DH CORPORATION

HALF YEARLY ACCOUNTS (un-audited)

for the six months period ended June 30, 2018

CONTENTS

COMPANY INFORMATION

Board of Directors
Mr. Hussain Dawood - Chairman
Mr. Shahzada Dawood - Director
Mr. Samad Dawood - Director
Ms. Sabrina Dawood - Director
Mr. Imran Sayeed - Director
Mr. Parvez Ghias - Director
Mr. Shabbir Hussain Hashmi - Director
Mr. Muneer Kamal - Director
Mr. Hasan Reza Ur Rahim - Director
Mr. Inam ur Rahman - Chief Executive Officer

Board Audit Committee
Mr. Shabbir Hussain Hashmi - Chairman
Mr. Hassan Raza-ur-Rahim - Member
Mr. Muneer Kamal - Member

Board Compensation Committee
Mr. Parvez Ghias - Chairman
Mr. Shahzada Dawood - Member
Mr. Muneer Kamal - Member

Board Investment Committee
Mr. Shahzada Dawood - Chairman
Mr. Imran Sayeed - Member
Mr. Hassan Raza-ur-Rahim - Member

Chief Financial Officer & Company Secretary
Mr. Shafiq Ahmed

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Email: shareholders@dawoodhercules.com
Website: www.dawoodhercules.com

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Chartered Accountants
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(Barristers at law)
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Bankers
Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Limited
United Bank Limited
MCB Islamic Bank Limited

DIRECTOR'S REPORT

The Directors are pleased to present their report together with the unaudited unconsolidated condensed interim financial statements of the Company and the unaudited consolidated condensed interim financial statements of the Group for the quarter and half year ended June 30 2018.

ECONOMIC REVIEW

Economic growth remained healthy during 2018 and according to preliminary estimates, economic output accelerated in FY 2018, which ended in June 2018 on the back of recovery in the agricultural sector, healthy manufacturing and firm investments related to the China-Pakistan Economic Corridor (CPEC).

By the middle of the year, the rupee had started to slip against the US$ and resultantly the size of the economy is likely to shrink even more in dollar terms. The US$ is currently hovering around Rs 123.90 mark and depleting foreign exchange reserves and a widening current account deficit create a balance of payments crisis.

The SBP has already increased the key interest rate by 175 basis points since January, taking it to 7.5% to tackle increasing inflationary pressure in the months to come.

BUSINESS REVIEW

Subsidiary performance

Our subsidiary, Engro Corporation Limited (ECL) posted a consolidated revenue of PKR 71,733 million in the first half of 2018 as against 52,241 million for the similar period last year registering an increase of 37%. This increase was mainly due to the improved fertilizer and petrochemicals performance.

The first coal seam of coal has been reached at the Thar coal mine under Sindh Engro Coal Mining Company (SECMC). This is a great success after years of speculation about the presence of coal reserves. Meanwhile the 2x330 MW coal fired power plant are on the target to achieve COD ahead of schedule.

The profit-after-tax (PAT) from continuing operations of the subsidiary increased from PKR 6,717 million to PKR 11,055 million – up by 55%.

Credit Rating

During the period, Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long term rating of the Company from AA- to AA and maintained the short term rating at A1+, which is a testament of Company strong risk profile as an InvestCo.

Edotco Pakistan (Private) Limited (edotco)

The Company after obtaining requisite shareholders' and regulatory approvals is ready to inject the approved investment in edotco. Meanwhile, edotco is in the process of seeking final approvals and we are hopeful that this transaction will be closed by end of September 2018.

FINANCIAL PERFORMANCE

The Group earned a gross profit of PKR 21,824 million for the half year as compared to a profit of PKR 14,675 million for the similar period last year, the increase is attributed to robust performance by the underlying companies especially in fertilizer and petrochemicals sector. After accounting for share of loss from associate and joint ventures of PKR 501 million, gain on disposal of HUBCO of PKR 11,100 million, the profit before tax stood at PKR 27,296 million as against PKR 12,810 million for 2017. Consolidated earnings per share was PKR 26.45 (2017: PKR2.47 per share).

On standalone basis, the Company earned a dividend of PKR 1,624 million for the half year ended 30 June 2018 as against PKR 2,358 million for the same period last year. The decline is due to lower dividends from ECL. After accounting for all expenses, income from disposal of HUBCO shares of PKR 3,978 million, the profit after tax was PKR 4,262 million as against profit of PKR 1,384 million for 2017.

Earnings per share of the Company was PKR 8.86 (2017:PKR 2.88).

FUTURE OUTLOOK

The 5.8% growth registered during FY18 is also not enough for a developing economy like Pakistan to absorb the number of job seekers that pile up each year. According to experts and global financial institutions, Pakistan needs at least 7% growth to create enough jobs and tame rising unemployment. However, the country is likely to face a slowdown in growth during the ongoing fiscal year as tighter policies to improve macroeconomic stability have a negative impact.

Post-election, with PTI gaining majority seats in the national assembly and able to make government in three provinces, the Stock market and currency is showing the signs of recovery but will take time to stabilize once this new government take charge of the affairs of the government and economy especially controlling foreign exchange reserve, rupee stabilization against US$, balance of payment, improving exports and increasing tax base within the country.

The Company through its continued support to its subsidiary and associated companies will explore further investment avenues in all sectors of the economy to increase shareholder's value by increasing and diversifying revenue and profitability.

Inam ur Rahman	Shabbir Hussain Hashmi
Chief Executive	Director

Dated: August 27, 2018

edotco پاکستان (پرائیویٹ) لمیٹڈ:-
کمپنی شیئر ہولڈرز و دیگر ریگولیٹری منظوریوں کے بعد منظور شدہ سرمایہ edotco میں لگانے کے لئے تیار ہے۔ دریں اثنا edotco اپنی حتمی کچھ منظوریاں حاصل کرنے کے آخری مراحل میں ہے اور ہم امید کرتے ہیں کہ ٹرانزیکشن آخر ستمبر 2018 میں مکمل ہوجائے گی۔

مالی کارکردگی:-
گروپ نے شش ماہی میں 21,824 ملین روپے کل منافع حاصل کیا ہے جو پچھلے سال میں اسی دورانیے میں 14,675 ملین روپے تھا، شاندار کارکردگی کی بنیادی وجہ فرٹیلائزر اور پیٹروکیمیکل سیکٹر کی نمایاں کارکردگی ہے۔ حصے میں نقصان کےحساب کے بعد ایسوسی ایٹ اور مشترکہ منصوبوں میں 501 ملین روپے کا نقصان ہوا ، حبکو کی فروخت کے بعد 11,100 ملین روپے حاصل ہوئے اور منافع قبل از ٹیکس 27,296 ملین روپے رہا جو 2017 میں 12,810 ملین روپے تھا۔ مشترکہ آمدن فی شیئر 26.45 روپے تھی (2017: فی شیئر 2.47 روپے)۔

30 جون 2018 کو ختم ہونے والے شش ماہی میں غیر انضمام شدہ گوشوارے کی بنیاد پر سے کمپنی نے 1,624 ملین روپے کا ڈیویڈنڈ حاصل کیا جو پچھلے سال اسی مدت میں 2,358 ملین روپے تھا۔ اینگرو کارپوریشن لمیٹڈ کی طرف سے کم ڈیویڈنڈ کی وجہ سے کمی دیکھنے میں آئی۔ تمام اخراجات کے حساب کے بعد حبکو شیئرز کی فروخت کے بعد 3,978 ملین روپے کی آمدن ہوئی، منافع بعد از ٹیکس 4,262 ملین روپے تھا جبکہ 2017 میں 1,384 ملین روپے منافع تھا۔

کمپنی کی فی شیئر آمدن (2017: فی شیئر 2.88 روپے) 8.86 روپے تھی۔

مستقبل کا منظرنامہ
مالی سال 2018 میں 5.8% نمو دیکھنے میں آئی جو پاکستان جیسے ترقی پذیر ملک میں ہر سال نوکری کی تلاش کرنے والوں کی بڑھتی تعداد کے ملازمت کے حصول کیلئے ناکافی ہے۔ ماہرین اور گلوبل فنانشل انسٹیٹیوٹس کے مطابق پاکستان کو مناسب نوکریاں فراہم کرنے اور بڑھتی بے روزگاری پر قابو پانے کیلئے کم از کم 7% نمو کی ضرورت ہے۔ بہرحال ملک کو رواں مالی میں کم نمو کا سامنا کرنا پڑ رہا ہے، جیسا کہ مائیکرو اکنامک استحکام کو بہتر بنانے کیلئے سخت پالیسیاں ہیں جن کا منفی اثر ہے۔

الیکشن کے بعد پی ٹی آئی کی قومی اسمبلی میں اکثریت ہے اور وہ تین صوبوں میں حکومت بنانے کی اہل ہے، اسٹاک مارکیٹ اور کرنسی بہتری کا اشارہ کر رہی ہیں مگر نئی حکومت کے اقتدار سنبھالنے اور سرکاری معاملات اور معیشت خصوصاً غیر ملکی زرمبادلہ کے زخائر، امریکی ڈالر کے مقابلے میں روپے میں استحکام، ادائیگی میں توازن، ایکسپورٹ میں بہتری اور ملک میں ٹیکس بیس میں اضافے میں استحکام آئے گا۔

کمپنی اپنی سبسڈری اور منسلک کمپنیوں سے مسلسل تعاون کے ذریعے معیشت کے تمام سیکٹرز میں انوسٹمنٹ کے مزید راستے تلاش کرے گی تاکہ منافع میں اضافے اور تنوع سے شیئر ہولڈرز کی قدر میں اضافہ ہو۔

انعام الرحمن
چیف ایگزیکٹیو

شبیر حسین ہاشمی
ڈائریکٹر

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ اپنی رپورٹ کے ہمراہ کمپنی نے غیر پڑتال شدہ، غیر انضمام شدہ مختصر عبوری مالی گوشوارے مع گروپ کے غیر پڑتال شدہ ،غیر انضمام شدہ مختصر عبوری سہ ماہی اور 30 جون 2018 کو ختم ہونے والی شش ماہی کے مالی گوشوارے پیش کر رہے ہیں۔

معاشی جائزہ

معاشی نمو 2018 میں بدستور برقرار رہی اورابتدائی تخمینوں کے مطابق، معاشی پیداوار مالی سال 2018 میں بڑھی، جو ایگری کلچرل سیکٹر میں بہتری ،حوصلہ افزامینوفیکچرنگ اور چائنا پاکستان اکنامک کوریڈور(سی پی ای سی) میں مستحکم سرمایہ کے ساتھ جون 2018 میں ختم ہوئی۔

رواں سال کی پہلی ششماہی میں روپے کی قدر میں گراوٹ آنا شروع ہوئی جس کے نتیجے میں یہ گمان کیا جارہا ہے کہ معیشت امریکن ڈالر کے مقابلے میں مزید سکڑ جائے گی۔ پاکستانی روپیہ امریکن ڈالر کے مقابلے میں سکڑ کر 123.90 روپے میں فروخت ہو رہا ہے اور سکڑتے ہوئے زرمبادلہ اور رواں خسارے کا بڑھتا ہوا رجحان ادائیگیوں کا بحران پیدا کررہا ہے۔

اسٹیٹ بینک آف پاکستان جنوری کے شروع سے شرح سود میں 175 بنیادی پوائنٹس کا اضافہ کرچکا ہے، جسکی وجہ سے شرح سود 7.5% تک ہوگئی ہے۔اس قدم سے آنے والے مہینوں میں افراط زر کے بڑھتے دباؤ پر قابو پایا جاسکے۔

کاروباری جائزہ

سبسڈری کمپنی کی کارکردگی:-

ہماری سبسڈری ، اینگرو کارپوریشن لمیٹڈ نے 2018 کی پہلی شش ماہی میں 71,733 ملین روپے انضمامی منافع حاصل کیا ہے جو پچھلے سال کے اسی دورانئے میں 52,241 ملین روپے تھا، اس میں %37 کا اضافہ ہوا ہے، جسکی بنیادی وجہ فرٹیلائزر اور پیٹروکیمیکل سیکٹر کی نمایاں کارکردگی ہے۔

تھرکول مائننگ کمپنی(SECMC) کے زیر سایہ چلنے والے پروجیکٹ نے کوئلے کی پہلی کھیپ حاصل کرلی ہے۔ یہ ایک غیر معمولی کامیابی ہے جس نے سالوں کوئلے کی موجودگی کے قیاس کو ختم کردیا ہے۔ دریں اثنا 2x330MW کوئلے سے چلنے والا پاور پلانٹ اپنے وقت کے مطابق تکمیل کے مراحل طے کررہا ہے اور یہ امید کی جاتی ہے کہ پروگرام کے مطابق COD حاصل کرے گا۔

سبسڈری کمپنی کے جاری آپریشنز سے بعد از ٹیکس منافع (پی اے ٹی) 6,717 ملین روپے سے بڑھ کر 11,055 ملین روپے ہوگیا ہے جو %55 اضافہ ہے۔

کریڈٹ ریٹنگ:-

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ نے کمپنی طویل مدتی ریٹنگ -AA سے AA کردی ہے اور مختصر مدتی ریٹنگ +A1 پر قرار رکھی ہے، جو کمپنی کی بطور انوسٹ کمپنی طاقتور رسک پروفائل کی علامت ہے۔

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DAWOOD HERCULES CORPORATION LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

INTRODUCTION

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Dawood Hercules Corporation Limited as at June 30, 2018 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of total comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of total comprehensive income for the quarters ended June 30, 2018 and 2017 and the notes forming part thereof have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2018.

SCOPE OF REVIEW

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

CONCLUSION

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

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

Chartered Accountants
Karachi
Dated: August 29, 2018

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UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(UNAUDITED - NOTE 2)

As at June 30, 2018

	Note	June 30, 2018 (Unaudited))	December 31, 2017 (Audited)
		------(Rupees in '000)------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	143,286	156,898
Long term investments	7	23,308,927	23,308,927
Advance against investment	1.3	1,653,750	1,653,750
		25,105,963	25,119,575
CURRENT ASSETS			
Advances, deposits and prepayments		41,157	44,453
Other receivables		125,884	23,696
Short term investments	8	22,643,513	15,000
Cash and bank balances		54,987	229,064
		22,865,541	312,213
Investment - Held for sale	1.4	-	14,169,098
TOTAL ASSETS		47,971,504	39,600,886
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		31,253,202	27,953,301
		36,066,073	32,766,172
NON CURRENT LIABILITIES			
Long term financing	9	11,110,154	5,139,511
Defined benefit liability		599	3,567
		11,110,753	5,143,078
CURRENT LIABILITIES			
Short term running finance	10	-	1,241,776
Trade and other payables	11	164,226	49,429
Unclaimed dividend		94,780	89,294
Accrued mark-up		85,971	91,550
Taxation - net		449,701	219,587
		794,678	1,691,636
TOTAL EQUITY AND LIABILITIES		47,971,504	39,600,886
CONTINGENCIES AND COMMITMENTS	12		

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

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(UNAUDITED - NOTE 2)
For the quarter and six months period ended June 30, 2018

	Note	Quarter ended		Six months period	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		------------------------(Rupees in '000)------------------------			
Dividend income	13	974,863	1,578,900	1,623,681	2,358,790
Administrative expenses		(241,047)	(145,623)	(358,515)	(258,347)
Gross profit		733,816	1,433,277	1,265,166	2,100,443
Other income - net	14	336,018	225	3,978,955	552
Operating profit		1,069,834	1,433,502	5,244,121	2,100,995
Finance cost		(237,461)	(104,496)	(386,827)	(228,861)
Profit before taxation		832,373	1,329,006	4,857,294	1,872,134
Taxation		(417,983)	(390,222)	(594,819)	(487,779)
Profit after taxation		414,390	938,784	4,262,475	1,384,355
Earnings per share (Rupees) - basic and diluted	15	0.86	1.95	8.86	2.88

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

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME (UNAUDITED - NOTE 2)

For the quarter and six months period ended June 30, 2018

	Quarter ended		Six months period ended	
	June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
	-------------------(Rupees in '000)-------------------			
Profit after taxation	414,390	938,784	4,262,475	1,384,355
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss				
Remeasurements of staff retirement benefits	-	1,844	-	1,844
Total comprehensive income for the period	414,390	940,628	4,262,475	1,386,199

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

Inam ur Rahman
Chief Executive Officer

Shafiq Ahmed
Chief Financial Officer

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(UNAUDITED - NOTE 2)

For the six months period ended June 30, 2018

	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, 2017	4,812,871	700,000	25,325,985	26,025,985	30,838,855
Total comprehensive Income					
Profit for the period	-	-	1,384,355	1,384,355	1,384,355
Other comprehensive income	-	-	1,844	1,844	1,844
Total comprehensive income for the period	-	-	1,386,199	1,386,199	1,386,199
Transaction with owners					
Final cash dividend for the year ended December 31, 2016: 20% (Rs 2 per ordinary share)	-	-	(962,574)	(962,574)	(962,574)
Interim cash dividend for the year ended December 31, 2017: 20% (Rs 2 per ordinary share)	-	-	(962,574)	(962,574)	(962,574)
Balance as at June 30, 2017	4,812,871	700,000	24,787,036	25,487,036	30,299,907
Balance as at January 1, 2018	4,812,871	700,000	27,253,301	27,953,301	32,766,172
Total comprehensive Income					
Profit for the period	-	-	4,262,475	4,262,475	4,262,475
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	4,262,475	4,262,475	4,262,475
Transaction with owners					
Final cash dividend for the year ended December 31, 2017: 20% (Rs 2 per ordinary share)	-	-	(962,574)	(962,574)	(962,574)
Balance as at June 30, 2018	4,812,871	700,000	30,553,202	31,253,202	36,066,073

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

Inam ur Rahman Chief Executive Officer	Shafiq Ahmed Chief Financial Officer	Shabbir Hussain Hashmi Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(UNAUDITED - NOTE 2)

For the six months period ended June 30, 2018

	Note	Six months period ended June 30, 2018	June 30, 2017
		------(Rupees in '000)------	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash utilised in operations	16	(751,495)	(336,731)
Finance cost paid		(357,453)	(243,836)
Taxes paid		(364,705)	(266,937)
Staff retirement and other service benefits paid		(2,321)	(1,887)
Net cash utilised in operating activities		(1,475,974)	(849,391)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(12,633)	(53,832)
Profit received from savings accounts, TDRs and T-Bills		214,895	176
Interest income received from MCPL		29,328	-
Proceeds from disposal of property, plant and equipment		4,551	333
Proceeds from disposal of investment - held for sale		18,141,820	-
Investment made in Term Deposit Receipt		(3,000)	-
Dividends received		1,623,681	2,358,790
Net cash generated from investing activities		19,998,642	2,305,467
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing repaid		-	(52,179)
Long term financing obtained - net of transaction costs		5,935,690	-
Dividends paid		(957,088)	(1,255,917)
Net cash generated from / (utilised) in financing activities		4,978,602	(1,308,096)
Net increase in cash and cash equivalents during the period		23,501,270	147,980
Cash and cash equivalents at the beginning of the period		(1,012,712)	(2,582,644)
Cash and cash equivalents at the end of the period	17	22,488,558	(2,434,664)

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

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED - NOTE 2)

For the six months period ended June 30, 2018

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 Act, 2017) (the Act) and its shares are quoted on Pakistan Stock Exchange Limited (PSX). 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 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 the Securities and Exchange Commission of Pakistan (SECP). Based on its reassessment, it was concluded that although the Company has less than 50% voting rights in ECL, yet, 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 requirements specified in IFRS 10. Accordingly, the Company was deemed to be the Holding Company of ECL.

1.3 Based on the approval of the Board of Directors (the Board), on August 29, 2017, the Company has signed Shareholders Agreement (SHA) and Share Subscription Agreement (SSA) with edotco Investments (Labuan) Limited Malaysia (Edotco) for an investment of approximately Rs 17,430 million in edotco Pakistan (Private) Limited (EPPL). On January 19, 2018, the Company notified PSX regarding plans for injecting a cumulative amount of Rs 17,430 million in EPPL in the form of equity and / or a short term loan, out of which the amount of loan shall not exceed Rs 10,130 million subject to obtaining of the necessary regulatory and shareholders' approval. The shareholders at their Extraordinary General Meeting (EoGM) held on March 6, 2018, approved the proposed investment plan.

1.4 During the six months period, the Board in its meeting held on February 1, 2018, accepted an offer from Mega Conglomerate (Private) Limited (MCPL) for the purchase of the Company's entire shareholding in HUBCO at Rs 106.50 per share. This was duly notified to the PSX on February 1, 2018. The price was later reduced by Rs 1.38 per share, which is the net of tax impact of declared by HUBCO subsequent to the offer date. The dividend was received by the Company as disclosed in note 13. The required shareholders' approval in respect of the disposal of the shareholding was obtained in the EoGM held on March 6, 2018. The shares were transferred on March 16, 2018 after the completion of all regulatory requirements.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under Companies Act, 2017.

2.2 These unconsolidated condensed interim financial statements comprise of the statement of financial position as at June 30, 2018 and the unconsolidated condensed interim statement of profit or loss, the unconsolidated condensed interim statement of total comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes thereto for the six months period then ended which have been subjected to a review in accordance with the requirements of the PSX Rule Book but not audited. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim statement of profit or loss for the quarter ended June 30, 2018 which was not subjected to review.

2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at December 31, 2017 has been extracted from the audited financial statements of the Company for the year then ended. The comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of total comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the six months period ended June 30, 2017 have been extracted from the unconsolidated condensed interim financial statements of the Company for the six months period then ended. The comparative condensed interim statement of profit or loss for the quarter ended June 30, 2017 is also included in these unconsolidated condensed interim financial statements.

3. SIGNIFICANT 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, 2017.

3.2 Initial application of new standards, amendments to approved accounting standards and interpretations.

There were certain amendments to the approved accounting standards which became effective during the six months period ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these unconsolidated condensed interim financial statements except for the following:

The Companies Act, 2017 (the Act) has brought certain changes with regard to the preparation and presentation of annual and interim financial statements of the Company. These primarily relate to changes in the nomenclature of the primary statements comprising the financial statements.

The presentation of these unconsolidated condensed interim financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact on the recognition and measurement of the amounts included in these unconsolidated condensed interim financial statements of the Company.

3.3 Standards, amendments to published approved accounting standards and interpretations that are not yet effective

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements. During the current period, the Securities and Exchange Commission of Pakistan (SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers', and IFRS 16 'Leases' the application of which will not have any significant impact on the financial reporting of the Company

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 estimation uncertainty were the same as those that were applied to the financial statements for the year ended December 31, 2017.

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, 2018 (Unaudited)**	**December 31, 2017 (Audited)**
			------(Rupees in '000)------	
6	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	6.1	**140,957**	156,898
	Capital work in progress		**2,329**	-
			143,286	156,898
6.1	Net book value at the beginning of the period / year		**156,898**	96,461
	Add: Additions during the period / year	6.1.1	**10,304**	92,776
			167,202	189,237
	Less:			
	- Disposals during the period / year- net book value	6.1.2	**5,613**	284
	- Depreciation charged during the period / year		**20,632**	32,055
			26,245	32,339
	Net book value at the end of the period / year		**140,957**	156,898

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
		------(Rupees in '000)------	
6.1.1 Additions during the period / year			
Leasehold improvements		**-**	172
Furniture, fittings and equipment		**698**	267
Vehicles		**6,125**	64,640
Data processing equipment		**3,481**	27,697
		10,304	92,776
6.1.2 Disposals during the period / year - net book value			
Vehicles		**5,497**	48
Data processing equipment		**116**	236
		5,613	284

7. LONG TERM INVESTMENTS

7.1 Investment in subsidiary

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Engro Corporation Limited (ECL) - quoted 194,972,555 (December 31, 2017: 194,972,555) ordinary shares of Rs 10 each	7.1.1	**23,308,927**	23,308,927

Percentage of holding 37.22% (December 31, 2017: 37.22%)

7.1.1 The market value of investment in ECL as at June 30, 2018 was Rs 61,194 million (December 31, 2017: Rs 53,569 million).

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

Bank	As at June 30, 2018			As at December 31, 2017		
	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 liabilities of ex-subsidiary (DHFL)						
Meezan Bank Limited - as agent (note 12.1.1)	10,492	104,920	3,293,019	15,131	151,308	4,157,187
Pledged in favour of JS Bank Limited against issuance of Sukuks						
JS Bank Limited (note 9.1 & 9.2)	81,376	813,760	25,540,671	38,519	385,185	10,582,963

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
		------(Rupees in '000)------	
7.2 Available for sale investment			
e2e Business Enterprises (Private) Limited (e2eBE) - unquoted			
Cost (11,664,633 ordinary shares of Rs 10 each)		**116,646**	116,646
Less: Accumulated impairment		**(116,646)**	(116,646)
		-	-

Percentage of holding 19.14% (December 31, 2017: 19.14%)

7.2.1 The Company had made aggregate investment amounting to Rs 238 million in e2e Business Enterprises (Private) Limited (e2eBE) representing an equity interest of 39%. e2eBE was set up for the production, sale and marketing of Rice Bran Oil (RBO) and it 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 issues, it has not been able to service its outstanding loans and working capital requirements.

The Company disposed of part of its shareholding, 19.86%, in e2eBE during the year ended December 31, 2015. However, the said disposal has not been recorded by e2eBE in its shareholder register. The Company has informed SECP in this respect through its letter dated May 12, 2016 and January 22, 2018. Further, the Company had assessed the carrying amount of its investment in e2eBE in accordance with the requirements of IAS 36 'Impairment of Assets' and the investment has been fully impaired as the possibility of turnaround of e2eBE operations was considered remote.

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
		------(Rupees in '000)------	
8. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
- Market Treasury bills (T-Bills)	8.1	**21,749,655**	-
Held to maturity			
- Term Deposit Receipts (TDRs)	8.2	**893,858**	15,000
		22,643,513	15,000

8.1 Particulars regarding T-Bills are as follows:

	Maturity	Rate (%)	Cost	Market value	Unrealised loss
			------(Rupees in '000)------		
Market Treasury Bills	July 19, 2018	6.20 - 6.25	21,755,404	21,749,655	5,749

8.2 These carry profit at rates ranging from 5% to 7.25% per annum (2017:5% per annum).

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
		------(Rupees in '000)------	
9. LONG TERM FINANCING			
Sukuk certificates - I	9.1	**5,162,916**	5,139,511
Sukuk certificates - II	9.2	**5,947,238**	-
		11,110,154	5,139,511

9.1 This represents the amortised cost of the Rated, Over the Counter Listed and Secured Islamic Certificates (Sukuks - I), amounting to Rs 5,200 million (December 31, 2017: Rs 5,200 million), issued by the Company on November 16, 2017, to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as an agent and advisor. The Sukuks - I are secured against ECL shares with 50% margin as disclosed in note 7.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuks - I carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuks - I are for a period of 5 years and are payable semiannually with the first principal repayment to be made after the expiry of 18 months commencing from May 2019.

9.2 This represents the amortised cost of the Rated, Over the Counter Listed and Secured Islamic Certificates (Sukuks - II), amounting to Rs 6,000 million (December 31, 2017: Nil), issued by the Company on March 1, 2018, to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as an agent and advisor. The Sukuks - II are secured against ECL shares with 50% margin as disclosed in note 7.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuks - II carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuks - II are for a period of 5 years and are payable semiannually with the first principal repayment to be made after the expiry of 18 months commencing from September 2019.

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
		------(Rupees in '000)------	
9.3 Opening balance		**5,139,511**	3,889,143
Issuance of Sukuk I - net of transaction costs		**-**	5,137,522
Issuance of Sukuk II - net of transaction costs		**5,935,690**	-
Amortisation during the period / year		**34,953**	1,989
Amount repaid		**-**	(3,889,143)
		11,110,154	5,139,511

	Note	June 30, 2018	December 31, 2017
10. Short term running finance			
Running finance under mark-up arrangement	10.1-10.4	**-**	1,241,776

10.1 The Company had obtained a short-term running finance facility under mark-up arrangement aggregating to Rs 1,500 million from Bank Al-Habib Limited. The entire facility remained unutilised as at December 31, 2017. The facility expired on April 30, 2018.

10.2 The Company had obtained a short-term running finance facility under mark-up arrangement aggregating to Rs 1,000 million from United Bank Limited. The facility amounting to Rs 100 million was unutilised as at December 31, 2017. The facility expired on June 30, 2018.

10.3 The Company had obtained a short-term running finance facility under Shariah approved arrangement (Running Musharakah arrangement) aggregating to Rs 1,000 million from MCB Islamic Bank Limited. The facility amounting to Rs 914.196 million was unutilised as at December 31, 2017. The facility expired on May 31, 2018.

10.4 The Company had obtained a short-term running finance facility under mark-up arrangement aggregating to Rs 2,000 million from Habib Metropolitan Bank Limited. The facility amounting to Rs 1,743.802 million was unutilised as at December 31, 2017. The facility expired on June 30, 2018.

	Note	**June 30, 2018 (Unaudited)**	**December 31, 2017 (Audited)**
		------(Rupees in '000)------	
11. TRADE AND OTHER PAYABLES			
Creditors		**128,601**	4,051
Accrued expenses		**31,918**	45,163
Others	11.1	**3,707**	215
		164,226	49,429

11.1 This includes Rs 3,073 (December 31, 2017: Nil) pertaining to ex-gratia payable to outgoing contractual employees.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 The Company had pledged 15.131 million shares of ECL with Meezan Bank Limited (as Agent) in favour of Fatima Fertilizer Company Limited (FFCL) as disclosed in note 7.1.2 to these unconsolidated condensed interim financial statements as collateral against guarantee given in favour of Dawood Hercules Fertilizer Limited (DHFL) - ex-subsidiary (now FFCL) against potential tax liabilities, WPPF liabilities and WWF liabilities in respect of periods ending on or prior to June 30, 2015. These pledged shares are to 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.

During the six month period ended June 30, 2018, out of 15.131 million shares of ECL, 4.639 million shares were released upon expiration of the period stated in the agreement relating to the WPPF liabilities.

The Company had also issued a Corporate Guarantee which will remain in full force and effective for five years and will be released on the later of September 30, 2021 or the date on which the above tax liabilities are finally settled / disposed of or withdrawn.

12.1.2 During the year ended December 31, 2017, the Company's ex-subsidiary was served with an order from the Additional Commissioner of Inland Revenue (ACIR) – Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.650 million. The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, non-taxation of capital gain on sale of shares of ECL and HUBCO to the Company and levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy Commissioner Inland Revenue served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternative Corporate Tax) worked out to be Rs 1,051.140 million. The Commissioner Inland Revenue filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof.The appeal against the order of CIRA is still pending.Meanwhile, the Company has also obtained stay from the Honourable Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect in these unconsolidated condensed interim financial statements.

12.1.3 During the year ended December 31, 2017, the Company received a show cause notice from the Additional Commissioner of Inland Revenue (ACIR) – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the ACIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Company being aggrieved, filed a Constitutional Petition before the Honourable High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a separate suit was filed with the Honourable High Court of Sindh against the levy of super tax. The Honourable High Court of Sindh issued stay orders in respect of the aforementioned matters with the instruction to the Taxation Authorities to not finalise the proceedings until the cases were disposed of. The matter has still not been decided. However, on the basis of legal advice, the management is confident that the above matters will be decided in favour of the Company. Hence, no provision has been recorded in this respect in these unconsolidated condensed interim financial statements.

	Note	**June 30, 2018 (Unaudited)**	**December 31, 2017 (Audited)**
12.2 Commitments		**------(Rupees in '000)------**	
Commitments in respect of operating lease not later than one year	12.2.1	**8,902**	4,222

12.2.1 The Company has entered into lease agreement for renting of premises for Lahore office in August 2015 for a period of seven years, expiring in September 2022.The agreement is revocable by either party through prior notice of at least 6 months.

12.2.2 Commitment in respect of investment in EPPL in the form of equity and / or a short term loan amounts to Rs 17,430 million as disclosed in note 1.3.

	Note	Six months period ended June 30, 2018 (Unaudited)	Six months period ended June 30, 2017 (Unaudited)
		------(Rupees in '000)------	
13. DIVIDEND INCOME			
Engro Corporation Limited		**1,364,808**	1,754,753
Hub Power Company Limited	1.4	**258,873**	604,037
		1,623,681	2,358,790
14. OTHER INCOME			
Income from financial instruments	14.1	**436,165**	342
Income from non-financial instruments	14.2	**3,542,790**	210
		3,978,955	552
14.1 Income from financial instruments			
Profit on saving accounts, TDRs and T- Bills		**412,586**	342
Unrealised loss on remeasurement of T-Bills		**(5,749)**	-
Interest income received from MCPL upon settlement of purchase consideration relating to sale of shareholding in HUBCO shares		**29,328**	-
		436,165	342

	Note	Six months period ended June 30, 2018 (Unaudited)	Six months period ended June 30, 2017 (Unaudited)
		------(Rupees in '000)------	
14.2 Income from non-financial instruments			
Gain on disposal of operating fixed assets		**-**	159
Gain on disposal of held for sale investment - (net of transaction costs of Rs 430.250 million)		**3,542,472**	-
Others	1.4	**318**	51
		3,542,790	210

15. EARNING PER SHARE

	Quarter Ended		Six months period ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in '000)			
Profit after taxation	414,340	938,784	4,262,475	1,384,355
	(Number of shares in '000)			
Weighted average number of ordinary shares outstanding during the period	481,287	481,287	481,287	481,287
	(Rupees)			
Earning per Share	0.86	1.95	8.86	2.88

	Note	Six months period ended June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
		(Rupees in '000)	
16. CASH UTILISED IN OPERATIONS			
Profit before taxation		**4,857,294**	1,872,134
Adjustments for non-cash expenses and other items:			
Depreciation		**20,632**	14,387
Finance cost		**386,827**	228,861
Dividend income		**(1,623,681)**	(2,358,790)
Provision for staff retirement and other service benefits		**2,426**	2,963
Gain on disposal of investment - held for sale	1.4	**(3,972,722)**	-
Loss / (gain) on disposal of operating fixed assets		**1,062**	(159)
Profit from saving accounts, TDRs and T-Bills		**(412,586)**	(176)
Interest income from MCPL		**29,328**	-
Unrealised loss on remeasurement of T-Bills		**5,749**	-
Working capital changes	16.1	**12,832**	(95,951)
Cash utilised in operations		**(751,495)**	(336,731)

16.1 Working capital changes

Decrease / (increase) in current assets		
Advances, deposits and prepayments	**3,296**	(5,302)
Other receivables	**(102,188)**	4,924
	(98,892)	(378)
Increase / (decrease) in trade and other payables	**111,724**	(95,573)
	12,832	(95,951)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED - NOTE 2)

For the six months period ended June 30, 2018

	Note	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
		------(Rupees in '000)------	
17. CASH AND CASH EQUIVALENTS			
Cash and bank balances		**54,987**	6,333
Short term investments		**22,433,571**	-
Short term running finance		**-**	(2,440,997)
		22,488,558	(2,434,664)

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 for the year ended December 31, 2017. There have been no changes in any risk management policies since the year end.

18.2 Fair value of financial assets and liabilities

Market Treasury Bills as disclosed in note 8 are the only financial instruments that are carried at fair value. Their value is determined using observable market inputs (Level II).The fair value hierarchy used for the classification of fair value measurements is the same as that used in the financial statements for the year ended December 31, 2017. The carrying value of all other financial assets and liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED - NOTE 2)

For the six months period ended June 30, 2018

19. RELATED PARTY TRANSACTIONS

Significant transactions with related parties are as follows:

	Note	Six months period ended June 30, 2018 (Unaudited)	Six months period ended June 30, 2017 (Unaudited)
		------(Rupees in '000)------	
Subsidiary company			
Reimbursement of expenses to the Company		**6,907**	504
Rendering of services		**-**	504
Sale of operating fixed assets		**4,551**	-
Dividend income		**1,364,808**	1,754,753
Associated companies			
Purchase of goods and services		**14,449**	18,604
Rendering of services		**4,927**	3,117
Dividend income		**258,873**	604,037
Reimbursement of expenses from associates		**10,638**	11,699
Reimbursement of expenses to associates		**1,812**	2,395
Advances and deposits		**1,412**	27,411
Key management personnel			
Salaries and employee benefits		**117,167**	117,954
Directors' fee		**6,500**	9,750
Post retirement benefit plans		**4,493**	5,288
Sale of operating fixed assets		**-**	118
Other related parties			
Membership fee and other subscriptions		**1,081**	-
Purchase of goods		**6,057**	-
Advances and deposits		**2,829**	-
Contribution to staff gratuity fund		**1,911**	3,399
Contribution to staff provident fund		**4,152**	1,888
Other payments		**1,000**	-

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 27, 2018.

21. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on August 27, 2018 approved an interim cash dividend of Rs 3 per share (2017:Nil) amounting to Rs 1,444 million (2017: Nil) for the six months period ended June 30, 2018. These unconsolidated condensed interim financial statements do not recognise the proposed interim dividend from unappropriated profit as it has been declared subsequent to the statement of financial position date.

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at June 30, 2018

(Amounts in thousand)

	Note	Consolidated Unaudited June 30, 2018	Consolidated Audited December 31, 2017
		------------(Rupees)------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**178,587,149**	157,512,017
Intangible assets		**4,763,162**	4,753,253
Deferred taxation		**190,179**	23,765
Long term investments	6	**31,554,535**	32,195,681
Long term loans and advances		**5,292,214**	6,809,735
Advance against investment	1.2	**1,653,750**	1,653,750
		222,040,989	202,948,201
Current assets			
Stores, spares and loose tools		**7,805,673**	7,638,801
Stock-in-trade		**13,629,034**	13,065,877
Trade debts		**14,244,846**	13,641,538
Loans, advances, deposits and prepayments		**2,120,158**	2,057,035
Other receivables		**10,056,830**	10,922,891
Taxes recoverable		**-**	92,881
Accrued Income		**265,917**	528,242
Derivative financial asset		**-**	-
Short term investments		**94,886,263**	69,893,637
Cash and bank balances		**11,852,798**	9,786,651
		154,861,519	127,627,553
Investment held for sale	1.3	**-**	6,611,468
TOTAL ASSETS		**376,902,508**	337,187,222

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

(Amounts in thousand)	Note	June 31, 2018 Unaudited	December 31, 2017 Audited
		------------(Rupees)------------	
EQUITY AND LIABILITIES			
Equity			
Share capital		**4,812,871**	4,812,871
Revaluation reserve on business combination		**11,161**	13,059
Maintenance reserve		**60,117**	60,117
Exchange revaluation reserve		**75,922**	30,888
Hedging reserve		**(10,869)**	(27,341)
General reserve		**700,000**	700,000
Unappropriated profit		**61,525,110**	49,756,284
Remeasurement of post-employment benefits		**(30,961)**	(29,265)
		62,330,480	50,503,742
		67,143,351	55,316,613
Non-controlling interest	7	**126,653,483**	122,148,275
Total Equity		**193,796,834**	177,464,888
Liabilities			
Non-current liabilities			
Borrowings	8	**107,775,159**	83,490,369
Deferred taxation		**8,934,260**	10,692,321
Deferred liabilities		**147,653**	227,830
Staff retirement and other service benefits		**599**	-
		116,857,671	94,410,520
Current liabilities			
Trade and other payables		**41,338,412**	39,310,803
Provision		**4,111,376**	
Accrued interest / mark-up		**1,588,762**	1,552,664
Current portion of :			
- borrowings		**8,254,940**	12,392,265
- deferred liabilities		**88,443**	103,235
Taxes payable		**4,102,117**	219,587
Deferred taxation		**110,914**	-
Short term borrowings	9	**6,172,546**	11,327,158
Unclaimed dividends		**480,493**	406,102
		66,248,003	65,311,814
Total Liabilities		**183,105,674**	159,722,334
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		**376,902,508**	**337,187,222**

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the quarter and six months ended June 30, 2018

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Six months period ended	
		June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
		(Rupees)			
Net sales		38,208,202	29,741,996	71,733,077	52,241,332
Cost of sales		(27,941,446)	(21,778,991)	(49,908,340)	(37,566,034)
Gross profit		10,266,756	7,963,005	21,824,737	14,675,298
Selling and distribution expenses		(1,724,916)	(1,982,928)	(3,564,360)	(3,463,816)
Administrative expenses		(1,137,212)	(1,060,032)	(2,138,586)	(1,905,187)
		7,404,628	4,920,045	16,121,791	9,306,295
Other income	11	2,667,926	3,225,113	16,767,077	5,618,426
Other operating expenses		(1,662,406)	(467,467)	(2,260,049)	(756,690)
Finance cost		(1,458,488)	(1,368,820)	(2,830,979)	(2,808,702)
Share of income from associates & joint ventures		(917,656)	612,455	(501,605)	1,451,181
Profit before taxation		6,034,004	6,921,326	27,296,235	12,810,510
Taxation	12	(2,376,918)	(4,665,160)	(5,776,411)	(6,310,352)
Profit for the period		3,657,086	2,256,166	21,519,824	6,500,158
Profit attributable to:					
- Owners of the Holding Company		145,875	106,304	12,732,128	1,188,710
- Non-controlling interest		3,511,211	2,149,862	8,787,696	5,311,448
		3,657,086	2,256,166	21,519,824	6,500,158
Earnings per share - basic and diluted	13	0.30	0.22	26.45	2.47

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME (UNAUDITED)

For the quarter and six months ended June 30, 2018

(Amounts in thousand)

	Quarter ended		Six months period ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees)			
Profit for the period	3,657,086	2,256,166	21,519,824	6,500,158
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges				
- Losses arising during the period	(448)	(448)	64,679	(10,907)
- Reclassification adjustments for losses included in profit or loss	1,575	1,575	(432)	4,003
- Adjustments for amounts transferred to initial carrying amount of hedged items	703	703	-	10,886
	1,830	1,830	64,247	3,982
Share of other comprehensive income of associate	-	3,370	-	2,291
Revaluation reserve on business combination	(5,251)	(5,251)	(10,501)	(10,501)
Exchange differences on translation of foreign operations	94,625	(6,208)	176,958	875
	89,374	(11,459)	166,457	(9,626)
Income tax relating to:				
- Hedging reserve - cash flow hedges	-	(264)	-	(632)
- Revaluation reserve on business combination	-	1,680	3,360	3,360
	-	1,416	3,360	2,728
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligation		1,844	-	1,844
Deferred tax charge relating to revaluation of equity	-	-	(1,651)	-
	91,204	(2,999)	232,413	1,219
Total Comprehensive income for the period	3,748,290	2,253,167	21,752,237	6,501,377
Total comprehensive income attributable to:				
- Owners of the Holding Company	180,493	108,762	12,791,391	1,192,060
- Non-controlling interest	3,611,536	2,144,405	8,960,846	5,309,317
	3,792,029	2,253,167	21,752,237	6,501,377

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2018

(Amounts in thousand)

	Share capital	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 December 31, 2016 (audited) January 01, 2017	4,812,871	16,857	60,117	6,192	(32,730)	700,000	48,142,424	(3,435)	(17,874)	53,684,422	119,277,999	172,962,421
Total Comprehensive income /(loss) for the half year ended June 30, 2017												
Profit for the period	-	-	-	-	-	-	1,188,710	-	-	1,188,710	5,311,448	6,500,158
Other comprehensive income	-	(2,032)	-	-	1,247	-	-	2,291	1,844	3,350	(2,131)	1,219
	-	(2,032)	-	-	1,247	-	1,188,710	2,291	1,844	1,192,060	5,309,317	6,501,377
Transaction with owners												
	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to IFC by subsidiary company				-	-	-	82,480	-	-	82,480	213,913	296,393
Shares issued during the period and shares issuance cost accounted for as a deduction from equity				-	-	-	(1,057)	-	-	(1,057)	561,241	560,184
Preference shares issued	-	-	-	-	-	-	-	-	-	-	499,510	499,510
Dividend by subsidiary allocable to	-	-	-	-	-	-	-	-	-	-	16,454	16,454
Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(4,570,408)	(4,570,408)
Final cash dividend for the year ended December 31, 2016 (Rs 2/- per ordinary share)							(962,574)	-	-	(962,574)		(962,574)
Interim cash dividend for the year ending December 31, 2017 (Rs 2/- per ordinary share)							(962,574)	-	-	(962,574)		(962,574)
Share issue cost	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(1,843,726)	-	-	(1,843,726)	(3,279,290)	(5,123,016)
Balance as at June 30, 2017(Unaudited)	**4,812,871**	**14,825**	**60,117**	**6,192**	**(31,483)**	**700,000**	**47,487,408**	**(1,144)**	**(16,030)**	**53,032,756**	**121,308,026**	**174,340,782**
Balance December 31, 2017 (audited) / January 01, 2018	4,812,871	13,059	60,117	30,888	(27,341)	700,000	49,756,284	-	(29,265)	55,316,613	122,148,275	177,464,888
Total Comprehensive income /(loss) for the six months ended June 30, 2018 (unaudited)												
Profit for the period	-	-	-	-	-	-	12,732,128	-	-	12,732,128	8,787,696	21,519,824
Other comprehensive income	-	(1898)	-	45,034	16,472	-	(345)	-	-	59,263	173,150	232,413
	-	(1898)	-	45,034	16,472	-	12,731,783	-	-	12,791,391	8,960,846	21,752,237
Transaction with owners										-	-	
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(4,437,262)	(4,437,262)
Shares issuance cost	-	-	-	-	-	-	(2,079)	-	-	(2,079)	(18,376)	(20,455)
Reclassification of actural gain on withdrawal of gratuity scheme	-	-	-	-	-	-	1,696	-	(1,696)	-	-	-
Final cash dividend for the year ended December 31, 2017 (Rs 2/- per ordinary share)	-	-	-	-	-	-	(962,574)	-	-	(962,574)	-	(962,574)
	-	-		-	-	-	(962,957)	-	(1,696)	(964,653)	(4,455,638)	(5,420,291)
Balance as at June 30, 2018 (unaudited)	**4,812,871**	**11,161**	**60,117**	**75,922**	**(10,869)**	**700,000**	**61,525,110**	**-**	**(30,961)**	**67,143,351**	**126,653,483**	**193,796,834**

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Inam ur Rahman
Chief Executive Officer

Shafiq Ahmed
Chief Financial Officer

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended June 30, 2018

(Amounts in thousand)

	Note	Six months ended June 31, 2018	Six months ended June 30, 2017
		------------(Rupees)------------	
Cash flows from operating activities			
Cash generated from operations	14	**25,719,735**	4,458,290
Retirement and other service benefits paid		**(114,801)**	(128,349)
Finance cost paid		**(3,955,742)**	(3,096,557)
Taxes paid		**(3,004,820)**	(2,457,811)
Long term loans and advances - net		**(107,989)**	(10,425)
Net cash generated from / (utilised in) operating activities		**18,536,383**	(1,234,852)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and biological assets		**(18,488,946)**	(7,192,138)
Sale proceeds on disposal of PPE and biological assets		**24,887**	333
Proceeds on disposal of investments		**18,141,820**	21,998
Income on deposits / other financial assets		**2,883,024**	176
Advance received against disposal of DH Fertilizers Limited		**-**	1,756,004
Proceeds from short term investments		**24,688,661**	-
Investment made during the period		**(465,350)**	12,438,668
Dividends received		**876,303**	4,204,797
Net cash generated from investing activities		**27,660,399**	11,229,838
Cash flows from financing activities			
Proceeds from / repayment of borrowings - net		**16,541,087**	339,453
Repayments of short term borrowings - net		**-**	(1,100,000)
Proceeds from issuance of shares		**-**	1,067,874
Share issuance cost		**(20,455)**	(8,180)
Dividends paid		**(6,016,059)**	(5,806,284)
Net cash generated from / (utilised in) financing activities		**10,504,573**	(5,507,137)
Net increase in cash and cash equivalents		**56,701,355**	4,487,849
Cash and cash equivalents at beginning of the period		**42,863,608**	25,896,895
Exchange (loss) on translation of foreign operation		**-**	(2,710)
Cash and cash equivalents at the end of the period	15	**99,564,963**	30,382,034

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Inam ur Rahman
Chief Executive Officer

Shafiq Ahmed
Chief Financial Officer

Shabbir Hussain Hashmi
Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended June 30, 2018

(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 Act, 2017) (the Act) and its shares are quoted on Pakistan Stock Exchange Limited (the PSX). 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 Based on the approval of the Board of Directors (the Board), on August 29, 2017, the Holding Company has signed Shareholders Agreement (SHA) and Share Subscription Agreement (SSA) with edotco Investments (Labuan) Limited Malaysia (Edotco) for an investment of approximately Rs 17,430 million in edotco Pakistan (Private) Limited (EPPL). On January 19, 2018, the Holding Company notified PSX regarding plans for injecting a cumulative amount of Rs 17,430 million in EPPL in the form of equity and / or a short term loan, out of which the amount of loan shall not exceed Rs 10,130 million subject to obtaining of the necessary regulatory and shareholders' approval. The shareholders at their Extraordinary General Meeting (EoGM) held on March 6, 2018, approved the proposed investment plan.

1.3 During the six months period, the Board in its meeting held on February 1, 2018, accepted an offer from Mega Conglomerate (Private) Limited (MCPL) for the purchase of the Holding Company's entire shareholding in HUBCO at Rs 106.50 per share. This was duly notified to the PSX on February 1, 2018. The price was later reduced by Rs 1.38 per share, after taking into account the necessary tax impacts, due to dividend declared by HUBCO subsequent to the offer date. The dividend was received by the Holding Company. The required shareholders' approval in respect of the disposal of the shareholding was obtained in the EoGM held on March 6, 2018. The shares were transferred on March 16, 2018 after the completion of all regulatory requirements.

1.4 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	
	2018	**2017**
- Engro Corporation Limited (ECL)	37.22	37.22

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

(Amounts in thousand)

	%age of direct holding	
	June 30, 2018	December 31, 2017
- Engro Energy Limited (Formerly Engro Powergen Limited) (note 1.5.1)	**100**	100
- Engro Eximp Agriproducts (Private) Limited	**100**	100
- Engro Infiniti (Private) Limited (note 1.5.2)	**100**	100
- Elengy Terminal Pakistan Limited	**80**	80
- Engro Fertilizers Limited	**56.27**	56.27
- Engro Polymer and Chemicals Limited (note 1.5.3)	**56.19**	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	**50**	50
Associated Company:		
- Engro Foods Limited	**39.9**	39.9

1.5.1 ***Engro Energy Limited (EEL)***

During the period:

- Engro Energy Services (Private) Limited (EESL) has been incorporated as a wholly owned subsidiary of EEL; and
- EEL entered into a Joint Venture Agreement (JVA), dated May 04, 2018 with Siddiqsons Limited (SL) and Arif Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW coal-fired power generation facility in Thar Coal Block - II, District Tharparkar, Sindh through a joint venture company, i.e. Siddiqsons Energy Limited (SEL). The JVA became effective from May 26, 2018 as per the terms of which EESL, AHEPL and SL were initially required to have shareholding proportions equal to 19%, 19% and 62%, respectively, in their capacity as the subscribing members of SEL. Accordingly, EEL has advanced an amount of Rs. 262,676 against the issuance of 26,267,639 ordinary shares constituting the required 19% of the share capital of SEL to be allotted to EEL. Ordinary shares thereagainst have been issued subsequent to the period end after the completion of the requisite legal formalities.

1.5.2 ***Engro Infiniti (Private) Limited***

During the period, ECL has made investments in Engro Infiniti (Private) Limited, a wholly owned subsidiary, through:

- subscription of 100,000 ordinary shares of Rs. 10 each at par;
- subscription of 30,000 ordinary shares of Rs. 10 each at a premium of Rs. 9,990 per share; and
- payment of advance against subscription of 23,140 ordinary shares of Rs. 10 each at a premium of Rs. 9,990 per share, the shares in respect thereof shall be issued after completion of legal formalities.

1.5.3 ***Elengy Terminal Pakistan Limited (ETPL)***

During the period, ECL entered into negotiations with Vopak LNG Holding B.V. (the buyer) with respect to sale of up to 36.25% of the ECL's investment in Elengy Terminal Pakistan Limited (ETPL), a subsidiary company. A notification to the effect was also given to Pakistan Stock Exchange Limited on June 29, 2018.

Subsequent to the reporting date, on July 19, 2018, ECL executed a Share Purchase Agreement (SPA) with the buyer in respect of the proposed sale against a consideration of US$ 38,297, which is subject to certain adjustments.

(Amounts in thousand)

1.5.4 *'Engro Polymer and Chemicals Limited (EPCL)*

During the period, Engro Polymer and Chemicals Limited (EPCL) offered 37% of its issued, subscribed and paid up ordinary shares as right shares at Rs. 22 per ordinary share. Last date of acceptance of rights offer by the shareholders was July 23, 2018. Subsequent to the period end, on July 3, 2018, ECL fully subscribed to its entitled right shares aggregating to 137,923,461 ordinary shares, amounting to Rs. 3,034,316. Further, the Board of Directors of EPCL in its meeting held on August 2, 2018, has allocated unsubscribed portion of 6,965,028 ordinary shares aggregating to Rs. 153,231 to Mitsubishi Corporation. In case Mitsubishi Corporation does not subscribe to the allocated portion, ECL will subscribe for the same.

2. BASIS FOR PREPARATION

2.1 These consolidated condensed interim financial statements are unaudited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information required for consolidated annual financial statements and therefore should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended December 31, 2017.

2.3 The preparation of these consolidated condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. 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. Actual results may differ from these estimates. During the preparation of these consolidated condensed interim financial statements, 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 were applied to the consolidated financial statements of the Group for the year ended December 31, 2017, except for the matter explained in note 6.2.

3. BASIS OF CONSOLIDATION

3.1 The condensed interim financial statements of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves.

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

(Amounts in thousand)

3.3 The Group's interest in jointly controlled and associated entities, i.e. Engro Vopak Terminal Limited (EVTL), Sindh Engro Coal Mining Company Limited, GEL Utility Limited, Siddiqsons Energy Limited and Engro Foods Limited has been accounted for using the equity method.

3.4 The consolidated condensed interim financial statements have been prepared based on the reviewed condensed interim financial statements of subsidiary companies and associated companies, except for the joint venture company i.e. EVTL, which has been consolidated on the basis of management's interim condensed financial statements.

3.5 The consolidated condensed interim financial statements are 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated 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

4.1 The significant accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of audited annual consolidated financial statements of the Group for the year ended December 31, 2017.

4.2 There are certain new International Financial Reporting Standards (IFRS) and amendments and interpretations to published IFRS that are mandatory for the financial year beginning on January 1, 2018. 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 these consolidated condensed interim financial statements.

4.3 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, 2018	Audited December 31, 2017
5. PROPERTY, PLANT AND EQUIPMENT	-------------(Rupees)-------------	
Operating assets, at net book value	101,652,857	103,109,054
Capital work in progress - Expansion and other projects	75,508,672	52,994,469
Capital spares and standby equipments	1,425,620	1,408,494
	178,587,149	157,512,017

(Amounts in thousand)

5.1 Additions to operating assets during the period are as follows:

	Unaudited June 30, 2018	Audited December 31, 2017
	-------------(Rupees)	-------------
Land	26,938	6,200
Plant and machinery	2,217,868	3,328,195
Building on free hold land	21,269	124,511
Building on lease hold land	8,473	91,879
Furniture, fixture and equipment	95,438	367,331
Jetty	5,400	-
Catalyst	-	8,978
Vehicles	120,626	242,811
	2,496,012	4,169,905

5.2 During the period, assets costing Rs. 72,933 (December 31, 2017: Rs.908,922), having net book value of Rs. 12,446 (December 31, 2017: Rs. 40,245) were disposed for Rs 24,887 (December 31, 2017: Rs 745,932).

6. LONG TERM INVESTMENT

	Unaudited June 30, 2018	Audited December 31, 2017
	-------------(Rupees)	-------------
Balance at beginning of the period / year	32,195,681	34,700,708
Add:		
- Investment in associates (note 6.1)	199,494	144,839
- Advance against issue of share capital (note 1.5.1)	262,676	154,818
- Exchange gain on revaluation of foreign investment	15,719	7,980
- Share of (loss) / profit for the period / year (note 6.2)	(501,605)	1,463,095
Less: Dividend received during the period / year (note 6.3)	(617,430)	(4,275,759)
Balance at the end of the period / year	31,554,535	32,195,681

6.1 This represents investment made during the period by EEL in Sindh Engro Coal Mining Company Limited.

6.2 Cases for the tax year 2003 to tax year 2011 of Engro Vopak Terminal Limited (EVTL) to determine as to whether the income of EVTL is liable to be taxed under the Normal Tax Regime (NTR) or the Final Tax Regime (FTR) are pending in the Honorable Supreme Court (HSC) and the Sindh High Court (SHC). During the period, on the basis of prudence, the ECL has recognized its share of provision for potential additional tax liability for tax years 2003 to 2018 that EVTL might have to settle if the pending cases are decided against EVTL.

6.3 During the period, ECL received dividends from Engro Foods Limited and Engro Vopak Terminal Limited amounting to Rs. 122,430 and Rs. 495,000, respectively.

7. NON - CONTROLLING INTEREST

Engro Powergen Thar (Private) Limited (EPTL), a subsidiary of EEL, has issued 99,000,000 fully paid preference shares of Rs. 10 each as fully paid right shares during the period. These

(Amounts in thousand)

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 in equity as per the requirements of the Companies Act, 2017.

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

- ETPL has made a profit after tax;
- any and all losses incurred by ETPL 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 EPTL's investment and other cash needs over the next two financial half-years.

In addition, there would be no payment of dividend before the commencement of commercial operations. As per the arrangement with the preference shareholder, coupon rate will be determined after Commercial Operation Date such that the preference shareholder gets 11% IRR in US Dollar terms over the term of investment. If no adjustment is made in preference shares coupon and 11% annual return is assumed on preference shares from the date of investment, the cumulative dividend on preference shares as at June 30, 2018 amounts to Rs. 1,657,671 (December 31, 2017:Rs. 1,076,912) which has not been recognized in these consolidated condensed interim financial statements.

8. BORROWINGS

8.1 During the period, the Holding Company issued Rated, Over the Counter Listed and Secured Islamic Certificates (Sukuks), amounting to Rs 6,000 million on March 01, 2018, to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as an agent and advisor. The Sukuks are secured against ECL shares with 50% margin and charge over all the assets of the Company with a 25% margin. The Sukuks carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuks are for a period of 5 years and are payable semiannually with the first principal repayment to be made after the expiry of 18 months commencing from September 2019.

8.2 Engro Fertilizers Limited (EFERT)

During the period, EFERT, fully repaid its long term loans from various banks amounting to Rs. 6,666,667 and obtained a loan from MCB Bank Limited amounting to Rs. 3,000,000.

8.3 Engro Polymer and Chemicals Limited (EPCL)

During the period, EPCL, fully repaid its long term loans from Faysal Bank Limited amounting to Rs. 1,250,000.

8.4 Engro Powergen Thar (Private) Limited (EPTL)

8.4.1 As at June 30, 2018, under the USD Facility Agreement with foreign banks, EPTL has made draw down of USD 431,581 (December 31, 2017: USD 324,516), while the undrawn amount is USD 189,419 (December 31, 2017: USD 296,484).

(Amounts in thousand)

8.4.2 As at June 30, 2018, EPTL has made the total draw down in respect of its local currency long term financing facilities amounting to Rs. 12,583,079 (December 31, 2017: Rs. 7,157,099) while the undrawn amounts are equal to Rs. 11,566,921 (December 31, 2017: Rs. 16,992,900).

8.5 Elengy Terminal Pakistan Limited (ETPL)

The principal amounts for repayment at June 30, 2018 for foreign currency denominated loans obtained by ETPL, are USD 13,250 (December 31, 2017: USD 14,600) due to International Finance Corporation and USD 19,875 (December 31, 2017: USD 21,900) due to Asian Development Bank.

9. SHORT TERM BORROWINGS

The short-term running finances available to the Group from various banks under mark-up arrangements amounting to Rs. 35,275,000 (December 31, 2017: Rs. 39,602,000). The rates of mark-up on these finances are KIBOR based and range from 1 to 3 months KIBOR plus 0.2% to 1.5% per annum (December 31, 2017: 0.5% to 1.5% per annum over 1-month KIBOR). The aggregate running finances are secured by way of hypothecation of ranking floating charge over present and future loans, advances, receivables, stocks, book debts and other current assets and pledge over shares.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Significant changes in the status of contingencies reported in the annual consolidated financial statements for the year ended December 31, 2017 are as follows :

10.1.1 Subsequent to equity injections / submission of Equity Stand by Letter of Credit (SBLCs) by sponsors the amount of Equity SBLCs, have been reduced during the period to USD 12,599 (December 31, 2017: USD 14,027) and USD 26,509 (December 31, 2017: USD 36,619) (in PKR equivalent) in respect of Sindh Engro Coal Mining Company Limited and Engro Powergen Thar (Private) Limited, respectively

10.1.2 In respect of Engro Elengy Terminal (Private) Limited, ECL had issued Corporate and Performance guarantees amounting to USD 20,700 and USD 10,000, respectively. These guarantees were secured against the shares of Engro Fertilizers Limited and Engro Foods Limited. During the period, these securities have been replaced by Treasury Bills. Further, ECL pledged Treasury Bills against SBLC of USD 5,000 during the period.

10.1.3 During the period, ECL has pledged Treasury Bills against funded and non-funded facilities of Engro Fertilizers Limited, Engro Powergen Qadirpur Limited, Engro Polymer & Chemicals Limited and Engro Vopak Terminal Limited amounting to Rs. 5,300,000, Rs. 1,500,000, Rs. 1,360,000 and Rs 150,000, respectively.

10.1.4 On February 09, 2018 Engro Energy Limited (EEL), furnished 7 bank guarantees amounting to Rs. 5,530 each, expiring on February 8, 2020, to Baluchistan Power Development Board (BPDB). These were issued to acquire LOIs / development rights for 50MW x 7 project sites located in Kuchlak, Khuzdar and Punjgur areas of Baluchistan.

(Amounts in thousand)

10.1.5 As per the terms of the Operations and Maintenance Agreement entered into between Engro Power Service Holding B.V, (EPSH), a subsidiary of EEL, and CHD Power Plant Operation Company Limited (CHD), EPSH is required to pay a pre-commercial operations date mobilisation fee amounting to USD 4,460 to CHD (December 31 2017: Nil). The project is expected to achieve Commercial Operations Date by June 3, 2019.

10.1.6 The Commissioner Inland Revenue (CIR) through an order dated January 12, 2017 as a result of audit of income tax affairs under section 122 (5A) and 214C of the Income Tax Ordinance, 2001 raised a tax demand of Rs. 268,584 against EEL. EEL contested the demand and filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] which was last heard on April 3, 2018 and was reserved for order. In the meantime, EEL has also obtained a stay of demand from the Honourable High Court of Sindh (SHC). The SHC while disposing of the suit has directed the department to refrain from taking any coercive action against EEL till the adjudication of appeal by the CIR(A). Furthermore, a period of seven days after the order of the CIR(A) has been granted to seek remedy before the Appellate Tribunal Inland Revenue. Considering the remedy available with EEL, which the management intends to avail if so required, no provision has been made in respect of the aforementioned demand in these consolidated condensed interim financial statements.

10.1.7 The Additional Commissioner Inland Revenue (ACIR), through separate show cause notices dated December 11, 2017 in respect of tax years 2015 and 2016 and notices dated December 12, 2017 in respect of tax years 2012 and 2013, rejected the inter-corporate dividend exemption claimed by EEL during these tax years. The ACIR also levied super tax on dividend income for tax years 2015 and 2016. EEL challenged these notices before the Honourable High Court of Sindh, which has restrained the tax authorities from taking any coercive action against EEL. Based on the views of tax advisor and legal consultant of EEL, the management believes that EEL has a good case on merits and expects a favourable outcome. In the unlikely event that the matter is decided against EEL, the management can challenge the decision in appeal. Accordingly, no provision has been made in this respect in these consolidated condensed interim financial statements.

10.1.8 The Holding Company had pledged 15.131 million shares of ECL with Meezan Bank Limited (as Agent) in favour of Fatima Fertilizer Company Limited (FFCL) as collateral against guarantee given in favour of Dawood Hercules Fertilizer Limited (DHFL) - ex-subsidiary (now FFCL) against potential tax liabilities, WPPF liabilities and WWF liabilities in respect of periods ending on or prior to June 30, 2015. These pledged shares are to 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.

During the six month period ended June 30, 2018, out of 15.131 million shares of ECL, 4.639 million shares were released upon expiration of the period stated in the agreement relating to the WPPF liabilities.

The Holding Company had also issued a Corporate Guarantee which will remain in full force and effective for five years and will be released on the later of September 30, 2021 or the date on which the above tax liabilities are finally settled / disposed of or withdrawn.

10.1.9 During the year ended December 31, 2017, the Holding Company's ex-subsidiary was served with an order from the Additional Commissioner of Inland Revenue (ACIR) – Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.650 million. The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, non-taxation of capital gain on sale of shares of ECL and HUBCO to the Holding Company and

(Amounts in thousand)

levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy Commissioner Inland Revenue served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternative Corporate Tax) worked out to be Rs 1,051.140 million. The Commissioner Inland Revenue filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof.The appeal against the order of CIRA is still pending.Meanwhile, the Holding Company has also obtained stay from the Honourable Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Holding Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect in these unconsolidated condensed interim financial statements.

10.1.10 During the year ended December 31, 2017, the Holding Company received a show cause notice from the Additional Commissioner of Inland Revenue (ACIR) – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the ACIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Holding Company being aggrieved, filed Constitutional Petition before the Honorable High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a separate suit was filed with the Honorable High Court of Sindh against the levy of super tax. The Honorable High Court of Sindh issued stay orders in respect of the aforementioned matters with the instruction to the Taxation Authorities to not finalise the proceedings until the cases were disposed of. The matter has still not been decided. However, on the basis of legal advice, the management is confident that the above matters will be decided in favour of the Holding Company.

10.2 Commitments

10.2.1 The Holding Company has entered into lease agreement for renting of premises for Lahore office on August 2015 for a period of seven years, expiring on September 2022.The agreement is revocable by either party through prior notice of at least 6 months.

10.2.2 Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 38,945,431 (2017: Rs. 45,297,632).

10.2.3 Other commitments in respect of subsidiary companies amounts to Rs. 2,767,084 (2017: Rs. 2,943,637).

11. OTHER INCOME

11.1 This includes income from sales under Government Subsidy amounting to Rs. 1,304,329 (June 30, 2017: Rs. 3,180,154).

11.2 During 2016, Supreme Court of Pakistan issued a judgement dated November 11, 2016, as a result of which changes made through the Finance Acts of 2006 and 2008 in the Workers'

(Amounts in thousand)

Welfare Ordinance, 1971 were held to be ultra-vires to the Constitution. In this respect, the Group had accrued for Workers' Welfare Fund (WWF) charge based on the amendments brought through Finance Act 2008, however, no payment were made thereagainst. Subsequently, a civil review petition against the aforementioned judgement was filed by the taxation authorities which has been dismissed during the period.

In light of above and based on the advice of legal advisor, provision for WWF amounting to Rs. 509,766 has been reversed during the period.

11.3 This includes gain on disposal of investment in Hub Power Company Limited by the Holding Company of Rs 11,100,102 (net of transaction cost) as further explained in note 1.3.

12. TAXATION

Includes provision for 'Super Tax for rehabilitation of temporarily displaced persons', levied through Finance Act, 2018 on the income for the financial year ending December 31, 2018 and retrospectively on the income for the financial year ended December 31, 2017. The Group intends to challenge the levy of this tax in the High Court of Sindh and obtain a stay in this respect, as done in the past against similar tax levied through Finance Act, 2017. The Group, based on the opinion of its legal advisor, believes that there is a reasonable case in this respect in the Group's favour. However, based on prudence, the Group has made provision for Super Tax for tax year 2018 and 2019 in these consolidated condensed interim financial statements.

13. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended		Six months period ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	---------------------(Rupees)--------------------			
Profit for the period (attributable to the owners of the Holding Company) from:	145,875	106,304	12,732,128	1,188,710
The information necessary to calculate There is no dilutive effect on the basic earnings per share of the Group, which is based on:				
Profit after taxation (attributable to the owners of the Holding Company)	145,875	106,304	12,732,128	1,188,710
Add:				
- Finance cost related to IFC loan and derivative - net of tax	-	-	-	326
- (Gain) / Loss on revaluation of IFC loan conversion option	-	-	-	(1,235)
	145,875	106,304	12,732,128	1,187,801
	-------------(Number in thousand)------------			
Weighted average number of ordinary shares	481,287	481,287	481,287	481,287

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended June 30, 2018

(Amounts in thousand)

	Unaudited Six months period ended June 30, 2018	June 30, 2017
	(Rupees)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	27,296,235	12,810,510
Adjustment for non-cash charges and other items:		
Depreciation and amortization	3,926,332	3,694,505
Gain on disposal / write off of property, plant and equipment	(12,441)	(16,395)
Provision for retirement and other service benefits	86,578	88,466
Gain on disposal of investment	(11,530,352)	-
Income on deposits / other financial assets	(2,759,332)	(1,951,687)
Reversal of provision for Workers Welfare Fund	(509,766)	-
Share of loss / (income) from joint venture and associated companies	501,605	(1,451,181)
Dividend income from Hubco	(258,873)	-
Finance cost	2,217,381	2,601,272
Loss on foreign currency translations	564,874	3,838
Working capital changes (note 14.1)	6,197,494	(11,321,038)
	25,719,735	4,458,290
14.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(172,091)	(290,656)
- Stock-in-trade	(552,728)	(6,585,946)
- Trade debts	(593,450)	(1,733,264)
- Loans, advances, deposits and prepayments	(365,402)	(160,594)
- Other receivables - net	1,068,471	(1,148,273)
	(615,200)	(9,918,733)
Increase / (decrease) in current liabilities		
- Trade and other payables, including other service benefits - net	6,812,694	(1,402,305)
	6,197,494	(11,321,038)
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	11,852,798	6,527,935
Short term investments	93,884,711	37,963,504
Short term borrowings	(6,172,546)	(14,109,405)
	99,564,963	30,382,034

(Amounts in thousand)

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 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 these consolidated condensed interim financial statements does not include all the financial risk management information and disclosures required in the annual financial statements.

16.2 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)

	Level 1	Level 2	Level 3
Assets	-------------------	(Rupees)	-------------------
Financial assets at fair value through profit and loss - Short term investments	-	93,955,905	-

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

Level 2 fair valued instruments comprise of fixed income placements and treasury bills which have been valued using discounted cash flow model.

16.3 Fair value of financial assets and liabilities

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

17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company, joint venture companies, associates, 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 these consolidated condensed interim financial statements, are as follows:

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended June 30, 2018

(Amounts in thousand)

	------------Unaudited------------	
	Six months period ended	
	June 30, 2018	June 30, 2017
	-------------(Rupees)-------------	
Associated companies and joint ventures		
Purchases and services	2,551,172	1,831,400
Services rendered / sale of goods	4,927	246,600
Dividends received	876,303	4,204,796
Dividends paid	888,813	267,142
Payment of interest on Term Finance Certificates and repayment of principal amount	-	5,966
Contribution for corporate social responsibility	62,000	15,500
Payment against EPC contract	12,535,052	5,822,567
Reimbursements from associates	112,762	130,451
Reimbursements to associates	111,431	31,627
Payment against Non EPC contract	607,535	-
Advances and deposits	4,241	27,411
Loan received	393,187	25,362
Loan paid	165,915	141,683
Mark-up on borrowings	98,680	89,726
Bank charges	-	17
Interest on deposits	-	7
Finance cost paid	62,633	57,819
Share capital issued	1,982,350	1,067,873
Others	1,019	-
Key Management Personnel		
Remuneration paid to key management personnel / directors	643,956	578,471
Reimbursement of expenses	3,061	3,414
Directors' Fee	35,594	29,795
Dividend paid	36,245	55,639
Profit on Engro Islamic Rupiya Certificates	9,784	18,970
Sales of assets	-	118
Membership fee and other subscriptions	550	-
Contribution for retirement benefits	330,559	249,930

(Amounts in thousand)

18. 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 trade all kinds of raw and processed agricultural products.
Power	Includes Independent Power Projects (IPP).
Other operations	Includes chemical terminal & storage services.

18.1 Liabilities are reported segment-wise to the Board of Directors on an annual basis. Hence, segment-wise details of liabilities have not been presented in these consolidated condensed interim financial statements.

Information regarding the Group's operating segment is as follows:

	Quarter ended		Six months period ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-------------(Rupees)-------------		-------------(Rupees)-------------	
Revenue				
Fertilizer	22,897,535	17,247,288	41,116,414	27,311,019
Polymer	8,414,411	6,233,294	17,101,613	13,045,657
Food	691,096	550,061	1,649,019	847,247
Power	3,206,786	3,183,533	6,063,364	6,167,972
Other operations	3,628,400	2,923,965	9,461,284	10,751,613
Elimination - net	(630,026)	(396,145)	(3,658,617)	(5,882,176)
Consolidated	38,208,202	29,741,996	71,733,077	52,241,332
Profit for the period				
Fertilizer	3,259,781	2,478,958	7,149,376	4,116,472
Polymer	1,335,562	200,284	2,783,671	1,046,170
Food	100,543	(133,499)	226,891	(50,973)
Power	888,999	594,885	1,315,172	1,150,920
Other operations	1,119,081	210,194	8,633,810	6,465,813
Elimination / adjustment - net	(3,046,880)	(1,094,656)	1,410,904	(6,228,244)
Consolidated	3,657,086	2,256,166	21,519,824	6,500,158

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended June 30, 2018

(Amounts in thousand)

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
Assets	-------------(Rupees)-------------	
Fertilizer	114,045,463	111,816,249
Polymer	25,579,983	24,364,326
Food	30,908,400	31,112,561
Power	104,662,251	82,494,582
Other operations	151,134,232	150,653,722
Elimination - net	(49,427,821)	(63,254,218)
Consolidated	376,902,508	337,187,222

19. SEASONALITY

19.1 The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

19.2 The Group's agri business is subject to seasonal fluctuation as majority of paddy / unprocessed rice is procured during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. The Group manages seasonality in the business through appropriate inventory management.

20. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on August 27, 2018 has approved an interim cash dividend of Rs. 3 per share for the year ending December 31, 2018. This consolidated condensed interim financial information does not include the effect of the said interim dividend.

21. CORRESPONDING FIGURES

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

21.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, 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.

22. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue on August 27, 2018 by the Board of Directors of the Holding Company.

Inam ur Rahman	Shafiq Ahmed	Shabbir Hussain Hashmi
Chief Executive Officer	Chief Financial Officer	Director


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