



CORPORATION

**THIRD QUARTERLY ACCOUNTS
(UN-AUDITED)**

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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

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Chartered Accountants
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Tel: +92 (21) 32426682-6
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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

DIRECTORS REVIEW

The Directors are pleased to present their report along with the unaudited unconsolidated condensed interim financial statements of DH Corp and the unaudited consolidated condensed interim financial statements of the Group for the nine months ended 30 September 2021.

The economy continues to recover from the challenges of the Covid-19 pandemic and with wider access to vaccines and increasing awareness about it, a faster recovery is expected. However, higher commodity prices due to global supply chain challenges and fiscal / monetary stimuli are fueling inflationary pressures for the domestic economy that may suppress local demand.

DH Corp's wholly owned subsidiary, Empiricai Pakistan Limited (EMPK), continues to gain momentum through international contracts, generating export revenues and domestic business. To further increase its footprint in technology sector, DH continues to evaluate investment opportunities in the four key identified technology areas of Cybersecurity, Software-as-a-Service, Cloud Computing and Data Analytics.

During the period, DH Corp's investment in equity market portfolio moved in-line with the market, closing slightly lower than last quarter. The portfolio earned significant dividends during 9M 2021 worth c.PKR 223m, along with realizing capital gains of c.PKR 185mn. However, the 9M 2021 ended with unrealized capital losses of c.PKR 371mn. The portfolio performed slightly below KSE 100 index returns during 9M 2021 due to passive nature; however, the portfolio is 8.1% above the KSE-100 when comparing inception-to-date returns.

The balance funds were placed in both long and short-term instruments in money markets, allowing us to efficiently manage our treasury portfolio in-line with our liquidity requirements.

The Company's consolidated revenue grew by 23%, from PKR 182,505 million during 9M'2020 to PKR 223,697 million during 9M'2021. The consolidated Profit-After-Tax (PAT) for the 9 months was PKR 39,301 million – up by 33%, while PAT attributable to the shareholders increased to PKR 7,421 million from profit of PKR 5,385 million in the comparative period, resulting in an Earnings per Share (EPS) of PKR 15.42 compared to PKR 11.19. 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 1,992 million against PAT of PKR 1,904 million for the same period last year. Earning per share for the period was PKR 4.14 per share.

Agricultural sector had a strong performance in 2021 with prices of agri commodities remaining firm during the quarter, resulting in improved earnings for farmers and 9% higher Urea industry volumes vs prior year.

Engro Fertilizer's Urea production was 1,560 KT vs. 1,694 KT for the same period last year with sales of 1,644 KT vs. 1,451 KT. Phosphates' sales were 242 KT vs. 366 KT during the same period last year. With revenue during the period of PKR 93 billion vs. 78 billion, the Gross Profit was PKR 31 billion vs. PKR 24 billion during the same period last year, increasing mainly on the back of higher Urea offtakes.

Domestic PVC market's volume increased by 30% in Q3'2021 vs previous quarter despite international PVC prices reaching an all-time high of \$1850/MT due to high demand along with supply disruptions. EPolymer continued to maintain competitive pricing, increased its market share to 94% vs. 64% during same period last year. EPolymer capitalized on exports opportunity during the period, exporting ~16KT and recording revenue of PKR 49,323 million as compared to PKR 22,931 million in the same period last year, posting all time high Profit After Tax of PKR 10,372 million vs PKR 2,103 last year.

Mining operations continued smoothly and the mine supplied ~ 3 million tons of coal to Engro Powergen Thar during the period. The expansion of the mine to 7.6 million tons per annum is underway with 52% of the

overburden removed. The power plant remained fully operational during the quarter, achieving 84.7% availability with a load factor of 82%, dispatching 3,253 GwH to the national grid during the period.

The Qadirpur power plant dispatched a Net Electrical Output of 615 GwH to the national grid with a load factor of 44% compared to 32% last year. It posted a PAT of PKR 1,463 million for the current period as compared to PKR 2,031 million for same period last year due to retirement of debt component.

Profitability of both the LNG and chemicals terminal remained healthy during the period. The LNG terminal handled 54 cargoes, similar to last year's, delivering 158 bcf re-gasified LNG. The chemicals terminal throughput volumes normalized to 934 KT vs. 806 KT same period last year; volumes were impacted in 2020 due to COVID led lockdowns.

Telecom infrastructure business continued to expand delivering a total of 2,030 tower sites and 1.09x tenancy ratio, while catering to all Mobile Network Operators (MNOs) in Pakistan. This portfolio expansion has led to a significant increase in the market share from 41% in 2020 to 48% during the period.

FUTURE OUTLOOK

In the backdrop of the challenges caused by the run up in global commodities, the authorities are rightly striving for more sustainable and inclusive economic growth. The SBP prudently commenced monetary tightening in September 2021, on a wider current account deficit and higher CPI outturns, even as the PKR did the heavy lifting as it slipped swiftly vs the US\$. This should begin to have a beneficial impact on the current account, especially as TERF drawdowns for machinery import appear to have largely completed.

On a positive note, there has been no slack in remittances. As Pakistan negotiates with the IMF for programme resumption, it has introduced several tough prior actions. However, this will lead to more confidence in the sustainability of economic growth in FY22 and beyond, compared to the short lived cycles of the past. While continuing the reforms process, the authorities are rightly focused on providing relief through targeted subsidies and cash payouts to the most vulnerable segments of society.

The government's emphasis on science & technology, education and future technologies, continues to give Pakistan's technology sector a boost, leading to record breaking investments by foreign corporations, venture capital and private equity funds in the sector.

DH Corp will continue to consolidate its position in the IT services business and aggressively grow both organically and inorganically.

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

With forecast of an improvement in economic activity in the current year, Engro Corporation foresees improvement in results of its businesses and liquidity position.

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: 26th October 2021

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2021 کو ختم ہونے والی نو ماہی مدت کیلئے اپنی رپورٹ کے ہمراہ کمپنی کے عبوری، غیر آڈٹ شدہ، غیر اشتمال شدہ مختصر گوشوارے اور گروپ کے عبوری، غیر آڈٹ شدہ، اشتمال شدہ مختصر گوشوارے پیش کر رہے ہیں۔

معیشت کو وڈ 19 کی وباء سے پیدا ہونے والے چیلنجوں سے بحالی کی راہیں بدستور تلاش کر رہی ہے اور ویکسین تک رسائی وسیع تر ہو جانے اور اس بارے میں شعور بڑھ جانے کے سبب توقع ہے کہ بحالی کی رفتار میں بھی اضافہ ہو جائے گا۔ تاہم عالمی سپلائی چین کو درپیش مسائل کے سبب اشیائے ضرورت کی بڑھتی ہوئی قیمتیں اور مالیات/نقدی کی تحریکات ملکی معیشت پر مہنگائی کا دباؤ ڈال رہی ہیں جس کے سبب مقامی طلب میں کمی واقع ہو سکتی ہے۔

کمپنی کے مکمل ملکیتی تحت ادارے ایمپیرک اے آئی پاکستان لمیٹڈ (EMPCK) عالمی معاہدوں کے ذریعے بدستور آگے بڑھ رہی ہے اور برآمدی آمدنی اور ملکی سطح پر کاروبار پیدا کر رہی ہے۔ ٹیکنالوجی سیکٹر میں اپنی چھاپ مزید گہری کرنے کی غرض سے ڈی ایچ کارپوریشن ٹیکنالوجی کے چار اہم ترین علاقوں یعنی سائبر سیکیورٹی، سافٹ ویئر بطور خدمت، کلاؤڈ کمپیوٹنگ اور ڈیٹا اینالیٹکس میں سرمایہ کاری کے مواقع کی جانچ پڑتال کر رہی ہے۔

زیر جائزہ مدت کے دوران ڈی ایچ کارپوریشن کا ایکویٹی مارکیٹ پورٹ فولیو مارکیٹ کی سمت میں چل پڑا ہے جو گزشتہ سہ ماہی کے مقابلے میں زرا سے کم پر بند ہوا ہے۔ سال 2021 کی نو ماہی مدت کے دوران اس پورٹ فولیو نے 223 ملین روپے مالیت کا منافع منقسمہ کمایا اور 185 ملین روپے مالیت کے سرمایہ جاتی فوائد بھی حاصل کئے۔ تاہم 2021 کی نو ماہی مدت 371 ملین روپے کے غیر تحصیل شدہ سرمایہ جاتی نقصان پر ختم ہوئی۔ اس مدت کے دوران غیر سرگرم ہونے کی بدولت اس پورٹ فولیو کو KSE 100 index سے ہونے والی آمدنی زرا سی نیچے رہی؛ البتہ آغاز سے اب تک ہونے والی آمدنیوں سے تقابل کیا جائے تو یہ پورٹ فولیو KSE-100 سے 8.1% زیادہ ہے۔

باقی بچ جانے والے فنڈز بازار میں طویل مدتی اور قلیل مدتی انسٹرومنٹس میں لگا دیئے گئے ہیں۔ اس اقدام کی بہ دولت ہم اپنی نقدی کی ضروریات کی مناسبت سے اپنے ٹریژری پورٹ فولیو کا بہتر انتظام کرنے کے قابل ہوئے ہیں۔

کمپنی کی اشتمال شدہ آمدنی میں 23% اضافہ ہوا جو 2020 کے پہلے نو ماہ میں 182,505 ملین روپے سے بڑھ کر 2021 کے پہلے 9 ماہ کے دوران 223,697 ملین روپے تک پہنچ گئی۔ زیر جائزہ نو ماہی مدت کے دوران بعد از ٹیکس مجموعی منافع (PAT) 33% بڑھ کر 39,301 ملین روپے ہو گیا جب کہ شیئر ہولڈرز سے قابل نسبت بعد از ٹیکس منافع گزشتہ سال کے 9 ماہ کے دوران 5,385 ملین روپے سے بڑھ کر 7,421 ملین روپے تک پہنچ گیا جس کے نتیجے میں 15.42 روپے کی فی شیئر کمائی (EPS) ہوئی جبکہ گزشتہ برس اسی مدت کے دوران فی شیئر کمائی صرف 11.19 روپے رہی تھی۔ یہ اضافہ بنیادی طور سے فریٹلائزرز اور پیٹر ویکیمیکل کے کاروباروں میں زیادہ منافع ہونے کا نتیجہ ہے۔

غیر اشتمال شدہ حیثیت کی بنیاد پر بعد از ٹیکس منافع 1,992 ملین روپے حاصل ہوا جب کہ گزشتہ برس اسی مدت کے دوران کمپنی کو 1,904 ملین روپے کا منافع ہوا تھا۔ زیر جائزہ مدت کے دوران فی شیئر کمائی 4.14 روپے رہی۔

زرعی سیکٹر نے سال 2021 کے دوران مضبوط کارکردگی دکھائی اور زرعی اسباب تجارت کی قیمتیں اس سہ ماہی کے دوران مستحکم رہیں جس کے نتیجے میں کاشت

کاروں کی کمائی میں بھی اضافہ ہوا اور یوریا کی صنعت میں گزشتہ برس کی بہ نسبت 9% اضافہ ہوا۔

اینگرو فریڈلائزر کی یوریا کی پیداوار گزشتہ برس کی اسی مدت میں 1,694 کلوٹن کے مقابلے میں اس برس کی اسی مدت کے دوران 1,560 کلوٹن رہی اور گزشتہ برس کی اسی مدت کے دوران 1,451 کلوٹن کی فروخت کے مقابلے میں اس برس کی فروخت بڑھ کر 1,644 کلوٹن ہو گئی۔ فاسفیٹ کی فروخت گزشتہ برس کی قابل موازنہ مدت کے دوران 366 کلوٹن تھی جو اس برس کی زیر جائزہ مدت کے دوران 242 کلوٹن رہی۔ رواں برس آمدنی 93 بلین روپے رہی جو گزشتہ برس کی زیر جائزہ مدت کے دوران 78 بلین روپے رہی تھی، خام منافع گزشتہ برس 24 بلین روپے کے مقابلے میں اس برس کی زیر جائزہ مدت کے دوران 31 بلین روپے رہا اور اضافے کی بڑی وجہ یوریا کی زیادہ فروخت تھی۔

زیادہ طلب اور سپلائی میں خلل کے باعث قیمتیں 1,850 ڈالر فی میٹرک ٹن کی تاریخ کی بلند ترین سطح تک پہنچ جانے کے باوجود پی وی سی کی ملکی مارکیٹ کا حجم گزشتہ برس کی اسی سہ ماہی کی بہ نسبت 2021 کی تیسری سہ ماہی میں 30% بڑھ گیا۔ ای پولیمر نے اپنی مسابقتی قیمتیں برقرار رکھتے ہوئے گزشتہ برس کے 64% کے مقابلے میں رواں سال کی زیر جائزہ مدت کے دوران 94% تک بڑھایا ہے۔ اس مدت کے دوران ای پولیمر نے برآمدات کرنے کے مواقع سے فائدہ اٹھاتے ہوئے 16 کلوٹن پولیمر برآمد کی اور گزشتہ برس کی اسی مدت میں کی گئیں برآمدات سے ہونے والی 22,931 ملین روپے کی بہ نسبت رواں سال کی زیر جائزہ مدت کے دوران 49,323 ملین روپے کی آمدنی ریکارڈ کی اور اس مدت میں 10,372 ملین روپے کا اپنی تاریخ کا سب سے زیادہ بعد از ٹیکس منافع حاصل کیا۔ یہ منافع گزشتہ برس کی اسی مدت کے دوران 2,103 ملین روپے رہا تھا۔

کان کنی کا عمل تسلی بخش طریقے سے جاری رہا اور زیر جائزہ مدت کے دوران Engro Powergen Thar کو 03 ملین ٹن کوئلہ سپلائی کیا گیا۔ کان کنی پیداواری گنجائش 7.6 ملین ٹن سالانہ تک پہنچانے کا کام جاری ہے اور 52% بوجھ کم کیا گیا ہے۔ پاور پلانٹ اس سہ ماہی کے دوران پوری طرح سے آپریشنل رہا جس نے 82% لوڈ فیکٹر کے ساتھ 84.7% دستیابی کا ہدف حاصل کیا اور اس مدت کے دوران قومی گرڈ کو 3,253 GWh بجلی روانہ کی۔

اسی مدت کے دوران قادر پور پاور پلانٹ نے قومی گرڈ کو 615 GWh بجلی فراہم کی جس کا لوڈ فیکٹر گزشتہ برس کی اسی مدت کے دوران کے 32% کی بہ نسبت 44% رہا۔ اس پلانٹ نے گزشتہ برس کی اسی مدت کے دوران ہونے والے 2,031 ملین روپے کے بعد از ٹیکس نفع کی بہ نسبت زیر جائزہ مدت کے دوران 1,463 ملین روپے کا بعد از ٹیکس نفع ریکارڈ کیا جس کی وجہ قرضوں کی ادائیگی ہو جانا تھی۔

اس مدت کے دوران LNG اور کیمیکلز کے ٹرمینلز کا منافع اچھا خاصا رہا ہے۔ LNG ٹرمینل نے گزشتہ برس کے برابر 54 کارگو سنبھالے اور 158 bcf ری گیسیفائیڈ LNG بہم پہنچائی۔ کیمیکل ٹرمینل کا تیار کردہ نارمل مال 934 کلوٹن رہا جو گزشتہ برس کی اسی مدت کے دوران 806 کلوٹن رہا تھا۔ 2020 میں تیار کردہ مال کے حجم میں کمی کی وجہ کووڈ کی وباء کے باعث لگایا جانے والا لاک ڈاؤن تھا۔

انفراسٹرکچر کا کاروبار بدستور مائل بہ توسیع رہا اور پاکستان میں مصروف کار تمام موبائل نیٹ ورک آپریٹرز کو 1.09x سے زائد کرایہ داری شرح کے ساتھ مجموعی طور پر مجموعی طور سے 2,030 ٹاور سائٹوں کی فراہمی کا سنگ میل عبور کیا۔ پورٹ فولیو میں یہ توسیع مارکیٹ شیئر میں اضافے کا سبب بنی ہے جو 2020 میں 41% سے بڑھ کر زیر جائزہ مدت کے دوران 48% ہو گیا ہے۔

مستقبل کا جائزہ

عالمی اشیائے تجارت کی قیمتیں بڑھ جانے کے تناظر میں حکومت بجا طور سے قابل تائید اور مفید اقتصادی بڑھوتی کی جدوجہد کر رہی ہے۔ اسٹیٹ بینک آف پاکستان نے ستمبر 2021 میں انتہائی چوکسی کے ساتھ جاری کھاتے کے بڑھتے ہوئے فرق اور CPI outturns پر، اس کے باوجود کڈالر کے مقابل پاکستانی روپے کی قدر میں تیزی سے کمی آنے کی وجہ سے روپے پر بہت زیادہ بوجھ بڑھا، مالیاتی سختیاں کی ہیں۔ اس عمل کو جاری کھاتے کے فرق پر مفید اثرات مرتب کرنا چاہئے خصوصاً اس صورت میں کہ مشینری کی درآمدات پر TERF سے ملنے والے فنڈز میں کمی زیادہ تر مکمل ہو چکی ہے۔

مثبت بات یہ ہے کہ بیرون ملک سے ترسیلات میں کوئی کمی نہیں آئی ہے۔ پروگرام دوبارہ شروع کرنے کی غرض سے پاکستان، آئی ایم ایف سے مذاکرات کر رہا ہے لیکن اس سے پہلے آئی ایم ایف نے متعدد سخت اقدامات تجویز کئے ہیں۔ تاہم یہ اقدامات ماضی کے مختصر وقفوں کے برعکس مالی سال 2022 میں اور اس کے بعد پائیدار اقتصادی ترقی کے لئے اعتماد میں اضافہ کریں گے۔ اصلاحات کے نفاذ کا عمل جاری رکھتے ہوئے حکام معاشرے کے پسے ہوئے طبقوں کے لئے مقرر کردی سبسڈیوں اور نقد رقم کی ادائیگیوں پر خصوصی توجہ مرکوز کئے ہوئے ہیں۔

سائنس و ٹیکنالوجی، تعلیم اور فیوچر ٹیکنالوجیز پر حکومت کا زور پاکستان کے ٹیکنالوجی سیکٹر کو ہمیز دے رہا ہے اور اس سیکٹر میں غیر ملکی کارپوریشنوں، ونچر کیپٹل اور پرائیویٹ ایکویٹی فنڈز کی ریکارڈ ٹوٹو سرمایہ کاری پر منہج ہو رہا ہے۔

ڈی ایچ کارپوریشن آئی ٹی سروسز کے کاروبار میں اپنی حیثیت مستحکم کرنے کا عمل جاری رکھے گا اور خلقی اور غیر خلقی ہر دو صورتوں میں تیزی سے ترقی کرتا رہے گا۔

ایکویٹی کے پورٹ فولیو کا انتظام سرگرمی اور پوری چوکسی کے ساتھ کیا جاتا رہے گا اور سرمایہ کاری کے آزمودہ آئیڈیاز آزمائے جائیں گے اور معیشت میں بہتری آنے کے ساتھ قدر کی نئی جہتیں تلاش کی جائیں گی۔ باقی بچ جانے والے فنڈز سرکاری تمسکات اور بینکوں کے ذریعے کام میں لائے جائیں گے۔

جاری سال میں اقتصادی سرگرمیوں میں بہتری آنے کے تخمینوں کے باعث اینگرو کارپوریشن اپنے کاروباروں اور لکویڈیٹی کی صورت حال میں بہتر نتائج آتے دیکھ رہی ہے۔

بورڈ اپنے تمام شیئر ہولڈرز سے ان کے اعتماد اور حمایت کے لیے اظہار تشکر کرتا ہے اور کمپنی کی ترقی و خوش حالی کیلئے مخلصانہ کوششوں پر کمپنی کی انتظامیہ اور ملازمین کا شکریہ بھی ادا کرتا ہے۔

انعام الرحمن

چیف ایگزیکٹو

شبیر حسین ہاشمی

ڈائریکٹر

بتاریخ : 26 اکتوبر، 2021ء

DAWOOD HERCULES CORPORATION LIMITED

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR SEPTEMBER 30, 2021

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	63,783	66,662
Right-of-use assets		14,134	28,001
Long term investments	6	23,408,927	23,408,927
		23,486,844	23,503,590
CURRENT ASSETS			
Loan, advances, deposits and prepayments		349,631	236,053
Dividend receivable		36,457	-
Other receivables		258,550	181,978
Short term investments	7	7,355,514	13,851,473
Cash and bank balances		12,396	1,398,636
		8,012,548	15,668,140
TOTAL ASSETS		31,499,392	39,171,730
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		26,015,089	26,189,540
		30,827,960	31,002,411
NON CURRENT LIABILITIES			
Lease liabilities		-	11,011
Defined benefit liabilities		4,422	3,559
Deferred tax liability		36,263	99,420
		40,685	113,990
CURRENT LIABILITIES			
Current portion of long term financings		-	7,320,000
Current portion of lease liabilities		24,565	29,762
Trade and other payables		96,864	83,523
Unclaimed dividend		239,608	275,406
Accrued mark-up		-	61,691
Taxation - net		269,710	284,947
		630,747	8,055,329
TOTAL EQUITY AND LIABILITIES		31,499,392	39,171,730
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	Quarter Ended		Nine months period ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
REVENUES					
Return on investments	9	(287,364)	2,805,352	3,255,080	4,199,528
Administrative expenses		(233,904)	(226,863)	(698,635)	(738,672)
Gross profit / (loss)		(521,268)	2,578,489	2,556,445	3,460,856
Other income - net		3,167	5,029	8,309	2,971
Operating profit / (loss)		(518,101)	2,583,518	2,564,754	3,463,827
Finance costs		(340)	(183,384)	(91,957)	(813,016)
Profit / (loss) before taxation		(518,441)	2,400,134	2,472,797	2,650,811
Taxation		41,419	(453,693)	(480,901)	(747,179)
Profit / (loss) after taxation		(477,022)	1,946,441	1,991,896	1,903,632
Earnings / (loss) per share (Rupees)					
- basic and diluted	10	(0.99)	4.04	4.14	3.96

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME-UNAUDITED

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Quarter Ended		Nine months period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit / (loss) after taxation	(477,022)	1,946,441	1,991,896	1,903,632
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss				
Remeasurements of post-retirement benefits liability	-	-	(555)	4,920
Total comprehensive income / (loss) for the period	<u>(477,022)</u>	<u>1,946,441</u>	<u>1,991,341</u>	<u>1,908,552</u>

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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					
Profit after taxation	-	-	1,903,632	1,903,632	1,903,632
Other comprehensive income	-	-	4,920	4,920	4,920
Total comprehensive income for the period	-	-	1,908,552	1,908,552	1,908,552
Transaction with owners					
Interim cash dividend @ 20% for the year ending December 31, 2020 (Rs 2 per ordinary share)	-	-	(962,574)	(962,574)	(962,574)
Interim cash dividend @ 50% for the year ending December 31, 2020 (Rs 5 per ordinary share)	-	-	(2,406,436)	(2,406,436)	(2,406,436)
Balance as at September 30, 2020	4,812,871	700,000	24,630,394	25,330,394	30,143,265
Balance as at January 1, 2021	4,812,871	700,000	25,489,540	26,189,540	31,002,411
Total comprehensive Income					
Profit for the period	-	-	1,991,896	1,991,896	1,991,896
Other comprehensive income	-	-	(555)	(555)	(555)
Total comprehensive income for the period	-	-	1,991,341	1,991,341	1,991,341
Interim cash dividend @ 45% for the year ending December 31, 2021 (Rs 4.5 per ordinary share)	-	-	(2,165,792)	(2,165,792)	(2,165,792)
Balance as at September 30, 2021	4,812,871	700,000	25,315,089	26,015,089	30,827,960

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

Mohammad Shamooun Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS UN-AUDITED

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	Nine months period ended	
		September 30, 2021	September 30, 2020
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	11	(836,592)	(611,426)
Finance cost paid		(151,936)	(869,040)
Taxes paid		(559,294)	(480,621)
Employees retirement and other service benefits paid		(6,519)	(10,389)
Net cash utilised in operating activities		(1,554,341)	(1,971,476)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(11,213)	(8,979)
Interest received on bank deposits and investments		238,587	1,391,480
Proceeds from disposal of property, plant and equipment		4,242	312
Long term investments made		-	(216,448)
Short term investment purchased and redeemed - net		(113,000)	2,897,021
Dividends received		3,188,995	1,560,789
Net cash generated from investing activities		3,307,611	5,624,175
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financings repaid		(7,320,000)	(1,720,000)
Lease rentals paid during the period		(17,920)	(25,227)
Dividends paid		(2,201,590)	(970,668)
Net cash utilised in financing activities		(9,539,510)	(2,715,895)
Net (decrease) / increase in cash and cash equivalents		(7,786,240)	936,805
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	12	812,396	8,273,908

The annexed notes 1 to 15 form an integral part of these unconsolidated 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

1. THE COMPANY AND ITS 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 the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange (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, and liaison offices are at Islamabad and Lahore.
- 1.2 Based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) - 10 'Consolidated Financial Statements', the Company continues to conclude that although the Company has less than 50% voting rights in Engro Corporation Limited (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 of Directors, the Company has the ability to exercise control over ECL. Accordingly, the Company is deemed to be the Holding Company of ECL.
- 1.3 These unconsolidated condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.
- 1.4 On December 18, 2020, the Board of Directors of the Company in their meeting 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 amounts aggregating Rs 7,320 million were repaid on 16 February, 2021 and March 1, 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 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:

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

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

- 2.2 These unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated audited financial statements of the Company for the year ended December 31, 2020 (December 2020 unconsolidated financial statements) as these provide an update of previously reported information.
- 2.3 These unconsolidated condensed interim financial statements include the unconsolidated condensed interim statement of financial position as at September 30, 2021 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 nine months period then ended which have been subjected to a review but have not been audited. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim statement of profit or loss and the unconsolidated condensed interim statement of total comprehensive income for the quarter ended September 30, 2021 which were not subjected to review.

2.4 Significant accounting policies

- 2.4.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the December 2020 unconsolidated financial statements, except relating to the matters stated in note 2.4.2 below.

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

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

2.4.3 Amendments to published accounting and reporting standards which became effective during the period:

There were certain amendments to the published accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did 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.

2.4.4 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2022. However, these amendments 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

During the preparation of these unconsolidated condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimating were same as those that were applied in the December 2020 unconsolidated financial statements.

The financial risk management objectives and policies are consistent with those disclosed in the December 2020 unconsolidated financial statements.

4. SEASONALITY OF OPERATIONS

The principal activity of the Company is to manage investments including in its subsidiaries 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 subsidiaries 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	(Unaudited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets (WDV) - opening balance		66,662	91,073
Add: Additions during the period / year	5.1	11,213	10,809
		77,875	101,882
Less: Disposals during the period / year (WDV)	5.2	190	8,235
Depreciation charged during the period / year		13,902	26,985
Operating fixed assets (WDV) - closing balance		63,783	66,662
		(Unaudited) September 30, 2021	(Unaudited) September 30, 2020
5.1 Additions during the period			1,196
Furniture, fittings and equipment		3,928	2,974
Vehicles		166	4,809
Data processing equipment		6,571	-
Mobile Phone		548	8,979
		11,213	
5.2 Disposals during the period - net book value			1,732
Furniture, fittings and equipment		55	-
Vehicles		114	6,308
Leasehold improvements		-	161
Data processing equipment		21	8,201
		190	

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
6. LONG TERM INVESTMENTS			
Investment in subsidiaries - at cost	6.1	23,408,927	23,408,927
Other investment - at fair value through profit or loss	6.2	-	-
		23,408,927	23,408,927
6.1 Investment in subsidiaries - 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, 2020: 37.22%)	6.1.1 & 6.1.2	23,308,927	23,308,927
Empiric AI (Private) Limited (EMPAK) - unquoted			
10,000,000 (December 31, 2020: 10,000,000) Percentage of holding 100% ordinary shares of Rs 10 each. (December 31, 2020: 100%)		100,000 23,408,927	100,000 23,408,927

6.1.1 The market value of investment in ECL as at September 30, 2021 was Rs 59,998 million (December 31, 2020: Rs. 65,919 million).

6.1.2 The details of shares pledged as security are as follows:

Bank	As at September 30, 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 DH Fertilizer Limited						
Meezan Bank Limited - as agent	10,491,800	104,918	2,935,081	10,491,800	104,918	3,224,760
Pledged in favor of JS Bank Limited against issuance of Sukuks						
JS Bank Limited	-	-	-	56,620,320	566,203	17,402,822

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
6.2 Other investment - at fair value through profit or loss			
e2e Business Enterprises (Private) Limited-unquoted [23,770,701 (December 31, 2020: 23,770,701) ordinary shares of Rs 10 each]		237,707	237,707
Less: Accumulated impairment		(237,707)	(237,707)
		<u>-</u>	<u>-</u>

Percentage of holding 39.00% (December 31, 2020: 39%).

7. SHORT TERM INVESTMENTS

At amortised cost

- Term Deposit Receipts (TDRs)	7.1	818,000	7,218,000
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At fair value through profit and loss

- Pakistan Investment Bonds (PIBs)	7.2	1,483,484	1,506,848
- Quoted shares		5,054,030	5,126,625
		7,355,514	13,851,473

7.1 These carry profit ranging from 7.50% to 8.55% per annum (December 31, 2020: 7.20% to 7.75% per annum).

7.2 These securities have original tenor of 3 years and are maturing on June 19, 2023. The yield on these securities is 8.04% per annum (December 31, 2020: 8.27% per annum)

8. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of matters stated in notes 15.1 to 15.2 of the December 2020 unconsolidated financial statements, except for the year facts and the matters disclosed in the notes 8.1 and 8.2 below.

8.1 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. An appeal has been filed by the Company before the Commissioner Inland Revenue (Appeals) along with the evidences for payment of taxes. On September 20, 2021, the Commissioner Appeals issued an order in favor of the Company, sustaining the Company's stance and remanded back the previous order to the Taxation Officer for reassessment.

8.2 During the period on March 31, 2021, the Company received an income tax demand amounting to Rs. 159.66 million in relation to the tax year 2020. Out of such demand, an amount of Rs 15.9 million has been paid in protest to obtain the stay order till the decision of appeal by the Commissioner (Appeals). 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, 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'. On April 21, 2021 an appeal has been filed by the Company before the Commissioner Inland Revenue (Appeals), the decision of which is pending to date. The Company in view of the tax consultant's advice is expecting a favorable outcome of the appeal. Hence, no provision has been recorded in these condensed interim financial statements.

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	Nine months period ended	
		September 30, 2021	September 30, 2020
		----- (Rupees in '000) -----	
11. CASH UTILISED IN OPERATIONS			
Profit before taxation		2,472,797	2,650,811
Adjustments for non cash expenses and other items:			
Depreciation on property, plant and equipment		13,902	21,874
Depreciation on right-of-use assets		13,868	17,172
Finance cost		91,957	812,641
Return on investments		(3,255,080)	(4,199,528)
Provision for staff retirement and other service benefits		6,827	9,155
Gain / (Loss) on disposal of operating fixed assets		(4,054)	7,890
Working capital changes	11.1	(176,809)	68,559
Cash utilised in operations		(836,592)	(611,426)
11.1 Working capital changes			
Decrease / (increase) in current assets			
Loan, advances, deposits and prepayments		(113,578)	36,210
Other receivables		(76,572)	(15,915)
		(190,150)	20,295
Increase / (decrease) in trade and other payables		13,341	48,264
		(176,809)	68,559
12. CASH AND CASH EQUIVALENTS			
Cash at bank		12,396	1,373,908
Short term investments		800,000	6,900,000
		812,396	8,273,908

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

13. RELATED PARTY TRANSACTIONS

13.1 The related parties comprise related group companies, directors of the Company, companies in which directors are interested, staff retirement benefits and close members of the family of directors. The Company, in the normal course of business, carries out transactions with various related parties on mutually agreed terms.

Significant transactions with related parties are as follows:

	Nine months period ended	
	(Unaudited)	(Unaudited)
	September	September
	30, 2021	30, 2020
	----- (Rupees in '000) -----	
Subsidiary company		
Reimbursement of expenses made to the Company	5,411	4,135
Reimbursement of expenses made by the Company	87,664	64,402
Dividend income	3,002,577	3,217,047
Sale of goods and services	393	91
Purchase of goods & services	4,386	-
Investment in subsidiaries	-	100,000
Advance & Deposit	96,500	-
Accrued Profit on Loan / Advances /		
Markup on delayed payment	13,774	-
Penalty on default payment	240	-
Associated companies		
Purchase of goods & services	33,764	25,980
Sale of services	7,400	11,543
Reimbursement of expenses made to associates	6,655	13,255
Reimbursement of expenses made by associates	47,456	37,428
Donation	6,503	152,980
Accrued Profit on Loan / Markup on delayed payment	2,164	-
Waived late payment surcharge	-	175
Dividend paid	-	221,219
Other related parties		
Purchase of services	2,098	563
Contribution to staff gratuity fund	5,340	9,155
Contribution to staff provident fund	9,751	8,780
Reimbursement of expenses to the Company	2,773	-
Reimbursement of expenses from the Company	-	204
Sale of goods and services	-	5,081
Key management personnel		
Salaries and other short term employee benefits	305,345	241,866
Directors' fee	14,500	13,750
Sale of vehicle to KMP	765	-
Post retirement benefit plans	-	3,680
Dividend paid	-	137,760

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

14. GENERAL

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

14.2 These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on October 26, 2021.

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

The Board of Directors in its meeting held on October 26, 2021 approved an interim cash dividend of Rs 2 per share amounting to Rs 963 for the nine months period ended September 30, 2021. (Rs 2 per share amounting to Rs 963 million for the nine months period ended September 30, 2020) These unconsolidated condensed interim financial statements do not recognise the proposed interim dividend from unappropriated profit as it has been declared subsequent to the reporting date.

DAWOOD HERCULES CORPORATION LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR SEPTEMBER 30, 2021

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

(Amounts in thousand)

	Note	Consolidated	
		(Unaudited) September 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	274,453,947	262,035,712
Right-of-use assets		9,167,321	7,019,761
Intangible assets		5,781,999	5,587,682
Deferred taxation		51,023	80,434
Long term investments	6	34,133,756	32,350,083
Net investment in lease		44,750,334	44,557,411
Financial asset at amortized cost		3,484,778	5,160,833
Derivative financial instrument		97,083	-
Long term loans and advances		2,593,397	2,109,917
		374,513,638	358,901,833
Current assets			
Stores, spares and loose tools		9,403,690	9,069,394
Stock-in-trade		21,284,760	17,938,391
Trade debts		59,220,233	50,750,960
Loans, advances, deposits and prepayments		11,444,303	3,916,882
Other receivables		23,682,303	18,574,319
Accrued Income		381,856	653,244
Contract asset		5,805,250	5,714,977
Current portion of net investment in lease		3,771,477	3,255,211
Dividend receivable		36,457	-
Short term investments		87,718,637	107,344,354
Cash and bank balances		32,938,390	24,838,343
Asset classified as held for sale		255,687,356	242,056,075
		67,054	67,054
TOTAL ASSETS		630,268,048	601,024,962

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

(Amounts in thousand)

	Note	(Unaudited) September 30, 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		1,430	1,665
Maintenance reserve		60,117	60,117
Exchange revaluation reserve		270,297	254,541
Hedging reserve		(11,595)	(11,428)
General reserve		700,000	700,000
Unappropriated profit		66,772,702	61,516,860
Remeasurment of investments		(5,052)	-
Derivative financial instrument		36,134	-
Remeasurement of post-employment benefits		(33,533)	(32,978)
		67,790,500	62,488,777
Non-controlling interest		72,603,371	67,301,648
Total Equity		177,644,038	164,359,927
		250,247,409	231,661,575
Liabilities			
Non-current liabilities			
Borrowings	7	134,911,617	135,230,145
Defined benefit liabilities		4,422	-
Deferred taxation		15,179,839	14,667,758
Lease liabilities		48,986,706	50,635,891
Deferred liabilities		2,705,010	2,717,191
Long term provision		10,428,127	14,488,376
		212,215,721	217,739,361
Current liabilities			
Trade and other payables		87,344,715	86,885,962
Contract Liability		103,855	-
Accrued interest / mark-up		3,566,084	1,434,014
Current portion of :			
- borrowings		21,144,704	30,008,492
- lease liabilities		9,112,946	4,935,549
- deferred liabilities		747,559	730,648
- long term provision		16,665,854	11,691,978
Taxes payable		12,998,686	2,780,160
Short term borrowings		12,438,374	12,505,120
Unclaimed dividends		552,746	652,103
Unpaid dividend		3,129,395	-
		167,804,918	151,624,026
Total Liabilities		380,020,639	369,363,387
Contingencies and Commitments	8		
TOTAL EQUITY AND LIABILITIES		630,268,048	601,024,962

The annexed notes 1 to 19 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 PROFIT OR LOSS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(AMOUNTS IN THOUSAND EXCEPT FOR EARNINGS PER SHARE)

	Note	Quarter ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- (Rupees in '000) -----					
Net sales		84,276,931	75,333,480	223,697,766	182,505,534
Cost of sales		(61,408,464)	(53,512,499)	(153,129,227)	(127,796,052)
Gross profit		22,868,467	21,820,981	70,568,539	54,709,482
Selling and distribution expenses		(1,972,173)	(2,352,657)	(5,435,795)	(5,528,201)
Administrative expenses		(1,668,435)	(2,036,177)	(5,100,403)	(5,481,340)
Reversal of ECL on subsidy receivable from GOP		108,293	-	272,710	-
		19,336,152	17,432,147	60,305,051	43,699,941
Other income		(91,588)	2,965,747	6,141,675	9,877,979
Other operating expenses		(2,393,631)	(226,538)	(5,569,937)	(4,026,726)
Finance cost		(1,619,750)	(2,861,115)	(9,669,772)	(14,755,776)
Share of income from associates & joint ventures		531,391	803,938	2,408,679	1,947,034
Profit before taxation		15,762,574	18,114,179	53,615,696	36,742,452
Taxation	9	(4,941,614)	(2,438,039)	(14,313,945)	(7,112,501)
Profit from continuing operations		10,820,960	15,676,140	39,301,751	29,629,951
DISCONTINUED OPERATIONS					
Loss from discontinued operations (attributable to Owners of the Holding Company)		(655)	-	(1,091)	-
Profit for the period		10,820,305	15,676,140	39,300,660	29,629,951
Profit attributable to:					
- Owners of the Holding Company		1,705,361	3,588,751	7,421,633	5,385,582
- Non-controlling interest		9,114,944	12,087,389	31,879,027	24,244,369
		10,820,305	15,676,140	39,300,660	29,629,951
Earnings per share - basic and diluted	10	3.54	7.46	15.42	11.19

The annexed notes 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- (Rupees in '000) -----				
Profit for the period	10,820,305	15,676,140	39,300,660	29,629,951
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges				
Unrealized (loss) / gain on remeasurement of investment Classified at FV through OCI	(18,761)	-	(13,573)	-
Fair Value gain on derivative financial instrument	(6,181)	-	97,083	-
Hedging reserve - cash flow hedges				
- Reclassification adjustments for losses included in profit or loss	(17)	(320)	(450)	(756)
Fair value gain on remeasurement of short term investments classified as FVOCI	-	(309,870)	-	22,393
Revaluation reserve on business combination	1,228	10,058	(2,678)	-
Exchange differences on translation of foreign operations	75,240	(50,622)	42,331	351,141
	76,468	(40,564)	39,653	351,141
Income tax relating to:				
- Revaluation reserve on business combination	-	(2,917)	2,047	-
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligation	-	-	(555)	4,920
	51,509	(353,671)	124,205	377,698
Total comprehensive income for the period	10,871,814	15,322,469	39,424,865	30,007,649
Total comprehensive income attributable:				
- Discontinued operations	(655)	-	(1,091)	-
- Continuing operations	10,872,469	15,322,469	39,425,956	30,007,649
	10,871,814	15,322,469	39,424,865	30,007,649
Total comprehensive income attributable to:				
- Owners of the Holding Company	1,725,442	3,463,597	7,468,945	5,529,250
- Non-controlling interest	9,146,372	11,858,872	31,955,920	24,478,399
	10,871,814	15,322,469	39,424,865	30,007,649

The annexed notes 1 to 19 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 CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 investments	Derivative Financial Instrument	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 nine months ended September 30, 2020 (unaudited)													
Profit for the period	-	-	-	-	-	-	5,385,582	-	-	-	5,385,582	24,244,369	29,629,951
Other comprehensive income	-	-	-	130,695	(281)	-	-	8,334	-	4,920	143,668	234,030	377,698
	-	-	-	130,695	(281)	-	5,385,582	8,334	-	4,920	5,529,250	24,478,399	30,007,649
Transaction with owners													
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(10,614,517)	(10,614,517)
Interim cash dividend @ 20% for the year ending December 31, 2020 (Rs 2 per ordinary share)	-	-	-	-	-	-	(962,574)	-	-	-	(962,574)	-	(962,574)
Interim cash dividend @ 50% for the year ending December 31, 2020 (Rs 5 per ordinary share)	-	-	-	-	-	-	(2,406,435)	-	-	-	(2,406,435)	-	(2,406,435)
	-	-	-	-	-	-	(3,369,009)	-	-	-	(3,369,009)	(10,614,517)	(13,983,526)
Balance as at September 30, 2020 (unaudited)	<u>4,812,871</u>	<u>5,463</u>	<u>60,117</u>	<u>357,377</u>	<u>(11,261)</u>	<u>700,000</u>	<u>60,282,442</u>	<u>8,334</u>	<u>-</u>	<u>(34,157)</u>	<u>66,181,186</u>	<u>157,887,511</u>	<u>224,068,697</u>
Balance December 31, 2020 (audited) / January 01, 2021	4,812,871	1,665	60,117	254,541	(11,428)	700,000	61,516,861	-	-	(32,978)	67,301,649	164,359,927	231,661,576
Total Comprehensive income /(loss) for the Nine months ended September 30, 2021 (unaudited)													
Profit for the period	-	-	-	-	-	-	7,421,633	-	-	-	7,421,633	31,879,027	39,300,660
Other comprehensive income	-	(235)	-	15,756	(167)	-	-	(5,052)	36,134	(555)	45,881	78,324	124,205
	-	(235)	-	15,756	(167)	-	7,421,633	(5,052)	36,134	(555)	7,467,514	31,957,351	39,424,865
Transaction with owners													
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(18,673,240)	(18,673,240)
Interim cash dividend @ 20% for the year ending December 31, 2021 (Rs 2 per ordinary share)	-	-	-	-	-	-	(2,165,792)	-	-	-	(2,165,792)	-	(2,165,792)
	-	-	-	-	-	-	(2,165,792)	-	-	-	(2,165,792)	(18,673,240)	(20,839,032)
Balance as at September 30, 2021	<u>4,812,871</u>	<u>1,430</u>	<u>60,117</u>	<u>270,297</u>	<u>(11,595)</u>	<u>700,000</u>	<u>66,772,702</u>	<u>(5,052)</u>	<u>36,134</u>	<u>(33,533)</u>	<u>72,603,371</u>	<u>177,644,038</u>	<u>250,247,409</u>

The annexed notes 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2021
(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2021	September 30, 2020
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	11	49,074,146	50,203,734
Retirement and other service benefits paid		(151,613)	(167,958)
Finance cost paid		(8,576,101)	(12,957,281)
Taxes paid		(5,678,303)	(4,469,258)
Proceeds from net investment in lease		2,284,657	1,934,381
Finance cost paid on lease liability		(2,692,509)	(2,981,217)
Finance income received on net investment in lease		4,746,623	4,108,616
Repayment of lease liability		(2,592,506)	(2,326,742)
Deferred income		381,015	(668,949)
Bank Balance held as margin		21,687	353,830
Long term loans and advances - net		17,385	178,585
Net cash generated from operating activities		36,834,481	33,207,741
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(17,867,297)	(11,270,802)
Sale proceeds on disposal of PPE		24,890	68,457
Income on deposits / other financial assets		3,950,459	7,631,884
Other income/Exchange gain		10,602	-
Investments made during the period		(216,156,869)	(165,501)
Proceeds from sale of investments		249,935,923	-
Short term investment purchased and redeemed - net		(113,000)	14,287,730
Investment in associated company		(474,839)	-
Dividends received		4,066,495	329,500
Net cash generated from investing activities		23,376,364	10,881,268
Cash flows from financing activities			
Proceeds from/ (repayment) of borrowings - net		(16,139,625)	2,769,336
Lease rentals paid during the period		(1,750,268)	(1,423,674)
Repayment of loan by joint venture		-	206,221
Proceeds from issuance of shares		-	2,625,000
Advances/Short term convertible loan		96,500	-
Dividends paid		(20,247,578)	(9,269,352)
Net cash utilised in financing activities		(38,040,971)	(5,092,469)
Net increase/(decrease) in cash and cash equivalents		22,169,874	38,996,540
Effect of exchange rate changes on cash and cash equivalents		480,261	-
Cash and cash equivalents at beginning of the period		56,166,531	31,520,994
Cash and cash equivalents at end of the period		78,816,666	70,517,534

The annexed notes 1 to 19 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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(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 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	
	September 30, 2021	December 31, 2020
- Engro Energy Limited	100	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Connect (Private) Limited	100	-
- Engro Eximp FZE	100	100
- Engro Infiniti (Private) Limited	100	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 NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

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.

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 has 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.

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value
Capital work in progress - Expansion and other projects
Capital spares and standby equipments

(Unaudited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	----- (Rupees in '000) -----
247,045,613	232,719,261
24,200,638	26,568,260
3,207,696	2,748,191
274,453,947	262,035,712

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

Land
Plant and machinery
Building and civil works including pipelines
Furniture, fixture and data processing equipment
Vehicles

(Unaudited) September 30, 2021	(Unaudited) September 30, 2020
----- (Rupees in '000) -----	----- (Rupees in '000) -----
72,021	18,524
18,878,200	8,659,288
2,725,925	1,462,344
2,781,001	1,728,489
506,068	836,058
24,963,215	12,704,703

- 5.2 During the period, assets costing Rs. 301,549 (September 30, 2020: Rs. 217,052), having net book value of Rs. 112,762 (September 30, 2020: Rs. 91,101) were disposed / written-off for Rs. 20,648 (September 30, 2020: 68,457).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

6. LONG TERM INVESTMENTS

- 6.1 During the period, Engro Energy Limited (EEL) subscribed to an additional 32,040,388 (December 31, 2020: Nil) ordinary shares of Sindh Engro Coal Mining Company Limited (SECMC) while maintaining its percentage shareholding as at September 30, 2021 at 11.90% (December 31, 2020: 11.90%).

7. BORROWINGS

7.1 Engro Fertilizers Limited (EFert)

During the period, EFERT obtained long-term finances from Allied Bank Limited, Habib Bank Limited and MCB Bank Limited amounting to Rs. 676,321, Rs. 18,211 and Rs. 1,767,874 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.

During the period, principal repayments of long-term finances were made to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 1,522,042, Rs. 2,750,000, Rs. 2,000,000, Rs. 1,000,000 and Rs. 260,700 respectively.

7.2 Engro Polymer and Chemicals Limited (EPCL)

During the period, EPCL obtained Islamic Temporary Economic Refinance Facility (ITERF) of State Bank of Pakistan (SBP) through Musharaka agreement entered with financial institutions amounting to Rs. 500,000 to finance its capital expenditure.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

As at September 30, 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 the matter disclosed below:

Dawood Hercules Corporation Limited

- 8.1.1 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. An appeal has been filed by the Company before the Commissioner Inland Revenue (Appeals) along with the evidences for payment of taxes. On September 20, 2021, the Commissioner Appeals issued an order in favor of the Company, sustaining the Company's stance and remanded back the previous order to the Taxation Officer for reassessment.
- 8.1.2 During the period on March 31, 2021, the Company received an income tax demand amounting to Rs 159.66 million in relation to the tax year 2020. Out of such demand, an amount of Rs 15.9 million has been paid in protest to obtain the stay order till the decision of appeal by the Commissioner (Appeals). 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, 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'. On April 21, 2021 an appeal has been filed by the Company before the Commissioner Inland Revenue (Appeals), the decision of which is pending to date. The Company in view of the tax consultant's advice is expecting a favorable outcome of the appeal. Hence, no provision has been recorded in these condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

8.2 Commitments

Commitments in respect of capital and revenue expenditure contracted but not incurred amounts to Rs.22,240,495 (December 31, 2020: Rs 12,009,107).

8.2.1 This include the the commitments pertaining to the ETPL. which has provided bank guarantee amounting to Rs.1,866,265 (December 31, 2020: Rs.1,127,350) from MCB Bank Limited in favor of Nazir of the Court to comply with the interim orders of the Court as explained in note 31.1 to the annual audited consolidated financial statements of ECORP. During the period, the Subsidiary Company filed application to the Court to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the Court.

9. TAXATION

Engro Fertilizers Limited (EFERT)

9.1 During the period, the income tax department conducted audit u/s 177 for the tax year 2015. EFERT is in the process of filing an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the disallowances made which mainly include certain transactions treated as revenue, inadmissibility of expenses, and chargeability of WWF and super tax on the revised taxable income based on which department has raised a demand of Rs. 3,056,084 for tax year 2015, Rs. 3,643,000 for tax year 2016 and Rs. 4,856,224 for tax year 2018.. EFERT is confident of a favorable outcome and hence no provision in respect of this is recognised in these consolidated condensed interim financial statements.

9.2 During the period, Appellate Tribunal Inland Revenue (ATIR) confirmed the Commissioner Inland Revenue (Appeals) [CIR(A)] order in respect of sales tax audit for the period from July 2016 to June 2017 having demand of Rs. 1,006,000. The ATIR maintained the levy of further tax on fertilizer sales to unregistered persons. Consequently, the stay order from SHC, directing the department not to enforce recovery of the demand until the appeal before ATIR is decided, is no longer enforceable. The Holding Company is in the process of filing a reference application before SHC for injunctive relief against the ATIR order. The Holding Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in the consolidated condensed interim financial statements.

----- (Unaudited) -----			
Quarter ended		Nine months ended	
September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- (Rupees in '000) -----			

10. EARNINGS PER SHARE - BASIC AND DILUTED

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)

1,705,361	3,588,751	7,421,633	5,385,582
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----- (Number in thousands) -----

Weighted average number of ordinary shares

481,287	481,287	481,287	481,287
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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

	----- (Unaudited) -----	
	Nine months ended	
	September 30, 2021	September 30, 2020
	----- (Rupees in '000) -----	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	53,615,696	36,742,452
Less: Profit before taxation attributable to discontinued operations	(1,091)	-
Profit before taxation from continuing operations	53,614,605	36,742,452
Adjustment for non-cash charges and other items:		
Depreciation and amortization	11,562,750	10,599,106
Loss / (gain) on disposal of property, plant and equipment	22,984	(6,864)
Rent concession on lease liability	(18,185)	(44,704)
Gain on termination of lease	-	(19,463)
Provision for Impairment against receivables	106,723	132,732
Provision for retirement and other service benefits	157,120	127,086
Provisions, net	183,720	1,451,942
Income on deposits / other financial assets	(6,584,981)	(9,214,197)
Share of income from joint venture and associated companies	(2,408,678)	(1,947,034)
Dividend income	(222,875)	(59,687)
Finance cost	10,437,267	13,783,544
Amortisation of transaction cost	662,016	-
Finance income on net investment in lease	(3,776,072)	(4,108,616)
Amortization on deferred liabilities	(908,623)	-
Loss on remeasurement of GIDC provision	1,183,989	-
Reversal of ECL on subsidy receivable from GoP	(272,710)	-
Exchange gain on deferred income	(102,944)	-
Finance cost on lease liability	2,888,869	2,981,217
Exchange loss on lease liability	3,017,140	3,725,055
Exchange loss on borrowings	571,582	-
Exchange loss on net investment in lease	(3,102,807)	(3,374,197)
Exchange loss on foreign currency / foreign currency translation	8,271	1,148,914
Working capital changes (note 11.1)	(17,945,015)	(1,713,552)
	49,074,146	50,203,734
11.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(302,744)	(2,219,419)
- Stock-in-trade	(3,838,259)	2,513,916
- Trade debts	(8,320,920)	(6,490,631)
- Loans, advances, deposits and prepayments	(7,047,506)	(1,030,602)
- Other receivables - net	(4,094,305)	3,841,489
	(23,603,734)	(3,385,247)
Decrease in current liabilities		
- Trade and other payables, including other service benefits - net	5,658,719	1,671,695
	(17,945,015)	(1,713,552)
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	32,938,390	25,236,340
Short term investments	55,753,714	54,822,806
Short term borrowings	(9,875,438)	(9,541,612)
	78,816,666	70,517,534

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

13.1 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.

13.2 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	-	22,780,314	-	22,780,314
Derivative financial instruments	-	97,083	-	97,083
Financial assets through other comprehensive income	-	26,723,509	-	26,723,509

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 quoted shares.
- 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.

14. 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 NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

----- (Unaudited) -----
Nine months ended
September September
30, 2021 30, 2020
 ----- (Rupees in '000) -----

Associated companies and joint ventures

Purchases and services	34,568,136	36,607,297
Services rendered / sale of goods	69,189	16,624
Dividends received	877,500	270,000
Dividend paid	405,274	821,864
Payment against EPC contract	-	778,702
Interest on borrowing	1,662,423	1,652,467
Reimbursements from associates	644,325	167,937
Reimbursements to associates	191,288	110,158
Reimbursement of expenses incurred	22,363	-
Loan received	-	206,221
Loan repaid / Accrued profit on loan	549,465	2,566,038
Contribution for corporate social responsibility	184,603	-
Donations	6,503	323,656

Key Management Personnel

Remuneration paid to key management personnel / directors	1,458,768	1,744,913
Reimbursements of expenses	1,356	2,040
Dividend paid	821,052	320,947
Sale of vehicle to KMP	765	-
Directors' fees	73,425	106,964

Contribution for retirement benefits	592,671	502,741
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15. 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.

15.1 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 NINE MONTHS ENDED SEPTEMBER 30, 2021
(Amounts in thousand)

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

	----- (Unaudited) -----			
	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- (Rupees in '000) -----			
Revenue				
Fertilizer	37,382,860	37,435,226	97,742,117	78,138,036
Polymer	18,826,715	10,057,226	49,322,813	22,931,520
Terminal	3,272,118	3,373,842	9,541,478	10,284,050
Power and mining	22,848,390	22,872,887	65,755,631	66,718,752
Other operations	11,282,927	4,098,887	22,329,049	8,495,323
Elimination - net	(9,336,079)	(2,504,588)	(20,993,322)	(4,062,147)
Consolidated	<u>84,276,931</u>	<u>75,333,480</u>	<u>223,697,766</u>	<u>182,505,534</u>
Profit for the period				
	4,411,623	7,033,842	14,920,750	11,490,682
Fertilizer	3,106,504	1,880,688	10,371,848	2,103,309
Polymer	93,212	492,644	1,239,473	2,065,333
Terminal	4,031,428	5,055,821	11,726,212	12,953,903
Power and mining	7,182,714	5,996,850	15,729,492	9,792,716
Other operations	(8,005,176)	(4,783,705)	(14,687,115)	(8,775,992)
Elimination - net	10,820,305	15,676,140	39,300,660	29,629,951
Consolidated	<u>10,820,305</u>	<u>15,676,140</u>	<u>39,300,660</u>	<u>29,629,951</u>

	(Unaudited)	(Audited)
	September 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
Assets		
Fertilizer	127,135,569	131,713,375
Polymer	80,102,940	69,093,661
Terminal	63,978,092	62,338,352
Power and mining	242,848,310	219,970,100
Other operations	162,906,616	198,476,617
Elimination - net	(46,703,479)	(80,567,143)
Consolidated	<u>630,268,048</u>	<u>601,024,962</u>

16. SEASONALITY

16.1 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.

16.2 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 NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in thousand)

17. **NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE**

17.1 The Board of Directors of the Holding Company in its meeting held on October 26, 2021 has approved an interim cash dividend of Rs. 2 per share for the year ending December 31, 2021 (2020: Rs. 2 per share). This consolidated condensed interim financial information does not include the effect of the said interim dividend.

18. **CORRESPONDING FIGURES**

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

18.2 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.

19. **DATE OF AUTHORIZATION**

This consolidated condensed interim financial information is authorized for issue on October 26, 2021 by the Board of Directors of the Holding Company.

Mohammad Shamoony Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director



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