

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

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**



**Dawood Hercules**

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# COMPANY INFORMATION

## Board of Directors

Mr. Hussain Dawood - Chairman  
Mr. Abdul Samad Dawood - Vice Chairman  
Mr. Shahzada 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. Mohammad Shamoony Chaudry - 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. Abdul Samad Dawood - Member  
Ms. Sabrina Dawood - Member  
Mr. Parvez Ghias - Member

## Board Investment Committee

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

## Chief Financial Officer

Mr. Kamran Hanif Jangda

## 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](mailto:shareholders@dawoodhercules.com)  
Website: [www.dawoodhercules.com](http://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

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(Barristers at law)  
Plot No.101, Almurtaza Lane 1,  
DHA Phase VIII, Karachi  
Tel: +92 (021) 111 520 000, 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 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 three months ended 31 March 2022.

In Q1 2022, supply chain challenges continued due to demand recovery post Covid, that continued the pressure on commodity prices. Any respite was off-set by the geo-political upheaval due to Russia – Ukraine conflict resulting in further increase in commodity prices and therefore further inflation. As a result, economies globally initiated tightening of the monetary policies by increasing interest rates to counter inflationary pressures, including Pakistan.

In addition to international political and economic dynamics impacting Pakistan economy, the domestic volatile political situation worsened the economic outlook. Accordingly, the stock markets reacted and nearly lost all the gains earned during the quarter. The inflationary pressures with tightening of monetary policy may suppress the demand moving forward.

During the period, DH Corp's investment in equity market portfolio moved slightly lower than the market. The portfolio earned significant dividends during 1Q 2022 worth c.PKR 342mn, along with realizing capital gains of c.PKR 46mn. However, the 1Q 2022 ended with unrealized capital losses of c.PKR 294mn. The portfolio performed slightly below KSE 100 index returns during 3M 2022 due to its non-trading and value investing nature; however, the portfolio is 6% 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.

On a consolidated basis, the Company's revenue grew by 24.6%, to PKR 88,369 million in the first quarter compared to PKR 70,874 million in Q1 2021. The consolidated Profit-After-Tax (PAT) for the quarter was PKR 14,722 million, while PAT attributable to the shareholders is PKR 2,779 million against PKR 3,001 million in the comparative period, resulting in an Earnings per Share (EPS) of PKR 5.77 compared to PKR 6.24 in same period last year.

On a standalone basis, the profit after tax was PKR 109 million against PAT of PKR 7 million for the same period last year. Earnings per share for the period was PKR 0.23 per share.

Fertilizer business showed strong performance and recorded a revenue of PKR 36,813 million compared to PKR 29,443 million in Q1 2021, whereas profit after tax stood at PKR 5,511 million versus PKR 5,741 million same period last year. Urea sales during the period stood at 549 KT vs 601 KT for the comparative period. Incremental sales in 2021 can be attributed to higher opening inventory. Phosphate sales stood at 79 KT vs 74 KT during the same period in 2021.

The Polymer business recorded a revenue of PKR 23,126 million translating into a Profit After Tax of PKR 4,714 million as compared to revenue of PKR 15,671 million and Profit After Tax of PKR 4,143 million in same period last year. The business recorded domestic sale of 62 KT, translating to a market share of 96% versus 53 KT and market share of 93% in the same period last year. Resultantly, the Polymer business enabled import substitution of USD 37 million.

Mining operations continued smoothly, and the mine supplied one million tons of coal to Engro Powergen Thar during the quarter. Phase II expansion of the mine to 7.6 million tons per annum is expected to be completed during Q4 of 2022. Phase III expansion of the mine to 12.2 million tons per annum that was approved in 2021 will achieve its financial close during 2022 as well.

During the period, the Qadirpur power plant dispatched a Net Electrical Output of 124 GwH to the national grid with a load factor of 27% compared to 37% in same period last year due to lower offtake from the Power Purchaser. The business posted a PAT of PKR 151 million for the current period as compared to PKR 399 million for Q1 2021 due to a scheduled plant shutdown on account of major inspection.

Engro Powergen Thar Limited achieved a collection of 86% inception to date bringing it at par with other coal IPPs. The plant achieved 48% availability with a load factor of 47%, dispatching 610 GwH to the national grid during the period. Plant availability remained low due to a forced outage following an incident on the coal conveyor belt. Investigations are ongoing and the two units are expected to come online during Q2 2022.

The LNG terminal handled 19 cargoes, in line with Q1 2021, delivering 54 bcf re-gasified LNG in to the SSGC network. The chemicals terminal had an actual throughput of 381 KT against 281 KT during the same period last year. The increase was primarily observed in chemical volumes offset by lower LPG handling.

During the quarter, rice business generated revenue of USD 10.2 million through export of 13 KT rice versus 9 KT in comparative period. The Profit After Tax for Q1 2022 stood at PKR 85 million vs PKR 31 million in Q1 2021. Given the supply chain constraints in the international market, the business pivoted its supply to the local market and increased domestic volumes by 40% to 4 KT during the period against 3 KT in same period last year.

Telecom infrastructure business continued to expand its national footprint and achieved a scale of 2,557 tower sites by end of Q1 with a 1.13x tenancy ratio, catering to all four Mobile Network Operators (MNOs) in Pakistan. The company deployed 50% of the new sites during the quarter by independent tower companies which led to an increase of 85% in revenue in comparison to Q1 2021.

## **FUTURE OUTLOOK**

Pakistan equities market trades at a forward P/E of c.4.9x, at a 40% discount to the 10-year average. The discount to MSCI -EM/FM has widened to 60%, nearly double the historical discount. Pakistan is back in MSCI FM and residual foreign ownership is similar to trough levels of 2009. Going forward, overall corporate profitability will be supported by defensive sectors. The recent policy rate hike along with the re-initiation of IMF program, the equity market is expected to perform in the long run. Therefore, the management's investment philosophy is to hold blue-chip stocks with strong fundamentals.

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.

Engro Corporation will continue to develop in verticals while making meaningful contributions to the country and stakeholders at large.

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

**Mohammad Shamoony Chaudry**  
Chief Executive

Dated: 26<sup>th</sup> April 2022

ٹیلی کام انفراسٹرکچر کاروبار ملک میں اپنے نقش قدم بڑھانے کے عمل میں بدستور مصروف رہا اور پہلی سہ ماہی کے اختتام پر 2,557 ٹاور سائٹس کی تکمیل کا ٹارگٹ حاصل کیا گیا جس کی کرایہ داری شرح 1.13x تھی اور پاکستان میں مصروف کاروبار تمام چار موبائل نیٹ ورک آپریٹرز (MNOs) کو مہیا کئے گئے۔ کمپنی نے 50% نئی سائٹس نئی انڈیپنڈنٹ ٹاور کمپنیوں کی جانب سے زیر جائزہ سہ ماہی کے دوران چالو کیں جس کی بدولت 2021 کی پہلی سہ ماہی کے برعکس آمدنی میں 85% اضافہ ہوا۔

### مستقبل کا منظر

پاکستانی ایکویٹی مارکیٹ نے 10 سالہ اوسط کے ساتھ 40% ڈسکاؤنٹ پر 4.9x کی فارورڈ P/E پر کاروبار کیا۔ MSCI-EM/FM کو دیا جانے والا ڈسکاؤنٹ بڑھ کر 60% ہو گیا ہے یعنی ڈسکاؤنٹ کا تناسب تاریخی طور پر دو گنا ہو چکا ہے۔ پاکستان MSCI FM میں واپس آ گیا ہے اور باقیماندہ غیر ملکی ملکیت 2009 کی سطح پر ہے۔ تاہم مجموعی کارپوریٹ منافع کے تناسب کو دفاعی سیکٹرز مدد فراہم کریں گے۔ پالیسی ریٹ میں حالیہ اضافہ اور آئی ایم ایف پروگرام کی دوبارہ شروعات کے تناظر میں توقع ہے کہ طویل مدت میں ایکویٹی مارکیٹ بہتر کارکردگی کا مظاہرہ کرے گی۔ ان حالات کو دیکھتے ہوئے انتظامیہ نے طے کیا ہے کہ مضبوط بنیادوں والے بلیو چپ کمپنیوں میں سرمایہ رکھا جائے۔

ایکویٹی کے پورٹ فولیو کا انتظام سرگرمی اور دانائی سے کیا جائے گا اور سرمایہ کاری کے ایسے آئیڈیاز کام میں لائے جائیں گے جو نتیجہ خیز ثابت ہو چکے ہیں جبکہ اس دوران قدر کی نئی جہتیں بھی کھوجی جائیں گی۔ باقیماندہ فنڈز سرکاری تمسکات اور بینک کے اوزاروں میں رکھا جائے گا۔

اینگرو کارپوریشن بلندی کی جانب اپنا سفر جاری رکھے گی اور ملکی اقتصادیات اور اسٹیک ہولڈروں کے کے فائدے کے لئے نتیجہ خیز کردار ادا کرتی رہے گی۔

غیر متوازن بھروسہ اور اعتماد کرنے پر بورڈ، اپنے شیئر ہولڈروں کو ہدیہ تہنیت پیش کرتا ہے اور انتظامیہ اور اپنے ملازمین کا بھی شکر گزار ہے کہ کمپنی کی ترقی میں انہوں نے مخلصانہ کردار ادا کیا ہے۔

محمد شمعون چوہدری  
چیف ایگزیکٹو

شبیر حسین ہاشمی  
ڈائریکٹر

مورخہ 26 اپریل 2022

مصنوعی کھاد کے کاروبار نے مستحکم کارکردگی دکھائی اور 36,813 ملین روپے کی آمدنی ریکارڈ کی جو 2021 کی پہلی سہ ماہی کے دوران 29,443 ملین روپے رہی تھی جبکہ بعد از ٹیکس نفع 5,511 ملین روپے رہا جو گزشتہ برس کی اسی مدت کے دوران 5,741 ملین روپے رہا تھا۔ زیر جائزہ مدت کے دوران یوریا کی فروخت 549 کلوٹن رہی جو گزشتہ برس کی قابل موازنہ مدت کے دوران 601 کلوٹن تھی۔ 2021 میں ہونے والی اضافی فروخت کی وجہ ابتدا میں زیادہ فروخت کا ہونا تھی۔ اسی طرح فاسفیٹ کی فروخت 2021 کی اسی مدت کے دوران ہونے والی 74 کلوٹن کی فروخت کے مقابلے میں 2022ء کی پہلی سہ ماہی کے دوران 79 کلوٹن رہی۔

زیر جائزہ مدت کے دوران پولیمر کے کاروبار نے 23,126 ملین روپے کی آمدنی ریکارڈ کی جو 4,714 ملین روپے کا بعد از ٹیکس نفع بنی جبکہ گزشتہ برس کی اسی مدت کے دوران 15,671 ملین روپے کی آمدنی ہوئی جو 4,143 ملین روپے کا بعد از ٹیکس نفع بنی۔ پولیمر کے کاروبار نے اندرون ملک 62 کلوٹن کی فروخت ریکارڈ کی جو مارکیٹ میں ہونے والی کل فروخت کا 96% تھا جبکہ گزشتہ برس کی اسی مدت کے دوران فروخت کا حجم 53 کلوٹن رہا تھا اور مارکیٹ میں یہ حصہ 93% رہا تھا۔ نتیجتاً پولیمر کے کاروبار نے 37 ملین ڈالر کا درآمدی متبادل فراہم کیا۔

کان کنی کے آپریشن معمول کے مطابق جاری رہے اور اینگرو پاور جین تھر کو زیر جائزہ سہ ماہی میں ایک ملین ٹن کوئلہ فراہم کیا گیا۔ کان کی توسیع کر کے اسکی گنجائش 7.6 ملین ٹن سالانہ کرنے کے دوسرے مرحلے کی تکمیل سال 2022ء کی چوتھی سہ ماہی میں متوقع ہے۔ اسی طرح تیسرے مرحلے میں کان کی توسیع کر کے سالانہ 12.2 ملین ٹن گنجائش کرنے کا عمل، جس کی منظوری 2021 میں دی گئی تھی، مالیاتی سال 2022ء کے اختتام تک تکمیل تک پہنچے گا۔

زیر جائزہ مدت کے دوران قادر پور پاور پلانٹ نے قومی گرڈ کو 27% لوڈ فیکٹر کے ساتھ 124 GWh بجلی مہیا کی۔ گزشتہ برس کی اسی مدت کے دوران لوڈ فیکٹر 37% رہا تھا۔ لوڈ فیکٹر میں کمی کی وجہ بجلی کے خریدار کی جانب سے کم خریداری تھی۔ اس کاروبار نے زیر جائزہ مدت کے دوران 151 ملین روپے کا بعد از ٹیکس نفع ظاہر کیا جو سال 2021ء کی پہلی سہ ماہی کے دوران 399 ملین روپے رہا تھا۔ اس کی وجہ معائنے و مرمت کی غرض سے پلانٹ کا بند کیا جانا تھی۔

اینگرو پاور جین تھر لمیٹڈ اپنے آغاز سے اب تک 86% کی گنجائش حاصل کر چکی ہے جو اسے کونسل سے بجلی پیدا کرنے والے انڈیپنڈنٹ پاور پلانٹس کے برابر لے آئی ہے۔ زیر جائزہ مدت کے دوران اس پلانٹ نے 47% لوڈ فیکٹر کے ساتھ 48% دستیابی حاصل کی اور قومی گرڈ کو 610 GWh بجلی فراہم کی۔ پلانٹ کی دستیابی کوئلہ فراہم کرنے والے ایک کنویئر بیلٹ کی خرابی کے بعد بند ہونے کے سبب کم رہی۔ اس سلسلے میں تحقیقات جاری ہیں اور توقع ہے کہ دوپونٹس 2022 کی دوسری سہ ماہی میں آن لائن آجائیں گے۔

LNG ٹرمینل نے 2021 کی پہلی سہ ماہی کی طرح زیر جائزہ مدت میں بھی 19 عدد کارگو سنبھالے SSGC کے نیٹ ورک کو 54 bcf ری گیسیفائیڈ ایل این جی مہیا کی۔ کیمیکل ٹرمینل کی حقیقی پیداوار 381 کلوٹن رہی جو گزشتہ برس کی اسی مدت کے دوران 281 کلوٹن رہی تھی۔ کیمیکل کے حجم میں اضافے کی بنیادی وجہ LPG کی پینڈنگ کم ہونا تھی۔

رواں سہ ماہی کے دوران چاول کے کاروبار نے 13 کلوٹن کی برآمدات کے ذریعے 10.2 ملین امریکی ڈالر کی آمدنی حاصل کی جبکہ گزشتہ برس کی قابل موازنہ مدت کے دوران 9 کلوٹن چاول برآمد کیا گیا تھا۔ سال 2022ء کی پہلی سہ ماہی میں بعد از ٹیکس نفع 85 ملین روپے رہا جو سال 2021ء کی پہلی سہ ماہی کے دوران 31 ملین روپے رہا تھا۔ عالمی مارکیٹ میں سپلائی چین میں آنے والی رکاوٹوں کے سبب چاول کے کاروبار کا محور ملکی مارکیٹ رہی اور زیر جائزہ مدت کے دوران ملکی حجم میں 40% اضافہ ہوا جو 4 کلوٹن رہا جبکہ ملکی حجم گزشتہ برس کی اسی مدت کے دوران 3 کلوٹن رہا تھا۔

# ڈائریکٹرز کی جائزہ رپورٹ

برائے اختتام سہ ماہی 31 مارچ، 2022

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 31 مارچ، 2022 کو ختم ہونے والی پہلی سہ ماہی کے لئے اپنی رپورٹ کے ہمراہ کمپنی کے عبوری، غیر آڈٹ شدہ، غیر اشتهال شدہ مختصر گوشوارے اور گروپ کے عبوری، غیر آڈٹ شدہ، اشتهال شدہ مختصر گوشوارے پیش کر رہے ہیں۔

سال 2022ء کی پہلی سہ ماہی کے دوران کووڈ کی پابندیوں میں نرمی آنے اور اس باعث طلب کی بحالی کے بعد سپلائی چین کو بدستور چیلنجوں کا سامنا رہا جس سے اجناس کی قیمتوں پر دباؤ برقرار رہا۔ روس اور یوکرین تصادم کے باعث پیدا ہونے والی سیاسی حالات اجناس کی قیمتوں میں مزید اضافے کا سبب بنے لہذا مہنگائی میں مزید اضافہ ہوا۔ نتیجتاً پاکستان سمیت دنیا بھر کی اقتصادیات نے شرح سود میں اضافہ کر کے مہنگائی کے دباؤ کا مقابلہ کرنے کی غرض سے زری پالیسیوں میں سختی کی۔

عالمی سیاسی اور اقتصادی محرکات کے ساتھ ساتھ اندرون ملک غیر یقینی سیاسی ماحول نے پاکستانی معیشت پر مزید مضر اثرات مرتب کئے ہیں۔ یہ اثرات اسٹاک مارکیٹ نے بھی محسوس کئے اور اس سہ ماہی کے دوران حاصل شدہ تمام فوائد ہاتھ سے نکل گئے۔ لہذا زری پالیسی میں سختی کے سبب پیدا ہونے والا مہنگائی کا دباؤ طلب میں بہتری آنے میں بڑی رکاوٹ ثابت ہوگا۔

زیر جائزہ مدت کے دوران ایکویٹی مارکیٹ میں ڈی ایچ کارپ کا پورٹ فولیو مارکیٹ سے زراسا کم رہا۔ اس پورٹ فولیو نے 2022ء کی پہلی سہ ماہی کے دوران 342 ملین روپے کے منافع منقسمہ کے ساتھ ساتھ 46 ملین روپے کے سرمایہ جاتی قابل وصولی فوائد بھی کمائے۔ تاہم سال 2022ء کی پہلی سہ ماہی کا اختتام 294 ملین روپے کے سرمایہ جاتی خسارے کے ساتھ ہوا۔ اس پورٹ فولیو نے 2022 کے پہلے تین ماہ کے دوران غیر کاروباری اور اپنی قدر کی سرمایہ کاری کی نوعیت ہونے کی وجہ سے KSE 100 انڈیکس کے مقابلے میں زرا کم کارکردگی کا مظاہرہ کیا۔ تاہم اپنے آغاز سے آج تک کے رجحان سے موازنہ کیا جائے تو یہ پورٹ فولیو KSE 100 انڈیکس کے مقابلے میں 6% زیادہ ہے۔

باقی بچ جانے والے فنڈز بازار زر میں طویل اور قلیل دونوں مدت کے انسٹرومنٹس میں رکھے گئے جس نے ہمیں اس قابل کیا کہ اپنے ٹریڈری پورٹ فولیو کا انتظام نقدی کی اپنی ضرورتوں کے لحاظ سے کر سکیں۔

اشتمال شدہ بنیادوں پر کمپنی کی آمدنی 2021ء کی پہلی ششماہی میں 70,874 ملین روپے سے بڑھ کر جاری سال کی پہلی ششماہی میں 88,369 ملین روپے ہوئی اور 24.6% کا اضافہ ریکارڈ ہوا۔ زیر جائزہ ششماہی کے دوران اشتمال شدہ بعد از ٹیکس منافع (PAT) 14,722 ملین روپے رہا جبکہ حصص یافتگان کو قابل تقسیم بعد از ٹیکس منافع 2,779 ملین روپے رہا جو گزشتہ برس کی اسی مدت کے دوران 3,001 ملین روپے رہا تھا جس کے نتیجے میں رواں سال کی پہلی سہ ماہی میں فی شیئر کمائی (EPS) 5.77 روپے ہوئی جو گزشتہ برس کی اسی مدت کے دوران 6.24 روپے رہی تھی۔

خود مختار (stand alone) بنیادوں پر بعد از ٹیکس نفع گزشتہ برس کی اسی مدت میں ہونے والے 7 ملین روپے کے مقابلے میں رواں سال کی پہلی سہ ماہی کے دوران 109 ملین روپے رہا۔ جبکہ زیر جائزہ مدت کے دوران فی شیئر کمائی 0.23 روپے فی شیئر رہی۔



**DAWOOD HERCULES CORPORATION LIMITED**

**Unconsolidated Condensed Interim Financial  
Statements**

FOR THE THREE MONTHS ENDED  
MARCH 31, 2022

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	58,446	61,982
Right-of-use assets		4,114	4,114
Deferred tax asset		1,060	-
Long term investments	7	23,408,927	23,408,927
		<b>23,472,547</b>	23,475,023
<b>CURRENT ASSETS</b>			
Loan, advances, deposits and prepayment		346,280	345,217
Dividend receivable		24,658	-
Accrued income		38,152	36,160
Receivable against sale of shares		25,352	-
Other receivables		106,871	222,787
Short term investments	8	13,844,637	13,530,767
Cash and bank balances		3,045	4,419
		<b>14,388,995</b>	14,139,350
<b>TOTAL ASSETS</b>		<b>37,861,542</b>	37,614,373
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		10,000,000	10,000,000
Issued, subscribed and paid up share capital		4,812,871	4,812,871
Revenue reserves		25,704,441	25,595,066
		<b>30,517,312</b>	30,407,937
<b>NON CURRENT LIABILITIES</b>			
Defined benefit liability		6,091	6,851
Deferred tax liability		-	35,685
		<b>6,091</b>	42,536
<b>CURRENT LIABILITIES</b>			
Short term running finance		6,492,797	6,494,477
Lease liabilities		11,270	11,270
Trade and other payables	9	197,339	135,467
Unclaimed dividend		223,026	224,275
Accrued mark-up		142,597	49,578
Taxation - net		271,110	248,833
		<b>7,338,139</b>	7,163,900
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,861,542</b>	37,614,373
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamooun Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	<b>Three Months Ended</b>	
		<b>March 31, 2022</b>	March 31, 2021
		----- (Rupees in '000) -----	
<b>REVENUES</b>			
Return on investments	11	<b>389,273</b>	327,311
Administrative expenses		<b>(73,891)</b>	(204,777)
Gross profit		<b>315,382</b>	122,534
Other income - net		<b>1,803</b>	5,544
Operating profit		<b>317,185</b>	128,078
Finance costs		<b>(143,609)</b>	(89,705)
Profit before taxation		<b>173,576</b>	38,373
Taxation		<b>(64,201)</b>	(31,378)
<b>Profit after taxation</b>		<b>109,375</b>	6,995
Earnings per share (Rupees) - basic and diluted		<b>0.23</b>	0.01

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoony Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME-UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
	----- (Rupees in '000) -----	
Profit after taxation	<b>109,375</b>	6,995
<b>Other comprehensive income for the period</b>		
<i>Items that will not be reclassified to profit &amp; loss</i>		
Remeasurements of post-retirement benefits	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<b>109,375</b>	6,995

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoan Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2022

		----- Revenue reserves -----			
	Issued, subscribed and paid up share	General reserve	Un-appropriated profit	Sub-total	Total
	----- (Rupees in '000) -----				
<b>Balance as at January 1, 2021</b>	4,812,871	700,000	25,489,540	26,189,540	31,002,411
<b>Total comprehensive Income</b>					
Profit after taxation	-	-	6,995	6,995	6,995
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	6,995	6,995	6,995
<b>Balance as at March 31, 2021</b>	4,812,871	700,000	25,496,535	26,196,535	31,009,406
<b>Balance as at January 1, 2022</b>	4,812,871	700,000	24,895,066	25,595,066	30,407,937
<b>Total comprehensive Income</b>					
Profit after taxation	-	-	109,375	109,375	109,375
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	109,375	109,375	109,375
<b>Balance as at March 31, 2022</b>	4,812,871	700,000	25,004,441	25,704,441	30,517,312

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoon Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Three Months Ended	
		March 31, 2022	March 31, 2021
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (utilized) in operations	12	<b>84,172</b>	(228,463)
Finance cost paid		<b>(50,590)</b>	(151,396)
Taxes paid		<b>(78,668)</b>	(34,269)
Defined benefit liabilities paid		<b>(1,837)</b>	(2,466)
Net cash utilized in operating activities		<b>(46,923)</b>	(416,594)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		<b>(552)</b>	(2,157)
Profit received on short term investments		<b>80,752</b>	134,975
Proceeds from disposal of property, plant and equipment		<b>782</b>	3,474
Short term investment redeemed - net		<b>(914,179)</b>	(205,193)
Dividends received		<b>531,675</b>	53,872
Net cash utilized in investing activities		<b>(301,522)</b>	(15,029)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance repaid		<b>-</b>	(7,320,000)
Dividends paid		<b>(1,249)</b>	(41,809)
Net cash utilized in financing activities		<b>(1,249)</b>	(7,361,809)
Net decrease in cash and cash equivalents		<b>(349,694)</b>	(7,793,432)
Cash and cash equivalents at the beginning of the period		<b>(4,590,051)</b>	8,598,636
Cash and cash equivalents at the end of the period	13	<b>(4,939,745)</b>	805,204

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoon Chaudry**  
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, 2022

## 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, 2022 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, 2021, 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, 2022 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, 2021 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, 2022 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, 2021

New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2023 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, 2022

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, 2021.

## 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, 2022	Audited December 31, 2021
		----- (Rupees in '000) -----	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets:			
Net book value at the beginning of the period / year		<b>61,982</b>	66,662
Add: Additions during the period / year	6.1	<b>552</b>	14,092
		<b>62,534</b>	80,754
Less: Disposals during the period / year			
- net book value	6.2	<b>(76)</b>	(197)
Depreciation charged during the period / year		<b>(4,012)</b>	(18,575)
		<b>(4,088)</b>	(18,772)
Net book value at the end of the period / year		<b>58,446</b>	61,982
<b>6.1 Additions during the period / year</b>			
Furniture, fittings and equipment		-	4,980
Motor vehicles		-	166
Data processing equipment / communication devices		<b>552</b>	8,946
		<b>552</b>	14,092
<b>6.2 Disposals during the period / year - net book value</b>			
Furniture, fittings and equipment		<b>45</b>	55
Motor vehicles		<b>13</b>	115
Data processing equipment / communication devices		<b>18</b>	27
		<b>76</b>	197



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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
----- (Rupees in '000) -----			
<b>7. LONG TERM INVESTMENTS</b>			
Investment in a subsidiary - at cost	7.1	<b>23,408,927</b>	23,408,927
Other investments - at fair value through profit or loss	7.2	-	-
		<b>23,408,927</b>	23,408,927
<b>7.1 Investment in a subsidiary - at cost</b>			
Engro Corporation Limited (ECL) - quoted 214,469,810 (December 31, 2021: 214,469,810) ordinary shares of Rs 10 each. Percentage of holding 37.22% (December 31, 2021: 37.22%)	7.1.1 & 7.1.2	<b>23,308,927</b>	23,308,927
Empiric AI (Private) Limited (EMPAK) - unquoted 10,000,000 (2021: 10,000,000) ordinary shares of Rs 10 each. Percentage of holding '100% (2021: 100%)		<b>100,000</b> <b>23,408,927</b>	100,000 23,408,927

7.1.1 The market value of investment in ECL as at March 31, 2022 was Rs 57,392 million (December 31, 2021: Rs 58,426 million).

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

Bank	As at March 31, 2022			As at December 31, 2021		
	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) -----						
<b>Pledged in favor of Fatima Fertilizer Company Limited against potential liabilities of DH Fertilizer Limited</b>						
Meezan Bank Limited - as agent	10,492	104,918	2,807,596	10,492	104,918	2,858,166

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
----- (Rupees in '000) -----			
<b>7.2 Other investment - at fair value through profit or loss</b>			
e2e Business Enterprises (Private) Limited			
23,770,701 (December 31, 2021: 23,770,701)	7.2.1	<b>237,707</b>	237,707
ordinary shares of Rs 10 each		<b>(237,707)</b>	(237,707)
Less: impairment loss		-	-

Percentage of holding 39% (December 31, 2021: 39%)

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, 2022	Audited December 31, 2021
----- (Rupees in '000) -----			
<b>8. SHORT TERM INVESTMENTS</b>			
<b>At amortised cost</b>		<b>1,568,007</b>	1,918,007
- Term Deposit Receipts (TDR)	8.1		
<b>At fair value through profit and loss</b>			
- Market Treasury bills (T-Bills)		-	599,379
- Pakistan Investment Bond (PIBs)	8.2	<b>1,576,212</b>	1,521,602
- Quoted shares		<b>10,700,418</b>	9,491,779
		<b>13,844,637</b>	13,530,767

8.1 These carry profit ranging from 11.50% to 12.7% per annum (2021: 6.75% to 11% 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 11.83% per annum (2021: 11.83% per annum)

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
----- (Rupees in '000) -----			
<b>9. TRADE AND OTHER PAYABLES</b>			
Creditors		<b>5,720</b>	653
Accrued expenses		<b>95,935</b>	126,237
Payable against purchase of shares		<b>56,200</b>	-
Others		<b>39,484</b>	8,577
		<b>197,339</b>	135,467

## 10. CONTINGENCIES

There were no change in the status of contingencies since December 31, 2021, except for below:

- 10.1 During the year ended December 31, 2017, the Company received a show cause notice dated May 11, 2017 from the Additional CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the Additional CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders in respect of the aforementioned matters with the instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of.

During the period, Commissioner Inland Revenue Appeals (CIRA) issued an order, wherein CIRA accepted management's contention with regards to super tax on intercorporate dividend. Accordingly, CIRA has directed Additional CIR to adjust the order for PKR 547mn as super tax on intercorporate dividend.

With respect tax on inter corporate dividend and capital gain, the management and the tax consultant of the Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these unconsolidated financial statements.

- 10.2 During the year ended December 31, 2020, the Company received an income tax demand amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seemed an apparent error for which a rectification application was submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Company granting complete credit of Rs 92 million. The remaining demand of Rs 109 million 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 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 favourable outcome of the appeal. However, on a prudent basis tax accrual amounting to Rs 109 million is being maintained by the Company.

On April 13, 2022, Commissioner Inland Revenue Appeals (CIRA) issued an order, wherein CIRA order that profit on debt / interest income should be classified as 'income from other sources' rather than 'Income from business'. However, CIRA accepted management's contention with respect to apportionment of administrative expenses and finance cost to profit on debt and have directed the ADCIR to reassess the apportionment accordingly.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	----- (Unaudited) ----- Three months ended March 31, 2022	March 31, 2021 ----- (Rupees in '000) -----
<b>11. RETURN ON INVESTMENTS</b>			
Dividend income	11.1	<b>556,333</b>	88,920
Interest income	11.2	<b>80,752</b>	120,613
Others	11.3	<b>(247,812)</b>	117,778
		<b>389,273</b>	327,311
<b>11.1 Dividend income</b>			
- Engro Corporation Limited		<b>214,470</b>	-
- Hub Power Company Limited		<b>42,956</b>	-
- United Bank Limited		<b>170,394</b>	24,579
- Meezan Bank Limited		<b>5,353</b>	8,938
- Habib Bank Limited		<b>6,711</b>	9,452
- Pakistan State Oil Company Limited		-	13,060
- Fauji Fertilizer Company Limited		<b>8,203</b>	3,493
- Indus Motor Company Limited		<b>471</b>	1,924
- Mari Petroleum Company Limited		<b>4,278</b>	414
- Kohinoor Textile Mills Limited		-	1,017
- MCB Bank Limited		<b>67,778</b>	17,626
- Oil & Gas Development Company Limited		<b>9,216</b>	-
- Interloop Limited		<b>4,052</b>	2,950
- Bank Al-Habib Limited		-	5,317
- Samba Bank Limited		-	150
- Bank Al-Falah Limited		<b>11,322</b>	-
- Engro Fertilizer Limited		<b>4,298</b>	-
- Pakistan Petroleum Limited		<b>5,560</b>	-
- System Limited		<b>1,271</b>	-
		<b>556,333</b>	88,920
<b>11.2 Interest income</b>			
- Income on T-Bills		<b>3,995</b>	55,475
- Income on PIBs		<b>50,325</b>	28,181
- Income on TDRs		<b>18,540</b>	29,248
- Income on loan to EMPAK		<b>7,650</b>	3,804
- Return on Saving Accounts		<b>242</b>	3,905
		<b>80,752</b>	120,613
<b>11.3 Others</b>			
Gain on sale of quoted shares		<b>46,150</b>	32,589
Unrealised profit / (loss) on quoted shares		<b>(293,962)</b>	85,189
		<b>(247,812)</b>	117,778

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Quarter Ended	
		March 31, 2022	March 31, 2021
		----- (Rupees in '000) -----	
<b>12. CASH GENERATED FROM / (UTILIZED) IN OPERATIONS</b>			
Profit before taxation		<b>173,576</b>	38,373
Adjustments for non cash expenses and other items:			
Depreciation and amortization		<b>4,012</b>	4,363
Finance cost		<b>143,609</b>	89,705
Provision for employees' retirement and other		<b>1,077</b>	1,706
Dividend income		<b>(556,333)</b>	(88,920)
Gain on sale of property, plant & equipment		<b>(857)</b>	(3,411)
Unrealised loss / (profit) on quoted shares		<b>293,962</b>	(85,189)
Interest income		<b>(80,752)</b>	(120,613)
Gain on sale of quoted shares		<b>(46,150)</b>	(32,589)
Working capital changes	12.1	<b>152,028</b>	(31,888)
Cash generated from / (utilized) in operations		<b>84,172</b>	(228,463)
<b>12.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Loan, advances, deposits and prepayment		<b>(1,063)</b>	14,505
Receivable against sales of shares		<b>(25,352)</b>	-
Accrued Markup		<b>(1,992)</b>	-
Other receivables		<b>118,563</b>	(34,584)
		<b>90,156</b>	(20,079)
Increase / (Decrease) in trade and other payables		<b>61,872</b>	(11,809)
		<b>152,028</b>	(31,888)
<b>13. Cash and Cash equivalent</b>			
Cash at bank		<b>3,045</b>	205,204
Short term investments		<b>1,550,007</b>	600,000
Short term financing		<b>(6,492,797)</b>	-
		<b>(4,939,745)</b>	805,204
<b>14. FINANCIAL RISK MANAGEMENT AND FINANCIAL DISCLOSURES</b>			
<b>14.1 Financial risk factors</b>			
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, 2021. There have been no changes in any risk management policies since the year end.			
<b>14.2 Fair value of financial assets and liabilities</b>			
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, 2022

March 31,                      March 31,  
2022                              2021  
----- (Unaudited) -----  
Three months ended  
----- (Rupees in '000) -----

## 15. RELATED PARTY TRANSACTIONS

Significant transactions with related parties are as follows:

### Subsidiary company

Dividend Income	214,470	-
Reimbursement of expenses to the Company	2,158	1,353
Sale of goods and services	1,915	131
Reimbursement of expenses from the Company	28,340	18,168
Mark up on loan	7,823	3,809
Cost sharing of services	-	19,243

### Associates

Purchase of goods and services	-	14,504
Sale of goods and services	6,668	5,292
Reimbursement of expenses from associates	21,148	12,760
Reimbursement of expenses to associates	13,082	4,769
Mark up on delayed payment	884	846
Donation	119	2,926

### Key management personnel

Salaries and other short term employee benefits	19,995	94,083
Post retirement benefit plans	1,667	1,227
Director's Fee	6,250	4,000

### Other related parties

Reimbursement of expenses from the Company	-	-
Sale of goods and services	-	-
Purchase of goods and services	513	736
Contribution to staff gratuity fund	1,077	1,706
Contribution to staff provident fund	1,958	3,199

## 16. GENERAL

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

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

16.3 These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on April 26, 2022.

## 17. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 26, 2022 approved an interim cash dividend of Rs 4.5 per share (2021: Rs 4.5 per share) for the three months ended March 31, 2022. These financial statements do not recognise the said interim dividend from unappropriated profit as it has been declared subsequent to balance sheet.

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamooun Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

**DAWOOD HERCULES CORPORATION LIMITED**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED  
March 31, 2022

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT March 31, 2022

	Note	Consolidated	
		Unaudited March 31, 2022	Audited December 31, 2021
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	289,016,663	282,231,580
Right-of-use assets		10,073,957	9,831,346
Intangible assets		6,891,150	6,931,587
Deferred taxation		103,083	80,346
Long term investments		34,879,675	34,217,070
Net investment in lease		45,901,866	45,203,623
Derivative financial instrument		165,971	92,805
Financial asset at amortized cost		2,640,482	3,592,784
Long term loans and advances		2,928,240	2,616,236
		<b>392,601,087</b>	<b>384,797,377</b>
<b>Current assets</b>			
Stores, spares and loose tools		9,737,027	9,310,131
Stock-in-trade		28,456,830	31,513,007
Trade debts		61,984,299	59,597,915
Loans, advances, deposits and prepayments		4,896,219	4,778,751
Other receivables		27,954,121	25,829,784
Accrued Income		656,755	647,250
Contract asset		5,081,922	5,452,510
Current portion of net investment in lease		4,273,053	4,004,522
Dividend receivable		24,658	-
Short term investments		105,063,182	95,902,818
Cash and bank balances		51,639,906	40,867,935
		<b>299,767,972</b>	<b>277,904,623</b>
<b>TOTAL ASSETS</b>		<b>692,369,059</b>	<b>662,702,000</b>



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT March 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
----- (Rupees in '000) -----			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,812,871	4,812,871
Revaluation reserve on business combination		1,665	1,665
Maintenance reserve		60,117	60,117
Exchange revaluation reserve		354,644	349,398
Hedging reserve		50,046	22,894
General reserve		700,000	700,000
Unappropriated profit		68,514,564	65,468,300
Remeasurement of investment		8,541	14,609
Remeasurement of post-employment benefits		(45,121)	(45,121)
		<b>69,644,456</b>	<b>66,571,862</b>
		<b>74,457,327</b>	<b>71,384,733</b>
Non-controlling interest		<b>188,214,729</b>	<b>182,605,571</b>
<b>Total Equity</b>		<b>262,672,056</b>	<b>253,990,304</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		142,422,780	139,818,216
Government grants		1,174,090	1,079,703
Deferred taxation		17,026,126	16,292,334
Lease liabilities		54,137,563	53,163,136
Deferred liabilities		2,851,685	2,852,686
Long term provision		7,177,471	8,172,253
		<b>224,789,715</b>	<b>221,378,328</b>
<b>Current liabilities</b>			
Trade and other payables		103,760,570	96,365,013
Accrued interest / mark-up		3,407,449	1,416,397
Current portion of :			
- borrowings		22,737,108	23,110,031
- government grants		238,653	183,624
- lease liabilities		6,206,034	6,131,558
- deferred liabilities		642,338	736,953
- long term provision		19,906,382	18,510,399
Taxes payable		13,580,763	9,548,913
Contract liabilities		84,351	-
Short term borrowings		33,136,965	29,764,791
Dividend payable		675,540	-
Unclaimed dividends		531,135	1,565,689
		<b>204,907,288</b>	<b>187,333,368</b>
<b>Total Liabilities</b>		<b>429,697,003</b>	<b>408,711,696</b>
<b>Contingencies and Commitments</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>692,369,059</b>	<b>662,702,000</b>

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

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamooun Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(AMOUNTS IN THOUSAND EXCEPT FOR EARNINGS PER SHARE)

	Note	Three months ended	
		March 31, 2022	March 31, 2021
		----- (Rupees in '000) -----	
Net sales		88,368,940	70,873,549
Cost of sales		(61,176,628)	(46,078,392)
<b>Gross profit</b>		<b>27,192,312</b>	24,795,157
Selling and distribution expenses		(1,888,654)	(1,656,524)
Administrative expenses		(1,803,698)	(1,546,783)
		<b>23,499,960</b>	21,591,850
Other income		4,163,465	2,767,569
Other operating expenses		(2,678,740)	(1,127,839)
Finance cost		(5,278,839)	(3,685,326)
Share of income from associates & joint ventures		988,329	1,018,656
<b>Profit before taxation</b>		<b>20,694,175</b>	20,564,910
Taxation		(5,972,063)	(5,887,571)
<b>Profit for the period</b>		<b>14,722,112</b>	14,677,339
Profit attributable to:			
- continuing operations		14,722,112	14,677,339
- discontinued operations			-
Profit from discontinued operations		238	
		<b>14,722,350</b>	14,677,339
Profit attributable to:			
- Owners of the Holding Company		2,778,525	3,001,253
- Non-controlling interest		11,943,825	11,676,086
		<b>14,722,350</b>	14,677,339
Earnings per share - basic and diluted	7	<b>5.77</b>	6.24

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

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoon Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Three months ended	
		March 31, 2022	March 31, 2021
		----- (Rupees in '000) -----	
<b>Profit for the period</b>		<b>14,722,350</b>	14,677,339
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
- Continuing operations' loss on long-term investment on remeasurement at fair value through other comprehensive income		<b>(16,304)</b>	-
<b>Hedging reserve - cash flow hedges</b>			
- Profit arising during the period		73,166	-
- Reclassification adjustments for losses included in profit or loss		(215)	(215)
		<b>72,951</b>	(215)
<b>Revaluation reserve on business combination</b>		-	(5,251)
<b>Exchange differences on translation of foreign operations</b>		<b>14,162</b>	(104,272)
		<b>14,162</b>	(109,523)
Income tax relating to:			
- Revaluation reserve on business combination		-	1,680
		<b>70,809</b>	(108,058)
<b>Total Comprehensive income for the period</b>		<b>14,793,159</b>	14,569,281
<b>Total comprehensive income attributable to:</b>			
- Owners of the Holding Company		<b>2,804,856</b>	2,961,438
- Non-controlling interest		<b>11,988,303</b>	11,607,843
		<b>14,793,159</b>	14,569,281

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

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoony Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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	Remeasurement of investment	General reserve	Unappropriated Profit	Remeasurement of post employment benefits - Actuarial (loss) / income	Sub total	Non-Controlling Interest	Total
	(Rupees in '000)											
<b>Balance December 31, 2020 (audited) / January 01, 2021</b>	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
<b>Total comprehensive income / (loss) for the three months ended March 31, 2021 (unaudited)</b>												
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
<b>Transaction with owners</b>												
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(2,335,703)	(2,335,703)
<b>Balance as at March 31, 2021 (unaudited)</b>	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
<b>Balance December 31, 2021 (audited) / January 01, 2022</b>	4,812,871	1,665	60,117	349,398	22,894	14,609	700,000	65,468,300	(45,121)	71,384,733	182,605,571	253,990,304
<b>Total Comprehensive income /(loss) for the three months ended March 31, 2022 (unaudited)</b>												
Profit for the period	-	-	-	-	-	-	-	3,046,264	-	3,046,264	11,676,086	14,722,350
Other comprehensive income	-	-	-	5,246	27,152	(6,068)	-	-	-	26,330	44,479	70,809
	-	-	-	5,246	27,152	(6,068)	-	3,046,264	-	3,072,594	11,720,565	14,793,159
<b>Transaction with owners</b>												
Dividend by ECL subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(6,111,407)	(6,111,407)
	-	-	-	-	-	-	-	-	-	-	(6,111,407)	(6,111,407)
<b>Balance as at March 31, 2022</b>	4,812,871	1,665	60,117	354,644	50,046	8,541	700,000	68,514,564	(45,121)	74,457,327	188,214,729	262,672,056

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

Kamran Hanif Jangda  
Chief Financial Officer

Mohammad Shamooun Chaudry  
Chief Executive

Shabbir Hussain Hashmi  
Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	Three months ended	
		March 31, 2022	March 31, 2021
		----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	<b>29,905,727</b>	17,328,415
Retirement and other service benefits paid		<b>(189,402)</b>	(149,695)
Finance cost paid		<b>(1,853,970)</b>	(1,963,591)
Taxes paid		<b>(1,276,738)</b>	(871,569)
Proceeds from net investment in lease		<b>896,834</b>	701,614
Finance cost paid on lease liability		<b>(948,384)</b>	(895,559)
Finance income received on net investment in lease		<b>1,340,045</b>	1,250,778
Repayment of lease liability		<b>(1,009,292)</b>	(809,065)
Long term loans and advances - net		<b>(123,294)</b>	148,510
Discontinued operations		<b>204</b>	-
Net cash generated from operating activities		<b>26,741,730</b>	14,739,838
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment (PPE)		<b>(7,182,852)</b>	(3,764,699)
Sale proceeds on disposal of PPE		<b>15,344</b>	15,456
Proceeds on disposal of investments		<b>297,400,689</b>	-
Income on deposits / other financial assets		<b>2,552,355</b>	1,741,920
Investments made during the period		<b>(292,438,725)</b>	24,909,877
Dividends received		<b>829,125</b>	481,372
Net cash generated from investing activities		<b>1,175,936</b>	23,383,926
<b>Cash flows from financing activities</b>			
Proceeds from/repayment of borrowings - net		<b>(1,714,234)</b>	(9,487,741)
Payments of finance lease liabilities		<b>(684,782)</b>	(557,736)
Unclaimed dividend paid		<b>-</b>	(46,698)
Dividends paid		<b>(10,487,217)</b>	-
Net cash (utilised in) financing activities		<b>(12,886,233)</b>	(10,092,175)
Net increase in cash and cash equivalents		<b>15,031,433</b>	28,031,589
Cash and cash equivalents at beginning of the period		<b>87,131,332</b>	60,110,571
Cash and cash equivalents at end of the period	9	<b>102,162,765</b>	88,142,160

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

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamooun Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

## 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	
	2022	2021
- 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, 2022	March 31, 2021
- 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
<b>Joint Venture Company:</b>		
- Engro Vopak Terminal Limited	50	50
<b>Associated Company:</b>		
- 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, 2022

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, 2021.
- 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, 2021.

## 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, 2021.

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, 2021.

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Unaudited March 31 2022 ----- (Rupees in '000) -----	Audited December 31, 2021 -----
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets, at net book value	<b>263,898,629</b>	232,719,261
Capital work in progress	<b>21,809,408</b>	26,568,260
Capital spares and standby equipments	<b>3,308,626</b>	2,748,191
	<b>289,016,663</b>	262,035,712
<b>5.1 Additions to operating assets during the period are as follows:</b>		
	Unaudited March 31 2022 ----- (Rupees in '000) -----	Audited December 31, 2021 -----
Land	<b>72,021</b>	-
Plant and machinery	<b>18,878,200</b>	5,509,827
Building and civil works including pipelines	<b>2,725,925</b>	1,467,010
Furniture, fixture and equipment	<b>2,765,591</b>	1,095,108
Vehicles	<b>505,902</b>	76,827
Aircraft, Jetty & Dredging	-	-
	<b>24,947,639</b>	8,148,772
<b>5.2</b> During the period, assets costing Rs. 21,112 (2021: Rs.25,106), having net book value of Rs. 21,430 (2021: Rs. 15,444) were disposed / written-off for Rs. 14,562 (2021: 15,456).		
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		
As at March 31, 2022, 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, 2021, except for following:		
6.1.1 During the year ended December 31, 2017, the Company received a show cause notice dated May 11, 2017 from the Additional CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the Additional CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders in respect of the aforementioned matters with the instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of.		
During the period, Commissioner Inland Revenue Appeals (CIRA) issued an order, wherein CIRA accepted management's contention with regards to super tax on intercorporate dividend. Accordingly, CIRA has directed Additional CIR to adjust the order for PKR 547mn as super tax on intercorporate dividend.		
With respect tax on inter corporate dividend and capital gain, the management and the tax consultant of the Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these unconsolidated financial statements.		



# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

6.1.2 During the year ended December 31, 2020, the Company received an income tax demand amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seemed an apparent error for which a rectification application was submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Company granting complete credit of Rs 92 million. The remaining demand of Rs 109 million 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 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 favourable outcome of the appeal. However, on a prudent basis tax accrual amounting to Rs 109 million is being maintained by the Company.

On April 13, 2022, Commissioner Inland Revenue Appeals (CIRA) issued an order, wherein CIRA order that profit on debt / interest income should be classified as 'income from other sources' rather than 'Income from business'. However, CIRA accepted management's contention with respect to apportionment of administrative expenses and finance cost to profit on debt and have directed the ADCIR to reassess the apportionment accordingly.

## 6.2 Commitments

Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 16,250,091 (2021: Rs. 14,777,771).

## 7. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Unaudited) ----- Three months ended	
	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----	
Profit after taxation (attributable to the owners of the Holding Company)	<b>2,778,825</b>	3,001,253
	----- (Number in thousands) -----	
Weighted average number of ordinary shares	<b>481,287</b>	481,287

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Unaudited March 31, 2022	Audited December 31, 2021
----- (Rupees in '000) -----		
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation from:		
- continuing operations	20,694,175	20,564,910
- discontinued operations	238	
	<b>20,694,413</b>	<b>20,564,910</b>
Adjustment for non-cash charges and other items:		
Depreciation and amortization	3,723,123	3,679,354
Gain on disposal / write off of property, plant and equipment	6,011	(12)
Rent concession on lease liability	(12,729)	-
Provision for retirement and other service benefits	135,077	127,611
Provisions - net	(192,998)	427,320
Income on deposits / other financial assets	(2,737,408)	(2,234,905)
Share of income from joint venture and associated companies	(988,329)	(1,018,656)
Dividend income	(94,051)	(88,920)
Finance cost	4,131,384	3,887,609
Finance income on net investment in lease	(1,330,364)	(1,250,778)
Finance cost on lease liability	1,010,209	895,559
Exchange gain on lease liability	1,888,194	(1,938,496)
Exchange loss on net investment in lease	(1,894,673)	1,987,482
(Gain) / Loss on foreign currency translations	464,674	239,966
Loss on remeasurement of GIDC provision	400,285	-
Reversal of ECL on subsidy receivable from GoP	85,578	-
Working capital changes (note 8.1)	4,617,331	(7,949,629)
	<b>29,905,727</b>	<b>17,328,415</b>
<b>8.1 Working capital changes</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(426,896)	(376,823)
- Stock-in-trade	3,056,177	453,888
- Trade debts	(2,382,272)	(6,224,538)
- Loans, advances, deposits and prepayments	(117,467)	(486,166)
- Other receivables - net	(2,684,940)	(358,331)
	<b>(2,555,398)</b>	<b>(6,991,970)</b>
Increase/ (decrease) in current liabilities		
- Trade and other payables, including other service benefits - net	7,172,729	(957,659)
	<b>4,617,331</b>	<b>(7,949,629)</b>
<b>9. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	51,627,614	20,667,112
Short term investments	80,374,755	75,639,198
Short term borrowings	(29,839,604)	(8,164,150)
	<b>102,162,765</b>	<b>88,142,160</b>

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

## 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
<b>Assets</b>	----- (Rupees in '000) -----			
Financial assets at fair value through profit and loss	-	6,713,430	-	6,713,430
Financial assets through other comprehensive income	122,912	11,000,000	-	11,122,912

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, 2022

----- (Unaudited) -----  
Three months ended  
March 31,                      March 31,  
2022                              2021  
----- (Rupees in '000) -----

## Associated companies and joint ventures

Purchases and services	<b>11,687,256</b>	11,486,978
Services rendered / sale of goods	<b>6,078</b>	5,292
Dividends received	<b>297,450</b>	427,500
Dividend paid	<b>17,832</b>	991
Interest on borrowing	<b>522,570</b>	522,532
Reimbursements from associates	<b>226,864</b>	281,289
Reimbursements to associates	<b>43,210</b>	645,429
Loan repaid & Markup on borrowing	<b>760,459</b>	500,000
Donations	<b>45,326</b>	44,120

## Key Management Personnel

Remuneration paid to key management personnel / directors	<b>391,483</b>	418,600
Directors' fees	<b>38,140</b>	27,503
	<b>240,540</b>	201,591

## Contribution for retirement benefits

## 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, 2022

----- (Unaudited) -----  
Three months ended  
March 31, March 31,  
2022 2021  
----- (Rupees in '000) -----

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

## Revenue

Fertilizer	<b>36,813,078</b>	29,443,723
Polymer	<b>23,126,868</b>	15,671,459
Terminal	<b>3,650,499</b>	3,163,887
Power and mining	<b>20,940,081</b>	21,322,583
Connectivity and telecom	<b>1,578,735</b>	-
Other operations	<b>10,299,029</b>	5,987,180
Elimination - net	<b>(8,039,350)</b>	(4,715,283)
Consolidated	<b>88,368,940</b>	70,873,549

## Profit for the period

Fertilizer	<b>7,088,689</b>	5,741,427
Polymer	<b>4,713,583</b>	4,142,970
Terminal	<b>722,694</b>	1,021,745
Power and mining	<b>4,172,662</b>	4,018,685
Connectivity and telecom	<b>(13,734)</b>	-
Other operations	<b>8,499,853</b>	3,281,768
Elimination - net	<b>(10,461,397)</b>	(3,529,256)
Consolidated	<b>14,722,350</b>	14,677,339

(Unaudited) (Audited)  
March 31, December 31,  
2022 2021  
----- (Rupees in '000) -----

## Assets

Fertilizer	<b>137,378,492</b>	132,818,383
Polymer	<b>78,658,413</b>	77,985,743
Terminal	<b>66,800,461</b>	64,339,032
Power and mining	<b>258,189,398</b>	250,094,260
Connectivity and telecom	<b>44,329,340</b>	44,859,768
Other operations	<b>162,786,146</b>	150,026,791
Elimination - net	<b>(55,773,191)</b>	(57,421,977)
Consolidated	<b>692,369,059</b>	662,702,000

## 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, 2022

## 14. **NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE**

14.1 The Board of Directors of the Holding Company in its meeting held on April 26, 2022 has approved an interim cash dividend of Rs. 4.5 per share for the year ending December 31, 2022 (2021: Rs. 4.5 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 26, 2022 by the Board of Directors of the Holding Company.

**Kamran Hanif Jangda**  
Chief Financial Officer

**Mohammad Shamoon Chaudry**  
Chief Executive

**Shabbir Hussain Hashmi**  
Director



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