 30 June 2020	94,362	1,141,000	349,534	1,490,534	1,584,896
Final dividend for the year ended 30 June 2020 @ Rs. 5.0 per share	-	-	(94,362)	(94,362)	(94,362)
Transferred to general reserve	-	200,000	(200,000)	-	-
Net profit for the period	-	-	509,683	509,683	509,683
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	509,683	509,683	509,683
Balance as at 31 December 2020 (un-audited)	<u>94,362</u>	<u>1,341,000</u>	<u>564,855</u>	<u>1,905,855</u>	<u>2,000,217</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

DYNEA PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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

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

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

2.2 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the half years ended 31 December 2020 and 31 December 2019.

2.3 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2020. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the statutory auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2020 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4 to these condensed interim financial statements.

4. ADOPTION OF AMENDMENTS TO ACCOUNTING STANDARDS AND FRAMEWORK FOR FINANCIAL REPORTING EFFECTIVE DURING THE PERIOD

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

IFRS 3 - Definition of a Business (Amendments);

IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments); and

IAS 1 / IAS 8 - Definition of Material (Amendments).

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the said amendments and framework did not have any material impact on the Company's condensed interim financial statements.

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 30 June 2020, except for those disclosed in note 4 to these condensed interim financial statements, if any.

	31 December 2020	30 June 2020
	----- (Rupees in '000) -----	
Note	<u>(Un-audited)</u>	<u>(Audited)</u>

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	353,269	388,658
Right of use asset		21,025	14,787
Capital work-in-progress	6.2	227,221	11,351
		<u>601,515</u>	<u>414,796</u>

6.1 Includes following additions during the period:

	31 December 2020	31 December 2019
	----- (Rupees in '000) -----	
	<u>(Un-audited)</u>	
Additions - at cost		
Plant and machinery	640	7,022
Computer and accessories	1,304	415
Office Equipment	1,044	-
Electrical Installations	266	-
Motor vehicles	5,539	175
	<u>8,793</u>	<u>7,612</u>

		31 December 2020 ----- (Rupees in '000) ----- (Un-audited)	30 June 2020 ----- (Rupees in '000) ----- (Audited)
	Note		
6.2	Movements in capital work-in-progress is as follows:		
	Balance at beginning of the period / year	11,351	250
	Capital expenditures incurred during the period / year	216,465	28,882
	Transferred to operating fixed assets during the period / year	(595)	(17,781)
	Balance at end of the period / year	<u>227,221</u>	<u>11,351</u>
7.	STOCK-IN-TRADE		
	Raw material:		
	In hand	547,470	472,914
	In bonded warehouse	56,604	38,198
	In transit	196,412	140,507
		<u>800,486</u>	651,619
	Packing material	6,303	7,223
	Finished goods	57,555	39,992
		<u>864,344</u>	<u>698,834</u>
8.	TRADE DEBTS - unsecured		
	Considered good	938,714	788,497
	Considered doubtful	72,123	184,163
		<u>1,010,837</u>	972,660
	Allowance for expected credit loss	8.1 (72,123)	(184,163)
		<u>938,714</u>	<u>788,497</u>
8.1	Movement of allowance for expected credit loss:		
	Balance at beginning of the period	184,163	88,572
	(Reversed) / charged during the period	(112,040)	95,591
	Balance at end of the period	<u>72,123</u>	<u>184,163</u>
9.	LONG-TERM FINANCING - secured		
	Long-term financing - I	9.1 196,875	253,125
	Temporary Economic Refinance Facility (TERF)	9.2 110,856	-
	Current portion of long-term financing	(112,500)	(112,500)
		<u>195,231</u>	<u>140,625</u>
9.1	Represents utilized portion of long-term finance facility obtained from a commercial bank amounting to Rs. 500 million (June 30, 2020: Rs. 500 million). The facility carries a mark-up at the rate of three months' KIBOR plus 0.35% (June 30, 2020: three months' KIBOR plus 0.35%) per annum. The loan is repayable in sixteen equal quarterly installments commencing from November 2018 and is secured against equitable mortgage and hypothecation of the Company's operating fixed assets.		
9.2	Represents facility obtained from a commercial bank for import of plant and machinery under SBP's scheme of TERF amounting to Rs. 150 million (June 30, 2020: Rs. Nil). This carry mark-up at the rate of 1% base rate plus 0.75% spread (June 30, 2020: Nil) per annum. The principal portion of the loan is repayable in sixteen equal quarterly installments commencing from February 2022 and is secured against first charge, hypothecation charge and equitable mortgage over the Company's operating fixed assets.		

10. SHORT-TERM RUNNING FINANCE - secured

Represents utilized portion of running finance facilities obtained from various commercial banks amounting to Rs. 750 million (June 30, 2020: Rs. 750 million). These facilities are secured by joint / first pari passu hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these facilities are based on one month KIBOR to six months' KIBOR as bench mark rate plus 0.50% to 0.75% as spread (June 30, 2020: one month KIBOR to six months' KIBOR as bench mark rate plus 0.50% to 0.75%) per annum and mark-up is payable quarterly. As at the reporting date, the unutilized portion of short-term running finance facility is amounting to Rs. 747 million (June 30, 2020: Rs. 750 million).

The facilities for foreign currency import financing obtained from various commercial banks amounting to Rs 100 million (June 30, 2020: Rs. 100 million) remained unutilized at the reporting date.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 The Excise and Taxation Department, Government of Sindh (the Department) imposed, vend and permit fee on methanol, a major raw material used by the Company in the production of formaldehyde. The Company filed a petition against the imposition of these levies in the Honorable High Court of Sindh (HCS) in August 1996. In June 2001, the Honorable HCS decided the case in the favor of the Company. However, the Department filed an appeal in the Honorable Supreme Court of Pakistan (SCP) against the above judgement. The Honorable SCP suspended the decision of the Honorable HCS and reverted the case back to the Honorable HCS for fresh hearing. In March 2003, the Honorable HCS once again decided the case in favor of the Company. The Department once again filed an appeal before the Honorable SCP.

In December 2019, The Government of Sindh filed an application that the Department does not press the instant and connected appeals, and that a fresh demand shall be raised following the notification dated 14 February 2002 and Sindh (Amendment) Abkari Ordinance 2002 notified on 30 October 2002. In addition to that the Department would surrender the demand secured by Indemnity Bonds for the period 1990 up to October 2002.

As of the reporting date, the Company's management is expecting a fresh demand from the Department against Vend and Permit fee amounting to Rs. 1,347.59 million (June 30, 2020: Rs. 1,257.84 million) on the basis of consumption of methanol by the Company since November 2002.

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

31 December 2020	30 June 2020
----- (Rupees in '000) -----	----- (Rupees in '000) -----
(Un-audited)	(Audited)

11.2 Commitments

11.2.1 Outstanding bank guarantees	<u>23,884</u>	<u>23,884</u>
11.2.2 Outstanding letter of credits	<u>731,639</u>	<u>158,236</u>
11.2.3 Commitment for capital expenditures	<u>26,006</u>	<u>9,400</u>

12. 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 aminoplast compound and melamine glazing powder

12.1 Segment wise operating result for six months ended (Un-audited):

	31 December 2020			31 December 2019		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Turnover - net	<u>1,214,476</u>	<u>2,011,002</u>	<u>3,225,478</u>	1,039,241	1,385,113	2,424,354
Segment result	232,066	616,665	848,731	88,590	195,797	284,387
Unallocated expenses:						
Administrative expenses			(65,685)			(52,809)
Distribution costs			(17,562)			(16,003)
Other income			14,745			5,707
Finance costs			(11,364)			(34,053)
Other charges			(51,285)			(14,560)
Taxation			<u>(207,897)</u>			<u>(50,396)</u>
Net profit for the period			<u>509,683</u>			<u>122,273</u>
Capital expenditure	7,156	211,599	218,755	7,197	551	7,748
Unallocated capital expenditure			5,909			295
Total capital expenditure			<u>224,664</u>			<u>8,043</u>
Depreciation and amortisation	18,564	23,638	42,202	28,587	31,905	60,492
Unallocated depreciation and amortisation			4,736			4,034
Total depreciation and amortisation			<u>46,938</u>			<u>64,526</u>

	31 December 2020 (Unaudited)			30 June 2020 (Audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Segment assets	959,163	1,416,876	2,376,039	822,720	1,062,033	1,884,753
Unallocated assets			598,148			461,127
Total assets			<u>2,974,187</u>			<u>2,345,880</u>
Segment liabilities	345,578	427,397	772,975	310,286	273,960	584,246
Unallocated liabilities			200,995			176,738
Total liabilities			<u>973,970</u>			<u>760,984</u>

12.2 Segment wise operating result for second quarter ended (Un-audited):

	31 December 2020			31 December 2019		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Turnover - net	<u>672,384</u>	<u>1,091,508</u>	<u>1,763,892</u>	527,174	823,848	1,351,022
Segment result	<u>95,291</u>	<u>329,386</u>	<u>424,677</u>	58,512	134,324	192,836
Unallocated expenses:						
Administrative expenses			(35,312)			(26,551)
Distribution costs			(8,150)			(8,647)
Other income			10,444			2,594
Finance costs			(5,193)			(16,300)
Other charges			(26,213)			(10,568)
Taxation			(103,837)			(38,857)
Net profit for the period			<u>256,416</u>			<u>94,507</u>
Capital expenditure	6,773	181,193	187,966	-	120	120
Unallocated capital expenditure			2,801			295
Total capital expenditure			<u>190,767</u>			<u>415</u>
Depreciation and amortisation	9,067	11,859	20,926	14,217	15,995	30,212
Unallocated depreciation and amortisation			2,603			2,500
Total depreciation and amortisation			<u>23,529</u>			<u>32,712</u>

13. TRANSACTIONS WITH RELATED PARTIES

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

Name of related party	Relationship	% of shareholding	Nature of transaction	31 December	31 December
				2020	2019
				----- (Rupees in '000) -----	
				(Un-audited)	
Key management personnel	Key management personnel	0.005%	Remuneration	<u>32,371</u>	<u>25,604</u>
Director	Director	0.03%	Director fee	<u>4,476</u>	<u>4,254</u>
Provident Fund	Retirement benefit funds	Nil	Contribution to fund	<u>5,001</u>	<u>4,787</u>
AICA Asia Pacific Holding Pte Ltd.	Associated company	24.99	Dividend Paid	<u>23,581</u>	<u>11,791</u>

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 19, 2021 by the Board of Directors of the Company.

15. GENERAL

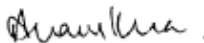
15.1 Subsequent Event

The Board of Directors has proposed and approved an interim cash dividend of Rs. 2.50 per share for the half year ended December 31, 2020 amounting to Rs. 47.18 million, in its meeting held on February 19, 2021. These condensed interim financial statements do not include the effect of the above interim cash dividend which will be accounted for as a subsequent event.

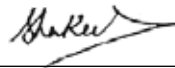
15.2 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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