



FIRST QUARTERLY ACCOUNTS
(UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

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COMPANY INFORMATION

Board of Directors

Mr. Hussain Dawood - Chairman
Mr. Shahzada Dawood - Vice Chairman
Mr. Abdul Samad Dawood - Director
Ms. Sabrina Dawood - Director
Mr. Parvez Ghias - Director
Mr. Shabbir Hussain Hashmi - Director
Mr. Kamran Nishat - Director
Mr. Hasan Reza Ur Rahim - Director
Mr. Imran Sayeed - Director
Mr. Inam ur Rahman - Chief Executive Officer

Board Audit Committee

Mr. Shabbir Hussain Hashmi - Chairman
Mr. Kamran Nishat - Member
Mr. Hasan Reza Ur Rahim - Member

Human Resource & Remuneration Committee

Mr. Hasan Reza Ur Rahim - Chairman
Mr. Shahzada Dawood - Member
Ms. Sabrina Dawood - Member
Mr. Parvez Ghias - Member

Board Investment Committee

Mr. Shahzada Dawood - Chairman
Mr. Abdul Samad Dawood - Member
Mr. Shabbir Hussain Hashmi - Member
Mr. Imran Sayeed - Member

Chief Financial Officer

Mr. Mohammad Shamoon Chaudry

Company Secretary

Mr. Asim H. Akhund

Registered Office

Dawood Centre, M.T. Khan Road Karachi-75530
Tel: +92 (21) 35686001
Fax: +92 (21) 35644147
Email: shareholders@dawoodhercules.com
Website: www.dawoodhercules.com

Auditors

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No 1-C, I.I. Chundrigar Road
P.O. Box 4716, Karachi- 74000
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

Shares Registrar

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block 6
P.E.C.H.S, Shahrah-e-Faisal, Karachi
Tel: +92 (21) 34380101-2
Fax: +92 (21) 34380106

Tax Consultants

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No 1-C, I.I. Chundrigar Road
P.O. Box 4716, Karachi- 74000
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

Legal Advisors

Haidermota & Co.
(Barristers at law)
D-79, Block – 5, Clifton
KDA Scheme No.5
Karachi- 75600
Tel: +92 (21) 111520000, 35879097
Fax: +92 (21) 35862329, 35871054

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

DIRECTORS REVIEW

The Directors are pleased to present their report and unaudited interim financial statements of Dawood Hercules Corporation Limited on both unconsolidated and consolidated basis for the quarter ended 31 March 2021.

The Covid-19 pandemic continues to be an unprecedented global challenge having dire effects on public health, economies, and societies. With vaccination programs rolling out globally, Pakistan too has launched its vaccination drive in Q1 2021. Whilst Covid-19 continues to challenge, the roll-out of structural reforms under the Extended Fund Facility program by the IMF it offers a silver lining for some mild economic recovery and improving consumer sentiment in Fiscal Year 2021.

In such a challenging environment, we are contributing to our Nation by working with the Government to fight the pandemic. The Chairman Hussain Dawood, on behalf of Dawood Hercules Corporation Limited, Engro Corporation Limited, and his family, pledged a contribution in services, kind, and cash of PKR 1 billion for short, medium and long-term recovery. The Pledge focuses on disease prevention, protecting and enabling healthcare practitioners and frontline workers, enabling patient care facilities and bolstering livelihoods and sustenance of the most deserving in society. Information on how and where we apply funds from the Pledge is open to the public through the following website: <https://www.hussaindawoodpledge.com>.

The Company exercised the call option (i.e. early purchase of Sukuk Certificates) available to it and purchased these in full during the quarter ended.

The Company continued its efforts to evaluate and expand in the IT services business, with focus on export market, through wholly owned subsidiary EmpiricAI and other initiatives.

During the period, the Company investments in equities remained sluggish on account of market conditions, nonetheless, the portfolio outperformed the KSE-100 index.

With low interest rates, the balance funds after full purchase of Sukuk, were placed in both long and short-term instruments in money markets. This allowed us to efficiently manage our treasury portfolio in-line with our liquidity requirements.

Due to good performance by Engro, the Company's consolidated revenue grew by 58%, from PKR 44,977 million during Q1 2020 to PKR 70,873 million. The consolidated Profit-After-Tax (PAT) for the quarter was PKR 14,677 million while PAT attributable to the shareholders increased to PKR 3,001 million from loss of PKR 282 million in the comparative period, resulting in an Earnings per Share (EPS) of PKR 6.24 compared to Loss per share (LPS) of PKR 0.59. This increase is primarily attributable to higher reported profitability by the Fertilizers and Petrochemicals businesses.

On a standalone basis, the profit after tax was PKR 7 million against loss of PKR 1,517 million for the same quarter last year.

The Company's urea production during the quarter stood at 523 KT vs. 572 KT for the comparative period because of a turnaround in one of the plants. The Company delivered quarterly Urea sales of 582 KT vs. 169 KT and phosphates sales of 74 KT vs. 36 KT during the same period last year. Mining operations continued smoothly, and the mine supplied one million tons of coal to Engro Powergen Thar during the quarter. The Thar power plant remained fully operational during the quarter, maintaining system reliability despite challenges posed by the Covid-19 crisis. The Company announced commercial operations of the new PVC plant on 1st March 2021, increasing the capacity to 295,000 MT per annum. During Q1 2021, the Company recorded a revenue of PKR 15,671 million as compared to PKR 7,058 million in the same period last year. Profitability of both the LNG and chemicals terminal remained healthy for the current quarter.

FUTURE OUTLOOK

We believe that the key measures taken by the Government of Pakistan through fiscal and monetary policies will continue to support economic growth. SBP has already revised its GDP growth target to 3% for FY 2021. The current account balance is expected to remain in a favorable position, while country's FX reserves would remain at comfortable level post Euro bond and upcoming Sukuk issue. We do highlight that economic impact of 3rd wave of Covid-19 remains uncertain and may hamper growth in the short term.

The Company will continue to consolidate its position in the IT services business and grow both organically and inorganically internationally.

The equities portfolio will be managed actively and prudently with harvesting those investment ideas that have layed out, while seeking new value themes as the economy recovers. The balance of the funds will be managed through government securities and bank placements.

The portfolio of Engro Corporation Limited is resilient and will prevail well through challenging times. The philosophy of operating in sectors that help solve pressing issues of Pakistan implies that most of Engro's businesses are of critical nature and will continue to operate in times of any possible lockdown.

The Board places on record its gratitude to shareholders for placing confidence in them and also thanks the management and employees for their sincere contribution toward the growth and prosperity of the company.

Shabbir Hussain Hashmi
Director

Inam ur Rahman
Chief Executive

Dated: 27th April 2021

کمپنی، آئی ٹی خدمات کی فراہمی کے کاروبار میں اپنی حیثیت مستحکم بنانے اور عالمی سطح پر نامیاتی اور غیر نامیاتی انداز میں جارحانہ انداز میں اپنے آپ کو بڑھانے کی سعی کرتی رہے گی۔

سرمایہ کاری کے نئے آئیڈیاز کاشت کر کے ایکویٹیز پورٹ فولیو کا انتظام چابکدستی سے کیا جاتا رہے گا اور معیشت بحال ہونے کے وقت نئی قدر سازی کی جاتی رہے گی۔ باقی بچ جانے والے فنڈز سرکاری تمسکات اور بینکوں کے ذریعے سنبھالے جائیں گے۔

اینگرو کارپوریشن کا پورٹ فولیو کافی پلک دار ہے جو بحرانی حالات سے بھی گزر جائے گا۔ پاکستان کے اہم مسائل حل کرنے میں مدد دینے والے شعبوں میں کاروبار کرنے کا فلسفہ یہ سمجھتا ہے کہ اینگرو کے بیشتر کاروبار انتہائی اہم نوعیت کے ہیں اور کسی بھی ممکنہ بندش یا لاک ڈاؤن کی صورت میں بھی کام کرتے رہیں گے۔

بورڈ اپنے تمام حصص یافتگان سے ان کے اعتماد اور حمایت کے لئے تشکر کا اظہار کرتا ہے۔ ہم کمپنی کی ترقی اور خوشحالی کے لئے مخلصانہ کوششوں پر کمپنی کی انتظامیہ اور ملازمین کا بھی شکریہ ادا کرتے ہیں۔

انعام الرحمن
چیف ایگزیکٹو

شبیر حسین ہاشمی
ڈائریکٹر

مورخہ 27 اپریل 2021

سکوک کی خریداری کے بعد بیچ جانے والے فنڈز کو کم شرح سود پر زرعی مارکیٹ میں قلیل اور طویل مدتی انسٹرومنٹس میں لگایا گیا۔ جس سے ہمیں اپنے ٹریڈری پورٹ فولیو کا انتظام اپنی نقدی کی ضروریات کی مناسبت سے کرنے کا موقع ملا۔

اینکرو کی اچھی کارکردگی کی وجہ سے کمپنی کی اشتهال شدہ آمدنی سال 2020 کی پہلی سہ ماہی میں 44,977 ملین روپے سے بڑھ کر سال 2021 کی پہلی سہ ماہی کے دوران 70,873 ملین روپے ہو گئی اور 58 فیصد اضافہ ریکارڈ کیا گیا۔ اسی سہ ماہی کے دوران بعد از ٹیکس اشتهال شدہ منافع 14,677 ملین روپے یعنی گزشتہ سال اسی سہ ماہی میں ہونے والے بعد از ٹیکس منافع کی بہ نسبت 231 فیصد زیادہ رہا جبکہ حصص یافتگان میں قابل تقسیم بعد از ٹیکس منافع 3,001 ملین روپے رہا۔ جس کے نتیجے میں فی حصص کمائی 6.24 روپے رہی۔ واضح رہے کہ گزشتہ مالی سال کی پہلی سہ ماہی کے دوران 282 ملین روپے کا خسارہ ہوا تھا۔ جو 0.59 روپے فی حصص نقصان کی صورت میں سامنے آیا تھا۔ 2021 کی پہلی سہ ماہی کے دوران یہ اضافہ بنیادی طور سے مصنوعی کھاد اور پیٹروکیمیکلز کے کاروبار میں ہونے والے اضافی منافع کی مرہون منت ہے۔

غیر اشتهال بنیاد پر دیکھا جائے تو گزشتہ برس کی اسی مدت کے دوران ہونے والے 1,517 ملین روپے کے نقصان کی بہ نسبت بعد از ٹیکس منافع 7 ملین روپے رہا ہے۔

رواں سال کی پہلی سہ ماہی کے دوران یوریا کھاد کی پیداوار 523 کلوٹن رہی جو گزشتہ برس اسی مدت کے دوران 572 کلوٹن ریکارڈ کی گئی تھی۔ پیداوار میں کمی کی وجہ ایک پلانٹ میں پیداواری عمل میں سستی آ جانا تھا۔ اس سہ ماہی کے دوران کمپنی نے 582 کلوٹن یوریا کھاد کی فروخت کی جو گزشتہ برس اسی سہ ماہی کے دوران صرف 169 کلوٹن رہی تھی جبکہ رواں سال کی پہلی سہ ماہی کے دوران فاسفیٹ کی فروخت کا حجم 74 کلوٹن رہا جو گزشتہ برس اسی مدت کے دوران 36 کلوٹن رہا تھا۔ کان کنی کے معمولات سہل انداز سے جاری رہے اور اس سہ ماہی کے دوران ایک ملین ٹن کوئلہ ”اینکرو پاور جن تھر“ کو سپلائی کیا گیا۔ تھر پاور پلانٹ مکمل طور سے کام کرتا رہا اور Covid-19 وباء کے بحران سے پیدا ہونے والے چیلنجوں کے باوجود پاور پلانٹ قابل بھروسہ ثابت ہوا۔ کمپنی نے یکم مارچ 2021 کو نئے پی وی سی پلانٹ کے کمرشل آپریشنز کی شروعات کا اعلان کیا جس سے پیداواری صلاحیت بڑھ کر 295,000 میٹرک ٹن سالانہ ہو گئی۔ رواں سال کی پہلی سہ ماہی کے دوران کمپنی نے 15,671 ملین روپے کی آمدنی ریکارڈ کی جو گزشتہ برس کی پہلی سہ ماہی کے دوران 7,058 ملین روپے رہی تھی۔ رواں سہ ماہی کے دوران ایل این جی اور کیمیکل، دونوں ٹرمینلز سے مناسب منافع حاصل ہوا ہے۔

مستقبل کی صورت

ہمیں یقین ہے کہ مالی اور زرعی پالیسیوں کے ذریعے حکومت کی جانب سے اٹھائے جانے والے اہم اقدامات معاشی نمو میں مدد و معاون ثابت ہوتے رہیں گے۔ اسٹیٹ بینک آف پاکستان نے مالی سال 2021 کے لئے خام قومی پیداوار میں بڑھوتی کا ٹارگٹ 3 فیصد مقرر کیا ہے۔ جاری کھاتوں کا فرق موافق رہنے کی توقع ہے جبکہ ملک کے زرمبادلہ کے ذخائر یورو بونڈ کے بعد اور آئندہ کئے جانے والے سکوک اجراء کے بعد آرام دہ سطح تک رہنے کی توقع ہے۔ یہاں یہ حقیقت اجاگر کرنا ضروری ہے کہ Covid-19 کی تیسری لہر کے ملکی معیشت پر پڑنے والے اثرات کا تعین کرنا مشکل ہے اور قلیل مدت میں معیشت کی بڑھوتی کو متاثر ہو سکتی ہے۔

ڈائریکٹرز کی جائزہ رپورٹ

برائے اختتام سہ ماہی 31 مارچ، 2021

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 31 مارچ، 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے اپنی رپورٹ کے ہمراہ کمپنی کے عبوری، غیر آڈٹ شدہ، غیر اشتہال شدہ مختصر گوشوارے اور گروپ کے عبوری، غیر آڈٹ شدہ، اشتہال شدہ مختصر گوشوارے پیش کر رہے ہیں۔

Covid-19 کی وباء دنیا بھر کے لئے بدستور ایک ایسا بہت بڑا چیلنج بنی ہوئی ہے جو عوامی صحت، عالمی معیشت اور معاشروں پر مضر اثرات مرتب کر رہی ہے۔ دنیا بھر میں عوام کو ویکسین دیئے جانے کے پروگرام شروع ہو چکے ہیں لہذا پاکستان میں بھی 2021 کی پہلی سہ ماہی میں عوام کو ویکسین لگائے جانے کی مہم شروع کر دی گئی ہے۔ Covid-19 کی وباء کی شدت میں کمی آنے اور انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کی جانب سے Extended Fund Facility پروگرام کے تحت کئی ایک اصلاحات کے نفاذ کے بعد مالی سال 2021 کے دوران معاشی صورتحال میں استحکام آئے گا اور صارفین کے جوش و خروش میں اضافہ ہوگا۔

اس مشکل صورتحال میں ہم اس عالمی وباء سے لڑائی میں حکومت کے شانہ بہ شانہ کھڑے ہو کر قوم کی خدمت میں اپنا حصہ ڈال رہے ہیں۔

داؤد ہرکولیس کارپوریشن لمیٹڈ، اینگلو کارپوریشن لمیٹڈ کی جانب سے مختصر، اوسط اور طویل مدت میں بہتری لانے کے لئے جناب چیئرمین حسین داؤد اور ان کے خاندان نے سماجی خدمات اور نقد رقم کی صورت میں ایک ارب پاکستانی روپے کے عطیات دینے کا وعدہ کیا ہے۔ ان عطیات کا ^{مط}نکاح نگاہ بیماریوں کا تدارک، فرنٹ لائن ورکروں اور صحت کے شعبے میں کام کرنے والوں کا تحفظ اور ان کی اہلیت میں اضافہ کرنا، مریضوں کی دیکھ بھال کی سہولیات کو بہتر بنانا اور معاشرے کے مستحق ترین افراد کو ذریعہ معاش فراہم کر کے ان کا معیار زندگی بڑھانا ہے۔ ہم یقین رکھتے ہیں کہ بہتری لانے اور زندگیاں بچانے کے کام میں ہمیں مکمل طور سے شفافیت اپنانی پڑے گی۔ ان معاہدوں کے تحت رقوم کہاں اور کیسے خرچ کی جائیں گی، اس بارے میں مکمل معلومات <http://www.hussaindawoodpledge.com> پر ملاحظہ کی گئی ہے۔

کمپنی نے سکوک ایشیو میں اسے حاصل کال آپشن (یعنی سکوک سرٹیفیکیٹوں کی خریداری) کا موقع استعمال کیا اور ختم ہونے والے سہ ماہی کے دوران ان کو مکمل طور پر خرید لیا گیا۔

کمپنی نے آئی ٹی خدمات کی فراہمی کے کاروبار کی جانچ پڑتال اور اسے توسیع دینے کے سلسلے میں جدوجہد جاری رکھی اور کئی ملکیتی ذیلی کمپنی EmpiricAI اور دیگر پیش قدمیوں (initiatives) کے توسط سے برآمدی مارکیٹ پر اپنی توجہ مرکوز رکھی۔

اس مدت کے دوران کمپنی کی ایکویٹی مارکیٹ پورٹ فولیو میں سرمایہ کاری سست رہی اور پورٹ فولیو کی کارکردگی KSE-100 انڈیکس کے نسبتاً بہتر رہی۔

DAWOOD HERCULES CORPORATION LIMITED

**Unconsolidated Condensed Interim Financial
Statements**

FOR THE THREE MONTHS ENDED
MARCH 31, 2021

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

| | Note | Unaudited March 31, 2021 | Audited December 31, 2020 |
|--|------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 64,393 | 66,662 |
| Right-of-use assets | | 28,001 | 28,001 |
| Long term investments | 7 | 23,408,927 | 23,408,927 |
| | | 23,501,321 | 23,503,590 |
| CURRENT ASSETS | | | |
| Advance, deposits and prepayment | | 221,548 | 236,053 |
| Dividend receivable | | 35,048 | - |
| Other receivables | | 159,514 | 124,930 |
| Accrued mark-up | | 42,686 | 57,048 |
| Short term investments | 8 | 7,574,445 | 13,851,473 |
| Cash and bank balances | | 205,204 | 1,398,636 |
| | | 8,238,445 | 15,668,140 |
| TOTAL ASSETS | | 31,739,766 | 39,171,730 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | 10,000,000 | 10,000,000 |
| Issued, subscribed and paid up share capital | | 4,812,871 | 4,812,871 |
| Revenue reserves | | 26,196,535 | 26,189,540 |
| | | 31,009,406 | 31,002,411 |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 9 | - | - |
| Lease liabilities | | 11,011 | 11,011 |
| Defined benefit liability | | 2,799 | 3,559 |
| Deferred tax liability | | 111,899 | 99,420 |
| | | 125,709 | 113,990 |
| CURRENT LIABILITIES | | | |
| Current portion of long term financing | 9 | - | 7,320,000 |
| Current portion of lease liabilities | | 29,762 | 29,762 |
| Trade and other payables | 10 | 71,714 | 83,523 |
| Unclaimed dividend | | 233,597 | 275,406 |
| Accrued mark-up | | - | 61,691 |
| Taxation - net | | 269,578 | 284,947 |
| | | 604,651 | 8,055,329 |
| TOTAL EQUITY AND LIABILITIES | | 31,739,766 | 39,171,730 |
| CONTINGENCIES AND COMMITMENTS | 11 | | |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Three Months Ended | |
|--------------------------------------|------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| REVENUES | | | |
| Return on investments | 12 | 327,311 | (1,027,182) |
| Administrative expenses | | (204,777) | (256,460) |
| Gross profit/ (loss) | | 122,534 | (1,283,642) |
| Other income - net | | 5,544 | 63 |
| Operating profit/ (loss) | | 128,078 | (1,283,579) |
| Finance costs | | (89,705) | (347,212) |
| Profit/ (loss) before taxation | | 38,373 | (1,630,791) |
| Taxation | | (31,378) | 113,774 |
| Profit/ (loss) after taxation | | 6,995 | (1,517,017) |
| Earnings/ (loss) per share (Rupees) | | | |
| - basic and diluted | | 0.01 | (3.15) |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME-UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Three Months Ended | |
|---|------------------------------|-------------------|
| | March 31, 2021 | March 31, 2020 |
| | ----- (Rupees in '000) ----- | |
| Profit/ (loss) after taxation | 6,995 | (1,517,017) |
| Other comprehensive income for the period | | |
| Items that will not be reclassified to profit & loss | | |
| Remeasurements of post-retirement benefits | - | - |
| Other comprehensive income for the period | - | - |
| Total comprehensive income/ (loss) for the period | 6,995 | (1,517,017) |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | ----- Revenue reserves ----- | | | | |
|---|---|--------------------|--------------------------------|-------------|-------------|
| | Issued, subscribed and paid up share capital | General reserve | Un-appro- priated profit | Sub-total | Total |
| | ----- (Rupees in '000) ----- | | | | |
| Balance as at January 1, 2020 | 4,812,871 | 700,000 | 26,090,852 | 26,790,852 | 31,603,723 |
| Total comprehensive Income | | | | | |
| Loss after taxation | - | - | (1,517,017) | (1,517,017) | (1,517,017) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | (1,517,017) | (1,517,017) | (1,517,017) |
| Balance as at March 31, 2020 | 4,812,871 | 700,000 | 24,573,835 | 25,273,835 | 30,086,706 |
| Balance as at January 1, 2021 | 4,812,871 | 700,000 | 25,489,540 | 26,189,540 | 31,002,411 |
| Total comprehensive Income | | | | | |
| Profit after taxation | - | - | 6,995 | 6,995 | 6,995 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 6,995 | 6,995 | 6,995 |
| Balance as at March 31, 2021 | 4,812,871 | 700,000 | 25,496,535 | 26,196,535 | 31,009,406 |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Three Months Ended | |
|--|------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash utilized in operations | 13 | (228,463) | (236,729) |
| Finance cost paid | | (151,396) | (354,842) |
| Taxes paid | | (34,269) | (59,260) |
| Employees retirement and other service benefits paid | | (2,466) | (2,124) |
| Net cash utilized in operating activities | | (416,594) | (652,955) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (2,157) | (5,922) |
| Profit received on short term investments | | 134,975 | 578,651 |
| Proceeds from disposal of property, plant and equipment | | 3,474 | 274 |
| Short term investment redeemed - net | | (205,193) | 945,442 |
| Dividends received | | 53,872 | 11,982 |
| Net cash (utilized in) / generated from investing activities | | (15,029) | 1,530,427 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finance repaid | | (7,320,000) | (600,000) |
| Dividends paid | | (41,809) | (10,343) |
| Net cash utilized in financing activities | | (7,361,809) | (610,343) |
| Net (decrease) / increase in cash and cash equivalents | | (7,793,432) | 267,129 |
| Cash and cash equivalents at the beginning of the period | | 8,598,636 | 7,337,103 |
| Cash and cash equivalents at the end of the period | 14 | 805,204 | 7,604,232 |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

1. LEGAL STATUS AND OPERATIONS

- 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 Exchanges (PSX). The principal activity of the Company is to manage investments including 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 Securities and Exchange Commission of Pakistan (SECP), that although, the Company has less than 50% voting rights in ECL based on the absolute size of the Company's shareholdings, the relative size of other shareholdings and the number of representation on ECL's Board, the Company has the ability to exercise control over ECL as per the terms of IFRS 10. Henceforth, the Company is deemed to be Holding Company of ECL.

2. BASIS OF PREPARATION AND PRESENTATION

- 2.1 These unconsolidated condensed interim financial statements of the Company for the three months period ended March 31, 2021 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed. These unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- 2.2 These unconsolidated condensed interim financial statements comprise of the statement of financial position as at March 31, 2021 and the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of total comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim cash flow statement and notes thereto for the three months period then ended.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at December 31, 2020 has been extracted from the audited financial statements of the Company for the year then ended. The comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of total comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement for the three months ended March 31, 2020 have been extracted from the unconsolidated condensed interim financial statements of the Company for the three months then ended.

3. ACCOUNTING POLICIES

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, 2020.

- 3.1 New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2021 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended December 31, 2020.

5. SEASONALITY OF OPERATIONS

The principal activity of the Company is to manage investments including 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 investee companies regarding the declaration and approval of dividends and interest income. Whereas the majority of costs of the Company are fixed and hence are more evenly spread throughout the year.

| | Note | Unaudited March 31, 2021 | Audited December 31, 2020 |
|--|------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 6. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets: | | | |
| Net book value at the beginning of the period / year | | 66,662 | 91,073 |
| Add: Additions during the period / year | 6.1 | 2,157 | 10,809 |
| | | 68,819 | 101,882 |
| Less: Disposals during the period / year | | | |
| - net book value | 6.2 | 63 | 8,235 |
| Depreciation charged during the period / year | | 4,363 | 26,985 |
| | | 4,426 | 35,220 |
| Net book value at the end of the period / year | | 64,393 | 66,662 |
| 6.1 Additions during the period / year | | | |
| Furniture, fittings and equipment | | 638 | 1,424 |
| Motor vehicles | | 166 | 2,975 |
| Data processing equipment / communication devices | | 1,354 | 6,410 |
| | | 2,158 | 10,809 |
| 6.2 Disposals during the period / year - net book value | | | |
| Furniture, fittings and equipment | | 5 | 1,752 |
| Leasehold improvements | | - | 6,308 |
| Motor vehicles | | 38 | - |
| Data processing equipment / communication devices | | 19 | 175 |
| | | 62 | 8,235 |

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Unaudited March 31, 2021 | Audited December 31, 2020 |
|--|---------------|-------------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 7. LONG TERM INVESTMENTS | | | |
| Investment in a subsidiary - at cost | 7.1 | 23,408,927 | 23,408,927 |
| Other investments - at fair value through profit or loss | 7.2 | - | - |
| | | 23,408,927 | 23,408,927 |
| 7.1 Investment in a subsidiary - at cost | | | |
| Engro Corporation Limited (ECL) - quoted 214,469,810 (December 31, 2020: 214,469,810) ordinary shares of Rs 10 each. Percentage of holding 37.22% (December 31, 2019: 37.22%) | 7.1.1 & 7.1.2 | 23,308,927 | 23,308,927 |
| Empiric AI (Private) Limited (EMPAK) - unquoted 10,000,000 (2020: 10,000,000) ordinary shares of Rs 10 each. Percentage of holding '100% (2020: 100%) | | 100,000 23,408,927 | 100,000 23,408,927 |

7.1.1 The market value of investment in ECL as at March 31, 2021 was Rs 59,477 million (December 31, 2020: Rs 65,919 million).

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

| Bank | As at March 31, 2021 | | | As at December 31, 2020 | | |
|--|--------------------------------|------------------------------------|--------------------------------------|--------------------------------|------------------------------------|--------------------------------------|
| | 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 |
| ----- (Rupees in '000) ----- | | | | | | |
| Pledged in favor of Fatima Fertilizer Company Limited against potential liabilities of ex subsidiary DHFL.(Now Fatima fert) | | | | | | |
| Meezan Bank Limited - as agent | 10,492 | 104,918 | 2,909,576 | 10,492 | 104,918 | 3,224,760 |
| Pledged in favor of JS Bank Limited against issuance of Sukuks | | | | | | |
| JS Bank Limited (note 9.1 & 9.2) | - | - | - | 56,620 | 566,203 | 17,402,822 |

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Unaudited March 31, 2021 | Audited December 31, 2020 |
|--|-------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 7.2 Other investment - at fair value through profit or loss | | | |
| e2e Business Enterprises (Private) Limited | | | |
| 23,770,701 (December 31, 2020: 23,770,701) | 7.2.1 | 237,707 | 237,707 |
| ordinary shares of Rs 10 each | | | |
| Less: impairment loss | | (237,707) | (237,707) |
| | | <u>-</u> | <u>-</u> |

7.2.1 The Company had made aggregate investment amounting to Rs 238 million during the years 2013 and 2014 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 was planned to start commercial operations in year 2014.

However, due to certain issues it has not been able to start the commercial operations of the project till date. Further, due to financial and liquidity issues, it has not been able to service its outstanding loans and working capital requirements.

The Company has assessed the carrying amount of its investment in e2eBE in accordance with the requirements of the applicable accounting standard and the investment has been fully impaired as the possibility of commencement of operations of e2eBE is considered remote.

| | | Unaudited March 31, 2021 | Audited December 31, 2020 |
|--|-----|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 8. SHORT TERM INVESTMENTS | | | |
| At amortised cost | | | |
| - Term Deposit Receipts (TDR) | 8.1 | 618,000 | 7,218,000 |
| At fair value through profit and loss | | | |
| - Pakistan Investment Bond (PIBs) | 8.2 | 1,506,848 | 1,506,848 |
| - Quoted shares | | 5,449,597 | 5,126,625 |
| | | <u>7,574,445</u> | <u>13,851,473</u> |

8.1 These carry profit ranging from 7.30% to 8.05% per annum (2020: 7.20% to 7.75% per annum).

8.2 These securities have original tenor of 3 years and are maturing on June 19, 2023. The yield on these securities is 7.62% per annum (2020: 7.62% per annum)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Unaudited March 31, 2021 | Audited December 31, 2020 |
|-------------------------------|------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 9. LONG TERM FINANCING | | | |
| Islamic mode | | | |
| Sukuk certificates - I | 9.1 | - | 3,120,000 |
| Sukuk certificates - II | 9.2 | - | 4,200,000 |
| | | <hr/> | <hr/> |
| | | - | 7,320,000 |
| Less: Current portion | | | |
| Sukuk certificates - I | | - | (3,120,000) |
| Sukuk certificates - II | | - | (4,200,000) |
| | | <hr/> | <hr/> |
| | | - | (7,320,000) |
| | | <hr/> | <hr/> |
| | | - | - |

9.1 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - I), amounting to 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 a trustee. The Sukuk - I are secured against the Company's investment in ECL shares with 50% margin as disclosed in note 6.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuk - I carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - I are for a period of 5 years and are payable semiannually.

9.2 The Board of Directors of the Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Company in the underlying sukuk issue arrangements. As a result of the exercise of the call option the payment in full has been made on February 16, 2021.

These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - II), amounting to Rs 6,000 million issued by the Company on March 1, 2018 to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as a trustee. The Sukuk - II are secured against the Company's investment in ECL shares with 50% margin as disclosed in note 6.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuk - II carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - II are for a period of 5 years and are payable semiannually.

The Board of Directors of the Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Company in the underlying sukuk issue arrangements. As a result of the exercise of the call option the payment in full has been made on March 1, 2021

| | Unaudited March 31, 2021 | Audited December 31, 2020 |
|-------------------------------------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | |
| 10. TRADE AND OTHER PAYABLES | | |
| Creditors | 9,692 | 5,473 |
| Accrued expenses | 55,132 | 72,490 |
| Others | 6,890 | 5,560 |
| | <hr/> | <hr/> |
| | 71,714 | 83,523 |

11. CONTINGENCIES

There were no change in the status of contingencies since December 31, 2020, except for below:

11.1 During the period on February 26, 2021, the Company received an income tax demand amounting to Rs 168 million in relation to the tax year 2015. The demand was made to the Company as the taxation authorities disallowed certain expenses on the basis that no tax was withheld and deposited by the Company on these expenses. The authorities were also unable to verify the amount of capital gain tax paid by the Company on sale of shares during the tax year 2015.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

Further, the authorities have also demanded super tax @ 3% of the income for tax year 2015 amounting to PKR 38.2 million, which was previously adjusted against advance taxes paid during the tax year. An appeal has been filed by the Company before the CIRA along with the evidences for payment of taxes. The Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. Charge for super tax was already provided for in the books of account, no further provision is recorded in these financial statements.

11.2 During the period on March 31, 2021, the Company received an income tax demand amounting to Rs 160 million in relation to the tax year 2020. The demand was made to the Company as the taxation authorities are of the view that the Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business'. An appeal will be filed by the Company before the CIRA, based on the advice of its tax consultant. No provision against the amount have been recorded in these financial statements.

| | Note | ----- (Unaudited) ----- Three months ended March 31, 2021 | March 31, 2020 ----- (Rupees in '000) ----- |
|---|------|---|--|
| 12. RETURN ON INVESTMENTS | | | |
| Dividend income | 12.1 | 88,920 | 35,321 |
| Interest income | 12.2 | 120,613 | 468,461 |
| Others | 12.3 | 117,778 | (1,530,964) |
| | | 327,311 | (1,027,182) |
| 12.1 Dividend income | | | |
| - United Bank Limited | | 24,579 | 9,533 |
| - Meezan Bank Limited | | 8,938 | 9,126 |
| - Habib Bank Limited | | 9,452 | 3,630 |
| - Standard Chartered Bank | | - | 8,750 |
| - Interloop Limited | | 2,950 | 2,448 |
| - Bank Al-Habib Limited | | 5,317 | 1,834 |
| - Pakistan State Oil Company Limited | | 13,060 | - |
| - Fauji Fertilizer Company Limited | | 3,493 | - |
| - Indus Motor Company Limited | | 1,924 | - |
| - Mari Petroleum Company Limited | | 414 | - |
| - Kohinoor Textile Mills Limited | | 1,017 | - |
| - MCB Bank Limited | | 17,626 | - |
| - Samba Bank Limited | | 150 | - |
| | | 88,920 | 35,321 |
| 12.2 Interest income | | | |
| - Income on T-Bills | | 55,475 | 124,261 |
| - Income on PIBs | | 28,181 | 51,132 |
| - Income on TDRs | | 29,248 | 287,381 |
| - Income on loan to EMPAK | | 3,804 | - |
| - Return on Saving Accounts | | 3,905 | 5,687 |
| | | 120,613 | 468,461 |
| 12.3 Others | | | |
| Gain on sale of quoted shares | | 32,589 | 29,077 |
| Unrealised profit / (loss) on quoted shares | | 85,189 | (1,560,041) |
| | | 117,778 | (1,530,964) |

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Quarter Ended | |
|---|------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| 13. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS | | | |
| Profit / (loss) before taxation | | 38,373 | (1,630,791) |
| Adjustments for non cash expenses and other items: | | | |
| Depreciation and amortization | | 4,363 | 7,448 |
| Finance cost | | 89,705 | 347,212 |
| Provision for employees' retirement and other | | 1,706 | 1,624 |
| Dividend income | | (88,920) | (35,320) |
| Gain on sale of property, plant & equipment | | (3,411) | 37 |
| Unrealised (loss) / profit on quoted shares | | (85,189) | 1,560,041 |
| Interest income | | (120,613) | (468,461) |
| Gain on sale of quoted shares | | (32,589) | (29,077) |
| Working capital changes | 13.1 | (31,888) | 10,558 |
| Cash utilized in operations | | (228,463) | (236,729) |
| 13.1 Working capital changes | | | |
| (Increase) / decrease in current assets | | | |
| Advance, deposits and prepayment | | 14,505 | 28,062 |
| Other receivables | | (34,584) | (14,190) |
| | | (20,079) | 13,872 |
| Decrease in trade and other payables | | (11,809) | (3,314) |
| | | (31,888) | 10,558 |
| 14. Cash and Cash equivalent | | | |
| Cash at bank | | 205,204 | 1,104,232 |
| Short term investments | | 600,000 | 6,500,000 |
| | | 805,204 | 7,604,232 |

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL DISCLOSURES

15.1 Financial risk factors

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2020. There have been no changes in any risk management policies since the year end.

15.2 Fair value of financial assets and liabilities

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

16. RELATED PARTY TRANSACTIONS

Significant transactions with related parties are as follows:

| | Three Months Ended | |
|---|------------------------------|-----------------------|
| | March 31, 2021 | March 31, 2020 |
| | ----- (Rupees in '000) ----- | |
| Subsidiary company | | |
| Reimbursement of expenses to the Company | 1,353 | 4,135 |
| Sale of goods and services | 131 | - |
| Reimbursement of expenses from the Company | 18,168 | - |
| Mark up on loan | 3,809 | - |
| Cost sharing of services | 19,243 | 21,064 |
| Associates | | |
| Purchase of goods and services | 14,504 | 8,275 |
| Sale of goods and services | 5,292 | 2,802 |
| Reimbursement of expenses from associates | 12,760 | 13,473 |
| Reimbursement of expenses to associates | 4,769 | 3,718 |
| Mark up on delayed payment | 846 | - |
| Donation | 2,926 | 47,000 |
| Key management personnel | | |
| Salaries and other short term employee benefits | 94,083 | 76,214 |
| Post retirement benefit plans | 1,227 | 1,227 |
| Director's Fee | 4,000 | 6,000 |
| Other related parties | | |
| Reimbursement of expenses from the Company | - | 204 |
| Sale of goods and services | - | 10 |
| Purchase of goods and services | 736 | 594 |
| Contribution to staff gratuity fund | 1,706 | 1,624 |
| Contribution to staff provident fund | 3,199 | 2,923 |

17. GENERAL

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

17.2 Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

17.3 These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on April 27, 2021.

18. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 27, 2021 approved an interim cash dividend of Rs 4.5 per share amounting to Rs 2,166 million (2020: Rs 2 per share) for the three months ended March 31, 2021. These financial statements do not recognise the said interim dividend from unappropriated profit as it has been declared subsequent to balance sheet.

DAWOOD HERCULES CORPORATION LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED
MARCH 31, 2021

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

| | Note | Consolidated | |
|--|------|--------------------------------|---------------------------------|
| | | Unaudited March 31, 2021 | Audited December 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 258,596,289 | 262,035,712 |
| Right-of-use assets | | 7,867,537 | 7,019,761 |
| Intangible assets | | 5,555,336 | 5,587,682 |
| Deferred taxation | | 100,912 | 80,434 |
| Long term investments | | 32,755,755 | 32,350,083 |
| Net investment in lease | | 38,774,616 | 44,557,411 |
| Financial asset at amortized cost | | 4,064,167 | 5,160,833 |
| Long term loans and advances | | 2,046,366 | 2,109,917 |
| | | 349,760,978 | 358,901,833 |
| Current assets | | | |
| Stores, spares and loose tools | | 9,446,217 | 9,069,394 |
| Stock-in-trade | | 17,424,301 | 17,938,391 |
| Trade debts | | 57,215,240 | 50,750,960 |
| Loans, advances, deposits and prepayments | | 4,303,162 | 3,916,882 |
| Other receivables | | 18,994,788 | 18,574,319 |
| Accrued Income | | 270,884 | 653,244 |
| Contract asset | | 5,232,258 | 5,714,977 |
| Current portion of net investment in lease | | 6,313,934 | 3,255,211 |
| Dividend receivable | | 35,048 | - |
| Short term investments | | 110,835,340 | 107,344,354 |
| Cash and bank balances | | 20,769,240 | 24,838,343 |
| | | 250,840,412 | 242,056,075 |
| Asset classified as held for sale | | 67,054 | 67,054 |
| TOTAL ASSETS | | 600,668,444 | 601,024,962 |

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

| | Note | Unaudited March 31, 2021 | Audited December 31, 2020 |
|---|------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 4,812,871 | 4,812,871 |
| Revaluation reserve on business combination | | 827 | 1,665 |
| Maintenance reserve | | 60,117 | 60,117 |
| Exchange revaluation reserve | | 215,619 | 254,541 |
| Hedging reserve | | (11,483) | (11,428) |
| General reserve | | 700,000 | 700,000 |
| Unappropriated profit | | 64,518,113 | 61,516,860 |
| Remeasurement of post-employment benefits | | (32,978) | (32,978) |
| | | 65,450,215 | 62,488,777 |
| | | 70,263,086 | 67,301,648 |
| Non-controlling interest | | 173,632,067 | 164,359,927 |
| Total Equity | | 243,895,153 | 231,661,575 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | | 129,731,029 | 135,230,145 |
| Deferred taxation | | 14,746,364 | 14,667,758 |
| Lease liabilities | | 44,985,374 | 50,635,891 |
| Deferred liabilities | | 2,547,995 | 2,717,191 |
| Long term provision | | 12,872,534 | 14,488,376 |
| | | 204,883,296 | 217,739,361 |
| Current liabilities | | | |
| Trade and other payables | | 81,263,593 | 86,885,962 |
| Accrued interest / mark-up | | 2,913,167 | 1,434,014 |
| Current portion of : | | | |
| - borrowings | | 22,300,677 | 30,008,492 |
| - lease liabilities | | 8,303,259 | 4,935,549 |
| - deferred liabilities | | 736,226 | 730,648 |
| - long term provision | | 13,275,840 | 11,691,978 |
| Taxes payable | | 7,669,615 | 2,780,160 |
| Short term borrowings | | 11,164,150 | 12,505,120 |
| Dividend payable | | 3,685,962 | - |
| Unclaimed dividends | | 577,506 | 652,103 |
| | | 151,889,995 | 151,624,026 |
| Total Liabilities | | 356,773,291 | 369,363,387 |
| Contingencies and Commitments | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 600,668,444 | 601,024,962 |

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

(AMOUNTS IN THOUSAND EXCEPT FOR EARNINGS PER SHARE)

| | Note | Three months ended | |
|--|------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| Net sales | | 70,873,549 | 44,977,167 |
| Cost of sales | | (46,078,392) | (31,257,355) |
| Gross profit | | 24,795,157 | 13,719,812 |
| Selling and distribution expenses | | (1,656,524) | (1,056,718) |
| Administrative expenses | | (1,546,783) | (1,764,986) |
| | | 21,591,850 | 10,898,108 |
| Other income | | 2,767,569 | 2,415,893 |
| Other operating expenses | | (1,127,839) | (1,747,048) |
| Finance cost | | (3,685,326) | (6,413,597) |
| Share of income from associates & joint ventures | | 1,018,656 | 270,316 |
| Profit before taxation | | 20,564,910 | 5,423,672 |
| Taxation | | (5,887,571) | (999,849) |
| Profit for the period | | 14,677,339 | 4,423,823 |
| Profit attributable to: | | | |
| - Owners of the Holding Company | | 3,001,253 | (282,464) |
| - Non-controlling interest | | 11,676,086 | 4,706,287 |
| | | 14,677,339 | 4,423,823 |
| Earnings per share - basic and diluted | 7 | 6.24 | (0.59) |

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Three months ended | |
|--|------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| Profit for the period | | 14,677,339 | 4,423,823 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Hedging reserve - cash flow hedges | | | |
| - Reclassification adjustments for losses included in profit or loss | | (215) | (752) |
| Revaluation reserve on business combination | | (5,251) | 10,202 |
| Exchange differences on translation of foreign operations | | (104,272) | 520,673 |
| | | (109,523) | 530,875 |
| Income tax relating to: | | | |
| - Revaluation reserve on business combination | | 1,680 | - |
| | | (108,058) | 530,123 |
| Total Comprehensive income for the period | | 14,569,281 | 4,953,946 |
| Total comprehensive income attributable to: | | | |
| - Owners of the Holding Company | | 2,961,438 | (85,127) |
| - Non-controlling interest | | 11,607,843 | 5,039,073 |
| | | 14,569,281 | 4,953,946 |

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2021

(Amounts in thousand)

| | ----- Attributable to owners of the Holding Company ----- | | | | | | | | | | |
|--|---|---|---------------------|------------------------------|-----------------|------------------------------|-----------------------|---|------------|--------------------------|-------------|
| | ----- Capital reserves ----- | | | | | ----- Revenue reserves ----- | | | | | |
| | Share capital | Revaluation reserve on business combination | Maintenance reserve | Exchange revaluation reserve | Hedging reserve | General reserve | Unappropriated Profit | Remeasurement of post employment benefits - Actuarial gain / (loss) | Sub total | Non-Controlling Interest | Total |
| | ----- (Rupees in '000) ----- | | | | | | | | | | |
| Balance December 31, 2019 (audited) / January 01, 2020 | 4,812,871 | 5,463 | 60,117 | 226,682 | (10,980) | 700,000 | 58,265,869 | (39,077) | 64,020,945 | 144,023,629 | 208,044,574 |
| Total comprehensive income / (loss) for the three months ended March 31, 2020 (unaudited) | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | (282,464) | - | (282,464) | 4,706,287 | 4,423,823 |
| Other comprehensive income | - | 3,797 | - | 193,820 | (280) | - | - | - | 197,337 | 332,786 | 530,123 |
| | - | 3,797 | - | 193,820 | (280) | - | (282,464) | - | (85,127) | 5,039,073 | 4,953,946 |
| Transaction with owners | | | | | | | | | | | |
| Balance as at March 31, 2020 (unaudited) | 4,812,871 | 9,260 | 60,117 | 420,502 | (11,260) | 700,000 | 57,983,405 | (39,077) | 63,935,818 | 149,062,702 | 212,998,520 |
| Balance December 31, 2020 (audited) / January 01, 2021 | 4,812,871 | 1,665 | 60,117 | 254,541 | (11,428) | 700,000 | 61,516,860 | (32,978) | 67,301,648 | 164,359,927 | 231,661,575 |
| Total Comprehensive income /(loss) for the three months ended March 31, 2021 (unaudited) | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 3,001,253 | - | 3,001,253 | 11,676,086 | 14,677,339 |
| Other comprehensive income | - | (838) | - | (38,922) | (55) | - | - | - | (39,815) | (68,243) | (108,058) |
| | - | (838) | - | (38,922) | (55) | - | 3,001,253 | - | 2,961,438 | 11,607,843 | 14,569,281 |
| Transaction with owners | | | | | | | | | | | |
| Dividend by subsidiaries allocable to Non-Controlling interest | - | - | - | - | - | - | - | - | - | (2,335,703) | (2,335,703) |
| Balance as at March 31, 2021 | 4,812,871 | 827 | 60,117 | 215,619 | (11,483) | 700,000 | 64,518,113 | (32,978) | 70,263,086 | 173,632,067 | 243,895,153 |

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Note | Three months ended | |
|--|------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | ----- (Rupees in '000) ----- | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 8 | 17,328,415 | 9,988,939 |
| Retirement and other service benefits paid | | (149,695) | (201,596) |
| Finance cost paid | | (1,963,591) | (2,037,287) |
| Taxes paid | | (871,569) | (1,579,169) |
| Proceeds from net investment in lease | | 701,614 | 473,567 |
| Finance cost paid on lease liability | | (895,559) | (976,779) |
| Finance income received on net investment in lease | | 1,250,778 | 1,342,722 |
| Repayment of lease liability | | (809,065) | (617,314) |
| Long term loans and advances - net | | 148,510 | 116,857 |
| Net cash generated from operating activities | | 14,739,838 | 6,509,940 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment (PPE) | | (3,764,699) | (3,567,785) |
| Sale proceeds on disposal of PPE | | 15,456 | 274 |
| Proceeds on disposal of investments | | - | - |
| Income on deposits / other financial assets | | 1,741,920 | 2,506,094 |
| Investment in associate | | - | (49,053) |
| Investments redeemed during the period - net | | 24,909,877 | 8,303,845 |
| Dividends received | | 481,372 | 11,982 |
| Net cash generated from investing activities | | 23,383,926 | 7,205,357 |
| Cash flows from financing activities | | | |
| Proceeds from/repayment of borrowings - net | | (9,487,741) | (414,118) |
| Payments of finance lease liabilities | | (557,736) | (432,769) |
| Unclaimed dividend paid | | (46,698) | (10,343) |
| Dividends paid | | - | (163,455) |
| Net cash utilised in financing activities | | (10,092,175) | (1,020,685) |
| Net increase in cash and cash equivalents | | 28,031,589 | 12,694,612 |
| Cash and cash equivalents at beginning of the period | | 60,110,571 | 31,580,994 |
| Cash and cash equivalents at end of the period | 9 | 88,142,160 | 44,275,606 |

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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 Company is to manage investments including in its subsidiary and associated companies. The registered office of the Holding Company is situated at Dawood Center, M.T. Khan Road, Karachi.

1.2 The "Group" consists of:

Ultimate Parent Company: Dawood Hercules Corporation Limited;

Holding Company: Dawood Hercules Corporation Limited;

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

| | %age of direct holding | |
|--|------------------------|-------|
| | 2021 | 2020 |
| - Empiric AI (Private) Limited (EMPAK) | 100 | 100 |
| - Engro Corporation Limited (ECL) | 37.22 | 37.22 |

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

| | %age of direct holding | |
|--|------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| - Engro Energy Limited | 100 | 100 |
| - Engro Eximp Agriproducts (Private) Limited | 100 | 100 |
| - Engro Eximp FZE | 100 | 100 |
| - Engro Infiniti (Private) Limited | 100 | 100 |
| - Engro Connect (Private) Limited | 100 | - |
| - Engro Fertilizers Limited | 56.27 | 56.27 |
| - Engro Polymer and Chemicals Limited | 56.19 | 56.19 |
| - Elengy Terminal Pakistan Limited | 56 | 56 |
| Joint Venture Company: | | |
| - Engro Vopak Terminal Limited | 50 | 50 |
| Associated Company: | | |
| - FrieslandCampina Engro Pakistan Limited | 39.9 | 39.9 |

2. BASIS FOR PREPARATION

2.1 These consolidated 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 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards 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.
- 2.3 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 apply to the consolidated financial statements of the Group for the year ended December 31, 2020.
- 2.4 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, 2020.
- 2.5 On 11 March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, as its spread has gained momentum. During the year, COVID-19 has spread throughout the country and lockdown was imposed in multiple parts of the country along with other measures to contain the spread of virus. The management of the Holding Company has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these consolidated financial statements.

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.
- 3.3 The Group's interest in jointly controlled and associated entities i.e. Engro Vopak Terminal Limited, FrieslandCampina Engro Pakistan Limited, Sindh Engro Coal Mining Company Limited, GEL Utility Limited, SiddiqueSons Energy Limited and Pakistan Energy Gateway Limited have been accounted for using the equity method.

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, 2020.
- 4.2 During the preparation of these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Group for the year ended December 31, 2020.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Unaudited March 31 2020 ----- (Rupees in '000) ----- | Audited December 31, 2019 |
|---|---|---------------------------------|
| 5. PROPERTY, PLANT AND EQUIPMENT | | |
| Operating assets, at net book value | 237,234,977 | 232,719,261 |
| Capital work in progress | 18,386,588 | 26,568,260 |
| Capital spares and standby equipments | 2,974,723 | 2,748,191 |
| | <u>258,596,288</u> | <u>262,035,712</u> |

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

| | Unaudited March 31 2021 ----- (Rupees in '000) ----- | Audited December 31, 2020 |
|--|---|---------------------------------|
| Land | - | 18,524 |
| Plant and machinery | 5,509,827 | 2,546,425 |
| Building and civil works including pipelines | 1,467,010 | 2,545,698 |
| Furniture, fixture and equipment | 1,095,108 | 3,202,179 |
| Vehicles | 76,827 | 1,257,284 |
| Aircraft | - | 624,228 |
| | <u>8,148,772</u> | <u>10,194,338</u> |

5.2 During the period, assets costing Rs. 25,106 (December 31, 2020: Rs.477,820), having net book value of Rs. 15,444 (December 31, 2020: Rs. 153,365) were disposed / written-off for Rs. 15,456 (December 31, 2020: 198,989).

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

As at March 31, 2021, there is no material change in the status of matters reported as contingencies in audited financial statements of the Group for the year ended December 31, 2020, except for following:

6.1.1 During the period on February 26, 2021, the Holding Company received an income tax demand amounting to Rs 168 million in relation to the tax year 2015. The demand was made to the Holding Company as the taxation authorities disallowed certain expenses on the basis that no tax was withheld and deposited by the Company on these expenses. The authorities were also unable to verify the amount of capital gain tax paid by the Company on sale of shares during the tax year 2015. Further, the authorities have also demanded super tax @ 3% of the income for tax year 2015 amounting to PKR 38.2 million, which was previously adjusted against advance taxes paid during the tax year. An appeal has been filed by the Holding Company before the CIRA along with the evidences for payment of taxes. The Holding Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. Charge for super tax was already provided for in the books of account, no further provision is recorded in these financial statements.

6.1.2 During the period on March 31, 2021, the Holding Company received an income tax demand amounting to Rs 160 million in relation to the tax year 2020. The demand was made to the Holding Company as the taxation authorities are of the view that the Holding Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Holding Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Holding Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Holding Company and should be treated as 'income from business'. An appeal will be filed by the Holding Company before the CIRA, based on the advice of its tax consultant. No provision against the amount have been recorded in these financial statements.

6.2 Commitments

Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 9,032,410 (2020: Rs. 11,939,640).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | ----- (Unaudited) ----- Three months ended March 31, March 31, 2021 2020 ----- (Rupees in '000) ----- | |
|---|---|--------------|
| 7. EARNINGS PER SHARE - BASIC AND DILUTED | | |
| Profit after taxation (attributable to the owners of the Holding Company) | 3,001,253 | (282,464) |
| | ----- (Number in thousands) ----- | |
| Weighted average number of ordinary shares | 481,287 | 481,287 |
| 8. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 20,564,910 | 5,423,672 |
| Adjustment for non-cash charges and other items: | | |
| Depreciation and amortization | 3,679,354 | 3,193,123 |
| Gain on disposal / write off of property, plant and equipment | (12) | 5,661 |
| Provision for retirement and other service benefits | 127,611 | 153,021 |
| Provisions - net | 427,320 | - |
| Income on deposits / other financial assets | (2,234,905) | (1,940,071) |
| Share of income from joint venture and associated companies | (1,018,656) | (270,316) |
| Dividend income | (88,920) | (35,320) |
| Finance cost | 3,887,609 | 5,830,399 |
| Finance income on net investment in lease | (1,250,778) | (1,342,722) |
| Finance cost on lease liability | 895,559 | 976,779 |
| Exchange gain on lease liability | (1,938,496) | 3,924,213 |
| Exchange loss on net investment in lease | 1,987,482 | (3,560,622) |
| (Gain) / Loss on foreign currency translations | 239,966 | 479,203 |
| Working capital changes (note 8.1) | (7,949,629) | (2,848,081) |
| | 17,328,415 | 9,988,939 |
| 8.1 Working capital changes | | |
| (Increase) / decrease in current assets | | |
| - Stores, spares and loose tools | (376,823) | (379,578) |
| - Stock-in-trade | 453,888 | (5,698,424) |
| - Trade debts | (6,224,538) | (8,553,204) |
| - Loans, advances, deposits and prepayments | (486,166) | (555,323) |
| - Other receivables - net | (358,331) | 3,509,057 |
| | (6,991,970) | (11,677,472) |
| Decrease in current liabilities | | |
| - Trade and other payables, including other service benefits - net | (957,659) | 8,829,391 |
| | (7,949,629) | (2,848,081) |
| 9. CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 20,667,112 | 24,013,310 |
| Short term investments | 75,639,198 | 37,228,820 |
| Short term borrowings | (8,164,150) | (16,966,524) |
| | 88,142,160 | 44,275,606 |

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

10.1 Financial risk factors

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

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

10.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1)
- 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 | Total |
|--|------------------------------|------------|---------|------------|
| Assets | ----- (Rupees in '000) ----- | | | |
| Financial assets at fair value through profit and loss | 5,449,597 | 24,659,835 | - | 30,109,432 |
| Financial assets through other comprehensive income | - | 60,206,437 | - | 60,206,437 |

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

- Level 1 fair valued instruments comprise mutual fund units.
- Level 2 fair valued instruments comprise treasury bills and fixed income placements which are valued using discounted cash flow model.
- The carrying value of all financial assets and liabilities reflected in these consolidated condensed interim financial statements approximate their fair value.

11. TRANSACTIONS WITH RELATED PARTIES

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

----- (Unaudited) -----
Three months ended
March 31, March 31,
2021 2020
----- (Rupees in '000) -----

Associated companies and joint ventures

| | | |
|-----------------------------------|-------------------|------------|
| Purchases and services | 11,486,978 | 10,941,753 |
| Services rendered / sale of goods | 5,292 | 2,784 |
| Dividends received | 427,500 | 270,000 |
| Dividend paid | 991 | - |
| Interest on borrowing | 522,532 | 704,646 |
| Reimbursements from associates | 281,289 | 42,724 |
| Reimbursements to associates | 645,429 | 10,417 |
| Loan repaid | 500,000 | - |
| Donations | 44,120 | 51,173 |

Key Management Personnel

| | | |
|---|----------------|---------|
| Remuneration paid to key management personnel / directors | 418,600 | 438,795 |
| Reimbursements to key management personnel | 185 | 2,040 |
| Directors' fees | 27,503 | 26,474 |

Contribution for retirement benefits

201,591 196,578

12. 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.

12.1 Type of segments

Nature of business

| | |
|------------------|---|
| Fertilizer | Manufacture, purchase and market fertilizers. |
| Polymer | Manufacture, market and sell Poly Vinyl Chloride (PVC), PVC compounds, and related chemicals. |
| Terminal | Operates and maintains integrated liquid chemical terminal and storage farm, and LNG terminal |
| Power and mining | Includes Independent Power Projects (IPP). |
| Other operations | Includes management of investments, telecommunication infrastructure and digital and technology services. |

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

----- (Unaudited) -----
Three months ended
March 31, March 31,
2021 2020
----- (Rupees in '000) -----

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

Revenue

| | | |
|-------------------|--------------------|------------|
| Fertilizer | 29,443,723 | 10,791,539 |
| Polymer | 15,671,459 | 7,057,942 |
| Terminal | 3,163,887 | 3,684,555 |
| Power and mining | 21,322,583 | 22,295,119 |
| Other operations | 5,987,180 | 1,556,979 |
| Elimination - net | (4,715,283) | (408,967) |
| Consolidated | 70,873,549 | 44,977,167 |

Profit for the period

| | | |
|-------------------|--------------------|-------------|
| Fertilizer | 5,741,427 | 570,764 |
| Polymer | 4,142,970 | 192,840 |
| Terminal | 1,021,745 | 1,082,942 |
| Power and mining | 4,018,685 | 3,872,421 |
| Other operations | 3,281,768 | (1,257,407) |
| Elimination - net | (3,529,256) | (37,737) |
| Consolidated | 14,677,339 | 4,423,823 |

(Unaudited) (Audited)
March 31, December 31,
2021 2020
----- (Rupees in '000) -----

Assets

| | | |
|-------------------|---------------------|--------------|
| | 125,909,829 | 131,713,375 |
| Fertilizer | 73,824,724 | 69,093,661 |
| Polymer | 60,658,826 | 62,338,352 |
| Terminal | 224,265,585 | 214,364,787 |
| Power and mining | 162,161,179 | 171,836,843 |
| Other operations | (46,151,699) | (48,322,056) |
| Elimination - net | 600,668,444 | 601,024,962 |
| Consolidated | | |

13. SEASONALITY

13.1 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.

13.2 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

14. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

14.1 The Board of Directors of the Holding Company in its meeting held on April 27, 2021 has approved an interim cash dividend of Rs. 4.5 per share for the year ending December 31, 2021 (2019: Rs. 2 per share). This consolidated condensed interim financial information does not include the effect of the said interim dividend.

15. CORRESPONDING FIGURES

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

15.2 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 consolidated financial statements of preceding financial year, whereas the consolidated condensed interim profit or loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

16. DATE OF AUTHORIZATION

This consolidated condensed interim financial information is authorized for issue on April 27, 2021 by the Board of Directors of the Holding Company.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director



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