

dynea

DYNEA PAKISTAN LIMITED

Condensed Interim Financial Statements
for the Half Year ended December 31, 2023
(Un-Audited)

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Board of Directors :

Mr. Donald John Jenkin	<i>Chairman</i>
Mr. Mustafa Jafar	<i>Chief Executive Officer</i>
Mr. Lee Kin Seng	
Ms. Anam Fatima Khan	
Mr. Adnan Afridi	
Mr. Tariq Ahmed	
Mr. Mazhar Valjee	

Audit Committee :

Mr. Adnan Afridi	<i>Chairman</i>
Mr. Donald John Jenkin	<i>Member</i>
Mr. Mazhar Valjee	<i>Member</i>

Human Resource and Remuneration Committee :

Ms. Anam Fatima Khan	<i>Chairman</i>
Mr. Donald John Jenkin	<i>Member</i>
Mr. Mustafa Jafar	<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. BDO Ebrahim & Co.
Chartered Accountants

Legal Advisors :

M/s. Zahid & Tariq Advocates

Share Registrar :

FAMCO Share Registration Services (Pvt.) Ltd.
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)

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, 2023**

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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, 2023.

During the period ended December 31, 2023, the Company earned a profit before tax of Rs.1,249.33 million and an after tax profit of Rs.765.15 million compared to the profit before tax of Rs.244.89 million and after tax Profit of Rs.166.41 million during the corresponding period last year. The basic and diluted earnings per share increased from Rs.8.82 to Rs.40.54.

Resin Division

The Resin Division generated sales revenue of Rs.2,444.46 million compared to Rs.1,965.87 million achieved during the same period last year, showing an increase of 24.34%. The Resin Division result was Rs.605.06 million compared to Rs.257.60 million for the corresponding period of the last financial year.

Moulding Compound Division

The Moulding Compound Division generated sales revenue of Rs.4,388.73 million compared to Rs.3,011.06 million achieved during the same period last year, showing an increase of 45.75%. The Moulding Compound Division result was Rs.914.89 million compared to Rs.246.54 million for the corresponding period of the last financial year.

Future Outlook

The weakening of the exchange rate versus the US dollar and increases in utility charges have negatively impacted the Company's cost of doing business. In addition, the lower demand for our products due to the economic slowdown is also challenging. However, thus far the Company has been successful in meeting the challenge and management is confident that it will continue to do so.

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.

During the period, the Company's CEO for the past 15 years, Mr. Shabbir Abbas, retired and Mr. Mustafa Jafar has taken over the role. The Directors would like to extend their thanks to Mr. Abbas and to wish him well in his retirement.

On behalf of the Board



Mustafa Jafar
Chief Executive Officer

Karachi, February 21, 2024.



Donald Jenkin
Chairman

آپ کی کمپنی کے ڈائریکٹرز ہمسرت یہ رپورٹ مع غیر آڈٹ شدہ مالی نتائج بابت جاری مالی سال کی دوسری سہ ماہی اور ششماہی 31 دسمبر 2023 پیش کرتے ہیں۔

31 دسمبر 2023 کو ختم ہونے والی مدت کے دوران کمپنی کا قبل از ٹیکس منافع 1,249.33 ملین روپے اور بعد از ٹیکس منافع 765.15 ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 244.89 ملین روپے اور بعد از ٹیکس منافع 166.41 ملین روپے بالترتیب رہا تھا۔ بنیادی اور خالص منافع فی شیئر 8.82 روپے سے بڑھ کر 40.54 روپے ہو گیا۔

ریزن قسمت

ریزن قسمت کی کل بکری (ٹرن اوور) 2,444.46 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے میں اس کی مقدار 1,965.87 ملین روپے رہی تھی جو کہ پچھلے سال کے مقابلے میں %24.34 زیادہ ہے۔ ریزن قسمت کا شعبہ جاتی نتیجہ 605.06 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں یہ 257.60 ملین روپے تھا۔

مولڈنگ کیاؤنڈ قسمت

مولڈنگ کیاؤنڈ قسمت کی کل بکری (ٹرن اوور) 4,388.73 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے میں اس کی مقدار 3,011.06 ملین روپے رہی تھی۔ جو کہ پچھلے سال کے مقابلے میں %45.75 زیادہ ہے۔ مولڈنگ کیاؤنڈ قسمت کا شعبہ جاتی نتیجہ 914.89 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی دورانیہ میں 246.54 ملین روپے تھا۔

مستقبل پر ایک نظر

امریکی ڈالر کے مقابلے میں زرمبادلہ کی شرح کمزور ہونے اور ٹیلٹی اخراجات بڑھنے کی وجہ سے کمپنی کے کاروبار کرنے کے اخراجات پر منفی اثرات مرتب ہوئے ہیں۔ اس کے علاوہ معاشی ست روی کے باعث ہماری پروڈکٹس کیلئے طلب کم ہو جانا بھی چیلنجنگ ہے۔ تاہم کمپنی آگے بھل کر ان چیلنجوں سے کامیابی کے ساتھ نمٹ لے گی اور انتظامیہ پُر امید ہے کہ ترقی کا سفر جاری رہے گا۔

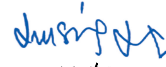
اعتراف

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 حسین پیش کرتے ہیں۔

اس مدت کے دوران کمپنی کے سی ای او جناب شہیر عباس جو گزشتہ 15 سالوں سے فرائض انجام دے رہے تھے سیکڈوش ہو گئے اور جناب مصطفیٰ جعفر نے یہ ذمہ داری سنبھال لی ہے۔ ڈائریکٹرز جناب شہیر عباس کی خدمات پر ان کا شکر یہ ادا کرنا چاہیں گے اور ان کی سیکڈوشی پر نیک خواہشات کا اظہار کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


ڈوئلڈ جینکن
چیئرمین


مصطفیٰ جعفر
چیف ایگزیکٹو آفیسر

کراچی: 21 فروری 2024

**INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE HALF YEAR ENDED
DECEMBER 31, 2023**

dynea



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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF DYNEA PAKISTAN LIMITED

Introduction

We have reviewed the accompanying condensed interim statements of financial position of DYNEA PAKISTAN LIMITED ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements 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 condensed interim financial statements as at and for the half year ended December 31, 2023 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

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

Other matters

The condensed interim financial statements of the Company for the year ended June 30, 2023 and condensed interim financial statements of the company for the half year ended December 31, 2022 were audited and reviewed by another firm of Chartered Accountants who have expressed an unmodified opinion and unmodified conclusion thereon vide their reports dated September 30, 2023 and February 27, 2023 respectively.

The figures for the quarters ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

KARACHI

DATED: 26 FEB 2024

UDIN: AR202310166ls7QSRopV


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

		31 December 2023 (Un-audited)	30 June 2023 (Audited)
	Note	(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	784,969	844,327
Intangible assets		22,359	29,813
Long-term loans		369	112
Long-term deposits		11,040	7,995
Deferred taxation - net		46,169	13,625
		864,906	895,872
CURRENT ASSETS			
Stores and spares		56,847	53,694
Stock-in-trade	7	1,806,512	1,093,316
Trade debts	8	1,936,720	1,332,349
Loans and advances		143,039	109,177
Trade deposits, prepayments and other receivables		3,077	265,076
Accrued markup		22,408	11,027
Cash and bank balances		1,431,778	795,809
		5,400,381	3,660,448
TOTAL ASSETS		6,265,287	4,556,320
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40,000,000 (June 30, 2023: 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		3,914,783	3,338,362
		4,009,145	3,432,724
NON-CURRENT LIABILITIES			
Long-term financing	9	24,429	36,563
Deferred income		889	1,908
Lease liabilities		8,016	6,405
		33,334	44,876
CURRENT LIABILITIES			
Trade and other payables		1,668,571	925,837
Accrued mark-up		867	427
Short-term running finance	10	201,952	-
Current portion of long-term financing	9	27,714	27,714
Current portion of deferred income		2,396	3,100
Current portion of lease liabilities		7,724	4,462
Taxation - net		250,730	69,384
Unpaid dividend		9,602	5,537
Unclaimed dividend		53,252	42,259
		2,222,808	1,078,720
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		6,265,287	4,556,320

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


MUSTAFA JAFAR
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, 2023
(UN-AUDITED)**

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	Note	Half year ended		Quarter ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		(Rupees in '000)		(Rupees in '000)	
Turnover - net	12	6,833,185	4,976,930	3,707,819	2,920,311
Cost of sales		(5,148,761)	(4,341,419)	(2,819,221)	(2,502,407)
Gross profit		1,684,424	635,511	888,598	417,904
Selling and distribution costs		(177,150)	(154,369)	(96,052)	(95,892)
Administrative expenses		(175,504)	(98,378)	(104,571)	(50,783)
Allowance for / reversal of allowance for expected credit loss		(22,666)	(2,181)	(2,620)	25,236
		(375,320)	(254,928)	(203,243)	(121,439)
Other income		55,520	5,102	39,531	2,714
Operating profit		1,364,624	385,685	724,886	299,179
Finance costs		(9,243)	(49,149)	(4,535)	(25,465)
Other charges / expenses		(106,054)	(91,647)	(37,778)	(26,559)
		(115,297)	(140,796)	(42,313)	(52,024)
Profit before taxation		1,249,327	244,889	682,573	247,155
Taxation					
- current		(516,852)	(72,045)	(275,888)	(56,569)
- prior		126	(2,642)	126	(2,642)
- deferred		32,544	(3,796)	13,004	(20,012)
		(484,182)	(78,483)	(262,758)	(79,223)
Profit for the period		765,145	166,406	419,815	167,932
Basic and diluted earnings per share		40.54	8.82	22.24	8.90

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



MUSTAFA JAFAR
Chief Executive Officer



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)**

	Half year ended		Quarter ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
 (Rupees in '000) (Rupees in '000)	
Profit for the period	765,145	166,406	419,815	167,932
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>765,145</u>	<u>166,406</u>	<u>419,815</u>	<u>167,932</u>

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

MUSTAFA JAFAR
Chief Executive Officer

DONALD JENKIN
Chairman

SHAKEEL UDDIN
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023
(UN-AUDITED)**

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31 December 2023 31 December 2022

Note (Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	1,249,327	244,889
Adjustments for non-cash and other items		
Depreciation on operating fixed assets	102,225	91,018
Depreciation on right-of-use assets	3,148	1,979
Amortisation of intangible assets	7,453	7,453
Allowance for expected credit loss	22,666	2,181
Finance costs	9,243	49,149
Amortization of deferred income	(1,723)	(2,376)
Gain on disposals of operating fixed assets	(2,237)	-
	<u>140,775</u>	<u>149,404</u>
	1,390,102	394,293
(Increase) / decrease in current assets		
Stores and spares	(3,153)	(3,056)
Stock-in-trade	(713,196)	(248,811)
Trade debts	(627,037)	(284,554)
Loans and advances	(33,862)	47,787
Trade deposits, prepayments and other receivables	261,999	3,895
Accrued markup	(11,381)	513
	<u>(1,126,630)</u>	<u>(484,226)</u>
Increase in current liabilities		
Trade and other payables	742,734	415,467
	<u>1,006,206</u>	<u>325,534</u>
Finance costs paid	(7,080)	(34,455)
Income taxes paid - net	(335,380)	(156,551)
Long-term loans and deposits - net	(3,302)	(35)
Net cash generated from operating activities	<u>660,444</u>	<u>134,493</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(52,229)	(227,760)
Proceeds from disposal of operating fixed assets	8,451	-
Net cash (used in) investing activities	<u>(43,778)</u>	<u>(227,760)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan made during the year	(13,857)	(41,982)
Payment of lease rentals (Net)	4,873	(3,834)
Dividend paid	(173,665)	(100,201)
Net cash (used in) financing activities	<u>(182,649)</u>	<u>(146,017)</u>
Net increase/(decrease) in cash and cash equivalents	<u>434,017</u>	<u>(239,284)</u>
Cash and cash equivalents at the beginning of period	795,809	232,672
Cash and cash equivalents at the end of period	<u>1,229,826</u>	<u>(6,612)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,431,778	529,287
Short-term running finance	(201,952)	(535,899)
	<u>1,229,826</u>	<u>(6,612)</u>

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



MUSTAFA JAFAR
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 July 01, 2022 (audited)	94,362	1,841,000	973,741	2,814,741	2,909,103
Transferred to general reserve	-	300,000	(300,000)	-	-
Final dividend for the year ended June 30, 2022 @ Rs. 7.50 per share	-	-	(141,543)	(141,543)	(141,543)
Net profit for the period	-	-	166,406	166,406	166,406
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	166,406	166,406	166,406
Balance as at December 31, 2022 (un-audited)	94,362	2,141,000	698,604	2,839,604	2,933,966
Balance as at July 01, 2023 (audited)	94,362	2,141,000	1,197,362	3,338,362	3,432,724
Transferred to general reserve	-	500,000	(500,000)	-	-
Final dividend for the year ended June 30, 2023 @ Rs. 10.00 per share	-	-	(188,724)	(188,724)	(188,724)
Net profit for the period	-	-	765,145	765,145	765,145
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	765,145	765,145	765,145
Balance as at December 31, 2023 (un-audited)	94,362	2,641,000	1,273,783	3,914,783	4,009,145

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


MUSTAFA JAFAR
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, 2023**

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1 STATUS AND NATURE OF BUSINESS

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.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical Location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
- Registered office	406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, Pakistan.
- Factory	A101 - A105, A132 - A136, H.I.T.E, Hub Chowki, Distt. Lasbella, Baluchistan
- Factory	34-A, 34-B, 35, 38-A & 88, Road-3 Industrial Estate, Gadoon Amazai, District Swabi, KPK.

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 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2023.

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

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2023.

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period.

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or did not have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

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

The assumptions, judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2023.

	31 December 2023 (Un-audited)	30 June 2023 (Audited)
	(Rupees in '000)	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	722,750	774,362
Right to use asset	16,807	9,234
Capital work-in-progress	45,412	60,731
	<u>784,969</u>	<u>844,327</u>

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

	Additions at cost		Deletions at book value	
	Half year ended		Half year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Un-audited)		(Un-audited)	
	(Rupees in '000)		(Rupees in '000)	
Buildings on leasehold land	-	23,081	-	-
Plant and machinery	20,918	146,639	-	-
Office Equipment	1,887	1,463	-	-
Computer and accessories	4,771	1,462	-	-
Vehicles	29,251	1,145	6,215	-
	<u>56,827</u>	<u>173,790</u>	<u>6,215</u>	<u>-</u>

	Note	31 December 2023 (Un-audited)	30 June 2023 (Audited)
		(Rupees in '000)	
6.2 Movement in capital work-in-progress is as follows:			
Balance at beginning of the period		60,731	54,141
Capital expenditure incurred during the period		4,899	206,023
Transfers to operating fixed assets during the period		(20,218)	(199,433)
Balance at end of the period		<u>45,412</u>	<u>60,731</u>

7 STOCK-IN-TRADE

Raw material:			
In hand		888,383	527,156
In bonded warehouse		5,388	-
In transit		695,525	295,603
		<u>1,589,296</u>	<u>822,759</u>
Packing material		21,854	41,024
Finished goods		195,362	229,533
		<u>1,806,512</u>	<u>1,093,316</u>

8 TRADE DEBTS - unsecured

Considered good		1,936,720	1,332,349
Considered doubtful		93,194	70,528
		<u>2,029,914</u>	<u>1,402,877</u>
Allowance for expected credit loss	8.1	(93,194)	(70,528)
		<u>1,936,720</u>	<u>1,332,349</u>

**NOTES TO THE CONDENSED INTERIM
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dynea

	31 December 2023 (Un-audited)	30 June 2023 (Audited)
 (Rupees in '000)	
8.1 Movement of allowance for expected credit loss:		
Balance at beginning of the period	70,528	81,445
Charge during the period	22,666	(10,917)
Balance at end of the period	<u>93,194</u>	<u>70,528</u>
9 LONG-TERM FINANCING - secured		
Temporary Economic Refinance Facility (TERF)	52,143	64,277
Current portion of long-term financing	(27,714)	(27,714)
	<u>24,429</u>	<u>36,563</u>

10 SHORT-TERM RUNNING FINANCE - secured

Represents portion of running finance facilities obtained from various commercial banks amounting to Rs. 1,850 million (June 30, 2023: Rs.1,600 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, 2023: 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 Vend and Permit fee amounting to Rs. 1,805.65 million (June 30, 2023: Rs. 1,725.01 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 which is being expensed out 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 financial statements.

	31 December 2023 (Un-audited)	30 June 2023 (Audited)
	(Rupees in '000)	
11.2 Commitments		
Outstanding bank guarantees	23,884	23,884
Outstanding letter of credits	681,233	1,721,684
Commitment for capital expenditures	11,732	11,732
12 TURNOVER - net		
	31 December 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees in '000)	
Local Sales	7,940,698	5,896,681
Export Sales	236,878	-
	8,177,576	5,896,681
Sales Tax	(1,344,391)	(919,751)
Net Turnover	6,833,185	4,976,930
12.1 Region wise export sales are as under		
Afghanistan	236,878	-

13 OPERATING SEGMENT INFORMATION

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

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

	Half-year ended 31 December 2023 (Un-audited)			Half-year ended 31 December 2022 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	2,444,455	4,388,730	6,833,185	1,965,872	3,011,058	4,976,930
Segment result	605,062	914,894	1,519,956	257,602	246,535	504,137
Unallocated expenses:						
Administrative expenses			(175,504)			(98,378)
Distribution costs			(35,348)			(25,176)
Other income			55,520			5,102
Finance costs			(9,243)			(49,149)
Other charges			(106,054)			(91,647)
Taxation			(484,182)			(78,483)
Net profit for the period			765,145			166,406
Capital expenditure	19,164	3,650	22,814	62,819	135,176	197,995
Unallocated capital expenditure			29,415			29,765
Total capital expenditure			52,229			227,760
Depreciation and amortisation	31,551	59,435	90,986	25,358	55,745	81,103
Unallocated depreciation and amortisation			21,840			19,347
Total depreciation and amortisation			112,826			100,450

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	Quarter ended 31 December 2023 (Un-audited)			Quarter ended 31 December 2022 (Un-audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Turnover - net	<u>1,308,922</u>	<u>2,398,897</u>	<u>3,707,819</u>	<u>1,194,706</u>	<u>1,725,605</u>	<u>2,920,311</u>
Segment result	335,331	472,419	807,750	201,956	158,317	360,273
Unallocated expenses:						
Administrative expenses			(104,571)			(50,783)
Distribution costs			(17,824)			(13,025)
Other income			39,531			2,714
Finance costs			(4,535)			(25,465)
Other charges			(37,778)			(26,559)
Taxation			(262,758)			(79,223)
Net profit for the period			<u>419,815</u>			<u>167,932</u>
Capital expenditure	701	-	701	20,436	60,485	80,921
Unallocated capital expenditure			8,000			2,306
Total capital expenditure			<u>8,701</u>			<u>83,227</u>
Depreciation and amortisation	13,974	27,702	41,676	13,052	28,669	41,721
Unallocated depreciation and amortisation			11,150			9,722
Total depreciation and amortisation			<u>52,826</u>			<u>51,443</u>

Segment assets and liabilities

	31 December 2023 (Un-audited)			30 June 2023 (Audited)		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees in '000)			(Rupees in '000)		
Segment assets	1,979,822	2,440,170	4,419,992	1,141,392	2,075,018	3,216,410
Unallocated assets			1,845,295			1,339,911
Total assets			<u>6,265,287</u>			<u>4,556,321</u>
Segment liabilities	817,125	906,875	1,723,999	360,759	524,206	884,965
Unallocated liabilities			532,143			238,632
Total liabilities			<u>2,256,142</u>			<u>1,123,597</u>

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 arms-length basis and in the ordinary course of business as approved by the Board of Directors of the Company. Transactions with related parties are as follows:

Name of related Party	Relationship	% of shareholding	Nature of transaction	31 December	31 December
				2023	2022
			 (Rupees in '000)	
				(Un-audited)	
Remuneration	Key management personnel	0.005%	Remuneration	<u>76,706</u>	<u>53,222</u>
Director Fee	Directors	0.03%	Director fee	<u>6,600</u>	<u>6,041</u>
Provident Fund	Retirement benefits	Nil	Contribution to fund	<u>8,981</u>	<u>6,501</u>
AICA Asia Pacific Holding Pte Ltd.	Associated Company	24.99	Dividend	<u>47,162</u>	<u>35,372</u>

16 GENERAL

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

16.2 SUBSEQUENT EVENT

The Board of Directors has proposed and approved an interim cash dividend of Rs. 7.50 per share for the half year ended December 31, 2023 amounting to Rs. 141.54 million, in its meeting held on February 21, 2024. These condensed interim financial statements do not include the effect of the above interim cash dividend which will be accounted for as a subsequent event.

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 21, 2024 by the Board of Directors of the Company.



MUSTAFA JAFAR
Chief Executive Officer



DONALD JENKIN
Chairman



SHAKEEL UDDIN
Chief Financial Officer

Karachi: February 21, 2024

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