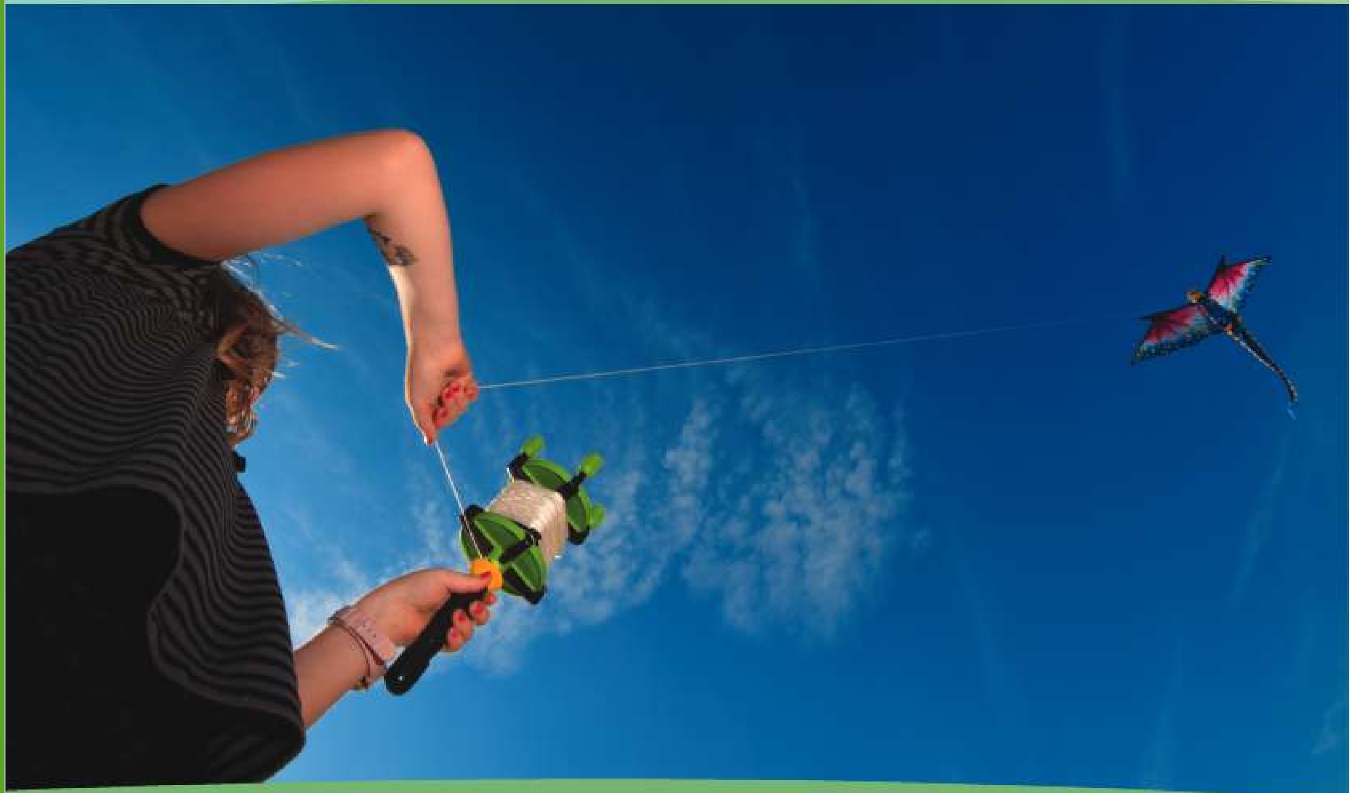
111-211-211
engro.com

journey of excellence



First Quarter 2012 Accounts

engro corp

engro corp

engro corp

Every day, Engro enables its brand of excellence to come alive through investments, innovation and inspiration.

About Us

Engro Corporation Limited is one of Pakistan's largest conglomerates with the company's business portfolio spanning across sectors including chemical fertilizers, PVC resin, a bulk liquid chemical terminal, foods, power generation and commodity trade. At Engro, our ambition is to become the premier Pakistani enterprise with a global reach.

The management team at Engro is responsible for conceptualizing and articulating goals that bring our people together in pursuit of our objectives. It leads the company with a firm commitment to the values and spirit of Engro. In our journey to become a profitable, growth-oriented and sustainable company, our management structure has evolved to create a more transparent and accessible organization.

Our growth is driven by our people. Our culture is dynamic and energetic, with emphasis on our core values and loyalty of our employees. Our work environment promotes leadership, integrity, teamwork, diversity and excellence.

Our History

Today, Engro is one of Pakistan's most progressive, growth oriented organizations, managed under a holding structure that works towards better managing and oversight of subsidiaries and affiliates that are part of Engro's capital investments in Pakistan.

The company is also defined by its history, which reflects a rich legacy of innovation and growth. The seeds for the company were sown following the discovery of the Mari gas field by Esso / Mobil in 1957. Esso proposed the establishment of a urea plant, and the Esso Pakistan Fertilizer Company Limited was established in 1965 and began production in 1968. At US $43 million with an annual production capacity of 173,000 tons, this was the single largest foreign investment by a multinational corporation in Pakistan at the time. As the nation's first fertilizer brand, the company also pioneered the education of farmers in Pakistan, helping to modernize traditional farming practices to boost farm yields, directly impacting the quality of life for farmers and the nation.

In 1978, Esso was renamed Exxon globally, and the company became Exxon Chemical Pakistan Limited. The business continued to prosper as it relentlessly pursued productivity gains and strived to attain professional excellence.

In 1991, following a decision by Exxon to divest its fertilizer business on a global basis, the employees of Exxon Chemical Pakistan Limited decided to buy out Exxon's share. This was, and perhaps still is, the most successful employee buy-out in the corporate history of Pakistan. Renamed Engro Chemical Pakistan Limited, the company continued to go from strength to strength, reflected in its consistent financial performance, growth and diversification.

In 2009 a decision was made to demerge the fertilizer business into an independent operating company to ensure undivided focus on the business's expansion and growth. In the best interests of a multi category business, expansion strategy and growth vision, the management decided that the various businesses would be better served if the company was converted to a holding company; Engro Corporation Limited.

From its inception as Esso Pakistan Fertilizer Company Limited in 1965 to Engro Corporation Limited in 2010, Engro has come a long way and will continue working towards its vision of becoming a premier Pakistani company with a global reach.

Engro Corporation Limited

Engro Corporation Limited is a holding company, created following the conversion of Engro Chemical Pakistan Limited on January 1, 2010. Engro Corp is one of Pakistan's largest conglomerates with the company's business portfolio spanning across sectors including chemical fertilizers, PVC resin, a bulk liquid chemical terminal, foods, power generation and commodity trade.

Engro Fertilizers Limited

Engro Fertilizers Limited, a wholly owned Engro Corporation subsidiary, is one of the leading fertilizer manufacturing and marketing companies in the country. It is primarily engaged in the manufacturing and marketing of urea and NPK fertilizers. As an example of the synergies between Engro's business lines, Engro Eximp imports phosphate based fertilizers, which are distributed and marketed through Engro Fertilizer's network as an extension of Engro's overall fertilizer portfolio.

The business offers a wide variety of fertilizer brands, which include some of the most trusted brand names by Pakistani farmers. These include Engro Zorawar, a high-phosphate fertilizer developed for alkaline soils; Engro Zarkhez - is a high-end blended fertilizer product that offers a unique balance of nutrients for a wide variety of crops and Zingro-imported zinc micro nutrient, meant to overcome zinc deficiency in a diverse range of crops.

Engro Foods Limited

Engro Foods Limited is a 90% owned subsidiary engaged in the manufacturing, processing and marketing of dairy products, ice cream and fruit juices. The business owns two milk processing plants in Sukkur & Sahiwal and operates a dairy farm in Nara. As an example of Engro's pursuit of excellence, the business has established several brands that have already become household names in Pakistan such as Olpers (milk), Omore (ice cream), Owsum (flavoured milk), Olpers Lite (low fat milk), Dairy Omung (UHT dairy liquid), Tarang (tea whitener) and Olfrute (fruit juice).

The business has also acquired Al Safa Halal, a meat processing company based in Canada.

Engro Powergen Limited

Engro Powergen Limited owns and operates Engro Powergen Qadirpur Limited, a 220 megawatt power plant and Engro Corporation's first initiative in the power sector of Pakistan, which is 10% directly owned by the holding company and 85% owned by Engro Powergen. The remainder is owned by the International Finance Corporation (IFC), a subsidiary of the World Bank.

In 2010, Engro Powergen's joint venture with the Sindh government, the Sindh Engro Coal Mining Company Limited, completed a detailed feasibility study (DFS) analysing the technical, social and environmental viability of the Thar coal mining project.

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited is a 56% owned subsidiary and the only manufacturer of polyvinyl chloride (PVC) in the country, in addition to manufacturing and marketing caustic soda. The business's vinyl chloride monomer (VCM) plant began production in the first quarter of 2010 and was able to achieve commercial production capacity by September 2010, making the entire integrated facility fully operational. The firm produces & markets its PVC products under the name of “SABZ”.

Engro Eximp (Private) Limited

Engro Eximp Limited is the wholly-owned commodity trading business that deals primarily in the import and trading of phosphate-based fertilizers for Engro Fertilizers Limited such as DAP, MAP, MOP and SOP, and also imports micro-nutrients like Zinc Sulphate, which it supplies as raw materials to Engro Fertilizer's Zarkhez plant for manufacturing blended fertilizers.

In addition, Eximp also manages the procurement, processing and export of rice to markets in the Middle East and the European Union. Over the past years, Engro Eximp has become the single largest importer of phosphates and potash fertilizers in Pakistan.

Engro Vopak Terminal Limited

Engro Vopak Terminal Limited is a joint venture with Royal Vopak of the Netherlands (Engro owns 50% of Engro Vopak Terminal Limited) and a business engaged in the handling and storage of chemicals and liquefied petroleum gas (LPG). In November 2010, the business completed 13 years of safe operations without a single employee losing a day's worth of work due to injury.

The business launched Pakistan's first cryogenic import facility for ethylene, in line with the company's overall motto of pursuing and enabling excellence.

directors' report

First Quarter 2012 review for the Shareholders of Engro Corporation Limited

On behalf of the Board of Directors of Engro Corporation Limited, we are pleased to present the unaudited group consolidated accounts for the quarter ended, March 31, 2012.

Overview of the First Quarter 2012

Our consolidated revenue recorded an increase of 5% and stood at Rs. 22.9 billion for the three months ended March 31, 2012 as compared to Rs. 21.8 billion during the same period last year while the net loss after tax (attributable to the equity holders of the holding company) was Rs. 649 million as compared to a net profit after tax of Rs. 2,054 million during the same period last year. The loss was primarily due to high urea inventories with manufacturers (due to excessive urea imports) whose profits will be realized in the subsequent quarters.

BUSINESS REVIEW

Fertilizers

The urea industry sales during 1Q 2012 are estimated at 1.0 million tons as compared to 1.2 million tons during 1Q 2011. The decline is mainly attributable to long supply situation created by the arrival of 700 KT imported urea, higher prices and poor farm economics. Sale of branded urea suffered due to subsidy given on imports with branded Urea industry declining by almost 50% to around 0.5 million tons as compared to 1 million tons in the same period of 2011. Imported urea, initially priced at Rs. 1,300/bag, was subsequently revised to Rs. 1,600/bag against branded urea which was sold at Rs. 1,791/bag.

During the quarter, the fertilizer industry provided a subsidy of Rs. 4.3 billion to the farmers by keeping the domestic price of urea substantially lower than the international price. The average international price of urea during 1Q 2012 was US $ 431 per ton which translated to a landed price of Rs. 2,574/bag which was higher than the approximate average price of Rs. 1,791/bag sold by the domestic producers. The company's Urea production during the quarter was 257K tons as compared to 232K tons during the same period of last year. The company's Urea sales registered a 67% decline to 80,000 tons from 243,000 tons during the same period last year. Company's market share also declined to 8% as compared to 20% in the same period last year. The loss is a direct result of the availability of imported urea which was being sold at a discount of Rs. 200 - 500 per bag during the quarter.

Sale of Company manufactured blended fertilizers (Zarkhez and NP) was 14,000 tons during the first quarter of this year as compared to 29,000 tons in the same period of last year. This decline was mainly due to higher fertilizer prices, application of GST and lower than expected economics of this year's crops. Market share of Zarkhez in potash industry remained 70% in the three months under review as compared to 50% share in the same period of last year. Due to poor demand, the production of Zarkhez was limited to 14,600 tons as compared to 27,700 tons in the same period of last year.

The company faced gas shortage at its EnVen plant for a period of 68 days during 1Q 2012 due to winter related gas load shedding. The EnVen plant was shut down due to gas supply issues at the time of writing of this report.

The Fertilizer business made a loss after tax of Rs. 1,420 million as compared to a profit after tax of Rs. 1,397 million in the same period of last year. Lower sales volumes, high depreciation and financial costs due to the capitalization of Enven plant subsequent to the first quarter of 2011 are the main reasons contributing to the loss.

The company's Phosphates business, managed by Engro EXIMP, sold 28,000 tons of phosphates in 1Q 2012 against 49,000 tons in 1Q 2011 achieving a market share of 33% vs. 28% in 2011. The decline in sales volume was primarily because of a reduction in industry size to 83 KT vs. a 5 year average of 167 KT on account of weak agronomic demand, high dealer inventories and bearish expectation of prices. Low sales and reduced margins resulted in a net loss of Rs. 33 million for the quarter vs. a net profit of Rs. 236 million during 1Q 2011.

The company continued to pursue legal cases to find a sustainable solution to gas supply issues.

Foods:

The Foods business sales revenue grew by 54% to reach Rs. 9.9 billion vs. Rs. 6.4 billion during the same period last year. The company posted a profit after tax of Rs. 458 million vs. a profit after tax of Rs. 117 million during same period last year.

The company's Dairy and Juice segment grew by 53% in value terms and 38% in volume terms during the first quarter of 2012 with sales revenue of Rs. 9.3 billion vs. Rs. 6.1 billion during the same period in 2011.

The Ice Cream industry sales in Pakistan remained slow due to delay in summer arrival and declined by 23% during 1Q 2012 vs. 1Q 2011. The market share of Omore increased by 1.25% vs. 1Q 2011 to reach 24%; however, sales volumes were lower by 19% due to dip in industry sales volume. Sales revenue for Omore was Rs. 490 million vs Rs. 438 million during 1Q 2011.

The Dairy Farm at Nara produced 20.8 liters milk per day per cow in the first quarter of 2012 as opposed to 18.8 liters per day in the corresponding period last year. At March 31, 2012, Dairy Farm herd was 3,383 animals.

The company's investment in the Halal Foods business in Canada, Al Safa, achieved sales revenue of Canadian $ 2.5 million during the quarter. The rice trading business, managed by Engro Eximp Agri-Products (formerly known as Engro Foods Supply Chain Private Limited) sold 3,400 tons of rice during the three months ended, March 31, 2012. The Rice business sales revenue was Rs. 278 million during the quarter as compared to Rs. 112 million during same period last year. The business posted a loss after tax of Rs. 408 million primarily due to depressed Basmati rice prices in the international market resulting from excessive Indian stocks.

Petrochemicals:

The revenue of the petrochemicals business during 1Q 2012 was Rs. 5,019 million showing an increase of 22% over the same period last year. The growth in revenue is mainly attributable to increased volumes and higher caustic prices as compared to last year. Domestic PVC sales increased to 36K tons during the three months ended March 31, 2012, as compared to 24K tons in the corresponding period last year. The business's caustic soda sales during the period under review were 23K tons as compared to 20K tons in the corresponding period last year whereas the production for the quarter was 28K tons which was 6K tons more than the same quarter last year. Due to higher production, the Company also exported 2K tons of Caustic Soda during the quarter. A total of 5K tons of Sodium Hypochlorite was produced and sold in the domestic market during the quarter.

Vinyl Chloride Monomer (VCM) production during the quarter was 33K tons as compared to 14K tons in 1Q 2011 and the plant production capacity of 38K tons per quarter. The VCM plant operated consistently during the period from October 2011 till 26 March 2012 when a planned turnaround was taken. The company has recognized the insurance claim amount of Rs. 391 million related to the plant fire as other income after acknowledgement of the same from the Insurance companies.

Overall the Company posted a profit after tax of Rs. 414 million in 1Q 2012 as compared to a loss after tax of Rs. 59 million in the same period last year. The higher profitability was mainly attributable to higher VCM production, increased sales and insurance claim booked as other income.

Energy:

During the first quarter, Engro Powergen Qadirpur Limited dispatched 421 GWh to the national grid and demonstrated a billable availability of 100.4%. The plant also went through its second major maintenance exercise which was completed successfully before time.

In the period under review, the business declared a consolidated net profit of Rs. 553 million as compared to a net profit of Rs. 346 million during same period last year.

Chemical Storage & Handling:

Engro Vopak Terminal Limited posted a profit after tax of Rs. 340 million during 1Q 2012, as compared to a profit of Rs. 239 million during 1Q 2011.

directors' report

Automation:
During the AGM held on March 30, the shareholders approved the sale of the Pakistan and UAE operations of Avanceon Ltd and the same have been sold to the minority shareholder.

NEAR TERM OUTLOOK:
In the fertilizers business, the gas supply scenario remains volatile with fertilizer plants on the SNGPL network expected to continue facing supply outages and disruptions. However most of the financial impact of these outages have already been mitigated through urea price increases last year. The company remains engaged with key decision makers to improve the gas supply situation and is educating them on why gas supply to fertilizer industry creates more value for the country than other uses.

The foods business will continue to strive for growth in all its business segments expecting to deliver strong performance and bolder innovations to delight its customers in 2012 as well. In the petrochemicals business, our VCM plant which has been under turnaround is expected to come online during 4th week of April 2012 after which it is expected to operate at maximum capacity. The management of the Company will continue its focus and commitment on safe and sustained operations of the integrated facility at design operating level to obtain full economic benefits.

In the energy business, despite the country's natural gas crisis, Qadirpur Power Plant is expected to continue receiving unhindered fuel supply since it runs on permeate gas. Moving forward, Sindh Engro Coal Mining Company (SECMC) plans to explore financing options for the Thar Coal project.

condensed interim balance sheet (unaudited) as at march 31, 2012

(Amounts in thousand)	Note	Unaudited March 31, 2012	Audited December 31, 2011
		---------------(Rupees)---------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	118,932	127,869
Long term investments	5	27,647,799	27,555,904
Long term loans and advances		3,271,988	3,008,341
		31,038,719	30,692,114
Current assets			
Loans, advances, deposits and prepayments	6	890,317	18,856
Other receivables		120,089	213,955
Taxes recoverable		139,070	104,028
Short term investments		952,124	1,908,581
Cash and bank balances	12	79,743	488,689
		2,181,343	2,734,109
Investment classified as held for sale	5	2,500	-
TOTAL ASSETS		33,222,562	33,426,223
EQUITY & LIABILITIES			
Equity			
Share capital	8	5,112,694	3,932,843
Share premium		1,0550,061	10,550,061
Employee share option compensation reserve		74,813	74,813
General reserve		4,429,240	4,429,240
Unappropriated profit		5,845,314	7,261,800
		2,0899,428	22,315,914
Total equity		2,6012,122	26,248,757
Liabilities			
Non-current liabilities			
Deferred liabilities		11,949	30,270
Retirement and other service benefits obligations		6,161	6,262
		18,110	36,532
Current liabilities			
Trade and other payables		186,331	371,083
Accrued interest		108,204	319,500
Borrowings		6,287,037	6,371,268
Unclaimed dividends		610,758	79,083
		7,192,330	7,140,934
TOTAL LIABILITIES		7,210,440	7,177,466
Contingencies and Commitments	9		
TOTAL EQUITY & LIABILITIES		33,222,562	33,426,223

The annexed notes from 1 to 15 form an integral part of these financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

condensed interim
profit and loss account (unaudited)
for the three months ended march 31, 2012

(Amounts in thousand except for earnings per share)

	Note	March 31, 2012	March 31, 2011
Dividend income		720,000	180,000
Royalty income		42,325	83,842
		762,325	263,842
Administrative expenses		(86,075)	(111,199)
		676,250	152,643
Other operating income		193,963	171,906
Other operating expenses		(12,295)	(6,534)
Operating Profit		857,918	318,015
Finance cost		(255,451)	(147,850)
Profit before taxation		602,467	170,165
Taxation		(52,533)	(22,100)
Profit for the period		549,934	148,065
Other comprehensive income		-	-
Total comprehensive income for the period		549,934	148,065
			Restated
Earnings per share - basic & diluted	10	Rs. 1.08	Rs. 0.29

The annexed notes from 1 to 15 form an integral part of these financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

condensed interim
statement of changes in equity (unaudited)
for the three months ended march 31, 2012

(Amounts in thousand)

	Share capital	Share premium	Employees share option compensation reserve	General reserve	Unappropriated profit	Total
	(Rupees)					
Balance as at January 1, 2011	3,277,369	10,550,061	74,813	4,429,240	8,722,156	27,053,639
Total comprehensive income for the period ended March 31, 2011						
Profit for the period	-	-	-	-	148,065	148,065
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	148,065	148,065
Transactions with owners						
Final dividend for the year ended December 31, 2010 @ Rs. 2 per share	-	-	-	-	(655,474)	(655,474)
Bonus shares issued during the period in the ratio of 1 for every 5 shares held	655,474	-	-	-	(655,474)	-
	655,474	-	-	-	(1,310,948)	(655,474)
Balance as at March 31, 2011	3,932,843	10,550,061	74,813	4,429,240	7,559,273	26,546,230
Balance as at January 01, 2012	3,932,843	10,550,061	74,813	4,429,240	7,261,800	26,248,757
Total comprehensive income for the period ended March 31, 2012						
Profit for the period	-	-	-	-	549,934	549,934
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	549,934	549,934
Transactions with owners						
Final dividend for the year ended December 31, 2011 @ Rs. 2 per share	-	-	-	-	(786,569)	(786,569)
Bonus shares issued during the period in the ratio of 3 for every 10 shares held	1,179,851	-	-	-	(1,179,851)	-
	1,179,851	-	-	-	(1,966,420)	(786,569)
Balance as at March 31, 2012	5,112,694	10,550,061	74,813	4,429,240	5,845,314	26,012,122

The annexed notes from 1 to 15 form an integral part of these financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2012

(Amounts in thousand)

	Note	March 31, 2012	March 31, 2011
		---------------(Rupees)---------------	
Cash flows from operating activities			
Cash utilized in operations	11	(278,409)	(169,326)
Retirement and other service benefits paid		(13,808)	(3,731)
Taxes paid		(105,897)	(34,934)
Long term loans and advances - net		(13,647)	(4,918)
Net cash utilized in operating activities		(411,761)	(212,909)
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(7,010)	(2,174)
Sale proceeds on disposal of PPE		3,625	1,250
Loan to Subsidiaries		(1,100,000)	(1,500,000)
Long term investments		(94,395)	(2,602)
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		330,011	228,573
Dividends received		720,000	90,000
Net cash utilized in investing activities		(147,769)	(1,184,953)
Cash flows from financing activities			
Payment of financial charges		(446,310)	(114,005)
Redemptions / Proceeds from long term finances (net)		(104,669)	412,295
Dividends paid		(254,894)	(112,946)
Net cash (utilized in) / generated from financing activities		(805,873)	185,344
Net decrease in cash and cash equivalents		(1,365,403)	(1,212,518)
Cash and cash equivalents at beginning of the year		2,397,270	2,777,187
Cash and cash equivalents at end of the period	12	1,031,867	1,564,669

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

notes to the condensed interim financial information (unaudited) for the three months ended march 31, 2012

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. The principal activity of the Company, is to manage investments in subsidiary companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, exploration and chemical terminal and storage businesses. The Company's registered office is situated at 7th & 8th Floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this interim condensed financial information are the same as those applied in the preparation of audited annual published financial statements of the Company for the year ended December 31, 2011.

2.1 Basis of preparation of condensed interim financial statements

The condensed interim financial information is unaudited and has been prepared and is being submitted to the shareholders in accordance with section 245 of the Companies Ordinance 1984 and International Accounting Standard 34 - 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2011 of the Company.

3. ACCOUNTING ESTIMATES

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances . Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to financial statements of the Company for the year ended December 31, 2011.

4. PROPERTY PLANT AND EQUIPMENT

	Unaudited March 31, 2012	Audited December 31, 2011
	--------------(Rupees)--------------	
Operating assets	110,359	122,145
Capital work in progress	18,573	5,724
	118,932	127,869

(Amounts in thousand)

5 LONG TERM INVESTMENTS

5.1 During the period

- the Company further invested an amount of Rs. 94,394 in its wholly owned subsidiary - Engro Foods Netherlands B.V.
- Engro Management Services (Private) Limited, a wholly owned subsidiary, is in the process of voluntary winding-up as approved by its Board of Directors in their meeting held on February 7, 2012. Consequently, it has been reclassified as 'Discontinued Operations' in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

5.2 The Company has signed a Global Restructuring Agreement with the minority share holder of its subsidiary Avanceon Limited for sale of Avanceon's Pakistan and UAE operations. Further, the approval regarding the said disposal was given by the shareholders of the Company at the 46th Annual General Meeting held on March 30, 2012. The 43.87% equity in Avanceon LP, USA shall be transfered by Avanceon Limited to the Company during 2012.

6 LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

During the period, the Company extended a subordinated loan to its wholly owned subsidiary, Engro Eximp (Private) Limited for its long and short term financing purposes. The loan is subordinated to the finances provided to the subsidiary by its banking creditors. Rs 250,000 of the subordinated loan is repayable in a lump sum on April 15, 2013 while Rs 850,000 is repayable by October 25, 2012. The loan carries markup at the rate of 12.01% to 12.05% payable on a quarterly basis.

7 EMPLOYEE SHARE OPTION COMPENSATION RESERVE

7.1 Further, consequent to the bonus issue in the current period, the exercise price was adjusted to Rs. 119.80 from Rs.155.70 respectively. The approval from SECP on these changes, is awaited. The aforementioned reduction in exercise price has no effect on the fair value of share options recognized in the financial statements.

8 SHARE CAPITAL

8.1 During the period, the Company;

- increased its authorised share capital from Rs 4,500,000 to Rs 5,500,000.
- issued bonus shares in the ratio of 3 share for every 10 shares held, totalling the number of issued, subscribed and paid-up share capital to 5,112,694 (2011: 3,932,843).

(Amounts in thousand)

9 . CONTINGENCIES AND COMMITMENTS

	Unaudited March 31, 2012	Audited December 31, 2011
	--------------(Rupees)--------------	
9.1 Corporate Guarantees issued in favour of Subsidiary Companies:		
- Engro Fertilizers Limited	57,681,498	61,141,010
- Engro PowerGen Qadirpur Limited	907,955	900,604
- Avanceon Limited (note 9.2)	242,000	242,000

9.2 During the period, the Company has written letters to the banks/financial institutions for the return of its corporate Guarantees. Subsequent to the quarter-end, banks and financial institutions have returned the corporate guarantees extended by the company against finance facilities extended to Avanceon Limited.

10 . EARNINGS PER SHARE

	3 months ended March 31, 2012	3 month ended March 31, 2011
	---------------(Rupees)---------------	
Profit after taxation	549,934	148,065
	---------------(Number)---------------	
		(Restated)
Weighted average number of ordinary shares (in thousand)	511,269	511,269

11. CASH GENERATED FROM OPERATIONS

Profit before taxation	602,467	170,165
Adjustment for non-cash charges and other items:		
Depreciation	12,963	9,623
Loss on disposal of property, plant and equipment	(641)	155
Provision for retirement and other service benefits	7,887	4,530
Income on deposits / other financial assets	(193,963)	(164,836)
Dividend income	(720,000)	(180,000)
Financial charges	255,451	147,850
Working capital changes (note 11.1)	(242,573)	(156,813)
	(278,409)	(169,326)

(Amounts in thousand)

	3 months ended March 31, 2012	3 month ended March 31, 2011
	-----------------(Rupees)-----------------	
11.1 Working capital changes		
Increase in current assets		
- Loans, advances, deposits and prepayments	(21,461)	(13,370)
- Other receivables (net)	(36,361)	(33,288)
	(57,822)	(46,658)
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	(184,752)	(110,155)
	(242,573)	(156,813)

12. CASH AND CASH EQUIVALENTS

Short term investments	952,124	1,908,581
Cash and bank balances	79,743	488,689
	1,031,867	2,397,270

(Amounts in thousand)

13. TRANSACTIONS WITH RELATED PARTIES

Related parties 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 year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	3 months ended March 31, 2012	3 month ended March 31, 2011
	----------------(Rupees)----------------	
Subsidiary companies		
Purchases and services	1,420	3,630
Services rendered	10,992	53,856
Expenses paid on behalf of subsidiary companies	143,287	48,515
Mark up from subsidiaries	292,065	75,537
Investments	94,395	2,602
Reimbursements to subsidiary companies	18,653	3,915
Disbursement of loan	1,100,000	1,500,000
Royalty Income	42,325	83,842
Associated companies		
Purchases and services	308	2,923
Dividend paid	335,161	-
Donations	22,600	14,000
Investment in Mutual Funds	-	150,000
Redemption of investment in Mutual Funds	-	425,271
Joint ventures		
Services rendered	192	620
Dividend received	720,000	180,000
Expenses paid on behalf of Joint Venture company	1	87
Key Management Personnel		
Dividend paid	9,151	-
Retirement benefits	25,244	7,110
Remuneration of key management personnel	34,114	21,811
Director Fees	1,900	2,800
Reimbursements to Directors	459	1,053

(Amounts in thousand)

14. CORRESPONDING FIGURES

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

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 27,2012 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim balance sheet (unaudited) as at march 31, 2012

(Amounts in thousand)	Note	(Unaudited) March 31, 2012	(Audited) December 31, 2011
		---------------(Rupees)---------------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	133,336,953	134,509,689
Exploration and evaluation expenditure		454,544	432,485
Biological assets		533,127	496,809
Intangible assets		726,968	737,803
Long term investments		1,166,674	1,716,692
Long term loans and advances		263,188	165,253
		136,481,454	138,058,731
Current Assets			
Stores, spares and loose tools		6,604,649	6,343,995
Stock-in-trade	6	15,799,589	11,603,851
Trade debts		5,986,950	6,214,643
Deferred employee compensation expense		538	986
Derivative financial instruments		7,804	239,184
Loans, advances, deposits and prepayments		3,093,694	2,289,313
Other receivables		2,170,261	1,985,049
Taxes recoverable		3,103,827	3,050,258
Short term investments		1,188,615	8,332,154
Cash and bank balances		2,631,747	4,417,885
		40,587,674	44,477,318
Assets attributable to discontinued operations	7	471,119	468,125
TOTAL ASSETS		177,540,247	183,004,174

(Amounts in thousand)	Note	(Unaudited) March 31, 2012	(Audited) December 31, 2011
		--------------(Rupees)--------------	
EQUITY & LIABILITIES			
Equity			
Share Capital	8	5,112,694	3,932,843
Share premium		10,550,061	10,550,061
Employee share option compensation reserve		146,279	146,280
Hedging Reserve		(516,190)	(573,437)
Revaluation reserve on business combination		91,946	94,496
Maintenance reserve		197,577	197,577
Exchange revaluation reserve		39,254	35,725
General reserves		4,429,240	4,429,240
Unappropriated profit		16,369,569	18,985,446
		31,307,736	33,865,388
		36,420,430	37,798,231
Non Controlling Interest		4,358,454	4,091,558
Total Equity		40,778,884	41,889,789
Liabilities			
Non-Current Liabilities			
Borrowings		77,594,172	82,560,415
Derivative financial instruments		783,920	702,214
Obligations under finance lease		647	1,295
Deferred taxation		3,454,720	3,986,577
Employee housing subsidy		6,782	19,144
Deferred liabilities		126,480	161,219
		81,966,721	87,430,864
Current Liabilities			
Trade and other payables		17,787,885	23,396,316
Accrued interest / mark-up		1,911,015	3,114,122
Current portion of			
- borrowings		23,037,358	21,565,668
- obligations under finance lease		3,884	3,884
- deferred liabilities		44,119	34,636
Short term borrowings	9	10,213,620	4,284,404
Derivative financial instruments		433,213	452,625
Unclaimed dividends		610,758	79,083
		54,041,852	52,930,738
Total Liabilities		136,008,573	140,361,602
Liabilities associated with discontinued operations	7	752,790	752,783
Contingencies and Commitments	10		
TOTAL EQUITY & LIABILITIES		177,540,247	183,004,174

The annexed notes from 1 to 17 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for three months ended march 31, 2012

(Amounts in thousand except for (loss) / earnings per share)

	Note	March 31, 2012	March 31, 2011
		---------------(Rupees)---------------	
Net sales		22,942,944	21,848,250
Cost of sales		(17,942,454)	(15,723,021)
Gross Profit		5,000,490	6,125,229
Selling and distribution expenses		(1,721,656)	(1,515,307)
Administrative expenses		(743,825)	(646,334)
		2,535,009	3,963,588
Other operating income		567,497	343,552
Other operating expenses		(306,341)	(277,846)
Finance cost		(3,554,968)	(1,173,214)
Share of income from joint venture		169,983	119,687
(Loss) / Profit before taxation		(588,820)	2,975,767
Taxation	11	206,180	(934,124)
(Loss) / Profit for the period		(382,640)	2,041,643
(Loss) / Profit attributable to:			
- Owners of the Holding Company		(649,457)	2,053,977
- Non Controlling Interest		266,817	(12,334)
		(382,640)	2,041,643
			Restated
(Loss) / earnings per share basic and diluted	12	-Rs. 1.27	Rs. 4.02

The annexed notes from 1 to 17 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim statement of comprehensive income for three months ended march 31, 2012

(Amounts in thousand)

	Note	March 31, 2012	March 31, 2011
		---------------(Rupees)---------------	
(Loss) / profit for the period		(382,640)	2,041,643
Other comprehensive income Hedging reserve - cash flow hedges			
Losses arising during the period		(383,668)	(188,268)
Less: - Reclassification adjustments for losses included in profit and loss		442,131	229
- Adjustments for amounts transferred to initial carrying amount of hedged items		31,300	576,147
		89,763	388,108
Revaluation reserve on business combination		(5,492)	(5,492)
Exchange revaluation reserve		3,530	(617)
		87,801	381,999
Income tax relating to: - Hedging reserve - cash flow hedges		(31,417)	(135,837)
- Revaluation reserve on business combination		1,922	1,922
		(29,495)	(133,915)
Other comprehensive income for the period, net of tax		58,306	248,084
Total comprehensive (loss) / income for the period		(324,334)	2,289,727
Total comprehensive (loss) / income attributable to:			
- Owners of the Holding Company		(591,231)	2,298,640
- Non Controlling Interest		266,896	(9,244)
		(324,334)	2,289,396

The annexed notes from 1 to 17 form an integral part of these consolidated 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, 2012

(Amounts in thousand)

	Share capital	Share premium	Employee share option compensation reserve	Hedging reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	General reserve	Unappro-priated Profit	Sub total	Non controlling Interest	Total
	---Attributable to owners of the Holding Company---											
Balance as at 1 January, 2011	3,277,369	10,550,061	162,455	(927,438)	104,698	197,577	28,883	4,429,240	12,776,146	30,598,991	3,516,024	34,115,015
Total comprehensive income for the period ended March 31, 2011												
Profit for the period	-	-	-	-	-	-	-	-	2,053,977	2,053,977	(12,334)	2,041,643
Other comprehensive income	-	-	-	247,600	(2,550)	-	(387)	-	-	244,663	3,090	247,753
	-	-	-	247,600	(2,550)	-	(387)	-	2,053,977	2,298,640	(9,244)	2,289,396
Transactions with owners												
Bonus shares issued during the period in the ratio of 1 for every 5 shares	655,474	-	-	-	-	-	-	-	(655,474)	-	-	-
Effect of changes in number of share options issued	-	-	(276)	-	-	-	-	-	276	-	-	-
Final dividend for the year ended December 31, 2010 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(655,474)	(655,474)	-	(655,474)
	655,474	-	(276)	-	-	-	-	-	(1,310,672)	(655,474)	-	(655,474)
Balance as at March 31, 2011 (Unaudited)	3,932,843	10,550,061	162,179	(679,838)	102,148	197,577	28,496	4,429,240	13,519,451	32,242,157	3,506,780	35,748,937
Balance as at 1 January, 2012	3,932,843	10,550,061	146,279	(573,437)	94,496	197,577	35,724	4,429,240	18,985,446	37,798,229	4,091,558	41,889,787
Total comprehensive income for the period ended March 31, 2012												
(Loss) / profit for the period	-	-	-	-	-	-	-	-	(649,457)	(649,457)	266,817	(382,640)
Other comprehensive (loss) / income	-	-	-	57,247	(2,550)	-	3,530	-	-	58,227	79	58,306
	-	-	-	57,247	(2,550)	-	3,530	-	(649,457)	(591,230)	266,896	(324,334)
Transactions with owners												
Bonus shares issued during the period in the ratio of 3 for every 10 shares	1,179,851	-	-	-	-	-	-	-	(1,179,581)	-	-	-
Final dividend for the year ended December 31, 2011 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(786,569)	(786,569)	-	(786,569)
	1,179,851	-	-	-	-	-	-	-	(1,966,420)	(786,569)	-	(786,569)
Balance as at March 31, 2012 (unaudited)	5,112,694	10,550,061	146,279	(516,190)	91,946	197,577	39,254	4,429,240	16,369,569	36,420,430	4,358,454	40,778,884

The annexed notes from 1 to 17 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2012

	Note	March 31, 2012	March 31, 2011
		---(Rupees)---	
Cash flows from operating activities			
Cash (utilized in) / generated from operations	13	(5,743,022)	3,807,302
Retirement and other service benefits paid		(43,446)	(81,574)
Financial charges paid		(4,720,646)	(929,112)
Taxes paid		(427,121)	(507,561)
Long term loans and advances - net		(97,935)	(8,997)
Net cash (utilized in) / generated from operating activities		(11,032,169)	2,280,058
Cash flows from investing activities			
Purchases of property, plant & equipment and biological assets		(828,746)	(5,603,491)
Sale proceeds on disposal of property, plant & equipment and biological assets		41,575	21,606
Long term investments		-	(2,602)
Income on deposits / other financial assets		429,556	247,463
Dividends received		720,000	90,000
Net cash generated from / (utilized in) investing activities		362,385	(5,247,024)
Cash flows from financing activities			
Repayment of borrowings - net		(3,933,567)	(1,071,086)
Obligations under finance lease - net		(648)	(3,278)
Dividends paid		(254,894)	(112,946)
Net cash used in financing activities		(4,189,109)	(1,187,310)
Net decrease in cash and cash equivalents		(14,858,893)	(4,154,276)
Cash and cash equivalents at beginning of the year	14	8,465,635	2,830,444
Cash and cash equivalents at end of the period		(6,393,258)	(1,323,832)

The annexed notes from 1 to 17 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

notes to the consolidated condensed interim financial information (unaudited) for the three months ended march 31, 2012

1 . LEGAL STATUS AND OPERATIONS

Engro Corporation Limited (the Holding Company) is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore & Islamabad stock exchanges of Pakistan. The principal activity of the Holding Company is to manage investments in subsidiary companies and joint venture, which are engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, exploration and chemical terminal and storage businesses. The Holding Company's registered office is situated at 7th & 8th Floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

1.1 The "Group" consists of:

Holding Company- Engro Corporation Limited

Subsidiary companies, companies in which the Holding Company owns over 50% of voting rights, or companies directly controlled by the Holding Company:

	%age of direct holding	
	2012	2011
- Engro Fertilizers Limited	100	100
- Engro Foods Netherlands B.V. (Note 1.1.1)	100	100
- Engro Eximp (Private) Limited	100	100
- Engro Management Services (Private) Limited (Note 1.1.2)	100	100
- Engro PowerGen Limited	100	100
- Engro Foods Limited	89.49	89.97
- Engro Polymer and Chemicals Limited	56.19	56.19
- Avanceon Limited (Note 1.1.3)	Nil	62.67
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.1.1 During the period, the Holding Company further invested an amount of Rs. 94,394 in its wholly owned subsidiary - Engro Foods Netherlands B.V.

1.1.2 Engro Management Services (Private) Limited, a wholly owned subsidiary, is in the process of voluntary winding-up as approved by its Board of Directors in their meeting held on February 7, 2012. Consequently, it has been reclassified as 'Discontinued Operations' in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

1.1.3 The Holding Company has signed a Global Restructuring Agreement with the minority share holder of its subsidiary Avanceon Limited for sale of Avanceon's Pakistan and UAE operations. Further, the approval regarding the said disposal was given by the shareholders of the Company at the 46th Annual General Meeting held on March 30, 2012. The 43.87% of equity in Avanceon LP, USA shall be transfered by Avanceon Limited to the Holding Company during 2012. Consequently, the results of Avanceon Limited have not been included in this condensed consolidated financial information.

1.2 The financial statements of the subsidiary companies have been consolidated on a line basis. The carrying value of investments held by Engro Corporation Limited is eliminated against the subsidiaries' share capital and pre-acquisition reserves.

Non controlling Interest are presented as a separate item in this consolidated condensed interim financial information. All the 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 PREPARATION

This consolidated condensed interim financial information is unaudited and has been prepared and is being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard 34 - 'Interim Financial Reporting'. This consolidated condensed financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2011.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of audited annual published financial statements of the Holding Company for the year ended December 31, 2011.

4 ACCOUNTING ESTIMATES

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Holding Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During preparation of this consolidated condensed interim financial information, the significant judgements made by management in applying the Holding Company's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to financial statements for the year ended December 31, 2011.

(Amounts in thousand)

5. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2012	Audited December 31, 2011
	---------------(Rupees)---------------	
Operating assets, at net book value	128,497,342	129,611,671
Capital work in progress:		
- Expansion and other projects	3,326,014	3,663,429
- Capital spares	1,513,597	1,234,589
	133,336,953	134,509,689

6 STOCK-IN-TRADE

Raw materials and packing materials	5,612,758	4,487,796
Unprocessed rice	2,982,852	2,508,999
Inventory of fuel stock	420,800	424,240
Work-in-process	87,452	152,947
Finished goods:		
- own manufactured product	6,649,373	2,351,888
- purchased product	46,354	1,677,981
	6,695,727	4,029,869
	15,799,589	11,603,851

7 DISCONTINUED OPERATIONS

7.1 Avanceon Limited, a subsidiary company, consequent to the signing of MOU (as detailed in note 19 of the consolidated annual audited financial statements for the year ended December 31, 2011), was classified as Discontinued Operations in accordance with IFRS.

7.2 Engro Management Services (Private) Limited (EMS) is a private limited company, incorporated in Pakistan on January 23, 2003 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of the Holding Company and its registered office is situated at 7th floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

EMS was formed to act as a Modaraba Management Company. However, it has not commenced its operations. In response to a notice from the Securities and Exchange Commission of Pakistan (SECP), EMS had indicated to SECP that the specific project for which it was formed was not feasible. Hence, after completion of necessary requirements, SECP cancelled the registration of EMS as Modaraba Management Company in August 2006. The Board of Directors of EMS in its meeting held on February 7, 2012, has resolved to wind-up voluntarily. There are no assets and liabilities which require material adjustments.

An analysis of the discontinued operations as required by IFRS-5 is as under:

	March 31 2012 (Rupees)
a) Assets	
Short Term investment	2,725
Prepaid Expenses	6
Taxes Recoverable	16
Balance with a bank in savings account	248
	2,994
b) Liabilities	
Worker's Welfare Fund	6

	March 31 2012	March 31 2011
	---------------(Rupees)---------------	
c) Results of operations for the quarter		
Administrative expenses	(154)	(33)
Other income	74	74
(Loss) / Profit after taxation	(81)	41
d) Cash flows		
Operating cash flows	54	23
Investing cash flows	-	-
Financing cash flows	-	-
	54	23

8 SHARE CAPITAL

8.1 During the period, the Holding Company;

- increased its authorised share capital from Rs 4,500,000 to Rs 5,500,000.
- issued bonus shares in the ratio of 3 share for every 10 shares held, totalling the number of paid-up, issued and subscribed share capital to 5,112,694 (2011: 3,932,843).

9 SHORT TERM BORROWINGS

The facility for short term running finance available to the Group from various banks amounts to Rs. 22,200,000 (2011: Rs. 18,850,000). The rates of mark up range from 12.77% to 13.91% (2011: 14.04% to 15.21%) and the facilities are secured by floating charge upon all current and future moveable properties of the Group.

Engro Polymer & Chemicals Limited has aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amount to Rs. 2,300,000 (December 31, 2011: Rs. 2,000,000). The corresponding purchase price is payable on various dates during the ensuing year. During the period, the mark-up rates, net of prompt payment rebate, ranged from 12.92% to 13.64% per annum (December 31, 2011: 12.92% to 15.29% per annum). These facilities are secured by a floating charge over stocks and book debts of Engro Polymer & Chemicals Limited.

Engro Eximp (Private) Limited has facilities for short term finance from various banks, representing the aggregate sale price of mark-up arrangements, amounts to Rs. 6,900,000 (2011: Rs. 6,700,000). The rate of mark-up on these finances range from 12.91% to 13.91% per annum (2011: 12.86% to 15.29% per annum). Further, it has obtained, from various banks, non-funded facilities for bank guarantees amounting to Rs. 433,500 (2011: Rs. 350,000). The facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts of the group.

Engro Eximp (Private) Limited has also obtained funds under the Export Refinance Scheme (ERF) of the State Bank of Pakistan (SBP). As at March 31, 2012, all funds outstanding under the ERF-II facility had been repaid (2011: Rs. 204,482) carrying mark-up at the rate of 11.00% per annum (2011: 11% per annum).

During the period, Engro Fertilizers Limited acquired funds through money market loans. These carry markup rates ranging from 12.41% to 13.46% per annum. Furthermore, it issued Sukuk of Rs. 2,000,000, with a tenor of 6 months, carrying profit rate of 13.56%. The principal repayment will commence from July 2012 with 25% repayment in first two months and the balance 50% in September 2012. The Sukuk is secured by first pari passu charge on all stocks, raw materials, packaging material, finished goods, stock in trade and book debts of Engro Fertilizers Limited.

10 CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of contingencies and commitments, set out in note 31 of the consolidated annual audited financial statements of the Holding Company for the year ended December 31, 2011, except for the contingencies as mentioned below:

		Unaudited March 31, 2012	Audited December 31, 2011
		--------------(Rupees)--------------	
10.1	Corporate Guarantees issued in favour of Subsidiary Companies:		
	- Engro Fertilizers Limited	57,681,498	61,141,010
	- Engro Powergen Qadirpur Limited	907,955	900,604
	- Avanceon Limited (note 10.3)	242,000	242,000

10.2 Bank guarantee for Rs.1,596,126 (2011:Rs.1,596,126) given by Subsidiary Company (Engro Powergen Qadirpur Limited) to Sui Northern Gas Pipelines Limited (SNGPL) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement between the Subsidiary Company and the SNGPL. Owing to the recent gas price increases the amount of the guarantee will increase by Rs. 842,821. The Subsidiary Company is in the process of securing commitments from financial institutions for enhancement in the guarantee amount.

10.3 During the period the Holding Company has written letters to the banks/financial institutions for the return of its Corporate Guarantees. Subsequent to the quarter-end, banks and financial institutions have returned the Corporate Guarantees extended by the Holding Company against finance facilities extended to Avanceon Limited.

11 TAXATION

There are no significant changes in the status of Taxation issues, set out in detail in note 40 of the consolidated annual audited financial statements of the Holding Company for the year ended December 31, 2011, except as mentioned below:

11.1 Engro Fertilizers Limited (Subsidiary Company)
During the period, the income tax department raised a demand of Rs 1,481,709 (subsequently rectified to Rs. 1,074,938) for the financial year 2010. The Subsidiary Company has applied to the department for offsetting the demand with the pending rectifications and issues in appeal which have been decided in Subsidiary Company's favour for previous years. Moreover, during the period, the Subsidiary Company has received rectification orders related to various years creating a refund of Rs 284,893.

12 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	3 months ended March 31, 2012	3 months ended March 31, 2011
The (loss) / earning per share of the Group is based on:		
(Loss) / profit after taxation (attributable to the owners of the Holding Company)	(649,457)	2,053,977
	---------------(Number)---------------	
Weighted average number of ordinary shares (in thousand)	511,269	511,269

13 CASH (UTILIZED IN) / GENERATED FROM OPERATIONS

	3 months ended March 31, 2012	3 months ended March 31, 2011
	-----------------(Rupees)-----------------	
(Loss) / profit before taxation	(588,820)	2,975,767
Adjustment for non-cash charges and other items:		
- Depreciation / Amortisation	2,068,370	851,266
- Profit on disposal of property, plant and equipment - net	(5,842)	(5,360)
- Loss on sale/ death of biological assets - net	-	(4,430)
- Provision for retirement and other service benefits	25,627	41,190
- Income on deposits / other financial assets	(298,227)	(333,639)
- Share of income from joint venture companies	(169,983)	(119,687)
- Financial charges	3,554,968	1,173,214
- Employee share compensation expense - net	448	3,144
- Employee Housing Subsidy expense	-	5,164
- Exchange gain on foreign currency loans	240,214	(13,389)
- Un-realised loss on cash flow hedges	264,766	-
- Change in the fair value of derivative financial instruments	88,576	63,000
- Working capital changes (note 13.1)	(10,923,119)	(828,938)
	(5,743,022)	3,807,302

13.1 Working capital changes

(Increase) / decrease in current assets		
- Stores, spares and loose tools	(260,654)	(304,197)
- Stock-in-trade	(4,195,738)	(2,600,584)
- Trade debts	227,693	712,331
- Loans, advances, deposits and prepayments	(804,381)	502,341
- Other receivables (net)	(281,608)	(444,986)
	(5,314,688)	(2,135,095)
Increase / (decrease) in current liabilities		
- Trade and other payables	(5,608,431)	1,306,157
	(10,923,119)	(828,938)

14 CASH AND CASH EQUIVALENTS

	Unaudited March 31, 2012	Audited December 31, 2011
	----------------(Rupees)----------------	
Cash and bank balances	2,631,747	4,426,583
Short term investments	1,188,615	8,332,154
Short-term borrowings	(10,213,620)	(4,656,224)
	(6,393,258)	8,102,513

15 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 and other food products.
Power	Includes Independent Power Projects (IPP)
Other operations	Includes engineering, chemical terminal & storage and trading businesses.

	Revenue 3 months ended March 31,		(Loss) / profit after tax 3 months ended March 31,		Assets	
					Unaudited March 31,	Audited December 31,
	2012	2011	2012	2011	2012	2011
Fertilizer	5,046,699	8,943,215	(1,446,802)	1,734,815	101,094,232	106,848,430
Polymer	5,018,709	4,123,660	414,259	(58,893)	24,767,155	23,805,891
Food	10,172,104	6,430,778	49,518	117,260	25,189,249	25,334,544
Power	2,691,060	1,844,092	552,981	345,434	22,552,802	21,282,393
Other operations	762,325	482,389	549,854	(35,244)	33,225,556	34,366,519
Elimination - net	(747,953)	24,116	(502,450)	(61,728)	(29,288,747)	(28,633,603)
Consolidated	22,942,944	21,848,250	(382,640)	2,041,643	177,540,247	183,004,174

16 TRANSACTIONS WITH RELATED PARTIES

Related party comprise subsidiaries, joint venture companies, associates, 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, 2012	3 months ended March 31, 2011
	---------------(Rupees)	---------------
Associated Companies		
Purchases and services	327,103	2,236,857
Sales	31,600	440,192
Payment of interest on TFCs and repayment of principal amount	6,271	8,688
Purchase of T-Bills	17,124	979,264
Sale of T-Bills	473,933	-
Investment in mutual funds	-	745,000
Redemption of mutual funds	588,577	425,271
Key Management Personnel		
Dividends paid	9,151	-
Director Fees	1,900	2,800
Retirement benefits	47,877	18,814
Remuneration of key management personnel	115,517	225,833

17 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on April 27, 2012 by the Board of Directors of the Holding Company.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive