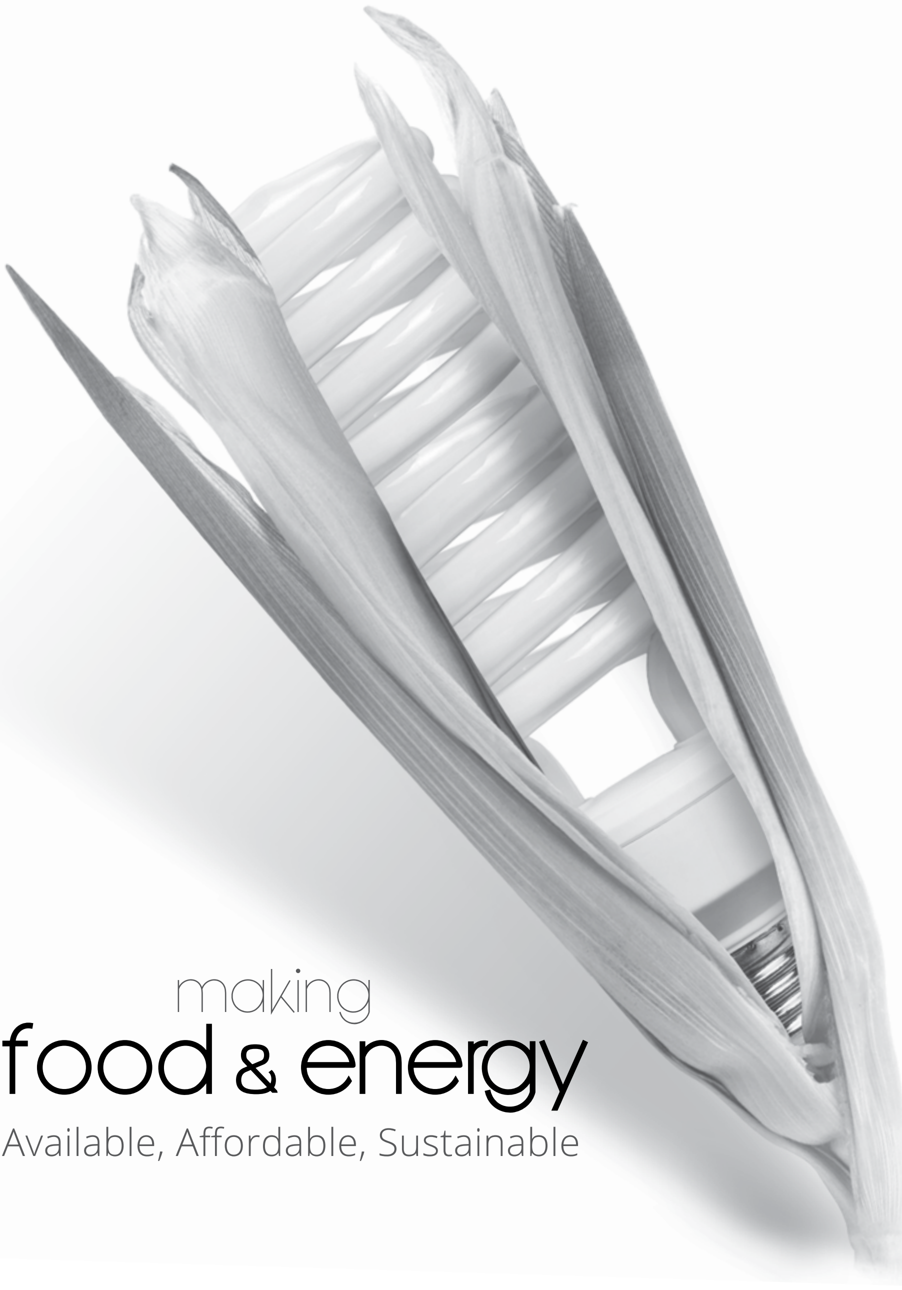
Dawood Hercules

HALF YEARLY ACCOUNTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016



making
food & energy
Available, Affordable, Sustainable

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COMPANY INFORMATION

Board of Directors

Mr. Hussain Dawood	Chairman
Mr. Samad Dawood	Chief Executive Officer
Mr. M. Abdul Aleem	Director
Mr. Shahzada Dawood	Director
Ms. Sabrina Dawood	Director
Mr. Parvez Ghias	Director
Mr. Shabbir Hussain Hashmi	Director
Mr. Frank Murray Jones	Director
Mr. Hasan Reza ur Rahim	Director
Mr. Saad Raja	Director

Board Audit Committee

Mr. M. Abdul Aleem	Chairman
Mr. Parvez Ghias	Member
Mr. Hasan Reza ur Rahim	Member

Board Compensation Committee

Mr. Hussain Dawood	Chairman
Mr. M. Abdul Aleem	Member
Mr. Parvez Ghias	Member

Chief Financial Officer & Company Secretary

Mr. Shafiq Ahmed

Registered Office

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Fax: +92 (21) 35633972
Email: shareholders@dawoodhercules.com
Website: www.dawoodhercules.com

Bankers

Bank Al-Habib Limited
Habib Bank Limited
Allied Bank Limited
United Bank Limited
Habib Metropolitan Bank Limited
MCB Islamic Bank Limited

Auditors

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Chartered Accountants
State Life Building No 1-C
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Fax: +92 (21) 32415007, 32427938

Shares Registrar

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Chartered Accountants
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DIRECTORS' REPORT

The Directors are pleased to present their report together with the unaudited unconsolidated condensed interim financial statements of the Company and the unaudited condensed consolidated interim financial statements of the Group for the second quarter and half year ended 30 June 2016.

ECONOMIC REVIEW

The FY 2016 ended on a positive note, evidenced by a GDP growth of 4.7% during FY16 (vs. 4.0% FY15), which is an eight-year high (1.7% 2008). Private sector credit off take has shown an improvement of 11% increasing to PKR 3.8 trillion by June 2016 on the back of lower financing rates and multiple capacity expansion initiatives. Despite some rise in the Jan-Jun 2016 period, inflation remained on the lower side and closed FY16 with an average of 3.2% compared to 4.6% in FY15, significantly below initial expectations. On the flip side, despite an effort of the government to enhance exports in 2015-16, the country's exports declined by 12.11 per cent to $20.802 billion during the last fiscal year (2015-16) from $23.667 billion during the same period of the previous year. Remittances which had reached a record high in FY 16 have shown a marked decline in July 2016 (36% against June 2016 and 20% over SPLY).

The Federal budget for 2016-17 continued to focus on implementing measures to improve tax collection from existing taxpayers as opposed to broadening the tax net. These included, extension of super tax, non-adjustment of provincial input tax, exclusion of dairy sector from the zero-rated sales tax regime, imposition of regulatory duty on import on milk powder and removal of group relief for holding companies. This will increase costs to the formal sector, thereby discouraging corporatization of the private sector. The removal of zero rating and imposition of regulatory duty may have the effect of losing the GSP status of Pakistan In European Union. Further the removal of group relief would have an adverse impact on the corporate sector as it will not be able to consolidate its investment. Organizations like OICCI, PBC have also strongly cautioned the government of negative impact of abolition of group taxation on economy.

BUSINESS REVIEW

Strategic initiatives

Our subsidiary – Engro Corporation Limited (ECL) has divested 297.2 million shares of Engro fertilizers Limited (EFert) by way of a private placement at a per share value of Rs 65.47. This was a process of ECL strategic initiatives to enable it to diversify its portfolio and meet its capital allocation requirements and to rebalance investments across its defined growth pillars. Current shareholding of ECL in Engro Fertilizers stands at 56.5%.

Subsequent to the period end, ECL has signed a Sale and Purchase Agreement (SPA) with Royal FrieslandCampina (RFC), for the acquisition of 51% shareholding in Engro Food Limited (EFoods) jointly with World Bank Group's International Finance Corporation and Dutch Development Bank, FMO on a cash and debt free basis Enterprise Value of PKR 96.6 billion to be adjusted for debt and debt-like items, cash and cash equivalents and working capital. The estimated sale price as of the date of the announcement is PKR 120 per share. As a result of this sell off, ECL ownership will stand reduced to between 36% -43% in EFoods and it will become the second largest shareholder of Engro Foods. The shareholders of the ECL have approved the transaction at its EOGM held 5 August 2016. The transaction is expected to close by end 2016.

In Engro Elengy Terminal Pakistan Limited (EETPL), ECL holding has reduced to 80% in view of the International Finance Corporation (IFC) disbursement of its equity portion during May 2016.

Business Performance

Fertilizers
As a part of Government of Pakistan (GoP) political agenda to boost agricultural sector, it has announced the reduction of urea price to PKR 1,400/bag from previous PKR 1,790/bag in budget 2016. This reduction is to be shared by both manufacturers of Urea and the GoP by cut in price, subsidy and reduction in GST.

Price uncertainty, poor crop economics and expected subsidy in the urea prices was among the factors, which resulted in the lower urea offtake by 35% in the first half of the financial year as compared to similar period last year. The decline was mainly due to poor crop economics and price uncertainty amid rumors of subsidy on urea. However, subsidy announcement in the Budget 2016, contributed to increase in off take, whereby in June urea off take was 624 KT. Resultantly, sale volumes in second quarter 2016 were up 41% quarter on quarter at around 1.1 million tons, however, still trailed behind by 20% over second quarter last year.

EFert produced 922KT of urea of the half year as compared to 950KT for the similar period last year. The decline of this 3% was due to the turnaround of Enven plant. Due to the overall industry depressed off take, EFert sales was restricted to 528 KT in first half 2016 vs. 934 KT in first half 2015, registering a decline of 43%. On DAP sales, EFert improved its market share from 25% to 26%.

Amid declined sales, the gross profit for the EFert was lower by 40% as compared to similar period last year. Accordingly, EFert PAT was reduced by Rs 4.1 billion to Rs PKR 2.8 billion compared to the same period last year.

EFert is in discussion with various relevant parties for allocation of surplus gas to ensure continued gas supply to both plant smooth operations.

FOODS
During the period, EFoods gross margin improved from 25.8% to 27.4% on account of favorable macroeconomic factors and operational efficiencies. The higher margin was the overall effect of lower milk prices and fuel costs, however, the overall profitability was slightly lower at Rs 1,961 million as compared to Rs 1,978 million for the similar period last year.

Both EFoods' key brands, Olpers and Omung, delivered robust volumetric growth over the same period last year. However, the company faced increased competition in the tea-whitening segment, resulting in a loss of market share for Tarang. A strategy has been implemented to improve the brands competitiveness. It is expected that the company will regain market share in the later part of the year.

POLYMERS AND CHEMICALS
Engro Polymers and Chemicals Limited (EPCL) achieved highest ever production of PVC and VCM during first half 2016 despite undergoing a planned shutdown. This was due to the fact that PVC demand remained healthy on account of strong construction activity and positive economic sentiment. Also, Chlor Alkali market remained stable in terms of volumes, however, Caustic Soda margins remained under pressure due to competitive pricing landscape.

During the period, EPCL revenue of Rs 11,161 million was lower by 10% as compared to the same period last year. EPCL recorded PAT of PKR 40 million compared to a Loss After Tax (LAT) of PKR 433 million for the same period last year. Strong performance of PVC segment and lower financial charges contributed towards the company's profitability.

ENERGY AND ENERGY INFRASTRUCTURE
The country is facing chronic electricity shortage which is due to demand growth with limited

addition in generation capacity. In addition due to no or little investment in transmission and distribution infrastructure, this problem is getting manifold. The Group is undertaking multiple projects on a priority basis such as Liquefied Natural Gas (LNG) terminals, renewables and gas and coal based power generating projects.

Engro Powergen Qadirpur Limited (EPQL) sales revenue for the period at PKR 4,715 million was lower by 29% as compared to the same period last year due to lower load factor to the grid at 43% as compared to 66% for the similar period last year on account of NTDC auto transformer fire incident. Resultantly, EPQL earned a net profit of PKR 1,245 million in first half 2016 as compared to PKR 951 million in same period last year.

During the first half, Engro Elengy Terminal Pakistan Limited (EETPL) handled 20 cargoes and the total regasification during the half was 58 bcf. Also, maintenance dredging was carried out in the berthing basin and PQA channel with the support of PQA; the post dredging survey shows depth of 14m in compliance with the IA requirement.

During the period, EETPL lost its case against Custom Duty on FSRU and demand of PKR 1.3 billion was paid.

The Hub Power Company Limited (HUBCO) made a turnover of Rs 21,813 million as against Rs 29,290 million for the 4th Quarter last year. The net profit of the HUBCO improved from Rs 2,722 million in 2015 to Rs 3,560 million in the 4th quarter of this year. The earning per share stood at Rs 3.08 for the quarter as against Rs 2.35 of last year. The increase in consolidated earnings is on account of saving due to self operation and maintenance of Hub and Narowal plants.

FINANCIAL PERFORMANCE

During the quarter ended 30 June 2016, the Company earned dividend income of Rs 2,944 million as against Rs 19,069 million (inclusive of Rs 18,019 million dividend received from ex-subsidiary DH Fertilizers Limited in 2015). The profit after tax for the second quarter was 2,176 million as against 18,149 million for the similar period last year. The profit for the half year was Rs 2,625 million vs Rs. 17,909 million of 2015.

Earnings per of the Company for the half year stood Rs 5.45 (2015: Rs 37.21)

The Group earned consolidated gross profit of Rs 7,006 million in Q2 2016 as compared to a gross profit of Rs 12,746 million for the similar period last year. Consolidated gross profit for the half year was Rs 17,459 million as against gross profit of Rs 23,937 million for the similar period last year. This decline is mainly due to the low off take of urea as mentioned above and stronger competition in the dairy market. After accounting for share of profit from associate and joint ventures of Rs 1,469 million, the profit before tax for the half year stood at Rs 10,409 million as against Rs 12,880 million for 2015.

Consolidated earnings per share was PKR 3.92 per share (2015: PKR 5.26 per share)

FUTURE OUTLOOK

Going forward, the macroeconomic outlook of the country remains buoyant owing to improving energy situation, low interest rate environment, lower international commodities prices and implementation of major energy and infrastructure development projects under the China Pakistan Economic Corridor (CPEC). Upcoming external debt repayments and sluggish exports and low inward remittances pose a risk to the exchange risk but the all-time high foreign exchange reserves and planned inflows under CPEC are likely to keep it in check.

Post subsidy announcement, urea volumes have already started picking pace with 2H 2016 expected to witness an increase in volumes.

In the Finance Act 2016, sales tax regime on dairy products was changed from zero-rating to exempt and imposed 25% regulatory duty will have the effect of high cost to the company and pressure on the profits of food business.

The Thar mining and power project in partnership between the Government, Engro, HUBCO, HBL, Thal Limited and CMEC are expected to remain on track for completion in next three years to help resolve the energy crisis in the Country. In April 2016, the financial close of Thar mining and Power Projects was achieved and the construction activities have been initiated.

With respect to the 2x660 MW power being executed through China Power Hub Generation Company (Private) Limited (CPHGC), the Hub Power Holdings Limited has selected the contractors and the EPC contract for the Power Plant and the Jetty has been executed. CPHGC has engaged with China Development Bank for achieving timely financial close and also in negotiation with major coal suppliers for long term coal supply.

Samad Dawood
Chief Executive

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ رواں سال کی دوسری سہ ماہی اور 30 جون 2016 کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر پڑتال شدہ، غیرانضمامی مختصر عبوری مالیاتی حسابات اور گروپ کے غیر پڑتال شدہ مختصر انضمامی عبوری مالیاتی حسابات بمعہ ڈائریکٹرز کی رپورٹ پیش کرتے ہیں۔

معیشت کا جائزہ

گزشتہ دو سالوں میں ملکی معیشت میں جو ترقی دیکھنے میں آئی اس کا سلسلہ سال 2016 میں بھی جاری رہا اور مالی سال 2016 میں مالی سال 2015 کے 4.0٪ کے مقابلے میں 4.7٪ جی ڈی پی گروتھ ریکارڈ کی گئی جو گزشتہ 08 سال کی بلند ترین سطح ہے (یہ شرح 2008 میں محض 1.7٪ تھی)۔ سال کا آغاز تیل کی قیمتوں میں نمایاں کمی سے ہوا اور غیر ملکی ترسیلات زر کے اندرونی بہاؤ اور FDI کی وجہ سے کاروباری ماحول میں ترقی اور سرگرمی دیکھنے میں آئی۔ زیرجائزہ سال میں بجلی کی فراہمی کی بہتر صورت حال کے باعث لارج اسکیل مینوفیکچرنگ (LSM) کے شعبہ میں معاشی ترقی کی شرح میں اضافہ ہوا۔ نجی شعبہ کے کریڈٹ آف ٹیک میں کم سرمایہ کاری شرح اور استعداد میں اضافے کے متعدد اقدامات کی بدولت 11٪ اضافہ ہوا جو جون 2016 کے اختتام تک 3.8 ٹریلین پاکستانی روپے تک پہنچ گئی۔ جنوری تا جون 2016 کے عرصے میں کچھ حد تک اضافے کے باوجود افراطِ زر کی شرح کم رہی اور مالی سال 2016 کے اختتام پر مالی سال 2015 کے 4.6٪ کے مقابلے میں کم ہو کر مالی سال 2016 میں اوسطاً 3.2٪ ہو گئی، جو کہ ابتدائی توقعات سے خاطرخواہ کم تھی۔ دوسری جانب، برآمدات میں اضافے کی حکومت کی تمام تر کوششوں کے باوجود مالی سال 16-2015 میں ملکی برآمدات گزشتہ سال کی اسی مدت کے 23.667 بلین ڈالر کے مقابلے میں مالی سال (16-2015) میں 12.11 فیصد کمی کے بعد20,802 بلین ڈالر ہو گئیں۔ ترسیلاتِ زر جو مالی سال 2016 میں ملکی تاریخ کی بلند ترین سطح پر پہنچ گئی تھیں، جولائی 2016 میں ان میں جون 2016 کے مقابلے میں 36٪ اور SPLY پر 20٪ کمی دیکھنے میں آئی۔

وفاقی بجٹ 17-2016 میں ٹیکس نیٹ میں توسیع کے بجائے موجودہ ٹیکس دہندگان سے ٹیکس کی مزید وصولی کے اقدامات کے اطلاق پر توجہ مرکوز رکھی گئی۔ ان اقدامات میں سپر ٹیکس میں توسیع، صوبائی Input ٹیکس کی(Non-adjustment)، ڈیری مصنوعات کے شعبے کے لئے زیرو ریٹڈ سیلز ٹیکس کے خاتمے، خشک دودھ کی درآمد پر ریگولیٹری ڈیوٹی کا نفاذاور ہولڈنگ کمپنیوں کے لئے گروپ ریلیف کا خاتمہ شامل ہے۔ ان اقدامات سے باقاعدہ (Formal) شعبے کے لئے لاگتوں میں اضافہ ہو گا نجی شعبے کی ہیئت اختتامیہ (Corporatization) متاثرہو گی۔

ڈیری سیکٹر کو سیلز ٹیکس میں صفر درجہ بندی سے خارج کرکے مستثنیٰ درجہ میں ڈالنے کی وجہ سے پاکستان کو یورپین یونین میں جی ایس پی درجہ سے خارج کرنے کے امکانات پیدا ہوگئے ہیں۔ مزیدبرآں گروپ

ریلیف کے ختم کئے جانے سے کارپوریٹ سیکٹر مزید کمزور ہوجائے گا اور مزید سرمایہ کاری اور ترقی کے امکانات معدوم ہوجائیں گے۔ اس کے معیشت پر منفی اثرات کو OICCI اور PBC نے بھی حکومت کے سامنے اُجاگر کئے ہیں۔

کاروبار کا جائزہ

کلیدی اقدامات

ہماری ذیلی کمپنی اینگرو کارپوریشن لمیٹڈ (ECL) نے پرائیویٹ پلیسمنٹ کے طریقہ کار کے تحت اینگرو فرٹیلائزر لمیٹڈ کے 297.2 ملین حصص (فی حصص قیمت 65.47 روپے) فروخت کئے۔ یہ ECL کے ان تزویراتی اقدامات کا حصہ ہے جن کا مقصد اس کے پورٹ فولیو میں تنوع پیدا کرنا اور سرمائے کی تخصیص کی ضروریات کی تکمیل کے ساتھ ساتھ اس کی سرمایہ کاریوں کو دوبارہ متوازن کرنا تھا۔ اینگرو فرٹیلائزرز میں ECL کے حصص کا حالیہ تناسب56.5٪ ہے۔

نتیجتاً اس مدت کے اختتام پرECL نے RFC (Royal Friesland Campina) کے ساتھ ورلڈ بینک گروپ کی انٹرنیشنل فنانس کارپوریشن اور ڈچ ڈیولپمنٹ بینک کے اشتراک سے ایک خرید و فروخت کے معاہدے (SPA) پر دستخط کئے۔ FMO پر کیش اور ڈیٹ فری بیس پر 96.6 بلین پاکستانی روپے ڈیٹ اور ڈیٹ لائک آئٹمز، نقد اور نقد کے مساوی اور ورکنگ کیپیٹل کے لئے ترتیب دیئے جائیں گے۔ اس کے اعلان کی تاریخ پر اس کی قدر کا تخمینہ اندازاً120 روپے فی حصص لگایا گیا ہے۔ اس فروخت کے نتیجے میں اینگرو فوڈز میں ECL کا ملکیتی حصہ 36٪ سے 43٪ رہے گی اور یہ اینگروفوڈز کی دوسری بڑی حصص یافتہ کمپنی بن جائے گی۔ECLکے حصص یافتگان نے اپنے غیر معمولی اجلاس عام (EOGM) منعقدہ 5 اگست 2016 کو اس ٹرانزیکشن کی منظوری دی جو 2016 کے اختتام تک مکمل ہونے کی توقع ہے۔ اینگرو ایلنجی ٹرمینل پاکستان لمیٹڈ(EETPL) میں مئی2016 کے دوران انٹرنیشنل فنانس کارپوریشن ICF کے ایکویٹی کے حصے کی تقسیم کے باعث ECL کا حصہ کم ہو کر 80 فیصد ہوگیا۔

کاروباری کارکردگی

فرٹیلائزرز

حکومت پاکستان نے زراعت کے شعبہ کو ترقی دینے کے اپنے سیاسی ایجنڈے کے پیش نظر 2016 کے بجٹ میں یوریا کی قیمت سابقہ 1,790 / فی بوری پاکستانی روپے کے مقابلے میں کم کرکے 1,400 /فی بوری پاکستانی روپے کرنے کی منظوری دی۔ قیمتوں میں یہ تخفیف یوریا کی پیداوار کے ادارے اور حکومت پاکستان قیمتوں میں کمی، سبسڈی اور GST میں کمی کے ذریعے مشترکہ طور پر برداشت کریں گے۔

قیمتوں میں غیر یقینی صورت حال، فصلوں کی معیشت کی ابتر صورت حال اور متوقع سبسڈی ان عوامل میں

شامل تھے جو رواں مالی سال کی پہلی ششماہی میں گزشتہ سال کی اسی مدت کے مقابلے میں یوریا کے 35٪ کم آف ٹیک کا باعث بنے۔ اس کمی کی بنیادی وجوہات یوریا پر سبسڈی کی افواہوں کے درمیان قیمتوں کی غیر یقینی اور فصلوں کی معیشت کی ابتر صورت حال تھیں۔ بہر حال بجٹ 2016 میں یوریا پر سبسڈی کا اعلان اضافے میں معاون ثابت ہوا اور جون میں یوریا کا آف ٹیک 624KT رہا۔ نتیجتاً 2016 کی دوسری سہ ماہی میں فروخت کے حجم میں 41 ٪ (تقریباً 1.1 ملین ٹن فی سہ ماہی) اضافہ ہوا۔اس کے باوجود فروخت کا حجم گزشتہ سال کی دوسری سہ ماہی کے مقابلے میں 20٪ کم رہا۔

EFert نے رواں ششماہی میں 922KT یوریا کی پیداوار دی جو کہ گزشتہ سال کی اسی مدت میں 950 KT تھی۔3٪ کی اس کمی کی وجہ Enven پلانٹ کا ٹرن اراؤنڈ تھا۔ یوریا کی صنعت میں گراوٹ کے باعث 2016 کی پہلی ششماہی میں EFert کی فروخت کا حجم 2015 کی پہلی ششماہی کے 934KT کے مقابلے میں 43٪ کم ہو کر 528KT رہ گیا۔ EFert کی DAP فروخت میں بہتری آئی جو 25٪ سے بڑھ کر 26٪ ہوگئی۔

فروخت کے اس کم حجم کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں رواں مدت میں EFert کے مجموعی منافع میں 40٪ کمی دیکھنے میں آئی۔ اسی طرح EFert کی PAT گزشتہ سال کی اسی مدت کے 4.1 بلین پاکستانی روپے کے مقابلے میں کم ہو کر 2.8 بلین پاکستانی روپے ہوگئی۔

EFert اپنے دونوں پلانٹس کے ہموار آپریشن کے لئے اضافی گیس کے حصول کے لئے متعلقہ پارٹیز سے مذاکرات کررہی ہے۔

خورد و نوش

زیرِ جائزہ مدت میں EFoods کا مجموعی منافع سازگار میکرو اکنامک عوامل اور کارگزاری استعداد میں اضافے کی وجہ سے 25.8٪ سے بڑھ کر 27.4٪ ہو گیا۔ دودھ کی قیمتوں اور ایندھن کی لاگت میں کمی جیسے عوامل نے کمپنی کے منافع میں اضافہ کیا۔ اس کے باوجود مجموعی منافع گزشتہ سال کی اسی مدت کے 1,978 ملین روپے کے مقابلے میں معمولی کمی کے ساتھ 1,961 ملین روپے رہا۔

EFoods کے دونوں اہم برانڈز، اولپرز اور اُمنگ کے پیداواری حجم میں رواں مدت میں زبردست اضافہ ہوا جو گزشتہ سال کی اسی مدت میں ترنگ کے مارکیٹ شیئر میں کمی کی وجہ سے متاثر ہوا تھا، بہرحال کمپنی کو ٹی وائٹنگ کے کاروبار میں سخت مقابلے کا سامنا رہا جس سے ترنگ کے مارکیٹ شیئر میں کمی آئی۔ بہرحال ان برانڈز کی مسابقت کاری کی صلاحیتیں بہتر بنانے کے لئے ایک مربوط حکمتِ عملی وضع کرلی گئی ہے۔توقع ہے کہ کمپنی سال کے بقیہ حصے میں اپنا مارکیٹ شیئر دوبارہ حاصل کرنے میں کامیاب ہوجائے گی۔

پولیمرز اور کیمیکلز

اینگرو پولیمرز اور کیمیکلز لمیٹڈ (EPCL) نے 2016 کی پہلی ششماہی میں PVC اور VCM کی اپنی تاریخ کی بلند ترین شرح پیداوار حاصل کی اگرچہ اسے ایک طے شدہ شٹ ڈاؤن کا بھی سامنا رہا۔ اس کی بنیادی وجہ یہ تھی کہ تعمیراتی سرگرمیوں میں اضافے اور مثبت معاشی رجحانات کی بدولت PVC کی اضافی طلب برقرار رہی۔ اسی طرح حجم کے اعتبار سے Chlor Alkali کی مارکیٹ بھی مستحکم رہی، البتہ کاسٹک سوڈا کا منافع قیمتوں میں مسابقت کے سخت رجحان کے باعث دباؤ کا شکار رہا۔

رواں مدت میں EPCL کی آمدنی 11,161 ملین روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 10٪ کم ہے۔ EPCL کا بعد از ٹیکس منافع (PAT)،40 ملین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال کی اسی مدت میں 433 ملین روپے کا بعد از ٹیکس نقصان (LAT) ریکارڈ کیا گیا۔ PVC کے شعبے میں مستحکم کارکردگی اور اخراجات میں کمی کمپنی کے منافع میں اضافے کا باعث بنی۔

انرجی اور انرجی انفرااسٹرکچر

بجلی کی پیداواری استعداد میں کمی اور طلب میں اضافے کی وجہ سے ملک بجلی کے شدید بحران کا شکار ہے۔ بجلی کی تقسیم اور ترسیل کے بنیادی ڈھانچوں میں سرمایہ کاری کی شرح بہت کم یا بالکل نہ ہونے کے باعث یہ مسئلہ سنگین صورت اختیار کرگیاہے۔ ہمارا گروپ ترجیحی بنیادوں پر متعدد منصوبوں کا آغاز کررہا ہے جیسے لکویفائڈ نیچرل گیس (LNG) ٹرمینلز، رینوایبل اور گیس اور کوئلے سے چلنے والے بجلی کی پیداوار کے منصوبے وغیرہ۔

زیرجائزہ مدت میں اینگروپاور جن قادر پور لمیٹڈ (EPQL) کی فروخت کی آمدنی 4,715 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 29٪ کم تھی جس کی وجہ گرڈ میں لوڈ فیکٹر گزشتہ سال کی اسی مدت کے 66٪ کے مقابلے میں کم ہو کر 43٪ ہو گیا جس کی وجہ NTDC آٹو ٹرانسفرفائر انسٹیڈنٹ تھا۔ نتیجتاً 2016 کی پہلی ششماہی میں EPQL کا اصل منافع 1,245 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 951 ملین روپے تھا۔

رواں سال کی پہلی ششماہی میں، اینگرو ایلنجی ٹرمینل پاکستان لمیٹڈ (EETPL) نے کل 20 کارگو اٹھائے اور اس مدت میں مجموعی 58 bcf ، Regasification رہی۔ اس کے ساتھ ساتھ PQA کے تعاون سے Berthing Basin اور PQA چینل پر مرمتی کھدائی بھی کی گئی۔ کھدائی کے بعد کئے جانے والے سروے میں 14 میٹر کی گہرائی ظاہر کی گئی جو کہ IA کے تقاضوں کے عین مطابق ہے۔

رواں مدت میں EETPL، FRSU پر کسٹم ڈیوٹی کے خلاف اپنا کیس ہارگئی اور 1.3 بلین روپے کی رقم ادا کی گئی۔

حب پاور کمپنی لمیٹڈ(HUBCO) کی مجموعی فروخت گزشتہ مالی سال کی چوتھی سہ ماہی کے 29,290 ملین روپے کے مقابلے میں 21,813 ملین روپے رہی۔ اس طرح HUBCO کا اصل منافع 2015 کے 2,722 ملین روپے کے مقابلے میں اس مالی سال کی چوتھی سہ ماہی میں بڑھ کر 3,560 ملین روپے ہوگیا۔فی حصص آمدنی گزشتہ سال کی اسی مدت کے 2.35 روپے کے مقابلے میں اس سہ ماہی میں 3.08 ہوگئی۔ مجموعی آمدنی می اس اضافے کی وجہ حب اور نارووال پلانٹس کی مرمت اور خودانحصاری کی وجہ سے ہونے والی بچت تھی۔

مالیاتی کارکردگی

30 جون 2016 کو ختم ہونے والی ششماہی میں کمپنی کی ڈیویڈنڈ آمدنی 2,944 ملین روپے رہی جو کہ گزشتہ سال اسی عرصہ میں 19,069 ملین روپے تھی (جس میں سابقہ ذیلی کمپنی DH فرٹیلائزر لمیٹڈ کا 2015 کا 18,019ملین روپے کا ڈیویڈنڈ بھی شامل تھا)۔ دوسری سہ ماہی کے لئے کمپنی کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 18,149 ملین روپے کے مقابلے میں 2,176 ملین روپے رہا۔ رواں سال کی پہلی ششماہی کا منافع 2015 کی اسی مدت کے 17,909 کے مقابلے میں 2,625 ملین روپے رہا۔ اس ششماہی میں کمپنی کی فی حصص آمدنی5.45 روپے رہی (جو کہ 2015 میں 37.21 روپے فی حصص تھی)۔

گروپ نے 2016 کی دوسری سہ ماہی میں 7,006 ملین روپے کا انضمامی مجموعی منافع حاصل کیا جبکہ گزشتہ سال کی اسی مدت کا مجموعی منافع12,746 ملین روپے تھا۔ اس ششماہی میں مجموعی منافع17,459 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 23,937ملین روپے تھا۔اس کمی کی بنیادی وجوہات یوریا کے آف ٹیک میں کمی اور ڈیری مارکیٹ میں سخت مقابلے کا رجحان تھا، جیسا کہ اوپر بھی ذکر کیاگیا ہے۔ ایسوسی ایٹ اور جوائنٹ وینچرز کے 1,469 ملین کے منافعوں کے بعد، کمپنی کا قبل از ٹیکس منافع رواں ششماہی میں 10,409 ملین روپے رہا جو کہ 2015 میں 12,880 ملین روپے تھا۔

انضمامی فی حصص آمدنی 3.92 روپے رہی (جو کہ 2015 میں 5.26 روپے فی حصص تھی)۔

مستقبل کے آثار

توانائی کی فراہمی کی بہتر صورت حال، کم شرح سود، بین الاقوامی سطح پر اشیائے صرف کی قیمتوں میں کمی اور چین پاکستان اکنامک کوریڈور (CPEC) کے تحت نئے انرجی اور انفرااسٹرکچر کے قیام کے باعث آگے چل کر ملک کی معاشی صورت حال کے اشاریوں میں مزید بہتری کی توقع ہے۔ بیرونی قرضوں کی آئندہ قسطوں کی ادائیگی، سست روبرآمدات اور ترسیلات زر میں کمی زرمبادلہ کی شرح کے لئے خطرہ بن سکتی ہیں لیکن توقع کی جاتی ہے کہ تاریخ کی بلند ترین شرح پر موجود زرمبادلہ کے ذخائر اور CPEC کے تحت مجوزہ Inflow اسے برقرار رکھیں گے۔

سبسڈی کے اعلان کے بعد یوریا کے حجم میں بھی تیزی آنا شروع ہوگئی ہے اور توقع ہے کہ 2016 کی دوسری ششماہی میں اس کے حجم میں اضافہ دیکھنے میں آئے گا۔

فنانس ایکٹ 2016 میں ڈیری مصنوعات پر سیلز ٹیکس میں تبدیلی کرکے اسے زیرو ریٹنگ سے Exempt کردیا گیا اور 25% ریگیولیٹری ڈیوٹی عائد کردی گئی۔ اس ڈیوٹی کے نفاذ سے کمپنی کی پیداواری لاگت میں اضافہ ہوگا اور خورد و نوش کے کاروبار میں منافعوں پر دباؤ بڑھے گا۔

توقع ہے کہ تھر مائننگ پروجیکٹس، جو حکومت، اینگرو، HBL،HUBCO، تھل لمیٹڈ اور CMEC کے اشتراک سے شروع کئے گئے تھے۔ اگلے تین سال میں مکمل کرلئے جائیں گے اور ان کی تکمیل سے ملک میں توانائی کے بحران پر قابو پانے میں مدد ملے گی۔ اپریل 2016میں تھرمائننگ اور پاور پروجیکٹس کا فنانشل کلوزحاصل کرلیا گیا ہے اور تعمیراتی سرگرمیوں کا آغاز ہوگیا ہے۔

چائنا پاور حب جنریشن کمپنی (پرائیویٹ) لمیٹڈ (CPHGC) کے ذریعے 2x660 میگا واٹ بجلی کی پیداوارکے حصول کے لئے حب پاور ہولڈنگز لمیٹڈ نے کنٹریکٹرز کا انتخاب کرلیا ہے اور پاور پلانٹ کے لئے EPC کنٹریکٹ اور جیٹی بھی حاصل کرلی گئی ہے CPHGC چائنا ڈویلپمنٹ بینک کے اشتراک عمل سے بروقت فنانشل کلوز کے حصول اور کوئلے کے بڑے ترسیل کنندگان سے کوئلے کی طویل المدت فراہمی کے منصوبوں پر بھی کام کررہی ہے۔

صمد داؤد
چیف ایگزیکٹو

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Dawood Hercules Corporation Limited (the Company) as at June 30, 2016 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'unconsolidated condensed interim financial information'). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on unconsolidated condensed interim financial information based on our review.

The figures included in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and 2015 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the six months period ended June 30, 2016.

Scope of Review

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

Conclusion

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

Chartered Accountants

Karachi

Audit Engagement Partner: Khurshid Hasan

Unconsolidated Condensed Interim Balance Sheet (Unaudited - Note 2)

As at June 30, 2016

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	138,344	130,733
Intangible assets		-	1
Long term investments	7	37,478,025	37,573,738
Defined benefit asset - funded gratuity		-	2,593
		37,616,369	37,707,065
CURRENT ASSETS			
Short term advances		3,512	7,073
Short term deposits and prepayments		39,476	34,826
Other receivables		10,773	114,532
Cash and bank balances		830,089	1,008,059
		883,850	1,164,490
TOTAL ASSETS		38,500,219	38,871,555
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		10,000,000	10,000,000
Issued, subscribed and paid up share capital		4,812,871	4,812,871
Revenue reserves		28,474,662	28,982,384
		33,287,533	33,795,255
NON CURRENT LIABILITIES			
Long term financing	8	3,836,965	3,889,143
Defined benefit liability	9	1,650	587
		3,838,615	3,889,730
CURRENT LIABILITIES			
Current portion of long term financing	8	104,357	103,442
Short term running finance	10	30,882	431,808
Trade and other payables	11	959,935	446,982
Accrued mark-up		47,939	99,642
Taxation - net		230,958	104,696
		1,374,071	1,186,570
TOTAL EQUITY AND LIABILITIES		38,500,219	38,871,555
CONTINGENCIES AND COMMITMENTS	12		

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

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director

Unconsolidated Condensed Interim Profit and Loss Account (Unaudited - Note 2)

For the Quarter and Six Months Period Ended June 30, 2016

		Quarter ended		Six months period ended	
	Note	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		--------------------------(Rupees in '000)---------------------------------			
Dividend income	14	2,943,708	19,068,871	3,720,327	19,227,699
Administrative expenses		(222,232)	(736,210)	(409,602)	(1,098,198)
Gross profit		2,721,476	18,332,661	3,310,725	18,129,501
Other operating expenses		(434)	(210)	(660)	(210)
Other income		6,259	1,958	8,705	506
Operating profit		2,727,301	18,334,409	3,318,770	18,129,797
Finance costs		(85,837)	(30,167)	(169,600)	(53,587)
Profit before taxation		2,641,464	18,304,242	3,149,170	18,076,210
Taxation		(465,654)	(155,411)	(524,410)	(167,323)
Profit after taxation		2,175,810	18,148,831	2,624,760	17,908,887
Earnings per share (Rupees) - basic and diluted	15	4.52	37.71	5.45	37.21

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

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director

Unconsolidated Condensed Interim Statement of Total Comprehensive Income (Unaudited - Note 2)

For the Quarter and Six Months Period Ended June 30, 2016

	Quarter ended		Six months period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	--------------------(Rupees in '000)--------------------			
Profit after taxation	2,175,810	18,148,831	2,624,760	17,908,887
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss				
Remeasurements of staff retirement benefits	(4,116)	810	(4,116)	810
Total comprehensive income for the period	2,171,694	18,149,641	2,620,644	17,909,697

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

Karachi	Samad Dawood	M. Abdul Aleem
August 26, 2016	Chief Executive	Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited - Note 2)

For the Six Months Period Ended June 30, 2016

	Issued, subscribed and paid up share capital	Revenue reserves			Total
		General reserve	Un-appropriated profit	Sub-total	
	(Rupees in '000)				
Balance as at January 1, 2015	4,812,871	700,000	14,344,945	15,044,945	19,857,816
Total comprehensive income for the period					
Profit for the period	-	-	17,908,887	17,908,887	17,908,887
Other comprehensive income	-	-	810	810	810
Total comprehensive income for the period	-	-	17,909,697	17,909,697	17,909,697
Transaction with owners					
Final cash dividend for the year ended December 31, 2014 (Rs 1/- per ordinary share)	-	-	(481,287)	(481,287)	(481,287)
Balance as at June 30, 2015	4,812,871	700,000	31,773,355	32,473,355	37,286,226
Balance as at January 1, 2016	4,812,871	700,000	28,282,384	28,982,384	33,795,255
Total comprehensive income for the period					
Profit for the period	-	-	2,624,760	2,624,760	2,624,760
Other comprehensive income	-	-	(4,116)	(4,116)	(4,116)
Total comprehensive income for the period	-	-	2,620,644	2,620,644	2,620,644
Transactions with owners					
Final cash dividend for the year ended December 31, 2015 (Rs 4/- per ordinary share)	-	-	(1,925,148)	(1,925,148)	(1,925,148)
Interim cash dividend for the year ending December 31, 2016 (Rs 2.5/- per ordinary share)	-	-	(1,203,218)	(1,203,218)	(1,203,218)
Balance as at June 30, 2016	4,812,871	700,000	27,774,662	28,474,662	33,287,533

Proposed interim dividend and transfer between reserves made subsequent to the half year ended June 30, 2016 are disclosed in note 21 to these financial statements.

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

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director

Unconsolidated Condensed Interim Cash Flow Statement (Unaudited - Note 2)

For the Six Months Period Ended June 30, 2016

	Note	Six months period ended June 30, 2016	June 30, 2015
		--------(Rupees in '000)--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	16	305,902	(405,482)
Finance cost paid		(221,303)	(52,485)
Taxes paid		(398,148)	(117,838)
Staff retirement and other service benefits paid		(521)	(2,747)
Net cash utilised in operating activities		(314,070)	(578,552)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(20,104)	(37,351)
Proceeds from disposal of property, plant and equipment		976	18
Long term investments made in associates		-	(18,761,099)
Investment in subsidiary - Bubber Sher (Private) Limited		-	(10)
Advance received against disposal of DH Fertilizers Limited		-	800,000
Interest received from bank deposits		7,472	2,447
Dividends received		3,720,327	19,227,699
Net cash generated from investing activities		3,708,671	1,231,704
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid		(51,263)	(43,940)
Long term financing obtained		-	750,000
Dividends paid		(3,120,382)	(479,326)
Net cash (utilised in) / generated from financing activities		(3,171,645)	226,734
Net increase in cash and cash equivalents		222,956	879,886
Cash and cash equivalents at the beginning of the period		576,251	(250,758)
Cash and cash equivalents at the end of the period	17	799,207	629,128

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

Karachi
August 26, 2016

Samad Dawood
Chief Executive

M. Abdul Aleem
Director

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited Note - 2)

For the Six Months Period Ended June 30, 2016

1. GENERAL INFORMATION

1.1 Dawood Hercules Corporation Limited (the Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and its shares are quoted on the Pakistan Stock Exchange Limited. The principal activity of the Company is to manage investments in its subsidiary and associated companies. The registered office of the Company is situated at Dawood Center, M.T. Khan Road, Karachi.

1.2. During the period ended June 30, 2015, the Company entered into re-negotiation with Pakarab Fertilizers Limited (PAFL) for the disposal of entire shareholding in its wholly owned subsidiary DH Fertilizers Limited (DHFL) and Bubber Sher (Private) Limited (BSPL). After detailed negotiations, the Company signed a Share Purchase Agreement (SPA) with PAFL. Further, subsequent to the period ended June 30, 2015, the shares of DHFL have been transferred in the name of Fatima Fertilizer Company Limited (assignee of PAFL as per the terms of the SPA).

1.3 During the year ended December 31, 2015, the Company had reassessed the control conclusion of its investment in Engro Corporation Limited (ECL) as a result of adoption of International Financial Reporting Standards (IFRS) - 10 'Consolidated Financial Statements', by Securities and Exchange Commission of Pakistan (SECP), that although, the Company has less than 50% voting rights in ECL, however, based on the absolute size of the Company's shareholdings, the relative size of other shareholdings and the number of representation on ECL's Board, the Company has the ability to exercise control over ECL as per the terms of IFRS 10. Henceforth, the Company is deemed to be the Holding Company of ECL.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 These unconsolidated condensed interim financial statements of the Company for the six months period ended June 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. These unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 These unconsolidated condensed interim financial statements comprise of the condensed interim balance sheet as at June 30, 2016 and the condensed interim profit and loss account, the condensed interim statement of total comprehensive income, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the six months period then ended which have been subjected to a review in accordance with Listing Regulations but not audited. These unconsolidated condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended June 30, 2016 which was not subjected to review.

2.3 The comparative balance sheet presented in these unconsolidated condensed interim financial statements as at December 31, 2015 has been extracted from the audited financial statements of the Company for the year then ended. The comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of total comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement for the six months period ended June 30, 2015 have been extracted from the unconsolidated condensed interim financial statements of the Company for the six months period then ended. The comparative condensed interim profit and loss account for the quarter ended June 30, 2015 is also included in these unconsolidated condensed interim financial statements.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2015.

3.2 New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended December 31, 2015.

5. SEASONALITY OF OPERATIONS

The principal activity of the Company is to manage investments in its subsidiary and associated companies. Revenue of the Company mainly comprises dividend income which is dependent on the profitability and the decisions of directors and shareholders of the subsidiary and associated companies regarding the declaration and approval of dividends, whereas the majority of costs of the Company are fixed and hence, are more evenly spread throughout the year.

		Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
			-------(Rupees in '000)	-------
6.	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	6.1	109,044	117,733
	Capital work-in-progress - advance to supplier		29,300	13,000
			138,344	130,733
6.1	Net book value at the beginning of the period/year		117,733	77,926
	Add: Additions during the period / year	6.1.1	3,804	61,650
			121,537	139,576
	Less: Disposals during the period / year - net book value	6.1.2	482	2,581
	Depreciation charged during the period / year		12,011	19,262
			12,493	21,843
	Net book value at the end of the period / year		109,044	117,733
6.1.1	Additions during the period / year			
	Leasehold improvements		274	11,298
	Furniture, fittings and equipment		2,142	4,098
	Motor vehicles		-	35,947
	Data processing equipment		1,388	10,307
			3,804	61,650
6.1.2	Disposals during the period / year - net book value			
	Data processing equipment		348	75
	Motor vehicles		134	2,506
			482	2,581
7.	LONG TERM INVESTMENTS			
	Investment in subsidiary company	7.1	23,308,927	23,308,927
	Investment in associate	7.2	14,169,098	14,169,098
	Others at cost - e2e Business Enterprise (Private) Limited - unquoted	7.3	-	95,713
			37,478,025	37,573,738
7.1	Investment in subsidiary company			
	Engro Corporation Limited (ECL) - quoted 194,972,555 (December 31, 2015: 194,972,555) ordinary shares of Rs 10 each		23,308,927	23,308,927
			23,308,927	23,308,927

Percentage of holding 37.22% (December 31, 2015: 37.22%).

7.1.1 The market value of investment in ECL as at June 30, 2016 was Rs 64,920 million (December 31, 2015: Rs 54,473 million).

7.1.2 The details of shares pledged as security against finance facilities are as follows:

Bank	As at June 30, 2016			As at December 31, 2015		
	Number of shares pledged	Face value of pledged shares	Market value of pledged shares	Number of shares pledged	Face value of pledged shares	Market value of pledged shares
	(in '000)	----(Rupees in '000) ----		(in '000)	----(Rupees in '000) ----	
Pledged in favour of Fatima Fertilizer Company Limited against potential liabilites of DHFL						
Meezan Bank Limited - as agent - (note 12.1)	15,131	151,308	5,038,102	15,131	151,308	4,227,394

		June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
		-------(Rupees in '000) -------	
7.2	**Investment in associate**		
	The Hub Power Company Limited (HUBCO) - quoted 172,582,000 (December 31, 2015: 172,582,000) ordinary shares of Rs 10 each	14,169,098	14,169,098
		14,169,098	14,169,098

Percentage of holding 14.91% (December 31, 2015: 14.91%).

7.2.1 The market value of investment in the HUBCO as at June 30, 2016 was Rs 20,720 million (December 31, 2015: Rs 17,707 million).

7.2.2 The Company has 14.91% (December 31, 2015: 14.91%) of the voting power in HUBCO by virtue of its shareholding. Due to the representation of the Company's nominees on the Board of Directors of HUBCO, the Company has significant influence over HUBCO.

7.2.3 The details of shares pledged as security against various facilities are as follows:

Bank	As at June 30, 2016			As at December 31, 2015		
	Number of shares pledged	Face value of pledged shares	Market value of pledged shares	Number of shares pledged	Face value of pledged shares	Market value of pledged shares
	(in '000)	----(Rupees in '000) ----		(in '000)	----(Rupees in '000) ----	
Pledged against financing facilities availed by the Company						
Long Term:						
Allied Bank Limited	82,570	825,700	9,913,354	82,570	825,700	8,471,682
Short Term:						
Bank Al Habib Limited	31,256	312,560	3,752,595	31,256	312,560	3,206,866
United Bank Limited	15,656	156,560	1,879,659	15,656	156,560	1,606,306
Habib Metropolitan Bank Limited	5,200	52,000	624,312	-	-	-

		Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
			-------(Rupees in '000) -------	
7.3	Other investment			
	e2e Business Enterprises (Private) Limited (e2eBE) - unquoted			
	11,664,633 (December 31, 2015: 23,770,701) ordinary shares of Rs 10 each)		95,713	237,707
	Less: Nil (December 31, 2015: 12,106,068) Ordinary shares disposed of during the year / period		-	(121,061)
	Less: Provision for impairment	7.3.1	(95,713)	(20,933)
	11,664,633 (December 31, 2015: 11,664,633)		-	95,713

Percentage of holding 19.14% (December 31, 2015: 19.14%).

7.3.1 The Company had made an investment in e2eBE which was set up for the production, sale and marketing of Rice Bran Oil (RBO) and was planned to start commercial operations in 2014. However, due to certain technical issues it has not been able to start the commercial operations of the project till date. Further, due to serious financial and liquidity crises, it has not been able to service its outstanding loans and working capital requirement.

The Company has assessed the carrying amount of its investment in e2eBE in accordance with the requirements of IAS 36 'Impairment of Assets' and recorded an impairment loss of Rs 95.713 million representing the full amount of its investment as the possibility of turnaround of e2eBE operations is remote.

		Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
			-------(Rupees in '000) -------	
8.	LONG TERM FINANCING			
	Long term finance under mark-up arrangement	8.2	191,322	242,585
	Syndicated term finance arrangement	8.3	3,750,000	3,750,000
		8.1	3,941,322	3,992,585
	Less : Current portion of long term financing		104,357	103,442
			3,836,965	3,889,143
8.1.	Balance as at January 1		3,992,585	330,465
	Availed during the period / year		-	3,750,000
	Repayment during the period / year		(51,263)	(87,880)
	Balance as at June 30 / December 31		3,941,322	3,992,585

8.2 This represents utilised portion of long term finance facility under mark-up arrangement (conventional financing facility) from Allied Bank Limited (ABL) aggregating Rs 380 million (December 31, 2015: Rs 380 million). The finance facility is secured by way of hypothecation charge over all assets of the Company with 25% margin and pledge of HUBCO shares with 50% margin as more fully explained in note 7.2.3. The facility carries mark-up at the rate of six months KIBOR plus 200 basis points per annum. The facility is for the period of 5 years and is payable semi annually in arrears with the first principal repayment made on July 5, 2013. The facility will be repaid in full by July 2017.

8.3 This represents utilized portion of syndicated term finance facility (conventional financing facility) sanctioned by a syndicate of banks led by Allied Bank Limited aggregating to Rs 4,000 million (December 31, 2015: 4,000 million). The facility is secured against shares of HUBCO at 50% margin as detailed in note 7.2.3. The facility carries mark-up at the rate of six months KIBOR plus 200 basis points per annum payable semi annually. The facility is for a period of 5 years and is payable semi annually with the first principal repayment to be made after the expiry of the 2 years grace period commencing from November 2017.

		June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
		-------(Rupees in '000) -------	
9. DEFINED BENEFIT LIABILITY			
- Funded gratuity		539	-
- Unfunded gratuity		1,111	587
		1,650	587
10. SHORT TERM RUNNING FINANCE			
Running finance under mark-up arrangement	9.1	30,882	431,808

10.1. This represents utilized portion of short-term finance facilities (conventional financing facility) aggregating to Rs 3,800 million (2015: Rs 3,000 million) obtained under mark-up arrangements from various banks. The facilities are secured by way of Pledge of HUBCO shares (2015: HUBCO shares) as more fully explained in note 7.2.3. The rates of mark-up applicable to the facilities range from three months KIBOR plus 75 basis points to three months KIBOR plus 95 basis points (2015: three months KIBOR plus 90 basis points to three months KIBOR plus 95 basis points) per annum. As at June 30, 2016, financing facility aggregating to Rs 3,000 million has expired out of which financing faciltiy of Rs 2,500 is in the process of renewal.

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	-------(Rupees in '000) -------	
11. TRADE AND OTHER PAYABLES		
Creditors	1,713	354,052
Accrued expenses	46,518	44,371
Dividend payable	854,423	-
Unclaimed dividend	56,355	48,371
Others	926	188
	959,935	446,982

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingent liabilities

The Company has pledged 15.131 million shares of ECL with Meezan Bank Limited (as Agent) in favour of Fatima Fertilizer Company Limited (Fatima) and a corporate guarantee in favour of DHFL and Fatima against potential tax liabilities of DHFL in respect of period ending on or prior to June 30, 2015. The pledged shares will be released upon completion of two years from the filing date of Income Tax Return for the year ended December 31, 2015 i.e. September 30, 2016. The corporate guarantee will remain in full force and effect for five years and will be released on the later of September 30, 2021 or the date on which subject tax liabilities are finally settled / disposed off or withdrawn.

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	-------(Rupees in '000) -------	
12.2 Commitments in respect of operating lease not later than one year	11,326	7,885
13. FINANCING STRUCTURE / MODE		
Conventional mode:		
Assets		
Cash and bank balances	830,089	1,008,059
Liabilities		
Long term financing	3,941,322	3,992,585
Short term running finance	30,882	431,808
	3,972,204	4,424,393
Shariah compliant mode:		
Assets	-	-
Liabilities	-	-

	Six months period ended	
	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	-------(Rupees in '000) -------	
14. DIVIDEND INCOME		
Subsidiary - Engro Corporation Limited	2,339,671	1,050,075
Former Subsidiary - DH Fertilizers Limited	-	18,018,796
Associate - The Hub Power Company Limited	1,380,656	158,828
	3,720,327	19,227,699

15. EARNINGS PER SHARE

	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Six months period ended June 30, 2016	Six months period ended June 30, 2015
	------------------------(Rupees in '000)------------------------			
Profit after taxation	2,175,810	18,148,831	2,624,760	17,908,887
	---------------------- (Number of shares) ----------------------			
Weighted average number of ordinary shares outstanding during the period	481,287	481,287	481,287	481,287
	---------------------------- (Rupees) ----------------------------			
Earnings per share	4.52	37.71	5.45	37.21

15.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2016 or 2015.

16. CASH UTILISED IN OPERATIONS

	Note	Six months period ended June 30, 2016 (Unaudited)	Six months period ended June 30, 2015 (Unaudited)
		-------(Rupees in '000) -------	
Profit before taxation		3,149,170	18,076,210
Adjustments for non cash expenses and other items:			
Depreciation and amortisation		12,012	8,779
Finance cost		169,600	53,587
Gain on disposal of property, plant and equipment		(494)	(17)
Impairment charge		95,713	-
Other Receivable written off		920	-
Unrealised exchange (gain) / loss on consultancy services from McKinsey & Company		(14)	1,958
Dividend income		(3,720,327)	(19,227,699)
Provision for staff retirement and other service benefits		3,261	2,026
Income on bank deposits	16.1	(7,472)	(2,447)
Working capital changes	16.2	603,533	682,121
		(2,843,268)	(18,481,692)
Cash utilised in operations		305,902	(405,482)

16.1 This represents profit earned on balances maintained with banks in conventional accounts.

16.2 Working capital changes

	Note	Six months period ended June 30, 2016 (Unaudited)	Six months period ended June 30, 2015 (Unaudited)
		-------(Rupees in '000) -------	
Decrease / (increase) in current assets			
Short term advances	16.2.1	3,561	(6,106)
Short term deposits and prepayments	16.2.2	(4,650)	(39,413)
Other receivables		102,839	497
Interest accrued on bank deposits and investments		-	915
		101,750	(44,107)
Increase in trade and other payables		501,783	726,228
		603,533	682,121

16.2.1 The advances provided to employees, contractors and suppliers does not carry any mark up.

16.2.2 These deposits and prepayments does not carry any mark up.

	Six months period ended	
	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	-------(Rupees in '000) -------	
17. CASH AND CASH EQUIVALENTS		
Cash and bank balance	830,089	638,593
Short term running finance	(30,882)	(9,465)
	799,207	629,128

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL DISCLOSURES

18.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2015. There have been no changes in any risk management policies since the year end.

18.2 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in this unconsolidated condensed interim financial statements approximate their fair values.

19. RELATED PARTY TRANSACTIONS

Significant transactions with related parties are as follows:

	Six months period ended June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	-------(Rupees in '000) -------	
Subsidiary companies		
Reimbursement of expenses by the Company	-	46
Reimbursement of expenses to the Company	3,102	1,193
Sale of goods and services	-	159
Purchase of goods and services	-	12
Purchase of investments	-	18,018,796
Dividend income	2,339,671	18,018,796
Investment in subsidiary		
- Bubber Sher (Private) Limited	-	10
Associates		
Purchase of goods and services	12,494	11,372
Sale of goods and services	2,910	2,867
Dividend income	1,380,656	1,208,903
Reimbursement of expenses from associates	3,781	2,567
Reimbursement of expenses to associates	1,547	1,208
Commitment in respect of operating lease	-	5,332
Membership fee and other subscriptions	-	86
Key management personnel		
Salaries and other short term employee benefits	159,792	96,985
Post retirement benefit plans	11,980	11,393
Sale of property, plant and equipment	720	-
Other related parties		
Reimbursement of expenses to the Company	825	-
Membership fee and other subscriptions	2	-
Contribution to staff gratuity fund	3,261	2,747
Contribution to staff provident fund	5,872	10,037

20. GENERAL

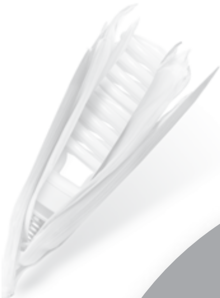
20.1 All financial information, except as otherwise stated, has been rounded to the nearest thousand of rupees.

20.2 These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on August 26, 2016.

21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 26, 2016 has proposed an interim cash dividend of Rs 9 per share amounting to Rs. 4,332 million (2015: Rs 12/- per share) for the half year ended June 30, 2016. These financial statements do not recognise the proposed dividend from unappropriated profit as it has been proposed subsequent to balance sheet.

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director



Consolidated Financial Statements

Consolidated Condensed Interim Balance Sheet

As at June 30, 2016

(Amounts in thousand)

	Note	June 30 2016 (Unaudited)	December 31, 2015 Audited
		------------Rupees------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	127,441,095	128,534,524
Biological assets		-	1,024,251
Intangible assets		214,851	4,777,248
Deferred taxation		956,761	982,699
Goodwill		4,500,401	4,500,401
Deferred employee compensation expense		-	147,456
Long term investments		9,191,387	9,598,639
Defined benefit asset - funded gratuity		-	2,593
Long term loans and advances		10,529,996	3,758,094
		152,834,491	153,325,905
Current assets			
Stores, spares and loose tools		7,317,420	7,679,172
Stock-in-trade		16,575,490	14,088,701
Trade debts		7,205,751	6,733,613
Deferred employee compensation expense		-	92,986
Derivative financial instruments		-	29,207
Loans, advances, deposits and prepayments		1,850,106	1,549,898
Other receivables		4,948,514	8,049,202
Taxes recoverable		782,388	2,245,086
Short term investments		25,012,340	14,050,112
Cash and bank balances		5,965,565	5,120,357
		69,657,574	59,638,334
Assets Attributable to discontinued operations		28,396,249	-
TOTAL ASSETS		250,888,314	212,964,239

Consolidated Condensed Interim Balance Sheet

As at June 30, 2016

(Amounts In thousand)

	Note	June 30 2016 (Unaudited)	December 31, 2015 Audited
		------------Rupees------------	
EQUITY AND LIABILITIES			
Equity			
Share capital		4,812,871	4,812,871
Employee share compensation reserve		185,269	225,217
Revaluation reserve on business combination		18,084	20,655
Maintenance reserve		60,117	60,117
Exchange revaluation reserve		11,412	11,412
Hedging reserve		(32,246)	(34,459)
General reserve		700,000	700,000
Unappropriated profit		29,754,151	31,721,879
Share of income of associate		(2,853)	(3,269)
Remeasurement of post-employment benefits		(52,980)	(48,665)
		30,640,954	32,652,887
		35,453,825	37,465,758
Non-controlling interest		84,423,704	59,901,520
Total Equity		119,877,529	97,367,278
Liabilities			
Non-current liabilities			
Borrowings		45,849,331	40,882,279
Derivative financial instruments		8,987	17,382
Deferred taxation		7,636,171	8,696,201
Deferred liabilities		90,144	161,829
Staff retirement and other service benefits		1,650	-
		53,586,283	49,757,691
Current liabilities			
Trade and other payables		24,053,715	34,618,973
Accrued interest / mark-up		1,350,000	1,427,789
Current portion of :			
- borrowings		22,343,538	22,692,902
- deferred liabilities		86,726	98,083
Short term borrowings		17,545,225	6,608,453
Derivative financial instruments		196,616	393,070
Provision for taxation		230,958	-
		65,806,778	65,839,270
Total Liabilities		119,393,061	115,596,961
Liabilities associated with discontinued operations		11,617,724	-
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		250,888,314	212,964,239

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the Quarter and Half Year Ended June 30, 2016

(Amounts in thousand except for earnings per share)

	Note	Quarter ended June 30, 2016	Quarter ended June 30, 2015 (Restated)	Six months ended June 30, 2016	Six months ended June 30, 2015 (Restated)
		-----	----- Rupees -----	-----	-----
Net sales		32,442,052	46,415,291	66,768,491	87,754,549
Cost of sales		(25,436,163)	(33,669,518)	(49,309,247)	(63,817,960)
Gross profit		7,005,889	12,745,773	17,459,244	23,936,589
Selling and distribution expenses		(2,276,094)	(2,703,779)	(4,709,594)	(5,124,375)
Administrative expenses		(1,383,746)	(1,615,320)	(2,493,144)	(2,969,966)
		3,346,049	8,426,674	10,256,506	15,842,248
Other income		2,303,492	740,695	2,773,764	1,892,707
Other operating expenses		(349,987)	(1,098,432)	(862,771)	(1,680,921)
Finance cost		(1,738,891)	(2,017,717)	(3,227,657)	(4,548,530)
Share of income from associate & joint ventures		733,304	700,188	1,469,099	1,374,047
Profit before taxation		4,293,967	6,751,408	10,408,941	12,879,551
Taxation	15	(2,025,415)	(1,569,753)	(3,666,789)	(3,767,599)
Profit for the period		2,268,552	5,181,655	6,742,152	9,111,952
Profit attributable to:					
- continuing operations		1,415,279	4,272,977	4,780,822	7,134,367
- discontinued operations		853,273	908,678	1,961,330	1,977,585
		2,268,552	5,181,655	6,742,152	9,111,952
Profit attributable to:					
- Owners of the Holding Company		443,249	1,485,670	1,884,634	2,531,202
- Non-controlling interest		1,825,303	3,695,985	4,857,518	6,580,750
		2,268,552	5,181,655	6,742,152	9,111,952
Earnings per share					
- Basic		0.92	3.09	3.92	5.26
- Diluted		0.92	3.09	3.92	5.26

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Karachi
August 26, 2016

Samad Dawood
Chief Executive

M. Abdul Aleem
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Quarter and Half Year Ended June 30, 2016

(Amounts in thousand)

	Quarter ended		Six months ended	
	June 30, 2016	June 30, 2015 (Restated)	June 30, 2016	June 30, 2015 (Restated)
	----------Rupees----------			
Profit for the period	2,268,552	5,181,655	6,742,152	9,111,952
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges				
- Losses arising during the period	(37,352)	(65,517)	(117,602)	(77,196)
- Reclassification adjustments for losses included in profit or loss	42,192	87,577	125,497	118,162
- Adjustments for amounts transferred to initial carrying amount of hedged items	-	-	-	37,621
	4,840	22,060	7,895	78,587
Share of other comprehensive income of associate	1,495		416	7,868
Revaluation reserve on business combination	(5,330)	(5,330)	(10,658)	(10,658)
Exchange differences on translation of foreign operations	(5,497)	(2,669)	(4,764)	315
	(10,827)	(7,999)	(15,422)	(10,343)
Income tax relating to:				
- Hedging reserve - cash flow hedges	(3,266)	(11,026)	(5,776)	(28,990)
- Revaluation reserve on business combination	1,759	1,568	3,517	3,326
	(1,507)	(9,458)	(2,259)	(25,664)
	(5,999)	4,603	(9,370)	50,448
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligation	(4,652)	810	(4,652)	810
Deferred tax charge relating to revaluation of equity	-	(4,946)	-	(4,946)
	(4,652)	(4,136)	(4,652)	(4,136)
	(10,651)	467	(14,022)	46,312
Total Comprehensive income for the period Total comprehensive income for the period	2,257,901	5,182,122	6,728,130	9,158,264
Total comprehensive income attributable to:				
- Owners of the Holding Company	437,210	1,485,290	1,877,226	2,551,603
- Non-controlling interest	1,820,691	3,696,832	4,850,904	6,606,661
	2,257,901	5,182,122	6,728,130	9,158,264

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director

Consolidated Condensed Interim Statement of Change in Equity

For the six months period ended June 30, 2016

(Amounts in thousand)

	Share capital	Share premium	Employee share compensation reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Un-appropriated profit	Share of other comprehensive income of associates	Remeasurement of post employment benefits - Actuarial gain / (loss)	Sub total	Non-controlling interest	Total
	Attributable to owners of the Holding Company													
			Capital reserves				Revenue reserves							
	Rupees													
Balance as at December 31, 2014 (audited)/ January 01. 2015 (restated)	4,812,871	-	152,488	24,453	68,475	1,919	(55,041)	700,000	22,034,014	(1,942)	(21,075)	27,716,162	46,743,143	74,459,305
Total comprehensive income / (loss) for the half year ended June 30, 2015 (unaudited)														
Profit for the period	-	-	-	-	-	-	-	-	2,531,202	-	-	2,531,202	6,580,750	9,111,952
Other comprehensive income	-	-	-	-	-	-	-	-	-	500	-	500	25,911	26,411
	-	-	-	-	-	-	-	-	2,531,202	500	-	2,531,702	6,606,661	9,138,363
Transactions with owners														
Shares issued to IFC on exercise of conversion	-	-	-	-	-	-	-	-	264,036	-	-	264,036	733,267	997,303
Revaluation reserve on business combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchnage revaluation reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hedging reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees Share Option Scheme of Subsidiary Company	-	-	(2,046)	-	-	-	-	-	-	-	-	(2,046)	(531)	(2,577)
	-	-	(2,046)	-	-	-	-	-	264,036	-	-	261,990	732,736	994,726
Balance as at June 30, 2015 (unaudited)	4,812,871	-	150,442	21,810	58,175	1,714	(39,775)	700,000	25,721,691	-	(21,075)	31,405,853	57,311,703	88,717,556
Balance December 31, 2015 (audited) January 01, 2016	4,812,871	-	225,217	20,655	60,117	11,412	(34,459)	700,000	27,221,478	(3,269)	(48,665)	32,965,357	59,901,520	92,866,877
Total Comprehensive income /(loss) for the half year ended June 30, 2016														
Profit for the period	-	-	-	-	-	-	-	-	1,877,226	-	-	1,877,226	4,857,518	6,734,744
Other comprehensive income	-	-	-	(2,571)	-	-	2,213	-	-	416	(4,315)	(4,257)	(9,765)	(14,022)
	-	-	-	(2,571)	-	-	2,213	-	1,877,226	416	(4,315)	1,872,969	4,847,753	6,720,722
Transaction with owners														
Employee Share Option Scheme of subsidiary company Dividend by subsidiary allocable to Non controlling interest	-	-	(39,948)	-	-	-	-	-	-	-	-	(39,948)	(61,133)	(101,081)
Effect of change in shareholding of the Group	-	-	-	-	-	-	-	-	3,783,813	-	-	3,783,813	15,586,751	19,370,564
Share capital issued to Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	9,042,687	9,042,687
Dividend by subsidiary company allocable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(947,888)	(947,888)
-Final cash dividend for the year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	(2,301,825)	(2,301,825)
-1st interim cash dividend for the year ending December 31, 2016	-	-	-	-	-	-	-	-	-	-	-	-	(1,644,161)	(1,644,161)
Final cash dividend for the year ended December 31, 2015 (Rs 4/- per ordinary share)	-	-	-	-	-	-	-	-	(1,925,148)	-	-	(1,925,148)	-	(1,925,148)
Interim cash dividend for the year ended December 31, 2016 (Rs 2.5/- per ordinary share)	-	-	-	-	-	-	-	-	(1,203,218)	-	-	(1,203,218)	-	(1,203,218)
Share issue cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(39,948)	-	-	-	-	-	655,447	-	-	615,499	19,674,431	20,289,930
Balance as at June 30, 2016	4,812,871	-	185,269	18,084	60,117	11,412	(32,246)	700,000	29,754,151	(2,853)	(52,980)	35,453,825	84,423,704	119,877,529

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.

Karachi
August 26, 2016

Samad Dawood
Chief Executive

M. Abdul Aleem
Director

Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the six months period ended June 30, 2016

(Amounts in thousand)

	Note	Six months period ended June 30, 2016	June 30, 2015
		-------------Rupees-------------	
Cash flows from operating activities			
Cash utilized in operations	17	(3,343,239)	1,289,403
Retirement and other service benefits paid		(88,693)	(67,902)
Finance cost paid		(2,996,900)	(3,882,286)
Taxes paid		(2,514,767)	(1,691,444)
Payment against provision for contractual commitments		(23,606)	(40,815)
Long term loans and advances - net		(8,012,051)	(1,531,570)
Discontinued operations		315,700	(964,759)
Net cash utilized in operating activities		(16,663,556)	(6,889,373)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and biological assets		(16,543,820)	(3,122,026)
treasury bills		(256,076)	(2,884,621)
Sale proceeds on disposal of PPE and biological assets		29,027	68,780
Proceeds on disposal of investments		20,561,551	7,919,874
Income on deposits / other financial assets		484,531	1,180,449
Advance received against disposal of DH Fertilizers Limited		-	800,000
Proceeds from short term investments		242,300	19,178,880
Investment made during the period		(5,000)	(1,002,297)
Dividends received		1,830,656	586,327
Discontinued operations		(626,640)	71,064
Net cash generated (utilized in)/ from investing activities		5,716,529	22,796,430
Cash flows from financing activities			
Proceeds from/repayment of borrowings - net		10,439,983	(9,607,997)
Payment of finance cost		(7,472)	-
Proceeds from issuance of shares		9,487,602	-
Share issuance cost		(546,428)	-
Unclaimed dividend		(4,914)	-
Dividends paid		(8,007,907)	(3,293,009)
Discontinued operations		(1,384,187)	(1,456,134)
Net cash generated from/(utilized) in financing activities		9,976,677	(14,357,140)
Net increase/(decrease) in cash and cash equivalents		(970,350)	1,549,917
Cash and cash equivalents at beginning of the period		11,832,739	8,355,496
Cash and cash equivalents at end of the period		10,862,389	9,905,413

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director

Notes to the Consolidated Condensed Interim Financial Information (UNAUDITED)

For the six months period ended June 30, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Dawood Hercules Corporation Limited (the Holding Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now Companies Ordinance, 1984) (the Ordinance) and its shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The principal activity of the Holding Company is to manage investments in its subsidiary and associated companies. The registered office of the Holding Company is situated at Dawood Center, M.T. Khan Road, Karachi.

1.2 The "Group" **consists** of:

Ultimate Parent Company: Dawood Hercules Corporation Limited;

Holding Company: Dawood Hercules Corporation Limited;

Principal Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights, or companies directly controlled by the Holding Company:

	%age of direct holding	
	2016	2015
- Engro Corporation Limited (ECL)	37.22	37.22
- DH Fertilizers Limited (DHFL)	-	100

1.3 **Other Subsidiary Companies:** Companies in which ECL owns over 50% of voting rights, or companies directly controlled by the ECL:

	%age of direct holding	
	June 30, 2016	December 31, 2015
- Engro Powergen Limited	100	100
- Elengy Terminal Pakistan Limited (note 1.4.1)	80	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Foods Limited (note 1.4.2)	87.06	87.06
- Engro Fertilizers Limited (note 1.4.3)	56.47	78.78
- Engro Polymer and Chemicals Limited (note 1.4.4)	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.4 Other Subsidiary companies

1.4.1 Elengy Terminal Pakistan Limited (ETPL)

During the period, ETPL issued 190,572,852 ordinary shares of Rs. 10 each as fully paid right shares, out of which 150,035,215 shares were subscribed by the Holding Company and the balance 40,537,637 right shares were renunciated by the Holding Company in favor of International Finance Corporation (IFC). As a result, the Holding Company, as at the balance sheet date, holds 80% of the issued share capital of ETPL.

(Amounts in thousand)

1.4.2 Engro Foods Limited

During the period, on March 3, 2016, ECL has notified the Pakistan Stock Exchange (PSE) that it has received a public announcement of intention by a potential acquirer to acquire upto 51% of ECL's shareholding in EFoods. Subsequent to the balance sheet date, on July 4, 2016, ECL informed the PSE, pursuant to the aforementioned notification, that a Sale and Purchase agreement (SPA) has been entered into between FrieslandCampina Pakistan Holding B.V., a wholly owned of Royal FrieslandCampina N.V.(RFC) and ECL with respect to the sale of up to 51% of ECL's shareholding in EFoods.

Further, subsequent to the balance sheet date, the shareholders of ECL, in its Extraordinary General Meeting held on August 5, 2016, have approved the disposal of up to 51% of ECL's shareholding in EFoods.

1.4.3 Engro Fertilizers Limited

During the period, ECL sold 297,196,000 ordinary shares of Rs. 10 each held in EFert, representing 28.32% of its investment, through private placement, at a price of Rs. 65.47 per share, determined through a book building mechanism. These shares were placed to local / foreign institutional investors and high net-worth individuals.

As a result of the aforementioned events, ECL, as at the balance sheet date, holds 56.47% of the issued share capital of EFert.

1.4.4 Engro Polymer and Chemicals Limited (EPCL)

During the period, pursuant to the public announcement to the stock exchanges by the potential acquirer to acquire entire shareholding of ECL in EPCL and commencement of due diligence, the acquirer has been granted extension in time period by the Securities and Exchange Commission of Pakistan (SECP) to complete the due diligence and make public announcement of its offer by August 19, 2016. As at the balance sheet date, due diligence and discussions with potential acquirer are still underway.

Further, during the period, ECL, in its Annual General Meeting held on April 15, 2016, has obtained shareholders approval for the disposal of ECL's entire shareholding in EPCL amounting to 56.19% i.e. 372,810,000 shares, in the event the discussions with potential acquirer are successful.

2. BASIS FOR PREPARATION

2.1 This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This consolidated condensed interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2015.

(Amounts in thousand)

2.2 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

2.3 During the preparation of this consolidated condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to the consolidated financial statements of the Group for the year ended December 31, 2015.

3. BASIS OF CONSOLIDATION

The condensed interim financial information of the subsidiary company has been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiary share capital and pre-acquisition reserves.

Non-controlling interest has been presented as a separate item in this consolidated condensed interim financial information. All material intercompany balances and transactions have been eliminated.

The Group's interest in jointly controlled entities, Engro Vopak Terminal Limited, Sindh Engro Coal Mining Company Limited and EngroGen Energy Services Limited, has been accounted for using the equity method.

The Group's investment in associated entities, The Hub Power Company Limited (HUBCO), GEL Utility Limited and Sindh Engro Coal Mining Company Limited, are accounted for using the equity method of accounting whereby investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of profit and loss of the investee after the date of acquisition.

The consolidated condensed interim financial information is presented in Pakistan Rupees, which is the Holding Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, except where such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such gains and losses are capitalized as part of the cost of that asset.

4. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of audited annual consolidated financial statements of the Group for the year ended December 31, 2015.

(Amounts in thousand)

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016. These are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are, therefore, not disclosed in the condensed interim financial information.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	Unaudited June 30, 2016	Audited December 31, 2015
5. PROPERTY, PLANT AND EQUIPMENT	-------------(Rupees)------------	
Operating assets, at net book value	119,593,142	123,743,680
Capital work-in-progress		
- Expansion and other projects	19,640,248	3,708,782
- Capital spares	1,683,373	1,082,062
- Others	(13,475,668)	-
	127,441,095	128,534,524

6 LONG TERM INVESTMENTS

During the period, Engro Powergen Limited (EPL) acquired 988,948 additional ordinary shares of the Sindh Engro Coal Mining Company Limited (SECMC), out of the total 165,578,296 ordinary shares issued during the period. EPL's percentage shareholding in SECMC as at June 30, 2016 is 12.81%.

Further, during the period:

- subscription of right shares has been made by the sponsors of SECMC for initial equity contribution;
- financial close of SECMC has been achieved on April 4, 2016;
- post financial close, loan disbursements against local financing argreements have been received;
- notice to proceed dated April 13, 2016 has been issued by SECMC; and
- mobilization advance of US$ 69,228 has been paid to EPC Contractor of SECMC.

7. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES

This includes:

- receivable from Sui Southern Gas Company Limited (SSGCL), amounting to Rs. 1,075,200. Engro Elengy Terminal (Private) Limited, the subsidiary company, as per the terms of LNG Operations and Services Agreement (LSA), completed the construction and transferred the pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The subsidiary company is entitled to recover the cost of construction of the pipeline through charges to be billed to SSGCL over the term of LSA. The receivable represents construction costs, net of recoveries to date.

(Amounts in thousand)

- Rs. 1,182,382 representing customs duty on import of FSRU for its use in storage and regasification of LNG. The amount is being expensed over the period of operating lease, i.e. 15 years.
- Rs. 7,094,310 paid to China Export and Credit Insurance Corporation (Sinosure) in respect of credit insurance policy issued in respect of Engro Powergen Thar (Private) Limited (EPTL) financing from Chinese Lenders.

8. PREFERENCE SHARE CAPITAL

During the period, EPTL issued and allotted 417,313,568 preference shares of Rs. 10 each as fully paid right shares to CMEC Thar Power Investment Limited. These preference shares are cumulative, non-redeemable, non-convertible, non-participatory, non-voting and carry dividend at the rate of 11% US Dollars internal rate of return. These preference shares have been classified as equity, as per the requirements of the Companies Ordinance, 1984.

Under the Articles of Association of EPTL, the dividend in respect of preference shares shall be paid, only if in any half financial year:

- EPTL has made a profit after tax;
- Any and all losses incurred by the EPTL have been fully recouped; and
- The Board of Directors has made a good faith determination setting aside out of the available profits for distribution, a sum for the EPTL's investment and other cash needs over the next two financial half-years.

In addition, there would be no payment of dividend before commencement of commercial operations. Cumulative dividend on preference shares for the period ended June 30, 2016 amounts to Rs. 135,914 which has not been recognized in this consolidated condensed interim financial information.

9. BORROWINGS

9.1 Engro Fertilizers Limited (EFert)

During the period:

EFert exercised the call option of the Privately Placed Term Finance Certificates (PPTFCs). As a result, EFert paid Rs. 6,000,000 to the holders of PPTFCs and refinanced this amount through three bilateral loans from Muslim Commercial Bank, Allied Bank Limited and Standard Chartered Bank amounting to Rs. 3,000,000, Rs. 2,000,000 and Rs. 1,000,000, respectively. These loans are repayable in a single installment in March 2018 and carry mark up / profit at the rate of 6 months KIBOR plus 0.80% per annum. These loans are part of senior debts of EFert.

The pricing of the IFC loans have been revised to 6 months LIBOR + 3.0% from 6 months LIBOR + 6.0% effective February 15, 2016;

(Amounts in thousand)

Habib Bank Limited bought out SAMBA Financial Group's portion in the USD portion of the Offshore Islamic Finance Facility of USD 36,000.

9.2 Engro Polymer & Chemicals Limited (EPCL)

Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under bilateral loans agreements, EPCL is required to comply with certain debt covenants. As at June 30, 2016, EPCL is not in compliance with some of these debt covenants and has accordingly notified the concerned financial institutions. EPCL is considering various measures, including issuance of preference shares, as approved by shareholders in the previous year, to improve EPCL's financial position and ratios.

9.3 Engro Elengy Terminal Private Limited (EETPL)

In 2015, EETPL, a wholly owned subsidiary company of Elengy Terminal Pakistan Limited (ETPL), entered into a Common Terms Agreement (CTA) and financing agreements with Asian Development Bank (ADB), International Finance Corporation (IFC), Askari Bank Limited (AKBL) and NIB Bank Limited (NIB) as arrangers and ADB, IFC, AKBL, NIB and Pak Brunei Investment Company Limited (PBICL) as lenders. During the period, EETPL has drawn the amounts thereagainst. The details of the loans are as follows:

Title	Markup-rate per annum	Installments Number	Installments Commencing	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
				Rupees	Rupees
IFC (USD 20,000)	6 months LIBOR + 5%	16 half yearly	June 15, 2016	2,755,267	-
ADB (USD 30,000)	6 months LIBOR + 5%	16 half yearly	June 15, 2016	1,836,844	-
Local Syndicate Loan (note 9.3.2)	6 months KIBOR + 1.8%	16 half yearly	June 15, 2016	3,536,559	-
				8,128,670	-
Current portion shown under current liabilities				(1,251,001)	-
				6,877,669	-

9.3.1 The proceeds from the aforementioned loans are carried net of transaction costs amounting to Rs 512,502.

9.3.2 The amount represents disbursement of loan amounting to Rs. 4,031,672 out of a total facility of Rs. 4,210,000 obtained from PBICL, NIB and AKBL.

9.3.3 The facility has been secured by way of the following:

- Pledge of 51% holding in ETPL by ECL
- Pledge of 100% holding in EETPL by ETPL; and
- Mortgage by EETPL of its land and hypothecating all its project assets

9.4 Engro Powergen Thar (Private) Limited (EPTL)

9.4.1 On December 18, 2015, EPTL entered into a Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of Rs. 526,499 against this facility.

(Amounts in thousand)

9.4.2 Further, on December 21, 2015, EPTL entered into following loan agreements:

- USD Facility Agreement with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 621,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of USD 71,650 against this facility.
- Rupee Facility Agreement with HBL-led consortium (comprising HBL, United Bank Limited, Bank Alfalah Limited, Askari Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Bank of Punjab, NIB Bank Limited and Pak Brunei Investment Company Limited) for an aggregate amount of Rs.17,016,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of Rs. 2,858,618 against this facility.
- Islamic Facility Agreement with three banks namely Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of Rs. 671,983 against this facility.

9.4.3 These loans are repayable in 20 semi-annual installments commencing from the earlier of (i) First fixed date falling after 48 months since facility effective date and (ii) Second fixed date falling after Commercial Operations Date; where fixed dates are defined as June 1 or December 1 of any year. These loans carry mark-up / profit at the rate of 3 months KIBOR plus 3.5% per annum except for the USD facility which carries mark-up at the rate of 6 months LIBOR plus 4.2% per annum. These facilities are secured primarily through first ranking hypothecation charge over project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and have pledged shares in favor of the Security Trustee. Additionally, shareholders other than HBL have also provided Stand By Letter of Credits (SBLCs) as coverage for their equity commitments in the project.

9.4.4 Transaction costs of Rs. 9,042,789 have been incurred in connection with these loan agreements. These have been debited against the borrowings to the proportion of the drawn down loan amount as at June 30, 2016. Accordingly, transaction costs of Rs. 7,976,088 have been carried forward as long term advances and prepayments (note 7) as at June 30, 2016 and will be recognized as transaction costs as and when the draw downs are made against remaining balance of loan facilities.

10. SHORT TERM BORROWINGS

10.1 Engro Fertilizers Limited (EFert)

10.1.1 The facilities for short term running finances, available to EFert from various banks, aggregate to Rs. 12,600,000 (December 31, 2015: Rs. 8,650,000). The mark-up rates on these facilities range from 1 to 3 months KIBOR plus 0.10% to 1.50% per annum. These arrangements are secured by way of hypothecation over EFert's present and future current assets including stock in trade, trade debts and other receivables. As at June 30, 2016, EFert has utilized Rs. 5,943,678 (December 31, 2015: Nil) out of the aforementioned facilities.

(Amounts in thousand)

10.1.2 During the period, EFert also obtained:

- Short Term Sukuk amounting to Rs. 5,000,000 from Commercial Bank carrying markup at the rate of 6 months KIBOR plus 0.40% per annum; and
- Money Market loan amounting to Rs. 1,000,000 from Commercial Bank carrying markup at the rate of 1 month KIBOR plus 0.50% per annum.

These loans are secured by way of hypothecation over EFert's present and future current assets.

11. DISCONTINUED OPERATIONS

As explained in note 1.1.2, ECL has classified its investment in EFoods as held for sale. As a result, assets and liabilities of EFoods have been classified as assets and liabilities attributable to discontinued operations.

11.1 An analysis of the assets and liabilities attributable to discontinued operations as at the balance sheet date is as follows:

	June 30, 2016 (Unaudited) Rupees
Assets attributable to discontinued operations	
Property, plant and equipment	13,504,968
Biological assets	937,008
Intangible assets	49,775
Long term advances and deposits	122,322
Deferred employee share option compensation expense	160,164
Stores, spares and loose tools	863,394
Stock-in-trade	5,977,590
Trade debts	76,628
Advances, deposits and prepayments	215,208
Other receivables	112,148
Sales tax recoverable	4,142,541
Taxes recoverable	1,932,697
Cash and bank balances	301,806
	28,396,249
Liabilities associated with discontinued operations	
Long term finances	3,985,435
Short term finances	2,117,641
Deferred taxation	1,868,455
Deferred income	1,775
Accrued interest / mark-up	77,958
Accrued and other liabilities	3,566,460
	11,617,724
Net assets attributable to discontinued operations	16,778,525

(Amounts in thousand)

11.2 Financial performance of discontinued operations (EFoods)

	(Unaudited)			
	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	Rupees		Rupees	
Net sales	11,587,969	12,252,528	23,330,927	24,742,192
Cost of sales	(8,494,649)	(9,224,183)	(16,933,757)	(18,365,766)
Gross profit	3,093,320	3,028,345	6,397,170	6,376,426
Distribution and marketing expenses	(1,168,355)	(1,280,158)	(2,561,043)	(2,443,431)
Administrative expenses	(231,845)	(256,967)	(423,044)	(582,622)
Other operating expenses	(153,183)	(85,831)	(272,695)	(210,758)
Other income	335	41,059	56,177	133,540
Operating profit	1,540,272	1,446,448	3,196,565	3,273,155
Finance costs	(111,450)	(272,349)	(213,647)	(539,007)
Profit before taxation	1,428,822	1,174,099	2,982,918	2,734,148
Taxation	(575,549)	(265,421)	(1,021,588)	(756,563)
Profit after tax from discontinued operations	853,273	908,678	1,961,330	1,977,585

11.3 Cash flows attributable to discontinued operations (EFoods)

	(Unaudited)	
	June 30, 2016	June 30, 2015
	Rupees	
Net cash generated from / (utilized in) operating activities	315,700	(286,651)
Net cash utilized in investing activities	(626,640)	(542,852)
Net cash utilized in financing activities	(1,384,187)	(871,384)
Net decrease in cash and cash equivalents	(1,695,127)	(1,700,887)

12. CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2015 are mentioned below :

12.1 During the period, corporate guarantees extended on behalf of Engro Fertilizers Limited (EFert), a subsidairy company, other than those extended to (IFC) under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement have been released.

(Amounts in thousand)

12.2 During the period, ECL has pledged shares of EFert and EFoods against the Standby Letters of Credit (Equity SBLCs) provided by Engro Powergen Limited (EPL), a subsidiary company, through National Bank of Pakistan amounting to USD 18,900 and USD 51,100 (in PKR equivalent) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, and Engro Powergen Thar (Pvt.) Limited (EPTL), its subsidiary company, in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (i.e. SECMC and EPTL). Equity SBLCs expire on earlier of (i) four years after the issuance of SBLCs i.e. March 21, 2020; and (ii) fulfillment of sponsor obligations under Sponsor Support Agreements.

12.3 During the period, ECL has pledged shares of EFert and EFoods against a Standby Letter of Credit (Put Option SBLC) provided by EPL, the subsidiary company, through Allied Bank of Pakistan amounting to USD 21,070 in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) June 30, 2017; and (ii) fulfillment of sponsor obligations pursuant to Put Option SSA.

12.4 During the period, Faysal Bank Limited (FBL) has issued a performance guarantee of USD 16,517 on behalf of Engro Powergen Thar (Private) Limited (EPTL) in favour of National Transmission and Dispatch Company (NTDC) to secure EPTL's performance obligations under the Power Purchase Agreement. The performance guarantee expires on July 25, 2019 and is secured by way of performance bonds issued under the Supply and Services Agreement and ranking charge over fixed assets of EPTL.

12.5 During the period, EPL has also provided sponsor support contractual commitment, among other commitments, in favor of Senior Lenders amounting to USD 5,400 and USD 41,600 as cost overrun support pursuant to the Sponsor Support Agreements (SSA); and the Amendment and Restatement Agreement relating to the SSA in case of EPTL.

12.6 Engro Elengy Terminal (Private) Limited (EETPL), has arranged a facility with NIB Bank Limited for opening letters of credit amounting to Rs. 350,000 (December 31, 2015: Nil). The total amount utilized against the facility for letters of credit as at June 30, 2016 amounts to Rs. 167,025 (December 31, 2015: Nil).

12.7 Engro Eximp Agriproducts (Private) Limited (EEAPL), has entered into export selling contracts of 3,362 tons of Super Basmati Rice to various parties on a agreed terms for delivery on various dates subsequent to the year end. The sales value of these open commitments at year end exchange rate amounts to Rs. 202,484 (2015: Rs. 498,382).

12.8 During the period, ECL divested 28.32% of its shareholding in EFert. ECL held such shareholding in EFert since 2010 i.e. more than six years. Under the income tax laws, capital gain on sale of securities held for more than 48 months do not attract any income tax. However, ECL was informed by the National Clearing Company of Pakistan Limited (NCCPL) that their clearing system shall deduct capital gain tax on such disposal and NCCPL shall deposit the same with the tax authorities. ECL has obtained a stay thereagainst from High Court of Sindh and has also provided a bank guarantee amounting to Rs. 925,000 in this respect in favor of Nazir of High Court of Sindh.

(Amounts in thousand)

12.9 Capital expenditure contracted for but remaining to be executed amounted to Rs. 71,175,348 (December 31, 2015: Rs. 1,789,212) out of which Rs. 68,755,679 (December 31, 2015: Nil) pertains to the contract for civil works construction and equipment procurement of EPTL.

12.10 The holding company has pledged 15.131 million shares of ECL with Meezan Bank Limited (as Agent) in favour of Fatima Fertilizer Company Limited (Fatima) and a corporate guarantee in favour of DHFL and Fatima against potential tax liabilities of DHFL in respect of period ending on or prior to June 30, 2015. The pledged shares will be released upon completion of two years from the filing date of Income Tax Return for the year ended December 31, 2015 i.e. September 30, 2016. The corporate guarantee will remain in full force and effect for five years and will be released on the later of September 30, 2021 or the date on which subject tax liabilities are finally settled / disposed off or withdrawn.

	June 30, 2016	June 30, 2015
	----------(Rupees)----------	
12.11 Commitments in respect of operating lease not later than one year	11,326	7,885

	(Unaudited) June 30, 2016	(Audited) December 31, 2015
	-------------Rupees-------------	
13. FINANCING STRUCTURE / MODE		
Conventional mode:		
Assets		
Short term investments	25,012,340	14,050,112
Cash and bank balances	6,265,272	5,119,040
	31,277,612	19,169,152
Liabilities		
Borrowings	59,424,623	50,704,984
Short term borrowings	13,793,837	6,408,453
	73,218,460	57,113,437
Shariah compliant mode:		
Assets		
Cash and bank balances	2,099	1,317
Liabilities		
Borrowings	12,753,681	12,870,197
Short term borrowings	5,869,029	200,000
	18,622,710	13,070,197

14. OTHER INCOME

During the period, the Group has earned profit form Shariah compliant bank accounts amounting to Rs. 26 (June 30, 2015: Rs. 4,420)

(Amounts in thousand)

15. TAXATION

Significant changes since December 31, 2015 in respect of different tax matters in which the Group companies are involved are as follows:

15.1 Engro Polymer & Chemicals Limited (EPCL)

During the period, the Deputy Commissioner Inland Revenue (DCIR) through his order dated January 8, 2016, raised a sales tax demand of Rs. 524,589 against EPCL on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material.

EPCL filed an appeal against the order before Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against it was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, has decided the matter in favor of the EPCL. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). No proceedings regarding the case has been carried out by ATIR, till the period end.

15.2 Engro Eximp Agriproducts (Private) Limited (EEAPL)

“EEAPL’s return of income for tax year 2011 was selected for audit by the tax authorities through balloting under section 214C of Income Tax Ordinance, 2001, (ITO). As a result of the audit, the assessing officer passed an amended assessment order under section 122 of ITO, whereby it disallowed total depreciation including initial allowance amounting to Rs. 569,062 and also disallowed certain manufacturing and trading expenses amounting to Rs. 26,900. EEAPL, in response to the amended assessment order, had filed an appeal before Commissioner Inland Revenue (Appeals), which has been disposed off in favor of the tax department.

In this respect, EEAPL had filed an appeal to Appellate Tribunal Inland Revenue (ATIR), which reverted the case to the Commissioner and directed to assess the case in the light of evidences and supports available with the management. During the period, the remanded back proceedings have been concluded and EEAPL has succeeded in establishing substantial claim of depreciation amounting to Rs. 481,717 while for disallowed deprication of Rs. 87,345 it is in the course of filing an appeal. The management of EEAPL based on advice of tax consultant, is confident that these matters will be decided in favor of EEAPL. Accordingly, no provision has been recognized in this respect in the consolidated condensed interim financial information.”

15.3 Engro Foods Limited (EFoods)

During the period, the Deputy Commissioner Inland Revenue raised a demand of Rs. 541,221 for tax year 2013 by disallowing loss on sales of raw milk, stocks written-off, finance cost against advance for purchase of Engro Foods Netherlands and certain other items, research and business expenses, adjustment of tax losses for tax year 2011 and minimum turnover tax credit for tax years 2008, 2010 and 2011 etc. EFoods intends to file an appeal against the aforementioned order and based on the opinion of its tax consultant, is confident of a favourable outcome of

(Amounts in thousand)

appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

16. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended -------(Unaudited)-------		Half year ended -------(Unaudited)-------	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----------Rupees----------			
Profit for the period (attributable to the owners of the Holding Company) from:				
- continuing operations	1,415,279	4,272,977	4,780,822	7,134,367
- discontinued operations	853,273	908,678	1,961,330	1,977,585
	2,268,552	5,181,655	6,742,152	9,111,952
The information necessary to calculate basic and diluted earnings per share is as follows:				
Profit for the period from continuing operations	1,415,279	4,272,977	4,780,822	7,134,367
Add:				
- Finance cost related to IFC loan and derivative - net of tax	495	-	1,180	-
- (Gain) / Loss on revaluation of IFC loan conversion option	(16,847)	-	(55,560)	-
	1,398,927	4,272,977	4,726,442	7,134,367
	----------Number in thousands----------			
Weighted average number of ordinary shares for basic and diluted EPS	481,287	481,287	481,287	481,287

(Amounts in thousand)

	----------(Unaudited)---------- Half year ended	
	June 30, 2016	June 30, 2015
	------------Rupees------------	
17. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	10,408,941	12,879,551
Less: Profit before taxation attributable to discontinued operations	(2,982,918)	(4,121,032)
Profit before taxation from continuing operations	7,426,023	8,758,519
Adjustment for non-cash charges and other items:		
Depreciation and amortization	3,795,161	3,834,293
Gain on disposal of:		
- property, plant and equipment and biological assets	(7,114)	(13,083)
- investments - net	(34,815)	(5,133)
Impairment charge	95,713	-
Other receivable -written off	920	-
Unrealised exchange (gain) / loss on	(14)	1,958
Provision for retirement and other service benefits	73,955	35,855
Income on deposits / other financial assets	(545,332)	(1,309,803)
Share of income from joint venture companies	(1,469,099)	-
Finance cost	3,014,010	4,009,361
(Gain) / Loss on foreign currency translations	(23,748)	10,782
Working capital changes (note 17.1)	(15,668,899)	(14,033,346)
	(3,343,239)	1,289,403
17.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(433,906)	(323,899)
- Stock-in-trade	(5,558,168)	551,188
- Trade debts	(589,706)	(4,631,119)
- Loans, advances, deposits and prepayments	(467,971)	298,317
- Other receivables - net	(1,189,463)	573,740
	(8,239,214)	(3,531,773)
Decrease in current liabilities		
- Trade and other payables, including other service benefits - net	(7,429,685)	(10,501,573)
	(15,668,899)	(14,033,346)

(Amounts in thousand)

	----------(Unaudited)---------- Half year ended	
	June 30, 2016	June 30, 2015
	------------Rupees------------	
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,267,371	9,733,260
Short term investments	23,957,884	11,277,038
Short term borrowings	(19,362,866)	(11,104,885)
	10,862,389	9,905,413

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently this consolidated condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

19.2 Fair value estimation

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- “Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)”

- Inputs for the asset or liability that are not based on observable market data (level 3)

(Amounts in thousand)

	Level 1	Level 2	Level 3
Assets	---------- Rupees ----------		
Financial assets at fair value through profit and loss			
- Short term investments	-	2,246,041	-
Liabilities			
Derivatives			
- Derivative financial instruments	-	19,088	-
- Conversion option on IFC loans	-	186,515	-
	-	205,603	-

19.3 There were no transfers between Levels 1 and 2 during the period. Further, there were no changes in valuation techniques during the period.

19.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise short term investments and hedging derivatives which include forward exchange contracts, interest rate swaps and conversion option on IFC loans. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions. Interest rate swaps are fair valued using mark to market rates received from the banks and financial institutions. The fair value of conversion options on IFC loan is determined using the option pricing model where its determinants are derived from observable market inputs.

Short term investments comprise of fixed income placements and treasury bills which are valued using discounted cash flow model.

19.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the consolidated condensed interim financial information approximate their fair value.

20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of joint venture companies, associates, other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this consolidated condensed interim financial information, are as follows:

Notes to the Consolidated Condensed Interim Financial Information (UNAUDITED)

For the six months period ended June 30, 2016

(Amounts in thousand)

	----------(Unaudited)----------	
	Half year ended	
	June 30, 2016	June 30, 2015
	------------Rupees------------	
Associated companies and joint ventures		
Purchases and services	1,477,701	4,755,220
Services rendered / sale of goods	135,143	122,199
Dividends received	450,000	427,500
Dividends paid	355,166	-
Payment of interest on Term Finance Certificates and repayment of principal amount	54,847	10,123
Profit on Term Finance Certificates	12,073	-
Investment from Associated Companies	8,199,632	-
Contribution for corporate social responsibility	35,066	42,029
Investment in mutual funds and treasury bills	-	1,098,070
Payment against EPC contract	11,927,908	-
Redemption of investments in mutual funds and treasury bills	-	1,210,911
Reimbursements from associates	83,735	51,065
Reimbursements to associates	99,429	13,101
Utilization of overdraft facility	130,000	467,112
Repayment of overdraft facility	130,000	55,000
Loan received	293,993	-
Loan arrangement fee	653,630	-
Mark-up on utilization of overdraft facility	157	-
Commitment fee	2,291	3,282
Interest on deposit	2	1,234
Bank charges	1	3
Key Management Personnel		
Remuneration paid to key management personnel / directors	687,521	512,460
Reimbursement of expenses	7,696	986
Balances due from Joint Ventures	-	6,369
Contribution for retirement benefits	348,528	315,414

(Amounts in thousand)

21. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

Type of segments	Nature of business
Fertilizer	Manufacture, purchase and market fertilizers.
Polymer	Manufacture, market and sell Poly Vinyl Chloride (PVC), PVC, compounds Caustic Soda and related chemicals.
Food	Manufacture, process and sell dairy and other food products.
Power	Includes Independent Power Projects (IPP).
Other operations	Includes LNG and engineering business.

	----------(Unaudited)---------- Quarter ended		----------(Unaudited)---------- Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	------------Rupees------------		------------Rupees------------	
Revenue				
Fertilizer	10,397,355	24,590,683	22,277,568	43,364,374
Polymer	5,421,862	5,715,564	11,161,213	12,417,010
Food	11,804,486	12,934,645	23,739,929	26,235,548
Power	3,213,095	4,199,238	4,730,059	6,700,441
Other operations	2,645,567	6,556,637	8,746,006	7,226,899
Elimination - net	(1,040,313)	(7,581,476)	(3,886,284)	(8,189,723)
Consolidated	32,442,052	46,415,291	66,768,491	87,754,549
Profit / (loss) for the period				
Fertilizer	695,862	20,324,886	2,817,253	23,375,724
Polymer	22,164	(326,367)	39,992	(433,414)
Food	741,723	717,411	1,723,603	1,338,372
Power	717,720	552,006	1,037,213	1,011,171
Other operations	16,284,683	11,325,672	20,422,787	11,704,500
Elimination - net	(16,193,600)	(27,411,953)	(19,298,696)	(27,884,401)
Consolidated	2,268,552	5,181,655	6,742,152	9,111,952

Notes to the Consolidated Condensed Interim Financial Information (UNAUDITED)

For the six months period ended June 30, 2016

(Amounts in thousand)

	(Unaudited) June 30, 2016	(Audited) December 31, 2015
	---------Rupees---------	
Assets		
Fertilizer	102,368,045	119,738,637
Polymer	23,150,770	24,211,764
Food	31,376,022	29,152,843
Power	46,822,647	23,996,126
Other operations	70,553,880	55,416,352
Elimination - net	(23,383,050)	(39,551,483)
Consolidated	250,888,314	212,964,239

22. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on August 26, 2016 has approved an interim cash dividend of Rs. 9 per share for the year ending December 31, 2016. This consolidated condensed interim financial information does not include the effect of the said interim dividend.

23. CORRESPONDING FIGURES

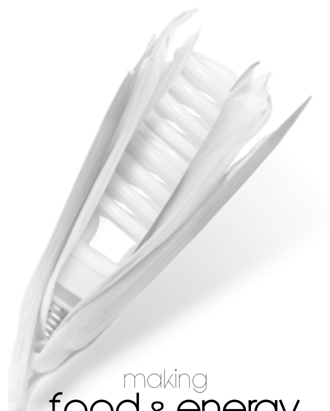
"In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim profit and loss account, the consolidated condensed interim statement of comprehensive income, the consolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material."

24. DATE OF AUTHORIZATION

This consolidated condensed interim financial information is authorized for issue on August 26, 2016 by the Board of Directors of the Holding Company.

Karachi	**Samad Dawood**	**M. Abdul Aleem**
August 26, 2016	Chief Executive	Director



making
food & energy
Available, Affordable, Sustainable

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