

PARTNERS IN
PROGRESS



QUARTERLY REPORT SEPTEMBER 30, 2020 (UN-AUDITED)

Descon Oxychem Limited



VISION

Winning together with our customers, our ambition is to enhance local and regional footprint while delivering sustainable value to all stakeholders.

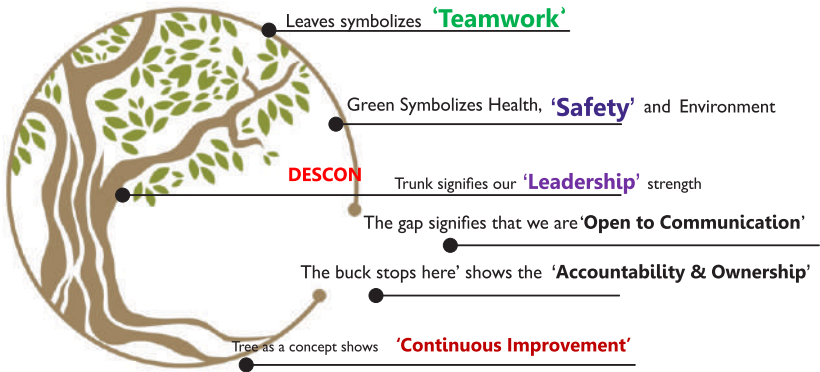


MISSION

We are determined to:

- Strengthen our domestic market leadership position
- Establish a footprint in new segments & regional markets
- Achieve success through winning together with our customers driven by best cost propositions, motivated people and effective teamwork

Our Core Values



Continuous Improvement

"We believe excellence is a commitment to improve everything we do all the time."



Leadership

"We believe leaders inspire others to learn and achieve more."



Accountability and Ownership

"We believe in taking responsibility for our decisions, actions and their results."



Team Work

"We believe in the strength of the individual, yet we accomplish more by working together."



Open Communication

"We believe open communication is the foundation of trust."



Safety

"We believe HSE is of utmost importance and we attach the highest value to the safety of our employees and stakeholders."

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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

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

Plant Site

18-KM Lahore - Sheikhpura Road,
Lahore, Pakistan.
Tel: +92 42 37971822-24
Fax: +92 42 3797 1834

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

For the quarter ended September 30, 2020

The Board of Directors are pleased to present the financial statements of the Company for the quarter ended September 30, 2020. The financial highlights for the quarter are;

| | Quarter ended | |
|-------------------------------------|--------------------|--------------------|
| | September 30, 2020 | September 30, 2019 |
| | Rupees in '000 | |
| Sales value | 620,514 | 628,817 |
| Cost of sales | 556,414 | 484,481 |
| Gross profit | 64,100 | 144,336 |
| Profit from operations | 27,065 | 103,169 |
| Profit after tax | 14,066 | 54,160 |
| Sales (MT) | 8,341 | 9,091 |
| Earnings per share – Basic – Rupees | 0.11 | 0.53 |

Revenue of the Company has gone down slightly mainly due to lower sales volume as a result of planned shut down for 45 days owing to routine maintenance and plant expansion. The increase in cost of sales and reduction in gross profit (in terms of PKR & Percentage) compared with same period last year is attributable to the cost of planned annual turnaround, additional impact of depreciation due to expansion and impact of one off high utilities factors owing to shut down. Shut down for annual maintenance was not done last year.

It is pertinent to note here that September 2020 quarter was extraordinary due to the addition of 24 metric tons per day of additional production capacity as a result of plant expansion. Taking full advantage of the extended outage a major annual turnaround was planned and executed which will positively contribute to the reliability and sustainability of the plant. We are pleased to inform that plant expansion has been successfully completed within planned timelines and budget. The new plant will gradually reach the desired capacity and will contribute significantly to sales volume and production efficiencies. With strong downstream demand, your company foresees significant improvement in both revenue and profitability as more product will be available for sale from the additional capacity which will substitute for imports coming into the country.

Your Company shall soon secure reduced rate financing introduced by SBP during the Covid 19 which will reduce the finance cost significantly for the funds borrowed for plant expansion. Stringent controls over fixed costs coupled with efficient working capital management will contribute to profitability.

Future Outlook

The challenge for your Company is to sustain the strong financial performance by maintaining its margins in an environment of significant cost increases. Your company is consistently working on strategies to ensure these challenges are met effectively. Efforts to penetrate new segments and markets have been successfully implemented alongside organic growth in Textile and Mining sectors. Your Company is also exploring options to diversify into downstream products which will further strengthen the usage of hydrogen peroxide in local market. Your Company is also taking initiatives to reduce its cost of production which is the most significant part of the cost structure. Our target is to become the lowest cost producer in the region by implementing a well thought through manufacturing excellence program. The business continues to invest in areas which reinforce its advantageous position in safety, manufacturing efficiency and building market leadership in key geographies.

We would like to thank all stakeholders for their contribution and support in the past year.

For and on behalf of the Board

Lahore
October 21, 2020


CHIEF EXECUTIVE


DIRECTOR

ڈائریکٹر رپورٹ برائے شیئر ہولڈر

بورڈ آف ڈائریکٹرز 30 ستمبر 2020ء کی سہ ماہی کے اختتام پر شیئر ہولڈرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اس سہ ماہی کی فنانشل کارکردگی کا خلاصہ حسب ذیل ہے:

| 30 ستمبر 2019ء | 30 ستمبر 2020ء | |
|-----------------------|-----------------------|-------------------------------|
| کوالیٹیڈ پیپر سہ ماہی | کوالیٹیڈ پیپر سہ ماہی | |
| روپے '000 | | |
| 628,817 | 620,514 | سیلز |
| 484,481 | 556,414 | سیلز پر لاگت |
| 144,336 | 64,100 | مجموعی منافع |
| 103,169 | 27,065 | آپریشنز سے منافع |
| 54,160 | 14,066 | نفع علاوہ ٹیکس |
| 9,091 | 8,341 | سیلز (میٹرک ٹن) |
| 0.53 | 0.11 | فی شیئر کمائی - بنیادی - روپے |

فروخت کے حجم میں کمی کی بنا پر کمپنی کی سیلز ویلیو کا گراف نیچے آیا ہے۔ شک کی حد دودھنیائی کی وجہ سے سیلز کا حجم کم ہوا کیونکہ اس سہ ماہی میں کمپنی نے پلانٹ کی توسیع اور سالانہ ٹرن اراؤنڈ کی خاطر پلانٹ کو 45 دنوں کے لئے بند رکھا۔ گزشتہ برس کی اسی مدت کے مقابلہ میں سیلز پر لاگت میں اضافہ اور مجموعی منافع میں کمی (روپے اور اوسط کی مد میں) طے شدہ سالانہ ٹرن اراؤنڈ اور توسیع کی وجہ سے ہوئی۔ آپ کی کمپنی نے گزشتہ برس کوئی ٹرن اراؤنڈ نہیں کیا تھا۔

یہاں یہ قابل ذکر ہے کہ پلانٹ میں توسیع کے نتیجے میں اضافی پیداواری صلاحیت میں روزانہ 24 میٹرک ٹن اضافے کی وجہ سے ستمبر 2020ء کی سہ ماہی غیر معمولی تھی۔ توسیع کی بندش کا پورا فائدہ اٹھاتے ہوئے سالانہ ٹرن اراؤنڈ کی منصوبہ بندی اور اس پر عمل درآمد کیا گیا، جو کہ پلانٹ کی کارکردگی میں مثبت کردار ادا کرے گا۔ ہمیں یہ بتاتے ہوئے خوشی ہے کہ پلانٹ کی توسیع منصوبہ بند نام اور بجٹ کے اندر کامیابی کے ساتھ مکمل ہو گئی ہے۔ توسیع کے بعد پلانٹ آہستہ آہستہ مطلوبہ صلاحیت حاصل کر لے گا اور آئندہ سہ ماہی میں سیلز کے حجم اور پیداواری صلاحیت پر نمایاں اثرات مرتب ہوں گے۔ طلب میں اضافہ کے ساتھ آپ کی کمپنی بالائی وزیریں سطح پر نمایاں بہتری کی امید رکھتی ہے کیونکہ توسیعی پلانٹ سے حاصل اضافی مصنوعات ملکی درآمدات کی جگہ لے گی۔

آپ کی کمپنی COVID-19 کے دوران SBP کی متعارف کردہ کم شرح پر قرضوں کی سہولت حاصل کرنے کے بہت قریب ہے جس سے مستقبل میں کمپنی کی قرضوں پر لاگت میں کمی واقع ہوگی۔ مزید برآں، آپ کمپنی نے اس دورانیہ میں مستقل لاگت اور سرمایہ کو بچتی سے کنٹرول کیا۔ مستقبل کا منظر نامہ

لاگت کی مد میں اس بحرائی کیفیت میں اہداف اور منافع کو حاصل کرنے کے ساتھ ساتھ مطمئن مالیتی کی کارکردگی کو برقرار رکھنا آپ کی کمپنی کے لئے ایک چیلنج سے کم نہیں۔ ان چیلنجز سے نبرد آزما ہونے کے لئے آپ کی کمپنی مربوط حکمت عملی پر عمل پیرا ہے۔ ٹیکسٹائل اور کان کنی کے شعبوں میں نمایاں نمو کے ساتھ ساتھ سطحات اور مارکیٹوں میں داخلگی کی کوششوں کو کامیابی کے ساتھ نافذ کیا گیا ہے۔ آپ کی کمپنی مصنوعات میں تنوع لانے کی آپشن بھی تلاش کر رہی ہے۔ جس سے مقامی مارکیٹ میں بائزر ورجن پراویسٹس کے استعمال کو مزید تقویت ملے گی۔ آپ کی کمپنی پیداواری لاگت میں کمی کے لئے اقدامات کر رہی ہے۔ پیداواری صلاحیت میں اضافہ کے مربوط پروگرام کے نفاذ کے بعد علاقے میں کم ترین لاگت کا حامل پروڈیوسر بننا ہماری اولین ترجیح ہے۔ کاروبار کی ایسے شعبوں میں سرمایہ داری کر رہی ہے جو تحفظ، پیداواری صلاحیت اور اہم علاقوں کی منڈیوں کو تھیر کرنے میں اہم کردار ادا کرے گی۔

ہم گزشتہ برس تمام سٹیک ہولڈرز کے تعاون اور کامیابیوں کو سراہتے ہیں۔

منجانب/برائے بورڈ آف ڈائریکٹرز

لاہور

12 اکتوبر 2020ء

ڈائریکٹر

چیف ایگزیکٹو

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2020

| | Note | Un-audited September 30, 2020 (Rupees in thousand) | Audited June 30, 2020 |
|---|------|---|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital | | | |
| 2,200,000 (June 30, 2020: 2,200,000) | | | |
| ordinary shares of Rs 10 each | | 2,200,000 | 2,200,000 |
| Issued, subscribed and paid up capital | | | |
| 150,888,866 (June 30, 2020: 150,888,866) | | | |
| ordinary shares of Rs 10 each | | 1,508,889 | 1,508,889 |
| Share Premium | | 244,444 | 244,444 |
| Accumulated Profit | | 196,048 | 181,982 |
| | | 1,949,381 | 1,935,315 |
| NON-CURRENT LIABILITIES | | | |
| Long term finance - unsecured | 5 | 388,066 | 215,923 |
| Lease Liabilities | | 20,796 | 24,054 |
| Deferred taxation | | 193,060 | 189,328 |
| | | 601,922 | 429,305 |
| CURRENT LIABILITIES | | | |
| Current Portion of Non Current Liabilities | | 29,813 | 22,431 |
| Finances under mark up arrangements - secured | 6 | 183,972 | 32,283 |
| Trade and other payables | | 615,602 | 409,043 |
| Dividend payable | | 1,559 | 1,528 |
| Accrued finance cost | | 7,313 | 6,780 |
| | | 838,259 | 472,065 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 7 | | |
| | | 3,389,562 | 2,836,685 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 2,528,581 | 2,031,207 |
| Intangible assets | | 25,345 | 27,318 |
| Long term deposits | | 17,554 | 17,554 |
| | | 2,571,480 | 2,076,079 |
| CURRENT ASSETS | | | |
| Stores and spares | | 336,695 | 319,793 |
| Stock-in-trade | 10 | 95,758 | 183,058 |
| Trade debts - unsecured | | 101,390 | 54,940 |
| Advances, deposits, prepayments | | | |
| and other receivables | 11 | 185,529 | 121,529 |
| Income tax recoverable | | 89,257 | 74,341 |
| Cash and bank balances | 12 | 9,453 | 6,945 |
| | | 818,082 | 760,606 |
| | | 3,389,562 | 2,836,685 |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
 FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

| | Note | Three-month period ended | |
|--------------------------------|------|--|--------------------|
| | | September 30, 2020 (Rupees in thousand) | September 30, 2019 |
| Sales | 13 | 620,514 | 628,817 |
| Cost of goods sold | 14 | (556,414) | (484,481) |
| Gross profit | | 64,100 | 144,336 |
| Administrative expenses | | (20,857) | (26,387) |
| Distribution and selling costs | | (13,644) | (13,804) |
| Other income | | 2,149 | 6,320 |
| Other operating expenses | | (4,683) | (7,296) |
| Profit from operations | | 27,065 | 103,169 |
| Finance cost | | (5,315) | (35,462) |
| Profit before taxation | | 21,750 | 67,707 |
| Taxation | | (7,684) | (13,547) |
| Profit for the period | | 14,066 | 54,160 |
| Earnings per share | | | |
| - Basic - Rupees | 15.1 | 0.11 | 0.53 |
| - Diluted - Rupees | 15.2 | 0.11 | 0.53 |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

| | Three-month period ended | |
|--|---------------------------------|-------------------------------|
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in thousand) | |
| Profit for the period | 14,066 | 54,160 |
| 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 | 14,066 | 54,160 |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

| | Share Capital | | (Rupees in thousand) Revenue Reserves | |
|---|--------------------------------|--------------------------------|--|-----------|
| | Ordinary share capital | Preference share capital | Accumulated loss / profit | Total |
| |(Rupees in thousand)..... | | | |
| Balance as on July 1, 2019 (audited) | 1,020,000 | | (236,441) | 783,559 |
| Profit for the period | - | - | 54,160 | 54,160 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 54,160 | 54,160 |
| Balance as on September 30, 2019 (un-audited) | 1,020,000 | - | (182,281) | 837,719 |
| Balance as on July 1, 2020 (audited) | 1,508,889 | 244,444 | 181,982 | 1,935,315 |
| Profit for the period | - | - | 14,066 | 14,066 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 14,066 | 14,066 |
| Balance as on September 30, 2019 (un-audited) | 1,508,889 | 244,444 | 196,048 | 1,949,381 |


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
 FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

| | | Three-month period ended | |
|---|------|--------------------------|-----------------------|
| | | September 30, 2020 | September 30, 2019 |
| | Note | (Rupees in thousand) | |
| Cash flows from operating activities | | | |
| Cash generated / (used in) from operations | 17 | 255,365 | (19,422) |
| Finance cost paid | | (4,782) | (1,594) |
| Profit on deposits received | | 173 | 564 |
| Income tax paid | | (18,868) | (17,765) |
| Net cash generated / (used in) from operating activities | | 231,888 | (38,217) |
| Cash flows from investing activities | | | |
| Fixed capital expenditure (including intangibles) | | (557,367) | (22,578) |
| Net cash used in investing activities | | (557,367) | (22,578) |
| Cash flows from financing activities | | | |
| Net proceeds from long term finance | | 179,525 | - |
| Principle element of lease payments | | (3,258) | |
| Dividend paid | | 31 | |
| Net cash generated from financing activities | | 176,298 | - |
| Net decrease in cash and cash equivalents | | (149,181) | (60,795) |
| Cash and cash equivalents at beginning of the period | | (25,338) | (93,324) |
| Cash and cash equivalents at the end of the period | 18 | (174,519) | (154,119) |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

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, 2020.

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, 2020. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2020.

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 IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3.2.2 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, 2021 or later periods, but the Company has not early adopted them:

| Standards or Interpretation | Effective date (accounting periods beginning on or after) |
|---|---|
| Amendments to IAS 1, 'Presentation of financial statements', | January 01, 2021 |
| Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors', | January 01, 2021 |

4. Taxation

The provision for taxation for the quarter ended September 30, 2020 has been made using the tax rate that would be applicable to expected total annual earnings.

| | Note | Un-audited September 2020 (Rupees in thousand) | Audited June 2020 |
|---|------|---|-------------------------|
| 5 Long term finance - unsecured | | | |
| Syndicate Facility | 5.1 | 344,298 | 194,298 |
| Long Term Finance Facility (LTFF) | 5.2 | 58,358 | 28,833 |
| | | 402,656 | 223,131 |
| Current portion shown under current liabilities | | (14,590) | (7,208) |
| | | 388,066 | 215,923 |

5. Syndicate Facility

This represent disbursement against aggregate facility of Rs 1,100 million from syndicate of financial institutions to finance the capacity expansion project.

Terms of markup

The facility carries mark-up at 3 months KIBOR + 0.9% per annum payable quarterly.

Terms of repayment

It is repayable in thirteen equal bi-annual installments commencing from October 8, 2021.

Security

It is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Company.

5.2 Long Term Finance Facility (LTFF)

This represent disbursement against aggregate facility of Rs 58.3 million from Allied Bank Limited to pay salaries and wages under State Bank of Pakistan's Refinance Scheme for payment of Wages and Salaries.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

Terms of markup

Out of this facility an aggregate sum of Rs. 28.8 million carries markup at SBP rate plus 1% per annum and remaining facility amount of Rs. 29.5 million carries markup at three month KIBOR plus 0.5% per annum until it is approved by the State Bank of Pakistan ('SBP'). After the approval of SBP, the remaining facility will carry markup at SBP rate plus 1% per annum.

Terms of repayment

It is repayable in eight equal quarterly installments commencing from January 31, 2021.

Security

It is secured by first pari passu charge over all present and future current assets of the Company with 25% margin. It is also secured by an aggregate sum of Rs 40 million by a ranking charge over all present and future plant and machinery of the Company.

| | Un-audited September 30, 2020 (Rupees in thousand) | Audited June 30, 2020 |
|--|---|-----------------------------|
| 6 Finances under mark up arrangements - secured | | |
| Allied Bank Limited | 47,146 | 14,573 |
| Bank Al-Habib Limited | 136,826 | 17,710 |
| | <u>183,972</u> | <u>32,283</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 50.94 million (June 30, 2020: Rs 48.64 million).

Guarantee issued to Sui Northern Gas Pipeline Limited against stay order of GIDC amounting to Rs 2.3 million (June 30, 2020: Rs NIL).

Guarantee issued to Pakistan State Oil against the performance of a contract amount to Rs 3.50 million (June 30, 2020: Rs 3.50 million).

7.2 Commitments

- i) Letters of credit and contracts of capital expenditure amounting to Rs 67.65 million (June 30, 2020: Rs 75.57 million).
- ii) Letter of credit other than capital expenditure amounting to Rs 28.53 million (Jun 30, 2020: Rs 32.36 million)

| | Note | Un-audited September 30, 2020 (Rupees in thousand) | Audited June 30, 2020 |
|--|-------|---|-----------------------------|
| 8 Property, plant and equipment | | | |
| Operating assets: | | | |
| - Owned Assets | 9.1 | 2,262,670 | 1,109,058 |
| - Right of Use Assets | 9.2 | 33,059 | 36,732 |
| Capital work-in-progress | | 162,701 | 823,346 |
| Major spare parts, catalysts and standby equipment [including in transit of Rs NIL (June 30, 2020: Rs. NIL)] | | 70,151 | 62,071 |
| | | <u>2,528,581</u> | <u>2,031,207</u> |
| 9.1 Operating assets | | | |
| Opening book value | | 1,109,058 | 1,212,314 |
| Add: Additions during the period / year | 9.1.1 | 1,210,172 | 78,570 |
| | | <u>2,319,230</u> | <u>1,290,884</u> |
| Less: Disposals during the period / year (at book value) | 9.1.2 | - | (690) |
| Less: Depreciation charged during the period / year | | (56,560) | (181,136) |
| Closing book value | | <u>2,262,670</u> | <u>1,109,058</u> |
| 9.1.1 Additions during the period / year | | | |
| Buildings on freehold land | | - | 5,649 |
| Plant, machinery and equipment | | 1,209,875 | 63,759 |
| Laboratory equipment | | - | 754 |
| Tools and equipment | | - | 6,127 |
| Computer equipment | | 297 | 1,740 |
| Office equipment | | - | 509 |
| Furniture and fixture | | - | 32 |
| | | <u>1,210,172</u> | <u>78,570</u> |
| 9.1.2 Disposals during the period / year | | | |
| Plant, machinery and equipment | | - | (677) |
| Computer equipment | | - | (13) |
| | | <u>-</u> | <u>(690)</u> |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

| | Note | Un-audited September 30, 2020 (Rupees in thousand) | Audited June 30, 2020 (Rupees in thousand) |
|--|--|---|---|
| 9.2 Right of Use Assets | | | |
| Opening Book Value | | 36,732 | - |
| Additions during the period / year | | - | 44,078 |
| Depreciation Charge during the period / year | | (3,673) | (7,346) |
| | | <u>33,059</u> | <u>36,732</u> |
| 10 Stock in trade | | | |
| Raw material [including in transit of Rs 5.4 million (June 30, 2020: Rs 13.66 million)] | | 74,238 | 67,377 |
| Work-in-process | | 12,670 | 8,702 |
| Finished goods | 10.1 | 8,850 | 106,979 |
| | | <u>95,758</u> | <u>183,058</u> |
| 10.1 | Finished goods includes stock purchased for resale Rs. NIL (June 30, 2020 : Rs 7.1 million) . | | |
| 11. | These include sales tax recoverable of Rs 155 million (June 30, 2020: Rs 90.79 million). | | |
| 12 Cash and bank balances | | | |
| At banks on: | | | |
| - Current accounts | | 2,594 | 3,269 |
| - Saving accounts | | 6,859 | 3,676 |
| | | <u>9,453</u> | <u>6,945</u> |
| | | | |
| | | Un-audited | |
| | | Three-month period ended | |
| | | September | September |
| | | 30, 2020 | 30, 2019 |
| | | (Rupees in thousand) | |
| 13 Sales | | | |
| Gross sales: | | | |
| - Local | | 719,355 | 730,822 |
| - Export | | 16,247 | 2,385 |
| | | <u>735,602</u> | <u>733,207</u> |
| Less: Commission on sales | | (12,528) | (12,712) |
| Less: Sales tax | | (102,560) | (91,678) |
| | | <u>620,514</u> | <u>628,817</u> |

14 Cost of goods sold

| Un-audited | | |
|---|-----------------------|-----------------------|
| Three-month period ended | | |
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in thousand) | |
| Raw material consumed | 113,639 | 253,980 |
| Salaries, wages and other benefits | 30,281 | 28,420 |
| Repair and maintenance | 14,894 | 18,582 |
| Annual shutdown expenses | 33,648 | - |
| Fuel and power | 50,172 | 81,898 |
| Packing material | 1,207 | 858 |
| Quality assurance | 240 | 223 |
| Services through contractors | 10,620 | 16,354 |
| Travelling | 120 | 274 |
| Communication | 156 | 171 |
| Rent & rates | 3,210 | 9,025 |
| Depreciation on property, plant and equipment | 61,966 | 45,539 |
| Insurance | 3,248 | 3,260 |
| Safety items consumed | 443 | 695 |
| Miscellaneous | 650 | 620 |
| | 324,494 | 459,899 |
| Add: Opening work in process | 8,702 | 4,218 |
| Less: Closing work in process | (12,670) | (5,785) |
| | (3,968) | (1,567) |
| Cost of goods produced | 320,526 | 458,332 |
| Add: Opening finished goods | 99,872 | 18,649 |
| Less: Closing finished goods | (8,850) | (78,009) |
| | 91,022 | (59,360) |
| Cost of goods sold - own manufactured | 411,548 | 398,972 |
| Cost of goods sold - purchase for resale | 144,373 | 77,885 |
| Cost of services | 493 | 7,624 |
| | 556,414 | 484,481 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

| | | | Un-audited | |
|--|---|---------------------------|--------------------------|-----------------------|
| | | | Three-month period ended | |
| | | | September 30, 2020 | September 30, 2019 |
| 15 | Earnings per share | | | |
| 15.1 | Basic earnings per share | | | |
| | Profit for the period | Rupees in thousand | 14,066 | 54,160 |
| | Weighted average number | | | |
| | of ordinary shares | Number in thousand | 122,438 | 102,000 |
| | Earnings per share | Rupees | 0.11 | 0.53 |
| 15.2 | Diluted earnings per share | | | |
| | Profit for the period | Rupees in thousand | 14,066 | 54,160 |
| | Weighted average number | | | |
| | of ordinary shares | Number in thousand | 122,438 | 102,000 |
| | Add: Weighted average | | | |
| | number of preference | | | |
| | shares | Number in thousand | - | |
| | Weighted average number | | | |
| | of outstanding shares | Number in thousand | 122,438 | 102,000 |
| | Diluted earning per share | Rupees | 0.11 | 0.53 |
| 16 | Transactions with related parties | | | |
| | | | Un-audited | |
| | | | Three-month period ended | |
| | | | September 30, 2020 | September 30, 2019 |
| Relationship with the Company | Nature of transaction | | (Rupees in thousand) | |
| i. Related parties other than holding company | Purchase of goods and services | | 356,811 | 5,919 |
| | Sale of Goods | | 526 | - |
| | Share of common expenses charged to the Company | | 6,631 | 5,955 |
| | Share of common expenses charged by the Company | | 1,171 | 654 |
| | Mark-up expense on long term loan | | - | 27,489 |
| ii. Post employment benefit plans | Expense charged in respect of retirement benefit plans | | 1,537 | 1,468 |
| iii. Key management personnel | Salaries and other employee benefits | | 13,793 | 10,057 |

| | Un-audited September 30, 2020 (Rupees in thousand) | Audited June 30, 2020 (Rupees in thousand) |
|--|---|---|
| Period-end balances | | |
| Payable to Related Parties | 144,673 | 465 |
| Advances from Related Parties | 51 | 432 |
| Receivable from Related Parties | 170 | - |
| Advance to Related Parties | 32,045 | 21,452 |
| | Un-audited | |
| | Three-month period ended | |
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in thousand) | |
| 17 Cash generated from operations | | |
| Profit before taxation | 21,750 | 67,707 |
| Adjustments for: | | |
| - Depreciation on property, plant and equipment & amortization | 61,966 | 44,855 |
| - Finance cost | 5,315 | 35,462 |
| - Interest on bank deposits | (173) | (564) |
| - Exchange loss | 55 | 1,845 |
| Cashflows before working capital changes | 88,913 | 149,305 |
| Effect on cash flow due to working capital changes | | |
| - Increase in stores and spares | (16,902) | (19,515) |
| - Decrease / (Increase) in stock-in-trade | 87,300 | (85,391) |
| - Increase in trade debts | (46,450) | (75,315) |
| - (Increase) / Decrease in advances, deposits, prepayments and other receivables | (64,000) | 69,101 |
| - Increase / (Decrease) in trade and other payables | 206,504 | (57,607) |
| | 166,452 | (168,727) |
| Cash generated / (used in) from operations | 255,365 | (19,422) |
| 18 Cash and cash equivalents | | |
| Cash and bank balances - note 12 | 9,453 | 5,433 |
| Finances under mark up arrangement - secured - note 6 | (183,972) | (159,552) |
| | (174,519) | (154,119) |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

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, 2020.

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 October 21, 2020 by the Board of Directors of the Company.

22 Subsequent events

The final cash dividend of Rs. 1 per share (2019: Nil) and bonus shares of 16% (2019: Nil) for the year ended June 30, 2020 as purposed by the Board of Directors at their meeting held on September 02, 2020 for approval of member at the Annual General Meeting held on October 21, 2020. These financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

23 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

BOOK POST



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