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Company Information

Board of Directors

Abdul Razak Dawood

Chairman

Taimur Saeed

Chief Executive Officer

Dr. Salman Zakaria

Farooq Nazir

Chief Financial Officer

Syed Zamanat Abbas

Taimur Dawood

Muhammad Sadiq

Faisal Dawood

Audit Committee

Abdul Razak Dawood

Chairman

Taimur Dawood

Member

Syed Zamanat Abbas

Member

Muhammad Sadiq

Member

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

Hassan & Hassan

Advocates

Bankers

Allied Bank Limited

Bank Al Habib Limited

Habib Metropolitan Bank Limited

Habib Bank Limited

KASB Bank Limited

Summit Bank Limited

Sonari Bank Limited

Askari Bank Limited

Share Registrar

M/s Corplink (Pvt.) Limited

Wings Arcade, I-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 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 : 92 21 34544485-6

Fax : 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

www.desconoxychem.com

DESCON OXYCHEM LIMITED
DIRECTORS REPORT TO THE SHAREHOLDERS
For the Half Year ended December 31, 2011

Ladies and Gentlemen:

The Board presents to you the financial statements for the half year ended December 31, 2011. The international price of Hydrogen per oxide has eased significantly due to the dwindling international demand for the product owing to the slowing down of the world economy. The situation in this region was further exacerbated by the floods in Thailand, where the producers quickly offloaded their stock leading to an excess supply in the market having a further dampening effect on prices. The challenges of the domestic economy continue unabated, with the relentless electricity and gas shortages affecting our customers resulting in a lower demand for our products.

Despite all these obstacles, your company has managed to sell the product at competitive prices, exporting the surplus production to a number of countries in the region. The production in the quarter has been encouraging, as even after significant unplanned power outages and fall in the pressure of natural gas, the plant management has been able to produce at 95% of capacity.

Financial Highlights

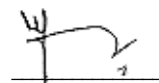
	Quarter ended		Half Year Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Rupees '000		Rupees '000	
Sales	265,260	411,389	603,448	705,891
Gross profit /(loss)	44,305	161,877	161,589	234,787
Operating Profit / (loss)	25,126	139,202	121,602	185,594
Profit / (loss) for the period	(46,549)	80,579	(43,053)	38,473
Earnings / (loss) per share (PKR)	(0.46)	0.79	(0.42)	0.38

Sales for the half year are down 15% compared to last year, due to decreased international prices a result of a significant drop in demand. Hence, the margins were negatively impacted and were 6 percentage points down to 27% compared to the same period last year, which has resulted in a gross profit of PKR 162 mln a reduction PKR 72 mln over 2010. The company has reduced its distribution costs by 25% compared to the same period last year.

Future Outlook

The external environment globally will continue to remain challenging. However, the company is confident that the prices of the product globally would rebound in the coming quarters, which will enable the company to restore margins. The company will continue to explore export markets, to sell the surplus production and maintain an international presence. Unabated increase in the electricity and natural gas prices shall put further pressure on our margins and will continue to be a challenge for management. We once again thank all our stakeholders and ask them for their continued support on our way to prosperity.

For and on behalf of the Board



Taimur Saeed
Chief Executive Officer

Lahore
February 23, 2012



**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Descon Oxychem Limited as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Chartered Accountants,

Lahore, February 23, 2012

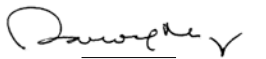
Name of engagement partner: Asad Aleem Mirza

DESCON OXYCHEM LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

		Unaudited December 31, 2011 (Rupees in thousand)	Audited June 30, 2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
110,000,000 (June 2011: 110,000,000) ordinary shares of Rs 10 each		<u>1,100,000</u>	<u>1,100,000</u>
Issued, subscribed and paid up capital			
102,000,000 (June 2011: 102,000,000) ordinary shares of Rs 10 each		1,020,000	1,020,000
Reserves		6,310	2,115
Accumulated loss		<u>(328,338)</u>	<u>(285,285)</u>
		697,972	736,830
NON-CURRENT LIABILITIES			
Long term finances			
- secured	5	1,374,717	1,476,764
- unsecured	6	408,785	408,785
Liabilities against assets subject to finance lease		99,601	115,039
Accrued finance cost		87,385	54,520
		1,970,488	2,055,108
CURRENT LIABILITIES			
Current portion of long term liabilities		224,336	113,906
Finances under markup arrangement- secured		134,633	114,188
Trade and other payables		120,017	142,964
Accrued finance cost		99,522	102,594
		578,508	473,652
CONTINGENCIES AND COMMITMENTS			
	7	<u>3,246,968</u>	<u>3,265,590</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,255,066	2,330,710
Intangible assets		38,689	47,616
Long term deposits		79,551	79,551
Deferred taxation		<u>208,603</u>	<u>188,442</u>
		2,581,909	2,646,319
CURRENT ASSETS			
Stores and spares		151,032	165,016
Stock-in-trade	9	118,190	128,052
Trade debts - unsecured		97,846	93,475
Investments - available for sale	10	166,955	110,347
Advances, deposits, prepayments and other receivables		109,799	84,714
Cash and bank balances		21,237	37,667
		665,059	619,271
		<u>3,246,968</u>	<u>3,265,590</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

DESCON OXYCHEM LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)**

	Note	Quarter ended		Half year ended	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
(Rupees in thousand)					
Sales	11	265,260	411,389	603,448	705,891
Cost of sales	12	<u>(220,955)</u>	<u>(249,512)</u>	<u>(441,859)</u>	<u>(471,104)</u>
Gross profit		44,305	161,877	161,589	234,787
Administrative expenses		(9,515)	(8,508)	(19,763)	(17,530)
Distribution and selling cost		(13,279)	(17,716)	(27,421)	(36,606)
Other operating expenses		-	(1,268)	-	(1,268)
Other operating income		3,615	4,817	7,197	6,211
Profit from operations		<u>25,126</u>	<u>139,202</u>	<u>121,602</u>	<u>185,594</u>
Finance cost		(89,069)	(88,077)	(178,598)	(173,602)
(Loss) / profit before taxation		<u>(63,943)</u>	<u>51,125</u>	<u>(56,996)</u>	<u>11,992</u>
Taxation		17,394	29,454	13,943	26,481
(Loss) / profit for the period		<u><u>(46,549)</u></u>	<u><u>80,579</u></u>	<u><u>(43,053)</u></u>	<u><u>38,473</u></u>
(Loss) / earnings per share - Rupees	13	<u><u>(0.46)</u></u>	<u><u>0.79</u></u>	<u><u>(0.42)</u></u>	<u><u>0.38</u></u>

The annexed notes I to 18 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

DESCON OXYCHEM LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND THE HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)**

	Quarter ended		Half year ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in thousand)			
(Loss) / profit for the period	(46,549)	80,579	(43,053)	38,473
Other comprehensive income				
Fair value gain on 'Available for sale' investments	5,628	526	6,607	526
Gain during the period transferred to profit and loss on account of derecognition of investment	(2,412)	-	(2,412)	-
Other comprehensive income for the period	3,216	526	4,195	526
Total comprehensive (loss) / income for the period	<u>(43,333)</u>	<u>81,105</u>	<u>(38,858)</u>	<u>38,999</u>

The annexed notes I to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

DESCON OXYCHEM LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)**

		<u>Half year ended</u>	
		<u>December</u>	<u>December</u>
		<u>31, 2011</u>	<u>31, 2010</u>
	Note	(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	15	182,571	246,088
Finance cost paid		(148,805)	(34,705)
Profit on deposits received		773	2,233
Income tax paid		(9,826)	(10,430)
Net cash generated from operating activities		<u>24,713</u>	<u>203,186</u>
Cash flows from investing activities			
Fixed capital expenditure		(4,531)	(351)
Investments purchased during the period		(120,000)	-
Long term security deposits - net		-	17
Proceeds from sale of available for sale investment		70,000	1,225
Net cash (used in) / generated from investing activities		<u>(54,531)</u>	<u>891</u>
Cash flows from financing activities			
Transfer from short term loan - secured		-	100,000
Finance lease liabilities - net		(7,057)	-
Net cash (used in) / generated from financing activities		<u>(7,057)</u>	<u>100,000</u>
Net (decrease) / increase in cash and cash equivalents		<u>(36,875)</u>	<u>304,077</u>
Cash and cash equivalents at beginning of the period		<u>(76,521)</u>	<u>(226,304)</u>
Cash and cash equivalents at the end of the period	16	<u><u>(113,396)</u></u>	<u><u>77,773</u></u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

DESCON OXYCHEM LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)**

	Share capital	Fair Value Reserve (Rupees in thousand)	Accumulated loss	Total
Balance as on July 1, 2010	1,020,000	437	(465,255)	555,182
Total comprehensive income for the period ended December 31, 2010				
Profit for the period	-	-	38,473	38,473
Other comprehensive income for the period:				
Fair value gain on 'Available for sale' investments	-	526	-	526
Total comprehensive income for the period	-	526	38,473	38,999
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-
Balance as on December 31, 2010	<u>1,020,000</u>	<u>963</u>	<u>(426,782)</u>	<u>594,181</u>
Balance as on July 1, 2011	1,020,000	2,115	(285,285)	736,830
Total comprehensive loss for the period ended December 31, 2011				
Loss for the period	-	-	(43,053)	(43,053)
Other comprehensive income for the period:				
Fair value gain on 'Available for sale' investments	-	4,195	-	4,195
Total comprehensive income / (loss) for the period	-	4,195	(43,053)	(38,858)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-
Balance as on December 31, 2011	<u>1,020,000</u>	<u>6,310</u>	<u>(328,338)</u>	<u>697,972</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

DESCON OXYCHEM LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2011 (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. 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'. The figures for the half year ended December 31, 2011 have been subjected to limited scope review by the auditors. 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, 2011.

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, 2011.

3.2 Standards, interpretations and amendments to published approved accounting 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 in current period

- IFRS 7, 'Disclosures on transfers of financial assets' (Amendment), issued in October 2010. The new disclosure requirements apply to transferred financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are as part the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. These amendments do not have any impact on the Company's condensed interim financial information.

- IAS 1 'Presentation of financial statements' (Amendment), is effective from January 1, 2011. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The company has opted to present the analysis in statement of changes in equity.

- IAS 34, 'Interim financial reporting' (Amendment), is effective from January 1, 2011. Greater emphasis has been placed on the disclosure principles in IAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

3.2.2 Standards and interpretations to existing standards not yet effective

Standards or Interpretations

Effective date (accounting periods beginning on or after)

IAS 1 - Financial statement presentation	July 01, 2012
IAS 12 - Income Tax	January 01, 2012
IAS 19 - Employee benefits	July 01, 2012
IFRS 9 - Financial instruments	January 01, 2013
IFRS 10 - Consolidated financial statements	January 01, 2013
IFRS 11 - Joint arrangements	January 01, 2013
IFRS 12 - Disclosures of interests in other entities	January 01, 2013
IFRS 13 - Fair value measurement	January 01, 2013

4. Taxation

The provision for taxation for the half year ended December 31, 2011 has been made using the tax rate that would be applicable to expected total annual earnings.

Unaudited Audited December June 31, 2011 30, 2011 (Rupees in thousand)

5. Long term loans - secured

Loan - 1	- note 5.1	1,469,818	1,469,818
Loan - 2	- note 5.2	<u>100,000</u>	<u>100,000</u>
		1,569,818	1,569,818
Less: Current portion shown under current liabilities		<u>(195,101)</u>	<u>(93,054)</u>
		<u>1,374,717</u>	<u>1,476,764</u>

5.1 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 markup charged during the period ranges from Re 0.4416 to Re 0.4521 per diem per thousand. The loan is repayable in 12 six monthly installments commencing on February 24, 2012.

5.2 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 commencing on December 01, 2012.

Unaudited Audited December June 31, 2011 30, 2011 (Rupees in thousand)

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. 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. 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 granted by DEL, 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. The markup is payable only after 50% of the facility under note 6.1 has been repaid. Mark-up is accruable for the period at six months Kibor plus 2.75 %. Effective rate charged during the period was Re 0.4115 per diem per thousand.

6.3 The loan was granted by DEL, 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. Mark-up is accruable for the period at six months Kibor plus 2%. Effective rate charged during the period was Re 0.3094 per diem per thousand.

6.4 This loan was granted 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. Mark-up is accruable for the period at six months Kibor plus 1 %. Effective rate charged during the period was Re 0.2690 per diem per thousand.

7. Contingencies and commitments

7.1 Contingencies

- (i) Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract amounting to Rs 48.64 million (June 2011: Rs 48.64 million).
- (ii) Shipping guarantee issued to suppliers against the purchase of raw materials amounting to Rs 24.08 million (June 2011: Nil)

7.2 Commitments

The company has commitments in respect of letters of credit other than capital expenditure Rs 47.99 million (June 2011: Rs 40.273 million)

Unaudited December 31, 2011	Audited June 30, 2011
(Rupees in thousand)	

8. Property, plant and equipment

Operating assets - at net book value

- Owned assets	2,131,384	2,202,585
- Leased assets	123,681	128,125
- note 8.1	2,255,065	2,330,710

8.1 Operating assets - at net book value

Opening book value	2,330,710	2,444,077
Add: Additions during the period	4,531	46,497
- note 8.1.1	2,335,241	2,490,574
Less: Disposals during the period (at book value)	-	224
Less: Depreciation charged during the period	80,175	159,640
	80,175	159,864
Closing book value	2,255,066	2,330,710

8.1.1 Additions during the period

Buildings on freehold land	-	44,558
Plant, machinery and equipment	4,514	1,402
Lab equipment	-	467
Material Handling	-	70
Computer Equipment	17	-
	4,531	46,497

**Unaudited
December
31, 2011 Audited
June
30, 2011
(Rupees in thousand)**

9. Stock in trade

Raw materials [including in transit of Rs 27.42 million
(June 2011: 62.63 million)]

Packing material	60,794	88,328
Work-in-process	4,870	5,265
Finished goods	2,922	2,548
	49,604	31,911
	118,190	128,052

10. Investments - available for sale

Available for sale - at cost

Investment in 218,035 units (June 2011: 555,222 units) of
MCB Cash Optimizer Fund

20,649 54,228

Investment in 2,139,960 units (June 2011: 5,461,874 units) of
ABL Cash Fund

19,992 54,000

Investment in 84 units (June 2011: 84 units) of Pakistan Cash Fund

4 4

Investment in 624,007 units (June 2011: Nil) of Lakson Investments

60,000 -

Investment in 587,467 units (June 2011: Nil) of HBL Investments

60,000 -

160,645 108,232

Add: Cumulative fair value gain

- note 10.2

6,310 2,115

166,955 110,347

10.1 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 form of bonus units and cash dividend.

**Unaudited
December
31, 2011 Audited
June
30, 2011
(Rupees in thousand)**

10.2 Cumulative fair value gain

As at July 1

2,115 437

Fair value gain during the period

6,607 4,074

Transferred to profit and loss account on derecognition of investments

(2,412) (2,396)

6,310 2,115

Quarter ended
December 31, 2011 December 31, 2010
(Rupees in thousand)

Half year ended
December 31, 2011 December 31, 2010
(Rupees in thousand)

11. Sales

Gross sales:

- Local

183,335 348,670

447,714 541,328

- Export

92,870 70,324

173,160 174,397

276,205 418,994

620,874 715,725

Less: Commission on sales

(10,945) (7,605)

(17,426) (9,834)

265,260 411,389

603,448 705,891

	Quarter ended		Half year ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in thousand)		(Rupees in thousand)	
12. Cost of goods sold				
Raw and packing materials consumed	109,869	136,788	224,686	242,905
Salaries, wages and other benefits	8,635	6,038	20,539	17,585
Repairs and maintenance	9,256	7,255	18,086	14,428
Production supplies	20	800	20	938
Fuel and power	38,947	31,157	77,995	70,472
Printing and stationery	165	96	274	222
Services through contractors	15,539	13,631	25,994	25,831
Traveling	84	78	173	102
Communication	54	84	181	225
Depreciation on property, plant and equipment	39,855	39,342	79,694	78,809
Amortization on intangible assets	4,464	4,464	8,928	8,928
Insurance	1,471	1,514	3,032	2,875
Safety items consumed	34	43	75	98
Miscellaneous	383	468	1,527	955
	<u>228,776</u>	<u>241,758</u>	<u>461,204</u>	<u>464,373</u>
Add: Opening work in process	-	347	2,548	3,125
Less: Closing work in process	(2,922)	(3,724)	(2,922)	(3,724)
	<u>(2,922)</u>	<u>(3,377)</u>	<u>(374)</u>	<u>(599)</u>
Cost of goods produced	<u>225,854</u>	<u>238,381</u>	<u>460,830</u>	<u>463,774</u>
Add: Opening finished goods	-	18,636	30,633	14,835
Less: Closing finished goods	(4,899)	(7,505)	(49,604)	(7,505)
	<u>(4,899)</u>	<u>11,131</u>	<u>(18,971)</u>	<u>7,330</u>
	<u>220,955</u>	<u>249,512</u>	<u>441,859</u>	<u>471,104</u>

13. Earnings / (loss) per share

13.1 Basic earnings / (loss) per share

(Loss) / earnings for the period	Rupees in thousa	(46,549)	80,579	(43,053)	38,473
Weighted average number of ordinary shares	Number	102,000	102,000	102,000	102,000
(Loss) / earnings per share	Rupees	(0.46)	0.79	(0.42)	0.38

13.2 Diluted earnings per share

Diluted earnings per share has not been presented as the company does not have any convertible instrument in issue as at December 31, 2011 and December 31, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

14. Transactions with related parties

Relationship with the company	Nature of transaction	Half year ended	
		December 31, 2011	December 31, 2010
(Rupees in thousand)			
i. Associated undertakings	Purchase of goods and services	52	12,359
	Purchases in respect of services rendered	1,712	-
	Sale of goods/scrap	446	400
	Share of common expenses charged from associated companies	12,537	11,391
	Share of common expenses charged to associated companies	2,428	2,123
	Mark-up expense	31,703	26,452
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	839	811
iii. Key management personnel	Salaries and other employee benefits	2,438	9,279
		Unaudited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
Relationship with the company	Nature of transaction		
Period-end balances			
Associated undertakings			
	Payable to related parties	3,312	44,920
	Receivable from related parties	96	724
	Accrued finance cost	86,223	28,225

15. Cash generated from operations

	Half year ended	
	December 31, 2011	December 31, 2010
(Rupees in thousand)		
(Loss) / profit before taxation	(56,996)	11,991
Adjustments for:		
- Depreciation on property, plant and equipment	80,175	79,361
- Amortization of intangible assets	8,927	8,927
- Loss on disposal of non-current assets	-	4
- Finance cost	178,598	173,602
- Interest from bank deposits	(773)	(2,924)
- Provision for accumulating leave balances	(371)	(1,187)
- Provision for workers' welfare fund	-	634
- Provision for workers' welfare fund written back	(1,776)	-
- Provision for bad debts	1,500	-
- Provision for worker's profit participation fund	-	633
- Net exchange gain	(672)	(361)
- Gain on sale of investment	(2,412)	(65)
Profit before working capital changes	206,200	270,615
Effect on cash flow due to working capital changes		
Effect on cash flow due to working capital changes		
- Decrease/(increase) in stores and spares	13,984	(10,527)
- Decrease/(increase) in stock-in-trade	9,862	(52,296)
- Increase in trade debts	(5,199)	(18,516)
- (Increase)/decrease in advances, deposits, prepayments and other receivables	(21,477)	15,866
- (Decrease)/increase in trade and other payables	(20,799)	40,946
	(23,629)	(24,527)
Cash generated from operations	182,571	246,088

Half year ended	
December 31, 2011	December 31, 2010
(Rupees in thousand)	

16. Cash and cash equivalents

Cash and bank balances	21,237	37,667
Finances under markup arrangement - secured	<u>(134,633)</u>	<u>(114,188)</u>
	<u>(113,396)</u>	<u>(76,521)</u>

17. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 23, 2012 by the Board of Directors of the Company.

18. 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