



QUARTERLY REPORT

MARCH 31, 2019

Descon Oxychem Limited

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Lahore - 54760, Pakistan

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BREATHING LIFE INTO **CHEMISTRY**



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

Contents

Company Information	2
Directors Report- English	3
Directors Report- Urdu	4
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Profit or Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Statement of Changes in Equity	8
Condensed Interim Statement of Cash Flows	9
Notes to and Forming Part of the Condensed Interim Financial Statements	10

Company Information

Board of Directors

Taimur Dawood	Chairman
Asif Qadir	Independent Director
Farooq Nazir	
Mehreen Dawood	
Faisal Dawood	
Ali Asrar Hossain Aga	Independent Director
Haroon Waheed	Independent Director
Imran Qureshi	Chief Executive Officer

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

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 1821-24
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, 2019.

Your Company continuously strives to sustain its consistent performance which can be gauged by the fact that this is the 14th consecutive quarter, where the business has remained profitable despite a challenging macro-economic environment. The business has faced some uncontrollable costs challenges, primarily utilities, during the period but has been able to come out of it strongly by focusing more on its revenue streams and controllable costs.

The financial highlights for the quarter and nine months as follow;

	Quarter ended		Nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousand)		(Rupees in thousand)	
Sales	639,509	517,353	2,039,021	1,470,435
Gross profit	147,045	133,202	691,800	378,233
Profit from operations	90,493	86,741	543,171	251,265
Profit before taxation	58,827	84,812	498,264	246,923
Profit for the period	101,360	55,001	416,940	159,573
Earnings per share(Rupees)	0.99	0.54	4.09	1.56
Production (MT)	7,493	8,348	22,538	25,415

Your company made a net profit of PKR 416.9 million during the nine months compared with a net profit of PKR 159.5 million in the corresponding period last year, an increase of PKR 257 million or 161%. The quarter ended March 2019 closed at net profit of PKR 101 million, an improvement of PKR 46 million or 83% higher as compared to same period last year. Gross profit for nine months ended March 2019 are at 34% whereas gross profit for the quarter ended March 2019 is at 23%. Main reason for the dip in gross profit for March 2019 quarter is the 100% RLNG charge to the Company during the quarter and increase in international prices of some of the raw materials. Prices have also slightly come down mainly due to international pricing trends. Finance cost has significantly gone up mainly due to intercompany loan.

The cash flow position has also stayed strong during these months. Your Company generated PKR 491 million cash from operations which helped the Company to pay Ordinary & Preference dividend to its shareholders in addition of meeting its regular cash requirements.

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 6 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.

Future Outlook

Your Company is fully aligned to face the current economic and market challenges through robust business strategy, protection of local market and cost effective / efficient operations. Your Company is also working over some projects of cost / energy efficiently to keep its cost of production at lowest possible level. The progress towards diversified product portfolio covering food / beverage, livestock industry and water treatment continues.

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

For and on behalf of the Board

Imran Qureshi

Imran Qureshi Chief Executive Officer

Lahore
April 23, 2019

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

کچھنی کے بورڈ آف ڈائریکٹرز 31 مارچ 2019 کو اختتام پزیر مدت کے لئے مالیاتی اسٹیٹمنٹ کے ہمراہ مالی رپورٹ پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

آپ کی کچھنی اپنی مستقل کارکردگی کو برقرار رکھنے کے لئے کوشاں ہے جس کا اندازہ اس بات سے لگایا جاسکتا ہے کہ یہ مسلسل چودہویں سہ ماہی ہے جس کے دوران آپ کا کاروبار دنیا بھر میں مسلسل رہا۔ ہم درج ذیل معاشی مسائل کے باوجود اپنی مستقل کارکردگی کو برقرار رکھنے کے لئے کوشاں ہیں اس مدت کے دوران آپ کا کاروبار ناقابل مضبوط لاگت (پولٹنی) جیسے چیلنجز سے دوچار رہا لیکن کچھنی اپنی آمدنی کے ذرائع اور قابل مضبوط لاگت پر توجہ دیتے ہوئے اس مشکل سے نکل آئے ہیں۔

کچھنی کی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

اختتام پزیر سہ ماہی		اختتام پزیر سہ ماہی	
31 مارچ 2019	31 مارچ 2018	31 مارچ 2019	31 مارچ 2018
روپے (000)			
فروخت	639,509	517,353	2,039,021
مجموعی منافع	147,045	133,202	691,800
کام سے منافع	90,493	86,741	543,171
منافع ٹیکس سے پہلے	58,827	84,812	498,264
خالص منافع	101,360	55,001	416,940
آمدنی فی حصہ (روپے)	0.99	0.54	4.09
پیداوار (MT)	7,493	8,348	22,538

آپ کی کچھنی نے گزشتہ برس میں اسی مدت کے دوران 159.5 ملین روپے خالص منافع کے مقابلہ میں 416.9 ملین روپے خالص منافع حاصل کیا جو کہ 257 ملین روپے یا 161% فی صد کا اضافہ ہے۔ گزشتہ سال کی اسی سہ ماہی مدت کے مقابلہ میں مارچ 2019 کو اختتام پزیر سہ ماہی کے دوران 101 ملین روپے کا خالص منافع حاصل کیا جو کہ 46 ملین روپے یا 83% فی صد کا اضافہ ہے۔ مارچ 2019 کو اختتام پزیر سہ ماہی کا مجموعی منافع 34 فی صد پر جبکہ مارچ 2019 کو اختتام پزیر سہ ماہی کا مجموعی منافع 23 فی صد پر۔ مارچ 2019 کو اختتام پزیر سہ ماہی کے دوران مجموعی منافع میں کمی کی وجہ 100% RLNG کے اخراجات اور خام مال کی بین الاقوامی قیمتوں میں اضافہ ہیں۔ بین الاقوامی کٹنگ قیمتوں میں کمی کی وجہ سے قیمتوں میں کمی کی وجہ سے 8 فی صد تک فروغی فرمیں جس سے فروغی فرمیں میں نمایاں اضافہ دیکھنے میں آیا۔

ان قیمتوں کے دوران پیش ملنے کی حالت مستحکم رہی۔ آپ کی کچھنی نے آپریٹرز سے 491 ملین روپے کی پیش حاصل کیا جس کی مدد سے کچھنی نے اپنی سرمایہ کاری ضروریات پوری کرنے کے علاوہ اپنے حصص داران کو عوامی اور نجی حصص ادا کیا۔

کچھنی صحت تحفظ اور ماحولیات کے تمام عوامل پر پورے توجہ دے رہی ہے اور ان سرگرمیوں کو اپنے ادارے میں فعال کر رہی ہے۔ تحفظ سے متعلق کارکردگی کا تاریخی ریکارڈ یہی ہے اور کچھنی نے دسمبر 2008 میں اپنے آپریشن کے آغاز سے اب تک ہائی لوسٹ نامہ انجری کے 6 سینٹ تکھے کام کا ایک سنگ میل عبور کیا ہے۔ کسی بھی مہم یا ٹھیکہ دار کو قاتل یا ان ضرر یا نقصان نہیں پہنچا۔ کچھنی اپنے ملازمین کے لئے معیاری کڑھت پر توجہ کے پروگرام کی نگرانی کے لئے ہر مہینہ کوش ہے۔

مستقبل کا منظر نامہ

آپ کی کچھنی مستحکم کاروباری ماحولیات کے تمام عوامل پر پورے توجہ دے رہی ہے اور اس کا آغاز پختہ کر کے ذریعے موجودہ معاشی حالات اور معاشی کے چیلنجز سے نپٹنے کے لئے ہمدردیت تیار ہے۔ آپ کی کچھنی بیرونی ادارہ کی ایکٹو کم سے کم وجہ پر رکھنے کے لئے مختلف منصوبوں پر کام کر رہی ہے۔ نقد اخراجات، ان کی مہم یا ٹھیکہ دار کو قاتل یا ان ضرر یا نقصان نہیں پہنچا۔ کچھنی اپنے ملازمین کے لئے معیاری کڑھت پر توجہ کے پروگرام کی نگرانی کے لئے ہر مہینہ کوش ہے۔

ہم اپنے تمام سرپرستوں کا شکریہ ادا کرتے ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

Imran Qureshi

عمران قریشی چیف ایگزیکٹو آفیسر

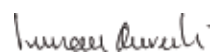
23 اپریل، 2019ء، لاہور

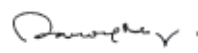
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at March, 31 2019 (Un-audited)

	Note	March 31, 2019 Un-audited (Rupees in thousand)	June 30, 2018 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
110,000,000 (June 30, 2018: 110,000,000)			
ordinary shares of Rs 10 each		1,100,000	1,100,000
110,000,000 (June 30, 2018: 110,000,000)		1,100,000	1,100,000
preference shares of Rs 10 each			
Issued, subscribed and paid up capital			
102,000,000 (June 30, 2018: 102,000,000)			
ordinary shares of Rs 10 each		1,020,000	1,020,000
Nil (June 30, 2018: 110,000,000)			
preference shares of Rs 10 each	5	-	1,100,000
Accumulated loss		(213,770)	(344,272)
		806,230	1,775,728
NON-CURRENT LIABILITIES			
Long term finance - unsecured	6	977,778	-
		977,778	-
CURRENT LIABILITIES			
Current portion of long term finance	6	61,111	-
Finances under mark up arrangements - secured	7	58,620	-
Trade and other payables		190,428	211,561
Income tax payable		3,417	51,715
Dividend payable		72,948	10
Accrued finance cost		31,073	378
		417,597	263,664
CONTINGENCIES AND COMMITMENTS			
	8		
		2,201,605	2,039,392
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,368,518	1,392,836
Intangible assets		30,525	733
Long term deposits		17,654	17,654
Deferred taxation		56,938	43,519
		1,473,635	1,454,742
CURRENT ASSETS			
Stores and spares		273,396	211,484
Stock-in-trade	10	86,537	26,317
Trade debts - unsecured		119,108	39,439
Advances, deposits, prepayments			
and other receivables	11	152,037	194,325
Cash and bank balances	12	96,892	113,085
		727,970	584,650
		2,201,605	2,039,392

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

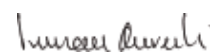

CHIEF EXECUTIVE

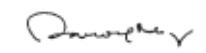
CHIEF FINANCIAL OFFICER

DIRECTOR
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT

for the Three-Month and Nine-Month Period Ended March 31, 2019 (Un-audited)

		Three-month period ended		Nine-month period ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Rupees in thousand)			
		Note			
Sales	13	639,508	517,353	2,039,021	1,470,435
Cost of goods sold	14	(492,463)	(384,431)	(1,347,221)	(1,093,122)
Gross profit		147,045	132,922	691,800	377,313
Administrative expenses		(25,466)	(19,246)	(66,026)	(59,086)
Distribution and selling costs		(18,398)	(16,731)	(51,327)	(50,392)
Other income		4,851	5,569	13,934	13,297
Other operating expenses		(17,539)	(15,773)	(45,210)	(29,867)
Profit from operations		90,493	86,741	543,171	251,265
Finance cost		(31,666)	(1,929)	(44,907)	(4,342)
Profit before taxation		58,827	84,812	498,264	246,923
Taxation		42,533	(29,811)	(81,324)	(87,350)
Profit for the period		101,360	55,001	416,940	159,573
Earnings per share					
- Basic - Rupees	15.1	0.99	0.54	4.09	1.56
- Diluted - Rupees	15.2	0.99	0.26	2.60	0.75

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the Three-Month and Nine-Month Period Ended March 31, 2019 (Un-audited)

	Three-month period ended		Nine-month period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousand)			
Profit for the period	101,360	55,001	416,940	159,573
Other comprehensive income				
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
- Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	<u>101,360</u>	<u>55,001</u>	<u>416,940</u>	<u>159,573</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the Nine-Month Period Ended March 31, 2019 (Un-audited)

	Share Capital		Preference share capital	Accumulated loss	Total
	Ordinary share capital	Preference share capital	(Rupees in thousand)		
Balance as on July 1, 2017 (audited)	1,020,000	1,100,000		(402,551)	1,717,449
Profit for the period	-	-	-	159,573	159,573
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	159,573	159,573
Transactions with owners, recognised directly in equity					
Preference dividend @ Rs1.2 per share	-	-	-	(132,000)	(132,000)
Balance as on March 31, 2018 (un-audited)	1,020,000	1,100,000		(374,978)	1,745,022
Balance as on July 1, 2018 (audited)	1,020,000	1,100,000		(344,272)	1,775,728
Profit for the period	-	-	-	416,940	416,940
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	416,940	416,940
Transactions with owners, recognised directly in equity					
Preference dividend @ Rs 1.2 per share	-	-	-	(184,438)	(184,438)
Ordinary dividend @ Rs 1 per share	-	-	-	(102,000)	-
Redemption during the period	-	(1,100,000)	(1,100,000)	(286,438)	(1,284,438)
Balance as on March 31, 2019 (un-audited)	1,020,000	-	-	(213,770)	908,230

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the Nine-Month Period Ended March 31, 2019 (Un-audited)

		Nine-month period ended	
	Note	March 31, 2019	March 31, 2018
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	17	491,771	365,617
Finance cost paid		(14,212)	(194,276)
Profit on deposits received		10,929	766
Income tax paid		(143,041)	(33,174)
Net cash generated from operating activities		345,447	138,933
Cash flows from investing activities			
Fixed capital expenditure (including intangibles)		(145,965)	(55,443)
Proceeds from sale of fixed assets		316	-
Net cash used in investing activities		(145,649)	(55,443)
Cash flows from financing activities			
Proceeds from long term finance - unsecured		1,038,889	-
Redemption of preference shares		(1,100,000)	-
Ordinary Dividend Paid		(29,110)	-
Preference dividend paid		(184,390)	(132,000)
Net cash used in financing activities		(274,611)	(132,000)
Net increase / (decrease) in cash and cash equivalents		(74,813)	(48,510)
Cash and cash equivalents at beginning of the period		113,085	(20,471)
Cash and cash equivalents at the end of the period	18	38,272	(68,981)

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the Three-Month and Nine-Month Period Ended March 31, 2019 (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 Ferozepur Road, Lahore and the factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore. It is principally engaged in the manufacture, procurement and sale of hydrogen peroxide and allied products. The Company commenced its commercial production on March 1, 2009.

2. Basis of preparation

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2018.

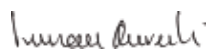
3. Significant accounting policies

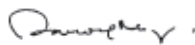
3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2018. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2018, except for estimation of provision for taxation as referred to in note 4 and the following changes:

3.2 Change in accounting policies

IFRS 15 'Revenue from contracts with customers' and IFRS 9, 'Financial Instruments' have become effective from accounting periods beginning on or after July 1, 2018. Accordingly, the Company has adopted these standards with effect from July 1, 2018.

The aforementioned changes are considered to be changes in accounting policy in accordance with IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors'. The impact of the same however, are not considered to be material to the condensed interim financial statements of the Company and accordingly comparatives have not been restated in this regard.


CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

3.2.1 Revenue recognition

IFRS 15 - 'Revenue from contracts with customers', replaces the previous revenue standards: IAS 18 Revenue, IAS 11 'Construction Contracts', and the related interpretations on revenue recognition. Key changes in the new standard include a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

3.2.2 Investments and other financial assets

IFRS 9 - 'Financial instruments', replaces the guidance in IAS 39. Key changes in the new standard include requirements on the classification, measurement and derecognition of financial assets and liabilities. The standard also contains new requirements for hedge accounting and replaces the current incurred loss impairment model with an expected credit loss model.

3.3 Standards, amendments and interpretations to published approved accounting standards

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2019 or later periods, but the Company has not early adopted them:

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IFRS 9; 'Financial instruments' regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 16, 'Leases'	January 01, 2019
Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors,'	January 01, 2020
Amendments to IAS 19; 'Employee Benefits' regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
Annual improvements 2015–2017	January 01, 2019

- IFRS 3, 'Business combinations'
 - IFRS 11, 'Joint arrangements'
 - IAS 12, 'Income taxes'
 - IAS 23, 'Borrowing costs'

4. Taxation

The provision for taxation for the quarter and nine months ended March 31, 2019 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Preference shares

The shareholders of the Company, vide an Extraordinary General Meeting, on July 27, 2018, approved amendments in terms of preference shares and related amendment in Articles of Association of the Company. Previously, the preference shares were redeemable at the option of the Company only through a sinking fund created out of profits of the Company. After the amendment, the Company can redeem preference shares through any funds obtained whether generated from its own sources or from loans.

The Board of Directors of the Company, on October 23, 2018, approved redemption of 110,000,000 preference shares of the Company, in full, at par value. The Company redeemed preference shares on November 23, 2018.

March 31, 2019 Un-audited	June 30, 2018 Audited
(Rupees in thousand)	

6. Long term finance - unsecured

Long term loan - unsecured	1,038,889	-
Less : current portion shown under current liabilities	(61,111)	-
	<u>977,778</u>	<u>-</u>

During the period, the Company obtained a loan from Descon Engineering Limited, a related company to meet its cashflow requirements.

Terms of markup

The loan carries markup at 3 month KIBOR + 1.5% per annum.

Terms of repayment

The tenure of the loan is nine years and it is repayable in eighteen bi-annual installments.

DEL Chemicals (Private) Limited, the holding company has provided corporate guarantee to the lender.

During the period, the Company early repaid installment of Rs 61.111 million along with the accrued markup of Rs 11.382 million.

March 31, 2019 Un-audited	June 30, 2018 Audited
(Rupees in thousand)	

7. Finances under mark up arrangements - secured

Allied Bank Limited	- note 7.1	58,620	-
		<u>58,620</u>	<u>-</u>

7.1 This represents the outstanding balance against short term running finance from Allied bank Limited. It carries markup at 3 month KIBOR plus 0.75% per annum. Total facility limit is Rs 150 million (June 30, 2018: Nil). It is secured against hypothecation charge over present and future current assets of Company with 25% margin.

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 30, 2018: Rs 48.64 million).

Guarantee issued to Pakistan State Oil against the performance of a contract amount to Rs 3.50 million (June 30, 2018: Rs 3.50 million).

Other shipping guarantees Nil (June 30, 2018: Rs 7.89 million).

8.2 Commitments

i) Letters of credit other than capital expenditure amounting to Rs 30.085 million (June 30, 2018: Rs 69.26 million).

ii) Letters of credit of capital expenditure amounting to Rs 193.762 million (June 30, 2018: Nil).

iii) Cumulative dividend on preference shares of Rs Nil (June 30, 2018: Rs 132 million).

9. Property, plant and equipment

	Note	March 31, 2019 Un-audited (Rupees in thousand)	June 30, 2018 Audited
Operating assets	- note 9.1	1,252,839	1,304,289
Capital work-in-progress		72,304	2,338
Major spare parts, catalysts and standby equipment [including in transit of Rs 33.67 million (June 30, 2018: Nil)]		43,375	86,209
		<u>1,368,518</u>	<u>1,392,836</u>
9.1 Operating assets			
Opening book value		1,304,289	1,452,260
Add: Additions during the period / year	- note 9.1.1	86,706	31,551
		<u>1,390,995</u>	<u>1,483,811</u>
Less: Disposals during the period / year (at book value)	- note 9.1.2	(1,659)	(7,414)
Less: Depreciation charged during the period / year		(129,206)	(172,108)
Less: Provision for Impairment of fixed assets		(7,291)	-
Closing book value		<u>1,252,839</u>	<u>1,304,289</u>

9.1.1 Additions during the period / year

	March 31, 2019 Un-audited (Rupees in thousand)	June 30, 2018 Audited
Buildings on freehold land	4,881	2,266
Plant, machinery and equipment	70,030	24,991
Plant, machinery and equipment - catalyst	6,861	-
Laboratory equipment	-	600
Material handling	108	-
Tools and equipment	988	1,179
Computer equipment	1,714	1,323
Electrical equipment	571	-
Office equipment	118	857
Furniture and fixture	186	335
Vehicles	1,249	-
	<u>86,706</u>	<u>31,551</u>

9.1.2 Disposals during the period / year

Plant, machinery and equipment	1,659	7,399
Computer equipment	-	15
	<u>1,659</u>	<u>7,414</u>

10. Stock in trade

Raw material [including in transit of Rs 37.769 million (June 30, 2018: Rs 1.276 million)]	60,137	17,738
Work-in-process	3,814	5,285
Finished goods	22,586	3,294
	<u>86,537</u>	<u>26,317</u>

11. These include sales tax recoverable of Rs 127,561 million (June 30, 2018: Rs 178,287 million).

12. Cash and bank balances

At banks on:		
- Current accounts	595	6,960
- Saving accounts	96,297	106,125
	<u>96,892</u>	<u>113,085</u>

	Three-month period ended Un-audited		Nine-month period ended Un-audited	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
13. Sales				
	(Rupees in thousand)			

Gross sales:				
- Local	677,376	539,382	2,151,805	1,547,742
- Export	7,167	9,033	10,294	13,940
	<u>684,543</u>	<u>548,415</u>	<u>2,162,099</u>	<u>1,561,682</u>
Less: Commission on sales	(12,436)	(10,950)	(45,106)	(33,018)
Less: Sales tax	(32,599)	(20,112)	(77,972)	(58,229)
	<u>639,508</u>	<u>517,353</u>	<u>2,039,021</u>	<u>1,470,435</u>

	Three-month period ended Un-audited		Nine-month period ended Un-audited	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousand)			
14. Cost of goods sold				
Raw material consumed	210,887	175,616	561,747	442,816
Salaries, wages and other benefits	25,926	21,216	76,547	63,590
Repair and maintenance	7,952	14,808	38,830	34,068
Fuel and power	66,922	61,373	203,765	196,598
Packing material	953	1,083	2,583	3,363
Quality assurance	95	480	797	1,183
Services through contractors	10,568	12,883	31,744	35,883
Travelling	602	421	1,336	1,180
Annual shutdown expenses	-	-	38,807	-
Communication	104	154	492	513
Printing and Stationery	214	280	1,032	920
Rent & rates	11,687	5,645	28,917	16,867
Depreciation on property, plant and equipment	45,734	41,989	130,504	128,960
Insurance	2,683	2,188	8,050	6,368
Safety items consumed	166	187	1,409	1,050
Miscellaneous	2,100	653	4,167	2,218
	386,593	338,976	1,130,727	935,577
Add: Opening work in process	7,711	2,410	5,285	2,680
Less: Closing work in process	(3,814)	(5,638)	(3,814)	(5,638)
	3,897	(3,228)	1,471	(2,958)
Cost of goods produced	390,490	335,748	1,132,198	932,619
Add: Opening finished goods	36,659	1,969	3,294	29,099
Less: Closing finished goods	(22,586)	(3,286)	(22,586)	(3,286)
	14,073	(1,317)	(19,292)	25,813
Cost of goods sold - own manufactured	404,563	334,431	1,112,906	958,432
Cost of goods sold - purchase for resale	87,900	50,000	234,315	134,690
	492,463	384,431	1,347,221	1,093,122

		Three-month period ended Un-audited		Nine-month period ended Un-audited	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
15. Earnings per share					
15.1 Basic earnings per share					
		(Rupees in thousand)			
Profit for the period	Rupees in thousand	101,360	55,001	416,940	159,573
Weighted average number of ordinary shares	Number in thousand	102,000	102,000	102,000	102,000
Earnings per share	Rupees	0.99	0.54	4.09	1.56
15.2 Diluted earnings per share					
Profit for the period	Rupees in thousand	101,360	55,001	416,940	159,573
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	58,425	110,000
Weighted average number of outstanding shares	Number in thousand	102,000	212,000	160,425	212,000
Diluted earning per share	Rupees	0.99	0.26	2.60	0.75
16. Transactions with related parties				Nine-month period ended Un-audited	
Relationship with the company	Nature of transaction			March 31, 2019	March 31, 2018
				(Rupees in thousand)	
i. Related parties other than holding company	Purchase of goods and services			48,758	42,892
	Sale of goods			23	17
	Share of common expenses charged to the Company			30,602	41,680
	Share of common expenses charged by the Company			875	814
	Mark-up expense on long term loan			40,692	-
	Payment of preference dividend			184,096	131,755
	Payment of ordinary dividend			62,100	-
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans			2,705	1,799
iii. Key management personnel	Salaries and other employee benefits			28,633	23,489
	Sale of fixed asset			316	-
				March 31, 2019 Un-audited	June 30, 2018 Audited
				(Rupees in thousand)	
Period-end balances					
	Payable to related parties			17,963	1,903
	Advances to related parties			15,725	1,162
	Accrued finance cost			29,311	-

17. Cash generated from operations

	Nine-month period ended Un-audited	
	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Profit before taxation	498,264	246,923
Adjustments for:		
- Depreciation on property, plant and equipment	129,206	131,527
- Amortization of intangible assets	2,335	1,699
- Finance cost	44,907	4,342
- Interest on bank deposits	(10,929)	(766)
- Provision / (reversal) for accumulating compensated absences	-	(366)
- Provision for slow moving stocks	-	2,250
- Provision for bad debts	-	(9,888)
- Exchange (gain) / loss	776	(1,178)
- Provision for Impairment of fixed assets	7,291	-
- loss on sale of property, plant and equipment	1,343	7,543
Cashflows before working capital changes	673,193	382,086
Effect on cash flow due to working capital changes		
- Increase in stores and spares	(61,912)	(5,694)
- Increase in stock-in-trade	(60,220)	(9,809)
- (Increase) / decrease in trade debts	(79,669)	20,489
- Decrease / (Increase) in advances, deposits, prepayments and other receivables	42,288	(23,281)
- (Decrease) / Increase in trade and other payables	(21,909)	1,826
	(181,422)	(16,469)
Cash generated from operations	491,771	365,617

18. Cash and cash equivalents

		March 31, 2019	March 31, 2018
		Un-audited	Un-audited
		(Rupees in thousand)	
Cash and bank balances	- note 12	96,892	8,478
Finances under mark up arrangement - secured	- note 7	(58,620)	(77,459)
		<u>38,272</u>	<u>(68,981)</u>

19. 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 period.

20. 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, 2018.

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

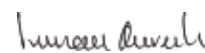
21. Date of authorization for issue

These condensed interim financial statements were authorized for issue on April 23, 2019 by the Board of Directors of the Company.

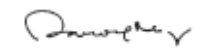
22. Corresponding figures

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However no significant rearrangements have been made.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR