

dynea

DYNEA PAKISTAN LIMITED

*34th Annual Report
For the year ended
30th June, 2016*

TABLE OF CONTENTS

	Page
Company Information	2
Vision and Mission Statements	3
Notice of Meeting	4
FINANCIAL STATEMENTS	
Directors' Report	8
Key Operating & Financial Data	19
Statement of Compliance With Code of Corporate Governance	21
Auditors' Review Report	23
Auditors' Report	24
Balance Sheet	25
Profit and Loss Account	26
Statement of Comprehensive Income	27
Cash Flow Statement	28
Statement of Changes in Equity	29
Notes to the Financial Statements	30
Pattern of Shareholdings	52

COMPANY INFORMATION

Board of Directors :

Dr. Donald Jenkin	<i>Chairman</i>
Mr. Shabbir Abbas	<i>Chief Executive Officer</i>
Mr. Tayyeb Afzal	
Mr. Sajid Hassan	
Syed Ali Azfar Naqvi	
Mr. Ameen Bandukda	
Mr. Aqeel Loon	

Audit Committee :

Mr. Tayyeb Afzal	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Syed Ali Azfar Naqvi	<i>Member</i>

Human Resource Committee:

Mr. Sajid Hassan	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Shabbir Abbas	<i>Member</i>

Chief Financial Officer & Company Secretary :

Mr. Muhammad Shakeel Uddin

Head of Internal Audit:

Mr. Adnan Hussein

Bankers :

M/s. Habib Bank Limited
M/s. Habib Metropolitan Bank Ltd.
M/s. NIB Bank Limited
M/s. Standard Chartered Bank (Pakistan) Limited
M/s. United Bank Limited
M/s. Dubai Islamic Bank Pakistan Ltd.

Auditors :

M/s. EY Ford Rhodes
Chartered Accountants

Legal Advisors :

M/s. Sayeed & Sayeed, Advocates & Legal Consultants
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 :

New Address

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 - 34 Fax: (92-21) 34392182

Old Address

1st Floor, House of Habib (Siddiqsons Tower)
3-Jinnah Co-operative Housing Society,
Block 7/8, Shahrah-e-Faisal, Karachi-75350
Ph: (92-21) 34520132 - 34 Fax: (92-21) 34392182

Factories :

- 1) **Hub Unit**
A101 - A105, A132 - A136,
Lasbella Industrial Estate Development Authority,
Hub Chowki, Distt. Lasbella, Baluchistan.
Ph: (92-853) 363706 - 09 Fax: (92-853) 363907
- 2) **Gadoon Unit**
34-A, 34-B & 35, Road-3, Industrial Estate,
Gadoon Amazal, District Swabi, Khyber Pakhtunkhwa.
Ph: (92-938) 270150 - 52 Fax: (92-938) 270246

Vision

Dynea Pakistan is Market Leader in its core and diversified business, delighting its customers by providing quality products at competitive price through development of market, product range, technology and human whilst ensuring sound return to stakeholders.

Mission

Maximize productivity and sales of Formaldehyde, Amino Resins and Aminoplast Moulding Compounds and provide satisfaction to customers.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of the Company will be held on Thursday, September 29, 2016 at 2:00 PM at Avari Towers, Khorshed Mahal, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Accounts for the year ended June 30, 2016 together with the Reports of the Directors' and Auditors' thereon.
2. To approve a final cash dividend of 50% (i.e. Rs 2.50 per share) for the year 2015-16 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2016-17 and to fix their remuneration. The present auditors - Messrs. EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following as a special resolution, for alteration of the Articles of Association of the Company:

"RESOLVED as and by way of special resolution THAT the Articles of Association of the Company, be amended as follows:

- (a) By Inserting the following new article and its marginal note immediately after Article 76 as Article 76 A, namely:

76A "Subject to any rules or regulations that may be made from time to time by the Commission in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by the Commission".

- (b) By Inserting the following new article and its marginal note immediately after Article 81 as Article 81 A, namely:

Proxies where Voting Rights Exercised through Electronic means.

81A "Notwithstanding anything contained in these Articles, in case of voting by electronic means, both members and non-members can be appointed as Special Proxy or General Proxy".

- (c) By Inserting the following new article and its marginal note immediately after Article 82 as Article 82 A, namely:

Form of Proxies where Voting Rights Exercised through Electronic means.

82A "Notwithstanding anything contained in these Articles, for the purposes of voting by electronic means, the instrument appointing the proxy shall be in such form, and provided to the Company, in the manner stipulated under the applicable laws".

Further resolved that the Company Secretary, be and is hereby authorized to do all acts, deeds and things and take all steps necessary to complete the legal formalities and file the required documents as may be necessary or ancillary for the purpose of implementing the aforesaid resolution.

NOTICE OF ANNUAL GENERAL MEETING

A statement as required under Section 160(1)(b) of the Companies Ordinance 1984 in respect of the Special Business (item no 4 of the agenda) to be considered at the meeting is annexed to this notice of meeting being sent:

By Order of the Board

Muhammad Shakeel Uddin
Company Secretary

Karachi: August 27, 2016

NOTES:

- (i) The Share Transfer Books of the Company will remain closed from September 22, 2016 to September 29, 2016 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on September 21, 2016. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Nondeduction of Zakat Form CZ-50 with the Registrar of the Company M/s. FAMCO Associates (Private) Limited, 8-F Next to Hotel Faran, Nursery, Block 6 PECHS Main, Shakra-e-Faisal Karachi. Tel:0092-21-34380101-5,0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1, dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card ("**CNIC**") or original passport at the time of attending the meeting.
- ii. In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B. For Appointing Proxies

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

NOTICE OF ANNUAL GENERAL MEETING

Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of Shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the **CNIC** in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2016 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For filers of income tax returns:	12.5%
(b)	For non-filers of income tax returns:	20%

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20.0% instead of 12.5%.

Withholding Tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each shareholder accordingly.

Company	Folio / CDS	Total	Principal Shareholder		Joint Shareholder(s)	
Name	Account No.	Shares				
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

NOTICE OF ANNUAL GENERAL MEETING

Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism through its Notification 8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend Shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s FAMCO Associates (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

Distribution of Annual Report through Email

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan has under and pursuant to SRO No. 787(I)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditors' report and directors' report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notice of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on Thursday, September 29, 2016.

Item (4) of the Agenda

In order to give effect to the Companies (E-voting) Regulations, 2016 issued by the Securities & Exchange Commission of Pakistan, shareholder approval is being sought to amend the Articles of Association.

No director has any direct or indirect interest in the aforementioned special business.

Change of Registered Office

Our new registered office with effect from September 5, 2016 is Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi-75400. Tel : +92-21-34520132-4 Fax : +92-21-34392182

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2016.

Economic Environment

Pakistan's economy witnessed an increase in GDP from 4.2% in 2014-15 to 4.71% 2015-16.

The realisation of investment inflows stemming from the China-Pakistan Economic Corridor should strengthen the external sector outlook over the medium to long term. However, the energy shortage and the ongoing security problems still remain key impediments to growth and foreign investment in the country. Strong economic growth is vital to cater for the growing population of the country.

Company Operations

Sales revenue during 2015-2016 was Rs. 2,418.40 million compared to Rs. 2,387.74 million in the previous financial year and the profit before tax was Rs. 199.23 million compared to Rs. 156.20 million in the previous financial year. These figures represent the second highest figures in the last decade made possible by improved production efficiencies and an increase in sales.

Resin Division

Turnover of Resin division during 2015-2016 was Rs. 1,086.01 million compared to Rs. 1,101.38 million in the previous financial year, showing a decline of 1.39%. The segment result of the Resin division was Rs. 57.37 million compared to Rs. 64.19 million for the previous financial year. This is a reflection of downward pressure on margins caused by strong competition resulting from overcapacity in the market.

Aminoplast Division

Turnover of Aminoplast division during 2015-2016 was Rs. 1,332.39 million compared to Rs. 1,286.35 million in the previous financial year, showing an increase of 3.57%. The segment result of the Aminoplast division was Rs. 268.73 million compared to Rs. 223.47 million for the previous financial year. This segment benefited from strong sales and production efficiencies.

Financial Performance

Following are the summarized financial results of the Company for the year 2015-16:

	2015-2016	2014-2015
	(Rupees in thousands)	
Sales Revenue	<u>2,418,400</u>	<u>2,387,736</u>
Gross Profit	<u>411,030</u>	<u>352,029</u>
Profit Before Taxation	<u>199,229</u>	<u>156,199</u>
Profit After Taxation	<u>135,347</u>	<u>104,588</u>
Basic & Diluted Earnings per Share	<u>7.17</u>	<u>5.54</u>

Contribution to the Exchequer

The Company's contribution to the national exchequer in the form of various taxes and levies for the year under review was Rs. 610 million, (contributed Rs. 565 million in 2014-15).

Future Outlook

The main challenges faced by the Company are intense competition from existing players, new entrants resulting in excess capacity and a recent price reduction in aminoplast moulding compound products which

DIRECTORS' REPORT

will adversely affect the profitability of the Company if it continues. However, your management plans to offset some of these elements by retaining current market share through competitive pricing, continuing to seek efficiencies in production and distribution and providing quality products in line with customer specifications. The Company is striving to broaden its customer base to ensure its long-term sustainability.

Election of Directors

After the expiry of the terms of the previous members of the Board of Directors, the following were elected as Directors for a term of three years with effect from June 29, 2016.

Dr. Donald Jenkin
Mr. Shabbir Abbas
Mr. Sajid Hassan
Syed Ali Azfar Naqvi
Mr. Tayyeb Afzal
Mr. Ameen Bandukda
Mr. Aqeel Loon

Mr. Shabbir Abbas was reappointed as Chief Executive Officer of the Company for a term of three years with effect from June 29, 2016.

Dr. Donald Jenkin and Mr. Ameen Bandukda are nominee directors of AICA Asia Pacific Holding Pte. Ltd., and Mr. Sajid Hassan is a nominee director of National Investment Trust Ltd.

Health, Safety and Environment (HSE)

The Company, being a major participant in the Pakistan's chemical industry, has continued its focus on improvement of its HSE performance. Both factories are certified to the latest international safety and environmental management systems. All safety incidents and unsafe acts are reviewed with reference to behavioural, equipment and system deficiencies and the actions required to address them are monitored by the management and reported to the Board of Directors.

The company currently has projects underway to further improve the quality of its liquid waste with the aim of being able to recycle it and thereby reduce its net water usage.

Corporate Social Responsibility

The Company not only fosters a culture of mutual respect among all its employees but it also encourages people to share their input towards improving the quality of the work environment.

The Company runs a well maintained primary school at Jenson Village in Hub, Baluchistan. This school was established primarily for the children of the Company's employees but other children of the locality are also permitted to study at the school. Presently there are 114 students of whom 80 come from the local community.

Further the Company contributes 1% of PBT on corporate social responsibilities. Contributions to the workers' profit participation fund and the workers' welfare fund are up-to-date.

Code of Corporate Governance

The management of the Company is committed to good corporate governance. As required under the Code of Corporate Governance the Directors are pleased to state as follows:

- 1) The financial statements prepared by the management of the Company present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- 2) Proper books of account of the Company have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- 4) International Financial Reporting Standards have been used as the basis for the preparation of the financial statements and any departure therefrom has been adequately disclosed and explained.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern unless there is an adverse decision in the Vend and Permit Fee case currently before the Supreme Court of Pakistan. Information about the case is presented elsewhere in this report.

DIRECTORS' REPORT

- 7) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations. A Code of Conduct has been prepared and passed to every director and employee.
- 8) The Board of Directors has adopted Vision and Mission Statements.
- 9) Information about taxes and levies is given in the notes to the accounts.
- 10) The value of the investments in the Company's provident fund scheme, based on un-audited accounts for the year ended June 30, 2016, stands at Rs. 79.74 million.
- 11) Statements are annexed in respect of the following:
 - Key financial data for the last six years.
 - Pattern of shareholding.

During the year under review:

- i) The Board of Directors convened 8 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Dr. Donald Jenkin (Chairman)	8/8
2	Mr. Shabbir Abbas	8/8
3	Mr. Sajid Hassan	8/8
4	Mr. Tahsin Khan Iqbal	7/7
5	Mr. Altaf Nazim	6/7
6	Mr. Per Haga	7/7 (all by alternate director)
7	Mr. Aqeel Loon	7/8
8	Mr. Tayyeb Afzal	0/1
9	Syed Ali Azfar Naqvi	1/1
10	Mr. Ameen Bandukda	1/1

Dr. Donald Jenkin, Mr. Shabbir Abbas, Mr. Sajid Hassan, Mr. Tayyeb Afzal and Mr. Aqeel Loon are certified directors.

- ii) The Audit Committee convened 4 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Mr. Altaf Nazim (Chairman)	4/4
2	Dr. Donald Jenkin	4/4
3	Mr. Tahsin Khan Iqbal	4/4
4	Mr. Aqeel Loon	4/4

- iii) The Human Resources Committee convened 2 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Dr. Donald Jenkin (Chairman)	2/2
2	Mr. Shabbir Abbas	2/2
3	Mr. Sajid Hassan	2/2

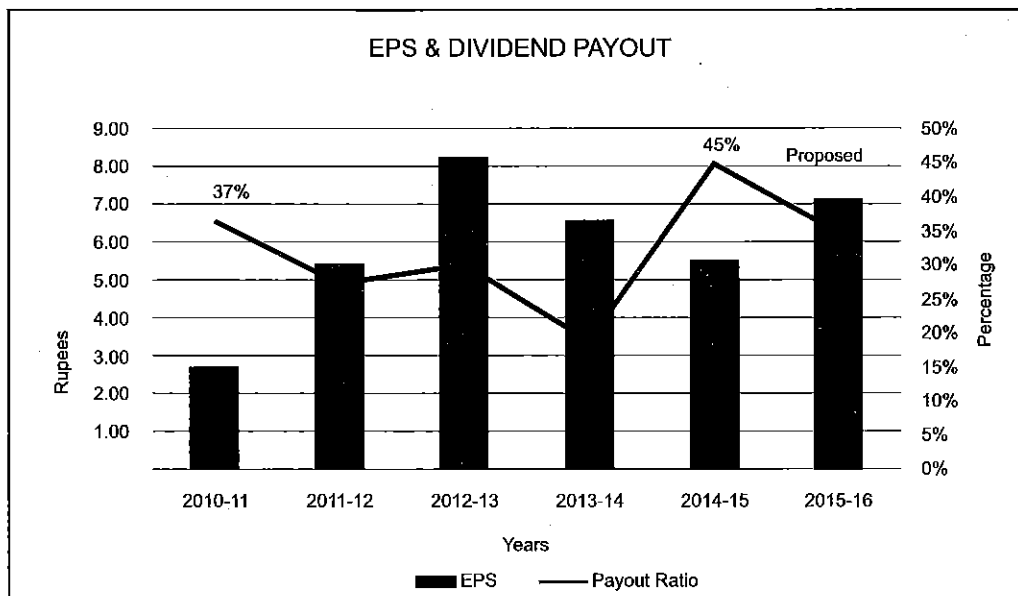
DIRECTORS' REPORT

Vend Fee and Permit Fee Case

Regarding the Vend and Permit Fee case, the Sindh High Court has already pronounced very strong and favourable decisions in support of the Company. Presently the case is pending before the Honourable Supreme Court of Pakistan. In view of the legal merits of the case and the previous two favourable decisions of the Sindh High Court, the management expects the Supreme Court to confirm the previous decisions, thereby not affecting the Company's ability to continue as a going concern.

Dividend and Appropriations

The company made following cash dividend payments since 2010-2011.



In view of excellent performance made during the outgoing year the Directors propose payment of Rs 2.5 per share i.e 50% to the shareholders.

Appointment of Auditors

The retiring auditors, M/s. EY Ford Rhodes, being eligible, offer themselves for re-appointment for the ensuing year. They have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan.

Acknowledgement

The directors acknowledge and extend their appreciation to all the stakeholders for their efforts in contributing to the satisfactory outcome for the current financial year, especially the motivation and support received from the customers and employees of the company.

Shabbir Abbas

SHABBIR ABBAS
Chief Executive

On behalf of the Board of Directors

Donald Jenkin

DONALD JENKIN
Chairman

Karachi : August 27, 2016

آڈیٹرز کا تقرر

سبکدوش ہونے والے آڈیٹرز میسرز EY فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بناء پر، آئندہ مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انہیں اطمینان بخش کارکردگی کی سند دی ہے۔

اعتراف

ڈائریکٹرز موجودہ مالی سال کے تسلی بخش نتائج کے حصول کیلئے اپنے تمام اسٹیک ہولڈرز کی کاوشوں کا اعتراف کرتے ہیں اور ان کے شکر گزار ہیں، خاص طور پر صارفین اور کمپنی کے ملازمین کے تعاون اور گہری دلچسپی کیلئے ان کے ممنون ہیں۔

منجانب بورڈ آف ڈائریکٹرز



ڈونلڈ جینکسن
چیرمین



شبیر عباس
چیف ایگزیکٹو

کراچی ۲۷ اگست ۲۰۱۶

(iii) ہیومن ریورسز کمیٹی نے 2 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل کے مطابق رہی۔

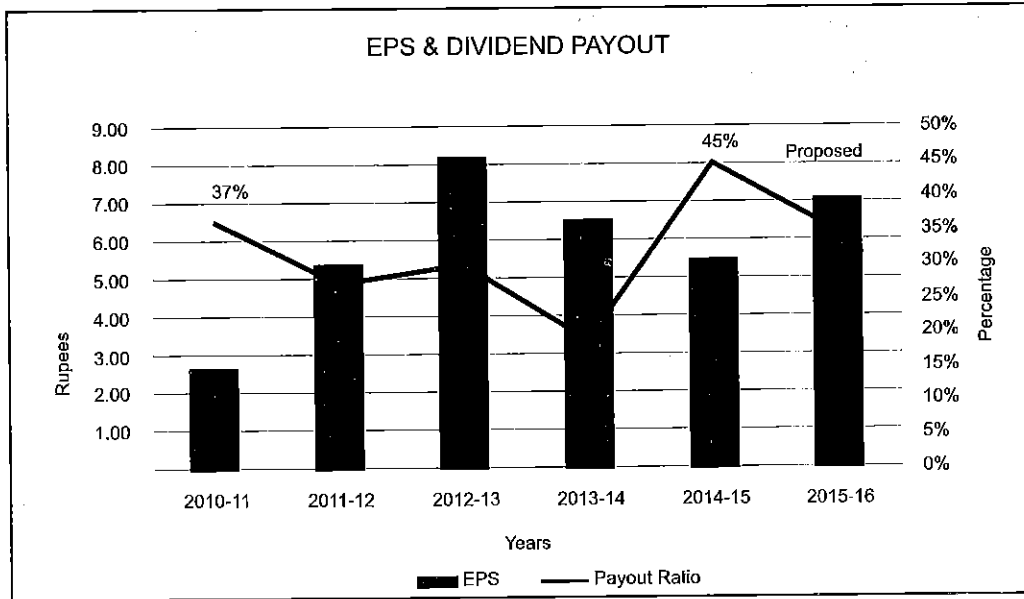
نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	ڈاکٹر ڈونلڈ جینکن (چیئرمین)	2 / 2
۲۔	جناب خمیر عباس	2 / 2
۳۔	جناب ساجد حسن	2 / 2

وینڈ فیس اور پرمٹ فیس کا معاملہ

وینڈ فیس اور پرمٹ فیس کیس کے معاملے میں سندھ ہائی کورٹ پہلے ہی کمپنی کے حق میں انتہائی ٹھوس اور حمایت میں فیصلہ دے چکی ہے۔ اس وقت یہ کیس فاضل سپریم کورٹ آف پاکستان کے پاس التوا میں ہے۔ قانونی اہلیت اور سندھ ہائی کورٹ کی جانب سے دو موافقانہ فیصلوں کے پیش نظر انتظامیہ کو توقع ہے کہ سپریم کورٹ آف پاکستان گزشتہ دو فیصلوں کی توثیق کر دے گی اور کمپنی اپنی موجودہ حیثیت کے مطابق کام جاری رکھ سکے گی۔

منافع منقسمہ اور مختص کردہ فنڈ

کمپنی نے 2010-11 سے لے کر اب تک مندرجہ ذیل نقد منافع منقسمہ دیے ہیں



رواں مالی سال کی بہترین کارکردگی کو دیکھتے ہوئے ڈائریکٹرز نے تجویز کی ہے کہ حتمی نقد منافع منقسمہ بحساب 2.50 روپے فی شیئر، یعنی 50 فیصد ادا کیا جائے۔

ڈائریکٹرز رپورٹ

(۱۰) کمپنی کی پراویڈنٹ فنڈ اسکیم میں سرمایہ کاری کی رقم، غیر آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2016 کے مطابق 79.74 ملین روپے ہے۔

(۱۱) درج ذیل کے بارے میں بیانات منسلک ہیں:

• گزشتہ چھ سال کی بنیادی مالیاتی معلومات

• شیئرز کا طرز عمل

(۱۲) زیر جائزہ سال کے دوران:

(i) بورڈ آف ڈائریکٹرز نے 18 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل کے مطابق رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	ڈاکٹر ڈوملڈ جینکن (چیرمین)	8 / 8
۲۔	جناب شہیر عباس	8 / 8
۳۔	جناب ساجد حسن	8 / 8
۴۔	جناب تحسین خان اقبال	7 / 7
۵۔	جناب الطاف ناظم	6 / 7
۶۔	جناب پرہاگا	7 / 7 (تمام میں متبادل ڈائریکٹر کی شرکت)
۷۔	جناب عقیل لون	7 / 8
۸۔	جناب طیب افضل	0 / 1
۹۔	سید علی اظفر نقوی	1 / 1
۱۰۔	جناب امین بندو قدرا	1 / 1

ڈاکٹر ڈوملڈ جینکن، جناب شہیر عباس، جناب ساجد حسن، جناب طیب افضل اور جناب عقیل لون سند یافتہ ڈائریکٹرز ہیں۔

(ii) آڈٹ کمیٹی نے 4 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل کے مطابق رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب الطاف ناظم (چیرمین)	4 / 4
۲۔	ڈاکٹر ڈوملڈ جینکن	4 / 4
۳۔	جناب تحسین خان اقبال	4 / 4
۴۔	جناب عقیل لون	4 / 4

کمپنی کی جانب سے بلوچستان کے علاقے حب کے گاؤں جنینسن میں ایک بہترین منظم پرائمری اسکول کام کر رہا ہے۔ ابتداء میں یہ اسکول کمپنی کے ملازمین کے بچوں کیلئے قائم کیا گیا تھا لیکن اب اس میں مقامی آبادی کے بچے بھی تعلیم حاصل کر رہے ہیں۔ اس وقت اسکول میں طلبہ کی کل تعداد 114 ہے جن میں سے 80 مقامی کمیونٹی کے بچے ہیں۔

اس کے علاوہ اجتماعی سماجی ذمہ داری کے لحاظ سے PBT کا 1% کمپنی کی جانب سے شامل کیا جاتا ہے۔ کارکنوں کے منافع میں شرکت کے فنڈ اور کارکنوں کے فلاحی فنڈ کے حسابات آج کی تاریخ تک مکمل ہیں۔

کارپوریٹ گورننس کے ضوابط

کمپنی کی انتظامیہ ایک اچھی کارپوریٹ گورننس پر عمل پیرا ہے۔ کارپوریٹ گورننس کے ضوابط پر عمل درآمد کے بارے میں ڈائریکٹرز بمسرت بیان کرتے ہیں کہ:

- (۱) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات میں کمپنی کے معاملات، آپریشنز کے نتائج، رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کے معاملات کو شفاف طور پر پیش کیا گیا ہے۔
- (۲) کمپنی کے اکاؤنٹس کی بکس باقاعدگی سے تیار کی جاتی ہیں۔
- (۳) مالیاتی حسابات کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- (۴) مالیاتی حسابات بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- (۵) اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- (۶) کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ کا شبہ نہیں ہے تا آنکہ وینڈائیڈ پرمٹ فیس کے معاملہ میں کمپنی کے خلاف کوئی فیصلہ نہ آجائے جو اس وقت سپریم کورٹ آف پاکستان میں زیر سماعت ہے۔ اس معاملہ کے بارے میں معلومات اسی رپورٹ میں کسی دوسری جگہ فراہم کی گئی ہیں۔
- (۷) اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔ ایک ضابطہ اخلاق تیار کر کے ہر ڈائریکٹر اور ہر ملازم کو پہنچا دیا گیا ہے۔
- (۸) بورڈ آف ڈائریکٹرز نے وژن اور مشن اسٹیٹمنٹ کو اپنایا ہے۔
- (۹) ٹیکسوں اور محصولات کی معلومات اکاؤنٹس کے نوٹس میں موجود ہیں۔

ڈائریکٹرز کا انتخاب

بورڈ آف ڈائریکٹرز کے سابقہ ممبران کی مدت ختم ہونے کے بعد درج ذیل ممبران کو 29 جون 2016 سے شروع ہونے والی تین سال کی مدت کے لئے بطور ڈائریکٹرز منتخب کیا گیا ہے:

ڈاکٹر ڈونلڈ چینکن

جناب شہیر عباس

جناب ساجد حسن

سید علی اظفر نقوی

جناب طیب افضل

جناب امین بندو قدا

جناب عقیل لون

جناب شہیر عباس کو 29 جون 2016 سے شروع ہونے والی تین سال کی مدت کے لئے دوبارہ بحیثیت کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا گیا ہے۔ جناب ڈونلڈ چینکن اور جناب امین بندو قدا AICA ایشیا پیسیفک ہولڈنگ پرائیویٹ لمیٹڈ اور جناب ساجد حسن نیشنل انوسٹمنٹ ٹرسٹ لمیٹڈ کی جانب سے نامزد کردہ ڈائریکٹرز ہیں۔

صحت، تحفظ اور ماحولیات (HSE)

کمپنی کا شمار پاکستان کی بڑی کیمیکل کمپنیوں میں ہوتا ہے۔ اس بناء پر یہ HSE کی کارکردگی کو بہتر بنانے پر توجہ مرکوز رکھتی ہے۔ اس کی دونوں فیکٹریوں میں تحفظ اور ماحولیات کے انتظامات کے بین الاقوامی تصدیق شدہ جدید ترین نظام موجود ہیں۔ تحفظ سے متعلق حادثات اور غیر محفوظ طریقہ کار کی وجوہات کے بارے میں روئیے، آلات اور نظام میں کمی کے حوالے سے جانچ کی جاتی ہے اور ان کے تدارک کیلئے مینجمنٹ کی زیر نگرانی اقدامات کئے جاتے ہیں جسکی رپورٹ بورڈ آف ڈائریکٹرز کو پیش کی جاتی ہے۔

کمپنی اس وقت اپنے مائع فضلے کے معیار کو مزید بہتر بنا کر اس کو دوبارہ قابل استعمال بنانے کے منصوبوں پر کام کر رہی ہے جس کا مقصد پانی کے اصل استعمال کو کم سے کم کرنا ہے۔

اجتماعی سماجی ذمہ داریاں

کمپنی نہ صرف اپنے تمام ملازمین کے درمیان باہمی احترام کے ماحول کو فروغ دیتی ہے بلکہ کام کے ماحول میں بہتری لانے کی کوششوں میں شرکت کیلئے اپنے لوگوں کی حوصلہ افزائی بھی کرتی ہے۔

مالیاتی کارکردگی

کمپنی کے سال 2015-16 کے مالیاتی نتائج مختصر طور پر درج ذیل ہیں:

-----('000 روپے)-----

2014-15	2015-16	
2,387,736	2,418,400	سیلز کی آمدنی
352,029	411,030	مجموعی منافع
156,199	199,229	منافع قبل از ٹیکس
104,588	135,347	منافع بعد از ٹیکس
5.54	7.17	بنیادی اور خالص آمدنی فی شیئر

قومی خزانہ میں حصہ

زیر جائزہ سال میں کمپنی نے مختلف ٹیکسوں اور محصولات کی شکل میں قومی خزانہ میں 610 ملین روپے کی رقم جمع کرائی ہے (2014-15 میں جمع کرائی گئی رقم 565 ملین روپے)۔

مستقبل پر ایک نظر

اس وقت کمپنی کو جن بڑے چیلنجز کا سامنا ہے ان میں سے ایک ہے موجودہ اور نئی آنے والی کمپنیوں کی جانب سے مارکیٹ میں گنجائش سے زیادہ مال کی فراہمی کے سبب سخت مقابلہ اور دوسرا ایسیو پلاسٹ مولڈنگ کمپناؤنڈ کی مصنوعات کی قیمتوں میں حالیہ کمی ہونا اور اگر یہ آئندہ بھی جاری رہا تو اس سے کمپنی کے منافع پر منفی اثر پڑے گا۔ تاہم آپ کی انتظامیہ ان عناصر کے تدارک کیلئے بھی منصوبہ بندی کر رہی ہے جس کے تحت قیمتوں میں مسابقت کے ذریعہ مارکیٹ شیئر برقرار رکھنا، پیداوار اور تقسیم کی استعداد میں بہتری کے اقدامات تلاش کرنا اور صارفین کی خصوصی ضروریات کے مطابق معیاری مصنوعات پیش کرنا شامل ہیں۔ اس کے علاوہ کمپنی اپنے کاروبار کو یقینی طور پر طویل عرصہ تک جاری رکھنے کیلئے صارفین کے دائرے کو وسیع کرنے میں بھی کوشاں ہے۔

آپ کی کمپنی کے ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے مالی سال ختمہ 30 جون 2016 پیش کرتے ہیں۔

معاشی صورت حال

پاکستان کی معیشت میں GDP کی شرح جو 2014-15 میں 4.2% تھی، 2015-16 میں بڑھ کر 4.71% ہو گئی۔

پاکستان۔ چائنا اقتصادی راہداری کے منصوبے کے آغاز سے بیرونی شعبہ سے وسطی مدت اور طویل مدت کی سرمایہ کاری میں اضافہ ہوگا۔ تاہم توانائی کی کمی کے بحران اور امن و امان کی صورتحال کے پیش نظر ملکی ترقی اور بیرونی سرمایہ کاری کی راہ میں بنیادی رکاوٹ ہیں۔ جب کہ ملک کی تیزی سے بڑھتی ہوئی آبادی کے پیش نظر معاشی ترقی کا تیز تر عمل ناگزیر ہے۔

کمپنی کے آپریشنز

مالی سال 2015-16 میں سیلز کی آمدنی 2,418.40 ملین روپے رہا بمقابلہ 2,387.74 ملین روپے گزشتہ مالی سال اسی مدت کیلئے۔ قبل از ٹیکس منافع 199.23 ملین روپے ہوا بمقابلہ 156.20 ملین روپے گزشتہ مالی سال اسی مدت کیلئے۔ یہ اعداد و شمار گزشتہ دس سالوں کے دوران میں دوسرے نمبر پر بلند ترین ہیں جو پیداوار کی استعداد میں بہتری اور سیلز میں اضافہ کے سبب سے حاصل ہوئے ہیں۔

ریزن ڈیویڈنڈ

مالی سال 2015-16 میں ریزن ڈیویڈنڈ کا ٹرن اور 1,086.01 ملین روپے رہا بمقابلہ 1,101.38 ملین روپے گزشتہ مالی سال اسی مدت کیلئے، جو کہ 1.39 فیصد کم رہا۔ جب کہ موجودہ مالی سال میں ریزن ڈیویڈنڈ کے شعبہ کے نتائج 57.37 ملین روپے رہے بمقابلہ 64.19 ملین روپے گزشتہ مالی سال اسی مدت کیلئے۔ اس کی وجہ منافع کے فرق میں نیچے کی طرف دباؤ کا اثر تھا جو مارکیٹ میں گنجائش سے زیادہ مال کے نتیجے میں سخت مقابلے کے سبب پیدا ہوا۔

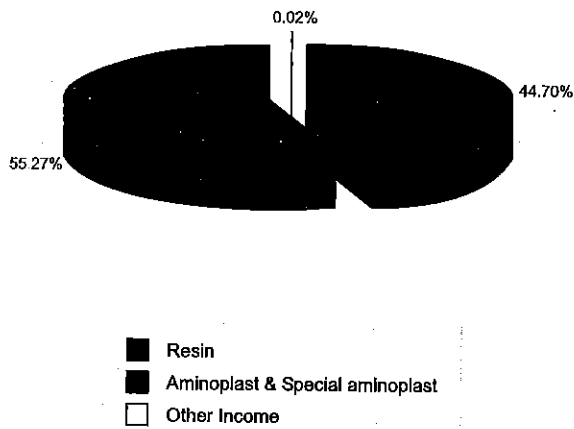
ایمیو پلاسٹ ڈیویڈنڈ

مالی سال 2015-16 میں ایمیو پلاسٹ ڈیویڈنڈ کا ٹرن اور 1,332.39 ملین روپے رہا بمقابلہ 1,286.35 ملین روپے گزشتہ مالی سال اسی مدت کیلئے، جو کہ 3.57 فیصد کا اضافہ ہوا۔ جب کہ موجودہ مالی سال میں ایمیو پلاسٹ ڈیویڈنڈ کے شعبہ کے نتائج 268.73 ملین روپے رہے بمقابلہ 223.47 ملین روپے گزشتہ مالی سال اسی مدت کیلئے۔ بھر پور سیلز اور پیداوار کی بہتر استعداد کے سبب اس شعبہ کو یہ فائدہ حاصل ہوا۔

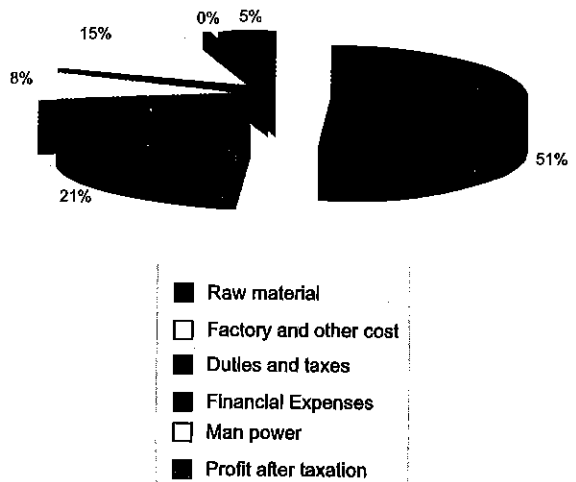
KEY OPERATING AND FINANCIAL DATA

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
	----- Rupees in thousands -----					
<u>FINANCIAL POSITION:</u>						
SHAREHOLDERS EQUITY	925,304	837,138	756,140	678,500	550,483	466,448
TOTAL ASSETS	1,190,005	1,294,972	1,411,894	980,464	930,695	854,305
<u>OPERATING RESULTS:</u>						
TURNOVER	2,418,400	2,387,736	2,703,246	2,390,922	2,151,496	1,727,550
PROFIT / (LOSS) BEFORE TAXATION	199,229	156,199	152,742	242,168	161,872	77,699
TAXATION	(63,882)	(51,610)	(27,921)	(85,843)	(58,965)	(26,140)
PROFIT / (LOSS) AFTER TAXATION	135,347	104,588	124,821	156,326	102,908	51,559
EARNING / (LOSS) PER SHARE Rs.	7.17	5.54	6.61	8.28	5.45	2.73
CASH DIVIDEND DECLARED %	50.00	50.00	25.00	50.00	30.00	20.00
	(Proposed)					

Sources of Income



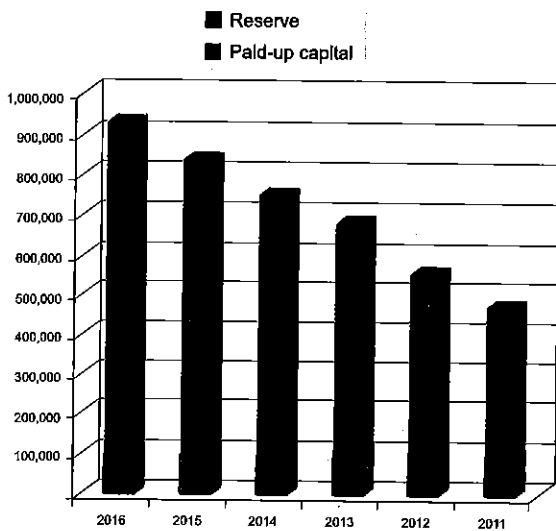
Application of Funds



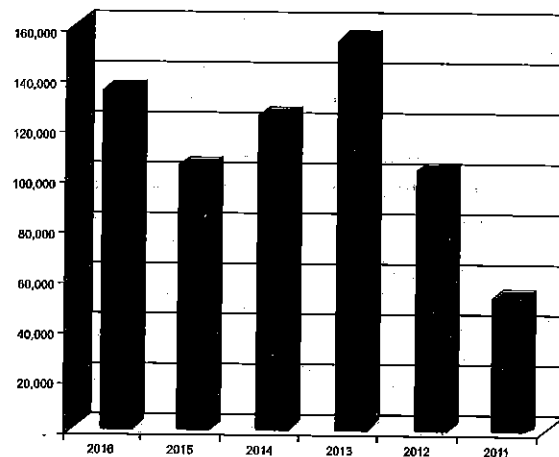
* Includes Sales Tax on Resin Rs.194.608 million and on Aminoplast Rs. 251.070 million.

**Duties and taxes including Sales Tax amounting to Rs. 445.678 million

Shareholders' Equity



Profit after tax Rs. in '000



STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present, the Board includes:

Category	Names
Non-Executive Directors	1. Dr. Donald Jenkin - Chairman 2. Mr. Tayyeb Afzal - Director 3. Mr. Sajid Hassan - Director 4. Mr. Ameen Bandukda - Director
Executive Director	1. Mr. Shabbir Abbas - CEO
Independent Directors	1. Syed Ali Azfar Naqvi - Director 2. Mr. Aqeel Loon - Director

The independent directors meet the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year .
5. The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.7, five Directors of Company are duly certified. All the directors are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its Directors in the previous years to apprise them of their roles and responsibilities.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit has been made during the year while a change in the remuneration was approved by the Board.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive director and one is independent director, the chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The term of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and remuneration committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the Committee is a non-executive director.
18. The Board has set up an effective internal audit function within the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The close period, prior to the announcement of interim/final results, and business decisions which may materially affect the market price of company's securities, was determined and intimated to directors, employees and Stock Exchanges.
22. Material price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the CCG have been complied with.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Dynea Pakistan Limited (the Company) for the year ended **30 June 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 June 2016**.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdla
Date: 27 August 2016
Place: Karachi



Building a better
working world

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Dynea Pakistan Limited (the Company) as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 4.1 to the accompanying financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

We draw attention to note 21.1.1 to the financial statements which describes the uncertainty related to the outcome of law suit contingency. Our report is not qualified in respect of above matter.

EY Forri Rhodes
Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdla
Date: 27 August 2016
Place: Karachi

BALANCE SHEET AS AT JUNE 30, 2016

<u>ASSETS</u>	Note	30 June 2016 ----- (Rupees) -----	30 June 2015 -----
NON-CURRENT ASSETS			
Property, plant and equipment	6	238,956,148	312,524,788
Intangible assets	7	3,162,720	3,506,320
Long-term loans	8	73,599	4,159
Long-term deposits	9	6,354,526	6,354,526
Deferred tax asset	10	3,515,122	-
		<u>252,062,115</u>	<u>322,389,793</u>
CURRENT ASSETS			
Stores and spares	11	14,650,526	14,298,778
Stock-in-trade	12	323,917,349	373,206,577
Trade debts	13	381,870,840	315,761,625
Loans and advances	14	3,991,145	37,188,655
Deposits and prepayments	15	4,763,668	2,006,449
Other receivables		-	188,307
Taxation – net		47,509,505	142,960,728
Cash and bank balances	16	161,239,805	86,971,118
		<u>937,942,838</u>	<u>972,582,237</u>
TOTAL ASSETS		<u>1,190,004,953</u>	<u>1,294,972,030</u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40,000,000 (2015: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	17	94,362,065	94,362,065
Reserves		<u>830,941,865</u>	<u>742,775,934</u>
		<u>925,303,930</u>	<u>837,137,999</u>
NON-CURRENT LIABILITIES			
Long-term financing	18	-	140,625,000
Deferred taxation	10	-	14,938,587
		-	155,563,587
CURRENT LIABILITIES			
Trade and other payables	19	198,979,380	210,624,708
Accrued mark-up		278,745	1,045,779
Short-term running finance	20	647,047	20,038,756
Sales tax payable		17,920,851	8,061,201
Current portion of long term financing	18	46,875,000	62,500,000
		<u>264,701,023</u>	<u>302,270,444</u>
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		<u>1,190,004,953</u>	<u>1,294,972,030</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	30 June 2016 ----- (Rupees) -----	30 June 2015 -----
Turnover – net	22	2,418,399,721	2,387,735,723
Cost of sales	23	(2,007,370,215)	(2,035,706,732)
Gross profit		411,029,506	352,028,991
Distribution costs	24	(109,317,275)	(89,118,899)
Administrative expenses	25	(74,209,533)	(60,684,018)
		(183,526,808)	(149,802,917)
Other income	26	647,207	6,939,174
Operating profit		228,149,905	209,165,248
Finance costs	27	(12,907,509)	(40,565,892)
Other charges	28	(16,013,707)	(12,400,630)
Profit before taxation		199,228,689	156,198,726
Taxation	29	(63,881,725)	(51,610,334)
Profit after taxation		135,346,964	104,588,392
Basic and diluted earnings per share	30	7.17	5.54

The annexed notes from 1 to 40 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	30 June 2016 ----- (Rupees) -----	30 June 2015 -----
Profit after taxation for the year	135,346,964	104,588,392
Other comprehensive income	-	-
Total comprehensive income for the year	<u>135,346,964</u>	<u>104,588,392</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	30 June 2016	30 June 2015
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		199,228,689	156,198,726
Adjustments for non-cash and other items			
Depreciation and Amortisation		78,595,766	78,501,321
Provision / (reversal) for doubtful debts		10,946,975	(4,966,411)
Finance costs		12,907,509	40,565,892
Gain on disposal of operating fixed assets		(488,197)	(288,672)
		101,962,053	113,812,130
		301,190,742	270,010,856
(Increase) / decrease in current assets			
Stores and spares		(351,748)	(739,005)
Stock-in-trade		49,289,228	96,633,671
Trade debts		(77,056,190)	(5,629,790)
Loans and advances		33,197,510	(23,756,302)
Deposits and prepayments		(2,757,219)	(831,475)
Other receivables		188,307	(118,292)
		2,509,888	65,558,807
(Decrease) / increase in current liabilities			
Trade and others payables		(11,645,330)	31,702,343
Sales tax payable		9,859,650	6,849,081
		301,914,950	374,121,087
Finance costs paid		(13,674,543)	(45,622,102)
Income tax refund / (paid)		13,115,789	(84,960,228)
Long-term loans and deposits		(69,440)	(196,239)
Net cash generated from operating activities		301,286,756	243,342,518
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,644,573)	(5,905,249)
Proceeds from disposal of operating fixed assets		1,449,245	691,350
Net cash used in investing activities		(4,195,328)	(5,213,899)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(156,250,000)	(46,875,000)
Dividend paid		(47,181,032)	(23,590,516)
Net cash used in financing activities		(203,431,032)	(70,465,516)
Net Increase in cash and cash equivalents		93,660,396	167,663,103
Cash and cash equivalents at the beginning of year		66,932,362	(100,730,741)
Cash and cash equivalents at the end of year		160,592,758	66,932,362
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	16	161,239,805	86,971,118
Short term running finance	20	(647,047)	(20,038,756)
		160,592,758	66,932,362

The annexed notes from 1 to 40 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive




DONALD JENKIN
Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General Reserve	Unappropriated Profit	Total	
-----Rupees-----					
Balance as at June 30, 2014	94,362,065	401,000,000	260,778,058	661,778,058	756,140,123
Transferred to general reserve	-	100,000,000	(100,000,000)	-	-
Final dividend for the year ended June 30,2014 @ Rs.1.25 per share	-	-	(23,590,516)	(23,590,516)	(23,590,516)
Profit after taxation for the year	-	-	104,588,392	104,588,392	104,588,392
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	104,588,392	104,588,392	104,588,392
Balance as at June 30, 2015	94,362,065	501,000,000	241,775,934	742,775,934	837,137,999
Transferred to general reserve	-	190,000,000	(190,000,000)	-	-
Final dividend for the year ended June 30,2015 @ Rs.2.50 per share	-	-	(47,181,033)	(47,181,033)	(47,181,033)
Profit after taxation for the year	-	-	135,346,964	135,346,964	135,346,964
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	135,346,964	135,346,964	135,346,964
Balance as at June 30, 2016	94,362,065	691,000,000	139,941,865	830,941,865	925,303,930

The annexed notes from 1 to 40 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. THE COMPANY AND ITS OPERATIONS

Dynea Pakistan Limited (the Company) was incorporated on June 20, 1982, in Pakistan as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges). It is engaged in the manufacture and sale of formaldehyde, urea/melamine formaldehyde and aminoplast compound. The registered office of the Company is situated at 1st Floor, House of Habib (Siddiqsons Tower), 3-Jinnah Co-operative Housing Society, Block-7/8, Shahrah-e-Faisal, Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financing Auditing Standard (IFAS) issued by Institute of Chartered Accountant of Pakistan (ICAP) as are as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IAS 16 - Property, Plant and Equipment and IAS 38 - intangible assets- Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 - Property, Plant and Equipment IAS 41- Agriculture -Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Company expects that the adoption of the above standards will not affect Company's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2016. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

Standard	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention.
- 3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except IFRS 13 Fair Value Measurement which became effective for the current year.

The adoption of the above accounting standards did not have any material effect on the financial statements.

4.2 Property, plant and equipment

Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land and capital work-in-progress which are stated at cost. Depreciation is charged to profit and loss account using the straight line method, at the rates specified in note 6.1 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletions upto the month of disposal. Leasehold land is amortised in equal installments over the lease period.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of operating fixed assets are taken to profit and loss account.

Capital work in process

Capital work in process is stated at cost less impairment, if any, and represents expenditures incurred and advances made in respect of specific assets during the construction / erection period. These are transferred to specific assets as and when assets are available for use.

Impairment

The carrying values of property, plant and equipment are reviewed at each balance sheet date for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

4.3 Intangible assets

These are stated at cost less accumulated amortisation and impairment loss, if any, except for capital work-in-progress which are stated at cost. Amortisation is charged to profit and loss account using the straight line method at the rates specified in note 7 to the financial statements.

4.4 Stores and spares

These are valued at the lower of weighted average cost and Net Realisable Value (NRV). Provision is made for slow moving and obsolete stores.

4.5 Stock-in-trade

These are stated at the lower of Net Realisable Value (NRV) and cost determined as follows:

Raw and packing materials	- Weighted average cost
Finished goods	- Cost of direct materials and labor plus attributable overheads
Goods in transit and stock in bonded warehouse	- Invoice price plus other charges paid thereon

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving stock-in-trade.

4.6 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for doubtful debts. Other receivables are carried at cost less provision for doubtful debts, if any. Provision for doubtful debts is based on management's assessment of customers outstanding and credit worthiness. Bad debts are written off as and when identified.

4.7 Ijarah rentals

Ijarah payments for assets under Ijarah agreements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

4.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances net off short-term borrowings.

4.9 Long and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged as an expense on an accrual basis.

4.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Provisions

Provisions are recognised in the balance sheet where the Company has a legal or constructive obligation as a result of past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

NOTES TO THE FINANCIAL STATEMENTS

4.12 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights that comprise the financial assets are realised, expired or surrendered. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and a financial liability is taken to the profit and loss account.

4.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to recognise the asset and settle the liability simultaneously.

4.14 Employee retirement benefits

Defined contribution plan

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

Compensated absences

The company accounts for these benefits in the accounting period in which the absences are earned. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

4.15 Taxation

Current

"Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits and tax rebates available, if any. The tax charged as calculated above is compared with turnover tax. Higher of normal tax or turnover tax is compared with Alternate Corporate Tax and whichever is higher is provided in the financial statements. Turnover tax is calculated on turnover. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance 2001."

Deferred

Deferred tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of un used tax assets and un used tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduces to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax loss) that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

4.17 Revenue recognition

Sales

Sales are recorded when goods are dispatched to customers.

Other income

Interest on bank deposits is recognised on an accrual basis.

4.18 Impairment of financial asset

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

4.19 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account.

4.20 Dividends and appropriation to reserves

Dividend and appropriation to the reserves are recognised in the period in which these are approved.

4.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

NOTES TO THE FINANCIAL STATEMENTS

- | | |
|---|---------------|
| | Note |
| - determining the residual values, method of depreciation and useful lives of property, plant and equipment | 4.2 & 6 |
| - determining the method of amortisation and useful lives of intangible assets | 4.3 & 7 |
| - provision for doubtful trade debts | 4.6 & 13 |
| - provisions | 4.11 |
| - provision for compensated absences | 4.14 |
| - recognition of current and deferred tax | 4.15, 10 & 29 |
| - contingencies | 21 |

	Note	30 June 2016	30 June 2015
		----- (Rupees) -----	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	238,398,148	311,369,788
Capital work-in-progress	6.4	558,000	1,155,000
		<u>238,956,148</u>	<u>312,524,788</u>

6.1 Operating fixed assets

	COST				DEPRECIATION / AMORTISATION			NET BOOK VALUE		
	As at July 01, 2015	Additions	Disposals		As at June 30, 2016	Rate	As at July 01, 2015	Charge for the year	Disposals	As at June 30, 2016
	----- Rupees -----				----- Rupees -----					
Freehold land	659,961	-	-	659,961	-	-	-	-	-	659,961
Leasehold land	11,920,159	-	-	11,920,159	99 years	943,789	174,757	-	1,118,546	10,801,613
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	17,675,446	526,335	-	18,201,781	2,105,676
Buildings on leasehold land	106,668,007	-	-	106,668,007	10%	47,479,906	8,236,536	-	55,716,442	50,951,565
Plant and machinery	634,926,505	4,170,117	-	639,096,622	16.67%	406,937,724	65,144,827	-	472,082,551	167,014,071
Electrical installations	21,048,880	-	-	21,048,880	16.67%	15,233,778	1,476,823	-	16,710,601	4,338,279
Furniture and fittings	1,277,094	-	-	1,277,094	20%	825,171	161,791	-	986,962	290,132
Office equipments	3,655,211	69,000	(61,554)	3,662,657	20%	3,015,996	212,445	(61,552)	3,166,889	495,768
Computers and accessories	4,180,967	604,440	(71,765)	4,713,642	33%	2,544,825	1,004,628	(29,899)	3,519,554	1,194,088
Vehicles	7,201,801	243,017	(3,402,900)	4,041,918	20%	5,819,619	159,024	(2,483,720)	3,494,923	546,995
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
2016	<u>814,353,077</u>	<u>5,086,574</u>	<u>(3,536,219)</u>	<u>815,903,432</u>		<u>502,983,289</u>	<u>77,097,166</u>	<u>(2,575,171)</u>	<u>577,505,284</u>	<u>238,398,148</u>

	COST				DEPRECIATION / AMORTISATION			NET BOOK VALUE		
	As at July 01, 2014	Additions	Disposals		As at June 30, 2015	Rate	As at July 01, 2014	Charge for the year	Disposals	As at June 30, 2015
	----- Rupees -----				----- Rupees -----					
Freehold land	659,961	-	-	659,961	-	-	-	-	-	659,961
Leasehold land	10,162,134	1,738,025	-	11,920,159	99 years	777,808	165,981	-	943,789	10,976,370
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	17,149,113	526,333	-	17,675,446	2,632,011
Buildings on leasehold land	106,668,007	-	-	106,668,007	10%	39,243,370	8,236,536	-	47,479,906	59,188,101
Plant and machinery	631,713,025	4,488,031	(1,274,551)	634,926,505	16.67%	343,366,180	64,904,835	(1,233,291)	406,937,724	227,988,781
Electrical installations	21,048,880	-	-	21,048,880	16.67%	13,755,643	1,478,135	-	15,233,778	5,815,102
Furniture and fittings	1,136,694	140,400	-	1,277,094	20%	592,697	232,474	-	825,171	451,923
Office equipments	3,600,711	54,500	-	3,655,211	20%	2,466,076	549,920	-	3,015,996	639,215
Computers and accessories	5,260,005	1,244,878	(2,323,916)	4,180,967	33%	4,030,417	838,298	(2,323,890)	2,544,825	1,636,142
Vehicles	8,323,723	32,050	(1,153,972)	7,201,801	20%	5,742,920	869,279	(792,580)	5,819,619	1,382,182
Storage tanks	2,507,035	-	-	2,507,035	20%	2,408,685	98,350	-	2,507,035	-
2015	<u>811,407,632</u>	<u>7,097,884</u>	<u>(4,752,439)</u>	<u>814,353,077</u>		<u>429,532,909</u>	<u>77,800,141</u>	<u>(4,340,761)</u>	<u>502,983,289</u>	<u>311,369,788</u>

NOTES TO THE FINANCIAL STATEMENTS

6.2 The following operating fixed assets were disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of Purchases
	-----Rupees-----						
<u>Vehicles</u>							
Toyota Altis	1,877,000	1,257,480	619,526	681,478	61,953	As per Company's policy	Mr. Shabbir Abbas, employee
Cultus	908,000	608,360	299,640	329,604	29,964	As per Company's policy	Mr. Tabassum, employee
Cultus	555,000	554,980	20	350,000	349,980	Tender	Mr. Furqan
Honda CD 70	62,900	62,900	-	6,290	6,290	As per Company's policy	Mr. Shakir, employee
<u>Office Equipment</u>	61,554	61,552	2	45,378	45,376	Tender	Bakhtiyar Scrap Contractor and Mr. Azmat
<u>Computer & Accessories</u>							
Laptop	71,765	29,899	41,866	36,500	(5,366)	Insurance Claim	Habib Insurance Co.
2016	<u>3,536,219</u>	<u>2,575,171</u>	<u>961,054</u>	<u>1,449,245</u>	<u>488,197</u>		
2015	<u>4,752,439</u>	<u>4,349,761</u>	<u>402,678</u>	<u>691,350</u>	<u>288,672</u>		

6.3 Depreciation / amortisation charge for the year has been allocated as follows

	Note	30 June 2016	30 June 2015
		------(Rupees)-----	
Cost of sales – manufacturing expenses	23	76,009,489	76,492,329
Distribution costs	24	123,678	134,279
Administrative expenses	25	963,999	1,173,533
		<u>77,097,166</u>	<u>77,800,141</u>

6.4 Capital work-in-progress

Intangibles –software	<u>558,000</u>	<u>1,155,000</u>
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7 INTANGIBLE ASSETS

	COST		ACCUMULATED AMORTIZATION			NET BOOK VALUE		Amortization rate %
	As at July 1, 2015	Additions	As at June 30, 2016	As at July 1, 2015	Charge for the year	As at June 30, 2016	As at June 30, 2016	
	------(Rupees)-----							
Software								
2016	<u>4,207,500</u>	<u>1,155,000</u>	<u>5,362,500</u>	<u>701,180</u>	<u>1,498,600</u>	<u>2,199,780</u>	<u>3,162,720</u>	33
2015	<u>-</u>	<u>4,207,500</u>	<u>4,207,500</u>	<u>-</u>	<u>701,180</u>	<u>701,180</u>	<u>3,506,320</u>	33

NOTES TO THE FINANCIAL STATEMENTS

7.1 The amortization charge for the year has been charged to administrative expenses (note 25).

	Note	30 June 2016	30 June 2015
		------(Rupees)-----	
8. LONG-TERM LOANS secured, considered good			
Due from employees	8.1	141,455	73,882
Current portion	14.1	(67,856)	(69,723)
		<u>73,599</u>	<u>4,159</u>

8.1 Interest free loans are granted for purchase of property, motor vehicles and for miscellaneous purposes to the employees which are repayable within a maximum period of three years as per the Company's policy. These loans are secured against the retirement benefits of the employees. These loans are carried at cost due to practicality and materiality of the amounts involved.

		30 June 2016	30 June 2015
		------(Rupees)-----	
9. LONG-TERM DEPOSITS			
Water and Power Development Authority		823,200	823,200
Lasbela Industrial Estate Development Authority		4,915,870	4,915,870
Others		615,456	615,456
		<u>6,354,526</u>	<u>6,354,526</u>

9.1 Represents interest free deposits.

10. DEFERRED TAXATION

Deferred tax asset / (liability) arising due to

Taxable temporary differences arising due to:

- Accelerated tax depreciation and amortization (13,340,008) (28,707,938)

Deductable temporary differences arising due to:

- Provisions 16,855,130 13,769,351

3,515,122 (14,938,587)

11. STORES AND SPARES

Stores		8,663,159	8,006,720
Spares		5,987,367	6,292,058
		<u>14,650,526</u>	<u>14,298,778</u>

NOTES TO THE FINANCIAL STATEMENTS

			30 June 2016	30 June 2015
	Note		------(Rupees)-----	
12. STOCK-IN-TRADE				
Raw material				
In hand			220,039,120	199,539,016
In bonded warehouse			28,440,444	30,037,126
In transit			<u>25,573,482</u>	<u>90,048,639</u>
			<u>274,053,046</u>	<u>319,624,781</u>
Packing material			6,158,647	5,564,619
Finished good			<u>43,705,656</u>	<u>48,017,177</u>
			<u>323,917,349</u>	<u>373,206,577</u>
13. TRADE DEBTS – unsecured				
Considered good			381,870,840	315,761,625
Considered doubtful			<u>52,672,281</u>	<u>41,725,306</u>
			434,543,121	357,486,931
Provision for doubtful debts	13.1		<u>(52,672,281)</u>	<u>(41,725,306)</u>
			<u>381,870,840</u>	<u>315,761,625</u>
13.1 Reconciliation of provision for doubtful debts				
Balance at the beginning of the year			41,725,306	46,691,717
Charge / (reversal) during the year	24		<u>10,946,975</u>	<u>(4,966,411)</u>
Balance at the end of the year			<u>52,672,281</u>	<u>41,725,306</u>
14. LOANS AND ADVANCES – considered good				
Loans– secured				
- Executives			792,225	626,371
- Employees	14.1		<u>2,570,417</u>	<u>2,104,669</u>
			<u>3,362,642</u>	<u>2,731,040</u>
Advances – unsecured				
- Suppliers and contractors	14.2		<u>628,503</u>	<u>34,457,615</u>
			<u>3,991,145</u>	<u>37,188,655</u>
14.1		Includes current portion of long-term loan to employees amounting to Rs. 0.068 million (2015: Rs. 0.070 million).		
14.2		These loans and advances are interest free.		
			30 June 2016	30 June 2015
	Note		------(Rupees)-----	
15. DEPOSITS AND PREPAYMENTS				
Deposits	15.1		1,035,000	1,225,000
Prepayments			<u>3,728,668</u>	<u>781,449</u>
			<u>4,763,668</u>	<u>2,006,449</u>
15.1		These deposits are interest free.		

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND BANK BALANCES	Note	30 June 2016	30 June 2015
		------(Rupees)-----	
Cash in hand		48,300	60,600
With banks			
- Current accounts	16.1	58,245,515	70,211,980
- PLS account	16.2	100,445,990	16,698,538
- Deposits	16.3	2,500,000	-
		<u>161,191,505</u>	<u>86,910,518</u>
		<u>161,239,805</u>	<u>86,971,118</u>

- 16.1 The company has conventional banking relationships with all the banks having Islamic window operations except Dubai Islamic Bank.
- 16.2 This carries interest at the rate of 4.75% (2015: 5.5%) per annum.
- 16.3 This includes deposits of Rs 2.5 million given to a commercial bank against bank guarantee and carries interest at the rate of 4.3% (2015: Nil %) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs. 5/- each		30 June 2016	30 June 2015	
		------(Rupees)-----		
2016	2015			
8,316,000	8,316,000	Fully paid in cash	41,580,000	41,580,000
		Issued as fully paid bonus		
<u>10,556,413</u>	<u>10,556,413</u>	Shares	<u>52,782,065</u>	<u>52,782,065</u>
<u>18,872,413</u>	<u>18,872,413</u>		<u>94,362,065</u>	<u>94,362,065</u>

- 17.1 A related party held 4,716,216 (2015: 4,716,216) ordinary shares of Rs.5/- each in the Company at year end.

18. LONG-TERM FINANCING secured	30 June 2016	30 June 2015
	------(Rupees)-----	
Long-term loan	46,875,000	203,125,000
Less: Current portion	46,875,000	62,500,000
	<u>-</u>	<u>140,625,000</u>

Represents utilised portion of loan facility of Rs.46.875 million (2015: Rs.203.125 million) obtained from a commercial bank. The facility carries mark-up at the rate of three months' KIBOR plus 0.95% per annum. The loan is repayable in sixteen equal quarterly installments commencing from December 2014 and is secured against equitable mortgage and hypothecation of Company's operating fixed assets. During the year the Company has prepaid its liability amounting to Rs. 93.75 million.

NOTES TO THE FINANCIAL STATEMENTS

		30 June 2016	30 June 2015
	Note	------(Rupees)-----	
19. TRADE AND OTHER PAYABLES			
Creditors		6,726,655	3,760,881
Bills payable		62,528,652	83,963,996
Accrued liabilities	19.1	112,658,514	103,334,535
Workers' Welfare Fund		9,222,249	3,970,662
Workers' Profits Participation Fund	19.2	762,120	8,429,968
Vend / permit fee payable	19.3	4,552,438	4,552,438
Tax deducted at source		89,328	588,833
Unclaimed and unpaid dividend		2,439,424	2,023,395
		198,979,380	210,624,708

19.1 Includes accrual for leave encashment of Rs. 9.559 million (2015: Rs. 7.475 million) and bonus to employees of Rs. 16.416 million (2015: Rs. 16.091 million). Also included herein is Rs. 0.007 million due to Nobel Computers (Private) Limited, a related party.

		30 June 2016	30 June 2015
	Note	------(Rupees)-----	
19.2 Workers' Profits Participation Fund			
Balance at the beginning of the year		8,429,968	8,203,110
Interest on funds utilised in the Company's business	27	-	130,301
		8,429,968	8,333,411
Allocation for the year	28	10,762,120	8,429,968
		19,192,088	16,763,379
Less: Payments made during the year		18,429,968	8,333,411
Balance at the end of the year		762,120	8,429,968

19.3 Represents amount charged to certain customers in respect of vend and permit fee. Depending on the outcome of the law suit mentioned in note 21.1.1, the amount would either be paid to the Excise and Taxation Department, Government of Sindh or refunded to the customers. The Company has discontinued this practice of charging the fee from July 2002 in accordance with the industrial norms.

20. SHORT-TERM RUNNING FINANCE secured

20.1 Represent utilized portion of running finance facilities obtained from various banks amounting to Rs. 500 million (2015: Rs. 500 million). These are secured by hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these finances ranges from one months' KIBOR+0.50% to three months' KIBOR+1% (2015: one months' KIBOR+0.50% to three months' KIBOR+1%) per annum and payable quarterly.

20.2 The facilities for foreign currency import financing obtained from banks amounting to Rs. 100 million (2015: Rs. 100 million) remained unutilised at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

- 21.1.1 The Excise and Taxation Department, Government of Sindh imposed vend fee 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 High Court of Sindh in August 1996. In June 2001, the Honorable High Court of Sindh decided the case in the favor of the company. However, the Department filed an appeal in the Supreme Court of Pakistan against the above judgment. The Supreme Court of Pakistan suspended the decision of the High Court and reverted the case back to the High Court for fresh hearing. High Court kept decided of the case in favor of the Company.

The Department has filed an appeal before the Supreme Court which is pending final judgment / decision albeit having been heard at length on numerous dates.

Total alleged liability against Vend and Permit fee, as on June 30, 2016 works out at Rs. 1,262.90 million (2015:Rs. 1,190.41 million). Based on the legal advice, the Company is confident to get a favorable decision from the Supreme Court and, accordingly no provision for any liability has been made in these financial statements. Furthermore, management is making necessary efforts to resolve this matter and is confident that the Company will be able to continue as a going concern.

	30 June 2016	30 June 2015
	------(Rupees)-----	
21.1.2 Outstanding bank guarantees	<u>10,583,947</u>	<u>10,583,947</u>
21.2 Commitments		
21.2.1 Outstanding letters of credit	<u>74,768,680</u>	<u>50,556,026</u>
21.2.2 Postdated cheques issued in favor of collector of customs	<u>25,307,474</u>	<u>40,193,820</u>
21.2.3 Commitment for capital expenditure	<u>-</u>	<u>360,000</u>
21.2.4 Commitments for rental under Ijarah finance agreement		
Within one year	<u>3,514,155</u>	<u>2,684,760</u>
	<u>2,703,781</u>	<u>1,519,492</u>
After one year but not more than five years	<u>6,217,936</u>	<u>4,204,252</u>

Represent Ijarah finance facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payment due under the agreement is Rs. 6,217,936 (2015: Rs. 4,204,252/-) and are payable in monthly installments latest by January 2019. These liabilities are secured by on demand promissory note for entire amount of the Ijarah rentals.

	30 June 2016	30 June 2015
	------(Rupees)-----	
22. TURNOVER - Net		
Sales	2,871,891,930	2,832,087,423
Less: Sales tax	<u>445,677,869</u>	<u>420,848,002</u>
Sales return	<u>6,554,087</u>	<u>16,634,466</u>
Trade discount	<u>1,260,253</u>	<u>6,869,232</u>
	<u>453,492,209</u>	<u>444,351,700</u>
	<u>2,418,399,721</u>	<u>2,387,735,723</u>

NOTES TO THE FINANCIAL STATEMENTS

			30 June 2016	30 June 2015
			------(Rupees)-----	
23.	COST OF SALES	Note		
	Opening stock – raw and packing materials		205,103,619	271,249,653
	Purchases		<u>1,566,809,420</u>	<u>1,506,893,581</u>
			1,771,913,039	1,778,143,234
	Closing stock – raw and packing materials		<u>(226,197,766)</u>	<u>(205,103,619)</u>
	Raw and packing materials consumed		1,545,715,273	1,573,039,615
	Manufacturing expenses			
	Indirect material consumed		8,824,564	10,589,165
	Stores and spares consumed		37,123,353	21,742,791
	Fuel and power		93,664,662	123,624,506
	Salaries, wages and other benefits		172,906,546	155,539,002
	Rent, rates and taxes		850,322	794,375
	Insurance		2,378,655	2,903,279
	Repairs and maintenance		36,160,101	15,202,784
	Vehicle running and maintenance		5,044,623	5,334,008
	Ijarah rentals		419,304	1,392,854
	Postage, telephone and telex		1,376,122	1,080,765
	Storage and handling charges		9,959,993	9,221,609
	Traveling and conveyance		970,157	884,859
	Printing and stationery		672,931	747,155
	Depreciation	6.3	76,009,489	76,492,329
	Others		10,982,600	7,973,668
			<u>457,343,422</u>	<u>433,523,149</u>
	Cost of goods manufactured		<u>2,003,058,695</u>	<u>2,006,562,764</u>
	Finished goods			
	Opening stock		48,017,176	77,161,144
	Closing stock		<u>(43,705,656)</u>	<u>(48,017,176)</u>
			4,311,520	29,143,968
			<u>2,007,370,215</u>	<u>2,035,706,732</u>
24.	DISTRIBUTION COSTS			
	Salaries and other benefits		13,353,639	11,394,461
	Cartage and freight		73,979,883	69,338,584
	Rent, rates and taxes		743,810	689,156
	Insurance		1,060,185	1,236,115
	Repairs and maintenance		123,460	56,540
	Vehicle running and maintenance		3,027,765	2,844,826
	Postage, telephone and telex		812,453	449,261
	Traveling and conveyance		1,949,325	2,196,491
	Printing and stationery		54,941	27,246
	Electricity		104,561	167,510
	Depreciation	6.3	123,678	134,279
	Sales promotion		225,000	324,052
	Market research		2,398,560	-
	Provision for doubtful debts	13.1	10,946,975	-
	Others		413,040	260,378
			<u>109,317,275</u>	<u>89,118,899</u>

NOTES TO THE FINANCIAL STATEMENTS

25. ADMINISTRATIVE EXPENSES	Note	30 June	30 June
		2016	2015
		------(Rupees)-----	
Salaries and other benefits		35,601,686	33,424,773
Insurance		611,581	285,832
Repairs and maintenance		1,921,556	2,373,892
Vehicle running and maintenance		2,564,283	1,819,378
Ijarah rentals		1,967,600	1,736,288
Postage, telephone and telex		1,000,533	1,354,944
Traveling and conveyance		5,913,635	4,016,702
Printing and stationery		645,701	547,805
Utilities		880,688	894,349
Depreciation	6.3	963,999	1,173,533
Amortisation	7	1,498,600	701,180
Legal and professional charges		13,373,910	4,820,216
Advertisement and publicity		461,247	228,289
Charity and donations	25.1	1,992,516	1,560,931
Auditors' remuneration	25.2	1,373,218	1,591,401
ISO certification fees		300,000	365,000
Others		3,138,780	3,789,505
		<u>74,209,533</u>	<u>60,684,018</u>

25.1 Charity and donations

None of the directors or their spouses have any interest in any of the donees to whom donations were made during the year.

25.2 Auditors' remuneration	Note	30 June	30 June
		2016	2015
		------(Rupees)-----	
Audit fee		850,000	745,500
Half year review		100,000	73,500
Other certifications		263,920	639,936
Out of pocket expenses		159,298	132,465
		<u>1,373,218</u>	<u>1,591,401</u>

26 OTHER INCOME - net

Income from financial assets

Interest on PLS account	16.1	966,890	1,078,889
Interest on deposits	16.3	3,181	-
		<u>970,071</u>	<u>1,078,889</u>

Income from non-financial assets

Scrap sales		276,882	431,963
Gain on disposal of operating fixed assets		488,197	288,672
Insurance claims		998,109	755,440
Net exchange loss	26.1	(2,086,052)	(582,201)
Reversal of provision for doubtful debts		-	4,966,411
		<u>(322,864)</u>	<u>5,860,285</u>
		<u>647,207</u>	<u>6,939,174</u>

NOTES TO THE FINANCIAL STATEMENTS

26.1 Represents net exchange loss arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

			30 June 2016	30 June 2015
			------(Rupees)-----	
27.	FINANCE COSTS	Note		
	Mark-up on:			
	- long-term financing	18	7,866,083	24,942,364
	- short-term running finance	20	<u>3,628,330</u>	<u>14,168,900</u>
			<u>11,494,413</u>	<u>39,111,264</u>
	Interest on Workers' Profits Participation Fund	19.2	-	130,301
	Bank guarantees commission		475,407	246,027
	Bank charges		<u>937,689</u>	<u>1,078,300</u>
			<u>12,907,509</u>	<u>40,565,892</u>
28.	OTHER CHARGES			
	Workers' Profits Participation Fund	19.2	10,762,120	8,429,968
	Workers' Welfare Fund		<u>5,251,587</u>	<u>3,970,662</u>
			<u>16,013,707</u>	<u>12,400,630</u>
29.	TAXATION			
	Current		81,707,273	63,719,140
	Prior		628,161	18,508
	Deferred		<u>(18,453,709)</u>	<u>(12,127,314)</u>
			<u>63,881,725</u>	<u>51,610,334</u>
29.1	Relationship between accounting profit and tax expense			
	Profit before taxation		<u>199,228,689</u>	<u>156,198,726</u>
	Tax @ 32% (2015: 33%)		63,753,180	51,545,580
	Effect of previous year tax charge		628,161	18,508
	Others		<u>(499,616)</u>	<u>46,246</u>
	Tax expense		<u>63,881,725</u>	<u>51,610,334</u>
	Effective tax rate		<u>32.06%</u>	<u>33.04%</u>
30.	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit after taxation		<u>135,346,964</u>	<u>104,588,392</u>
			No. of shares	
	Weighted average number of ordinary shares in issue during last year		<u>18,872,413</u>	<u>18,872,413</u>
			----- Rupees) -----	
	Basic earnings per share		<u>7.17</u>	<u>5.54</u>

NOTES TO THE FINANCIAL STATEMENTS

30.1 Basic earnings per share have no dilution effect.

31. 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 aminoplast division produces aminoplast compound.

	30 June 2016			30 June 2015		
	Resin Division	Aminoplast Division	Total	Resin Division	Aminoplast Division	Total
	----- Rupees -----			----- Rupees -----		
Turnover – net	<u>1,086,010,321</u>	<u>1,332,389,400</u>	<u>2,418,399,721</u>	<u>1,101,382,631</u>	<u>1,286,353,092</u>	<u>2,387,735,723</u>
Segment Result	57,373,632	268,729,016	326,102,648	64,189,099	223,467,719	287,656,818
Unallocated expenses:						
Administrative expenses and distribution costs			(98,599,950)			(85,430,744)
Other income			647,207			6,939,174
Finance costs			(12,907,509)			(40,565,892)
Other charges			(16,013,707)			(12,400,630)
Taxation			(63,881,725)			(51,610,334)
Profit after taxation			<u>135,346,964</u>			<u>104,588,392</u>
Segment assets	498,938,388	443,927,211	942,865,599	487,024,961	511,217,815	998,242,776
Unallocated assets			247,139,354			296,729,254
Total assets			<u>1,190,004,953</u>			<u>1,294,972,030</u>
Segment liabilities	69,068,240	4,739,504	73,807,744	79,491,620	12,785,693	92,277,313
Unallocated liabilities			190,893,279			365,556,718
Total liabilities			<u>264,701,023</u>			<u>457,834,031</u>
Capital expenditure	3,311,458	1,147,983	4,459,441	2,206,058	2,196,612	4,402,670
Unallocated capital expenditure			1,185,133			1,502,579
Total capital expenditure			<u>5,644,574</u>			<u>5,905,249</u>
Depreciation and amortization	37,775,270	38,581,669	76,356,939	37,806,065	38,784,367	76,590,432
Unallocated depreciation			2,238,827			1,910,889
Total depreciation and amortization			<u>78,595,766</u>			<u>78,501,321</u>

31.1 Segment assets and liabilities

Segment assets include all operating assets by a segment and consist principally of property, plant and equipment, stock-in-trade and trade debts. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

31.2 Administrative expenses, distribution costs (excluding cartage and freight), other income, finance costs, other charges and taxation is managed on Company basis and are not allocated to operating segments.

31.3 Total sales of the Company are made to customers in Pakistan during the year ended June 30, 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

31.4 All non-current assets of the Company as at June 30, 2016 and 2015 are located in Pakistan.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

32.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of short-term borrowings and long term financing with floating interest rate. Management of the Company estimates that 1% increase in market interest rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 475,220/- and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where payables exist due to transactions in foreign currency.

The Company is exposed to foreign currency risk amounting to Rs. 62,528,652/- in relation to foreign currency financial liabilities. Management of the Company estimates that 5% increase in exchange rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 3,126,433/- and a 5% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from sensitivity analysis.

32.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy.

Quality of financial assets

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2016	30 June 2015
	------(Rupees)-----	
The analysis of trade debts is as follows		
Neither past due nor impaired	285,007,654	259,196,501
Past due but not impaired		
- 61 to 90 days	75,776,799	42,390,222
- 91 to 120 days	11,747,642	9,440,042
- 121 to 180 days	9,338,745	4,734,860
	<u>381,870,840</u>	<u>315,761,625</u>
Bank balances		
Ratings		
A1+	160,888,778	86,910,518
A1	302,727	-
	<u>161,191,505</u>	<u>86,910,518</u>

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

32.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained:

	30 June 2016			
	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- Rupees -----			
Long term financing	-	46,875,000	-	46,875,000
Trade and other payables	181,593,044	4,552,438	-	186,145,482
Accrued markup	278,745	-	-	278,745
Short-term running finance	-	647,047	-	647,047
	<u>181,871,789</u>	<u>52,074,485</u>	<u>-</u>	<u>233,946,274</u>
	30 June 2015			
	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- Rupees -----			
Long term financing	-	62,500,000	140,625,000	203,125,000
Trade and other payables	187,562,404	4,552,438	-	192,114,842
Accrued markup	1,045,779	-	-	1,045,779
Short-term running finance	-	20,038,756	-	20,038,756
	<u>188,608,183</u>	<u>87,091,194</u>	<u>140,625,000</u>	<u>416,324,377</u>

NOTES TO THE FINANCIAL STATEMENTS**32.4 Equity price risk**

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As of the balance sheet date, the Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book value.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of the balance sheet date, the Company does not have any financial instrument measured at fair value.

34. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through long-term and short-term financing in addition to its equity. The Company has a gearing ratio of 5% (2015: 32%) as of the balance sheet date, which in view of the management is adequate considering the size of the operations.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2016	30 June 2015
	------(Rupees)-----	
Contribution to provident fund	<u>6,304,284</u>	<u>5,809,118</u>
Sale proceeds from disposal of operating fixed assets to CEO as per Company's policy	<u>681,478</u>	<u>-</u>

36. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	30 June 2016			30 June 2015		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	----- Rupees -----			----- Rupees -----		
Managerial remuneration	6,115,476	16,878,336	22,993,812	5,012,868	13,770,249	18,783,117
Retirement and other benefits	3,547,107	7,233,800	10,780,907	2,876,499	5,462,420	8,338,919
House rent	2,500,308	6,863,508	9,363,816	2,049,252	5,595,384	7,644,636
	<u>12,162,891</u>	<u>30,975,644</u>	<u>43,138,535</u>	<u>9,938,619</u>	<u>24,828,053</u>	<u>34,766,672</u>
Number of person(s)	<u>1</u>	<u>18</u>	<u>19</u>	<u>1</u>	<u>16</u>	<u>17</u>

- 36.1** In addition, the Chief Executive and certain executives are provided with free use of Company maintained cars.
- 36.2** Fee paid to non-executive directors for attending the Board meetings amounts to Rs. 2.359 million (2015: Rs. 0.754) million.
- 36.3** Further, a non-executive director is provided fee for technical advisory services amounting to Rs. 3.471 million (2015: Rs. 3.352 million) as per contractual arrangement.

37. CAPACITY AND PRODUCTION

	Note	30 June 2016		30 June 2015	
		Rated capacity	Actual production	Rated Capacity	Actual Production
		-----Metric Tons-----			
Resin division					
Urea / melamine formaldehyde		47,000	31,232	47,000	28,011
Formaldehyde		59,000	38,831	59,000	35,481
	37.1	<u>106,000</u>	<u>70,063</u>	<u>106,000</u>	<u>63,492</u>
Aminoplast division					
Aminoplast compound		16,200	13,385	16,200	12,550

NOTES TO THE FINANCIAL STATEMENTS

37.1 The reason for shortfall in actual production is low demand during the year.

38. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

38.1 The Board of Directors in its meeting held on August 27, 2016 proposed final cash dividend of Rs.2.50 per share for the year ended June 30, 2016 amounting to Rs.47.181 million for approval of the members at the Annual General Meeting to be held on September 29, 2016.

38.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not be applied in case of a public company which distribute cash dividend equal to atleast either 40% of its after tax profit or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Company has proposed 50% dividend for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as aforesaid. The Company believed that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2016.

39. GENERAL

39.1 Figures have been rounded off to the nearest rupee.

39.2 There were no material reclassifications that could affect the financial statements

	30 June 2016	30 June 2015
	(Un-audited)	(Audited)
	------(Rupees)-----	

39.3 PROVIDENT FUND

Size of the fund	<u>81,870,640</u>	<u>83,370,720</u>
Cost of investments made	<u>76,289,558</u>	<u>79,265,722</u>
Percentage of investment made	<u>93.18%</u>	<u>95.08%</u>
Fair value of investments made	<u>79,740,349</u>	<u>82,639,808</u>

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2016		30 June 2015	
	Investment Rupees	% of investment as size of the fund	Investment Rupees	% of investment as size of the fund
Break-up of investments				
Term Deposit Receipts	73,485,245	89.8%	76,485,245	91.7%
National Investment Trust Units	3,569,568	4.4%	3,492,863	4.2%
Cash at bank	2,685,536	3.3%	2,661,700	3.2%
	79,740,349	97.4%	82,639,808	99.1%

Investments out of provident fund have been made in accordance with the provision of the section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

39.4 The number of employees at the year-end was 219 (2015: 228) and average number of employees during the year was 222 (2015: 232).

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 27, 2016 by the Board of Directors of the Company.



SHABBIR ABBAS
Chief Executive



DONALD JENKIN
Chairman

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2016

NO.	CATEGORIES OF SHAREHOLDERS	NO. OF SHARES HELD	CATEGORY-WISE NO. OF FOLIOS /CDC ACCOUNTS	CATEGORY-WISE SHARES HELD	PERCENTAGE (%)
1	INDIVIDUALS		1,279	5,156,014	27.32
2	INVESTMENT COMPANIES		1	2,200	0.01
3	JOINT STOCK COMPANIES		14	1,492,200	7.91
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		5	5,000	0.03
	MR. SHABBIR ABBAS	1,000			
	MR. TAYYEB AFZAL	1,000			
	MR. SAJID HASSAN	1,000			
	MR. AMEEN BANDUKDA	1,000			
	MR. AQEEL LOON	1,000			
5	EXECUTIVES		1	685	0.00
6	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES				
	AICA ASIA PACIFIC HOLDING PTE LTD		1	4,716,216	24.99
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
8	BANKS, DFIS, NBFIS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		9	352,143	1.87
	FINANCIAL INSTITUTIONS	2,597			
	INSURANCE COMPANIES	140,000			
	MODARABA	616			
	PENSION FUNDS	208,930			
9	MUTUAL FUNDS		5	2,180,343	11.55
	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	361,733			
	CDC - TRUSTEE AKD OPPORTUNITY FUND	10,000			
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,000			
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	21,500			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,786,110			
10	FOREIGN INVESTORS		19	4,859,399	25.75
11	CO-OPERATIVE SOCIETIES		1	2,701	0.01
12	CHARITABLE TRUST		1	99,137	0.53
13	OTHERS		2	6,375	0.03
	TOTAL		1,338	18,872,413	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY 18,872,413 SHARES
 5% OF THE PAID-UP CAPITAL OF THE COMPANY 943,621 SHARES

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
AICA ASIA PACIFIC HOLDING PTE LTD	FALL IN CAT.# 6	4,716,216	24.99
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	FALL IN CAT.# 9	1,787,610	9.47
AYLESBURY INTERNATIONAL LTD.	FALL IN CAT.# 10	1,548,715	8.21
ROBERT FINANCE CORPORATION AG	FALL IN CAT.# 10	1,105,169	5.86
TOTAL		9,157,710	48.52

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2016

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS RS.5/- EACH			TOTAL SHARES HELD
544	1	-	100	13,830
312	101	-	500	90,288
143	501	-	1000	116,297
207	1001	-	5000	509,263
49	5001	-	10000	373,639
9	10001	-	15000	111,168
9	15001	-	20000	160,265
7	20001	-	25000	162,696
6	25001	-	30000	170,385
5	30001	-	35000	175,000
5	35001	-	40000	193,751
5	45001	-	50000	234,986
1	50001	-	55000	50,500
1	55001	-	60000	58,643
2	60001	-	65000	121,538
3	65001	-	70000	203,166
3	75001	-	80000	230,296
1	85001	-	90000	90,000
4	95001	-	100000	397,137
2	100001	-	105000	208,000
1	110001	-	115000	114,000
1	120001	-	125000	125,000
2	160001	-	165000	325,304
1	175001	-	180000	178,500
1	195001	-	200000	200,000
1	245001	-	250000	250,000
1	360001	-	365000	361,733
4	385001	-	390000	1,547,832
1	395001	-	400000	400,000
1	815001	-	820000	816,986
1	845001	-	850000	847,000
1	875001	-	880000	879,000
1	1105001	-	1110000	1,105,169
1	1545001	-	1550000	1,548,715
1	1785001	-	1790000	1,786,110
1	4715001	-	4720000	4,716,216
1,338				18,872,413

FORM OF PROXY

THIRTY FOURTH ANNUAL GENERAL MEETING

I/We _____ of _____

being a member(s) of **DYNEA PAKISTAN LIMITED** and a holder of _____

_____ ordinary shares as per Share Register Folio No. _____

or CDC Participant ID No. _____ Account No. _____

hereby appoint _____ of _____

Who is also member of **DYNEA PAKISTAN LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

or failing him/her _____ of _____

who is also member of **DYNEA PAKISTAN LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Thirty Fourth Annual General Meeting of the Company to be held on Thursday, September 29, 2016 at 2:00 PM and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2016

Signed by the said

Witness _____ Witness _____

(Signature)

(Signature)

Name _____ Name _____

Address _____ Address _____

CNIC No. _____ CNIC No. _____

**Please affix
Rs. 5/-
Revenue Stamp**

SIGNATURE OF MEMBER(S)

NOTES :

1. This proxy form duly completed and signed must be received at the Registered Office of the Company, Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi-75400, not less than 48 hours before the time of holding of the Meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company. Except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES

In addition to the above the following requirements have to be met:

- a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- b) Attested copy of CNIC or the passport of the beneficial owners shall be furnished with the proxy form.
- c) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- d) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

DYNEA PAKISTAN LIMITED

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