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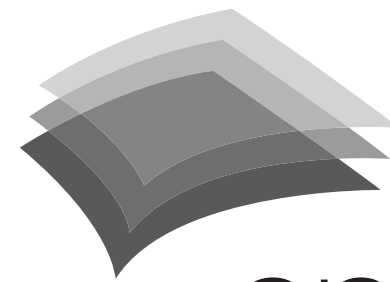
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Engro's investments in food & agri, petrochemicals, telecommunication infrastructure, and energy & related infrastructure are designed to enable nutrition, prosperity, connectivity, and progress for Pakistan.

#### About Us

Engro Corporation Limited is one of Pakistan's largest conglomerates with a business portfolio spanning across four verticals including food & agriculture, energy & related infrastructure, petrochemicals, and telecommunication infrastructure. 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 more growth-oriented and sustainable, 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 management 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 with production beginning 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 & related infrastructure and telecom infrastructure.

#### 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 6 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 set up 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 330MW mine mouth power plants under Engro Powergen Thar Limited 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 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. Thar Coal Project achieved its Commercial Operations Date (COD) in July 2019 and has 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 a capacity for regasification of up to 600 mmcf/d.

#### 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 customers' facilities.

#### FrieslandCampina Engro Pakistan

FrieslandCampina Engro Pakistan Limited is a 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 (Private) Limited

Engro Enfrashare is a wholly-owned subsidiary of Engro Infront, 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, Engro Enfrashare aims to help facilitate financial and social inclusion. While its expertise and investment in connectivity infrastructure allow mobile operators to reduce cost of access to consumers, Engro Enfrashare 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 (the Company) are pleased to submit their report along with the condensed interim financial statements of the Company for the half year ended June 30, 2022.

Post a temporary recovery in 2021, global economy has now entered a period of uncertainty as central banks pivot towards monetary tightening to combat the rising inflation, with US Fed increasing policy rate by 225 bps this year. Supply chains continue to remain under pressure with Russia-Ukraine conflict and resurgence of COVID induced lockdowns in China. The increase in global interest rates coupled with high inflation has increased fears of a global recession with international equity and commodity markets witnessing a pronounced correction. However, prices of hydrocarbons continue to remain high on the back of Russia – Ukraine conflict.

The situation is worse for emerging and developing market countries that depend on imports to meet their energy needs. As their currencies devalue against US dollar and global interest rates continue to rise, cost of debt servicing will increase. This makes these countries susceptible to a foreign debt crisis, indicating a potential wave of bailouts and debt restructuring.

Pakistan faces a similar situation, with foreign exchange reserves deteriorating and market pricing in the risk of default on the foreign obligations of the country. As at June 30, 2022, the Credit Default Swap (CDS) rate is trading at 14% and the Yield To Maturity (YTM) on Pakistan's international bond maturing in 2024 is at 23%. To secure IMF funding, the government has taken a series of austerity measures to reduce the Current Account and Fiscal Deficit including increase in income taxes, 525 bps increase in policy rate, and capital controls (restrictions on imports and increase in regulatory scrutiny). These measures have affected the economy by curtailment of demand and has particularly impacted the corporate / industrial sector of the country. It is expected that, going forward, pressure on foreign reserves of Pakistan will ease with the resumption of IMF program, expected funding from friendly countries, and other sources.

Engro's diversified portfolio is hedged against increases in interest rates and PKR devaluation. However, our profitability has been impacted by the imposition of Super Tax.

During the period, Engro also continued to further its social contributions towards the country. The Company established the Engro Cricket Coaching Project under the Pakistan Cricket Board's Pathway Cricket Programme and the Engro Volleyball

Development Program with the Pakistan Volleyball Federation, focusing on discovering and developing young athletes from the grassroots level. In its journey toward sustainability, Engro partnered with WWF-Pakistan to plant and protect 50,000 acres of forest under a 10-year-long Carbon Offset project and, in a separate project, to rehabilitate endangered Indus Dolphins across 500km of the Indus River. In addition, the Company continues plantation under the million-tree project in Thar and has solarized over 960 mobile towers under its telecom tower business.

## Business Review

On a standalone basis, the Company posted a Profit After Tax (PAT) of PKR 12,481 million against PKR 9,683 million for the first half of 2021, translating into an EPS of PKR 21.66 per share. The 29% increase in profitability is primarily on account of higher dividends from the Polymer, Fertilizer, and Energy businesses and higher interest income.

On a consolidated basis, the Company's revenue grew by 27%, to PKR 177,455 million in the first half compared to PKR 139,319 million in 1H 2021. The consolidated PAT for the half year was PKR 16,813 million against PKR 29,111 million in similar period last year, primarily due to PKR 9,376 million additional tax charge promulgated through Finance Act 2022 (Super Tax) and a one-off adjustment of PKR 2,911 for tariff true-up of Engro Powergen Thar Limited (EPTL). PAT attributable to the shareholders is PKR 7,414 million against PKR 17,053 million in the first half of 2021, with Super Tax charge of PKR 6,014 million and one-off adjustment of EPTL tariff true up of PKR 1,459 million. The Earnings per Share (EPS) is PKR 12.87 as compared to PKR 29.60 in same period last year, on account of PKR 12.97 per share impact of Super Tax and EPTL tariff true up.

A brief review of our business segments is as follows:

### Fertilizers

Fertilizer business recorded a revenue of PKR 75,136 million compared to PKR 55,359 million in 1H 2021, primarily driven by global commodity prices upturn. Whereas PAT stood at PKR 5,413 million versus PKR 10,509 million same period last year, mainly affected by the imposition of Super Tax amounting to PKR 5,220 million. Phosphate and other traded businesses benefitted from the commodity cycle upturn, adding PKR 2,896 million to the PAT versus PKR 1,749 million in the same period last year.

Urea sales during the period stood at 1,098 KT versus 1,167 KT for the comparative period due to higher opening inventory in 2021. Phosphate sales stood at 154 KT versus 125 KT during the same period in 2021.

International Urea prices stood at USD 634/T (landed cost equivalent to PKR 8,415/bag) by the end of 1H 2022 amidst volatility in geopolitical environment. However, fertilizer industry ensured availability of locally produced urea to farmers, translating into a discount of 78% over international prices. Phosphate's international and local prices continued the upward trajectory and have witnessed an increase of 14% during the first half of the year, with offers quoted as high as USD 1,030/T during Q2 2022.

Presence of domestic urea manufacturing industry enabled import substitution to the tune of USD 2.4 billion in 1H 2022, wherein Engro Fertilizers' contribution stood at USD 0.8 billion, equating to 34%.

### Petrochemicals

The Polymer business recorded a revenue of PKR 45,404 million compared to PKR 30,496 million in 1H 2021, attributing the increase to higher PVC volumes sold. Whereas PAT stood at PKR 7,052 million against a PAT of PKR 7,265 million in same period last year, despite the impact of Super Tax charge of PKR 2,062 million. The business continued to benefit from high commodity prices, with average core delta of USD 746/T against a long-term average of USD 450/T.

The business recorded domestic sale of 121 KT versus 96 KT in the same period last year. As a result, the business has enabled import substitution of USD 72 million.

### Telecommunication Infrastructure

Enfrashare continued to expand its national footprint and achieved a scale of 2,937 tower sites by the end of 1H with a 1.14x tenancy ratio, catering to all four Mobile Network Operators (MNOs) in Pakistan. The company captured a market share of 62% in Build-to-Suit (B2S) towers rollout in comparison to other independent tower companies, leading to 86% increase in revenue in comparison to 1H 2021.

The growth potential in the business is further demonstrated by the colocation activities witnessed during 1H 2022, with total colocation tenants of 407 versus 146 in 1H 2021, representing 179% increase. The business is well positioned to capture the growth expected in the sector, driven by increase in data usage, localization of smart phone assembly and other policy level interventions made by the Government of Pakistan.

### Foods & Rice

FrieslandCampina Engro Pakistan demonstrated a topline growth of 25%, reporting a revenue of PKR 30,771 million against PKR 24,590 million in the same period last year. Gross margin reduced by ~4% primarily on account of high inflation and PKR devaluation. The business recorded a PAT of PKR 938 million against PKR 1,414 million for the comparative period, on the back of lower gross margins, higher interest rates and imposition of Super Tax.

The topline growth was fueled by improvement in mix along with increase in volumes in both Dairy & Beverages segment and Ice Cream & Frozen Desserts segment. Significant expansion was witnessed in the retail footprint and E-Commerce channel during the first half. The business has also improved market reach, increased marketing spends to enhance brand equity, and has improved its market penetration.

Engro Eximp Agriproducts continued its efforts in rice export business, recording 62% growth in volumes versus same period last year (33.4 KT versus 20.6 KT). During the half year, rice business generated revenue of USD 21 million through export versus USD 12 million in 1H 2021, represented by export of 26.6 KT in 1H 2022 versus 14.1 KT in comparative period. The PAT stood at PKR 227 million versus PKR 23 million in 1H 2021 on the back of higher sales, better margins and PKR devaluation. The business continued developing foothold in the local market and increased domestic volumes by 20% to 7.8 KT during the period against 6.5 KT in similar period last year.

### Energy

**Coal Mine:** Mining operations continued smoothly, and the mine supplied 1.4 million tons of coal to Engro Powergen Thar Limited (EPTL) during the period. Phase II expansion of the mine to 7.6 million tons per annum is on track and expected to be completed during Q4 of 2022.

**Thar Power Plant:** EPTL achieved a collection of 88% from inception to date, bringing it at par with other coal IPPs. During the first half, the plant achieved 58% availability, dispatching 1,503 GWh to the national grid. Plant availability remained low due to outage following an incident on the coal conveyor belt. After detailed inspection and necessary rehabilitation work, both units of the plant successfully came online. In June, NEPRA decided the Commercial Operations Date (COD) adjustment tariff for EPTL. The Company believes that certain adjustments & disallowances made by NEPRA in this Tariff are against the principles set out in the Upfront Tariff and therefore the Company has filed an appeal before the Appellate Tribunal – NEPRA.

**Qadirpur Power Plant:** The plant dispatched a Net Electrical Output of 331 GwH to the national grid against 394 GwH in same period last year due to shutdown for scheduled major inspection. The business posted a PAT of PKR 406 million for the current period as compared to PKR 905 million for 1H 2022 due to lower finance income and timing difference due to lower Period Weighting Factor applicable in the first half. The company received PKR 4,888 million in June 2022 to fully settle the payment agreed under the Master Agreement with the Central Power Purchasing Agency Guarantee Limited (CPPA-G).

#### Terminal Operations

The LNG terminal handled 37 cargoes, higher than 1H 2021, delivering 110 bcf re-gasified LNG in to the SSGC network, accounting for ~13% of the total gas supply of the country. The chemicals terminal had an actual throughput of 720 KT against 638 KT during the same period last year. The increase was primarily observed in chemical volumes offset by lower LPG handling.

#### Distribution to Shareholders

The Board of Directors of Engro Corporation Limited endeavors to maximize total shareholder returns and is pleased to propose an interim cash dividend of PKR 11.00 per share for the second quarter ended on June 30, 2022. This is in addition to the interim cash dividend of PKR 12.00 per share given during first quarter of 2022. The dividend for second quarter 2022, will take the total interim cash dividend to PKR 23.00 per share for the year ending December 31, 2022.

#### Near-Term Outlook

The macro-economic situation of the country is expected to remain volatile in the near term. Given the criticality of the infrastructure in which we operate and our contributions to the economy, we will continue to develop our verticals while making meaningful contributions to the country and for our stakeholders at large. We will also continue to evaluate further opportunities of generating valuable foreign exchange for the country through import substitution and exports.

#### Fertilizer

Local urea demand is expected to maintain its growth trajectory owing to continued government support, improved farmer economics and availability of urea at significantly discounted

prices compared to global levels. Steady production by Engro Fertilizers will continue to meet the fertilizer needs of the domestic market. One of our plants faced unscheduled breakdown on June 26, 2022 which has now been successfully resolved and is operational. On the profitability front, we foresee challenges arising from changes in tax, PKR devaluation and inflationary pressure. To counter these headwinds, the Company has increased urea price by PKR 350/bag and this increase is applicable from July 01, 2022, in line with the industry.

Management will continue to explore options for urea exports to generate valuable foreign exchange for the country, subject to Government's approval and required policy interventions.

#### Petrochemicals

Global PVC prices are currently witnessing a downtrend due to lack of demand in China following economic slowdown and seasonal demand decline in India during monsoon. The prices are expected to recover from Q3 as demand gradually picks up. The business continues to evaluate opportunities to generate incremental earnings and sustain demand in these economic times.

#### Telecommunication Infrastructure

The business outlook for Enfrashare remains strong on the back of growing data usage in the country and increasing pressure on Mobile Network Operators to enhance availability and quality. With 60% of sites deployed in rural areas, the business continues to connect far-flung areas, in an effort to bridge the digital divide.

Enfrashare will continue to maintain its market leadership as an independent TowerCo business through organic and inorganic growth opportunities. To date, the business has secured orders of 3,900+ towers and is on track to become a 5,000+ tower company by 2023/24 instead of earlier set target of 2025.

#### Foods

The business environment is expected to remain challenging on the back of rising inflation, PKR devaluation and monetary tightening. However, with an agile business model in place, the management is confident that it will be able to drive efficiencies across value chain and continue to deliver growth.

To promote the well-being of Pakistanis, the Company will continue to partner with the Pakistan Dairy Association (PDA) and the Government on various initiatives to educate the consumers on the potential health hazards of loose milk consumption, and reinforce the positive characteristics of safe packaged milk.

Engro Eximp Agriproducts will focus on continuous improvement of its operational efficiency and enhancing its national / global footprint. As a major rice exporter of the country, the business is targeting to export ~50 KT of rice during the year, generating USD 25 to 30 million for the country.

#### Energy

The energy business remains committed to promotion of indigenous resources to generate cheap energy and contribute towards Pakistan's energy security and economic growth. To reduce country's reliance on imported fuels, our mining business will continue to expand the coal mine which is expected to increase its capacity to 7.6 million tons per annum by end of 2022 and subsequently to 12.2 million tons per annum in the next couple of years.

The business is also making progress on development of the 400 MW Renewable Energy Park (RE Park) in Jhimpir. The RE

Park has received significant interest from bilateral buyers based in Karachi and Dhabeji, with MOUs of over 500 MW already signed with potential customers.

#### Terminal Operations

The LNG terminal is positively playing its role in partially alleviating the energy shortage faced by the country. Furthermore, market dynamics in the chemicals sector have been stable and Engro Vopak continues to retain its status as the market leader in the chemical handling and storage business. However, LPG is expected to remain under pressure with increasing captive imports of SSGC and land imports through the land route at Taftan border area. As the businesses generate US dollar-based revenue, PKR devaluation will positively impact their respective profitability.

#### Acknowledgment

The Directors would like to express their deep appreciation to our shareholders who have consistently demonstrated 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 and are confident that they will continue to do so in the future.



Hussain Dawood  
Chairman



Ghias Khan  
President and Chief Executive



## unconsolidated condensed interim financial statements (unaudited) for the half year ended june 30, 2022

# 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, 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of 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 "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed 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 unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and notes thereto for the quarters ended June 30, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2022.

### 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 unconsolidated condensed 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 unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

A handwritten signature in black ink, appearing to read "Salman Hussain", positioned above a horizontal line.

Chartered Accountants  
Karachi


Date: August 29, 2022

UDIN: RR202210113vAaw8WWUI

unconsolidated condensed interim statement of financial position  
as at june 30, 2022

(Amounts in thousand)	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
------(Rupees)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	807,076	771,023
Right-of-use assets		686,244	263,413
Intangible assets		172,798	194,686
Long term investments		46,835,094	46,835,094
Long term loans and advances		378,560	384,154
Deferred taxation		88,308	73,537
		<u>48,968,080</u>	<u>48,521,907</u>
<b>Current assets</b>			
Loans, advances, deposits and prepayments	5	13,667,033	11,346,072
Receivables	6	990,518	784,106
Short term investments	7	45,563,783	40,247,237
Cash and bank balances		656,795	855,323
		<u>60,878,129</u>	<u>53,232,738</u>
		<u>109,846,209</u>	<u>101,754,645</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
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 - Actuarial loss		(18,484)	(18,484)
Remeasurement of investments		(34,630)	-
Unappropriated profit		72,284,624	67,294,008
		<u>95,490,615</u>	<u>90,534,629</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement and other service benefit obligations		76,734	59,220
Lease liabilities		623,531	17,673
		<u>700,265</u>	<u>76,893</u>
<b>Current liabilities</b>			
Trade and other payables		4,095,657	4,840,491
Current portion of lease liabilities		146,725	339,073
Taxes payable		9,175,458	5,721,720
Unclaimed dividends		237,489	241,839
		<u>13,655,329</u>	<u>11,143,123</u>
		<u>14,355,594</u>	<u>11,220,016</u>
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>			
	8		
		<u>109,846,209</u>	<u>101,754,645</u>

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

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer


  
Ghias Khan  
President and Chief Executive

unconsolidated condensed interim statement of profit or loss (unaudited)  
for the half year ended june 30, 2022

(Amounts in thousand except for earnings per share)

Note	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
------(Rupees)-----				
Dividend income	8,210,884	4,593,728	15,913,782	8,026,720
Royalty income	352,528	298,963	688,980	627,382
	<u>8,563,412</u>	<u>4,892,691</u>	<u>16,602,762</u>	<u>8,654,102</u>
Administrative expenses	(950,841)	(553,209)	(1,344,876)	(744,824)
	<u>7,612,571</u>	<u>4,339,482</u>	<u>15,257,886</u>	<u>7,909,278</u>
Other income	1,761,700	1,178,929	3,088,037	2,321,481
Other operating expenses	(1,194,462)	(175,263)	(2,031,979)	(523,012)
<b>Operating profit</b>	<u>8,179,809</u>	<u>5,343,148</u>	<u>16,313,944</u>	<u>9,707,747</u>
Finance cost	(33,470)	(19,245)	(50,871)	(43,028)
<b>Profit before taxation</b>	<u>8,146,339</u>	<u>5,323,903</u>	<u>16,263,073</u>	<u>9,664,719</u>
Taxation	(2,539,255)	773,036	(3,782,335)	18,546
	<u>5,607,084</u>	<u>6,096,939</u>	<u>12,480,738</u>	<u>9,683,265</u>
<b>Profit for the period</b>	<u>5,607,084</u>	<u>6,096,939</u>	<u>12,480,738</u>	<u>9,683,265</u>
Earnings per share - basic and diluted	9.73	10.58	21.66	16.81

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

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer

  
Ghias Khan  
President and Chief Executive

unconsolidated condensed interim statement of  
comprehensive income (unaudited)  
for the half year ended June 30, 2022

(Amounts in thousand)

Note	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Rupees) -----			
Profit for the period	5,607,084	6,096,939	12,480,738	9,683,265
Other comprehensive income / (loss) for the period				
Items that may be subsequently reclassified to profit or loss				
Unrealised loss on remeasurement of investments classified as fair value through other comprehensive income (FVOCI)	(34,630)	(41,760)	(34,630)	(41,760)
<b>Total comprehensive income for the period</b>	<b>5,572,454</b>	<b>6,055,179</b>	<b>12,446,108</b>	<b>9,641,505</b>

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

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer


  
Ghias Khan  
President and Chief Executive

unconsolidated condensed interim statement of  
changes in equity  
for the half year ended June 30, 2022

(Amounts in thousand)

	Share capital	Capital Reserve Share premium	General reserve	Revenue Reserves		Unappropriated profit	Total
				Remeasurement of post employment benefits-actuarial loss	Remeasurement of investments		
Balance as at January 01, 2021 (Audited)	5,761,633	13,068,232	4,429,240	(16,375)	-	63,758,171	87,000,901
Profit for the period	-	-	-	-	-	9,683,265	9,683,265
Other comprehensive loss	-	-	-	-	(41,760)	-	(41,760)
Total comprehensive income for the half year ended June 30, 2021	-	-	-	-	(41,760)	9,683,265	9,641,505
<b>Transactions with owners</b>							
Final cash dividend for the year ended December 31, 2020 @ Rs. 2.00 per share	-	-	-	-	-	(1,152,327)	(1,152,327)
First Interim cash dividend for the year ended December 31, 2021 @ Rs.12.00 per share	-	-	-	-	-	(6,913,959)	(6,913,959)
	-	-	-	-	-	(8,066,286)	(8,066,286)
Balance as at June 30, 2021 (Unaudited)	5,761,633	13,068,232	4,429,240	(16,375)	(41,760)	65,375,150	88,576,120
Profit for the period	-	-	-	-	-	8,832,888	8,832,888
Other comprehensive income / (loss)	-	-	-	(2,109)	41,760	-	39,651
Total comprehensive income for the half year ended December 31, 2021	-	-	-	(2,109)	41,760	8,832,888	8,872,539
<b>Transactions with owners</b>							
Interim cash dividends for the year ended December 31, 2021	-	-	-	-	-	(4,033,142)	(4,033,142)
- 2nd interim @ Rs. 7.00 per share	-	-	-	-	-	(2,880,888)	(2,880,888)
- 3rd interim @ Rs. 5.00 per share	-	-	-	-	-	(6,914,030)	(6,914,030)
Balance as at December 31, 2021 (Audited)	5,761,633	13,068,232	4,429,240	(18,484)	-	67,294,008	90,534,629
Profit for the period	-	-	-	-	-	12,480,738	12,480,738
Other comprehensive loss	-	-	-	-	(34,630)	-	(34,630)
Total comprehensive income for the half year ended June 30, 2022	-	-	-	-	(34,630)	12,480,738	12,446,108
<b>Transactions with owners</b>							
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	(576,163)	(576,163)
First Interim cash dividend for the year ending December 31, 2022 @ Rs. 12.00 per share	-	-	-	-	-	(6,913,959)	(6,913,959)
	-	-	-	-	-	(7,490,122)	(7,490,122)
Balance as at June 30, 2020 (Unaudited)	5,761,633	13,068,232	4,429,240	(18,484)	(34,630)	72,284,624	95,490,615

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

  
Muhammad Abdul Aleem  
Director

  
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, 2022


(Amounts in thousand)

Note	Half year ended	
	June 30, 2022	June 30, 2021
------(Rupees)-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash utilized in operations	12 (4,146,195)	(1,263,579)
Royalty received	640,026	482,830
Taxes paid	(343,369)	(626,953)
Retirement and other service benefits paid	(33,302)	(60,796)
Long term loans and advances - net	5,594	33,541
<b>Net cash utilized in operating activities</b>	<b>(3,877,246)</b>	<b>(1,434,957)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	15,913,782	8,006,265
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries	6,245,361	774,446
Investment in shares of subsidiary company	-	(605,000)
Loan disbursed to subsidiary companies	(15,400,000)	(4,250,000)
Repayment of loan by subsidiary companies	13,537,000	1,750,000
Purchase of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds	(434,069,833)	(118,617,258)
Proceeds from sale of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds	405,144,727	130,538,450
Purchases of property, plant and equipment	(139,694)	(173,703)
Sale proceeds on disposal of property, plant and equipment	13,134	8,895
Purchases of intangibles	(3,503)	(7,814)
<b>Net cash (utilized) / generated from investing activities</b>	<b>(8,759,026)</b>	<b>17,424,281</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of financial charges	(8,546)	(14,127)
Lease rentals paid	(133,777)	(148,349)
Dividends paid	(7,494,472)	(8,076,070)
<b>Net cash utilized in financing activities</b>	<b>(7,636,795)</b>	<b>(8,238,546)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(20,273,067)</b>	<b>7,750,778</b>
Cash and cash equivalents at beginning of the period	41,101,610	19,970,314
<b>Cash and cash equivalents at end of the period</b>	<b>20,828,543</b>	<b>27,721,092</b>

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

  
Muhammad Abdul Aleem  
Director

  
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, 2022

(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, power generation, telecommunications infrastructure, petrochemicals, mining, food, LNG and chemical storages. The Company's registered office is situated at 6th and 8th floor, The Harbour Front Building, HC # 3, Marine Drive, Block 4, 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 comprise 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 (the Act); and
- Provisions of and directives issued under the Act.

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

2.2 These unconsolidated condensed interim financial statements represent 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 are presented separately. The cumulative figures for the half year ended June 30, 2022 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 Act. 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 annual audited financial statements of the Company for the year ended December 31, 2021.

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 annual audited financial statements of the Company for the year ended December 31, 2021.

(Amounts in thousand)

### 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2021.
- 3.2 There are certain amendments to published International Financial Reporting Standards that are mandatory for the financial year beginning on January 1, 2022. These are considered not to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these unconsolidated condensed interim financial statements.
- 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.

### 4. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	------(Rupees)-----	
Operating assets (note 4.1)	695,788	703,970
Capital work-in-progress (note 4.3)	111,288	67,053
	<u>807,076</u>	<u>771,023</u>
4.1 Following additions including transfers from CWIP were made to operating assets during the period / year:		
Furniture, fixtures and equipment	19,145	197,659
Vehicles	76,314	213,196
	<u>95,459</u>	<u>410,855</u>
4.2 Operating assets costing Rs. 13,308 (December 31, 2021: Rs. 14,499) having a net book value of Rs. 4,181 (December 31, 2021: Rs. 7,051), were disposed off during the period / year for Rs. 13,134 (December 31, 2021: Rs. 10,314).		
4.3 Capital work in progress		
Balance at beginning of the period / year	67,053	104,306
Additions during the period / year	143,197	502,956
Transferred to:		
- operating assets	(95,459)	(410,855)
- intangible assets	(3,503)	(129,354)
Balance at end of the period / year	<u>111,288</u>	<u>67,053</u>

(Amounts in thousand)

### 5. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

These primarily includes loan and accrued interest thereon due from subsidiary companies aggregating to Rs. 13,069,584 (December 31, 2021: Rs. 10,827,611). Significant movement in these loans during the period are as follows:

- loan amounting to Rs. 10,300,000 was further disbursed to Engro Fertilizers Limited, a subsidiary Company, pursuant to agreement entered into on October 01, 2021. The loan carries mark-up at the rate of 3-month KIBOR plus 0.1%. Out of the outstanding balance, Rs. 8,400,000 was repaid during the period. The balance outstanding as at June 30, 2022 aggregated to Rs. 7,100,000 (December 31, 2021: Rs. 5,200,000);
- loan amounting to Rs. 2,000,000 was disbursed to Engro Polymer and Chemicals Limited, a subsidiary Company, pursuant to agreement entered into on February 01, 2022. The loan carried mark-up at the rate of 3-month KIBOR plus 0.1% and the same was repaid during the period;
- loan amounting to Rs. 3,100,000 was disbursed to Engro Powergen Qadirpur Limited, an indirect subsidiary Company, pursuant to agreement entered into on April 01, 2022. The loan carried mark-up at the rate of 3-month KIBOR plus 0.2% or 12.39% and the same was repaid during the period;
- loan to Engro Energy Limited, a wholly owned subsidiary Company, pursuant to agreement entered into on December 23, 2021, carries mark-up at the rate of 3-month KIBOR plus 0.1%. The balance outstanding as at June 30, 2022 aggregated to Rs. 4,975,000 (December 31, 2021: Rs. 4,975,000). There was no movement in the principal balance of loan during the period; and
- loan to Engro Infiniti (Private) Limited, a wholly owned subsidiary Company, pursuant to agreement entered into on June 26, 2019, carries mark-up at the rate of 3-month KIBOR plus 0.2%. Out of the outstanding balance, Rs. 37,000 was repaid during the period. The balance outstanding as at June 30, 2022 aggregated to Rs. 93,000 (December 31, 2021: Rs. 130,000).

### 6. RECEIVABLES

These include an amount of Rs. 164,696 (December 31, 2021: Rs. 115,742) on account of royalty receivable from Engro Fertilizers Limited, a subsidiary company.

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	------(Rupees)-----	
Fair value through other comprehensive income		
- Pakistan Investment Bonds (note 7.1)	11,185,839	-
Fair value through profit or loss		
- Mutual fund units	12,637,538	950
Amortized cost		
- Treasury Bills (note 7.2)	1,888,484	-
- Fixed income placements (note 7.3)	19,851,922	34,604,144
- Pakistan Investment Bonds (note 7.1)	-	5,642,143
	<u>21,740,406</u>	<u>40,246,287</u>
	<u>45,563,783</u>	<u>40,247,237</u>

(Amounts in thousand)

- 7.1 These Bonds carries yield of 12.75% to 14.70% (December 31, 2021: 11.33%) per annum and have maturity terms ranging between two to ten years.
- 7.2 These bills carries yield of 14.42% to 14.75% per annum and will mature by May 18, 2023.
- 7.3 These represent placements with banks and carries interest at rates ranging from 10.30% to 17.25% per annum and will mature by July 29, 2022.

## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 8.1 As at June 30, 2022, there is no material change in the status of matters reported as contingencies in note 19 of the audited annual financial statements of the Company for the year ended December 31, 2021, except as follows:
- 8.1.1 Standby Letters of Credit (Equity SBLC) provided by Engro Energy Limited (EEL), a wholly owned subsidiary, through National Bank of Pakistan, amounting to US Dollars 5,660 (December 31, 2021: US Dollars 8,635) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) June 30, 2023; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Company by pledging Pakistan Investment Bonds.
- 8.1.2 During the period, the charge over receivables provided by the Company against the Standby Letters of Credit (SBLC), issued by Engro Elengy Terminal (Private) Limited, a subsidiary company, as explained in note 19.1.3 of the audited annual financial statements of the Company for the year ended December 31, 2021 has been released and stands discharged in its entirety.
- 8.1.3 On March 28, 2022, and as supplemented from time-to-time Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account (PSRA) SBLCs amounting to US Dollars 23,316 and Rs. 1,029,044 respectively on behalf of EEL, a wholly owned subsidiary, for its PSRA commitments related to Engro Powergen Thar (Private) Limited in favour of their project lenders. These SBLCs are partially secured by pledging 36,657,842, 49,987,966 and 26,238,717 shares of Engro Fertilizers Limited, Engro Polymer and Chemicals Limited and FrieslandCampina Engro Pakistan Limited respectively.
- 8.1.4 Updates in respect of tax related matters are disclosed in note 10.

	(Unaudited)	(Audited)
	June 30,	December 31,
	2022	2021
	------(Rupees)-----	

### 8.2 Commitments

Commitments in respect of capital expenditure and other operational items

	163,383	299,120
--	---------	---------

(Amounts in thousand)

(Unaudited)			
Quarter ended		Half year ended	
June 30,	June 30,	June 30,	June 30,
2022	2021	2022	2021
------(Rupees)-----			

## 9. OTHER INCOME

### Financial assets

Income on bank deposits and other financial assets (note 9.1)

1,749,095	1,132,800	3,075,602	2,273,343
<b>Non-financial assets</b>			
Gain on disposal of property, plant and equipment			
9,038	377	8,953	2,386
3,567	45,752	3,482	45,752
12,605	46,129	12,435	48,138
1,761,700	1,178,929	3,088,037	2,321,481

- 9.1 Includes Rs. 586,910 (2021: Rs. 666,473) in respect of profit earned on subordinated loans to subsidiary companies.
- 9.2 Includes income received under Emission Reduction Purchase Agreement with Holt Global Group International AG Hofstrasse entered into on January 24, 2020, for the sale of contract Emission Reductions (ERs).

(Unaudited)			
Quarter ended		Half year ended	
June 30,	June 30,	June 30,	June 30,
2022	2021	2022	2021
------(Rupees)-----			

## 10. TAXATION

### Current

- for the period (note 10.2)  
- for prior year (note 10.2)

1,674,011	897,233	2,932,506	1,667,134
864,601	(1,640,000)	864,601	(1,640,000)
2,538,612	(742,767)	3,797,107	27,134
643	(30,269)	(14,772)	(45,680)
2,539,255	(773,036)	3,782,335	(18,546)

### Deferred (note 10.3)

- 10.1 As at June 30, 2022, there is no material change in the status of the taxation matters reported in note 26 to the audited annual financial statements of the Company for the year ended December 31, 2021.
- 10.2 This includes an amount of Rs. 864,601 and Rs 608,539 on account of provision made by the Company in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022 (the Act), whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022), December 31, 2022 (tax year 2023) respectively and onwards.
- 10.3 Includes deferred tax expense arising on account of recognition of deferred tax asset / liability on the deductible / taxable temporary differences at the rate of 33% (including 4% super tax as explained in note 10.2 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled. Liability as at December 31, 2021 was recognised at 29% being the rate then enacted.

(Amounts in thousand)

## 11. EARNINGS PER SHARE

As at June 30, 2022, there is no dilutive effect on the basic earnings per share of the Company, which is based on the following:

	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit for the period	5,607,084	6,096,939	12,480,738	9,683,265
Weighted average number of ordinary shares (in thousand)	576,163	576,163	576,163	576,163

## 12. CASH UTILIZED IN OPERATIONS

	Half year ended	
	June 30, 2022	June 30, 2021
Profit before taxation	16,263,073	9,664,719
Adjustment for non-cash charges and other items:		
Depreciation	99,460	76,788
Amortization	25,391	14,931
Depreciation on right-of-use assets	109,439	125,799
Rent concession on lease liability	(12,729)	(12,123)
Provision for retirement and other service benefits	31,622	54,965
Dividend income	(15,913,782)	(8,026,720)
Royalty income	(688,980)	(627,382)
Income on bank deposits and other financial assets	(3,075,602)	(2,273,343)
Gain on disposal of property, plant and equipment	(8,953)	(2,386)
Financial charges	50,871	43,028
Working capital changes (note 12.1)	(1,026,005)	(301,855)
	<u>(4,146,195)</u>	<u>(1,263,579)</u>

	Half year ended	
	June 30, 2022	June 30, 2021
12.1 Working capital changes		
Increase in current assets		
- Loans, advances, deposits and prepayments	(59,771)	(43,640)
- Other receivables (net)	(240,595)	(204,340)
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	(725,639)	(53,875)
	<u>(1,026,005)</u>	<u>(301,855)</u>

(Amounts in thousand)

## 13. CASH AND CASH EQUIVALENTS

Short term investments  
Cash and bank balances

	(Unaudited)	
	Half year ended	
	June 30, 2022	June 30, 2021
Short term investments	20,171,748	26,975,535
Cash and bank balances	656,795	745,557
	<u>20,828,543</u>	<u>27,721,092</u>

## 14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 14.1 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.

### 14.2 Fair value estimation

The table below analyses financial instruments carried at fair value using the fair value measurement method in accordance with IFRS 13. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
As at June 30, 2022 (Unaudited)				
Financial assets at fair value through other comprehensive income				
- Pakistan Investment bonds	-	11,185,839	-	11,185,839
Financial assets at fair value through profit or loss				
- Units of mutual funds	-	12,637,538	-	12,637,538
As at December 31, 2021 (Audited)				
Financial assets at fair value through profit or loss				
- Units of mutual funds	-	950	-	950

(Amounts in thousand)

#### 14.3 Valuation techniques used to determine fair values

Level 2 fair values have been determined using PKRV & PKFRV 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.

#### 14.4 Fair value of financial assets and liabilities

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

### 15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company, 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:

	(Unaudited)	
	Half year ended	
	June 30, 2022	June 30, 2021
	------(Rupees)-----	
<b>Parent Company</b>		
Dividend paid	2,788,108	3,002,577
Reimbursement of expenses	7,380	-
Reimbursement under advisory agreement	14,617	-
<b>Subsidiary companies</b>		
Mark-up from subsidiaries	586,910	666,473
Disbursement of loan to subsidiaries	15,400,000	4,250,000
Repayment of loan by subsidiaries	13,537,000	1,750,000
Dividend income	15,391,332	7,419,220
Investment in subsidiary company	-	605,000
Royalty income	688,980	627,382
Reimbursements made by the subsidiaries	1,270,671	34,001
Reimbursements to the subsidiaries	351,952	1,284,827
<b>Associated companies</b>		
Purchases and services	16,978	90,367
Contribution for Corporate Social Responsibility	-	14,400
Dividend paid	201,152	216,733
Reimbursements made by the associates	106,236	72,096
Reimbursements to the associates	7,459	34,404

(Amounts in thousand)

#### Joint venture

Dividend income  
Reimbursements from joint venture  
Reimbursements to joint venture

#### Others

Remuneration of key management personnel  
Reimbursements to key management personnel  
Contribution to staff retirement benefit funds  
Advisory agreement  
Dividend paid  
Directors' Fee

	(Unaudited)	
	Half year ended	
	June 30, 2022	June 30, 2021
	------(Rupees)-----	
<b>Joint venture</b>		
Dividend income	522,450	607,500
Reimbursements from joint venture	63,320	90,918
Reimbursements to joint venture	9,504	-
<b>Others</b>		
Remuneration of key management personnel	366,235	309,759
Reimbursements to key management personnel	-	1,186
Contribution to staff retirement benefit funds	109,775	100,800
Advisory agreement	58,484	-
Dividend paid	473,230	441,978
Directors' Fee	53,377	44,465

### 16. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

- 16.1 The Board of Directors of Engro Polymer and Chemicals Limited, a subsidiary company, in its meeting held on August 10, 2022 has proposed an interim cash dividend of Rs. 2.5 per share for the period ending December 31, 2022, amounting to Rs. 2,272,308 of which the proportionate share of the Company amounts to Rs. 1,276,834.
- 16.2 The Board of Directors of Engro Fertilizers Limited, a subsidiary company, in its meeting held on July 28, 2022 has declared nil interim cash dividend for the period ending December 31, 2022.
- 16.3 The Board of Directors of Elengy Terminal Pakistan Limited, a subsidiary company, in its meeting held on July 26, 2022 has declared nil interim cash dividend for the period ending December 31, 2022.
- 16.4 The Board of Directors of Engro Energy Limited, a subsidiary company, in its meeting held on August 12, 2022 has proposed an interim cash dividend of Rs. 4.736 per share for the period ending December 31, 2022, amounting to Rs. 500,000 of which the proportionate share of the Company amounts to Rs. 500,000.
- 16.5 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on July 26, 2022 has proposed an interim cash dividend of Rs. 4 per share for the period ending December 31, 2022, amounting to Rs. 360,000 of which the proportionate share of the Company amounts to Rs. 180,000.

These unconsolidated condensed interim financial statements do not include the effects of the aforementioned dividend income.

- 16.6 The Board of Directors of the Company in its meeting held on August 16, 2022 has proposed a interim cash dividend of Rs. 11 per share for the period ending December 31, 2022 amounting to Rs. 6,337,796. These unconsolidated condensed interim financial statements do not reflect the effect of dividend payable.

(Amounts in thousand)

## 17. CORRESPONDING FIGURES

- 17.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.
- 17.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the balances in unconsolidated condensed interim statement of financial position have been compared with the balances of annual audited financial statements of the preceding financial year, whereas the amounts in unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

## 18. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 16, 2022 by the Board of Directors of the Company.

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer

  
Ghias Khan  
President and Chief Executive



engro corp

**consolidated condensed  
interim financial statements (unaudited)  
for the half year ended june 30, 2022**

# independent auditor's review report

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

### Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Engro Corporation Limited and its subsidiaries (the Group) as at June 30, 2022 and the related consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity, and consolidated condensed interim statement of cash flows, and notes to the consolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "consolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these consolidated condensed 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 consolidated condensed interim financial statements based on our review.

The figures of the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and notes thereto for the quarters ended June 30, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2022.

### 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 consolidated condensed 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 consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants  
Karachi

Date: August 29, 2022

UDIN: RR202210113m2xoA9py0


consolidated condensed interim statement of  
financial position (unaudited)  
as at June 30, 2022

(Amounts in thousand)	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
------(Rupees)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	304,357,166	282,154,538
Right-of-use assets		12,366,883	9,819,009
Intangible assets		2,399,881	2,398,324
Long term investments	7	34,905,031	34,217,070
Deferred taxation		107,293	80,346
Financial assets at amortized cost		3,087,914	3,592,784
Derivative financial instruments		382,307	92,805
Net investment in leases		49,792,733	45,203,623
Long term loans, advances and other receivables		3,040,545	2,616,236
		<b>410,439,753</b>	<b>380,174,735</b>
<b>Current assets</b>			
Stores, spares and loose tools	8	10,533,217	9,310,131
Stock-in-trade	9	42,056,077	31,513,007
Trade debts		59,278,666	59,563,366
Loans, advances, deposits and prepayments		7,209,715	4,711,522
Other receivables		31,431,126	25,780,784
Accrued income		1,574,609	633,633
Contract assets		190,559	5,452,510
Current portion of net investment in leases		4,871,371	4,004,522
Short term investments		72,439,954	82,372,051
Cash and bank balances		47,348,795	40,804,784
		276,934,089	264,146,310
<b>TOTAL ASSETS</b>		<b>687,373,842</b>	<b>644,321,045</b>

consolidated condensed interim statement of  
financial position (unaudited)  
as at June 30, 2022

(Amounts in thousand)	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
------(Rupees)-----			
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital		5,761,632	5,761,632
Share premium		13,068,232	13,068,232
Revaluation reserve on business combination		2,678	2,678
Maintenance reserve		156,301	156,301
Exchange revaluation reserve		1,293,630	937,769
Hedging reserve		65,733	66,031
General reserve		4,429,240	4,429,240
Remeasurement of investments		226,955	39,248
Remeasurement of post-employment benefits		(108,064)	(108,064)
Unappropriated profit		137,309,828	137,385,981
		<b>156,444,533</b>	<b>155,977,416</b>
		162,206,165	161,739,048
<b>Non-controlling interest</b>		<b>78,689,821</b>	<b>81,060,639</b>
<b>Total Equity</b>		<b>240,895,986</b>	<b>242,799,687</b>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Borrowings	10	142,435,729	139,818,216
Government grant		1,404,152	1,079,703
Deferred taxation		18,386,234	16,256,649
Lease liabilities		60,233,743	53,163,136
Deferred liabilities		3,191,471	2,845,835
Long term provisions		6,380,427	8,172,253
		232,031,756	221,335,792
<b>Current Liabilities</b>			
Trade and other payables		106,261,794	96,256,676
Accrued interest / mark-up		1,709,657	1,366,497
Current portion of:			
- borrowings		24,776,335	23,110,031
- Government grant		326,445	183,624
- lease liabilities		7,131,796	6,111,288
- deferred liabilities		533,967	736,953
- long term provisions		21,053,619	18,510,399
Taxes payable		22,803,992	9,298,370
Short term borrowings		28,852,422	23,270,314
Unclaimed dividends		996,073	1,341,414
		214,446,100	180,185,566
		446,477,856	401,521,358
<b>Total Liabilities</b>		<b>446,477,856</b>	<b>401,521,358</b>
<b>Contingencies and Commitments</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>687,373,842</b>	<b>644,321,045</b>

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
Muhammad Abdul Aleem  
Director

  
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, 2022

[Amounts in thousand except for earnings per share]

Note	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
----- (Rupees) -----				
<b>CONTINUING OPERATIONS</b>				
Net revenue	12 89,121,515	68,453,024	177,454,754	139,319,217
Cost of revenue	(62,166,307)	(45,622,551)	(123,281,911)	(91,523,096)
<b>Gross profit</b>	<b>26,955,208</b>	<b>22,830,473</b>	<b>54,172,843</b>	<b>47,796,121</b>
Selling and distribution expenses	(1,536,920)	(1,807,098)	(3,425,574)	(3,463,622)
Administrative expenses	(3,058,698)	(1,565,336)	(4,729,283)	(2,826,486)
Other income	5,637,410	3,249,863	9,623,415	6,715,858
Other operating expenses	(4,173,282)	(1,063,344)	(6,430,839)	(3,176,306)
Other Gains / (Losses):				
Remeasurement Loss on Provision for GIDC (Loss allowance) / reversal of loss allowance on subsidy receivable from GoP	(644,915)	(880,390)	(1,001,520)	(1,177,446)
	(303,595)	63,633	(389,173)	164,417
<b>Operating profit</b>	<b>22,875,208</b>	<b>20,827,801</b>	<b>47,819,869</b>	<b>44,032,536</b>
Finance cost	(6,874,272)	(4,359,824)	(12,001,936)	(7,948,920)
Share of income from joint venture and associates	283,790	858,632	1,272,119	1,877,288
<b>Profit before taxation</b>	<b>16,284,726</b>	<b>17,326,609</b>	<b>37,090,052</b>	<b>37,960,904</b>
Taxation	13 (14,369,687)	(2,994,283)	(20,277,549)	(8,849,887)
<b>Profit from continuing operations</b>	<b>1,915,039</b>	<b>14,332,326</b>	<b>16,812,503</b>	<b>29,111,017</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit / (Loss) from discontinued operations (attributable to Owners of the Holding Company)	14 -	(738)	71	(436)
<b>Profit for the period</b>	<b>1,915,039</b>	<b>14,331,588</b>	<b>16,812,574</b>	<b>29,110,581</b>
<b>Profit attributable to:</b>				
- Owners of the Holding Company	(557,552)	8,716,692	7,413,968	17,053,357
- Non-controlling interest	2,472,591	5,614,896	9,398,606	12,057,224
	<u>1,915,039</u>	<u>14,331,588</u>	<u>16,812,574</u>	<u>29,110,581</u>
<b>Earnings / (loss) per share - basic and diluted</b>				
- continuing operations	(0.97)	15.13	12.87	29.60
- discontinued operations	-	-	-	-
	<u>(0.97)</u>	<u>15.13</u>	<u>12.87</u>	<u>29.60</u>

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
Muhammad Abdul Aleem  
Director

  
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, 2022

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
----- (Rupees) -----				
<b>Profit for the period</b>	<b>1,915,039</b>	<b>14,331,588</b>	<b>16,812,574</b>	<b>29,110,581</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Unrealized gain on remeasurement of investment classified at fair value through other comprehensive income (FVOCI)	204,011	5,188	187,707	5,188
Fair value (loss) / gain on derivative financial instruments	(73,166)	103,264	-	103,264
Hedging reserve - reclassified to statement of profit or loss	(218)	(218)	(433)	(433)
Revaluation reserve on business combination	-	1,345	-	(3,906)
Exchange differences on translation of foreign operations	341,699	71,363	355,861	(32,909)
	<u>472,326</u>	<u>180,942</u>	<u>543,135</u>	<u>71,204</u>
<b>Income tax relating to:</b>				
- Revaluation reserve on business combination	-	367	-	2,047
<b>Other comprehensive income for the period, net of tax</b>	<b>472,326</b>	<b>181,309</b>	<b>543,135</b>	<b>73,251</b>
<b>Total comprehensive income for the period</b>	<b>2,387,365</b>	<b>14,512,897</b>	<b>17,355,709</b>	<b>29,183,832</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of the Holding Company	(85,024)	8,896,271	7,957,238	17,125,965
- Non-controlling interest	2,472,389	5,616,626	9,398,471	12,057,867
	<u>2,387,365</u>	<u>14,512,897</u>	<u>17,355,709</u>	<u>29,183,832</u>
<b>Total comprehensive income attributable to:</b>				
- Continuing operations	2,387,365	14,513,635	17,355,638	29,184,268
- Discontinued operations	-	(738)	71	(436)
	<u>2,387,365</u>	<u>14,512,897</u>	<u>17,355,709</u>	<u>29,183,832</u>

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer

  
Ghias Khan  
President and Chief Executive

consolidated condensed interim  
statement of changes in equity  
for the half year ended june 30, 2022


(Amounts in thousand)

	Attributable to Owners of the Holding Company											Total	
	Capital reserves					Revenue reserves					Sub total		Non-controlling interest
	Share capital	Share premium	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Remeasurement of investment	Unappropriated profit	Remeasurement of post employment benefits			
Balance as at January 1, 2021 (Audited)	5,761,632	13,068,232	2,678	156,301	682,940	(26,173)	4,429,240	-	124,424,783	(83,754)	148,415,879	71,178,776	219,594,655
<b>Total comprehensive income for the half year ended June 30, 2021</b>													
Profit for the period	-	-	(2,678)	-	(32,909)	103,007	-	5,188	17,053,357	-	17,053,357	12,057,224	29,110,581
Other comprehensive income / (loss)	-	-	(2,678)	-	(32,909)	103,007	-	5,188	17,053,357	-	17,125,965	12,057,867	29,183,832
Transactions with owners													
Dividend by subsidiaries allocable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(6,041,557)	(6,041,557)
Final cash dividend for the year ended December 31, 2020 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(1,152,327)	-	(1,152,327)	-	(1,152,327)
First interim cash dividend for the year ended December 31, 2021 @ Rs. 12.00 per share	-	-	-	-	-	-	-	-	(6,913,959)	-	(6,913,959)	-	(6,913,959)
Balance as at June 30, 2021 (Unaudited)	5,761,632	13,068,232	-	156,301	650,031	76,834	4,429,240	5,188	133,411,854	(83,754)	157,475,558	77,195,086	234,670,644
<b>Total comprehensive income for the half year ended December 31, 2021</b>													
Profit for the period	-	-	2,678	-	287,738	(10,803)	-	34,060	10,888,157	-	10,888,157	12,613,021	23,501,178
Other comprehensive income / (loss)	-	-	2,678	-	287,738	(10,803)	-	34,060	10,888,157	-	11,177,520	12,594,851	23,772,371
Transactions with owners													
Dividend by subsidiaries allocable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(8,727,408)	(8,727,408)
Share issuance cost	-	-	-	-	-	-	-	-	-	-	-	(1,890)	(1,890)
Second interim cash dividend for the year ended December 31, 2021 @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(4,033,142)	-	(4,033,142)	-	(4,033,142)
Third interim cash dividend for the year ended December 31, 2021 @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,880,888)	-	(2,880,888)	-	(2,880,888)
Balance as at December 31, 2021 (Audited)	5,761,632	13,068,232	2,678	156,301	937,769	66,031	4,429,240	39,248	137,385,981	(108,064)	161,739,048	81,060,639	242,799,687
<b>Total comprehensive income for the half year ended June 30, 2022</b>													
Profit for the period	-	-	-	-	355,861	(298)	-	187,707	7,413,968	-	7,413,968	9,398,606	16,812,574
Other comprehensive income / (loss)	-	-	-	-	355,861	(298)	-	187,707	7,413,968	-	7,957,238	9,398,471	17,355,709
Transactions with owners													
Dividend by subsidiaries allocable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(11,769,289)	(11,769,289)
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	(576,163)	-	(576,163)	-	(576,163)
First interim cash dividend for the year ended December 31, 2022 @ Rs. 12.00 per share	-	-	-	-	-	-	-	-	(6,913,958)	-	(6,913,958)	-	(6,913,958)
Balance as at June 30, 2022 (Unaudited)	5,761,632	13,068,232	2,678	156,301	1,293,630	65,733	4,429,240	226,955	137,309,828	(108,064)	162,206,165	78,689,821	240,895,986

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
Muhammad Abdul Aleem  
Director

  
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, 2022

(Amounts in thousand)

	Note	Half year ended	
		June 30, 2022	June 30, 2021
------(Rupees)-----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	45,851,491	24,800,537
Retirement and other service benefits paid		(8,860)	(161,791)
Finance cost paid on lease liability		(1,073,185)	(1,776,650)
Taxes paid		(4,669,289)	(2,925,823)
Proceeds from net investment in leases		2,089,441	1,446,461
Repayment of lease liability		(2,329,264)	(2,075,206)
Finance income received on net investment in leases		2,941,811	2,484,394
Other finance cost paid		(9,218,154)	(5,053,601)
Deferred income		286,887	16,755
Bank balance held as margin		17,720	60,130
Long term loans and advances - net		(424,309)	(82,899)
Net cash generated from operating activities		33,464,289	16,732,307
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets		(17,702,380)	(9,651,795)
Sale proceeds on disposal of property, plant and equipment		70,202	38,736
Investments made during the period		(717,282,962)	(118,627,759)
Proceeds from sale of investments		682,652,882	155,381,481
Income on deposits / other financial assets		4,661,704	2,398,553
Investment in associated company		-	(181,771)
Dividends received		522,450	607,500
Net cash (utilized in) / generated from investing activities		(47,078,104)	29,964,945
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,211,678	3,229,506
Repayments of borrowings		(12,592,052)	(9,079,488)
Lease rentals paid		(943,581)	(810,773)
Dividends paid		(19,604,751)	(14,125,726)
Net cash utilized in financing activities		31,928,706	(20,786,481)
Net (decrease) / increase in cash and cash equivalents		(45,542,521)	25,910,771
Effect of exchange rate changes on cash and cash equivalents		1,183,744	(92,733)
Cash and cash equivalents at beginning of the period		91,662,651	51,425,511
Cash and cash equivalents at end of the period	17	47,303,874	77,243,549

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer

  
Ghias Khan  
President and Chief Executive

# notes to the consolidated condensed interim financial statements (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

1.1 Engro Corporation Limited (the Holding Company) is a public listed company incorporated in Pakistan. 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 terminals, telecommunication infrastructure and chemical terminal and storage businesses. The Holding Company's registered office is situated at 6th and 8th floors, The Harbour Front Building, HC # 3, Marine Drive, Block 4, 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.

	Percentage of direct share holding	
	June 30, 2022	December 31, 2021
- Engro Energy Limited (note 1.4)	100	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Connect (Private) Limited	100	100
- Engro Infiniti (Private) Limited (note 1.3)	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
<b>Joint Venture Company:</b>		
- Engro Vopak Terminal Limited	50	50
<b>Associated Company:</b>		
- FrieslandCampina Engro Pakistan Limited	39.9	39.9

1.3 The Board of Engro Infiniti (Private) Limited (EInfiniti) in its meeting held on March 16, 2022, decided to amalgamate Engro Digital Limited (EDL), a wholly owned subsidiary, as a result of which EDL shares were cancelled and dissolution came into effect without winding up, in accordance with the Scheme of Amalgamation with effect from March 31, 2022. The scheme was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 1, 2022.

1.4 On March 2, 2022, an explosion occurred on the coal conveyor belt system of Engro Powergen Thar (Private) Limited (EPTL) a subsidiary of Engro Energy Limited (EEL) which feed the coal into the power plant. Power plant was already under schedule maintenance where one of the units was already shutdown and other was operational. For safety reasons, EPTL's management decided to shutdown the other unit as well. Post rehabilitation work of coal conveyor belt system, operations from one of the units were resumed in April 2022, while the other unit came online in May 2022. EPTL utilised forced outage allowance and continued to bill Capacity Purchase Price. For rehabilitation works, an aggregate of Rs. 903,388 had been incurred and accordingly insurance claim has been lodged under the policy for the recovery of the same which has been acknowledged by the insurance company. All related financial impacts have been incorporated in these consolidated condensed interim financial statements as at the reporting date.

(Amounts in thousand)

## 2. BASIS FOR PREPARATION

2.1 Statement of compliance

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

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

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

2.2 The cumulative figures for the half year ended June 30, 2022 presented in these consolidated condensed interim financial statements have been subjected to limited scope review by the auditors of the Holding Company, as required under section 237 of the Act. These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021.

## 3. BASIS OF CONSOLIDATION

3.1 The condensed interim financial statements of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves.

3.2 Non-controlling interest has been presented as a separate item in these consolidated condensed interim financial statements. All material intercompany balances and transactions have been eliminated.

3.3 The Group's interest in jointly controlled and associated entity i.e. Engro Vopak Terminal Limited and FrieslandCampina Engro Pakistan Limited has been accounted for using the equity method.

## 4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

4.1 The significant accounting policies and the methods of computation applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021.

There are certain amendments to published International Financial Reporting Standards (IFRSs) that are mandatory for the financial year beginning on January 1, 2022. These are considered not to have any significant effect on the Group's financial reporting and operations and have, therefore, not been disclosed in these consolidated condensed interim financial statements.

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

4.3 The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O dated September 13, 2021 notified that in case of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 - Financial Instruments, with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022.

Therefore, the requirements of IFRS 9 with respect to ECL shall be applicable from July 1, 2022 which would result in recognition of impairment charge on trade debts and other receivables amounting to Rs. 1,427,722 on July 1, 2022.

## 5. ACCOUNTING ESTIMATES

5.1 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan 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 are the same as those that were applied to the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021.

(Amounts in thousand)

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	------(Rupees)-----	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets, at net book value (note 6.1 and 6.2)	276,531,263	257,997,137
Capital work in progress (CWIP) - Expansion and other projects (note 6.3)	23,638,678	20,265,122
Capital spares and standby equipment	4,187,225	3,892,279
	<u>304,357,166</u>	<u>282,154,538</u>
<b>6.1</b> Following additions including transfers from CWIP were made to operating assets during the period:		
Land	-	39,140
Building	2,723,281	4,854,043
Pipelines	-	150,047
Plant and machinery	17,103,946	16,953,999
Furniture, fixture and equipment	2,726,526	6,087,067
Vehicles	269,727	951,501
Aircraft	2,875,687	-
Dredging	179,095	-
	<u>25,878,262</u>	<u>29,035,797</u>
<b>6.2</b> During the period, operating assets costing Rs. 571,132 (December 31, 2021: Rs. 453,865), having net book value of Rs. 492,545 (December 31, 2021: Rs. 202,127) were disposed / written off for Rs. 70,202 (December 31, 2021: Rs. 218,446).		
	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	------(Rupees)-----	
<b>6.3</b> Capital work in progress - Expansion and other projects		
Balance at beginning of the period / year	20,265,122	26,166,617
Additions during the period / year	15,942,052	23,557,055
Borrowing cost capitalized during the period / year	-	27,645
Transferred to:		
- operating assets	(12,422,006)	(28,148,457)
- intangible assets	(146,490)	(1,160,673)
- capital spares	-	(155,043)
Write-off	-	(22,022)
Balance at end of the period / year	<u>23,638,678</u>	<u>20,265,122</u>
<b>7. LONG TERM INVESTMENTS</b>		
Balance at beginning of the period / year	34,217,070	32,045,438
Add:		
- Investment made during the period / year in associates	-	474,839
- Revaluation (loss) / gain on investments	(67,164)	39,248
- Share of profit and other comprehensive income for the period / year (note 7.1)	1,272,119	3,216,931
- Provision adjustment against tax contingency	41,611	-
Less:		
- Dividend received during the period / year	(522,500)	(1,155,000)
- Provision adjustment against tax contingency	-	(20,457)
- Impairment recognised	(36,105)	(383,929)
Balance at end of the period / year	<u>34,905,031</u>	<u>34,217,070</u>

(Amounts in thousand)

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	------(Rupees)-----	
<b>7.1</b> Details of share of profit and other comprehensive income for the period / year are as follows:		
- Sindh Engro Coal Mining Company Limited (SECMC)	416,899	1,331,413
- FrieslandCampina Engro Pakistan Limited (FCEPL)	374,331	710,061
- Engro Vopak Terminal Limited (EVTL)	480,889	1,175,457
	<u>1,272,119</u>	<u>3,216,931</u>
<b>8. STORES, SPARES AND LOOSE TOOLS</b>		
<b>8.1</b> During the period, stores and spares amounting to Rs. 38,383 (December 31, 2021: Rs. 98,719) have been written-off.		
<b>8.2</b> During the period, provision for slow moving stores and spares amounting to Rs. 20,569 (December 31, 2021: Rs. 6,491) has been written-off.		
	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	------(Rupees)-----	
<b>9. STOCK-IN-TRADE</b>		
<b>9.1</b> Details of stock-in-trade are as follows:		
Raw and packaging material	9,225,966	11,761,709
Unprocessed rice	2,375,995	3,532,912
Fuel stock	199,692	165,860
Work-in-process	5,738,656	177,862
Stock-in-transit	21,356	-
Finished goods:		
- own manufactured product	7,994,182	7,351,417
- packaged	16,658,003	8,669,441
- purchased product	8,046	-
Less: Provision for impairment against stock-in-trade	(165,819)	(146,194)
	<u>42,056,077</u>	<u>31,513,007</u>
<b>9.2</b> During the period, stock-in-trade amounting to Rs. 66,471 (December 31, 2021: Rs. 1,665) has been written-off.		
<b>9.3</b> During the period, the written down stock-in-trade amounting to Rs. 69,380 (December 31, 2021: Rs. 196,596) has been reversed.		

(Amounts in thousand)

## 10. BORROWINGS

As at June 30, 2022, there is no material change in the status of borrowings reported in note 24 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021, except as follows:

### Engro Fertilizers Limited (EFERT)

- 10.1 During the period, EFERT made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions- und Entwicklungsgesellschaft amounting to Rs. 2,291,667, Rs. 941,667, Rs. 250,000 and Rs. 344,667, respectively.
- 10.2 During the period, EFERT acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up on these loans is chargeable at the rates ranging from 1.50% to 2.00% and is payable in quarterly or semi-annual installments starting from January 2022.

### Engro Powergen Thar (Private) Limited (EPTL)

- 10.3 EPTL entered into a USD Facility Agreement on December 21, 2015 with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of US Dollars 621,000 for a period of 14 years. The loan is repayable in 20 semi-annual instalments commencing from June 1, 2020. The loan carries mark-up at the rate of 6 month LIBOR plus 4.2% per annum. The facility is secured primarily through first ranking hypothecation charge over the project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and pledged shares in favour of the Security Trustee. As at June 30, 2022, the outstanding balance of the borrowing was US Dollars 493,260 (December 31, 2021: US Dollars 520,088).
- 10.4 During the period, EPTL has recorded exchange loss on revaluation of foreign currency borrowings amounting to Rs. 14,380,897 (December 31, 2021: Rs. 9,105,840).
- 10.5 EPTL has entered into the following loan agreements:
- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs. 17,016,000. As at June 30, 2022, the outstanding balance of the borrowing was Rs. 14,704,750 (December 31, 2021: Rs. 15,234,870).
  - Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000. As at June 30, 2022, the outstanding balance of the borrowing was Rs. 2,708,315 (December 31, 2021: Rs. 2,805,952).
  - 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, 2022, the outstanding balance of the borrowing was Rs. 3,456,688 (December 31, 2021: Rs. 3,581,304).

(Amounts in thousand)

## Engro Polymer and Chemicals Limited (EPCL)

- 10.6 On March 12, 2021, EPCL obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP through Musharaka Agreement entered with financial institutions amounting to Rs. 1,000,000 to finance its capital expenditure. The amount is repayable over 10 years including 2 years grace period, in 32 quarterly installments of Rs. 11,519 each with the first payment commencing from June 2023 and carries markup at SBP Refinance Rate plus 0.75% to 1% per annum, payable quarterly. The borrowing is secured by the way of hypothecation charge over present and future fixed assets of EPCL (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors.

During the period, EPCL has obtained additional loan amounting to Rs. 271,685 on account of ITERF. The value of benefit of below-market interest rate on this additional loan has been accounted for as Government grant.

### Elengy Terminal Pakistan Limited (ETPL)

- 10.7 The principal amount for repayment at June 30, 2022 for foreign currency denominated loan is US Dollars 10,833 (December 31, 2021: US Dollar 13,000).

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

As at June 30, 2022, there is no material change in the status of matters reported as contingencies in note 32 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021, except as follows:

#### The Holding Company

- 11.1.1 During the period, the charge over receivables provided by the Holding Company against the Standby Letters of Credit (SBLCs), issued by Engro Elengy Terminal (Private) Limited, a subsidiary of ETPL, as explained in note 32.2.5 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021 has been released and stands discharged in its entirety.
- 11.1.2 Standby Letters of Credit (Equity SBLCs) provided by Engro Energy Limited (EEL), a wholly owned subsidiary, through National Bank of Pakistan, amounting to US Dollars 5,660 (December 31, 2021: US Dollars 8,635) for its equity commitments related to Sindh Engro Coal Mining Company Limited (SECMC), its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLCs will expire on earlier of (i) June 30, 2023; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Holding Company by pledging Pakistan Investment Bonds.
- 11.1.3 On March 28, 2022, and as supplemented from time-to-time, Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account (PSRA) SBLCs amounting to US Dollars 23,316 and Rs. 1,029,044, respectively, on behalf of EEL, a wholly owned subsidiary, for its PSRA commitments related to EPTL in favour of their project lenders. These SBLCs are partially secured by pledging 36,657,842, 49,987,966 and 26,238,717 shares of Engro Fertilizers Limited, Engro Polymer and Chemicals Limited and FrieslandCampina Engro Pakistan Limited, respectively.

(Amounts in thousand)

#### Engro Fertilizers Limited (EFERT)

11.1.4 In the year 2021 the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of EFERT u/s 177 of the Income Tax Ordinance, 2001 for the Tax Years (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directive issued by FBR. As such, EFERT received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly include credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. EFERT had filed appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] against all amendment orders.

In respect of sales tax audits, the tax department has only issued a Show Cause Notice (SCN) for TY 2017. During December 2021, EFERT filed Constitutional Petitions before the SHC challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. The SHC granted ad-interim orders in favour of EFERT for all three tax years.

During the period, EFERT received orders from the CIR(A) in respect of TY 2015, 2016 2018 and 2020 on the appeals filed by EFERT against the order of Deputy Commissioner Inland Revenue (DCIR). In these orders, the CIR(A) has remanded back certain disallowances with a tax impact of Rs. 13,364,756 to the DCIR for reconsideration / further verification. Further, the CIR(A) has upheld and maintained the decision of the DCIR on disallowances with a tax impact of Rs. 1,213,624 on account of lack of documentary evidences provided by EFERT. CIR(A) has upheld the contention of EFERT in respect of certain disallowances with a tax impact of Rs. 3,987,210.

In respect of the matters where the CIR(A) has upheld and maintained the decision of the DCIR with a tax impact of Rs. 1,213,624, EFERT is in the process of filing appeals before the Appellate Tribunal Inland Revenue (ATIR).

EFERT's management consider based on the legal / tax advisor's opinion that it has reasonable grounds to defend the case and therefore will not be exposed to additional liability in this respect.

11.1.4.1 In the year 2020, the income tax department amended the assessment filed by EFERT for TY 2019. EFERT filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs. 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

During the period, CIR(A) passed an order allowing deletion of proration of expenses to exempt income and claim of WWF / WPPF as deductible allowances whilst maintaining some of the additions made by the taxation officers in the amendment orders. EFERT is in the process of filing appeal against the CIR(A)'s order before the ATIR.

The Group maintains adequate provision in these consolidated condensed interim financial statements and is confident that it will not be exposed to any additional liability in this respect.

#### Engro Energy Limited (EEL)

11.1.5 Guarantees furnished to Baluchistan Power Development Board (BPDB) expired during the period and the process for renewal of these guarantees has been initiated by EEL, a wholly subsidiary company.

(Amounts in thousand)

11.1.6 During the period, the DCIR under section 161/205/182, has raised a demand of Rs. 24,681 regarding certain discrepancies in the deduction of withholding taxes on payments made in tax year 2016. EEL has filed an appeal before the CIR(A) dated June 17, 2022, which is pending for hearing as at June 30, 2022.

#### FrieslandCampina Engro Pakistan Limited (FCEPL)

11.1.7 On March 15, 2022, the Classification Committee (CC) issued ruling on tea whiteners including Tarang. CC therein reviewed its previous rulings and decided that matter against the taxpayers. FCEPL is in the process to avail legal remedy against the ruling issued. Based on the opinion of its legal advisor, FCEPL is confident of a favorable outcome of this matter, hence no provision has been recognised in this respect in these consolidated condensed interim financial statements.

#### 11.2 Commitments

11.2.1 Commitments in respect of open purchase orders and capital and revenue expenditure including contracted but not incurred amount to Rs. 22,217,965 (December 31, 2021: Rs 14,777,771).

11.2.2 Engro Eximp Agriproducts (Private) Limited (EEAP) has entered into export selling contracts of 8,712 tons (December 31, 2021: 26,202 tons) of Super Basmati Rice to various parties on 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. 975,700 (December 31, 2021: Rs. 3,687,500).

11.2.3 Engro Enfrashare (Private) Limited has obtained letter of credit facility aggregating Rs. 550,000 (December 31, 2021: Rs. 500,000) from Habib Bank Limited. The amount availed on the facility as at June 30, 2022 is Rs. 452,760 (December 31, 2021: Rs. 144,000).

11.2.4 The facility for opening letters of credit of EPCL as at June 30, 2022 aggregates to Rs. 27,683,682 (December 31, 2021: Rs. 21,982,934). The amount utilised thereagainst as at June 30, 2022 was Rs. 10,696,767 (December 31, 2021: Rs. 8,252,481).

(Amounts in thousand)

(Unaudited)			
Quarter ended		Half year ended	
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees)			

## 12. REVENUE

Own manufactured products	62,526,100	65,026,660	139,562,013	128,928,651
Less:				
- Sales tax	(6,889,916)	(6,395,811)	(13,250,338)	(10,152,814)
- Discounts	(420,241)	(381,192)	(926,638)	(566,247)
	<u>55,215,943</u>	<u>58,249,657</u>	<u>125,385,037</u>	<u>118,209,590</u>
Purchased and packaged product	28,095,961	5,998,274	41,101,342	12,930,096
Services rendered	7,522,486	5,280,329	13,909,280	10,222,571
	<u>35,618,447</u>	<u>11,278,603</u>	<u>55,010,622</u>	<u>23,152,667</u>
Less: Sales tax	(1,531,123)	(849,382)	(2,644,865)	(1,693,086)
Less: Discounts	(181,752)	(225,854)	(296,040)	(349,954)
	<u>(1,712,875)</u>	<u>(1,075,236)</u>	<u>(2,940,905)</u>	<u>(2,043,040)</u>
	<u>89,121,515</u>	<u>68,453,024</u>	<u>177,454,754</u>	<u>139,319,217</u>

### 12.1 Engro Powergen Thar (Private) Limited (EPTL)

On June 15, 2022, National Electric Power Regulatory Authority (NEPRA) decided upon the Commercial Operations Date (COD) Adjustment Tariff dated March 13, 2015 (Tariff Decision) forming the basis on which future indexations in EPTL's tariff are to be made and the revenue is to be recognised with effect from the date of the COD. EPTL believes that the aforementioned Tariff Decision is principally not in accordance with the EPTL's Upfront Tariff issued by NEPRA dated March 13, 2015. Being aggrieved from the Tariff Decision, EPTL has filed an appeal before the Appellate Tribunal - NEPRA on July 13, 2022 in accordance with the applicable legislation.

Further, EPTL has obtained a stay order from the High Court of Sindh against the above Tariff Decision till the finalization of EPTL's appeal before the Appellate Tribunal - NEPRA. Accordingly, the Tariff Decision dated June 15, 2022 also stands suspended.

In light of the aforementioned appeal filed and favorable advice from EPTL's legal counsel, EPTL has assessed that it has strong legal grounds against certain disallowances made by NEPRA in the Tariff Decision and has continued to recognise revenue in accordance with its interpretation of the relevant tariff provisions.

However, there are certain adjustments disallowed in the Tariff Decision which, in the opinion of the management are applicable, on EPTL post COD. Accordingly, EPTL has recognized the impact of these disallowances in these consolidated condensed interim financial statements, which amounts to Rs. 2,910,705. Out of this amount, Rs. 2,464,720 relates to period from July 10, 2019 (COD Date) to December 31, 2021.

## 13. TAXATION

13.1 As at June 30, 2022, there is no material change in the status of matters reported in note 41 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2021.

13.2 During the period, provision of Rs. 908,525 and Rs. 1,744,660 is made in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022, whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) and December 31, 2022 (tax year 2023), respectively.

13.3 During the period, provision of Rs. 4,724,693 is made in accordance with section 4C 'Super Tax on high earning persons' introduced in the Ordinance through the Finance Act, 2022, whereby a super tax at ten percent has been imposed on the specified sectors i.e. fertilizers, chemicals etc., in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022).

## 14. LOSS FROM DISCONTINUED OPERATIONS

(Unaudited)			
Quarter ended		Half year ended	
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees)			
Revenue	-	-	-
Cost of revenue	-	-	-
Gross loss	-	-	-
Administrative expenses	-	(2,642)	-
Other operating expenses	-	(1,119)	(197)
Other income	-	1,119	268
Operating (loss) / profit	-	(2,642)	71
Taxation	-	1,904	-
(Loss) / profit for the period	-	(738)	71
Net cash inflow from operating activities	-	2,445	204
Net increase in cash generated by the subsidiary	-	2,445	3,669

## 15. EARNINGS PER SHARE - BASIC AND DILUTED

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

(Unaudited)			
Quarter ended		Half year ended	
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees)			
Profit / (loss) for the period, attributable to Owners of the Holding Company from:			
- continuing operations	(557,552)	8,717,430	7,413,897
- discontinued operations	-	(738)	71
	<u>(557,552)</u>	<u>8,716,692</u>	<u>7,413,968</u>
-----Number of shares-----			
Weighted average number of ordinary shares (in thousand)	576,163	576,163	576,163
Earnings per share - basic and diluted (in Rupees)			
- continuing operations	(0.97)	15.13	12.87
- discontinued operations	-	-	-
	<u>(0.97)</u>	<u>15.13</u>	<u>12.87</u>

(Amounts in thousand)

## 16. CASH GENERATED FROM OPERATIONS

	(Unaudited) Half year ended	
	June 30, 2022	June 30, 2021
	------(Rupees)-----	
Profit / (loss) before taxation from:		
- continuing operations	37,090,052	37,960,904
- discontinued operations	71	(436)
	<u>37,090,123</u>	<u>37,960,468</u>
Adjustment for non-cash charges and other items:		
Depreciation and amortization	7,720,514	7,550,872
Loss on disposal / write-off of property, plant and equipment	422,343	24,130
Rent concession on lease liability	(12,729)	(12,504)
Impairment loss on long term investments	36,105	1,868
Reversal of impairment	-	(164,417)
Provision for retirement and other service benefits	151,510	110,479
Provisions - net	902,005	878,835
Stock-in-trade / stores and spares written-off	35,474	-
Income on deposits / other financial assets	(5,620,400)	(3,704,752)
Finance income on net investment in leases	(2,941,811)	(2,484,394)
Finance cost on lease liability	2,016,766	1,776,650
Exchange loss / (gain) on lease liability	7,283,434	(661,405)
Exchange (gain) / loss on net investment in lease	(7,545,400)	681,457
Share of income from joint venture and associate	(1,272,119)	(1,877,288)
Finance cost	9,985,170	6,196,340
Foreign currency translations	1,951,635	(193,596)
Working capital changes (note 16.1)	(4,351,129)	(21,282,206)
	<u>45,851,491</u>	<u>24,800,537</u>
<b>16.1 Working capital changes</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(1,241,245)	(745,893)
- Stock-in-trade	(10,520,536)	(10,433,237)
- Trade debts	292,118	(8,741,430)
- Contract assets	5,261,951	492,922
- Loans, advances, deposits and prepayments	(2,498,193)	(394,960)
- Other receivables - net	(5,650,342)	(3,355,942)
	<u>(14,356,247)</u>	<u>(23,178,540)</u>
Increase in current liabilities		
- Trade and other payables	10,005,118	1,896,334
	<u>(4,351,129)</u>	<u>(21,282,206)</u>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	47,348,795	30,601,382
Short term investments	28,807,501	57,057,088
Short term borrowings	(28,852,422)	(10,414,921)
	<u>47,303,874</u>	<u>77,243,549</u>

(Amounts in thousand)

## 18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 18.1 Financial risk factors

The Group'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 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.

### 18.2 Fair value estimation

The table below analyses financial instruments carried at fair value using the fair value measurement method in accordance with IFRS 13. 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); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

As at June 30, 2022 (Unaudited)	Level 1	Level 2	Level 3	Total
	------(Rupees)-----			
<b>Financial assets at fair value through profit or loss</b>				
- Units of mutual funds	-	23,058,975	-	23,058,975
- Pakistan Investment Bonds	-	1,760,490	-	1,760,490
- Government Ijara Sukuk	-	1,629,455	-	1,629,455
	<u>-</u>	<u>26,448,920</u>	<u>-</u>	<u>26,448,920</u>
<b>Financial assets at fair value through other comprehensive income</b>				
- Treasury Bills	-	-	-	-
- Pakistan Investment Bonds	-	11,185,839	-	11,185,839
- Derivative financial instruments	-	-	-	-
- Other investments	72,080	-	-	72,080
	<u>72,080</u>	<u>11,185,839</u>	<u>-</u>	<u>11,257,919</u>
<b>As at December 31, 2021 (Audited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
- Units of mutual funds	-	20,005,901	-	20,005,901
	<u>-</u>	<u>20,005,901</u>	<u>-</u>	<u>20,005,901</u>
<b>Financial assets at fair value through other comprehensive income</b>				
- Derivative financial instruments	-	92,805	-	92,805
- Other investments	139,244	5,000	-	144,244
	<u>139,244</u>	<u>97,805</u>	<u>-</u>	<u>237,049</u>



(Amounts in thousand)

### 18.3 Valuation techniques used to determine fair values

Level 2 fair values have been determined using PKRV and PKFRV 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.

### 18.4 Fair value of financial assets and liabilities

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

## 19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the parent company, 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 consolidated condensed interim financial statements, are as follows:

	(Unaudited)	
	Half year ended	
	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
<b>Parent Company</b>		
Dividend paid	2,788,108	3,002,577
Reimbursements	7,380	-
Reimbursements under advisory agreement	14,617	-
<b>Associated companies and joint venture</b>		
Purchases and services	26,457,996	23,725,948
Dividend received	522,450	607,500
Dividend paid	868,719	504,129
Contribution for Corporate Social Responsibility	77,620	120,197
Reimbursements from associates	283,580	514,771
Reimbursements to the Group	196,539	73,817
Loan repaid	54,520	547,301
Mark-up on borrowings	1,641,419	1,102,896
<b>Directors</b>		
Dividend paid	473,230	441,978
Directors' fees	53,378	44,465
Advisory agreement	58,484	-
<b>Others</b>		
Remuneration paid to key management personnel	897,732	699,662
Reimbursement of expenses	371	1,226
<b>Contribution to retirement benefits</b>	553,922	415,864

(Amounts in thousand)

## 20. SEGMENT REPORTING

20.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

Type of segments	Nature of business
Fertilizer	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment include a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro, Engro DAP optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phosphatic fertilizers.
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.
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.
Connectivity and telecom	This part of the business includes buying, building, maintaining and operating telecommunication infrastructure and ancillary products and services.
Other operations	It includes management of investments in associates and joint venture by the Holding Company. It also includes investments made in the foods.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from profit or loss in the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

(Amounts in thousand)

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

	(Unaudited)			
	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees)				
<b>Revenue</b>				
- At a point in time	62,939,238	41,600,669	125,068,009	88,108,928
- Over time	26,182,277	26,852,355	52,386,745	51,210,289
	<u>89,121,515</u>	<u>68,453,024</u>	<u>177,454,754</u>	<u>139,319,217</u>
Segment wise break-up is as follows:				
Fertilizer	38,323,193	25,915,534	75,136,271	55,359,257
Polymer	22,277,064	14,824,639	45,403,932	30,496,098
Terminal	3,996,644	3,105,473	7,647,143	6,269,360
Power and mining	20,089,156	21,584,658	41,029,237	42,907,241
Connectivity and telecom	2,062,047	1,186,259	3,640,782	1,992,020
Other operations	25,476,411	3,880,039	35,739,739	11,046,122
Elimination - net	(23,103,000)	(2,043,578)	(31,142,350)	(8,750,881)
Consolidated	<u>89,121,515</u>	<u>68,453,024</u>	<u>177,454,754</u>	<u>139,319,217</u>

	(Unaudited)			
	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees)				
<b>Profit before tax for the period</b>				
Fertilizer	7,148,862	6,633,216	14,821,721	15,293,409
Polymer	5,521,000	4,177,713	11,776,798	9,920,765
Terminal	1,103,286	850,248	2,284,384	1,964,791
Power and mining	2,216,047	3,958,756	6,774,373	8,135,106
Connectivity and telecom	6,197	232,077	49,477	(106,962)
Other operations	8,257,577	5,859,674	16,456,860	9,680,969
Elimination - net	(7,968,243)	(4,385,075)	(15,073,561)	(6,927,174)
Consolidated	<u>16,284,726</u>	<u>17,326,609</u>	<u>37,090,052</u>	<u>37,960,904</u>

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
(Rupees)		

Assets		
Fertilizer	141,961,632	132,818,383
Polymer	80,134,600	77,985,743
Terminal	70,106,142	64,339,032
Power and mining	266,292,371	250,094,260
Connectivity and telecom	47,489,562	44,859,768
Other operations	121,218,269	110,893,807
Elimination - net	(39,828,734)	(36,669,948)
Consolidated	<u>687,373,842</u>	<u>644,321,045</u>

(Amounts in thousand)

#### Liabilities

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
Fertilizer	103,482,463	85,731,575
Polymer	52,850,628	48,017,833
Terminal	62,843,443	56,715,706
Power and mining	190,272,413	178,169,148
Connectivity and telecom	30,113,803	27,071,529
Other operations	21,654,529	17,079,156
Elimination - net	(14,739,423)	(11,263,589)
Consolidated	<u>446,477,856</u>	<u>401,521,358</u>

#### 21. NON-ADJUSTING EVENT AFTER REPORTING DATE

21.1 The Board of Directors of the Holding Company in its meeting held on August 16, 2022 has approved an interim cash dividend of Rs. 11 per share for the year ending December 31, 2022. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

#### 22. SEASONALITY

22.1 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.

22.2 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.


#### 23. CORRESPONDING FIGURES

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

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

#### 24. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on August 16, 2022 by the Board of Directors of the Holding Company.

  
Muhammad Abdul Aleem  
Director

  
Mazhar Abbas Hasnani  
Chief Financial Officer

  
Ghias Khan  
President and Chief Executive

کوئلے کی کان: کان کنی کا کام آسانی سے جاری رہا، اور کان نے اس عرصے کے دوران اینگرو پاور جن تھر لیٹنڈ (EPTL) کو 1.4 ملین ٹن کوئلہ فراہم کیا۔ کان کی فیئر II کی توسیع 7.6 ملین ٹن سالانہ تک جاری ہے اور 2022 کی چوتھی سہ ماہی میں مکمل ہونے کی امید ہے۔

تھر پاور پلانٹ: EPTL نے اپنے قیام سے لے کر آج تک 88 ٹیڈ کا مجموعہ حاصل کیا، جس سے اسے دیگر کول آئی پی بیجز کے برابر لایا گیا۔ پہلی ششماہی کے دوران، پلانٹ نے 58% دستیابی حاصل کی، جس نے 1,503 GWh قومی گرڈ کو بھیجا۔ کوئلہ کنویئر بیٹل پر ایک واقعہ کے بعد بندش کی وجہ سے پلانٹ کی دستیابی کم رہی۔ تفصیلی معائنہ اور بحالی کے ضروری کام کے بعد، پلانٹ کے دونوں یونٹ کامیابی کے ساتھ آن لائن ہو گئے۔ جون میں، نپھرانے ای پی پی ٹی ایل کے لیے کوشش آپریشنز کی تاریخ (سی او ڈی) ایڈجسٹمنٹ ٹیرف کا فیصلہ کیا۔ کپنی کا خیال ہے کہ نیچر کی طرف سے اس ٹیرف میں کمی کچھ ایڈجسٹمنٹ اور نامنظوریوں اپ فرٹ ٹیرف میں وضع کردہ اصولوں کے خلاف ہیں اور اس لیے کپنی نے اہلیٹ ٹریبونل- نیچر کے سامنے اپیل دائر کی ہے۔

قادر پاور پاور پلانٹ: پلانٹ نے 331 GWh کا نیٹ الیکٹریکل آؤٹ پٹ پیش کر ڈیوانہ کیا جب کہ پچھلے سال اسی مدت میں 394 GWh کے مقابلے میں طے شدہ بڑے معائنہ کے لیے بند ہونے کی وجہ سے۔ کاروبار نے موجودہ مدت کے لیے 406 ملین روپے PAT پوسٹ کیا جب کہ 2022 کی پہلی ششماہی کے لیے 905 ملین روپے کے مقابلے میں، جس کی وجہ کم مالیاتی آمدنی اور وقت کے فرق کی وجہ سے پہلی ششماہی میں لاگو ہونے والے کم پیر یوڈ وینٹنگ فیکٹرز ہے۔ کپنی کو سنٹرل پاور پراجیکٹ ایجنسی گارنٹی لیٹنڈ (CPPA-G) کے ساتھ ماسٹر ایگریمنٹ کے تحت طے شدہ ادائیگی کو مکمل طور پر طے کرنے کے لیے جون 2022 میں 4,888 ملین روپے موصول ہوئے۔

### ٹریٹل آپریشنز

LNG ٹریٹل نے 37 کارگوز کو ہینڈل کیا، جو 2021 کی پہلی ششماہی سے زیادہ ہے، SSGC نیٹ ورک میں 110 bcf ری گیسفیکیشنڈ LNG فراہم کرتا ہے، جو ملک کی کل گیس سپلائی کا 13%~ ہے۔ کیمیکلز ٹریٹل کا اصل تھر پوٹ 720 KT تھا جو پچھلے سال اسی عرصے کے دوران 638KT تھا۔ یہ اضافہ بنیادی طور پر کم ایل پی جی ہینڈلنگ کے ذریعے آف سیٹ کیمیکل وایوم میں دیکھا گیا۔

### ٹریٹل ہولڈرز میں تقسیم

اینگرو کارپوریشن لیٹنڈ پورڈ آف ڈائریکٹرز ٹریٹل ہولڈرز کے کل منافع کو زیادہ سے زیادہ کرنے کی کوشش کرتا ہے اور 30 جون 2022 کو ختم ہونے والی دوسری سہ ماہی کے لیے 11.00 روپے فی حصص کا عبوری پیش ڈیویڈنڈ جو بزرگرتے ہوئے خوش ہے۔ عبوری کیش ڈیویڈنڈ کے علاوہ ہے جو 2022 کی پہلی سہ ماہی کے دوران 12.00 فی حصص دیا گیا۔ دوسری سہ ماہی 2022 کا ڈیویڈنڈ،

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کل عبوری نقد منافع کو 23.00 روپے فی حصص تک لے جائے گا۔

### قریبی مدت کا آؤٹ لک

ملک کی میکرو اکنامک صورت حال کے مستقبل قریب میں غیر مستحکم رہنے کی توقع ہے۔ جس بنیادی ڈھانچے میں ہم کام کرتے ہیں اور معیشت میں ہماری شراکت کو دیکھتے ہوئے، ہم ملک اور بڑے پیمانے پر اپنے اسٹیٹ ہولڈرز کے لیے باہمی شراکت کرتے ہوئے اپنی عمومی ترقی کو جاری رکھیں گے۔ ہم درآمدات کے متبادل اور درآمدات کے ذریعے ملک کے لیے قیمتی زرمبادلہ پیدا کرنے کے مزید مواقع کا بھی جائزہ لیتے رہیں گے۔

### فریٹلائزر

حکومت کی مسلسل حمایت، کسانوں کی معاشیات میں بہتری اور عالمی سطح کے مقابلے نمایاں طور پر رعایتی قیمتوں پر یوریا کی دستیابی کی وجہ سے مقامی یوریا کی طلب میں اضافے کی رفتار برقرار رہنے کی توقع ہے۔ اینگرو فریٹلائزرز کی مسلسل پیداوار مقامی مارکیٹ کی کھاد کی ضروریات کو پورا کرتی رہے گی۔ ہمارا ایک پلانٹ 26 جون 2022 کو غیر متوقع بندش کا سامنا رہا جسے کامیابی سے مکمل کر لیا گیا ہے اور اب پلانٹ پوری طرح کام کر رہا ہے۔ منافع کے محاذ پر، ہم ٹیکس میں تبدیلیوں، روپے کی قدر میں کمی اور افراط زر کے دباؤ سے پیدا ہونے والے چیلنجز کا اندازہ لگاتے ہیں۔ ان خرابیوں کا مقابلہ کرنے کے لیے، کپنی نے یوریا کی قیمت میں 350 روپے فی بیگ اضافہ کیا ہے اور یہ اضافہ صنعت کے مطابق کم جولائی 2022 سے لاگو ہے۔

انتظامیہ ملک کے لیے قیمتی زرمبادلہ کمانے کے لیے یوریا کی برآمدات کے لیے اختیارات کی تلاش جاری رکھے گی، حکومت کی منظوری اور مطلوبہ پالیسی مداخلتوں سے مشروط۔

### پیٹر ویکمیکل

مومن سون کے دوران ہندوستان میں اقتصادی سست روی اور موسمی مانگ میں کمی کے بعد چین میں مانگ میں کمی کی وجہ سے عالمی پی وی سی کی قیمتوں میں فی الحال کمی کا رجحان دیکھا جا رہا ہے۔ توقع ہے کہ تیسری سہ ماہی سے قیمتیں بحال ہو جائیں گی کیونکہ مانگ میں بتدریج اضافہ ہوتا ہے۔ کاروباران معاشی اوقات میں بڑھتی ہوئی آمدنی پیدا کرنے اور مانگ کو برقرار رکھنے کے مواقع کا جائزہ لے رہا ہے۔

### ٹیلی کمیونیکیشن انفراسٹرکچر

ملک میں ڈیٹا کے بڑھتے ہوئے استعمال اور دستیابی اور معیار کو بڑھانے کے لیے موبائل نیٹ ورک آپریٹرز پر بڑھتے ہوئے دباؤ کی وجہ سے انفراسٹرکچر کا کاروباری نقطہ نظر مضبوط ہے۔ دیہی علاقوں میں 60% سائٹس کی تعمیراتی کے ساتھ، کاروبار ڈیجیٹل تقسیم کو جوڑنے کی کوشش میں، دور دراز کے علاقوں کو جوڑتا رہتا ہے۔

انفراسٹرکچر نامیاتی اور غیر نامیاتی ترقی کے مواقع کے ذریعے ایک آزاد TowerCo کاروبار کے طور پر اپنی مارکیٹ کی قیادت کو برقرار رکھے گا۔ آج تک، کاروبار نے +3,900 ٹاورز کے آرڈر حاصل کیے ہیں اور 2025 کے پہلے مقرر کردہ ہدف کے بجائے 2023/24 تک +5,000 ٹاورز کو بھی بننے کے راستے پر ہے۔

### فوڈز

بڑھتی ہوئی افراط زر، PKR کی قدر میں کمی اور مالیاتی سختی کی وجہ سے کاروباری ماحول کے چیلنجز کو سامنے لے کر، ہم درآمدات کے متبادل اور درآمدات کے ذریعے ملک کے لیے قیمتی زرمبادلہ پیدا کرنے کے مزید مواقع کو آگے بڑھانے اور ترقی کی فراہمی کو جاری رکھنے کے قابل ہو گے۔

پاکستان کی فلاح و بہبود کو فروغ دینے کے لیے، کپنی پاکستان ڈیری ایسوسی ایشن (PDA) اور حکومت کے ساتھ مختلف اقدامات پر شراکت داری جاری رکھے گی تاکہ صارفین کو کھلے دودھ کے استعمال کے ممکنہ صحت کے خطرات سے آگاہ کیا جاسکے، اور محفوظ پیک شدہ دودھ کی مثبت خصوصیات کو تقویت ملے۔

Engro Eximp Agriproducts اپنی آپریشنل کارکردگی میں مسلسل بہتری اور اس کے قومی/عالمی نقش کو بڑھانے پر توجہ مرکوز کرے گا۔ ملک کے ایک بڑے چاول برآمد کنندہ کے طور پر، کاروبار سال کے دوران 50~ 50 KT چاول برآمد کرنے کا ہدف رکھتا ہے، جس سے ملک کے لیے 25~30 ملین یو ایس ڈالر کی آمدنی ہوتی ہے۔

### انرجی

انرجی کا کاروبار سستی توانائی پیدا کرنے اور پاکستان کی توانائی کی حفاظت اور اقتصادی ترقی میں کردار ادا کرنے کے لیے مقامی وسائل کے فروغ کے لیے پر عزم ہے۔ درآمدی ایندھن پر ملک کے انحصار کو کم کرنے کے لیے، ہمارا کان کنی کا کاروبار کوئلے کی کان کو بڑھانا جاری رکھے گا جس کی توقع ہے کہ اس کی صلاحیت 2022 کے آخر تک 7.6 ملین ٹن سالانہ اور اس کے بعد اگلے دو سالوں میں 12.2 ملین ٹن سالانہ ہو جائے گی۔

یہ کاروبار چھ مہینوں میں 400 میگا واٹ کے Renewable Energy Park کی ترقی پر بھی پیش رفت کر رہا ہے۔ RE پارک نے کراچی اور دھاتیہ میں مقیم دو طرفہ خریداروں کی طرف سے نمایاں دلچسپی حاصل کی ہے، ممکنہ صارفین کے ساتھ 500 میگا واٹ سے زیادہ کے ایم او یوز پر پہلے ہی دستخط ہو چکے ہیں۔

### ٹریٹل آپریشنز

ایل این جی ٹریٹل ملک کو درپیش توانائی کی کمی کو جزوی طور پر دور کرنے میں مثبت انداز میں اپنا کردار ادا کر رہا ہے۔ مزید برآں، کیمیکل سیکٹرز میں مارکیٹ کی حرکیات مستحکم رہی ہیں اور اینگرو و ویک کیمیکل ہینڈلنگ اور اسٹوریج کے کاروبار میں مارکیٹ لیڈر کے طور پر اپنی حیثیت برقرار رکھے ہوئے ہے۔ تاہم، SSGC کی بڑھتی ہوئی کپٹیو درآمدات اور نقصان سرحدی علاقے میں زمینی راستے سے زمینی درآمدات کے ساتھ ایل پی جی کے دباؤ میں رہنے کی توقع ہے۔ جیسا کہ کاروبار مارکیٹ ڈالر کی بنیاد پر آمدنی پیدا کرتے ہیں، PKR کی قدر میں کمی ان کے متعلقہ منافع پر مثبت اثر ڈالے گی۔

### اعتراف

ڈائریکٹرز ہمارے شیئرز ہولڈرز کے لیے اپنی تہہ دل سے تعریف کرنا چاہیں گے جنہوں نے مسلسل کپنی پر اپنے اعتماد کا اظہار کیا ہے۔ ہم اینگرو فیکل کے ہر فرد کے عزم، لگن اور جدوجہد کو سوج کے لیے انہیں خراج تحسین پیش کرنا چاہیں گے اور یقین رکھتے ہیں کہ وہ مستقبل میں بھی عزم جاری رکھیں گے۔



حسین داؤد  
چیئر مین



غیاث خان  
صدر اور چیف ایگزیکٹو

# اینٹروکارپوریشن لمیٹڈ

## ڈائریکٹرز رپورٹ

اینٹروکارپوریشن لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والی ششماہی کے لیے کمپنی کے کنڈینڈ عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

2021 میں عارضی بحالی کے بعد، عالمی معیشت اب غیر یقینی کے دور میں داخل ہو گئی ہے کیونکہ مرکزی بینک بڑھتی ہوئی افراط زر کا مقابلہ کرنے کے لیے مالیاتی سختی کی طرف بڑھ رہے ہیں، امریکی فیڈ نے اس سال پالیسی کی شرح میں 225 bps کا اضافہ کیا ہے۔ روس-یوکرین تنازعہ اور چین میں COVID کی وجہ سے لاک ڈاؤن کی بحالی کے ساتھ سپلائی چینز بدستور دباؤ میں ہیں۔ بلند افراط زر کے ساتھ عالمی شرح سود میں اضافے نے عالمی معاشی بحران کے خدشات کو بڑھا دیا ہے جس میں بین الاقوامی ایکویٹی اور کموڈٹی مارکیٹوں میں واضح کرکیشن دیکھنے کو مل رہی ہے۔ تاہم، روس-یوکرین تنازعہ کے باعث ہائیڈروکاربن کی قیمتیں بلند رہیں۔

اچھرتی ہوئی اور ترقی پذیر مارکیٹ کے ممالک کے لیے جو اپنی توانائی کی ضروریات کو پورا کرنے کے لیے درآمدات پر انحصار کرتے ہیں، ان کے لیے صورتحال بدتر ہے۔ جیسا کہ ان کی کرنسیوں کی قدر امریکی ڈالر کے مقابلے میں کم ہوتی جا رہی ہے اور عالمی شرح سود میں اضافہ جاری ہے، قرض کی خدمت کی لاگت میں اضافہ ہوگا۔ یہ ان ممالک کو غیر ملکی قرضوں کے بحران کا شکار بناتا ہے، جو تیل آؤٹ اور قرض کی تنہم نوکی ممکنہ لہر کی نشاندہی کرتا ہے۔

پاکستان کو بھی ایسی ہی صورتحال کا سامنا ہے، جس میں غیر ملکی زرمبادلہ کے ذخائر خراب ہو رہے ہیں اور مارکیٹ کی قیمتیں ملک کی غیر ملکی ذمہ داریوں میں ڈیفالٹ کے خطرے میں ہیں۔ 30 جون 2022 تک، کریڈٹ ڈیفالٹ سویپ (CDS) کی شرح 14% پر ٹریڈ ہو رہی ہے اور 2024 میں پاکستان کے بین الاقوامی بانڈ کی پختگی پر (YTM To Maturity) 23% ہے۔ آئی ایم ایف کی فنڈنگ کو محفوظ بنانے کے لیے، حکومت نے کرنٹ اکاؤنٹ اور مالیاتی خسارے کو کم کرنے کے لیے کفایت شعاری کے اقدامات کیے ہیں جن میں انکم ٹیکس میں اضافہ، پالیسی ریٹ میں 525 bps اضافہ، اور کیپٹل کنٹرول (درآمدات پر پابندیاں اور ریولیٹری چارج میں اضافہ) شامل ہیں۔ ان اقدامات نے ماگ میں کمی سے معیشت کو متاثر کیا ہے اور خاص طور پر ملک کے کارپوریٹ/صنعتی شعبے کو متاثر کیا ہے۔ توقع ہے کہ آئی ایم ایف پروگرام کی بحالی، دوست ممالک سے متوقع فنڈنگ اور دیگر ذرائع سے پاکستان کے زرمبادلہ کے ذخائر پر دباؤ کم ہو جائے گا۔

اینٹروکارپوریشن پورٹ فولیو شرح سود میں اضافے اور PKR کی قدر میں کمی کے خلاف محفوظ ہے۔ تاہم، سپرنٹیکس کے نفاذ سے ہمارا منافع متاثر ہوا ہے۔

اس عرصے کے دوران، اینٹروکارپوریشن نے ملک کے لیے اپنے سماجی تعاون کو بھی جاری رکھا۔ کمپنی نے پاکستان کرکٹ بورڈ کے ہاتھ وے کرکٹ پروگرام اور اینٹرووالی بال ڈویلپمنٹ پروگرام کے تحت پاکستان والی بال فیڈریشن کے ساتھ اینٹرو کرکٹ کوچنگ پروجیکٹ قائم کیا، جس میں چٹائی سے نوجوان کھلاڑیوں کی تلاش اور ترقی پر توجہ دی گئی۔ پائیداری کی طرف اپنے سفر میں، اینٹرو نے 10 سال طویل کاربن آفسیٹ پروجیکٹ کے تحت 150,000 ایکڑ جنگلات میں پودے لگانے اور اس کی حفاظت کے لیے WWF پاکستان کے ساتھ شراکت کی اور، ایک الگ پروجیکٹ کے تحت دریائے سندھ کے 500 کلومیٹر علاقے میں خطرے سے دوچار انڈس ڈولفنز کی بحالی کے لیے۔ اس کے علاوہ، کمپنی تھر میں ملین ٹری پروجیکٹ کے تحت شجر کاری جاری رکھے ہوئے ہے اور اپنے ٹیلی کام ناؤر کے کاروبار کے تحت 960 سے زیادہ موبائل ناؤرز کو سولائز کر چکی ہے۔

### کاروباری جائزہ

اسٹیٹڈالون کی بنیاد پر، کمپنی نے 12,481 ملین روپے کا منافع بعد از ٹیکس (PAT) کمایا۔ 2021 کی پہلی ششماہی کے لیے 9,683 ملین روپے کے مقابلے میں جو کہ 21.66 روپے فی شیئر کا ای پی ایس ظاہر کرتا ہے۔ منافع میں 29% اضافہ بنیادی طور پر پوہر، فریڈائزر، اور انرجی کے کاروبار سے زیادہ منافع اور زیادہ سود کی آمدنی کی وجہ سے ہے۔

مجموعی بنیاد پر، کمپنی کارپوریٹو پہلی ششماہی میں 27% تک بڑھا، جو کہ 177,455 ملین روپے رہا جبکہ 2021 کی پہلی ششماہی میں ریونیو 139,319 ملین روپے تھا۔ ششماہی سال کے لیے مجموعی منافع بعد از ٹیکس 16,813 ملین روپے ہے جبکہ پچھلے سال اسی مدت کے لیے 29,111 ملین روپے تھا۔ اس کی بنیادی وجہ فنانس ایکٹ 2022 (سپر ٹیکس) میں لاگو کردہ 9,376 ملین روپے اضافی ٹیکس چارج اور اینٹرو پاور جن تھر لمیٹڈ کی ٹیرف ٹروپ کے لیے 2,911 روپے کی ایک ون آف ایڈجسٹمنٹ ہے۔ شیئر ہولڈرز سے منسوب PAT 2021 کی پہلی ششماہی میں 17,053 ملین روپے کے مقابلے میں 7,414 ملین روپے ہے، جس میں 6,014 ملین روپے کا سپرنٹیکس چارج ہے اور EPTL ٹیرف کی ون آف ایڈجسٹمنٹ 1,459 ملین روپے ہے۔ 12.97 روپے فی شیئر کے سپرنٹیکس اور EPTL ٹیرف کے ٹروپ کی وجہ سے فی شیئر آمدنی (EPS) 12.87 روپے ہے جو پچھلے سال کی اسی مدت میں 29.60 روپے تھی۔

ہمارے کاروباری حصوں کا ایک مختصر جائزہ درج ذیل ہے:

### فریڈائزر

فریڈائزر کے کاروبار نے 2021 کی پہلی ششماہی میں 55,359 ملین روپے کے مقابلے میں 75,136 ملین روپے کی آمدنی ریکارڈ کی، جو کہ بنیادی طور پر عالمی کموڈٹی کی قیمتوں میں اضافے کی وجہ سے ہے۔ جبکہ PAT گزشتہ سال اسی مدت کے 10,509 ملین روپے کے مقابلے میں 5,413 ملین روپے رہی، جو بنیادی طور پر 5,220 ملین روپے کے سپرنٹیکس کے نفاذ سے متاثر

ہوئی۔ فاسفیٹ اور دیگر تجارتی کاروبار کو کموڈٹی سائیکل میں اضافے سے فائدہ ہوا، جس سے PAT میں 2,896 ملین روپے کا اضافہ ہوا جو کہ گزشتہ سال کی اسی مدت میں 1,749 ملین روپے تھا۔

اس عرصے کے دوران یوریا کی فروخت 1,098 KT رہی جو پچھلی مدت میں 1,167 KT تھی جس کی وجہ 2021 میں زیادہ ابتدائی انویسٹری ہے۔ 2021 میں اسی مدت کے دوران فاسفیٹ کی فروخت 154 KT رہی جو تقابلی مدت میں 125KT تھی۔

جغرافیائی سیاسی ماحول میں اتار چڑھاؤ کے درمیان 2022 کی پہلی ششماہی کے آخر تک بین الاقوامی یوریا کی قیمتیں 634/T یو ایس ڈالر (8,415 روپے/ٹیک کے مساوی لینڈ ڈکوسٹ) پر تھیں۔ تاہم، کھاد کی صنعت نے کسانوں کو مقامی طور پر تیار کردہ یوریا کی دستیابی کو یقینی بنایا، جس سے بین الاقوامی قیمتوں کے مقابلے میں 78 فیصد کی رعایت حاصل کی گئی۔ فاسفیٹ کی بین الاقوامی اور مقامی قیمتوں میں اضافہ جاری رہا اور سال کی پہلی ششماہی کے دوران اس میں 14% اضافہ دیکھا گیا، جس کی پیشکش 2022 کی دوسری سہ ماہی کے دوران 1,030/T یو ایس ڈالر تک گئی۔

گھریلو یوریا مینوفیکچرنگ انڈسٹری کی موجودگی نے 2022 کی پہلی ششماہی میں 2.4 بلین یو ایس ڈالر کی درآمدی متبادل کو قائل بنایا، جس میں اینٹرو فریڈائزرز کا حصہ 0.8 بلین یو ایس ڈالر تھا، جو کہ 34 فیصد کے برابر ہے۔

### پریویجیکل

پوہر کے کاروبار نے 2021 کی پہلی ششماہی میں 30,496 ملین روپے کے مقابلے میں 45,404 ملین روپے کی آمدنی ریکارڈ کی، جس میں زیادہ PVC والیوم کی فروخت کی وجہ سے اضافہ ہوا۔ جبکہ PAT 7,052 ملین روپے رہی جو گزشتہ سال کی اسی مدت میں PAT کے 7,265 ملین روپے تھا، 2,062 ملین روپے کے سپرنٹیکس چارج کے باوجود۔ کاروبار کو کموڈٹی کی اونچی قیمتوں سے فائدہ ہوتا رہا، جس کی وجہ اوسط کوریڈیٹا 746/T یو ایس ڈالر ہے جبکہ طویل مدتی اوسط 450/T یو ایس ڈالر ہے۔

کاروبار نے گزشتہ سال کی اسی مدت میں 96 KT کے مقابلے میں 121 KT کی گھریلو فروخت ریکارڈ کی۔ نتیجے کے طور پر، کاروبار نے 72 ملین یو ایس ڈالر کی درآمدی متبادل کو فعال کیا ہے۔

### ٹیلی کمیونیکیشن انفراسٹرکچر

انفراسٹرکچر میں مسلسل اضافہ جاری رہا اور پہلی ششماہی کے آخر تک 1.14x ٹینٹسی تناسب کے ساتھ 2,937 ناؤر سائٹس نصب کیے، جو پاکستان میں چاروں موبائل نیٹ ورک آپریٹرز (MNOs) کو

پورا کرتا ہے۔ کمپنی نے دیگر آزاد ناؤر کمپنیوں کے مقابلے میں بلڈ ٹوسٹ (B2S) ناؤر رول آؤٹ میں 62% مارکیٹ شیئر حاصل کیا، جس کی وجہ سے 2021 کی پہلی ششماہی کے مقابلے میں آمدنی میں 86% اضافہ ہوا۔

2022 کی پہلی ششماہی کے دوران کاروبار میں ترقی کی صلاحیت دیکھی گئی جس کی وجہ کو لوکیشن ایکٹیویٹیز ہیں، 2021 کی پہلی ششماہی میں 407 کے مقابلے میں 146 کے کل کو لوکیشن ٹینٹنس کے ساتھ، جو کہ 179% اضافہ کی نمائندگی کرتا ہے۔ ڈیٹا کے استعمال میں اضافے، سارٹ فون آسانی کی لوکلائزیشن اور حکومت پاکستان کی طرف سے پالیسی کی سطح پر کی جانے والی دیگر انٹروینشنز کی وجہ سے کاروبار اس شعبے میں متوقع ترقی کو حاصل کرنے کے لیے اچھی پوزیشن میں ہے۔

### فوڈز

FrieslandCampina Engro Pakistan نے 25% کی ٹاپ لائن گروتھ کا مظاہرہ کیا، جس نے گزشتہ سال کی اسی مدت میں 24,590 ملین روپے کے مقابلے میں 30,771 ملین روپے کی آمدنی حاصل کی۔ مجموعی مارجن میں 4%~ کی کمی بنیادی طور پر بلند افراط زر اور PKR کی قدر میں کمی کی وجہ سے ہوئی۔ کاروبار نے تقابلی مدت کے لیے 1,414 ملین روپے کے مقابلے میں 938 ملین روپے کا PAT ریکارڈ کیا، کم مجموعی مارجن، زیادہ شرح سود اور سپر ٹیکس کے نفاذ کی وجہ سے۔

ڈیری اور بیورسجز سیگمنٹ اور آکس کریم اور فروزن ڈیہیٹ سیگمنٹ دونوں میں حجم میں اضافے کے ساتھ کمس میں بہتری سے ٹاپ لائن گروتھ میں اضافہ ہوا۔ پہلی ششماہی کے دوران ریٹیل نوٹ پرنٹ اور ای کامرس چینل میں نمایاں توسیع دیکھی گئی۔ کاروبار نے مارکیٹ تک رسائی کو بھی بہتر بنایا ہے، براڈ ایکویٹی کو بڑھانے کے لیے مارکیٹنگ کے اخراجات میں اضافہ کیا ہے، اور اس کی مارکیٹ میں رسائی کو بہتر بنایا ہے۔

Engro Eximp Agriproducts نے چاول کے برآمدی کاروبار میں اپنی کوششیں جاری رکھیں، پچھلے سال کی اسی مدت کے مقابلے میں 62% اضافہ ریکارڈ کیا (33.4 KT) بمقابلہ 20.6 KT)۔ ششماہی کے دوران، چاول کے کاروبار نے 2021 کی پہلی ششماہی میں 12 ملین یو ایس ڈالر بمقابلہ ایکسپورٹ کے ذریعے 21 ملین یو ایس ڈالر کی آمدنی حاصل کی، جس کی نمائندگی 2022 کی پہلی ششماہی میں 26.6 KT بمقابلہ 14.1 KT تقابلی مدت میں ہوئی۔ زیادہ فروخت، بہتر مارجن اور PKR کی قدر میں کمی کی وجہ سے PAT، 2021 کی پہلی ششماہی میں 227 ملین روپے رہا بمقابلہ 23 ملین روپے کے۔ کاروبار نے مقامی مارکیٹ میں قدم جمانے کا سلسلہ جاری رکھا اور اس عرصے کے دوران گھریلو حجم میں 20% اضافہ کر کے 7.8 KT ہو گیا جو پچھلے سال اسی عرصے میں 6.5 KT تھا۔