

BOOK POST

2016-17
Quarterly Report March 31, 2017

Close to the Customer

Descon Oxychem Limited
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Descon Oxychem Limited
Report and accounts

Vision

Our vision is to be the leading Pakistan supplier of choice for all oxidative solutions based on hydrogen peroxide, complemented by contiguous technologies to the textile, food safety, environmental and other industrial markets.

At Descon Oxychem, we are committed to conducting our business honestly and ethically, complying with all applicable laws – this is our commitment to integrity. Our values exemplify our dedication to the highest standards of corporate responsibility towards all its stakeholders.

Mission

The mission is underpinned by four principles including safety, innovation, sustainability and customer focus.

Our excellent safety record is an integral part of our company's heritage. An incident-free workplace is our first priority and foremost goal.

We pride ourselves on quality products and innovative applications that are developed as a result of ingenuity and technical expertise. Industry demands constantly evolve, and we keep pace with this evolution.

As an industry leader with an international footprint, we know that progress happens with hard work, a commitment to success and most of all, sustainable and safe practices.

The strength and value of our business lies in our people and their commitment to working with customers to provide solutions, technology expertise and exceptional support to meet all customers' needs.

Values

Continous Improvement
Leadership
Accountability & Ownership
Teamwork
Open Communication
Safety

Close to the customer

For Descon Oxychem, being close to our customers represents a lot more than geographical closeness. We build partnerships with them, provide unbinding counsel and consistently support them with their business imperatives.

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Company Information

Board of Directors

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

Muhammad Saqib Abbas
 Chief Financial Officer

Abdul Sohail
 Company Secretary

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 Ferozpur Road
 Lahore - 53000 Pakistan.
 Tel: +92 42 35923721-9

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

QHSE Vision & Mission Statements

Through our commitment to quality, health, safety and environmental excellence (QHSE), we affirm to all our stakeholders, including our employees, customers, shareholders, and the public, that we will work collaboratively to bring sustainable, market-driven and innovative solutions to solve some of the significant challenges, making lives better, safer, and healthier. We will implement those strategies that build successful businesses and achieve the greatest benefit for all our stakeholders with respect and care for the environment, without compromising the ability of future generations to meet their needs.

We will continuously improve our practices in light of advances in technology and new understandings in quality, health, safety and environmental science. We will make consistent, measurable progress in implementing this commitment throughout our business operations to achieve this commitment

Highest Standards of Performance & Business Excellence

The company adheres to the highest standards for the safe operation of its facilities and the protection of its environment, employees, customers and the people of the communities in which it conducts business. Security will be managed as safety. We will strengthen our businesses by making quality, health, environmental issues an integral part of all business activities, and by continuously striving to align our businesses with public expectations.

Committed to Zero Lost Time Injuries, Illnesses, and Incidents

The company believes that all injuries and occupational illnesses, as well as safety and environmental incidents, are preventable, and are committed to a goal of zero for all of them. We will promote off-the-job safety for our employees. We will assess the environmental impact of our facilities, and transportation equipment so these are safe, secure and acceptable to local communities and protect the environment. We will be prepared for emergencies and will provide leadership to assist our local communities to improve their emergency preparedness.

Goal of Zero Waste and Emissions

The organization will drive toward minimal waste generation at the source. Currently, it meets all criteria established by the National Environmental Quality Standards (NEQS). Materials will be reused and recycled to minimize the need for treatment or disposal, and to conserve resources. Where waste is generated, it will be handled and disposed of safely and responsibly. Where any practice that has created conditions that require correction, we will responsibly correct them.

Continuously Improving Processes, Practices, and Products

The company will extract, make, use, handle, package, transport and dispose of its materials safely and in an environmentally responsible manner. We will continuously analyze and improve our practices, processes and products to reduce their risk and impact throughout the product life cycle. We will develop new products and processes that have increasing margins of safety for both human health and the environment. We will seek opportunities to make any new and existing facilities inherently safer. We will work with our suppliers, carriers, distributors and customers to achieve similar product stewardship, and we will provide information and assistance to support their efforts to do so.

Open and Public Discussion, Influence on Public Policy

The company will promote open discussion with our stakeholders about the materials it makes, uses and transports and the impacts of its activities on their health, safety and environment. We will build alliances with the government, policy makers, businesses and advocacy groups to develop sound policies, laws, regulations and practices that improve quality, health safety and the environment.

Management and Employee Commitment & Accountability

The Board of Directors, including the Chief Executive Officer, will be informed about pertinent health, safety and environmental issues and will ensure that policies are in place and actions taken to achieve this commitment. Compliance with this commitment and applicable laws is the responsibility of every employee and contractor acting on our behalf and a condition of their employment or contract. Management in our business is responsible to educate, train and motivate employees to understand and comply with this commitment and applicable laws. We will deploy our resources, including research, development and capital, to meet this commitment and will do so in a manner that strengthens our businesses.

QHSE Policy

Every employee of Descon Oxychem Limited (DOL) ensures that Quality, Health, Safety and environment (QHSE) remains its top business priority to achieve maximum satisfaction of all stakeholders. We are committed to:

- Compliance with all applicable QHSE laws and regulations related to our business.
- Consider HSE Risks and significant impacts, while making business decisions.
- Develop Quality & HSE objectives at all levels of the company to become one of the benchmark QHSE organizations in the chemicals industry.
- Meet specified customer requirements by eliminating quality non-conformance, ensuring customer delight.
- Prevent accidents, occupational illnesses and other events to protect the health and safety of our people and host communities at all times, and in all circumstances.
- Respond promptly to any incidents and emergencies, implementing measures to prevent reoccurrence.
- Ensure the safety, integrity and reliability of its facilities and operations through effective implementation of Reliability Centered Management operating model.
- Minimize our impact on the environment through pollution prevention, reduction of natural resource consumption, emissions and the reduction/recycling of waste.
- Monitor, evaluate and continually improve our performance through the definition of operational standards, corrective & preventive, process safety assessment audit actions.
- Provide risk based and behavior based training and development opportunities to our employees to maintain job competence focused on developing a culture of excellence.
- Communicate openly with all stakeholders to demonstrate responsibility in the areas of Quality, Health, Safety and Environment.
- Hold contractors and third parties accountable for adhering to the company's QHSE policy and procedures to ensure satisfactory safety and environmental performance.

QHSE policy and program at DOL is progressively complied with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 Halal standards' requirements.

Directors' Report to the Shareholders

Though the economy continues to make steady progress around stability gains, and economic expansion is expected to be around 5% this year. However, there are concerns over challenges in the fiscal, energy and external sectors. During the current year, the fiscal deficit is projected to reach 4.1% of GDP. This is a departure from the budgeted deficit limit of 3.8%. Further, strong initiatives are needed for fiscal consolidation, implementation of key structural reforms and caution in managing the country's external position. There is a need for greater exchange rate flexibility to improve the export sector.

Moving towards business results, it is evolving into a benchmark year for your company.

Financial Highlights

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees '000' -----			
Sales	502,121	387,363	1,497,232	1,132,052
Gross profit	122,208	54,273	418,273	211,827
Profit from operations	83,050	23,842	302,636	124,894
Profit before taxation	81,694	12,733	291,845	57,525
Profit for the period	48,176	8734	174,232	22,965
Earnings per share (Rupees)	0.47	0.09	1.71	0.23
Production (MT)	8577	6886	26175	23898

Your company made a net profit of PKR 174 million during the nine months compared with a profit of PKR 22.9 million in the corresponding period last year, an improvement of PKR 151 million or 656%. Gross profit for the nine months has increased by PKR 206 million, from 19% to 28%, in comparison with the same period last year. Increase in gross profit was driven by improved selling prices contributed by increase in underlying price and geographical mix, a complete realignment of marketing strategy, delivering significant productivity improvements and containing cost.

Earnings per share (basic) demonstrated substantial improvements, up from PKR 0.23 to PKR 1.71, contributing to the financial well-being of existing shareholders, and creating considerable interest for prospective investors. Your Company is making large strides, towards reversing the accumulated losses over the years.

The company continued to demonstrate its firm commitment to all aspects of health, safety and environment, integrating these actions with the organizational culture. Safety performance consistently improved, and the business achieved 4.79 million man hours with zero Lost Time Incidents, since commissioning its manufacturing facilities in December 2008. There was no recordable injury to any employee or contractor. The company remained fully compliant with its risk-based employees' health surveillance program – third quarter closed without a single reportable occupational illness. The business remained fully compliant with all national and provincial air and liquid emission standards. The overarching goal is to substantially increase stakeholder value by delivering sustainable solutions to our customers.

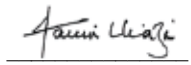
Future Outlook

With Pakistan gaining economic momentum, substantial changes in corporate strategy, your company is on-track to materially improve its growth, market share and financial performance in 2017. Further, as part of the diversification strategy, your company is making inroads in the food, beverage, and disinfectant segments including livestock and poultry. The board has decided to actively evaluate a number of options for manufacturing capacity expansion, which will enable the business to provide stronger and seamless supply chain to all its customers in Pakistan. This will continue to deliver higher value and performance which our stakeholders expect.

We sincerely thank and acknowledge all patrons for their steadfast support.

For and on behalf of the Board

Lahore
April 25, 2017

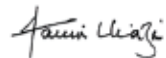

Amir Niazi Chief Executive Officer

Condensed Interim Profit and Loss Account

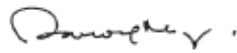
for the Quarter and Nine Months Ended March 31, 2017 (Unaudited)

Note	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees '000' -----			
Sales	502,121	387,363	1,497,232	1,132,052
Cost of sales	(379,913)	(333,090)	(1,078,959)	(920,225)
Gross profit	122,208	54,273	418,273	211,827
Administrative expenses	(16,781)	(16,215)	(52,390)	(48,246)
Distribution and selling cost	(19,508)	(14,992)	(55,012)	(47,895)
Other operating income	1,442	1,711	7,130	16,269
Other expenses	(4,311)	(935)	(15,365)	(7,061)
Profit from operations	83,050	23,842	302,636	124,894
Finance cost	(1,356)	(11,109)	(10,791)	(67,369)
Profit before taxation	81,694	12,733	291,845	57,525
Taxation	(33,518)	(3,999)	(117,613)	(34,560)
Profit for the period	48,176	8,734	174,232	22,965
Earnings per share	14.1	0.47	0.09	1.71
- Basic - Rupees	14.2	0.23	0.06	0.82
- Diluted - Rupees				0.16

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



CHIEF EXECUTIVE



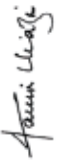
DIRECTOR

Condensed Interim Statement of Comprehensive Income

for the Quarter and Nine Months Ended March 31, 2017 (Unaudited)

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees '000' -----			
Profit for the period after taxation	48,176	8,734	174,232	22,965
Items that may be reclassified subsequently to profit or loss:				
Other comprehensive income				
Fair value gain on 'Available for sale' investments	-	-	-	168
Gain during the period transferred to profit and loss on account of derecognition of investment	-	-	-	(168)
Items that will not be reclassified subsequently to profit or loss				
Total comprehensive income for the period	48,176	8,734	174,232	22,965

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



CHIEF EXECUTIVE



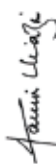
DIRECTOR

Condensed Interim Statement Of Changes In Equity

for the Nine Months Ended March 31, 2017 (Unaudited)

	Share Capital		Preference Share capital	Accumulated loss	Total
	Ordinary Share capital	Preference Share capital			
				Rupees '000'	
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 of Rs 10 each					
Profit for the period				22,965	22,965
Total comprehensive income for the period				(619,622)	1,500,378
Balance as on March 31, 2016	1,020,000	1,100,000	1,100,000	(607,476)	1,512,524
Balance as on July 1, 2016	1,020,000	-	-	22,965	174,232
Profit for the period				174,232	174,232
Total comprehensive income for the period				(433,244)	1,686,756
Balance as on March 31, 2017	1,020,000	1,100,000	1,100,000		1,686,756

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



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Cash Flow Statement

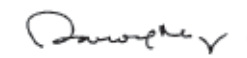
for the Nine Months Ended March 31, 2017 (Unaudited)

	Nine months ended	
	March 31, 2017	March 31, 2016
	Note ----- Rupees '000' -----	
Cash flows from operating activities		
Cash generated from operations	16 407,975	275,240
Finance cost paid	(183,597)	(52,035)
Profit on deposits received	4,278	1,055
Income tax paid	(4,064)	(12,566)
Net cash generated from operating activities	224,592	211,694
Cash flows from investing activities		
Fixed capital expenditure (including intangibles)	(4,346)	(28,256)
Proceeds from sale of fixed assets	147	634
Increase in long term deposits	-	(1,100)
Investments purchased during the period	-	(39,958)
Proceeds from sale of available for sale investments	-	40,126
Net cash used in from investing activities	(4,199)	(28,554)
Cash flows from financing activities		
Repayment of long term loan - net	(356,564)	(164,264)
Receipt against issuance of preference shares	-	2,044
Net cash used in financing activities	(356,564)	(162,220)
Net (decrease) / increase in cash and cash equivalents	(136,171)	20,920
Cash and cash equivalents at beginning of the period	171,560	23,409
Cash and cash equivalents at the end of the period	17 35,389	44,329

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



CHIEF EXECUTIVE



DIRECTOR

Notes To And Forming Parts Of the Condensed Interim Financial Information

for the Quarter and Nine Months Ended March 31, 2017 (Unaudited)

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, 2016.

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, 2016. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2016, except for estimation of provision for taxation as referred to in note 4.

3.2 Standards, amendments and interpretations to published approved accounting standards

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

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual periods beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

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

Certain standards, amendments to the approved accounting standards and interpretations are mandatory for the annual periods beginning on or after January 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

4. Taxation

The provision for taxation for the quarter and nine months ended March 31, 2017 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Preference shares

5.1 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.

5.2 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.

		March 31, 2017 Unaudited	June 30, 2016 Audited
	Note	----- Rupees '000' -----	-----
6. Long term loans - secured			
From Financial Institutions	- note 6.1	-	336,564
		-	336,564
Less: Current portion shown under current liabilities		-	(224,742)
		-	111,822
6.1 From Financial Institutions			
Loan - 1	- note 6.1.1	-	244,519
Loan - 2	- note 6.1.2	-	92,045
		-	336,564
Less: Current portion shown under current liabilities		-	(224,742)
		-	111,822

6.1.1 This was 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 was 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 carried markup at six month KIBOR plus 2% per annum and was payable semi annually.

The loan has been repaid in full during the nine months ended March 31, 2017.

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

The loan has been repaid in full during the nine months ended March 31, 2017.

		March 31, 2017 Unaudited	June 30, 2016 Audited
	Note	----- Rupees '000'	-----
7. Accrued Finance Cost			
Long term finances - secured		-	9,359
- Financial institutions	- note 7.1	123,641	187,381
- Associated companies	- note 7.1	167,326	267,350
Long Term Loans - unsecured		<u>879</u>	<u>562</u>
Finances under markup arrangements - secured		<u>291,846</u>	<u>464,652</u>

7.1 Pursuant to settlement of the loans towards preference shares, the entire amount of the accrued finance cost is now payable on demand.

8. Contingencies and commitments

8.1 Contingencies

Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract amounting to Rs. 48.64 million (June 2016: Rs. 48.64 million).

8.2 Commitments

i) The company has commitments in respect of letters of credit other than capital expenditure amounting to Rs. 35.095 million (June 2016: Rs. 53.110 million).

ii) Cumulative dividend on preference shares of Rs. 231 million (June 2016 : Rs. 132 million)

	Note	March 31, 2017 Unaudited	June 30, 2016 Audited
		----- Rupees '000'	-----
9. Property, plant and equipment			
Operating assets	- note 9.1	1,504,708	1,626,442
Capital work-in-progress		-	7,098
Major spare parts, catalysts and standby equipment		<u>20,117</u>	<u>21,943</u>
		<u>1,524,825</u>	<u>1,655,483</u>
9.1 Operating assets - at net book value			
Add: Opening book value		1,626,442	1,752,421
Add: Additions during the period	- note 9.1.1	<u>12,893</u>	<u>44,399</u>
		1,639,335	1,796,820
Less: Disposals during the period (at book value)		-	1,310
Less: Depreciation charged during the period		<u>134,627</u>	<u>169,068</u>
Closing book value		<u>1,504,708</u>	<u>1,626,442</u>
9.1.1 Additions during the period			
Buildings on freehold land		2,045	462
Plant, machinery and equipment		9,009	36,010
Plant, machinery and equipment - catalyst		-	3,286
Material Handling		-	315
Tools and Equipment		510	1,770
Computer equipment		605	931
Electrical equipment		192	893
Office equipment		229	41
Furniture and fixture		236	57
Vehicles		67	634
		<u>12,893</u>	<u>44,399</u>

	March 31, 2017 Unaudited	June 30, 2016 Audited
	----- Rupees '000' -----	
9.1.2 Disposals during the period		
Plant, machinery and equipment	-	243
Computer equipment	-	66
Vehicles	-	1,001
	<u>-</u>	<u>1,310</u>

The net book value of assets disposed off during the period is Nil (2016: Rs. 1.31 million).

10. Stock in trade

Raw material including in transit of Rs 5.022 million (June 2016: Rs 3.836 million)]	13,241	28,119
Work-in-process	-	291
Finished goods	11,113	4,191
	<u>24,354</u>	<u>32,601</u>

10.1 Finished goods include unused packing material of Rs. 3.894 million (June 2016: Rs 1.850 million).

11. These include sales tax receivable of Rs 165.278 million (June 2016: Rs 135.002 million).

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees '000' -----			
12. Sales				
Gross sales:				
- Local	534,487	393,896	1,580,459	1,121,163
- Export	3,466	28,134	20,828	109,835
	<u>537,953</u>	<u>422,030</u>	<u>1,601,287</u>	<u>1,230,998</u>
Less: Commission and discount on sales	(12,649)	(12,012)	(42,913)	(42,783)
Less: Sales Tax	(23,183)	(22,655)	(61,142)	(56,163)
Net Sales	<u>502,121</u>	<u>387,363</u>	<u>1,497,232</u>	<u>1,132,052</u>

13. Cost of goods sold

Raw material consumed	146,866	121,878	439,904	417,804
Salaries, wages and other benefits	20,209	16,711	59,722	52,904
Repair and maintenance	11,071	10,257	30,863	25,339
Fuel and power	69,592	49,650	201,340	176,513
Services through contractors	13,859	11,383	31,990	30,482
Travelling	587	163	1,455	1,017
Annual shutdown expenses	-	20,267	-	21,242
Communication	143	114	455	302

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees '000' -----			
Rent & rates	6,720	7,232	17,772	25,319
Depreciation on property, plant and equipment	48,888	42,140	135,812	125,647
Safety items consumed	2,095	1,986	6,180	5,958
Miscellaneous	353	52	916	732
	191	(145)	1,513	956
	<u>320,574</u>	<u>281,688</u>	<u>927,922</u>	<u>884,215</u>
Add: Opening work in process	-	249	291	291
Less: Closing work in process	-	-	-	-
	<u>-</u>	<u>249</u>	<u>291</u>	<u>291</u>
Cost of goods produced	320,574	281,937	928,213	884,506
Add: Opening finished goods	5,926	22,270	4,191	6,836
Less: Closing finished goods	(11,113)	(12,011)	(11,113)	(12,011)
	(5,187)	10,259	(6,922)	(5,175)
Cost of goods sold - own manufactured	315,387	292,196	921,291	879,331
Cost of goods sold - purchase for resale	64,526	40,894	157,668	40,894
Cost of goods sold	<u>379,913</u>	<u>333,090</u>	<u>1,078,959</u>	<u>920,225</u>

14. Earnings per share

14.1 Basic earnings per share

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees '000' -----			
Profit for the period	48,176	8,734	174,232	22,965
Weighted average number of ordinary shares	102,000	102,000	102,000	102,000
Earnings per share	0.47	0.09	1.71	0.23

14.2 Diluted earnings per share

Profit for the period	48,176	8,734	174,232	22,965
Weighted average number of ordinary shares	102,000	102,000	102,000	102,000
Add: Weighted average number of preference shares	110,000	36,131	110,000	37,336
Weighted average number of outstanding shares	212,000	138,131	212,000	139,336
Diluted earning per share	0.23	0.06	0.82	0.16

		<u>Nine months ended</u>	
		<u>March 31, 2017</u>	<u>March 31, 2016</u>
		----- Rupees '000' -----	
15. Transactions with related parties			
Relationship with the company	Nature of Transaction		
i. Associated undertakings	Purchase of goods and services	7,215	16,004
	Sale of goods	29	520
	Share of common expenses charged from associated companies	14,947	23,692
	Share of common expenses charged to associated companies	2,660	7,013
	Mark-up expense	708	30,564
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,502	1,413
iii. Key management personnel	Salaries and other employee benefits	37,765	25,681
		March 31, 2017	June 30, 2016
		Unaudited	Audited
		----- Rupees '000' -----	
Relationship with the company	Nature of transaction		
Period-end balances			
Associated undertakings	Payable to related parties	12,294	20,615
	Receivable from related parties	308	64
	Accrued finance cost	290,967	454,731
	Current portion of long term loans - unsecured	-	20,000
		March 31, 2017	March 31, 2016
		----- Rupees '000' -----	
16. Cash generated from operations			
Profit before taxation		291,845	57,525
Adjustments for:			
- Depreciation on property, plant and equipment		134,627	125,112
- Amortization of intangible assets		1,480	1,428
- Finance cost		10,791	67,369
- Interest on bank deposits		(4,278)	(1,055)
- Provision for accumulating compensated absences		852	1,088
- Provision for slow moving stocks		2,250	-
- Provision/(reversal) for bad debts		2,250	197
- Exchange gain		29	(696)
- Gain on sale of property, plant and equipment		(147)	(451)
- Gain on sale of available for sale investments		-	(168)
Cashflows before working capital changes		<u>439,699</u>	<u>250,349</u>
Effect on cash flow due to working capital changes			
- (Increase) in stores and spares		(6,988)	23,707
- Decrease in stock-in-trade		5,997	8,123
- (Increase) / decrease in trade debts		(56,537)	17,623
- (Increase) in advances, deposits, prepayments and other receivables		(25,909)	(36,904)
- Increase / (Decrease) in trade and other payables		51,713	12,342
		<u>(31,724)</u>	<u>24,891</u>
Cash generated from operations		<u>407,975</u>	<u>275,240</u>

17. Cash and cash equivalents

	March 31, 2017 Unaudited	June 30, 2016 Audited
	----- Rupees '000' -----	
Cash and bank balances	35,389	221,560
Finances under markup arrangement - secured	-	(50,000)
	<u>35,389</u>	<u>171,560</u>

18. Fair value of financial instruments

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

Specific valuation techniques used to value financial instruments include:

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

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

19. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2016.

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

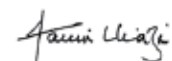
20. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 25, 2017 by the Board of Directors of the Company.

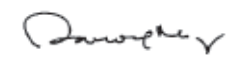
21. Corresponding figures

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