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DESCON OXYCHEM LIMITED

LAHORE

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Quarterly Report
March 31, 2015 (Un-Audited)



Descon Oxychem Limited

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Descon Oxychem Limited



QUARTERLY REPORT
March 31, 2015 (Un-Audited)

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Company Information

Board of Directors

Abdul Razak Dawood
Chairman

Taimur Saeed
Chief Executive Officer

Asif Qadir
Farooq Nazir
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, 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 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, Shakra-e-Faisal, Karachi, Pakistan
Tel: 92 21 34544485-6
Fax: 92 21 34382674

Web Presence

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

DIRECTORS' REPORT TO THE SHAREHOLDERS For the Nine Months Ended March 31, 2015

On behalf of the Board of Directors, we are pleased to present the financial statements for the nine months ended March 31, 2015. During the period under review our focus remained on achieving optimal level of production to counter the impact of external factors including energy crisis. Our efforts towards increasing production, and controlling our fixed costs will result in improved performance in the near future.

Financial Highlights

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees '000' -----			
Sales	355,278	393,184	1,034,846	1,119,114
Gross profit	64,658	95,412	131,604	226,467
Operating profit	32,562	60,244	33,481	131,024
Loss for the period	(23,595)	(928)	(128,450)	(61,659)
Loss per share (PKR)	(0.23)	(0.01)	(1.26)	(0.60)
Production (MT)	8353	8406	23901	23946

Gross profit for the nine months have decreased significantly as compared to same period last year mainly due to decrease in average selling price, which decreased by 7% as compared to the same period last year. The finance cost of the company has reduced as compared to the same period last year mainly due to long term loan repayment and effective working capital management.

Future Outlook

We are aggressively exploring new markets overseas for improving our average selling price and risk diversification. The Company has also been pursuing to reduce its input costs to improve its margins. We are further exploring different energy options to control fuel and power cost.

Protecting the local industry from international dumping will remain a challenge. The company reports that with serious unfair competition in the form of product dumping by certain international manufacturers is causing material injury to our industry, and management is taking specific measures at the relevant forums to ensure that the local industry is protected. We feel it is important to protect our local market from unjustifiably low priced imports, which is hurting the Pakistan market. The company remains hopeful that the industry will be able to obtain fair and transparent outcomes within a short span of time.

We thank all stakeholders for their continuous support.

For and on behalf of the Board



Taimur Saeed
Chief Executive Officer

Lahore
April 21, 2015

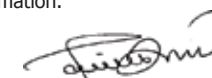
CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015 (UNAUDITED)

	Note	March 31, 2015 Unaudited	June 30, 2014 Audited
		----- Rupees '000' -----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
110,000,000 (June 2014: 110,000,000)			
ordinary shares of Rs 10 each		1,100,000	1,100,000
110,000,000 (June 2014: Nil)			
preference shares of Rs 10 each		1,100,000	-
Issued, subscribed and paid up share capital			
102,000,000 (June 2014: 102,000,000)			
ordinary shares of Rs 10 each		1,020,000	1,020,000
Accumulated loss		(652,188)	(523,738)
Fair value reserves		-	720
		367,812	496,982
NON-CURRENT LIABILITIES			
Long term finances			
- secured	4	1,076,214	1,250,000
- unsecured	5	408,785	408,785
Accrued finance cost		395,372	288,105
		1,880,371	1,946,890
CURRENT LIABILITIES			
Current portion of long term liabilities		183,786	20,000
Finances under markup arrangement- secured		53,161	59,536
Trade and other payables		157,622	111,510
Accrued finance cost		7,488	30,781
		402,057	221,827
CONTINGENCIES AND COMMITMENTS	6	-	-
		2,650,240	2,665,699
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,788,685	1,900,009
Long term deposits		16,554	16,554
Deferred taxation		263,860	247,319
		2,069,099	2,163,882
CURRENT ASSETS			
Stores and spares		178,587	191,739
Stock-in-trade		85,111	70,459
Trade debts - unsecured		103,086	82,185
Investment - available for sale		-	16,225
Advances, deposits, prepayments and other receivables		125,168	87,243
Current income tax recoverable		54,949	48,424
Bank balances		34,240	5,542
		581,141	501,817
		2,650,240	2,665,699

The annexed notes 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, 2015 (UNAUDITED)**

	Note	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		----- Rupees '000' -----			
Sales	8	355,278	393,184	1,034,846	1,119,114
Cost of goods sold	9	(290,620)	(297,772)	(903,242)	(892,647)
Gross profit		<u>64,658</u>	<u>95,412</u>	<u>131,604</u>	<u>226,467</u>
Administrative expenses	10	(17,015)	(13,658)	(51,891)	(45,355)
Distribution and selling expenses		(17,281)	(21,960)	(52,464)	(53,174)
Other operating income		2,200	645	6,232	5,924
Other operating expenses		-	(195)	-	(2,838)
Profit from operations		<u>32,562</u>	<u>60,244</u>	<u>33,481</u>	<u>131,024</u>
Finance cost		(52,462)	(57,185)	(167,749)	(171,182)
(Loss) / profit before taxation		<u>(19,900)</u>	<u>3,059</u>	<u>(134,268)</u>	<u>(40,158)</u>
Taxation		(3,695)	(3,987)	5,818	(21,501)
Loss for the period		<u><u>(23,595)</u></u>	<u><u>(928)</u></u>	<u><u>(128,450)</u></u>	<u><u>(61,659)</u></u>
Loss per share - basic and diluted (Rupees)		<u><u>(0.23)</u></u>	<u><u>(0.01)</u></u>	<u><u>(1.26)</u></u>	<u><u>(0.60)</u></u>

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees '000' -----			
Loss for the period	(23,595)	(928)	(128,450)	(61,659)
Other comprehensive income				
Fair value gain on available for sale investments	-	1,520	172	2,472
Fair value gain during the period transferred to profit and loss on account of derecognition of investment	-	(62)	(892)	(607)
Other comprehensive income for the period	-	1,458	(720)	1,865
Total comprehensive (loss) / income for the period	<u><u>(23,595)</u></u>	<u><u>530</u></u>	<u><u>(129,170)</u></u>	<u><u>(59,794)</u></u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)**

	Share capital	Fair value reserve	Accumulated loss	Total
	----- Rupees '000' -----			
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 year:				
Fair value gain on available for sale investment	-	1,865	-	1,865
Total comprehensive 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
Balance as on July 01, 2014	1,020,000	720	(523,738)	496,982
Loss after tax for the period	-	-	(128,450)	(128,450)
Other comprehensive income for the year:				
Fair value gain on available for sale investment	-	(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

The annexed notes 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, 2015 (UNAUDITED)**

	Nine months ended	
	March 31, 2015	March 31, 2014
Note	----- Rupees '000' -----	
Cash flow from operating activities		
Loss before taxation	(134,268)	(40,158)
Adjustments for:		
- Depreciation on property, plant and equipment	129,060	123,253
- Amortization of intangible assets	-	11,904
- Finance cost	167,749	171,182
- Provision for bad debts	-	(535)
- Net exchange gain	(175)	-
- Gain on sale of short term investments	(892)	-
- Gain on sale of fixed assets	(144)	-
	295,598	305,804
Operating Profit before working capital changes	161,330	265,646
Effect on cash flow due to working capital changes		
- (Increase)/decrease in stores and spares	13,152	(16,407)
- (Increase)/decrease in stock-in-trade	(14,652)	(11,368)
- (Increase)/decrease in trade debts	(20,725)	(13,545)
- (Increase) /decrease in advances, deposits, prepayments and other receivables	(37,925)	40,558
- Increase/(decrease) in trade and other payables	46,112	5,593
	(14,038)	4,831
Cash generated from operations	147,292	270,477
Finance cost paid	(83,775)	(101,656)
Income tax paid	(17,248)	(10,645)
Net cash generated from operating activities	46,269	158,176
Cash flows from investing activities		
Fixed capital expenditure	(17,874)	(33,944)
Proceeds from sale of 'available for sale' investments	16,396	104,247
Investment made	-	(159,426)
Proceeds from sale of fixed assets	282	-
Net cash used in investing activities	(1,196)	(89,123)
Cash flows from financing activities		
Long term loan repaid	(10,000)	(10,000)
Finance lease liabilities - net	-	(19,329)
Net cash used in financing activities	(10,000)	(29,329)
Net increase in cash and cash equivalents	35,073	39,724
Cash and cash equivalents at beginning of the period	(53,994)	(148,920)
Cash and cash equivalents at the end of the period	(18,921)	(109,196)

The annexed notes 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, 2015 (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 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 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, 2014.

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 audited financial statements of the company for the year ended June 30, 2014.

		March 31, 2015 Unaudited	June 30, 2014 Audited
		----- Rupees '000' -----	
4. Long term finances - secured			
From Financial Institutions	- note 4.1	550,000	560,000
From Associated Companies	- note 4.2	<u>710,000</u>	<u>710,000</u>
		1,260,000	1,270,000
Less: Current portion shown under current liabilities		<u>(183,786)</u>	<u>(20,000)</u>
		<u>1,076,214</u>	<u>1,250,000</u>

4.1 From Financial Institutions

Loan - 1	- note 4.1.1	500,000	500,000
Loan - 2	- note 4.1.2	<u>50,000</u>	<u>60,000</u>
		550,000	560,000
Less: Current portion shown under current liabilities		<u>(183,786)</u>	<u>(20,000)</u>
		<u>366,214</u>	<u>540,000</u>

4.1.1 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, two early repayments were made during the last 2 years. As on March 31, 2015, 5 unequal installments are outstanding, beginning on August 24, 2015 and ending on August 24, 2017.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

4.1.2 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 balance is repayable in 5 equal semi annual installments ending on June 01, 2017.

		March 31, 2015 Unaudited	June 30, 2014 Audited
		----- Rupees '000' -----	
4.2 From Associated Companies			
- Descon Engineering Limited	- note 4.2.1	400,000	400,000
- Presson Descon International (Private) Limited	- note 4.2.2	<u>310,000</u>	<u>310,000</u>
		<u>710,000</u>	<u>710,000</u>

4.2.1 This loan has been extended by Descon Engineering Limited, an associated company on April 15, 2013. Markup is accrueable 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.

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.

4.2.2 This loan has been extended by Presson Descon International (Private) Limited, an associated company on April 15, 2013. Markup is accrueable at six months Kibor. Markup accrued is repayable in unequal installments beginning in April 2016 where as principal amount is repayable in unequal installments beginning in April 2017.

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.

		March 31, 2015 Unaudited	June 30, 2014 Audited
		----- Rupees '000' -----	
5. Long term finances - unsecured			
- Descon Engineering Limited - Loan 1	- note 5.2	276,785	276,785
- Descon Engineering Limited - Loan 2	- note 5.3	112,000	112,000
- Interworld Travels (Private) Limited - Loan 3	- note 5.4	20,000	20,000
		<u>408,785</u>	<u>408,785</u>

5.1 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 of loans 1 to 3 has been subordinated to the repayment of the syndicate loan as referred to in note 4.1.1. 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 4.1.1. Loan 1 of Rs. 276.785 million may be repaid only after entire syndicate loan and related markup has been settled by the Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

5.2 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 4.1.1. The markup is payable only after 50% of the facility under note 4.1.1 has been repaid and is further subject to compliance with covenants contained in the agreement for loan referred to in note 4.1.1. Markup is accruable for the period at six months Kibor plus 2.75 %.

5.3 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 4.1.1 and further subject to compliance with covenants contained in the agreement for loan referred to in note 4.1.1. Markup is accruable for the period at six months Kibor plus 2%.

5.4 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 4.1.1 and further subject to compliance with covenants contained in the agreement for loan referred to in note 4.1.1. Markup is accruable for the period at six months Kibor plus 1%.

6. Contingencies and commitments
6.1 Contingencies

Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract amounting to Rs. 48.64 million (June 2014: Rs. 48.64 million) and guarantee issued to Pakistan State Oil Company Limited amounting to Rs. 3.5 million (June 2014: nil).

6.2 Commitments

The company has commitments in respect of letters of credit other than capital expenditure amounting to Rs. 41.966 million (June 2014: Rs. 115.559 million) and in respect of agreement with Descon Power Solutions (Private) Limited amounting to Rs. 8.940 million (June 2014: Rs. 15.645 million) for installation of power auxiliary equipment at Descon Oxychem Limited site for a period of 3 years commencing from April 2013.

	March 31, 2015 Unaudited	June 30, 2014 Audited
	----- Rupees '000' -----	
7. Property, plant and equipment		
Operating fixed assets - note 7.1	1,786,057	1,899,701
Capital work-in-progress	<u>2,628</u>	<u>308</u>
	<u>1,788,685</u>	<u>1,900,009</u>
	March 31, 2015 Unaudited	June 30, 2014 Audited
	----- Rupees '000' -----	
7.1 Operating fixed assets		
Opening book value	1,899,701	2,024,098
Additions during the period / year	15,554	39,878
Disposals during the period / year	(138)	
	<u>1,915,117</u>	<u>2,063,976</u>
Depreciation charged during the period / year	129,060	164,275
Closing book value	<u>1,786,057</u>	<u>1,899,701</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees '000' -----			
8. Sales				
Gross sales:				
- Local	309,905	307,856	886,361	865,600
- Export	<u>59,371</u>	<u>88,626</u>	<u>184,876</u>	<u>272,643</u>
	369,276	396,482	1,071,237	1,138,243
Less: Commission on sales	<u>(13,998)</u>	<u>(3,298)</u>	<u>(36,391)</u>	<u>(19,129)</u>
	<u>355,278</u>	<u>393,184</u>	<u>1,034,846</u>	<u>1,119,114</u>
9. Cost of goods sold				
Raw and packing materials consumed - note 9.1	146,629	127,224	412,450	363,811
Salaries, wages and other benefits	17,354	17,157	52,255	48,777
Repair and maintenance	6,914	8,581	24,897	22,603
Production supplies	1,042	942	1,042	942
Fuel and power	57,297	79,754	229,060	247,054
Printing & stationary	185	135	341	368
Services through contractors	8,934	7,969	26,816	24,470
Traveling	185	43	733	641
Communication	127	70	318	183
Annual shutdown expenses	-	424	-	14,631
Rent & rates	8,535	9,340	26,785	29,231
Depreciation on property, plant and equipment	46,264	41,667	128,729	123,552
Amortization on intangible assets	-	2,976	-	11,904
Safety items consumed	54	221	477	517
Insurance	1,996	1,995	5,986	6,101
Miscellaneous	1,651	271	2,360	567
	<u>297,167</u>	<u>298,769</u>	<u>912,249</u>	<u>895,352</u>
Add: Opening work in process	-	277	259	225
Less: Closing work in process	<u>(26)</u>	<u>(299)</u>	<u>(26)</u>	<u>(299)</u>
	<u>(26)</u>	<u>(22)</u>	<u>233</u>	<u>(74)</u>
Cost of goods produced	297,141	298,747	912,482	895,278
Add: Opening finished goods	14,079	18,669	11,360	10,970
Less: Closing finished goods	<u>(20,600)</u>	<u>(20,571)</u>	<u>(20,600)</u>	<u>(20,571)</u>
	<u>(6,521)</u>	<u>(1,902)</u>	<u>(9,240)</u>	<u>(9,601)</u>
Cost of goods sold - own manufactured	290,620	296,845	903,242	885,677
Cost of goods sold - purchase for resale	-	927	-	6,970
	<u>290,620</u>	<u>297,772</u>	<u>903,242</u>	<u>892,647</u>
9.1				

9.1 This includes Rs 30.947 million in respect of Gas Infrastructure Development Cess levied during the period under Gas Infrastructure Development Cess Act, 2011 (Act XXI of 2011) (the Act) and Gas Infrastructure Development Cess Ordinance, 2014 (Ordinance No. VI of 2014) (the Ordinance). As per the order of Peshawar High Court dated June 12, 2013 which was upheld by the Honorable Supreme Court through its order dated August 22, 2014, the provisions of the Act were declared ultra vires and void ab-initio and the court further directed that such amount be returned to the payers in a manner to be determined by the Government and that in case of any impracticality, atleast a handsome amount out of the total collected be adjusted in subsequent Sui Gas bills within a period of six months at the most. However, subsequent to the decision of the Honorable Supreme Court of Pakistan, on September 25, 2014, the Government of Pakistan issued Gas Infrastructure Development Cess Ordinance, 2014 (Ordinance No. VI of 2014) (the Ordinance). Under Section 8 of the Ordinance, any cess levied, charged, collected or realized under the Act shall be deemed to have been validly levied, charged, collected or realized under this Ordinance notwithstanding anything to the contrary contained in the Act, any decree, judgment or order of the Court. Consequently, being prudent, the Company has not reversed GIDC levied under the Act during the period and previous years aggregating to Rs 69.991 million.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

10. Administrative expenses include legal and professional charges amounting to Rs. 12,371 thousand and Rs. 4,178 thousand for the nine months ended March 31, 2015 and the quarter ended March 31, 2015 respectively (2014: Rs. 14,585 thousand and Rs. 3,296 thousand respectively).

11. Transactions with related parties

Relationship with the company	Nature of transaction	Nine months ended	
		March 31, 2015	March 31, 2014
		----- Rupees '000' -----	
i. Associated undertakings	Purchase of goods and services	25,188	11,903
	Purchase in respect of capital expenditure	-	57
	Sale of goods/scrap	256	826
	Share of common expenses charged by associated companies	29,465	26,341
	Share of common expenses charged to associated companies	7,607	9,552
	Mark-up expense	107,267	96,371
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,574	1,428
Relationship with the company	Nature of transaction	March 31, 2015	June 30, 2014
		----- Rupees '000' -----	
Period-end balances			
Associated undertakings	Trade and other payables	9,541	5,399
	Advances, deposits, prepayments and other receivables	21,422	-
	Trade debts - unsecured	227	337
	Long term loan	1,118,785	1,118,785
	Accrued finance cost	395,372	288,105
		March 31, 2015	March 31, 2014
		----- Rupees '000' -----	

12. Cash and cash equivalents

Cash and bank balances	34,240	16,707
Finances under markup arrangement - secured	(53,161)	(125,903)
	<u>(18,921)</u>	<u>(109,196)</u>

13. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 21, 2015 by the Board of Directors of the Company.

14. Corresponding figures

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

15. General

The figures have been rounded off to the nearest thousand rupee.



CHIEF EXECUTIVE



DIRECTOR