



DYNEA PAKISTAN LIMITED

Condensed Interim Financial Statements
for the Half Year ended December 31, 2021
(Un-Audited)

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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. Tariq Ahmed	

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. 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) Limited
Management Consultants & Share Registrars
8-F, Next to Hotel Faran Nursery, Block - 6,
P.E.C.H.S, Shahrah-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, and 38-A, 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, 2021**

dynea

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, 2021.

During the half year ended December 31, 2021, the Company earned a profit before tax of Rs. 690.58 million and an after tax profit of Rs.494.72 million compared to the profit before tax of Rs.717.58 million and after tax profit of Rs.509.68 million during the corresponding period last year. The basic and diluted earnings per share decreased from Rs.27.01 to Rs.26.21.

Resin Division

The Resin Division generated sales revenue of Rs. 1,990.42 million compared to Rs. 1,214.48 million achieved during the same period last year, showing an increase of 63.89%. The Resin Division result was Rs.321.96 million compared to Rs.232.07 million for the corresponding period of the last financial year.

Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs. 2,571.37 million compared to Rs. 2,011.00 million achieved during the same period last year, showing an increase of 27.87%. The Moulding Compound Division result was Rs.542.16 million compared to Rs.616.67 million for the corresponding period of the last financial year.

Future Outlook

Market Conditions:

The costs of many imported raw materials have increased significantly, due to rise in international prices and an increase in shipping costs caused by a shortage of containers. The company is monitoring the situation and shall take counter measures to retain its profitability.

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

Karachi, February 22, 2022.



Anam Fatima Khan
Director

آپ کی کمپنی کے ڈائریکٹرز بمسرت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی دوسری سہ ماہی اور ششماہی 31 دسمبر 2021 پیش کرتے ہیں۔

31 دسمبر 2021 کو ختم ہونے والی ششماہی میں قبل از ٹیکس منافع 690.58 ملین روپے اور بعد از ٹیکس منافع 494.72 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 717.58 ملین روپے اور بعد از ٹیکس منافع 509.68 ملین روپے بالترتیب رہا تھا۔ فی حصہ (شیئر) آمدن 27.01 روپے سے کم ہو کر 26.21 روپے ہو گئی۔

ریزن قسمت

ریزن قسمت کی کل بکری (ٹرن اوور) 1,990.42 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے میں اس کی مقدار 1,214.48 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں 63.89% زیادہ ہے۔ ریزن قسمت کا شعبہ جاتی نتیجہ 321.96 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں یہ 232.07 ملین روپے تھا۔

مولڈنگ کپاؤنڈ قسمت

مولڈنگ کپاؤنڈ قسمت کی کل بکری (ٹرن اوور) 2,571.37 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے میں اس کی مقدار 2,011.00 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں 27.87% زیادہ ہے۔ مولڈنگ کپاؤنڈ قسمت کا شعبہ جاتی نتیجہ 542.16 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں یہ 616.67 ملین روپے تھا۔

مستقبل پر ایک نظر

مارکیٹ کی صورتحال

متعدد درآ مد شدہ خام مال کی قیمت میں کنٹینر کی قلت کے باعث شینگن اخراجات میں اضافہ اور بین الاقوامی نرخ بڑھ جانے کی وجہ سے نمایاں حد تک اضافہ ہو گیا ہے۔ کمپنی اس صورتحال پر توجہ دے رہی ہے اور منافع جات کی شرح برقرار رکھنے کیلئے موثر اقدامات کئے جائیں گے۔

اعتراف

آخر میں ہم ڈائریکٹرز اللہ تعالیٰ کی اس مشکل وقت میں اس کی تمام مہربانیوں پر تشکر ہیں اور اپنے حصص یافتگان، گاہکوں، مالیاتی اداروں اور دیگر اسٹیک ہولڈرز کی مسلسل معاونت اور کمپنی پر ان کے اعتماد کے لئے ہدیہ تحسین پیش کرتے ہیں۔ ہم اپنی تنظیم ٹیم کے ارکان اور کارکنوں کی کوششوں کے معترف ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Dr. Aamir Khan

افتم فاطمہ خان

ڈائریکٹر

Dr. Aamir Khan

شیر عباس

چیف ایگزیکٹو آفیسر

کراچی: 22 فروری 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE HALF YEAR ENDED
DECEMBER 31, 2021**

dynea



EY Ford Rhodes
Chartered Accountants
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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 2021** 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 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2021.

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 condensed 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 condensed 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.

Emphasis of Matter

We draw attention to note 12.1.1 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 of this matter.

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 28 February 2022

UDIN Number: RR202110166esB26DdWA

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		31 December 2021 (Un-audited)	30 June 2021 (Audited)
Note		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	806,744	640,434
Long-term loans		201	112
Long-term deposits		7,995	7,195
Deferred taxation - net		14,023	15,613
		828,963	663,354
CURRENT ASSETS			
Stores and spares	8	22,722	22,069
Stock-in-trade		1,657,052	1,189,668
Trade debts	9	1,449,848	993,364
Loans and advances		42,162	30,158
Trade deposits and short-term prepayments		9,120	8,664
Accrued markup		—	1,009
Cash and bank balances		183,368	499,304
		3,364,272	2,744,236
TOTAL ASSETS		4,193,235	3,407,590
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
40,000,000 (30 June 2021: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital		94,362	94,362
Revenue reserves		2,687,959	2,287,599
		2,782,321	2,381,961
NON-CURRENT LIABILITIES			
Long-term financing	10	71,017	108,413
Deferred income		7,619	9,370
Lease liabilities		9,065	5,715
		87,701	123,498
CURRENT LIABILITIES			
Trade and other payables		809,844	655,695
Accrued mark-up		2,154	1,583
Current portion of long-term financing	10	112,089	128,206
Current portion of deferred income		4,506	5,493
Current portion of lease liabilities		5,027	5,052
Short-term running finance	11	333,062	—
Taxation - net		49,471	99,619
Unclaimed dividend		7,060	6,483
		1,323,213	902,131
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		4,193,235	3,407,590

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


SHABBIR ABBAS
Chief Executive Officer


ANAM FATIMA KHAN
Director


SHAKEEL UDDIN
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021
(UN-AUDITED)**

dynea

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Rupees in '000)		(Rupees in '000)	
Turnover - net	4,561,784	3,225,478	2,606,761	1,763,892
Cost of sales	(3,606,132)	(2,398,339)	(2,032,896)	(1,323,706)
Gross profit	955,652	827,139	573,865	440,186
Distribution costs	(123,197)	(108,010)	(67,820)	(57,391)
Administrative expenses	(73,376)	(65,685)	(37,444)	(35,312)
Reversal of allowance for expected credit loss	9,800	112,040	13,324	33,732
	(186,773)	(61,655)	(91,940)	(58,971)
Other income	10,626	14,745	3,724	10,444
Operating profit	779,505	780,229	485,649	391,659
Finance costs	(11,968)	(11,364)	(6,517)	(5,193)
Other charges	(76,962)	(51,285)	(43,065)	(26,213)
	(88,930)	(62,649)	(49,582)	(31,406)
Profit before taxation	690,575	717,580	436,067	360,253
Taxation				
Current	(198,822)	(180,398)	(119,705)	(96,928)
Prior	4,559	511	4,559	511
Deferred	(1,590)	(28,010)	(6,757)	(7,420)
	(195,853)	(207,897)	(121,903)	(103,837)
Net profit	494,722	509,683	314,164	256,416
Basic and diluted earnings per share	26.21	27.01	16.65	13.59

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



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Rupees in '000)		(Rupees in '000)	
Net profit	494,722	509,683	314,164	256,416
Other comprehensive income	—	—	—	—
Total comprehensive income	<u>494,722</u>	<u>509,683</u>	<u>314,164</u>	<u>256,416</u>

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



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021
(UN-AUDITED)**

dynea

31 December 2021 31 December 2020

(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	690,575	717,580
Adjustments for non-cash and other items		
Depreciation on operating fixed assets	73,223	44,113
Depreciation on right-of-use assets	3,142	2,825
Reversal of allowance for expected credit loss	(9,800)	(112,040)
Finance costs	11,968	11,364
Deferred income amortised	(2,738)	—
Gain on disposals of operating fixed assets	(3,107)	(570)
	72,688	(54,308)
	763,263	663,272

(Increase) / decrease in current assets

Stores and spares	(653)	(959)
Stock-in-trade	(467,384)	(165,510)
Trade debts	(446,684)	(38,177)
Loans and advances	(12,004)	(41,776)
Trade deposits and short-term prepayments	(456)	(6,068)
Accrued markup	1,009	480
Other receivables	—	2,072
	(926,172)	(249,938)

Increase in current liabilities

Trade and other payables	154,149	65,468
	(8,760)	478,802
Finance costs paid	(8,659)	(14,245)
Income tax paid	(244,412)	(83,210)
Long-term loans and deposits - net	(889)	(557)
Net cash generated from operating activities	(262,720)	380,790

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditures	(235,702)	(224,664)
Proceeds from disposals of operating fixed assets	5,207	640
Net cash used in investing activities	(230,495)	(224,024)

CASH FLOWS FROM FINANCING ACTIVITIES

Long-term financing repaid	(56,250)	(56,250)
Long-term financing obtained	—	110,856
Lease rentals paid	(5,748)	(5,450)
Dividend paid	(93,785)	(94,362)
Net cash used in financing activities	(155,783)	(45,206)

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of period	499,304	323,719
Cash and cash equivalents at the end of period	(149,694)	435,279

CASH AND CASH EQUIVALENTS

Cash and bank balances	183,368	438,070
Short-term running finance	(333,062)	(2,791)
	(149,694)	435,279

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



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



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 2020 (audited)	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	—	—	509,683	509,683	509,683
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	509,683	509,683	509,683
Balance as at 31 December 2020 (un-audited)	94,362	1,341,000	564,855	1,905,855	2,000,217
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
Balance as at 31 December 2021 (un-audited)	94,362	1,841,000	846,959	2,687,959	2,782,321

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



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**



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, Shahr-e-Faisal, Karachi, Pakistan.

2. IMPACT OF COVID-19 ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19. The situation, however, has now improved on the back of steps taken by the Government. The Company has taken all necessary measures for the health and safety of its employees. Employees were also allowed to work from their homes during COVID-19. The management fully supports the Government's stance of vaccination. Based on the assessment performed by the management, there is no significant accounting impact of COVID-19 in these condensed interim financial statements.

3. BASIS OF PREPARATION

3.1 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.

3.2 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 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 2021 and 31 December 2020.

3.3 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 2021. 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.

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

4. 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 2021 except for the adoption of amendments to approved accounting standards as disclosed in note 5 to these condensed interim financial statements.

5. 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 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments)
IFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

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

6. 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 2021.

	Note	31 December 2021 (Un-audited)	30 June 2021 (Audited)
		(Rupees in '000)	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	730,561	603,719
Capital work-in-progress	7.2	55,663	22,125
Right-of-use asset		20,520	14,590
		<u>806,744</u>	<u>640,434</u>

7.1 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 book value	
	Half years ended		Half years ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Un-audited)		(Un-audited)	
	(Rupees in '000)		(Rupees in '000)	
Buildings on leasehold land	8,207	—	—	—
Plant and machinery	172,876	640	—	—
Computer and accessories	73	1,304	—	—
Office equipment	681	1,044	—	—
Electrical installations	—	266	—	—
Vehicles	20,328	5,539	2,100	—
	<u>202,165</u>	<u>8,793</u>	<u>2,100</u>	<u>—</u>

	Note	31 December 2021 (Un-audited)	30 June 2021 (Audited)
		(Rupees in '000)	
7.2 Movement in capital work-in-progress			
Balance at beginning of the period / year		22,125	11,351
Capital expenditure incurred during the period / year		210,369	292,143
Transferred to operating fixed assets during the period / year		(176,831)	(281,369)
Balance at end of the period / year		<u>55,663</u>	<u>22,125</u>

8. STOCK-IN-TRADE

Raw material:			
In hand		593,741	729,793
In bonded warehouse		158,062	—
In transit		731,303	335,771
		<u>1,483,106</u>	<u>1,065,564</u>
Packing material		12,968	13,163
Finished goods		160,978	110,941
		<u>1,657,052</u>	<u>1,189,668</u>

9. TRADE DEBTS - unsecured

Considered good		1,449,848	993,364
Considered doubtful		48,087	57,887
		<u>1,497,935</u>	<u>1,051,251</u>
Allowance for Expected Credit Loss (ECL)	9.1	(48,087)	(57,887)
		<u>1,449,848</u>	<u>993,364</u>

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	31 December 2021 (Un-audited)	30 June 2021 (Audited)
	(Rupees in '000)	
9.1 Movement in allowance for ECL		
Balance at beginning of the period / year	57,887	184,162
Reversal during the period / year	(9,800)	(111,311)
Written-off during the period / year	-	(14,964)
Balance at end of the period / year	48,087	57,887
10. LONG-TERM FINANCING - secured		
Term Loan	84,375	140,625
Temporary Economic Refinance Facility	98,731	95,994
	183,106	236,619
Current portion	(112,089)	(128,206)
	71,017	108,413

11. SHORT-TERM RUNNING FINANCE - secured

Represents utilised portion of running finance facilities obtained from various commercial banks amounting to Rs. 750 million (30 June 2021: 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 ranges from one month KIBOR to six months' KIBOR as bench mark rate plus 0.50% to 0.75% as spread (30 June 2021: one month KIBOR to six months' KIBOR as bench mark rate plus 0.50% to 0.75% as spread) per annum and mark-up is payable quarterly.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 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 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 Vend and Permit fee amounting to Rs. 1,515.74 million (30 June 2021: Rs. 1,415.62 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 issuing 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 management expects, based on 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 2021 (Un-audited)	30 June 2021 (Audited)
	(Rupees in '000)	
12.2 Commitments		
12.2.1 Outstanding bank guarantees	23,884	23,884
Outstanding letter of credits	881,289	504,307
Commitment for capital expenditure	1,388	7,957

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 2021 (Un-audited)			Half-year ended 31 December 2020 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	1,990,417	2,571,367	4,561,784	1,214,476	2,011,002	3,225,478
Segment result	321,961	542,160	864,121	232,066	616,665	848,731
Unallocated expenses:						
Administrative expenses			(73,376)			(65,685)
Distribution costs			(21,866)			(17,562)
Other income			10,626			14,745
Finance costs			(11,968)			(11,364)
Other charges			(76,962)			(51,285)
Taxation			(195,853)			(207,897)
Net profit			494,722			509,683
Capital expenditure	83,866	105,802	189,668	7,156	211,599	218,755
Unallocated capital expenditure			46,034			5,909
Total capital expenditure			235,702			224,664
Depreciation	21,638	47,770	69,408	18,564	23,638	42,202
Unallocated depreciation			6,957			4,736
Total depreciation			76,365			46,938

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	Quarter ended 31 December 2021 (Un-audited)			Quarter ended 31 December 2020 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	1,188,719	1,418,042	2,606,761	672,384	1,091,508	1,763,892
Segment result	212,225	318,691	530,916	95,291	329,386	424,677
Unallocated expenses:						
Administrative expenses			(37,444)			(35,312)
Distribution costs			(11,547)			(8,150)
Other income			3,724			10,444
Finance costs			(6,517)			(5,193)
Other charges			(43,065)			(26,213)
Taxation			(121,903)			(103,837)
Net profit			314,164			256,416
Capital expenditure	9,123	31,133	40,256	6,773	181,193	187,966
Unallocated capital expenditure			32,991			2,801
Total capital expenditure			73,247			190,767
Depreciation	12,104	25,705	37,809	9,067	11,859	20,926
Unallocated depreciation			3,568			2,603
Total depreciation			41,377			23,529

13.2 Segment assets and liabilities

	31 December 2021 (Un-audited)			30 June 2021 (Audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Segment assets	1,726,041	2,074,812	3,800,853	1,034,117	1,756,170	2,790,287
Unallocated assets			392,382			617,303
Total assets			4,193,235			3,407,590
Segment liabilities	517,212	407,925	925,137	277,819	375,110	652,929
Unallocated liabilities			485,777			372,700
Total liabilities			1,410,914			1,025,629

14. 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 2021	31 December 2020
				(Rupees in '000)	(Rupees in '000)
				(Un-audited)	(Un-audited)
Key management personnel	Key management personnel	0.005%	Remuneration	44,922	32,371
Directors	Directors	0.03%	Directors' fee	5,040	4,476
Provident fund	Retirement benefits funds	Nil	Contribution to fund	6,086	5,001
AICA Asia Pacific Holding Pte Ltd.	Associated company	24.99	Dividend	23,581	23,581

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 22, 2022 by the Board of Directors of the Company.

16. GENERAL

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



SHABBIR ABBAS
Chief Executive Officer



ANAM FATIMA KHAN
Director



SHAKEEL UDDIN
Chief Financial Officer

Karachi: February 22, 2022

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