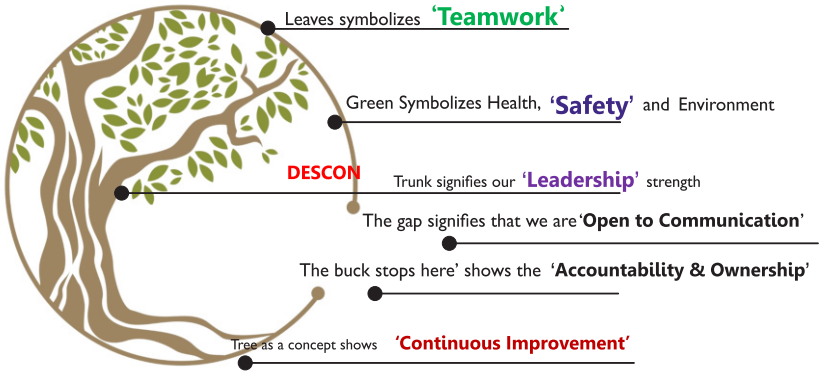


Our Core Values



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

Faisal Dawood	Chairman
Taimur Dawood	Non-Executive Director
Mehreen Dawood	Non-Executive Director
Farooq Nazir	Non-Executive Director
Asif Qadir	Non-Executive Director
Jehanzeb Khan	Independent Director
Muhammad Zahir	Independent Director
Muhammad Mohsin Zia	Chief Executive Officer

Muhammad Rizwan Qaiser

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
Bank Alfalah Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Meezan 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, 2023

The Board of Directors are pleased to present the financial statements of the Company for the quarter ended September 30, 2023. The financial highlights for the quarter are:

	Quarter ended	
	September 30, 2023	September 30, 2022
	Rupees in '000	
Local Sales (MT)	9,782	8,984
Export Sales (MT)	813	1,072
Sales value	1,498,401	1,700,225
Cost of sales	1,111,836	844,441
Gross profit	386,565	855,784
Profit from operations	321,714	745,853
Profit after tax	199,177	518,832
Earnings per share – Basic – Rupees	1.14	2.96

During the quarter the company faced challenges in implementing its product pricing strategy due to the increased supply of the product in the regional markets owing to reduced demand related to the global economic downturn. The cost of sales has also increased on the back of high raw material costs linked with the Ukraine crisis and global inflation. However, the slowdown of demand from the textile sector in Pakistan has shown improvement which argues well for the outlook.

Post capacity expansion in 2020 the company has taken advantage of increased volumes available for adding new segments and markets which has partially helped in hedging the drop in margins. In addition, the increased capacity has also led to reduced raw material consumption factors and helped in strengthening the company's position in the local as well as international H2O2 market. Going forward your company strives to enhance its presence in the regional markets and new segments.

Reduced profitability as compared to the last period has also impacted the cash flow from operations of the company however the company has not utilized any of its working capital lines due to efficient management of the cash conversion cycle. The management believes that its stringent controls over fixed costs will continue to contribute towards sustainability in margins.

Future Outlook

The challenge for your company is to maintain the margins in an environment of significant cost increases owing to increased raw material costs and high inflation. Your company is consistently working on strategies to ensure these challenges are mitigated effectively. Efforts to penetrate new segments and markets have been successfully implemented. Your company is also targeting improved consumption factors in line with the management target to maintain margins and achieve economies of scale. Our target is to become the lowest-cost producer in the region by implementing a well-thought-through manufacturing excellence program. Your company also aims to enhance its footprint in the international arena. The board has approved the request to initiate front-end engineering design (FEED) to firm up the cost for further expansion. In addition to this, the business also continues to invest in areas that 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 during the quarter.

For and on behalf of the Board

Lahore
October 18, 2023

CHIEF EXECUTIVE


DIRECTOR

ڈائریکٹرز رپورٹ برائے حصص داران

30 ستمبر 2023 کو ختم ہونے والی سماہی کے لیے ڈائریکٹرز کی حصص داران کو رپورٹ
کھینی کے بورڈ آف ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی سماہی کے مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

سماہی کے لئے مالیاتی جھلکیاں حسب ذیل ہیں:

تفصیل		سماہی ختم شدہ	
		30 ستمبر 2023ء	30 ستمبر 2022ء
		'000 روپوں میں	
مقامی فروخت (میکرکن)	9,782	8,984	
برآمد فروخت (میکرکن)	813	1,072	
فروخت قدر	1,498,401	1,700,225	
فروخت کی لاگت	1,111,836	844,441	
مجموعی منافع	386,565	855,784	
آپریٹنگ سے منافع	321,714	745,853	
ٹیکس کے بعد منافع	199,177	518,832	
فی ٹری آئی ایم - بنیادی روپے	1.14	2.96	

سماہی کے دوران کھینی کو اپنی مصنوعات کی قیمتوں کے تعین کی حکمت عملی کو لاگو کرنے میں مشکلات کا سامنا کرنا پڑا جس کی بنیادی وجہ علاقائی منڈیوں میں مصنوعات کی زیادہ رسد کے باعث عالمی اقتصادی بد حالی کی وجہ سے طلب کمی کی ہے۔ یوکرین کے بحران اور عالمی افراط زر سے منسلک خام مال کی زیادہ قیمت کی وجہ سے فروخت کی لاگت میں بھی اضافہ ہوا ہے۔ تاہم، پاکستان میں ٹیکسٹائل سیکٹر کی کم طلب میں بہتری آئی ہے جو کہ نقطہ نظر کے لیے اچھی دلیل ہے۔

2020 میں صلاحیت میں توسیع کے بعد کھینی نے نئے سیکٹس اور مارکیٹس کو شامل کرنے کے لیے دستیاب زیادہ حجم کا فائدہ اٹھایا ہے جس سے مارجن میں کمی کو نئے میں جزوی طور پر مدہلی ہے۔ اس کے علاوہ، زیادہ صلاحیت نے خام مال کی قیمت کے عوامل کو بھی کم کیا اور بین الاقوامی اور بین الاقوامی H202 مارکیٹ میں کھینی کی پوزیشن کو مستحکم کرنے میں مدد کی ہے۔ آگے بڑھتے ہوئے آپ کی کھینی علاقائی مارکیٹوں اور نئے سیکٹس میں اپنی موجودگی کو بڑھانے کے لئے کوشاں ہے۔


گھنٹی مدت کے مقابلے منافع میں کمی نے کھینی کے آپریٹنگ سے نقد بہاؤ کو بھی متاثر کیا ہے تاہم کمیشن کورڈن سائیکل کے موثر انتظام کی وجہ سے کھینی نے اپنی ورکنگ کپٹل لائونوں میں سے کسی کو استعمال نہیں کیا ہے۔ انتظامیہ کا خیال ہے کہ مقررہ لاگت پر اس کا سخت کنٹرول مارجن کے استحکام میں اپنا حصہ شامل کرے گا۔


مستقبل کا نقطہ نظر

خام مال کی زیادہ لاگت اور زیادہ ہنگامی کی وجہ سے لاگت میں نمایاں اضافہ کے ماحول میں اپنے مارجن کو برقرار رکھنا آپ کی کھینی کے لئے چیلنج ہے۔ آپ کی کھینی مستقل طور پر حکمت عملیوں پر کام کر رہی ہے تاکہ یقینی بنایا جاسکے کہ ان مشکلات کو مؤثر طریقے سے کم کیا گیا ہے۔ نئے شعبوں اور منڈیوں میں داخل ہونے کی کوششوں کو کامیابی کے ساتھ نافذ کیا گیا ہے۔ آپ کی کھینی مارجن کو برقرار رکھنے اور پیمانے کی معیشتوں کو حاصل کرنے کے لیے انتظامی ہدف کے مطابق قیمت کے بہتر مواصلات کو بھی ہدف بناتی ہے۔ ہمارا ہدف مینوفیکچرنگ ایکٹیو لیس پروگرام کے ذریعے ایک ایچ ایچ سوچ کوالا گوکر کے خطے میں سب سے کم لاگت پر پورے پیمانے پر آپ کی کھینی بین الاقوامی میدان میں اپنے قدم جمانے کا بھی ہدف رکھتی ہے۔ بورڈ نے مزید توسیع کے لئے لاگت کو مستحکم کرنے کے لئے فنڈ انڈیٹریٹنگ ڈیزائن (FEED) شروع کرنے کی درخواست منظور کرنی ہے۔ اس کے علاوہ، کاروبار مارن شعبوں میں سرمایہ کاری کرتا رہتا ہے جو حفاظت، مینوفیکچرنگ کی کارکردگی اور کلیدی جغرافیوں میں مارکیٹ کی قیادت کی تعمیر میں اپنی فائدہ مند پوزیشن کو تقویت دیتے ہیں۔

ہم تمام اسٹیک ہولڈرز کی سماہی کے دوران شراکت اور تعاون کے لیے ان کا شکریہ ادا کرتے ہیں۔

مخاطب/ برائے بورڈ آف ڈائریکٹرز


ڈائریکٹر


چیف ایگزیکٹو

لاہور

18 اکتوبر 2023ء

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UN-AUDITED)

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
300,000,000 (June 30, 2023: 300,000,000) ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid up capital			
175,031,084 (2021: 175,031,084)			
Ordinary shares of Rs 10 each		1,750,311	1,750,311
Share Premium		3,022	3,022
Accumulated Profit		1,505,327	1,306,150
		3,258,660	3,059,483
NON-CURRENT LIABILITIES			
Long term finance - unsecured	5	95,572	100,300
Deferred grant		16,944	16,944
Lease Liabilities		-	-
Deferred taxation		184,863	192,100
		297,379	309,344
CURRENT LIABILITIES			
Current Portion of Non Current Liabilities		51,040	57,987
Finances under mark up arrangements - secured	7	-	110,383
Trade and other payables		802,249	912,436
Income tax payable		562,802	576,675
Dividend payable		9,177	9,177
Accrued finance cost		2,238	345
		1,427,506	1,667,003
CONTINGENCIES AND COMMITMENTS			
	8		
		4,983,545	5,035,830

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AS AT SEPTEMBER 30, 2023

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,242,453	2,293,287
Intangible assets		21,541	25,161
Long term investment		1,964	1,964
Long term loans - secured		6,152	6,152
Long term deposits and prepayments		24,471	24,471
		<u>2,296,581</u>	<u>2,351,035</u>
CURRENT ASSETS			
Stores and spares		571,139	540,290
Stock-in-trade	10	698,680	717,177
Trade debts - unsecured		158,248	165,504
Advances, deposits, prepayments and other receivables	11	86,378	116,741
Short Term Investments		937,402	896,726
Cash and bank balances	12	235,117	248,357
		2,686,964	2,684,795
		<u>4,983,545</u>	<u>5,035,830</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, 2023**

	Note	Three-month period ended	
		September 30, 2023	September 30, 2022
...(Rupees in thousand)...			
Sales	13	1,498,401	1,700,225
Cost of goods sold	14	(1,111,836)	(844,441)
Gross profit		386,565	855,784
Administrative expenses		(47,470)	(30,293)
Distribution and selling costs		(45,876)	(37,719)
Other income		53,525	12,841
Other operating expenses		(25,030)	(54,760)
Profit from operations		321,714	745,853
Finance cost		(6,995)	(6,987)
Profit before taxation		314,719	738,866
Taxation		(115,542)	(220,034)
Profit for the period		199,177	518,832
Earnings per share			
- Basic & Diluted - Rupees	15.1	1.14	2.96

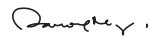
The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	Three-month period ended	
	September 30, 2023	September 30, 2022
(Rupees in thousand).....	
Profit for the period	199,177	518,832
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	199,177	518,832

The annexed notes 1 to 23 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, 2023

	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, 2022 (audited)	1,750,311	3,022	605,642	2,358,975
Profit for the period	-	-	518,832	518,832
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	518,832	518,832
Balance as on September 30, 2022 (un-audited)	1,750,311	3,022	1,124,474	2,877,807
Balance as on July 1, 2023 (audited)	1,750,311	3,022	1,306,150	3,059,483
Profit for the period	-	-	199,177	199,177
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	199,177	199,177
Balance as on September 30, 2023 (un-audited)	1,750,311	3,022	1,505,327	3,258,660

The annexed notes 1 to 23 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, 2023

	Note	Three-month period ended	
		September 30, 2023	September 30, 2022
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	17	330,999	659,656
Finance cost paid		(5,102)	(15,292)
Profit on deposits received		7,634	7,637
Income tax paid		(136,652)	(7,515)
Net cash generated from operating activities		196,879	644,486
Cash flows from investing activities			
Fixed capital expenditure (including intangibles)		(47,385)	(49,295)
Sale / (Purchase) of Short Term Investment		(40,676)	(252,367)
Long Term Deposits			(1,600)
Net cash (used in) / generated from investing activities		(88,061)	(303,262)
Cash flows from financing activities			
Net payments against long term finance		(11,675)	(180,571)
Principle element of lease payments		-	(2,655)
Net cash used in financing activities		(11,675)	(183,226)
Net increase in cash and cash equivalents		97,143	157,998
Cash and cash equivalents at beginning of the period		137,974	91,551
Cash and cash equivalents at the end of the period	18	235,117	249,549

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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 manufacturing, 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 unconsolidated 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 unconsolidated 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, 2023.

3. Significant accounting policies

3.1 The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of preceding annual published unconsolidated financial statements of the Company for the year ended June 30, 2023. Further, the basis of significant estimates are same as those that were applied to the unconsolidated financial statements for the year ended June 30, 2023, except for estimation of provision for taxation as referred to in note 4 and adoption of accounting policy as set out in note 3.2.

3.2 Government grants

3.2.1 Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.3 Standards, amendments and interpretations to published approved accounting standards

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

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

3.3.2

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 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 condensed interim unconsolidated financial statements.

4. Taxation

The provision for taxation for the quarter ended September 30, 2023 has been made using the tax rate that would be applicable to expected total annual earnings.

		Un-audited September 2023 (Rupees in thousand)	Audited June 2023
5. Long term finance - secured	Note		
Temporary economic refinance facility (TERF)	5.1	122,471	129,196
		<u>122,471</u>	<u>129,196</u>
Less : Current portion shown under current liabilities		(26,899)	(28,896)
		<u>95,572</u>	<u>100,300</u>

5.1 Temporary Economic Refinance Facility (TERF)

This represents the amount converted from the portion of STFF obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility.

Terms of markup

The facility carries markup at 2.00% per annum. The mark-up has been accrued using effective rates method. Mark-up is payable quarterly in arrears.

Terms of repayment

It is repayable in twenty six equal quarterly installments commencing from September 23, 2022.

Security

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

6. Deferred grant

Deferred grant has been recognized as the difference between the fair value and proceeds received under TERF as referred to in note 5.1 in accordance with the accounting policy as referred to in note 3.2. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date. The grant will be amortized in line with the tenure of the TERF.

	September 30, 2023	June 30, 2023
	(Rupees in thousand)	
7 Finances under mark up arrangements - secured		
Meezan Bank Limited	-	110,383
	<u>-</u>	<u>110,383</u>

8 Contingencies and commitments

8.1 Contingencies

- i) Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract of Rs 144.37 million (June 30, 2023: Rs 144.37 million).
- ii) Guarantee issued to Pakistan State Oil against the performance of a contract of Rs 3.5 million (June 30, 2023: Rs 3.5 million).
- iii) Guarantee issued to Al-Technique Corporation of Pakistan against the performance of a contract of Rs 28.407 million (June 30, 2023: Rs 28.407 million).
- iv) 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 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 has filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Company's 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 Sui Northern Gas Pipelines Limited. 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 recognised the estimated provision of Rs 55.32 million (June 30, 2023: Rs 55.32 million) in these unconsolidated financial statements. However, the Company has provided guarantee of Rs 55.32 million (June 30, 2023: Rs 55.32 million) to SNGPL on direction of the HLHC.

8.2 Commitments

- ii) Letter of credit other than capital expenditure amounting to Rs 510.492 million (June 30, 2023: Rs 296.4 million)
- iii) Post dated cheques issued in favor of National Tariff Commission of Pakistan and Collector of customs aggregating to Rs 42.14 million (June 30, 2023: 42.14 million).

		Un-audited September 30, 2023	Audited June 30, 2023
		(Rupees in thousand)	
9	Property, plant and equipment	Note	
	Operating assets:		
	- Owned Assets	9.1	1,995,587
	- Right of Use Assets	9.2	13,282
	Capital work-in-progress		143,119
	Major spare parts, catalysts and standby equipment [including in transit of Rs. NIL (June 30, 2023: Rs. 7.68 million)]		90,465
			<u>2,242,453</u>
			<u>2,293,287</u>
9.1	Operating assets		
	Opening book value		2,068,782
	Add: Additions during the period / year	9.1.1	20,080
			<u>2,088,862</u>
	Less: Disposals during the period / year (at book value)	9.1.2	-
	Less: Depreciation charged during the period / year		(93,275)
	Closing book value		<u>1,995,587</u>
9.1.1	Additions during the period / year		
	Buildings on freehold land		-
	Plant, machinery and equipment		12,683
	Laboratory equipment		-
	Material handling		-
	Tools and equipment		4,258
	IT equipments		1,722
	Office equipment & Appliances		1,417
	Furniture and fixture		-
	Vehicles		-
			<u>20,080</u>
			<u>307,305</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
9.1.2	Disposals during the period / year		
	Furniture and fixture	-	(17)
	IT equipments	-	(35)
		-	(52)
9.2	Right of Use Assets		
	Opening Book Value	18,717	23,092
	Additions during the period / year	-	-
	Re-assessment during the year		15,750
	Derecognition during the year		-
	Depreciation Charge during the period / year	(5,435)	(20,125)
		13,282	18,717
10	Stock in trade		
	Note		
	Raw material [including in transit of Rs 19.96 million (June 30, 2023: Rs 202.78 million)]	514,050	560,056
	Work-in-process 10.1	35,203	33,513
	Finished goods 10.2	149,427	123,608
		698,680	717,177
10.1	Work-in-process include unused packing material of Rs 35.203 million (June 30, 2023: Rs 33.513 million).		
10.2	Finished goods includes stock purchased for resale Rs. 0.6 million (June 30, 2023 : Rs 0.6 million) and provision for obsolete stock of Rs. 1.25 million (June 30, 2023: Rs 1.25 million).		
11.	These include sales tax recoverable of Rs 7.284 million (June 30, 2023: Rs 11.382 million).		
12	Cash and bank balances	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
	At banks on:		
	- Current accounts	89,923	187,826
	- Saving accounts	145,194	60,531
		235,117	248,357

		Un-audited	
		Three-month period ended	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
13	Sales		
	Gross sales:		
	- Local	1,687,011	1,780,795
	- Export	105,842	210,836
		<u>1,792,853</u>	<u>1,991,631</u>
	Less: Commission on sales	(37,624)	(37,772)
	Less: Sales tax	(256,828)	(253,634)
		<u>1,498,401</u>	<u>1,700,225</u>
14	Cost of goods sold		
	Raw material consumed	613,940	578,137
	Salaries, wages and other benefits	61,997	45,534
	Repair and maintenance	64,235	14,059
	Fuel and power	259,875	173,736
	Packing material	2,635	3,860
	Quality assurance	1,105	558
	Services through contractors	21,430	16,848
	Travelling	2,308	1,974
	Communication	540	203
	Rent & rates	748	2,312
	Depreciation on property, plant and equipment	99,653	96,402
	Insurance	6,312	3,591
	Safety items consumed	1,201	967
	Miscellaneous	3,366	4,081
		<u>1,139,345</u>	<u>942,262</u>
	Add: Opening work in process	33,513	16,748
	Less: Closing work in process	(35,203)	(32,732)
		<u>(1,690)</u>	<u>(15,984)</u>
	Cost of goods produced	<u>1,137,655</u>	<u>926,278</u>
	Add: Opening finished goods	123,608	25,902
	Less: Closing finished goods	(149,427)	(107,739)
		<u>(25,819)</u>	<u>(81,837)</u>
	Cost of goods sold - own manufactured	<u>1,111,836</u>	<u>844,441</u>
		<u>1,111,836</u>	<u>844,441</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		Un-audited	
		Three-month period ended	
		September 30, 2023	September 30, 2022
15	Earnings per share		
15.1	Basic earnings per share		
	Profit for the period	199,177	518,832
	Weighted average number		
	of ordinary shares	175,031	175,031
	Earnings per share	1.14	2.96
15.2	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, 2023 and September 30, 2022, which would have any effect on the earnings per share if the option to convert is exercised.		
16.	Transactions with related parties		
		Un-audited	
		Three-month period ended	
Relationship with the Company	Nature of transaction	September 30, 2023	September 30, 2022
(Rupees in thousand)			
i. Related parties other than holding company	Purchase of goods and services	3,520	7,743
	Sale of Goods		
	Share of common expenses charged to the Company	19,834	11,969
	Share of common expenses charged by the Company	1,227	649
	Royalty charged to the Company	7,492	8,491
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	2,536	2,023
iii. Key management personnel	Salaries and other employee benefits	30,878	18,573
		Un-audited September 30, 2023	Un-audited September 30, 2022
(Rupees in thousand)			
Period-end balances			
	Payable to Related Parties	23,434	47,222
	Advances from Related Parties	28	34

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Un-audited	
	Three-month period ended	
	September 30, 2023	September 30, 2022
17 Cash generated from operations	(Rupees in thousand)	
Profit before taxation	314,719	738,866
Adjustments for:		
- Depreciation on property, plant and equipment & amortization	101,839	97,958
- Finance cost	6,995	6,987
- Interest on bank deposits	(7,634)	(7,637)
- Exchange gain / (loss)	1,631	(110)
Cashflows before working capital changes	417,550	836,064
Effect on cash flow due to working capital changes		
- Increase in stores and spares	(30,849)	(84,130)
- (Increase) / Decrease in stock-in-trade	18,497	(98,742)
- (Increase) / Decrease in trade debts	7,256	103,242
- (Increase) / Decrease in advances, deposits, prepayments and other receivables	30,363	(51,643)
- Increase / (Decrease) in trade and other payables	(111,818)	(45,135)
	(86,551)	(176,408)
Cash generated from operations	330,999	659,656
	Un-audited September 30, 2023	Un-audited September 30, 2022
	(Rupees in thousand)	
18 Cash and cash equivalents		
Cash and bank balances - note 12	235,117	262,889
Finances under mark up arrangement - secured - note 7	-	(13,340)
	235,117	249,549
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 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, 2023.

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

21 Date of authorization for issue

These condensed interim unconsolidated financial statements were authorized for issue on October 18, 2023 by the Board of Directors of the Company.

22 Subsequent events

The members of the Company at their Annual General Meeting held on October 18, 2023 has approved the final cash dividend of Rs. 2 per share for the year ended June 30, 2023 as proposed by the Board of Directors at their meeting held on September 07, 2023. These Unconsolidated 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 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.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONSOLIDATED

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UN-AUDITED)**

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 300,000,000 (June 30, 2023: 300,000,000) ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid up capital 175,031,084 (2021: 175,031,084) Ordinary shares of Rs 10 each		1,750,311	1,750,311
Share Premium		3,022	3,022
Accumulated Profit		1,504,757	1,305,908
		3,258,090	3,059,241
NON-CURRENT LIABILITIES			
Long term finance - unsecured	5	95,572	100,300
Deferred grant		16,944	16,944
Lease Liabilities		-	-
Deferred taxation		184,863	192,100
		297,379	309,344
CURRENT LIABILITIES			
Current Portion of Non Current Liabilities		51,040	57,987
Finances under mark up arrangements - secured	7	-	110,383
Trade and other payables		801,591	911,773
Income tax payable		562,802	576,675
Dividend payable		9,177	9,177
Accrued finance cost		2,238	345
		1,426,848	1,666,340
CONTINGENCIES AND COMMITMENTS			
	8		
		4,982,317	5,034,925

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AS AT SEPTEMBER 30, 2023

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,242,453	2,293,287
Intangible assets		21,541	25,161
Long term loans - secured		6,152	6,152
Long term deposits and prepayments		24,471	24,471
		<u>2,294,617</u>	<u>2,349,071</u>
CURRENT ASSETS			
Stores and spares		571,139	540,290
Stock-in-trade	10	698,680	717,177
Trade debts - unsecured		158,248	165,504
Advances, deposits, prepayments and other receivables	11	87,114	117,800
Short Term Investments		937,402	896,726
Cash and bank balances	12	235,117	248,357
		2,687,700	2,685,854
		<u>4,982,317</u>	<u>5,034,925</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, 2023**

	Note	Three-month period ended	
		September 30, 2023	September 30, 2022
	(Rupees in thousand).....	
Sales	13	1,498,401	1,700,225
Cost of goods sold	14	(1,111,836)	(844,441)
Gross profit		386,565	855,784
Administrative expenses		(47,800)	(30,293)
Distribution and selling costs		(45,876)	(37,719)
Other income		53,525	12,841
Other operating expenses		(25,028)	(54,760)
Profit from operations		321,386	745,853
Finance cost		(6,995)	(6,987)
Profit before taxation		314,391	738,866
Taxation		(115,542)	(220,034)
Profit for the period		198,849	518,832
Earnings per share			
- Basic & Diluted - Rupees	15.1	1.14	2.96

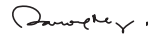
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	Three-month period ended	
	September 30, 2023	September 30, 2022
(Rupees in thousand).....	
Profit for the period	198,849	518,832
Other comprehensive income		
- Items that may be reclassified subsequently to profit or loss	-	-
- Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the period	<u>198,849</u>	<u>518,832</u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	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, 2022 (audited)	1,750,311	3,022	605,642	2,358,975
Profit for the period	-	-	518,832	518,832
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	518,832	518,832
Balance as on September 30, 2022 (un-audited)	<u>1,750,311</u>	<u>3,022</u>	<u>1,124,474</u>	<u>2,877,807</u>
Balance as on July 1, 2023 (audited)	1,750,311	3,022	1,305,908	3,059,241
Profit for the period	-	-	198,849	198,849
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	198,849	198,849
Balance as on September 30, 2023 (un-audited)	<u>1,750,311</u>	<u>3,022</u>	<u>1,504,757</u>	<u>3,258,090</u>

The annexed notes 1 to 23 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, 2023

	Note	Three-month period ended	
		September 30, 2023	September 30, 2022
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	17	330,999	659,656
Finance cost paid		(5,102)	(15,292)
Profit on deposits received		7,634	7,637
Income tax paid		(136,652)	(7,515)
Net cash generated from operating activities		196,879	644,486
Cash flows from investing activities			
Fixed capital expenditure (including intangibles)		(47,385)	(49,295)
Sale / (Purchase) of Short Term Investment		(40,676)	(252,367)
Long Term Deposits			(1,600)
Net cash (used in) / generated from investing activities		(88,061)	(303,262)
Cash flows from financing activities			
Net payments against long term finance		(11,675)	(180,571)
Principle element of lease payments		-	(2,655)
Net cash used in financing activities		(11,675)	(183,226)
Net increase in cash and cash equivalents		97,143	157,998
Cash and cash equivalents at beginning of the period		137,974	91,551
Cash and cash equivalents at the end of the period ¹⁸		235,117	249,549

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

1. The Group and its operations

1.1 Holding Company

Descon Oxychem Limited ("the Holding Company/the Parent Company") 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 converted into a public limited company with effect from February 28, 2008 as approved by the Securities and Exchange Commission of Pakistan (SECP) vide letter no. ARL 16222 dated March 14, 2008. Subsequently, on September 15, 2008, it was listed on Pakistan Stock Exchange. The registered office of the Company is situated at 18-KM Ferozpur Road, Lahore and the Company's business unit and factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore. The Company is principally engaged in manufacture, procurement and sale of hydrogen peroxide and allied products. The Company commenced its trial production on December 1, 2008 and commercial production on March 1, 2009.

1.2 Subsidiary Company

Descon Oxychem FZE, a limited liability company incorporated in Hamriyah Free Zone, Sharjah UAE on April 26, 2023. The principal line of business of subsidiary is import, export and trading of chemicals & related products, detergents & disinfectants, water treatment & purification chemicals and raw materials. The subsidiary is yet to commence its operations.

2. Basis of preparation

2.1 These condensed interim consolidated 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.

These condensed interim consolidated 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, 2023.

3. Significant accounting policies

3.1 The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of preceding annual published consolidated financial statements of the Company for the year ended June 30, 2023. Further, the basis of significant estimates are same as those that were applied to the consolidated financial statements for the year ended June 30, 2023, except for estimation of provision for taxation as referred to in note 4 and adoption of accounting policy as set out in note 3.2.

3.2 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.3 Standards, amendments and interpretations to published approved accounting standards

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

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on July 1, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

4. Taxation

The provision for taxation for the quarter ended September 30, 2023 has been made using the tax rate that would be applicable to expected total annual earnings.

	Note	Un-audited September 2023 (Rupees in thousand)	Audited June 2023
5 Long term finance - secured			
Temporary economic refinance facility (TERF)	5.1	122,471	129,196
		122,471	129,196
Less : Current portion shown under current liabilities		(26,899)	(28,896)
		<u>95,572</u>	<u>100,300</u>

5.1 'Temporary Economic Refinance Facility (TERF)

This represents the amount converted from the portion of STFF obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility.

Terms of markup

The facility carries markup at 2.00% per annum. The mark-up has been accrued using effective rates method. Mark-up is payable quarterly in arrears.

Terms of repayment

It is repayable in twenty six equal quarterly installments commencing from September 23, 2022.

Security

Along with the STFF, it is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Group.

6. Deferred grant

Deferred grant has been recognized as the difference between the fair value and proceeds received under TERF as referred to in note 5.1 in accordance with the accounting policy as referred to in note 3.2. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date. The grant will be amortized in line with the tenure of the TERF.

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in thousand)	
7 Finances under mark up arrangements - secured		
Meezan Bank Limited	-	110,383
	-	110,383

8. Contingencies and commitments

8.1 Contingencies

- i) Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract of Rs 144.37 million (June 30, 2023: Rs 144.37 million).
- ii) Guarantee issued to Pakistan State Oil against the performance of a contract of Rs 3.5 million (June 30, 2023: Rs 3.5 million).
- iii) Guarantee issued to Al-Technique Corporation of Pakistan against the performance of a contract of Rs 28.407 million (June 30, 2023: Rs 28.407 million).

- iv) 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 Group 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 Group by HLHC vide its order dated June 17, 2021. SNGPL has filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Group's 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 Sui Northern Gas Pipelines Limited. The decision has not been made by the Committee on its applicability and the amount to be paid by the Group. Accordingly, the Group has not recognised the estimated provision of Rs 55.32 million (June 30, 2023: Rs 55.32 million) in these unconsolidated financial statements. However, the Group has provided guarantee of Rs 55.32 million (June 30, 2023: Rs 55.32 million) to SNGPL on direction of the HLHC.

8.2 Commitments

- i) Letter of credit other than capital expenditure amounting to Rs 510.492 million (June 30, 2023: Rs 296.4 million)
- ii) Post dated cheques issued in favor of National Tariff Commission of Pakistan and Collector of customs aggregating to Rs 42.14 million (June 30, 2023: 42.14 million).

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in thousand)	
9 Property, plant and equipment			
Operating assets:			
- Owned Assets	9.1	1,995,587	2,068,782
- Right of Use Assets	9.2	13,282	18,717
Capital work-in-progress		143,119	114,196
Major spare parts, catalysts and standby equipment [including in transit of Rs. NIL (June 30, 2023: Rs. 7.68 million)]		90,465	91,592
		2,242,453	2,293,287

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
9.1 Operating assets			
Opening book value		2,068,782	2,127,348
Add: Additions during the period / year	9.1.1	20,080	307,305
		<u>2,088,862</u>	<u>2,434,653</u>
Less: Disposals during the period / year (at book value)	9.1.2	-	(52)
Less: Depreciation charged during the period / year		(93,275)	(365,819)
Closing book value		<u>1,995,587</u>	<u>2,068,782</u>
9.1.1 Additions during the period / year			
Buildings on freehold land		-	12,021
Plant, machinery and equipment		12,683	258,795
Laboratory equipment		-	191
Material handling		-	740
Tools and equipment		4,258	9,411
IT equipments		1,722	6,200
Office equipment & Appliances		1,417	6,273
Furniture and fixture		-	1,508
Vehicles		-	12,166
		<u>20,080</u>	<u>307,305</u>
9.1.2 Disposals during the period / year			
Furniture and fixture		-	(17)
IT equipments		-	(35)
		-	<u>(52)</u>
9.2 Right of Use Assets			
Opening Book Value		18,717	23,092
Additions during the period / year		-	-
Re-assessment during the year			15,750
Derecognition during the year			-
Depreciation Charge during the period / year		(5,435)	(20,125)
		<u>13,282</u>	<u>18,717</u>

		Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023 (Rupees in thousand)
10 Stock in trade	Note		
Raw material [including in transit of Rs 19.96 million (June 30, 2023: Rs 202.78 million)]		514,050	560,056
Work-in-process	10.1	35,203	33,513
Finished goods	10.2	149,427	123,608
		<u>698,680</u>	<u>717,177</u>
10.1	Work-in-process include unused packing material of Rs 35.203 million (June 30, 2023: Rs 33.513 million).		
10.2	Finished goods includes stock purchased for resale Rs. 0.6 million (June 30, 2023 : Rs 0.6 million) and provision for obsolete stock of Rs. 1.25 million (June 30, 2023: Rs 1.25 million).		
11.	These include sales tax recoverable of Rs 7.284 million (June 30, 2023: Rs 11.382 million).		
12 Cash and bank balances		Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023 (Rupees in thousand)
At banks on:			
- Current accounts		89,923	187,826
- Saving accounts		145,194	60,531
		<u>235,117</u>	<u>248,357</u>
		Un-audited	
		Three-month period ended	
		September 30, 2023	September 30, 2022
13 Sales		(Rupees in thousand)	
Gross sales:			
- Local		1,687,011	1,780,795
- Export		105,842	210,836
		<u>1,792,853</u>	<u>1,991,631</u>
Less: Commission on sales		(37,624)	(37,772)
Less: Sales tax		(256,828)	(253,634)
		<u>1,498,401</u>	<u>1,700,225</u>

		Un-audited	
		Three-month period ended	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
14	Cost of goods sold		
	Raw material consumed	613,940	578,137
	Salaries, wages and other benefits	61,997	45,534
	Repair and maintenance	64,235	14,059
	Fuel and power	259,875	173,736
	Packing material	2,635	3,860
	Quality assurance	1,105	558
	Services through contractors	21,430	16,848
	Travelling	2,308	1,974
	Communication	540	203
	Rent & rates	748	2,312
	Depreciation on property, plant and equipment	99,653	96,402
	Insurance	6,312	3,591
	Safety items consumed	1,201	967
	Miscellaneous	3,366	4,081
		1,139,345	942,262
	Add: Opening work in process	33,513	16,748
	Less: Closing work in process	(35,203)	(32,732)
		(1,690)	(15,984)
	Cost of goods produced	1,137,655	926,278
	Add: Opening finished goods	123,608	25,902
	Less: Closing finished goods	(149,427)	(107,739)
		(25,819)	(81,837)
	Cost of goods sold - own manufactured	1,111,836	844,441
		1,111,836	844,441
15	Earnings per share		
15.1	Basic earnings per share		
	Profit for the period	Rupees in thousand	198,849
	Weighted average number		
	of ordinary shares	Number in thousand	175,031
	Earnings per share	Rupees	1.14
			2.96

15.2 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, 2023 and September 30, 2022, which would have any effect on the earnings per share if the option to convert is exercised.

16 Transactions with related parties

Relationship with the Group	Nature of transaction	Un-audited	
		Three-month period ended	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
i. Related parties other than holding company	Purchase of goods and services	3,520	7,743
	Sale of Goods		
	Share of common expenses charged to the Company	19,834	11,969
	Share of common expenses charged by the Company	1,227	649
	Royalty charged to the Company	7,492	8,491
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	2,536	2,023
iii. Key management personnel	Salaries and other employee benefits	30,878	18,573
		Un-audited September 30, 2023	Un-audited September 30, 2022
		(Rupees in thousand)	
Period-end balances			
	Payable to Related Parties	23,434	47,222
	Advances from Related Parties	28	34
17 Cash generated from operations			
	Profit before taxation	314,391	738,866
	Adjustments for:		
	- Depreciation on property, plant and equipment & amortization	101,839	97,958
	- Finance cost	6,995	6,987
	- Interest on bank deposits	(7,634)	(7,637)
	- Exchange gain / (loss)	1,631	(110)
	Cashflows before working capital changes	417,222	836,064

	Un-audited	
	Three-month period ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
Effect on cash flow due to working capital changes		
- Increase in stores and spares	(30,849)	(84,130)
- (Increase) / Decrease in stock-in-trade	18,497	(98,742)
- (Increase) / Decrease in trade debts	7,256	103,242
- (Increase) / Decrease in advances, deposits, prepayments and other receivables	30,686	(51,643)
- Increase / (Decrease) in trade and other payables	(111,813)	(45,135)
	(86,223)	(176,408)
Cash generated from operations	330,999	659,656
	Un-audited September 30, 2023	Un-audited September 30, 2022
	(Rupees in thousand)	
18 Cash and cash equivalents		
Cash and bank balances - note 12	235,117	262,889
Finances under mark up arrangement - secured - note 7	-	(13,340)
	235,117	249,549

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 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).

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 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 financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2023.

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

21 Date of authorization for issue

These condensed interim consolidated financial statements were authorized for issue on October 18, 2023 by the Board of Directors of the Holding Company.

22 Subsequent events

The members of the Holding Company at their Annual General Meeting held on October 18, 2023 has approved the final cash dividend of Rs. 2 per share for the year ended June 30, 2023 as proposed by the Board of Directors at their meeting held on September 07, 2023. These Consolidated 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 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 consolidated interim 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.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR