

PARTNERS IN
PROGRESS



QUARTERLY REPORT

SEPTEMBER 30, 2026
(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.

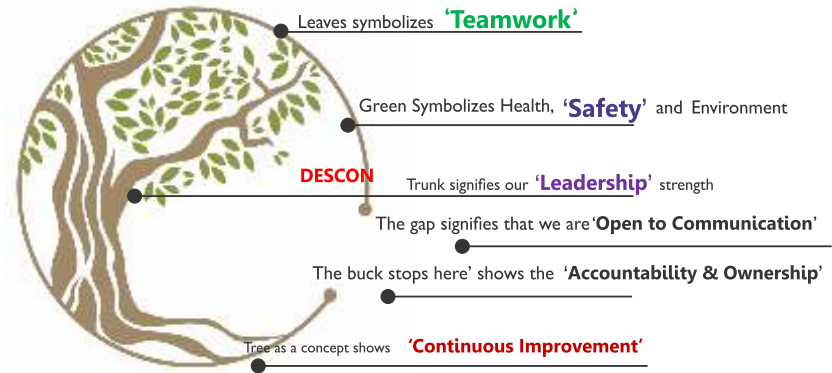


MISSION

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."

Contents

03	Company Information
04	Directors' Report - English
05	Directors' Report - Urdu
06	Condensed Interim Unconsolidated Statement of Financial Position
08	Condensed Interim Unconsolidated Statement of Profit or Loss
09	Condensed Interim Unconsolidated Statement of Comprehensive Income
10	Condensed Interim Unconsolidated Statement of Changes in Equity
11	Condensed Interim Unconsolidated Statement of Cash Flows
12	Notes to the Condensed Interim Unconsolidated Financial Statements
21	Consolidated
22	Condensed Interim Consolidated Statement of Financial Position
24	Condensed Interim Consolidated Statement of Profit or Loss
25	Condensed Interim Consolidated Statement of Comprehensive Income
26	Condensed Interim Consolidated Statement of Changes in Equity
27	Condensed Interim Consolidated Statement of Cash Flows
28	Notes to the Condensed Interim Consolidated Financial Statements

Company Information

Board of Directors

Faisal Dawood
Taimur Dawood
Mehreen Dawood
Farooq Nazir
Asif Qadir
Imran Anwer
Muhammad Memosh Asghar Khawaja
Yasir Siddique Sheikh

Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Chief Executive Officer

Rabia Shoaib

Chief Financial Officer

Abdul Sohail

Company Secretary

Auditors

M/s Crowe Hussain Chaudhury & 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
Bank Alfalah Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Meezan Bank Limited
National Bank of Pakistan

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 Ferozepur 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.descon.com

DIRECTORS REPORT TO THE SHAREHOLDERS

For the Quarter Ended September 30, 2026

The Board of Directors is pleased to present the consolidated financial statements of the Company for the quarter ended September 30, 2026. The financial highlights for the quarter are as follows:

	Quarter ended	
	September 30, 2026	September 30, 2025
	Rupees in '000'	
Sales Volume (MT)	11,649	10,536
Production Volume (MT)	10,719	10,882
Sales	1,512,097	1,279,039
Cost of Sales	(1,117,667)	(977,088)
Gross profit	394,430	301,951
Profit from operation	262,311	180,792
Profit after tax	159,306	135,696
EPS	0.91	0.78

The Company reported a strong start to FY2027, with sales volume increasing by 11% and revenue reaching Rs. 1,512 million, representing an 18% increase over the corresponding period last year. Supported by improved operational efficiencies and effective cost management, the gross profit margin and operating profit margin improved by 2 percentage points and 3 percentage points, respectively. Profit after tax increased to Rs. 159 million, compared to Rs. 136 million in the corresponding quarter of last year, resulting in earnings per share of Rs. 0.91 (September 2025: Rs. 0.78).

The Company continues to manage its cash flow requirements through short-term running finance facilities and internally generated cash flows. Management remains focused on closely monitoring working capital requirements and maintaining stringent controls over fixed costs to ensure stable liquidity and uninterrupted operational continuity.

During the quarter, the Company continued to demonstrate its commitment to maintaining a safe and healthy working environment, with cumulative safe man-hours reaching 12.5 million by the end of the first quarter of FY2027. The Company further strengthened its focus on fire prevention and safety awareness initiatives. Efforts aimed at improving energy efficiency resulted in reduced natural gas consumption. As part of its product optimization program, the Company successfully conducted trial dispatches using more cost-effective packaging solutions. Furthermore, work on an additional 2 MW solar power project is progressing as planned.

Sales & Marketing

The Company delivered a strong sales performance during the quarter, supported by favorable regional market dynamics, including supply constraints in Bangladesh and sustained demand from export-oriented textile sectors. A notable achievement was the highest-ever monthly sales volume recorded in September 2026, reflecting strong commercial execution and effective market penetration.

During the first quarter of FY2027, the Company continued to pursue its market expansion strategy, aimed at strengthening its presence in established markets, including the Middle East, while creating new business opportunities in the Far East and other emerging markets. These efforts were focused on broadening the customer base, enhancing market reach, and reducing exposure to regional concentration risks.

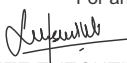
As a result, export performance also improved significantly, with shipments exceeding 1,000 MT during the quarter, surpassing both the corresponding period last year and internal expectations for the period.

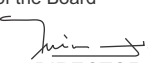
Future Outlook

Management remains optimistic about market conditions for the remainder of the year. Strong demand from the textile sector, a balanced regional supply-demand environment, and continued development of export markets are expected to support sustainable volume growth, pricing stability, and profitability. The Company will continue to focus on market expansion, customer diversification, and higher-value product segments to strengthen long-term growth and resilience.

For and on behalf of the Board

Lahore
October 21, 2026


CHIEF EXECUTIVE


DIRECTOR

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

30 ستمبر 2026 کو ختم ہونے والی سہ ماہی کے لیے۔

بورڈ آف ڈائریکٹرز 30 ستمبر 2026 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کے مجموعی مالیاتی بیانات پیش کرنے پر غور و خوض کرتے ہیں۔
سہ ماہی کی مالی جھلکیاں درج ذیل ہیں:-

تفصیل	سہ ماہی کا اہتمام	
	30 ستمبر 2026	30 ستمبر 2025
	-- روپے ہزاروں میں --	
فروخت کا حجم (MT)	11,649	10,536
پیداوار حجم (MT)	10,719	10,882
فروخت	1,512,097	1,279,039
فروخت کی لاگت	(1,117,667)	(977,088)
مجموعی منافع	394,430	301,951
آپریشن سے منافع	262,311	180,792
ٹیکس کے بعد منافع	159,306	135,696
آمدنی فی حصص	0.91	0.78

کمپنی نے مالی سال 2027 کے مضبوط آغاز کی اطلاع دی، جس میں فروخت کے حجم میں 11 فیصد اضافہ ہوا اور آمدنی 1,512 ملین روپے تک پہنچ گئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 18 فیصد اضافے کی نمائندگی کرتی ہے۔ بہتر آپریشنل افادیت اور موثر لاگت کے انتظام کی مدد سے، مجموعی منافع کے مارجن اور آپریٹنگ منافع کے مارجن میں بالترتیب 2 فیصد پوائنٹس اور 3 فیصد پوائنٹس کی بہتری ہوئی۔ ٹیکس کے بعد منافع پر ہر 159 ملین روپے ہو گیا، جو پچھلے سال کی اسی سہ ماہی میں 136 ملین روپے تھا، جس کے نتیجے میں فی حصص آمدنی 0.91 روپے (ستمبر 2025-0.78 روپے)

کمپنی قلیل مدتی مالیاتی سہولیات اور اندرونی طور پر پیدا ہونے والے نقد بہاؤ کے ذریعے اپنی نقد بہاؤ کی ضروریات کا اہتمام جاری رکھے ہوئے ہے۔ سہ منجمنٹ کام کرنے والے سرمائے کی ضروریات کی قریب سے نگرانی کرنے اور مستحکم لیکویڈیٹی اور باقاعدگی آپریشنل سلسل کو یقینی بنانے کے لیے مقررہ اخراجات پر سخت کنٹرول برقرار رکھنے پر مرکوز ہے۔

سہ ماہی کے دوران، کمپنی نے ایک محفوظ اور صحت مند کام کرنے والے ماحول کو برقرار رکھنے کے لیے اپنے عزم کا مظاہرہ جاری رکھا، مالی سال 2027 کی پہلی سہ ماہی کے اہتمام تک مجموعی طور پر محفوظ مین - اورز 12.5 ملین تک پہنچ گئے۔ کمپنی نے آگ سے بچاؤ اور حفاظتی آگاہی کے اقدامات پر اپنی توجہ کو مزید مضبوط کیا۔

توانائی کی کارکردگی کو بہتر بنانے کی کوششوں کے نتیجے میں قدرتی گیس کی کھیت میں کمی واقع ہوئی۔ اپنے پروڈکٹ آپٹیمائزیشن پروگرام کے حصے کے طور پر، کمپنی نے زیادہ لاگت سے موثر بیکیٹنگ سلسلوں کا استعمال کرتے ہوئے آزمائشی ڈسچارج کیمیا کی انجام دیا۔ مزید برآں، منصوبہ بندی کے مطابق 2 میگا واٹ کے اضافی شمسی توانائی کے منصوبے پر کام جاری ہے۔

سیلز اور مارکیٹنگ:

کمپنی نے سہ ماہی کے دوران فروخت کی مضبوط کارکردگی پیش کی، جس میں علاقائی مارکیٹ کی سازگار حرکیات، بشمول بنگلہ دیش میں سپلائی کی رکاوٹیں اور برآمدات پر مبنی ٹیکسٹائل شعبوں کی مسلسل مانگ شامل ہے۔ ایک قابل ذکر کامیابی ستمبر 2026 میں ریکارڈ کی گئی جس میں سب سے زیادہ مائنر فروخت کا حجم تھا، جو مشرق وسطیٰ میں عمل درآمد اور مارکیٹ میں موثر رسائی کی عکاسی کرتا ہے۔

مالی سال 2027 کی پہلی سہ ماہی کے دوران، کمپنی نے اپنی مارکیٹ کی توسیع کی حکمت عملی کو جاری رکھا، جس کا مقصد مشرق وسطیٰ سمیت قائم کاریوں میں اپنی موجودگی کو مضبوط بنانا تھا، جبکہ مشرق وسطیٰ اور دیگر افریقی ہوئی مارکیٹوں میں کاروبار کے مواقع پیدا کرنا تھا۔ یہ کوششیں کسٹمر میں کوئٹگی کے مارکیٹ تک رسائی کو بڑھانے، اور علاقائی ارتکاز کے خطرات کو کم کرنے پر مرکوز تھیں۔

نتیجے کے طور پر، برآمدی کارکردگی میں بھی نمایاں بہتری آئی، سہ ماہی کے دوران ترسیل 1,000 MT سے تجاوز کر گئی، جو پچھلے سال کی اسی مدت اور مدت کے لیے اندرونی توقعات دونوں کو پیچھے چھوڑ گئی۔ مستقبل کا خاکہ:

انتظامیہ سال کے بقیہ میں مارکیٹ کے حالات کے بارے میں پر امید ہے۔ ٹیکسٹائل سیکٹر کی مضبوط مانگ، ایک متوازن علاقائی طلب ماحول، اور برآمدی منڈیوں کی مسلسل ترقی سے پائیدار حجم میں اضافے، قیمتوں کے استحکام اور منافع میں مدد کی توقع ہے۔ کمپنی طویل مدتی ترقی اور لچک کو مضبوط بنانے کے لیے مارکیٹ کی توسیع، کسٹمر کے تنوع، اور داخلی قدر والے پروڈکٹ سیکٹس پر توجہ مرکوز رکھے گی۔

لاہور

12 اکتوبر 2026ء

ڈائریکٹر

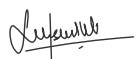
مخائبہ/ برائے بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UN-AUDITED) AS AT SEPTEMBER 30, 2026**

		Un-audited September 30, 2026 (Rupees in thousand)	Audited June 30, 2026
EQUITY AND LIABILITIES	Note		
Share Capital And Reserves			
Authorized share capital 300,000,000 (2026: 300,000,000) ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid up share capital 175,031,084 (2026: 175,031,084) Ordinary shares of Rs 10 each		1,750,311	1,750,311
Share Premium		3,022	3,022
Unappropriated profit		1,229,548	1,120,382
		2,982,881	2,873,715
Non Current Liabilities			
Long term financing	5	37,359	42,930
Deferred grant	6	1,334	2,488
Deferred tax liability		100,860	102,076
		139,554	147,494
Current Liabilities			
Trade and other payables		664,751	772,109
Finances under mark up arrangements - secured		688,520	704,801
Current Portion of non current liabilities		26,899	26,899
Dividend payable		20,938	21,201
Accrued finance costs		22,332	22,165
		1,423,440	1,547,175
Contingencies And Commitments	7		
Total Equity and Liabilities		4,545,874	4,568,384

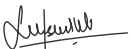
The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

		Un-audited September 30, 2026 (Rupees in thousand)	Audited June 30, 2026
ASSETS	Note		
Non Current Assets			
Property, plant and equipment	8	1,800,075	1,836,077
Intangible assets		408,348	434,892
Long term investment		1,964	1,964
Long term loans		-	144
Long term deposits		15,377	15,377
		<u>2,225,764</u>	<u>2,288,454</u>
Current Assets			
Stores and spares		600,042	580,039
Stock in trade	9	510,070	587,638
Trade debts		235,401	204,153
Loans, advances, deposits, prepayments and other receivables		144,035	110,164
Short Term Investments		464,360	452,317
Tax refund due from the Government		243,228	245,194
Bank balances	10	122,974	100,425
		2,320,110	2,279,930
Total Assets		<u>4,545,874</u>	<u>4,568,384</u>



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

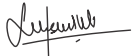


DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026**

		Three-month period ended	
		September 30, 2026	September 30, 2025
	Note	(Rupees in thousand).....	
Sales	11	1,457,251	1,244,948
Cost of sales	12	(1,117,667)	(977,088)
Gross profit		339,584	267,860
Administrative expenses		(70,023)	(63,911)
Distribution and selling costs		(60,815)	(53,204)
		(130,837)	(117,115)
Operating Profit		208,747	150,745
Other operating expenses		(30,465)	(12,825)
Finance cost		(23,029)	(3,974)
Other income		16,097	39,595
Profit before levy and taxation		171,350	173,540
Levy		-	-
Profit before taxation		171,350	173,540
Taxation			
- Income tax		(63,399)	(73,438)
- Deferred tax		1,216	8,415
		(62,184)	(65,023)
Net profit for the period		109,166	108,517
Earnings per Share - Basic and Diluted	13	0.62	0.62

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE

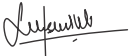

CHIEF FINANCIAL OFFICER


DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026**

	Three-month period ended	
	September 30, 2026	September 30, 2025
	(Rupees in thousand).....	
Net profit for the period	109,166	108,517
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	109,166	108,517

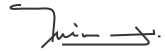
The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

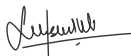


DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026**

	Issued, Subscribed and Paid up Capital	Capital Reserves Share Premium	Revenue Reserves Unappropriated Profit	Total
.....(Rupees in thousand).....				
Balance as on July 1, 2025 (audited)	1,750,311	3,022	1,517,162	3,270,495
Net profit for the period	-	-	108,517	108,517
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	108,517	108,517
Balance as on September 30, 2025 (un-audited)	<u>1,750,311</u>	<u>3,022</u>	<u>1,625,679</u>	<u>3,379,012</u>
Balance as on July 1, 2026 (audited)	1,750,311	3,022	1,120,382	2,873,715
Net profit for the period	-	-	109,166	109,166
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	109,166	109,166
Balance as on September 30, 2026 (un-audited)	<u>1,750,311</u>	<u>3,022</u>	<u>1,229,548</u>	<u>2,982,881</u>

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE

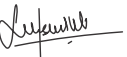
CHIEF FINANCIAL OFFICER

DIRECTOR

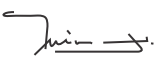
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

		Three-month period ended	
		September 30, 2026	September 30, 2025
Note		(Rupees in thousand).....	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	161,073	239,818
	Finance cost paid	(22,862)	(2,882)
	Profit on deposits received	554	1,419
	Income tax paid	(61,433)	(56,321)
	Net cash generated from operating activities	77,331	182,034
CASH FLOWS FROM INVESTING ACTIVITIES			
	Property, plant and equipment purchased	(31,513)	(65,136)
	Net cash used in investing activities	(31,513)	(65,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Long term financing repaid	(6,725)	(6,725)
	Finances repaid under markup arrangements - net	(16,281)	(74,703)
	Dividend Paid	(263)	-
	Net cash used in financing activities	(23,269)	(81,428)
	Net increase in cash and cash equivalents	22,549	35,471
	Cash and cash equivalents at beginning of the period	100,425	192,261
	Cash and cash equivalents at the end of the period	122,974	227,732

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

1. The Company and its operations

- 1.1 Descon Oxychem Limited (the Company) was incorporated in Pakistan as a private limited Company on November 12, 2004 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and was later converted into a public limited company. On September 15, 2008, the Company was listed on Pakistan Stock Exchange.
- 1.2 The Company is a subsidiary of DEL Chemicals (Private) Limited (the parent company) a private company incorporated in Pakistan and principally engaged in manufacturing, procurement and sale of hydrogen peroxide and allied products.
- 1.3 The Company has incorporated a wholly owned subsidiary "Descon Oxychem FZE" in Hamriyah Free Zone, Sharjah, UAE that is engaged in import, export and trading of chemicals & related products; detergents & disinfectants; water treatment & purification chemicals and raw materials.
- 1.4 The Company is domiciled in Pakistan and the geographical location and addresses of its offices are as under:

Business Unit

Head Office / Registered Office
Production Plant / Factory

Geographical Location

18-KM, Ferozepur Road, Lahore.
18-KM, Lahore-Sheikhupura Road, Lahore

2. Basis of preparation

- 2.1 These unconsolidated 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 unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2026. These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. Material accounting policy information

- 3.1 The material accounting policy information and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2026.

4. Critical accounting estimates and judgements

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2026.

	Un-audited September 30, 2026	Audited June 30, 2026
5 Long term financing		
	(Rupees in thousand).....	
Allied Bank Limited	65,592	72,317
Less: Deferred grant	(4,829)	(5,965)
	60,763	66,352
Less : Current portion shown under current liabilities	(23,404)	(23,422)
	<u>37,359</u>	<u>42,930</u>
6 Deferred Grant		
Deferred grant	4,829	5,965
Less: Current portion	(3,494)	(3,477)
	<u>1,334</u>	<u>2,488</u>

7. Contingencies and commitments

7.1 Contingencies

- 7.1.1 The Honorable Supreme Court of Pakistan ('HSCP') in its decision dated August 13, 2020 held that Gas Infrastructure Development Cess (GIDC), as initially levied through Gas Infrastructure Development Cess Act, 2011 and modified via different notifications issued from time to time and thereafter re-levied through the Gas Infrastructure Development Cess Ordinance, 2014, stands payable to Sui Northern Gas Pipelines Limited ('SNGPL') in twenty four (24) equal monthly installments with immediate effect.

Pursuant to the order of the HSCP, SNGPL raised a demand for the collection of the GIDC arrears. The Company filed a writ petition under article 199 of the Constitution of Islamic Republic of Pakistan, 1973 in the Honorable Lahore High Court ('HLHC') against the demand raised, pleading that demanding arrears of GIDC are illegal, unlawful and ultra vires to the first proviso to section 8 (2) of the Gas Infrastructure Development Cess Act, 2015. The writ petition was decided in favor of the Company by HLHC vide its order dated June 17, 2021. SNGPL filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

The Company's legal advisor is of the opinion that the judgment does not apply to the arrears under the Gas Infrastructure Development Cess Act, 2011 and the Gas Infrastructure Development Ordinance 2014 that are, in terms of the first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first provision of section 8 (2) is subject to the determination by High Level Committee ('Committee') of SNGPL. The decision has not been made by the Committee on its applicability and the amount to be paid by the Company. Accordingly, the Company has not recognized the estimated provision of Rs. 55.32 million (2026: Rs. 55.32 million) in these unconsolidated financial statements. However, the Company has provided guarantee of Rs. 55.32 million (2026: Rs. 55.32 million) to SNGPL.

7.1.2 In September 2025, the Company filed a petition before the Honorable Lahore High Court ('HLHC') challenging notifications issued by Oil and Gas Regulatory Authority ('OGRA') dated March 28, 2025, through which a retrospective RLNG tariff adjustment of Rs. 119 million was imposed by Sui Northern Gas Pipelines Limited ('SNGPL') and included in the Company gas bill for the month of July 2025. Subsequently, during the pendency of proceedings before the HLHC, OGRA issued fresh notifications on November 28, 2025, superseding the earlier notifications, as a result of which the original petition became infructuous.

Consequently, the Company challenged the notifications dated November 28, 2025 before the HLHC, which admitted the petition for regular hearing and granted interim relief. The Company is hopeful for a favorable outcome of the case.

7.2 Guarantees

The Company has issued guarantees to the following parties:

Against performance of contracts:

Sui Northern Gas Pipelines Limited
Pakistan State Oil Company Limited
Al-Technique Corporation of Pakistan

Un-audited September 30, 2026(Rupees in thousand).....	Audited June 30, 2026
151,286	151,286
3,500	3,500
-	28,407
<u>154,786</u>	<u>183,193</u>

Post dated cheques issued in favor of National Tariff Commission of Pakistan, Sui Northern Gas Pipeline Limited and Collector of customs aggregating to Rs 57.046 million (June 30, 2026: 43.489 million).

7.3 Commitments

The Company has the following commitments in respect of:

Letters of credits	<u>351,024</u>	<u>337,309</u>
--------------------	----------------	----------------

		Un-audited September 30, 2026	Audited June 30, 2026
8 Property, plant and equipment	Note	(Rupees in thousand).....	
Operating fixed assets - Owned Assets	8.1	1,693,914	1,704,683
Capital work-in-progress	8.2	2,822	2,892
Major spare parts, catalysts and standby equipment		103,339	128,502
		<u>1,800,075</u>	<u>1,836,077</u>
8.1 Operating fixed assets			
Opening book value		1,704,683	1,613,944
Add: Additions during the period / year	8.1.1	56,747	348,818
Less: Write-off		-	(358)
Less: Depreciation charged during the period / year		(67,516)	(257,721)
Closing book value		<u>1,693,914</u>	<u>1,704,683</u>
8.1.1 Additions during the period / year			
Buildings on freehold land		1,000	34,564
Plant, machinery and equipment		43,723	109,109
Solar power system		-	174,609
Laboratory equipment		145	10,206
Material handling, tools and equipment		3,300	6,291
Electrical and office equipment		1,537	4,555
Computers and related equipment		3,744	6,338
Furniture and fixture		3,299	3,146
		<u>56,747</u>	<u>348,818</u>
8.2 Capital work-in-progress			
Plant and machinery		2,258	2,258
Others		564	634
		<u>2,822</u>	<u>2,892</u>
9 Stock in trade			
Raw material		327,228	261,513
Less: Provision for raw material		(17,345)	-
		309,884	261,513
Raw material in transit		32,137	149,909
Packing material		65,972	24,531
Finished goods		108,091	157,698
Less: Provision for obsolescence of finished goods		(6,013)	(6,013)
		<u>102,078</u>	<u>151,685</u>
		<u>510,070</u>	<u>587,638</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

	Un-audited September 30, 2026	Audited June 30, 2026
10 Bank balances		
.....(Rupees in thousand).....		
At banks on:		
- Local currency current accounts	36,771	38,005
- Local currency Saving accounts	67,713	41,132
- Foreign currency current accounts	18,490	21,288
	<u>122,974</u>	<u>100,425</u>
	Un-audited	
	Three-month period ended	
	September	September
	30, 2026	30, 2025
.....(Rupees in thousand).....		
11 Sales		
Gross sales:		
- Local	1,670,903	1,401,512
- Export	73,256	87,129
	<u>1,744,159</u>	<u>1,488,640</u>
Less: Commission on sales	(32,019)	(29,602)
Less: Sales tax	(254,889)	(214,091)
	<u>1,457,251</u>	<u>1,244,948</u>
12 Cost of sales		
Raw material consumed	600,808	511,562
Salaries, wages and other benefits	80,723	73,321
Repair and maintenance	32,950	24,034
Fuel and power	194,157	215,161
Packing material	2,984	3,942
Quality assurance	1,835	647
Services through contractors	40,481	41,965
Travelling	3,228	6,996
Communication	607	691
Rent and rates	12,579	10,959
Depreciation on property, plant and equipment	66,221	72,144
Amortization of intangible assets	25,235	55
Insurance	4,729	5,942
Safety items consumed	1,372	833
Miscellaneous	150	187
	<u>1,068,059</u>	<u>968,440</u>
Add: Opening work in process	-	26,372
Less: Closing work in process	-	(22,189)
	<u>-</u>	<u>4,183</u>
Cost of goods produced	<u>1,068,059</u>	<u>972,623</u>
Add: Opening finished goods	151,685	186,755
Less: Closing finished goods	(102,078)	(182,290)
	<u>49,607</u>	<u>4,465</u>
	<u>1,117,667</u>	<u>977,088</u>

		Un-audited	
		Three-month period ended	
		September 30, 2026	September 30, 2025
13 Earnings per share			
13.1 Basic earnings per share			
Net profit for the period	Rupees in thousand	109,166	108,517
Weighted average number of ordinary shares	Number in thousand	175,031	175,031
Earnings per share	Rupees	0.624	0.620

13.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2026 and September 30, 2025, which would have any effect on the earnings per share if the option to convert is exercised.

14 Transactions with related parties

Related parties comprise the holding company, associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:

		Un-audited		
		Three-month period ended		
Relationship		September 30, 2026	September 30, 2025	
Nature of transaction		(Rupees in thousand).....		
i.	Related parties other than holding company	Purchase of goods and services	8,504	4,396
		Sale of goods	63,762	51,665
		Share of common expenses charged to the company	21,045	20,021
		Share of common expenses charged by the company	2,370	2,205
		Royalty charged to the company	7,280	6,160
ii.	Post employment benefit plans	Expense charged in respect of retirement benefit plans	3,441	3,123
iii.	Key management personnel	Salaries and other employee benefits	40,908	35,857

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

		Un-audited	
		Three-month period ended	
		September	September
		30, 2026	30, 2025
		(Rupees in thousand).....	
15	Cash generated from operations		
	Profit before levy and taxation	171,350	173,540
	Adjustments for:		
	- Depreciation on property, plant and equipment	67,516	73,412
	- Amortization of intangible asset	26,543	1,396
	- Finance cost	23,029	3,974
	- Provision for raw material	17,345	-
	- Unrealized gain on short term investment	(12,043)	(17,263)
	- Profit on bank deposits	(554)	(1,419)
	- Exchange loss / (gain)	421	(45)
	Operating Profit before working capital changes	293,607	233,595
	Effect on cash flow due to working capital changes		
	(Increase) / decrease in current assets		
	- Stores and spares	(20,003)	(72,314)
	- Stock-in-trade	60,223	38,407
	- Trade debts	(31,248)	491
	- Advances, deposits, prepayments and other receivables	(33,727)	(57,976)
	Increase / (decrease) in current liabilities		
	- Trade and other payables	(107,779)	97,614
		(132,534)	6,222
	Cash generated from operations	161,073	239,818

16 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).

17 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 unconsolidated financial information does not include all financial risk management information and disclosures required in the annual unconsolidated financial statements, and should be read in conjunction with the Company's annual unconsolidated financial statements as at June 30, 2026.

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

18 Date of authorization for issue

These condensed interim unconsolidated financial statements were authorized for issue on October 21, 2026 by the Board of Directors of the Company.

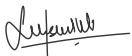
19 Corresponding figures

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

20 General

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



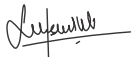
DIRECTOR

CONSOLIDATED

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UN-AUDITED) AS AT SEPTEMBER 30, 2026**

	Note	Un-audited September 30, 2026 (Rupees in thousand)	Audited June 30, 2026
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized share capital			
300,000,000 (2026: 300,000,000)			
ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid up share capital			
175,031,084 (2026: 175,031,084)			
Ordinary shares of Rs 10 each		1,750,311	1,750,311
Share Premium		3,022	3,022
Unappropriated profit		1,475,700	1,316,394
Translation reserve		(4,010)	(2,816)
		3,225,023	3,066,911
Non Current Liabilities			
Long term financing	6	37,359	42,930
Deferred grant	7	1,334	2,488
Deferred tax liability		100,860	102,076
		139,554	147,494
Current Liabilities			
Trade and other payables		685,566	773,614
Finances under mark up arrangements - secured		688,520	704,801
Current portion of non current liabilities		26,899	26,899
Dividend payable		20,938	21,201
Accrued finance costs		22,332	22,165
		1,444,255	1,548,680
Contingencies And Commitments			
	8		
Total Equity and Liabilities			
		4,808,832	4,763,085

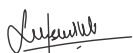
The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

		Un-audited September 30, 2026 (Rupees in thousand)	Audited June 30, 2026
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	1,800,075	1,836,077
Intangible assets		411,065	437,833
Long term loans		-	144
Long term deposits		15,377	15,377
		<u>2,226,517</u>	<u>2,289,431</u>
Current Assets			
Stores and spares		600,042	580,039
Stock in trade	10	510,070	587,638
Trade debts		136,047	112,068
Loans, advances, deposits, prepayments and other receivables		147,034	108,723
Short Term Investments		464,360	452,317
Tax refund due from the government - net		232,936	239,161
Bank balances	11	491,826	393,708
		2,582,315	2,473,654
Total Assets		<u>4,808,832</u>	<u>4,763,085</u>



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

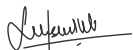


DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026**

	Note	Three-month period ended	
		September 30, 2026	September 30, 2025
		(Rupees in thousand).....	
Sales	12	1,512,097	1,279,039
Cost of sales	13	(1,117,667)	(977,088)
Gross profit		394,430	301,951
Administrative expenses		(71,305)	(63,912)
Distribution and selling costs		(60,815)	(57,248)
		(132,119)	(121,159)
Operating Profit		262,311	180,792
Other operating expenses		(31,038)	(13,671)
Finance cost		(23,119)	(4,024)
Other income		17,594	39,595
Profit before levy and taxation		225,748	202,692
Levy		-	-
Profit before taxation		225,748	202,692
Taxation			
- Income tax		(67,658)	(75,411)
- Deferred tax		1,216	8,415
		(66,442)	(66,996)
Net profit for the period		159,306	135,696
Share of profit attributable to:			
- Equity holders of the holding company		159,306	135,696
- Non controlling interest		-	-
		159,306	135,696
Earnings per share - Basic & Diluted	14	0.91	0.78

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



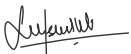
CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026**

	Three-month period ended	
	September 30, 2026	September 30, 2025
	(Rupees in thousand)...	
Net profit for the period	159,306	135,696
Other comprehensive income		
- Items that may be reclassified subsequently to profit or loss	-	-
Exchange differences on translation of subsidiary company	(1,194)	(492)
- Items that will not be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the period	(1,194)	(492)
Total comprehensive income for the period	158,112	135,204
Share of total comprehensive income attributable to:		
- Equity holders of the holding company	158,112	135,204
- Non controlling interest	-	-
	158,112	135,204



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

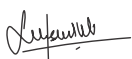


DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

	Issued, Subscribed and Paid up Capital	Capital Reserves Share Premium	Revenue Reserves Unappropriated profit	Translation Reserve	Total
.....(Rupees in thousand).....					
Balance as on July 1, 2025 (audited)	1,750,311	3,022	1,622,898	(11)	3,376,220
Net profit for the period	-	-	135,696	-	135,696
Other comprehensive income for the period	-	-	-	(492)	(492)
Total comprehensive income for the period	-	-	135,696	(492)	135,204
Balance as on September 30, 2025 (un-audited)	<u>1,750,311</u>	<u>3,022</u>	<u>1,758,594</u>	<u>(503)</u>	<u>3,511,424</u>
Balance as on July 1, 2026 (audited)	1,750,311	3,022	1,316,394	(2,816)	3,066,911
Net profit for the period	-	-	159,306	-	159,306
Other comprehensive income for the period	-	-	-	(1,194)	(1,194)
Total comprehensive income for the period	-	-	159,306	(1,194)	158,112
Balance as on September 30, 2026 (un-audited)	<u>1,750,311</u>	<u>3,022</u>	<u>1,475,700</u>	<u>(4,010)</u>	<u>3,225,023</u>

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE

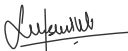

CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

		Three-month period ended	
		September 30, 2026	September 30, 2025
		(Rupees in thousand)	
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	235,939	220,262
Finance cost paid		(22,952)	(2,931)
Profit on deposits received		1,345	1,419
Income tax paid		(61,433)	(58,410)
Net cash generated from operating activities		152,899	160,339
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(31,513)	(65,136)
Net cash used in investing activities		(31,513)	(65,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid		(6,725)	(6,725)
Finances repaid under markup arrangements - net		(16,281)	(74,703)
Dividend paid		(263)	-
Net cash used in financing activities		(23,269)	(81,428)
Net increase in cash and cash equivalents		98,118	13,776
Cash and cash equivalents at beginning of the period		393,708	342,916
Cash and cash equivalents at the end of the period		491,826	356,692

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

1. THE GROUP AND ITS OPERATIONS

The Group consists of:	Note	Status within the Group
Descon Oxychem Limited (DOL)	1.1	The Holding Company
Descon Oxychem FZE (DOL FZE)	1.2	Subsidiary Company

1.1 DOL was incorporated in Pakistan as a private limited Company on November 12, 2004 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and was later converted into a public limited company. On September 15, 2008, the Company was listed on Pakistan Stock Exchange. DOL is principally engaged in manufacturing, procurement and sale of hydrogen peroxide and allied products. DEL Chemicals (Private) Limited is the parent company of DOL. However, the ultimate parent company is DEL Processing (Private) Limited.

1.2 DOL FZE is a wholly owned subsidiary of Holding Company and is situated in Hamriyah Free Zone, Sharjah, UAE. DOL FZE is engaged in import, export and trading of chemicals & related products; detergents & disinfectants; water treatment & purification chemicals and raw materials.

1.3 DOL is domiciled in Pakistan and its geographical location and addresses are as under:

Business Unit	Geographical Location
Head office / Registered Office	18-KM Ferozepur Road, Lahore
Production Plant / Factory	18- KM, Lahore-Sheikhupura Road, Lahore

1.4 Consolidated Financial Statements

These financial statements are the consolidated financial statements of the Descon Oxychem Limited and its subsidiary (the Group).

2. BASIS OF PREPARATION

2.1 These consolidated 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 consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2026.

3. BASIS OF CONSOLIDATION

3.1 Subsidiaries

Subsidiaries are such entities over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. These consolidated financial statements include separate financial statements of Descon Oxychem Limited and its subsidiary company in which Descon Oxychem Limited directly or indirectly controls, beneficially owns more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existing voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Inter-company transactions, balances and unrealized gains on transactions amongst Group companies are eliminated. Accounting policies of subsidiaries are amended, where necessary, to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate an investment in a subsidiary because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated profit or loss.

3.2 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Excess of Group's share of the net identifiable asset over cost is recognized in profit or loss as a bargain purchase gain.

4. Material accounting policy information

- 4.1 The material accounting policy information and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2026.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026
5. Critical accounting estimates and judgements

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2026.

	Un-audited September 30, 2026	Audited June 30, 2026
6 Long term financing	(Rupees in thousand).....	
Allied Bank Limited	65,592	72,317
Less: Deferred grant	(4,829)	(5,965)
	60,763	66,352
Less : Current portion shown under current liabilities	(23,404)	(23,422)
	<u>37,359</u>	<u>42,930</u>
7 Deferred Grant		
Deferred grant	4,829	5,965
Less: Current portion	(3,494)	(3,477)
	<u>1,334</u>	<u>2,488</u>

8. CONTINGENCIES AND COMMITMENTS
8.1 Contingencies

- 8.1.1** The Honorable Supreme Court of Pakistan ('HSCP') in its decision dated August 13, 2020 held that Gas Infrastructure Development Cess (GIDC), as initially levied through Gas Infrastructure Development Cess Act, 2011 and modified via different notifications issued from time to time and thereafter re-levied through the Gas Infrastructure Development Cess Ordinance, 2014, stands payable to SNGPL in twenty four (24) equal monthly installments with immediate effect.

Pursuant to the order of the HSCP, Sui Northern Gas Pipelines Limited ('SNGPL') raised a demand for the collection of the GIDC arrears. The Holding Company filed a writ petition under article 199 of the Constitution of Islamic Republic of Pakistan, 1973 in the Honorable Lahore High Court ('HLHC') against the demand raised, pleading that demanding arrears of GIDC are illegal, unlawful and ultra vires to the first proviso to section 8 (2) of the Gas Infrastructure Development Cess Act, 2015. The writ petition was decided in favor of the Holding Company by HLHC vide its order dated June 17, 2021. SNGPL filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Holding Company legal advisor is of the opinion that the judgement does not apply to arrears under the Gas Infrastructure Development Cess Act, 2011 and Gas Infrastructure Development Ordinance 2014 that are, in terms of first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first provision of section 8 (2) is subject to the determination by High Level Committee ('Committee') of SNGPL. The decision has not been made by the Committee on its applicability and the amount to be paid by the Holding Company. Accordingly, the Holding Company has not recognized the estimated provision of Rs. 55.32 million (2026: Rs. 55.32 million) in these consolidated financial statements. However, the Holding Company has provided guarantee of Rs. 55.32 million (2026: Rs. 55.32 million) to SNGPL.

- 8.1.2** In September 2025, the Holding Company filed a petition before the Honorable Lahore High Court ('HLHC') challenging notifications issued by Oil and Gas Regulatory Authority ('OGRA') dated March 28, 2025, through which a retrospective RLNG tariff adjustment of Rs. 119 million was imposed by Sui Northern Gas Pipelines Limited ('SNGPL') and included in the Holding Company gas bill for the month of July 2025. Subsequently, during the pendency of proceedings before the HLHC, OGRA issued fresh notifications on November 28, 2025, superseding the earlier notifications, as a result of which the original petition became infructuous.

Consequently, the Holding Company challenged the notifications dated November 28, 2025 before the HLHC, which admitted the petition for regular hearing and granted interim relief. The Holding Company is hopeful for a favorable outcome of the case.

8.2 Guarantees	Un-audited	Audited
	September 30, 2026	June 30, 2026
	(Rupees in thousand).....	
The Holding Company has issued guarantees to the following parties:		
Against performance of contracts:		
Sui Northern Gas Pipelines Limited	151,286	151,286
Pakistan State Oil Company Limited	3,500	3,500
Al-Technique Corporation of Pakistan	-	28,407
	154,786	183,193

Post dated cheques issued in favor of National Tariff Commission of Pakistan, Sui Northern Gas Pipeline Limited and Collector of customs aggregating to Rs 57.046 million (June 30, 2026: 43.489 million).

8.3 Commitments

The Holding Company has the following commitments in respect of:

Letters of credits	351,024	337,309
--------------------	----------------	----------------

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

		Un-audited September 30, 2026	Audited June 30, 2026
9	Property, plant and equipment		
	Note	(Rupees in thousand).....	
	Operating fixed assets - owned assets	1,693,914	1,704,683
	Capital work-in-progress	2,822	2,892
	Major spare parts, catalysts and standby equipment	103,339	128,502
		<u>1,800,075</u>	<u>1,836,077</u>
9.1	Operating fixed assets		
	Opening book value	1,704,683	1,613,944
Add:	Additions during the period / year	56,747	348,818
Less:	Write-off	-	(358)
Less:	Depreciation charged during the period / year	(67,516)	(257,721)
	Closing book value	<u>1,693,914</u>	<u>1,704,683</u>
9.1.1	Additions during the period / year		
	Buildings on freehold land	1,000	34,564
	Plant, machinery and equipment	43,723	109,109
	Solar power system	-	174,609
	Laboratory equipment	145	10,206
	Material handling, tools and equipment	3,300	6,291
	Electrical and office equipment	1,537	4,555
	Computers and related equipment	3,744	6,338
	Furniture and fixture	3,299	3,146
		<u>56,747</u>	<u>348,818</u>
9.2	Capital work-in-progress		
	Plant and machinery	2,258	2,258
	Others	564	634
		<u>2,822</u>	<u>2,892</u>

	Un-audited September 30, 2026	Audited June 30, 2026
	(Rupees in thousand).....	
10 Stock in trade		
Raw material	327,228	261,513
Less: Provision for raw material	(17,345)	-
	309,884	261,513
Raw material in transit	32,137	149,909
Packing material	65,972	24,531
Finished goods	108,091	157,698
Less: Provision for obsolescence of finished goods	(6,013)	(6,013)
	102,078	151,685
	510,070	587,638
11 Bank balances		
At banks on:		
- Local currency current accounts	36,771	38,005
- Local currency saving accounts	67,713	41,132
- Foreign currency current accounts	120,902	202,784
- Term deposit receipt	266,440	111,787
	491,826	393,708
	Un-audited Three-month period ended	
	September 30, 2026	September 30, 2025
	(Rupees in thousand).....	
12 Sales		
Gross sales:		
- Local	1,670,903	1,435,603
- Foreign	128,102	87,129
	1,799,005	1,522,732
Less: Commission on sales	(32,019)	(29,602)
Less: Sales tax	(254,889)	(214,091)
	1,512,097	1,279,039

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026

		Un-audited	
		Three-month period ended	
		September	September
		30, 2026	30, 2025
		(Rupees in thousand).....	
13	Cost of sales		
	Raw material consumed	600,808	511,562
	Salaries, wages and other benefits	80,723	73,321
	Repair and maintenance	32,950	24,034
	Fuel and power	194,157	215,161
	Packing material	2,984	3,942
	Quality assurance	1,835	647
	Services through contractors	40,481	41,965
	Travelling	3,228	6,996
	Communication	607	691
	Rent and rates	12,579	10,959
	Depreciation on property, plant and equipment	66,221	72,144
	Amortization of intangible assets	25,235	55
	Insurance	4,729	5,942
	Safety items consumed	1,372	833
	Miscellaneous	150	187
		1,068,059	968,440
	Add: Opening work in process	-	26,372
	Less: Closing work in process	-	(22,189)
		-	4,183
	Cost of goods produced	1,068,059	972,623
	Add: Opening finished goods	151,685	186,755
	Less: Closing finished goods	(102,078)	(182,290)
		49,607	4,465
		1,117,667	977,088
14	Earnings per share		
14.1	Basic earnings per share		
	Net Profit for the period	Rupees in thousand	
		159,306	135,696
	Weighted average number		
	of ordinary shares	Number in thousand	
		175,031	175,031
	Earnings per share	Rupees	
		0.91	0.78

14.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at September 30, 2026 and September 30, 2025, which would have any effect on the earnings per share if the option to convert is exercised.

15 Transactions with related parties

Related parties comprise the holding company, associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:

		Un-audited	
		Three-month period ended	
Relationship	Nature of transaction	September 30, 2026	September 30, 2025
.....(Rupees in thousand).....			
i. <div>Related parties other than holding company</div>	Purchase of goods and services	8,504	4,396
	Share of common expenses charged to the holding company	21,045	20,021
	Share of common expenses charged by the holding company	2,370	2,205
	Royalty charged to the holding company	7,280	6,160
ii. <div>Post employment benefit plans</div>	Expense charged in respect of retirement benefit plans	3,441	3,123
iii. <div>Key management personnel</div>	Salaries and other employee benefits	40,908	35,857
16 Cash generated from operations			
Profit before levy and taxation		225,748	202,692
Adjustments for:			
- Depreciation on property, plant and equipment		67,516	73,412
- Amortization of intangible asset		26,768	1,396
- Finance cost		23,119	4,024
- Foreign operation translation reserve		(1,194)	(492)
- Provision for raw material		17,345	-
- Unrealized gain on short term investment		(12,043)	(17,263)
- Interest on short term deposits		(2,051)	(1,419)
- Exchange loss / (gain)		517	(45)
Operating profit before working capital changes		345,724	262,305

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2026
Effect on cash flow due to working capital changes
(Increase) / decrease in current assets

- Stores and spares	(20,003)	(72,314)
- Stock-in-trade	60,223	38,407
- Trade debts	(23,979)	(66,075)
- Advances, deposits, prepayments and other receivables	(37,460)	(62,832)

Increase / (decrease) in current liabilities

- Trade and other payables	(88,565)	120,771
	(109,785)	(42,043)

Cash generated from operations

	235,939	220,262
--	---------	---------

17 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group 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).

18 Financial risk management

The Group'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 consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at June 30, 2026.

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

19 Date of authorization for issue

These condensed interim consolidated financial statements were authorized for issue on October 21, 2026 by the Board of Directors of the Holding Company.

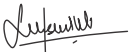
20 Corresponding figures

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

21 General

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

**CHIEF EXECUTIVE****CHIEF FINANCIAL OFFICER****DIRECTOR**

NOTE

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

BOOK POST



Descon Oxychem Limited

Descon Headquarters, 18 km Ferozepur Road,
Lahore - 53000, Pakistan
T: +92 42 3 7971822-24
F: +92 42 3 7971834
W: www.descon.com
E: dol@descon.com