DESCON OXYCHEM LIMITED

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Vision and Mission

Vision is our destiny and our long term corporate Goals. It outlines our capabilities, strengths and drives the strategic direction of our organizational future. We have narrated our vision in such as way that it resonates through all members of the organization and help them feel proud, excited and part of something much bigger than themselves.

Our mission is target oriented and goes hand in hand with our Vision. It is a very clear and progressive statement that serves as beacon for all our staff members at various levels.

Our Values are very clear to us and they represent an individual's highest priorities and are our driving forces.

Our Vision
To become a leading chemical solutions provider to industry worldwide.

Our Mission
To provider competitive chemical solutions through technological innovation to form the basis of better life.

Our Core Values

Honesty, integrity & humility
Open and candid environment
Commitment and team work
Encourages innovation and initiative
Recognition growth & respect for individual
Customer focus
Service to nation

Company Information

Board of Directors

Mr. Abdul Razak Dawood	Director/Chairman
Mr. Taimur Dawood	Director/Chief Executive Officer
Sheikh Azhar Ali	Director
Mr. Salman Zakaria	Director
Syed Zamanat Abbas	Director
Mr. Muhammad Sadiq	Director
Mr. Faisal Dawood	Director

Company Secretary
Abdul Sohail

Audit Committee

Mr. Abdul Razad Dawood	Chairman
Mr. Faisal Dawood	Member
Syed Zamanat Abbas	Member

Auditors
M/S. A.F Ferguson & Co
Chartered Accountants

Internal Auditors
M/S. KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors
Hssan & Hassan Advocates

Bankers

Allied Bank Limited	KASB Bank Limited
Bank Alhabib Limited	Mybank Limited
Habib Metropolitan Bank Limited	Soneri Bank Limited
Habib Bank Limited	Askari Bank Limited

Share Registrar
M/S. Corplink (Private.) Limited
Wings Arcade, 1-K, Commercial Area,
Model Town, Lahore - 53000
Tel: 042-3580 5134
Fax: 042-3581 1135

Registered Office
Descon Headquarters
18-KM Ferozepur Road
Lahore - 53000
Tel: 042-3599 0034 Ext 225
Fax: 042-35811135
URL: www.desconoxychem.com

Head Office and Plant
18-KM Lahore - Sheikhupura Road
Lahore
Tel: 042-3797 1822-24
Fax: 042-3797 1831
URL: www.desconoxychem.com

Notice of Annual General Meeting

Notice is hereby given that 5th Annual General Meeting of Descon Oxychem Limited, will be held on Monday, October 26, 2009 at 12.00 hrs at Descon Headquarters, 18-Km Ferozepur Road, Lahore, to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting of the Company held on Thursday, October 30, 2008.

2. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June 2009 together with the Directors and Auditors Reports thereon.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2010. The present auditors M/s. A.F Ferguson & Co; Chartered Accountants, retire and offer themselves for re-appointment.

5. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
October 02, 2009

(ABDUL SOHAIL)
COMPANY SECRETARY

Notes:-

1. The share transfer books of the Company shall remain closed from 19-10-2009 to 26-10-2009 (both days inclusive).

2. Member are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the Company not later than 48 hours before the time of holding the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or passport, Account and participants, I.D. Numbers to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s Corplink (Private.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their CNIC as per Listing Regulations, if not provided earlier.

Director's Report To Shareholders

Ladies and Gentlemen

The Directors welcome you to the 5th Annual General Meeting of the Company and present before you the audited accounts and auditors' report for the year ended June 30, 2009.

Business Environment
Your company's Hydrogen Peroxide (H_2O_2) Plant is the second of its kind in Pakistan which has made Pakistan self sufficient in its requirement of this chemical. Up until 2007 100% of the local requirement, in excess of 50,000 tons was met through imports. This plant among other things has been able to save the country valuable foreign exchange using local raw materials for import substitution.

Hydrogen Peroxide is a versatile chemical with diverse applications which take advantage of its strong oxidizing properties and is extensively used in pulp/paper bleaching, textile bleaching, waste water treatment, chemicals synthesis, metal processing, micro electronics production, food packaging, health care and cosmetic applications.

The plant commenced commercial production in March 2009 and after a short span of few months was producing at the rated capacity. However, the after-shocks of the worldwide recession and its impact on commodity prices, is still lingering and we have not been able to fully recover margins during the period. International producers have been dumping product in the local market at prices which barely cover the cost of manufacturing. Your management brought this to the attention of the National Tariff Commission who increased import duty from 5% to 10% which provided only a small relief, however another enquiry by the Tariff Commission is in progress and it is expected that an interim relief will be granted soon.

Operational and Financial Highlights
On behalf of all members of the Descom Oxychem Team I take great pleasure in informing you that your plant has been successfully installed and is currently producing more than the designed capacity. During the period under review we have made sales not only to our local customers but also have made inroads into the export markets within the region.

	2009 Rupees
Sales	191,334,616
Cost of goods sold	(199,540,644)
Gross loss	(8,206,028)
Administrative expanses	(34,161,308)
Distribution and selling cost	(10,473,517)
Other operating expanses	(35,096)
Other operating income	592
	(44,669,329)
Loss from operations	(52,875,357)
Finance Cost	(96,219,570)
Loss before taxation	(149,094,927)
Taxation	27,643,842
Loss for the year	(121 ,451,085)
Loss per share – basic and diluted	(1.26)

Note: Sales commenced on 1st March 2009.

As explained above the gross loss for the period is mainly attributable to the unprecedented fall of more than 50% in sale price compared to the price prevailing in the fall of last year. The situation has started to improve since August 2009.

Future Outlook
The product of your company is of a very high quality and we consider it the first building block for long-term relationships with our customers and other stakeholders. Customer feedback has confirmed that our product is indeed of a superior quality.

We have put in place a sales network through various traditional and non traditional channels within and outside the country and are confident that we have now all the infrastructure fully operational to service our customers. The plant is producing above the rated capacity and we have no doubt that a decision from the Tariff commission against the dumping of imported product will restore the margins and your company will commence profitable operations.

During the year your company made significant investments in technology and have implemented an Oracle based ERP system which will bring about operational efficiencies and provide timely information which will be used to better service our customers and respond to the competitive environment.

Corporate Governance
We are pleased to inform you that its Directors and management are fully conversant with the responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges issued by SECP. The prescribed practices are effectively under implementation in the Company and there has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

The statements as required by the Code of Corporate Governance are given below:

i. Presentation of Financial Statement
The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

ii. Books of Accounts
The Company has maintained proper books of accounts.

iii. Accounting Policies
Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

iv. International Accounting Standards (IAS)
International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v. Accounting Year
The accounting year of the company is from 1st July to 30th June.

vi. Safety and Environments
The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

vii. Going Concern
There is no significant doubt upon the Company's ability to continue as a going concern.

viii. Internal Control System
The system of internal control is sound in design and has been effectively implemented and monitored. The review will continue in future for the improvement in controls.

ix. Outstanding Statutory Dues
There are no outstanding statutory dues.

x. Dividend
The Company could not declare any dividend due to loss arising during the year.

xi. Quality Control
To ensure implementation of the Management System, Internal Quality Audits, Surveillance Audits and Management Review meetings are conducted regularly.

xii. Communication
Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Ordinance, 1984. Every opportunity is given to the individual shareholders to attend and freely ask questions about the company operations at the Annual General Meeting.

xiii. Board of Directors
During the year under review, five (05) Board meetings were held and the attendance of the Directors was as under:

Name of Director	Meetings Attended	Remarks
Mr. Abdul Razak Dawood	5	Leave of absence was granted in one meetings
Mr. Muhammad Nabeel Arif	2	Leave of absence was granted in one meetings & Resigned
Mr. Taimur Dawood	6	
Mr. Muhammad Sadiq	6	
Syed Zamanat Abbas	4	Leave of absence was granted in two meetings
Mr. Faisal Dawood	3	Leave of absence was granted in three meetings
Sheikh Azhar Ali	0	Leave of absence was granted in five meetings
Mr. Salman Zakaria	1	Appointed during the year

xiv. Auditors
In pursuance of the Code of Corporate Governance, the Audit Committee has recommended the re-appointment of M/s A. F. Ferguson & Co., Chartered Accountants, as Auditors of the Company for the year ending June 30, 2010.

xv. Audit Committee
The Board of Directors in compliance to the Code of Corporate Governance established an audit committee and following non-executive Directors are its members:

Name of Director	Designation
Mr. Abdul Razak Dawood	Chairman
Mr. Faisal Dawood	Member
Syed Zamanat Abbas	Member
Mr. Kanwar Rashid	Secretary(nominated by KPMG as Internal Auditor)

In order to achieve the best controls, the internal audit function has been outsourced to KPMG, Chartered Accountants.During the year under review, the committee performed its function satisfactory and in accordance with the Code of Corporate Governance.

ACKNOWLEDGMENTS
In the end, the management would like to take this opportunity to express their appreciation and thank all employees for their commitment, loyalty and hard work in surpassing targets set for the year. We also acknowledge the support and cooperation received from our esteemed customers, suppliers, bankers and stakeholders towards the development of the Company.

For and behalf of the Board of Directors

Mr. Taimur Dawood
Chief Executive Officer

Lahore: October 02, 2009

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Pattern of Share Holding

No. of Shareholders	Shareholding From	Shareholding To	Total No of Shares
24	1	100	435
2,795	101	500	1,396,170
552	501	1,000	552,000
806	1,001	5,000	2,377,237
240	5,001	10,000	1,954,503
89	10,001	15,000	1,131,684
89	15,001	20,000	1,644,809
20	20,001	25,000	474,500
32	25,001	30,000	889,000
10	30,001	35,000	339,500
14	35,001	40,000	538,887
6	40,001	45,000	250,113
16	45,001	50,000	780,732
2	50,001	55,000	103,500
6	5,001	60,000	354,500
2	60,001	65,000	126,000
2	65,001	70,000	134,500
2	70,001	75,000	150,000
4	75,001	80,000	320,000
4	80,001	85,000	332,500
2	90,001	95,000	184,108
10	95,001	100,000	1,000,000
1	100,001	105,000	104,000
1	110,001	115,000	110,500
2	115,001	120,000	2,39,500
2	120,001	125,000	247,500
1	125,001	130,000	130,000
1	130,001	135,000	134,000
2	135,001	140,000	280,000
1	140,001	1,450,000	141,500
4	145,001	150,000	600,000
4	195,001	200,000	796,000
2	210,001	215,000	426,576
1	230,001	235,000	234,000
2	240,001	245,000	488,127
1	245,001	250,000	250,000
1	295,001	300,000	300,000
1	300,001	305,000	302,000
1	315,001	320,000	317,000
1	325,001	330,000	325,500
1	360,001	365,000	364,000
1	365,001	370,000	368,098
1	395,001	400,000	396,000
1	440,001	445,000	444,500
1	460,001	465,000	460,112
1	465,001	470,000	470,000
1	495,001	500,000	500,000
1	530,001	535,000	535,000
1	770,001	775,000	775,000
1	845,001	850,000	850,000
1	1,000,001	1,005,000	1,000,076
1	1,840,001	1,845,000	1,840,330
1	1,950,001	1,955,000	1,953,200
1	1,995,001	2,000,000	2,000,000
1	2,300,001	2,305,000	2,300,403
1	3,995,001	4,000,000	4,000,000
1	4,065,001	4,070,000	4,070,000
1	5,320,001	5,325,000	5,322,300
1	5,530,001	5,535,000	5,532,300
2	5,640,001	5,645,000	11,289,000
1	7,495,001	7,500,000	7,500,000
1	8,725,001	8,730,000	8,725,250
1	10,060,001	10,065,000	10,062,300
1	10,780,001	10,785,000	10,781,250
4,781			102,000,000

5	Categories of shareholders	Share held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor children	26,191,294	25.6777%
5.2	Associated Companies, undertakings and related parties (Parent Company)	28,700,902	28.1381%
5.3	NIT and ICP	0	0.0000%
5.4	Banks Development Financial Institutions, Non Banking Financial Insitutions	9,533,800	9.3469%
5.5	Insurance Companies	1,870,330	1.8337%
5.6	Modarabas and Mutual Funds	529,000	0.5186%
5.7	Share holders holding 10%	21,211,648	20.7957%
5.6	General Public a. Local b. Foreign	29,176,386	28.6043%
5.9	Joint Stock Companies	5,161,100	5.0599%
2.	Others	837,188	0.8208%

6	Signature of Chief Executive / Secretary	
7	Name of Signatory	
8	Designation	Company Secretary
9	NIC Number	
10	Date	30 6 2009

Categories of Shareholders

S.NO	NAME	HOLDING	%AGE
	DIRECTORS. CEO THEIR SPOUSE AND MINOR CHILDREN		
1	MR. A. RAZZAK DAWOOD	10,781,250	10.5699
2	MR. TAIMUR DAWOOD	5,644,500	5.5338
3	MR. FAISAL DAWOOD	5,644,500	5.5338
4	CH. MUHAMMAD SADIQ	500	0.0005
5	MR. SALMAN ZAKARIA	49,544	0.0486
6	SHEIKH AZHAR ALI	500	0.0005
7	SYED ZAMANAT ABBAS	500	0.0005
8	MRS.BILQEES DAWOOD W/O A.RAZZAK DAWOOD	4,070,000	3.9902
		26,191,294	25.6777
	ASSOCIATED COMPANIES		
1	DESCON CHAMICAL (PVT.) LIMITED	10,062.300	9.8650
2	MS DESCON CHEMICALS (PVT)LIMITED	368,098	0.3609
3	DESCON CORPORATION (PVT)LIMITED	8,725,250	8.5542
4	DESCON ENGINEERING LIMITED	7,500,000	7.3529
5	DESCON HOLDING (PVT)LIMITED	1,953,200	1.9149
6	INTERWORLD TRAVELS PVT LIMITED	92,054	0.0902
		28,700,902	28.1381
	INSURANCE COMPANIES	1,870,330	1.8337
	FINANCIAL INSTITUTION	9,533,800	9.3469
	MODRABAS &MUTUAL FUNDS	529,000	0.5186
	JOINT STOCK COMPANIES	5,161,100	5.0599
	OTHERS	837,188	0.8208
	SHARES HELD BY THE GENERAL PUBLIC	29,176,386	28.604
		102,000,000	**100.0000**

Share holder holding 10% or more voting interest

S.NO	NAME	HOLDING	%AGE
1	MR.A.RAZZAK DAWOOD	10,781,250	10.5699
2	DESCON CHEMICALS (PVT) Ltd.	10,430,398	10.2259
		21,211,648	**20.7957**

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi stock exchange for the purpose of establishing a framework of good governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representations of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes six independent non-executive directors and one executive director.

2. The directors of the company have confirmed that none of them is serving as director in more than ten listed companies, including this company.

3. All the directors have given declaration that they are aware of their duties and powers under the relevant laws and the company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.

4. All the directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as defaulter by that stock exchange.

5. There is a replacement of one Director and CEO of the company. The detail is in Directors Report annexed to this report.

6. The company is in the process of developing a 'Statement of Ethics and Business Practices', which will be signed by all the directors and employees of the company once approved by the Board.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant polices of the company. A complete record of particulars of significant polices along with the dates on which they were approved or amended has been maintained.

8. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment, determination of remuneration and terms and conditions of employment of Chief Executive Officer appointed during the year.

9. The meetings of the Board were presided over by the Chairman, Mr. Abdul Razak Dawood and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working paper, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. An orientation course will be arranged for the directors in this Financial year to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.

11. All material information as required under the relevant rules, has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within prescribed time limit.

12. The Board has approved the replacement of CFO and Company Secretary, including their remuneration and terms and conditions of employment as determined by CEO.

13. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully described the salient matters required to be disclosed.

14. The financial statements of the company were dully endorsed by CEO and CFO before approval of the Board.

15. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

16. The company has complied with all the corporate and financial reporting requirements of the Code.

17. The Board has formed and Audit Committee. It comprises of three members, all of whom are non-executive directors.

18. The company is listed on Karachi Stock Exchange on September 15. 2008 and the first meeting of the audit committee was held on 19 September 2008. Going forward, the meetings of the audit committee will be held at least once every quarter prior to approval of interim and final result of the company as required by the Code. The term of reference of the Committee have been formed and advised to the committee of compliance.

19. Internal Audit function in the company as per guidelines of Code of Corporate Governance has been established and M/S KPMG Taseer Hadi & Co. Chartered Accountants has been appointed as internal auditors of the company.

20. The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by institute of Chartered Accountants of Pakistan.

21. We confirm that all other material principles contained in the code have been complied with.

October 2, 2009

Taimur Dawood
Chief Executive Officer

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Descon Oxychem Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and effectiveness of such internal controls.

Further, sub-regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

Lahore:
October 02, 2009

A.F. Ferguson & Co
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of Descon Oxychem Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of company for the year ended June 30, 2008 were audited by another firm of auditors whose report dated September 22, 2008 expressed an unqualified opinion on those financial statements.

October 02, 2009

A.F. Ferguson & Co
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
110,000,000 (2008: 110,000,000)			
ordinary shares of Rs 10 each		1,100,000,000	1,100,000,000
Issued, subscribed and paid up capital			
102,000,000 (2008: 69,500,000)			
ordinary shares of Rs 10 each	5	1,020,000,000	695,000,000
Accumulated loss		(147,220,920)	(14,257,597)
		872,779,080	680,742,403
NON CURRENT LIABILITIES			
Long term loan - secured	6	1,469,818,187	955,686,172
CURRENT LIABILITIES			
Finances under mark up			
arrangement - secured	7	259,319,520	-
Trade and other payables	8	404,005,888	55,452,480
Accrued finance cost	9	92,506,488	27,015,194
		755,831,896	82,467,674
CONTINGENCIES AND COMMITMENTS	10		
		3,098,429,163	1,718,896,249

The annexed notes 1 to 38 form an integral part of these financial statements.

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	11	2,561,241,349	87,914,098
Capital work-in-progress	12	51,185,827	1,340,905,022
Intangible asset	13	83,329,342	72,376,438
Long term loan	14	-	2,600,000
Long term deposits	15	12,917,133	865,093
Deferred taxation	16	27,872,124	-
		2,736,545,775	1,504,660,651
CURRENT ASSETS			
Stores and spares	17	160,536,034	13,889,057
Stock in trade	18	56,069,125	-
Trade debts		1,227,602	-
Advances, deposits, prepayments			
and other receivables	19	140,761,500	35,232,662
Cash and bank balances	20	3,289,127	165,113,879
		361,883,388	214,235,598
		3,098,429,163	1,718,896,249

Chief Executive

Director

Profit and Loss Account
for the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales	21	191,334,616	-
Cost of goods sold	22	(199,540,644)	-
Gross loss		(8,206,028)	-
Administrative expenses	23	(34,161,308)	(10,216,502)
Distribution and selling cost	24	(10,473,517)	
Other operating expenses	25	(35,096)	-
Other operating income	26	592	-
		(44,669,329)	(10,216,502)
Loss from operations		(52,875,357)	(10,216,502)
Finance cost	27	(96,219,570)	(18,891)
Loss before taxation		(149,094,927)	(10,235,393)
Taxation	28	27,643,842	-
Loss for the year		(121,451,085)	(10,235,393)
Loss per share - basic and diluted	29	(1.26)	(0.54)

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive Director

Cash Flow Statement
for the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Cash flow from operating activities			
Cash generated from/(used in) operations	30	44,136,126	(8,994,145)
Finance cost paid		(168,350,299)	(19,358,982)
Profit on deposits received		857,001	-
Taxes paid		(11,531,907)	(3,078,286)
Net cash used in operating activities		(134,889,079)	(31,431,413)
Cash flow from investing activities			
Fixed capital expenditure		(1,099,015,978)	(1,140,380,542)
Intangible asset		(16,905,000)	-
Proceeds from sale of property, plant and equipment		24,810	-
Repayment of long term loan from SNGPL		2,561,000	-
Long term security deposits paid to LESCO		(12,052,040)	-
Net cash used in investing activities		(1,125,387,208)	(1,140,380,542)
Cash flow from financing activities			
Long term loan - secured		514,132,015	955,686,172
Proceeds from issuance of share capital		325,000,000	416,984,762
Net cash generated from financing activities		839,132,015	1,372,670,934
Net (decrease)/increase in cash and cash equivalents		(421,144,272)	200,858,979
Cash and cash equivalents at the beginning of year		165,113,879	(35,745,100)
Cash and cash equivalents at the end of year	33	(256,030,393)	165,113,879

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive Director

Statement of Changes in Equity
for the year ended June 30, 2009

	Share capital	Share deposit money	Accumulated loss	Total
				(Rupees)
Balance as on June 30, 2007	20,000	277,995,238	(4,022,204)	273,993,034
Share deposit money received	-	416,984,762	-	416,984,762
Issue of ordinary shares	694,980,000	(694,980,000)	-	-
Loss for the year	-	-	(10,235,393)	(10,235,393)
Balance as on June 30, 2008	695,000,000	-	(14,257,597)	680,742,403
Share deposit money received	-	325,000,000	-	325,000,000
Issue of ordinary shares	325,000,000	(325,000,000)	-	-
Cost of issuance of shares	-	-	(11,512,238)	(11,512,238)
Loss for the year	-	-	(121,451,085)	(121,451,085)
Balance as on June 30, 2009	1,020,000,000	-	(147,220,920)	872,779,080

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive Director

Notes to and Forming Part of the Financial Statements
for the Year Ended June 30, 2009

1. Legal status and nature of business

1.1 Constitution and ownership

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 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 Karachi 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

1.2 Activities

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

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

- IFRS 7 'Financial Instruments: Disclosures' is effective from July 1, 2008 and supersedes the disclosure requirements of IAS 32 'Financial Instruments: Presentation'. It introduces new disclosures relating to financial instruments which have been set out in note 35 to these financial statements. Its adoption does not have any impact on the classification and valuation of the company's financial instruments.

- IAS 29 'Financial Reporting in Hyperinflationary Economies' is effective from July 1, 2008. the company does not have any operations in hyperinflationary economies and therefore, the application of this standard has no effect on the company's financial statements.

2.2.2 Amendments to published standards effective in current year not applicable to the company

The following amendments to existing standards have been published that are not applicable to the company's financial statements:

- IFRIC 14, ' IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from July 01, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum requirement.

2.2.2 Amendments and interpretations to published standards not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after July 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at beginning of comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (effective from July 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the company's financial statements.

IFRS 7 (Amendment), ' Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the company's financial statements and have therefore not been analyzed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from July 1, 2009). The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the company's financial statements.

Certain amendments to IAS 23 'Borrowing Costs' have been published that are applicable to the company's financial statements covering annual periods, beginning on or after July 01, 2009. Adoption of these amendments would require the company to capitalize the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the company's financial statements.

2.2.3 Standards and interpretations to existing standards that are not applicable to the company and not yet effective

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
IFRS 2 - Share based payment	July 01, 2009
IFRS 4 - Insurance Contracts	July 01, 2009
IFRS 8 - Operating Segments	July 01, 2009
IFRIC 12 - Service Concession Arrangements	July 01, 2009
IFRIC 13 - Customer loyalty programmes	July 01, 2009
IFRIC 15 - Accounting for agreements for the construction of real estate	July 01, 2009
IFRIC 16 - Hedge of net investment in a foreign operation	July 01, 2009
IFRIC 17 - Distributions of non-cash assets to owners	July 01, 2009

3. Basis of measurement

These financial statements have been prepared under the historical cost convention.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Useful life and residual values of property, plant and equipment

The company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Employees retirement benefits

The main features of the schemes operated by the company for its employees are as follows:

(a) Defined contribution scheme

A recognized contributory provident fund scheme is in operation covering all permanent employees. Equal monthly contributions are made by the company and employees in accordance with the rules of the scheme at 10% of basic pay.

The company has constituted a trust fund, "Descon Oxychem Limited Employees Provident Fund Trust", on June 30, 2009. Cumulative contributions along with fund profits till that time have been paid to the employees

(b) Accumulating compensated absences

The company provides for accumulating compensated absences when the employees render service that increase their entitlement to future compensated absences. Under the company's policy, permanent management category employees are entitled to 21 days annual and 10 days sick leaves per year while permanent non-management category employees are entitled to 15 days annual and 8 days sick leaves per year. Unutilized annual leaves can be accumulated up to 21 days and 30 days for permanent management category and permanent non-management category, respectively while unutilized sick leaves can be accumulated up to 30 days and 16 days for permanent management and non-management category, respectively. Any further unutilized leaves will lapse. Unutilized leaves are not encashable by the employees upon termination, resignation or retirement.

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

4.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost. Cost in relation to certain property, plant and equipment comprises historical cost and borrowing costs referred to in note 11.

Depreciation on all property, plant and equipment except land is charged to profit on the straight line basis so as to write off the historical cost of an asset over its estimated useful life at the rates given in note 11 without taking into account any residual value, as considered insignificant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at June 30, 2009 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Initial fill of catalysts is capitalized with plant and machinery whereas costs of subsequent replacements of such catalysts are included in property, plant and equipment and depreciated on straight line basis over their estimated useful lives.

Assets which have been fully depreciated are retained in the books at a nominal value of Rupee 1.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 Intangible Asset

Intangible asset represents cost of license acquired to manufacture hydrogen peroxide. Intangible asset is stated at cost less accumulated amortization and identified impairment loss, if any.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on license acquired has been charged from the month of commencement of commercial production.

The amortization period and the amortization method for an intangible asset are reviewed, at each financial year end, and adjusted if impact on amortization is significant.

The company assesses at each balance sheet date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss, if any. Trial production losses are capitalized till the date of commencement of commercial production as unallocated expenditure.

4.6 Stores and spares

Stores and spares are valued at lower of moving average cost and net realizable value. Write down in stores and spares is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice value plus other directly attributable charges incurred thereon.

4.7 Stock in trade

Stock of raw materials, packing materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of work in process and finished goods comprises cost of direct materials, salaries of production staff and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's estimate.

4.8 Financial instruments

Financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade and other debts, cash and bank balances, borrowings, long term loans, finances under markup arrangement, trade and other payables and accrued expenses. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.12 Borrowings

Borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at the amortized cost using the effective yield method.

Finance costs are accounted for on an accrual basis and are included in accrued finance cost to the extent of the amount remaining unpaid.

4.13 Trade and other payables

Liabilities for trade creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the company, exemptions available.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

4.14 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates which approximate those prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

All exchange differences are charged to income currently.

4.15 Borrowing costs

Mark up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to income.

4.16 Revenue recognition

Revenue from sales is recognized on dispatch/shipment of goods to customers.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and rates applicable thereon.

5. Issued, subscribed and paid up capital

2009 (Number of shares)	2008 (Number of shares)		2009 Rupees	2008 Rupees
9,500,000	2,000	Ordinary shares of Rs 10 each fully paid in cash as at the beginning of the year	695,000,000	20,000
32,500,000	69,498,000	Issuance of shares	325,000,000	694,980,000
102,000,000	69,500,000	Ordinary shares of Rs 10 each fully paid in cash as at June 30	1,020,000,000	695,000,000

Ordinary shares of the company held by associated undertakings as at year end are as follows:

	2009 (Number of shares)	2008 (Number of shares)
Descon Corporation (Private) Limited	8,725,250	8,725,250
Descon Engineering Limited	7,500,000	7,500,000
Descon Chemicals (Private) Limited	10,430,398	10,062,300
Descon Holdings (Private) Limited	1,953,200	1,953,200
Interworld Travels (Private) Limited	92,054	-
	28,700,902	28,240,750

6. Long term loan - secured

This loan has been obtained from a consortium of financial institutions led by Allied Bank Limited to finance the capital expenditure in relation to the hydrogen peroxide plant installation, construction and fabrication project. It is secured by by way of hypothecation charge over all present and future fixed assets, wherever situated other than the immovable property and first pari passu mortgage charge over immovable property. It carries markup at six month KIBOR plus 2.75% per annum and is payable semi annually. The effective markup charged per annum ranges from 13.01% to 16.77%. Out of the aggregate facility of Rs 1.470 billion (2008: Rs 1.470 billion), the amount availed as at June 30, 2009 is Rs 1.470 billion (2008: 0.955 billion) repayable in 10 semi annual installments commencing in August 2010.

In case of delay in the repayments under the finance agreement compensation at 20% per annum on the overdue amount will be charged.

7. Finances under mark up arrangements - secured

		2009 Rupees	2008 Rupees
Running finance	- note 7.1	199,319,520	-
Term finance	- note 7.2	60,000,000	-
		259,319,520	-

7.1 Running finance

This represents outstanding balance against the running finance facility of Rs 200 million (2008: Nil) under mark-up arrangement from Bank Al-Habib to meet the working capital requirements of the company. It carries markup of 3 months average KIBOR reviewed on first working day of every calendar quarter on the basis of arithmetic mean of previous six working days plus 1% per annum. The mark-up charged during the year ranges from Re 0.3693 to Re 0.4521 per Rs 1,000 per diem on the outstanding balance or part thereof.

7.2 Term finance

Term finance facility of Rs 120 million (2008: Nil) under mark-up arrangement was availed from Bank Al-Habib on February 23, 2009 to meet the working capital requirements of the company. It carries markup on the basis of 3 month KIBOR reviewed on the first day of calendar quarter on the basis of arithmetic mean of previous six working days plus 1.5%. The rates of mark-up range from Re 0.3677 to Re 0.3830 per Rs 1,000 per diem on the outstanding balance or part thereof. The facility was repayable in four equal monthly installments of Rs 30 million starting March 2009. The original facility expiring on June 30, 2009 was replaced with a new arrangement of Rs 60 million repayable in three equal monthly installments commencing October 31st, 2009.

Of the total facility of Rs 75 million from Bank Al-Habib Limited for opening of letter of credit for import of machinery, raw material and stores, the amount utilized at June 30, 2009 was Rs 26.685 million (2008: Nil).

7.3 Security

The aggregate short term facilities from Bank Al-Habib are secured against first pari passu charge over current assets to the extent of Rs 530 million and personal guarantee of Mr. Taimur Dawood for Rs 120 million.

8. Trade and other payables

	Note	2009 Rupees	2008 Rupees
Trade Creditors	- note 8.1	374,637,005	32,766,516
Advances From customers		4,872,806	-
Associated Undertakings	- note 8.2	1,430,420	3,075,488
Accrued and Other Liabilities	- note 8.3	22,628,537	1,522,826
Withholding Tax payable		229,259	18,087,650
Workers Welfare Fund		18,263	-
Other Payables		189,598	-
		404,005,888	55,452,480

8.1 Trade creditors include amount due to associated companies amounting to Rs 281.248 million (2008: Nil) and is non-interest bearing.

8.2 These are interest free and represents expenses incurred by related party on behalf of the company.

8.3 This includes an amount of Rs 199.871 thousand (2008: Rs 161.884 thousand) payable to the company's provident fund.

9. Accrued finance cost

	2009 Rupees	2008 Rupees
Finances under markup arrangements - secured	9,476,630	-
Long term loan - secured	83,029,858	27,015,194
	92,506,488	27,015,194

10. Contingencies and commitments

10.1 Contingencies

(i) Guarantee issued to Sui Northern Gas Pipeline against the performance of a contract amounting to Rs 48.64 million (2008: Rs 48.64 million).

(ii) Claims not acknowledged as debts amounting to Rs 15.150 million (2008: Nil)

10.2 Commitments

The company has the following commitments in respect of:

(i) Letters of credit other than capital expenditure Rs 28.930 million (2008: Rs 232.406 million).

(ii) Contract for capital expenditure amounting to Rs 3.222 million (2008: Rs 850.797 million).

11. Property, plant and equipment

2009 (Rupees)

	Cost as at July 1, 2008	Additions/ (deletions)	Cost as at June 30, 2009	Accumulated depreciation as on July 1, 2008	Depreciation charge/ (deletions) for the year	Accumulated depreciation as on June 30, 2009	Net book value as on June 30, 2009	Rate of depreciation %
Freehold land	82,036,757	19,278,797	101,315,554	-	-		101,315,554	-
Buildings on freehold land	-	247,430,720	247,430,720	-	3,960,294	3,960,294	243,470,426	5
Plant, machinery and equipment	-	2,233,704,438	2,233,704,438	-	46,745,619	46,745,619	2,186,958,819	6.25
Lab equipment	-	13,544,222	13,544,222	-	256,497	256,497	13,287,725	6.25
Material handling	-	70,187	70,187	-	3,917	3,917	66,270	20
Tools and equipment	-	3,895,381	3,895,381	-	88,422	88,422	3,806,959	6.25
Computer equipment	2,080,860	2,462,968	4,543,828	485,747	1,055,061	1,540,808	3,003,020	33.33
Electrical equipment	222,200	154,086	376,286	30,218	66,669	96,887	279,399	20
Office equipment	253,065	4,493,636 (35,284)	4,711,417	49,685	333,626 (10,474)	372,837	4,338,580	20
Furniture and fixture	348,350	1,750,869	2,099,219	20,980	105,461	126,441	1,972,778	10
Vehicles	4,088,383	-	4,088,383	528,887	817,677	1,346,564	2,741,819	20
2009	89,029,615 -	2,526,785,304 (35,284)	2,615,779,635 -	1,115,517 -	53,433,243 (10,474)	54,538,286 -	2,561,241,349 -	

2008 (Rupees)

	Cost as at July 1, 2007	Additions/ (deletions)	Cost as at June 30, 2008	Accumulated depreciation as on July 1, 2007	Depreciation charge/ (deletions) for the year	Accumulated depreciation as on June 30, 2008	Net book value as on June 30, 2008	Rate of depreciation %
Freehold land	60,089,957	21,946,800	82,036,757	-	-	-	82,036,757	-
Computer equipment	718,204	1,362,656	2,080,860	121,026	364,721	485,747	1,595,113	33.33
Electrical equipment	60,500	161,700	222,200	9,842	20,376	30,218	191,982	20
Office equipment	110,807	142,258	253,065	15,234	34,451	49,685	203,380	20
Furniture and fixture	32,550	315,800	348,350	2,984	17,996	20,980	327,370	10
Vehicles	-	4,088,383	4,088,383	-	528,887	528,887	3,559,496	20
2008	61,012,018 -	28,017,597 -	89,029,615 -	149,086 -	966,431 -	1,115,517 -	87,914,098 -	

11.1 The depreciation charge has been allocated as follows:

		2009 Rupees	2008 Rupees
Cost of goods sold	- note 23	50,392,639	-
Administrative expenses	- note 24	2,983,937	966,431
Distribution and selling cost	- note 25	56,667	-
		53,433,243	966,431

11.2 Book value of all assets disposed off during the year are below Rs 50,000.

	Note	2009 Rupees	2008 Rupees
12. Capital work-in-progress			
Civil works		37,529,742	154,827,914
Plant and machinery	- note 12.1	-	743,678,175
Unallocated expenditure	- note 12.2	3,062,042	109,739,978
Advances	- note 12.3	10,594,043	332,658,955
		51,185,827	1,340,905,022

12.1 Included in plant and machinery is the cost of dismantling, loading, transportation and shipping of plant amounting to Nil (2008: 34.658 million)

	Note	2009 Rupees	2008 Rupees
12.2 Unallocated expenditure			
Opening balance		109,739,978	19,674,859
Expenses incurred during the year:			
Salaries, wages and other benefits	- note 12.2.1	12,778,418	19,463,478
Medical facility		106,338	223,565
Vehicle running and maintenance		1,031,090	2,376,181
Communication		365,452	604,513
Printing and stationery		568,365	885,149
Traveling and entertainment		2,756,820	2,333,031
Contractor services charges		7,590,527	1,596,861
Electricity		9,954,815	1,381,555
Rent and rates		2,103,312	905,020
Insurance		1,205,384	3,493,221
Repair and maintenance		-	493,719
Legal and professional fee		2,060,784	672,200
Markup on:			
Long term loan - secured	- note 12.2.2	132,174,675	46,246,674
Finances under markup arrangement - secured		5,580,876	-
Loan arrangement fee		-	8,081,198
Site development		1,325,131	597,377
Trial run operating loss	- note 12.2.3	36,493,789	-
Miscellaneous		2,253,104	711,377
		218,348,880	90,065,119
Unallocated expenditure incurred to date	- note 12.2.4	328,088,858	109,739,978
Unallocated expenditure capitalized		(325,026,816)	-
		3,062,042	109,739,978

12.2.1 Salaries, wages and other benefits include Rs 481.513 thousand (2008: 798.531 thousand) in respect of defined contribution scheme.

12.2.2 Markup on long term loan is net of markup income on bank deposits amounting to Rs 856.409 thousand (2008: Nil).

	Note	2009 Rupees	2008 Rupees
12.2.3 Trial run operating loss			
Sales		45,412,020	-
Cost of goods sold			
Raw material consumed		48,854,143	-
Salaries, wages and other benefits	- note 12.2.3.1	12,745,430	-
Medical facility		162,890	-
Vehicle running and maintenance		174,547	-
Communication		232,367	-
Printing and stationery		233,056	-
Traveling and entertainment		3,818,898	-
Contractor services charges		10,726,801	-
Electricity		25,376,626	-
Rent and rates		2,997,399	-
Insurance		1,720,716	-
Repair and maintenance		1,246,384	-
Miscellaneous		813,670	-
Cost of goods manufactured		109,102,927	-
Less: Work in process at conclusion of trial production run		(2,027,963)	-
Cost of goods produced during trial production run		107,074,964	-
Less: Finished goods at conclusion of trial production run		(25,169,155)	-
		81,905,809	-
Trial run operating loss		(36,493,789)	-

12.2.3.1 Salaries, wages and other benefits include Rs 326.099 thousand (2008: Nil) in respect of defined contribution scheme.

12.2.4 This includes borrowing cost of Rs 184.002 million (2008: 46.247 million) in aggregate.

	Note	2009 Rupees	2008 Rupees
12.3 Advances			
Civil works		274,457	36,690,937
Plant and machinery		3,203,114	295,444,552
Others		7,116,472	523,466
		10,594,043	332,658,955

These include an amount of Rs Nil (2008: Rs 198.455 million) advance against purchase of plant given to associated undertakings.

	2009 Rupees	2008 Rupees
13. Intangible asset		
Cost as at July 01	72,376,438	72,376,438
Additions during the year	16,905,000	-
Amortization during the year	(5,952,096)	-
Cost as at June 30	83,329,342	72,376,438

This represents non-exclusive and non-transferable right and license for the production of hydrogen peroxide acquired from Chematur Ecoplanning Oy, Finland and is being amortized over 5 years.

14. Long term loan

This represents loan to Sui Northern Gas Pipelines Limited (SNGPL) on soft term basis under an agreement to obtain gas connection for industrial use. It carries markup @ 1.5% per annum. The loan was repaid during the year.

	Note	2009 Rupees	2008 Rupees
15. Long term deposits			
Cost as at July 01		865,093	865,093
Security deposits paid during the year	- note 15.1	12,052,040	-
Cost as at June 30		12,917,133	865,093

15.1 This represents security deposit paid for industrial connection of 5,096 Kilo Watts through an independent grid station of 132KVA.

	Note	2009 Rupees	2008 Rupees
16. Deferred taxation			
The asset for deferred taxation comprises temporary differences in:			
Accelerated tax depreciation		426,306,592	-
Unused tax losses		(454,178,716)	-
		(27,872,124)	-

Tax losses amounting to Rs 74.128 million expire in the year 2015. The company has not recognized deferred tax assets of Rs. 25.945 million (2008: Rs 4.395 million) in respect of these tax losses based on prudence principle as sufficient tax profits may not be available to set these off.

17. Stores and spares

Stores and spares include working solution of Rs 97.441 million (2008: Nil) and items which may result in fixed capital expenditure but are not distinguishable.

	Note	2009 Rupees	2008 Rupees
18. Stock in trade			
Raw materials [including in transit of Rs 2.494 million (2008: Nil)]		15,811,981	-
Packing material		202,193	-
Work-in-process		2,604,030	-
Finished goods		37,450,921	-
		56,069,125	-

	Note	2009 Rupees	2008 Rupees
19. Advances, deposits, prepayments and other receivables.			
Advances to suppliers		6,416,312	1,200,000
Advances to employees	- note 19.1	10,000	29,311
Prepayments		6,884,871	1,456,460
Recoverable from government:			
- Income tax		14,889,366	3,585,741
- Special excise duty		12,449,013	3,798,942
- Sales tax		98,826,121	19,316,274
		126,164,500	26,700,957
Security deposits		1,274,441	1,429,441
Margin against letter of credit		-	4,248,269
Other receivables		11,376	168,224
		140,761,500	35,232,662

19.1 These are interest free advances for traveling and general expenses. These include an aggregate amount of Rs 10,000 (2008: Rs 20,000) receivable from the executives of the company. Maximum aggregate amount due from executives of the company at the end of any month during the current year was Rs 189,290 thousan (2008: Rs 299.000 thousand)

	2009 Rupees	2008 Rupees
20. Cash and bank balances		
At banks on:		
- Saving accounts	355	17,797,508
- Current accounts	3,228,089	147,268,235
	3,228,444	165,065,743
In hand	60,683	48,136
	3,289,127	165,113,879

20.1 Profit on balances in savings accounts ranges from 5% to 12% per annum (2008: 9%)

	2009 Rupees	2008 Rupees
21. Sales		
Gross sales:		
- Local	191,970,480	-
- Export	22,828,199	-
	214,798,679	-
Less: Commission on sales	(2,672,938)	-
Less: Trade discount	(20,791,125)	
	191,334,616	-

	Note	2009 Rupees	2008 Rupees
22. Cost of sales			
Raw materials consumed		81,481,180	-
Salaries, wages and other benefits	- note 22.1	14,257,106	-
Repair and maintenance		1,642,516	-
Production supplies		6,887,390	-
Fuel and power		35,506,850	-
Printing and stationery		475,664	-
Services through contractors		5,722,527	-
Traveling		2,732,899	-
Communication		183,670	-
Rent and rates		2,554,220	-
Depreciation on property, plant and equipment	- note 11.1	50,392,639	-
Amortization on intangible assets	- note 13	5,952,096	-
Insurance		1,778,900	-
Loading and unloading		1,433,414	-
Safety items consumed		367,524	-
Miscellaneous		1,232,075	-
		212,600,670	-
Work in process at conclusion of trial production run	- note 12.2.3	2,027,963	-
Less: Closing work in process		(2,604,030)	-
		(576,067)	-
Cost of goods produced		212,024,603	-
Finished goods at conclusion of trial production run	- note 12.2.3	25,169,155	-
Less: Closing finished goods		(37,653,114)	-
		(12,483,959)	-
		199,540,644	-

22.1 Salaries, wages and other benefits include provident fund contribution of Rs 260.338 thousand (2008: Nil) by the company.

	Note	2009 Rupees	2008 Rupees
23. Administrative expenses			
Salaries, allowances and other benefits	- note 23.1	13,516,133	3,400,406
Services through contractor		3,900,944	-
Medical facility		296,433	66,848
Vehicle running and maintenance		65,094	270,191
Entertainment		891,086	129,547
Communication		403,259	41,987
Printing and stationary		1,126,419	49,591
Traveling and conveyance		2,352,645	47,112
Charity and donation- note 23.2		33,633	-
Consultancy fee		-	55,000
Insurance		86,827	22,000
Fees and subscriptions		88,494	-
Rent and Rates		504,348	-
Legal and professional fee	- note 23.3	6,510,699	5,079,284
Depreciation on property, plant and equipment	- note 11.1	2,983,937	966,431
Others		1,401,357	88,105
		34,161,308	10,216,502

23.1 Salaries, wages and other benefits include provident contribution of Rs 435.687 thousand (2008: Rs 58.422 thousand) by the company.

23.2 None of the directors and their spouses had any interest in any of the donees.

23.3 Auditors remuneration

The charges for legal and professional services include the following in respect of auditors services for:

	2009	2008
- Statutory audit	600,000	262,500
- Half yearly review	200,000	-
- Certification charges	-	187,500
- Out of pocket expenses	31,383	30,000
	831,383	480,000

	Note	2009 Rupees	2008 Rupees
24. Distribution and selling cost			
Salaries, allowances and other benefits	- note 24.1	1,502,710	-
Medical facility		49,012	-
Entertainment		25,882	-
Communication		115,296	-
Traveling and conveyance		454,517	-
Advertisement		636,340	-
Insurance		12,460	-
Loading and unloading charges		4,813	-
Freight and forwarding		6,758,619	-
Depreciation on property, plant and equipment- note 11.1		56,667	-
Others		857,201	-
		10,473,517	-

24.1 Salaries, wages and other benefits include provident contribution of Rs 51.548 thousand (2008: Rs Nil) by the company.

	2009 Rupees	2008 Rupees
25. Other operating expenses		
Workers' Welfare Fund	18,263	-
Exchange Loss	16,833	-
	35,096	-

26. Other operating income

This represents income from bank deposits

	2009 Rupees	2008 Rupees
27. Finance cost		
Interest and mark-up on:		
- Long term loan - secured	79,385,748	-
- Finances under markup arrangement - secured	15,549,306	-
Others	1,284,516	18,891
	96,219,570	18,891

	2009 Rupees	2008 Rupees
28. Taxation		
For the year		
- Current	228,282	-
- Deferred	(23,477,343)	-
	(23,249,061)	-
Prior year		
- Current	-	-
- Deferred	(4,394,781)	-
	(4,394,781)	-
	(27,643,842)	-

28.1 In view of the available tax losses, the provision for current taxation represents tax on income under 'Final Tax Regime'. Such tax is not available for set off against normal tax liability arising in future years.

For purposes of current taxation the tax losses available for carry forward including pre-commencement expenditure as at June 30, 2009 are estimated approximately at Rs 1,375 million (2008: Rs 14.257 million).

28.2 Tax charge reconciliation	2009 %	2008 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	(35.00)	(35.00)
Tax effect under presumptive regime	4.33	-
Tax losses for which no deferred tax asset is recognized	15.05	35.00
Effect of change in prior years tax and rounding off	(2.92)	-
	16.46	35.00
Average effective tax rate charged to profit and loss account	(18.54)	-

29. Loss per share

29.1 Basic loss per share

		2009	2008
Loss for the year	**Rupees**	(121,451,085)	(10,235,393)
Weighted average number of ordinary shares in issue during the year	**Number**	96,746,575	18,918,956
Loss per share	**Rupees**	(1.26)	(0.54)

29.2 Diluted earnings per share

Diluted earnings per share has not been presented as the company doesn't have any convertible instrument in issue as at June 30, 2009 and June 30, 2008 which would have any effect on the earnings per share if the option to convert is exercised.

30. Cash flow from operating activities

	Note	2009 Rupees	2008 Rupees
Loss before taxation		(149,094,927)	(10,235,393)
Adjustment for:			
- Depreciation on property, plant and equipment	- note 11	53,433,243	966,431
- Amortization of intangible assets	- note 13	5,952,096	-
- Provision for accumulating compensated absences		2,026,965	-
- Provision for leave fare assistance		498,850	-
- Provision for workers welfare fund		18,263	-
- Net exchange loss		16,833	-
- Interest from bank deposits		(592)	-
- Finance cost	- note 27	94,935,054	18,891
Profit/(Loss) before working capital changes		7,785,785	(9,250,071)
Effect on cash flow due to working capital changes:			
Increase in current assets			
- Stores, spares and loose tools		(146,646,977)	(13,843,157)
- Stock in trade		(56,069,125)	-
- Trade debts		(1,103,554)	-
- Advances, deposits, prepayments and other receivables		(94,186,213)	(31,367,212)
Increase in current liabilities			
- Creditors, accrued and other liabilities		334,356,210	45,466,295
		36,350,341	255,926
Cash generated from/(used in) operations		44,136,126	(8,994,145)

31. Remuneration of Chief Executive, Directors and Executives

	Chief Executive		Executives	
	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees
Remuneration	3,752,953	2,696,618	21,107,273	6,111,199
Provident Fund	214,797	91,406	1,149,091	261,364
Medical facility	18,857	25,062	435,689	70,793
Leave passage	60,000	30,000	800,092	-
Reimbursable expenses	81,139	160,734	1,031,908	561,924
	4,127,746	3,003,820	24,524,053	7,005,280
No. of persons	1	1	20	7

31.1 These financial statements do not include any charge in respect of remuneration or benefits to 7 (2008: 7) directors of the company.

31.2 The company provides free residential telephones and company maintained car to the Chief Executives and certain executives.

32. Transactions with related parties

The related parties comprise of associated undertakings, key management personnel and post-employment benefit plan. The company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 31. Other significant transactions with related parties are as follows:

		2009 Rupees	2008 Rupees
i. Associated undertakings	Purchase of goods and services	49,497,724	-
	Purchases in respect of fixed capital expenditure	662,843,752	58,821,046
	Sale of scrap	2,961,802	-
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,555,185	856,953

All transactions with related parties are carried out on commercial terms and conditions.

33. Cash and cash equivalents

		2009	2008
Cash and bank balances	- note 20	3,289,127	165,113,879
Finances under mark up arrangements	- note 7	(259,319,520)	-
		(256,030,393)	165,113,879

34. Capacity and production

		Planned Production Capacity	Trial production 2009	Commercial production 2009	2008
Production of hydrogen peroxide (on 100% concentration and *based on 210 working days)*	Metric Tonnes	8,750	1,194	3,945	-
Production of packing material *(based on 210 working days)*	Number	630,000	86,116	231,794	-

Trial production of hydrogen peroxide and packing material commenced in December 1, 2008 while commercial production commenced in March 1, 2009.

35. Financial risk management objectives

35.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board).

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is exposed to foreign currency exchange risk in respect of commitments against Letter of Credits in foreign currency. The management does not view hedging as being financially feasible.

The company's foreign exchange risk exposure is limited to the outstanding foreign currency balances payable or receivable at any balance sheet date. However, the company does not have any outstanding foreign currency balance as at June 30, 2009.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk as it does not have any investment in equity securities.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.
At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2009 Rupees	2008 Rupees
Fixed rate instruments		
Financial assets		
Saving bank accounts	355	17,797,508
Long term loan	-	2,600,000
Floating rate instruments		
Financial liabilities		
Long term loan - secured	1,469,818,187	955,686,172
Finances under markup arrangement - secured	259,319,520	-
	1,729,137,707	955,686,172

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on saving bank accounts, long term loan and finances under mark-up arrangement, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 9.452 million (2008: Rs 2.513 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. company's credit risk is primarily attributable to its trade debts and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2009 Rupees	2008 Rupees
Long term loan	-	2,600,000
Trade debts	1,227,602	-
Long term deposits	12,917,133	865,093
Advances, deposits, prepayments and other receivables	1,274,441	5,875,245
Bank balances	3,228,444	165,065,743
	18,647,620	174,406,081

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in the case of trade debts.

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Long term	Rating Agency	2009 Rupees	2008 Rupees
Habib Metropolitan Bank Limited	A1+	AA+	Pacra	669,725	468,210
Habib Bank Limited	A1+	AA+	Pacra/Jcr	374,096	2,532
KASB Bank Limited	A1	A	Pacra	355	17,797,508
Allied Bank Limited	A1+	AA+	Pacra	2,184,268	146,797,493
				3,228,444	165,065,743

Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2009, the company had borrowing limits available from financial institutions at Rs 1,730 million and Rs 3.289 million in cash and bank balances. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

	Carrying amount	Less than one year (Rupees)	More than one year
The following are the contractual maturities of financial liabilities as at June 30, 2009:			
Short term running finance	259,319,520	259,319,520	-
Accrued finance cost	92,506,488	92,506,488	-
Trade and other payables	404,005,888	404,005,888	-
Long term loan	1,469,818,187	-	1,469,818,187
	2,225,650,083	755,831,896	1,469,818,187
The following are the contractual maturities of financial liabilities as at June 30, 2008:			
Accrued finance cost	27,015,194	27,015,194	-
Trade and other payables	55,452,480	55,452,480	-
Long term loan	955,686,172	-	955,686,172
	1,038,153,846	82,467,674	955,686,172

35.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35.3 Financial instruments by categories

The financial instruments of the company include loans and receivables and financial liabilities at amortized cost only.

35.4 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Borrowings represent long term loan obtained by the company as referred to in note 6. Total capital employed includes equity as shown in the balance sheet, plus total long term borrowings.

The gearing ratio for the year is 63% (2008: 58%). This increase is due to losses during the year and additions to long term borrowings during the year.

36. Date of authorization for issue

These financial statements were authorized for issue on October 02, 2009 by the Board of Directors.

37. Subsequent events

There are no subsequent events occurring after balance sheet date.

38. Corresponding figures

Previous year's figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant re-arrangements have been made.

Chief Executive　　　　Director

FORM OF PROXY

IMPORTANT

This form of proxy, in order to be effective, must be deposited duly completed, at the Company's Registered Office at Descon Head Quarter, 18-KM, Ferozepur Road, Lahore not less than 48 hours befre the time of holding the meeting.

A Proxy must be member of the Company. Signature should agree with the specimen register with the company

Please quote registered Folio / CDC Account numbers

I/We ____________________

of ____________________

being a member of Descon Oxychem Limited entitled to vote and holder of ____________________

ordinary shares, hereby appoint Mr./Mrs/Mst. ____________________

of ____________________

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Descon Headquarters, 18-KM Ferozepur Road, Lahore on Monday October 26, 2009 at 12:00 hrs. and at any adjournment thereof.

As witness my/our hand this ____________ day of ____________ 2009

Signed by the said ____________________ in the presence of

____

____
(Member's Signature)

Affix Rs. 5/-
Revenue Stamp which
must be cancelled either by
signature over it or by
some other means

Place ____________

Date ____________

____
(Witness's Signature)