



QUARTERLY
REPORT
SEPTEMBER 30, 2019
(UN-AUDITED)

Descon Oxychem Limited



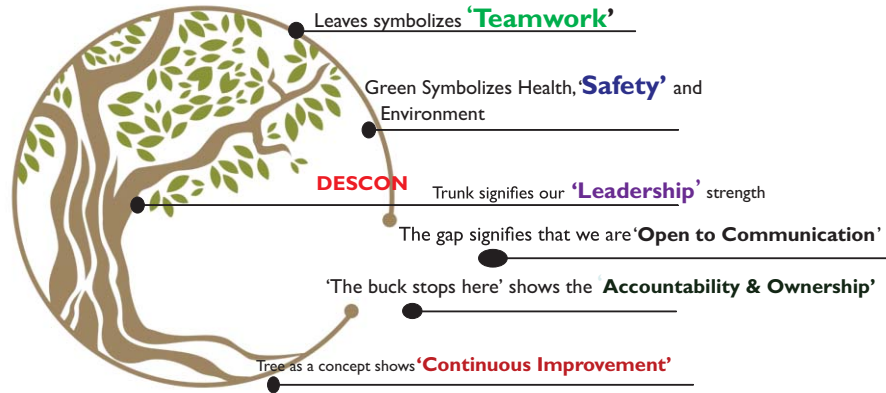
Vision

Our vision is to be the leading Pakistan supplier of oxidative solutions based on hydrogen peroxide, complemented by related technologies to the textile, food safety, environmental and other industrial markets. At Descon Oxychem, we are committed to conducting our business honestly complying with all application laws-this is our committed to integrity. Our values exemplify our dedication to high standards of corporate responsibility towards all our stakeholders.

Mission

The mission is underpinned by four principles including safety, innovation, sustainability and customer focus. Our world class safety record is a deep part of our company's heritage, and an incident free workplace is our first priority and foremost goal. We pride ourselves on quality products and innovative applications that are developed as a result of ingenuity and technical expertise. Industry demands constantly evolve, and we keep pace with this evolution. As an industry leader with an international footprint, we know that progress happens with hard work, a committed to success and most of all, sustainable practices. The strength and value of our business lies in our people and their commitment to working with customers to provide solutions, technology expertise and unwavering commitment towards all customers' needs

Our Core Values



Continuous Improvement

"We believe excellence is a commitment to improve everything we do all the time."



Leadership

"We believe leaders inspire others to learn and achieve more."



Accountability and Ownership

"We believe in taking responsibility for our decisions, actions and their results."



Team Work

"We believe in the strength of the individual, yet we accomplish more by working together."



Open Communication

"We believe open communication is the foundation of trust."



Safety

"We believe HSE is of utmost importance and we attach the highest value to the safety of our employees and stakeholders."

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Company Information

Board of Directors

Taimur Dawood	Chairman
Asif Qadir	Independent Director
Farooq Nazir	
Mehreen Dawood	
Faisal Dawood	
Ali Asrar Hossain Aga	Independent Director
Haroon Waheed	Independent Director
Imran Qureshi	Chief Executive Officer

Muhammad Saqib Abbas

Chief Financial Officer

Auditors

M/s A.F. Ferguson & Co.
Chartered Accountants

Internal Auditors

M/s KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

M/s Hassan & Hassan Advocates

Bankers

Allied Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited

Share Registrar

M/s Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial Area,
Model Town, Lahore-53000
Tel: +92 42 35887262, 35839182
Fax: +92 42 35869037

Registered Office

Descon Headquarter
18-KM Ferozpur Road
Lahore-53000Pakistan.
Tel: +92 42 35923721-9

Plant Site

18-KM Lahore - Sheikhpura Road,
Lahore, Pakistan.
Tel: +92 42 3797 1821-24
Fax: +92 42 3797 1831

Web Presence

Updated Company's Information
together with the latest Quarterly Report
can be accessed at Descon's website,
www.desconoxychem.com

Directors' Report to the Shareholders

For the quarter ended September 30, 2019

The Board of Directors are pleased to present the financial statements of the Company for the quarter ended September 30, 2019. The financial highlights for the quarter are;

	Quarter ended	
	September 30, 2019	September 30, 2018
	Rupees '000	
Sales - Gross	733,207	770,119
- Net	628,817	732,175
Gross profit	144,336	336,507
Profit from operations	103,169	277,236
Profit after tax	54,160	231,127
Earning per share - Basic - Rupees	0.53	2.27
Production (MT)	8,869	7,977

Net sales value of the Company has gone down from PKR 732 million to PKR 628 million, a decrease of 14%. Gross profit of the company decreased from PKR 336 million to PKR 144 million and Gross profit percentage has decreased from 46% to 23%. Compared to SPLY, the said decline is attributed to the positive impact on international prices which benefit the company in the previous period. When compared to the preceding quarter, the performance remains consistent and it is encouraging to note that your company has retained its gross profit ratio despite a significant increase in gas tariffs owing to Punjab based industry's shift to 100% RLNG.

During this quarter, your Company has achieved record production and it is the highest ever by the Company for any quarter. This achievement is mainly due to the manufacturing excellence drive being pursued in line with its strategy to fully utilize the assets while not compromising on Safety or any other long-term sustainability parameter.

We continue to work through various capital restructuring options to drive maximum value for the business and its shareholders. The Board of Directors have approved the conversion of loan of PKR 733 million from an associated company into equity to have a more robust capital structure which would facilitate future financing requirements for plant expansion in an era of high discount rates.

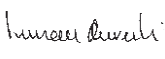
Future Outlook

The challenge ahead for your Company is not only to sustain the financial performance, but also find ways to maintain its margins and profits in an ever-increasing cost environment. The company is constantly working on strategies to ensure these challenges are met effectively. We continue our efforts to penetrate new markets yet continue to maximize gain from organic growth in Textile and Mining sectors. Your Company is taking initiatives to reduce its energy cost by bench marking with comparable industries so as to compete with best in class. As your Company has announced to enhance its production capacity by 25%, the project is work in progress and is being monitored meticulously to ensure timely completion. The business continues to invest in areas which reinforces its position in safety, manufacturing efficiency and enhancing market leadership in key geographies and segments.

We thank all stakeholders for their steadfast support.

For and on behalf of the Board

Lahore
October 15, 2019


CHIEF EXECUTIVE


DIRECTOR

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 30 ستمبر 2019ء کو اختتام پذیر سہ ماہی کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

اختتام پذیر سہ ماہی		
30 ستمبر 2018ء	30 ستمبر 2019ء	
روپے '000		
770,119	733,207	مجموعی سیلز
732,175	628,817	خالص سیلز
336,507	144,336	مجموعی منافع
277,236	103,169	آپریٹنگ سے منافع
231,127	54,160	منافع علاوہ ٹیکس
7,977	8,869	پیداوار (میٹرک ٹن)
2.27	0.53	فی حصص آمدنی - بنیادی - روپے

کمپنی کی خالص سیلز 732 ملین روپے سے کم ہو کر 628 ملین روپے ہوئی یعنی 14 فیصد گر گئی ہے۔ کمپنی کا مجموعی منافع 336 ملین روپے سے کم ہو کر 144 ملین روپے ہوا یعنی 46 فیصد سے کم ہو کر 23 فیصد ہوا ہے۔ گذشتہ برس اسی مدت کے مقابلہ میں یہ فرق اس عالمی قیمت فروخت کی وجہ سے ہے جس نے کمپنی کو فائدہ دیا تھا۔ گذشتہ سہ ماہی کے مقابلہ میں (جون 2019ء کو اختتام پذیر) کارکردگی مستقل رہی اور یہ حوصلہ افزا بیان ہے کہ آپ کی کمپنی نے گیس کی قیمتوں میں اضافہ کے باوجود مجموعی منافع کا تناسب برقرار رکھا ہے کیونکہ پنجاب کی صنعت کو 100 فیصد آریل-این-جی پر منتقل کر دیا گیا ہے۔ آپ کی کمپنی نے اس سہ ماہی کے دوران نمایاں پیداوار حاصل کی ہے۔ کسی بھی سہ ماہی میں یہ کمپنی کی بہترین پیداوار ہے۔ بہترین پیداواری پروگرام کے اطلاق اور بھر پور توجہ کے ذریعہ یہ کامیابی حاصل ہوئی۔

آپ کی کمپنی کاروبار اور حصص داران کو بھر پور منافع دینے کے لئے سرمایہ داری کی متعدد تنظیم نو پر کام کر رہی ہے۔ بورڈ آف ڈائریکٹرز نے متعلقہ کمپنی (ڈیسکون انجینئرنگ لمیٹڈ) سے 733 ملین روپے کے قرضہ کو ایکویٹی میں تبدیل کرنے کی قرارداد منظور کی ہے۔ جو کہ پلانٹ میں حالیہ توسیع کے لئے بینکوں سے قرضہ لینے میں مددگار ہوگی۔

مستقبل کا منظر نامہ

آپ کی کمپنی کو نصف مالیاتی کارکردگی کو برقرار رکھنے کا مسئلہ درپیش ہے بلکہ لاگت میں اضافہ کی وجہ سے آمدنی اور منافع کو برقرار رکھنے کے لئے کوشش کر رہی ہے۔ ان مسائل سے مؤثر انداز میں نپٹنے کے لئے کمپنی لگا تار حکمت عملی ترتیب دے رہی ہے۔ ٹیکسٹائل اور مائنگ شعبوں میں نمایاں نمو کے علاوہ نئی مارکیٹ میں داخل ہونے کے لئے مسلسل کوششیں جاری ہیں۔ آپ کی کمپنی توانائی پر لاگت میں کمی کے لئے بھی اقدامات کر رہی ہے جو متقابل صنعتوں کے ساتھ مقابلہ میں لاگت کا نمایاں حصہ ہے تاکہ کمپنی باقی سب کے مقابلہ میں اپنے اعلیٰ معیار کو برقرار رکھ سکے۔ چونکہ کمپنی نے اپنی پیداواری صلاحیت میں 25 فی صد اضافہ کا اعلان کیا ہے اور اس پراجیکٹ پر کام بھی جاری ہے۔ اور مقررہ مدت میں مکمل کرنے کے لئے اس کی بھر پور نگرانی کی جارہی ہے۔ کمپنی ان شعبوں میں سرمایہ داری کا سوچ رہی ہے جو تحفظ، پیداواری کارکردگی اور مارکیٹ میں غلبہ حاصل کرنے کے لئے اہم کردار ادا کرے گی۔

ہم اپنے تمام سٹیک ہولڈرز کی بھر پور اور مستقل حمایت کا شکریہ ادا کرتے ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

Amrinder

ڈائریکٹر

Imran Durrani

چیف ایگزیکٹو

15 اکتوبر 2019

Descon
Oxychem Limited | 4

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at September 30, 2019

	Note	Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
110,000,000 (June 30, 2019: 110,000,000)		1,100,000	1,100,000
ordinary shares of Rs 10 each			
110,000,000 (June 30, 2019: 110,000,000)		1,100,000	1,100,000
preference shares of Rs 10 each			
Issued, subscribed and paid up capital			
102,000,000 (June 30, 2019: 102,000,000)		1,020,000	1,020,000
ordinary shares of Rs 10 each	5		
Accumulated loss		(182,281)	(236,441)
		837,719	783,559
NON-CURRENT LIABILITIES			
Long term finance - unsecured	6	877,631	877,631
Deferred taxation		146,801	133,254
		1,024,432	1,010,885
CURRENT LIABILITIES			
Finances under mark up arrangements - secured	7	159,552	124,317
Trade and other payables		256,323	312,085
Dividend payable		2,396	2,396
Accrued finance cost		48,813	14,945
		467,084	453,743
CONTINGENCIES AND COMMITMENTS			
	8		
		2,329,235	2,248,187
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,463,324	1,483,894
Intangible assets		28,016	29,723
Long term deposits		17,654	17,654
		1,508,994	1,531,271
CURRENT ASSETS			
Stores and spares		290,677	271,162
Stock-in-trade	10	157,845	72,454
Trade debts - unsecured		156,057	80,742
Advances, deposits, prepayments and other receivables	11	102,406	171,507
Income tax recoverable		107,823	90,058
Cash and bank balances	12	5,433	30,993
		820,241	716,916
		2,329,235	2,248,187

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

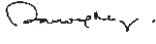
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three-month period ended september 30, 2019

	Note	Three-month period ended	
		Septmeber 30, 2019	Septmeber 30, 2018
.....(Rupees in thousand).....			
Sales	13	628,817	732,175
Cost of goods sold	14	<u>(484,481)</u>	<u>(395,668)</u>
Gross profit		144,336	336,507
Administrative expenses		(26,387)	(24,293)
Distribution and selling costs		(13,804)	(16,553)
Other income		6,320	1,982
Other operating expenses		(7,296)	(20,407)
Profit from operations		<u>103,169</u>	<u>277,236</u>
Finance cost		(35,462)	(744)
Profit before taxation		<u>67,707</u>	<u>276,492</u>
Taxation		(13,547)	(45,365)
Profit for the period		<u>54,160</u>	<u>231,127</u>
Earnings per share			
- Basic - Rupees	15.1	<u>0.53</u>	<u>2.27</u>
- Diluted - Rupees	15.2	<u>0.53</u>	<u>1.09</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

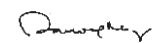
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three-month period ended September 30, 2019

	Three-month period ended	
	September 30, 2019	September 30, 2018
(Rupees in thousand).....	
Profit for the period	54,160	231,127
Other comprehensive income		
- Items that may be reclassified subsequently to profit or loss	-	-
- Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the period	<u>54,160</u>	<u>231,127</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the three-month period ended september 30, 2019

	Share Capital			Accumulated loss	Total
	Ordinary share capital	Preference share capital(Rupees in thousand).....		
Balance as on July 1, 2018 (audited)	1,020,000	1,100,000	(344,272)	1,775,728	
Profit for the period	-	-	231,127	231,127	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	231,127	231,127	
Balance as on September 30, 2018 (un-audited)	<u>1,020,000</u>	<u>1,100,000</u>	<u>(113,145)</u>	<u>2,006,855</u>	
Balance as on July 1, 2019 (audited)	1,020,000	-	(236,441)	783,559	
Profit for the period	-	-	54,160	54,160	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	54,160	54,160	
Balance as on September 30, 2019 (un-audited)	<u>1,020,000</u>	<u>-</u>	<u>(182,281)</u>	<u>837,719</u>	

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Naveed Anwar
CHIEF EXECUTIVE


A. F. Khan
CHIEF FINANCIAL OFFICER


DIRECTOR

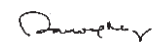
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the three-month period ended september 30, 2019

	Note	Three-month period ended	
		September 30, 2019	September 30, 2018
Cash flows from operating activities			
Cash generated from operations	17	(19,422)	192,559
Finance cost paid		(1,594)	(820)
Profit on deposits received		564	1,970
Income tax paid		(17,765)	(23,479)
Net cash generated from operating activities		<u>(38,217)</u>	<u>170,230</u>
Cash flows from investing activities			
Fixed capital expenditure (including intangibles)		<u>(22,578)</u>	<u>(13,243)</u>
Net cash used in investing activities		<u>(22,578)</u>	<u>(13,243)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(60,795)</u>	<u>156,987</u>
Cash and cash equivalents at beginning of the period		<u>(93,324)</u>	<u>113,085</u>
Cash and cash equivalents at the end of the period	18	<u><u>(154,119)</u></u>	<u><u>270,072</u></u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
for the three-month period ended September 30, 2019

1. The Company and its operations

The Company was incorporated in Pakistan as a private limited company on November 12, 2004 under the Companies Ordinance, 1984 and was converted into a public limited company with effect from February 28, 2008. Subsequently, on September 15, 2008, it was listed on Karachi Stock Exchange (now Pakistan Stock Exchange). The registered office of the company is situated at 18-KM Ferozpur Road, Lahore and the factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore. It is principally engaged in the manufacture, procurement and sale of hydrogen peroxide and allied products. The Company commenced its commercial production on March 1, 2009.

2. Basis of preparation

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2019.

3 Significant accounting policies

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2019.

3.2 Standards, amendments and interpretations to published approved accounting standards

3.2.1 Standards, amendments and interpretations to existing standards effective in current period

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2020 or later periods, but the Company has not early adopted them:

Standards or Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IAS 1, 'Presentation of financial statements',	January 01, 2020
Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors',	January 01, 2020

4. Taxation

The provision for taxation for the quarter ended September 30, 2019 has been made using the tax rate that would be applicable to expected total annual earnings.

5 Issued, subscribed and paid up capital

September 2019 (Number of shares)	June 2019 (Number of shares)		September 2019 (Rupees in thousand)	June 2019 (Rupees in thousand)
102,000,000	102,000,000	Ordinary shares of Rs 10 each fully paid in cash	1,020,000	1,020,000

6 Long term finance - unsecured

Descon Engineering Limited	- note 6.1	733,333	733,333	
Syndicate Facility	- note 6.2	144,298	144,298	
		877,631	877,631	

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) Continued
for the three-month period ended september 30, 2019

- 6.1 The Company obtained a loan of Rs 1,100 million from Descon Engineering Limited, a related company to meet its cash flow requirements.

Terms of markup

The loan carries markup at 3 months KIBOR + 1.5% per annum payable bi-annually.

Terms of repayment

The tenure of the loan is nine years from the disbursement date and it was repayable in eighteen bi-annual installments commencing from May 31, 2019.

Security

DEL Chemicals (Private) Limited, the holding company has provided corporate guarantee to the lender.

- 6.2 This represent disbursement against aggregate facility of Rs 1,100 million from syndicate of financial institutions to finance the capacity expansion project.

Terms of markup

The facility carries mark-up at 3 months KIBOR + 0.9% per annum payable quarterly.

Terms of repayment

It is repayable in thirteen equal bi-annual installments commencing from June 2021.

Security

It is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	

7 Finances under mark up arrangements - secured

Allied Bank Limited	- note 7.1	95,981	89,045
Bank Al-Habib Limited	- note 7.2	63,571	35,272
		<u>159,552</u>	<u>124,317</u>

- 7.1 This represents the outstanding balance against short term running finance from Allied bank Limited. It carries markup at 3 month KIBOR plus 0.75% per annum. Total facility limit is Rs 150 million (June 30, 2019: Rs. 150 million). It is secured against hypothecation charge over present and future current assets of Company with 25% margin.

- 7.2 This represents the outstanding balance against short term running finance from Bank Al-Habib Limited. It carries markup at 3 month KIBOR plus 0.75% (June 30, 2019: 3 month KIBOR plus 0.75%) per annum. Total facility limit is Rs 300 million (June 30, 2019: Rs 300 million). It is secured through a first charge over current assets of the Company for Rs 634 million and ranking charge over plant and machinery of the Company for Rs 150 million.

8 Contingencies and commitments

8.1 Contingencies

Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract amounting to Rs 48.64 million (June 30, 2019: Rs 48.64 million).

Guarantee issued to Pakistan State Oil against the performance of a contract amount to Rs 3.50 million (June 30, 2019: Rs 3.50 million).

8.2 Commitments

- i) Letters of credit of capital expenditure amounting to Rs 165.84 million (June 30, 2019: Rs 165.84 million).

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	

9 Property, plant and equipment

Operating assets	- note 9.1	1,190,221	1,212,314
Capital work-in-progress		230,365	213,388
Major spare parts, catalysts and standby equipment [including in transit of Rs NIL (June 30, 2019: Rs. 17.159 million)]		42,738	58,192
		<u>1,463,324</u>	<u>1,483,894</u>

		Un-audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
9.1	Operating assets		
	Opening book value	1,212,314	1,304,289
Add:	Additions during the period / year	- note 9.1.1 21,445	97,009
		<u>1,233,759</u>	<u>1,401,298</u>
Less:	Disposals during the period / year (at book value)	- note 9.1.2 (390)	(2,617)
Less:	Impairment loss	-	(12,783)
Less:	Depreciation charged during the period / year	(43,148)	(173,584)
	Closing book value	<u>1,190,221</u>	<u>1,212,314</u>
9.1.1	Additions during the period / year		
	Buildings on freehold land	4,509	4,862
	Plant, machinery and equipment	15,310	75,295
	Plant, machinery and equipment - catalyst	-	6,861
	Laboratory equipment	440	710
	Material handling	-	108
	Tools and equipment	80	2,278
	Computer equipment	1,073	2,937
	Electrical equipment	-	571
	Office equipment	-	1,952
	Furniture and fixture	33	186
	Vehicles	-	1,249
		<u>21,445</u>	<u>97,009</u>
9.1.2	Disposals during the period / year		
	Plant, machinery and equipment	-	2,609
	Office equipment	45	-
	Computer equipment	345	8
		<u>390</u>	<u>2,617</u>
10	Stock in trade		
	Raw material [including in transit of Rs 47.268 million (June 30, 2019: Rs 1.61 million)]	74,051	49,587
	Work-in-process	5,785	4,218
	Finished goods	78,009	18,649
		<u>157,845</u>	<u>72,454</u>
11	These include sales tax recoverable of Rs 84.268 million (June 30, 2019: Rs 155.034 million) .		
12	Cash and bank balances		
	At banks on:		
	- Current accounts	884	870
	- Saving accounts	4,549	30,123
		<u>5,433</u>	<u>30,993</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) Continued
for the three-month period ended september 30, 2019

	Un-audited	
	Three-month period ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
13 Sales		
Gross sales:		
- Local	- note 13.1 730,822	768,610
- Export	2,385	1,509
	<u>733,207</u>	<u>770,119</u>
Less: Commission on sales	(12,712)	(17,151)
Less: Sales tax	(91,678)	(20,793)
	<u>628,817</u>	<u>732,175</u>
13.1 This includes freight recovered Rs. 9.53 million (September 2018 : Nil)		
14 Cost of goods sold		
Raw material consumed	253,980	174,966
Salaries, wages and other benefits	28,420	24,462
Repair and maintenance	18,582	18,359
Fuel and power	81,898	76,348
Packing material	858	850
Quality assurance	223	432
Services through contractors	16,354	10,268
Travelling	274	73
Communication	171	185
Rent & rates	9,025	4,875
Depreciation on property, plant and equipment	45,539	41,908
Insurance	3,260	2,684
Safety items consumed	695	512
Miscellaneous	620	614
	<u>459,899</u>	<u>356,536</u>
Add: Opening work in process	4,218	5,285
Less: Closing work in process	(5,785)	(5,505)
	<u>(1,567)</u>	<u>(220)</u>
Cost of goods produced	458,332	356,316
Add: Opening finished goods	18,649	3,294
Less: Closing finished goods	(78,009)	(27,399)
	<u>(59,360)</u>	<u>(24,105)</u>
Cost of goods sold - own manufactured	398,972	332,211
Cost of goods sold - purchase for resale	77,885	63,457
Cost of services	7,624	-
	<u>484,481</u>	<u>395,668</u>
15 Earnings per share		
15.1 Basic earnings per share		
Profit for the period	Rupees in thousand	54,160
Weighted average number		231,127
of ordinary shares	Number in thousand	102,000
Earnings per share	Rupees	102,000
		0.53
		2.27

		Un-audited	
		Three-month period ended	
		September 30, 2019	September 30, 2018
15.2 Diluted earnings per share			
Profit for the period	Rupees in thousand	54,160	231,127
Weighted average number of ordinary shares	Number in thousand	102,000	102,000
Add: Weighted average number of preference shares	Number in thousand	-	110,000
Weighted average number of outstanding shares	Number in thousand	102,000	212,000
Diluted earning per share	Rupees	0.53	1.09
16 Transactions with related parties			
		Un-audited	
		Three-month period ended	
		September 30, 2019	September 30, 2018
		(Rupees in thousand)	
i. Related parties other than holding company	Purchase of goods and services	5,919	4,152
	Share of common expenses charged to the Company	5,955	9,049
	Share of common expenses charged by the Company	654	326
	Mark-up expense on long term loan	27,489	-
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,468	702
iii. Key management personnel	Salaries and other employee benefits	10,057	8,817
		Un-audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
Period-end balances			
Payable to related parties		4,617	14,010
Advances to related parties		15,738	16,080
Accrued finance cost		36,873	9,383
17 Cash generated from operations			
		Un-audited	
		Three-month period ended	
		September 30, 2019	September 30, 2018
		(Rupees in thousand)	
Profit before taxation		67,707	276,492
Adjustments for:			
- Depreciation on property, plant and equipment & amortization		44,855	42,327
- Finance cost		35,462	744
- Interest on bank deposits		(564)	(1,970)
- Exchange (gain) / loss		1,845	(7)
Cashflows before working capital changes		149,305	317,586
Effect on cash flow due to working capital changes			
- Increase in stores and spares		(19,515)	(26,555)
- Increase in stock-in-trade		(85,391)	(55,130)
- Increase in trade debts		(75,315)	(19,458)
- Decrease / (Increase) in advances, deposits, prepayments and other receivables		69,101	(33,964)
- (Decrease)/Increase in trade and other payables		(57,607)	10,080
		(168,727)	(125,027)
Cash generated from operations		(19,422)	192,559

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) Continued
for the three-month period ended September 30, 2019

		Un-audited September 30, 2019	Un-audited September 30, 2019
		(Rupees in thousand)	
18 Cash and cash equivalents			
Cash and bank balances	- note 12	5,433	270,072
Finances under mark up arrangement - secured	- note 7	(159,552)	-
		<u>(154,119)</u>	<u>270,072</u>

19 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As of reporting date, There were no Level 1, 2 or 3 assets or liabilities during prior or current period.

20 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2018.

There have been no significant changes in the risk management policies since the year end.

21 Date of authorization for issue

These condensed interim financial statements were authorized for issue on October 15, 2019 by the Board of Directors of the Company.

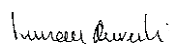
22 Subsequent events

No subsequent event.

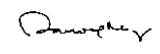
23 Corresponding figures

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However no significant rearrangements have been made.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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