

dynea

**DYNEA PAKISTAN LIMITED**

Condensed Interim Financial Statements  
For the Nine Months ended March 31, 2023  
(Un-Audited)

**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 :**

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

# DYNEA PAKISTAN LIMITED

## DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2023

The Directors of your Company are pleased to present this report along with the unaudited financial results for the third quarter and nine months ended March 31, 2023.

During the nine months ended March 31, 2023, the Company earned a profit before tax of Rs. 661.07 million and an after tax profit of Rs. 444.96 million compared to the profit before tax of Rs. 962.09 million and after tax profit of Rs. 689.79 million during the corresponding period last year. The basic and diluted earnings per share decreased from Rs. 36.55 to Rs. 23.58.

### Resin Division

The Resin Division generated sales revenue of Rs. 3,434.83 million compared to Rs. 3,321.34 million achieved during the same period last year, showing an increase of 3.42%. The Resin Division result was Rs. 548.09 million compared to Rs. 486.81 million for the corresponding period of the last financial year.

### Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs. 4,931.80 million compared to Rs. 3,936.15 million achieved during the same period last year, showing an increase of 25.30%. The Moulding Compound Division result was Rs. 583.24 million compared to Rs. 735.01 million for the corresponding period of the last financial year.

### Future Outlook

#### Market Conditions:

The fluctuation in exchange rates, 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 volatile economic situation 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 proactive approach to taking into an account of stakeholders' concern of the business.

### 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



CHIEF EXECUTIVE

Shabbir Abbas



CHAIRMAN

Donald Jenkin

Karachi, April 29, 2023.

## ڈائریکٹرز کی رپورٹ 31 مارچ 2023 کو ختم ہونے والی نو ماہی مدت کیلئے

آپ کی کمپنی کے ڈائریکٹرز ہمسرت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی تیسری سہ ماہی اور نو ماہی 31 مارچ 2023 پیش کرتے ہیں۔  
31 مارچ 2023 کو ختم ہونے والی نو ماہی مدت کے دوران کمپنی کا قبل از ٹیکس منافع 661.07 ملین روپے اور بعد از ٹیکس منافع 444.96 ملین روپے رہا۔ جبکہ  
گذشتہ سال اسی مدت میں قبل از ٹیکس منافع 962.09 ملین روپے اور بعد از ٹیکس منافع 689.79 ملین روپے بالترتیب رہا تھا۔ فی حصہ (شیر) آمدن 36.55  
روپے سے کم ہو کر 23.58 روپے ہو گئی۔

### ریٹرن قسمت:

ریٹرن قسمت کی کل بکری (ٹرن اوور) 3,434.83 ملین روپے رہی جبکہ گذشتہ سال اسی عرصے میں اس کی مقدار 3,321.34 ملین روپے رہی تھی جو کہ پچھلے سال  
کے مقابلے میں %3.42 زیادہ ہے۔ ریٹرن قسمت کا شعبہ جاتی نتیجہ 548.09 ملین روپے رہا جبکہ گذشتہ مالی سال کے اسی دورانیہ میں یہ 486.81 ملین روپے  
تھا۔

### مولڈنگ کمپاؤنڈ قسمت:

مولڈنگ کمپاؤنڈ قسمت کی کل بکری (ٹرن اوور) 4,931.80 ملین روپے رہی جبکہ گذشتہ سال اسی عرصے میں اس کی مقدار 3,936.15 ملین روپے رہی تھی۔  
جو کہ پچھلے سال کے مقابلے میں %25.30 زیادہ ہے۔ مولڈنگ کمپاؤنڈ قسمت کا شعبہ جاتی نتیجہ 583.24 ملین روپے رہا جبکہ گذشتہ مالی سال کے اسی دورانیہ میں  
735.01 ملین روپے تھا۔

### مستقبل پر ایک نظر

### مارکیٹ کی صورتحال:

زرمبادلہ کے نرخوں میں اتار چڑھاؤ اور 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 سکڑ 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 کاروبار سے متعلق اسٹیک ہولڈرز کی تشویش کو مد نظر رکھتے ہوئے زیادہ فعال انداز میں حل کیا  
جاسکتا ہے۔

### اعتراف

ہم ڈائریکٹر 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۔



ڈونلڈ جینکین  
چیئرمین

بورڈ آف ڈائریکٹرز کی جانب سے



شہیر عباس  
چیف ایگزیکٹو آفیسر

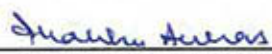
کراچی: 29 اپریل 2023



**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

		31 March 2023 (Un-audited)	30 June 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	896,972	811,247
Intangible assets		33,539	17,260
Long-term loans		285	147
Long-term deposits		7,995	7,995
Deferred taxation - net		16,109	26,542
		<u>954,900</u>	<u>863,191</u>
<b>CURRENT ASSETS</b>			
Stores and spares		58,785	26,933
Stock-in-trade	7	1,033,788	1,369,639
Trade debts	8	1,346,786	1,303,639
Loans and advances		72,837	89,985
Trade deposits, prepayments and other receivables		7,220	19,662
Accrued mark-up		-	513
Taxation-net		38,809	-
Cash and bank balances		895,296	232,672
		<u>3,453,521</u>	<u>3,043,043</u>
<b>TOTAL ASSETS</b>		<u><u>4,408,421</u></u>	<u><u>3,906,234</u></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		3,118,160	2,814,741
		<u>3,212,522</u>	<u>2,909,103</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	9	42,463	59,845
Deferred income		2,683	5,008
Lease liabilities		6,135	9,759
		<u>51,281</u>	<u>74,612</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		945,086	785,796
Accrued mark-up		10,525	6,768
Current portion of long-term financing	9	27,714	55,839
Current portion of deferred income		3,353	4,432
Current portion of lease liabilities		4,462	4,403
Short-term running finance	10	145,585	-
Taxation - net		-	58,311
Unclaimed dividend		7,893	6,970
		<u>1,144,618</u>	<u>922,519</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,408,421</u></u>	<u><u>3,906,234</u></u>

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

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN**

  
**CHIEF FINANCIAL OFFICER**

**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**  
**(UN-AUDITED)**

	Note	Nine months ended		Quarter ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Turnover - net	12	8,366,627	7,257,487	3,389,697	2,695,703
Cost of sales		<u>(7,026,514)</u>	<u>(5,884,028)</u>	<u>(2,685,095)</u>	<u>(2,277,896)</u>
<b>Gross profit</b>		<b>1,340,113</b>	<b>1,373,459</b>	<b>704,602</b>	<b>417,807</b>
Distribution costs		<u>(259,683)</u>	<u>(190,707)</u>	<u>(105,314)</u>	<u>(67,510)</u>
Administrative expenses		<u>(151,054)</u>	<u>(111,138)</u>	<u>(52,676)</u>	<u>(37,762)</u>
Reversal of allowance/ (Allowance) for expected credit loss		<u>13,273</u>	<u>4,430</u>	<u>15,454</u>	<u>(5,369)</u>
		<u>(397,464)</u>	<u>(297,415)</u>	<u>(142,536)</u>	<u>(110,641)</u>
Other income		<u>9,813</u>	<u>13,971</u>	<u>4,711</u>	<u>3,345</u>
<b>Operating profit</b>		<b>952,462</b>	<b>1,090,015</b>	<b>566,777</b>	<b>310,511</b>
Finance costs		<u>(64,277)</u>	<u>(26,712)</u>	<u>(15,128)</u>	<u>(14,744)</u>
Other charges		<u>(227,120)</u>	<u>(101,215)</u>	<u>(135,473)</u>	<u>(24,253)</u>
		<u>(291,397)</u>	<u>(127,927)</u>	<u>(150,601)</u>	<u>(38,997)</u>
<b>Profit before taxation</b>		<b>661,065</b>	<b>962,088</b>	<b>416,176</b>	<b>271,514</b>
Taxation					
Current		<u>(203,027)</u>	<u>(282,095)</u>	<u>(130,982)</u>	<u>(83,273)</u>
Prior		<u>(2,642)</u>	<u>7,113</u>	<u>-</u>	<u>2,554</u>
Deferred		<u>(10,434)</u>	<u>2,680</u>	<u>(6,638)</u>	<u>4,270</u>
		<u>(216,103)</u>	<u>(272,302)</u>	<u>(137,620)</u>	<u>(76,449)</u>
<b>Net profit</b>		<b>444,962</b>	<b>689,786</b>	<b>278,556</b>	<b>195,065</b>
Basic and diluted earnings per share		<u>23.58</u>	<u>36.55</u>	<u>14.76</u>	<u>10.34</u>

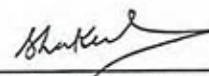
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**CHIEF EXECUTIVE**



**CHAIRMAN**




**CHIEF FINANCIAL OFFICER**

**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**  
**(UN-AUDITED)**

	Nine months ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Net profit	444,962	689,786	278,556	195,065
Other comprehensive income	-	-	-	-
Total comprehensive income	444,962	689,786	278,556	195,065

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

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN**


  
**CHIEF FINANCIAL OFFICER**



**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**  
**(UN-AUDITED)**

	31 March 2023	31 March 2022
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	661,065	962,088
Adjustments for non-cash and other items		
Depreciation on operating fixed assets	142,363	114,436
Depreciation on right-of-use assets	2,968	4,741
Amortisation for intangible assets	11,180	-
Reversal of allowance for expected losses	(13,273)	(4,430)
Finance costs	64,277	26,712
Deferred income amortised	(3,404)	(4,342)
Gain on disposals of operating fixed assets	-	(3,107)
	204,111	134,010
	865,176	1,096,098
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(31,852)	(10,466)
Stock-in-trade	335,851	(256,286)
Trade debts	(29,874)	(683,059)
Loans and advances	17,148	(29,573)
Trade deposits, prepayments and other receivables	12,442	549
Accrued mark-up	513	1,009
	304,228	(977,825)
<b>Increase in current liabilities</b>		
Trade and other payables	120,274	123,271
	1,289,678	241,544
Finance costs paid	(57,116)	(13,038)
Income tax paid	(302,789)	(366,774)
Long-term loans and deposits - net	(138)	(853)
Net cash flows from operating activities	929,635	(139,122)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(258,516)	(304,991)
Proceeds from disposals of operating fixed assets	-	5,207
Net cash used in investing activities	(258,516)	(299,784)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financing repaid	(48,911)	(91,304)
Lease rentals paid	(3,565)	(5,856)
Dividend paid	(101,604)	(93,840)
Net cash used in financing activities	(154,080)	(191,000)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>517,039</b>	<b>(629,906)</b>
Cash and cash equivalents at the beginning of period	232,672	499,304
Cash and cash equivalents at the end of period	749,711	(130,603)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	895,296	149,548
Short-term running finance	(145,585)	(280,151)
	749,711	(130,603)

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

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN**

  
**CHIEF FINANCIAL OFFICER**



**DYNEA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	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	-	-	689,786	689,786	689,786
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	689,786	689,786	689,786
Balance as at 31 March 2022 (un-audited)	<u>94,362</u>	<u>1,841,000</u>	<u>1,042,023</u>	<u>2,883,023</u>	<u>2,977,385</u>
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	-	-	444,962	444,962	444,962
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	444,962	444,962	444,962
Balance as at 31 March 2023 (un-audited)	<u>94,362</u>	<u>2,141,000</u>	<u>977,160</u>	<u>3,118,160</u>	<u>3,212,522</u>

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

  
**CHIEF EXECUTIVE**

  
**CHAIRMAN**

  
**CHIEF FINANCIAL OFFICER**

**DYNEA PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

**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 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.
- 2.3 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 March 2023 ----- (Rupees in '000) ----- (Un-audited)	30 June 2022 ----- (Rupees in '000) ----- (Audited)
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	784,329	743,123
Capital work-in-progress	6.2	102,420	54,141
Right-of-use assets		10,223	13,983
		<u>896,972</u>	<u>811,247</u>
<b>6.1</b>			
The following additions (including transfers from capital work-in-progress) and disposals were made in the operating fixed assets during the period:			
		<b>Additions at cost / Transfers from capital work-in-progress</b>	<b>Disposals at net book value</b>
		Nine months ended	Nine months ended
		31 March 2023	31 March 2022
		31 March 2022	31 March 2022
		(Un-audited)	(Un-audited)
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Leasehold land		41,350	
Buildings on leasehold land		30,094	8,207
Plant and machinery		147,814	174,584
Computer and accessories		2,032	475
Office equipment		1,463	774
Vehicles		1,374	23,913
		<u>182,777</u>	<u>249,303</u>
			-
			<u>2,100</u>
			<u>2,100</u>
		31 March 2023	30 June 2022
		----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
<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		209,102	289,838
Transferred to operating fixed assets during the period / year		(160,823)	(257,822)
Balance at end of the period / year		<u>102,420</u>	<u>54,141</u>
<b>7. STOCK-IN-TRADE</b>			
Raw material:			
In hand		723,246	818,883
In bonded warehouse		14,146	-
In transit		143,490	399,940
		<u>880,882</u>	<u>1,218,823</u>
Packing material		54,170	15,429
Finished goods		98,736	135,387
		<u>1,033,788</u>	<u>1,369,639</u>
<b>8. TRADE DEBTS - unsecured</b>			
Considered good		1,346,786	1,303,639
Considered doubtful		68,172	81,445
		<u>1,414,958</u>	<u>1,385,084</u>
Allowance for expected credit loss	8.1	(68,172)	(81,445)
		<u>1,346,786</u>	<u>1,303,639</u>

	31 March 2023	30 June 2022
	----- (Rupees in '000) -----	
	<u>(Un-audited)</u>	<u>(Audited)</u>
<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	<u>(13,273)</u>	<u>23,558</u>
Balance at end of the period / year	<u>68,172</u>	<u>81,445</u>
<b>9. LONG-TERM FINANCING - secured</b>		
Term Loan	-	28,125
Temporary Economic Refinance Facility	<u>70,177</u>	<u>87,559</u>
	<u>70,177</u>	<u>115,684</u>
Current portion	<u>(27,714)</u>	<u>(55,839)</u>
	<u>42,463</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. 1,698.60 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 March 2023	30 June 2022
	---- (Rupees in '000) ----	
	<u>(Un-audited)</u>	<u>(Audited)</u>
<b>11.2 Commitments</b>		
11.2.1 Outstanding bank guarantees	<u>23,884</u>	<u>23,884</u>
11.2.2 Outstanding letter of credits	<u>770,461</u>	<u>1,122,145</u>
11.2.3 Commitment for capital expenditures	<u>20,529</u>	<u>152,724</u>



**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**

	Nine months ended 31 March 2023 (Un-audited)			Nine months ended 31 March 2022 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Turnover - net	3,434,826	4,931,801	8,366,627	3,321,341	3,936,146	7,257,487
Segment result	548,087	583,238	1,131,325	486,805	735,009	1,221,814
<b>Unallocated expenses:</b>						
Administrative expenses			(151,054)			(111,138)
Distribution costs			(37,622)			(34,632)
Other income			9,813			13,971
Finance costs			(64,277)			(26,712)
Other charges			(227,120)			(101,215)
Taxation			(216,103)			(272,302)
<b>Net profit</b>			<b>444,962</b>			<b>689,786</b>
Capital expenditure	71,207	157,029	228,236	98,689	148,058	246,747
Unallocated capital expenditure			30,280			58,244
<b>Total capital expenditure</b>			<b>258,516</b>			<b>304,991</b>
Depreciation	39,929	87,456	127,385	33,931	74,343	108,274
Unallocated depreciation			29,126			10,903
<b>Total depreciation</b>			<b>156,511</b>			<b>119,177</b>

	Quarter ended 31 March 2023 (Un-audited)			Quarter ended 31 March 2022 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Turnover - net	1,468,954	1,920,743	3,389,697	1,330,924	1,364,779	2,695,703
Segment result	290,485	336,703	627,188	164,844	192,850	357,694
<b>Unallocated expenses:</b>						
Administrative expenses			(52,676)			(37,762)
Distribution costs			(12,446)			(12,766)
Other income			4,711			3,345
Finance costs			(15,128)			(14,744)
Other charges			(135,473)			(24,253)
Taxation			(137,620)			(76,449)
<b>Net profit</b>			<b>278,556</b>			<b>195,065</b>
Capital expenditure	8,388	21,853	30,241	14,823	42,256	57,079
Unallocated capital expenditure			514			12,210
<b>Total capital expenditure</b>			<b>30,755</b>			<b>69,289</b>
Depreciation and	14,571	31,711	46,282	12,293	26,573	38,866
Unallocated depreciation			9,779			3,946
<b>Total depreciation</b>			<b>56,061</b>			<b>42,812</b>

## 13.2 Segment assets and liabilities

	31 March 2023 (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	1,166,814	1,979,867	3,146,681	1,490,804	1,919,086	3,409,890
Unallocated assets			1,261,740			496,344
<b>Total assets</b>			<b>4,408,421</b>			<b>3,906,234</b>
Segment liabilities	392,064	333,062	725,126	365,872	419,709	785,581
Unallocated liabilities			470,773			211,551
<b>Total liabilities</b>			<b>1,195,899</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

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 March 2023	31 March 2022
				———— (Rupees in '000) ————	
				(Un-audited)	(Un-audited)
Key management personnel	Key management personnel	0.005%	Remuneration	78,900	44,922
Directors	Directors	0.03%	Directors' fee	9,241	5,040
Provident fund	Retirement benefit funds	Nil	Contribution to fund	9,762	6,086
AICA Asia Pacific Holding Pte Limited	Associated company	24.99	Dividend	35,372	23,581

## 16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 29th, 2023 by the Board of Directors of the Company.

## 17. GENERAL

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

  
CHIEF EXECUTIVE

  
CHAIRMAN

  
CHIEF FINANCIAL OFFICER