

2020

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020



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COMPANY INFORMATION

Board of Directors

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

Board Audit Committee

Mr. Shabbir Hussain Hashmi - Chairman
Mr. Muneer Kamal - Member
Mr. Hasan Reza Ur Rahim - Member

Human Resource & Remuneration Committee

Mr. Imran Sayeed - Chairman
Mr. Shahzada Dawood - Member
Mr. Parvez Ghias - Member
Mr. Muneer Kamal - Member

Board Investment Committee

Mr. Shahzada Dawood - Chairman
Mr. Hasan Reza Ur Rahim - Member
Mr. Imran Sayeed - Member

Chief Financial Officer

Mr. Mohammad Shamoony Chaudry

Company Secretary

Mr. Asim H. Akhund

Registered Office

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Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Limited
United Bank Limited
MCB Islamic Bank Limited

DIRECTORS REVIEW

The Directors are pleased to present their report along with the unaudited unconsolidated condensed interim financial statements of DH Corp and the unaudited consolidated condensed interim financial statements of the Group for the quarter ended 31 March 2020.

On 11 March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic and alerted the world that it would infect large populations and may claim many lives globally. As of 31 March 2020, as predicted, COVID-19 has spread throughout the world including Pakistan. A carefully designed lockdown has been imposed in most parts of the country. The measures taken to reduce the spread have resulted in an overall economic slowdown and disruptions to various businesses, including a decline in equity valuations on Pakistan Stock Exchange.

The Government of Pakistan and State Bank of Pakistan responded well to the crisis and announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19. The aforementioned measures have also affected the business operations of DH Corp significantly in the form of disruption of the normal course of business.

In such a challenging environment, we are contributing to our Nation by working with the Government to fight the pandemic. The Chairman, along with his family members, Dawood Hercules Corporation and Engro Corporation have pledged a contribution of PKR 1 billion. The amount will be in the form of services, kind and cash for the short, medium and long-term. The fund will focus on disease prevention, protecting healthcare practitioners, enabling patient care and bolstering livelihood and sustenance of the most deserving in society.

We give great importance to the health and safety of our employees. For the safety of our employees, DH Corp initiated Work From Home (WFH) even before it was made mandatory by the Government. WFH was easily adopted by all employees due to seamless support by the IT department and effective WFH guidelines by the HR department. All meetings and coordination are conducted via video conferencing and operations are running smoothly.

To facilitate our employees during the COVID-19 crisis, a Crisis Management Committee was formed comprising of all the departmental heads. The committee has a doctor on board for medical support of all employees and their family members. It keeps all employees informed, guides them during the pandemic and helps out any employee that reaches out. To keep all employees motivated and positive, engaging activities are regularly initiated like virtual dinners, competitions, birthday celebrations. In addition, counseling facilities are also being provided to employees and families to help tackle the stress created by this pandemic.

During the period, DH Corp continued to build its investment portfolio in shares of blue-chip listed companies on the Pakistan Stock Exchange as per the limits approved by the Board of Directors. The market stayed bearish due to the outbreak of COVID-19, registering a drop of about 21% during Q1 2020.

With declining interest rates, the balance funds were placed in both long and short-term instruments in money markets to take advantage of any volatility in policy rates. This allowed us to efficiently manage and hedge the floating interest rate on our borrowings.

On a consolidated basis, the Group's revenue (on a like-to-like basis, excluding Thar power project) in the first quarter of 2020 was approximately 46% lower than revenues in the same period of 2019. The consolidated Profit-After-Tax (PAT) for the first quarter of 2020 was PKR 4,424 million, down by 34% from the comparative quarter. Profitability was impacted on account of economic slowdown, inflation, higher energy costs and PKR devaluation.

On a standalone basis, the loss after tax was PKR 1,517 million against profit of PKR 109 million for the same quarter last year, mainly due to unrealised losses of PKR 1,560 million booked on listed equity portfolio. Loss per share for the quarter was PKR 3.15 per share.

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

Fertilizers

The business achieved its highest-ever quarterly production of urea in its history as a result of continued focus on plant efficiency and engineering excellence. Volumetric sales were lower due to price disparity prevalent during the quarter, which was eliminated at the period-end. Revenue was lower by 54% as compared to the same period last year. PAT for the period stood at PKR 571 million against PKR 4,007 million in the comparative period owing to lower offtake and increased finance cost due to higher policy rates and exchange loss on foreign currency borrowings.

Petrochemicals

In compliance with the on-going lockdown directed by the provincial government, the PVC production facility at Port Qasim has stopped operations and its ongoing projects are also on hold. The business remains committed to previously announced projects and will inform the stakeholders once there is further visibility of the impact on project completion timelines. On the operational front, production remained low due to fewer days of operations. As a result, the business recorded lower revenue of PKR 7,058 million compared to PKR 9,344 million in the same period last year and posted a PAT of PKR 193 million compared to PKR 1,094 million for the same period last year.

Coal Mining and Power Generation

Thar Coal Mining Project: Mining operations continued smoothly, and the mine supplied over a million tons of coal to Engro Powergen Thar during the quarter. Construction for the expansion of the mine to double its existing capacity is underway with the contractor mobilised at site and 0.7 M BCM having been removed.

Thar Power Generation Project: The plant achieved 87% availability with a load factor of 83%, dispatching 1,091 GwH to the national grid during 1Q20. It also completed its first scheduled outage with zero recordable injury.

Qadirpur Power Plant: The power plant operates on permeate gas and is facing gas curtailment from Qadirpur gas field as it is depleting and has made the plant available on mixed mode. The Plant dispatched a Net Electrical Output of 172 GwH to the national grid with a load factor of 37% compared to 67% during the same period last year. Decline in load factor was primarily on account of lower offtake. Due to the repercussions of COVID-19, there is economic slowdown and the aggregate demand is drastically affected with subdued growth. The business posted a PAT of PKR 895 million for the current quarter as compared to PKR 713 million for the similar period last year.

Terminal Operations: Profitability of both LNG and chemicals terminals remained healthy for the current quarter. The LNG terminal handled 18 cargoes as compared to 17 cargoes during the similar period last year. Owing to the ongoing pandemic resulting in lower economic activities, reduced nomination from gas customers continues to be a challenge.

FUTURE OUTLOOK

The impact of the Coronavirus is only now being understood with the IMF stating that the world is in recession. It is still early stages and the global focus remains on tackling the health impacts first before moving to economic recovery. We believe that Pakistan's economy will also be adversely impacted with several

companies and businesses being unable to sustain a long period of inactivity. Banks will also come under stress with increasing NPLs and new investment options will dry up. For a services' led economy, prolonged isolation can be devastating.

The DH Corp portfolio is diverse enough to sustain large shocks in the medium term. The Board is however keeping a close watch on what the company will need to do to be more agile and proactive. At this stage, the impact on our businesses and results is limited. Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, our businesses may experience negative results during 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be estimated.

It does appear that technology will play a greater role in the times ahead and fortunately DH Corp is well positioned to take advantage because of all the investments made in acquiring knowledge about this sector.

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

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

Dated: 28th April 2020

مانن کی موجودہ پیداواری صلاحیت کو ڈگنا کرنے کے لئے توسیعی کام جاری ہے۔ کنٹرولڈ سائٹ متحرک ہے اور اب تک 0.7 ملین بی سی ایم ہٹا دیا گیا ہے۔

تھرپاور جنریشن پروجیکٹ: اس پلانٹ نے 83 فیصد لوڈ فیکٹر کے ساتھ 87 فیصد دستیابی حاصل کی، اور 2020 کی پہلی سہ ماہی کے دوران نیشنل گریڈ کو 1,091 گیگا واٹ توانائی فراہم کی۔ اس نے زیریں کارڈ شدہ انجری کے ساتھ پہلے شیڈولڈ آؤٹ ایج کو بھی مکمل کیا۔

قادر پور پاور پلانٹ: یہ پلانٹ نفوذی گیس پر آپریٹ کرتا ہے۔ اسے قادر پور گیس فیلڈ سے گیس کی کمی کا سامنا ہے کیونکہ یہاں گیس کا ذخیرہ ختم ہو رہا ہے اور اس وجہ سے یہ پلانٹ ملکسڈ موڈ پر دستیاب ہے۔ پلانٹ نے قومی گریڈ کو 37 فیصد لوڈ فیکٹر کے ساتھ 172 گیگا واٹ کا نیٹ الیکٹریکل آؤٹ پٹ فراہم کیا جبکہ پچھلے سال اسی عرصے میں یہ لوڈ فیکٹر 67 فیصد تھا۔ لوڈ فیکٹر میں کمی شرح افادیت کی وجہ سے تھی۔ طلب میں مغلوب اضافے کی صورتحال معیشت میں سست روی اور عمومی صنعت پر کورونا وائرس (COVID-19) کے اثرات کی وجہ سے مزید خراب ہوئی۔ برٹس میں موجودہ سہ ماہی میں بعد از ٹیکس منافع 895 ملین روپے رہا، جبکہ پچھلے سال اسی مدت کے دوران یہ منافع 713 ملین روپے تھا۔

ٹریٹل آپریشنز: موجودہ سہ ماہی میں ایل این جی اور کیمیکلز دونوں ٹرمینلز کا نفع صحت مند رہا۔ ایل این جی ٹریٹل نے گذشتہ سال اسی عرصہ کے دوران 17 کے مقابلے میں اس سال 18 کارگو ہینڈل کئے۔ موجودہ وبائی صورتحال کے نتیجے میں جاری معاشی سرگرمیاں کم ہونے سے گیس کے صارفین کی جانب سے نامزدگی کم ہونا ایک چیلنج ہے۔

مستقبل کا جائزہ

کورونا وائرس کے اثرات کو اب سمجھا جا رہا ہے، کیونکہ آئی ایم ایف نے قرار دیا ہے کہ دنیا کساد بازاری کا شکار ہے۔ یہ معاملہ ابھی ابتدائی ایام میں ہے اور دنیا بھر میں معاشی بحالی کی طرف جانے سے پہلے صحت کے منفی اثرات سے نمٹنے پر توجہ دی جا رہی ہے۔ ہم سمجھتے ہیں کہ متعدد کمپنیوں اور کاروباری اداروں کے طویل عرصے تک غیر فعال ہونے کی صورت میں پاکستانی معیشت پر بھی منفی اثر پڑے گا۔ بینک بھی بڑھتے ہوئے نان پرفارمنگ لونز کے ساتھ دباؤ میں آئیں گے اور سرمایہ کاری کے نئے مواقع بھی ختم ہو جائیں گے۔ سروسز کے تحت چلنے والی معیشت کے لئے طویل تہائی تباہ کن ہو سکتی ہے۔

درمیانی مدت میں ڈی ایچ پورٹ فولیو بڑے صدمے برداشت کرنے میں کافی باصلاحیت ہے۔ تاہم بورڈ اس بات پر گہری نظر رکھے ہوئے ہے کہ کمپنی کو زیادہ مستعدی سے کام کرنے اور متحرک ہونے کے لئے کیا کرنے کی ضرورت ہے۔ اس مرحلے پر، ہمارے کاروبار اور نتائج پر اثر محدود ہے۔ کورونا وائرس (COVID-19) کے بحران کی مدت اور معاشی سرگرمی پر منفی اثرات پر منحصر، ہمارا کاروبار باقی ماندہ 2020 کے دوران منفی نتائج کا سامنا کر سکتا ہے، اور اسی لئے اس بارے میں کوئی تخمینہ لگانا ممکن نہیں۔

گمان ہے کہ ٹیکنالوجی آنے والے وقتوں میں زیادہ اہم کردار ادا کرے گی اور خوش قسمتی سے اس شعبے کے بارے میں سیکھنے کے سلسلے میں کی جانے والی تمام سرمایہ کاری کی وجہ سے اس وقت داؤد ہر کوئیس اس سے فائدہ اٹھانے کی زیادہ بہتر پوزیشن میں ہے۔

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

شمیر حسین ہاشمی
ڈائریکٹر

انعام الرحمن
چیف ایگزیکٹو

تاریخ: 28 اپریل، 2020

تقریباً 21 فیصد کمی ریکارڈ کی گئی۔

شرح سود میں کمی کے ساتھ، بیلنس فنڈز منی مارکیٹ میں طویل اور قلیل المدتی انسٹرومنٹس میں رکھے گئے تاکہ پالیسی ریٹس کی شرحوں میں کسی اتار چڑھاؤ کا فائدہ اٹھایا جاسکے۔ اس سے ہمیں اپنے قرضوں پر جاری سود کی شرح کو مؤثر انداز میں سنبھالنے اور کسی ممکنہ نقصان کی تلافی کی سہولت ملی۔

2020 کی پہلی سہ ماہی میں مستحکم بنیادوں پر گروپ کارپوریشن (like-to-like) بنیادوں پر، تھرپاور پراجیکٹ کے علاوہ) اسی مدت میں 2019 کے ریونیو سے تقریباً 46 فیصد کم تھا۔ 2020 کی پہلی سہ ماہی کیلئے مستحکم منافع بعد از ٹیکس 4,424 ملین روپے رہا، جو گذشتہ سال کی اسی سہ ماہی سے 34 فیصد کم ہے۔ معاشی سست روی، افراط زر، توانائی پر زیادہ اخراجات اور روپے کی قدر میں کمی سے منافع پراثر پڑا۔

بنیادی طور پر لٹھڑا کیو بیٹی پورٹ فولیو پر ہونے والے 1,560 ملین روپے کے غیر موصولہ نقصان کی وجہ سے انفرادی بنیاد پر اس سہ ماہی میں، نقصان بعد از ٹیکس 1,517 ملین روپے رہا جبکہ گذشتہ سال اسی مدت کا منافع 109 ملین روپے رہا۔ سہ ماہی کے دوران شیئرز کا نقصان 3.15 روپے فی شیئر رہا۔

اینگرو کارپوریشن کا پورٹ فولیو مشکل حالات سے نمٹنے کی بھرپور صلاحیت کا حامل ہے۔ ایسے شعبوں میں کام کرنے کا فلسفہ جو پاکستان کے اہم مسائل کو حل کرنے میں مدد دیں، یہ ظاہر کرتا ہے کہ معاشرے کے روزمرہ کاروبار کے لئے اینگرو کے بیشتر کاروبار انتہائی اہمیت کے حامل ہیں اور لاک ڈاؤن کے دوران بھی کام کرتے رہیں گے۔

فریٹلائزرز

اس پلانٹ کی کارکردگی اور انجینئرنگ کے اعلیٰ معیار پر مستقل توجہ کے نتیجے میں فریٹلائزرز برنس نے اپنی تاریخ میں یورپا کی اب تک کی سب سے بڑی سہ ماہی پیداوار حاصل کی۔ اس سہ ماہی کے دوران قیمت کے عدم توازن کے باعث فروخت کا حجم کم تھا، اس فرق سے سہ ماہی کے اختتام پر چھٹکارہ پالیا گیا تھا۔ گذشتہ سال کی اسی مدت کی نسبت ریونیو 54 فیصد کم رہا۔ پالیسی کے زیادہ ریٹس اور فارن کرنسی پر شرح تبادلہ کے فرق کی وجہ سے واجب الادا قرضوں پر ہونے والے نقصان، کم شرح افادیت اور مالیاتی لاگت میں اضافے کی وجہ سے گذشتہ سال کی اسی مدت میں ہونے والے 4,007 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں اس سال منافع 571 ملین روپے رہا۔

پیٹر و کیمیکلز

صوبائی حکومت کی ہدایت پر جاری لاک ڈاؤن کی تعمیل میں، پورٹ قاسم میں پی وی سی پروڈکشن فیکٹری نے کام بند کر دیا، جس سے جاری منصوبے بھی رک گئے۔ برنس اپنے پہلے اعلان کردہ منصوبوں کیلئے پر عزم ہے اور منصوبے کی تکمیل کے نظام الاوقات میں کسی ممکنہ تبدیلی کے اثرات کے ظاہر ہوتے ہی فریقین اور اسٹیک ہولڈرز کو آگاہ کر دیا جائے گا۔ آپریشن کے کم دنوں کی وجہ سے پیداوار کم رہی۔ نتیجتاً برنس میں اس سال ریونیو کم رہا یعنی گذشتہ سال اسی مدت میں 9,344 ملین روپے کے مقابلے میں اس سال 7,058 ملین روپے، جبکہ منافع بعد از ٹیکس پچھلے سال کی اسی مدت کیلئے 1,094 ملین روپے کے مقابلے میں 193 ملین روپے رہا۔

کوئلے کی مائننگ اور بجلی کی پیداوار

تھرکول مائننگ پروجیکٹ: مائننگ آپریشن باسانی جاری رہا، اور اس مائن سے سہ ماہی کے دوران اینگرو پاور جن تھرکولس لاکھٹن سے زیادہ کوئلہ فراہم کیا گیا۔

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز کی جانب سے 31 مارچ 2020 کو ختم ہونے والی سہ ماہی کیلئے ڈی ایچ کارپوریشن کے عبوری، غیر آڈٹ شدہ، مجموعی مالی حسابات کا خلاصہ اور گروپ کے عبوری، غیر آڈٹ شدہ مجموعی مالی حسابات کا خلاصہ بمسرت پیش کیا جا رہا ہے۔

11 مارچ 2020 کو عالمی ادارہ صحت نے کورونا وائرس (COVID-19) کو وبائی بیماری قرار دیا اور دنیا کو متنبہ کیا کہ یہ وباء بڑی آبادی کو متاثر کرے گی اور پوری دنیا میں بہت سی جانیں جائیں گی۔ 31 مارچ 2020 تک کورونا وائرس (COVID-19) پورے ملک میں پھیل گیا اور ملک کے بیشتر حصے لاک ڈاؤن کر دیئے گئے ہیں۔ اس وباء کے پھیلاؤ کو کم کرنے کے لئے اٹھائے گئے اقدامات کے نتیجے میں مختلف کاروباری سرگرمیوں میں پڑنے والے خلل کی وجہ سے مجموعی معاشی رفتار سست روی کا شکار رہی۔ جس میں پاکستان اسٹاک ایکسچینج میں ایکویٹی کی قیمتوں میں کمی بھی شامل ہے۔

حکومت پاکستان اور اسٹیٹ بینک آف پاکستان نے اس بحران پر اچھا رد عمل ظاہر کیا اور کورونا وائرس (COVID-19) کے منفی معاشی اثرات کو کم کرنے کیلئے کئی مالیاتی اور مالی پالیسی اقدامات کا اعلان کیا۔ مذکورہ بالا اقدامات کی وجہ سے معمول کی کاروباری سرگرمیوں میں تعطل کی صورت میں کمپنی کے کاروباری آپریشنز کو بھی نمایاں طور پر متاثر کیا ہے۔

اس مشکل ماحول میں، ہم اس وبائی مرض سے لڑنے کیلئے حکومت کے ساتھ مل کر کام کر کے قوم کی خدمت میں اپنا حصہ ڈال رہے ہیں۔ چیئرمین داؤد ہرکولیس کارپوریشن اور اینگرو کارپوریشن نے اپنے فیملی ممبرز کے ہمراہ ایک بلین روپے کا عطیہ دینے کا وعدہ کیا ہے۔ یہ عطیہ قلیل، درمیانی اور طویل مدت کیلئے خدمات، اجناس اور نقد رقم کی شکل میں ہوگا۔ اس فنڈ کے ذریعے بیماریوں کی روک تھام، ہیلتھ کیئر پریکٹیشنرز کی حفاظت، مریضوں کی دیکھ بھال کو ممکن بنانے، معاش میں استحکام پیدا کرنے اور معاشرے میں انتہائی مستحق افراد کی زندگی کی بحالی پر توجہ دی جائے گی۔

ہم اپنے ملازمین کی صحت و تحفظ کو خاص اہمیت دیتے ہیں۔ اپنے ملازمین کی حفاظت کے پیش نظر داؤد ہرکولیس کارپوریشن نے حکومت کی جانب سے لازمی قرار دیئے جانے سے پہلے ہی اپنے ملازمین کے لئے گھر سے کام کرنے کے عمل کا آغاز کر دیا۔ گھر سے کام کرنے کا عمل ہمارے ملازمین نے باسانی اختیار کر لیا، جس کی اہم وجہ IT پارٹنٹ کی جانب سے بہترین سپورٹ اور HR پارٹنٹ کی جانب سے گھر سے کام کرنے کی موثر راہنما ہدایات کا اجراء تھا۔ تمام میٹنگز اور کوآرڈینیشن ویڈیو کانفرنسنگ کے ذریعے کی جاتی ہیں اور آپریشنز بلا روک ٹوک چل رہے ہیں۔

COVID-19 بحران کے دوران اپنے ملازمین کی سہولت کے لیے، تمام ڈیپارٹمنٹ ہیڈز پر مشتمل ایک کرائسٹس مینجمنٹ کمیٹی تشکیل دی گئی۔ کمیٹی میں ایک ڈاکٹر شامل ہیں، جو تمام ملازمین اور ان کے اہل خانہ کو میڈیکل سپورٹ فراہم کرنے کے ذمہ دار ہیں۔ اس طرح تمام ملازمین کو آگاہی فراہم کی جاتی ہے، اور اس وبائی صورتحال میں انہیں راہنمائی فراہم کی جاتی ہے اور مدد چاہنے والے ملازمین کو مدد فراہم کی جاتی ہے۔ تمام ملازمین کو پر جوش اور مثبت رکھنے کے لیے، دلچسپ سرگرمیوں جیسے ورچوئل ڈنرز، مقابلے، سالگرہ کی تقریبات کا باقاعدگی سے انعقاد کیا جاتا ہے۔ علاوہ ازیں، اس وبائی مرض سے پیدا ہونے والے ذہنی تناؤ سے نجات دلانے کے لیے ملازمین اور ان کے اہل خانہ کو کاؤنسلنگ کی سہولت بھی فراہم کی جاتی ہے۔

اس دوران، کمپنی نے بورڈ آف ڈائریکٹرز کی منظور کردہ حدود میں پاکستان اسٹاک ایکسچینج میں بلیو چپ لسٹڈ کمپنیوں کے شیئرز میں سرمایہ کاری جاری رکھتے ہوئے اپنا پورٹ فولیو تیار کیا۔ کورونا وائرس (COVID-19) پھیلنے کی وجہ سے مارکیٹ میں مندی کا رجحان رہا، اور 2020 کی پہلی سہ ماہی کے دوران

DAWOOD HERCULES CORPORATION LIMITED

**Unconsolidated Condensed Interim Financial
Statements**

FOR THE THREE MONTHS ENDED
MARCH 31, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Note	Unaudited March 31, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	89,236	91,073
Right-of-use assets		75,560	75,560
Deferred tax asset		135,042	-
Long term investments	7	24,722,154	24,698,293
		25,021,992	24,864,926
CURRENT ASSETS			
Advance, deposits and prepayment		28,633	56,695
Dividend receivable		23,339	-
Other receivables		90,884	76,694
Accrued mark-up		296,706	332,881
Short term investments	8	13,521,885	16,589,381
Cash and bank balances		1,104,232	337,103
		15,065,679	17,392,754
TOTAL ASSETS		40,087,671	42,257,680
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		10,000,000	10,000,000
Issued, subscribed and paid up share capital		4,812,871	4,812,871
Revenue reserves		25,273,835	26,790,852
		30,086,706	31,603,723
NON CURRENT LIABILITIES			
Long term financing	9	6,665,636	7,258,850
Lease liabilities		54,993	54,993
Defined benefit liability		5,166	5,666
Deferred tax liability		-	98,964
		6,725,795	7,418,473
CURRENT LIABILITIES			
Current portion of long term financing	9	2,240,000	2,240,000
Current portion of lease liabilities		36,551	36,551
Trade and other payables	10	70,061	73,375
Unclaimed dividend		125,637	135,980
Accrued mark-up		134,037	141,667
Taxation - net		668,884	607,911
		3,275,170	3,235,484
TOTAL EQUITY AND LIABILITIES		40,087,671	42,257,680
CONTINGENCIES AND COMMITMENTS	11		

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Three Months Ended	
		March 31, 2020	March 31, 2019
----- (Rupees in '000) -----			
REVENUES			
Return on investments	12	(1,027,182)	602,722
Administrative expenses		(256,460)	(154,465)
Gross (loss) / profit		(1,283,642)	448,257
Other income - net		63	2,500
Operating (loss) / profit		(1,283,579)	450,757
Finance costs		(347,212)	(304,037)
(Loss) / profit before taxation		(1,630,791)	146,720
Taxation		113,774	(37,720)
(Loss) / profit after taxation		(1,517,017)	109,000
(Loss) / earnings per share (Rupees)			
- basic and diluted		(3.15)	0.23

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME-UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Three Months Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
(Loss) / Profit after taxation	(1,517,017)	109,000
Other comprehensive income for the period		
Items that will not be reclassified to profit & loss		
Remeasurements of post-retirement benefits	-	-
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	(1,517,017)	109,000

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	----- Revenue reserves -----				
	Issued, subscribed and paid up share capital	General reserve	Un-appro- priated profit	Sub-total	Total
	----- (Rupees in '000) -----				
Balance as at January 1, 2019	4,812,871	700,000	29,451,555	30,151,555	34,964,426
Total comprehensive Income					
Profit after taxation	-	-	109,000	109,000	109,000
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	109,000	109,000	109,000
Balance as at March 31, 2019	<u>4,812,871</u>	<u>700,000</u>	<u>29,560,555</u>	<u>30,260,555</u>	<u>35,073,426</u>
Balance as at January 1, 2020	4,812,871	700,000	26,090,852	26,790,852	31,603,723
Total comprehensive Income					
Loss after taxation	-	-	(1,517,017)	(1,517,017)	(1,517,017)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(1,517,017)	(1,517,017)	(1,517,017)
Balance as at March 31, 2020	<u>4,812,871</u>	<u>700,000</u>	<u>24,573,835</u>	<u>25,273,835</u>	<u>30,086,706</u>

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Three Months Ended	
		March 31, 2020	March 31, 2019
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	13	(236,729)	1,453,537
Finance cost paid		(354,842)	(292,935)
Taxes paid		(59,260)	(101,662)
Employees retirement and other service benefits paid		(2,124)	(1,652)
Net cash (utilized in) / generated from operating activities		(652,955)	1,057,288
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(5,922)	(4,551)
Profit received on short term investments		578,651	561,246
Proceeds from disposal of property, plant and equipment		274	3,054
Short term investment redeemed - net		945,442	(218,928)
Dividends received		11,982	-
Net cash generated from investing activities		1,530,427	340,821
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance repaid		(600,000)	-
Dividends paid		(10,343)	(1,276)
Net cash utilized in financing activities		(610,343)	(1,276)
Net increase in cash and cash equivalents		267,129	1,396,833
Cash and cash equivalents at the beginning of the period		7,337,103	21,731,666
Cash and cash equivalents at the end of the period	14	7,604,232	23,128,499

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

1. LEGAL STATUS AND OPERATIONS

- 1.1 Dawood Hercules Corporation Limited (the Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017) (the 'Act') and its shares are quoted on Pakistan Stock Exchanges (PSX). The principal activity of the Company is to manage investments including in its subsidiary and associated companies. The registered office of the Company is situated at Dawood Center, M.T. Khan Road, Karachi.
- 1.2 During the year ended December 31, 2015, the Company had reassessed the control conclusion of its investment in Engro Corporation Limited (ECL) as a result of adoption of International Financial Reporting Standards (IFRS) - 10 'Consolidated Financial Statements', by Securities and Exchange Commission of Pakistan (SECP), that although, the Company has less than 50% voting rights in ECL based on the absolute size of the Company's shareholdings, the relative size of other shareholdings and the number of representation on ECL's Board, the Company has the ability to exercise control over ECL as per the terms of IFRS 10. Henceforth, the Company is deemed to be Holding Company of ECL.
- 1.3 On 11 March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. As at March 31, 2020, COVID-19 has spread throughout the country and lockdowns have been imposed in most parts of the country. The measures taken to reduce the spread have resulted in an overall economic slowdown and disruptions to various businesses, including decline in equity valuations on Pakistan Stock Exchange. The Government of Pakistan and State Bank of Pakistan have announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID 19. The aforementioned measures have also affected the business operations of the Company significantly in the form of disruption to normal course of business. As this is still an evolving situation at the time of issuing these condensed interim financial statements, the overall impact on the Company's financial position cannot be estimated with reasonable certainty.

2. BASIS OF PREPARATION AND PRESENTATION

- 2.1 These unconsolidated condensed interim financial statements of the Company for the three months period ended March 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed. These unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- 2.2 These unconsolidated condensed interim financial statements comprise of the statement of financial position as at March 31, 2020 and the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of total comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim cash flow statement and notes thereto for the three months period then ended.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at December 31, 2019 has been extracted from the audited financial statements of the Company for the year then ended. The comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of total comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement for the three months ended March 31, 2019 have been extracted from the unconsolidated condensed interim financial statements of the Company for the three months then ended.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2019.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

3.1 New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

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

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended December 31, 2019.

5. SEASONALITY OF OPERATIONS

The principal activity of the Company is to manage investments including in its subsidiary and associated companies. Revenue of the Company mainly comprises dividend income which is dependent on the profitability and the decisions of directors and shareholders of the investee companies regarding the declaration and approval of dividends and interest income. Whereas the majority of costs of the Company are fixed and hence are more evenly spread throughout the year.

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

Net book value at the beginning of the period / year

Add: Additions during the period / year

Less: Disposals during the period / year

- net book value

Depreciation charged during the period / year

Net book value at the end of the period / year

6.1 Additions during the period / year

Leasehold improvements

Furniture, fittings and equipment

Motor vehicles

Data processing equipment / communication devices

Note	Unaudited March 31, 2020	Audited December 31, 2019
	----- (Rupees in '000) -----	
	91,073	137,107
6.1	5,922	21,151
	96,995	158,258
6.2	311	31,268
	7,448	35,917
	7,759	67,185
	89,236	91,073
	-	-
	288	7,772
	2,974	10,321
	2,660	3,058
	5,922	21,151

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Unaudited March 31, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
6.2 Disposals during the period / year - net book value			
Furniture, fittings and equipment		-	304
Motor vehicles		311	83
Data processing equipment / communication devices		-	30,881
		<u>311</u>	<u>31,268</u>
7. LONG TERM INVESTMENTS			
Investment in a subsidiary - at cost	7.1	23,308,927	23,308,927
Government securities - Pakistan			
Investment Bonds - at amortised cost	7.2	1,413,227	1,389,366
Other investments - at fair value through profit or loss	7.3	-	-
		<u>24,722,154</u>	<u>24,698,293</u>
7.1 Investment in a subsidiary - at cost			
Engro Corporation Limited (ECL) - quoted 194,972,555 (December 31, 2019: 194,972,555) ordinary shares of Rs 10 each		<u>23,308,927</u>	<u>23,308,927</u>

Percentage of holding 37.22% (December 31, 2019: 37.22%)

7.1.1 The market value of investment in ECL as at March 31, 2020 was Rs 57,242 million (December 31, 2019: Rs 74,046 million).

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

Bank	As at March 31, 2020			As at December 31, 2019		
	Number of shares pledged	Face value of pledged shares	Market value of pledged shares	Number of shares pledged	Face value of pledged shares	Market value of pledged shares
----- (Rupees in '000) -----						
Pledged in favor of Fatima Fertilizer Company Limited against potential liabilities of ex subsidiary DHFL. (Now Fatima fert)						
Meezan Bank Limited - as agent	10,492	104,918	2,800,252	10,492	104,918	3,622,294
Pledged in favor of JS Bank Limited against the issuance of Sukuks						
JS Bank Limited (note 9.2 & 9.3)	70,012	700,121	18,686,236	74,539	745,393	25,734,699

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Unaudited March 31, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
7.2 At amortised cost			
Government securities - Pakistan Investment Bonds	7.2.1	1,413,227	1,389,366
<p>7.2.1 These securities have original tenor of 3 years and are maturing on July 12, 2021. The yield on these securities ranges from 13.50% to 13.70% per annum.</p>			
7.3 Other investment - at fair value through profit or loss			
e2e Business Enterprises (Private) Limited 11,664,633 (December 31, 2019: 11,664,633) ordinary shares of Rs 10 each	7.3.1	116,646	116,646
Less: impairment loss		(116,646)	(116,646)
		-	-
<p>Percentage of holding 19.14% (December 31, 2019: 19.14%)</p>			

7.3.1 The Company had made aggregate investment amounting to Rs 238 million during the years 2013 and 2014 in e2e Business Enterprises (Private) Limited (e2eBE) representing an equity interest of 39%. e2eBE was set up for the production, sale and marketing of Rice Bran Oil (RBO) and was planned to start commercial operations in 2014. However, due to certain technical issues it has not been able to start the commercial operations of the project till date. Further, due to serious financial and liquidity issues, it has not been able to service its outstanding loans and working capital requirements.

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

8. SHORT TERM INVESTMENTS

At amortised cost

- Term Deposit Receipts (TDR)	8.1	8,518,000	10,457,700
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At fair value through profit and loss

- Market Treasury bills (T-Bills)	8.2	1,891,978	1,831,299
- Quoted shares		3,111,907	4,300,382
		13,521,885	16,589,381

8.1 These carry profit ranging from 8.75% to 14.25% per annum (2019: 8.75% to 14.25% per annum).

8.2 The security have a tenor of 12 months and having maturity on September 10, 2020. These carry profit ranging from 13.80% to 13.90% per annum (2019: 13.80% to 13.90%)

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Unaudited March 31, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
9. LONG TERM FINANCING			
Islamic mode			
Sukuk certificates - I	9.1	4,133,955	4,131,021
Sukuk certificates - II	9.2	4,771,681	5,367,829
		8,905,636	9,498,850
Less: Current portion			
Sukuk certificates - I		(1,040,000)	(1,040,000)
Sukuk certificates - II		(1,200,000)	(1,200,000)
		(2,240,000)	(2,240,000)
		6,665,636	7,258,850

9.1 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - I), amounting to Rs 5,200 million issued by the Company to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as an agent and advisor. The Sukuk - I are secured against the Company's investment in ECL shares with 50% margin as disclosed in note 7.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuk - I carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - I are for a period of 5 years and are payable semiannually with the first principal repayment to be made in May 2019.

9.2 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - II), amounting to Rs 6,000 million, issued by the Company on March 1, 2018, to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as an agent and advisor. The Sukuk - II are secured against the Company's investment in ECL shares with 50% margin as disclosed in note 7.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuk - II carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - II are for a period of 5 years and are payable semiannually with the first principal repayment to be made in September 2019.

Opening balance	9,498,850	11,105,891
Amortisation during the year	6,786	32,959
Amount repaid	(600,000)	(1,640,000)
	8,905,636	9,498,850

10. TRADE AND OTHER PAYABLES

Creditors	3,375	12,366
Accrued expenses	60,781	55,669
Others	5,905	5,340
	70,061	73,375

11. CONTINGENCIES

There were no change in the status of contingencies since December 31, 2019.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	----- (Unaudited) ----- Three months ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
12. RETURN ON INVESTMENTS			
Dividend income	12.1	35,321	5,480
Interest income	12.2	468,461	579,340
Others	12.3	(1,530,964)	17,902
		(1,027,182)	602,722
12.1 Dividend income			
- United Bank Limited		9,533	1,002
- Meezan Bank Limited		9,126	4,478
- Habib Bank Limited		3,630	-
- Standard Chartered Bank		8,750	-
- Interloop Limited		2,448	-
- Bank Al-Habib Limited		1,834	-
		35,321	5,480
12.2 Interest income			
- Income on T-Bills		124,261	437,120
- Income on PIBs		51,132	-
- Return on Term Deposit Receipts & Saving Accounts		293,068	142,220
		468,461	579,340
12.3 Others			
Gain on sale of quoted shares		29,077	-
Unrealised (loss) / profit on quoted shares		(1,560,041)	17,902
		(1,530,964)	17,902
13. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(1,630,791)	146,720
Adjustments for non cash expenses and other items:			
Depreciation and amortization		7,448	10,607
Finance cost		347,212	304,037
Provision for employees' retirement and other		1,624	1,652
Dividend income		(35,320)	(5,480)
Gain on sale of property, plant & equipment		37	(2,304)
Unrealised (loss) / profit on quoted shares		1,560,041	(17,902)
Interest income		(468,461)	(579,340)
Gain on sale of quoted shares		(29,077)	-
Working capital changes	13.1	10,558	1,595,547
Cash (utilized in) / generated from operations		(236,729)	1,453,537
13.1 Working capital changes			
Increase in current assets		28,062	19,316
Advance, deposits and prepayment		(14,190)	1,672,912
Other receivables		13,872	1,653,551
(Decrease) / increase in trade and other payables		(3,314)	(58,004)
		10,558	1,595,547

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Quarter Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
14. Cash and Cash equivalent		
Cash at bank	1,104,232	248,295
Short term investments	6,500,000	22,880,204
	7,604,232	23,128,499

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL DISCLOSURES

15.1 Financial risk factors

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2019. There have been no changes in any risk management policies since the year end.

15.2 Fair value of financial assets and liabilities

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

16. RELATED PARTY TRANSACTIONS

Significant transactions with related parties are as follows:

	----- (Unaudited) -----	
	Three months ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
Subsidiary company		
Reimbursement of expenses to the Company	4,135	9,616
Reimbursement of expenses from the Company	21,064	-
Associates		
Purchase of goods and services	8,275	7,416
Sale of goods and services	2,802	4,244
Reimbursement of expenses from associates	13,473	13,204
Reimbursement of expenses to associates	3,718	578
Other miscellaneous expense	-	1,395
Donation	47,000	-
Key management personnel		
Salaries and other short term employee benefits	76,214	104,896
Post retirement benefit plans	1,227	1,794
Director's Fee	6,000	2,750
Other related parties		
Membership fee and other subscriptions	-	300
Reimbursement of expenses from the Company	204	-
Sale of goods and services	10	-
Purchase of goods and services	594	621
Contribution to staff gratuity fund	1,624	1,652
Contribution to staff provident fund	2,923	2,960

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

FOR THE THREE MONTHS ENDED MARCH 31, 2020

17. GENERAL

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

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

17.3 These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on April 28, 2020.

18. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 28, 2020 approved an interim cash dividend of Rs 2 per share amounting to Rs 963 million (2019: Rs 5 per share) for the three months ended March 31, 2020. These financial statements do not recognise the said interim dividend from unappropriated profit as it has been declared subsequent to balance sheet.

Inam ur Rahman
Chief Executive

Mohammad Shamoony Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

DAWOOD HERCULES CORPORATION LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED
MARCH 31, 2020

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Note	Consolidated	
		Unaudited March 31, 2020	Audited December 31, 2019
		----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	261,509,135	253,465,387
Right-of-use assets		4,868,514	4,926,781
Intangible assets		5,565,462	5,461,267
Deferred taxation		495,505	228,024
Long term investments		31,425,596	37,273,516
Net investment in lease		48,209,606	45,563,942
Financial asset at amortized cost		6,353,400	-
Long term loans and advances		3,157,545	3,305,027
		361,548,763	350,223,944
Current assets			
Stores, spares and loose tools		8,004,220	7,637,331
Stock-in-trade		25,611,763	19,913,340
Trade debts		55,348,931	51,816,893
Loans, advances, deposits and prepayments		6,209,886	4,925,076
Other receivables		19,060,549	17,299,368
Accrued Income		811,856	817,106
Contract asset		4,351,477	5,313,283
Current portion of net investment in lease		2,985,316	2,543,927
Dividend receivable		23,339	-
Short term investments		99,507,507	90,593,525
Cash and bank balances		24,013,310	21,229,837
Asset classified as held for sale		245,928,154	222,089,686
		1,325,595	1,325,595
TOTAL ASSETS		608,838,512	573,639,225

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Note	Unaudited March 31, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
EQUITY AND LIABILITIES			
Equity			
Share capital		4,812,871	4,812,871
Revaluation reserve on business combination		9,260	5,463
Maintenance reserve		60,117	60,117
Exchange revaluation reserve		420,502	226,682
Hedging reserve		(11,260)	(10,980)
General reserve		700,000	700,000
Unappropriated profit		57,983,405	58,265,869
Remeasurement of post-employment benefits		(39,077)	(39,077)
		59,122,947	59,208,074
Non-controlling interest		63,935,818	64,020,945
		149,062,702	144,023,629
Total Equity		212,998,520	208,044,574
Liabilities			
Non-current liabilities			
Borrowings		149,300,576	145,858,867
Deferred taxation		13,420,086	13,498,354
Lease liabilities		53,628,952	50,996,209
Deferred liabilities		2,274,645	2,344,875
		218,624,259	212,698,305
Current liabilities			
Trade and other payables		117,190,202	103,382,190
Accrued interest / mark-up		6,496,552	3,457,429
Current portion of :			
- borrowings		22,806,608	22,096,424
- lease liabilities		4,977,984	4,443,548
- deferred liabilities		440,996	430,358
Taxes payable		3,298,203	3,438,915
Short term borrowings		21,485,752	15,511,348
Unclaimed dividends		519,282	135,980
Derivative financial instruments		154	154
		177,215,733	152,896,346
Total Liabilities		395,839,992	365,594,651
Contingencies and Commitments			
	6		
TOTAL EQUITY AND LIABILITIES		608,838,512	573,639,225

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

(AMOUNTS IN THOUSAND EXCEPT FOR EARNINGS PER SHARE)

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
Net sales		44,977,167	40,647,358
Cost of sales		(31,257,355)	(28,645,147)
Gross profit		13,719,812	12,002,211
Selling and distribution expenses		(1,056,718)	(1,740,448)
Administrative expenses		(1,764,986)	(1,498,633)
		10,898,108	8,763,130
Other income		2,415,893	2,953,054
Other operating expenses		(1,747,048)	(701,896)
Finance cost		(6,413,597)	(1,819,145)
Share of income from associates & joint ventures		270,316	409,732
Profit before taxation		5,423,672	9,604,875
Taxation		(999,849)	(2,930,948)
Profit for the period		4,423,823	6,673,927
Profit attributable to:			
- Owners of the Holding Company		(282,464)	1,601,515
- Non-controlling interest		4,706,287	5,072,412
		4,423,823	6,673,927
Earnings per share - basic and diluted	7	(0.59)	3.33

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

Inam ur Rahman
Chief Executive

Mohammad Shamoan Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
Profit for the period		4,423,823	6,673,927
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Hedging reserve - cash flow hedges			
- Losses arising during the period		-	-
- Reclassification adjustments for losses		(752)	(215)
- Adjustments for amounts transferred to initial carrying amount of hedged items		-	-
		(752)	(215)
Share of other comprehensive income of associate		-	-
Revaluation reserve on business combination		10,202	(5,250)
Exchange differences on translation of foreign operations		520,673	30,621
		530,875	25,371
Income tax relating to:			
- Hedging reserve - cash flow hedges		-	-
- Revaluation reserve on business combination		-	1,680
		-	1,680
		530,123	26,836
Total Comprehensive income for the period		4,953,946	6,700,763
Total comprehensive income attributable to:			
- Owners of the Holding Company		(85,127)	1,608,383
- Non-controlling interest		5,039,073	5,092,380
		4,953,946	6,700,763

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

Inam ur Rahman
Chief Executive

Mohammad Shamoony Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2020

(Amounts in thousand)

	----- Attributable to owners of the Holding Company -----										Non-Controlling Interest	Total
	----- Capital reserves -----					----- Revenue reserves -----						
	Share capital	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Unappropriated Profit	Share of other comprehensive income of associates	Remeasurement of post employment benefits - Actuarial (loss) / income	Sub total		
----- (Rupees in '000) -----												
Balance December 31, 2018 (audited) / January 01, 2019	4,812,871	9,261	60,117	147,583	(10,980)	700,000	61,197,392	-	(30,023)	66,886,221	134,856,918	201,743,139
Total comprehensive income / (loss) for the three months ended March 31, 2019 (unaudited)												
Profit for the period	-	-	-	-	-	-	1,601,515	-	-	1,601,515	5,072,412	6,673,927
Other comprehensive income	-	(949)	-	7,872	(55)	-	-	-	-	6,868	19,968	26,836
	-	(949)	-	7,872	(55)	-	1,601,515	-	-	1,608,383	5,092,380	6,700,763
Transaction with owners												
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(2,421,654)	(2,421,654)
Issuance of right shares of subsidiary company (note 6)	-	-	-	-	-	-	(2,612)	-	-	(2,612)	2,611,481	2,608,869
	-	-	-	-	-	-	(2,612)	-	-	(2,612)	189,827	187,215
Balance as at March 31, 2019 (unaudited)	<u>4,812,871</u>	<u>8,312</u>	<u>60,117</u>	<u>155,455</u>	<u>(11,035)</u>	<u>700,000</u>	<u>62,796,295</u>	<u>-</u>	<u>(30,023)</u>	<u>68,491,992</u>	<u>140,139,125</u>	<u>208,631,117</u>
Balance December 31, 2019 (audited) / January 01, 2020	4,812,871	5,463	60,117	226,682	(10,980)	700,000	58,265,869	-	(39,077)	64,020,945	144,023,629	208,044,574
Total Comprehensive income /(loss) for the three months ended March 31, 2020 (unaudited)												
Profit for the period	-	-	-	-	-	-	(282,464)	-	-	(282,464)	4,706,287	4,423,823
Other comprehensive income	-	3,797	-	193,820	(280)	-	-	-	-	197,337	332,786	530,123
	-	3,797	-	193,820	(280)	-	(282,464)	-	-	(85,127)	5,039,073	4,953,946
Balance as at March 31, 2019	<u>4,812,871</u>	<u>9,260</u>	<u>60,117</u>	<u>420,502</u>	<u>(11,260)</u>	<u>700,000</u>	<u>57,983,405</u>	<u>-</u>	<u>(39,077)</u>	<u>63,935,818</u>	<u>149,062,702</u>	<u>212,998,520</u>

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

Inam ur Rahman
Chief Executive

Mohammad Shamooun Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from operations	8	9,988,939	13,591,284
Retirement and other service benefits paid		(201,596)	(160,183)
Finance cost paid		(2,037,287)	(1,202,721)
Taxes paid		(1,579,169)	(2,039,446)
Proceeds from net investment in lease		473,567	-
Finance cost paid on lease liability		(976,779)	-
Finance income received on net investment in lease		1,342,722	-
Repayment of lease liability		(617,314)	-
Long term loans and advances - net		116,857	(43,769)
Net cash generated from operating activities		6,509,940	10,145,165
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		3,567,785	(5,237,164)
Sale proceeds on disposal of PPE		274	49,322
Proceeds on disposal of investments		-	-
Income on deposits / other financial assets		2,506,094	2,754,201
Investment in associate		(49,053)	(185,904)
Investments redeemed during the period - net		8,303,845	8,887,577
Dividends received		11,982	270,000
Net cash generated from / (utilised in) investing activities		7,205,357	6,538,032
Cash flows from financing activities			
Proceeds from/repayment of borrowings - net		414,118	4,071,540
Proceeds from issuance of right shares		-	2,629,032
Share issuance cost		-	(20,163)
Payments of finance lease liabilities		(432,769)	-
Unclaimed dividend paid		(10,343)	(4,271)
Dividends paid		(163,455)	(30,027)
Net cash generated from / (utilised in) financing activities		1,020,685	6,646,111
Net increase/(decrease) in cash and cash equivalents		12,694,612	23,329,308
Cash and cash equivalents at beginning of the period		31,580,994	93,371,304
Cash and cash equivalents at end of the period	9	44,275,606	116,700,612

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

Inam ur Rahman
Chief Executive

Mohammad Shamoony Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

1. LEGAL STATUS AND OPERATIONS

1.1 Dawood Hercules Corporation Limited (the Holding Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now Companies Act, 2017) (the Act) and its shares are quoted on Pakistan Stock Exchange Limited (the PSX). The principal activity of the Company is to manage investments including in its subsidiary and associated companies. The registered office of the Holding Company is situated at Dawood Center, M.T. Khan Road, Karachi.

1.2 The "Group" consists of:

Ultimate Parent Company: Dawood Hercules Corporation Limited;

Holding Company: Dawood Hercules Corporation Limited;

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

	%age of direct holding	
	2020	2019
- Engro Corporation Limited (ECL)	37.22	37.22

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

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

2. BASIS FOR PREPARATION

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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, 2019.
- 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, 2019.
- 2.5 On 11 March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. As at March 31, 2020, COVID-19 has spread throughout the country and lockdowns have been imposed in most parts of the country. The measures taken to reduce the spread have resulted in an overall economic slowdown and disruptions to various businesses. As this is still an evolving situation at the time of issuing these consolidated condensed interim financial statements, the overall impact on the Group's financial position cannot be estimated with reasonable certainty.

3. BASIS OF CONSOLIDATION

- 3.1 The condensed interim financial statements of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves.
- 3.2 Non-controlling interest has been presented as a separate item in these consolidated condensed interim financial statements. All material intercompany balances and transactions have been eliminated.
- 3.3 The Group's interest in jointly controlled and associated entities i.e. Engro Vopak Terminal Limited, FrieslandCampina Engro Pakistan Limited, Sindh Engro Coal Mining Company Limited, GEL Utility Limited and SiddiqueSons Energy 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, 2019, except for the following:

Foreign currency transactions and translations

These consolidated condensed interim financial statements are presented in Pakistan Rupees, which is the Group's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

During the period, the Group, for its Independent Power Producers (IPPs) business, has changed the accounting policy as allowed under SECP SRO 986 (I) 2019 dated September 02, 2019. The said SRO has granted exemption from the requirements of International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates) to the extent of capitalisation of exchange differences to all IPPs that have executed their Power Purchase Agreements before January 01, 2019. Accordingly, the foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are being capitalised.

Unaudited March 31 2020	Audited December 31, 2019
----- (Rupees in '000) -----	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value	103,862,636	233,566,594
Capital work in progress - Expansion and other projects	105,574,865	17,508,521
Capital spares and standby equipments	1,052,961	2,390,272
	<u>210,490,462</u>	<u>253,465,387</u>

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

	Unaudited March 31 2020	Audited December 31, 2019
	----- (Rupees in '000) -----	
Land	232,428	283,342
Plant and machinery	268,792	134,424,582
Building and civil works including pipelines	3,652	1,913,121
Furniture, fixture and equipment	147,136	1,445,011
Catalyst	-	371,195
Vehicles	37,890	1,407,990
Jetty	-	-
Dredging	-	67,617
	<u>689,898</u>	<u>139,912,858</u>

5.2 During the period, assets costing Rs. 6,987 (December 31, 2019: Rs. 1,164,290), having net book value of Rs. 6,375 (December 31, 2019: Rs. 32,322) were disposed / written-off for Rs. 274 (December 31, 2019: 97,513).

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

As at March 31, 2020, 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, 2019.

6.2 Commitments

Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 9,032,410 (2019: Rs. 9,297,407).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

	----- (Unaudited) ----- Three months ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
7. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share of the Group, which is based on:		
Profit after taxation (attributable to the owners of the Holding Company)	(282,464)	1,601,515
	----- (Number in thousands) -----	
Weighted average number of ordinary shares	481,287	481,287
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	5,423,672	9,604,875
Adjustment for non-cash charges and other items:		
Depreciation and amortization	3,193,123	2,046,156
Gain on disposal / write off of property, plant and equipment	5,661	(18,628)
Provision for retirement and other service benefits	153,021	91,723
Income on deposits / other financial assets	(1,940,071)	(2,727,978)
Share of income from joint venture and associated companies	(270,316)	(409,732)
Dividend income	(35,320)	(5,480)
Finance cost	5,830,399	1,705,725
Finance income on net investment in lease	(1,342,722)	-
Finance cost on lease liability	976,779	-
Exchange gain on lease liability	3,924,213	-
Exchange loss on net investment in lease	(3,560,622)	-
(Gain) / Loss on foreign currency translations	479,203	105,495
Working capital changes (note 8.1)	(2,848,081)	3,199,128
	9,988,939	13,591,284
8.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(379,578)	(39,895)
- Stock-in-trade	(5,698,424)	(1,134,853)
- Trade debts	8,553,204	3,437,715
- Loans, advances, deposits and prepayments	(555,323)	286,604
- Other receivables - net	3,509,057	808,818
	11,677,472	3,358,389
Decrease in current liabilities		
- Trade and other payables, including other service benefits - net	8,829,391	(159,261)
	(2,848,081)	3,199,128
9. CASH AND CASH EQUIVALENTS		
Cash and bank balances	24,013,310	16,742,721
Short term investments	37,228,820	104,265,010
Short term borrowings	16,966,524	(4,307,119)
	44,275,606	116,700,612

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

10.1 Financial risk factors

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

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

10.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)

Inputs for the asset or liability that are not based on observable market data (level 3)

Assets	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets at fair value through profit and loss	3,111,907	69,637,424	-	72,749,331
Financial assets through other comprehensive income	-	6,772,681	-	6,772,681

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

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

11. TRANSACTIONS WITH RELATED PARTIES

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

----- (Unaudited) -----
Three months ended
March 31, **March 31,**
2020 **2019**
 ----- (Rupees in '000) -----

Associated companies and joint ventures

Purchases and services	10,941,753	1,818,431
Services rendered / sale of goods	2,784	4,244
Dividends received	270,000	270,000
Interest on borrowing	704,646	364,076
Reimbursements from associates	42,724	13,204
Reimbursements to associates	10,417	144,305
Loan received	-	14,373,880
Share capital issued	-	2,478,277
Donations	51,173	15,895

Key Management Personnel

Remuneration paid to key management personnel / directors	438,795	472,446
Reimbursements to key management personnel	2,040	25,906
Profit on Engro Rupiya Certificates	-	9,700
Directors' fees	26,474	52,600

Contribution for retirement benefits	196,578	194,640
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12. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

----- (Unaudited) -----
Three months ended
March 31, **March 31,**
2020 **2019**
 ----- (Rupees in '000) -----

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

Revenue

Fertilizer	10,791,539	23,652,452
Polymer	7,057,942	9,343,634
Terminal	3,684,555	3,531,762
Power and mining	22,295,119	3,378,457
Other operations	1,556,979	4,406,629
Elimination - net	(408,967)	(3,665,576)
Consolidated	44,977,167	40,647,358

Profit for the period

Fertilizer	570,764	4,006,815
Polymer	192,840	1,094,158
Terminal	1,082,942	912,479
Power and mining	3,872,421	539,272
Other operations	(1,257,407)	3,889,883
Elimination - net	(37,737)	(3,768,680)
Consolidated	4,423,823	6,673,927

(Unaudited) **(Audited)**
March 31, **December 31,**
2020 **2019**
 ----- (Rupees in '000) -----

Assets

Fertilizer	124,727,787	127,261,901
Polymer	61,185,813	57,519,217
Terminal	69,144,979	64,714,675
Power and mining	236,204,594	210,798,860
Other operations	130,576,624	130,753,431
Elimination - net	13,001,285	(17,408,859)
Consolidated	608,838,512	573,639,225

13. SEASONALITY

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

14. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

14.1 The Board of Directors of the Holding Company in its meeting held on April 28, 2020 has approved an interim cash dividend of Rs. 2 per share for the year ending December 31, 2020 (2019: Rs. 5 per share). This consolidated condensed interim financial information does not include the effect of the said interim dividend.

15. CORRESPONDING FIGURES

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

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

16. DATE OF AUTHORIZATION

This consolidated condensed interim financial information is authorized for issue on April 28, 2020 by the Board of Directors of the Holding Company.

Inam ur Rahman
Chief Executive

Mohammad Shamoony Chaudry
Chief Financial Officer

Shabbir Hussain Hashmi
Director



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