

QUARTERLY REPORT
March 31, 2014 (Un-Audited)

PASSION TO
PERFORM...



Descon Oxychem Limited

Descon Oxychem Limited



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March 31, 2014 (Un-Audited)

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COMPANY INFORMATION

Board of Directors

Abdul Razak Dawood
Chairman

Taimur Saeed
Chief Executive Officer

Asif Qadir
Farooq Nazir
Syed Zamanat Abbas
Taimur Dawood
Ahmed Razi Ghazali
Faisal Dawood

Chief Financial Officer

Yasir Siddique Sheikh

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
Habib Bank Limited
KASB Bank Limited
Summit Bank Limited
Soneri Bank Limited
Askari Bank Limited

Share Registrar

M/s Corplink (Pvt.) Limited
Wings Arcade, I-K Commercial Area
Model Town, Lahore - 53000
Ph : 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 35923749

Plant Site

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

Karachi Office

Business Avenue, 26/A, 9th Floor, Block 6, PECHS,
Shahra-e-Faisal, Karachi, Pakistan
Tel: No. 92-21-34544485-6
Fax: No. 92-21-34382674

Web Presence

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the Nine Months Ended March 31, 2014

Ladies and Gentlemen:

The Board presents to you the financial statements for the nine months ended March 31, 2014. During this period, the Company produced at optimum production levels which helped in reducing the adverse effects of increased energy shortages. Volumes increased by 5,000 tons over the same period last year with minimal capital expenditure of Rs. 31 million. Your Company returned to sustainable cash flow in the second and third quarter of the year despite the biannual turnaround coupled with a substantial increase in per unit fuel & power cost as compared to the same period last year. In order to remain profitable for the rest of the year, management's target is to continue producing at more than 110% of capacity with cost efficient energy inputs.

The adverse impact of the recent USD / PKR movement negatively impacts the selling price in local and export markets. With optimal plant capacity utilization and supply chain improvements, we plan to mitigate this adverse impact to some extent. If there is an improvement / downward revision in other macro-economic fundamentals like inflation & interest rates it will help your company to effectively tackle this unfavorable USD/PKR movement

Financial Highlights

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees '000'		Rupees '000'	
Sales	393,184	260,681	1,119,114	968,763
Gross profit	95,412	29,943	226,467	178,856
Operating profit	60,244	11,525	131,024	118,558
Loss for the period	(928)	(50,102)	(61,659)	(86,213)
Loss per share (PKR)	(0.01)	(0.49)	(0.60)	(0.85)
Production(MT)	8406	4815	23946	18512

Sales revenue for the nine months ended 31 March 2014 increased by PKR 150 million as compared to the same period last year. Despite maintenance related shutdown of plant during August 2013, Company was able to produce 29.8% more in nine months under review as compared to same period last year. Gross profit margin for the nine months ended 31 March 2014 increased from 18.5% to 20% mainly due to high rate of overhead absorption associated with above capacity (installed) production; and partly due to improved plant efficiencies. Finance cost decreased by 16.4% owing to a reduction in long term loans and a favorable change in KIBOR.

Financial results for the quarter showed significant improvement over the preceding six months and corresponding quarter last year. Operating profit for the quarter was 70 % higher than the average of preceding two quarters and PKR 48.7 million better than corresponding quarter last year; and bottom-line shows a favorable swing of PKR 49.2 million compared with same quarter previous year.

Future Outlook

Your Company has returned to pre-tax profitability after coping with the challenges posed by current energy shortages. Management is making all possible effort to consolidate the gains achieved in production capacity and plant efficiencies. Our ability to produce above installed capacity is the basis for future growth. The quality of H2O2 produced in this plant is comparable to reputed international producers, hence demand for our product in international and local markets is strong and the basis for our competitive advantage.

We thank all our stakeholders and count on their continued support on our way to prosperity.

For and on behalf of the Board



Taimur Saeed
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

	Unaudited March 31, 2014	Audited June 30, 2013
Note	----- Rupees '000' -----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
110,000,000 (June 2013: 110,000,000) ordinary shares of Rs 10 each	1,100,000	1,100,000
Issued, subscribed and paid up capital		
102,000,000 (June 2013: 102,000,000) ordinary shares of Rs 10 each	1,020,000	1,020,000
Reserves	2,037	172
Accumulated loss	(524,106)	(462,447)
	497,931	557,725
NON-CURRENT LIABILITIES		
Long term finances		
- secured	1,302,139	1,336,832
- unsecured	408,785	408,785
Accrued finance cost	271,998	175,626
	1,982,922	1,921,243
CURRENT LIABILITIES		
Current portion of non current liabilities	44,693	102,326
Finances under markup arrangement- secured	125,903	154,597
Trade and other payables	142,026	136,433
Accrued finance cost	12,783	39,629
Provision for taxation	11,836	20,589
	337,241	453,574
CONTINGENCIES AND COMMITMENTS		
	-	-
	2,818,094	2,932,542
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,937,436	2,026,746
Intangible asset	-	11,903
Long term deposits	16,554	16,554
Deferred taxation	235,076	245,324
	2,189,066	2,300,527
CURRENT ASSETS		
Stores and spares	185,855	169,448
Stock-in-trade	74,754	63,386
Trade debts - unsecured	132,134	118,054
Investment - available for sale	82,217	25,172
Advances, deposits, prepayments and other receivables	76,204	179,759
Current income tax recoverable	61,157	70,519
Cash and bank balances	16,707	5,677
	629,028	632,015
	2,818,094	2,932,542

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

	Note	Quarter ended		Nine months ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		----- Rupees '000' -----			
Sales	10	393,184	260,681	1,119,114	968,763
Cost of goods sold	11	(297,772)	(230,738)	(892,647)	(789,907)
Gross profit		95,412	29,943	226,467	178,856
Administrative expenses		(10,362)	(8,614)	(30,770)	(23,121)
Distribution and selling cost		(21,960)	(9,450)	(53,174)	(41,446)
Legal and professional expenses		(3,296)	(2,495)	(14,585)	(6,891)
Other operating income		645	2,141	5,924	11,160
Other operating expenses		(195)	-	(2,838)	-
Profit from operations		<u>60,244</u>	<u>11,525</u>	<u>131,024</u>	<u>118,558</u>
Finance cost		(57,185)	(60,815)	(171,182)	(204,685)
Profit / (loss) before taxation		<u>3,059</u>	<u>(49,290)</u>	<u>(40,158)</u>	<u>(86,127)</u>
Taxation		(3,987)	(812)	(21,501)	(86)
Loss for the period		<u>(928)</u>	<u>(50,102)</u>	<u>(61,659)</u>	<u>(86,213)</u>
Loss per share - basic and diluted	12	<u>(0.01)</u>	<u>(0.49)</u>	<u>(0.60)</u>	<u>(0.85)</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	----- Rupees '000' -----			
Loss for the period	(928)	(50,102)	(61,659)	(86,213)
Other comprehensive income				
Fair value gain on 'available for sale' investments	1,520	614	2,472	2,685
Gain during the period transferred to profit and loss on account of derecognition of investment	(62)	(869)	(607)	(5,964)
Other comprehensive income for the period	1,458	(255)	1,865	(3,279)
Total comprehensive income / (loss) for the period	530	(50,357)	(59,794)	(89,492)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine months ended	
	March 31, 2014	March 31, 2013
Note	----- Rupees '000' -----	
Cash flow from operating activities		
Loss before taxation	(40,158)	(86,127)
Adjustments for:		
- Depreciation on property, plant and equipment	123,253	120,251
- Amortization of intangible assets	11,904	13,392
- Gain on disposal of fixed assets	-	(165)
- Finance cost	171,182	204,685
- Interest from bank deposits	(1,091)	(787)
- Provision for bad debts	(535)	817
- Net exchange gain	-	(1,906)
- Gain on sale of investment	-	(5,964)
	<u>304,713</u>	<u>330,323</u>
Operating profit before working capital changes	<u>264,555</u>	<u>244,196</u>
Effect on cash flow due to working capital changes		
- (Increase)/decrease in stores and spares	(16,407)	(1,510)
- (Increase)/decrease in stock-in-trade	(11,368)	6,403
- (Increase)/decrease in trade debts	(13,545)	(14,862)
- (Increase) /decrease in advances, deposits, prepayments and other receivables	40,558	(22,118)
- Increase/(decrease) in trade and other payables	5,593	23,443
	<u>4,831</u>	<u>(8,644)</u>
Cash generated from operations	<u>269,386</u>	<u>235,552</u>
Finance cost paid	(101,656)	(141,770)
Profit on deposits received	1,091	787
Income tax paid	(10,645)	(7,390)
Net cash generated from operating activities	<u>158,176</u>	<u>87,179</u>
Cash flows from investing activities		
Fixed capital expenditure	(33,944)	(15,117)
Proceeds from sale of property, plant and equipment	-	813
Proceeds from sale of 'available for sale' investments	104,247	231,899
Investments purchased during the period	(159,426)	(110,772)
Net cash (used in) / generated from investing activities	<u>(89,123)</u>	<u>106,823</u>
Cash flows from financing activities		
Finance lease liabilities - net	(19,329)	(23,832)
Long term loan repaid	(10,000)	(197,113)
Net cash used in financing activities	<u>(29,329)</u>	<u>(220,945)</u>
Net increase / (decrease) in cash and cash equivalents	<u>39,724</u>	<u>(26,943)</u>
Cash and cash equivalents at beginning of the period	<u>(148,920)</u>	<u>(149,323)</u>
Cash and cash equivalents at the end of the period 14	<u>(109,196)</u>	<u>(176,266)</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

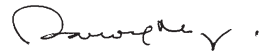
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	<u>Share Capital</u>	<u>Fair Value Reserve</u>	<u>Accumulated Loss</u>	<u>Total</u>
	----- Rupees '000' -----			
Balance as on July 01, 2012	1,020,000	3,279	(411,221)	612,058
Loss after tax for the period	-	-	(86,213)	(86,213)
Other comprehensive income for the period: Fair value gain on 'available for sale' investments	-	(3,279)	-	(3,279)
Total comprehensive loss for the period	-	(3,279)	(86,213)	(89,492)
Balance as on March 31, 2013	1,020,000	-	(497,434)	522,566
Balance as on July 01, 2013	1,020,000	172	(462,447)	557,725
Loss after tax for the period	-	-	(61,659)	(61,659)
Other comprehensive income for the period: Fair value gain on 'available for sale' investments	-	1,865	-	1,865
Total comprehensive profit/(loss) for the period	-	1,865	(61,659)	(59,794)
Balance as on March 31, 2014	1,020,000	2,037	(524,106)	497,931

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

Notes to and Forming Part of the Condensed Interim Financial Information (Un-audited)
For the Quarter and Nine Months Ended March 31, 2014**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. The registered office of the company is situated at 18-KM Ferozepur 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 unaudited and has been prepared under International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. 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, 2013.

3 Significant accounting policies

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 published financial statements of the company for the year ended June 30, 2013.

4 Taxation

The provision for taxation for the nine months ended March 31, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

Unaudited March 31, 2014	Audited June 30, 2013
----- Rupees '000' -----	

5 Long term finances - secured

From Financial Institutions	- note 5.1	636,832	646,832
From Associated Companies	- note 5.2	710,000	710,000
		<u>1,346,832</u>	<u>1,356,832</u>
Less: Current portion shown under current liabilities		<u>(44,693)</u>	<u>(20,000)</u>
		<u>1,302,139</u>	<u>1,336,832</u>

5.1 From financial institutions

Loan - 1	- note 5.1.1	566,832	566,832
Loan - 2	- note 5.1.2	70,000	80,000
		<u>636,832</u>	<u>646,832</u>
Less: Current portion shown under current liabilities		<u>(44,693)</u>	<u>(20,000)</u>
		<u>592,139</u>	<u>626,832</u>

5.1.1 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 loan was initially repayable in 12 six monthly installments commencing on February 24, 2012. However, after payment of 3 installments, an early repayment has been made during the year ended June 30, 2013. As on March 31, 2014, 6 unequal installments are outstanding ending on August 24, 2017.

5.1.2 This represents the loan obtained from KASB Bank Limited and is secured by a way of pari passu charge over present and future fixed assets (including land, building, plant and machinery) of the company for Rs 134 million. It carries markup at six month KIBOR plus 2.50% per annum and is payable semi annually.

The loan is repayable in 10 equal semi annual installments ending on December 01, 2017.

		Unaudited March 31, 2014	Audited June 30, 2013
		----- Rupees '000' -----	
5.2 From associated companies			
- Descon Engineering Limited	- note 5.2.1	400,000	400,000
- Presson Descon International (Private) Limited	- note 5.2.2	310,000	310,000
		<u>710,000</u>	<u>710,000</u>

5.2.1 This loan has been extended by Descon Engineering Limited, an associated company on April 15, 2013. Markup is accruable at six months Kibor plus 4.00%. Markup accrued is repayable in unequal installments beginning in April 2016 whereas principal amount is repayable in unequal installments beginning in October 2017. It carries mark-up at six month KIBOR plus 4.00% per annum and is payable semi annually.

As per the terms of the borrowing agreement, the loan is secured against a ranking charge on all present and future assets and fixed assets of the Company. The above encumbrance, however, till the date of authorization of these financial statements, has not been registered with the Securities and Exchange Commission of Pakistan through the instrument evidencing the charge.

5.2.2 This loan has been extended by Presson Descon International (Private) Limited, an associated company on April 15, 2013. Markup is accruable at six months KIBOR. Markup accrued is repayable in unequal installments beginning in April 2016 whereas principal amount is repayable in unequal installments beginning in April 2017. It carries mark-up at six month KIBOR per annum and is payable semi annually.

As per the terms of the borrowing agreement, the loan is secured against a ranking charge on all present and future assets and fixed assets of the Company. The above encumbrance, however, till the date of authorization of these financial statements, has not been registered with the Securities and Exchange Commission of Pakistan through the instrument evidencing the charge.

		Unaudited March 31, 2014	Audited June 30, 2013
		----- Rupees '000' -----	
6 Subordinated loans from associated companies - unsecured			
- Descon Engineering Limited - Loan 1	- note 6.2	276,785	276,785
- Descon Engineering Limited - Loan 2	- note 6.3	112,000	112,000
- Interworld Travels (Private) Limited - Loan 3	- note 6.4	20,000	20,000
		<u>408,785</u>	<u>408,785</u>

6.1 The Company signed the 'Subordination Agreement' with Descon Engineering Limited, Interworld Travels (Private) Limited and Allied Bank Limited dated November 15, 2010, through which the repayment of both the principal and interest has been subordinated to the repayment of the syndicate loan as referred to in note 5.1.1. As per the terms of the 'Subordination Agreements', the Company may repay loan 2 and 3 aggregating to Rs 132 million and markup accrued on the entire balance of subordinated loans only after at least 50% of the principal of the syndicate loan has been repaid and is further subject

to compliance with covenants contained in the agreement for loan referred to in note 5.1.1. Loan 1 of Rs. 276.785 million may be repaid only after entire syndicate loan and related markup has been settled by the Company.

6.2 This loan was extended by Descon Engineering Limited, an associated company on June 30, 2010 by converting its short term non-interest bearing receivables of Rs. 276.78 million into an un-secured interest bearing long term loan. The principal is repayable only after the repayment of the entire facility referred to in note 5.1.1. The markup is payable only after 50% of the facility under note 5.1.1 has been repaid and is further subject to compliance with covenants contained in the agreement for loan referred to in note 5.1.1. Mark-up is accruable for the period at six months Kibor plus 2.75 %.

6.3 The loan was extended by Descon Engineering Limited, an associated company on May 19, 2010. The principal and markup accrued thereon are repayable only after the repayment of 50% of the facility referred to in note 5.1.1 and further subject to compliance with covenants contained in the agreement for loan referred to in note 5.1.1. Mark-up is accruable for the period at six months Kibor plus 2%.

6.4 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 5.1.1 and further subject to compliance with covenants contained in the agreement for loan referred to in note 5.1.1. Mark-up is accruable for the period at six months Kibor plus 1 %.

7 Contingencies and commitments

7.1 Contingencies

Guarantee issued to Sui Northern Gas Pipelines Limited against the performance of a contract amounting to Rs. 48.64 million (June 2013: Rs. 48.64 million).

7.2 Commitments

The company has commitments in respect of letters of credit other than capital expenditure amounting to Rs. 68.966 million (June 2013: Rs. 72.920 million).

		Unaudited March 31, 2014	Audited June 30, 2013
		----- Rupees '000 -----	
8 Property, plant and equipment			
Operating assets	- note 8.1	1,936,148	2,024,098
Capital work-in-progress		1,288	2,648
		<u>1,937,436</u>	<u>2,026,746</u>
8.1 Operating assets			
Operating assets - at net book value			
Owned assets		1,936,148	1,913,747
Leased assets		-	110,351
	- note 8.1.1	<u>1,936,148</u>	<u>2,024,098</u>
8.1.1 Operating assets - at net book value			
Opening book value		2,024,098	2,176,729
Add: Additions during the period/year	- note 8.1.1.1	35,303	8,357
		2,059,401	2,185,086
Less: Disposal during the period/year		-	966
Less: Depreciation charged during the period/year		123,253	160,022
		123,253	160,988
Closing book value		<u>1,936,148</u>	<u>2,024,098</u>

	Unaudited March 31, 2014	Audited June 30, 2013
----- Rupees '000' -----		

8.1.1.1 Additions during the period/year

Building on free hold land	103	-
Plant, machinery and equipment	31,478	5,308
Laboratory equipment	-	165
Material handling	1,786	7
Tools and equipment	85	1,370
Computer equipment	63	506
Electrical equipment	15	-
Office Equipment	65	-
Furniture and fixture	128	-
Vehicles	1,580	1,001
	35,303	8,357

	Unaudited March 31, 2014	Audited June 30, 2013
----- Rupees '000' -----		

9 Investments - available for sale

Available for sale - at cost

Investment in 202,812 units (June 2013: 69,768 units) of MCB Cash Optimizer Fund	33,086	7,000
Investment in 1,526,965 units (June 2013: 905,949 units) of ABL Cash Fund	27,094	9,000
Investment in 99,367 units (June 2013: 89,502 units) of HBL Money Market Fund	20,000	9,000
	80,180	25,000
Add : Cumulative fair value gain - note 9.2	2,037	172
	82,217	25,172

9.1 The investments have been made in open ended money market mutual funds which makes investments in fixed income instruments with a maximum maturity of 180 days and weighted average maturity up to 90 days. The return on the fund is in the form of bonus units and cash dividend.

	Unaudited March 31, 2014	Audited June 30, 2013
----- Rupees '000' -----		

9.2 Cumulative fair value gain

As at July 01	172	3,279
Fair value gain during the period/year	2,472	2,829
Transferred to profit and loss account on derecognition of investments	(607)	(5,936)
	2,037	172

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	----- Rupees '000 -----		----- Rupees '000 -----	
10 Sales				
Gross sales:				
- Local	307,856	224,872	865,600	835,429
- Export	88,626	41,849	272,643	155,484
	396,482	266,721	1,138,243	990,913
Less: Commission on sales	(3,298)	(6,040)	(19,129)	(22,150)
	393,184	260,681	1,119,114	968,763
11 Cost of goods sold				
Raw and packing materials consumed	127,224	72,637	363,811	292,898
Salaries, wages and other benefits	22,773	18,758	48,777	41,751
Repair and maintenance	8,581	5,781	22,603	18,233
Production supplies	942	280	942	293
Fuel and power	79,754	40,099	247,054	135,185
Printing & stationary	135	148	368	353
Services through contractors	2,353	2,431	24,470	23,465
Travelling	43	51	641	178
Communication	70	83	183	275
Annual shutdown expenses	424	-	14,631	-
Rent & rates	9,340	4,200	29,231	8,150
Depreciation	41,667	39,985	123,552	119,830
Amortization on intangible assets	2,976	4,464	11,904	13,392
Safety items consumed	221	44	517	411
Insurance	1,995	1,407	6,101	4,236
Miscellaneous	271	493	567	840
	298,769	190,861	895,352	659,490
Add: Opening work in process	277	2,523	225	2,308
Less: Closing work in process	(299)	(2,308)	(299)	(2,308)
	(22)	215	(74)	-
Cost of goods produced	298,747	191,076	895,278	659,490
Add: Opening finished goods	18,669	9,929	10,970	15,554
Less: Closing finished goods	(20,571)	(4,905)	(20,571)	(4,905)
	(1,902)	5,024	(9,601)	10,649
Cost of goods sold - own manufactured	296,845	196,100	885,677	670,139
Cost of goods sold - purchased for resale	927	34,638	6,970	119,768
	297,772	230,738	892,647	789,907

12 Loss per share

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	----- Rupees '000 -----		----- Rupees '000 -----	

12.1 Basic loss per share

Loss for the period	(928)	(50,102)	(61,659)	(86,213)
Weighted average number of ordinary shares	Number 102,000	102,000	102,000	102,000
Loss per share (PKR)	(0.01)	(0.49)	(0.60)	(0.85)

12.2 Diluted earnings per share

Diluted earnings per share has not been presented as the company does not have any convertible instrument as at March 31, 2014 and March 31, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

13 Transactions with related parties

Relationship with the company	Nature of transactions	Nine months ended	
		March 31, 2014	March 31, 2013
		----- Rupees '000' -----	
i. Associated undertakings	Purchase of goods and services	11,903	4,647
	Purchase in respect of capital expenditure	57	435
	Sale of goods/scrap	826	819
	Disposal of assets	-	940
	Share of common expenses charged from associated companies	26,341	18,811
	Share of common expenses charged to associated companies	9,552	6,485
	Mark-up expense	96,371	40,771
	ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,428
iii. Key management personnel	Salaries and other employee benefits	14,058	12,466
		Unaudited	Audited
		March 31, 2014	June 30, 2013
		----- Rupees '000' -----	

14 Cash and cash equivalents

Cash and bank balances	16,707	5,677
Finances under markup arrangement - secured	(125,903)	(154,597)
	<u>(109,196)</u>	<u>(148,920)</u>

15 Corresponding figures

During the period, for better presentation, the following reclassifications were made in these condensed interim financial statements:

Description	Rupees '000'	Head of account in audited financial statements for the year ended June 30, 2013	Head of account in condensed interim financial information for the period March 31, 2014
Balance Sheet			
Provision for taxation	20,589	Current income tax recoverable	Provision for taxation
		Head of account in condensed interim financial information for the period March 31, 2013	Head of account in condensed interim financial information for the period March 31, 2014
Profit and Loss Account			
Legal and professional expenses	6,891	Administrative expenses	Legal and professional expenses

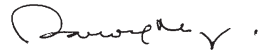
The effect of other reclassifications is not material.

16 Date of authorization for issue

This condensed interim financial information was authorised for issue on April 21, 2014 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



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