

dynea

**DYNEA PAKISTAN LIMITED**

Condensed Interim Financial Statements  
for the Half Year ended December 31, 2022  
(Un-Audited)

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**Board of Directors :**

Mr. Donald John Jenkin	<i>Chairman</i>
Mr. Shabbir Abbas	<i>Chief Executive Officer</i>
Mr. Lee Kin Seng	
Ms. Anam Fatima Khan	
Mr. Adnan Afridi	
Mr. Andalib Alavi	
Mr. Tariq Ahmed	

**Audit Committee :**

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

**Human Resource and Remuneration Committee :**

Mr. Andalib Alavi	<i>Chairman</i>
Mr. Donald John Jenkin	<i>Member</i>
Ms. Anam Fatima Khan	<i>Member</i>
Mr. Shabbir Abbas	<i>Member</i>

**Chief Financial Officer :**

Mr. Muhammad Shakeel Uddin

**Company Secretary and Head of Internal Audit:**

Mr. Mujtaba Hassan Ghanchi

**Bankers :**

M/s. Habib Bank Limited  
M/s. National Bank of Pakistan  
M/s. Habib Metropolitan Bank Limited  
M/s. Allied Bank Limited  
M/s. MCB Bank Limited  
M/s. Bank Al-Falah Limited  
M/s. Standard Chartered Bank (Pakistan) Limited  
M/s. Meezan Bank Limited  
M/s. United Bank Limited  
M/s. Dubai Islamic Bank Pakistan Limited

**Auditors :**

M/s. EY Ford Rhodes  
Chartered Accountants

**Legal Advisors :**

M/s. Zahid & Tariq Advocates

**Share Registrar :**

FAMCO Associates (Pvt) 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, Balochistan.  
Ph: (92-853) 363706 - 09  
Fax: (92-853) 363907

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

**DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2022**

dynea

The Directors of your Company present this report along with the unaudited financial results for the second quarter and half year ended December 31, 2022.

During the half year ended December 31, 2022, the Company earned a before tax of Rs. 244.89 million and an after tax profit of Rs. 166.41 million compared to the profit before tax of Rs. 690.58 million and after tax profit of Rs. 494.72 million during the corresponding period last year. The basic and diluted earnings per share decreased from Rs. 26.21 to Rs. 8.82.

**Resin Division**

The Resin Division generated sales revenue of Rs. 1,965.87 million compared to Rs. 1,990.42 million achieved during the same period last year, showing a decrease of 1.23%. The Resin Division result was Rs. 257.60 million compared to Rs.321.96 million for the corresponding period of the last financial year.

**Moulding Compound Division**

The Moulding Compound Division generated sales revenue of Rs.3,011.06 million compared to Rs. 2,571.37 million achieved during the same period last year, showing an increase of 17.10%. The Moulding Compound Division result was Rs. 246.54 million compared to Rs. 542.16 million for the corresponding period of the last financial year.

**Future Outlook**

**Market Conditions:**

The fluctuation in exchange rates and ensuing chaos in the foreign exchange market, high interest rates and increases in utility charges have increased the Company's cost of doing business. In addition, the market size shrank due to the economic downturn and high inflation, reducing people's purchasing power. The Company is facing difficulties in establishment of letters of credit and it hopes this matter can be resolved through a more rational approach to management of the economy by the government.

**Acknowledgement**

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

On behalf of the Board



Shabbir Abbas  
Chief Executive Officer

Karachi, February 23, 2023.



Donald Jenkin  
Chairman

آپ کی کمپنی کے ڈائریکٹرز ہر سہ ماہی رپورٹ مع غیر آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی دوسری سہ ماہی اور ششماہی 31 دسمبر 2022 پیش کرتے ہیں۔  
31 دسمبر 2022 کو ختم ہونے والی ششماہی میں قبل از ٹیکس منافع 244.89 ملین روپے اور بعد از ٹیکس منافع 166.41 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس  
منافع 690.58 ملین روپے اور بعد از ٹیکس منافع 494.72 ملین روپے بالترتیب رہا تھا۔ فی حصہ (شیئر) آمدن 26.51 روپے سے کم ہو کر 8.82 روپے ہو گئی۔

#### ریزن قسمت

ریزن قسمت کی کل بکری (ٹرن اوور) 1,965.87 ملین روپے رہی جب کہ گزشتہ سال اسی عرصے میں اس کی مقدار 1,990.42 ملین روپے رہی تھی جو کہ پچھلے سال کے  
مقابلے میں 1.23% کم ہے۔ ریزن قسمت کا شعبہ جاتی نتیجہ 257.60 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں یہ 321.96 ملین روپے تھا۔

#### مولڈنگ کپاؤنڈ قسمت

مولڈنگ کپاؤنڈ قسمت کی کل بکری (ٹرن اوور) 3,011.06 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے میں اس کی مقدار 2,571.37 ملین روپے رہی تھی۔ جو کہ پچھلے  
سال کے مقابلے میں 17.10% زیادہ ہے۔ مولڈنگ کپاؤنڈ قسمت کا شعبہ جاتی نتیجہ 246.54 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں 542.16 ملین  
روپے تھا۔

#### مستقبل پر ایک نظر

#### مارکیٹ کی صورتحال:

زرمبادلہ کی نرخوں میں اتار چڑھاؤ اور غیر ملکی زرمبادلہ کی مارکیٹ میں جاری بحران، بلند تر شرح سود اور یوٹیلٹی اخراجات میں بے تحاشہ اضافے نے کاروبار کرنے کیلئے کمپنی کے  
اخراجات میں بھی اضافہ کیا۔ اس کے علاوہ معاشی و اقتصادی پست صورتحال اور بلند تر افراط زر کے باعث مارکیٹ کا حجم بھی کمزور گیا اور عوام الناس کی خریداری کی قوت بھی کم ہو گئی  
ہے۔ کمپنی کو لیٹر آف کریڈٹ کے سلسلے میں بھی مشکلات کا سامنا ہے اور امید ہے کہ یہ معاملہ معیشت کے انتظام کیلئے مزید بہتر طریقہ کار اختیار کرنے کے ذریعے حکومت جلد حل  
کر لے گی۔

#### اعتراف

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

یورڈ آف ڈائریکٹرز کی جانب سے



ڈوئلڈ جیکسن  
چیئرمین



شمیر عباس  
چیف ایگزیکٹو آفیسر

کراچی: 23 فروری 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2022**

dynea



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

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**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Dynea Pakistan Limited (the Company)

Report on review of Condensed 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 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim 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 presentation of this 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 period ended 31 December 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2022.

**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.

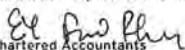
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is 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 Omer Chughtai.

**Emphasis of Matter**

We draw attention to note 11.1 to the condensed interim financial statements which describes the significant uncertainty related to the outcome of a contingency for which no provision is considered necessary in the condensed interim financial statements for the reasons disclosed in the said note. Our conclusion is not modified in respect to this matter.

  
Chartered Accountants  
Place: Karachi  
Date: 27 February 2023  
UDIN: RR2022101201q9znR371

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		31 December 2022 (Un-audited)	30 June 2022 (Audited)
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	918,551	811,247
Intangible assets		37,266	17,260
Long-term loans		182	147
Long-term deposits		7,995	7,995
Deferred taxation - net		22,746	26,542
		<u>986,740</u>	<u>863,191</u>
<b>CURRENT ASSETS</b>			
Stores and spares		29,989	26,933
Stock-in-trade	7	1,618,450	1,369,639
Trade debts	8	1,586,012	1,303,639
Loans and advances		42,198	89,985
Trade deposits, prepayments and other receivables		15,767	19,662
Accrued mark-up		-	513
Taxation-net		23,553	-
Cash and bank balances		529,287	232,672
		<u>3,845,256</u>	<u>3,043,043</u>
<b>TOTAL ASSETS</b>		<u>4,831,996</u>	<u>3,906,234</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
40,000,000 (30 June 2022: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital		94,362	94,362
Revenue reserves		2,839,604	2,814,741
		<u>2,933,966</u>	<u>2,909,103</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	9	48,364	59,845
Deferred income		3,285	5,008
Lease liabilities		5,866	9,759
		<u>57,515</u>	<u>74,612</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,241,202	785,796
Accrued mark-up		19,086	6,768
Current portion of long-term financing	9	27,714	55,839
Current portion of deferred income		3,779	4,432
Current portion of lease liabilities		4,462	4,403
Short-term running finance	10	535,899	-
Taxation - net		-	58,311
Unclaimed dividend		8,373	6,970
		<u>1,840,515</u>	<u>922,519</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,831,996</u>	<u>3,906,234</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

  
SHABBIR ABBAS  
Chief Executive Officer

  
Donald Jenkin  
Chairman

  
SHAKEEL UDDIN  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022  
(UN-AUDITED)**

**dynea**

	Note	Half year ended		Quarter ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		(Rupees in '000)		(Rupees in '000)	
Turnover - net	12	<b>4,976,930</b>	4,561,784	<b>2,920,311</b>	2,606,761
Cost of sales		<b>(4,341,419)</b>	(3,606,132)	<b>(2,502,407)</b>	(2,032,896)
<b>Gross profit</b>		<b>635,511</b>	955,652	<b>417,904</b>	573,865
Distribution costs		<b>(154,369)</b>	(123,197)	<b>(95,892)</b>	(67,820)
Administrative expenses		<b>(98,378)</b>	(73,376)	<b>(50,783)</b>	(37,444)
(Allowance for) / reversal of allowance for expected credit loss		<b>(2,181)</b>	9,800	<b>25,236</b>	13,324
		<b>(254,928)</b>	(186,773)	<b>(121,439)</b>	(91,940)
Other income		<b>5,102</b>	10,626	<b>2,714</b>	3,724
<b>Operating profit</b>		<b>385,685</b>	779,505	<b>299,179</b>	485,649
Finance costs		<b>(49,149)</b>	(11,968)	<b>(25,465)</b>	(6,517)
Other charges		<b>(91,647)</b>	(76,962)	<b>(26,559)</b>	(43,065)
		<b>(140,796)</b>	(88,930)	<b>(52,024)</b>	(49,582)
Profit before taxation		<b>244,889</b>	690,575	<b>247,155</b>	436,067
<b>Taxation</b>					
Current		<b>(72,045)</b>	(198,822)	<b>(56,569)</b>	(119,705)
Prior		<b>(2,642)</b>	4,559	<b>(2,642)</b>	4,559
Deferred		<b>(3,796)</b>	(1,590)	<b>(20,012)</b>	(6,757)
		<b>(78,483)</b>	(195,853)	<b>(79,223)</b>	(121,903)
<b>Net profit</b>		<b>166,406</b>	494,722	<b>167,932</b>	314,164
Basic and diluted earnings per share		<b>8.82</b>	26.21	<b>8.90</b>	16.65

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



Donald Jenkin  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer



	Half year ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Rupees in '000)		(Rupees in '000)	
Net profit	<b>166,406</b>	494,722	<b>167,932</b>	314,164
Other comprehensive income	-	-	-	-
Total comprehensive income	<b>166,406</b>	494,722	<b>167,932</b>	314,164

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



Donald Jenkin  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022  
(UN-AUDITED)**

**dynea**

31 December 2022 31 December 2021

(Rupees in '000)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation	244,889	690,575
Adjustments for non-cash and other items		
Depreciation on operating fixed assets	91,018	73,223
Depreciation on right-of-use assets	1,979	3,142
Amortisation for intangible assets	7,453	
Allowance for / (reversal) of allowance for expected losses	2,181	(9,800)
Finance costs	49,149	11,968
Deferred income amortised	(2,376)	(2,738)
Gain on disposals of operating fixed assets	—	(3,107)
	<b>149,404</b>	<b>72,688</b>
	<b>394,293</b>	<b>763,263</b>
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(3,056)	(653)
Stock-in-trade	(248,811)	(467,384)
Trade debts	(284,554)	(446,684)
Loans and advances	47,787	(12,004)
Trade deposits, prepayments and other receivables	3,895	(456)
Accrued mark-up	513	1,009
	<b>(484,226)</b>	<b>(926,172)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	415,467	154,149
	<b>325,534</b>	<b>(8,760)</b>
Finance costs paid	(34,455)	(8,659)
Income tax paid	(156,551)	(244,412)
Long-term loans and deposits - net	(35)	(889)
Net cash flows from operating activities	<b>134,493</b>	<b>(262,720)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(227,760)	(235,702)
Proceeds from disposals of operating fixed assets	—	5,207
Net cash used in investing activities	<b>(227,760)</b>	<b>(230,495)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financing repaid	(41,982)	(56,250)
Lease rentals paid	(3,834)	(5,748)
Dividend paid	(100,201)	(93,785)
Net cash used in financing activities	<b>(146,017)</b>	<b>(155,783)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(239,284)</b>	<b>(648,998)</b>
Cash and cash equivalents at the beginning of period	<b>232,672</b>	<b>499,304</b>
Cash and cash equivalents at the end of period	<b>(6,612)</b>	<b>(149,694)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>529,287</b>	<b>183,368</b>
Short-term running finance	<b>(535,899)</b>	<b>(333,062)</b>
	<b>(6,612)</b>	<b>(149,694)</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



SHABBIR ABBAS  
Chief Executive Officer



Donald Jenkin  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Total	
(Rupees in '000)					
Balance as at 30 June 2021 (audited)	94,362	1,341,000	946,599	2,287,599	2,381,961
Final dividend for the year ended 30 June 2021 @ Rs. 5.0 per share	–	–	(94,362)	(94,362)	(94,362)
Transferred to general reserve	–	500,000	(500,000)	–	–
Net profit	–	–	494,722	494,722	494,722
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	494,722	494,722	494,722
<b>Balance as at 31 December 2021 (un-audited)</b>	<b>94,362</b>	<b>1,841,000</b>	<b>846,959</b>	<b>2,687,959</b>	<b>2,782,321</b>
Balance as at 30 June 2022 (audited)	94,362	1,841,000	973,741	2,814,741	2,909,103
Final dividend for the year ended 30 June 2022 @ Rs. 7.50 per share	–	–	(141,543)	(141,543)	(141,543)
Transferred to general reserve	–	300,000	(300,000)	–	–
Net profit	–	–	166,406	166,406	166,406
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	166,406	166,406	166,406
<b>Balance as at 31 December 2022 (un-audited)</b>	<b>94,362</b>	<b>2,141,000</b>	<b>698,604</b>	<b>2,839,604</b>	<b>2,933,966</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

  
SHABBIR ABBAS  
Chief Executive Officer

  
Donald Jenkin  
Chairman

  
SHAKEEL UDDIN  
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

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**1. THE COMPANY AND ITS OPERATIONS**

Dynea Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company, under the repealed Companies Act 1913 (now the Companies Act, 2017) on 20 June, 1982 and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of formaldehyde, urea / melamine formaldehyde and moulding compound. 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 2022 and 31 December 2021 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 2022 and 31 December 2021.

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 2022. 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 regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.4 These condensed interim financial statements are 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 for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2022, except for the adoption of amendments and improvements to approved accounting standards which became effective for the current period as disclosed in note 4 to these condensed interim financial statements.

**4. AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD**

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

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

**Improvements to accounting standards issued by the IASB (2018-2020 cycle)**

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture - Taxation in fair value measurements

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

**5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

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

The assumptions, judgements and estimates used by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended 30 June 2022.

	Note	31 December 2022 (Un-audited)	30 June 2022 (Audited)
..... (Rupees in '000) .....			
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	826,686	743,123
Capital work-in-progress	6.2	80,652	54,141
Right-of-use assets		11,213	13,983
		<u>918,551</u>	<u>811,247</u>

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

	Additions at cost / Transfers from capital work-in-progress		Disposals at net book value	
	Half year ended		Half year ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Un-audited)		(Un-audited)	
	..... (Rupees in '000) .....		..... (Rupees in '000) .....	
Buildings on leasehold land	23,081	8,207	–	–
Plant and machinery	146,639	172,876	–	–
Computer and accessories	1,462	73	–	–
Office equipment	1,463	681	–	–
Vehicles	1,145	20,328	–	2,100
	<u>173,790</u>	<u>202,165</u>	<u>–</u>	<u>2,100</u>

	Note	31 December 2022 (Un-audited)	30 June 2022 (Audited)
..... (Rupees in '000) .....			
<b>6.2 Movement in capital work-in-progress</b>			
Balance at beginning of the period / year		54,141	22,125
Capital expenditure incurred during the period / year		184,711	289,838
Transferred to operating fixed assets during the period / year		(158,200)	(257,822)
Balance at end of the period / year		<u>80,652</u>	<u>54,141</u>

**7. STOCK-IN-TRADE**

Raw material:			
In hand		935,469	818,883
In bonded warehouse		18,117	–
In transit		476,782	399,940
		<u>1,430,368</u>	<u>1,218,823</u>
Packing material		27,369	15,429
Finished goods		160,713	135,387
		<u>1,618,450</u>	<u>1,369,639</u>

**8. TRADE DEBTS – unsecured**

Considered good		1,586,012	1,303,639
Considered doubtful		83,626	81,445
		<u>1,669,638</u>	<u>1,385,084</u>
Allowance for expected credit loss	8.1	(83,626)	(81,445)
		<u>1,586,012</u>	<u>1,303,639</u>

**NOTES TO THE CONDENSED INTERIM  
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**dynea**

	31 December 2022 (Un-audited)	30 June 2022 (Audited)
	(Rupees in '000)	
<b>8.1. Movement of allowance for expected credit loss</b>		
Balance at beginning of the period / year	81,445	57,887
Allowance during the period / year	2,181	23,558
Balance at end of the period / year	<u>83,626</u>	<u>81,445</u>
<b>9. LONG-TERM FINANCING – secured</b>		
Term Loan	–	28,125
Temporary Economic Refinance Facility	76,078	87,559
Current portion	<u>76,078</u>	<u>115,684</u>
	<u>(27,714)</u>	<u>(55,839)</u>
	<u>48,364</u>	<u>59,845</u>

**9.1** There is no change in the terms and conditions of the long-term loans as disclosed in the Company's annual financial statements for the year ended June 30, 2022.

**10. SHORT-TERM RUNNING FINANCE – secured**

Represents utilized portion of running finance facilities obtained from various commercial banks amounting to Rs. 1,600 million (June 30, 2022: Rs. 910 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 1.00% as spread (June 30, 2022: one month KIBOR to six months' KIBOR as bench mark rate plus 0.50% to 1.00% as spread) per annum and mark-up is payable quarterly.

**11. CONTINGENCIES AND COMMITMENTS**

**11.1 Contingencies**

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

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

As of the reporting date, no fresh demand has yet been received from the Department against estimated Vend and Permit fee amounting to Rs. 1,654.75 million (June 30, 2022: Rs. 1,588.80 million) determined on the basis of consumption of methanol by the Company since November 2002.

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

Upon the receipt of the fresh demand from the Department, the Company intends to approach the relevant Court of Justice to defend the case. The 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.

	31 December 2022 (Un-audited)	30 June 2022 (Audited)
	(Rupees in '000)	
<b>11.2 Commitments</b>		
11.2.1 Outstanding bank guarantees	23,884	23,884
11.2.2 Outstanding letter of credits	1,762,442	1,122,145
11.2.3 Commitment for capital expenditures	31,567	152,724

**12. TURNOVER - NET**

**12.1 Geographical region**

All revenue is generated from Pakistan.

**12.2 Timing of revenue recognition**

All revenue is recognised at the point in time.

**13. OPERATING SEGMENT INFORMATION**

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

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

**13.1 Segment analysis and reconciliation**

	Half-year ended 31 December 2022 (Un-audited)			Half-year ended 31 December 2021 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	1,965,872	3,011,058	4,976,930	1,990,417	2,571,367	4,561,784
Segment result	257,602	246,535	504,137	321,961	542,160	864,121
<b>Unallocated expenses:</b>						
Administrative expenses			(98,378)			(73,376)
Distribution costs			(25,176)			(21,866)
Other income			5,102			10,626
Finance costs			(49,149)			(11,968)
Other charges			(91,647)			(76,962)
Taxation			(78,483)			(195,853)
<b>Net profit</b>			<u>166,406</u>			<u>494,722</u>
Capital expenditure	62,819	135,176	197,995	83,866	105,802	189,668
Unallocated capital expenditure			29,765			46,034
<b>Total capital expenditure</b>			<u>227,760</u>			<u>235,702</u>
Depreciation	25,358	55,745	81,103	21,638	47,770	69,408
Unallocated depreciation			19,347			6,957
<b>Total depreciation</b>			<u>100,450</u>			<u>76,365</u>

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	Quarter ended 31 December 2022 (Un-audited)			Quarter ended 31 December 2021 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	1,194,706	1,725,605	2,920,311	1,188,719	1,418,042	2,606,761
Segment result	201,956	158,317	360,273	212,225	318,691	530,916
<b>Unallocated expenses:</b>						
Administrative expenses			(50,783)			(37,444)
Distribution costs			(13,025)			(11,547)
Other income			2,714			3,724
Finance costs			(25,465)			(6,517)
Other charges			(26,559)			(43,065)
Taxation			(79,223)			(121,903)
<b>Net profit</b>			<b>167,932</b>			<b>314,164</b>
Capital expenditure	20,436	60,485	80,921	9,123	31,133	40,256
Unallocated capital expenditure			2,307			32,991
<b>Total capital expenditure</b>			<b>83,228</b>			<b>73,247</b>
Depreciation and amortisation	13,052	28,669	41,721	12,104	25,705	37,809
Unallocated depreciation			9,722			3,568
<b>Total depreciation</b>			<b>51,443</b>			<b>41,377</b>

**13.2 Segment assets and liabilities**

	31 December 2022 (Un-audited)			30 June 2022 (Audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Segment assets	1,664,703	2,404,016	4,068,719	1,490,804	1,919,086	3,409,890
Unallocated assets			763,277			496,344
<b>Total assets</b>			<b>4,831,996</b>			<b>3,906,234</b>
Segment liabilities	673,945	479,678	1,153,623	365,872	419,709	785,581
Unallocated liabilities			744,407			211,551
<b>Total liabilities</b>			<b>1,898,030</b>			<b>997,132</b>



**14. Fair value measurement**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Fair value hierarchy**

The different levels to analyse financial assets carried at fair value have been defined as follows:

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the statement of financial position date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

**15. TRANSACTIONS WITH RELATED PARTIES**

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

Name of related Party	Relationship	% of shareholding	Nature of transaction	31 December 2022	31 December 2021
				..... (Rupees in '000) .....	
				(Un-audited)	
Key management personnel	Key management personnel	0.005%	Remuneration	<u>53,222</u>	<u>44,922</u>
Directors	Directors	0.03%	Directors' fee	<u>6,041</u>	<u>5,040</u>
Provident fund	Retirement benefits funds	Nil	Contribution to fund	<u>6,501</u>	<u>6,086</u>
AICA Asia Pacific Holding Pte Ltd.	Associated company	24.99	Dividend	<u>35,372</u>	<u>23,581</u>

**16. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 23, 2023 by the Board of Directors of the Company.

**17. GENERAL**

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



SHABBIR ABBAS  
Chief Executive Officer



Donald Jenkin  
Chairman



SHAKEEL UDDIN  
Chief Financial Officer

Karachi: February 23, 2023

## **DYNEA PAKISTAN LIMITED**

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