

DAWOOD HERCULES CHEMICALS LIMITED

[to be renamed as *Dawood Hercules Corporation Limited*]

Half Year 2011 Accounts

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

Company Information

Board Of Directors:

Mr. Hussain Dawood	Chairman
Mr. Isar Ahmad	Chief Executive Officer
Mr. Javed Akbar	Director
Mr. M. Abdul Aleem	Director
Mr. M. Aliuddin Ansari	Director
Mr. A. Samad Dawood	Director
Mr. Shahzada Dawood	Director
Mr. Parvez Ghias	Director
Mr. Shahid Hamid Pracha	Director
Mr. Asad Umar	Director

Board Audit Committee:

Mr. M. Abdul Aleem	Chairman
Mr. Javed Akbar	Member
Mr. Parvez Ghias	Member
Mr. Shahid Hamid Pracha	Member

Board Compensation Committee:

Mr. Hussain Dawood	Chairman
Mr. M. Aliuddin Ansari	Member
Mr. A. Samad Dawood	Member
Mr. Asad Umar	Member

Company Secretary:

Mr. Aftab Ahmed Qaiser

Chief Financial Officer:

Mr. Gulzar Saleem

Registered Office:

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Karachi-75530
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Email: qaiser@dawoodgroup.com
Web: www.dawoodhercules.com

Auditors:

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Shares Registrar:

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial
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Legal Advisors:

Hassan & Hassan (Advocates)

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Directors' Review

On behalf of the Board of Directors of Dawood Hercules Chemicals Limited, we are pleased to present the unaudited Financial Statements of Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited) for the Half Year ended 30 June 2011.

1. Demerger

Following the issuance of the written Order by the Lahore High Court on 23rd July 2011, the fertilizer business has been demerged and transferred to its wholly owned subsidiary, DH Fertilizers Limited, which was incorporated in August 2010 for this purpose. In accordance with the approved Scheme of Arrangement, the demerger has become effective from 1st January 2011 and as a result, Dawood Hercules Chemicals Limited assumed the role of a Holding Company managing the affairs of the subsidiary company.

2. Overview

As in the first quarter, gas curtailment continued at an unprecedented scale into the second quarter and as a result, urea production suffered badly with significant shortfalls against Budget and last year. Further, the consolidated sales for the half year at Rs. 2,354 million were 19.8% lower than those for 2010 first half. Lower sales revenues together with the Impairment Loss of Rs.350 million resulted in Profit before share of profit from associate of Rs. 93.9 million for the half year 2011 against a profit of Rs. 485.8 million for the same period last year. However, after taking into account the share of profit from associate of Rs. 1,687 million (2010 first half: Rs. 1,096 million), the consolidated profit after tax for the half year was Rs. 1,441 million, an increase of 11% over the same period last year.

Consolidated Earnings per Share stood at Rs 3.00 per share (2010: Rs.2.71 per share)

3. Fertilizers

Despite Engro Fertilizer's additional urea capacity having come on stream, urea production for the industry was still limited to 2.35 m tons during the first half (last year: 2.53 m tons). This was on account of the unparalleled gas stoppages to the fertilizer plants, especially on the Sui Northern network. Unfortunately, the second highest priority accorded to the fertilizer sector (after the Domestic Sector) as per the National Gas Allocation & Management Policy, approved by the ECC in 2005, continues to be violated.

Urea industry's sales in the 1st half of 2011 of this year at 2.68 m tons were 12% lower than the sales of 3.03 m tons for the same period last year. This decline in sales is attributed entirely to lower availability of the product, caused by excessive curtailment of gas supply to fertilizer plants and insufficient imports by the Government. With urea demand for 2011 2nd half estimated at 3.04 m tons (15% higher than last year), it is critical that the Government as a matter of national priority, restores the gas to the fertilizer plants, in addition to making timely imports of urea for the balance required quantities.

DH Fertilizers' operations were severely impacted by gas shortages with plant being available for operation for only 70 days out of a total of 181 days, thereby resulting in urea production of only 103,240 tons against 223,742 tons for the same period last year. Apart from the erosion of business profitability, the frequent startups and shutdowns affected the plant efficiencies.

The fertilizer sales volumes, on account of curtailed product availability, dropped from 178,610 tons in 2010 first half to only 111,583 tons in 2011, a reduction of over 37%. The combined effect of lower production and lower sales coupled with the impairment loss of Rs. 347 million, resulted in a loss of Rs. 6 million for the half year ended 30th June 2011.

Directors' Review

4. Future Outlook

Natural gas being the primary raw material for the manufacture of urea, its continued curtailment to the plants on the SNGPL network remains a serious challenge for the fertilizer industry. This is likely to result in increasing urea shortages for the farmers in the second half of the year which will adversely impact the agriculture production and the country's economy.

The company together with the fertilizer industry, has been lobbying with the Federal Government's relevant Ministries and with SNGPL to highlight the serious implications of excessive and continued curtailment of gas to the fertilizer industry and of the urea shortages in the country, especially for the Rabi crops. It need not be emphasized that the non-availability of urea in sufficient quantities and on a timely basis to the farmers, especially in the 2nd half, will have monumental impact on the agriculture production and on the national economy. It is earnestly hoped that in the larger national interest, the discrimination of the fertilizer industry will be ended immediately so as to allow the mitigation of the adverse impact to the extent possible.

As a result of the gas shortages, the financial performance of the business for the remaining part of the year will continue to remain challenging.

On behalf of the Board

Hussain Dawood
Chairman

Isar Ahmad
Chief Executive

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)



KPMG Taseer Hadi & Co.

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Independent Report on Review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited) ("the Company")** as at 30 June 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended ("condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 condensed interim financial information consist 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 condensed interim financial information as at and for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Other matters

The figures for the quarter ended 30 June 2011 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Lahore, 10 Aug 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Condensed Interim Balance Sheet (Un-audited)

As at 30 June 2011

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
Liabilities			
Share capital and reserves			
Authorized capital			
1,000,000,000 ordinary shares of Rs 10 each		10,000,000	10,000,000
Issued, subscribed and paid up capital	7	4,812,871	1,203,217
Revenue reserves		14,629,779	18,205,346
Fair value reserve on short term investments		-	135,765
		19,442,650	19,544,328
Non current liabilities			
Long term loans	8	-	5,042,000
Deferred taxation		-	268,464
Staff retirement and other service benefits		3,186	51,590
		3,186	5,362,054
Current liabilities			
Current portion - long term loans	8	-	660,500
Short term financing - secured	9	-	45,725
Trade and other payables	10	103,596	694,717
Markup payable on secured loans		-	232,983
Provision for taxation		21,796	686,000
		125,392	2,319,925
Contingencies and commitments	11		
		19,571,228	27,226,307
Assets			
Fixed capital expenditure			
Property, plant and equipment	12	44,688	1,871,708
Capital work in progress		-	366,514
		44,688	2,238,222
Long term investments	13	18,435,619	19,289,962
Long term loans and advances		184	1,680
Current assets			
Stores, spares and loose tools		-	1,073,544
Stock in trade		-	216,117
Trade debts		-	2,131
Loans, advances, deposits, prepayments and other receivables		6,397	89,309
Advance income tax		25,149	625,148
Short term investments	14	1,054,643	2,439,931
Cash and bank balances	15	4,548	1,250,263
		1,090,737	5,696,443
		19,571,228	27,226,307

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Isar Ahmad
Chief Executive
Karachi: 10 Aug 2011

Hussain Dawood
Chairman

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

Condensed Interim Profit and Loss Account (Un-audited)

For the six months ended 30 June 2011

	Quarter ended 30 June		Six months ended 30 June	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
Continuing operation				
Sales - net	-	1,545,420	-	2,935,775
Cost of sales	-	(648,423)	-	(1,718,256)
Gross profit	-	896,997	-	1,217,519
Selling and distribution expenses	-	(62,750)	-	(106,186)
Administrative expenses	(60,897)	(134,855)	(92,593)	(224,053)
Impairment on available for sale investments	(1,196)	-	(3,333)	-
Other operating expenses	(3,714)	(31,880)	(3,714)	(32,090)
Other operating income	31,110	18,752	275,845	317,316
(Loss) / profit from operating activities	(34,697)	686,264	176,205	1,172,506
Finance cost	-	(221,979)	-	(459,442)
(Loss) / profit before income tax	(34,697)	464,285	176,205	713,064
Income tax expense	-	(134,976)	(21,796)	(190,700)
(Loss) / profit for the period from continuing operation	(34,697)	329,309	154,409	522,364
(Loss) / profit attributable to owners of the Company	(34,697)	329,309	154,409	522,364
(Loss) / earnings per share - basic and diluted	(0.07)	0.68	0.32	1.09

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months ended 30 June 2011

	Quarter ended 30 June		Six months ended 30 June	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
(Loss) / profit for the period	(34,697)	329,309	154,409	522,364
Other comprehensive (loss) / income				
Adjustment arising from measurement to fair value of available for sale investments	-	(583,197)	-	251,715
Total comprehensive (loss) / income for the period	(34,697)	(253,888)	154,409	774,079

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Isar Ahmad
Chief Executive

Karachi: 10 Aug 2011

Hussain Dawood
Chairman

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

Condensed Interim Cash Flow Statement (Un-audited)

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011	Six months ended 30 June 2010
(Rupees in thousand)			
Cash (used in) / generated from operations	16	(15,077)	745,675
Finance cost paid		-	(491,875)
Taxes paid		(25,149)	(282,463)
Staff retirement and other service benefits paid		(2,024)	(9,553)
Long term loans and advances		(184)	720
Net cash (used in) operating activities		(42,434)	(37,496)
Cash flow from investing activities			
Fixed capital expenditure		(3,650)	(323,883)
Proceeds from sale of fixed assets		1,491	6,174
Profit on time deposits		7,949	20,272
Proceeds from disposal of available for sale investments		-	1,274,140
Short term investments at fair value through profit or loss		(440,000)	(20,000)
Dividend received		217,965	227,241
Net cash (used in) / generated from investing activities		(216,245)	1,183,944
Cash flow from financing activities			
Dividend paid		(120,729)	(109,514)
Net cash (used in) financing activities		(120,729)	(109,514)
Net (decrease) / increase in cash and cash equivalents		(379,408)	1,036,934
Cash and cash equivalents at the beginning of period		383,956	(918,457)
Cash and cash equivalents at the end of period	17	4,548	118,477

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended 30 June 2011

	R e v e n u e r e s e r v e s					Total
	Share Capital	General reserve	Un appropriated Profit (Rupees in thousand)	Total	Fair value reserve	
Balance as on 01 January 2010	1,093,834	700,000	16,056,870	16,756,870	3,985	17,854,689
Total comprehensive income for the period	-	-	522,364	522,364	251,715	774,079
Final cash dividend @ 10% for the year ended 31 December 2009	-	-	(109,383)	(109,383)	-	(109,383)
Final stock dividend @ 10% for the year ended 31 December 2009	109,383	-	(109,383)	(109,383)	-	-
	109,383	-	(218,766)	(218,766)	-	(109,383)
Balance as at 30 June 2010	1,203,217	700,000	16,360,468	17,060,468	255,700	18,519,385
Balance as on 01 January 2011 before demerger	1,203,217	700,000	17,505,346	18,205,346	135,765	19,544,328
Transfer of fair value reserve to fertilizer business (note 3)	-	-	-	-	(135,765)	(135,765)
Balance as on 01 January 2011 after demerger	1,203,217	700,000	17,505,346	18,205,346	-	19,408,563
Total comprehensive income for the period	-	-	154,409	154,409	-	154,409
Final cash dividend @ 10% for the year ended 31 December 2010	-	-	(120,322)	(120,322)	-	(120,322)
Final stock dividend @ 300% for the year ended 31 December 2010	3,609,654	-	(3,609,654)	(3,609,654)	-	-
	3,609,654	-	(3,729,976)	(3,729,976)	-	(120,322)
Balance as at 30 June 2011	4,812,871	700,000	13,929,779	14,629,779	-	19,442,650

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months ended 30 June 2011

- 1 Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited) ("the Company") is a public limited company. It was incorporated in Pakistan in 1968 under the Companies Act 1913 (now Companies Ordinance, 1984) and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is to manage investments. The registered office of the Company has been changed from the province of Punjab to the province of Sindh in June 2011 and is now situated at Dawood Center, M.T. Khan Road, Karachi.

- 2 The Board of Directors of the Company in their meeting of 16 June 2010 decided to divide the Company into two companies by separating its fertilizer business from the rest of the business, to be continued by the newly incorporated subsidiary company, that was to be retained in the Company. The division was to be effected through a Scheme of Arrangement (the 'Scheme') under Section 284 to 288 of the Companies Ordinance, 1984 whereby:
 - (a) the fertilizer undertaking would be transferred and vested in the Company against the issuance of ordinary shares of the Company; and
 - (b) the retention of Retained Undertaking in the Holding Company and the change of name of Dawood Hercules Chemicals Limited to Dawood Hercules Corporation Limited. Dawood Hercules Corporation Limited would then become a Holding Company and oversee the business of new fertilizer subsidiary.

The Scheme, after obtaining the requisite approval from the creditors and the shareholders of the Holding and Subsidiary Company, was approved by the Lahore High Court on 23 July 2011 and came into effect on 1 January 2011 (the 'Effective Date').

In accordance with the Scheme, all assets, liabilities, agreements, arrangements and other matters relating to the fertilizer business would be transferred to DH Fertilizers Limited on the Effective Date against the issuance of 99,999,994 Ordinary shares of Rs. 10 each, in addition to the existing 6 fully paid ordinary shares of Rs. 10 each plus share premium.

3 Bifurcated balance sheet as on 01 January 2011

In order to determine the net assets for the aforementioned transfer, the assets and liabilities of the Holding Company as on 01 January 2011 were bifurcated, as per the Scheme, between the Fertilizer Undertaking and Retained Undertaking. Based on such bifurcated balance sheet duly audited by the external auditors, the assets and liabilities transferred to the Company are summarized below including the amount against which shares are to be issued to the Holding Company and share premium resulting therefrom:

	Retained undertaking (DHCL)	Fertilizer undertaking (DH Fertilizers Limited)	Total
	Rupees in thousands		
3.1 Assets			
non-current assets			
Fixed capital expenditure			
Property, plant and equipment	45,037	1,826,671	1,871,708
Capital work in progress	-	366,514	366,514
	45,037	2,193,185	2,238,222
Long term investments	16,820,499	2,469,463	19,289,962
Long term loans and advances	-	1,680	1,680
Current assets			
Stores, spares and loose tools	-	1,073,544	1,073,544
Stock in trade	-	216,117	216,117
Trade debts	-	2,131	2,131
Loans, advances, deposits, prepayments and other receivables	9,298	80,011	89,309
Advance income tax	-	625,148	625,148
Short term investments	568,609	1,871,322	2,439,931
Cash and bank balances	383,956	866,307	1,250,263
	961,863	4,734,580	5,696,443
Total assets	17,827,399	9,398,908	27,226,307
Equity and Liabilities			
Share capital and reserves			
Share capital	1,203,217	-	1,203,217
Revenue reserves	18,205,346	-	18,205,346
Fair value reserve on short term investments	-	135,765	135,765
	19,408,563	135,765	19,544,328
Non current liabilities			
Long term loans	-	5,042,000	5,042,000
Deferred taxation	-	268,464	268,464
Staff retirement and other service benefits	3,321	48,269	51,590
	3,321	5,358,733	5,362,054
Current liabilities			
Current portion - long term loans	-	660,500	660,500
Short term financing - secured	-	45,725	45,725
Trade and other payables	30,634	664,083	694,717
Markup payable on secured loans	-	232,983	232,983
Provision for taxation	-	686,000	686,000
	30,634	2,289,291	2,319,925
Contingencies and commitments			
Adjustment pertaining to Fertilizer Undertaking	(1,615,119)	1,615,119	-
Total equity and liabilities	17,827,399	9,398,908	27,226,307

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

3.2 Transfer of Fertilizer Undertaking

The net assets of the fertilizer undertaking transferred to DH Fertilizers Limited as on 01 January 2011 amounting to Rs. 1,615,119 are summarized below:

	01 January 2011 Rupees in thousands
Total assets (note 3.1)	9,398,908
Less: Total liabilities (note 3.1)	7,648,024
Net assets transferred to Fertilizer Undertaking	1,750,884
Less: Fair value reserve	135,765
	1,615,119
Less: Ordinary shares to be issued to Holding Company	1,000,000
Share premium	615,119

4 This condensed interim financial information is un-audited and is subject to limited scope review by the auditors. This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2010. Comparative figures represents balances of the Dawood Hercules Chemicals Limited prior to demerger of the Company.

5 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2010.

6 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation were same as those applied to the financial statements for the year ended 31 December 2010.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Provision for Workers Profits Participation Fund is based on profits caused by business and trade and excludes other income in accordance with the law, as advised by the legal advisors of the Company.

7 Issued, subscribed and paid up capital

Under the Scheme, share capital was retained in the Company, as referred to in note 3. Subsequent to Demerger, the Company issued 360,965,400 bonus shares in the ratio of 3 shares for every 1 share held.

8 Long term loans

Participatory redeemable capital represents Islamic Sukuk Certificates issued to banks/financial institution under Musharaka arrangements. The facility is secured by a first charge created by way of hypothecation over the specific fixed assets of the Company up to the extent of Rs. 7.72 billion, comprising various machinery of Urea and Ammonia plant. The facility carries mark-up at the rate of average of six months ask side KIBOR plus 120 bps payable half yearly subject to a minimum of 3.5% per annum and a maximum of 25% per annum.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
	(Rupees in thousand)	
Opening balance	5,702,500	6,302,500
Transferred to DH Fertilizers Limited (note 3)	(5,702,500)	-
Redemption during the period under call option	-	(600,000)
	-	5,702,500
Less: Current portion of long term loans	-	(660,500)
Closing balance	-	5,042,000

8.1 Under the Scheme, effective 01 January 2011 all long term loans were transferred to DH Fertilizers Limited, as referred to in note 3.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
	(Rupees in thousand)	
Note		

9 Short term financing - secured

Running finance facility	9.1	-	45,725
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9.1 Under the Scheme, effective 01 January 2011 all short term financing have been transferred to DH Fertilizers Limited as referred to in note 3.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
	(Rupees in thousand)	

10 Trade and other payables

Trade creditors	3	196,379
Due to associated undertaking	66,918	-
Unclaimed dividends	19,723	20,130
Advance from customers	-	20,486
Accrued expenses	13,288	253,743
Sales tax payable	-	1,215
Deposits	-	25,609
Workers' profits participation fund	-	95,309
Workers' welfare fund	3,664	70,251
Others	-	11,595
	103,596	694,717

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

10.1 Trade and other payables as at 31 December 2010 includes Rs. 664,082,961, which were transferred to DH Fertilizers Limited on demerger as referred to in note 3.

11 Contingencies and commitments

Under the Scheme all contingent liabilities and commitments as on 01 January 2011 have been transferred to DH Fertilizers Limited as referred to in note 3. Further, there are no contingencies and commitments as at 30 June 2011.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
12			
Property, plant and equipment			
Opening net book value		1,871,708	1,340,588
Less: Transferred to DH Fertilizers Limited (note 3)		(1,826,671)	-
Net book value of assets retained		45,037	1,340,588
Add: Additions during the period	12.1	3,650	761,012
Less: Assets disposed off/transferred during the period		3,100	50,669
		45,587	2,050,931
Depreciation charged during the period		(3,072)	(207,508)
Depreciation on assets disposed off/transferred during the period		2,173	28,285
		44,688	1,871,708

12.1 The following additions to fixed assets have been made during the six months ended 30 June 2011.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		
Plant and machinery	-	705,028
Furniture, fittings and equipments	139	9,524
Data processing equipment	824	9,090
Motor vehicles	2,687	37,370
	3,650	761,012

12.2 Fixed assets having net book value of Rs. 0.750 million (2010: Rs. 22.384 million) were sold to employees/director as per the company policy.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
13			
Long term investments			
Investment in subsidiary company	13.1	1,615,119	-
Investment in associate	13.2	16,820,500	19,289,962
		18,435,619	19,289,962

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
13.1 Investment in subsidiary company			
DH Fertilizers Limited - unquoted			
6 (2010: 6) ordinary shares of Rs. 10 each		-	-
Percentage of equity held 100% (2010: 100)			
Demerger adjustment for issue of shares at premium	13.1.1	1,615,119	-
Percentage of equity held 100% (2010 : 100%)		1,615,119	-

13.1.1 DH Fertilizers Limited was incorporated on 02 August 2010 as a public unlisted company under the Companies Ordinance, 1984 for the transfer and vesting of fertilizer business, as referred to in note 2. The issued share capital comprises 6 ordinary shares of Rs. 10 each, held by six directors of the company as nominees thereof.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
13.2 Investment in associate			
Engro Corporation Limited			
130,778,890 (2010: 124,982,408) ordinary shares of Rs. 10 each		16,820,500	19,289,962
Percentage of equity held - 33.25% (2010: 38.13%)			

Under the Scheme, 16,000,000 shares of Engro Corporation Limited were transferred to DH Fertilizers Limited and the remaining 108,982,408 shares were retained herein with the Company as referred to in note 3. Subsequent to 01 January 2011, the Company received 21,796,482 bonus shares from Engro Corporation Limited.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
14 Short term investments			
Available for sale	14.1	4,746	1,879,401
Financial assets at fair value through profit or loss	14.2	1,049,897	560,530
		1,054,643	2,439,931

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		
14.1 Available for sale		
These comprise of fully paid ordinary shares of the following companies:		
Related parties - quoted		
Sui Northern Gas Pipelines Limited		
Cost of Nil (2010: 69,982,155) ordinary shares of Rs. 10 each	-	4,376,964
Percentage of equity held 0% (2010 : 12.75%)	-	(2,641,407)
Cumulative impairment loss	-	1,735,557
	-	135,765
Fair value adjustment for the period	-	1,871,322

Under the Scheme, effective 01 January 2011, all shares pertaining to SNGPL including fair value adjustment thereon were transferred to DH Fertilizers Limited as referred to in note 3.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		
Others - quoted		
Southern Electric Power Company Limited		
3,622,900 (2010: 3,622,900) ordinary shares of Rs. 10 each - at cost	68,431	68,431
Percentage of equity held 2.65% (2010 : 2.65%)		
Cumulative impairment loss	(63,685)	(60,352)
	4,746	8,079
	4,746	1,879,401

14.2 Financial assets at fair value through profit or loss

ABL Income Fund		
13,498,541 (2010 : 2,917,016) units of Rs. 10 each	129,198	27,870
Adjustment arising from measurement to fair value	6,051	1,328
	135,249	29,198
ABL Cash Fund		
31,734,760 (2010 : 24,075,792) units of Rs. 10 each	300,977	240,000
Adjustment arising from measurement to fair value	16,967	977
	317,944	240,977
Meezan Cash Fund-Growth Units		
6,310,511 (2010: 4,199,685) units of Rs. 50 each	300,152	208,979
Adjustment arising from measurement to fair value	15,563	1,174
	315,715	210,153
UBL Liquidity Plus Fund-Class C		
2,803,942 (2010 : 800,447) units of Rs. 100 each	270,202	80,000
Adjustment arising from measurement to fair value	10,787	202
	280,989	80,202
	1,049,897	560,530

Half Yearly Report 2011

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		
15 Cash and bank		
With banks:		
On current accounts	3	3,605
On saving accounts:		
- Local	4,545	1,245,327
- Foreign	-	686
	4,545	1,246,013
Cash in hand	-	645
	4,548	1,250,263

15.1 Cash and bank balances as at 31 December 2010 includes Rs. 866,307,354 which were transferred to DH Fertilizers Limited on 01 January 2011 as referred to in note 3.

	Six months ended 30 June 2011	Six months ended 30 June 2010
(Rupees in thousand)		
16 Cash flow from operating activities		
Profit before taxation	176,205	713,064
Adjustment for non cash expenses and other items:		
Depreciation	3,072	94,712
Finance cost	-	459,442
Profit on sale of property, plant and equipment	(564)	(1,226)
Profit on sale of short term investments available for sale	-	(42,682)
Unrealized gain on investments at fair value through profit and loss	(49,367)	(1,987)
Impairment loss on available for sale investments	3,333	-
Dividend income	(217,965)	(227,241)
Provision for staff retirement and other service benefits	1,889	8,144
Profit on time deposits	(7,949)	(20,272)
	(267,551)	268,890
Cash flow from operations before working capital changes	(91,346)	981,954
Working capital changes		
(Increase)/decrease in current assets:		
Stocks, stores and spares	-	(269,554)
Trade debts	-	7,868
Loans, advances, deposits, prepayments and other receivables	2,901	14,555
Increase/(decrease) in current liabilities:		
Trade and other payables	73,368	10,852
	76,269	(236,279)
Cash (used in) / generated from operations	(15,077)	745,675

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

	Six months ended 30 June 2011	Six months ended 30 June 2010
	(Rupees in thousand)	
17 Cash and cash equivalents		
Cash and cash equivalents comprise of the following items:		
Cash and bank balances	4,548	186,621
Short term financing - secured	-	(68,144)
	4,548	118,477

18 Related party transactions

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

	Six months ended 30 June 2011	Six months ended 30 June 2010
	(Rupees in thousand)	
Subsidiary company		
Re-imbursable expenses payable	73,800	-
Mark-up receivable	762	-
Associates		
Sales of goods and services	-	7,200
Purchase of goods and services	5,775	1,183,846
Dividend income	217,965	227,241
Reimbursement of expenses from associates	81	1,892
Reimbursement of expenses to associates	-	6
Other related parties		
Key management personnel compensation	43,768	214,377
Gratuity funds	1,271	8,144
Provident funds	2,291	14,209

19 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on 10 August 2011.

20 General

Figures have been rounded off to the nearest thousand of rupee.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Consolidated Condensed Interim Financial Information

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the six months ended 30 June 2011

	Quarter ended 30 June		Six months ended 30 June	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
Continuing operations				
Sales - net	1,272,572	1,545,420	2,354,818	2,935,775
Cost of sales	(605,488)	(648,423)	(1,352,539)	(1,718,256)
Gross profit	667,084	896,997	1,002,279	1,217,519
Selling and distribution expenses	(21,659)	(62,750)	(42,011)	(106,186)
Administrative expenses	(111,479)	(134,855)	(197,588)	(224,053)
Impairment loss	(1,196)	-	(350,445)	-
Other operating expenses	(33,406)	(31,880)	(37,035)	(32,090)
Other operating income	62,786	18,752	125,771	90,075
Profit from operating activities	562,130	686,264	500,971	945,265
Finance cost	(206,855)	(221,979)	(407,061)	(459,442)
Profit before share of associate and income tax	355,275	464,285	93,910	485,823
Share of profit from associate (net of income tax)	778,580	688,414	1,687,159	1,096,297
Profit before income tax	1,133,855	1,152,699	1,781,069	1,582,120
Income tax expense	(211,240)	(203,776)	(339,429)	(277,600)
Profit for the period from continuing operations	922,615	948,923	1,441,640	1,304,520
Profit attributable to owners of the Company	922,615	948,923	1,441,640	1,304,520
Earnings per share - basic and diluted (Rupees)	1.92	1.97	3.00	2.71

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months ended 30 June 2011

	Quarter ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	922,615	948,923	1,441,640	1,304,520
Other comprehensive income				
Adjustment arising from measurement to fair value of available-for-sale investments	5,598	(583,197)	(130,167)	251,715
Share of other comprehensive income of associate	94,607	(74,768)	143,891	(31,398)
Deferred tax impact of other comprehensive income of associate	(9,461)	7,477	(14,389)	3,140
	85,146	(67,291)	129,502	(28,258)
Other comprehensive income / (loss) net of tax	90,744	(650,488)	(665)	223,457
Total comprehensive income for the period	1,013,359	298,435	1,440,975	1,527,977

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

Consolidated Condensed Interim Balance Sheet (Un-audited)

As at 30 June 2011

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
Liabilities			
Share Capital and Reserves			
Authorized capital			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid up capital		4,812,871	1,203,217
Revenue reserves		18,861,764	21,020,598
Fair value reserve		5,598	135,765
		23,680,233	22,359,580
Non-Current Liabilities			
Long term loans	5	2,521,000	5,042,000
Deferred taxation		730,944	581,908
Staff retirement and other service benefits		49,496	51,590
		3,301,440	5,675,498
Current Liabilities			
Current portion - long term loans	5	2,981,500	660,500
Short term financing - secured	6	32,521	45,725
Trade and other payables		933,330	694,717
Accrued mark-up		236,487	232,983
Provision for taxation		190,000	686,000
		4,373,838	2,319,925
Contingencies and Commitments	7		
		31,355,511	30,355,003
Assets			
Non-Current Assets			
Fixed Capital Expenditure			
Property, plant and equipment	8	1,786,171	1,871,708
Capital work-in-progress		372,134	366,514
		2,158,305	2,238,222
Investment in Associate	9	24,005,864	22,424,779
Long Term Loans and Advances		8,666	1,680
Current Assets			
Stores, spares and loose tools		953,171	1,073,544
Stock-in-trade		143,367	216,117
Trade debts		2,454	2,131
Loans, advances, deposits, prepayments and other receivables		70,642	83,188
Advance income tax		176,066	625,148
Short term investments	10	2,448,686	2,439,931
Cash and bank balances		1,388,290	1,250,263
		5,182,676	5,690,322
		31,355,511	30,355,003

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Isar Ahmad
Chief Executive

Karachi: 10 Aug 2011

Hussain Dawood
Chairman

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011	Six months ended 30 June 2010
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	11	1,277,683	745,675
Finance costs paid		(403,557)	(491,875)
Taxes paid		(236,918)	(282,463)
Staff retirement and other service benefits paid		(10,587)	(9,553)
Long term loans and advances		(6,986)	720
Net cash generated from / (used in) operating activities		619,635	(37,496)
Cash flow from investing activities			
Fixed capital expenditure		(23,524)	(323,883)
Proceeds from sale of property, plant and equipment		8,508	6,174
Profit on time deposits		57,376	20,272
Proceeds from disposal of available-for-sale investments		-	1,274,140
Investments made		(440,000)	(20,000)
Dividends received		249,965	227,241
Net cash (used in) / generated from investing activities		(147,675)	1,183,944
Cash flow from financing activities			
Long term loans		(200,000)	-
Dividends paid		(120,729)	(109,514)
Net cash used in financing activities		(320,729)	(109,514)
Net increase in cash and cash equivalents		151,231	1,036,934
Cash and cash equivalents at the beginning of period		1,204,538	(918,457)
Cash and cash equivalents at the end of period	12	1,355,769	118,477

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended 30 June 2011

	Revenue reserves					Fair value reserve	Total
	Share Capital	General reserve	Un appropriated Profit	Share of other comprehensive income of associate (net of tax)	Sub-Total		
(Rupees in thousand)							
Balance as on January 1, 2010	1,093,834	700,000	18,084,894	(226,036)	18,558,858	3,985	19,656,677
Total comprehensive income for the period	-	-	1,304,520	(28,258)	1,276,262	251,715	1,527,977
Final cash dividend @ 10% for the year ended 31 December 2009	-	-	(109,383)	-	(109,383)	-	(109,383)
Final stock dividend @ 10% for the year ended 31 December 2009	109,383 109,383	- -	(109,383) (218,766)	- -	(109,383) (218,766)	- -	- (109,383)
Balance as on June 30, 2010	1,203,217	700,000	19,170,648	(254,294)	19,616,354	255,700	21,075,271
Balance as on January 1, 2011	1,203,217	700,000	20,632,823	(312,225)	21,020,598	135,765	22,359,580
Total comprehensive income for the period	-	-	1,441,640	129,502	1,571,142	(130,167)	1,440,975
Final cash dividend @ 10% for the year ended 31 December 2010	-	-	(120,322)	-	(120,322)	-	(120,322)
Final stock dividend @ 300% for the year ended 31 December 2010	3,609,654 3,609,654	- -	(3,609,654) (3,729,976)	- -	(3,609,654) (3,729,976)	- -	- (120,322)
Balance as on June 30, 2011	4,812,871	700,000	18,344,487	(182,723)	18,861,764	5,598	23,680,233

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

Selected Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the six months ended 30 June 2011

1 Legal Status and Operations

- 1.1 Dawood Hercules Corporation Limited (Formerly Dawood Hercules Chemicals Limited) (the 'Holding Company or DHCL') is a public limited company. It was incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Holding Company is to manage investments in subsidiary company engaged in the production, purchase and sale of fertilizers. The registered office of the Company has been changed from the province of Punjab to the province of Sindh in June 2011 and is situated at 11 Floor, Dawood Center, M.T. Khan Road, Karachi.
- 1.2 The Group consists of Dawood Hercules Corporation Limited (Formerly Dawood Hercules Chemicals Limited) and DH Fertilizers Limited (DHFL), its wholly owned subsidiary company. DHCL and DHFL are collectively referred to as the 'Group' in this consolidated condensed interim financial information.
- 1.3 The financial statements of the subsidiary company has been consolidated on a line by line basis. The carrying value of investment held by Dawood Hercules Corporation Limited is eliminated against the subsidiary share capital and pre-acquisition reserves.

2 Basis of Preparation

This consolidated condensed interim financial information is un-audited. The consolidated condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. This disclosures in this consolidated condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2010.

3 Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual published consolidated financial statements of the Group for the year ended December 31, 2010.

4 Accounting Estimates

The preparation of consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this consolidated condensed interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were same as those applied to the consolidated financial statements as at and for the year ended December 31, 2010.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Furthermore with effect from the Effective Date, all tax liabilities of DHCL relating to Fertilizer Undertaking under any law for the time being in force shall be the tax liabilities of the DHFL and DHCL shall cease to have any tax liabilities in relation to DHFL from the Effective Date. In addition, with effect from the Effective Date all rights of DHCL to refunds, credits, advance payments or any other benefits in respect of any tax shall stand transferred to DHFL as mentioned in the "Scheme"

Provision for Workers Profits Participation Fund is based on profits caused by business and trade and excludes other income in accordance with the law, as per legal advice.

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

5 Long term loans

Participatory redeemable capital represents Islamic Sukuk Certificates issued to banks/financial institution under Musharaka arrangements. The facility is secured by a first charge created by way of hypothecation over the specific fixed assets of the Group up to the extent of Rs. 7.72 billion, comprising various machinery of Urea and Ammonia plant. The facility carries mark-up at the rate of average of six months ask side KIBOR plus 120 bps payable half yearly subject to a minimum of 3.5% per annum and a maximum of 25% per annum.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
Opening balance		5,702,500	6,302,500
Redemption during the period under call option		(200,000)	(600,000)
		5,502,500	5,702,500
Less: Current portion of long term loans		(2,981,500)	(660,500)
Closing balance		2,521,000	5,042,000

Repayment schedule

The principal amount is repayable according to the following schedule:

First tranche due on September 18, 2011	460,500	660,500
Second tranche due on June 18, 2012	2,521,000	2,521,000
Third tranche due on September 18, 2012	2,521,000	2,521,000
	5,502,500	5,702,500

6 Short term financing - secured

Running finance facility	6.1	32,521	45,725
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6.1 This represents utilized portion of short term running finance facilities available from Habib Bank Limited and Habib Metropolitan Bank Limited under mark-up arrangements. These facilities aggregating to Rs. 898 million (2010: Rs. 1,148 million) expire on various dates latest by April 30, 2012 and carry mark-up at the rate of one month KIBOR plus 150 bps (2010: one month KIBOR plus 150 bps per annum) and 3 months KIBOR plus 75 bps per annum (2010: 3 months KIBOR plus 75 bps per annum), respectively. These facilities are secured by pledge of shares of listed securities held as investments by the Group. The market value of these investments as at June 30, 2011 was Rs. 1,345 million (2010: Rs. 1,658 million).

6.2 In addition to the above facilities, the Group also has an unavailed Letter of Credit facility of Rs. 1,500 million (2010: Rs. 1,500 million) against pledge of shares of listed securities held as investments by the Group valuing Rs. 1,355 (2010: Rs. 1,607 million) on the reporting date.

7 Contingencies and commitments

7.1 Subsequent to the reporting date i.e. June 30, 2011, all the outstanding guarantees/counter guarantees/indemnities/performance bonds etc. issued by the bank on behalf of the Company have been discharged by the issuer.

7.2 Commitments of the Company as at June 30, 2011 were Rs. 39.430 million (2010: Rs. 54.355 million) in respect of stores purchases and Rs. 40.500 million (2010: Rs. 57.500 million) in respect of contracts for capital expenditure.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
8	Property, plant and equipment		
	Opening net book value	1,871,708	1,340,588
	Add: Additions during the period	26,389	761,012
	Less: Assets disposed off/transferred during the period	22,753	50,669
		1,875,344	2,050,931
	Depreciation charged during the period	(96,611)	(207,508)
	Depreciation on assets disposed off/transferred during the period	7,438	28,285
	Closing net book value	1,786,171	1,871,708

8.1 The following additions to fixed assets have been made during the six months ended June 30, 2011.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		
Plant and machinery	16,012	705,028
Furniture, fittings and equipment	1,256	9,524
Data processing equipment	1,974	9,090
Motor vehicles	7,147	37,370
	26,389	761,012

8.2 Fixed assets having net book value of Rs. 6.649 million (2010: Rs. 22.384 million) were sold to employees/Director as per the company policy.

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		

9 Investment in associate

Engro Corporation Limited (formerly Engro Chemical Pakistan Limited)

124,982,408 (2010: 113,620,371) ordinary shares of Rs. 10 each	22,424,779	21,292,135
Share of post acquisition profits	1,687,159	1,955,580
Share of other comprehensive income	143,891	(95,766)
	24,255,829	23,151,949
Less: Dividend received during the period	(249,965)	(727,170)
149,978,889 (2010: 124,982,408) ordinary shares of Rs. 10 each	24,005,864	22,424,779

Percentage of equity held - 38.13% (2010: 38.13%)

9.1 Market value of investments in associate as at the balance sheet date amounted to Rs. 24,484 million (2010: Rs. 24,223 million).

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

- 9.2 During the period, the Company has received 24,996,481 (2010: 11,362,037) bonus shares from Engro Corporation Limited.
- 9.3 Financial results of Engro Corporation Limited (Formerly Engro Chemical Pakistan Limited) for the period from October 1, 2010 to March 31, 2011 have been used for the purpose of application of equity method due to non availability of financial statements for the three months ended June 30, 2011.
- 9.4 Comparative figures have been restated to incorporate the effect of Group's share of other comprehensive income of associate as required under the provision of IAS 1 (Revised) "Presentation of financial statements". Retrospective effect of the Group's share of other comprehensive income of associate has also been incorporated as required by IAS 8 "Accounting policies, changes in accounting estimates and errors". There was no impact on the profit and earnings per share due to the said restatements, however the revenue reserves as at December 31, 2010 have decreased by Rs. 312 million.

	Note	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)			
10	Short term investments		
	Available-for-sale	10.1	1,398,789
	Financial assets at fair value through profit or loss	10.2	1,049,897
			560,530
		2,448,686	2,439,931
10.1	Available-for-sale		
	Related parties - Quoted		
	Sui Northern Gas Pipelines Limited		
	69,982,155 (2010: 100,442,350)	4,376,964	6,282,067
	ordinary shares of Rs. 10 each - at cost		
	Cost of Nil (2010: 30,460,195) shares disposed	-	(1,905,103)
	off during the period		
	Cost of 69,982,155 shares of Rs. 10 each - at cost	4,376,964	4,376,964
	Percentage of equity held: 12.75% (2010: 12.75%)		
	Cumulative impairment loss	(2,988,519)	(2,641,407)
		1,388,445	1,735,557
	Fair value adjustment for the period	5,598	135,765
		1,394,043	1,871,322
	Others - Quoted		
	Southern Electric Power Company Limited		
	3,622,900 (2010: 3,622,900) ordinary shares of		
	Rs.10 each - at cost	68,431	68,431
	Percentage of equity held: 2.65% (2010: 2.65%)		
	Cumulative Impairment loss	(63,685)	(60,352)
		4,746	8,079
		1,398,789	1,879,401

	(Un-audited) 30 June 2011	(Audited) 31 December 2010
(Rupees in thousand)		
10.2 Financial assets at fair value through profit or loss		
ABL - Income Fund		
13,498,541 (2010: 2,917,015) units of Rs. 10 each	129,198	27,870
Adjustment arising from measurement to fair value	6,051	1,328
	135,249	29,198
ABL - Cash Fund		
31,734,760 (2010: 24,075,792) units of Rs. 10 each	300,977	240,000
Adjustment arising from measurement to fair value	16,967	977
	317,944	240,977
Meezan Cash Fund - Growth Units		
6,310,511 (2010: 4,199,685) units of Rs. 50 each	300,152	208,979
Adjustment arising from measurement to fair value	15,563	1,174
	315,715	210,153
UBL - Liquidity Plus Fund - Class C		
2,803,942 (2010: 800,447) units of Rs. 100 each	270,202	80,000
Adjustment arising from measurement to fair value	10,787	202
	280,989	80,202
	1,049,897	560,530

Dawood Hercules Chemicals Limited (to be renamed as Dawood Hercules Corporation Limited)

	Six months ended 30 June 2011	Six months ended 30 June 2010
	(Rupees in thousand)	
11 Cash generated from operations		
Profit before taxation	1,781,069	1,582,120
Adjustment for non cash expenses and other items:		
Depreciation	96,611	94,712
Finance costs	407,061	459,442
Profit on sale of property, plant and equipment	(1,681)	(1,226)
Profit on sale of short term investments available-for-sale		(42,682)
Un-realized gain due to fair value adjustment of investment at fair value through profit or loss	(49,367)	(1,987)
Impairment loss on available-for-sale investments	350,445	-
Share of profit from associate - net of tax	(1,687,159)	(1,096,297)
Provision for staff retirement and other service benefits	8,493	8,144
Profit on time deposits	(57,376)	(20,272)
	<u>(932,973)</u>	<u>(600,166)</u>
Profit before working capital changes	848,096	981,954
Working capital changes		
(Increase)/decrease in current assets:		
Stocks, stores and spares	193,123	(269,554)
Trade debts	(323)	7,868
Loans, advances, deposits, prepayments and other receivables	12,546	14,555
(Decrease)/increase in current liabilities:		
Trade and other payables	224,241	10,852
	<u>429,587</u>	<u>(236,279)</u>
	<u>1,277,683</u>	<u>745,675</u>
12 Cash and cash equivalents		
Cash and cash equivalents comprise the following items:		
Cash and bank balances	1,388,290	186,621
Short term financing - secured	(32,521)	(68,144)
	<u>1,355,769</u>	<u>118,477</u>

13 Related party transactions

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this consolidated interim financial information, are as follows:

	Six months ended 30 June 2011	Six months ended 30 June 2010
	(Rupees in thousand)	
Associated company		
Sale of goods and services	7,200	7,200
Purchase of goods and services	634,872	1,183,846
Dividend income	249,965	227,241
Reimbursement of expenses from associate	1,478	1,892
Reimbursement of expenses to associate	82	6
Finance cost	64,479	-
Other related parties		
Key management personnel compensation	158,373	214,377
Gratuity funds	7,843	8,144
Provident funds	13,572	14,209

14 This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 10, 2011.

15 General

Figures have been rounded off to the nearest thousand of rupee.

Isar Ahmad
Chief Executive

Hussain Dawood
Chairman

Karachi: 10 Aug 2011

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