



enabling growth

second quarter accounts 2020

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Engro's investments in food & agri, petrochemicals, telecommunication infrastructure, and energy & related infrastructure are designed to enable nutrition, prosperity, connectivity, and progress for Pakistan.

About Us

Engro Corporation Limited is one of Pakistan's largest conglomerates with the company's business portfolio spanning across sectors including chemical fertilizers, PVC resin, telecommunication infrastructure, bulk liquid chemical terminal, foods and power generation. At Engro, our ambition is to become the premier Pakistani enterprise with a global reach.

The management team at Engro is responsible for conceptualizing and articulating goals that bring our people together in pursuit of our objectives. It leads the company with a firm commitment to the values and spirit of Engro. In our journey to become a profitable, growth-oriented and sustainable company, our management structure has evolved to create a more transparent and accessible organization.

Our growth is driven by our people. Our culture is dynamic and energetic, with emphasis on our core values and loyalty of our employees. Our work environment promotes leadership, integrity, teamwork, diversity and excellence.

Our History

Today, Engro is one of Pakistan's most progressive, growth oriented organizations, managed under a holding structure that works towards better managing and oversight of subsidiaries and affiliates that are part of Engro's capital investments in Pakistan.

The company is also defined by its history, which reflects a rich legacy of innovation and growth. The seeds for the company were sown following the discovery of the Mari gas field by Esso / Mobil in 1957. Esso proposed the establishment of a urea plant, and the Esso Pakistan Fertilizer Company Limited was established in 1965 and began production in 1968. At US \$43 million with an annual production capacity of 173,000 tons, this was the single largest foreign investment by a multinational corporation in Pakistan at the time. As the nation's first fertilizer brand, the company also pioneered the education of farmers in Pakistan, helping to modernize traditional farming practices to boost farm yields, directly impacting the quality of life for farmers and the nation.

In 1978, Esso was renamed Exxon globally, and the company became Exxon Chemical Pakistan Limited. The business continued to prosper as it relentlessly pursued productivity gains and strived to attain professional excellence.

In 1991, following a decision by Exxon to divest its fertilizer business on a global basis, the employees of Exxon Chemical Pakistan Limited decided to buy out Exxon's share. This was, and perhaps still is, the most successful employee buy-out in the corporate history of Pakistan. Renamed Engro Chemical Pakistan Limited, the company continued to go from strength to strength, reflected in its consistent financial performance, growth and diversification.

In 2009 a decision was made to demerge the fertilizer business into an independent operating company to ensure undivided focus on the business's expansion and growth. In the best interests of a multi category business, expansion strategy and growth vision, the management decided that the various businesses would be better served if the company was converted to a holding company; Engro Corporation Limited.

From its inception as Esso Pakistan Fertilizer Company Limited in 1965 to Engro Corporation Limited in 2010, Engro has come a long way and will continue working towards its vision of becoming a premier Pakistani company with a global reach.

Engro Corporation Limited

Engro Corporation Limited is a holding company, created following the conversion of Engro Chemical Pakistan Limited on January 1, 2010. Engro Corp is one of Pakistan's largest conglomerates with the company's business portfolio in four verticals which include food & agri, petrochemicals, energy & infrastructure and connectivity.

Engro Fertilizers Limited

Engro Fertilizers Limited-a 56% owned subsidiary of Engro Corporation – is a premier fertilizer manufacturing and marketing company having a portfolio of fertilizer products with significant focus on balanced crop nutrition and increased yield. As one of the 50 largest fertilizer manufacturers of the world we have close to 5 decades of operations as a world class facility with a wide range of fertilizer brands, besides urea, which include some of the most trusted brand names by Pakistani farmers. These include brands like Engro Zarkhez, Zingro and Engro DAP amongst others.

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited-a 56% owned subsidiary of Engro – is the only fully integrated chlor-vinyl chemical complex in Pakistan and produces poly-vinyl chloride (PVC), caustic soda, sodium hypochlorite, hydrochloric acid and other chlorine by-products. The business was setup as a state-of-the-art plant in 1997, as a 50:50 joint venture, with Mitsubishi and Asahi Glass with Asahi subsequently divesting its shareholding in 2006.

Engro Energy Limited

Engro Energy Limited is a wholly owned subsidiary of Engro Corporation and it owns and operates Engro Powergen Qadirpur Limited, a 224 megawatt power plant and the group's first initiative in the power sector of Pakistan. Engro Powergen Qadirpur Limited was listed on the Karachi Stock Exchange in October 2014 where 25% of the shares were offered to the public. As of now Engro Powergen Qadirpur Limited is 69% owned by Engro Energy Limited.

Engro Energy Limited is also involved in the Thar Coal project. The project operates a coal mine under Sindh Engro Coal Mining Company (SECMC) and operations of two 330 MW mine mouth power plants under Engro Powergen Thar Limited (EPTL) in the first phase. SECMC is a joint venture company formed in 2009 between the Government of Sindh (GoS) and Engro Energy Limited & Affiliates. SECMC's shareholders include Government of Sindh, Engro Energy Limited, Thal Limited, Habib Bank Ltd, CMEC Thar Mining Investment Limited, Huolinhe Open Pit Coal Investment Company Limited and Hub Power Company Limited (HUBCO). The Sindh Coal Authority has awarded a 95.5 square kilometer area of the coalfield, known as Block II, to SECMC for exploration and development of coal deposits. Within this block, there is an estimated amount of exploitable lignite coal reserves of 1.57 billion tons. In 2010, SECMC completed the Bankable Feasibility Study (BFS) for Thar Block II Coal Mining Project by engaging internationally renowned Consultants such as RWE-Germany, Sinocoal-China, SRK-UK and HBP Pakistan, meeting all national / international standards. The first phase of the Project has started. Thar Coal Project achieved its Commercial Operations Date (COD) in July 2019 and since been providing low cost electricity to the national grid.

Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL) is a 56% owned subsidiary of Engro Corporation. The company won the contract to handle liquefied natural gas (LNG) and thereafter acquired FSRU vessel on lease from a US-based company - Excelerate Energy. Engro Elengy Terminal Limited, a wholly

owned subsidiary of ETPL, set up a state of the art LNG terminal, at Port Qasim. The terminal – which is also one of the most cost efficient terminals in the region – has the capacity for regasification of up to 600 mmmcf.

Engro Vopak Terminal Limited

Engro Vopak is a joint venture with Royal Vopak of the Netherlands – the world's largest bulk liquid chemical handling company. The business is engaged in handling, storage and regasification of liquid & gaseous chemicals, Liquefied Petroleum Gas (LPG), petrochemicals and bio-fuels. Engro Vopak's terminal is Pakistan's first cryogenic facility that handles 70% of all liquid chemical imports into Pakistan including Paraxylene (PX), Acetic Acid (AA), Vinyl Chloride Monomer (VCM), Ethylene Dichloride (EDC), Mono Ethylene Glycol (MEG), Ethylene along with Phosphoric Acid (PA) imports, which are pumped directly to customer's facilities.

FrieslandCampina Engro Pakistan

FrieslandCampina Engro Pakistan Limited is an 40% owned associated company engaged in the manufacturing, processing and marketing of dairy products and frozen desserts. The business owns two milk processing plants in Sukkur and Sahiwal and operates a dairy farm in Nara, Sindh. In its continued efforts to 'elevate consumer delight worldwide', the business has established several brands that have already become household names in Pakistan such as Olper's (UHT milk, low-fat milk and cream), Omoré (frozen desserts), Tarang (tea whitener) and Dairy Omung (UHT dairy liquid and dessert cream).

Engro Enfrashare

Engro Enfrashare Private Limited is a wholly owned subsidiary of Engro Infniti, with a purpose to make connectivity more accessible and affordable for everyone. By aiding increased efficiency for network users, and already partnered with all of the country's major Mobile Network Operators (MNOs), Engro Enfrashare aims to help facilitate financial and social inclusion. While its expertise and investment in connectivity infrastructure allow mobile operators to reduce the cost of access to consumers, it aims to engage with all stakeholders in the telecom ecosystem in order to realize a larger goal of digitizing Pakistan.

Engro Eximp Agri Products (Private) Limited

Engro Eximp Agriproducts is a wholly owned subsidiary of the holding company and it manages the procurement, processing and marketing of rice. The company owns and operates a state-of-the-art paddy processing plant near Muridke and has an installed capacity of 144KT.

directors' report

The Directors of Engro Corporation Limited are pleased to present the condensed interim financial statements of the Company for the half year ended June 30, 2020.

Business Continuity during the COVID-19 Pandemic

Amidst a global pandemic, the world is still adjusting to the new status quo while corporates around the world are reeling from the impact on businesses and assessing the road to recovery. Pakistan has one of the highest number of cases in the world, with the economic disruption caused by the pandemic aggravating an already struggling economy.

The Federal and Provincial Governments in Pakistan responded well to the crisis and implemented a carefully crafted lockdown phase. The lockdown enforced social distancing but allowed critical industries (food, health care, etc.) to operate, ensuring that one crisis does not lead to another. The impact of this virus on our economy is expected to be pervasive, with Asian Development Bank forecasting GDP contraction of 0.4% in FY 2020 and GDP growth of 2% in FY 2021.

The portfolio of Engro Corporation is well positioned to persevere through challenging times. Our philosophy of operating in sectors that help solve pressing issues facing Pakistan implies that most of our businesses are of critical nature to the day to day running of the society and continue to operate in times of lockdown. However, we highlight that profitability outlook will be revised and certain capital allocation plans may need review.

The Group has responded proactively during this time of crisis and has taken steps to try and minimize any impact to long term sustainability of cash flows. In addition, a central COVID-19 Crisis Management Committee has been constituted which actively monitors and manages the developing situation across our businesses with regards to the pandemic. On a subsidiary level, all our companies are following a robust risk management framework which comprehensively identifies immediate, medium-term and long-term risks, while also developing corresponding mitigation plans and enforcing remedial actions. All these measures will help us ensure long-term business continuity and sustainability.

In these challenging times, we remain committed to strive towards solving pressing issues of our time, improve lives of the people of Pakistan and have a positive impact on the society we operate in. In order to fight COVID-19 and its negative impacts on Pakistan, PKR 1 billion pledged by Engro, Dawood Hercules and the Group Chairman along with his family, is being deployed towards disease prevention, protecting healthcare practitioners, enabling patient care and bolstering livelihood and sustenance of the most deserving in society. Under the pledge, PKR 284 million has already been deployed. We believe we must remain fully transparent while attempting to make an impact and work toward saving lives. Information on how and where we apply funds from the pledge is open to the public and can be viewed at the pledge website <https://www.hussaindawoodpledge.com>.

Business Review

Our consolidated revenues (on a like-for-like basis, excluding Thar power project) in the first half of 2020 is approximately 20% lower than our 2019 revenues in the same period. The consolidated Profit-After-Tax (PAT) for the first half of 2020 was PKR 15,528 million, up by 37% from the comparative period, while PAT attributable to the shareholders increased to PKR 9,059 million from PKR 6,809 million during the same period last year. On a standalone basis, the Company posted a PAT of PKR 4,858 million against PKR 5,163 million for the same period last year, translating

into an EPS of PKR 8.43 per share. Lower PAT is mainly due to increase in business development spending, partially offset by increase in other income. The Board is pleased to announce an interim cash dividend of PKR 8 per share for the year ending December 31, 2020.

A brief review of significant business segments is as follows:

Fertilizers

The business achieved its highest-ever half yearly production of Urea in its history, as a result of continued focus on plant efficiency and engineering excellence. Sales during the current period were 847 KT compared to 887 KT in 1H 2019, a decrease of 5%, mainly due to overall market decline of 8% versus same period last year. The business was able to increase its urea market share to 32% vs 31% in 1H 2019, primarily due to higher production. Revenue was lower by 20% as compared to same period last year. PAT for the period stood at PKR 4,457 million against PKR 7,184 million in the comparative period owing to Urea price reduction, increased finance cost due to higher policy rates during Q1 and exchange loss on foreign currency borrowings.

Petrochemicals

The PVC production facility at Port Qasim was closed as a result of the restrictions with respect to the COVID-19 related lockdown. The facility resumed production on April 20th after formalization of Standard Operating Procedures (SOPs) and protocols in line with guidelines provided by the Sindh Government. Construction work related to PVC expansion and VCM debottlenecking projects resumed effective May 21st 2020 and the business is now targeting COD in the first quarter of 2021. We are currently reviewing the timing of other expansion projects. The Company remains committed to these projects and will inform the shareholders once there is further visibility of the impact on project completion timelines.

On the operational front, in 1H 2020, the business recorded a revenue of Rs. 12,874 million compared to Rs. 18,600 million in the same period last year. The business posted a PAT of Rs. 223 million against PKR 1,544 million in the comparative period owing to Plant shutdown due to gas leakage, suspension of operations due to COVID-19 and low demand for PVC and Caustic owing to market shutdown.

Energy and Power

Coal Mine: Mining operations continued smoothly, and the mine supplied approximately two million tons of coal to Engro Powergen Thar during 1H2020. Construction activities with respect to increasing the mine's capacity to double its current size is underway, with the contractor mobilized at site. However, the progress on overburden removal is slower than anticipated due to delay in equipment delivery as a result of COVID-19 lockdowns in China and Pakistan.

Thar Power Plant: The plant achieved 85% availability with a load factor of 83%, dispatching 2,175 GWh to the national grid during the period. Furthermore, it safely completed the first scheduled outage on both units with zero recordable injury.

Qadirpur Power Plant: The power plant operates on permeate gas and is facing gas curtailment due to depletion of the Qadirpur gas field. To make up for this shortfall, the plant has been made available on mixed mode. The Plant dispatched a Net Electrical Output of 264 GWh to the national grid with a load factor of 28% compared to 71% during similar period last year. Decline in load factor was primarily on account of lower offtake. The business posted a PAT of PKR 1,310 million for the current period as compared to PKR 1,867 million for the same period last year.

Terminal Operations

Profitability of both LNG and chemicals terminals remained healthy during the current period. The LNG terminal handled 36 cargoes, same as 1H2019. During this period, the business faced reduction in demand from the customer, however, there were no delays in collections.

Near-Term Outlook

We continue to take steps to monitor and prevent the effects of the COVID-19 virus, such as safety and health related measures for our people, securing additional financing to support continuity of our operations, securing the supply of materials that are essential to our production processes and communication to our key stakeholders. At this stage, we expect that the impact of COVID-19 on our businesses and results will be relatively contained, however this may change in the event of a second wave.

With lockdowns easing worldwide and declining cases in Pakistan, we foresee an improvement in economic activity and improvement in results of our businesses and their liquidity position. However, government interventions related to COVID 19 would play a key role in industry performance going forward.

The recent Supreme Court verdict settling the long-standing GIDC case poses a cashflow challenge to our Fertilizers and Petrochemicals business. The Group is assessing the impact of this decision on its portfolio and is considering all available options in this regard.

Moreover, after several rounds of discussions between IPPs representing the 2002 Power Policy projects and the Committee formed under the Ministry of Energy, an MoU has been signed to alter existing contractual arrangements with a view to reduce the cost of electricity in the country. The terms of the MoU are subject to the approval of NEPRA, Federal Cabinet, IPPs' Board of Directors, other necessary corporate approvals and execution of the final agreement between the relevant parties. As part of the MoU it has also been agreed that NEPRA and the Government of Pakistan will devise a mechanism for repayment of the outstanding receivables with agreement on payment of receivables within an agreed time period, which will be reflected in the final/definitive agreement to be signed, post shareholder approval. The Board of Directors of Engro Powergen Qadirpur Limited in their meeting held on August 17, 2020 have in-principle approved the terms of the MoU.

Fertilizers

Local urea demand may come under pressure going forward primarily in the event of resurgence of COVID-19 cases and the potential impact of a locust attack. On supply front, urea production based on indigenous gas-based plants is expected to be more than adequate to serve domestic demand whilst ensuring sufficient levels of safety stock during the course of the year. If continued availability of higher gas is ensured, the business would be able to produce significant incremental urea



Hussain Dawood
Chairman

volumes during the year, thereby allowing for necessary national buffer stocks.

The recent decision of the Government to operate RLNG based plants for 3 months will come at a cost of significant fiscal and current account burden, especially considering that urea is adequately supplied domestically. To take benefit of low RLNG spot prices, the Government should consider exports of urea that may generate foreign exchange inflows for the country.

Petrochemicals

Post easing of lockdown, the business foresees an improvement in domestic demand. International market for PVC and Ethylene, on the other hand, is susceptible to fears arising from the potential of a second wave and timing of vaccine development, as these factors will drive global demand for the products.

Ensuring safe operations at base plant by following Government of Sindh mandated SOPs developed to prevent the spread of COVID-19, completion of on-going projects safely and within communicated timelines, and optimizing of fixed costs would be key focus areas for the business during 2nd half of 2020.

Energy and Power

Engro remains committed to help alleviate the energy crisis in the country and we continue to explore opportunities in this vertical. The Government, however, has not been able to eliminate circular debt in the energy sector. As part of the MoU with IPPs, NEPRA and Government of Pakistan are expected to take measures to devise a mechanism for payment of outstanding receivables. We believe that in the absence of any concrete measures to address its root causes, as well as given the current pandemic situation prevalent, circular debt will remain a challenge for the industry going forward.

Terminal Operations

LNG terminal continues to play its role in alleviating some of the energy shortage faced by the country. Unfortunately, during this economic crisis, business is facing reduction in demand from the customer and its ability to pay remains a key variable. However, the business is continually evaluating the impact of the pandemic on operations and re-aligning its strategy to better cope with the posed challenges.

Acknowledgement

The Directors would like to express their deep appreciation to our shareholders who have always shown their confidence in the Company. We would also like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each member of the Engro family in these challenging times and are confident that they will continue to do so in the future.



Ghias Khan
President and Chief Executive

independent auditor's review report

to the members of engro corporation limited report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Engro Corporation Limited as at June 30, 2020 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year 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 other comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2020.

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 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 Salman Hussain.



Chartered Accountants
Karachi
Date: 29th August 2020



**unconsolidated condensed
interim financial information**

unconsolidated condensed interim statement of
financial position (unaudited)
as at june 30, 2020

(Amounts in thousand)	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
------(Rupees)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	518,828	399,724
Right-of-use assets	5	640,808	919,857
Intangible assets		103,442	110,165
Long term investments	6	26,179,044	26,437,079
Long term loans and advances	7	428,013	412,253
Deferred taxation		22,136	14,344
		<u>27,892,271</u>	<u>28,293,422</u>
Current assets			
Loans, advances and prepayments	8	7,086,564	4,466,701
Receivables	9	783,858	654,797
Short term investments	10	58,465,326	57,266,555
Cash and bank balances		802,461	3,484,311
		<u>67,138,209</u>	<u>65,872,364</u>
TOTAL ASSETS		<u>95,030,480</u>	<u>94,165,786</u>
EQUITY & LIABILITIES			
Equity			
Share capital		5,761,633	5,761,633
Share premium		13,068,232	13,068,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits		(23,137)	(23,137)
Remeasurement of investments		287,461	-
Unappropriated profit		62,685,298	61,860,773
Total equity		<u>86,208,727</u>	<u>85,096,741</u>
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		22,349	50,076
Lease liabilities		552,123	753,626
		<u>574,472</u>	<u>803,702</u>
Current liabilities			
Trade and other payables		2,374,956	2,075,420
Current portion of lease liabilities		242,995	275,227
Provision for tax		5,344,531	5,623,103
Unclaimed dividends		284,799	291,593
		<u>8,247,281</u>	<u>8,265,343</u>
Total liabilities		<u>8,821,753</u>	<u>9,069,045</u>
Contingencies and Commitments	11		
TOTAL EQUITY & LIABILITIES		<u>95,030,480</u>	<u>94,165,786</u>

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

unconsolidated condensed interim statement of
profit or loss and other comprehensive income
for the half year ended june 30, 2020

(Amounts in thousand except for earnings per share)

Note	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
------(Rupees)-----				
Dividend income	3,256,105	270,000	3,526,105	3,647,413
Royalty income	347,378	262,048	459,442	509,289
Administrative expenses	(293,902)	(242,406)	(673,647)	(589,431)
	<u>3,309,581</u>	<u>289,642</u>	<u>3,311,900</u>	<u>3,567,271</u>
Other income	1,945,345	1,871,857	3,965,093	3,502,471
Other operating expenses	(706,665)	(360,877)	(1,658,820)	(603,727)
Operating profit	<u>4,548,261</u>	<u>1,800,622</u>	<u>5,618,173</u>	<u>6,466,015</u>
Finance cost	(30,143)	(93,455)	(66,221)	(127,612)
Profit before taxation	<u>4,518,118</u>	<u>1,707,167</u>	<u>5,551,952</u>	<u>6,338,403</u>
Taxation	(439,986)	(376,583)	(694,285)	(1,175,714)
Profit for the period	<u>4,078,132</u>	<u>1,330,584</u>	<u>4,857,667</u>	<u>5,162,689</u>
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss				
Unrealised gain on remeasurement of fair value of short term investments classified as fair value through other comprehensive income				
	287,461	-	287,461	-
Total comprehensive income for the period	<u>4,365,593</u>	<u>1,330,584</u>	<u>5,145,128</u>	<u>5,162,689</u>
Earnings per share - basic and diluted	7.08	2.31	8.43	8.96

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

unconsolidated condensed interim statement of
changes in equity (unaudited)
for the half year ended June 30, 2020

(Amounts in thousand)

	Share capital	Share premium	Capital Reserve		Revenue Reserves		Unappropriated profit	Total
			General reserve	Remeasurement of post employment benefits	Remeasurement of investments			
----- (Rupees) -----								
Balance as at January 1, 2019 (Audited)	5,237,848	13,068,232	4,429,240	(12,721)	-	62,380,565	85,103,164	
Profit for the period	-	-	-	-	-	5,162,689	5,162,689	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income for the half year ended June 30, 2019	-	-	-	-	-	5,162,689	5,162,689	
Transactions with owners								
Final cash dividend for the year ended December 31, 2018 @ Rs. 2.00 per share	-	-	-	-	-	(1,047,570)	(1,047,570)	
Bonus shares issued during the period in the ratio of 1 shares for every 10 shares held	523,785	-	-	-	-	(523,785)	-	
First Interim cash dividend for the year ended December 31, 2019 @ Rs. 7.00 per share	-	-	-	-	-	(4,033,143)	(4,033,143)	
	523,785	-	-	-	-	(5,604,498)	(5,080,713)	
Balance as at June 30, 2019 (Unaudited)	5,761,633	13,068,232	4,429,240	(12,721)	-	61,938,756	85,185,140	
Profit for the period	-	-	-	-	-	9,140,629	9,140,629	
Other comprehensive loss	-	-	-	(10,416)	-	-	(10,416)	
Total comprehensive income for the half year ended December 31, 2019	-	-	-	(10,416)	-	9,140,629	9,130,213	
Transactions with owners								
Interim cash dividends for the year ended December 31, 2019:								
- Second interim @ Rs. 8.00 per share	-	-	-	-	-	(4,609,306)	(4,609,306)	
- Third interim @ Rs. 8.00 per share	-	-	-	-	-	(4,609,306)	(4,609,306)	
	-	-	-	-	-	(9,218,612)	(9,218,612)	
Balance as at December 31, 2019 (Audited)	5,761,633	13,068,232	4,429,240	(23,137)	-	61,860,773	85,096,741	
Profit for the period	-	-	-	-	-	4,857,667	4,857,667	
Other comprehensive income	-	-	-	-	287,461	-	287,461	
Total comprehensive income for the half year ended June 30, 2020	-	-	-	-	287,461	4,857,667	5,145,128	
Transactions with owners								
Final cash dividend for the year ended December 31, 2019 @ Rs. 1.00 per share	-	-	-	-	-	576,163	(576,163)	
First Interim cash dividend for the year ending December 31, 2020 @ Rs. 6.00 per share	-	-	-	-	-	(3,456,979)	(3,456,979)	
	-	-	-	-	-	(4,033,142)	(4,033,142)	
Balance as at June 30, 2020 (Unaudited)	5,761,633	13,068,232	4,429,240	(23,137)	287,461	62,685,298	86,208,727	

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

unconsolidated condensed interim statement of
cash flows (unaudited)
for the half year ended June 30, 2020

(Amounts in thousand)

	Note	Half year ended	
		June 30, 2020	June 30, 2019
----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	14	(1,801,282)	(1,136,215)
Royalty received		494,616	618,614
Taxes paid		(980,649)	(951,948)
Retirement and other service benefits paid		(54,260)	(75,425)
Long term loans and advances - net		52,871	(8,029)
Net cash utilized in operating activities		(2,288,704)	(1,553,003)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		3,526,105	3,377,413
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		1,526,601	3,281,885
Investment in shares of subsidiary company		-	(184,600)
Loan disbursed to subsidiary companies		(2,549,053)	(3,034,676)
Repayment of loan by joint venture		206,221	-
Purchase of units of mutual funds and fixed income placements		(80,305,000)	(17,272,810)
Proceeds from treasury bills, units of mutual funds and fixed income placements		86,553,034	20,348,868
Purchases of property, plant and equipment (PPE)		(126,963)	(92,175)
Sale proceeds on disposal of PPE		-	98
Net cash generated from investing activities		8,830,945	6,424,003
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of financial charges		(15,000)	(60,706)
Lease rentals paid		(171,933)	(167,289)
Dividends paid		(4,039,936)	(5,075,339)
Net cash utilized in financing activities		(4,226,869)	(5,303,334)
Net increase / (decrease) in cash and cash equivalents		2,315,372	(432,334)
Cash and cash equivalents at beginning of the period		6,050,273	54,539,531
Cash and cash equivalents at end of the period	15	8,365,645	54,107,197

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

notes to the unconsolidated condensed interim financial statements (unaudited) for the half year ended June 30, 2020

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Company, is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, development and operations of telecommunication infrastructure, LNG and chemical terminal and storage businesses. The Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

2. BASIS OF PREPARATION

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 comprises of:

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), 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 These unconsolidated condensed interim financial statements represents the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary companies is presented separately. The cumulative figures for the half year ended June 30, 2020 presented in these unconsolidated condensed interim financial statements have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2019.

2.3 The preparation of these unconsolidated condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement 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 expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these unconsolidated condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to audited annual financial statements of the Company for the year ended December 31, 2019.

2.4 On 11 March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. As at June 30, 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 condensed interim financial statements, the overall impact on the entity's financial position cannot be estimated with reasonable certainty.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2019.

(Amounts in thousand)

3.2 The Company has early adopted and applied the following amendment to published accounting standard:

IFRS 16 'Leases' - The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Company has applied the practical expedient to all qualifying rent concessions granted in relation to office space acquire under rental basis. As a result, Rs 31,570 has been recognised in profit or loss account to reflect changes in lease payments arising from rent concessions that meet the conditions of the practical expedient.

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

(Unaudited) June 30, 2020	(Audited) December 31, 2019
------(Rupees)-----	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets (note 4.1)	418,835	375,824
Capital work-in-progress (note 4.2)	99,993	23,900
	518,828	399,724

4.1 Additions to operating assets during the period / year amounted to Rs. 38,841 (December 31, 2019: Rs. 133,142) for owned assets and Rs 64,900 (December 31, 2019: Rs. nil) recognised as right-of-use asset. Operating assets costing Rs. nil (December 31, 2019: Rs. 11,977) having a net book value of Rs. nil (December 31, 2019: Rs. 9,476), were disposed off during the period / year for Rs. nil (December 31, 2019: Rs. 98).

4.2 This mainly represents advance paid to suppliers for purchase of operating and intangible assets.

5. RIGHT-OF-USE ASSETS

During the period, a portion of office space acquired on rental basis was vacated. Accordingly right-of-use asset amounting to Rs. 204,344 and having a net book value of Rs. 127,709, was derecognized.

6. LONG TERM INVESTMENTS

Engro Infiniti (Private) Limited (Einfiniti), wholly owned subsidiary, in its Board meeting held on April 17, 2020, decided to discontinue the operations of Engro Digital Limited (Edigital), its wholly owned subsidiary. As a result, the Company has recognised further impairment loss amounting to Rs 258,035 in these unconsolidated condensed interim financial statements representing the remaining carrying amount of investment in EDigital in the financial statements of Engro Infiniti (Private) Limited.

7. LONG TERM LOANS AND ADVANCES

During the period, a further amount of Rs. 49,053 (December 31, 2019: 334,876) was disbursed to Engro Energy Limited, a subsidiary company, pursuant to agreement entered into on December 28, 2018. The total facility under this agreement amounts to USD 21,400 (PKR equivalent). The loan carries mark-up at the rate of 6 months KIBOR plus 2% per annum payable on quarterly basis. The loan is repayable on December 28, 2023.

(Amounts in thousand)

8. LOANS, ADVANCES AND PREPAYMENTS

During the period, a further amount of Rs. 2,500,000 (December 31, 2019: 3,500,000) was disbursed to Engro Infiniti (Private) Limited, a wholly-owned subsidiary company. The loan carries mark-up at the rate of 6 months KIBOR plus 0.2% per annum payable on monthly basis. The loan is repayable on December 17, 2020.

9. RECEIVABLES

9.1 These include an amount of Rs. 280,271 (December 31, 2019: Rs. 315,445) on account of royalty receivable from Engro Fertilizers Limited, a subsidiary.

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	------(Rupees)-----	

10. SHORT TERM INVESTMENTS

Fair value through other comprehensive income

- Treasury bills
- Pakistan Investment Bonds

18,330,056	22,609,639
105,679	95,859
<u>18,435,735</u>	<u>22,705,498</u>

Fair value through profit or loss

- Mutual fund units

25,628,207	27,372,021
------------	------------

Amortised cost

- Fixed income placement
- Term Finance Certificates

9,623,332	2,607,685
4,778,052	4,581,351
14,401,384	7,189,036
<u>58,465,326</u>	<u>57,266,555</u>

11. CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments as reported in the audited annual financial statements for the year ended December 31, 2019 are as follows:

11.1 Contingencies

11.1.1 During the period, the Standby Letters of Credit (Equity SBLCs), provided by Engro Energy Limited, a subsidiary company, through National Bank of Pakistan, as explained in note 19.1.3 of the audited annual financial statements of the Company for the year ended December 31, 2019, have reduced to US Dollars 8,635 (December 31, 2019: US Dollars 12,598) and US Dollars nil (December 31, 2019: US Dollars 138). These SBLs relate to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, and Engro Powergen Thar (Private) Limited (EPTL), its subsidiary company, respectively.

11.1.2 During the period, the Standby Letters of Credit (Equity SBLCs), issued by Engro Elengy Terminal Pakistan Limited, a subsidiary company, as explained in note 19.1.4 of the audited annual financial statements for the year ended December 31, 2019, have increased to US Dollars 22,500 (December 31, 2019: US Dollars 20,700).

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	------(Rupees)-----	

11.2 Commitments

Commitments in respect of capital expenditure

460,819	405,491
---------	---------

(Amounts in thousand)

12. TAXATION

Current

- for the period

	Quarter ended June 30, 2020	June 30, 2019	Half year ended June 30, 2020	June 30, 2019
	------(Rupees)-----			

439,076	381,077	702,077	1,180,629
---------	---------	---------	-----------

Deferred

910	(4,494)	(7,792)	(4,915)
<u>439,986</u>	<u>376,583</u>	<u>694,285</u>	<u>1,175,714</u>

12.1 During the period, with respect to the matter disclosed in note 26.3.3 of the annual financial statements of the Company for the year ended December 31, 2019, the Company has received appeal effect orders both dated June 29, 2020 in respect of tax year 2011 and 2012 along with notices of demand amounting to Rs. 75,308 and Rs. 112,681, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit (ACIR) has disallowed allocation of expenses against interest income. Subsequent to the reporting date, an appeal has been filed before the Commissioner Inland Revenue (Appeals) (CIRA) against the said orders, which is pending for hearing. The Company, based on the advice of its tax consultant, is confident that these matters will be decided in its favor. Accordingly, no provision has been recognized in these unconsolidated condensed interim financial statements.

12.2 During the period, the ACIR through order dated June 30, 2020 amended the return for the tax year 2014 creating tax demand of Rs 401,320 mainly on account of tax levied on capital gain on disposal of shares and inter-corporate dividend, disallowance of allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. Subsequent to the reporting date, an appeal has been filed before the Commissioner Inland Revenue (Appeals) (CIRA) against the said order, and stay has been obtained. The Company, based on the advice of its tax consultant, is confident that these matters will be decided in its favor. Accordingly, no provision has been recognized in these unconsolidated condensed interim financial statements.

12.3 During the period, the exemption on inter-corporate dividend was restored through amendment in the Income Tax Ordinance, 2001 vide Tax Laws (Amendment) Act 2020 (Act). However, the provision granting exemption from application of withholding tax on inter-corporate dividend, as previously deleted by Finance Act 2016, has not been restored by the Act. Hence, in respect of the inter-corporate dividend received by the Company from its subsidiaries during the period, the Company has obtained stay from the High Court for stay against deduction of withholding of tax on inter-corporate dividends.

13. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on the following:

	Quarter ended June 30, 2020	June 30, 2019	Half year ended June 30, 2020	June 30, 2019
	------(Rupees)-----			
Profit for the period	4,078,132	1,330,584	4,857,667	5,162,689
	----- Number of shares -----			
Weighted average number of ordinary shares (in thousand)	576,163	576,163	576,163	576,163

(Amounts in thousand)

	Half year ended	
	June 30, 2020	June 30, 2019
Note	----- (Rupees) -----	
14. CASH UTILIZED IN OPERATIONS		
Profit before taxation	5,551,952	6,338,403
Adjustment for non-cash charges and other items:		
Depreciation	54,036	41,222
Amortization	13,501	10,258
Depreciation on right-of-use assets	139,525	139,525
Rent concession on lease liability	(31,570)	-
Gain on termination of lease	(19,463)	-
Gain on disposal of property, plant and equipment	-	(26)
Write-off of property, plant and equipment	11,945	-
Provision for impairment in long term investments	258,035	-
Provision for retirement and other service benefits	29,775	76,459
Income on deposits / other financial assets	(3,965,093)	(3,502,471)
Dividend income	(3,526,105)	(3,647,413)
Royalty income	(459,442)	(509,289)
Financial charges	66,221	127,612
Working capital changes (note 14.1)	75,401	(210,495)
	<u>(1,801,282)</u>	<u>(1,136,215)</u>
14.1 Working capital changes		
Increase in current assets		
- Loans, advances, deposits and prepayments	(69,292)	(26,821)
- Other receivables (net)	(149,764)	(399,144)
	<u>(219,056)</u>	<u>(425,965)</u>
Increase in current liabilities		
- Trade and other payables including other service benefits (net)	294,457	215,470
	<u>75,401</u>	<u>(210,495)</u>
15. CASH AND CASH EQUIVALENTS		
Short term investments	7,563,184	51,915,739
Cash and bank balances	802,461	2,191,458
	<u>8,365,645</u>	<u>54,107,197</u>

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

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

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

(Amounts in thousand)

16.2 Fair value estimation

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

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 -----			
As at June 30, 2020				
Financial assets at fair value through other comprehensive income				
- Treasury Bills	-	18,330,056	-	18,330,056
- Pakistan Investment Bonds	-	105,679	-	105,679
	<u>-</u>	<u>18,435,735</u>	<u>-</u>	<u>18,435,735</u>
Financial assets at fair value through profit or loss				
- Units of mutual funds	-	25,628,207	-	25,628,207
	<u>-</u>	<u>25,628,207</u>	<u>-</u>	<u>25,628,207</u>
As at December 31, 2019				
Financial assets at fair value through other comprehensive income				
- Treasury Bills	-	22,609,639	-	22,609,639
- Pakistan Investment Bonds	-	95,859	-	95,859
	<u>-</u>	<u>22,705,498</u>	<u>-</u>	<u>22,705,498</u>
Financial assets at fair value through profit or loss				
- Units of mutual funds	-	27,372,021	-	27,372,021
	<u>-</u>	<u>27,372,021</u>	<u>-</u>	<u>27,372,021</u>

Level 2 fair values have been determined using PKRV rates and closing Net Asset Values for government securities and mutual fund units, respectively.

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

(Amounts in thousand)

17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, joint venture company, associated companies, 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 unconsolidated condensed interim financial statements, are as follows:

	Half year ended	
	June 30, 2020	June 30, 2019
	------(Rupees)-----	
Parent Company		
Dividend paid	1,501,289	1,891,234
Reimbursements of expenses	38,765	130,629
Subsidiary companies		
Purchases and services	1,023,352	709,867
Mark-up from subsidiaries	284,449	67,345
Disbursement of loan to subsidiary	2,549,053	3,034,676
Unwinding of discount on Term Finance Certificates	196,701	180,839
Dividend received	3,256,105	3,107,413
Royalty income	459,442	509,289
Reimbursements	75,220	158,228
Service fees against Corporate Guarantees	8,054	-
Investment made in subsidiary	-	184,600
Associated companies		
Purchases and services	115,233	162,021
Contribution for Corporate Social Responsibility	-	15,000
Dividend paid	278,402	349,744
Reimbursements	461	8,551
Bank charges	-	11
Joint venture		
Services rendered	54,519	24,746
Mark-up from joint venture	6,221	-
Repayment of loan	200,000	-
Dividend received	270,000	540,000
Reimbursements	1,051	1,563
Others		
Remuneration of key management personnel	272,189	250,544
Reimbursements to key management personnel	2,019	35,507
Profit on Engro Islamic Rupiya Certificates	-	9,804
Contribution to staff retirement benefit funds	80,086	46,016
Dividend paid	83,981	87,663
Directors' Fee	57,480	28,324

18. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

18.1 The Board of Directors of Engro Fertilizers Limited, a subsidiary company, in its meeting held on July 29, 2020 has declared an interim cash dividend of Rs. 4 per share for the year ending December 31, 2020, amounting to Rs. 5,341,197 of which the proportionate share of the Company amounts to Rs. 3,005,492.

(Amounts in thousand)

18.2 The Board of Directors of the Company in its meeting held on August 19, 2020 has approved an interim cash dividend of Rs 8.00 per share for the year ending December 31, 2020. These unconsolidated condensed interim financial statements do not reflect the effect of dividend payable.

19. CORRESPONDING FIGURES

19.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, as a result, an amount of Rs. 352,191, in respect of human resource development, has been reclassified from Administrative expenses to Other operating expenses. Further, taxes payable amounting to Rs. 1,431,589 presented separately on the unconsolidated statement of financial position has been merged with Provision for tax.

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

20. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 19, 2020 by the Board of Directors of the Company.



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive



**consolidated condensed
interim financial information**

consolidated condensed interim statement
of financial position (unaudited)
as at june 30, 2020

(Amounts in thousand)

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
------(Rupees)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	261,012,214	253,374,314
Right-of-use assets		4,634,181	4,851,221
Intangible assets		1,138,245	960,866
Long term investments	6	30,505,285	29,963,000
Deferred taxation		487,778	228,024
Financial asset at amortized cost		6,381,750	5,921,150
Net investment in lease		48,620,566	45,563,942
Long term loans, advances and other receivables		2,093,002	3,305,027
		<u>354,873,021</u>	<u>344,167,544</u>
Current assets			
Stores, spares and loose tools		8,513,541	7,637,331
Stock-in-trade		23,605,064	19,913,340
Trade debts		53,487,299	51,816,893
Loans, advances, deposits and prepayments		5,300,080	4,868,381
Other receivables		15,501,051	17,277,678
Accrued income		798,913	484,224
Contract asset		3,241,655	5,313,283
Current portion of net investment in lease		3,216,882	2,543,927
Short term investments		81,745,568	74,004,144
Cash and bank balances		17,443,452	20,892,734
		<u>212,853,505</u>	<u>204,751,935</u>
Assets classified as held for sale		1,325,595	1,325,595
TOTAL ASSETS		<u><u>569,052,121</u></u>	<u><u>550,245,074</u></u>

consolidated condensed interim statement
of financial position (unaudited)
as at june 30, 2020

(Amounts in thousand)

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
------(Rupees)-----			
EQUITY & LIABILITIES			
Equity			
Share capital		5,761,632	5,761,632
Share premium		13,068,232	13,068,232
Revaluation reserve on business combination		7,779	12,880
Maintenance reserve		156,301	156,301
Exchange revaluation reserve		1,009,863	608,100
Hedging reserve		(25,269)	(24,969)
General reserve		4,429,240	4,429,240
Unappropriated profit		118,754,563	113,728,540
Remeasurment of investments		312,671	-
Remeasurement of post-employment benefits		(94,020)	(94,020)
		<u>137,619,360</u>	<u>131,884,304</u>
		<u>143,380,992</u>	<u>137,645,936</u>
Non-controlling interest		61,545,315	57,603,440
Total Equity		<u>204,926,307</u>	<u>195,249,376</u>
Liabilities			
Non-Current liabilities			
Borrowings	7	148,474,357	138,600,017
Deferred taxation		13,362,923	13,399,390
Deferred liabilities		2,341,519	2,339,209
Lease liabilities		52,875,268	50,941,216
		<u>217,054,067</u>	<u>205,279,832</u>
Current Liabilities			
Trade and other payables		99,442,267	102,806,720
Accrued interest / mark-up		2,013,424	3,315,762
Current portion of:			
- borrowings		19,552,290	19,856,424
- lease liabilities		5,075,311	4,406,997
- deferred liabilities		549,955	430,358
Taxes payable		4,529,778	2,831,004
Short term borrowings		14,216,840	15,511,348
Dividend payable		1,297,556	151,125
Unclaimed dividends		394,326	405,974
		<u>147,071,747</u>	<u>149,715,866</u>
Total Liabilities		<u>364,125,814</u>	<u>354,995,698</u>
Contingencies and Commitments	8		
TOTAL EQUITY AND LIABILITIES		<u><u>569,052,121</u></u>	<u><u>550,245,074</u></u>

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


Abdul Samad Dawood
Vice Chairman


Mazhar Abbas Hasnani
Chief Financial Officer


Ghias Khan
President and Chief Executive

consolidated condensed interim statement
of profit or loss (unaudited)
for the half year ended June 30, 2020

[Amounts in thousand except for earnings per share]

Note	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees)			
Net revenue	62,194,887	44,130,704	107,172,054	-
Cost of revenue	(43,026,198)	(31,302,687)	(74,283,553)	(59,947,834)
Gross profit	19,168,689	12,828,017	32,888,501	24,830,228
Selling and distribution expenses	(2,118,826)	(1,356,814)	(3,175,544)	(3,097,262)
Administrative expenses	(1,393,936)	(1,302,266)	(2,902,462)	(2,051,278)
	15,655,927	10,168,937	26,810,495	19,681,688
Other income	3,576,270	4,068,179	7,019,345	6,416,011
Other operating expenses	(1,918,287)	(1,817,036)	(3,665,398)	(3,114,088)
Impairment	1.2.1 (132,732)	-	(132,732)	-
Finance cost	(5,198,644)	(3,128,813)	(11,265,029)	(4,643,921)
Share of income from joint venture and associates	872,780	280,455	1,143,096	690,187
Profit for the period before taxation	12,855,314	9,571,722	19,909,777	19,029,877
Taxation	9 (3,267,353)	(4,773,323)	(4,380,976)	(7,666,551)
Profit for the period	9,587,961	4,798,399	15,528,801	11,363,326
Profit for the period attributable to:				
- Owners of the Holding Company	5,742,257	2,798,906	9,059,165	6,808,888
- Non-controlling interest	3,845,704	1,999,493	6,469,636	4,554,438
	9,587,961	4,798,399	15,528,801	11,363,326
Profit / (loss) attributable to:				
- continuing operations	9,786,193	4,804,941	15,794,946	11,392,460
- discontinued operations	1.2.1 (198,232)	(6,542)	(266,145)	(29,134)
	9,587,961	4,798,399	15,528,801	11,363,326
Earnings / (loss) per share - basic and diluted				
- continuing operations	10 10.31	4.87	16.19	11.87
- discontinued operations	(0.34)	(0.01)	(0.46)	(0.05)
	9.97	4.86	15.73	11.82

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



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

consolidated condensed interim statement
of comprehensive income (unaudited)
for the half year ended June 30, 2020

[Amounts in thousand except for earnings per share]

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees)			
Profit for the period	9,587,961	4,798,399	15,528,801	11,363,326
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Fair value gain on remeasurement of short term investments classified as FVOCI	332,263	-	332,263	-
Hedging reserve - cash flow hedges				
Loss arising during the period	(436)	353,050	(436)	353,050
Reclassification adjustments for profit included in profit or loss	752	(218)	-	(433)
	316	352,832	(436)	352,617
Revaluation reserve on business combination				
Exchange differences on translation of foreign operations	(20,260)	(5,251)	(10,058)	(10,501)
	(118,910)	341,620	401,763	372,241
	193,409	689,201	723,532	714,357
Income tax relating to:				
- Hedging reserve - cash flow hedges	-	(102,385)	-	(102,385)
- Revaluation reserve on business combination	2,917	1,680	2,917	3,360
	2,917	(100,705)	2,917	(99,025)
Other comprehensive income for the period, net of tax	196,326	588,496	726,449	615,332
Total comprehensive income for the period	9,784,287	5,386,895	16,255,250	11,978,658
Total comprehensive income attributable to:				
- Owners of the Holding Company	5,921,100	3,167,545	9,768,198	7,195,979
- Non-controlling interest	3,863,187	2,219,350	6,487,052	4,782,679
	9,784,287	5,386,895	16,255,250	11,978,658
Total comprehensive income / (loss) attributable to:				
- continuing operations	9,982,519	5,393,437	16,521,395	12,007,792
- discontinued operations	(198,232)	(6,542)	(266,145)	(29,134)
	9,784,287	5,386,895	16,255,250	11,978,658

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



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

consolidated condensed interim
statement of changes in equity (unaudited)
for the half year ended June 30, 2020

(Amounts in thousand)

	Attributable to owners of the Holding Company											Total	
	Capital reserves					Revenue reserves			Remeasurement of post employment benefits	Remeasurement of investments	Sub total		Non-controlling interest
Share capital	Share premium	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Un-appropriated profit						
Balance as at January 1, 2019 (audited)	5,237,848	13,068,232	23,082	156,301	395,605	(24,969)	4,429,240	113,100,747	(71,092)	-	136,314,994	49,272,245	185,587,239
Total comprehensive income / (loss) for the half year ended June 30, 2019 (unaudited)	-	-	-	-	-	-	-	6,808,888	-	-	6,808,888	4,554,438	11,363,326
Profit for the period	-	-	(5,101)	-	251,841	140,551	-	6,808,888	-	-	7,195,979	4,782,679	11,978,658
Other comprehensive income / (loss)	-	-	(5,101)	-	251,841	140,551	-	6,808,888	-	-	7,195,979	4,782,679	11,978,658
Transactions with owners													
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,421,654)	(2,421,654)
Shares issued during the period - net of transaction cost	-	-	-	-	-	-	-	(15,437)	-	(15,437)	2,542,495	2,527,058	
Preference shares issued during the period - net of transaction cost	-	-	-	-	-	-	-	-	-	-	1,229,759	1,229,759	
Advance against issue of share capital	-	-	-	-	-	-	-	-	-	-	1,031,430	1,031,430	
Bonus shares issued during the period in the ratio of 1 share for every 10 shares held	523,784	-	-	-	-	-	-	(623,784)	-	-	-	-	
Final cash dividend for the year ended December 31, 2019 @ Rs. 2.00 per share	-	-	-	-	-	-	-	(1,047,570)	-	(1,047,570)	-	-	(1,047,570)
First Interim cash dividend for the year ended December 31, 2019 @ Rs. 7.00 per share	-	-	-	-	-	-	-	(4,033,143)	-	(4,033,143)	-	-	(4,033,143)
	523,784	-	-	-	-	-	-	(5,096,150)	-	(5,096,150)	2,382,030		(2,714,120)
Balance as at June 30, 2019 (Unaudited)	5,761,632	13,068,232	17,981	156,301	647,246	115,582	4,429,240	114,289,701	(71,092)	-	138,414,823	56,436,954	194,851,777
Total comprehensive income / (loss) for the half year ended December 31, 2019	-	-	-	-	-	-	-	9,723,958	-	-	9,723,958	9,200,807	18,924,765
Profit for the period	-	-	(5,101)	-	(39,146)	(140,551)	-	9,723,958	(22,928)	-	9,516,232	8,968,213	18,484,445
Other comprehensive income / (loss)	-	-	(5,101)	-	(39,146)	(140,551)	-	9,723,958	(22,928)	-	9,516,232	8,968,213	18,484,445
Transactions with owners													
Effect of change in accounting policy - net of deferred tax	-	-	-	-	-	-	-	(1,066,509)	-	(1,066,509)	(831,529)	(1,898,038)	(1,898,038)
Shares issued during the period - net of transaction cost	-	-	-	-	-	-	-	-	-	-	-	(5,174)	(5,174)
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(6,965,025)	(6,965,025)
Second Interim cash dividend for the year ended December 31, 2019 @ Rs. 8.00 per share	-	-	-	-	-	-	-	(4,609,307)	-	(4,609,307)	-	-	(4,609,307)
Third Interim cash dividend for the year ended December 31, 2019 @ Rs. 8.00 per share	-	-	-	-	-	-	-	(4,609,307)	-	(4,609,307)	-	-	(4,609,307)
	-	-	-	-	-	-	-	(10,285,119)	-	(10,285,119)	(7,801,727)	(18,086,846)	
Balance as at December 31, 2019 (Audited)	5,761,632	13,068,232	12,880	156,301	608,100	(24,969)	4,429,240	113,728,540	(94,020)	-	137,845,936	57,603,440	195,249,376
Total comprehensive income / (loss) for the half year ended June 30, 2020 (Unaudited)	-	-	-	-	-	-	-	9,059,165	-	-	9,059,165	6,469,636	15,528,801
Profit for the period	-	-	(5,101)	-	401,783	(800)	-	9,059,165	-	-	312,671	709,033	726,449
Other comprehensive income / (loss)	-	-	(5,101)	-	401,783	(800)	-	9,059,165	-	-	312,671	9,768,198	6,487,052
Transactions with owners													
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,545,177)	(2,545,177)
Final cash dividend for the year ended December 31, 2019 @ Rs. 1.00 per share	-	-	-	-	-	-	-	(576,163)	-	(576,163)	-	-	(576,163)
First Interim cash dividend for the year ended December 31, 2020 @ Rs. 6.00 per share	-	-	-	-	-	-	-	(3,458,979)	-	(3,458,979)	-	-	(3,458,979)
	-	-	-	-	-	-	-	(4,033,142)	-	(4,033,142)	(2,545,177)	(6,578,319)	
Balance as at June 30, 2020 (Unaudited)	5,761,632	13,068,232	7,779	156,301	1,009,883	(25,269)	4,429,240	118,754,563	(94,020)	312,671	143,380,992	61,545,315	204,926,307

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



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

consolidated condensed interim
statement of cash flows (unaudited)
for the half year ended June 30, 2020

(Amounts in thousand)

	Note	Half year ended	
		June 30, 2020	June 30, 2019
------(Rupees)-----			
Cash flows from operating activities			
Cash generated from operations	11	25,603,516	45,900,935
Retirement and other service benefits paid		(152,441)	(166,536)
Finance cost paid		(10,697,869)	(6,513,819)
Taxes paid		(2,948,536)	(7,517,182)
Proceeds from net investment in lease		1,173,385	790,019
Repayment of lease liability		(1,433,742)	(1,062,317)
Finance income received on net investment in lease		2,718,199	2,607,275
Finance cost paid on lease liability		(1,964,954)	(1,906,845)
Deferred income		(789,628)	421,035
Bank balance held as margin		353,830	17,423
Long term loans and advances - net		168,996	(428,248)
Net cash generated from operating activities		12,030,756	32,141,740
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(7,959,876)	(30,044,142)
Proceeds from disposal of:			
- property, plant and equipment		22,104	46,665
- short term investments - net		2,286,388	(321,035)
Income on deposits / other financial assets		2,975,479	4,558,264
Investment in associate company		(49,053)	(568,630)
Dividends received		270,000	270,000
Net cash utilized in investing activities		(2,454,958)	(26,058,878)
Cash flows from financing activities			
Proceeds from borrowings - net		5,408,475	7,920,561
Proceeds from issuance of shares - net		-	3,793,809
Repayment of loan by joint venture		206,221	-
Advance against issuance of shares		-	1,216,030
Share issuance costs		-	(36,794)
Lease rentals paid		(936,739)	(677,609)
Dividends paid		(5,443,538)	(6,974,147)
Net cash utilized in financing activities		(765,581)	5,241,850
Net increase in cash and cash equivalents		8,810,217	11,324,712
Cash and cash equivalents at beginning of the period		24,183,891	71,639,638
Cash and cash equivalents at end of the period	12	32,994,108	82,964,350

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



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



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notes to the consolidated condensed interim financial statements (unaudited) for the half year ended june 30, 2020

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Corporation Limited (the Holding Company), is a public listed company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange Limited. The Holding Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Holding Company, is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG, maintaining and operating telecommunication infrastructure and chemical terminal and storage businesses. The Holding Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

1.2 The "Group" consists of:

Holding Company - Engro Corporation Limited

Associated Companies: Associated companies are entities over which the Group has significant influence but not control.

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

	%age of direct share holding	
	June 30, 2020	December 31, 2019
- Engro Energy Limited	100	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Infiniti (Private) Limited (note 1.2.1)	100	100
- Engro Eximp FZE	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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1.2.1 As a result of continuous losses from the operations of Engro Digital Limited (EDigital), subsidiary of Engro Infiniti (Private) Limited (Elfiniti), Elfiniti in its Board meeting held on April 17, 2020, decided to discontinue the operations of EDigital. Accordingly, with the discontinuance of the entire operations of EDigital, it is no longer a going concern; and financial statements of EDigital as at June 30, 2020 have been presented on a basis other than going concern. During the period, EDigital incurred loss amounting to Rs. 266,145 out of which Rs. 132,732 was recognised as impairment loss against the carrying value of its current and non-current assets.

(Amounts in thousand)

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 comprises of:

- International Accounting Standards 34, 'Interim Financial Reporting' (IAS 34), 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. 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.

2.3 These consolidated condensed interim financial statements do not include all the information and disclosure 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.

2.4 On 11 March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. As at June 30, 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.

(Amounts in thousand)

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. SIGNIFICANT ACCOUNTING POLICIES

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 of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are capitalised as permissible under SRO 986 (I) 2019 dated September 02, 2019 issued by the Securities and Exchange Commission of Pakistan. This SRO has granted exemption from the requirements of International Accounting Standard (IAS) 21 - 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalisation of exchange differences to all companies that have executed their Power Purchase Agreements before January 1, 2019. Accordingly, the Group has capitalised all related exchange differences as per IAS 21 related to its power projects and has concluded that the retrospective application of this change is not material to these consolidated condensed interim financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value (notes 5.1 and 5.2)
Capital work in progress (CWIP) - Expansion and other projects
Capital spares and standby equipments

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	------(Rupees)-----	
Operating assets, at net book value (notes 5.1 and 5.2)	237,099,647	233,475,521
Capital work in progress (CWIP) - Expansion and other projects	21,192,585	17,508,521
Capital spares and standby equipments	2,719,982	2,390,272
	<u>261,012,214</u>	<u>253,374,314</u>

5.1 Following additions including transfers from CWIP to operating assets during the period:

Land	-	283,342
Plant and machinery	9,173,886	134,424,582
Building and civil works including pipelines	518,081	1,814,833
Furniture, fixture and equipment	758,947	1,426,918
Pipelines	-	98,288
Catalyst	-	371,195
Vehicles	678,698	1,404,932
Dredging	-	67,617
	<u>11,129,612</u>	<u>139,891,707</u>

5.2 During the period, operating assets costing Rs. 149,496 (December 31, 2019: Rs. 441,001), having net book value of Rs. 34,957 (December 31, 2019: Rs. 31,716) were disposed / written-off for Rs. 22,104 (December 31, 2019: 35,120).

(Amounts in thousand)

6. LONG TERM INVESTMENTS

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	------(Rupees)-----	
Balance at beginning of the period	29,963,000	31,590,380
Add:		
- Investment in associates (note 6.1)	49,053	788,726
- Share of profit for the period	1,143,096	1,147,999
Less:		
- Dividend received during the period	(270,000)	(1,305,000)
- Provision against tax contingency	(379,864)	290,794
Balance at end of the period	<u>30,505,285</u>	<u>29,963,000</u>

6.1 During the period, Engro Energy Limited subscribed to an additional 4,905,281 ordinary shares of SiddiqueSons Energy Limited (SEL) while maintaining its percentage shareholding as at June 30, 2020 at 19%.

7. BORROWINGS

7.1 Engro Fertilizers Limited (EFert)

During the period, principal repayments of long-term finances were made to MCB Bank Limited, Allied Bank Limited, United Bank Limited, Dubai Islamic Bank Limited, Local Syndicate and DEG amounting to Rs.1,000,000, Rs.500,000, Rs.1,000,000, Rs.200,000, Rs.1,522,042 and Rs. 278,334 respectively.

7.2 Engro Elengy Terminal (Private) Limited (EETL)

The principal amounts for repayment at June 30, 2020 for foreign currency denominated loans are USD 8,200 for IFC and USD 12,300 for Asian Development Bank (ADB), respectively.

7.3 Engro Powergen Thar (Private) Limited (EPTL)

EPTL has entered into the following loan agreements:

- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited (HBL) for an aggregate amount of Rs.17,016,000. As at June 30, 2020, EPTL has made a draw down of the entire amount.
- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000. As at June 30, 2020, EPTL has made draw down of the entire amount.
- Islamic Facility Agreements with Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000. As at June 30, 2020, EPTL has made draw down of the entire amount.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There are no significant changes in the status of contingencies as disclosed in the audited consolidated annual financial statements of the Holding Company for the year ended December 31, 2019.

8.2 Commitments

8.2.1 Commitments in respect of capital and revenue expenditure contracted but not incurred amount to Rs. 54,092,479.

8.2.2 Engro Eximp Agriproducts (Private) Limited (EEAPL) has entered into export selling contracts of 10,142 tons of Super Basmati Rice to various parties on a agreed terms for delivery on various dates subsequent to the period end. The sales value of these open commitments at period end exchange rate amounts to Rs. 1,655,766.

(Amounts in thousand)

9. TAXATION

Updates on significant tax matters are as follows:

The Holding Company

9.1 During the period, with respect to the matter disclosed in note 39.1 of the consolidated annual financial statements of the Holding Company for the year ended December 31, 2019, the Holding Company has received appeal effect orders both dated June 29, 2020 in respect of tax year 2011 and 2012 alongwith notices of demand amounting to Rs. 75,308 and Rs. 112,681, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit (ACIR) has disallowed allocation of expenses against interest income. Subsequent to the reporting date, an appeal has been filed before the Commissioner Inland Revenue (Appeals) (CIRA) against the said orders, which is pending for hearing. The Holding Company, based on the advice of its tax consultant, is confident that these matters will be decided in its favor. Accordingly, no provision has been recognized in these consolidated condensed interim financial statements.

9.2 During the period, the ACIR through order dated June 30, 2020 amended the return for the tax year 2014 creating tax demand of Rs 401,320 mainly on account of tax levied on capital gain on disposal of shares and inter-corporate dividend, disallowance of allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. Subsequent to the reporting date, an appeal has been filed before the Commissioner Inland Revenue (Appeals) (CIRA) against the said order, and stay has been obtained. The Holding Company, based on the advice of its tax consultant, is confident that these matters will be decided in its favor. Accordingly, no provision has been recognized in these consolidated condensed interim financial statements.

9.3 During the period, the exemption on inter-corporate dividend was restored through amendment in the Income Tax Ordinance, 2001 vide Tax Laws (Amendment) Act 2020 (Act). However, the provision granting exemption from application of withholding tax on inter-corporate dividend, as previously deleted by Finance Act 2016, has not been restored by the Act. Hence, in respect of the inter-corporate dividend received by the Holding Company from its subsidiaries during the period, the Holding Company has obtained stay from the High Court for stay against deduction of withholding of tax on inter-corporate dividends.

Engro Fertilizers Limited

9.4 In previous years, the income tax department amended the assessment filed by Engro Fertilizers Limited, a subsidiary company (EFert), for the tax years 2015, 2016 and 2017. EFert filed appeals there against before the Commissioner Inland Revenue Appeals (CIRA) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from Engro Eximp Agriproducts Limited under section 59B of the Income Tax Ordinance, 2001, resulting in cumulative addition of Rs. 16,173,826 to taxable income of these tax years. Last year, CIRA passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. EFert as well as the tax department has filed appeals against the order of CIRA before the Appellate Tribunal (ITAT). The matter was heard by the ITAT for tax year 2015 and 2016 on January 7, 2020.

(Amounts in thousand)

During the period, ITAT passed an order for tax year 2015 and 2016 and decided all matters in favor of EFert, except for disallowance of provisions on inventories that was maintained. EFert is confident of a favourable outcome on these amendments and therefore no provision has been recognised in this respect in these consolidated condensed interim financial statements.

9.5 In the year 2017, the High Court of Islamabad in its order dated June 8, 2017 declared that the income derived by a Contractor from its contract with EFert, is subject to tax as per Clause 4 of Article 5 of Double Taxation Treaty between Pakistan and the Netherlands. Thus confirming demand order issued of Rs. 1,178,391. In respect thereof, the Contractor preferred an appeal in the Supreme Court of Pakistan (SCP) and the proceedings in relation thereto are currently pending. It is expected that on adjudication on the merits of the case, the exposure will not exceed Rs. 200,000 for the EFert.

Although certain implications arise under the terms of the Contract, the chances of any obligation crystallising on part of EFert given the time lines of any separate proceedings under the Income Tax Ordinance, 2001 are remote. Accordingly, no provision has been made in respect of the demand order issued by the tax department.

Engro Polymer and Chemicals Limited

9.6 Through the notice dated January 20, 2020 the Additional Commissioner Inland Revenue (ACIR) raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required Engro Polymer and Chemicals Limited (EPCL), a subsidiary company to pay Rs. 552,331 being the amount short paid with the return. EPCL has filed a Constitutional Petition in the High Court of Sindh (SHC) challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company. However, the SHC directed the department to refrain from passing the order on the basis of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable EPCL to approach the Supreme Court (SC). EPCL has filed Civil Petition for Leave to Appeal I against SHC order in Supreme Court, which was heard on March 18, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by EPCL. EPCL based on legal advisor view continues to recognise a deferred tax asset on recoupable minimum turnover tax in respect of current period amounting to Rs. 143,791 based on its financial projections, which it expects to recoup in the ensuing years.

Engro Elengy Terminal (Private) Limited

9.7 EETL's tax exemption period ended on March 28, 2020 and EETL's applications for exemption against withholding of taxes on its invoices were rejected by Commissioner Inland Revenue and Chief Commissioner Inland Revenue. EETL in consultation with the legal counsel filed an appeal before the High Court of Sindh (Court) against the order of the Chief Commissioner Inland Revenue, which granted interim relief subject to submission of Bank guarantee to the Nazir of the Court through MCB Bank Limited amounting to Rs. 365,000.

(Amounts in thousand)

10. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share on the Holding Company, which is based on the following:

	(Unaudited) Quarter ended		(Unaudited) Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Profit / (loss) for the period, attributable to the owners of the Holding Company from:				
- continuing operations	5,940,489	2,805,448	9,325,310	6,838,022
- discontinued operations	(198,232)	(6,542)	(266,145)	(29,134)
	<u>5,742,257</u>	<u>2,798,906</u>	<u>9,059,165</u>	<u>6,808,888</u>
	Number of shares	Number of shares	Number of shares	Number of shares
	<u>576,163</u>	<u>576,163</u>	<u>576,163</u>	<u>576,163</u>

Weighted average number of ordinary shares (in thousand)

11. CASH GENERATED FROM OPERATIONS

	(Unaudited) Half year ended	
	June 30, 2020	June 30, 2019
Profit for the period before taxation	19,909,777	19,029,877
Adjustment for non-cash charges and other items:		
Depreciation and amortization	6,952,601	4,499,907
Loss on disposal of property, plant and equipment	23,690	(16,370)
Rent concession on lease liability	(31,570)	-
Gain on termination of lease	(19,463)	-
Impairment loss	132,732	-
Provision for retirement and other service benefits	110,040	152,115
Provisions, net	1,075,832	-
Income on deposits / other financial assets	(5,799,495)	(4,670,197)
Finance income on net investment in lease	(2,718,199)	(2,607,275)
Finance cost on lease liability	1,964,954	1,906,845
Exchange loss on lease liability	4,032,558	7,415,480
Exchange gain on net investment in lease	(4,085,774)	(7,435,750)
Share of income from joint venture and associates	(1,143,096)	(690,187)
Finance cost	10,257,206	3,350,399
Loss on foreign currency translations	1,892,900	1,733,150
Working capital changes (note 11.1)	(6,951,184)	23,232,941
	<u>25,603,516</u>	<u>45,900,935</u>
11.1 Working capital changes		
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(900,835)	57,097
- Stock-in-trade	(3,756,786)	5,020,383
- Trade debts	(9,318,460)	(2,520,559)
- Loans, advances, deposits and prepayments	(338,956)	618,105
- Other receivables - net	9,205,420	442,986
	<u>(5,109,617)</u>	<u>3,618,012</u>
Decrease in current liabilities		
- Trade and other payables, including other service benefits - net	(1,841,567)	19,614,929
	<u>(6,951,184)</u>	<u>23,232,941</u>

(Amounts in thousand)

12. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short term investments
Short term borrowings

	(Unaudited) Half year ended	
	June 30, 2020	June 30, 2019
	17,377,026	22,493,543
	26,860,748	66,446,029
	(11,243,666)	(7,291,964)
	<u>32,994,108</u>	<u>81,647,608</u>

13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

13.1 Financial risk factors

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

There have been no changes in the risk management policies of the Group during the period. Consequently, these consolidated condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

13.2 Fair value estimation

The table below analyzes financial instruments carried at fair value by valuation method. The different levels 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)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Level 1	Level 2	Level 3
		Rupees	
Assets			
Financial assets at fair value through profit and loss			
- Units of mutual funds	-	28,378,207	-
- Treasury bills	-	8,726,913	-
	<u>-</u>	<u>37,105,120</u>	<u>-</u>
Financial assets at fair value other comprehensive income			
- Treasury Bills	-	28,279,270	-
- Pakistan Investment Bonds	-	105,679	-
	<u>-</u>	<u>28,384,949</u>	<u>-</u>

-There were no transfers between Levels during the period. Further, there were no changes in valuation techniques during the period.

Level 2 fair values have been determined using PKRV rates and closing Net Asset Values for government securities and mutual fund units, respectively.

13.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in these consolidated condensed interim financial statements approximate their fair value.

(Amounts in thousand)

14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company, joint venture companies, associated companies, 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:

	(Unaudited)	
	Half year ended	
	June 30, 2020	June 30, 2019
	------(Rupees)-----	
Parent Company		
Dividend paid	1,501,289	1,891,234
Reimbursements to Parent Company	38,765	130,629
Associated companies and joint ventures		
Purchases and services	23,675,512	3,429,151
Dividend received	270,000	540,000
Dividends paid	280,214	352,822
Payment against EPC contract	778,702	11,710,404
Reimbursements from	108,695	168,299
Reimbursements to	49,437	143,132
Loan received	-	263,039
Loan paid	2,766,038	-
Mark-up on borrowings	1,282,467	111,398
Share capital issued	-	4,560,529
Others	11	-
Key Management Personnel		
Remuneration paid to key management personnel / Directors	848,021	612,580
Reimbursement of expenses	2,019	35,904
Dividend paid	83,981	87,663
Profit on Engro Islamic Rupiya Certificates	-	9,804
Contribution for retirement benefits	385,555	372,401
Directors' fees	57,480	28,324

15. SEGMENT REPORTING

15.1 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.

Type of segments	Nature of business
Fertilizer	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment includes a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro, Engro DAP and Envy etc. 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.
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.
Food	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.

(Amounts in thousand)

Type of segments	Nature of business
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 and operations and management services in Pakistan and Nigeria.
Other operations	It includes management of investments in associates and joint ventures by the Holding Company. It also includes investments made in the foods, telecommunication infrastructure and digital and technology services and products.

15.2 Liabilities are reported segment-wise to the Board of Directors on an annual basis. Hence, segment-wise details of liabilities have not been presented in these consolidated condensed interim financial statements.

15.3 Information regarding the Group's operating segments is as follows:

Note	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	------(Rupees)-----			
Revenue				
Fertilizer	29,911,271	26,990,496	40,702,810	50,642,948
Polymer	5,816,352	9,256,687	12,874,294	18,600,321
Food	1,527,281	987,033	2,526,370	1,747,069
Terminal	3,225,653	2,789,023	6,910,208	6,320,785
Power and mining	21,550,746	4,043,380	43,845,865	7,421,837
Other operations	3,838,546	606,457	4,396,436	4,253,050
Elimination - net	(3,674,962)	(542,372)	(4,083,929)	(4,207,948)
Consolidated	<u>62,194,887</u>	<u>44,130,704</u>	<u>107,172,054</u>	<u>84,778,062</u>
Profit for the period				
Fertilizer	3,886,076	3,177,360	4,456,840	7,184,175
Polymer	29,782	450,236	222,621	1,544,394
Food	27,755	(123,951)	45,883	(84,484)
Terminal	489,747	141,135	1,572,689	1,053,614
Power and mining	4,025,661	40,695	7,898,082	579,967
Other operations	3,703,740	1,112,462	3,869,749	4,853,878
Elimination - net	(2,574,800)	462	(2,537,063)	(3,768,218)
Consolidated	<u>9,587,961</u>	<u>4,798,399</u>	<u>15,528,801</u>	<u>11,363,326</u>

	(Unaudited)	(Audited)
	June 30, 2020	December 31, 2019
	------(Rupees)-----	
Assets		
Fertilizer	126,671,776	127,261,901
Polymer	61,988,392	57,519,217
Terminal	67,435,986	64,714,675
Power and mining	220,757,611	210,798,860
Other operations	111,289,645	107,359,280
Elimination - net	(19,091,289)	(17,408,859)
Consolidated	<u>569,052,121</u>	<u>550,245,074</u>

(Amounts in thousand)

16. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on August 19, 2020 has approved an interim cash dividend of Rs. 8 per share for the year ending December 31, 2020. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

17. SEASONALITY

- 17.1 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.
- 17.2 "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.

18. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue on August 19, 2020 by the Board of Directors of the Holding Company.



Abdul Samad Dawood
Vice Chairman



Mazhar Abbas Hasnani
Chief Financial Officer



Ghias Khan
President and Chief Executive

ڈائریکٹرز رپورٹ

انٹگر و کارپوریشن لینڈ کے ڈائریکٹرز کمپنی کے عبوری مالیاتی اسٹیٹمنٹس کا خلاصہ برائے ششماہی مہینہ 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

COVID-19 کی عالمی وبا کے دوران میں کاروباری عمل کا تسلسل عالمی وبا کے درمیان، دنیا ابھی بھی نئی موجودہ صورتحال کے ساتھ ایڈجسٹ کرنے میں کوشاں ہے جب کہ دنیا بھر کے ادارے کاروبار پر پڑنے والے اثرات سے ڈگمگا رہے ہیں اور بحالی کے راستے تلاش کر رہے ہیں۔ پاکستان کا شمار دنیا کے سب سے زیادہ کمیسز والے ممالک میں ہوتا ہے جہاں اس وبا نے پہلے ہی سے ذوقی معیشت کو تباہی سے قریب کر دیا ہے۔

وفاقی اور صوبائی حکومتوں نے اس بحران سے نمٹنے کیلئے بہتر طریقہ اختیار کیا اور محتاط نوعیت کے لاک ڈاؤن کا نفاذ کیا۔ لاک ڈاؤن میں سماجی فاصلے کو لازمی قرار دیا لیکن اہم صنعتوں (فوڈ، ہیلتھ کیئر وغیرہ) کو کام جاری رکھنے کی اجازت دی تاکہ ایک بحران دوسرے بحران کا پیش خیمہ نہ بن جائے۔ اس وائرس کے ہماری معیشت پر اثرات جاری رہنے کی توقع ہے اور اسٹین ڈیولپمنٹ بینک نے مالی سال 2020 میں GDP میں 0.4% کمی اور مالی سال 2021 میں 2% گرتھ کی پیش گوئی کی ہے۔

انٹگر و کارپوریشن کا پورٹ فولیو اس چیلنج کے عرصے میں مستحکم رہنے کی حالت میں ہے۔ ہماری مختلف شعبہ جات میں آپریٹنگ کی فلاحی، جو پاکستان کو درپیش مسائل کے دہانے سے نکلنے میں مددگار ثابت ہوگی، اس بات کی متقاضی ہے کہ ہمارے اکثر کاروبار جو معاشرے میں روز مرہ ضروریات کیلئے اہم نوعیت کے ہیں، لاک ڈاؤن کے دوران میں ان کا کاروباری عمل جاری رکھا جائے۔ تاہم ہم مستقبل میں منفعیت کے امکانات پر نظر ثانی کرنے اور سرمایہ کاری کی تفویض کے بعض منصوبوں کا جائزہ لینے کی ضرورت کو نمایاں رکھیں گے۔

گروپ نے اس بحران کے عرصہ میں مستعدی کا مظاہرہ کیا ہے اور کیش فلو کے طویل مدت تک استحکام پر پڑنے والے اثرات کو کم کرنے کی کوشش کے طور پر بعض اقدامات کئے ہیں۔ اس کے علاوہ ایک مرکزی COVID-19 کراسس مینجمنٹ کمیٹی تشکیل دی گئی ہے جو مستعدی کے ساتھ وبا کے حوالے سے ہمارے کاروبار میں بدلتی صورتحال کی نگرانی کرے گی اور اس کا بندوبست کرے گی۔

سبسڈیری کی سطح پر ہماری تمام کمپنیاں ایک بھر پور رسک مینجمنٹ فریم ورک پر عمل پیرا ہیں جو جامع طور پر اوسط مدت اور طویل مدت کے خطرات (Risks) کی فوری شناخت کرتی ہے اور اس کے ساتھ ان کے تدارک کے منصوبے تیار کر رہی ہے نیز ان کے عمل کی کارروائی کا عمل جاری ہے۔ یہ تمام اقدامات ہمیں کاروبار کے طویل عرصے تک جاری رہنے اور اس کی پائیداری کو یقینی بنانے میں مددگار ہوں گے۔

اس چیلنج کے دور میں، ہم اپنے دہانے کے مسائل کو حل کرنے، پاکستان کے عوام کی زندگیوں کو بہتر بنانے کی کوششوں کیلئے پرعزم ہیں اور اس کے علاوہ جس معاشرے میں ہم کام کر رہے ہیں، اس پر بھی مثبت اثرات مرتب کرنے کیلئے کوشاں ہیں۔ پاکستان میں COVID-19 اور اس کے منفی اثرات سے نبرد آزما ہونے کیلئے، انٹگر و، ڈاؤن ہر کولیس اور گروپ چیئر مین اور ان کی فیملی نے 1 بلین پاکستانی روپے بیماریوں سے تحفظ، ہیلتھ کیئر کے عملے کی حفاظت، مریضوں کی دیکھ بھال اور بے سہارا لوگوں کی زندگیوں کو سہارا دینے اور معاشرے کے انتہائی مستحق افراد کی امداد کے لئے مختص کئے ہیں۔ اس مختص رقم سے 284 ملین پاکستانی روپے پہلے ہی فراہم کئے جا چکے ہیں۔ ہم یقین رکھتے ہیں کہ ہمیں کسی بھی امدادی اور زندگیوں کو بچانے کے کاموں کو مکمل طور سے شفافیت کے ساتھ انجام دینا چاہئے۔ ہم اس مخصوص رقم سے کس طرح اور کہاں فنڈز مینا کرتے ہیں، عوام کے سامنے پیش کر رہے جن کو ہماری ویب سائٹ <https://www.hussaindawardwoodpledge.com> پر دیکھا جاسکتا ہے۔

کاروبار کا جائزہ

2020 کے پہلے نصف حصے میں ہماری مجموعی آمدنی (like-for-like) بنیاد پر، علاوہ تھر پاور پروڈیکٹ) ہماری 2019 کی اسی مدت کی آمدنی سے تقریباً 20% کم ہوئی۔ 2020 کی پہلی نصف مدت میں مجموعی بعد از ٹیکس منافع (PAT) 15,528 ملین پاکستانی روپے حاصل ہوا جو سابقہ مدت کے مقابلے میں 37% زیادہ ہے جب کہ PAT کے باعث 2020 کے پہلے نصف عرصے میں شیئر ہولڈرز کی آمدنی گزشتہ سال کی اسی مدت کی آمدنی 6,809 سے بڑھ کر 9,059 پاکستانی روپے ہوئی۔ انفرادی حیثیت میں کمپنی نے PAT کی مد میں 4,858 ملین روپے حاصل کئے جب کہ گزشتہ سال اسی مدت میں 5,163 ملین روپے حاصل ہوئے تھے، اس کے مطابق اس مرتبہ فی شیئر آمدنی 8.43 پاکستانی روپے رہی۔ PAT میں کمی کی بڑی وجہ کاروباری ترقیاتی اخراجات میں اضافہ تھا جو جزوی طور پر دیگر آمدنیوں میں کمی کے سبب ہوا تھا۔ بورڈ ہمسرت سال مہینہ 31 دسمبر 2020 کیلئے 8 پاکستانی روپے فی شیئر کے عبوری نقد منافع کا اعلان کرتا ہے۔

نمایاں کاروباری شعبہ جات کا مختصر جائزہ درج ذیل ہے:

فریٹ لائررز

کاروباری تاریخ میں پہلی مرتبہ ایک ششماہی میں یورپا کی بلند ترین پیداوار حاصل ہوئی جو پلانٹ کی استعداد اور انجینئرنگ کی اعلیٰ مہارت کا نتیجہ ہے۔ موجودہ مدت کے دوران میں KT 847 کی سلاز ہوئی جو کہ 1H 2019 میں KT 887 کی سیل کے مقابلے میں 5% کم ہے۔ اس کی وجہ گزشتہ سال کی اسی مدت کے مقابلے میں مارکیٹ میں مجموعی طور پر 8% کمی آئی تھی۔

1H 2019 میں یورپا کے 31% مارکیٹ شیئر کے مقابلے میں اس سال مارکیٹ شیئر 32% ہو گیا جس کی بنیادی وجہ زیادہ پروڈکشن تھی۔ تاہم گزشتہ سال کے مقابلے میں 20% کم آمدنی ہوئی۔ اس مدت میں PTA کی مد میں 4,457 ملین پاکستانی روپے حاصل ہوئے جب کہ اس کے مقابلے میں گزشتہ سال 7,184 ملین پاکستانی روپے حاصل ہوئے تھے جس کی وجہ یورپا کی قیمت میں کمی، پہلی سہ ماہی میں پائسی ریش میں اضافے کی وجہ سے زیادہ مالیاتی لاگت اور غیر ملکی کرنسی کے قرضہ میں زرمبادلہ کا نقصان تھی۔

پیرو کیمیکلز

COVID-19 سے متعلق لاک ڈاؤن کے سلسلے میں حکومت کی لازمی پابندیوں کے باعث پورٹ ٹائم پر PVC پروڈکشن فیسیلیٹی کو بند کر دیا گیا۔ تاہم اسٹینڈرڈ آپریٹنگ پروسیجرز (SOPs) کی تشکیل اور سندھ حکومت کی رہنما ہدایات کی پیروی میں پروڈکشن کے تحت 20 اپریل سے فیسیلیٹی میں پروڈکشن کا دوبارہ آغاز ہو گیا۔ PVC کی توسیع سے متعلق تعمیراتی کام اور VCM ڈی پوسٹل ٹینک پروجیکٹس پر 21 مئی 2020 سے کام شروع کر دیا گیا اور اب 2021 کی پہلی سہ ماہی میں COD کے کاروباری ہدف کی تیاری جاری ہے۔ ہم اس وقت دیگر توسیعی پروجیکٹس کے لئے وقت کے تعین کا جائزہ لے رہے ہیں۔ کمپنی ان پروجیکٹس کے لئے پرعزم ہے اور جیسے ہی پروڈیکٹ کی تکمیل کی مدت کے مزید امکانات سامنے آئے، ہم شیئر ہولڈرز کو آگاہ کریں گے۔

آپریٹرز کے عہدہ پر 1H 2020 میں کاروبار میں 12,874 ملین روپے کی آمدنی حاصل ہوئی جب کہ گزشتہ سال اسی مدت میں 18,600 ملین روپے کی آمدنی ہوئی تھی۔ کاروبار میں PAT کی مد میں 223 ملین روپے حاصل ہوئے جبکہ سابقہ مدت میں 1,544 ملین روپے حاصل ہوئے تھے، جس کی وجہ ٹیکنالوجی، COVID-19 کے باعث کاروباری عمل اور مارکیٹ کی بندش اور PVC اور کاسٹک کی طلب میں کمی کے نتیجے میں پلانٹ کا بند ہونا تھی۔

انرجی اور پاور

کول مائن: 1H 2020 کے دوران میں مائننگ کے آپریٹرز روٹائی کے ساتھ جاری رہے اور مائن نے انٹگر و پاور جن تھر کو تقریباً دو ملین ٹن کول فراہم کیا۔ مائن کی گھنٹوں کو بڑھانے کیلئے اس کے موجود سائز کو دوگنا کرنے کے سلسلے میں سائٹ پر کنٹریکٹس تعمیراتی سرگرمیوں میں مصروف عمل ہے تاہم اضافی بوجھ کو کم کرنے کا مکمل توقع سے زیادہ ست روٹی کا شکار ہے کیونکہ COVID-19 کے نتیجے میں چین اور پاکستان میں لاک ڈاؤن کے باعث ایکویپمنٹ کی ڈیلیوری میں تاخیر ہو گئی تھی۔

تھر پاور پلانٹ: پلانٹ نے موجودہ مدت میں 83% لوڈ فیکٹر کے ساتھ 85% دستیابی کا ہدف حاصل کر لیا اور 2,175 GWh میٹریل گزرتے ہوئے دیا گیا۔ اس کے علاوہ پلانٹ کے دونوں یونٹس پر صفر قابل ذکر انرجی کے ساتھ مقرر کردہ وقت (scheduled) کے مطابق پاور کی پہلی بندش کا عمل بحفاظت مکمل ہو گیا۔

تھر پاور پاور پلانٹ: پاور پلانٹ بھر پور گیس کے ساتھ کام کرتا ہے اور تھر پاور یونٹس فیلڈ میں کمی کے سبب گیس کی کمی کا شکار ہے۔ اس قلت کو پورا کرنے کیلئے پلانٹ کو کمڈ موڈ پر کر دیا گیا ہے۔ پلانٹ نے میٹریل گزرتے ہوئے 28% لوڈ فیکٹر کے ساتھ 264 GWh خالص الیکٹریکل آؤٹ پٹ روانہ کر دی جو کہ گزشتہ سال اسی مدت میں 71% کے ساتھ روانہ کی گئی تھی۔ لوڈ فیکٹر میں کمی کی ابتدائی وجہ

آف ٹیک میں کمی تھی۔ موجودہ مدت کیلئے کاروبار میں 1,310 ملین روپے کا بعد از ٹیکس منافع (PAT) ریکارڈ ہوا جبکہ گزشتہ سال کی اسی عرصے میں 1,867 ملین روپے حاصل ہوا تھا۔

ٹریٹمنٹ آپریٹرز

موجودہ مدت میں LNG اور کیمیکلز ٹریٹمنٹز دونوں کی منفعیت کافی بہتر رہی۔ LNG ٹریٹمنٹ پر 36 کارگوز کو پنڈل کیا گیا، یہ تعداد 1H 2019 کی تعداد کے برابر ہے۔ اس مدت کے دوران میں کاروبار کو صارفین کی جانب سے طلب میں کمی کا سامنا ہوا جبکہ ٹیکسٹ میں کوئی تاخیر نہیں ہوئی۔

مستقبل قریب کے امکانات

ہم مسلسل COVID-19 وائرس کے اثرات کی نگرانی اور ان سے بچاؤ کے اقدامات کر رہے ہیں جیسے اپنے لوگوں کے تحفظ اور صحت سے متعلق اقدامات، اپنے آپریٹرز کے سلسلے میں مدد کیلئے فنانسنگ کی اضافی پچت، اپنے پروڈکشن کے پروسیجرز کیلئے ضروری میٹریل کی فراہمی کا معقول انتظام رکھنا اور اپنے کلیدی اسٹیک ہولڈرز کے ساتھ رابطہ برقرار رکھنا شامل ہیں۔

اس مرحلے پر ہم توقع کرتے ہیں کہ ہمارے کاروبار پر COVID-19 کے اثرات میں کمی آئے گی اور نتائج نسبتاً بہتر ہوں گے۔ تاہم یہ صورتحال دوسری لہر آنے کی صورت میں تبدیل ہو سکتی ہے۔

دنیا بھر میں لاک ڈاؤن میں نرمی اور پاکستان میں کیمیز میں کمی کے سبب، ہمیں معاشی سرگرمیوں میں مزید بہتری اور ہمارے کاروباری نتائج نیز لیکویڈیٹی کی صورتحال کے بہتر ہونے کے امکانات نظر آ رہے ہیں۔ تاہم حکومت کی جانب سے COVID 19 سے متعلق مدافعتی اقدامات، صنعت کی کارکردگی کی ترقی میں کلیدی کردار ادا کریں گے۔

GIDC کے دیرینہ کیس کے تصفیہ کے سلسلے میں سپریم کورٹ کا حالیہ فیصلہ ہمارے فریڈلائزرز اور بیٹرو کیمیکلز بزنس کے نقد بہاؤ کا بیجنگ ثابت ہوا ہے۔ چنانچہ گروپ اپنے پورٹ فولیو پر اس فیصلے کے اثرات کی جانچ کر رہا ہے اور اس سلسلے میں دستیاب متبادل انتظام (Options) پر غور کر رہا ہے۔

اس کے علاوہ 2002 پاور پالیسی پروٹیکشنس کی نمائندگی کرنے والی IPPs اور وزارت توانائی کی جانب سے تشکیل کردہ کمیٹی کے درمیان گفت و شنید کے کئی راؤنڈز کے بعد ملک میں بجلی کی قیمت کم کرنے کیلئے موجودہ کنٹریکٹ کے معاہدہ کو تبدیل کرنے کیلئے ایک MoU دستخط ہوئے ہیں۔ یہ MoU، NEPRA، وفاقی حکومت، IPPs کے بورڈ آف ڈائریکٹرز کی منظوری اور دیگر کارپورٹ منظوریوں اور متعلقہ پارٹیز کے درمیان عمل درآمد کے حتمی معاہدے سے مشروط ہے۔ MoU میں یہ بھی اتفاق کیا گیا ہے کہ NEPRA اور حکومت پاکستان ایک متفقہ مقررہ مدت میں واجب الادا وصولیوں کی واپس ادائیگی مع وصولیوں کی ادائیگی کیلئے طریقہ کار وضع کریں گے جو شیئر ہولڈرز کی منظوری کے بعد دستخط کئے جانے والے حتمی/فطری معاہدے میں درج کیا جائے گا۔ لنڈر و پاور جن کوارڈر لیٹنڈ کے بورڈ آف ڈائریکٹرز نے 17 اگست 2020 کو ہونے والی اپنی میٹنگ میں اصولی طور پر MoU کی شرائط کو منظور کر لیا ہے۔

فریڈلائزرز

مستقبل میں COVID-19 کے کسب دوبارہ بڑھنے اور نڈی دل کے حملے کے ممکنہ اثرات کے تحت مقامی یوریا کی طلب پر دباؤ پڑ سکتا ہے سپلائی کے لحاظ پر مقامی گیس پر مبنی پلانٹس کے ذریعہ ملکی طلب پورا کرنے کیلئے یوریا کی پروڈکشن کے مناسب حد تک زیادہ ہونے کی توقع ہے جب کہ سال کے بقیہ عرصے کیلئے کافی حد تک محفوظ اسٹاک کو یقینی بنایا جا رہا ہے۔ اگر یقینی طور پر زیادہ گیس دستیاب ہوئی تو سال کے دوران میں کاروبار میں یوریا کی پیداوار میں نمایاں اضافہ ہو سکتا ہے جو قومی اسٹاک میں کمی کو پورا کر سکے۔

حکومت کی جانب سے RLNG پر مبنی پلانٹس کو تین ماہ کیلئے آپریٹ کے حالیہ فیصلے سے مابقی اور کرنٹ اکاؤنٹ پر نمایاں بوجھ پڑ سکتا ہے RLNG کی کم اسٹاک قیمت کا فائدہ اٹھانے کیلئے حکومت کو یوریا کی برآمد پر توجہ دینی چاہئے تاکہ ملک کیلئے زرمبادلہ کا اندرونی بہاؤ ہو۔

بیٹرو کیمیکلز

لاک ڈاؤن میں نرمی کے بعد کاروبار کیلئے مقامی طلب میں بہتری کے امکانات

نظر آ رہے ہیں۔ دوسری جانب PVC اور Ethylene کیلئے بین الاقوامی مارکیٹ دبا کی دوسری لہر کے امکان اور ویکسین کی تیاری میں وقت لگنے کے باعث خوف کا شکار ہے کیونکہ انہی عناصر کے تحت پروڈکٹس کی عالمی طلب کا تعین ہوگا۔

حکومت سندھ کی جانب سے COVID-19 کے پھیلاؤ کو روکنے کیلئے لازمی SOPs کے مطابق بیس پلانٹ پر محفوظ آپریشنز کو یقینی بنانا اور 2020 کے دوسرے نصف عرصے میں جاری منصوبوں کی بحفاظت اور مقررہ مدت کے اندر تکمیل اور مقررہ لاگت کو مناسب ترین رکھنا بنیادی توجہ کے شعبہ جات ہیں۔

انرجی اور پاور

لنڈر و ملک کو توانائی کے بحران نکلانے میں مدد کیلئے پرمزم ہے اور ہم اس مقصد کیلئے مواقع دریافت کرتے رہیں گے۔ توقع ہے کہ IPPs کے ساتھ MoU کے سلسلے میں NEPRA اور حکومت پاکستان واجب الادا وصولیوں کی ادائیگی کیلئے طریقہ کار وضع کرنے کیلئے اقدامات کریں گے۔ تاہم حکومت توانائی کے شعبہ میں کردہشی قرضے کو ختم نہیں کر سکی ہے۔ ہمیں یقین ہے کہ اس کی بنیادی وجوہات کو ختم کرنے کیلئے کسی ٹھوس اقدام کی غیر موجودگی میں، خاص طور پر موجودہ دبا کی صورتحال کے جاری رہنے پر، صنعتی ترقی کیلئے کردہشی قرضہ ایک بیجنگ رہے گا۔

ٹریڈنگ آپریشنز

LNG ٹریڈنگ نے ملک کو درپیش توانائی کی قلت کو کچھ حد تک کم کرنے کیلئے اپنا کردار ادا کر رہا ہے۔ بد قسمتی سے معاشی بحران کے دوران میں کاروبار کو صارفین کی جانب سے طلب میں کمی کا سامنا ہے اور اس کی بقیہ جات کی ادائیگی کی صورتحال بھی واضح نہیں ہے۔ تاہم کاروبار آپریشنز پر دبا کے اثرات کی مسلسل جانچ کر رہا ہے اور اپنی حکمت عملی کو موجودہ چیلنجز سے بہتر طور پر نمٹنے کیلئے دوبارہ مرتب کر رہا ہے۔

اعتراف

ڈائریکٹرز اپنے شیئر ہولڈرز کے تہہ دل سے ممنون ہیں جنہوں نے کمپنی پر اعتماد کا اظہار کیا۔ ہم اس بیجنگ والی مدت میں لنڈر و فیملی کے ہر ممبر کے عزم، خلوص اور جدت پسند سوچ کیلئے ان کے بے حد شکر گزار ہیں اور ہمیں بھروسہ ہے کہ وہ مستقبل میں بھی اسی لگن کے ساتھ کام کرتے رہیں گے۔



حسین داؤد
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