Contents

Company Information	2
Directors' Report to the Shareholders	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	5
Condensed Interim Cash Flow Statement	6
Condensed Interim Statement of Changes in Equity	7
Notes to and Forming Part of the Condensed Interim Financial Information	8

Company Information

Board of Directors

Mr. Abdul Razak Dawood	Director/Chairman
Mr. Muhammad Nabeel Arif	Director/Chief Executive Officer
Shaikh Azhar Ali	Director
Mr. Taimur Dawood	Director
Syed Zamanat Abbas	Director
Mr. Muhammad Sadiq	Director
Mr. Faisal Dawood	Director

Company Secretary
Mr. Muhammad Asad

Audit Committee

Mr. Abdul Razak Dawood	Chairman
Mr. Taimur Dawood	Member
Syed Zamanat Abbas	Member

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

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

Legal Advisors
Hassan & Hassan Advocates

Bankers

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

Share Registrar
Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial
Model Town, Lahore
Tel: 042-5839182, 5887262, 5916719
Fax: 042-5869037

Registered Office
Descon Headquarters
18-KM Ferozepur Road
Lahore – 53000
Tel: 042-599 0034 Ext 225
Fax: 042-5811135
URL: www.desconoxychem.com

Head Office and Plant
18-KM Lahore-Sheikhupura Road
Lahore
Tel: 042-797 1822-24
Fax: 042-797 1831
URL: www.desconoxychem.com

Directors' Report to the Shareholders

Ladies and Gentlemen

The Directors of the Company submit to the shareholders, the quarterly report together with the un-audited financial statements of the Company for the nine months ended March 31, 2009.

Project & Production status

By the grace of Almighty Allah, The Company started commercial production from March 1, 2009. With a sense of satisfaction we would like to announce some additional developments which also took place during the month of March 2009, namely:-

a) Achievement of 100% production capacity of your plant
b) Successful production and launch of the food grade Hydrogen Peroxide for our valued customers. Food grade Hydrogen Peroxide has been produced in Pakistan for the first time.

Marketing and Future Outlook

Customers have appreciated quality of the products, and now your Company has started receiving repeat orders from majority of the customers. The Company has also started supplies in tankers to the customers. Besides the textile industry, your Company has also sold products to the paper-board and food packaging industries.

The slowdown of the World economies has had a negative effect on demand and prices of hydrogen peroxide globally and locally. Due to this slowdown of demand some regional producers are dumping product in the local market which has forced the Company to sell its product at lower than anticipated prices. We have started to see some signs of recovery and expect the overall market to start returning to normal operating parameters in the second quarter of 2009. Directors are confident that the Company will overcome the current market challenges.

We want to thank our valued customers for showing their confidence in our products.

The Board is also very appreciative of the efforts of all the employees in bringing the plant up to full production in shorter time than anticipated and producing quality products.

We wish to inform all our stakeholders that we look with confidence to our future.

For and on Behalf of the Board

Muhammad Nabeel Arif
Chief Executive Officer
April 24, 2009

Condensed Interim Balance Sheet

As at March 31, 2009

	Note	March 31 2009 (Un-Audited) Rupees	June 30 2008 (Audited) Rupees
Non current assets			
Property, plant and equipment	4	**2,581,259,203**	87,914,098
Capital work in progress	5	**43,214,517**	1,340,905,022
Intangible asset		**87,793,412**	72,376,438
Long term loan		**2,600,000**	2,600,000
Deferred tax asset		**16,646,541**	-
Long term deposit	6	**12,917,133**	865,093
		2,744,430,806	1,504,660,651
Current assets			
Stores and spares		**65,205,430**	13,889,057
Stock in Trade	7	**170,756,918**	-
Trade Debts		**466,560**	-
Deposits, prepayments and other receivables		**119,428,788**	35,232,662
Cash and bank balances		**3,345,103**	165,113,879
		359,202,799	214,235,598
Current liabilities			
Advances from customers		**5,378,022**	-
Trade and other payables		**381,769,625**	55,452,480
Short-term running finance	8	**289,047,876**	-
Mark-up accrued on short-term running finance		**8,396,976**	-
Mark-up accrued on long-term loan		**22,655,916**	27,015,194
		707,248,415	82,467,674
Net current assets		**(348,045,616)**	131,767,924
Non current liabilities			
Long-term loan - secured	9	**1,423,765,188**	955,686,172
Contingencies and commitments	10		
		972,620,002	680,742,403
Represented by:			
Share capital	11	**1,020,000,000**	695,000,000
Accumulated loss		**(47,379,998)**	(14,257,597)
		972,620,002	680,742,403

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive Officer Director

Condensed Interim Profit And Loss Account

For the Nine months ended March 31, 2009 (Un-Audited)

	Note	Three months ended		Nine months ended	
		March 31 2009	March 31 2008	**March 31 2009**	March 31 2008
		Rupees	Rupees	**Rupees**	Rupees
Sales - net		**31,600,620**	-	**31,600,620**	-
Cost of goods sold	*12*	**29,993,714**	-	**29,993,714**	-
Gross profit		**1,606,906**	-	**1,606,906**	-
Administrative and marketing expenses		**7,523,860**	3,774,008	**15,805,685**	8,844,638
Operating loss		**(5,916,954)**	(3,774,008)	**(14,198,779)**	(8,844,638)
Finance cost		**24,205,518**	13,118	**24,205,518**	-
Loss before taxation		**(30,122,472)**	(3,787,126)	**(38,404,297)**	(8,844,638)
Provision for taxation	*13*	**(16,646,541)**	-	**(16,646,541)**	-
Loss after taxation		**(13,475,931)**	(3,787,126)	**(21,757,756)**	(8,844,638)
Loss per share - basic and diluted		**(0.13)**	(0.16)	**(0.24)**	(1.15)

All appropriations have been shown in the Statement of Changes in Equity.

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive Officer Director

Condensed Interim Cash Flow Statement

For the Nine months ended March 31, 2009 (Un-Audited)

	Notes	Nine months ended	
		March 31 2009	March 31 2008
		(Rupees)	
Cash generated from operating / pre-operating activities			
Loss for the period		**(38,404,297)**	(8,864,129)
Adjustments for:			
Depreciation/Amortization		**15,577,805**	612,887
Financial charges		**24,205,518**	19,491
Cash flow before working capital changes		**1,379,026**	(8,231,751)
Effect on cash flow due to working capital changes			
- Increase in stores and spares		**(51,316,373)**	(742,248)
- Increase in stock-in-trade		**(170,756,918)**	-
- Increase in trade debts		**(466,560)**	-
- Increase in advances, deposits, prepayments and other receivables		**(76,007,632)**	(3,119,718)
- Decrease in short term borrowings - unsecured		-	(37,534,237)
- Increase in advances from customers		**5,378,022**	-
- Increase in trade and other payables		**326,317,146**	31,793,197
		33,147,685	(9,603,006)
Cash generated/(used in) from operating / pre-operating activities		**34,526,711**	(17,834,757)
Finance cost paid		**(159,281,224)**	(19,491)
Taxes paid		**(8,188,494)**	(876,852)
Net cash (outflow) from operating/pre-operating activities		**(132,943,007)**	(18,731,100)
Cash flow from investing activities			
Fixed capital expenditure incurred		**(1,070,630,976)**	(656,177,644)
Long term deposits		**(12,052,040)**	-
Intangible asset		**(16,905,000)**	-
Net cash outflow from investing activities		**(1,099,588,016)**	(656,177,644)
Cash flows from financing activities			
Long-term loan - secured		**468,079,016**	500,000,004
Cost of issuance of shares		**(11,364,645)**	-
Proceeds from issuance of shares / share deposit money		**325,000,000**	299,505,762
Net cash inflow from financing activities		**781,714,371**	799,505,766
Net (decrease)/ increase in cash and cash equivalents		**(450,816,652)**	124,597,022
Cash and cash equivalents at the beginning of the period		**165,113,879**	1,789,137
Cash and cash equivalents at the end of the period	*15*	**(285,702,773)**	126,386,159

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive Officer Director

Condensed Interim Statement Of Changes In Equity

For the Nine months ended March 31, 2009 (Un-Audited)

	Share capital	Share deposit money	Accumulated loss	Total
	(----------Rupees----------)			
Balance as at July 01, 2007	20,000	277,995,238	(4,022,204)	**273,993,034**
Share deposit money received	-	57,122,888	-	**57,122,888**
Shares issued	502,501,000	(260,118,126)	-	**242,382,874**
Loss for the period	-	-	(8,864,129)	**(8,864,129)**
Balance as at March 31, 2008	502,521,000	75,000,000	(12,886,333)	**564,634,667**
Share deposit money received	-	(75,000,000)	-	**(75,000,000)**
Shares issued	192,479,000	-	-	**192,479,000**
Loss for the period	-	-	(1,371,264)	**(1,371,264)**
Balance as at June 30, 2008	695,000,000	-	(14,257,597)	**680,742,403**
Shares issued	325,000,000	-	-	**325,000,000**
Cost of issuance of shares	-	-	(11,364,645)	**(11,364,645)**
Loss for the period	-	-	(21,757,756)	**(21,757,756)**
Balance as at March 31, 2009	1,020,000,000	-	(47,379,998)	**972,620,002**

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive Officer Director

Notes To And Forming Part Of The Condensed Interim Financial Information

For the Nine months ended March 31, 2009 (Un-Audited)

1. The Company and its operations

The company was incorporated in Pakistan as a private limited company on November 12, 2004 under the Companies Ordinance, 1984 and was converted into a public limited company with effect from February 28, 2008 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 company is principally engaged in manufacture, procurement and sale of hydrogen peroxide and allied products. The registered office of the company is situated at 18-KM Ferozpur Road, Lahore and the factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore.

The company commenced commercial operations from March 1, 2009.

2. Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2008. The following policies have been adopted during the period:

3.1 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 values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs 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.

3.2 Capital work in progress

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

			March 31 2,009 Rupees	June 30, 2008 Rupees
4.	**Property, plant and equipment**			
	Opening book value		87,914,098	60,862,932
Add:	Additions during the period	- note 4.1	2,507,434,885	28,017,597
			2,595,348,983	88,880,529
Less:	Depreciation charged during the period		14,089,780	966,431
	Closing book value		2,581,259,203	87,914,098

		March 31 2009 Rupees	June 30 2008 Rupees
4.1	**Following is the detail of additions during the period**		
	Freehold land	23,661,173	21,946,800
	Building & civil works	235,793,768	-
	Plant & machinery	2,244,255,002	-
	Computer equipment	1,822,275	1,362,656
	Office equipment	831,990	142,258
	Electrical equipment	154,086	161,700
	Material handling	43,000	-
	Furniture and fixture	873,591	315,800
	Motor vehicles	-	4,088,383
		2,507,434,885	28,017,597
5.	**Capital work in progress**		
	Civil works	26,286,717	154,827,914
	Plant and Machinery	-	743,678,175
	Advances	12,841,507	332,658,955
	Unallocated expenditure	4,086,293	109,739,978
		43,214,517	1,340,905,022
6.	**Long term security deposit**		
	Opening balance	865,093	865,093
	Security deposits paid during the period - note 6.1	12,052,040	-
		12,917,133	865,093

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

7.	**Stock-in-trade**	March 31 2009 Rupees	June 30 2008 Rupees
	Raw materials	30,339,903	-
	Work-in-process	103,199,731	-
	Finished goods	37,217,284	-
		170,756,918	-

8. Short term running finance - secured

This represents running finance facility availed from Bank Al Habib Limited under markup arrangement with amount of total facility available of Rs 290 million (June 2008: Nil). The facility was obtained to meet the working capital requirements of the company and carries effective range of markup between Rs 0.3693 and Rs 0.4174 per Rs 1,000 per diem on the outstanding balance or part thereof. It is secured by way of first pari passu charge over current assets of the company.

9.	**Long term loan - secured**	March 31 2009 Rupees	June 30 2008 Rupees
	Opening balance	955,686,172	-
	Disbursement during the period	468,079,016	955,686,172
		1,423,765,188	955,686,172

This represents the loan obtained from a consortium of financial institutions led by Allied Bank Limited. It is secured by a first ranking hypothecation charge over all present and future fixed assets excluding land and building and first pari passu mortgage charge over land and building. 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. 1.47 billion. the amount availed as at March 31, 2009 is Rs 1,423.765 million (June 2008: Rs 955.68 million), repayable in 10 semi annual installments commencing August 24, 2010.

10. Contingencies and commitments

10.1 Contingencies

The company is contingently liable for Rs. 48.64 million (June 2008: Nil) in respect of guarantees issued by its bankers in favour of Sui Northern Gas Pipelines Limited.

10.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs. 7,775 thousand as at March 31, 2009 (June 2008: Rs. 850,797 thousand).

	March 31, 2009 Rupees	June 30, 2008 Rupees
11. Share capital		
Authorized share capital		
110,000,000 (June 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 (June 2008: 69,500,000) ordinary shares of Rs. 10 each fully paid in cash	1,020,000,000	695,000,000

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

	Number of shares	
Descon Corporation (Private) Limited		
Percentage of equity held 8.55% (June 2008: 12.55%)	8,725,250	8,725,250
Descon Engineering Limited		
Percentage of equity held 7.35% (June 2008: 10.79%)	7,500,000	7,500,000
Descon Chemicals (Private) limited		
Percentage of equity held 10.22% (June 2008: 14.48%)	10,430,398	10,062,300
Descon Holding (Private) Limited		
Percentage of equity held 1.91% (June 2008: 2.81%)	1,953,200	1,953,200
Interworld Travels (Private) Limited		
Percentage of equity held 0.09% (June 2008: Nil)	92,054	-
	28,700,902	28,240,750

	Three months ended		Nine months ended	
	March 31 2009 Rupees	March 31 2008 Rupees	March 31 2009 Rupees	March 31 2008 Rupees
12. Cost of goods sold				
Finished goods - opeining stock of trial run production	14,727,168	-	14,727,168	-
Cost of goods manufactured	52,483,830	-	52,483,830	-
	67,210,998	-	67,210,998	-
Finished goods - closing stock	(37,217,284)	-	(37,217,284)	-
	29,993,714	-	29,993,714	-

13. Deferred taxation

The deferred tax asset amounting to Rs.16.647 Millions recognized as at March 31, 2009 (June 30, 2008 Nil) against unabsorbed tax losses arising due to deductible temporary differences after setting off deferred tax liability.

14. Transactions with related parties

Relationship with the company	Nature of transaction	Nine months ended March 31 2009	March 31 2008
		(Rupees)	
i. Associated undertakings	Purchase of goods and services	679,646,544	3,046,276
	Advances against purchase of plant	-	150,073,020
ii. Key management personnel	Remuneration for services	4,748,696	2,327,722

		March 31 2009 Rupees	March 31 2008 Rupees
15.	**Cash and cash equivalents**		
	Cash and bank balances	3,345,103	126,386,159
	Short term running finance - secured	(289,047,876)	-
		(285,702,773)	126,386,159

16. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 24, 2009 by the Board of Directors of the Company.

17. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However no significant re-arrangement has been made.

Chief Executive Officer Director