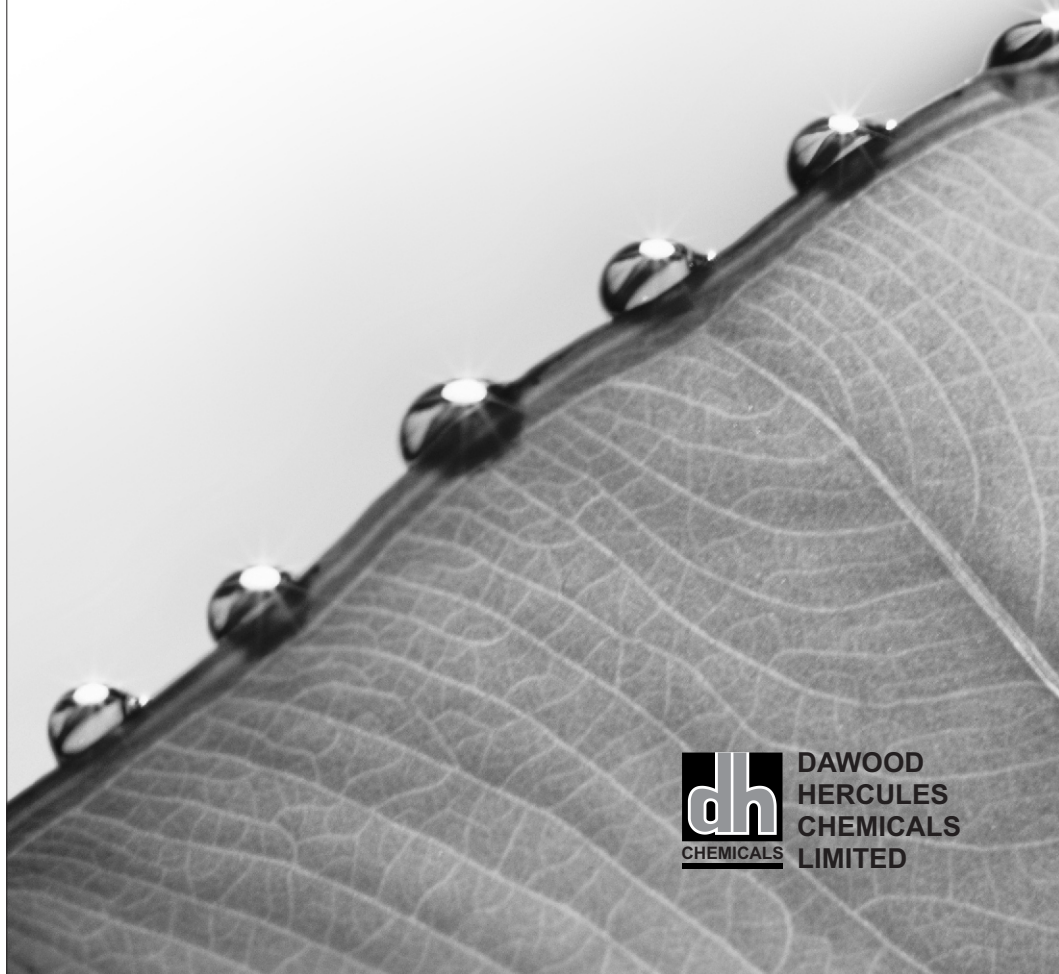


Condensed Interim Financial Statements
for the Quarter and Nine Months Ended
September 30, 2010 (Un-Audited)



dh DAWOOD
HERCULES
CHEMICALS
CHEMICALS LIMITED

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COMPANY INFORMATION

Board of Directors

Hussain Dawood
Chairman

Isar Ahmad
Chief Executive Officer

Shahzada Dawood

Javed Akbar

M. Abdul Aleem

S.M. Asghar

A. Samad Dawood

Parvez Ghias

Shahid Hamid Pracha

Inam ur Rahman

Board Audit Committee

M. Abdul Aleem (Chairman)

Javed Akbar

Shahid Hamid Pracha

Company Secretary

Aftab Ahmed Qaiser

Auditors

KPMG Taseer Hadi & Company
(Chartered Accountants)

Legal Advisors

Hassan & Hassan
(Advocates)

Registered Office

35-A, Shahrah-e-Abdul
Hameed Bin Baadees
(Empress Road), Lahore

Plant

Chichoki Mallian, Sheikhpura.

Shares Registrar

M/s. Corplink (Pvt.) Ltd.

Wings Arcade,

1-K, Commercial Model Town, Lahore

Tel: +92 42 35839182, 35916719

Fax: +92 42 35869037

DIRECTORS' REVIEW

The Board of Directors is pleased to present the financial statements of the Company for the 3rd Quarter and the nine months ended 30th September 2010.

1. Market Review

The total urea offtake for the period of nine months to September 2010 at 4,157 k tons was 11% lower than that of the same period last year. The sales in the third Quarter were affected by wide spread floods and damage due to the cotton crop by CLCV. This decline in demand indicates a correction in the above normal growth of urea achieved in 2008 and 2009 as against the long term urea CAGR of around 4%. The total urea inventory at end September this year was 807 k tons against 178 k tons in 2009 at the same time.

The outlook for the next quarter is likely to improve if logistics and financial support is provided on a timely basis in the flood affected areas for sowing of rabi crops.

2. Business Review

Sales

The company achieved urea sales of 267 k tons for the nine months to September 2010 against 369 k tons in 2009 for the same period. This decline in sales was attributed to adverse market conditions and significant change in normal consumption pattern in the country during August and September due to floods and other factors. The management is taking necessary measures to significantly improve the sales in the last quarter.

Plant Operations

As reported in the previous Quarters report, urea production continues to suffer on account of the 20% gas curtailment which started in the last week of April this year. In addition, the plant remained shut for a total number of 9 days during the 3rd quarter due to gas supply stoppage. The curtailment period, originally announced to end on 31st July, has been extended upto 31st October 2010.

Financial Performance

The Company achieved a profit after tax of Rs. 2,177 million for the period of nine months ended 30th September 2010 as against a loss of Rs. (1,026) million for the same period last year. The main reason for loss in the corresponding period was the charge of Rs. 2,599 million to Income Statement of the Company pursuant to SRO 150(1) 2009 dated 13th February 2009 issued by the Security & Exchange Commission of Pakistan, being ¼ of the impairment loss in respect of SNGPL shares, based on 30th September 2009 market price. The profit includes share of income from associate of Rs. 1,627 million.

Safety

In line with the contract signed with DuPont in March this year, implementation of the milestones for upgradation of Company's safety systems to World Class Standards continues. The management is fully committed to achieving the targets as planned.

3. Earnings Per Share

Earnings per share for nine months ended 30th September 2010, including the share of income from associates, stood at Rs. 18.09 as compared to the loss of Rs. (8.53) per share for the same period last year.

4. 2nd Interim Cash Dividend

The Board of Directors has approved 2nd interim cash dividend of Rs. 2.00 per share (20%) making a total payout of Rs. 4.00 per share (40%) to date for the year ending 31st December 2010, on a cumulative basis.

5. Future Prospects

The continued gas curtailment, in particular for fertilizer plants based on Sui network, is having an adverse impact on the business. It is hoped that normal gas supply will be restored from 1st November 2010 to enable your Company to ensure normal production.

The management remains focused on making the plant as energy efficient as possible. The new Gas Turbine and Heat Recovery Steam Generator, commissioned this year, are helping to further improve plant efficiencies.

The process of de-merger of the fertilizer business of the company to its wholly owned subsidiary DH Fertilizers Limited, incorporated in August 2010, is progressing well and the petition for de-merger has been filed with the Lahore High Court in October 2010.

On behalf of the Board

Karachi
October 27, 2010

Hussain Dawood
Chairman

**Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter and Nine months ended 30 September 2010**

| | Quarter ended 30 September | | Nine months ended 30 September | |
|---|-------------------------------|------------------|-----------------------------------|--------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (Rupees in thousand) | | (Rupees in thousand) | |
| Continuing operation | | | | |
| Sales - net | 2,215,074 | 3,598,617 | 5,150,849 | 6,883,283 |
| Cost of sales | (1,340,533) | (2,336,053) | (3,058,609) | (4,259,476) |
| Gross profit | 874,721 | 1,262,564 | 2,092,240 | 2,623,807 |
| Distribution expenses | (65,607) | (145,503) | (171,793) | (233,841) |
| Administrative expenses | (93,236) | (77,365) | (317,289) | (232,682) |
| Other income | 120,829 | 52,600 | 210,904 | 94,877 |
| Other expenses | (35,101) | (56,002) | (67,191) | (103,153) |
| Impairment on available for sale investments | - | (1,062,780) | - | (2,599,247) |
| Profit/ (loss) from operating activities | 801,606 | (26,486) | 1,746,871 | (450,239) |
| Finance costs | (236,704) | (245,654) | (696,146) | (706,692) |
| | 564,902 | (272,140) | 1,050,725 | (1,156,931) |
| Share of profit from associate (net of income tax) | 530,841 | 155,026 | 1,627,138 | 710,833 |
| Profit/(loss) before income tax | 1,095,743 | (117,114) | 2,677,863 | (446,098) |
| Income tax expense | (223,300) | (293,700) | (500,900) | (580,000) |
| Profit/(loss) for the period | 872,443 | (410,814) | 2,176,963 | (1,026,098) |
| Continuing operation | | | | |
| Earnings per share - basic | 7.25 | (3.41) | 18.09 | (8.53) |
| Earnings per share - diluted | 7.25 | (3.41) | 18.09 | (8.53) |

Appropriations have been reflected in statement of changes in equity.

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

Karachi
October 27, 2010

Isar Ahmad
Chief Executive Officer

Hussain Dawood
Chairman

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter and Nine months ended 30 September 2010**

| | Quarter ended 30 September | | Nine months ended 30 September | |
|---|-------------------------------|----------------|-----------------------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (Rupees in thousand) | | (Rupees in thousand) | |
| Profit/(Loss) for the period | 872,443 | (410,814) | 2,176,963 | (1,026,098) |
| Other comprehensive income | | | | |
| Adjustment arising from measurement to fair value of investments | 196,699 | 673,981 | 448,414 | 3,266,095 |
| Total comprehensive income for the period | <u>1,069,142</u> | <u>263,167</u> | <u>2,625,377</u> | <u>2,239,997</u> |

Appropriations have been reflected in statement of changes in equity.

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

Karachi
October 27, 2010

Isar Ahmad
Chief Executive Officer

Hussain Dawood
Chairman

**Condensed Interim Balance Sheet (Un-audited)
As at 30 September 2010**

| LIABILITIES | Note | (Un-audited) 30 September 2010 | (Audited) 31 December 2009 |
|--|-------------|---|---|
| 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 | | 1,203,217 | 1,093,834 |
| Revenue reserves | | 20,502,447 | 18,784,894 |
| Fair value reserve on short term investments | | 452,399 | 3,985 |
| | | 22,158,063 | 19,882,713 |
| Non current liabilities | | | |
| Long term loans | 6 | 5,902,500 | 6,302,500 |
| Deferred taxation | | 618,400 | 394,500 |
| Staff retirement and other service benefits | | 40,818 | 44,595 |
| | | 6,561,718 | 6,741,595 |
| Current liabilities | | | |
| Short term financing - secured | 7 | 1,162,618 | 1,196,604 |
| Trade and other payables | | 511,790 | 648,227 |
| Markup payable on secured loans | | 55,165 | 280,268 |
| Provision for taxation | | 277,000 | 858,000 |
| | | 2,006,573 | 2,983,099 |
| Contingencies and commitments | | | |
| | 8 | 30,726,354 | 29,607,407 |
| ASSETS | | | |
| Fixed capital expenditure | | | |
| Property, plant and equipment | 9 | 1,921,491 | 1,340,588 |
| Capital work in progress | | 349,690 | 734,409 |
| | | 2,271,181 | 2,074,997 |
| Investment in associate | | | |
| | 10 | 22,943,183 | 21,543,286 |
| Long term loans and advances | | | |
| | | 1,067 | 2,423 |
| Current assets | | | |
| Stores, spares and loose tools | | 1,107,252 | 1,303,297 |
| Stock in trade | | 1,421,019 | 83,286 |
| Trade debts | | 6,029 | 10,028 |
| Loans, advances, deposits, prepayments and other receivables | | 83,348 | 92,723 |
| Advance income tax | | 432,102 | 819,908 |
| Short term investments | 11 | 2,340,359 | 3,399,313 |
| Cash and bank balances | | 120,814 | 278,146 |
| | | 5,510,923 | 5,986,701 |
| | | 30,726,354 | 29,607,407 |

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

Karachi
October 27, 2010

Isar Ahmad
Chief Executive Officer

Hussain Dawood
Chairman

**Condensed Interim Cash Flow Statement (Un-audited)
For the Nine months ended 30 September 2010**

| | Note | Nine months ended | |
|---|------|-----------------------|-------------------------|
| | | 30 September 2010 | 30 September 2009 |
| (Rupees in thousand) | | | |
| Cash generated from operations | 12 | 469,974 | 2,704,760 |
| Finance cost paid | | (921,250) | (937,986) |
| Taxes paid | | (470,194) | (402,151) |
| Staff retirement and other service benefits paid | | (15,788) | (11,874) |
| Long term loans and advances | | 1,356 | (1,053) |
| Net cash (used in)/generated from operating activities | | <u>(935,902)</u> | <u>1,351,696</u> |
| Cash flow from investing activities | | | |
| Fixed capital expenditure | | (361,116) | (738,486) |
| Proceeds from sale of fixed assets | | 17,914 | 6,305 |
| Profit on time deposits | | 27,072 | 54,985 |
| Proceeds from disposal of available for sale investments | | 1,666,395 | 554,030 |
| Investment in associated company | | - | (1,623,148) |
| Short term investments at fair value through profit or loss | | (20,000) | (985,445) |
| Dividend received | | 227,241 | 389,556 |
| Net cash generated/(used in) from investing activities | | <u>1,557,506</u> | <u>(2,342,203)</u> |
| Cash flow from financing activities | | | |
| Short term financing | | (33,985) | 1,840,816 |
| Long term loans | | (400,000) | - |
| Dividends paid | | (344,951) | (327,082) |
| Net cash (used in)/generated from financing activities | | <u>(778,936)</u> | <u>1,513,734</u> |
| Net (decrease) in cash and cash equivalents | | <u>(157,332)</u> | <u>523,227</u> |
| Cash and cash equivalents at the beginning of period | | <u>278,146</u> | <u>933,938</u> |
| Cash and cash equivalents at the end of period | | <u><u>120,814</u></u> | <u><u>1,457,165</u></u> |

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

Karachi
October 27, 2010

Isar Ahmad
Chief Executive Officer

Hussain Dawood
Chairman

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Nine months ended 30 September 2010**

| | Share Capital | Revenue Reserves | | | Fair Value Reserve | Total |
|--|---------------|------------------|-----------------------|-------------|--------------------|------------|
| | | General reserve | Unappropriated Profit | Total | | |
| (Rupees in thousand) | | | | | | |
| Balance as at 01 January 2009 | 1,093,834 | 700,000 | 19,715,396 | 20,415,396 | (4,126,574) | 17,382,656 |
| Total comprehensive income for the period | - | - | (1,026,098) | (1,026,098) | 3,266,095 | 2,239,997 |
| | 1,093,834 | 700,000 | 18,689,298 | 19,389,298 | (860,479) | 19,622,653 |
| Final dividend @ 15% for the year ended 31 December 2008 | - | - | (164,075) | (164,075) | - | (164,075) |
| 1st interim cash dividend @ 15% for the year ended December 2009 | - | - | (164,075) | (164,075) | - | (164,075) |
| | - | - | (328,150) | (328,150) | - | (328,150) |
| Balance as at 30 September 2009 | 1,093,834 | 700,000 | 18,361,148 | 19,061,148 | (860,479) | 19,294,503 |
| Balance as at 01 January 2010 | 1,093,834 | 700,000 | 18,084,894 | 18,784,894 | 3,985 | 19,882,713 |
| Total comprehensive income for the period | - | - | 2,176,963 | 2,176,963 | 448,414 | 2,625,377 |
| | 1,093,834 | 700,000 | 20,261,857 | 20,961,857 | 452,399 | 22,508,090 |
| 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) | - | - |
| Interim cash dividend @ 20% for the year ending 31 December 2010 | - | - | (240,644) | (240,644) | - | (240,644) |
| | 109,383 | - | (459,410) | (459,410) | - | (350,027) |
| Balance as at 30 September 2010 | 1,203,217 | 700,000 | 19,802,447 | 20,502,447 | 452,399 | 22,158,063 |

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

Karachi
October 27, 2010

Isar Ahmad
Chief Executive Officer

Hussain Dawood
Chairman

Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine months ended 30 September 2010

- 1 Dawood Hercules Chemicals 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 production, purchase and sale of fertilizers.
- 2 The Condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
- 3 This condensed interim financial information of the company for the nine months period ended 30 September 2010 has been presented in accordance with the requirement of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 4 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 financial statements for the year ended 31 December 2009.
- 5 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. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2009.

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.

The Board of Directors in their meeting on 16 June, 2010 decided for the division of the Company into two companies by separating its fertilizer undertaking from the rest of the undertaking that is to be retained in the company. In this regard, a new company namely DH Fertilizers Limited has been incorporated on 2 August, 2010. This division is to be effected through a Scheme of Arrangement under Section 284 to 288 of the Companies Ordinance, 1984 whereby (a) the fertilizer undertaking would be transferred and vested in DH Fertilizers Limited against the issuance of ordinary shares of DH Fertilizers Limited to the Company; (b) the retention of retained undertaking in the Company and the change of the name of the Company to Dawood Hercules Corporation Limited, which will function purely as a holding company and oversee the business of the new fertilizer company.

The company and the DH Fertilizers Limited have filed a joint petition in the High Court at Lahore to obtain the Court's sanction for the Scheme. All the long and short term creditors of the company have provided their NOC to the Scheme, which facilities will be transferred to DH Fertilizers Limited upon implementation of the Scheme.

6 Long term loans

Participatory redeemable capital represents Islamic Sukuk certificates issued to banks under musharaka arrangements. The facility carries mark-up at an average 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.

The Musharaka facility is secured by way of first charge on specific fixed assets of the Company upto the extent of Rs. 7.72 billion, comprising various machinery of urea and ammonia plant.

The principal is payable according to the following schedule:

| Repayment | (Rupees in thousand) |
|--|----------------------|
| First tranche due on 17 September 2011 | 702,500 |
| Second tranche due on 18 March 2012 | 2,600,000 |
| Third tranche due on 18 September 2012 | 2,600,000 |
| | <u>5,902,500</u> |

| | Note | (Un-audited) 30 September 2010 | (Audited) 31 December 2009 |
|---|------|--------------------------------------|----------------------------------|
| | | (Rupees in thousand) | |
| 7 Short term financing - secured | | | |
| Running finance facility | 7.1 | 375,296 | 122,325 |
| Facility against Letters of Credit | 7.2 | 787,322 | - |
| Murabaha finance facility | | - | 400,000 |
| Murabaha finance facility | | - | 674,279 |
| | | <u>1,162,618</u> | <u>1,196,604</u> |

7.1 Running finance facility

This represents utilized portion of short term running finance facilities available from various financial institutions under markup arrangements. The facilities aggregate to Rs. 1,148 million expiring latest by 31 March 2011 and carry markup ranging from 1 to 3 months KIBOR plus 75 bps to 150 bps p.a. The facilities are secured against pledge of shares held as investment.

7.2 Facility against Letters of Credit

This represents utilized portion of facility against letters of credit from Habib Metropolitan Bank Limited under markup arrangements. The facility aggregates to Rs. 1,500 million expiring latest by 31 March 2011 and carries markup at 3 months KIBOR plus 50 bps p.a. The facility is secured against pledge of shares held as investment.

8 Contingencies and commitments

There is no material change in the state of contingencies since the last audited published financial statements for the year ended 31 December 2009.

Commitments of the Company as at 30 September 2010 were Rs. 56 million (2009 : Rs 159 million) in respect of stores and spares and services. There were no commitments (2009 : Rs. 254 million) in respect of contracts for capital expenditure.

| | Note | (Un-audited) 30 September 2010 | (Audited) 31 December 2009 |
|---|------|--------------------------------------|----------------------------------|
| | | (Rupees in thousand) | |
| 9 Property, plant and equipment | | | |
| Opening net book value | | 1,340,588 | 1,328,780 |
| Additions during the period | 9.1 | 745,834 | 166,319 |
| Assets disposed off during the period | | (27,212) | (14,032) |
| | | <u>2,059,210</u> | <u>1,481,067</u> |
| Depreciation charged during the period | | (155,693) | (149,784) |
| Depreciation on assets disposed off during the period | | 17,974 | 9,305 |
| | | <u>1,921,491</u> | <u>1,340,588</u> |

9.1 The following additions to fixed assets have been made during the nine months ended 30 September 2010.

| | (Un-audited) 30 September Note | (Audited) 31 December 2009 |
|--|--------------------------------------|----------------------------------|
| | 2010 | 2009 |
| | (Rupees in thousand) | |

| | | |
|------------------------------------|---------|---------|
| Plant and machinery | 705,028 | 61,153 |
| Furniture, fittings and equipments | 9,688 | 15,575 |
| Data processing equipment | 7,609 | 11,673 |
| Motor vehicles | 23,509 | 77,918 |
| | 745,834 | 166,319 |

**10 Investment in associate
Engro Corporation Limited**

| | | | |
|---|------|------------|------------|
| Cost of 113,620,371 (2009: 81,157,408) ordinary shares of Rs. 10 each | 10.1 | 21,543,286 | 19,205,628 |
| Percentage of equity held - 38.13% (2009: 38.13%) | | | |
| Cost of right Nil (2009: 32,462,963) shares purchased during the period | | - | 1,623,148 |
| Bonus shares issued during the period 11,362,037 (2009: Nil) | | - | - |
| Share of post acquisition profit | | 1,627,138 | 1,331,306 |
| Less: Dividend received during the period | | (227,241) | (616,796) |
| Carrying value of 124,982,408 (2009: 113,620,371) shares at the end of the period | | 22,943,183 | 21,543,286 |

10.1 Financial results of Engro Corporation Limited for the period from 1st October 2009 to 30 June 2010 have been used for the purpose of application of equity method due to non availability of financial information for the Nine months ended 30 September 2010.

| | (Un-audited) 30 September Note | (Audited) 31 December 2009 |
|--|--------------------------------------|----------------------------------|
| | 2010 | 2009 |
| | (Rupees in thousand) | |

11 Short term investment

| | | | |
|--|------|-----------|-----------|
| Available for sale | 11.1 | 2,322,427 | 2,505,426 |
| Financial assets at fair value through profit and loss account | 11.2 | 17,932 | 893,887 |
| | | 2,340,359 | 3,399,313 |

11.1 Available for sale

These comprise of fully paid ordinary shares of the following companies:

Related parties - quoted

Sui Northern Gas Pipelines Limited

| | | |
|--|-------------|-------------|
| Opening cost of 100,442,350 (2009: 100,442,350) ordinary shares of Rs. 10 each | 6,282,067 | 6,282,067 |
| Impairment loss recognized in profit and loss | (3,791,096) | (3,791,096) |
| | 2,490,971 | 2,490,971 |
| Cost of 25,460,195 (2009 : Nil) shares disposed off during the period | (631,413) | - |
| Percentage of equity held 13.66% (2009 : 18.29%) | | |
| Adjustment arising from measurement to fair value | 454,392 | - |
| Closing carrying cost of 74,982,155 (2009:100,442,350) shares of Rs. 10 each | 2,313,950 | 2,490,971 |

11.1.1 On 22 April 2010 the Company entered into an agreement to sell 20,000,000 shares of Sui Northern Gas Pipelines Limited @ Rs. 33.95 per share. Settlement of 10,000,000 shares took place in July 2010 and the sale of balance 10,000,000 shares will be recorded in the books upon execution of the transaction in the subsequent accounting period.

| | (Un-audited) 30 September 2010 | (Audited) 31 December 2009 |
|---|--------------------------------------|----------------------------------|
| Others - quoted | | |
| Southern Electric Power Company Limited | | |
| 3,622,900 (2009: 6,270,000) ordinary shares of Rs. 10 each at carrying cost | | |
| | 10,470 | 18,120 |
| Cost of Nil (2009: 2,647,100) shares disposed off during the period | | |
| | - | (7,650) |
| Closing carrying cost of 3,622,900 shares (2009 : 3,622,900) shares of 10 each | | |
| | 10,470 | 10,470 |
| Percentage of equity held 2.65% (2009 : 2.65%) | | |
| Adjustment arising from measurement to fair value | | |
| | (1,993) | 3,985 |
| | 8,477 | 14,455 |
| | <u>2,322,427</u> | <u>2,505,426</u> |
| 11.2 Financial assets at fair value through profit and loss account | | |
| ABL Income Fund | | |
| 848,639.0946 (2009 : 29,611,770.2888) units of Rs. 10 each | | |
| | 7,870 | 288,458 |
| Adjustment arising from measurement to fair value | | |
| | 621 | 7,935 |
| | 8,491 | 296,393 |
| Meezan Cash Fund-Growth Units | | |
| 184,278.9037 (2009 : 5,655,874.2274) units of Rs. 50 each | | |
| | 8,979 | 293,808 |
| Adjustment arising from measurement to fair value | | |
| | 462 | 3,012 |
| | 9,441 | 296,820 |
| UBL Liquidity Plus Fund-Class C | | |
| Nil (2009 : 2,929,825.0073) units of Rs. 100 each | | |
| | - | 296,800 |
| Adjustment arising from measurement to fair value | | |
| | - | 3,874 |
| | - | 300,674 |
| | 17,932 | 893,887 |
| Nine months ended | | |
| 30 September 2010 | | |
| 30 September 2009 | | |
| (Rupees in thousand) | | |
| 12 Cash flow from operating activities | | |
| Profit/(loss) before taxation | 2,677,863 | (446,098) |
| Adjustment for non cash expenses and other items: | | |
| Depreciation charged to profit and loss account | 155,693 | 110,011 |
| Finance costs | 696,146 | 706,692 |
| Profit on sale of fixed assets | (8,675) | (2,688) |
| Profit on sale of short term investments | (137,944) | (12,024) |
| Unrealized gain on investments classified as investment through profit and loss | (1,083) | (10,694) |
| Impairment loss on available for sale investments | - | 2,599,247 |
| Share of profit from associate | (1,627,138) | (710,833) |
| Provision for staff retirement and other service benefits | 12,011 | 10,266 |
| Profit on time deposits | (27,072) | (54,985) |
| | (938,062) | 2,634,992 |
| Cash flow from operations before working capital changes | 1,739,801 | 2,188,894 |
| Working capital changes | | |
| (Increase)/decrease in current assets: | | |
| Stocks, stores and spares | (1,141,688) | (749,313) |
| Trade debts | 3,999 | 1,807 |
| Loans, advances, deposits, prepayments and other receivables | 9,375 | (68,438) |
| Increase/(decrease) in current liabilities: | | |
| Trade and other payables | (141,513) | 1,331,810 |
| | (1,269,827) | 515,866 |
| Cash generated from operations | 469,974 | 2,704,760 |

13 Related party transactions

The Company in the normal course of business carries out transactions with various associated undertakings and related parties. Significant transactions during the period were as follows:

| | Nine months ended | |
|--|-----------------------------|--------------------------|
| | 30 September 2010 | 30 September 2009 |
| | (Rupees in thousand) | |
| Associates | | |
| Sales of goods and services | 10,800 | 2,145 |
| Purchase of goods and services | 1,801,745 | 1,865,901 |
| Dividend income | 227,241 | 389,556 |
| Reimbursement of expenses from related parties | 2,131 | 1,731 |
| Reimbursement of expenses to related parties | 4,462 | 142 |
| Other related parties | | |
| Key management personals | 295,249 | 158,815 |
| Employees' retirement benefits | 33,554 | 29,312 |

All transactions with related parties have been carried out on commercial terms and conditions, in accordance with accounting policy. No buying and selling commission has been paid to any related party.

14 The accounts have been authorized for issue by the Board of Directors of the Company on 27 October 2010.

15 Post balance sheet events

The Board of Directors at its meeting held on 27 October 2010 has proposed second interim cash dividend @ Rs. 2 per share amounting to Rs. 240,643,558 for the year ending on 31 December 2010. These financial statements do not reflect this proposed dividend.

16 General

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

Karachi
October 27, 2010

Isar Ahmad
Chief Executive Officer

Hussain Dawood
Chairman