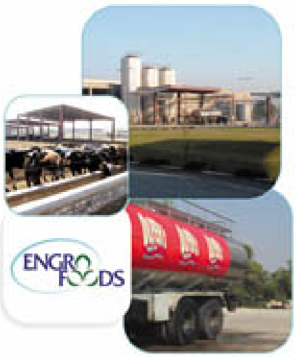
first quarter **2009** accounts

Energy for growth



ENGRO

ENGRO CHEMICAL PAKISTAN LIMITED

Engro Chemical Pakistan Limited

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manhattan

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

ENGRO

ENGRO CHEMICAL PAKISTAN LIMITED

FIRST QUARTER 2009 REPORT TO THE SHAREHOLDERS ENGRO CHEMICAL PAKISTAN LIMITED

On behalf of the Board of Directors of Engro Chemical Pakistan Limited, we are pleased to present the un-audited accounts for the three months ended March 31, 2009.

PAKISTAN FERTILIZER MARKET

The market demand for urea, during the three month period ended March 31, 2009 was 1.55 million tons, an increase of 11% over the same period last year (1.4 million tons). The increase is due to better farm economics for wheat which led to increased sowing and also improved urea application. Domestic production for the three months ended March 31, 2009 was 1.16 million tons which was 3% lower as compared to 1.2 million tons during the same period last year.

International urea prices declined during the period and on average the landed price of imported urea was approximately Rs. 1,210 per bag (USD 300/ ton) as against the prevailing average domestic price of Rs. 670 per bag. The fertilizer industry continues to make significant contribution to the agricultural economy by keeping domestic prices substantially lower than international prices.

Industry wide sale of phosphatic fertilizers increased by over 100% to 0.2 million tons as compared to 0.1 million tons for the same period last year. Industry demand remained high due to the decrease in phosphate prices.

COMPANY OPERATING PERFORMANCE

Urea sales including imported urea were 236,000 tons, down by 27% for the same period last year, due to higher inventories carried forward during first quarter of 2008. This resulted in decline of our market share to 15% vs 23% last year. Our plant produced 240,000 tons during the current quarter against 256,000 tons during the same period last year.

The sale of Zarkhez blended fertilizer was 11,000 tons vs 19,000 tons during the same period last year. This was due to lower market demand caused by a reduction in sugar cane acreage, reduced availability of financing for fertilizer purchases for sugar cane growers and lower prices of DAP as compared to blended fertilizers. The company however sold 9,000 tons of its Engro NP fertilizer vs 200 tons in the comparative period last year.

The company's sale of imported phosphatic fertilizers, DAP and Zorawar, was 49,000 tons vs 19,000 tons for the same period last year, as a result of higher market demand due to reduction in international market prices.

The net profit for the three months ended March 31, 2009 was Rs. 695 million as compared to profit of Rs. 819 million for the same period last year. The decrease in earnings is mainly attributable to higher financial charges and reduced dividend income from subsidiaries partially offset by higher phosphate sales.

NEAR TERM OUTLOOK

Urea demand is expected to remain strong in the backdrop of short supply sentiment which is expected to persist in the near term. Approximately half a million ton of urea imports will be required during Kharif to meet industry demand. It is essential that the imports are made on a timely basis to ensure availability to the farmer and price stability. Industry is however carrying enough inventories of phosphatic fertilizers to cover Kharif demand.

Our joint venture and subsidiaries are expected to continue to meet shareholders expectation.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

Karachi
April 28, 2009

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	Note	Unaudited March 31, 2009	Audited December 31, 2008
		Rupees	
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
300,000,000 (2008: 300,000,000) ordinary shares of Rs. 10 each		3,000,000	3,000,000
Issued, subscribed and paid up			
212,816,117 (2008: 212,816,117) ordinary shares of Rs. 10 each		2,128,161	2,128,161
Share premium		7,152,722	7,152,722
Employee share compensation reserve	6	297,478	305,052
Hedging reserve	7	(719,124)	2,157,769
General reserve		4,429,240	4,429,240
Unappropriated profit		7,180,222	6,911,124
		18,340,538	20,955,907
		20,468,699	23,084,068
NON CURRENT LIABILITIES			
Long term finances	8	33,112,829	27,756,714
Derivatives		1,051,962	918,050
Deferred taxation		1,159,478	2,412,757
Employee housing subsidy		113,161	73,319
Retirement and other service benefits		30,986	44,265
		35,468,416	31,205,105
CURRENT LIABILITIES			
Current portion of:			
- long term finances		201,600	76,600
- other service benefits		20,600	18,334
Short term borrowings	9	4,598,571	1,711,275
Trade and other payables including derivatives	10	4,003,260	3,874,824
Unclaimed dividends		65,034	318,320
		8,889,065	5,999,353
CONTINGENCIES AND COMMITMENTS	11		
		64,826,180	60,288,526

(AMOUNTS IN THOUSAND)

	Note	Unaudited March 31, 2009	Audited December 31, 2008
		Rupees	
NON CURRENT ASSETS			
Property, plant and equipment	12	43,505,747	33,395,762
Intangible assets		123,002	122,858
Long term investments	13	11,293,857	11,091,857
Deferred employee compensation expense		71,734	96,078
Long term loans, advances and other receivables including derivatives		262,138	258,813
		55,256,478	44,965,368
CURRENT ASSETS			
Stores, spares and loose tools		1,086,296	957,241
Stock-in-trade	14	2,885,712	4,680,896
Trade debts	15	563,500	261,508
Deferred employee compensation expense		89,903	93,213
Loans, advances, deposits and prepayments		2,433,261	1,899,124
Other receivables including derivatives	16	605,982	5,057,581
Taxation		751,699	618,746
Short term investments		71,803	67,811
Cash and bank balances		1,081,546	1,687,038
		9,569,702	15,323,158
		64,826,180	60,288,526

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND EXCEPT EARNINGS PER SHARE)

	Note	3 months ended March 31, 2009	3 months ended March 31, 2008
		Rupees	
Net sales		5,733,228	4,565,611
Cost of sales	17	(3,796,075)	(2,914,781)
GROSS PROFIT		1,937,153	1,650,830
Selling and distribution expenses	18	(374,475)	(369,021)
		1,562,678	1,281,809
Other income		45,663	229,753
		1,608,341	1,511,562
Financial and other charges		(445,472)	(173,462)
Workers' welfare fund		(22,095)	(25,424)
Workers' profits participation fund		(58,143)	(66,905)
		(525,710)	(265,791)
PROFIT BEFORE TAXATION		1,082,631	1,245,771
Provision for taxation			
- Current	19	(92,084)	(373,933)
- Deferred		(295,817)	(52,809)
		(387,901)	(426,742)
PROFIT AFTER TAXATION		694,730	819,029
			(Restated)
Earnings per share - basic and diluted	20	3.26	4.07

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
PROFIT AFTER TAX	694,730	819,029
Other comprehensive income for the period - net of tax		
Hedging reserve	(4,425,989)	1,373,054
Income tax relating to hedging reserve	1,549,096	(480,569)
	(2,876,893)	892,485
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(2,182,163)	1,711,514

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	Share capital	Share premium	Employee share compensation reserve	Hedging reserve	General reserve	Unappropriated profit	Total
				Rupees			
Balance as at January 1, 2008 (Audited)	1,934,692	3,963,977	-	1,037,386	4,429,240	4,116,622	15,481,917
Effect of change in date of grant of share option scheme - net of tax	-	-	272,990	-	-	(14,256)	258,734
Balance as at January 1, 2008 (as restated)	1,934,692	3,963,977	272,990	1,037,386	4,429,240	4,102,366	15,740,651
Final dividend for the year ended December 31, 2007 @ Rs. 3.00 per share	-	-	-	-	-	(580,408)	(580,408)
Total comprehensive income for the three months ended March 31, 2008	-	-	-	892,485	-	819,029	1,711,514
Balance as at March 31, 2008 (Unaudited)	1,934,692	3,963,977	272,990	1,929,871	4,429,240	4,340,987	16,871,757
Shares issued during the year in the ratio of 1 for every 10 shares @ Rs.175 per share (including share premium net of share issue cost)	193,469	3,188,745	-	-	-	-	3,382,214
Total comprehensive income for the nine months ended December 31, 2008	-	-	-	227,898	-	3,421,401	3,649,299
Effect of change in number of share options issued	-	-	32,062	-	-	-	32,062
1st interim dividend 2008 @ Rs. 2.00 per share	-	-	-	-	-	(425,632)	(425,632)
2nd Interim dividend 2008 @ Rs. 2.00 per share	-	-	-	-	-	(425,632)	(425,632)
Balance as at December 31, 2008 (audited)	2,128,161	7,152,722	305,052	2,157,769	4,429,240	6,911,124	23,084,068
Final Dividend for the year ended December 31, 2008 @ Rs. 2.00 per share	-	-	-	-	-	(425,632)	(425,632)
Total comprehensive income for the three months ended March 31, 2009	-	-	-	(2,876,893)	-	694,730	(2,182,163)
Effect of change in number of share options issued	-	-	(7,574)	-	-	-	(7,574)
Balance as at March 31, 2009 (unaudited)	2,128,161	7,152,722	297,478	(719,124)	4,429,240	7,180,222	20,468,699

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	Note	3 months ended March 31, 2009	3 months ended March 31, 2008
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	21	2,848,280	(796,429)
Retirement & other service benefits paid		(42,193)	(39,041)
Taxes paid		(225,037)	(51,299)
Long term loans and advances - net		(43,318)	(11,543)
Net cash inflow / (outflow) from operating activities		2,537,732	(898,312)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(10,279,520)	(3,959,066)
Sale proceeds on disposal of property, plant and equipment		19,162	2,034
Investment in subsidiary companies		(202,000)	(1,017,840)
Income on deposits / other financial assets		3,496	71,640
Dividends received		112,500	90,000
Net cash (outflow) from investing activities		(10,346,362)	(4,813,232)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		-	(900,000)
Payment of finance cost		(482,363)	(230,918)
Proceeds from long term finances		5,481,115	3,559,487
Dividends paid		(678,918)	(507,723)
Net cash inflow from financing activities		4,319,834	1,920,846
Net (decrease) in cash and cash equivalents		(3,488,796)	(3,790,698)
Cash and cash equivalents at the beginning of the period		43,574	7,771,472
Cash and cash equivalents at the end of the period	22	(3,445,222)	3,980,774

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

1. STATUS AND NATURE OF BUSINESS

Engro Chemical Pakistan Limited (the Company) is a public listed company incorporated in Pakistan. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers. The Company has also invested in joint ventures / other entities engaged in chemical related activities, industrial automation, food and energy businesses.

2. BASIS FOR PRESENTATION

These unconsolidated condensed interim financial statements have been presented in condensed form in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all the information required for annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2008.

The presentation of these unconsolidated condensed interim financial statements has been amended to reflect the changes introduced by IAS-1: Presentation of Financial Statements.

These unconsolidated condensed interim financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these unconsolidated condensed interim financial statements are the same as those used for the preceding annual financial statements for the year ended December 31, 2008.

4. ESTIMATES

The preparation of these unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets.
- Taxation.
- Fair valuation of financial assets, liabilities and derivatives.
- Effectiveness of cash flow hedges.
- Employee compensation expense under Employee Share Option Scheme.
- Employee compensation expense under Employee Housing Subsidy Scheme.

5. The Company's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average urea and phosphatic fertilizers sales are more tilted towards Rabi season. The Company manages seasonality in the business through appropriate inventory management.

(AMOUNTS IN THOUSAND)

6. EMPLOYEE SHARE OPTION COMPENSATION RESERVE

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Balance as at January 1,	305,052	272,990
Options issued during the period	-	37,989
Options lapsed due to employee resignation	(7,574)	(5,927)
Balance at the end of the period	297,478	305,052
Deferred employee compensation expense		
Balance as at January 1,	189,291	244,066
Options issued during the period	-	37,989
Options lapsed due to employee resignation	(7,574)	(5,927)
Amortisation for the period	(20,080)	(86,837)
Balance at the end of the period	161,637	189,291
Current portion shown under current assets	(89,903)	(93,213)
Long term portion of deferred employee compensation expense	71,734	96,078

7. HEDGING RESERVE

	Unaudited March 31, 2009	Audited December 31, 2008
Fair values of:		
- Foreign exchange forward contracts	193,996	4,297,960
- Foreign exchange option contracts	(2,149)	347,446
- Interest rate SWAPs	(1,045,640)	(1,073,210)
	(853,793)	3,572,196
Arrangement fee	(164,159)	(164,159)
Deferred tax	298,828	(1,250,268)
	(719,124)	2,157,769

Hedging reserve primarily represents the effective portion of changes in fair values of designated cash flow hedges.

The Company entered in various forward exchange contracts to hedge its foreign currency exposure. At the period end the Company had forward exchange contracts to purchase Euros 52,669 (2008: Euros 130,505) at various maturity dates matching the anticipated payment dates for commitments with respect to urea expansion project. The fair value of these contracts amounted to Rs. 36,848 (2008: Rs. 3,838,549) at the period end.

The Company entered in various USD: PKR forward contracts to hedge its foreign currency exposure. At the period end the Company had forward contracts to purchase USD 87,309 (2008: USD 159,027) at various maturity dates matching the anticipated payment dates for commitments with respect to urea expansion project. The fair value of these contracts amounted to Rs. 157,148 (2008: Rs. 459,411) at the period end.

The Company entered in various option contracts to hedge its currency exposure against US Dollars relating to the expansion project. At the period end the Company had foreign exchange options amounting to Euro 51,544 (2008: Euro 55,669). The fair value of these contracts is negative and amounted to Rs. 2,149 [2008: Rs. 347,446 (positive)] at the period end.

(AMOUNTS IN THOUSAND)

The Company entered into an interest rate swap agreement to hedge its interest rate exposure on floating rate committed borrowing under an Offshore Islamic Finance Facility, for a notional amount of USD 150,000 amortising up to September 2014. Under the swap agreement, the Company would receive USD-LIBOR from Citibank N.A. Pakistan on notional amount and pay fixed 3.47% which will be settled semi-annually. The fair value of the interest rate swap at the period end is negative and amounted to Rs. 636,170 (2008: Rs. 648,277).

The Company entered into another interest rate swap agreement to hedge its interest rate exposure on floating rate committed borrowing from a consortium of Development Finance Institutions for a notional amount of USD 85,000 amortising upto April 2016. Under the swap agreement, the Company would receive USD-LIBOR from Standard Chartered Bank on notional amount and pay fixed 3.73% which will be settled semi-annually. The fair value of the interest rate swap at the year end is negative and amounted to Rs. 409,470 (2008: Rs. 424,933).

8. LONG TERM FINANCES

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Balance as at January 1,	27,833,314	15,422,520
Loans availed during the period-net of transaction cost	5,481,115	14,561,076
	33,314,429	29,983,596
Repayments during the period	-	(2,150,282)
	33,314,429	27,833,314
Current portion shown under current liability	(201,600)	(76,600)
Balance at the end of the period	33,112,829	27,756,714

During the period, the company completed drawdown of its Offshore Islamic Financing.

The maturity of these facilities range from 7 to 9 years and mark-up is 1.10% to 1.80% over six month KIBOR for Rupee facility and 2.57% to 2.60% over six month LIBOR for USD facilities. These facilities excluding the PPTFCs are secured by equitable mortgage upon immovable assets located at Daharki and hypothecation charge on fixed assets of the Company. The PPTFCs are secured by a subordinated floating charge over all present and future fixed assets excluding land and buildings.

9. SHORT TERM BORROWINGS

The facility for short term finance available from various banks amounts to Rs. 7,000,000 (2008: Rs. 3,000,000) including Rs 200,000 (2008: Rs 200,000) for Bank Guarantees interchangeable with short term finance. The rates of mark-up range from 12.52% to 17.75% (2008: 10.40 % to 17.30%) and the facilities are secured by floating charge upon all current and future moveable property of the Company.

(AMOUNTS IN THOUSAND)

10. TRADE AND OTHER PAYABLES

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Creditors (note 10.1)	390,916	390,717
Payable to Engro Foods Limited (a subsidiary company) for taxable losses acquired (note 19)	450,000	450,000
Accrued liabilities	447,310	727,165
Advances from customers	1,476,729	1,063,530
Current portion of fair value of interest rate SWAPs	104,293	155,160
Financial charges accrued on		
- long term finances	669,990	660,387
- short term borrowings	96,233	144,003
Deposits from dealers refundable on termination of dealership	10,713	10,553
Contractors' deposits and retentions	40,381	29,513
Workers' profit participation fund	52,405	-
Workers' welfare fund	128,311	106,216
Others	135,979	137,580
	4,003,260	3,874,824

10.1 This includes payable of Rs. 13,594 (2008: Rs. 7,507) to Engro Eximp (Private) Limited (a wholly owned subsidiary) on account of purchased products.

11. CONTINGENCIES AND COMMITMENTS

Contingencies

11.1 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 27,911 (2008 : Rs. 27,911).

11.2 Corporate guarantees of Rs. 500,600 (2008 : Rs. 500,600) have been issued in favor of subsidiary companies.

11.3 Bank guarantees of Rs. 191,126 (2008 : Rs. 141,126) have been issued in favor of third parties.

11.4 The Company is contesting the penalty of Rs. 99,936 (2008: Rs. 99,936) paid and expensed in 1997, imposed by the State Bank of Pakistan (SBP) for alleged late payment of foreign exchange risk cover fee on long term loans and has filed a suit in the High Court of Sindh. A partial refund of Rs. 62,618 (2008: Rs. 62,618) was, however, recovered in 1999 from SBP and the recovery of the balance amount is dependent on the Court's decision.

11.5 The Company had commenced two separate arbitration proceedings against the Government of Pakistan for non-payment of marketing incidentals relating to the years 1983-84 and 1985-86 respectively. The sole arbitrator in the second case has awarded the Company Rs. 47,800 (2008: Rs. 47,800) and it is hoped that the award for the earlier years will be announced shortly. The award for the second arbitration has not been recognised due to inherent uncertainties arising from its challenge in the High Court.

11.6 The Company has extended project completion support to lenders of Engro Energy Limited for USD 15,400 (2008: USD 15,400) and a further support to lenders of Engro Polymer and Chemicals Limited for USD 12,200 (2008: USD 10,000). These project supports are contingent upon occurrence or non-occurrence of specified future events.

(AMOUNTS IN THOUSAND)

11.7 *Commitments*

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Plant and machinery	20,917,602	26,846,940
Forward exchange contracts	22,464,481	33,272,822
Employee housing subsidy scheme	206,742	214,362

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Additions to fixed assets and capital work in progress during the period amounted to Rs. 10,460,318 (2008: Rs. 20,237,053) and deletions at cost therefrom were Rs. 38,511 (2008 : Rs. 30,815).

12.2 Capital work in progress includes Rs. 33,608,384 (2008 : Rs. 23,064,182) and Rs. 4,547,285 (2008: Rs. 3,689,805) with respect to urea expansion project for plant and machinery and building and civil works respectively. The planned expansion project will cost an approximate USD 1,050,000 and will have a capacity of 1.3 million tons of urea per annum.

12.3 The Collector of Customs had disallowed exemption from custom duty and sales tax amounting to Rs. 48,236 in prior years in respect of the first catalyst and other items being part and parcel of the expansion plant on the contention that these items do not fall under the definition of "plant and machinery" which is exempt under the relevant SRO. The Company challenged the Department's contention through a constitutional petition in the High Court of Sindh which stayed the recovery of the amount claimed and in December 1994 decided the petition in favour of the Company. The Department filed an appeal in the Supreme Court. During the 2nd quarter 2005, the Supreme Court of Pakistan dismissed the appeal and upheld the Sindh High Court judgment in Company's favour. Payments totaling Rs. 22,207 made to the Department during the pendency of the petition in the High Court of Sindh have been received during first quarter of 2009.

13. LONG TERM INVESTMENTS

	Equity % Held	Unaudited March 31, 2009	Audited December 31, 2008
		Rupees	
Subsidiaries - at cost			
Engro Eximp (Private) Limited	100%	100	100
Engro Management Services (Private) Limited	100%	2,500	2,500
Avanceon Limited (formerly Engro Innovative Automation (Private) Limited)	62.67%	381,957	381,957
Engro Foods Limited	100%		
- Paid-up Share Capital		4,350,000	4,300,000
- Advance against issue of share capital		200,000	50,000
Engro Energy Limited	95%	3,040,000	3,040,000
Engro Polymer & Chemicals Limited	56.19%	2,847,200	2,847,200
Engro Powergen (Private) Limited			
- Advance against issue of share capital	100%	17,100	15,100
		10,838,857	10,636,857
Joint Ventures - at cost			
Engro Vopak Terminal Limited	50%	450,000	450,000
Others - at cost			
Arabian Sea Country Club Limited		5,000	5,000
Agrimall (Private) Limited (note 13.1)		-	-
		11,293,857	11,091,857

(AMOUNTS IN THOUSAND)

13.1 This represents the Company's share in the paid-up share capital of Agrimall (Private) Limited transferred free of cost to the Company under a joint venture agreement.

14. STOCK-IN-TRADE

		Unaudited March 31, 2009	Audited December 31, 2008
		Rupees	
Raw materials (note 14.1)		864,702	1,091,555
Packing material		61,928	51,278
		926,630	1,142,833
Work-in-process		14,261	9,027
Finished goods	- own manufactured product	492,384	396,198
	- purchased product (note 14.1)	1,452,437	3,132,837
		1,944,821	3,529,035
		2,885,712	4,680,895

14.1 These include provision for writedown of inventories of raw materials and finished goods to net realisable value amounting to Rs. 227,504 (2008: Rs. 276,022) and Rs. 302,749 (2008: 578,350) respectively.

15. TRADE DEBTS

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Considered good		
-Secured	546,961	243,546
-Unsecured	16,539	17,962
	563,500	261,508
Considered doubtful	8,059	8,059
	571,559	269,567
Provision for doubtful debts	(8,059)	(8,059)
	563,500	261,508

16. OTHER RECEIVABLES INCLUDING DERIVATIVES

16.1 Other receivables include Rs. 302,462 (2008 : Rs. 4,257,967) as fair value of foreign exchange forward contracts.

16.2 Other receivables also include Rs. 154,326 (2008 : Rs. 198,150) on account of compensation for mandatory reduction in sales price by the Government of Pakistan on phosphatic and potassic fertilizer inventory.

(AMOUNTS IN THOUSAND)

17. COST OF SALES

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Raw materials consumed	911,037	1,006,573
Salaries, wages and staff welfare	251,724	171,601
Fuel and power	760,984	522,602
Repairs and maintenance	55,994	115,695
Depreciation / amortization	158,029	152,256
Consumable stores	36,076	25,802
Staff recruitment, training, safety and other expenses	10,660	10,691
Purchased services	47,901	30,197
Travel	9,434	6,885
Communication, stationery and other office expenses	7,047	4,778
Insurance	29,897	14,735
Rent, rates and taxes	10,462	878
Other expenses	5,333	7,793
Manufacturing cost	2,294,578	2,070,486
Opening stock of work-in-process	9,027	7,952
Closing stock of work-in-process	(14,261)	(4,767)
	(5,234)	3,185
Cost of goods manufactured	2,289,344	2,073,671
Opening stock of finished goods manufactured	396,198	397,129
Closing stock of finished goods manufactured	(492,384)	(330,585)
	(96,186)	66,544
Cost of goods sold - own manufactured product	2,193,158	2,140,215
- purchased product	1,602,917	774,566
	3,796,075	2,914,781

18. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and staff welfare	84,821	64,975
Staff recruitment, training, safety and other expenses	4,325	6,046
Product transportation and handling	219,198	211,084
Repairs and maintenance	2,580	32,809
Advertising and sales promotion	4,991	4,245
Rent, rates and taxes	21,950	20,257
Communication, stationery and other office expenses	4,241	3,508
Travel	4,925	5,948
Depreciation / amortization	11,074	7,096
Purchased services	2,525	546
Donations	6,380	6,929
Other expenses	7,465	5,578
	374,475	369,021

(AMOUNTS IN THOUSAND)

19. TAXATION

19.1 The Company in its tax return for tax year 2007 claimed the benefit of Group Relief under Section 59B of Income Tax Ordinance, 2001 (the Ordinance) on losses acquired for an equivalent cash consideration from Engro Foods Limited (EFL), a wholly owned subsidiary company, amounting to Rs. 428,744.

During 2008, an audit was conducted by the Tax Department for tax year 2007 and an assessment order was issued challenging the claiming of benefit of Group Relief by the Company and certain other issues. Consequently, the Company filed an appeal against issues raised by the Tax Department. Gross demand amounting to Rs. 476,479 was raised out of which the Company paid an amount of Rs. 170,000. Stay for payment of balance amount has been granted till the decision of the learned Income Tax Appellate Tribunal (ITAT). The Company is reasonably confident that the issue of Group Relief will be decided in its favour.

The Company has again claimed the benefit of Group Relief under Section 59B of Income Tax Ordinance, 2001 in its tax return for tax year 2008 and accordingly has paid an amount of Rs. 622,103. During 2009, an audit was conducted by the Tax Department for the tax year 2008 and an assessment order was issued challenging the claiming of benefit of Group Relief by the Company and certain other issues. Consequently, the Company filed an appeal against issues raised by the Tax Department. Gross demand amounting to Rs. 910,845 was raised out of which the Company paid an amount of Rs. 200,000. Stay for payment of balance amount has been granted till May 25, 2009.

The Company has also agreed to acquire equivalent tax effect of tax year 2009's partial losses of EFL amounting to Rs. 450,000 which will be accounted for in the income tax return of the Company due to be filed with Income Tax Department by September 30, 2009.

19.2 The Company has filed tax returns up to income year 2007. All assessments up to income year 2002 have been finalized by the Department and appealed against.

For income years June 1995 and June 1996, assessments were set-aside by the Commissioner (Appeals). The Company has filed an appeal thereon with ITAT.

The appeals for income years ended June 1997, December 1997 and December 1998 have been decided in favor of the Company by the appellate authorities. For June 1997 and December 1997 the Company has filed an appeal before ITAT on grounds of error in calculation of depreciation which it believes to be an error of fact and should be rectified. For December 1998, the Company has received favorable decision from the Commissioner (Appeals) on the issue of incorporating correct turnover numbers in the assessment.

For income years December 1999 to December 2002, the Company is in appeal with ITAT on all these years on the most important contentious issue of apportionment of gross profit and selling and distribution expenses. The Company also filed reference with Alternative Dispute Resolution Committee (ADRC) of Federal Board of Revenue (FBR) on the issue of apportionment of gross profit and selling and distribution expenses for these four years. A favorable decision in this respect was received from the ADRC. However, the FBR has decided that the issue be decided upon by ITAT where this matter remains under appeal.

For income years 2003 - 2007 income tax returns have been filed under self assessment scheme by the Company.

Audit in respect of income year 2005 has been finalised. The Company received a demand amounting to Rs. 240,660 during 2008 of which the the Company paid Rs. 30,694 and filed a rectification with the Tax Department for correction of certain errors in the assessment order. During the period these have been duly rectified.

The Company is confident that all pending issues will be ultimately resolved without any additional liability.

(AMOUNTS IN THOUSAND)

20. EARNINGS PER SHARE - BASIC

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	Rupees
Profit after taxation	694,730	819,029
		(Restated)
Weighted average number of ordinary shares (In thousand)	212,816	201,232

The share options issued under Employee Share Option Scheme may have a potential dilutive impact on basic earnings per share in future periods.

21. CASH GENERATED FROM OPERATIONS

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	Rupees
Profit before taxation	1,082,631	1,245,771
Adjustment for non-cash charges and other items		
Depreciation / amortization	169,103	159,352
Profit on disposal of property, plant and equipments	(12,639)	(1,137)
Provision for retirement and other service benefits	31,180	28,107
Income on deposits / other financial assets	(3,496)	(67,917)
Employee share compensation expense	17,232	-
Employee housing subsidy expense	36,455	-
Dividend income	(22,500)	(157,896)
Financial charges	444,196	170,734
Working capital changes (note 21.1)	1,106,118	(2,173,443)
	2,848,280	(796,429)

21.1 *Working capital changes*

	3 months ended March 31, 2009	3 months ended March 31, 2008
(Increase) / decrease in current assets		
Stores, spares and loose tools	(129,055)	(46,023)
Stock-in-trade	1,795,184	(3,308,167)
Trade debts	(301,992)	636,908
Loans, advances, deposits and prepayments	(534,137)	(160,505)
Other receivables - net	58,648	(23,611)
	888,648	(2,901,398)
Increase in current liabilities		
Trade and other payable including other service benefits - net	217,470	727,955
	1,106,118	(2,173,443)

(AMOUNTS IN THOUSAND)

22. CASH AND CASH EQUIVALENT

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Cash and bank balances	1,081,546	183,953
Short term investments	71,803	4,346,821
Short term borrowings	(4,598,571)	(550,000)
	(3,445,222)	3,980,774

23. TRANSACTIONS WITH RELATED PARTIES

Related party comprise subsidiaries, joint venture companies, other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Associates		
Purchases and services	1,124,859	1,133,034
Retirement benefits	30,020	26,475
Dividends paid	177,715	242,339
Joint Ventures		
Services rendered	590	249
Purchases and services	-	14,389
Dividend received	112,500	-
Subsidiaries		
Services rendered	12,428	7,540
Purchases and services	57,613	2,985,905
Long term investments made	202,000	1,017,840
Mark-up from subsidiaries	35,140	5,396
Disbursement of loan	156,000	-
Repayment of loan	1,100,000	-
Others		
Remuneration paid to key management personnel / directors	80,145	57,265
Dividends paid	29,370	5,024

	Unaudited March 31, 2009	Audited December 31, 2008
Balances due from	Rupees	
- Joint Ventures [includes dividend receivable of Rs. Nil (2008: Rs. 90,000) from Engro Vopak Terminal Limited]	720	90,252
- Subsidiaries [including subordinated loan of Rs. Nil (2008: Rs 1,100,000) to Engro Eximp (Private) Limited & Rs. 156,000 (2008: Nil) to Avanceon Limited, wholly owned subsidiaries]	174,942	1,107,848

24. DATE OF AUTHORIZATION FOR ISSUE

These condensed financial statements were authorized for issue on April 28, 2009 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

ENGRO

ENGRO CHEMICAL PAKISTAN LIMITED
and its subsidiary companies

FIRST QUARTER 2009 REPORT TO THE SHAREHOLDERS ENGRO CHEMICAL PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

On behalf of the Board of Directors of Engro Chemical Pakistan Limited, we are pleased to present the un-audited group consolidated accounts for the three month period ended March 31, 2009 comprising of:

Holding Company

Engro Chemical Pakistan Limited

Subsidiary companies, i.e., each of those companies in which the Holding Company owns over 50% of voting rights

Engro Eximp (Private) Limited (100% equity held);
Engro Management Services (Private) Limited (100% equity held);
Engro Foods Limited (100% equity held);
Engro Energy Limited (95% equity held);
Engro Polymer and Chemicals Limited (56.19% equity held);
Avanceon Limited [formerly Engro Innovative Automation (Private) Limited] (62.67% equity held); and
Engro Powergen (Private) Limited (100% equity held).

The un-audited group consolidated results also accounts for our share of profit in Engro Vopak Terminal Limited, a 50% owned joint venture.

The consolidated net profit for the three months ended March 31, 2009 was Rs. 684 million as compared to Rs. 1,026 million for the same period last year. The primary reason for variation is lower earnings at Engro Eximp where no fertilizer imports were made during the period. This was however partly offset by Engro Foods entering profitability.

Engro Chemical Pakistan Limited recorded net profit of Rs. 695 million for the three months ended March 31, 2009 compared to Rs. 819 million in the corresponding period last year. The decrease in earnings is mainly attributable to higher financial charges and reduced dividend income from subsidiaries, partially offset by higher fertilizer sales. Our share of earnings at Engro Vopak for the three months ended March 31, 2009 was Rs. 91 million. Comparative share for the same period last year was Rs. 44 million.

The financial impact of the following seven subsidiary companies on the consolidated earning for the three months ended March 31, 2009 is as follows:

Engro Polymer & Chemicals Limited revenue during the three month period ended March 31, 2009 was Rs. 2,399 million as against Rs. 1,895 million for the same period last year. It posted a net loss of Rs. 69 million versus profit of Rs. 196 million in the same period last year.

Engro Eximp (Private) Limited is a wholly owned subsidiary of Engro Chemical Pakistan Limited. During the three month period ended March 31, 2009, it posted a net loss of Rs. 73 million as compared to profit of Rs. 1,220 million for the same period last year.

Engro Management Services (Private) Limited is a wholly owned subsidiary of Engro Chemical Pakistan Limited. There were no business transactions for the period.

Engro Foods Limited turnover during the three months ended March 31, 2008 was Rs. 3,232 million versus Rs. 1,656 million in the same period of last year, an increase of 95%. Engro Foods Limited earned a profit of Rs. 14 million in the three month period ended March 31, 2009 as compared to loss of Rs. 193 million during the same period last year.

Engro Energy Limited is a 95% owned subsidiary of Engro Chemical Pakistan Limited. During the three month period ended March 31, 2009, it posted a net loss of Rs. 29 million.

Avanceon Limited (formerly Engro Innovative Automation (Private) Limited) revenue during the three month period ended March 31, 2008 was Rs. 277 million as compared to Rs. 270 million during first quarter last year. It incurred net loss of Rs. 81 million as against a loss of Rs. 63 million during the same period last year. The revenue and loss numbers include the acquired US Company Advanced Automation.

Engro Powergen (Private) Limited was incorporated during the period ended June 30, 2008. Loss for the three month period ended March 31, 2009 was Rs. 6 million.

Hussain Dawood Chairman	**Asad Umar** President and Chief Executive

Karachi
April 28, 2009

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	Note	Unaudited March 31, 2009	Audited December 31, 2008 (Restated)
		Rupees	
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
300,000,000 (2008: 300,000,000) ordinary shares of Rs. 10 each		3,000,000	3,000,000
Issued, subscribed and paid up 212,816,117 (2008: 212,816,117) ordinary shares of Rs. 10 each		2,128,161	2,128,161
Share premium		7,152,722	7,152,722
Employee share compensation reserve	6	319,446	327,020
Hedging reserve	7	(750,621)	2,135,799
Revaluation reserve on business combination		122,552	125,102
General reserve		4,429,240	4,429,240
Unappropriated profit		6,428,446	6,166,472
		17,701,785	20,336,355
		19,829,946	22,464,516
MINORITY INTEREST		3,038,261	3,113,677
		22,868,207	25,578,193
NON CURRENT LIABILITIES			
Long term finances	8	52,738,709	40,738,824
Derivatives		1,138,199	978,204
Obligations under finance lease		27,810	29,385
Deferred taxation		2,310,149	3,601,035
Employee housing subsidy		113,161	73,319
Deferred liabilities		57,924	93,446
Retention money against project payments		336,673	553,445
		56,722,625	46,067,658
CURRENT LIABILITIES			
Current portion of:			
- long term finances		393,841	321,915
- obligations under finance lease		20,377	20,038
- deferred liabilities		23,319	20,023
Short term borrowings	9	5,855,943	4,591,218
Trade and other payables including derivatives	10	8,496,486	7,008,415
Unclaimed dividends		65,034	318,320
		14,855,000	12,279,929
CONTINGENCIES AND COMMITMENTS	11		
		94,445,832	**83,925,780**

(AMOUNTS IN THOUSAND)

	Note	Unaudited March 31, 2009	Audited December 31, 2008 (Restated)
		Rupees	
NON CURRENT ASSETS			
Property, plant and equipments	12	73,617,925	58,135,753
Biological assets		370,367	306,826
Intangible assets		582,582	570,833
Long term investments		559,671	491,210
Deferred employee compensation expense		77,059	101,826
Long term loans, advances and other receivables including derivatives		373,620	377,392
		75,581,224	59,983,840
CURRENT ASSETS			
Stores, spares and loose tools		1,487,242	1,272,119
Stock-in-trade	13	5,401,906	7,129,907
Trade debts	14	981,952	758,491
Deferred employee compensation expense		97,889	103,343
Loans, advances, deposits and prepayments		2,949,826	1,155,707
Other receivables including derivatives	15	1,213,830	8,388,635
Taxation		1,074,413	869,056
Short term investments		137,394	2,067,074
Cash and bank balances		5,520,156	2,197,608
		18,864,608	23,941,940
		94,445,832	**83,925,780**

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND EXCEPT EARNINGS PER SHARE)

	Note	3 months ended March 31, 2009	3 months ended March 31, 2008
		Rupees	
Net sales		11,641,065	8,387,396
Cost of sales	16	(8,866,690)	(5,927,797)
GROSS PROFIT		2,774,376	2,459,599
Selling and distribution expenses	17	(1,215,760)	(962,173)
		1,558,615	1,497,426
Other income		41,628	402,473
		1,600,243	1,899,899
Financial and other charges		(634,023)	(243,127)
Workers' welfare fund		(22,095)	(25,424)
Workers' profits participation fund		(58,143)	(66,905)
		(714,261)	(335,456)
Share of income from joint venture		90,962	44,474
PROFIT BEFORE TAXATION		976,944	1,608,917
Provision for taxation			
- Current	18	(64,575)	(415,760)
- Deferred		(296,707)	(110,936)
		(361,282)	(526,696)
PROFIT AFTER TAXATION		615,662	1,082,221
Attributable to:			
- Equity holders of Holding Company		684,487	1,026,131
- Minority interest		(68,825)	56,090
		615,662	1,082,221
			(Restated)
Earnings per share - basic and diluted	19	3.22	5.10

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
PROFIT AFTER TAX	615,662	1,082,221
OTHER COMPREHENSIVE INCOME - NET OF TAX		
Hedging reserve	(4,452,074)	1,373,054
Revaluation reserve on business combination	(5,492)	(5,477)
Exchange revaluation reserve	7,655	-
Income tax relating to:		
Hedging reserve	1,558,226	(480,569)
Revaluation reserve on business combination	1,922	1,917
Exchange revaluation reserve	(2,679)	-
	(2,892,442)	888,925
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(2,276,780)	1,971,146
Total comprehensive income attributable to:		
- Equity holders of Holding Company	(2,201,364)	1,972,163
- Minority interest	(75,416)	(1,017)
	(2,276,780)	1,971,146

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	Share capital	Share premium	Employee Share compensation reserve	Hedging reserve	Revaluation reserve on business combination	General reserve	Unappropriated profit	Sub total	Minority interest	Total
	Rupess									
Balance as at January 1, 2008 (Audited)	1,934,692	3,963,977	-	1,037,386	135,304	4,429,240	3,510,345	15,010,944	2,995,746	18,006,690
Effect of change in date of grant of share option scheme - net of tax	-	-	272,990	-		-	(14,256)	258,734	-	258,734
Effect of change in accounting policy of a subsidiary company (Avanceon) - net of tax	-	-	-	-	-	-	7,833	7,833	4,666	12,499
Balance as at January 1, 2008 (as restated)	1,934,692	3,963,977	272,990	1,037,386	135,304	4,429,240	3,503,922	15,277,511	3,000,412	18,277,923
Final dividend for the year ended December 31, 2007 @ Rs. 3.00 per share	-	-	-	-	-	-	(580,408)	(580,408)	-	(580,408)
Total comprehensive income for the three months ended March 31, 2008	-	-	-	892,485	(2,543)	-	1,026,131	1,916,073	55,073	1,971,146
Dividends pertaining to minority interest	-	-	-	-	-	-	-	-	(95,000)	(95,000)
Addition to minority interest due to change in holding percentage of EPCL	-	-	-	-	-	-	-	-	29,386	29,386
Balance as at March 31, 2008 (Unaudited)	1,934,692	3,963,977	272,990	1,929,871	132,761	4,429,240	3,949,645	16,613,176	2,989,871	19,603,047
Shares issued during the year in the ratio of 1 for every 10 shares @ Rs.175 per share (including share premium net of share issue cost)	193,469	3,188,745	-	-	-	-	-	3,382,214	-	3,382,214
Total comprehensive income for the nine months ended December 31, 2008	-	-	-	205,928	(7,659)	-	3,068,091	3,266,360	(14,130)	3,252,230
Effect of change in number of share options issued	-	-	54,030	-	-	-	-	54,030	-	54,030
1st interim dividend 2008 @ Rs. 2.00 per share	-	-	-	-	-	-	(425,632)	(425,632)	-	(425,632)
2nd Interim dividend 2008 @ Rs. 2.00 per share	-	-		-	-	-	(425,632)	(425,632)	-	(425,632)
Addition to minority interest due to change in holding percentage of EPCL & EEL	-	-	-	-	-	-	-	-	137,936	137,936
Balance as at December 31, 2008 (audited)	2,128,161	7,152,722	327,020	2,135,799	125,102	4,429,240	6,166,472	22,464,516	3,113,677	25,578,193
Final Dividend for the year ended December 31, 2008 @ Rs. 2.00 per share	-	-	-	-	-	-	(425,632)	(425,632)	-	(425,632)
Total comprehensive income for the three months ended March 31, 2009	-	-	-	(2,886,420)	(2,550)	-	687,606	(2,201,364)	(75,416)	(2,276,780)
Effect of change in number of share options issued	-	-	(7,574)	-	-	-	-	(7,574)	-	(7,574)
Balance as at March 31, 2009 (unaudited)	2,128,161	7,152,722	319,446	(750,621)	122,552	4,429,240	6,428,446	19,829,946	3,038,261	22,868,207

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

	Note	3 months ended March 31, 2009	3 months ended March 31, 2008
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	20	5,565,252	(1,510,263)
Retirement & other service benefits paid		(39,338)	(40,006)
Payment of finance cost		(478,222)	(355,332)
Taxes paid		(269,930)	(85,904)
Long term loans and advances - net		(27,352)	(19,392)
Net cash inflow/(outflow) from operating activities		4,750,410	(2,010,897)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure including biological assets		(15,942,032)	(6,079,784)
Sale proceeds on disposal of property, plant and equipment		22,321	2,074
Income on deposits / other financial assets		10,059	71,262
Dividends received		112,500	90,000
Net cash (outflow) from investing activities		(15,797,152)	(5,916,448)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finances - net		12,071,811	1,478,961
Obligations under finance lease - net		(1,236)	275
Retention money against project payments		(216,772)	-
Dividends paid		(678,918)	(507,723)
Net cash inflow from financing activities		11,174,885	971,513
Net increase/(decrease) in cash and cash equivalents		128,143	(6,955,832)
Cash and cash equivalents at the beginning of the period		(326,536)	11,553,866
Cash and cash equivalents at the end of the period	21	(198,393)	4,598,034

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2009

(AMOUNTS IN THOUSAND)

1. STATUS AND NATURE OF BUSINESS

Engro Chemical Pakistan Limited (the Holding Company) is a public listed company incorporated in Pakistan. The principal activity of the Holding Company is manufacturing, purchasing and marketing of fertilizers. The Holding Company has also invested in joint ventures / other entities engaged in chemical related activities, industrial automation, food and energy businesses.

These consolidated condensed interim financial statements include the financial statements of the Holding Company and each of those companies in which it owns over 50% of voting rights; [Engro Eximp (Private) Limited, Engro Management Services (Private) Limited, Engro Foods Limited, Engro Energy Limited, Engro Polymer & Chemicals Limited, Avanceon Limited (formerly Engro Innovative Automation (Private) Limited) and Engro Powergen (Private) Limited - "the Group"].

Engro Eximp (Private) Limited, Engro Management Services (Private) Limited, Engro Foods Limited and Engro Powergen (Private) Limited are wholly owned subsidiaries of ECPL while the controlling interest in Engro Polymer & Chemicals Limited is 56.19%, Engro Energy Limited is 95% and Avanceon Limited (formerly Engro Innovative Automation (Private) Limited) is 62.67%.

The financial statements of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by ECPL is eliminated against the subsidiaries' share capital and pre-acquisation reserves in the consolidated financial statements.

Minority Interest are presented as a separate item in these consolidated condensed interim financial statements. All material intercompany balances and transactions have been eliminated.

The Group's interest in jointly controlled entity, Engro Vopak Terminal Limited has been accounted for using Equity Method.

2. BASIS FOR PRESENTATION

These consolidated condensed interim financial statements have been presented in condensed form in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all the information required for annual financial statements and should be read in conjunction with the financial statements of the Holding Company for the year ended December 31, 2008.

The presentation of these consolidated condensed interim financial statements has been amended to reflect the changes introduced by IAS-1: Presentation of Financial Statements.

These consolidated condensed interim financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Holding Company in the preparation of these unconsolidated condensed interim financial statements are the same as those used for the preceding annual financial statements for the year ended December 31, 2008.

(AMOUNTS IN THOUSAND)

4. ESTIMATES

The preparation of these consolidated condensed interim financial statements 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 these consolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty include:

- Residual value and useful life estimation of fixed assets.
- Taxation.
- Fair valuation of financial assets, liabilities and derivatives.
- Effectiveness of cash flow hedges.
- Employee compensation expense under Employee Share Option Scheme.
- Employee compensation expense under Employee Housing Subsidy Scheme.

5. The Holding Company's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average urea and phosphatic fertilizers sales are more tilted towards Rabi season. The Company manages seasonality in the business through appropriate inventory management.

6. EMPLOYEE SHARE OPTION COMPENSATION RESERVE

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Balance as at January 1,	327,020	272,990
Options issued during the period	-	59,957
Options lapsed due to employee resignation	(7,574)	(5,927)
Balance at the end of the period	319,446	327,020
Deferred employee compensation expense		
Balance as at January 1,	205,169	244,066
Options issued during the period	-	59,957
Options lapsed due to employee resignation	(7,574)	(5,927)
Amortisation for the period	(22,647)	(92,927)
Balance at the end of the period	174,948	205,169
Current portion shown under current assets	(97,889)	(103,343)
Long term portion of deferred employee compensation expense	77,059	101,826

7. HEDGING RESERVE

Fair values of :		
- Foreign exchange forward contracts	193,996	4,297,960
- Foreign exchange option contracts	(2,149)	347,446
- Interest rate SWAPs	(1,131,878)	(1,133,364)
	(940,031)	3,512,042
Arrangement fee	(164,159)	(164,159)
Deferred tax	329,011	(1,229,214)
Minority interest	24,558	17,130
	(750,621)	2,135,799

(AMOUNTS IN THOUSAND)

Hedging reserve primarily represents the effective portion of changes in fair values of designated cash flow hedges.

The Holding Company entered in various forward exchange contracts to hedge its foreign currency exposure. At the period end the Holding Company had forward exchange contracts to purchase Euros 52,669 (2008: Euros 130,505) at various maturity dates matching the anticipated payment dates for commitments with respect to urea expansion project. The fair value of these contracts amounted to Rs. 36,848 (2008: Rs. 3,838,549) at the period end.

The Holding Company entered in various USD: PKR forward contracts to hedge its foreign currency exposure. At the period end the Holding Company had forward contracts to purchase USD 87,309 (2008: USD 159,027) at various maturity dates matching the anticipated payment dates for commitments with respect to urea expansion project. The fair value of these contracts amounted to Rs. 157,148 (2008: Rs. 459,411) at the period end.

The Holding Company entered in various option contracts to hedge its currency exposure against US Dollars relating to the expansion project. At the period end the Holding Company had foreign exchange options amounted to Euro 51,544 (2008: Euro 55,669). The fair value of these contracts is negative and amounted to Rs. 2,149 [2008: Rs. 347,446 (positive)] at the period end.

The Holding Company entered into an interest rate swap agreement to hedge its interest rate exposure on floating rate committed borrowing under an Offshore Islamic Finance Facility Agreement, for a notional amount of USD 150,000 amortising up to September 2014. Under the swap agreement, the Holding Company would receive USD-LIBOR from Citibank N.A Pakistan on notional amount and pay fixed 3.47% which will be settled semi-annually. The fair value of the interest rate swap at the period end is negative and amounted to Rs. 636,170 (2008: Rs. 648,277).

The Holding Company entered into another interest rate swap agreement to hedge its interest rate exposure on floating rate committed borrowing from a consortium of Development Finance Institutions for a notional amount of USD 85,000 amortising upto April 2016. Under the swap agreement, the Holding Company would receive USD-LIBOR from Standard Chartered Bank on notional amount and pay fixed 3.73% which will be settled semi-annually. The fair value of the interest rate swap at the year end is negative and amounted to Rs. 409,470 (2008: Rs. 424,933).

A Subsidiary Company, Engro Polymer & Chemical Limited (EPCL) entered into a interest rate swap agreement with a bank to hedge its interest rate exposure on floating rate borrowing from International Finance Corporation (IFC) for a notional amount of USD 15,000. Under the swap agreement, the EPCL would receive USD-LIBOR from the bank on notional amount and pay fixed 3.385% which will be settled semi-annually. The fair value of the interest rate swap as at March 31, 2009 is negative and amounted to Rs. 86,237 (2008: Rs. 60,154).

8. LONG TERM FINANCES

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Balance as at January 1,	40,963,274	19,716,771
Loans availed during the period-net of transaction cost	12,278,638	23,688,568
	53,241,912	43,405,339
Repayments during the period	(109,362)	(2,344,600)
	53,132,550	41,060,739
Current portion shown under current liability	(393,841)	(321,915)
Balance at the end of the period	52,738,709	40,738,824

(AMOUNTS IN THOUSAND)

During the period, the Holding Company completed drawdown of its Offshore Islamic Financing.

The maturity of Holding Company's facilities range from 7 to 9 years and mark-up is 1.10% to 1.80% over six month KIBOR for Rupee facility and 2.57% to 2.60% over six month LIBOR for USD facilities. These facilities excluding the PPTFCs are secured by equitable mortgage upon immovable assets located at Daharki and hypothecation charge on fixed assets of the Company. The PPTFCs are secured by a subordinated floating charge over all present and future fixed assets excluding land and buildings.

Engro Foods Limited (EFL) has entered into an agreement with Habib Bank Limited amounting to PKR 500,000 with mark-up at the rate of six months KIBOR plus 2.25% payable semi-annually over a period of five years. The loan is secured by a floating charge against all present and future current assets.

Engro Energy Limited (EEL) has entered into an agreement amounting to USD 153,800 with a consortium comprising IFC, DEG, FMO, Proparco, Swed Fund and OFID with mark-up at the rate of six months LIBOR plus 3% payable semi-annually over a period of ten years. The above finances are secured by an equitable mortgage upon the immovable property of the Company and the hypothecation charge against current and future fixed assets of the Company. USD 77,000 has been disbursed by the lenders up to March 31, 2009.

Engro Polymer & Chemicals Limited (EPCL) has entered into a Syndicated Term Finance Agreement on February 21, 2009 for Rs. 1,500,000. The facility is repayable in thirteen semi-annual installments commencing 6 months from commercial operations date or 6 months from December 30, 2009 (whichever is earlier). The facility carries mark-up at the rate of 3% over six months Karachi Inter Bank Offered Rate (KIBOR) and monitoring fee of Rs. 300 for first year and Rs.500 per anum, thereafter. Commitment fee at the rate of 0.15% per annum is also payable on that part of the finance that has not been drawn. During the period, Company has drawn down Rs. 1,000,000 against this facility.

9. SHORT TERM BORROWINGS

The short term finance available to Group from various banks amounts to Rs. 10,374,500 (2008: Rs. 6,750,000). The rates of markup ranges from 12.52% to 17.75% (2008: 10.40% to 17.30%) and the facilities are secured by floating charge upon all current and future moveable property of the Company.

10. TRADE AND OTHER PAYABLES

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Creditors	2,204,699	1,530,954
Accrued liabilities	1,485,052	1,817,248
Payable to employee benefit funds	17,481	-
Advances from Customers	1,801,939	1,331,801
Current portion of fair value of interest rate swaps	104,293	155,160
Financial Charges accrued on		
- long term finances	1,131,557	1,006,237
- short term borrowings	184,656	222,652
Deposits from dealers/distributors refundable on termination of dealership	13,673	13,063
Contractors/suppliers deposits and retentions	845,344	297,530
Workers' profits participation fund	52,405	18,887
Workers' welfare fund	167,307	115,575
Sales tax payable	24,852	-
Provision for special excise duty	-	54,929
Provision for infrastructure fee	260,116	260,088
Others	203,112	184,291
	8,496,486	7,008,415

(AMOUNTS IN THOUSAND)

11. CONTINGENCIES AND COMMITMENTS

Contingencies

11.1 Claims, including pending lawsuits, against the Holding Company not acknowledged as debts amounted to Rs. 27,911 (2008 : Rs. 27,911).

11.2 Corporate guarantees of Rs. 1,932,064 (2008 : Rs. 1,093,247) have been issued in favor of subsidiary companies.

11.3 The Group is contesting the penalty of Rs. 99,936 (2008: Rs. 99,936) paid and expensed in 1997, imposed by the State Bank of Pakistan (SBP) for alleged late payment of foreign exchange risk cover fee on long term loans and has filed a suit in the High Court of Sindh. A partial refund of Rs. 62,618 (2008: Rs. 62,618) was, however, recovered in 1999 from SBP and the recovery of the balance amount is dependent on the Court's decision.

11.4 The Group had commenced two separate arbitration proceedings against the Government of Pakistan for non-payment of marketing incidentals relating to the years 1983-84 and 1985-86 respectively. The sole arbitrator in the second case has awarded the Group Rs. 47,800 (2008: Rs. 47,800) and it is hoped that the award for the earlier years will be announced shortly. The award for the second arbitration has not been recognised due to inherent uncertainties arising from its challenge in the High Court.

11.5 The Holding Company has extended project completion support to lenders of Engro Energy Limited for USD 15,400 (2008: USD 15,400) and a further support to lenders of Engro Polymer and Chemicals Limited for USD 12,200 (2008: USD 10,000). These project supports are contingent upon occurrence or non-occurrence of specified future events.

11.6 Commitments

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Plant and machinery	27,534,681	37,797,963
Foreign exchange forward and option contracts	22,464,481	33,272,822
Employee housing subsidy scheme	206,742	214,362
Housing colony	34,859	83,832
Letter of credits other than for capital expenditure	152,500	28,900

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Additions to fixed assets, biological assets and capital work in progress during the period amounted to Rs. 15,942,032 (2008: Rs. 36,213,439) and deletions at cost therefrom were Rs. 44,538 (2008: Rs. 75,846).

12.2 Capital work in progress includes Rs. 33,608,384 (2008: Rs. 23,064,182) and Rs. 4,547,285 (2008: Rs. 3,689,805) with respect to urea expansion project for plant and machinery and building and civil works respectively. The planned expansion project will cost an approximate USD 1,050,000 and will have a capacity of 1.3 million tons of urea per annum.

(AMOUNTS IN THOUSAND)

12.3 The Collector of Customs had disallowed exemption from custom duty and sales tax amounting to Rs. 48,236 in prior years in respect of the first catalyst and other items being part and parcel of the expansion plant on the contention that these items do not fall under the definition of "plant and machinery" which is exempt under the relevant SRO. The Holding Company challenged the Department's contention through a constitutional petition in the High Court of Sindh which stayed the recovery of the amount claimed and in December 1994 decided the petition in favour of the Holding Company. The Department filed an appeal in the Supreme Court. During the 2nd quarter 2005, the Supreme Court of Pakistan dismissed the appeal and upheld the Sindh High Court judgment in Company's favour. Payments totaling Rs. 22,207 made to the Department during the pendency of the petition in the High Court of Sindh have been received during first quarter of 2009.

13. STOCK-IN-TRADE

		Unaudited March 31, 2009	Audited December 31, 2008
		Rupees	
Raw materials (note 13.1)		2,694,128	2,438,019
Work-in-process		83,339	63,381
Finished goods	- own manufactured product	1,078,860	1,445,233
	- purchased product (note 13.1)	1,547,412	3,185,107
Provision for slow moving inventory		(1,833)	(1,833)
		2,624,439	4,628,507
		5,401,906	7,129,907

13.1 These include provision for writedown of inventories of raw materials and finished goods to net realisable value amounting to Rs. 227,504 (2008: Rs. 276,022) and Rs. 302,749 (2008: Rs. 578,350) respectively.

14. TRADE DEBTS

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Considered good		
-Secured	965,413	313,060
-Unsecured	16,539	445,431
	981,952	758,491
Considered doubtful	35,911	33,541
	1,017,863	792,032
Provision for doubtful debts	(35,911)	(33,541)
	981,952	758,491

15. OTHER RECEIVABLES INCLUDING DERIVATIVES

15.1 Other receivables include Rs. 302,462 (2008: Rs. 4,257,967) as fair value of foreign exchange forward contracts.

15.2 Other receivables also include Rs. 330,491 (2008: Rs. 198,150) on account of compensation for mandatory reduction in sales price by the Government of Pakistan on phosphatic and potassic fertilizer inventory.

(AMOUNTS IN THOUSAND)

16. COST OF SALES

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Raw materials consumed	4,719,391	3,869,514
Salaries, wages and staff welfare	359,325	240,154
Fuel and power	873,834	594,523
Repairs and maintenance	147,956	136,625
Depreciation / amortization	318,241	253,088
Consumable stores	41,946	27,664
Staff recruitment, training, safety and other expenses	10,660	12,159
Purchased services	96,184	109,547
Travel	19,921	12,325
Communication, stationery and other office expenses	10,598	13,015
Insurance	51,884	20,568
Rent, rates and taxes	15,559	4,588
Provision against sales tax refundable	15,120	-
Other expenses	9,673	12,734
Manufacturing cost	6,690,292	5,306,504
Opening stock of work-in-process	63,381	45,297
Closing stock of work-in-process	(83,339)	(31,049)
	(19,958)	14,248
Cost of goods manufactured	6,670,334	5,320,752
Opening stock of finished goods manufactured	1,445,550	1,194,921
Closing stock of finished goods manufactured	(1,078,860)	(1,340,839)
	366,690	(145,918)
Cost of goods sold - own manufactured product	7,037,024	5,174,834
- purchased product	1,607,118	623,173
- others	222,548	129,790
	8,866,690	5,927,797

17. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and staff welfare	353,497	210,664
Staff recruitment, training, safety and other expenses	4,325	8,155
Product transportation and handling	282,768	313,565
Repairs and maintenance	11,089	34,559
Advertising and sales promotion	339,185	245,364
Rent, rates and taxes	53,807	33,038
Communication, stationery and other office expenses	22,938	30,642
Travel	67,533	27,172
Depreciation / amortization	24,059	21,306
Purchased services	6,667	10,429
Other expenses	49,892	27,279
	1,215,760	962,173

(AMOUNTS IN THOUSAND)

18. TAXATION

18.1 The Holding Company in its tax return for tax year 2007 claimed the benefit of Group Relief under Section 59B of Income Tax Ordinance, 2001 (the Ordinance) on losses acquired for an equivalent cash consideration from Engro Foods Limited (EFL), a wholly owned subsidiary company, amounting to Rs. 428,744.

During 2008, an audit was conducted by the tax department for tax year 2007 and an assessment order was issued challenging the claiming of benefit of Group Relief by the Holding Company and certain other issues. Consequently, the Holding Company filed an appeal against issues raised by the Tax Department. Gross demand amounting to Rs. 476,479 was raised out of which the Holding Company paid an amount of Rs. 170,000. Stay for payment of balance amount has been granted till the decision of the learned Income Tax Appellate Tribunal (ITAT). The Holding Company is reasonably confident that the issue of Group Relief will be decided in its favour.

The Holding Company has again claimed the benefit of Group Relief under Section 59B of Income Tax Ordinance, 2001 in its tax return for tax year 2008 and accordingly has paid an amount of Rs. 622,103. During 2009, an audit was conducted by the Tax Department for the tax year 2008 and an assessment order was issued challenging the claiming of benefit of Group Relief by the Company and certain other issues. Consequently, the Holding Company filed an appeal against issues raised by the Tax Department. Gross demand amounting to Rs. 910,845 was raised out of which the Holding Company paid an amount of Rs. 200,000. Stay for payment of balance amount has been granted till May 25, 2009.

The Holding Company has also agreed to acquire equivalent tax effect of tax year 2009's partial losses of EFL amounting to Rs. 450,000 which will be accounted for in the income tax return of the Holding Company due to be filed with Income Tax Department by September 30, 2009.

18.2 The Holding Company has filed tax returns up to income year 2007. All assessments up to income year 2002 have been finalized by the Department and appealed against.

For income years June 1995 and June 1996, assessments were set-aside by the Commissioner (Appeals). The Holding Company has filed an appeal thereon with ITAT.

The appeals for income years ended June 1997, December 1997 and December 1998 have been decided in favor of the Holding Company by the appellate authorities. For June 1997 and December 1997 the Holding Company has filed an appeal before ITAT on grounds of error in calculation of depreciation which it believes to be an error of fact and should be rectified. For December 1998, the Holding Company has received favorable decision from the Commissioner (Appeals) on the issue of incorporating correct turnover numbers in the assessment.

For income years December 1999 to December 2002, the Holding Company is in Appeal with ITAT on all these years on the most important contentious issue of apportionment of gross profit and selling and distribution expenses. The Holding Company also filed reference with Alternative Dispute Resolution Committee (ADRC) of Federal Board of Revenue (FBR) on the issue of apportionment of gross profit and selling and distribution expenses for these four years. A favorable decision in this respect was received from the ADRC. However, the FBR has decided that the issue be decided upon by ITAT where this matter remains under appeal.

For income years 2003 - 2007 income tax returns have been filed under self assessment scheme by the Holding Company.

Audit in respect of income year 2005 has been finalised. The Holding Company received a demand amounting to Rs. 240,660 during 2008 of which the the Holding Company paid Rs. 30,694 and filed a rectification with the Tax Department for correction of certain errors in the assessment order. During the period these have been duly rectified.

The Holding Company is confident that all pending issues will be ultimately resolved without any additional liability.

(AMOUNTS IN THOUSAND)

19. EARNINGS PER SHARE

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Profit after taxation (attributable to shareholders of the Holding Company)	684,487	1,026,131
		(Restated)
Weighted average number of ordinary shares (In thousand)	212,816	201,232

The share options issued under Employee Share Option Scheme may have a potential dilutive impact on basic earnings per share in future periods.

20. CASH GENERATED FROM OPERATIONS

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Profit before taxation	976,944	1,608,917
Adjustment for non-cash charges and other items:		
Depreciation / amortization	344,859	274,394
Profit on disposal of property, plant and equipments	(13,687)	(1,152)
Provision for retirement and other service benefits	24,593	28,804
Depreciation on revaluation surplus arising on business combination	1,526	1,526
Income on deposits / other financial assets	(10,029)	(68,493)
Share of income from joint venture companies	(90,962)	(44,474)
Finance cost	565,546	256,327
Employee share compensation expense	18,751	-
Employee housing subsidy expense	36,455	-
Working capital changes (note 20.1)	3,711,256	(3,566,112)
	5,565,252	(1,510,263)

20.1 *Working capital changes*

(Increase) / decrease in current assets		
Stores spares and loose tools	(215,123)	(61,364)
Stock-in-trade	1,728,001	(2,699,668)
Trade debts	(223,461)	624,938
Loans, advances, deposits and prepayments	(1,794,119)	(384,584)
Other receivables (net)	2,781,825	866,100
	2,277,123	(1,654,578)
Increase / (decrease) in current liabilities		
Trade and other payable including other service benefits (net)	1,434,133	(1,911,534)
	3,711,256	(3,566,112)

(AMOUNTS IN THOUSAND)

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
21. CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,520,156	2,035,725
Short term investments	137,394	4,347,276
Short term borrowings	(5,855,943)	(1,784,967)
	(198,393)	4,598,034

22. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

Type of segments	**Nature of business**
Fertilizer	Manufacture, purchase and market fertilizers.
Polymer	Manufacture, market and sell Poly Vinyl Chloride (PVC), PVC compounds and related chemicals.
Food	Manufacture, process and sell dairy food products.
Other operations	Includes Independent Power Projects (IPP) & engineering and automation businesses.

	Fertilizer		Polymer		Food		Other operations		Eliminations-net		Consolidated	
	3 months ended March 31, 2009	3 months ended March 31, 2008	3 months ended March 31, 2009	3 months ended March 31, 2008	3 months ended March 31, 2009	3 months ended March 31, 2008	3 months ended March 31, 2009	3 months ended March 31, 2008	3 months ended March 31, 2009	3 months ended March 31, 2008	3 months ended March 31, 2009	3 months ended March 31, 2008
Revenue	5,733,228	4,565,611	2,399,338	1,895,335	3,231,773	1,655,862	276,726	270,588	-	-	11,641,065	8,387,396
Profit / (loss) after tax	629,663	1,021,449	(68,822)	196,281	14,011	(192,668)	(115,443)	(66,777)	156,253	123,936	615,662	1,082,221
	Unaudited March 31, 2009	Audited December 31, 2008	Unaudited March 31, 2009	Audited December 31, 2008	Unaudited March 31, 2009	Audited December 31, 2008	Unaudited March 31, 2009	Audited December 31, 2008	Unaudited March 31, 2009	Audited December 31, 2008	Unaudited March 31, 2009	Audited December 31, 2008
Assets	65,095,603	62,044,872	20,863,411	18,277,226	8,408,945	7,325,530	10,603,112	6,632,872	(10,525,329)	(10,354,720)	94,445,820	83,925,780

(AMOUNTS IN THOUSAND)

23. TRANSACTIONS WITH RELATED PARTIES

Related party comprise subsidiaries, joint venture companies, other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	3 months ended March 31, 2009	3 months ended March 31, 2008
	Rupees	
Associates		
Purchases and services	2,783,087	2,573,130
Services rendered	226,259	78,260
Retirement benefits	30,020	26,480
Dividends paid	177,715	242,339
Others		
Remuneration paid to key management personnel / directors	183,054	123,693
Dividends paid	29,370	5,024
Purchases and services	-	1,410

	Unaudited March 31, 2009	Audited December 31, 2008
	Rupees	
Balances due from		
- Joint Ventures [includes dividend receivable of Rs. Nil (2008: Rs. 90,000) from Engro Vopak Terminal Limited]	720	90,252

24. DATE OF AUTHORIZATION FOR ISSUE

These condensed financial statements were authorized for issue on April 28, 2009 by the Board of Directors of the Holding Company.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

Company Information

Board of Directors
Hussain Dawood, Chairman
Asad Umar, President and Chief Executive
Isar Ahmad
Muhammad Aliuddin Ansari
Abdul Samad Dawood
Shahzada Dawood
Shabbir Hashmi
Kigge Hvid
Khalid Mansoor
Ruhail Mohammed
Arshad Nasar
Asif Qadir
Khalid Siraj Subhani

Company Secretary
Andalib Alavi

Chief Financial Officer
Ruhail Mohammed

Members of Audit Committee
Shabbir Hashmi, Chairman
Isar Ahmad
Muhammad Aliuddin Ansari
Abdul Samad Dawood

The secretary of committee is Naveed A. Hashmi, Corporate Audit Manager.

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Share Registrar
M/s. FAMCO Associates (Private) Limited
(Formerly Ferguson Associates (Private) Limited)
Fourth Floor, State Life Buliding 2-A, I.I. Chundrigar Road, Karachi - 74000.

Bankers
Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Bank of Punjab Limited
Barclays Bank Plc, Pakistan
Citibank N.A.
Samba Bank Limited (Formerly Known as Cresent Commercial Bank Limited)
Deutsche Bank
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Royal Bank of Scotland
Standard Chartered Bank (Pakistan) Limited
HSBC Middle East Limited
United Bank Limited

Registered Office
7th & 8th Floors, The Harbor Front Building, HC # 3, Marine Drive, Block-4, Clifton, Karachi, Pakistan.