

**HALF YEARLY ACCOUNTS
(UN-AUDITED)**

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023



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COMPANY INFORMATION

Board of Directors

Mr. Hussain Dawood - Chairman
Mr. Abdul Samad Dawood - Vice Chairman
Ms. Sabrina Dawood - Director
Mr. Muhammed Amin - Director
Mr. Isfandiyar Shaheen - Director
Mr. Zamin Zaidi - Director
Mr. Muhammed Bilal Ahmed - Director
Mr. Mohammad Shamoan Chaudry - Chief Executive Officer

Board Audit Committee

Mr. Muhammed Amin - Chairman
Mr. Isfandiyar Shaheen - Member
Mr. Muhammad Bilal Ahmed - Member

Human Resource & Remuneration Committee

Mr. Isfandiyar Shaheen - Chairman
Mr. Abdul Samad Dawood - Member
Ms. Sabrina Dawood - Member

Board Investment Committee

Mr. Abdul Samad Dawood - Chairman
Mr. Muhammed Amin - Member
Mr. Isfandiyar Shaheen - Member
Mr. Muhammad Bilal Ahmed - Member

Chief Financial Officer

Mr. Kamran Hanif Jangda

Company Secretary

Mr. Imran Chagani

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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

With heavy hearts, the Board of Directors expresses profound sorrow over the untimely demise of our esteemed director, Mr. Shahzada Dawood and his son Suleman Dawood. Mr. Shahzada was not only a cherished director but also a distinguished figure who graced us with his presence, serving as our CEO and Vice Chairman.

Mr. Shahzada joined the Board in May 1996. Subsequently, he assumed the roles of Vice Chairman and CEO of the Company in 2005, retaining these positions till 2010. In April 2018, Mr. Shahzada was again appointed as the Vice Chairman, a position he served until October 2021.

The enduring impact of Mr. Shahzada on our Company is immeasurable. His visionary leadership transformed our corporate landscape, leaving behind a legacy of innovation, learning, growth, and an unwavering dedication to excellence. With an untiring dedication to progress, he sparked a profound shift in our organizational culture, nurturing a thirst for knowledge and curiosity among our employees. Through his undivided attention and empathetic approach, he fostered an environment where each individual felt heard and valued, sparking a collective spirit of collaboration and innovation.

His forward-thinking vision extended well beyond conventional management, as he aspired to reshape the trajectory of the Dawood Group. He pioneered bold strategies that not only enriched our business ventures but also inspired us to embrace change fearlessly. Mr. Shahzada was more than a leader; he was a mentor, a catalyst for growth, and a beacon of inspiration. He carried the legacy of his family with grace while forging his own path with a unique blend of humility and audacity. Departing too soon, his legacy leaves an irreplaceable void that words can barely encapsulate, yet his impact lives on through the spirit of innovation that he ignited and the transformative changes that he catalyzed. In honoring his memory, we renew our commitment to the pursuit of excellence and progress, carrying forward the torch he so brilliantly lit for us.

The directors hereby submit their report along with the un-audited unconsolidated condensed interim financial statements of the Company and the un-audited consolidated condensed interim financial statements of the Group for the six months period ended 30th June 2023.

Economic & Market Outlook

Global growth remained low in the first half of 2023 in the face of elevated inflation, escalated geopolitical tensions and rising concerns on global financial stability. Major economies in the world moved towards monetary tightening to combat inflationary pressures, with risk of global recession remaining heightened. Resultantly, global commodity prices eased from the 2022 peak amid widespread efforts to curtail demand.

Pakistan's economy found itself entangled in a web of multi faceted challenges as the inflation soared to a staggering 35%. The surge was primarily attributed to high energy prices and the depreciation of the Rupee, a consequence of persistent foreign exchange crisis that reverberated across the external front. Meanwhile, on the domestic front, businesses grappled with a range of obstacles like import suppression, in addition to declining domestic demand.

In response to significant inflationary pressures and imbalances that emerged in the external sector and financial markets, State Bank of Pakistan (SBP) tightened monetary policy by 600 bps (16% to 22%). In addition, the GoP undertook a number of austerity measures in the budget 2023-24 geared towards securing the IMF bailout package. This resulted in an increase in super tax to 10% on current and subsequent year earnings and one-time super tax of 6% on 2022 earnings in addition to the 4% imposed last year.

In a commendable move to address the pressing external account issues, the GoP was successful in securing a 9-month IMF Stand by Agreement (SBA) of USD 3 billion. The immediate disbursement of USD 1.2 billion from this package mitigated the imminent risk of default, providing much-needed relief in the short term. Post IMF deal, import restrictions have started to ease out, enabling businesses in their return journey to normalcy.

The KSE100 Index commenced 2QCY23 at sub-40,000pts and returned a modest 3.6% for the quarter after a run up late in the period. Trading activity remained relatively thin, due to subdued investor sentiment as the

risk of sovereign default steadily crept up. The challenges were compounded by the surge in interest rates, with the Policy Rate reaching a record-high of 22%, as well as by a volatile political environment. There was, however, a positive turn of events towards the end of the quarter when Pakistan secured the IMF SBA program. This development brought much-needed optimism into the markets, with both Pakistan Eurobonds and the KSE-100 gaining strength.

Business Review

During the period, DH Corp's investment in the equity portfolio performed better than the market earning an alpha of 10.35% when compared to KSE-100 index. The portfolio earned dividends worth PKR 890 million with unrealized capital gains of PKR 1,117 million; however, the period ended with realized losses of PKR 700 million due to rebalancing of the portfolio to align with market conditions and outlook.

On a consolidated basis, the Company's revenue grew by 14% to PKR 202,482 million against PKR 177,579 million for the comparative period. The consolidated Profit-After-Tax (PAT) for first half was PKR 19,310 million, while PAT attributable to the shareholders was PKR 1,771 million against PKR 518 million in the comparative period, resulting in an Earnings per Share (EPS) of PKR 3.68 compared to PKR 1.08 in same period last year. Major variance is attributable to higher earnings from dollar denominated businesses, one-off tariff true-up adjustment last year and higher costs incurred on research & business development last year which has been partially offset by reversal of commodity cycle.

On a standalone basis, the profit after tax was PKR 6,638 million against PAT of PKR 632 million for the same period last year, mainly due to higher dividends and unrealized gains from the equity portfolio. Earnings per share for the period was PKR 13.79 per share compared to PKR 1.31 in same period last year.

The Fertilizer business showed strong performance and recorded a revenue of PKR 82,366 million compared to PKR 75,136 million in 1H 2022, primarily driven by increase in urea price. The Company's PAT stood at PKR 5,464 million versus PKR 5,413 million in the same period last year.

The Polymer business recorded a revenue of PKR 37,022 million compared to revenue of PKR 45,404 million in the same period last year. The Company's PAT stood at PKR 2,745 million against PKR 7,052 million in the same period last year, mainly attributable to commodity cycle reversal and lower margins on exports.

Mining operations continued smoothly, supplying coal to Engro Powergen Thar, Thar Energy and ThalNova Power. To meet the potential increase in demand for energy, the management is committed to initiate Phase III of the expansion to enhance capacity to 11.4 million tons per year, approval for which has been sought from the Government of Sindh.

During the period, the Qadirpur power plant dispatched a Net Electrical Output of 496 GWH to the national grid compared to 331 GWH in the same period last year as plant being on outage for scheduled major inspection. The business posted a PAT of PKR 1,221 million for the current period as compared to PKR 406 million in the same period last year due to higher capacity payments on the back of higher period weighing factor and efficiencies on higher dispatch.

Engro Powergen Thar Limited achieved a collection of 91% from inception to date, bringing it at par with other coal IPPs. During the first half, the plant achieved availability of 74%, dispatching 1,464 GWH to the national grid compared to 1,504 GWH in the same period last year. Plant availability remained low primarily due to a major planned maintenance and inspection activity which typically occurs once every five years and is necessary to ensure the plant safety, reliability, and efficiency.

The LNG terminal handled 37 cargoes, in line with 1H 2022, delivering 110 bcf re-gasified LNG into the SSGC network, accounting for ~15% of the total gas supply of the Country. The chemical terminal handled 451 KT against 720 KT during the same period last year. The decrease is mainly attributable to chemical volumes due to slowdown in economic activity pertaining to LC opening issues.

Engro Eximp Agriproducts recorded 5.4 KT basmati rice exports during the first half versus 25.6 KT SPLY due to reduced procurement during the season. Resultantly, the rice business generated revenue of USD 7.4 million through export versus USD 21 million in 1H 2022.

Enfrashare continued to expand its national footprint and achieved a scale of 3,644 tower sites by end of June 2023 (vs. 2,937 sites in June 2022) with a 1.18x tenancy ratio, catering to all four Mobile Network Operators (MNOs) in Pakistan. The business captured a market share of 60% in Built-to-Suit (B2S) towers rollout during the period.

FrieslandCampina Engro Pakistan demonstrated a topline growth of 53%, reporting a revenue of PKR 47,015 million against PKR 30,771 million in the same period last year, due to volumetric growth driven by the expansion of its distribution network.

The business recorded a PAT growth of 41% to PKR 1,326 million in 1H 2023 versus PKR 938 million for the comparative period. The Company took multiple business initiatives across its portfolio including volumetric growth, cost optimization and strategic price increases resulting in high profitability.

Shares Buyback - Engro

Engro Corporation Limited, which started its buyback program in Feb '23, ended the process on July 25, 2023, in line with the approval of its members vide special resolution dated January 26, 2023.

During the period from February 03, 2023, to July 25, 2023, the Company purchased an aggregate of 39,536,762 shares, representing 6.86% of the issued and paid-up capital of the Company. All repurchased shares have been cancelled.

Future Outlook

The IMF SBA program has played a crucial role in unlocking vital funding support from UAE and Saudi Arabia, bolstering Pakistan's foreign currency reserves to more than US\$8bn from a low of US\$3bn in January. This has supported the continued assistance from China via rollovers. With the foreign exchange reserves improving, import restrictions are gradually being eased, which should alleviate a major pain point for import-dependent industries.

Political stability and continued focus on economic reforms remain key for Pakistan's success in the coming years. While risks remain, the equity market valuations, estimated at less than 4x P/E are much less than the long-term average of 8x. This points to a significant room for upside.

The equity portfolio shall continue to be managed actively and prudently, while keeping a close watch on the macroeconomic indicators.

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

Acknowledgement

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 towards the growth and prosperity of the Company.

Muhammed Amin
Director

Mohammad Shamoony Chaudry
Chief Executive

Dated: August 23, 2023

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

اظہار تشکر

غیر متزلزل 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

محمد امین
ڈائریکٹر

مورخہ 23 اگست 2023

بڑی وجہ سیزن میں چاول کی پروکیورمنٹ میں کمی تھی۔ نتیجتاً چاول کے کاروبار نے برآمدات کے ذریعے 7.4 ملین ڈالر کی آمدنی حاصل کی جو 2022 کی پہلی ششماہی میں 21 ملین ڈالر رہی تھی۔

Enfrashare ملک میں اپنے نقش قدم بڑھانے کے عمل میں بدستور مصروف رہی اور جون 2023 کے اختتام پر 3,644 ٹاور سائٹس کی تکمیل (جون 2022 میں 2,937) کا ٹارگٹ حاصل کیا جس کی کرایہ داری شرح 1.18x تھی اور یہ ٹاور سائٹس پاکستان میں مصروف کاروبار تمام چار موبائل نیٹ ورک آپریٹرز (MNOs) کو مہیا کی گئیں۔ زیر جائزہ مدت کے دوران بلٹ۔ٹو۔سوٹ (B2S) ٹاوروں کی مارکیٹ میں ہمارے اس کاروبار کا حصہ 60% رہا ہے۔

FrieslandCampina Engro Pakistan نے 53% کی بڑھوتی ظاہر کرتے ہوئے 47,015 ملین روپے کی آمدنی بتائی جو گزشتہ برس کی اسی مدت کے دوران 30,771 ملین روپے رہی تھی۔ بڑھوتی کی وجہ اس کے ڈسٹری بیوشن نیٹ ورک میں توسیع لائے جانے کے سبب حجم میں اضافہ ہونا تھی۔ اس کاروبار نے 2023 کی پہلی ششماہی میں بعد از ٹیکس منافع میں 41% یعنی 1,326 ملین روپے کا اضافہ ظاہر کیا جو قابل موازنہ مدت کے دوران 938 ملین روپے رہا تھا۔ کمپنی نے اپنے پورٹ فولیو میں متعدد کاروباری اقدامات اٹھائے جن میں حجم میں بڑھوتی، قیمتوں کو مفید بنانا اور قیمتوں میں اسٹریٹیجک اضافہ شامل ہیں جن کے سبب زیادہ منافع حاصل ہوا۔

شیرز کی دوبارہ خریداری..... اینگرو

اینگرو کارپوریشن نے مورخہ 26 جنوری 2023 کی خصوصی قرارداد کے ذریعے ممبران کی جانب سے حاصل کردہ منظوری کی مطابقت میں شیرز کی واپس خریداری کا پروگرام فروری 2023 میں شروع کیا اور یہ کارروائی 25 جولائی 2023 کو اختتام پذیر ہوئی۔

03 فروری 2023 تا 25 جولائی 2023 کی مدت کے دوران کمپنی نے مجموعی طور سے 39,536,762 شیرز واپس خریدے جو کمپنی کے جاری اور ادا شدہ سرمائے کا 6.86% بنتے ہیں۔ خرید کردہ تمام شیرز منسوخ کئے جا چکے ہیں۔

مستقبل کا منظر

متحدہ عرب امارات اور سعودی عرب کی جانب سے مالیاتی امداد کے دروازے کھولنے میں آئی ایم ایف کے ایس بی اے پروگرام نے اہم کردار ادا کیا ہے جس سے پاکستان کے زرمبادلہ کے ذخائر جو جنوری کے مہینے میں صرف 03 بلین ڈالر تھے بڑھ کر 08 بلین ڈالر ہو گئے۔ اس واقعے نے قرضوں میں توسیع کی صورت میں چین کی جانب سے مسلسل اعانت جاری رکھنے میں مدد دی ہے۔ غیر ملکی زرمبادلہ کے ذخائر کی صورت حال میں بہتری آنے کے بعد درآمدات پر عائد پابندیوں میں نرمی آرہی ہے جو درآمدات پر انحصار کرنے والی صنعتوں کو درپیش مسائل میں کمی لانے کا سبب بنے گی۔

سیاسی استحکام اور اقتصادی اصلاحات پر مسلسل توجہ رکھنا آنے والے برسوں میں پاکستان کے لئے کامیابی کی کنجی ثابت ہو سکتے ہیں۔ خطرات بہر حال موجود ہیں البتہ ایکویٹی مارکیٹ کی قدرکاریاں جو تخمیناً 4x P/E سے کم ہیں، 8x کی طویل مدتی اوسط سے انتہائی کم ہیں اور یہ صورت حال بہتری لانے کی کافی گنجائش مہیا کرتی ہے۔

ایکویٹی کے پورٹ فولیو کا انتظام میکرو اکنامک اشاریوں کو نظر میں رکھتے ہوئے سرگرمی اور دانائی سے کیا جائے گا۔

کے سبب کسی نہ کسی حد تک بگڑا ہے۔

خود مختار (stand alone) بنیادوں پر بعد از ٹیکس نفع گزشتہ برس کی اسی مدت میں ہونے والے 632 ملین روپے کے مقابلے میں رواں سال کی پہلی ششماہی کے دوران 6,638 ملین روپے رہا جس کی بڑی وجہ زیادہ منافع اور ایکویٹی پورٹ فولیو سے قابل وصولی فوائد تھے۔ جبکہ زیر جائزہ مدت کے دوران فی شیئر کمائی 13.79 روپے فی شیئر رہی جو گزشتہ برس کی اسی مدت کے دوران 1.31 روپے رہی تھی۔

مصنوعی کھاد کے کاروبار نے مستحکم کارکردگی دکھائی اور 82,366 ملین روپے کی آمدنی ریکارڈ کی جو 2022 کی پہلی ششماہی کے دوران 75,136 ملین روپے رہی تھی جس کی بنیادی وجہ یوریا کی قیمتوں میں اضافہ ہو جانا تھا۔ کمپنی کا بعد از ٹیکس نفع 5,464 ملین روپے رہا جو گزشتہ برس کی اسی مدت کے دوران 5,413 ملین روپے رہا تھا۔

زیر جائزہ مدت کے دوران پولیمر کے کاروبار نے 37,022 ملین روپے کی آمدنی ریکارڈ کی جو گزشتہ برس کی اسی مدت کے دوران 45,404 ملین روپے رہی تھی۔ کمپنی کا بعد از ٹیکس نفع 2,745 ملین روپے رہا جو گزشتہ برس کی اسی مدت کے دوران 7,052 ملین روپے رہا تھا۔ کمی کی بڑی وجہ اجناس کے چکر (کموڈیٹی سائیکل) کا الٹ جانا اور برآمدات سے بچتوں میں تھی۔

کان کنی کے آپریشن معمول کے مطابق جاری رہے اور اور اینگرو پاور چین تھر، تھرانر جی اور تھل نووا پاور کوئلے کی سپلائی جاری رہی۔ بجلی کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے انتظامیہ توسیع کے تیسرے مرحلے کا آغاز کرنے کے عہد پر کاربند ہے تاکہ گنجائش بڑھا کر 11.4 ملین ٹن سالانہ تک لائی جاسکے جس کی منظوری حکومت سندھ سے حاصل کی جا چکی ہے۔

زیر جائزہ مدت کے دوران قادر پور پاور پلانٹ نے قومی گرڈ کو 496 GWH بجلی مہیا کی جبکہ گزشتہ برس کی اسی مدت کے دوران 331 GWH بجلی مہیا کی گئی تھی کیونکہ پلانٹ مقررہ اہم معائنہ کاری کیلئے بند تھا۔ اس کاروبار نے زیر جائزہ مدت کے دوران 1,221 ملین روپے کا بعد از ٹیکس نفع ظاہر کیا جو گزشتہ سال کی اسی مدت کے دوران 406 ملین روپے رہا تھا۔ اضافے کی وجہ بلند تر پیریڈ وینٹج فیکٹر کے سبب زیادہ کپیسٹی پیمینٹ تھی۔

اینگرو پاور چین تھر لمیٹڈ نے اپنے قیام سے اب تک 91% کا مجموعہ حاصل کیا جس سے وہ کوئلے سے بجلی فراہم کرنے والی دیگر آئی پی پیز کے مساوی ہو گئی۔ سال کے پہلے نصف حصے میں پلانٹ نے 74% دستیابی حاصل کی اور گزشتہ برس کی اسی مدت کے دوران 1,504 GWh کی بہ نسبت زیر جائزہ مدت کے دوران قومی گرڈ کو 1,464 GWh بجلی فراہم کی۔ پلانٹ کی دستیابی ایک بڑی مرمت اور معائنہ کاری کی سرگرمی کے سبب کم رہی جو عام طور سے ہر پانچ سال کے وقفے کے بعد کی جاتی ہے تاکہ پلانٹ کے تحفظ، اعتبار اور اہلیت کو یقینی بنایا جاسکے۔

LNG ٹرمینل نے 2022 کی پہلی ششماہی کی طرح زیر جائزہ مدت میں بھی 37 عدد کارگو سنبھالے اور SSGC کے نیٹ ورک کو 110 bcf ری گیسیفائیڈ ایل این جی مہیا کی جو ملک میں گیس کی کل سپلائی کا 15% تھی۔ کیمیکل ٹرمینل نے زیر جائزہ ششماہی کے دوران 451 کلوٹن کیمیکل سنبھالا جو گزشتہ برس کی اسی مدت کے دوران 720 کلوٹن رہا تھا۔ کیمیکل کے حجم میں کمی کی بڑی وجہ ایل سی کھولے جانے کے ایشوز کے سبب اقتصادی سست روی تھی۔

اینگرو ایگزیمپ ایگری پروڈکٹس نے پہلی ششماہی کے دوران 25.6 کلوٹن SPLY کے مقابلے میں 5.4 کلوٹن باسستی چاول کی برآمدات ریکارڈ کی جس کی

سال 2023 کی پہلی ششماہی کے دوران پاکستانی اقتصادیات گوں ناگوں مشکلات کا شکار رہی اور مہنگائی %35 کی بلند ترین سطح تک پہنچی۔ مہنگائی کی بنیادی وجہ توانائی کی قیمتوں کی اضافہ اور روپے کی قدر میں مسلسل کمی رہی جو غیر ملکی زرمبادلہ کے ذخائر کے مستقل بحران کا نتیجہ تھے اور جس کی اثرات بیرونی معاملات پر بھی حاوی رہے۔ دوسری جانب اندرون ملک کاروبار کو کئی ایک رکاوٹوں کا سامنا رہا جن میں درآمدات پر پابندیاں اور اندرون ملک طلب میں کمی شامل ہیں۔

مہنگائی کے بڑھتے ہوئے دباؤ اور مارکیٹوں اور بیرونی سیکٹر میں پیدا ہونے والے عدم توازن کے جواب میں اسٹیٹ بینک آف پاکستان نے زری پالیسی میں سختی کرتے ہوئے شرح سود میں 600bps (%16 سے بڑھا کر %22) کا اضافہ کر دیا۔ اسکے ساتھ ساتھ حکومت پاکستان نے 2023-24 کے بجٹ میں کئی ایسے اقدامات اٹھائے جن کا مقصد آئی ایم ایف کا نیل آؤٹ پیکیج حاصل کرنا ہے۔ نتیجے میں جاری اور آنے والے سالوں کی آمدنیوں پر سپر ٹیکس کی شرح بڑھا کر %10 کی گئی اور گزشتہ سال عائد کئے گئے %4 سپر ٹیکس کے علاوہ 2022 کی آمدنیوں پر ایک بار قابل ادائیگی %6 سپر ٹیکس بھی عائد کیا گیا۔

بیرونی کھاتے کے دباؤ سے نمٹنے کی خاطر ایک قابل تعریف اقدامات اٹھاتے ہوئے حکومت پاکستان 9 ماہ کی مدت کیلئے آئی ایم ایف کے ساتھ 3 بلین ڈالر کا اسٹینڈ بائی ایگریمنٹ (SBA) کرنے میں کامیاب رہی۔ اس پیکیج میں سے 1.2 بلین ڈالر کی فوری ادائیگی نے ناہندگی کے ناگزیر خدشے کو نال دیا ہے اور اس طرح قلیل مدت میں پاکستانی معیشت کو کچھ آرام ملا ہے۔ آئی ایم ایف سے ڈیل کے بعد درآمدات پر عائد پابندیوں میں نرمی آنا شروع ہوئی ہے اور کاروباروں کے لئے معمول پر آنے کی راہ کھلی ہے۔

KSE 100 انڈیکس نے مالی سال 2023 کی دوسری سہ ماہی کا آغاز 40,000 پوائنٹ سے کم پر کیا اور سہ ماہی کے دوران شروع میں سست رفتاری دکھانے کے بعد %3.6 کی معمولی آمدنی مہیا کی۔ کاروباری حجم نسبتاً کم رہا جس کی وجہ سرمایہ کار کی جانب سے احتیاط کا مظاہرہ تھا کیونکہ ملک کے ڈیفالٹ کر جانے کے خدشات موجود تھے۔ یہ مشکلات شرح سود میں بڑھوتی کے سبب پیچیدہ ہوئیں، پالیسی ریٹ %22 کی ریکارڈ سطح تک بڑھایا گیا اور ملک میں سیاسی گرما گرمی چھائی رہی۔ تاہم سہ ماہی کے اختتام سے قبل حالات میں مثبت موڑ اس وقت آیا جب پاکستان آئی ایم ایف، ایس بی اے پروگرام حاصل کرنے میں کامیاب ہوا۔ اس واقعے نے مارکیٹوں میں انتہائی ضروری امید کی فضاء پیدا کی اور پاکستان یورو بونڈ ز اور KSE-100 انڈیکس دونوں میں بہتری آئی۔

کاروباری جائزہ

زیر جائزہ مدت کے دوران ایکویٹی مارکیٹ میں ڈی ایچ کارپ کے پورٹ فولیو نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا اور KSE 100 انڈیکس کے مقابلے میں %10.35 کی الف آمدنی حاصل کی۔ اس پورٹ فولیو نے 890 ملین روپے کے منافع منقسمہ کے ساتھ ساتھ 1,117 ملین روپے کے قابل وصولی سرمایہ جاتی فوائد بھی کمائے۔ تاہم زیر جائزہ مدت کا اختتام 700 ملین روپے کے سرمایہ جاتی خسارے کے ساتھ ہوا جس کی وجہ پورٹ فولیو میں مارکیٹ اور جاری صورتحال کی مناسبت سے تبدیلیاں لانا تھیں۔

اشتمال شدہ بنیادوں پر کمپنی کی آمدنی قابل موازنہ مدت میں 177,579 ملین روپے سے بڑھ کر ششماہی میں 202,482 ملین روپے ہوئی لہذا %14 کا اضافہ ریکارڈ ہوا۔ زیر جائزہ ششماہی کے دوران اشتمال شدہ بعد از ٹیکس منافع (PAT) 19,310 ملین روپے رہا جبکہ حصص یافتگان کو قابل تقسیم بعد از ٹیکس منافع 1,771 ملین روپے رہا جو گزشتہ برس کی اسی مدت کے دوران 518 ملین روپے رہا تھا جس کے نتیجے میں زیر جائزہ ششماہی میں فی شیئر کمائی (EPS) 3.68 روپے ہوئی جو گزشتہ برس کی اسی مدت کے دوران 1.08 روپے رہی تھی۔ زیادہ تر تبدیلی ڈالر سے منسلک کاروباروں میں، گزشتہ برس کی جانیوالی ٹریف میں کو ایک بار متوازن بنائے جانے اور گزشتہ برس ریسرچ اور بزنس ڈویلپمنٹ پر لاگوں میں اضافے کی مرہون منت رہی جو اجناس کے چکر کے الٹ جانے

ڈائریکٹرز کی جائزہ رپورٹ

برائے اختتام ششماہی 30 جون، 2023

بورڈ آف ڈائریکٹرز اپنے محبوب ڈائریکٹر شہزادہ داؤد اور ان کے فرزند سلیمان داؤد کی حادثاتی موت پر اپنے دکھ کا اظہار کرتا ہے۔ شہزادہ صاحب نہ صرف ہمارے محبوب ڈائریکٹر تھے بلکہ ایک نمایاں شخصیت بھی تھے جو ہمارے سی ای او، اور وائس چیئرمین کی حیثیت سے ہمہ وقت ہمارے ساتھ کھڑے رہتے تھے۔

داؤد صاحب نے مئی 1996 میں بورڈ میں شمولیت اختیار کی۔ پھر 2005 میں انہیں وائس چیئرمین اور کمپنی کے سی ای او کی ذمہ داریاں سونپی گئیں جو انہوں نے 2010 تک انجام دیں۔ پھر اپریل 2018 میں داؤد صاحب کو وائس چیئرمین کی ذمہ داری سونپی گئی جو انہوں نے اکتوبر 2021 تک انجام دیں۔

شہزادہ صاحب نے ہماری کمپنی پر جو دیر پا اثر ڈالا ہے اس کا اندازہ لگانا مشکل ہے۔ ان کی بصیرت انگیز قیادت نے ہمارے کارپوریٹ منظر نامے کو بدلا اور آپ نے اپنے پیچھے جدت طرازی، سیکھنے، بڑھنے اور اوج ثریا تک پہنچنے کے فولادی ارادے کی میراث چھوڑی ہے۔ آگے بڑھنے کی لگن لے کر انہوں نے ہماری آرگنائزیشن کے کلچر میں انقلابی تبدیلیاں کیں اور ہمارے ملازموں کے اندر علم حاصل کرنے اور کھوجنے کی پیاس جگائی۔ اپنے مضبوط ارادوں اور موثر اپروچ کے ساتھ انہوں نے ایسا ماحول پیدا کیا جس میں ہر فرد ہر فرد کی بات سنی جاتی ہے اور اسے اہمیت دی جاتی ہے، جہاں اجتماعی روح بیدار ہوتی ہے اور ساتھ مل کر کام کرنے اور جدت طرازی کرنے کی سوچ کو فروغ ملتا ہے۔

ان کی آگے کی سوچ روایتی مینجمنٹ سے ہٹ کر تھی اور وہ داؤد گروپ کی حرکیات از سر نو ترتیب دے رہے تھے۔ وہ بے خوف ہو کر حکمت عملیاں تشکیل دیتے جو نہ صرف ہمارے کاروبار کو مہیز دیتے بلکہ ہمیں بھی تبدیلیاں قبول کرنے کا حوصلہ عطا کرتی تھیں۔ شہزادہ داؤد صاحب محض ایک رہنما ہی نہیں، ایک اتالیق تھے، مہیز انگیز شخصیت اور ایک مثال تھے۔ ان کی رحلت سے وہ خلاء پیدا ہوا ہے جو شاید پُر نہ ہو سکے۔ لیکن انہوں نے اپنے نائبین میں جدت طرازی کی روح پھونکی ہے جس نے ہمیں انقلابی تبدیلیاں کرنے کا حوصلہ بخشا ہے۔ انہیں خراج تحسین پیش کرتے ہوئے ہم عہد کرتے ہیں کہ اوج ثریا کی ان کی دی ہوئی روایت کو زندہ رکھیں گے اور ان کی جلائی ہوئی شمع کو روشن رکھتے ہوئے اسی کی روشنی میں آگے بڑھتے رہیں گے۔

کمپنی کے ڈائریکٹرز 30 جون 2023 کو ختم ہونے والی ششماہی کے لئے 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۔

اقتصادیات اور مارکیٹ کا منظر

سال 2023 کی پہلی ششماہی کے دوران بڑھتی ہوئی مہنگائی، جیو پلٹیٹکل تنازعات میں اضافے اور عالمی اقتصادی استحکام کے بارے میں بڑھتی ہوئی تشویش کے سبب عالمی اقتصادیات میں زیادہ بڑھوتی نہ ہو سکی۔ دنیا کی بڑی معیشتیں افراط زر کے دباؤ کا مقابلہ کرنے کی غرض سے زری پابندیوں کی جانب مائل ہوئیں تاہم دنیا بھر میں کساد باری کا خدشہ تاحال موجود ہے۔ نتیجتاً 2022 میں بلند ترین سطح تک پہنچنے کے بعد طلب میں کمی لانے کی جدوجہد کے سبب اجناس کی قیمتوں میں کچھ نرمی آئی۔

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Hercules Corporation Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Dawood Hercules Corporation Limited as at June 30, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of total comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as the interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of total comprehensive income for the quarters ended June 30, 2023 and June 30, 2022 and the notes forming part thereof have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2023.

Scope of Review

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

Conclusion

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

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



Chartered Accountants

Karachi

Date: August 28, 2023

UDIN: RR202310160HRirwjJZN

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■ KARACHI ■ LAHORE ■ ISLAMABAD

DAWOOD HERCULES CORPORATION LIMITED

**Unconsolidated Condensed Interim Financial
Statements**

FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2023

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	102,193	110,616
Right-of-use assets		31,540	40,141
Capital work-in-progress		1,921	1,921
Long-term investments		23,753,471	23,748,950
Deferred taxation		132,888	304,935
		24,022,013	24,206,563
CURRENT ASSETS			
Loan, advances, deposits and prepayment		40,854	41,829
Other receivables		302,907	143,529
Short-term investments	6	6,201,325	10,530,484
Cash and bank balances		10,048	8,695
		6,555,134	10,724,537
TOTAL ASSETS		30,577,147	34,931,100
EQUITY			
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		21,490,254	22,071,883
TOTAL EQUITY		26,303,125	26,884,754
LIABILITIES			
NON CURRENT LIABILITIES			
Lease liabilities		18,482	27,873
Defined benefit liabilities		7,730	6,151
TOTAL NON-CURRENT LIABILITIES		26,212	34,024
CURRENT LIABILITIES			
Short-term running finance	7	1,391,303	6,486,683
Current portion of lease liabilities		17,669	15,537
Trade and other payables		82,691	92,637
Unclaimed dividend		499,444	381,678
Accrued mark-up		122,888	157,666
Taxation - net		2,133,815	878,121
TOTAL CURRENT LIABILITIES		4,247,810	8,012,322
TOTAL LIABILITIES		4,274,022	8,046,346
TOTAL EQUITY AND LIABILITIES		30,577,147	34,931,100
CONTINGENCIES AND COMMITMENTS	8		

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

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

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

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Quarter Ended		Six Months Period Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----					
Return on investments - net	9	9,301,890	1,334,694	10,112,065	1,723,967
Administrative expenses		(46,047)	(53,577)	(84,717)	(127,468)
Gross profit		9,255,843	1,281,117	10,027,348	1,596,499
Other income - net		26,385	2,306	68,419	4,109
Operating profit		9,282,228	1,283,423	10,095,767	1,600,608
Finance costs		(123,038)	(169,068)	(318,252)	(312,677)
Profit before taxation		9,159,190	1,114,355	9,777,515	1,287,931
Taxation		(2,934,889)	(591,800)	(3,139,273)	(656,001)
Profit after taxation		6,224,301	522,555	6,638,242	631,930
Earnings per share (Rupees) - basic and diluted	10	12.93	1.09	13.79	1.31

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

Mohammad Shamoan Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Quarter Ended		Six Months Period Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Profit after taxation	6,224,301	522,555	6,638,242	631,930
Other comprehensive (loss) / income for the period				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of post-retirement benefits liability	(564)	1,843	(564)	1,843
Total comprehensive income for the period	<u>6,223,737</u>	<u>524,398</u>	<u>6,637,678</u>	<u>633,773</u>

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

Mohammad Shamoan Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	----- Revenue reserves -----				Total
	Issued, subscribed and paid up share capital	General reserve	Un-appro- priated profit	Sub-total	
	----- (Rupees in '000) -----				
Balance as at January 1, 2022 (Audited)	4,812,871	700,000	24,895,066	25,595,066	30,407,937
Total comprehensive income					
Profit for the period	-	-	631,930	631,930	631,930
Other comprehensive income	-	-	1,843	1,843	1,843
Total comprehensive income for the period	-	-	633,773	633,773	633,773
Transaction with owners					
Interim cash dividend @ 45% for the year ended December 31, 2022 (Rs 4.5 per ordinary share)	-	-	(2,165,792)	(2,165,792)	(2,165,792)
Balance as at June 30, 2022 (Un-audited)	4,812,871	700,000	23,363,047	24,063,047	28,875,918
Balance as at January 1, 2023 (Audited)	4,812,871	700,000	21,371,883	22,071,883	26,884,754
Total comprehensive Income					
Profit for the period	-	-	6,638,242	6,638,242	6,638,242
Other comprehensive loss	-	-	(564)	(564)	(564)
Total comprehensive income for the period	-	-	6,637,678	6,637,678	6,637,678
Transaction with owners					
Interim cash dividend @ 150% for the year ending December 31, 2023 (Rs 15 per ordinary share)	-	-	(7,219,307)	(7,219,307)	(7,219,307)
Balance as at June 30, 2023 (Un-audited)	4,812,871	700,000	20,790,254	21,490,254	26,303,125

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

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised in) / generated from operations	11	(45,636)	124,836
Finance costs paid		(350,365)	(193,316)
Income taxes paid		(1,711,533)	(536,425)
Defined benefit liabilities paid		(1,455)	(2,041)
Interest received on bank deposits and investments		20,399	161,968
Short-term investments purchased and redeemed - net		4,594,254	(575,982)
Dividends received		9,683,545	3,381,768
Net cash inflow from operating activities		12,189,209	2,360,808
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(6,736)
Sale proceeds from disposal of property, plant and equipment		981	3,806
Net cash inflow from / (outflow on) investing activities		981	(2,930)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid during the period		(9,923)	(9,022)
Dividends paid		(7,101,541)	(2,160,945)
Net cash outflow on financing activities		(7,111,464)	(2,169,967)
Net increase in cash and cash equivalents		5,078,726	187,911
Cash and cash equivalents at the beginning of the period		(6,459,981)	(4,590,051)
Cash and cash equivalents at the end of the period	12	(1,381,255)	(4,402,140)

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

Mohammad Shamoan Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

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 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 subsidiaries and associated companies. The registered office of the Company is situated at Dawood Center, M. T. Khan Road, Karachi and a liaison office is in Islamabad.

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 shareholding, 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.

Subsequent to the period end, ECLs request for cancellation of shares through buy-back of 39,536,762 shares was approved by the Central Depository Company of Pakistan Limited which increased the percentage of holding of the Company from 37.22% to 39.97%.

1.3 These unconsolidated condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

2. STATEMENT OF COMPLIANCE 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 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 Company's unconsolidated audited financial statements for the year ended December 31, 2022 (December 2022 unconsolidated financial statements), except relating to the matter stated in note 2.3 below.

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

2.4 **New standards, amendments and interpretation to published accounting and reporting standards which became effective during the period ended June 30, 2023:**

There were certain amendments to accounting and reporting standards which became effective for the Company's accounting during the current period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

2.5 **New standards and amendments to published accounting and reporting standards that are not yet effective:**

There is a new standard and certain amendments to the accounting and reporting standards as applicable in

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

Pakistan which will be effective for the Company for its accounting periods beginning on or after January 1, 2024. However, this will not have any significant impact on the financial reporting of the Company and, therefore, has not been disclosed in these unconsolidated condensed interim financial statements.

2.6 Basis of preparation

2.6.1 These unconsolidated condensed interim financial statements include the unconsolidated condensed statement of financial position as at June 30, 2023 and the unconsolidated condensed interim statement of profit or loss, the unconsolidated condensed interim statement of total comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes thereto for the six months period then ended which have been subjected to a review 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 June 30, 2023 which were not subjected to auditor's review.

2.6.2 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at December 31, 2022 has been extracted from the December 2022 unconsolidated financial statements. The comparative statement of profit or loss, statement of total comprehensive income, statement of changes in equity and statement of cash flows for the six months period ended June 30, 2022 have been extracted from the unconsolidated condensed interim financial statements of the Company for the six months period then ended, which were subjected to auditor's review but were not audited.

2.6.3 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, 2022 as these provide an update of previously reported information.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.1 The preparation of these condensed interim financial statements in conformity with approved accounting and reporting standards for interim reporting requires the use of certain accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.2 During the preparation of these unconsolidated condensed interim financial statements, significant judgements made by management in applying the Company's accounting policies and key sources of estimation were the same as those applied in the December 2022 financial statements.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the December 2022 unconsolidated financial statements.

4. SEASONALITY OF OPERATIONS

The principal activity of the Company is to manage investments including in its subsidiaries. Revenue of the Company mainly comprises dividend income which is dependent on the profitability and the decisions of directors and shareholders of the subsidiaries 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.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets (WDV) opening balance - As at January 1		110,616	61,982
Additions during the period / year	5.1	-	66,823
		110,616	128,805
Disposals during the period / year (WDV)	5.2	(223)	(1,152)
Depreciation charge for the period / year		(8,200)	(17,037)
		(8,423)	(18,189)
Operating fixed assets (WDV) - closing balance		102,193	110,616
----- (Rupees in '000) -----			
5.1 Additions during the period			
Building on leasehold land		-	-
Furniture, fittings and equipment		-	-
Vehicles		-	6,164
Data processing equipment		-	572
		-	6,736
5.2 Disposals during the period - net book value			
Furniture, fittings and equipment		7	58
Vehicle		-	91
Data processing equipment		216	529
		223	678
----- (Rupees in '000) -----			
6. LONG TERM INVESTMENTS			
At amortised cost			
Term Deposit Receipts (TDR)	6.1	18,007	18,007
At fair value through profit or loss			
Government securities			
- Market Treasury bills (T-Bills)		-	1,899,434
Quoted shares		6,183,318	8,613,043
		6,183,318	10,512,477
		6,201,325	10,530,484

6.1 This carries profit at the rate of 17.45% per annum (December 31, 2022: 10.25% per annum). The TDR is due to mature on March 21, 2024. The bank has marked lien over this TDR against Corporate Credit Card facilities.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
7. SHORT-TERM RUNNING FINANCE			
Running finance under mark-up arrangements	7.1.1 - 7.1.4	1,391,303	2,826,683
Short-term loans		-	3,660,000
		1,391,303	6,486,683

7.1 Details of running finance facilities obtained by the Company are as follows:

7.1.1 Short-term running finance facility of Rs 3,000 million (December 31, 2022: Rs 3,000 million) was obtained under mark-up arrangements from Bank Al Habib Limited. The amount which remained unutilised as at June 30, 2023 was Rs 3,000 million (December 31, 2022: Rs 2,173.317 million). The facility is secured by way of pledge of shares. Rate of mark-up applicable to the facility is three months KIBOR plus 5 basis points per annum. The facility will expire on September 30, 2023.

7.1.2 Short-term running finance facility of Rs 2,500 million (December 31, 2022: Rs 2,500 million) was obtained under mark-up arrangements from United Bank Limited. The amount which remained unutilised as at June 30, 2023 was Rs 2,496.942 million (December 31, 2022: Rs 2,500 million). The facility is secured by way of pledge of shares and lien over other securities. Rate of mark-up applicable to the facility is one month KIBOR plus 10 basis points per annum. The facility will expire on November 1, 2023.

7.1.3 Short-term running finance facility of Rs 3,000 million (December 31, 2022: Rs 3,000 million) was obtained under mark-up arrangements from MCB Bank Limited. The amount which remained unutilised as at June 30, 2023 was Rs 1,611.755 million (December 31, 2022: Rs 3,000 million). The facility is secured by way of pledge of shares. Rate of mark-up applicable to the facility is one month KIBOR plus 5 basis points and three months KIBOR plus 5 basis points per annum. The facility will expire on July 31, 2023.

7.1.4 Short-term running finance facility of Rs 1,500 million (December 31, 2022: Rs 2,000 million) was obtained under mark-up arrangements from Habib Bank Limited. The amount which remained unutilised as at June 30, 2023 was Rs 1,500 million (December 31, 2022: Rs Nil). The facility is secured by way of pledge of shares. Rate of mark-up applicable to the facility is three months KIBOR plus 10 basis points per annum. The facility will expire on June 30, 2024.

8. CONTINGENCIES AND COMMITMENTS

8.1 There has been no significant change in the status of matters stated in notes 18.1 to 18.2 of the December 2022 unconsolidated financial statements, except for the year facts and the matters disclosed in the notes 8.2, 8.3 and 8.4 below.

8.2 During the year ended December 31, 2017, the Company received a show cause notice dated May 11, 2017 from the Additional Commissioner Inland Revenue (ACIR) – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the ACIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Company being aggrieved, filed a Constitutional Petition before the Sindh High Court against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the Sindh High Court against the levy of super tax. The Sindh High Court 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.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

During the current period on January 31, 2023, Sindh High Court disposed of the petition by directing the Company to respond to the department for the show cause notice initially issued, within 60 days from the date of court order. The department was directed to pass an order after hearing to the Company in accordance with the law. Both the Company and department have to follow the tax appeals' procedure with respect to the notice.

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 condensed interim financial statements.

- 8.3 During the year ended December 31, 2022, the Company received a show cause notice from the Deputy Commissioner Inland Revenue (DCIR) under section 4C of the Income Tax Ordinance, 2001 wherein DCIR observed that the Company has not discharged its super tax liability amounting to Rs 254.785 million. Accordingly, DCIR required the Company to furnish an explanation in this respect, failing which the same will be recovered under section 4C(5) of the Ordinance.

The notice was duly responded by informing the DCIR that the Company has filed a constitution petition No. D-5905/2022 before the Honourable Sindh High Court (SHC) against levy of the super tax under section 4C of the Ordinance. In this respect, the SHC has granted interim relief vide its order dated October 7, 2022 wherein the SHC has directed the Federal Board of Revenue (FBR) to allow the petitioner to submit the return of income for subject tax year without admitting the super tax liability under section 4C of the Ordinance. Further in fulfilment of the condition imposed by the SHC, the Company has also submitted a cheque against the liability of super tax under section 4C of the Income Tax Ordinance, 2001 before the Nazir of SHC.

On February 16, 2023, Supreme Court in its hearing with respect to section 4C (Super Tax) issued direction to the Company to pay the entire amount of Super Tax to the Government Treasury. The cheque issued to the Nazir of SHC was encashed by the Nazir on March 01, 2023 under the instruction of the Supreme Court.

- 8.4 During the current period on April 11, 2023, the Company received a notice from ACIR wherein ACIR stated that the Company had paid tax on dividend at 12.5% whereas the applicable tax rate on dividend was 15%. The Company replied to the notice stating that the applicable tax rate at the time of receipt of dividend was 12.5%. However, during the Tax Year 2018, the tax rate applicable on dividends was revised to 15% through Finance Act, 2017 and dividend received after the change of tax rate was charged to tax at the rate of 15%. Since dividend income is charged under the Final Tax Regime, the tax deducted at the time of receipt is deemed to be the full and final tax.

The ACIR did not accept the Company's contention and issued an order on May 29, 2023, demanding tax of Rs 43.87 million. The Company filed an appeal with the Commissioner Appeals against the order. 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 condensed interim financial statements.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Six months period ended	
		June 30, 2023 (Un-audited)	June 30, 2022 (Un-audited)
		----- (Rupees in '000) -----	
11. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		9,777,515	1,287,931
Adjustments for non cash expenses and other items:			
Depreciation on property, plant and equipment		8,200	8,152
Depreciation on right-of-use assets		8,602	6,840
Finance costs		318,252	312,677
Provision for employees' retirement and other service benefits		2,469	2,626
Return on investments		(10,112,065)	(1,723,967)
Gain on disposal of property, plant & equipment		(758)	(3,128)
Gain on termination of lease arrangement		-	(5,361)
Working capital changes	11.1	(47,851)	239,066
Net Cash (utilised in) / generated from operations		(45,636)	124,836
11.1 Working capital changes			
(Increase) / decrease in current assets			
Loans, advances, deposits and prepayments		975	253,966
Other receivables		(38,880)	39,512
		(37,905)	293,478
Decrease in trade and other payables		(9,946)	(54,412)
		(47,851)	239,066
12. CASH AND CASH EQUIVALENTS			
Cash and bank balances		10,048	8,883
Short-term investments		-	1,663,730
Short-term financing		(1,391,303)	(6,074,753)
		(1,381,255)	(4,402,140)
13. FINANCIAL RISK MANAGEMENT AND FINANCIAL DISCLOSURES			
13.1 Financial risk factors			
The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.			
These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2022. There have been no changes in any risk management policies since the year end.			
13.2 Fair value of financial assets and liabilities			
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates.			

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level I:	Quoted market price (unadjusted) in an active market for an identical instrument.
Level II:	Valuation techniques based on observable inputs, either directly (i.e. market prices) or indirectly (i.e. derived from prices).
Level III:	Valuation techniques using significant un-observable inputs.

The fair value of the Company's short term investments carried at fair value as disclosed in note 7 is based on quoted price of shares at the PSX (Level I). The carrying value of all other financial assets and liabilities reflected in this unconsolidated condensed interim financial statements approximate their fair values.

During the period, there were no transfers between level 1, level 2 and level 3 fair value measurements.

14. RELATED PARTY TRANSACTIONS

14.1 The related parties comprise subsidiaries, associated companies, related group companies, key management personnel (KMP) / directors of the Company, companies in which directors are interested, staff retirement benefits and close members of the family of KMP. The Company, in the normal course of business, carries out transactions with various related parties on mutually agreed terms.

14.2 Transactions with related parties are as follows:

	Six months period ended June 30, 2023 (Un-audited)	June 30, 2022 (Un-audited)
	----- (Rupees in '000) -----	
Subsidiaries		
Dividend income	8,802,894	2,794,211
Investments made	104,938	-
Reimbursement of expenses made to the Company	-	5,538
Sale of services	65,100	2,343
Reimbursement of expenses made by the Company	1,988	89,110
Accrued markup on loan / Markup on delayed payment	-	17,280
Advances and deposits	18,000	-
Associated undertaking		
Dividend paid	-	649,683
Purchase of services	10,654	4,691
Sale of services	-	6,734
Reimbursement of expenses made by associates	57,872	41,888
Reimbursement of expenses made to associates	3,152	17,189
Accrued markup on loan / Markup on delayed payment	2,549	884
Donation	270	146
Other related parties		
Purchase of services	563	809
Contribution to staff gratuity fund	1,756	2,068
Contribution to staff provident fund	3,131	3,743
Key management personnel		
Salaries and other short-term employee benefits	31,381	37,947
Post retirement benefit plans	2,251	3,045
Director's fee	6,250	11,000
Disposal of vehicle to key management personnel	930	-

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

15. CORRESPONDING FIGURES

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

16. GENERAL

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

16.2 These unconsolidated condensed interim financial statements have been authorised for issue by the Board of Directors on August 23, 2023.

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

The Board of Directors in its meeting held on August 23, 2023 approved an interim cash dividend of Rs 1 per share amounting to Rs 481.287 million for the six months period ended June 30, 2023. (Rs 4.5 per share amounting to Rs 2,166 million for the six months period ended June 30, 2022). These unconsolidated condensed interim financial statements do not recognise the proposed interim dividend as deduction from unappropriated profit as it has been declared subsequent to the reporting date.

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

DAWOOD HERCULES CORPORATION LIMITED

**Consolidated Condensed Interim Financial
Statements**

FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2023

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	Consolidated	
		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	363,866,816	329,989,765
Right-of-use assets		13,485,511	13,368,964
Intangible assets		6,604,750	6,774,962
Long-term investments		36,897,581	36,521,269
Deferred taxation		212,889	406,595
Financial assets at amortized cost		2,815,942	3,783,265
Derivative financial instruments		1,066,621	737,319
Net investment in leases		62,016,476	52,160,406
Long-term loans, advances, deposits and other receivables		4,301,887	3,816,788
		491,268,473	447,559,333
Current assets			
Stores, spares and loose tools		10,877,131	9,834,814
Stock-in-trade		35,769,771	30,242,789
Trade debts		78,065,690	71,195,463
Loans, advances, deposits and prepayments		10,755,042	6,891,543
Other receivables		42,267,013	36,096,420
Accrued Income		2,627,022	2,279,037
Contract assets		13,817,606	14,124,293
Current portion of net investment in leases		7,579,441	5,683,292
Short term investments		52,512,334	96,635,951
Cash and bank balances		67,886,822	44,995,322
		322,157,872	317,978,924
Assets classified as held for sale		100	-
TOTAL ASSETS		813,426,445	765,538,257

Mohammad Shamoony Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		10,000,000	10,000,000
Issued, subscribed and paid-up share capital		4,812,871	4,812,871
Reserves		55,717,147	65,349,143
		60,530,018	70,162,014
Non-controlling interest		168,850,724	178,498,202
Total Equity		229,380,742	248,660,216
Liabilities			
Non-current liabilities			
Borrowings		166,591,300	156,173,794
Government grants		1,919,598	1,472,279
Deferred taxation		14,832,125	13,395,214
Lease liabilities		71,966,219	62,397,791
Deferred liabilities		4,229,336	3,640,044
Long term provision		937,304	2,952,970
Staff retirement and other service benefits		7,730	-
		260,483,612	240,032,092
Current liabilities			
Trade and other payables		156,883,825	125,868,610
Accrued interest / mark-up		3,225,092	2,922,372
Current portion of :			
- borrowings		33,382,552	27,699,919
- Government grants		411,743	353,201
- lease liabilities		11,102,850	9,062,433
- deferred liabilities		396,839	577,116
- long term provision		28,381,076	25,503,815
Taxes payable		20,064,672	19,066,343
Contract Liability		15,220,763	12,980,370
Short term borrowings		40,422,171	39,471,643
Unclaimed dividends		14,070,508	13,340,127
		323,562,091	276,845,949
Total Liabilities		584,045,703	516,878,041
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		813,426,445	765,538,257

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

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Quarter Ended		Six Months Period Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----					
Net sales		105,149,542	89,210,508	202,481,972	177,579,448
Cost of sales		(69,495,938)	(62,204,592)	(141,265,444)	(123,381,220)
Gross profit		35,653,604	27,005,916	61,216,528	54,198,228
Selling and distribution expenses		(1,948,149)	(1,536,920)	(4,035,191)	(3,425,574)
Administrative expenses		(2,905,777)	(3,153,288)	(5,963,057)	(4,956,986)
Remeasurement Loss on Provision for GIDC		(384,890)	(1,001,520)	(585,398)	(1,001,520)
Loss allowance on subsidy receivable from GoP		(71,896)	(389,173)	(504,345)	(389,173)
		30,342,892	20,925,015	50,128,537	44,424,975
Other income		7,626,656	4,406,407	15,073,036	8,569,872
Other operating expenses		(1,457,248)	(3,752,099)	(3,244,902)	(6,430,839)
Finance cost		(11,514,299)	(7,052,947)	(22,814,337)	(12,331,786)
Share of income from associates & joint ventures		1,729,042	283,790	1,605,232	1,272,119
Profit before taxation		26,727,043	14,810,166	40,747,566	35,504,341
Taxation		(16,408,642)	(14,961,487)	(21,437,867)	(20,933,550)
Profit from continuing operations		10,318,401	(151,321)	19,309,699	14,570,791
DISCONTINUED OPERATIONS					
Profit / (loss) from discontinued operations		-	(167)	-	71
Profit / (loss) for the period		10,318,401	(151,488)	19,309,699	14,570,862
Profit attributable to:					
- Owners of the Holding Company		(153,252)	(2,528,497)	1,771,019	517,767
- Non-controlling interest		10,471,653	2,377,009	17,538,680	14,053,095
		10,318,401	(151,488)	19,309,699	14,570,862
Earnings / (loss) per share (Rupees)- basic and diluted	7	(0.32)	(5.25)	3.68	1.08

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

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Quarter Ended		Six Months Period Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Profit for the period	10,318,401	(151,488)	19,309,699	14,570,862
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges				
- Profit / (loss) arising during the period	112,774	(73,166)	329,302	-
- Reclassification adjustments for loss included in statement of profit or loss	-	(218)	-	(433)
	112,774	(73,384)	329,302	(433)
Revaluation reserve on business combination	-	-	-	-
Exchange differences on translation of foreign operations	216,599	341,699	802,439	355,861
Continuing operations' (loss) / gain on remeasurement of long-term investments classified at fair value through other comprehensive income	(55,748)	204,011	(741,407)	187,707
	273,625	472,326	390,334	543,135
Items that will not be reclassified to profit or loss				
- Remeasurement of post employment benefits obligation	(564)	1,843	(564)	1,843
Other comprehensive income for the period - net of tax	273,061	474,169	389,770	544,978
Total Comprehensive income for the period	10,591,462	322,681	19,699,469	15,115,840
Total comprehensive income / (loss) attributable to:				
- Continuing operations	10,591,462	322,848	19,699,469	15,115,769
- Discontinued operations	-	(167)	-	71
	10,591,462	322,681	19,699,469	15,115,840
Total comprehensive income / (loss) attributable to:				
- Owners of the Holding Company	(51,972)	(2,463,501)	1,915,738	721,815
- Non-controlling interest	10,643,434	2,786,182	17,783,731	14,394,025
	10,591,462	322,681	19,699,469	15,115,840

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

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	----- Attributable to owners of the Holding Company -----											Total
	----- Capital reserves -----					----- Revenue reserves -----					Sub total	
	Share capital	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	Remeasure- ment of investments	General reserve	Un-appropri- ated profit	Remeasure- ment of post employment benefits - Actuarial gain / (loss)			
	----- (Rupees in '000) -----											
Balance December 31, 2021 (audited) / January 01, 2022	4,812,871	1,665	60,117	349,398	22,894	14,609	700,000	65,468,300	(45,121)	66,571,862	182,605,571	253,990,304
Total comprehensive income / (loss) for the six months ended June 30, 2022 (un-audited)												
Profit for the period	-	-	-	-	-	-	-	517,767	-	517,767	14,053,095	14,570,862
Other comprehensive income	-	-	-	132,451	(111)	69,865	-	-	1,843	204,048	340,930	544,978
	-	-	-	132,451	(111)	69,865	-	517,767	1,843	721,815	14,394,025	15,115,840
Transaction with owners												
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(16,471,302)	(16,471,302)
Interim cash dividend @ 45% for the year ended December 31, 2022 (Rs 4.5 per ordinary share)	-	-	-	-	-	-	-	(2,165,792)	-	(2,165,792)	-	(2,165,792)
	-	-	-	-	-	-	-	(2,165,792)	-	(2,165,792)	(16,471,302)	(18,637,094)
Balance As at June 30, 2022 (un-audited)	<u>4,812,871</u>	<u>1,665</u>	<u>60,117</u>	<u>481,849</u>	<u>22,783</u>	<u>84,474</u>	<u>700,000</u>	<u>63,820,275</u>	<u>(43,278)</u>	<u>65,127,885</u>	<u>180,528,294</u>	<u>250,469,050</u>
Balance December 31, 2022 (audited) / January 01, 2023	4,812,871	1,665	60,117	601,674	259,838	(322,661)	700,000	64,115,162	(66,652)	65,349,143	178,498,202	248,660,216
Total Comprehensive income /(loss) for the six months ended June 30, 2023 (un-audited)												
Profit for the period	-	-	-	-	-	-	-	1,771,019	-	1,771,019	17,538,680	19,309,699
Other comprehensive income	-	-	-	298,668	122,566	(275,952)	-	-	(564)	144,718	245,052	389,770
	-	-	-	298,668	122,566	(275,952)	-	1,771,019	(564)	1,915,737	17,783,732	19,699,469
Own shares purchased by Engro Corporation for cancellation	-	-	-	-	-	-	-	(4,328,426)	-	(4,328,426)	(7,300,876)	(11,629,302)
Transaction with owners												
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(20,130,334)	(20,130,334)
Interim cash dividend @ 150% for the year ending December 31, 2023 (Rs 15 per ordinary share)	-	-	-	-	-	-	-	(7,219,307)	-	(7,219,307)	-	(7,219,307)
	-	-	-	-	-	-	-	(7,219,307)	-	(7,219,307)	(20,130,334)	(27,349,641)
Balance As at June 30, 2023 (un-audited)	<u>4,812,871</u>	<u>1,665</u>	<u>60,117</u>	<u>900,342</u>	<u>382,404</u>	<u>(598,613)</u>	<u>700,000</u>	<u>54,338,448</u>	<u>(67,216)</u>	<u>55,717,147</u>	<u>168,850,724</u>	<u>229,380,742</u>

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

Mohammad Shamoony Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Six Months Period Ended	
		June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	8	69,002,058	45,924,396
Retirement and other service benefits paid		(210,493)	(10,901)
Finance cost paid		(17,864,512)	(9,451,255)
Taxes paid		(18,808,922)	(5,205,714)
Proceeds from net investment in lease		3,355,850	2,089,444
Finance income received on net investment in lease		3,832,433	2,941,811
Deferred incentive		263,169	286,887
Long term loans and advances - net		70,488	(424,309)
Bank balance held as margin		(513,589)	17,720
Net cash generated from operating activities		39,126,482	36,168,079
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(17,602,653)	(17,709,171)
Sale proceeds on disposal of PPE		210,561	75,136
Income on deposits / other financial assets		7,851,716	4,824,568
Short term investment purchased and redeemed - net		34,087,345	(35,206,062)
Dividends received		2,165,437	1,116,110
Net cash generated from / (utilised in) investing activities		26,712,406	(46,899,419)
Cash flows from financing activities			
Repayment of borrowings - net		(14,140,214)	(11,662,574)
Repayment of lease liability		(4,657,815)	(3,287,770)
Finance cost paid on lease liability		(2,797,318)	(1,073,185)
Payment for own shares purchased for cancellation		(11,629,302)	-
Dividends paid		(26,619,260)	(18,977,588)
Net cash (utilised in) financing activities		(59,843,909)	(35,001,117)
Net increase / (decrease) in cash and cash equivalents		5,994,979	(45,732,457)
Effect of exchange rate changes on cash and cash equivalents		3,049,600	1,183,744
Cash and cash equivalents at beginning of the period		18,906,710	87,131,332
Cash and cash equivalents at end of the period	9	27,951,289	42,582,619

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

Mohammad Shamooun Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

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 and a liaison office is in Islamabad.

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:

	Percentage of direct holding	
	June 30 2023	June 30 2022
- Engro Corporation Limited (ECL)	37.22	37.22
- EmpiricAI (Private) Limited	0.00	100.00

Subsequent to the period end, ECL's request for cancellation of shares through buy-back of 39,536,762 shares was approved by the Central Depository Company of Pakistan Limited which increased the percentage of holding of the Holding Company from 37.22% to 39.97%.

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

	Percentage of direct holding	
	June 30, 2023	December 31, 2022
- Engro Energy Limited	100	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Connect (Private) Limited	100	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
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Associated Company:

- FrieslandCampina Engro Pakistan Limited	39.9	39.9
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1.4 During the year ended December 31, 2022, in accordance with the share swap arrangement, the Holding Company disposed of its entire shareholding in EMPAK to Avanceon Limited in exchange for 7,767,400 ordinary shares of Octopus Limited (a subsidiary of Avanceon Limited). In accordance with the share swap arrangement, the Holding Company has agreed to hold the shares of Octopus Limited for atleast two (02) years. During the current period, the Holding Company received 1,165,100 ordinary shares as bonus shares on the above mentioned shares aggregating the total ordinary shares held by the Holding Company to 8,932,500.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

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.

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, 2022.

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, 2022.

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 entity i.e. Engro Vopak Terminal Limited and FrieslandCampina Engro Pakistan Limited 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, 2022.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	June 30 2023 (Un-audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value	327,250,925	300,765,556
Capital work in progress - Expansion and other projects	32,293,551	24,841,736
Capital spares and standby equipments	4,322,340	4,382,473
	363,866,816	329,989,765

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

	June 30 2023 (Un-audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----	
Plant and machinery	29,508,104	37,705,769
Building and civil works including pipelines	1,602,395	5,025,369
Furniture, fixture and equipment	2,834,958	9,766,354
Vehicles	716,220	689,551
Catalyst	728,839	402,520
Aircraft	-	2,634,870
Jetty	-	9,724
Dredging	-	369,996
Data processing equipment / communication devices	-	919
	35,390,516	56,605,072

5.2 During the period, operating assets costing Rs. 328,513 (December 31, 2022: Rs. 2,581,886), having net book value of Rs. 151,900 (December 31, 2022: Rs. 720,729) were disposed / written off for Rs. 210,561 (December 31, 2022: Rs. 619,487).

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

As at June 30, 2023, 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, 2022, except for the matters disclosed below:

6.1.1 During the year ended December 31, 2017, the Holding Company received a show cause notice dated May 11, 2017 from the Additional Commissioner Inland Revenue (ACIR) – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the ACIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Holding Company being aggrieved, filed a Constitutional Petition before the Sindh High Court against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the Sindh High Court against the levy of super tax. The Sindh High Court 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.

On December 13, 2021, Commissioner Inland Revenue Appeals (CIRA) issued an order wherein CIRA accepted management's contention with regard to super tax on intercorporate dividend. Accordingly, CIRA had directed ACIR to adjust the order to the extent of Rs 547 million on account of super tax on intercorporate dividend.

During the current period on January 31, 2023, Sindh High Court disposed of the petition by directing the Holding Company to respond to the department for the show cause notice initially issued, within 60 days from the date of court order. The

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

department was directed to pass an order after hearing to the Holding Company in accordance with the law. Both the Holding Company and department have to follow the tax appeals' procedure with respect to the notice.

The management and the tax consultant of the Holding Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these consolidated condensed interim financial statements.

6.1.2 During the year ended December 31, 2022, the Holding Company received a show cause notice from the Deputy Commissioner Inland Revenue (DCIR) under section 4C of the Income Tax Ordinance, 2001 wherein DCIR observed that the Holding Company has not discharged its super tax liability amounting to Rs 254.785 million. Accordingly, DCIR required the Holding Company to furnish an explanation in this respect, failing which the same will be recovered under section 4C(5) of the Ordinance.

The notice was duly responded by informing the DCIR that the Holding Company has filed a constitution petition No. D-5905/2022 before the Honourable Sindh High Court (SHC) against levy of the super tax under section 4C of the Ordinance. In this respect, the SHC has granted interim relief vide its order dated October 7, 2022 wherein the SHC has directed the Federal Board of Revenue (FBR) to allow the petitioner to submit the return of income for subject tax year without admitting the super tax liability under section 4C of the Ordinance. Further in fulfilment of the condition imposed by the SHC, the Holding Company has also submitted a cheque against the liability of super tax under section 4C of the Income Tax Ordinance, 2001 before the Nazir of SHC.

On February 16, 2023, Supreme Court in its hearing with respect to section 4C (Super Tax) issued direction to the Holding Company to pay the entire amount of Super Tax to the Government Treasury. The cheque issued to the Nazir of SHC was encashed by the Nazir on March 01, 2023 under the instruction of the Supreme Court.

6.1.3 During the current period on April 11, 2023, the Holding Company received a notice from ACIR wherein ACIR stated that the Holding Company had paid tax on dividend at 12.5% whereas the applicable tax rate on dividend was 15%. The Holding Company replied to the notice stating that the applicable tax rate at the time of receipt of dividend was 12.5%. However, during the Tax Year 2018, the tax rate applicable on dividends was revised to 15% through Finance Act, 2017 and dividend received after the change of tax rate was charged to tax at the rate of 15%. Since dividend income is charged under the Final Tax Regime, the tax deducted at the time of receipt is deemed to be the full and final tax.

The ACIR did not accept the Holding Company's contention and issued an order on May 29, 2023, demanding tax of Rs 43.87 million. The Holding Company filed an appeal with the Commissioner Appeals against the order. The management and the tax consultant of the Holding Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these consolidated condensed interim financial statements.

6.2 Commitments

Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs. 57,739,718 (December 31, 2022: Rs. 43,204,163).

7. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter Ended		Six Months Period Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
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)	(153,252)	(2,528,497)	1,771,019	517,767
Weighted average number of ordinary shares	481,287	481,287	481,287	481,287
Earnings / (loss) per share - basic and diluted	(0.32)	(5.25)	3.68	1.08

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	----- (Un-audited) -----	
	<u>Six Months Period Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>2023</u>	<u>2022</u>
	----- (Rupees in '000) -----	
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	40,747,566	35,504,341
Add: profit before taxation attributable to discontinued operations	-	71
Profit before taxation from continuing operations	40,747,566	35,504,412
Adjustment for non cash expenses and other items:		
Depreciation and amortization	9,774,478	7,746,571
(Gain) / loss on disposal / write-off of property, plant and equipment	(58,661)	419,944
Rent concession on lease liability	-	(12,729)
Gain on termination of lease	-	(5,361)
Impairment loss	-	36,105
Provision for retirement and other service benefits	153,535	154,136
Provisions - net	478,355	902,005
Income on deposits / other financial assets	(8,189,033)	(5,621,296)
Share of loss / (income) from joint venture and associate	(1,605,232)	(1,272,119)
Return on investments	(1,309,171)	1,064,141
Finance cost	18,169,897	10,315,020
Stock-in-trade / stores and spares written-off	-	35,474
Finance income on net investment in lease	(3,832,433)	(2,941,811)
Finance cost on lease liability	2,797,318	2,016,766
Exchange loss on lease liability	15,390,216	7,283,434
Exchange (gain) on net investment in lease	(15,108,069)	(7,545,400)
Other exchange loss - net	484,779	1,951,635
Working capital changes (note 8.1)	9,705,806	(4,106,531)
	69,002,058	45,924,396
8.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(1,042,317)	(1,241,245)
- Stock-in-trade	(5,526,982)	(10,520,536)
- Trade debts	(6,506,352)	257,484
- Loans, advances, deposits and prepayments	(3,881,499)	(2,259,313)
- Other receivables - net	(6,544,709)	(348,879)
	(23,501,859)	(14,112,489)
Increase in current liabilities		
- Trade and other payables, including other service benefits - net	33,207,665	10,005,958
	9,705,806	(4,106,531)
9. CASH AND CASH EQUIVALENTS		
Cash and bank balances	67,886,822	47,038,563
Short term investments - with original maturity less than 3 months	439,500	30,471,231
Bank balances under lien	(1,742,947)	-
Short term borrowings	(38,632,086)	(34,927,175)
	27,951,289	42,582,619

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

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.

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2022. There have been no changes in any risk management policies since the year end.

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 (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3)

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Assets				
Financial assets at fair value through profit and loss	-	5,671,735	-	5,671,735
Financial assets at fair value through other comprehensive income	73,664	11,166,657	-	11,240,321

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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiaries, associated companies, related group companies, key management personnel (KMP) / directors of the Group, companies in which directors are interested, staff retirement benefits and close members of the family of KMP. The Group, in the normal course of business, carries out transactions with various related parties on mutually agreed terms.

----- (Un-audited) -----
Six Months Period Ended
June 30, June 30,
2023 2022
 ----- (Rupees in '000) -----

Associated companies, joint ventures and other related parties

Purchases and services	27,447,109	23,731,448
Services rendered / sale of goods	-	6,734
Dividends received	1,294,418	613,603
Dividend paid	905,650	1,153,812
Contribution for Corporate Social Responsibility	-	120,197
Reimbursements from associates	319,124	556,659
Reimbursements to associates	251,606	91,006
Reimbursement of expenses of other related parties	222	371
Loan repaid	62,840	547,301
Donations	298,510	146
Finance costs	2,402,931	1,103,780
Accrued profit on loan / markup on delayed payment	2,549	846

Key Management Personnel

Remuneration paid to key management personnel / directors	1,331,760	740,654
Post retirement benefit plans	2,251	-
Dividend paid	1,568,656	525,739
Disposal of vehicle to KMP	930	-
Directors' fee	48,439	55,465
Advisory agreement	51,000	-
Contribution for retirement benefits	626,044	421,675

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	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment include a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro, Engro DAP optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phosphatic fertilizers. The Company carrying on the fertilizer business is listed on Islamic Index.
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals all over Pakistan and few Central Asian countries. The Company carrying on the polymer business is listed on Islamic Index.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

Terminal	This part of the business includes operating and maintaining integrated liquid chemical terminal and storage farm, and LNG terminal for receipt, storage and regasification of LNG.
Power and mining	This part of the business includes power generation, distribution, transmission and sale of electricity in Pakistan. This also includes investments made in coal mining business.
Connectivity and telecom	This part of the business includes buying, building, maintaining and operating telecommunication infrastructure and ancillary products and services.
Other operations	It includes management of investments in associates and joint venture by the Holding Company. It also includes investments made in the foods, dairy and commodities trading businesses.

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

	----- (Un-audited) -----			
	Quarter Ended		Six Months Period Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Revenue				
Fertilizer	38,375,077	38,323,193	82,366,176	75,136,271
Polymer	19,044,034	22,277,064	37,022,364	45,403,932
Terminal	5,480,711	3,996,644	10,870,229	7,647,143
Power and mining	30,314,659	20,089,156	55,718,581	41,029,237
Connectivity and telecom	3,123,744	2,062,047	6,140,230	3,640,782
Other operations	37,021,486	25,565,404	58,466,675	35,864,433
Elimination - net	(28,210,169)	<u>(23,103,000)</u>	(48,102,283)	<u>(31,142,350)</u>
Consolidated	105,149,542	<u>89,210,508</u>	202,481,972	<u>177,579,448</u>
Profit before taxation for the period				
Fertilizer	7,128,465	7,148,862	13,918,596	14,821,721
Polymer	3,412,038	5,521,000	5,083,922	11,776,798
Terminal	2,658,797	1,103,286	3,890,696	2,284,384
Power and mining	11,988,756	2,216,047	14,401,735	6,774,373
Connectivity and telecom	(327,497)	6,197	(584,928)	49,477
Other operations	15,600,510	9,356,655	23,067,206	17,659,257
Elimination - net	(13,734,026)	<u>(10,541,881)</u>	(19,029,661)	<u>(17,861,669)</u>
Consolidated	26,727,043	<u>14,810,166</u>	40,747,566	<u>35,504,341</u>

	June 30, 2023	December 31, 2022
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
Assets		
Fertilizer	147,413,604	145,413,332
Polymer	88,422,718	85,400,579
Terminal	87,826,643	74,971,634
Power and mining	347,630,008	300,492,673
Connectivity and telecom	63,462,358	60,974,587
Other operations	143,731,691	155,793,667
Elimination - net	(65,060,577)	<u>(57,508,215)</u>
Consolidated	813,426,445	<u>765,538,257</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

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 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 business through appropriate inventory management.

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

14.1 The Board of Directors of the Holding Company in its meeting held on August 23, 2023 approved an interim cash dividend of Rs 1 per share amounting to Rs 481.287 million for the six months period ended June 30, 2023. (Rs 4.5 per share amounting to Rs 2,166 million for the six months period ended June 30, 2022). These consolidated condensed interim financial statements do not recognise the proposed interim dividend as deduction from unappropriated profit as it has been declared subsequent to the reporting date.

15. CORRESPONDING FIGURES

15.1 Corresponding figures have been rearranged and reclassified, wherever considered 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 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.

16. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue on August 23, 2023 by the Board of Directors of the Holding Company.

Mohammad Shamoony Chaudry
Chief Executive

Kamran Hanif Jangda
Chief Financial Officer

Muhammed Amin
Director



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