

PARTNERS IN
PROGRESS



HALF YEARLY **REPORT**

DECEMBER 31, 2023
(UN-AUDITED)

Descon Oxychem Limited



VISION

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

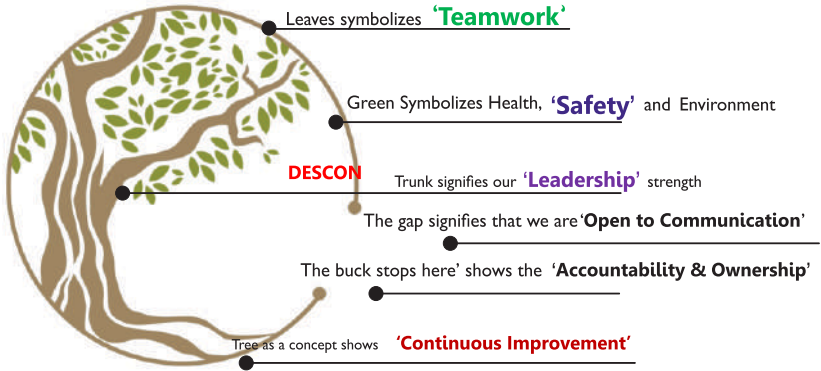


MISSION

We are determined to:

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

Our Core Values



Continuous Improvement

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



Leadership

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



Accountability and Ownership

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



Team Work

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



Open Communication

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



Safety

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

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Company Information

Board of Directors

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 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

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 Six Months Ended December 31, 2023

The Board of Directors of the company are pleased to present the six months report along with the Financial Statements for the period ended December 31, 2023.

Your Company has closed the half year with significantly lower prices and its impact on profitability due to downturn being faced by the textile sector. This reduction in price coupled with planned annual turnaround cost, increased RLNG and energy cost led to depletion of margin and reduced profitability as compared to last year. The summarized financial performance appears below.

Financial Highlights

	Quarter ended		Half year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees in '000'		Rupees in '000'	
Sales	1,401	1,782	2,899	3,483
Cost of goods sold	(1,203)	(956)	(2,315)	(1,814)
Gross profit	198	826	585	1,669
Profit from operations	163	707	486	1,452
EBITDA	266	805	690	1,648
Profit before taxation	157	700	473	1,439
Tax	(91)	(211)	(207)	(431)
Profit for the period	66	489	266	1,008
Earnings per share – Basic	0.38	2.79	1.52	5.76

Your company generated an EBITDA of PKR 690 million vs PKR 1.6 bn in the corresponding period last year. In addition, the company delivered a net profit of PKR 266 million during the six months compared with a net profit of PKR 1,009 million in the corresponding period last year. The decrease in profitability is driven by reduced volume due to planned annual turnaround, high RLNG / energy costs, steep slide in prices and dumping of product by international players into the Pakistani market.

The slide in H2O2 prices due to dumping of product by international players and slowdown of textile industry was partially hedged by exporting product as the company has during the past few years which has improved the Company's ability to place volumes overseas despite challenges.

With the improving economic situation and government's export focused approach the company foresees improving sales and profitability in the short term. In addition to existing market demand, the company is focused on the development of additional segments in domestic market.

The company's cash flow generated from operations has been PKR 348 million vs PKR 1.2 billion in the corresponding period last year. Based on company's strategy to prepay debt especially during the high interest environment it has been able to avoid high interest cost.

Future Outlook

The challenge for your Company is to sustain financial performance by maintaining its margins in an environment of significant reduction in prices coupled with cost increases owing to global supply chain disruptions and slowdown in textile sector. Your company is consistently working on strategies to ensure these challenges are met effectively and new markets are developed to create a hedge against margin erosion in the long term. Efforts to penetrate new segments and markets are being implemented alongside organic growth in Textile, Food and Mining sectors. The company is also targeting consistent improvement in raw material consumption in line with the management target to achieve economies of scale. Our target is to become the lowest cost producer to become a dominant player in the region by implementing a well thought through manufacturing excellence and international market development programs. The business continues to invest in areas which reinforce its advantageous position in safety, manufacturing efficiency and building market leadership in key geographies.

We would like to thank all stakeholders for their contribution and support.

For and on behalf of the Board

Lahore
February 13, 2024


CHIEF EXECUTIVE


DIRECTOR

ڈائریکٹرز رپورٹ برائے حصص داران

31 دسمبر 2023 کو ختم ہونے والی ششماہی کے لیے ڈائریکٹرز کی حصص داران کو رپورٹ
 کھینٹی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والی مدت کے مالیاتی گوشوارے مع ششماہی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

آپ کی کھینٹی نے ٹیکسٹائل سیکٹور کو روپوش مندی کی وجہ سے نمایاں طور پر کم قیمتوں اور منافع پر اس کے اثرات کے ساتھ ششماہی کا اختتام کیا ہے۔ قیمتوں میں اس کی کے ساتھ ساتھ منصوبہ بند سالانہ تبدیلی لاگت،
 RLNG اور توانائی کی لاگت میں اضافہ گزشتہ سال کے مقابلے میں جارجن اور منافع میں کمی کا باعث بنا ہے۔ مالیاتی کارکردگی کا خلاصہ حسب ذیل ہے:

مالیاتی جھلسائیاں

تفصیل	تختہ سہ ماہی		تختہ ششماہی	
	2023 دسمبر 31	2022 دسمبر 31	2023 دسمبر 31	2022 دسمبر 31
	”000“ روپوں میں		”000“ روپوں میں	
فروخت	1,401	1,782	3,483	3,483
فروخت ششماہی کی لاگت	(1,203)	(956)	(1,814)	(1,814)
مجموعی منافع	198	826	1,669	1,669
آپریٹنگ سے منافع	163	707	1,452	1,452
EBITDA	266	805	1,648	1,648
ٹیکس سے پہلے منافع	157	700	1,439	1,439
ٹیکس	(91)	(211)	(431)	(431)
مدت کے لئے منافع	66	489	1,008	1,008
ششماہی آمدنی - بنیادی	0.38	2.79	5.76	5.76

آپ کی کھینٹی نے گزشتہ سال کی اسی مدت میں 1.6 بلین روپے کے مقابلے میں 690 ملین روپے کا EBITDA کمایا۔ اس کے علاوہ، کھینٹی نے ششماہی کے دوران 266 ملین روپے کا خالص منافع فراہم کیا
 ہے جبکہ پچھلے سال کی اسی مدت میں 1,009 ملین روپے کا خالص منافع ہوا تھا۔ منافع میں کمی منصوبہ بند سالانہ تبدیلی RLNG/ توانائی کی زیادہ لاگتوں، پاکستانی منی بین الاقوامی کھلاڑیوں کی طرف
 سے مصنوعات کی قیمتوں میں بھاری اور ڈیمینگ کی وجہ سے جم میں کمی کی وجہ سے ہوئی ہے۔
 بین الاقوامی کھلاڑیوں کی طرف سے مصنوعات کی ڈیمینگ اور ٹیکسٹائل انڈسٹری کی سست روی کی وجہ سے H2O2 کی قیمتوں میں کمی کو جزوی طور پر مصنوعات کی برآمد سے روکا گیا جیسا کہ کھینٹی نے گزشتہ چند
 سالوں کے دوران مشکلات کے باوجود یہ دن ملک جھمکے کی کھینٹی کی صلاحیت کو بہتر بنایا ہے۔

بہتری کی طرف کامزن معاشی صورتحال اور حکومت کی برآمد پر توجہ مرکوز ہونے کے ساتھ کھینٹی مختصر مدت میں فروخت اور منافع میں بہتری کی پیش گوئی کرتی ہے۔ موجودہ مارکیٹ کی طلب کے علاوہ، کھینٹی کی
 توجہ مقامی مارکیٹ میں ایڈیشنل سیکٹس کی ترقی پر مرکوز ہے۔

کھینٹی کے کاروبار سے پیدا ہونے والا نقد بہا 348 ملین روپے رہا ہے جو پچھلے سال کی اسی مدت میں 1.2 بلین روپے تھا۔ خاص طور پر زیادہ شرح سود والے ماحول کے دوران قرض کی قہل از وقت ادائیگی کی
 کھینٹی کی حکمت عملی کی بنیاد پر کھینٹی سود کی زیادہ لاگت سے بچنے میں کامیاب رہی ہے۔

مستقبل کا نقطہ نظر

عالمی سپلائی چین میں رکاوٹوں اور ٹیکسٹائل سیکٹور میں سست روی کی وجہ سے قیمتوں میں نمایاں کمی کے ساتھ ساتھ لاگت میں نمایاں اضافے کے ماحول میں اپنے مارجن کو برقرار رکھنے ہوئے مضبوط مالی کارکردگی کو
 برقرار رکھنا آپ کی کھینٹی کے لیے ایک چیلنج ہے۔ آپ کی کھینٹی مسلسل سکتھ عملیوں پر کام کر رہی ہے تاکہ یہ یقینی بنایا جاسکے کہ ان چیلنجوں کا مؤثر طریقے سے مقابلہ کیا جائے اور مختصر مدت میں مارجن کی کمی کو روکنے
 کے لیے نئی مارکیٹیں تلاش کی جائیں۔ ٹیکسٹائل، خوراک اور کان کنی کے شعبوں میں نامیاتی نمونے کے ساتھ ساتھ نئے شعبوں اور منڈیوں تک رسائی کی کوششوں کو کامیابی کے ساتھ نافذ کیا گیا ہے۔ کھینٹی بڑی
 میٹھنوں کو حاصل کرنے کے انتظامی ہدف کے مطابق نام کی کھپت میں مسلسل بہتری کو بھی بنا رہی ہے۔ ہمارا ہدف مینوفیکچرنگ ایکسپنس اور بین الاقوامی مارکیٹ کی ترقی کے پروگراموں کے
 ذریعے اچھی سوچ کو لاگو کر کے نئے شعبوں میں ایک ترقیاتی کھلاڑی بننے کے لیے سب سے کم لاگت پر ڈیولپمنٹ بنانا ہے۔ کاروبار ان شعبوں میں سرمایہ کاری کرتا رہتا ہے جو حفاظت، مینوفیکچرنگ کی کارکردگی اور کلیدی
 جغرافیوں میں مارکیٹ کی قیادت کی تعمیر میں اس کی فائدہ مند پوزیشن کو تقویت دیتے ہیں۔

بہم تمام انیک ہولڈرز کی شرکت اور تعاون کے لیے ان کا شکر یہاں دیا کرتے ہیں۔

لاہور

13 فروری 2024ء

Signature
 ڈائریکٹر

Signature
 چیف ایگزیکٹو

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DESCON OXYCHEM LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Descon Oxychem Limited** ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

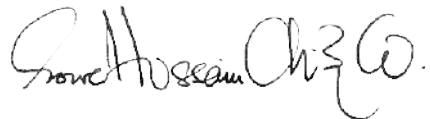
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

The condensed interim financial statements for the half year ended December 31, 2022 and the annual financial statements for the year ended June 30, 2023 of the Company were reviewed and audited, by another firm of the chartered accountants who expressed an unmodified conclusion and opinion thereon vide their reports dated February 22, 2023 and September 25, 2023, respectively.

The engagement partner on the resulting in this independent auditor's review report is Amin Ali.



LAHORE

Dated: February 18, 2024

UDIN: RR202310051CjqKUiZ1O

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UN-AUDITED) AS AT DECEMBER 31, 2023**

	Note	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
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 of 175,031,084 (June 30, 2023: 175,031,084) ordinary shares of Rs 10 each		1,750,311	1,750,311
Share premium		3,022	3,022
Unappropriated profit		1,222,036	1,306,150
		2,975,369	3,059,483
Non Current Liabilities			
Long term finances - secured	5	96,651	100,300
Deferred taxation		186,821	192,100
Deferred grant		16,018	16,944
		299,490	309,344
Current Liabilities			
Current portion of non current liabilities		34,012	50,638
Finances under mark up arrangements - secured		224,376	110,383
Current portion of deferred grant		4,420	7,349
Trade payables, provisions and other liabilities	6	641,018	912,436
Income tax payable		110,833	576,675
Dividend payable		12,354	9,177
Accrued finance costs		3,236	345
		1,030,249	1,667,003
Contingencies and Commitments	7	-	-
Total Equity and Liabilities		4,305,108	5,035,830

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

	Note	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	8	2,199,051	2,293,287
Intangible assets		19,423	25,161
Long term investment		1,964	1,964
Long term loans - secured		4,487	6,152
Long term deposits		24,471	24,471
		2,249,396	2,351,035
Current Assets			
Stores and spares	9	585,670	540,290
Stock in trade	10	903,231	717,177
Trade debts		74,666	165,504
Loans, advances, deposits, prepayments and other receivables		74,351	116,741
Short term investment	11	225,483	896,726
Bank balances		192,311	248,357
		2,055,712	2,684,795
Total Assets		4,305,108	5,035,830



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

		Half Year Ended December 31,		Quarter Ended December 31,	
		2023	2022	2023	2022
Note		Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Sales	12	2,899,445	3,482,711	1,401,044	1,782,486
Cost of sales	13	(2,314,703)	(1,813,705)	(1,203,505)	(956,365)
Gross Profit		584,742	1,669,006	197,539	826,121
Administrative expenses		(98,943)	(74,435)	(51,473)	(44,142)
Distribution and selling costs		(91,027)	(78,179)	(45,151)	(53,359)
Other income		127,909	40,661	74,384	27,820
Other operating expenses		(36,943)	(104,572)	(11,913)	(49,812)
		(99,004)	(216,525)	(34,153)	(119,493)
Operating Profit		485,738	1,452,481	163,386	706,628
Finance cost		(12,916)	(13,501)	(5,921)	(6,514)
Profit before Taxation		472,822	1,438,980	157,465	700,114
Taxation		(206,874)	(431,167)	(91,332)	(211,133)
Net Profit for the Period		265,948	1,007,813	66,133	488,981
Earnings per Share - Basic and Diluted	14	1.52	5.76	0.38	2.79

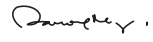
The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Net Profit for the Period	265,948	1,007,813	66,133	488,981
Other comprehensive income				
Items that will not be re-classified to profit or loss	-	-	-	-
Items that may be re-classified to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	<u>265,948</u>	<u>1,007,813</u>	<u>66,133</u>	<u>488,981</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

Particulars	Share Capital	Reserves		Total
		Share Premium Reserve	Unappropriated Profit	
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at July 1, 2022	1,750,311	3,022	605,642	2,358,975
Net profit for the period	-	-	1,007,813	1,007,813
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,007,813	1,007,813
Transactions with owners				
June 30, 2022 @ 20% (Rs 2 per share)	-	-	(350,062)	(350,062)
Balance as at December 31, 2022	<u>1,750,311</u>	<u>3,022</u>	<u>1,263,393</u>	<u>3,016,726</u>
Balance as at July 1, 2023	1,750,311	3,022	1,306,150	3,059,483
Net profit for the period	-	-	265,948	265,948
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	265,948	265,948
Transactions with owners				
Final dividend for the year ended June 30, 2023 @ 20% (Rs 2 per share)	-	-	(350,062)	(350,062)
Balance as at December 31, 2023	<u>1,750,311</u>	<u>3,022</u>	<u>1,222,036</u>	<u>2,975,369</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Note	Half Year Ended December 31,	
		2023	2022
		Rs. '000'	Rs. '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	15	304,728	1,214,540
Finance cost paid		(7,834)	(17,811)
Profit on deposits received		16,406	14,697
Long term loan to employees		-	(3,000)
Taxes paid		(677,996)	(117,786)
		(669,424)	(123,900)
Net Cash (Used in) / Generated from Operating Activities		(364,696)	1,090,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(103,960)	(73,144)
Proceeds from disposal of property, plant and equipment		36	150,632
Short term investments purchased		(383,214)	(917,472)
Short term investments redeemed		1,055,000	-
Long term deposits		-	(41,459)
Net Cash Generated from / (Used in) Investing Activities		567,862	(881,443)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances - secured		(13,922)	(192,840)
Repayment of lease liabilities		(12,398)	(12,536)
Short term borrowings - net		113,993	402,895
Dividends paid		(346,885)	(346,964)
Net Cash Used in Financing Activities		(259,212)	(149,445)
Net (Decrease) / Increase in Cash and Cash Equivalents		(56,046)	59,752
Cash and cash equivalents at the beginning of the period		248,357	106,171
Cash and Cash Equivalents at the End of the Period		192,311	165,923

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

1. The Company and its operations

- 1.1** 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 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 Company is domiciled in Pakistan and its registered office is situated at 18-Km Ferozepur Road, Lahore while the Company's business unit and factory is situated at 18 KM, Lahore-Sheikhupura Road, Lahore.
- 1.2** 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.
- 1.3** The Company incorporated a wholly owned subsidiary "Descon Oxychem FZE" 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.

2. Basis of preparation

2.1 Statement of compliance

- 2.1.1** These condensed interim financial statements (un-audited) of the Company 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;

- 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.

- 2.1.2** These condensed interim financial statements comprise of the condensed interim statement of financial position (un-audited) of the Company, as at December 31, 2023 and the related condensed interim statement of profit or loss (un-audited), condensed interim statement of comprehensive income (un-audited), condensed interim statement of changes in equity (un-audited) and condensed interim statement of cash flows (un-audited) together with the notes forming part thereof.
- 2.1.3** These condensed interim financial statements (un-audited) do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2023.
- 2.1.4** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); these are however, subject to limited scope review by external auditors as required by the Act and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).

2.2 Functional and presentation currency

These condensed interim financial statements (unaudited) are presented in Pakistani Rupees which is the Company's functional and presentation currency.

3. Significant Accounting Policies

The accounting policies and methods of presentation of these condensed interim financial statements (un-audited) are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2023.

4. Judgments and Estimates

The preparation of these condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5. Long Term Finances - Secured

	Note	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
Allied bank limited	5.1	119,129	129,196
Less: Current portion of loan		(22,478)	(28,896)
		<u>96,651</u>	<u>100,300</u>

- 5.1 This represents the amount converted from the portion of Syndicate Term Finance Facility (STFF) obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility. Out of the available limit of Rs. 174.84 million as at December 31, 2023, the Company has utilized Rs. 174.84 million (June 30, 2023: Rs. 174.84 million). The recognised portion as at the reporting date is exclusive of grant of Rs 20.44 million (June 30, 2023: Rs. 24.26 million). The loan carries markup at 2.00% per annum (June 30, 2023: 2.00% per annum) and is payable quarterly in arrears. The loan is repayable in twenty two equal quarterly installments ending on December 23, 2028. This loan is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Company with 25% margin aggregating to Rs 1,466.67 million.

6. Trade Payables, Provisions and Other Liabilities

	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
Trade creditors - unsecured - considered good	215,742	191,058
Bills payable - secured	63,346	173,316
Contract liability	11,204	131,988
Accrued liabilities	267,660	247,383
Worker's profit participation fund	24,723	120,942
Worker's welfare fund	54,330	44,239
Other liabilities	4,013	3,510
	<u>641,018</u>	<u>912,436</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023
7 Contingencies and Commitments
7.1 Contingencies

There is no material change in the status of contingencies as reported in the financial statements for the year ended June 30, 2023.

7.2 Commitments

The Company has the following commitments in respect of:

- i) Letters of credit for capital expenditure amounting to Rs. 58.382 million (June 30, 2023: Nil).
- ii) Letters of credit other than capital expenditure amounting to Rs. 224.106 million (June 30, 2023: Rs 296.4 million).

8. Property, Plant and Equipment

		December 31, 2023	June 30, 2023
	Note	(Un-audited) Rs. '000'	(Audited) Rs. '000'
Owned assets	8.1	2,039,971	2,068,782
Right of use asset	8.2	9,359	18,717
Capital work in progress		73,767	114,196
Major spare parts, catalysts and standby equipment		75,954	91,592
		<u>2,199,051</u>	<u>2,293,287</u>
8.1 Owned assets			
Opening written down value		2,068,782	2,127,348
Additions during the period / year		160,026	307,305
Disposals during the period / year		(34)	(52)
		<u>2,228,774</u>	<u>2,434,601</u>
Depreciation charge for the period / year		(188,803)	(365,819)
		<u>2,039,971</u>	<u>2,068,782</u>
8.2 Right of use asset			
Opening balance		18,717	23,092
Re-assessment/modification during the period / year		-	15,750
Depreciation charged during the period / year		(9,358)	(20,125)
Net book value at end of the period / year		<u>9,359</u>	<u>18,717</u>
9. Stores and Spares			
General stores and spares		435,531	403,796
Working solution		253,528	239,883
Provision for obsolescence		(103,389)	(103,389)
		<u>585,670</u>	<u>540,290</u>

10. Stock in Trade

	December 31, 2023	June 30, 2023
	(Un-audited) Rs. '000'	(Audited) Rs. '000'
Raw materials	789,096	560,056
Work-in-process	37,130	33,513
Finished goods:		
- purchased for resale	639	638
- own manufactured	76,366	122,970
	<u>903,231</u>	<u>717,177</u>

11. Short Term Investment

	December 31, 2023	June 30, 2023	December 31, 2023	June 30, 2023
	Units	Units	(Un-audited) Rs. '000'	(Audited) Rs. '000'
NBP Money Market Fund	17,462	89,855	225,483	896,726

12. Sales

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	(Un-audited)			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Gross sales:				
- Local	3,329,354	3,656,846	1,642,343	1,876,051
- Export	147,314	424,428	41,472	213,592
	<u>3,476,668</u>	<u>4,081,274</u>	<u>1,683,815</u>	<u>2,089,643</u>
Less: Commission and discount on sales	(71,651)	(74,497)	(34,027)	(36,725)
Less: Sales tax	(505,572)	(524,066)	(248,744)	(270,432)
	<u>2,899,445</u>	<u>3,482,711</u>	<u>1,401,044</u>	<u>1,782,486</u>

13. Cost of Sales

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	(Un-audited)			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Raw and packing material consumed	1,154,096	1,109,613	537,521	527,616
Salaries, wages and other benefits	126,234	95,709	64,237	50,175
Fuel and power	516,289	314,713	256,414	140,977
Shut down expenses	63,191	-	63,191	-
Service through contractors	43,976	33,604	22,546	16,756
Repair and maintenance	138,590	43,206	74,355	29,147
Quality assurance	1,580	2,552	475	1,994
Travelling	4,602	7,600	2,294	5,626
Communication	972	803	432	600
Rent and rates	4,406	4,161	3,658	1,849
Depreciation on property, plant and equipment:				
- owned assets	180,410	180,054	85,437	89,519
- right of use assets	9,358	9,292	4,678	4,507
Amortization of intangible assets	3,292	3,835	3,292	2,753
Insurance	12,623	7,183	6,311	3,592
Safety items consumed	3,151	1,695	1,950	728
Miscellaneous	8,946	8,809	5,580	4,728
	<u>2,271,716</u>	<u>1,822,829</u>	<u>1,132,371</u>	<u>880,567</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

Add: Opening work in process	33,513	16,748	35,203	32,732
Less: Closing work in process	(37,130)	(22,492)	(37,130)	(22,492)
	(3,617)	(5,744)	(1,927)	10,240
Cost of goods produced	2,268,099	1,817,085	1,130,444	890,807
Add: Opening finished goods	122,970	25,263	149,427	107,100
Less: Closing finished goods	(76,366)	(83,129)	(76,366)	(83,129)
	46,604	(57,866)	73,061	23,971
Cost of goods sold - own manufactured	2,314,703	1,759,219	1,203,505	914,778
Cost of goods sold - purchase for resale	-	54,486	-	54,486
Cost of services	-	-	-	(12,899)
	<u>2,314,703</u>	<u>1,813,705</u>	<u>1,203,505</u>	<u>956,365</u>

14. Earnings Per Share

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	(Un-audited)			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
14.1 Basic earnings per share				
Net Profit for the period	265,948	1,007,813	66,133	488,981
Number of ordinary shares	175,031	175,031	175,031	175,031
Earnings per share	1.52	5.76	0.38	2.79

14.2 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 December 31, 2023 and June 30, 2023, which would have any effect on the earnings per share if the option to convert is exercised.

15. Cash Generated from Operations

	December 31, 2023	December 31, 2022
	(Un-audited) Rs. '000'	(Un-audited) Rs. '000'
Profit before taxation	472,822	1,438,980
Adjustment for:		
- Depreciation on property, plant and equipment:		
- owned assets	188,803	181,262
- right of use assets	9,358	9,293
- Amortization of intangible assets	5,738	5,423
- Gain on disposal of fixed assets	(1)	-
- Liabilities written back	(31,410)	-
- Interest on bank deposits	(16,406)	(14,697)
- Unrealised gain on investment	(543)	(1,550)
- Net exchange loss	2,129	84
- Finance costs	12,916	13,501
Profit before working capital changes	<u>170,584</u>	<u>193,316</u>
(Increase)/ decrease in current assets		
- Stores and spares	(45,380)	(61,142)
- Stock in trade	(186,054)	(208,104)
- Trade debts	90,838	(72,086)
- Loans, advances, deposits, prepayments and other receivables	44,055	33,104
Increase in current liabilities		
- Trade and other payables	(242,137)	(109,528)
	<u>(338,678)</u>	<u>(417,756)</u>
Cash generated from operations	<u><u>304,728</u></u>	<u><u>1,214,540</u></u>

16. Transactions with Related Parties

Related parties comprise related group companies, companies associated due to common directorship, subsidiaries and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transaction during the period		December 31, 2023	December 31, 2022
		(Un-audited) Rs. '000'	(Un-audited) Rs. '000'
Relationship	Transactions during the year		
i. Associated companies	Purchase of goods and services	10,915	20,148
	Sale of goods	13,065	59
	Share of common expenses charged to the Company	38,111	22,053
	Share of common expenses charged by the Company	2,794	2,108
	Payment of ordinary dividend	254,243	216,108
	Royalty charged to the company	14,427	17,414
ii. Directors	Meeting fee	528	813
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	5,187	4,509
iv. Key management Personnel	Salaries and other employee benefits	66,797	40,769

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

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 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 to 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 or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at December 31, 2023 the Company held investment in money market fund carried at fair value based on level 1 input. Except for this short term investment, there were no Level 1, 2 or 3 assets or liabilities during current or prior period.

18. Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2023.

19. Authorization of Financial Statements

These condensed interim financial statements (un-audited) are approved and authorized for issuance on February 13, 2024 by the Board of Directors of the Company.

20. General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these condensed interim financial statements (un-audited).

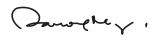
Figures have been rounded off to nearest thousand of rupees unless otherwise stated.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONSOLIDATED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2023

	Note	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
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 of 175,031,084 (June 30, 2023: 175,031,084) ordinary shares of Rs 10 each		1,750,311	1,750,311
Share premium		3,022	3,022
Unappropriated profit		1,224,369	1,305,908
		2,977,702	3,059,241
Non Current Liabilities			
Long term finances - secured	5	96,651	100,300
Deferred taxation		186,821	192,100
Deferred grant		16,018	16,944
		299,490	309,344
Current Liabilities			
Current portion of non current liabilities		34,012	50,638
Finances under mark up arrangements - secured		224,376	110,383
Current portion of deferred grant		4,420	7,349
Trade payables, provisions and other liabilities	6	653,369	911,773
Income tax payable		110,833	576,675
Dividend payable		12,354	9,177
Accrued finance costs		3,236	345
		1,042,600	1,666,340
Contingencies and Commitments	7	-	-
Total Equity and Liabilities		4,319,792	5,034,925

The annexed notes from 1 to 20 form an integral part of these consolidated condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

	Note	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	8	2,199,051	2,293,287
Intangible assets		19,423	25,161
Long term loans - secured		4,487	6,152
Long term deposits		24,471	24,471
		2,247,432	2,349,071
Current Assets			
Stores and spares	9	585,670	540,290
Stock in trade	10	903,231	717,177
Trade debts		74,666	165,504
Loans, advances, deposits, prepayments and other receivables		74,752	117,800
Short term investment	11	225,483	896,726
Bank balances		208,558	248,357
		2,072,360	2,685,854
Total Assets		4,319,792	5,034,925



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

		Half Year Ended December 31,		Quarter Ended December 31,	
		2023	2022	2023	2022
Note		Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
	Sales	2,902,833	3,482,711	1,404,432	1,782,486
	Cost of sales	(2,314,801)	(1,813,705)	(1,203,505)	(956,365)
	Gross Profit	588,032	1,669,006	200,927	826,121
	Administrative expenses	(99,581)	(74,435)	(51,781)	(44,142)
	Distribution and selling costs	(91,027)	(78,179)	(45,151)	(53,359)
	Other income	127,909	40,661	74,384	27,820
	Other operating expenses	(37,021)	(104,572)	(11,915)	(49,812)
		(99,720)	(216,525)	(34,463)	(119,493)
	Operating Profit	488,312	1,452,481	166,464	706,628
	Finance cost	(12,915)	(13,501)	(5,920)	(6,514)
	Profit before Taxation	475,397	1,438,980	160,544	700,114
	Taxation	(206,874)	(431,167)	(91,332)	(211,133)
	Net Profit for the Period	268,523	1,007,813	69,212	488,981
	Earnings per Share - Basic and Diluted	1.53	5.76	0.40	2.79

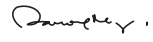
The annexed notes from 1 to 20 form an integral part of these consolidated condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Net Profit for the Period	268,523	1,007,813	69,212	488,981
Other comprehensive income				
Items that will not be re-classified to profit or loss	-	-	-	-
Items that may be re-classified to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	<u>268,523</u>	<u>1,007,813</u>	<u>69,212</u>	<u>488,981</u>

The annexed notes from 1 to 20 form an integral part of these consolidated condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

Particulars	Share Capital	Reserves		Total
		Share Premium Reserve	Unappropriated Profit	
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at July 1, 2022	1,750,311	3,022	605,642	2,358,975
Net profit for the period	-	-	1,007,813	1,007,813
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,007,813	1,007,813
Transactions with owners				
Final dividend for the year ended June 30, 2022 @ 20% (Rs 2 per share)	-	-	(350,062)	(350,062)
Balance as at December 31, 2022	<u>1,750,311</u>	<u>3,022</u>	<u>1,263,393</u>	<u>3,016,726</u>
Balance as at July 1, 2023	1,750,311	3,022	1,305,908	3,059,241
Net profit for the period	-	-	268,523	268,523
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	268,523	268,523
Transactions with owners				
Final dividend for the year ended June 30, 2023 @ 20% (Rs 2 per share)	-	-	(350,062)	(350,062)
Balance as at December 31, 2023	<u>1,750,311</u>	<u>3,022</u>	<u>1,224,369</u>	<u>2,977,702</u>

The annexed notes from 1 to 20 form an integral part of these consolidated condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

		Half Year Ended December 31,	
		2023	2022
Note	Rs. '000'	Rs. '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash Generated from Operations	320,975	1,214,540
	Finance cost paid	(7,834)	(17,811)
	Profit on deposits received	16,406	14,697
	Long term loan to employees	-	(3,000)
	Taxes paid	(677,996)	(117,786)
		<u>(669,424)</u>	<u>(123,900)</u>
	Net Cash (Used in) / Generated from Operating Activities	(348,449)	1,090,639
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(103,960)	(73,144)
	Proceeds from disposal of property, plant and equipment	36	150,632
	Short term investments purchased	(383,214)	(917,472)
	Short term investments redeemed	1,055,000	-
	Long term deposits	-	(41,459)
		<u>567,862</u>	<u>(881,443)</u>
	Net Cash Generated from / (Used in) Investing Activities	567,862	(881,443)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Repayment of long term finances - secured	(13,922)	(192,840)
	Repayment of lease liabilities	(12,398)	(12,536)
	Short term borrowings - net	113,993	402,896
	Dividends paid	(346,885)	(346,964)
		<u>(259,212)</u>	<u>(149,444)</u>
	Net Cash Used in from Financing Activities	(259,212)	(149,444)
	Net (Decrease) / Increase in Cash and Cash Equivalents	(39,799)	59,752
	Cash and cash equivalents at the beginning of the period	248,357	106,171
	Cash and Cash Equivalents at the End of the Period	<u>208,558</u>	<u>165,923</u>

The annexed notes from 1 to 20 form an integral part of these consolidated condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**1. The Group and its operations****1.1 Holding Company**

Descon Oxychem Limited (the Holding 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 2008, it was listed on Pakistan Stock Exchange. The Company is domiciled in Pakistan and its registered office is situated at 18-Km Ferozepur Road, Lahore while the Company's business unit and factory is situated at 18 KM, Lahore-Sheikhupura Road, Lahore.

1.2 The Holding Company is principally engaged in manufacture, procurement and sale of hydrogen peroxide and allied products. The Holding Company commenced its trial production on December 1, 2008 and commercial production on March 1, 2009.

1.3 The Holding company incorporated a wholly owned subsidiary "Descon Oxychem FZE" 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 to chemicals and raw materials.

2. Basis of preparation**2.1.1 Statement of compliance**

These consolidated condensed interim financial statements of the Group 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;

- 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.

2.1.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position of the Group, as at December 31, 2023 and the related consolidated condensed interim statement of profit or loss (un-audited), consolidated condensed interim statement of comprehensive income (un-audited), consolidated condensed interim statement of changes in equity (un-audited) and consolidated condensed interim statement of cash flows (un-audited) together with the notes forming part thereof.

2.1.3 These consolidated condensed interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2023.

2.1.4 These consolidated condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); these are however, subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.

2.2 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pakistan Rupees which is the Group's functional currency.

3. Significant Accounting Policies

The accounting policies and methods of presentation of these consolidated condensed interim financial statements are the same as those followed in the preparation of annual Consolidated financial statements for the preceding financial year ended June 30, 2023.

4. Judgments and Estimates

The preparation of these consolidated condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5 Long Term Finances - Secured

		December 31, 2023	June 30, 2023
	Note	(Un-audited) Rs. '000'	(Audited) Rs. '000'
Allied bank limited	5.1	119,129	129,196
Less: Current portion of loan		(22,478)	(28,896)
		<u>96,651</u>	<u>100,300</u>

5.1 This represents the amount converted from the portion of Syndicate Term Finance Facility (STFF) obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility. Out of the available limit of Rs. 174.84 million as at December 31, 2023, the Group has utilized Rs. 174.84 million (June 30, 2023: Rs. 174.84 million). The recognised portion as at year end is exclusive of grant of Rs 20.44 million (June 30, 2023: Rs. 24.26 million). The loan carries markup at 2.00% per annum (June 30, 2023: 2.00% per annum) and is payable quarterly in arrears. The loan is repayable in twenty two equal quarterly instalments ending on December 23, 2028. This loan is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Group with 25% margin aggregating to Rs 1,466.67 million.

6. Trade Payables, Provisions and Other Liabilities

Trade creditors - unsecured - considered good	228,093	190,395
Bills payable - secured	63,346	173,316
Contract liability	11,204	131,988
Accrued liabilities	267,660	247,383
Worker's profit participation fund	24,723	120,942
Worker's welfare fund	54,330	44,239
Other liabilities	4,013	3,510
	<u>653,369</u>	<u>911,773</u>

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

There is no material change in the status of contingencies as reported in the consolidated financial statements for the year ended June 30, 2023.

7.2 Commitments

The Group has the following commitments in respect of:

- i) Letters of credit for capital expenditure Rs. 58.382 million (June 30, 2023: Nil).
- ii) Letters of credit other than capital expenditure amounting to Rs. 224.106 million (June 30, 2023: Rs 296.4 million).

8. Property, Plant and Equipment

	Note	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
Owned assets	8.1	2,039,971	2,068,782
Right of use asset	8.2	9,359	18,717
Capital work in progress		73,767	114,196
Major spare parts, catalysts and standby equipment		75,954	91,592
		<u>2,199,051</u>	<u>2,293,287</u>
8.1 Owned assets			
Opening written down value		2,068,782	2,127,348
Additions during the period / year		160,026	307,305
Disposals during the period / year		(34)	(52)
		<u>2,228,774</u>	<u>2,434,601</u>
Depreciation charge for the period / year		<u>(188,803)</u>	<u>(365,819)</u>
		<u>2,039,971</u>	<u>2,068,782</u>
8.2 Right of use asset			
Opening balance		18,717	23,092
Re-assessment/modification during the year		-	15,750
Depreciation charged during the year		<u>(9,358)</u>	<u>(20,125)</u>
Net book value at end of the year		<u>9,359</u>	<u>18,717</u>
9. Stores and Spares			
General stores and spares		435,532	403,796
Working solution		253,528	239,883
Provision for obsolescence		<u>(103,390)</u>	<u>(103,389)</u>
		<u>585,670</u>	<u>540,290</u>

10. Stock in Trade	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
Raw materials	789,096	560,056
Work-in-process	37,130	33,513
Finished goods:		
- purchased for resale	639	638
- own manufactured	76,366	122,970
	<u>903,231</u>	<u>717,177</u>

11. Short Term Investment	December 31, 2023 Units	June 30, 2023 Units	December 31, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
NBP Money Market Fund	<u>17,462</u>	<u>89,855</u>	<u>225,483</u>	<u>896,726</u>

12. Sales

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	----- (Un-audited) -----			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Gross sales:				
- Local	3,332,742	3,656,846	1,645,731	1,876,051
- Export	147,314	424,428	41,472	213,592
	<u>3,480,056</u>	<u>4,081,274</u>	<u>1,687,203</u>	<u>2,089,643</u>
Less: Commission and discount on sales	(71,651)	(74,497)	(34,027)	(36,725)
Less: Sales tax	(505,572)	(524,066)	(248,744)	(270,432)
	<u>2,902,833</u>	<u>3,482,711</u>	<u>1,404,432</u>	<u>1,782,486</u>

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

13. Cost of Sales

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	------(Un-audited)-----			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Raw and packing material consumed	1,154,096	1,109,613	537,521	527,616
Salaries, wages and other benefits	126,234	95,709	64,237	50,175
Fuel and power	516,289	314,713	256,414	140,977
Shut down expenses	63,191	-	63,191	-
Service through contractors	43,976	33,604	22,546	16,756
Repair and maintenance	138,590	43,206	74,355	29,147
Quality assurance	1,580	2,552	475	1,994
Travelling	4,602	7,600	2,294	5,626
Communication	972	803	432	600
Rent and rates	4,406	4,161	3,658	1,849
Depreciation on property, plant and equipment:				
- owned assets	180,410	180,054	87,083	89,519
- right of use assets	9,358	9,292	4,678	4,507
Amortization of intangible assets	3,292	3,835	1,646	2,753
Insurance	12,623	7,183	6,311	3,592
Safety items consumed	3,151	1,695	1,950	728
Miscellaneous	8,946	8,809	5,580	4,728
	<u>2,271,716</u>	<u>1,822,829</u>	<u>1,132,371</u>	<u>880,567</u>
Add: Opening work in process	33,513	16,748	35,203	32,732
Less: Closing work in process	(37,130)	(22,492)	(37,130)	(22,492)
	<u>(3,617)</u>	<u>(5,744)</u>	<u>(1,927)</u>	<u>10,240</u>
Cost of goods produced	2,268,099	1,817,085	1,130,444	890,807
Add: Opening finished goods	122,970	25,263	149,427	107,100
Less: Closing finished goods	(76,366)	(83,129)	(76,366)	(83,129)
	<u>46,604</u>	<u>(57,866)</u>	<u>73,061</u>	<u>23,971</u>
Cost of goods sold - own manufactured	2,314,703	1,759,219	1,203,505	914,778
Cost of goods sold - purchase for resale	98	54,486	-	54,486
Cost of services	-	-	-	(12,899)
	<u>2,314,801</u>	<u>1,813,705</u>	<u>1,203,505</u>	<u>956,365</u>

14. Earnings Per Share

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	------(Un-audited)-----			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
14.1 Basic earnings per share				
Profit for the year	268,523	1,007,813	69,212	488,981
Number of ordinary shares	175,031	175,031	175,031	175,031
Earnings per share	1.53	5.76	0.40	2.79

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 December 31, 2023 and June 30, 2023, which would have any effect on the earnings per share if the option to convert is exercised.

15. Cash Generated from Operations

	December 31, 2023 (Un-audited) Rs. '000'	December 31, 2022 (Un-audited) Rs. '000'
Profit before taxation	475,397	1,438,980
Adjustment for:		
- Depreciation on property, plant and equipment:		
- owned assets	188,803	181,262
- right of use assets	9,358	9,293
- Amortization of intangible assets	5,738	5,423
- Gain on disposal of fixed assets	(1)	-
- Liabilities written back	(31,410)	-
- Interest on bank deposits	(16,406)	(14,697)
- Unrealised gain on investment	(543)	(1,550)
- Net exchange loss	2,129	84
- Finance costs	12,916	13,501
Profit before working capital changes	170,584	193,316
(Increase) / decrease in current assets		
- Stores and spares	(45,380)	(61,142)
- Stock in trade	(186,054)	(208,104)
- Trade debts	90,838	(72,086)
- Loans, advances, deposits, prepayments and other receivables	44,713	33,104
Increase in current liabilities		
- Trade and other payables	(229,123)	(109,528)
	(325,006)	(417,756)
Cash generated from operations	320,975	1,214,540

16. Transactions with Related Parties

Related parties comprise related group companies, associated companies due to common directorship and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

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

Transaction during the period		December 31, December 31,	
		2023	2022
Relationship	Transactions during the year	(Un-audited) Rs. '000'	(Un-audited) Rs. '000'
i. Associated companies	Purchase of goods and services	10,915	20,148
	Sale of goods	-	59
	Share of common expenses charged to the company	38,111	22,053
	Share of common expenses charged by the company	2,794	2,108
	Payment of ordinary dividend	254,243	216,108
	Royalty charged to the company	14,427	17,414
ii. Directors	Meeting fee	528	813
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	5,187	4,509
iv. Key management Personnel	Salaries and other employee benefits	66,797	40,769

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 to 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 at December 31, 2023 the Group held investment in money market fund carried at fair value based on level 1 input. Except for this short term investment, there were no Level 1, 2 or 3 assets or liabilities during current or prior period.

19. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2023.

19. Authorization of Financial Statements

These consolidated condensed interim financial statements (un-audited) are approved and authorized for issuance on February 13, 2024 by the Board of Directors of the Holding Company.

20. General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these consolidated condensed interim financial statements (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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