

Descon Oxychem Limited



QUARTERLY REPORT
March 31, 2016 (Un-Audited)

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Company Information

Board of Directors

Abdul Razak Dawood
Chairman
Aamir Niazi
Chief Executive Officer
Farooq Nazir
Taimur Dawood
Ahmed Razi Ghazali
Faisal Dawood
Asif Qadir
Ali Asrar Hossain Aga

Chief Financial Officer

Muhammad Saqib Abbas

Company Secretary

Abdul Sohail

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
NIB 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 Headquarters
18-KM Ferozepur Road
Lahore - 53000 Pakistan.
Tel: +92 42 35923721-9
Fax: +92 42 35923732

Plant Site

18-KM Lahore - Sheikhpura Road,
Lahore, Pakistan.
Tel: +92 42 3797 1822-243
Fax: +92 42 3797 1831

Web Presence

Updated Company's Information
can be accessed at Descon's website,
www.descon.com

DIRECTORS REPORT TO THE SHAREHOLDERS

For the nine months ended March 31, 2016

Despite the very challenging economic environment your company has managed the issues to record significant improvements.

Your company was successful in its efforts to safeguard the local industry from dumping of Hydrogen Peroxide products at throw-away prices. This was disrupting the commercial structure in the local market and causing domestic manufacturers to suffer serious financial losses. The National Tariff Commission converted the provisional anti-dumping duty on imports from Bangladesh to a permanent structure in March 2016. This well-considered tariff measure discourages dumping from other countries, and restores a levelled playing field in this important market.

Financial Highlights

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees '000'-----			
Sales	387,363	355,278	1,132,052	1,034,846
Gross profit	54,273	64,658	211,827	131,604
Profit from operations	23,842	32,562	124,894	33,481
Profit / (Loss) for the period	8,734	(23,595)	22,965	(128,450)
Earnings / (Loss) per share(Rupees)	0.09	(0.23)	0.23	(1.26)
Production (MT)	6886	8353	23898	23901

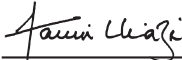
Your company made a net profit of PKR 22.96 million during the nine months compared to a loss of PKR 128.4 million in the corresponding period last year, a turnaround of PKR 151 million. Gross profit for the nine months has increased by PKR 80 million (from 12.7% to 18.7%) compared with the same period last year. Increase in gross profit resulted from reductions in power cost both from the grid and the company's own generation, due to lower oil prices and increase in product sale prices by 5% compared with the same period last year. Reductions in administrative and selling expenses has also strengthened the business. Finance cost was reduced by 60%, as the company converted its sponsor's debt to preference share capital coupled with a repayment of long term loan of PKR 164 million and reduced interest cost. The reduced production during the March 16 quarter compared to March 15 quarter is due to a successful operating turnaround conducted in this period. During this time, the company introduced advanced automation, strengthened process safety measures and considerably improved manufacturing productivity.

Future Outlook

With improved product prices, controlled costs, increased productivity, and the successful development of profitable new markets, your company is expected to further fortify its business and financial fundamentals by close of this year. The company's overarching aims include profitable market leadership, seamless manufacturing, and premier product quality. Its centerpiece is to create an individual experience for every customer, which enhances their relationship with your company's brand. Further, as part of the diversification strategy, your company is making inroads in the food, beverage, and disinfectant segments, while maintaining a leadership position in its principal textile market. The external energy and financial environment will clearly facilitate your company in sustaining this favorable momentum.

We sincerely thank all stakeholders for their consistent and unwavering support.

For and on behalf of the Board



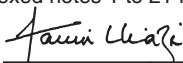
Amir Niazi
Chief Executive Officer

Lahore
April 25, 2016

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2016 (UN-AUDITED)**

	March 31, 2016	June 30, 2015
Notes	Un-audited	Audited
	-----Rupees '000'-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
110,000,000 (June 2015: 110,000,000) ordinary shares of Rs 10 each	1,100,000	1,100,000
110,000,000 (June 2015: 1,100,000) preference shares of Rs 10 each	1,100,000	1,100,000
Issued, subscribed and paid up capital		
102,000,000 (June 2015: 102,000,000) ordinary shares of Rs 10 each	1,020,000	1,020,000
110,000,000 (June 2015 : Nil) preference shares of Rs 10 each	5 1,100,000	-
Accumulated loss	(619,622)	(642,587)
	1,500,378	377,413
NON-CURRENT LIABILITIES		
Long term finances		
- secured	6 111,823	1,046,565
- unsecured	7 -	408,785
Accrued finance cost	-	423,784
	111,823	1,879,134
CURRENT LIABILITIES		
Current portion of long term liabilities		
Finances under markup arrangement - secured	244,742	163,435
Trade and other payables	50,000	52,070
Accrued finance cost	174,731	161,301
	8 459,612	20,494
	929,085	397,300
CONTINGENCIES AND COMMITMENTS		
	9 -	-
	2,541,286	2,653,847
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10 1,673,478	1,771,052
Intangible assets	4,116	4,914
Long term deposits	17,654	16,554
Deferred taxation	200,221	223,004
	1,895,469	2,015,524
CURRENT ASSETS		
Stores and spares	176,680	200,387
Stock-in-trade	11 95,428	103,551
Trade debts - unsecured	70,241	87,365
Advances, deposits, prepayments and other receivables	12 150,007	113,103
Current income tax recoverable	59,132	58,438
Cash and bank balances	94,329	75,479
	645,817	638,323
	2,541,286	2,653,847

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)**

	Note	Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
-----Rupees '000'-----					
Sales	13	387,363	355,278	1,132,052	1,034,846
Cost of sales	14	(333,090)	(290,620)	(920,225)	(903,242)
Gross Profit		54,273	64,658	211,827	131,604
Administrative expenses		(16,215)	(17,015)	(48,246)	(51,891)
Distribution and selling cost		(14,992)	(17,281)	(47,895)	(52,464)
Other operating income		1,711	2,200	16,269	6,232
Other expenses		(935)	-	(7,061)	-
Profit from operations		23,842	32,562	124,894	33,481
Finance cost		(11,109)	(52,462)	(67,369)	(167,749)
Profit / (loss) before taxation		12,733	(19,900)	57,525	(134,268)
Taxation		(3,999)	(3,695)	(34,560)	5,818
Profit / (loss) for the period		8,734	(23,595)	22,965	(128,450)
Earnings / (loss) per share					
- Basic - Rupees	16.1	0.09	(0.23)	0.23	(1.26)
- Diluted - Rupees	16.2	0.06	(0.23)	0.16	(1.26)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2016
(UN-AUDITED)**

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees '000'-----			
Profit / (loss) for the period	8,734	(23,595)	22,965	(128,450)
Other comprehensive income				
Fair value gain on 'Available for sale' investments	-	-	168	172
Gain during the period transferred to profit and loss on account of derecognition of investment	-	-	(168)	(892)
Other comprehensive loss for the period	-	-	-	(720)
Total comprehensive income / (loss) for the period	8,734	(23,595)	22,965	(129,170)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)**

	Share capital		Fair Value Reserve	Accumulated Loss	Total
	Ordinary share capital	Preference share capital			
Balance as on July 1, 2014	1,020,000	-	720	(523,738)	496,982
Loss for the period	-	-	-	(128,450)	(128,450)
Other comprehensive income for the period:					
Fair value loss on 'Available for sale' investments	-	-	(720)	-	(720)
Total comprehensive loss for the period	-	-	(720)	(128,450)	(129,170)
Balance as on March 31, 2015	1,020,000	-	-	(652,188)	367,812
Balance as on July 1, 2015	1,020,000	-	-	(642,587)	377,413
Total contributions by and distributions to owners of the Company recognized directly in equity	-	1,100,000	-	-	1,100,000
Issuance of 110,000,000 preference shares					
Profit for the period	-	-	-	22,965	22,965
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	22,965	22,965
Balance as on March 31, 2016	1,020,000	1,100,000	-	(619,622)	1,500,378

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)**

	Note	Nine months ended	
		March 31, 2016	March 31, 2015
-----Rupees '000'-----			
Cash flows from operating activities			
Cash generated from operations	18	275,240	147,292
Finance cost paid		(52,035)	(83,775)
Profit on deposits received		1,055	
Income tax paid		(12,566)	(17,248)
Net cash generated from operating activities		211,694	46,269
Cash flows from investing activities			
Fixed capital expenditure		(28,256)	(17,874)
Proceeds from sale of fixed assets		634	282
Investments purchased during the period		(39,958)	-
Proceeds from sale of available for sale investments		40,126	16,396
Net cash used in investing activities		(28,554)	(1,196)
Cash flows from financing activities			
Repayment of long term loan - net		(164,264)	(10,000)
Receipt against issuance of preference shares		2,044	-
Net cash used in financing activities		(162,220)	(10,000)
Net increase in cash and cash equivalents		20,920	35,073
Cash and cash equivalents at beginning of the period		23,409	(53,994)
Cash and cash equivalents at the end of the period	19	44,329	(18,921)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

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

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2015.

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Amendments to published standards effective and relevant in current period

Following amendment to existing standard and interpretation has been published and is mandatory for accounting periods beginning on or after January 1, 2015 and is considered to be relevant to the Company's operations:

IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard has no material impact on the Company's financial statements.

3.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Annual improvements 2014	January 01, 2016
IAS 1 - Presentation of financial statements	January 01, 2016
IAS 16 - Property, plant and equipment	January 01, 2016
IAS 27 - Separate financial statements on the equity method	January 01, 2016
IAS 28 - Investments in associates and joint ventures	January 01, 2016
IAS 38 - Intangible assets	January 01, 2016
IAS 41 - Agriculture	January 01, 2016
IFRS 9 - Financial instruments	January 01, 2018
IFRS 10 - Consolidated financial statements	January 01, 2016
IFRS 11 - Joint arrangements on acquisition of an interest in a joint operation	January 01, 2016
IFRS 14 - Regulatory deferral accounts	January 01, 2016
IFRS 15 - Revenue from contracts with customers	January 01, 2018

4. Taxation

The provision for taxation for the nine months ended March 31, 2016 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Preference shares

During the year, the company with the approval of Securities and Exchange Commission of Pakistan (SECP), under rule 5 of the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000 offered 110,000,000 preference shares of Rs 10 each to existing members of the company in equal proportion to their existing shareholding pursuant to section 86(1) of the Companies Ordinance 1984 (the "Ordinance"). The rights so offered were under subscribed by Rs 1,097,956,110, which, based on the decision of the Board of the company in the meeting dated December 29, 2015 and undertaking of the associated companies, M/s Descon Engineering Limited (DEL) and Presson Descon International (Private) Limited (PDIL), was subscribed by DEL and PDIL against adjustment of the principal balance of loans provided by them as referred to in note 6.2, 7.1 and 7.2. The allotment of preference shares was done on December 29, 2015.

	Number of shares	Amount Rupees '000'
Cumulative convertible redeemable preference shares offered as rights	110,000,000	1,100,000
Preference shares subscribed:		
- In cash	204,389	2,044
- Against adjustment of loans:		
Descon Engineering Limited - note 5.1	78,795,611	787,956
Presson Descon International (Private) Limited - note 6.2	31,000,000	310,000
	109,795,611	1,097,956
Total preference shares issued	110,000,000	1,100,000

5.1 Subscription by Descon Engineering Limited

Loan 1 - Secured loan	- note 6.2	400,000
Loan 2 - Unsecured subordinated loan 1	- note 7.1	275,956
Loan 3 - Unsecured subordinated loan 2	- note 7.2	112,000
		<u>787,956</u>

5.2 Key Terms of the preference shares

Preference shares issued are non-voting, cumulative, convertible, redeemable preference shares (referred to as Preference Shares) with no specified maturity date. The key terms of the preference shares are as follows:

- The preference shares shall be cumulative, and shall carry entitlement of a fixed annual cumulative dividend of 12% to be paid out of the normal profits of the company in each financial year. Any dividend not paid in a financial year shall cumulate towards entitlement of dividend in future years.
- The preference shares shall not carry any entitlement of ordinary dividend, right shares or bonus shares, or have any right to participate in the profits of the company.
- The preference shares shall be redeemable at par value solely at the option of the company, only through a sinking fund created out of the profits of the company.
- The preference shares shall be convertible into ordinary shares at the ratio of one preference share to one ordinary share at the option of either of the company or the preference share holder, any time and from time to time after expiry of five years from the date of allotment of the relevant preference shares. The outstanding dividend on the preference shares will not be converted into ordinary shares.

5.3 Under the International Financial Reporting Standards (IFRS), the preference shares represent a compound financial instrument with a liability component representing the contractual stream of preference dividend required to be paid by the company. However, in these financial statements, the preference shares have been treated as part of equity on the following basis:

- The preference shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000;
- The issue of the shares was duly approved by the members of the Company at the Annual General Meeting held on October 30, 2014; and
- The requirements of the Ordinance takes precedence over the requirements of International Financial Reporting Standards.

The company is in the process of determining the liability component as prescribed under IFRS and shall disclose the impact in its annual financial statements for the year ending June 30, 2016.

		March 31, 2016	June 30, 2015
		Un-audited	Audited
		-----Rupees '000'-----	
6. Long term loans - secured			
From Financial Institutions	- note 6.1	336,565	500,000
From Associated Companies	- note 6.2	-	710,000
		<u>336,565</u>	<u>1,210,000</u>
Less: Current portion shown under current liabilities		<u>(224,742)</u>	<u>(163,435)</u>
		<u>111,823</u>	<u>1,046,565</u>
6.1 From Financial Institutions			
Loan - 1	- note 6.1.1	244,519	363,636
Loan - 2	- note 6.1.2	<u>92,046</u>	<u>136,364</u>
		336,565	500,000
Less: Current portion shown under current liabilities		<u>(224,742)</u>	<u>(163,435)</u>
		<u>111,823</u>	<u>336,565</u>

6.1.1 This loan has been obtained from a consortium of financial institutions led by Allied Bank Limited to finance the capital expenditure in relation to the hydrogen peroxide plant installation, construction and fabrication project. It is secured by way of hypothecation charge over all present and future fixed assets, wherever situated other than the immovable property and first pari passu mortgage charge over immovable property. It carries markup at six month KIBOR plus 2.75% per annum and is payable semi annually.

The balance is repayable in 3 unequal six monthly installments ending on August 24, 2017.

6.1.2 This loan has been obtained from NIB Bank Limited during the year ended June 2015 and is secured by a way of pari passu charge over present and future fixed assets of the Company for Rs. 266.6 million. It carries markup at six month KIBOR plus 2% per annum and is payable on quarterly basis.

The balance is repayable in 3 equal six monthly installments ending on August 24, 2017.

6.2 Loans of Rs 400 million from Descon Engineering Limited and that of Rs 310 million from Presson Descon International (Private) Limited have been adjusted against subscription towards preference shares as referred to in note 5.1 and note 5 respectively.

	March 31, 2016 Un-audited	June 30, 2015 Audited
	-----Rupees '000'-----	
7. Subordinated loans from associated companies - unsecured		
- Descon Engineering Limited - Loan 1 - note 7.1	-	276,785
- Descon Engineering Limited - Loan 2 - note 7.2	-	112,000
- Interworld Travels (Private) Limited - Loan 3 - note 7.3	-	20,000
	<u>-</u>	<u>408,785</u>

7.1 Out of the total outstanding balance of Rs 276,785 thousand, an amount of Rs 275,956 has been adjusted against subscription towards issuance of preference shares as referred to in note 5.1. The balance loan of Rs 829 thousand was paid back.

7.2 The entire balance of loan has been adjusted against subscription towards issuance of preference shares as referred to in note 5.1.

7.3 This loan was extended by Interworld Travels (Private) Limited, an associated company on June 30, 2010. The principal and markup accrued thereon are repayable only after the repayment of 50% of the facility referred to in note 6.1.1 and further subject to compliance with covenants contained in the agreement for loan referred to in note 6.1.1. Mark-up is accruable for the period at six months Kibor plus 1%. The entire amount of the loan along with the interest is payable on demand as at March 31, 2016 and consequently included in current liabilities.

	March 31, 2016 Un-audited	June 30, 2015 Audited
	-----Rupees '000'-----	
8. Accrued Finance Cost		
Long term finances - secured		
- Financial institutions	4,706	19,718
- Associated companies - note 8.1	187,628	-
Long Term Loans - unsecured - note 8.1	266,601	-
Finances under markup arrangements - secured	549	776
	<u>459,484</u>	<u>20,494</u>

8.1 Pursuant to settlement of the loans referred to in note 6.2 and note 7 as subscription towards preference shares referred to in note 5, the entire amount of the accrued finance cost is now payable on demand.

9. Contingencies and commitments

9.1 Contingencies

Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract amounting to Rs. 48.64 million (June 2015: Rs. 48.64 million).

9.2 Commitments

The company has commitments in respect of letters of credit other than capital expenditure amounting to Rs. 54.803 million (June 2015: Rs. 90.814 million) and in respect of agreement with Descon Power Solutions (Private) Limited amounting to Rs. Nil (June 2015: Rs. 6.705 million) for installation of power auxiliary equipment at Descon Oxychem Limited site for a period of 3 years commencing from April 2013.

		March 31, 2016 Un-audited	June 30, 2015 Audited
-----Rupees '000'-----			
10. Property, plant and equipment			
Operating assets	- note 10.1	1,635,051	1,752,421
Capital work-in-progress		24,131	5,386
Major spare parts, catalysts and standby equipment		14,296	13,245
		<u>1,673,478</u>	<u>1,771,052</u>
10.1 Operating assets - at net book value			
Opening book value		1,752,421	1,899,701
Add: Additions during the period	- note 10.1.1	8,460	31,369
		1,760,881	1,931,070
Less: Disposals during the period (at book value) - note 10.1.2		183	12,790
Less: Depreciation charged during the period		125,647	165,859
Closing book value		<u>1,635,051</u>	<u>1,752,421</u>
10.1.1 Additions during the period			
Buildings on freehold land		462	998
Plant, machinery and equipment		6,384	12,726
Plant, machinery and equipment - catalyst		-	12,749
Material Handling		-	477
Tools and Equipment		400	-
Computer equipment		282	971
Electrical equipment		891	-
Office equipment		41	782
Furniture and fixture		-	161
Vehicles		-	2,505
Software		-	-
		<u>8,460</u>	<u>31,369</u>
10.1.2 Disposals during the period			
Plant, machinery and equipment		154	10,694
Plant, machinery and equipment - catalyst		-	2,096
Computer equipment		29	-
		<u>183</u>	<u>12,790</u>

	March 31, 2016 Un-audited	June 30, 2015 Audited
	-----Rupees '000'-----	
11. Stock in trade		
Raw material [including in transit of Rs 34.289 million (June 2015: Rs 67.900 million)]	83,417	96,424
Work-in-process	-	291
Finished goods	12,011	6,836
	<u>95,428</u>	<u>103,551</u>

11.1 Finished goods include unused packing material of Rs. 4.341 million
(2015: Rs 1.768 million).

12. These include sales tax receivable of Rs 125.71 million (June 2015: Rs 97.86 million).

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees '000'-----			
13. Sales				
Gross sales:				
- Local	393,896	322,305	1,121,163	919,568
- Export	28,134	59,371	109,835	184,876
	<u>422,030</u>	<u>381,676</u>	<u>1,230,998</u>	<u>1,104,444</u>
Less: Commission & discount on sales	(12,012)	(13,998)	(42,783)	(36,391)
Less: Sales Tax	(22,655)	(12,400)	(56,163)	(33,207)
Net Sales	<u>387,363</u>	<u>355,278</u>	<u>1,132,052</u>	<u>1,034,846</u>

14. Cost of goods sold

Raw material consumed	121,878	147,671	417,804	413,492
Salaries, wages and other benefits	16,711	17,354	52,904	52,255
Repair and maintenance	10,257	6,914	25,339	24,897
Fuel and power	49,650	57,297	176,513	229,060
Services through contractors	11,383	8,934	30,482	26,816
Travelling	163	185	1,017	733
Annual shutdown expenses	20,267	-	21,242	-
Communication	114	312	302	659
Rent & rates	7,232	8,535	25,319	26,785
Depreciation on property, plant and equipment	42,140	46,264	125,647	128,729
Insurance	1,986	1,996	5,958	5,986
Safety items consumed	52	54	732	477
Miscellaneous	(145)	1,651	956	2,360
	<u>281,688</u>	<u>297,167</u>	<u>884,215</u>	<u>912,249</u>
Add: Opening work in process	249	-	291	259
Less: Closing work in process	-	(26)	-	(26)
	<u>249</u>	<u>(26)</u>	<u>291</u>	<u>233</u>
Cost of goods produced	<u>281,937</u>	<u>297,141</u>	<u>884,506</u>	<u>912,482</u>
Add: Opening finished goods	22,270	14,079	6,836	11,360
Less: Closing finished goods	(12,011)	(20,600)	(12,011)	(20,600)
	10,259	(6,521)	(5,175)	(9,240)
Cost of goods sold - own manufactured	292,196	290,620	879,331	903,242
Cost of goods sold - purchase for resale	40,894	-	40,894	-
Cost of goods sold	<u>333,090</u>	<u>290,620</u>	<u>920,225</u>	<u>903,242</u>

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015

-----Rupees '000'-----

16. Earnings / (loss) per share

16.1 Basic earnings / (loss) per share

Profit/(loss) for the period	Rupees	8,734	(23,595)	22,965	(128,450)
Weighted average number of ordinary shares	Number	102,000	102,000	102,000	102,000
Earnings / (loss) per share	Rupees	0.09	(0.23)	0.23	(1.26)

16.2 Diluted earnings / (loss) per share

Profit/(loss) for the period	Rupees	8,734	(23,595)	22,965	(128,450)
Weighted average number of ordinary shares	Number	102,000	102,000	102,000	102,000
Add: Weighted average number of preference shares	Number	36,131	-	37,336	-
Weighted average number of outstanding shares	Number	138,131	102,000	139,336	102,000
Diluted earning/(loss) per share	Rupees	0.06	(0.23)	0.16	(1.26)

17. Transactions with related parties

Relationship with the company	Nature of transaction	Nine months ended	
		March 31, 2016	March 31, 2015
-----Rupees '000'-----			
i. Associated undertakings	Purchase of goods and services	16,004	25,188
	Sale of goods	520	256
	Share of common expenses charged from associated companies	23,692	29,465
	Share of common expenses charged to associated companies	7,013	7,607
	Mark-up expense	30,564	107,267
	ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,413
iii. Key management personnel	Salaries and other employee benefits	25,681	19,047
		March 31, 2016	June 30, 2015
		Un-audited	Audited
-----Rupees '000'-----			
Period-end balances			
Associated undertakings	Payable to related parties	8,204	6,929
	Receivable from related parties	928	185
	Advances to related parties	1,332	1,680
	Accrued finance cost	454,229	423,785
	Long term loans - unsecured	20,000	1,118,785

	Nine months ended	
	March 31, 2016	March 31, 2015
	-----Rupees '000'-----	
18. Cash generated from operations		
Profit/(loss) before taxation	57,525	(134,268)
Adjustments for:		
- Depreciation on property, plant and equipment	126,540	129,060
- Finance cost	67,369	167,749
- Interest on bank deposits	(1,055)	
- Provision/(reversal) for accumulating compensated absences	1,088	
- Provision/(reversal) for bad debts	197	-
- Exchange gain	(696)	(175)
- Gain on sale of property, plant and equipment	(451)	(892)
- Gain on sale of available for sale investments	(168)	(144)
Profit before working capital changes	250,349	161,330
Effect on cash flow due to working capital changes		
- Decrease in stores and spares	23,707	13,152
- Decrease/(increase) in stock-in-trade	8,123	(14,652)
- Decrease/(increase) in trade debts	17,623	(20,725)
- Increase in advances, deposits, prepayments and other receivables	(36,904)	(37,925)
- Increase in trade and other payables	12,342	46,112
	24,891	(14,038)
Cash generated from operations	275,240	147,292
	March 31, 2016	June 30, 2015
	Un-audited	Audited
	-----Rupees '000'-----	

19. Cash and cash equivalents

Cash and bank balances	94,329	75,479
Finances under markup arrangement - secured	(50,000)	(52,070)
	44,329	23,409

20. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 25, 2016 by the Board of Directors of the Company.

21. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.


Chief Executive


Director