



leading.

Descon Oxychem Limited

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2017-18

Quarter Ended March 31, 2018

Descon Oxychem Limited

Report and Accounts



Your Solution, Our Chemicals

Vision

Our vision is to be the leading Pakistan supplier of oxidative solutions based on hydrogen peroxide, complemented by related 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 high standards of corporate responsibility towards all our stakeholders.

Mission

The mission is underpinned by four principles including safety, innovation, sustainability and customer focus. Our world class safety record is a deep part of our company's heritage, and 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 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 unwavering commitment towards all customers' needs.

Our Values

- Continuous Improvement
- Leadership
- Accountability & Ownership
- Teamwork
- Open Communication
- Safety

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Company Information

Board of Directors

Abdul Razak Dawood	Chairman
Taimur Dawood	Chief Executive Officer
Asif Qadir	
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
Soneri Bank Limited
Askari Bank Limited
MCB 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

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.desconoxychem.com

Directors' Report to the Shareholders

The Board of Directors of the company are pleased to present the nine months report along with the financial statements for the period ending March 31, 2018.

Your company continuously strives to sustain its consistent performance which can be gauged by the fact that this is the tenth consecutive quarter, where the business has delivered exceptional results.

We continuously strive to sustain our performance despite a challenging macro-economic environment. The business has faced some uncontrollable cost (utilities) challenges during the period, however its impact has been offset by focusing more on its revenue streams and controllable costs.

The financial highlights for the quarter and nine months as follows:

Financial Highlights

	Quarter ended		Nine Months Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees '000' -----			
Sales	517,353	502,121	1,470,435	1,497,232
Gross profit	133,202	122,208	378,233	418,273
Profit from operations	86,741	83,050	251,265	302,636
Profit before taxation	84,812	81,694	246,923	291,845
Profit for the period	55,001	48,176	159,573	174,232
Earnings per share (Rupees)	0.54	0.47	1.56	1.71
Sale (MT)	8348	8494	26365	26304

Your company made a net profit of PKR 159 million during the nine months compared with a net profit of PKR 174 million in the corresponding period last year, a decline of PKR 14.6 million or 8%, however quarter ended March 2018 closed at net profit of PKR 55 million, an improvement of PKR 7 million or 14.5% higher as compared to same period last year. Main reason for the dip in gross profit for nine months is the increase in RLNG rate charged to the industry during the winter months. Gross profit for the March 2018 quarter increased by PKR 11 million as compared with same period last year. Increase in gross profit was driven by improved selling prices contributed by increase in underlying international prices and Pak Rupee devaluation. Finance cost has significantly reduced as the company repaid all its long-term debt last year. Stringent controls over working capital resulted a steady stream of cash.

During the quarter, the Board approved expansion plans at the existing facility which will enhance output by 25%. After the expansion comes on stream, your company will further strengthen its leadership position in the market.

The Board of Directors approved an interim preference dividend @ 12% for payment to its preference shareholders.

The company continued to demonstrate its firm commitment to all aspects of health, safety and environment, integrating these activities with the organizational culture. Safety performance consistently improved, and the business achieved 5.4 million man hours with zero Lost Time Incidents (LTIs), since commissioning of its manufacturing facilities in December 2008. There was no recordable injury to any employee or third party staff. The company remained fully compliant with its risk-based employees' health surveillance program.

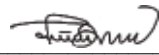
Future Outlook

We witnessed an increasing trend on the demand side in South Asia and ASEAN markets resulting in an increase in international prices in the region. The increase in international prices allowed your company to increase prices in the local market. Your company is on track to deliver stellar results yet again this year. We expect the prices to remain strong in the medium term.

Further, as part of the diversification strategy, your company continues to explore the food, beverage, and disinfectant markets coupled with efforts on livestock and poultry industry. Management of your company will strive to deliver well beyond the expectations of our stakeholders.

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

For and on behalf of the Board



Taimur Dawood Chief Executive Officer

Lahore
April 18, 2018

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

کئینی کے بورڈ آف ڈائریکٹرز 31 مارچ 2018ء کی فنانشل سٹیٹمنٹ کے ساتھ نو ماہ کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپ کی کئینی نے مسلسل بہترین کارکردگی کو جاری رکھا جس کا اندازہ سرمایہ کے دوران منافع بخش کاروبار سے لگایا جاسکتا ہے۔ مشکل اقتصادی صورتحال کے باوجود آپ کی کئینی مسلسل کارکردگی کو برقرار رکھ رہی ہے۔ کاروبار کو اس عرصہ کے دوران چند غیر متوقع اخراجات (یوٹیلیٹی) جیسے جینٹیلوں کا سامنا کرنا، بائین اخراجات پر کٹاؤ، شکاری اور ذرائع آمدن پر توجہ دینے سے اس کے اثرات کو کم کر دیا گیا۔

سرمایہ اور نو ماہ کے مالی حقائق حسب ذیل ہیں:

فنانشل حقائق

	نوامہ کے اختتام پر		سرمایہ کے اختتام پر	
	31 مارچ 2017	31 مارچ 2018	31 مارچ 2017	31 مارچ 2018
	روپے '000'			
سبز	1,497,232	1,470,435	502,121	517,353
مجموعی منافع	418,273	378,233	122,208	133,202
آپریٹنگ منافع ہونے والا منافع	302,636	251,265	83,050	86,741
ٹیکس ٹوٹی سے قبل منافع	291,845	246,923	81,694	84,812
عرصہ کا منافع	174,232	159,573	48,176	55,001
فی شیئر آمدن (روپے)	1.71	1.56	0.47	0.54
سیل (ایم ٹی)	26304	26365	8494	8348

کئینی نے گزشتہ سال اسی عرصہ کے 174 ملین (پاکستانی روپوں میں) خالص منافع کے مقابلہ میں نو ماہ کے دوران 14.6 ملین 8 فیصد کمی کے ساتھ 159 ملین (پاکستانی روپوں میں) خالص منافع کمایا، تاہم مارچ 2018ء کی سرمایہ کے اختتام پر خالص منافع 55 ملین (پاکستانی روپوں میں) رہا جو گزشتہ سال اسی مدت کے مقابلہ میں 7 ملین 14.5 فیصد زیادہ ہے۔ گزشتہ 9 ماہ کے مجموعی منافع میں کمی کی بنیادی وجہ موسم سرما کے دوران آرائل این جی کی قیمتوں میں اضافہ ہے۔ مارچ 2018ء کی سرمایہ کے اختتام پر مجموعی منافع کے اندر گزشتہ سال کے مقابلہ میں 11 ملین پاکستانی روپوں کی بہتری آئی۔ مجموعی منافع میں اضافہ بہتر قیمت فروخت، بین الاقوامی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی کی وجہ سے ہے۔ گزشتہ سال طویل المدت قرضہ جات کی مکمل ادائیگی کی وجہ سے مالی لاگت میں نمایاں طور پر کمی ہوئی ہے۔

سرمایہ کے دوران، بورڈ نے موجودہ سہولیات پر توسیع کی منظوری دی ہے جس سے پیراوار میں 25 فیصد اضافہ ہوگا۔ جسکے نتیجے میں آپ کی کئینی اپنی ساخت کو مزید مضبوط کرے گی۔ کئینی نے صحت، حفاظت اور ماحول کے تمام پہلوؤں میں اپنی مضبوطی کا مظاہرہ کیا اور ان سرگرمیوں کو تنظیمی ثقافت کے ساتھ تھکایا۔ سیٹھی کی کارکردگی میں مسلسل اضافہ ہوا اور کاروبار نے دسمبر 2008 میں اس کی مینوفیکچرنگ سہولیات کے کمیشن کے بعد سے اب تک بغیر کسی حادثہ کے 5.4 ملین گھنٹے کام کیا ہے۔ کئینی اس خطرے پر مبنی ملازمتوں کے صحت کی نگرانی کے پروگرام کے ساتھ مکمل طور پر عمل پیرا ہے۔

مستقبل کا منظر

ہم نے جنوبی ایشیا اور ASEAN مارکیٹ میں طلب کے بڑھتے ہوئے رجحان کو دیکھا ہے جس کے نتیجے میں بین الاقوامی قیمتوں میں اضافہ ہوا ہے۔ بین الاقوامی قیمتوں میں اضافہ کی وجہ سے آپ کی کئینی نے مقامی قیمتوں میں اضافہ کیا۔ آپ کی کئینی اس سال بہترین نتائج فراہم کرنے کے ٹریک پر ہے۔ ہم امید کرتے ہیں کہ قیمتیں درمیانی مدت میں مضبوط رہیں گی۔ اس کے علاوہ، متنوع حکمت عملی کے ایک حصے کے طور پر، آپ کی کئینی نے مومبئی اور پلازما صنعت کی کوششوں کے ساتھ مل کر کھانے، مشروبات، اور ڈس انفیکٹ مارکیٹوں کو تلاش کرنے کی کوشش کی ہے۔ آپ کی کئینی اسٹیبل ہولڈرز کی توقعات سے بڑھ کر کارکردگی دکھانے کی کوشش کرتی رہے گی۔

ہم اپنے تمام مہبران کے تہدول سے شکور ہیں۔

برائے دلچسپی اور



چیف ایگزیکٹو آفیسر

18 اپریل 2018ء، لاہور

Condensed Interim Balance Sheet

as at March 31, 2018

Note	March 31, 2018	June 30, 2017
	Unaudited	Audited
	----- Rupees '000' -----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
110,000,000 (June 2017: 110,000,000) ordinary shares of Rs 10 each	1,100,000	1,100,000
110,000,000 (June 2017 : 110,000,000) preference shares of Rs 10 each	1,100,000	1,100,000
Issued, subscribed and paid up capital		
102,000,000 (June 2017: 102,000,000) ordinary shares of Rs 10 each	1,020,000	1,020,000
110,000,000 (June 2017 : 110,000,000) preference shares of Rs 10 each	5 1,100,000	1,100,000
Accumulated loss	(374,978)	(402,551)
	1,745,022	1,717,449
CURRENT LIABILITIES		
Finances under markup arrangement- secured	77,459	42,231
Trade and other payables	209,770	209,488
Accrued finance cost	6 1,269	191,203
Income tax payable	8,908	-
	297,406	442,922
CONTINGENCIES AND COMMITMENTS		
	2,042,428	2,160,371
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 1,433,359	1,518,988
Intangible assets	2,116	1,813
Long term deposits	17,654	17,654
Deferred taxation	42,172	86,434
	1,495,301	1,624,889
CURRENT ASSETS		
Stores and spares	208,767	203,073
Stock-in-trade	9 55,362	47,803
Trade debts - unsecured	56,721	67,322
Advances, deposits, prepayments and other receivables	10 217,799	194,518
Income tax recoverable	-	1,006
Cash and bank balances	16 8,478	21,760
	547,127	535,482
	2,042,428	2,160,371

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR
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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees '000' -----			
Sales	11 517,353	502,121	1,470,435	1,497,232
Cost of sales	12 (384,151)	(379,913)	(1,092,202)	(1,078,959)
Gross profit	133,202	122,208	378,233	418,273
Administrative expenses	(19,526)	(16,781)	(60,006)	(52,390)
Distribution and selling cost	(16,731)	(19,508)	(50,392)	(55,012)
Other operating income	5,569	1,442	13,297	7,130
Other expenses	(15,773)	(4,311)	(29,867)	(15,365)
Profit from operations	86,741	83,050	251,265	302,636
Finance cost	(1,929)	(1,356)	(4,342)	(10,791)
Profit before taxation	84,812	81,694	246,923	291,845
Taxation	(29,811)	(33,518)	(87,350)	(117,613)
Profit for the period	55,001	48,176	159,573	174,232
Earnings per share				
- Basic - Rupees	13.1 0.54	0.47	1.56	1.71
- Diluted - Rupees	13.2 0.26	0.23	0.75	0.82

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

Condensed Interim Statement of Comprehensive Income

for the Quarter and Nine Months Ended March 31, 2018 (Unaudited)

	Quarter ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees '000' -----			
Profit for the period after taxation	55,001	48,176	159,573	174,232
Items that may be reclassified subsequently to profit or loss:				
Other comprehensive income				
Fair value gain on 'Available for sale' investments	-	-	-	-
Gain during the period transferred to profit and loss on account of derecognition of investment	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	<u>55,001</u>	<u>48,176</u>	<u>159,573</u>	<u>174,232</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR
Condensed Interim Statement of Changes In Equity

for the Nine Months Ended March 31, 2018 (Unaudited)

	Share Capital		Preference Share capital	Accumulated loss	Total
	Ordinary Share capital	Share capital			
	----- Rupees '000' -----				
Balance as on July 1, 2016	1,020,000	-	1,100,000	(607,476)	1,512,524
Total contributions by and distributions to owners of the Company recognized directly in equity	-	-	-	-	-
Profit for the period	-	-	-	174,232	174,232
Total comprehensive income for the period	1,020,000	-	1,100,000	(433,244)	1,686,756
Balance as on March 31, 2017	1,020,000	-	1,100,000	(402,551)	1,717,449
Profit for the period	-	-	-	159,573	159,573
Total comprehensive income for the period	-	-	-	159,573	159,573
Preference dividend paid @ Rs. 1.2 per share	-	-	-	(132,000)	(132,000)
Balance as on March 31, 2018	1,020,000	-	1,100,000	(374,978)	1,745,022

Balance as on July 1, 2016
Total contributions by and distributions to owners of the Company recognized directly in equity

Profit for the period

Total comprehensive income for the period

Balance as on March 31, 2017

Balance as on July 1, 2017

Profit for the period

Total comprehensive income for the period

Preference dividend paid @ Rs. 1.2 per share

Balance as on March 31, 2018

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Cash Flow Statement

for the Nine Months Ended March 31, 2018 (Unaudited)

Note	Nine months ended	
	March 31, 2018	March 31, 2017
	----- Rupees '000' -----	
Cash flows from operating activities		
Cash generated from operations	15 365,617	407,975
Finance cost paid	(194,276)	(183,597)
Profit on deposits received	766	4,278
Income tax paid	(33,174)	(4,064)
Net cash generated from operating activities	138,933	224,592
Cash flows from investing activities		
Fixed capital expenditure	(55,443)	(4,346)
Proceeds from sale of fixed assets	-	147
Net cash used in investing activities	(55,443)	(4,199)
Cash flows from financing activities		
Repayment of long term loan - net	-	(356,564)
Preference dividend paid	(132,000)	-
Net cash used in financing activities	(132,000)	(356,564)
Net (decrease) / increase in cash and cash equivalents	(48,510)	(136,171)
Cash and cash equivalents at beginning of the period	(20,471)	171,560
Cash and cash equivalents at the end of the period 16	(68,981)	35,389

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Notes To And Forming Part Of the Condensed Interim Financial Information

for the Quarter and Nine Months Ended March 31, 2018 (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, 2017.

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, 2017. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2017, 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, 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.

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, 2018 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, 2018 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.

6. Accrued finance cost

	March 31, 2018 Unaudited	June 30, 2017 Audited
	----- Rupees '000' -----	
Long term finances - secured		
- Associated companies	-	81,149
Long Term Loans - unsecured	-	109,818
Finances under markup arrangements - secured	1,269	236
	<u>1,269</u>	<u>191,203</u>

7. Contingencies and commitments

7.1 Contingencies

Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract amounting to Rs. 48.64 million (June 2017: Rs. 48.64 million).

7.2 Commitments

- i) The company has commitments in respect of letters of credit other than capital expenditure amounting to Rs. 13.229 million (June 2017: Rs. 85 million).
- ii) Cumulative dividend on preference shares of Rs. 231 million (June 2017 : Rs. 264 million)

	Note	March 31, 2018 Unaudited	June 30, 2017 Audited
		----- Rupees '000' -----	
8. Property, plant and equipment			
Operating assets	- note 8.1	1,324,191	1,452,260
Capital work-in-progress		9,982	400
Major spare parts, catalysts and standby equipment		99,186	66,328
		<u>1,433,359</u>	<u>1,518,988</u>
8.1 Operating assets - at net book value			
Opening book value		1,452,260	1,626,442
Add: Additions during the period	- note 8.1.1	11,001	14,126
		<u>1,463,261</u>	<u>1,640,568</u>
Less: Disposals during the period (at book value) - note 8.1.2		7,543	2,189
Less: Depreciation charged during the period		131,527	181,592
Less: Impairment Loss		-	4,527
Closing book value		<u>1,324,191</u>	<u>1,452,260</u>
8.1.1 Additions during the period			
Buildings on freehold land		1,635	2,045
Plant, machinery and equipment		6,957	8,869
Laboratory equipment		-	221
Tools and equipment		734	1,362
Computer equipment		926	695
Electrical equipment		-	319
Office equipment		749	296
Furniture and fixture		-	252
Vehicles		-	67
		<u>11,001</u>	<u>14,126</u>
8.1.2 Disposals during the period			
Plant, machinery and equipment		7,399	1,638
Tools and equipment		-	537
Computer equipment		144	-
Office equipment		-	14
		<u>7,543</u>	<u>2,189</u>

9. Stock in trade	Note	March 31, 2018	June 30, 2017
		Unaudited	Audited
		----- Rupees '000' -----	
Raw material including in transit of Rs 5.022 million (June 2017: Rs 10.380 million)]		46,438	16,024
Work-in-process	9.1	5,638	2,680
Finished goods		3,286	29,099
		<u>55,362</u>	<u>47,803</u>

9.1 Work in process include unused packing material of Rs. 5.638 million (June 2017: Rs 2.374 million).

10. These include sales tax receivable of Rs 204.132 million (June 2017: Rs 187.52 million).

11. Sales	Quarter ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees '000' -----			
Gross sales:				
- Local	539,382	534,487	1,547,742	1,580,459
- Export	9,033	3,466	13,940	20,828
	<u>548,415</u>	<u>537,953</u>	<u>1,561,682</u>	<u>1,601,287</u>

Less: Commission and discount on sales	(10,950)	(12,649)	(33,018)	(42,913)
Less: Sales tax	(20,112)	(23,183)	(58,229)	(61,142)
Net Sales	<u>517,353</u>	<u>502,121</u>	<u>1,470,435</u>	<u>1,497,232</u>

12. Cost of goods sold

Raw material consumed	176,699	146,866	446,179	432,368
Salaries, wages and other benefits	21,216	20,209	63,590	59,722
Repair and maintenance	15,288	11,071	35,251	30,863
Fuel and power	61,373	69,592	196,598	201,340
Services through contractors	12,883	13,859	35,883	39,526
Travelling	421	587	1,180	1,455
Communication	154	143	513	455
Rent & rates	5,645	6,720	16,867	17,772
Depreciation on property, plant and equipment	41,989	48,888	128,960	135,812
Insurance	2,188	2,095	6,368	6,180
Safety items consumed	187	353	1,050	916
Miscellaneous	653	191	2,218	1,513
	<u>338,696</u>	<u>320,574</u>	<u>934,657</u>	<u>927,922</u>
Add: Opening work in process	2,410	-	2,680	291
Less: Closing work in process	(5,638)	-	(5,638)	-
	<u>(3,228)</u>	<u>-</u>	<u>(2,958)</u>	<u>291</u>
Cost of goods produced	<u>335,468</u>	<u>320,574</u>	<u>931,699</u>	<u>928,213</u>
Add: Opening finished goods	1,969	5,926	29,099	4,191
Less: Closing finished goods	(3,286)	(11,113)	(3,286)	(11,113)
	<u>(1,317)</u>	<u>(5,187)</u>	<u>25,813</u>	<u>(6,922)</u>
Cost of goods sold - own manufactured	334,151	315,387	957,512	921,291
Cost of goods sold - purchase for resale	<u>50,000</u>	<u>64,526</u>	<u>134,690</u>	<u>157,668</u>
Cost of goods sold	<u>384,151</u>	<u>379,913</u>	<u>1,092,202</u>	<u>1,078,959</u>

13. Earnings per share		Quarter ended		Nine months ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017

13.1 Basic earnings per share

Profit for the period	Rupees in thousand	55,001	48,176	159,573	174,232
Weighted average number of ordinary shares	Number in thousand	102,000	102,000	102,000	102,000
Earnings per share	Rupees	0.54	0.47	1.56	1.71

13.2 Diluted earnings per share

Profit for the period	Rupees in thousand	55,001	48,176	159,573	174,232
Weighted average number of ordinary shares	Number in thousand	102,000	102,000	102,000	102,000
Add: Weighted average number of preference shares	Number in thousand	110,000	110,000	110,000	110,000
Weighted average number of outstanding shares	Number in thousand	212,000	212,000	212,000	212,000
Diluted earning per share	Rupees	0.26	0.23	0.75	0.82

14. Transactions with related parties

Relationship with the company	Nature of transaction	Nine months ended	
		March 31, 2018	March 31, 2017
		----- Rupees '000' -----	
i. Associated undertakings	Purchase of goods and services	42,892	7,215
	Sale of goods	17	29
	Share of common expenses charged from associated companies	41,680	14,947
	Share of common expenses charged to associated companies	814	2,660
	Mark-up expense	-	708
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,799	1,502
iii. Key management personnel	Salaries and other employee benefits	39,820	37,765
		March 31, 2018	June 30, 2017
		Unaudited	Audited
		----- Rupees '000' -----	
Relationship with the company	Nature of transaction		
		----- Rupees '000' -----	
Period-end balances			
Associated undertakings	Payable to related parties	7,668	13,318
	Receivable from related parties	1,175	58
	Accrued finance cost	-	190,967

	<u>Nine months ended</u>	
	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
	----- Rupees '000' -----	
15. Cash generated from operations		
Profit before taxation	246,923	291,845
Adjustments for:		
- Depreciation on property, plant and equipment	131,527	134,627
- Amortization of intangible assets	1,699	1,480
- Finance cost	4,342	10,791
- Interest on bank deposits	(766)	(4,278)
- Provision for accumulating compensated absences	(366)	852
- Provision for slow moving stocks	2,250	2,250
- Provision / (reversal) for bad debts	(9,888)	2,250
- Exchange loss / (gain)	(1,178)	29
- Loss / (gain) on sale of property, plant and equipment	7,543	(147)
Cashflows before working capital changes	<u>382,086</u>	<u>439,699</u>
Effect on cash flow due to working capital changes		
- (Increase) / decrease in stores and spares	(5,694)	(6,988)
- (Increase) / decrease in stock-in-trade	(9,809)	5,997
- (Increase) / decrease in trade debts	20,489	(56,537)
- (Increase) in advances, deposits, prepayments and other receivables	(23,281)	(25,909)
- Increase in trade and other payables	1,826	51,713
	<u>(16,469)</u>	<u>(31,724)</u>
Cash generated from operations	<u>365,617</u>	<u>407,975</u>
	March	June
	31, 2018	30, 2017
	Unaudited	Audited
	----- Rupees '000' -----	

16. Cash and cash equivalents

Cash and bank balances	8,478	21,760
Finances under markup arrangement - secured	(77,459)	(42,231)
	<u>(68,981)</u>	<u>(20,471)</u>

17. 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.

18. 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, 2017.

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

19. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 18, 2018 by the Board of Directors of the Company.

20. Corresponding figures

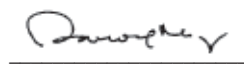
Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. During the year, the following major reclassification was made:

Reclassification from component Description	Note	Reclassification to component Description	Note	Unaudited March 31, 2017 (Rupees in thousand)
Cost of sales - Raw material consumed	12	Cost of sales - Services through contractors	12	7,536

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


CHIEF FINANCIAL OFFICER


DIRECTOR