

2016-17
Quarter Ended September 30, 2016

Close to the Customer



Descon Oxychem Limited
Report and accounts

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Company Information

Board of Directors

Abdul Razak Dawood	Chairman
Aamir Niazi	Chief Executive Officer
Asif Qadir	
Taimur Dawood	
Farooq Nazir	
Ahmed Razi Ghazali	
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 Ferozepur Road
Lahore - 53000 Pakistan.
Tel: +92 42 35923721-9

Plant Site

18-KM Lahore - Shekhupura 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

Directors' Report to the Shareholders

The Board of Directors are pleased to present the financial statements of the Company for quarter ended September 30, 2016.

Economic growth accelerated in Pakistan in fiscal year 2016 on the cumulative impact of the government's macroeconomic and structural reform program, sharply lower oil prices, and improved security, outpacing earlier growth forecast. Emerging consensus edges up the 2017 economic growth projection to above 5%. It also takes up the forecasts for inflation and the current account deficit, mainly on the expectation that crude prices could rebalance sooner rather than later, if a limit on output is achieved and proves effective. With this economic backdrop, the financial highlights for the September 2016 quarter are;

	Quarter ended	
	September 30, 2016	September 30, 2015
Sales value	477,801	348,090
Gross profit	144,690	63,898
Profit from operations	106,159	44,383
Profit / (loss) after tax	56,291	(1,326)
Earnings / (loss) per share – Basic - Rupees	0.55	(0.01)
Production (MT)	8,806	8,534

Gross profit of the company increased from Rs. 63.9 million (M) to Rs.144.7M, an improvement of 126%. Gross profit percentage has moved up from 18% to 30%. The increase in gross profits, both of absolute value and percentage, is mainly driven by increases in sales volume of 11% and sales price by 15%, compared with same period last year. Uninterrupted power supplies and decline in oil prices have further strengthened the company's profit margins. Comprehensive manufacturing process redesign has enabled your company to significantly improve productivity. This has directly resulted in achieving higher production levels safely. Production has increased from 8,534 metric tons (MT) to 8,806 MT for the quarter, an improvement of 3%. Finance cost came down by Rs 35M primarily due to conversion of sponsors' loan into preference share capital, repayment of long term loan installments and effective working capital management. Consequentially your company achieved an operating profit of Rs. 106M and profit after tax of Rs 56M for the quarter as compared to operating profit of Rs. 44M and loss after tax of Rs. 1M in the corresponding quarter. This represents a meaningful turnaround of Rs. 58M in profit after tax.

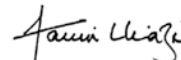
The company generated cash from operations of Rs. 143.8M during the quarter, compared with Rs. 33.3M in the same period last year, an improvement of Rs. 110.5M. Subsequently, the company has made accelerated long term loan repayments of Rs. 224.7M during the quarter, whereas one of the installment was due in February 2017. Your company is on track to make early repayment of remaining single installment of the bank loan before the close of this financial year which will make the company long term debt free.

During the quarter, your company was certified as OHSAS 18001: 2007 & ISO 14001: 2015 business, along with the existing ISO 9001: 2008 certification which was already in-place. This makes it the only Hydrogen Peroxide manufacturer in Pakistan to receive these distinctions. Further, there are only a handful of chemical companies in the country and the region that have received these global accreditations.

With improved product prices, favorable realignment of geographical sales mix, controlled costs and increased productivity, your company is on track to materially improve its financial performance this year. Protecting the local industry from illegal international dumping will remain a challenge, for which management has implemented effective strategies.

We thank all stakeholders for their unflinching and steadfast support.

For and on behalf of the Board



Aamir Niazi Chief Executive Officer

Lahore
October 26, 2016

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز، 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے مالیاتی بیانات پیش کرتے ہوئے سرمت محسوس کرتے ہیں۔ مالی سال 2016 میں حکومت کے معاشی اور سٹرکچرل اصلاحاتی پروگرام کی وجہ سے پاکستان میں مجموعی اقتصادی ترقی میں تیزی آئی ہے، تیل کی قیمتوں میں تیزی کے ساتھ کہی اور سیکورٹی کی بہتر صورتحال کی وجہ سے ترقی کی پہلے کی گئی پیشگوئی کو پیچھے چھوڑ دیا ہے۔ 2017 میں اقتصادی ترقی کی بڑھوتری 5 فیصد سے اوپر رہنے پر اتفاق رائے بن رہا ہے۔ جس کی بنیاد فراڈز کی پیشین گوئی، جاری حسابات کا خسارہ اور خام تیل کی قیمت کے جلد تو ازن میں آنے پر ہے۔ اس اقتصادی پس منظر کے ساتھ ستمبر 2016 کی سہ ماہی کارکردگی کا مالیاتی خلاصہ یہ ہے:

اختتام سہ ماہی	
September 30, 2015	September 30, 2016
Rupees '000	
348,090	477,801
63,898	144,690
44,383	106,159
(1,326)	56,291
(0.01)	0.55
8,534	8,806

کمپنی کا کل منافع 63.9 ملین روپے سے 144.7 ملین روپے ہو گیا ہے، جو کہ 126% بہتری ہے۔ کل منافع کی اوسط 18 فیصد سے بڑھ کر 30 فیصد ہو گئی ہے۔ گزشتہ سال کے مقابلے میں مجموعی منافع میں اضافے کی وجہ سے فروخت میں 15 فیصد اور فروخت کے حجم میں 11 فیصد اضافہ ہے۔ بلا تعلق بجلی کی فراہمی اور تیل کی قیمتوں میں کمی نے کمپنی کے منافع کے مارجن کو مزید مضبوط کیا ہے۔

جامع پیداواری عمل کے دوبارہ ڈیزائن نے آپ کی کمپنی کی پیداواری صلاحیت کو بہتر بنایا ہے۔ اس سے بحفاظت زیادہ پیداواری سطح کے نتائج حاصل کرنے میں مدد ملی ہے۔ سہ ماہی کی پیداوار 8,534 میٹرک ٹن سے بڑھ کر 8,806 میٹرک ٹن ہو گئی ہے۔ مالیاتی لاگت میں، سپائرسز کے قرض کی ترجیحی شمیر سرمائے میں تبدیلی، طویل مدتی قرضوں کی قسطوں کی ادائیگی اور ورکنگ سرمائے کی مؤثر مینجمنٹ کی وجہ سے 35 ملین روپے کمی آئی ہے۔ جس کے نتیجے میں آپ کی کمپنی نے اس سہ ماہی میں آپریٹنگ منافع 106 ملین روپے اور ٹیکس کے بعد منافع 56 ملین روپے کمایا ہے۔ جبکہ گزشتہ سال کے اسی عرصے میں آپریٹنگ منافع 44 ملین روپے اور ٹیکس کے بعد نقصان 1 ملین روپے تھا۔ یہ ٹیکس کے بعد منافع میں 58 ملین روپے کی قابل ذکر بہتری کو ظاہر کرتا ہے۔

کمپنی نے گزشتہ سال کے اسی عرصے سے 33.3 ملین روپے کی نقد رقم کے مقابلے میں اس سہ ماہی میں 143.8 ملین روپے کی نقد رقم کمائی ہے۔ جو کہ 110.5 ملین روپے بہتری کو ظاہر کرتا ہے۔ اس کے نتیجے میں آپ کی کمپنی نے اس سہ ماہی میں 224.7 ملین روپے کا طویل مدتی قرض ادا کیا ہے۔ جس میں سے ایک قسط فروری 2017 میں ادا ہوئی تھی۔ آپ کی کمپنی بینک کے قرض کی آخری قسط کو اسی مالیاتی سال میں واپس کرنے کے عمل کی طرف گامزن ہے جس کے نتیجے میں آپ کی کمپنی کا طویل المیاد قرض ختم ہو جائے گا۔

سہ ماہی کے دوران، آپ کی کمپنی ISO 9001:2008 کے ساتھ ساتھ OHSAS 18001:2007 اور ISO 14001:2015 برٹنس سے تصدیق شدہ ہوئی ہے۔ یہ پاکستان میں سائبر ورجن پر آکسیڈینٹ بنانے والی واحد کمپنی ہے جس کو یہ اعزاز حاصل ہوا ہے۔ مزید یہ کہ ملک میں اور اس خطے میں صرف چند کیمیکل کمپنیاں یہ عالمی اعزازات رکھتی ہیں۔

پراڈکٹ کی قیمتوں میں بہتری، اخراجات کا کنٹرول، مزید سازگار جغرافیائی فروخت اور پیداوار میں اضافہ آپ کی کمپنی کی مالیاتی کارکردگی کو مزید بہتر بنائے گا۔ بین الاقوامی غیر قانونی ڈہنگ مقامی صنعت کے لئے ایک چیلنج رہے گا، جس کے ممکنہ منفی اثرات کو کم کرنے کے لئے انتظامیہ مؤثر حکمت عملی پر عمل پیرا ہے۔

ڈائریکٹرز مسلسل اور غیر متزلزل حمایت کے لئے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں۔

برائے و سبائب بورڈ آف ڈائریکٹرز

عامر نبازی، چیف ایگزیکٹو آفیسر

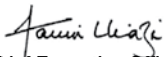
۱۶ اکتوبر، ۲۰۱۶ء

Condensed Interim Balance Sheet

As at September 30, 2016

	Note	Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
110,000,000 (June 2016: 110,000,000) ordinary shares of Rs 10 each		1,100,000	1,100,000
110,000,000 (June 2016 : 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 2016: 102,000,000) ordinary shares of Rs 10 each		1,020,000	1,020,000
110,000,000 (June 2016 : 110,000,000) preference shares of Rs 10 each	5	1,100,000	1,100,000
Accumulated loss		(551,185)	(607,476)
		1,568,815	1,512,524
NON-CURRENT LIABILITIES			
Long term finances			
- secured	6	-	111,822
		-	111,822
CURRENT LIABILITIES			
Current portion of long term liabilities			
- secured	6	111,823	224,742
- unsecured	7	20,000	20,000
Finances under markup arrangement- secured		10,000	50,000
Trade and other payables		171,047	163,397
Accrued finance cost	8	458,344	464,652
		771,214	922,791
CONTINGENCIES AND COMMITMENTS	9	-	-
		2,340,029	2,547,137
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,614,974	1,655,483
Intangible assets		3,152	3,127
Long term deposits		17,654	17,654
Deferred taxation		132,442	159,196
		1,768,222	1,835,460
CURRENT ASSETS			
Stores and spares		204,968	205,877
Stock-in-trade	11	20,521	32,601
Trade debts - unsecured		68,774	53,780
Advances, deposits, prepayments and other receivables	12	158,823	149,025
Current income tax recoverable		34,248	48,834
Cash and bank balances	19	84,473	221,560
		571,807	711,677
		2,340,029	2,547,137

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


Chief Executive Officer

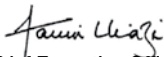

Director

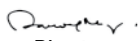
Condensed Interim Profit and Loss Account

For the Quarter Ended September 30, 2016 (Un-Audited)

		Quarter ended	
		September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
	Note		
Sales	13	477,801	348,090
Cost of sales	14	(333,111)	(284,192)
Gross profit		144,690	63,898
Administrative expenses		(19,020)	(13,794)
Distribution and selling cost		(17,818)	(16,054)
Other operating income		3,385	10,333
Other expenses		(5,078)	-
Profit from operations		106,159	44,383
Finance cost		(6,747)	(42,066)
Profit before taxation		99,412	2,317
Taxation		(43,121)	(3,643)
Profit / (loss) for the period		56,291	(1,326)
 Earnings / (loss) per share			
- Basic - Rupees	16.1	0.55	(0.01)
- Diluted - Rupees	16.2	0.27	(0.01)

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


Chief Executive Officer

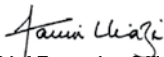

Director

Condensed Interim Statement of Comprehensive Income

For the Quarter Ended September 30, 2016 (Un-Audited)

	Quarter ended	
	September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
Profit / (loss) for the period	56,291	(1,326)
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	-	-
Other comprehensive loss for the period	-	-
Total comprehensive income / (loss) for the period	56,291	(1,326)

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


Chief Executive Officer

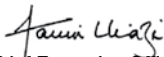

Director

Condensed Interim Statement of Changes in Equity

For the Quarter Ended September 30, 2016 (Un-Audited)

	Share Capital			Accumulated loss	Total
	Ordinary share capital	Preference share capital	Fair Value Reserve		
	-----Rs '000' -----				
Balance as on July 1, 2015	1,020,000	-	-	(642,587)	377,413
Loss for the period	-	-	-	(1,326)	(1,326)
Other comprehensive income for the period: Fair value loss on 'Available for sale' investments	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,326)	(1,326)
Balance as on September 30, 2015	1,020,000	-	-	(643,913)	376,087
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 recognised directly in equity					
Profit for the period	-	-	-	56,291	56,291
Other comprehensive income for the period:					
Total comprehensive income for the period	-	-	-	56,291	56,291
Balance as on September 30, 2016	1,020,000	1,100,000	-	(551,185)	1,568,815

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


Chief Executive Officer

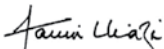

Director

Condensed Interim Cash Flow Statement

For the Quarter Ended September 30, 2016 (Un-Audited)

	Note	Quarter ended	
		September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
Cash flows from operating activities			
Cash generated from operations	18	143,849	33,333
Finance cost paid		(13,055)	(27,041)
Profit on deposits received		1,749	550
Income tax paid		(1,781)	(6,874)
Net cash generated from/(used in) operating activities		130,762	(32)
Cash flows from investing activities			
Fixed capital expenditure		(3,107)	(436)
Proceeds from sale of fixed assets		-	599
Net cash (used in)/generated from investing activities		(3,107)	163
Cash flows from financing activities			
Repayment of loan		(224,742)	(51,065)
Net cash used in financing activities		(224,742)	(51,065)
Net decrease in cash and cash equivalents		(97,087)	(50,934)
Cash and cash equivalents at beginning of the period		171,560	23,409
Cash and cash equivalents at the end of the period	19	74,473	(27,525)

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


Chief Executive Officer


Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the Quarter Ended September 30, 2016 (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 (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.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Amendments to published standards effective and relevant in current period

Following amendment to existing standard and interpretation has been published and is mandatory for accounting periods beginning on or after January 1, 2015 and is considered to be relevant to the Company's operations:

IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard has no material impact on the Company's financial statements.

3.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01 2017
Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealized losses	January 01 2017
IFRS 9 - 'Financial instruments'	January 01, 2018
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 'Leases'	January 01, 2019

4. Taxation

The provision for taxation for the quarter ended September 30, 2016 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.

5.3 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.

		Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
6. Long term loans - secured			
From Financial Institutions	- note 6.1	111,823	336,564
		111,823	336,564
Less: Current portion shown under current liabilities		(111,823)	(224,742)
		-	111,822
6.1 From Financial Institutions			
Loan - 1	- note 6.1.1	81,141	244,519
Loan - 2	- note 6.1.2	30,682	92,045
		111,823	336,564
Less: Current portion shown under current liabilities		(111,823)	(224,742)
		-	111,822

6.1.1 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% per annum and is payable semi annually.

The balance is repayable in 1 installment ending on August 24, 2017.

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

The balance is repayable in 1 installment ending on August 24, 2017.

7. Subordinated loans from associated companies - unsecured

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 6.1.1 and further subject to compliance with covenants contained in the agreement for loan referred to in note 6.1.1. Mark-up is accruable for the period at six months Kibor plus 1%. The entire amount of the loan along with the interest is payable on demand as at September 30, 2016 and consequently included in current liabilities.

	Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
8. Accrued Finance Cost		
Long term finances - secured		
- Financial institutions	3,086	9,359
- Associated companies - note 8.1	187,381	187,381
Long Term Loans - unsecured - note 8.1	267,706	267,350
Finances under markup arrangements - secured	171	562
	458,344	464,652

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

9. Contingencies and commitments

9.1 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).

9.2 Commitments

i) The company has commitments in respect of letters of credit other than capital expenditure amounting to Rs. 20.511 million (June 2016: Rs. 53.110 million).

ii) Cumulative dividend on preference shares of Rs. 165 million (June 2016 : 132 million)

	Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
10. Property, plant and equipment		
Operating assets - note 10.1	1,588,571	1,626,442
Capital work-in-progress	4,460	7,098
Major spare parts, catalysts and standby equipment	21,943	21,943
	1,614,974	1,655,483

10.1 Operating assets - at net book value

Opening book value	1,626,442	1,752,421
Add: Additions during the period - note 10.1.1	5,745	44,399
	1,632,187	1,796,820
Less: Disposals during the period (at book value) - note 10.1.2	-	1,310
Less: Depreciation charged during the period	43,616	169,068
Closing book value	1,588,571	1,626,442

	Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
10.1.1 Additions during the period		
Buildings on freehold land	1,916	462
Plant, machinery and equipment	3,619	36,010
Plant, machinery and equipment - catalyst	-	3,286
Material Handling	-	315
Tools and Equipment	-	1,770
Computer equipment	210	931
Electrical equipment	-	893
Office equipment	-	41
Furniture and fixture	-	57
Vehicles	-	634
	5,745	44,399

10.1.2 Disposals during the period

Plant, machinery and equipment	-	243
Computer equipment	-	66
Vehicles	-	1,001
	-	1,310

11. Stock in trade

Raw material including in transit of Rs 2.385 million (June 2016: Rs 3.836 million)	14,382	28,119
Work-in-process	352	291
Finished goods	5,787	4,191
	20,521	32,601

11.1 Finished goods include unused packing material of Rs. 3.556 million (June 2016: Rs 1.850 million).

12. These include sales tax receivable of Rs 142.220 million (June 2016: Rs 135.002 million).

	Quarter ended	
	September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
13. Sales		
Gross sales:		
- Local	499,402	335,260
- Export	10,496	43,564
	509,898	378,824
Less: Commission and discount on sales	(14,689)	(15,025)
Less: Sales Tax	(17,408)	(15,709)
Net Sales	477,801	348,090

	Quarter ended	
	September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
14. Cost of goods sold		
Raw material consumed	147,681	147,313
Salaries, wages and other benefits	18,766	18,026
Repair and maintenance	11,161	6,605
Fuel and power	67,148	70,428
Services through contractors	8,303	9,244
Rent & rates	5,276	9,102
Depreciation on property, plant and equipment	43,583	39,428
Insurance	1,992	1,986
Miscellaneous	1,292	907
	305,202	303,039
Add: Opening work in process	291	291
Less: Closing work in process	(352)	(982)
	(61)	(691)
Cost of goods produced	305,141	302,348
Add: Opening finished goods	4,191	6,836
Less: Closing finished goods	(5,787)	(24,992)
	(1,596)	(18,156)
Cost of goods sold - own manufactured	303,545	284,192
Cost of goods sold - purchased for resale	29,566	-
Cost of goods sold	333,111	284,192

16. Earnings / (loss) per share**16.1 Basic earnings / (loss) per share**

Profit/(loss) for the period	Rupees in thousand	56,291	(1,326)
Weighted average number of ordinary shares	Number in thousand	102,000	102,000
Earnings / (loss) per share	Rupees	0.55	(0.01)

16.2 Diluted earnings / (loss) per share

Profit/(loss) for the period	Rupees in thousand	56,291	(1,326)
Weighted average number of ordinary shares	Number in thousand	102,000	102,000
Add: Weighted average number of preference shares	Number in thousand	110,000	-
Weighted average number of outstanding shares	Number in thousand	212,000	102,000
Diluted earning / (loss) per share	Rupees	0.27	(0.01)

17. Transactions with related parties

Relationship with the company	Nature of transaction	Quarter ended	
		September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
i. Associated undertakings	Purchase of goods and services	2,355	4,588
	Sale of goods	8	242
	Share of common expenses charged from associated companies	5,624	10,069
	Share of common expenses charged to associated companies	801	2,674
	Mark-up expense	356	28,135
	Expense charged in respect of retirement benefit plans	501	442
ii. Post employment benefit plans	Expenses charged in respect of retirement benefit plans	501	442
iii. Key management personnel	Salaries and other employee benefits	11,467	5,384
		Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
Relationship with the company	Nature of transaction		
Period-end balances			
Associated undertakings	Payable to related parties	15,778	20,615
	Receivable from related parties	36	64
	Accrued finance cost	455,087	454,731
	Current portion of long term loans - unsecured	20,000	20,000

	Quarter ended	
	September 30, 2016 (Rs '000')	September 30, 2015 (Rs '000')
18. Cash generated from operations		
Profit before taxation	99,412	2,317
Adjustments for:		
- Depreciation on property, plant and equipment	43,616	42,420
- Finance cost	6,747	42,066
- Interest on bank deposits	(1,749)	(550)
- Provision for stock and receivables	1,500	-
- Exchange gain	11	945
- Gain on sale of property, plant and equipment	-	(443)
Profit before working capital changes	149,537	86,755
Effect on cash flow due to working capital changes		
- Decrease/(increase) in stores and spares	909	(1,819)
- Decrease/(increase) in stock-in-trade	10,556	(17,675)
- (Increase)/decrease in trade debts	(15,005)	446
- Increase in advances, deposits, prepayments and other receivables	(9,798)	(34,410)
- Increase in trade and other payables	7,650	36
	(5,688)	(53,422)
Cash generated from operations	143,849	33,333
	Un-audited September 30, 2016 (Rs '000')	Audited June 30, 2016 (Rs '000')
19. Cash and cash equivalents		
Cash and bank balances	84,473	221,560
Finances under markup arrangement - secured	(10,000)	(50,000)
	74,473	171,560

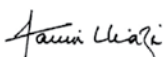
20. Date of authorization for issue

This condensed interim financial information was authorized for issue on October 26, 2016 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 Officer


Director

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