



engro polymer & chemicals

Financial statements for the half year
ended June 30, 2023

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COMPANY INFORMATION

Chairman

Mr. Ghias Khan

Chief Executive Officer

Mr. Jahangir Piracha

Directors

Mr. Tomoya Kondo

Mr. Nazoor Ali Baig

Mr. Syed Shahzad Nabi

Ms. Ayesha Aziz

Mr. Tariq Nasir

Chief Financial Officer

Ms. Rabia Wafah Khan

Company Secretary

Mr. Khawaja Haider Abbas

Corporate Audit Manager

Mr. Kalimuddin A. Khan

Bankers / Lenders

Allied Bank Limited

Allied Bank Limited (Islamic)

Askari Bank Limited

Al Baraka Bank (Pakistan) Limited Bank

Bank Alfalah Limited (Islamic)

Bank Al-Habib Limited (Islamic)

Bank of Khyber

Bank Islami Pakistan Limited

Bank of China

Citibank N.A

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of China

JS Bank Limited

MCB Bank Limited

MCB Islamic Bank

Meezan Bank Limited

National Bank of Pakistan

Standard Chartered Bank Pakistan Limited

Samba Bank Limited

Summit Bank Limited

United Bank Limited

The Bank of Punjab United Bank Limited

Auditors

A. F. Ferguson & Company Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000, Pakistan.

Tel: +92(21) 32426682-6 / 32426711-5 Fax: +92(21) 32415007 / 32427938

Registered Office

12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal.

Karachi Plant EZ/1/P-11-1, Eastern Zone, Bin Qasim, Karachi

Regional Sales Office

Office No. 601, 6th Floor, Haly Tower, Lalik Chowk, DHA, Lahore

UAN: 111 211 211

Share Registrar

FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi-74000

Tel: +92(21) 34380101-5 lines

Website

www.engropolymer.com



engro polymer & chemicals

ENGRO POLYMER & CHEMICALS LIMITED
DIRECTOR'S REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30th, 2023

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited (the "Company" or "EPCL"), we would like to present the unaudited Financial Information of the Company for the half year ended June 30th, 2023.

Business Review

International PVC prices witnessed an uptick in the initial two months of the year on the back of renewed demand from India post which the market softened across all regions on the back of a depressed economic sentiment, geopolitical turbulence, and high volatility in international energy prices. Ethylene saw some volatility as upward pressure on prices due to supply side crunches in the first quarter were offset by oversupply, volatility in oil and continued weakness in downstream demand in the second quarter. There was an overall low demand for EDC with limited spot activity during the previous six months with prices range bound. The caustic market continued its decline during the period with most regions characterized with oversupply and limited buying interest.

In 1st H 2023, local PVC sales declined ~23% compared to same period last year. Caustic volumes also reflected a similar trend as that of PVC in 1st H 2023 where volumes declined by 28%. The decline comes amid significant challenges posed by a volatile macroeconomic situation in the country. Inflation continued unabated fueled by the massive Rupee devaluation while restrictions on LC establishment for a major part of the period to curb foreign exchange outflows impacted the ability of several industries to function sustainably, adding pressure to the overall sentiment.

The Company recorded revenue of Rs. 37,022 million in 1st H 2023, indicating a decrease of ~18% compared to the same period last year on the back of lower volumetric sales and lower PVC prices. During 1st H 2023, the Company recorded a Profit After Tax of Rs. 2,745 Mn translating into a basic Earnings Per Share of Rs. 2.69, compared to a Profit After Tax of Rs. 7,052 million, translating into basic Earnings Per Share of Rs. 7.55 for the same period last year. The decline in profit is attributed to the impact of lower sales, and higher production costs.

Work on our efficiency and other projects is underway. However, our HTDC and Hydrogen Peroxide projects, that were slated to come online in 2023, face delays due to the overall macroeconomic climate. Our focus remains on ensuring the timely delivery of these projects.

Outlook

We expect a demand driven recovery in PVC prices once the monsoon season in India ends, and the challenging global macroeconomic environment improves. Ethylene prices will be impacted by decisions of OPEC+ and its resultant impact on oil prices while EDC prices will be driven by PVC demand and Caustic Soda dynamics. Our key focus areas for the coming quarter will be to ensure safe and sustainable operations at our Plant, completing on-going projects safely and within communicated timelines, and navigating through the turbulent economic situation and LC restrictions to ensure sustained growth.

Chief Executive Officer

Karachi, 09 August 2023

Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Polymer and Chemicals 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 Polymer and Chemicals Limited and its subsidiaries (the Group) as at June 30, 2023 and the related consolidated condensed interim statement of profit or loss and other 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 and other comprehensive income for the quarters ended June 30, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 Waqas Aftab Sheikh.

**Chartered Accountants
Karachi**

Date: August 23, 2023

UDIN: RR202310069gbronOIZ4

**ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023**

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

(Amounts in thousand)


	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	48,832,636	45,286,725
Right-of-use asset		1,445,586	1,683,540
Intangibles assets		650,170	686,598
Investments at amortized cost	6	-	1,317,508
Long-term loans and advances		800	800
		<u>50,929,192</u>	<u>48,975,171</u>
Current Assets			
Stores, spares and loose tools		2,808,632	2,464,113
Stock-in-trade	7	12,793,364	10,415,992
Trade debts	8	1,364,192	2,679,412
Loans, advances, deposits, prepayments and other receivables	9	5,377,778	3,514,946
Short-term investments		7,898,935	14,059,319
Cash and bank balances		7,250,625	3,291,627
		<u>37,493,526</u>	<u>36,425,409</u>
TOTAL ASSETS		<u><u>88,422,718</u></u>	<u><u>85,400,580</u></u>
EQUITY AND LIABILITIES			
Equity			
Ordinary shares		9,089,233	9,089,233
Preference shares		3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		10,421,386	11,157,529
		<u>26,385,572</u>	<u>27,121,715</u>
Non-Current Liabilities			
Long-term borrowings	10	17,955,771	19,834,943
Government grant	10	1,144,731	581,338
Lease liabilities	11	1,745,094	1,892,238
Provisions		610,640	637,807
Deferred tax liability		1,865,209	2,130,680
		<u>23,321,445</u>	<u>25,077,006</u>
Current Liabilities			
Trade and other payables	12	19,119,197	15,352,341
Service benefit obligations		49,469	74,278
Current portion of long-term borrowings	10	5,555,779	4,826,263
Current portion of government grant	10	170,668	97,328
Current portion of lease liabilities	11	1,948,300	1,912,744
Short-term borrowings		474,360	474,360
Accrued interest / mark-up		573,405	392,062
Unclaimed dividend		1,522,874	1,174,365
Taxes payables		2,690,066	2,887,239
Provisions		6,611,583	6,010,879
		<u>38,715,701</u>	<u>33,201,859</u>
Contingencies and Commitments	13	62,037,146	58,278,865
TOTAL EQUITY AND LIABILITIES		<u><u>88,422,718</u></u>	<u><u>85,400,580</u></u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

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Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman


ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand except for earnings per share)

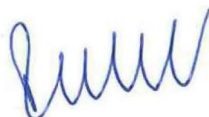
	Quarter ended		Half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	-----Rupees-----			
Revenue from contract with customers - net	19,044,034	22,277,064	37,022,364	45,403,932
Cost of sales	(13,592,120)	(14,749,463)	(27,979,164)	(30,211,823)
Gross profit	5,451,914	7,527,601	9,043,200	15,192,109
Distribution and marketing expenses	(139,482)	(134,493)	(285,620)	(284,827)
Administrative expenses	(329,624)	(274,834)	(603,362)	(503,870)
Other expenses	(351,832)	(1,279,664)	(1,118,305)	(2,127,859)
Other income	332,335	419,617	776,351	851,929
Operating profit	4,963,311	6,258,227	7,812,264	13,127,482
Finance costs	(1,551,273)	(737,227)	(2,728,342)	(1,350,685)
Profit before taxation	3,412,038	5,521,000	5,083,922	11,776,797
Taxation 14	(1,850,286)	(3,182,826)	(2,338,833)	(4,725,040)
Profit for the period	1,561,752	2,338,174	2,745,089	7,051,757
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,561,752	2,338,174	2,745,089	7,051,757
Earnings per share - basic	1.39	2.45	2.69	7.55
Earnings per share - diluted	1.29	1.93	2.27	5.83

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

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Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID- UP CAPITAL		RESERVES		Total
	Ordinary shares	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profits	
-----Rupees-----					
Balance as at January 1, 2022 (Audited)	9,089,233	3,000,000	3,874,953	14,003,724	29,967,910
Transaction with owners					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Total comprehensive income for the half year ended June 30, 2022	-	-	-	(9,735,695)	(9,735,695)
Balance as at June 30, 2022 (Unaudited)	9,089,233	3,000,000	3,874,953	11,319,786	27,283,972
Transactions with owners					
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
Total comprehensive income for the half year ended December 31, 2022	-	-	-	(4,799,616)	(4,799,616)
Balance as at December 31, 2022 (Audited)	9,089,233	3,000,000	3,874,953	11,157,528	27,121,714
Transaction with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
First interim dividend for the year ending December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(900,923)	(900,923)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
Total comprehensive income for the half year ended June 30, 2023	-	-	-	(3,481,231)	(3,481,231)
Balance as at June 30, 2023 (Unaudited)	9,089,233	3,000,000	3,874,953	10,421,386	26,385,572

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

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Handwritten signature of Jahangir Piracha

Jahangir Piracha
Chief Executive Officer

Handwritten signature of Rabia Wafah Khan

Rabia Wafah Khan
Chief Financial Officer

Handwritten signature of Ghias Khan

Ghias Khan
Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand)

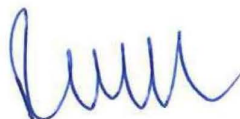
	Note	Half year ended	
		June 30, 2023	June 30, 2022
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	10,362,648	15,924,834
Long-term loans and advances		-	505
Retirement benefits paid		(63,839)	(87,323)
Income tax paid		(2,801,477)	(594,452)
Net cash generated from operating activities		7,497,332	15,243,564
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,922,331)	(1,528,842)
Proceeds from disposal of property, plant and equipment		24,280	5,338
Proceeds from sale of Term Deposit Receipts		1,438,490	4,550,517
Proceeds on sale / maturity of short-term investments		38,915,890	121,297,604
Purchase of short-term investments		(31,886,106)	(126,436,334)
Income on short-term investment and bank deposits		670,085	721,212
Net cash generated from / (utilized in) investing activities		4,240,308	(1,390,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		1,150,303	217,685
Repayment of long-term borrowings		(2,397,764)	(1,930,600)
Finance costs paid		(2,003,573)	(769,074)
Rentals paid		(1,167,115)	(809,804)
Dividend paid		(3,132,722)	(10,076,490)
Net cash utilized in financing activities		(7,550,871)	(13,368,283)
Net increase in cash and cash equivalents		4,186,769	484,776
Cash and cash equivalents at beginning of the period		3,453,356	5,994,826
Cash and cash equivalents at end of the period	16	7,640,125	6,479,602

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

NOB



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 The "Group" consists of Engro Polymer and Chemicals Limited (here-in-after referred to as the 'Holding Company') and its wholly owned subsidiary companies, Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited (here-in-after referred to as 'the Group').
- 1.2 The Holding Company was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Holding Company is listed on the Pakistan Stock Exchange Limited (PSX). The Holding Company is a subsidiary of Engro Corporation Limited (the Parent Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Parent Company owns 56.19% shareholding in the Holding Company. The Holding Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Holding Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited, a related party.
- 1.3 The geographical location and addresses of all business units of the Group are as follows:

Business unit	Geographical location
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi, Pakistan
Manufacturing plant	EZ/II/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales office	9th floor, 301- R Hally Tower, Phase 11, DHA, Lahore, Pakistan
Branded outlet	Plot 41-C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi, Pakistan

2. BASIS OF 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 applicable in Pakistan for interim financial reporting comprise of:

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

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

(Amounts in thousand)

- 2.2 These consolidated condensed interim financial statements for the half year ended June 30, 2023 are unaudited. However, these have been subjected to limited scope review by the statutory auditors of the Holding Company and are being submitted to the shareholders as required by the listing regulations of PSX and 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, 2022.

- 2.3 These condensed interim financial statements represents the consolidated condensed interim financial statements of the Holding Company. The unconsolidated condensed interim financial statements of the Holding Company and its subsidiary companies have been presented separately.

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

- 3.1 The significant accounting policies and the methods of computation adopted 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 Company for the year ended December 31, 2022.

- 3.2 There are certain amendments to published International Financial Reporting Standards that are mandatory for the financial year beginning on January 1, 2023. These are considered not to have any significant effect on the Company's financial reporting and operations and therefore, have not been disclosed in these consolidated 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.

4. ACCOUNTING ESTIMATES

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgments in the process of applying the Group's accounting policies. Estimates and judgement 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.

The significant estimates, judgments and assumptions made by the management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied in the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022 unless otherwise specified.

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - notes 5.1 and 5.2	34,075,445	34,375,726
Capital work-in-progress - note 5.3	14,509,745	10,698,886
Capital spares	247,446	212,113
	<u>48,832,636</u>	<u>45,286,725</u>

(Amounts in thousand)

Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----	

5.1 Following additions, including transfers from capital work-in-progress, were made during the period / year:

Building on leasehold land	52,543	22,975
Plant and machinery	1,004,607	5,174,012
Furniture, fixtures and equipment	32,630	143,901
Vehicles	20,857	128,008
	<u>1,110,637</u>	<u>5,468,896</u>

5.2 During the period, operating assets costing Rs. 36,520 (December 31, 2022: Rs. 311,791) having net book value of Rs. 22,133 (December 31, 2022: Rs. 28,302) were disposed / written off for Rs. 24,280 (December 31, 2022: Rs. 29,385).

5.3 Movement in capital work-in-progress during the period / year is as follows:

Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----	
Balance as at beginning of the period / year	7,094,888
Add: Additions during the period / year	9,113,313
Add: Borrowing cost capitalized during the period / year	42,669
Less: Transferred to:	
- Operating assets - note 5.1	(5,468,896)
- Intangible assets	(72,212)
- Capital spares	(10,876)
	<u>(1,164,338)</u>
Balance at the end of the period / year	<u>14,509,745</u>

6. INVESTMENTS AT AMORTIZED COST

Investment in Term Deposit Receipts - note 6.1	4,040,191
Less: Current maturity	(2,722,683)
	<u>1,317,508</u>

6.1 Represents term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.

(Amounts in thousand)

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
7. STOCK-IN-TRADE		
Raw and packing materials - note 7.1	8,737,916	7,283,484
Less: Provision against stock-in-trade	(99,199)	(99,199)
	<u>8,638,717</u>	<u>7,184,285</u>
Work-in-process	92,725	-
Finished goods - manufactured product and trading products - note 7.2	4,061,922	3,231,707
	<u><u>12,793,364</u></u>	<u><u>10,415,992</u></u>

7.1 This includes stock held with Engro Vopak Terminal Limited, a related party, amounting to Rs. 2,098,115 (December 31, 2022: Rs. 2,672,597) and goods in transit amounting to Rs. 1,532,712 (December 31, 2022: Nil).

7.2 During the period, the Company has written-off stock-in-trade amounting to Nil (December 31, 2022: Rs.18,604).

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
8. TRADE DEBTS - Considered good		
Includes receivables from following related parties:		
Engro Energy Services Limited	117	-
Engro Eximp FZE	562,728	2,223,250
Engro Fertilizers Limited	6,815	4,972
	<u>569,660</u>	<u>2,228,222</u>

**9. LOANS, ADVANCES, DEPOSITS,
PREPAYMENTS AND OTHER RECEIVABLES**

Includes receivables from following related parties:

Engro Corporation Limited	129,445	1,055
Engro Energy Limited	-	562
Engro Energy Services Limited	-	8
Engro Fertilizers Limited	-	13,402
Engro Powergen Qadirpur Limited	133	69
Engro Powergen Thar (Private) Limited	-	32
Engro Elengy Terminal (Private) Limited	153	-
Engro Vopak Terminal Limited	1,284	-
Sindh Engro Coal Mining Company Limited	9	-
	<u>131,024</u>	<u>15,128</u>

(Amounts in thousand)

10. LONG-TERM BORROWINGS

	Mark-up rate per annum	Installments		Unaudited	Audited
		Number	Commencing	June 30, 2023	December 31, 2022
				----- Rupees -----	
Loan from International Finance Corporation	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,321,427	3,913,259
Bilateral Loan	6 months KIBOR + 0%	6 half yearly	July 15, 2021	1,807,167	2,710,751
Islamic Long Term Financing Facility	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,747,704	1,868,317
Islamic Temporary Economic Refinance Facility (ITERF)	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2023	2,867,002	1,716,699
Loan under Diminishing Musharka Agreement	3 months KIBOR + 0.4%	6 half yearly	June 26, 2023	350,000	400,000
Syndicated Long Term Islamic Financing Facility	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,733,649	8,730,846
Loan under Diminishing Musharka Agreement	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
				<u>24,826,949</u>	<u>25,339,872</u>
Less: Current portion shown under current liabilities				(5,555,779)	(4,826,263)
Less: Deferred income - Government grant				(1,315,399)	(678,666)
				<u>17,955,771</u>	<u>19,834,943</u>

- 10.1 As at June 30, 2023, there is no material change in the terms and conditions of the borrowings as disclosed in the note 18 of the annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.
- 10.2 During the period further drawdown amounting to Rs. 1,150,303 was made against the ITERF facility. The impact of below market mark-up rate on this additional loan has been accounted for as government grant.

11. LEASE LIABILITIES

This includes lease liability outstanding in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 3,578,602 (December 31, 2022: Rs. 3,679,819).

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		

12. TRADE AND OTHER PAYABLES

Includes due to following related parties:

Engro Corporation Limited	383,431	363,253
Engro Fertilizers Limited	135,509	54,370
Engro Energy Limited	30,250	315
Engro Foundation	-	8,000
Engro Vopak Terminal Limited	272,245	229,475
Engro Eximp FZE	7,217,881	834,764
The Dawood Foundation	-	240
Sindh Engro Coal Mining Company Limited	729	-
Provident funds	40	23,969
Gratuity funds	2,056	10,231
Pension funds	1,775	2,217
	<u>8,043,916</u>	<u>1,526,834</u>

(Amounts in thousand)

13. CONTINGENCIES AND COMMITMENTS

- 13.1 As at June 30, 2023, there is no material change in the status of matters reported as contingencies in notes 26 and 27 of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022, except for the recent decision of the Sindh High Court (the SHC) with respect to the applicability of Super Tax on high earning persons introduced via Finance Act, 2022, which was decided by the SHC in favour of the Holding Company. Post this decision Federal Board of Revenue (FBR) filed an appeal against the order of the SHC in Supreme Court of Pakistan (SCP), whereby, SCP through its interim order dated February 16, 2023, directed Nazir of SHC to encash bank guarantee to the extent of 4% of super tax, resultantly, bank guarantee equivalent to Rs. 665,210 has been encashed during the period.
- 13.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Group as at June 30, 2023 amounts to Rs. 7,011,030 (December 31, 2022: Rs. 7,048,000). The amount utilized thereagainst as at June 30, 2023 is Rs. 5,740,362 (December 31, 2022: Rs. 6,268,568).
- 13.3 The facility for opening letters of credit as at June 30, 2023 aggregates to Rs. 25,598,000 (December 31, 2022: Rs. 27,750,000). The amount utilized thereagainst as at June 30, 2023 was Rs. 13,446,490 (December 31, 2022: Rs. 8,631,302).
- 13.4 The Holding Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	Unaudited June 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Not later than one year	<u>4,500</u>	<u>3,600</u>

- 13.5 In 2019, Engro Peroxide (Private) Limited (EPPL) entered into a contract with Chematur Engineering AB to establish Hydrogen Peroxide manufacturing plant for a consideration of EUR 6,993 which was increased to EUR 7,655. As at June 30, 2023 commitment for civil works and equipment procurement amounts to EUR 514 (December 31, 2022: EUR 1,331).
- 13.6 In 2021, EPPL entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide manufacturing plant at a consideration of CNY 104,400. As at June 30, 2023, outstanding commitment for civil works and equipment procurement amounts to CNY 36,709 (December 31, 2022: CNY 70,592).
- 13.7 In 2021, EPPL entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide manufacturing plant at a consideration of Rs. 927,000. As at June 30, 2023, outstanding commitment amounts to Rs. 384,197 (December 31, 2022: Rs. 472,174).
- 13.8 In May 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the manufacturing plant for a consideration of Rs. 470,000. As at June 30, 2023, outstanding commitment for equipment procurement amounts to Rs. 159,397 (December 31, 2022: Rs. 180,716).

(Amounts in thousand)

- 13.9 Commitments of Holding Company in respect of rentals of storage tanks at EVTL for the handling of: (i) Ethylene aggregate to USD 14,472 valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregate to USD 11,026 valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 620 valid till December 31, 2023.

Unaudited	Audited
June 30,	December 31,
2023	2022
-----Rupees-----	

- 13.10 Commitments in respect of other capital expenditure and other operational items

1,793,818	1,759,592
-----------	-----------

14. TAXATION

Current tax expense includes aggregate amount of Rs. 1,299,059 on account of provision made in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2023 whereby, super tax at the rate of ten percent has been levied on income exceeding Rs. 500,000 for the year ending December 31, 2022 (tax year 2023) and onwards.

Unaudited	
Half year ended	
June 30,	June 30,
2023	2022
-----Rupees-----	

15. CASH GENERATED FROM OPERATIONS

Profit before taxation	5,083,922	11,776,797
Adjustments for non-cash charges and other items:		
Staff retirement and other service benefits	39,030	27,351
Depreciation:		
- operating assets	1,388,785	1,148,940
- right-of-use assets	237,954	241,635
Amortization of intangible assets	54,796	47,512
Remeasurement loss on provision against Gas Infrastructure Development Cess (GIDC)	129,122	107,161
Provision for slow moving stores and spares	(17,390)	-
Income on short-term investments and bank deposits	(727,023)	(832,437)
Unrealized foreign exchange loss on revaluation of financial assets and liabilities	932,514	1,196,887
Amortization of transaction costs	28,864	21,345
Interest expense on lease liabilities	123,013	124,117
Default surcharge on GIDC	444,415	195,033
Finance costs	2,132,050	921,200
(Gain) / Loss on disposal of operating assets	(2,147)	416
Working capital changes - note 15.1	514,743	948,877
	10,362,648	15,924,834

(Amounts in thousand)

	Unaudited	
	Half year ended	
	June 30, 2023	June 30, 2022
-----Rupees-----		
15.1 Working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(327,129)	(539,135)
Stock-in-trade	(2,377,372)	478,243
Trade debts	1,315,220	96,398
Loans, advances, deposits, prepayments and other receivables - net	(1,862,832)	(697,978)
	<u>(3,252,113)</u>	<u>(662,472)</u>
Increase in current liabilities		
Trade and other payables	3,766,856	1,611,349
	<u>514,743</u>	<u>948,877</u>
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,250,625	3,503,536
Short-term investments	389,500	2,976,066
	<u>7,640,125</u>	<u>6,479,602</u>
17. SEGMENT INFORMATION		
17.1 The basis of segmentation and reportable segments presented in these consolidated condensed interim financial statements are same as disclosed in the annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.		

	June 30, 2023 (Unaudited)				June 30, 2022 (Unaudited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
-----Rupees-----								
Revenue from contracts with customers - net								
- At a point in time	31,805,180	5,152,147	-	36,957,327	41,832,135	3,502,214	-	45,334,349
- Over time	-	-	65,037	65,037	-	-	69,583	69,583
	<u>31,805,180</u>	<u>5,152,147</u>	<u>65,037</u>	<u>37,022,364</u>	<u>41,832,135</u>	<u>3,502,214</u>	<u>69,583</u>	<u>45,403,932</u>
Less:								
Cost of sales	(24,622,006)	(3,297,936)	(59,222)	(27,979,164)	(28,529,032)	(1,633,106)	(49,685)	(30,211,823)
Distribution and marketing expenses	(193,663)	(91,957)	-	(285,620)	(198,608)	(86,219)	-	(284,827)
Administrative expenses	(518,328)	(85,034)	-	(603,362)	(438,367)	(65,503)	-	(503,870)
Other expenses	(725,554)	(389,363)	(3,388)	(1,118,305)	(2,006,850)	(118,652)	(2,357)	(2,127,859)
Other income	661,584	113,415	1,352	776,351	786,105	64,541	1,283	851,929
Finance costs	(2,349,022)	(374,591)	(4,729)	(2,728,342)	(1,283,488)	(65,888)	(1,309)	(1,350,685)
Taxation	(2,038,741)	(295,923)	(4,169)	(2,338,833)	(4,353,663)	(364,138)	(7,239)	(4,725,040)
Profit / (Loss) for the period	<u>2,019,450</u>	<u>730,758</u>	<u>(5,119)</u>	<u>2,745,089</u>	<u>5,808,232</u>	<u>1,233,249</u>	<u>10,276</u>	<u>7,051,757</u>

	June 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
	Poly Vinyl Chloride and Allied Chemicals	Caustic soda and Allied Chemicals	Power supply	Total	Poly Vinyl Chloride and Allied Chemicals	Caustic soda and Allied Chemicals	Power supply	Total
-----Rupees-----								
Total segment assets - note 17.2	54,203,319	14,365,779	48,111	68,617,209	54,834,265	6,341,047	37,029	61,212,341
Unallocated assets				19,805,509				24,188,239
Total assets				<u>88,422,718</u>				<u>85,400,580</u>
Total segment liabilities	33,734,225	4,604,196	19,049	38,357,470	31,728,877	2,491,196	1,547	34,221,620
Unallocated liabilities				23,679,676				24,057,245
Total liabilities				<u>62,037,146</u>				<u>58,278,865</u>

(Amounts in thousand)

17.2 Segment assets consist primarily of property, plant and equipment, right-of-use assets, stores and spares, stock-in-trade and trade debts.

18. TRANSACTIONS WITH RELATED PARTIES

18.1 Transactions with related parties, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

		Unaudited	
		Half year ended	
		June 30, 2023	June 30, 2022
-----Rupees-----			
Nature of relationship	Nature of transactions		
Holding Company			
- Engro Corporation Limited	Reimbursements made	918,493	440,281
	Reimbursements received	154	73,561
	Expenses paid on behalf of the Group	94	1,010
	Subordinated loan proceeds	-	2,000,000
	Subordinated loan repaid	-	2,000,000
	Markup on subordinated loan	-	20,137
Members of the Group			
- Engro Fertilizers Limited	Sale of goods	-	7,270
	Sale of steam and electricity	63,924	65,684
	Reimbursements received	1,622	434
	Reimbursements made	126,543	52,139
	Purchase of services	46,419	69,454
- Engro Vopak Terminal Limited	Reimbursements made	35,364	31,092
	Late payment charges	14,825	-
	Purchase of services	1,455,055	1,018,388
	Reimbursements received	1,305	-
- Engro Energy Limited	Reimbursements received	1,610	524
	Contribution for onward donations	-	49,728
- Engro Foundation	Donation	-	6,351
	Reimbursements made	272	-
- Engro Elengy Terminal (Private) Limited	Reimbursements received	119	53
- Engro Powergen Qadirpur Limited	Reimbursements received	133	2,364
	Reimbursements made	-	1,555
- Engro Eximp FZE	Purchase of goods	16,025,827	3,477,934
	Sale of goods	3,345,403	243,306
	Reimbursements made	429,134	30,848
	Reimbursements received	1,137	-
- Engro Energy Services Limited	Reimbursements received	109	-
- Engro Powergen Thar (Private) Limited	Reimbursements received	127	1,861
	Reimbursements made	530	-
- Sindh Engro Coal Mining Company Limited	Reimbursements made	729	-

(Amounts in thousand)

		Unaudited	
		Half year ended	
Nature of relationship	Nature of transactions	June 30, 2023	June 30, 2022
-----Rupees-----			
Directors	Fee	9,266	10,052
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	60,056	53,751
	- Gratuity fund	42,819	41,661
	- Pension fund	2,657	2,080
Key management personnel	Managerial remuneration	80,525	74,444
	Retirement benefit funds	13,655	12,017
	Bonus	32,444	28,647
	Other benefits	17,282	12,939

19. FINANCIAL RISK MANAGEMENT

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

There have been no changes in the risk management policies 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 consolidated financial statements.

20. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the consolidated condensed interim financial statements approximate their fair values.

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

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

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Short term investments in units of mutual funds - June 30, 2023	-	2,772,000	-	2,772,000
Short term investments in units of mutual funds - December 31, 2022	-	8,869,458	-	8,869,458

(Amounts in thousand)

For the remaining financial assets and financial liabilities, the fair values are considered not to be materially different from their respective carrying amounts since the instruments are either short-term in nature or are periodically re-priced.

21. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

21.1 The Board of Directors of the Holding Company in its meeting held on August 9, 2023 has approved a second interim cash dividend of Rs. 1.5 per ordinary share for the year ending December 31, 2023 amounting to Rs. 1,363,385. These consolidated condensed interim financial statements do not include the effects of the said interim dividend.

21.2 The Board of Directors of the Holding Company in its meeting held on August 9, 2023 has approved a second interim cash dividend for preference share holders of Rs. 0.5 per share for the year ending December 31, 2023 amounting to Rs. 150,000. These consolidated condensed interim financial statements do not include the effects of the said interim dividend.

22. CORRESPONDING FIGURES

22.1 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 profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

22.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever, considered necessary, the impacts of which are not material.

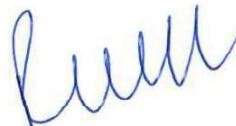
23. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 9, 2023 by the Board of Directors of the Holding Company.

MS



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Polymer and Chemicals 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 Polymer and Chemicals Limited as at June 30, 2023 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "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 and other comprehensive income for the quarters ended June 30, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 Waqas Aftab Sheikh.

**Chartered Accountants
Karachi**

Date: August 23, 2023

UDIN: RR202310069aWo9Ht0Tq

**ENGRO POLYMER AND CHEMICALS LIMITED
UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023**

ENGRO POLYMER AND CHEMICALS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

(Amounts in thousand)

	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	42,336,940	41,004,218
Right-of-use asset		1,387,603	1,617,227
Intangible assets		650,170	686,598
Long-term investments	6	4,994,000	3,884,000
Investments at amortized cost	7	-	1,317,508
		<u>49,368,713</u>	<u>48,509,551</u>
Current Assets			
Stores, spares and loose tools		2,808,632	2,464,113
Stock-in-trade	8	12,793,364	10,415,992
Trade debts	9	1,360,561	2,676,464
Loans, advances, deposits, prepayments and other receivables	10	4,145,891	2,980,140
Loans to subsidiary companies	11	934,800	-
Short-term investments		7,898,935	14,059,319
Cash and bank balances		6,203,351	2,852,045
		<u>36,145,534</u>	<u>35,448,073</u>
TOTAL ASSETS		<u>85,514,247</u>	<u>83,957,624</u>
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		9,089,233	9,089,233
Preference shares		3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		10,521,431	11,169,486
		<u>26,485,617</u>	<u>27,133,672</u>
Non-Current Liabilities			
Long-term borrowings	12	17,035,253	19,329,365
Government grant	12	238,851	184,609
Lease liabilities	13	1,697,709	1,842,558
Provisions		610,640	637,807
Deferred tax liability		1,924,212	2,155,320
		<u>21,506,665</u>	<u>24,149,659</u>
Current Liabilities			
Trade and other payables	14	18,093,973	14,916,145
Service benefit obligations		49,469	74,278
Current portion of long-term borrowings	12	5,539,481	4,818,569
Current portion of government grant	12	39,368	39,114
Current portion of lease liabilities	13	1,938,238	1,898,636
Short-term borrowings		474,360	474,360
Accrued interest / mark-up		504,504	366,576
Unclaimed dividend		1,522,874	1,174,365
Taxes payable		2,748,115	2,901,371
Provisions		6,611,583	6,010,879
		<u>37,521,965</u>	<u>32,674,293</u>
Contingencies and Commitments	15	59,028,630	56,823,952
TOTAL EQUITY AND LIABILITIES		<u>85,514,247</u>	<u>83,957,624</u>

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.


Jahangir Piracha
 Chief Executive Officer


Rabia Wafah Khan
 Chief Financial Officer


Ghias Khan
 Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

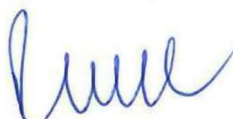
(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Half year ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
-----Rupees-----					
Revenue from contract with customers - net		19,041,198	22,277,064	37,018,797	45,403,932
Cost of sales		(13,590,003)	(14,749,463)	(27,977,026)	(30,211,823)
Gross profit		5,451,195	7,527,601	9,041,771	15,192,109
Distribution and marketing expenses		(138,762)	(117,824)	(281,197)	(268,158)
Administrative expenses		(329,624)	(279,504)	(603,362)	(503,869)
Other expenses		(232,180)	(1,283,730)	(996,207)	(2,127,076)
Other income		332,056	411,386	769,899	836,734
Operating profit		5,082,685	6,257,929	7,930,904	13,129,740
Finance costs		(1,554,838)	(739,785)	(2,724,593)	(1,345,862)
Profit before taxation		3,527,847	5,518,144	5,206,311	11,783,878
Taxation	16	(1,884,147)	(3,179,162)	(2,373,135)	(4,723,945)
Profit for the period		1,643,700	2,338,982	2,833,176	7,059,933
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,643,700	2,338,982	2,833,176	7,059,933
Earnings per share - basic		1.48	2.45	2.79	7.56
Earnings per share - diluted		1.36	1.93	2.34	5.84

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2023

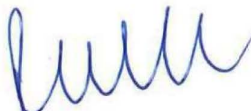
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary Share capital	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profits	
	Rupees				
Balance as at January 1, 2022 (Audited)	9,089,233	3,000,000	3,874,953	13,994,903	29,959,089
Transactions with owners					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
	-	-	-	(9,735,695)	(9,735,695)
Total comprehensive income for the half year ended June 30, 2022	-	-	-	7,059,933	7,059,933
Balance as at June 30, 2022 (Unaudited)	9,089,233	3,000,000	3,874,953	11,319,141	27,283,327
Transactions with owners					
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
	-	-	-	(4,799,616)	(4,799,616)
Total comprehensive income for the half year ended December 31, 2022	-	-	-	4,649,961	4,649,961
Balance as at December 31, 2022 (Audited)	9,089,233	3,000,000	3,874,953	11,169,486	27,133,672
Transactions with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
First interim dividend for the year ending December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
	-	-	-	(3,481,231)	(3,481,231)
Total comprehensive income for the half year ended June 30, 2023	-	-	-	2,833,176	2,833,176
Balance as at June 30, 2023 (Unaudited)	9,089,233	3,000,000	3,874,953	10,521,431	26,485,617

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand)

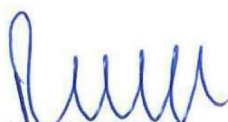
	Note	Half year ended	
		June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	10,588,112	15,927,257
Long-term loans and advances		-	505
Retirement benefits paid		(63,839)	(87,323)
Income tax paid		(2,757,499)	(593,851)
Net cash generated from operating activities		7,766,774	15,246,588
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,761,973)	(1,267,297)
Proceeds from disposal of property, plant and equipment		24,280	5,338
Disbursement of subordinated loan to subsidiary companies		(2,534,800)	-
Repayment of subordinated loan from subsidiary companies		1,600,000	-
Investment made in subsidiaries companies	6	(1,110,000)	-
Proceeds from sale of Term Deposit Receipts		1,438,490	4,550,517
Proceeds on sale / maturity of short-term investments		38,915,890	121,297,604
Purchase of short-term investments		(31,886,106)	(126,436,334)
Income on short-term investment and bank deposits		663,633	706,017
Net cash generated from / (utilized in) investing activities		4,349,414	(1,144,155)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		144,522	217,685
Repayment of long-term borrowings		(2,397,764)	(1,930,600)
Finance costs paid		(1,990,373)	(767,004)
Rentals paid		(1,160,774)	(800,442)
Dividend paid		(3,132,722)	(10,076,489)
Net cash utilized in financing activities		(8,537,111)	(13,356,850)
Net increase in cash and cash equivalents		3,579,077	745,583
Cash and cash equivalents at beginning of the period		3,013,774	5,665,843
Cash and cash equivalents at end of the period	18	6,592,851	6,411,426

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

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Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Ghias Khan
Chairman

ENGRO POLYMER AND CHEMICALS LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the now repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX).
- 1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Holding Company owns 56.19% shareholding in the Company. The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).
- 1.3 The geographical location and addresses of all business units of the Company are as follows:

Business unit	Geographical location
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi, Pakistan
Manufacturing plant	EZ/II/P-II Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional Sales Unit	9th floor, 301- R Hally Tower, Phase 11, DHA, Lahore, Pakistan

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 These unconsolidated condensed interim financial statements for the half year ended June 30, 2023 are unaudited. However, these have been subjected to limited scope review by the statutory auditors of the Company and are being submitted to the shareholders as required by the listing regulations of PSX and section 237 of the Act.



(Amounts in thousand)

These unconsolidated 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 financial statements of the Company for the year ended December 31, 2022.

- 2.3 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary companies namely Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited have been accounted for at cost less accumulated impairment losses, if any. The consolidated condensed interim financial statements of the Company and its subsidiary companies have been presented separately.

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

- 3.1 The significant 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 annual audited financial statements of the Company for the year ended December 31, 2022.
- 3.2 There are certain amendments to published International Financial Reporting Standards that are mandatory for the financial year beginning on January 1, 2023. These are considered not to have any significant effect on the Company's financial reporting and operations and therefore, have not been 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.

4. ACCOUNTING ESTIMATES

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgement 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.

The significant estimates, judgments and assumptions made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied in the annual audited financial statements of the Company for the year ended December 31, 2022, unless otherwise specified.

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
Operating assets - notes 5.1 and 5.2	34,075,380	34,375,626
Capital work-in-progress - note 5.3	8,014,115	6,416,479
Capital spares - note 5.3	247,445	212,113
	42,336,940	41,004,218

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - notes 5.1 and 5.2
Capital work-in-progress - note 5.3
Capital spares - note 5.3

(Amounts in thousand)

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
5.1	Following additions, including transfers from capital work-in-progress were made during the period / year:	
	Building on leasehold land	52,543
	Plant and machinery	1,004,607
	Furniture, fixtures and equipment	32,630
	Vehicles	20,857
	1,110,637	5,468,896
5.2	Operating assets costing Rs. 36,520 (December 31, 2022 : Rs. 311,568) having net book value of Rs. 22,132 (December 31, 2022 : Rs. 28,292) were disposed / written off for Rs. 24,280 (December 31, 2022 : Rs. 29,385) during the period.	

5.3 Movement in capital work-in-progress during the period / year is as follows:

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
	6,416,479	5,185,100
	2,761,973	6,783,361
	Transferred to:	
	- operating assets - note 5.1	(1,110,637)
	- intangible assets	(18,368)
	- capital spares	(35,332)
	(1,164,337)	(5,551,982)
	8,014,115	6,416,479

6. LONG-TERM INVESTMENTS

During the period, the Company made further investment in Engro Plasticizer (Private) Limited and Engro Peroxide (Private) Limited (wholly owned subsidiaries of the Company) through subscription of right shares amounting to Rs. 10,000 and Rs. 1,100,000, respectively.

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
7. INVESTMENTS AT AMORTIZED COST		
	3,343,650	4,040,191
Investment in Term Deposit Receipts - note 7.1	(3,343,650)	(2,722,683)
Less: Current maturity	-	1,317,508

7.1 Represents term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.



(Amounts in thousand)

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
8. STOCK-IN-TRADE		
Raw and packing materials - note 8.1	8,737,916	7,283,484
Less: Provision against stock-in-trade	(99,199)	(99,199)
	<u>8,638,717</u>	<u>7,184,285</u>
Work-in-process	92,725	-
Finished goods - manufactured products and trading products - note 8.2	4,061,922	3,231,707
	<u><u>12,793,364</u></u>	<u><u>10,415,992</u></u>

8.1 This includes stock held with Engro Vopak Terminal Limited, a related party, amounting to Rs. 2,098,115 (December 31, 2022: Rs. 2,672,597) and goods in transit amounting to Rs. 1,532,712 (December 31, 2022: Nil).

8.2 During the period, the Company has written-off stock-in-trade amounting to Nil (December 31, 2022: Rs.18,604).

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
9. TRADE DEBTS - Considered good		
Includes receivables from following related parties:		
Engro Energy Services Limited	117	-
Engro Eximp FZE	562,728	2,223,250
Engro Fertilizers Limited	6,815	4,972
	<u>569,660</u>	<u>2,228,222</u>

**10. LOANS, ADVANCES, DEPOSITS,
PREPAYMENTS AND OTHER RECEIVABLES**

Includes receivables from following related parties:

Engro Corporation Limited	129,445	1,055
Think PVC (Private) Limited	1,835	755
Engro Energy Limited	-	562
Engro Energy Services Limited	-	8
Engro Plasticizer (Private) Limited	440	440
Engro Fertilizers Limited	-	13,402
Engro Peroxide (Private) Limited	37,755	11,646
Engro Powergen Qadirpur Limited	133	69
Engro Powergen Thar (Private) Limited	-	32
Engro Elengy Terminal (Private) Limited	153	-
Engro Vopak Terminal Limited	1,284	-
Sindh Engro Coal Mining Company Limited	9	-
	<u>171,054</u>	<u>27,969</u>

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(Amounts in thousand)

11. LOANS TO SUBSIDIARY COMPANIES

Represents subordinated loans given to Engro Peroxide (Private) Limited and Think PVC (Private) Limited (wholly owned subsidiaries of the Company) amounting to Rs. 919,800 and Rs.15,000, respectively, at the rate of 1 months KIBOR + 0.5% per annum. These loans are payable on demand.

12. LONG-TERM BORROWINGS

	Mark-up rate per annum	Installments		Unaudited	Audited
		Number	Commencing	June 30, 2023	December 31, 2022
				----- Rupees -----	
Loan from International Finance Corporation	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,321,427	3,913,259
Bilateral Loan	6 months KIBOR + 0%	6 half yearly	July 15, 2021	1,807,167	2,710,751
Islamic Long Term Financing Facility	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,747,704	1,868,317
Islamic Temporary Economic Refinance Facility (ITERF)	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	893,006	748,484
Loan under Diminishing Musharka Agreement	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	350,000	400,000
Syndicated Long Term Islamic Financing Facility	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,733,649	8,730,846
Loan under Diminishing Musharka Agreement	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
				<u>22,852,953</u>	<u>24,371,657</u>
Less: Current portion shown under current liabilities				(5,539,481)	(4,818,569)
Less: Deferred income - Government grant				(278,219)	(223,723)
				<u>17,035,253</u>	<u>19,329,365</u>

12.1 As at June 30, 2023, there is no material change in the terms and conditions of the borrowings as disclosed in the note 18 of the annual audited financial statements of the Company for the year ended December 31, 2022.

12.2 During the period further draw down amounting to Rs. 144,522 was made against the Company's ITERF facility. The impact of below market mark-up rate on this additional loan has been accounted for as government grant.

13. LEASE LIABILITIES

This include lease liability outstanding in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 3,578,602 (December 31, 2022: Rs. 3,679,819).



(Amounts in thousand)

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
14. TRADE AND OTHER PAYABLES		
Includes due to following related parties:		
Engro Corporation Limited	382,577	361,293
Engro Fertilizers Limited	135,509	54,370
Engro Energy Limited	30,250	315
Engro Foundation	-	8,000
Think PVC (Private) Limited	188	188
Engro Vopak Terminal Limited	272,245	229,475
Engro Eximp FZE	7,217,881	834,764
Engro Peroxide (Private) Limited	9,038	9,038
Engro Plasticizer (Private) Limited	20	20
The Dawood Foundation	-	240
Sindh Engro Coal Mining Company Limited	729	-
Provident funds	40	23,969
Gratuity funds	2,056	10,231
Pension funds	1,775	2,217
	<u>8,052,308</u>	<u>1,534,120</u>

15. CONTINGENCIES AND COMMITMENTS

- 15.1 As at June 30, 2023, there is no material change in the status of contingencies as disclosed in notes 26 and 27 of the audited annual financial statements of the Company for the year ended December 31, 2022, except for the recent decision of the Sindh High Court (the SHC) with respect to the applicability of Super Tax on high earning persons introduced via Finance Act, 2022 which was decided by the SHC in favour of the Company. Post this decision Federal Board of Revenue (FBR) filed an appeal against the order of the SHC in Supreme Court of Pakistan (SCP), whereby, SCP through its interim order dated February 16, 2023, directed Nazir of SHC to encash bank guarantee to the extent of 4% of super tax, resultantly, bank guarantee equivalent to Rs. 665,210 has been encashed during the period.
- 15.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at June 30, 2023 amounts to Rs. 6,511,030 (December 31, 2022: Rs. 6,548,000). The amount utilized thereagainst as at June 30, 2023 is Rs. 5,380,000 (December 31, 2022: Rs. 5,908,206).
- 15.3 The facility for opening letters of credit as at June 30, 2023 aggregates to Rs. 23,398,000 (December 31, 2022: Rs.23,000,000). The amount utilized thereagainst as at June 30, 2023 was Rs. 12,886,431 (December 31, 2022: Rs. 6,725,937).
- 15.4 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
Not later than one year	<u>4,500</u>	<u>3,600</u>

- 15.5 Commitments in respect of rentals of storage tanks at EVTL for the handling of: (i) Ethylene aggregate to USD 14,472 valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregate to USD 11,026 valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 620 valid till December 31, 2023.



(Amounts in thousand)

	Unaudited June 30, 2023	Audited December 31, 2022
-----Rupees-----		
15.6 Commitments in respect of and other operational items	1,793,818	1,759,592

16. TAXATION

Current tax expense includes aggregate amount of Rs. 1,299,059 on account of provision made in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2023, whereby, super tax at the rate of ten percent has been levied on income exceeding Rs. 500,000 for the year ending December 31, 2022 (tax year 2023) and onwards.

	Unaudited Half year ended	
	June 30, 2023	June 30, 2022
-----Rupees-----		
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	5,206,311	11,783,878
Adjustments for non-cash charges and other items:		
Staff retirement and other service benefits	39,030	27,351
Depreciation:		
- operating assets	1,388,751	1,140,455
- right-of-use assets	229,624	241,635
Amortization of intangible assets	54,796	47,512
Remeasurement loss on provision against Gas Infrastructure Development Cess (GIDC)	129,122	107,161
Reversal of provision for slow moving stores and spares	(17,390)	-
Income on short-term investments and bank deposits	(720,571)	(817,242)
Unrealized foreign exchange loss on revaluation of financial assets and liabilities	932,514	1,196,887
Amortization of transaction costs	28,864	21,345
Interest expense on lease liabilities	123,013	124,117
Default surcharge on GIDC	444,415	195,033
Finance costs	2,128,301	914,308
(Gain) / Loss on disposal of operating assets	(2,147)	416
Working capital changes - note 17.1	623,479	944,401
	<u>10,588,112</u>	<u>15,927,257</u>
17.1 Working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(327,129)	(539,135)
Stock-in-trade	(2,377,372)	478,243
Trade debts	1,315,903	96,398
Loans, advances, deposits, prepayments and other receivables - net	(1,165,751)	(677,015)
	<u>(2,554,349)</u>	<u>(641,509)</u>
Increase in current liabilities		
Trade and other payables	3,177,828	1,585,910
	<u>623,479</u>	<u>944,401</u>

(Amounts in thousand)

	Unaudited	
	Half year ended	
	June 30, 2023	June 30, 2022
	-----Rupees-----	
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,203,351	3,446,734
Short-term investments	389,500	2,964,692
	<u>6,592,851</u>	<u>6,411,426</u>

19. SEGMENT INFORMATION

19.1 The basis of segmentation and reportable segments presented in these unconsolidated condensed interim financial statements are same as disclosed in the annual financial statements of the Company for the year ended December 31, 2022.

	June 30, 2023 (Unaudited)				June 30, 2022 (Unaudited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	-----Rupees-----							
Revenue from contract with customers - net								
- At a point in time	31,801,613	5,152,147	-	36,953,760	41,832,135	3,502,214	-	45,334,349
- Over time	-	-	65,037	65,037	-	-	69,583	69,583
	<u>31,801,613</u>	<u>5,152,147</u>	<u>65,037</u>	<u>37,018,797</u>	<u>41,832,135</u>	<u>3,502,214</u>	<u>69,583</u>	<u>45,403,932</u>
Less:								
Cost of sales	(21,619,868)	(3,297,936)	(59,222)	(27,977,026)	(28,529,032)	(1,633,106)	(49,685)	(30,211,823)
Distribution and marketing expenses	(189,240)	(91,957)	-	(281,197)	(181,920)	(86,238)	-	(268,158)
Administrative expenses	(518,328)	(85,034)	-	(603,362)	(438,367)	(65,502)	-	(503,869)
Other expenses	(724,386)	(268,433)	(3,388)	(996,207)	(2,006,067)	(118,652)	(2,357)	(2,127,076)
Other income	661,395	107,152	1,352	769,899	770,910	64,541	1,283	836,734
Finance costs	(2,345,273)	(374,591)	(4,729)	(2,724,593)	(1,278,665)	(65,888)	(1,309)	(1,345,862)
Taxation	(2,038,680)	(330,286)	(4,169)	(2,373,135)	(4,352,326)	(364,380)	(7,239)	(4,723,945)
Profit / (Loss) for the period	<u>2,027,233</u>	<u>811,062</u>	<u>(5,119)</u>	<u>2,833,176</u>	<u>5,816,668</u>	<u>1,232,989</u>	<u>10,276</u>	<u>7,059,933</u>

	June 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
	Poly Vinyl Chloride and allied chemicals	Caustic soda and allied chemicals	Power supply	Total	Poly Vinyl Chloride and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	-----Rupees-----							
Total segment assets - note 19.2	54,120,772	5,571,025	48,111	59,739,908	54,767,952	6,341,047	37,029	61,146,028
Unallocated assets				25,774,339				22,811,596
Total assets				<u>85,514,247</u>				<u>83,957,624</u>
Total segment Liabilities	33,674,184	1,538,669	19,049	35,231,902	31,665,089	2,491,196	1,547	34,157,832
Unallocated Liabilities				23,796,728				22,666,120
Total Liabilities				<u>59,028,630</u>				<u>56,823,952</u>

19.2 Segment assets consist primarily of property, plant and equipment, right-of-use assets, stores and spares, stock-in-trade and trade debts.

(Amounts in thousand)

20. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

	Unaudited		
	Half year ended		
	June 30, 2023	June 30, 2022	
-----Rupees-----			
Nature of relationship			
Holding Company			
- Engro Corporation Limited	Reimbursements made	917,747	439,686
	Reimbursements received	154	73,561
	Subordinated loan proceeds	-	2,000,000
	Subordinated loan repaid	-	2,000,000
	Markup on subordinated loan	-	20,137
Subsidiary Company			
- Think PVC (Private) Limited	Expenses incurred on behalf of the subsidiary	-	558
	Reimbursements received	1,080	1,068
	Subordinated loan proceeds	15,000	-
	Markup on subordinated loan	37	-
- Engro Plasticizer (Private) Limited	Expenses incurred on behalf of the subsidiary	-	60
	Subordinated loan proceeds	5,000	-
	Subordinated loan repaid	5,000	-
	Markup on subordinated loan	171	-
- Engro Peroxide (Private) Limited	Expenses incurred on behalf of the subsidiary	-	19,296
	Reimbursements received	76,286	61,793
	Subordinated loan proceeds	2,514,800	-
	Subordinated loan repaid	1,595,000	-
	Markup on subordinated loan	39,745	-
Members of the Group			
- Engro Fertilizers Limited	Sale of goods	-	7,270
	Sale of steam and electricity	63,924	65,684
	Reimbursement received	1,622	434
	Reimbursement made	126,543	52,139
	Purchase of services	46,419	69,454
- Engro Vopak Terminal Limited	Reimbursement made	35,364	31,092
	Late payment charges	14,825	-
	Purchase of services	1,455,055	1,018,388
	Reimbursements received	1,305	-
- Engro Energy Limited	Reimbursements received	1,610	524
	Contribution for onward donations	-	49,728
- Engro Foundation	Donation	-	6,351
	Reimbursement made	272	-
- Engro Elengy Terminal (Private) Limited	Reimbursement received	119	53
- Engro Powergen Qadirpur Limited	Reimbursement received	133	2,364
	Reimbursement made	-	1,555

(Amounts in thousand)

		Unaudited	
		Half year ended	
Nature of relationship		June 30, 2023	June 30, 2022
		Rupees	
- Engro Eximp FZE	Purchase of goods	16,025,827	3,477,934
	Sale of goods	3,345,403	243,306
	Reimbursement made	429,134	30,848
	Reimbursement received	1,137	-
- Engro Energy Services Limited	Reimbursement received	109	-
- Engro Powergen Thar (Private) Limited	Reimbursement received	127	1,861
	Reimbursement made	530	-
- Sindh Engro Coal Mining Company Limited	Reimbursement made	729	-
Nature of relationship			
Directors	Fee	9,266	10,052
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	60,056	53,751
	- Gratuity fund	42,819	41,661
	- Pension fund	2,657	2,080
Key management personnel	Managerial remuneration	80,525	74,444
	Retirement benefit funds	13,655	12,017
	Bonus	32,444	28,647
	Other benefits	17,282	12,939

21. FINANCIAL RISK MANAGEMENT

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

There have been no changes in the risk management policies 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.

22. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the unconsolidated condensed interim financial statements approximate their fair values.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within the 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

Mps -

(Amounts in thousand)

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short-term investments in units of mutual funds - June 30, 2023	-	2,772,000	-	2,772,000
Short-term investments in units of mutual funds - December 31, 2022	-	8,869,458	-	8,869,458

For the remaining financial assets and liabilities, the fair values are considered not to be materially different from their respective carrying amounts since these are either short-term in nature or are periodically re-priced.

23. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

- 23.1 The Board of Directors in its meeting held on August 9, 2023 has approved a second interim cash dividend of Rs. 1.5 per ordinary share for the year ending December 31, 2023 amounting to Rs. 1,363,385. These unconsolidated condensed interim financial statements do not include the effects of the said interim dividend.
- 23.2 The Board of Directors in its meeting held on August 9, 2023 has approved a second interim cash dividend for preference share holders of Rs. 0.5 per share for the year ending December 31, 2023 amounting to Rs. 150,000. These unconsolidated condensed interim financial statements do not include the effects of the said interim dividend.

24. CORRESPONDING FIGURES

- 24.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim statement of financial position has been compared with the balances of annual audited unconsolidated financial statements of preceding financial year, whereas the unconsolidated condensed interim profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- 24.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever, considered necessary.

25. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 9, 2023 by the Board of Directors of the Company.

Handwritten mark

Handwritten signature of Jahangir Piracha

Jahangir Piracha
Chief Executive Officer

Handwritten signature of Rabia Wafah Khan

Rabia Wafah Khan
Chief Financial Officer

Handwritten signature of Ghias Khan

Ghias Khan
Chairman



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اینگرو پالیمر اینڈ کیمیکلز لمیٹڈ

ڈائریکٹرز کا جائزہ برائے سینریبولٹرز

غیر آڈٹ شدہ مشترکہ عبوری مالیاتی گوشوارے

برائے ششماہی ختم شدہ 30 جون 2023

اینگرو پالیمر اینڈ کیمیکلز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات برائے ششماہی ختم شدہ 30 جون 2023 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کاروباری جائزہ

بھارت کی جانب سے طلب بحال ہونے پر سال کے پہلے دو ماہ میں PVC کی عالمی قیمتوں میں تیزی دیکھی گئی بعد ازاں معاشی سست روی، سیاسی و عسکری تنازعات اور عالمی طور پر توانائی کی قیمتوں میں بوشربا اضافے کے نتیجے میں تمام براعظموں میں مارکیٹ مستحکم رہی پہلی سہ ماہی میں ایتھانلین کی سپلائی میں خلل سے قیمتوں پر دباؤ کے نتیجے میں تیزی کے بعد دوسری سہ ماہی میں زانڈفرامی، ائل میں اتار چڑھاؤ اور ڈاؤن اسٹریم طلب میں کمزوری سے سست روی دیکھی گئی گزشتہ چھ ماہ کے دوران محدود اسپاٹ ایکٹوٹی کے سبب EDC کی مجموعی طلب کم رہنے سے قیمتوں میں تھپراؤ دیکھا گیا کاسٹک کی مارکیٹ اس مدت کے دوران مندی کا شکار رہی کیونکہ زیادہ تر علاقوں میں سپلائی کی زیادتی اور محدود خریداری کا ماحول تھا۔

2023 کی پہلی ششماہی میں، مقامی PVC کی فروخت پچھلے سال کے مقابلے میں 23 فیصد کمی کاشکار رہی کاسٹک کی مقدار میں بھی 2023 کی پہلی ششماہی کے دوران PVC جیسی صورت حال رہی جبکہ مقدار میں 28 فیصد کمی آئی۔ اس کمی کی وجہ ملک کی میکرو اکنامک صورتحال میں سست روی کے سبب نمایاں مسائل ہیں مہنگائی کے تسلسل میں روپے کی شدید ناقدری کے ساتھ اس مدت کے اکثر حصے میں بیرونی زر مبادلہ کو روکنے کے لیے LCS پر پابندیوں نے مختلف صنعتوں کی اہلیت کو شدید متاثر کیا نتیجے میں ان کے امور غیر مستحکم ہوئے، اور مجموعی صورتحال پر دباؤ رہا۔



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کمپنی نے 2023 کی پہلی ششماہی کے دوران 37,022 ملین روپے کی آمدنی حاصل کی جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 18 کم بے کیونکہ PVC کی فروخت اور قیمتوں میں کمی کا رجحان دیکھا گیا۔ 2023 کی پہلی ششماہی کے دوران، کمپنی نے 2,745 ملین روپے کا بعد از ٹیکس منافع کمایا جس کے مطابق ہر ایک شینر پر منافع 2.69 روپے بنتا ہے، گزشتہ سال کی اسی مدت کا بعد از ٹیکس منافع 7,052 ملین روپے اور ہر ایک شینر کا منافع 7.55 روپے تھا۔ منافع جات میں کمی کی وجہ فروخت میں کمی اور پیداوار لاگت کا بڑھ جانا ہے۔

اپنی اہلیت میں اضافے کے ساتھ دیگر پروجیکٹس پر کام جاری ہے۔ تاہم ہمارے HTDC اور بانڈیڈروجن پر آکسائیڈ پروجیکٹس 2023 میں فعال ہونے تھے، وہ مجموعی میکر و اکنامک ماحول میں سست روی کے سبب تاخیر کا شکار ہوئے۔ ان پروجیکٹس کی بروقت تکمیل کے لیے ہم ہر ممکن کوشش کر رہے ہیں۔

مستقبل پر نظر

ہم پر امید ہیں کہ بھارت میں مون سون سیزن کے خاتمے اور عالمی طور پر معاشی سست روی میں استحکام سے PVC کی قیمتیں بحال ہوں گی۔ ایتھانین کی قیمتوں پر اوپیک پلس کے فیصلے اور ان کے نتائج اثر انداز ہوں گے جبکہ EDC کی قیمتوں پر PVC کی طلب اور کاسٹک سوڈا کی صورتحال سے اثرات مرتب ہوں گے۔ آنے والی سہ ماہی کے دوران اپنے پلانٹ کے محفوظ اور مستحکم آپریشنز کو یقینی بنانے کے ساتھ، جاری پروجیکٹس کی بروقت اور محفوظ تکمیل ہماری ولین ترجیح ہوگی، اسی کے ساتھ مشکل معاشی حالات اور LC کی پابندیوں سے نبرد آزما ہونا اور ترقی کا استحکام لازمی بنانا ہے۔

چینر مین

چیف ایگزیکٹو آفیسر

کراچی، 9 اگست 2023