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impact

First Quarter 2013 Accounts

Engro's investments in agriculture, foods, energy and chemicals are designed to take advantage of Pakistan's economic needs

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. Zingro is an imported zinc micro nutrient, meant to overcome zinc deficiency in a diverse range of crops.

Engro Foods Limited

Engro Foods Limited is a 88% 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 Olper's (milk), Omore (ice cream), Olper's 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 owns and operates Engro Powergen Qadirpur Limited, a 220 megawatt power plant and the group'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 of the holding company 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 150,000 tonnes of PVC a year and markets its products under the name of “SABZ”.

Engro Eximp (Private) Limited

Engro Eximp (Private) Limited is the group's 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 five 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, a business engaged in the handling and storage of chemicals and liquefied petroleum gas (LPG).

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

Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited, a wholly owned subsidiary of Engro Corporation Limited, is the Corporation's newest initiative aimed at establishing an open access, merchant floating storage re-gasification terminal with a storage capacity of 3.5mtpa under the LNG Policy 2011. Through the establishment of the terminal, the Company will market its capacity to LNG buyers for storage and regasification of LNG purchased.

Elengy Terminal Pakistan Limited's aim is to be a lead developer, owner and operator of independent LNG terminal projects structured on a concession or utility outsourcing contract model and has a multi-disciplinary team available with necessary professional skills ranging from technical, legal, environmental, insurance to tax and financial expertise to undertake the role.

During the year, the company continued its efforts to position itself for the short and long-term LNG imports business at Port Qasim through Engro Vopak and Elengy Terminal Pakistan Limited (ETPL).

directors' report

The Directors of Engro Corporation Limited are pleased to submit the unaudited group consolidated accounts for the quarter ended, March 31, 2013.

External Environment

The uncertainties related to the global economic environment continued during 1Q 2013 with IMF reducing its 2013 economic growth outlook to 3.3% in March. The slowdown is shared between developed and emerging economies.

The economy in Pakistan also continued to suffer due to continued energy shortages impacting industrial productivity ranging from textile to fertilizers. The Balance of Payment situation remained under stress due to IMF repayments and stalled foreign investments, partially offset by strong remittances from abroad. The fall in the Foreign Exchange reserves is dampening investor sentiments and adding to inflation expectations going forward. Fiscal pressures continue unabated with sluggish growth in tax revenues and mounting interest payment on domestic debt. With slowdown in external flows, the fiscal deficit is largely been financed with domestic sources, which has implication for inflation and available funding for private sector.

International wheat prices were higher in 1Q 2013 versus the same period in 2012 driven by lower stock to use ratio at 2012 end. Similarly, international prices for Basmati rice opened strongly in 2013 due to lower stocks of Indian Basmati. International cotton prices have also been increasing consistently throughout 1Q 2013. The country is expecting a healthy wheat crop in 2013 which should bode well for the agricultural economy as well as for the related industries.

Business Review

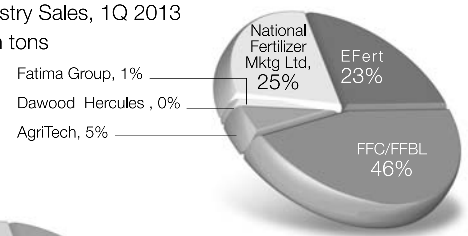
The positive turnaround in company's financials that started during fourth quarter of 2012 continued throughout the first quarter of 2013. Engro's consolidated revenues surged by 36% to Rs.31,301 million whilst net profit (attributable to the equity holders of the holding company) was Rs. 1,786 million as compared to a net loss of Rs. 649 million during the same period last year. The return to profitability is mainly attributable to the fertilizer business, where the transfer of Mari gas to the new urea plant helped the company post better results. A snapshot of the company-wise financial performance is as follows: :

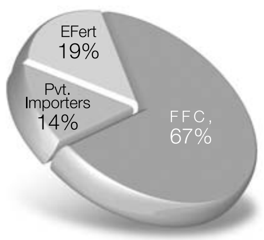
	1Q 2013		1Q 2012	
Company	Revenue	Profit After Tax	Revenue	Profit After Tax
Engro Corporation Standalone	842	732	762	550
Engro Fertilizers	9,717	646	3,203	(1,420)
Engro EXIMP	2,986	(241)	2,122	(435)
Engro Polymers	5,888	263	5,019	414
Engro Foods	9,624	653	9,666	486
Engro PowerGen	2,844	579	2,691	553
Engro Consolidated (Excluding Non-controlling interest)	31,301	1,786	22,943	(649)

Fertilizers

Urea industry sales are estimated at 1.3 million tons as compared to 1.0 million tons in the same period last year. Enhanced wheat support price and its positive impact on crop economics contributed towards higher consumption in 1Q 2013. The share of branded urea increased to 75% of the total industry in 1Q 2013 (990 KT in 1Q 2013 as compared to 493 KT in 1Q 2012), due to a narrow gap in prices between imported urea and local urea. On January 1, the price of feed and fuel gas increased by 6.1%. As a result, the price of urea increased by Rs. 20 per bag to Rs. 1,670 per bag inclusive of GST effective January 7, 2013.

Urea Industry Sales, 1Q 2013
1.3 million tons





Phosphates Industry Sales , 1Q 2013
140 thousand tons

The Company continued to experience 86% gas curtailment on the SNGPL network. However, the Company's production during the quarter was 296 KT as compared to 255 KT during the same period last year mainly due to incremental efficiencies by diverting Mari gas to the Enven plant. Higher production along with lower availability of competitive imported urea increased EFert's urea sales to 298 KT in 1Q 2013 from 77 KT in 1Q 2012 and improved its market share to 23% in 1Q 2013 from 8% in 2012. Resultantly, Engro Fertilizers posted a net profit of Rs.646 million during the period ended March 31, 2013 vs. a loss of Rs.1,420 million during the same period last year.

Sales of Company's manufactured blended fertilizer, Zarkhez was 13 KT in 1Q 2013 as against 11 KT during same period last year but its market share declined from 70% to 44% due to excessive discounting by competitors. Market for NP increased by 13% in 1Q 2013 compared to 1Q 2012 due to increase in demand for low priced phosphates. Sales of E-NP stood at 8 KT in 1Q 2013 as against 3 KT in 1Q 2012.

The Company is under negotiation with lenders for re-profiling its debt based on the expected gas flows from the GSAs signed by the Company. The management is confident, based on initial discussions that the lenders will agree and formalize the terms and conditions of the aforementioned re-profiling in due course. The Company has deferred principal repayments amounting to Rs. 6.3 B falling due in the current period but remains current on all its interest payments.

Engro Fertilizers, along with other fertilizer companies, received a show cause notice from CCP for initiating action under the Competition Act 2010 in relation to an alleged unreasonable increase in the price of fertilizer. The Company responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess, sales tax, inflation and gas curtailment and that increase due to gas curtailment was reasonable especially as the gap between international and local Urea prices in 2011 actually increased. The CCP has issued an order in March 2013, whereby it has held that the Company enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. Accordingly, based on its analysis, the CCP has imposed a penalty of Rs. 3.14 B and Rs. 5.5 B on the Company and that other fertilizer company respectively. The Company finds this order deeply flawed and intends to exercise all available legal options for contesting the same.

Local Phosphates industry sales in the first quarter of 2013 are estimated to be around 140 KT versus 86 KT in the corresponding period last year, representing an increase of 63%. Low dealer inventory and healthy agronomic demand during the period provided an upside to the market. Engro EXIMP sold 27 KT of phosphates in Q1 2013 against 25 KT in Q1 2012.

Foods

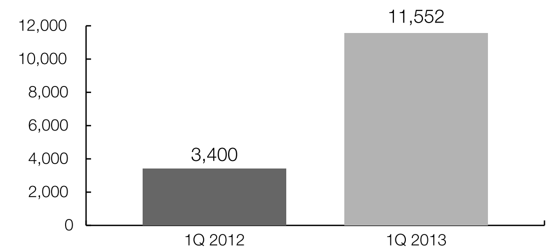
Engro Foods revenue in 1Q 2013 was about the same as in 1Q 2012. Growth in sales was impacted by the law and order situation in the country - about 18-20 days of selling were lost in Karachi alone. Despite stable revenues, the company's profitability was higher than 1Q 2012 by 34% due to lower costs of sales.

The UHT dairy industry saw a 9% decline in volumes in 1Q 2013 versus 1Q 2012, due to the increased availability of loose milk at low prices. This along with operational issues arising from poor law and order situation led to a 1% decrease in Engro Foods' Dairy & Beverage segment revenues. However, the segment managed to increase its profitability from Rs.620 million in 1Q 2012 to Rs.824 million in 1Q 2013 due to lower costs of production. Conversely, revenue from the ice cream segment increased by 13% as compared to 1Q 2012 driven by price improvements. In line with management's expectations the business closed the quarter with a loss of Rs.143 million vs. a loss of Rs.135 million in the corresponding period of 2012 due to higher brand spend.

The Company's Dairy Farm business had a loss of Rs.18 million vs. a profit of Rs.5 million last year. Loss was due to lower average number of milking animals (around 1,300) as compared to 1,554 animals in same period of 2012.

The Company's investments in the Halal Foods business in Canada, Al Safa, achieved sales revenue of Canadian Dollars 2.2 million during 1Q 2013 as compared to Canadian Dollars 2.5 million in the same period of last year. The dip in revenue was due to labor issues at the retailers.

Rice sales (Tons)



The market for Basmati rice opened strongly in the international arena due to lower stocks of Indian Basmati helping the company earn better rice prices. On the processing front, after a successful paddy season, the rice plant continued to dry remaining paddy during January and remained occupied with husking and milling in the first quarter. The Rice business' revenues increased to Rs.1,218 million in 1Q 2013 from Rs. 161 million in 1Q 2012 and loss after tax reduced to Rs.319 million in 1Q 2013 versus loss of Rs.390 million in 1Q 2012.

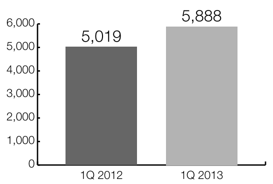
Polymer

Engro Polymers showed a robust performance in 1Q 2013 with the company producing its highest ever monthly VCM and PVC volumes in the month of March. Although VCM production volumes are higher this quarter versus the first quarter of the previous year, PVC volumes are lower mainly due to an advance shutdown taken during the period. Additionally, the company introduced a new product in the domestic market - HCl, after successfully completing an 80 tons per day production project during the quarter.

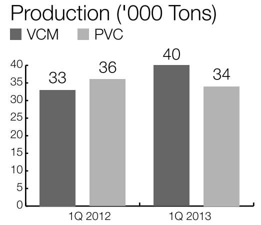
Engro Polymers revenue grew by 17% in 1Q 2013 as compared to the same period last year. Growth was mainly attributable to higher PVC and Caustic prices versus last year. Additionally, 3 thousand tons of VCM were also exported this quarter.

Integrated margins in 1Q 2013 were higher than the same period last year, driven mainly by the higher caustic soda prices. PVC margins were slightly lower than 1Q 2012 due to a smaller gap between PVC price and Ethylene costs - production issues at a major ethylene plant in the Middle East created a temporary tight market pushing up feedstock costs for PVC.

Revenue (Rs. million)



Production ('000 Tons)



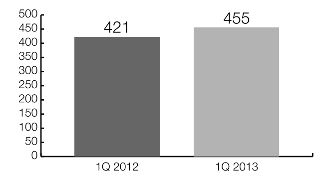
With higher integrated margins, the Company posted a profit after tax of Rs.263 million in 1Q 2013 as compared to a profit after tax of Rs. 414 million in the same period last year. The higher profitability in 1Q 2012 was mainly attributable to an extra ordinary insurance claim of 391m received during the same period last year. Profit excluding the extraordinary item actually increased by Rs. 103m as compared to the same period last year.

Energy

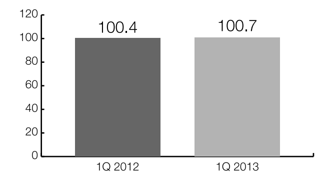
Engro PowerGen Qadirpur's power plant improved its operational performance in 1Q 2013 over the same period last year. The higher electrical generation increased its revenue by nearly 6%. This, along with better operational efficiencies, increased its profit after tax in 1Q 2013 as compared to 1Q 2012. Although profitability remains healthy, the circular debt situation continues to remain a serious challenge for the company. The total amount billed during 1Q 2013 to PEPCO was Rs.3,406 million against which total receipts from PEPCO were Rs.1,634 million - less than half of the billed amount. Consequently, total overdue from PEPCO as on March 31, 2013 increased to Rs.8,389 million against an overdue amount of Rs.6,154 million as on Dec 31, 2012. The Company has been actively pursuing PEPCO to reduce the overdue receivable amount. Moreover, due to mounting receivables, overdue amount payable to SNGPL has increased to Rs.4,378 million versus Rs.2,683 million as on Dec 31, 2012.

Pursuant to the decisions taken at the Thar Coal Energy Board meeting, the Economic Coordination Committee of the Cabinet (ECC) approved

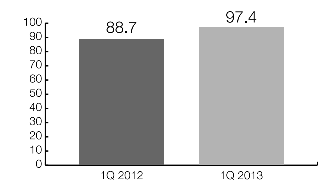
Net Electrical Output (GWh)



Billable Availability Factor (%)



Load Factor (%)



Sovereign Guarantee for financing the debt portion of Thar Block II mining project amounting to USD 700 million with the condition that sovereign guarantee will be provided to entity with majority holding by public sector. Subsequent to this decision, the Government requested Engro to reduce its shareholding in SECMC from 60% to 49%, however, management of the company would remain with Engro.

Sindh Engro Coal Mining Company (SECMC) is also in discussion with potential equity investors for both mining and power projects. In this regard, Engro Corporation Limited has recently signed an MoU with PSO which provides for up to 24.5% equity participation of PSO in SECMC.

Chemical Storage & Handling

Engro Vopak registered a profit after tax of Rs.271 million as compared to Rs.340 million in 1Q 2012. Lower tariffs on paraxylene and acetic acid led to a dip in profitability. Engro Corporation, through its subsidiary ELENGY submitted a bid to setup an integrated LNG terminal for supply of 400 mmcfd of RLNG. However, the first bid was cancelled due to some short comings on the part of other bidders; consequently, the subsidiary company submitted its second bid to SSGC. However, the Supreme Court has taken a suo moto action on the bidding process and served notices to all bidders. It has also stayed the award of the LNG contract.

Near Term Outlook

In light of the ECC approval for allocation of long-term gas to the consortium of fertilizer plants, the Company has successfully negotiated and signed 3 GSAs (KPD, Reti Maru and Makori East). The incremental gas is expected to be available by mid-2014 which will allow the company to run both its plants at a reduced capacity. The Company has also entered into an arrangement with Mari for allocation of additional gas in the interim period till the long term gas solution is fully implemented. The Company has started receiving part of the short-term allocation from April 2013. The fertilizer market demand is expected to improve in 2013 due to enhanced paddy price, better wheat support price, stable cotton price and better water avails. Over-all the fertilizer industry is likely to benefit from better farm economics.

In the Foods business, the Company continues to maintain a strong positive outlook and considers the current slowdown in sales as a temporary change in business conditions triggered by various factors including volatile law and order situation.

In the Polymer business the focus will remain on increasing operational efficiencies and in exploring new avenues of growth.

In the Energy business, although power generation is expected to remain stable, the key challenge facing the Company would remain the management of PEPCO receivables.

condensed interim balance sheet as at march 31, 2013

(Amounts in thousand)

	Note	(Unaudited) March 31, 2013	(Audited) December 31, 2012
		---------------(Rupees)---------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	71,612	81,494
Long term investments		26,959,244	26,959,244
Long term loans and advances		4,161,619	4,159,590
		31,192,475	31,200,328
Current assets			
Loans, advances, deposits and prepayments		835,617	823,901
Other receivables		164,123	196,956
Taxes recoverable		65,804	90,960
Short term investments		1,158,897	484,393
Cash and bank balances		571,159	697,179
		2,795,600	2,293,389
Investment classified as held for sale	5	962,931	863,018
TOTAL ASSETS		34,951,006	34,356,735
EQUITY & LIABILITIES			
Equity			
Share capital		5,112,694	5,112,694
Share premium		10,550,061	10,550,061
General reserve		4,429,240	4,429,240
Unappropriated profit		7,275,071	6,542,817
		22,254,372	21,522,118
Total equity		27,367,066	26,634,812
Liabilities			
Non-current liabilities			
Deferred taxation		28,280	28,321
Retirement and other service benefits obligations		9,197	11,159
		37,477	39,480
Current Liabilities			
Trade and other payables		159,281	179,898
Advance received against investment classified as held for sale	5	962,931	863,018
Accrued interest/mark-up		104,868	337,927
Borrowings	6	6,223,007	6,204,664
Unclaimed dividends		96,376	96,936
		7,546,463	7,682,443
Total liabilities		7,583,940	7,721,923
Contingencies and Commitments	7		
TOTAL EQUITY & LIABILITIES		34,951,006	34,356,735

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2013

(Amounts in thousand except for earnings per share)

	Note	March 31, 2013	March 31, 2012
		---------------(Rupees)---------------	
Dividend income		704,750	720,000
Royalty income		137,111	42,325
		841,861	762,325
Administrative expenses		(35,108)	(86,075)
		806,753	676,250
Other operating income		235,342	193,963
Other operating expenses		(15,911)	(12,295)
Operating Profit		1,026,184	857,918
Finance cost		(246,556)	(255,451)
Profit before taxation		779,628	602,467
Taxation		(47,374)	(52,533)
Profit for the period		732,254	549,934
Other comprehensive income		-	-
Total comprehensive income for the period		732,254	549,934
Earnings per share - basic & diluted	8	Rs. 1.43	Rs. 1.08

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2013

(Amounts in thousand)

	Share capital	Share premium	Employees share option compensation reserve	General reserve	Unappropriated profit	Total
		Capital reserves		Revenue reserves		
	---	--	(Rupees)	--		
Balance as at January 1, 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
Balance as at January 01, 2013	5,112,694	10,550,061	-	4,429,240	6,542,817	26,634,812
Total comprehensive income for the period ended March 31, 2013						
Profit for the period	-	-	-	-	732,254	732,254
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	732,254	732,254
Balance as at March 31, 2013	5,112,694	10,550,061	-	4,429,240	7,275,071	27,367,066

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2013

(Amounts in thousand)

	Note	March 31, 2013	March 31, 2012
		--------------(Rupees)--------------	
Cash flows from operating activities			
Cash generated from / (utilized in) operations	9	36,985	(278,409)
Retirement and other service benefits paid		(6,965)	(13,808)
Taxes paid		(22,306)	(105,897)
Long term loans and advances - net		(2,029)	(13,647)
Net cash generated from / (utilized in) operating activities		5,685	(411,761)
Cash flows from investing activities			
Advance received against investment classified as held for sale		99,913	-
Long term investments		(99,913)	(94,395)
Purchases of property, plant and equipment (PPE)		(2,216)	(7,010)
Sale proceeds on disposal of PPE		-	3,625
Loan to subsidiaries		-	(1,100,000)
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		302,103	330,011
Dividends received		704,750	720,000
Net cash generated from / (utilized in) investing activities		1,004,637	(147,769)
Cash flows from financing activities			
Payment of financial charges		(460,515)	(446,310)
(Redemption of) / Proceeds from long term finances (net)		(763)	(104,669)
Dividends paid		(560)	(254,894)
Net cash utilized in financing activities		(461,838)	(805,873)
Net increase / (decrease) in cash and cash equivalents		548,484	(1,365,403)
Cash and cash equivalents at beginning of the year		1,181,572	2,397,270
Cash and cash equivalents at end of the period	10	1,730,056	1,031,867

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

notes to the condensed interim financial information (unaudited) for the three months ended march 31, 2013

(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, LNG 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, 2012 except for the changes resulting from the amendment of IAS 19 'Employee benefits' which though adopted does not have any impact on this condensed interim financial information.

2.1 Basis of preparation

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, 2012 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, 2012.

4 PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	-------------(Rupees)-------------	
Operating assets	65,056	78,001
Capital work in progress	6,556	3,493
	71,612	81,494

(Amounts in thousand)

5 INVESTMENT CLASSIFIED AS HELD FOR SALE

During the period, the Company invested an additional amount of Rs. 99,913 in Engro Foods Netherlands B.V, a wholly owned subsidiary, which was reimbursed by Engro Foods Limited, another subsidiary with which the Company has entered into an agreement for the sale of its entire shareholding in Engro Foods Netherlands B.V. Following receipt of all necessary regulatory approvals (which have been applied for), the Company shall promptly transfer the shares in Engro Foods Netherlands B.V. to Engro Foods Limited.

6 BORROWINGS

During the period, the Company obtained short-term finance facility of Rs. 1,000,000 to meet its working capital requirements. The facility is secured against ranking floating charge over all present and future loans, advances, receivables and other current assets (excluding investments) of the Company. Additionally, the facility is also secured through a pledge over shares of Engro Foods Limited (a subsidiary company). The facility remained un-utilized during the period.

7 CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2012 are mentioned below:

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	-------------(Rupees)-------------	
Corporate Guarantees issued in favor of Subsidiary Companies:		
- Engro Fertilizers Limited	64,204,846	63,934,832
- Engro PowerGen Qadirpur Limited	984,500	971,000
- Engro PowerGen Limited	118,140	116,520
- Engro Foods Canada Limited	236,272	235,544

7.1 During the period, Elengy Terminal Pakistan Ltd, a wholly owned subsidiary, submitted a bid bond of Rs. 102,000 to Sui Southern Gas Company Ltd against participation in the LNG project bidding process by the subsidiary. The Company secured the issuance of such bid bond.

(Amounts in thousand)

8 EARNINGS PER SHARE

	March 31, 2013	December 31, 2012
	-------------(Rupees)-------------	
Profit after taxation	732,254	549,934
	-------------(Numbers)-------------	
Weighted average number of ordinary shares (in thousand)	511,269	511,269

9 CASH GENERATED FROM OPERATIONS

	-------------(Rupees)-------------	
Profit before taxation	779,628	602,467
Adjustment for non-cash charges and other items:		
Depreciation	12,098	12,963
Loss on disposal of property, plant and equipment	-	(641)
Provision for retirement and other service benefits	5,484	7,887
Income on deposits / other financial assets	(235,342)	(193,963)
Dividend income	(704,750)	(720,000)
Financial charges	246,556	255,451
Working capital changes (note 9.1)	(66,689)	(242,573)
	36,985	(278,409)

9.1 Working capital changes

Increase in current assets		
- Loans, advances, deposits and prepayments	(11,716)	(21,461)
- Other receivables (net)	(33,928)	(36,361)
	(45,644)	(57,822)
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	(21,045)	(184,752)
	(66,689)	(242,573)

10 CASH AND CASH EQUIVALENTS

Short term investments	1,158,897	952,124
Cash and bank balances	571,159	79,743
	1,730,056	1,031,867

(Amounts in thousand)

11 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 period, other than those which have been disclosed elsewhere in this condensed interim financial statements, are as follows:

	3 months ended March 31, 2013	3 months ended March 31, 2012
	-----------------(Rupees)-----------------	
Subsidiary companies		
Purchases and services	3,326	1,420
Services rendered	15,229	10,992
Expenses paid on behalf of subsidiary companies	158,016	143,287
Mark up from subsidiaries	188,443	292,065
Investments	99,913	94,395
Reimbursements to subsidiary companies	12,637	18,653
Disbursement of loan	-	1,600,000
Repayment of loan by Subsidiary Companies	-	500,000
Dividend received	524,750	-
Royalty Income, net of sales tax	137,111	42,325
Commission Against Corporate Guarantees	3,057	2,949
Associated companies		
Purchases and services	202	308
Retirement Benefits	7,022	25,244
Dividend paid	-	335,161
Donations	9,300	22,600
Investment in T-bills	1,257,680	-
Redemptions in T-bills	583,176	-
Joint ventures		
Services rendered	298	192
Dividend received	180,000	720,000
Expenses paid on behalf of Joint Venture company	24	1
Others		
Dividend paid	-	9,151
Director's fees	1,800	1,900
Remuneration of key management personnel	30,803	34,114

(Amounts in thousand)

12 CORRESPONDING FIGURES

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

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 29 ,2013 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim balance sheet (unaudited) as at march 31, 2013

(Amounts in thousand)

	Note	(Unaudited) March 31, 2013	(Audited) December 31, 2012
		--------------(Rupees)---------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	131,122,094	131,927,709
Exploration and evaluation expenditure		574,266	539,753
Biological assets		683,571	668,455
Intangible assets		748,386	771,080
Deferred taxation		1,653,924	1,542,743
Long term investments		1,223,427	1,267,973
Long term loans and advances		291,215	254,348
		136,296,883	136,972,061
Current Assets			
Stores, spares and loose tools		6,853,628	6,654,586
Stock-in-trade	6	14,684,361	16,591,475
Trade debts	7	11,705,557	10,637,999
Derivative financial instruments		-	26,332
Loans, advances, deposits and prepayments		1,079,184	1,024,323
Other receivables		3,208,424	3,050,485
Taxes recoverable		2,658,269	3,968,139
Short term investments		4,439,883	5,998,027
Cash and bank balances		2,772,400	4,663,275
		47,401,706	52,614,641
TOTAL ASSETS		183,698,589	189,586,702

consolidated condensed interim balance sheet (unaudited) as at march 31, 2013

(Amounts in thousand)

	Note	(Unaudited) March 31, 2013	(Audited) December 31, 2012
		--------------(Rupees)---------------	
EQUITY & LIABILITIES			
Equity			
Share Capital		5,112,694	5,112,694
Share premium		10,550,061	10,550,061
Hedging Reserve		(335,272)	(362,925)
Revaluation reserve on business combination		81,744	84,294
Maintenance reserve		213,335	213,335
Exchange revaluation reserve		65,274	69,122
General reserves		4,429,240	4,429,240
Unappropriated profit		20,228,364	18,423,048
		35,232,746	33,406,175
		40,345,440	38,518,869
Non Controlling Interest		4,937,614	4,728,417
Total Equity		45,283,054	43,247,286
Liabilities			
Non-Current Liabilities			
Borrowings	8	68,834,089	73,257,370
Derivative financial instruments		775,067	639,525
Deferred taxation		4,456,480	5,191,496
Deferred liabilities		152,290	187,931
		74,217,926	79,276,322
Current Liabilities			
Trade and other payables		26,682,298	30,383,949
Accrued interest / mark-up		1,651,784	2,613,633
Current portion of			
- borrowings	8	31,139,514	27,436,692
- obligations under finance lease		1,942	2,589
- deferred liabilities		40,642	39,624
Short term borrowings	9	3,783,870	5,828,090
Derivative financial instruments		712,965	573,363
Unclaimed dividends		96,376	96,936
Provisions		88,218	88,218
		64,197,609	67,063,094
Total Liabilities		138,415,535	146,339,416
Contingencies and Commitments	10		
TOTAL EQUITY & LIABILITIES		183,698,589	189,586,702

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for three months ended march 31, 2013

(Amounts in thousand except for earnings per share)	Note	March 31, 2013	March 31, 2012
		--------------(Rupees)--------------	
Net sales		31,301,165	22,942,944
Cost of sales		(22,096,430)	(17,942,454)
Gross Profit		9,204,735	5,000,490
Selling and distribution expenses		(2,376,983)	(1,721,656)
Administrative expenses		(773,944)	(743,825)
Other operating income		275,285	567,497
Other operating expenses		(688,477)	(306,341)
Finance cost		(3,060,946)	(3,554,968)
Share of income from joint venture		135,456	169,983
Profit / (loss) before taxation		2,715,126	(588,820)
Taxation	11	(700,831)	206,180
Profit / (loss) for the period		2,014,295	(382,640)
Profit / (loss) attributable to:			
- Owners of the Holding Company		1,785,812	(649,457)
- Non Controlling Interest		228,483	266,817
		2,014,295	(382,640)
Earnings / (loss) per share - basic and diluted	12	Rs. 3.49	Rs. (1.27)

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim statement of comprehensive income (unaudited) for three months ended march 31, 2013

(Amounts in thousand)	Note	March 31, 2013	March 31, 2012
		--------------(Rupees)--------------	
Profit / (loss) for the period		2,014,295	(382,640)
Other comprehensive income			
Hedging reserve - cash flow hedges			
Losses arising during the period		(207,370)	(383,668)
Less:			
- Reclassification adjustments for losses included in profit and loss		244,133	442,131
- Adjustments for amounts transferred to initial carrying amount of hedged items		547	31,300
		37,310	89,763
Revaluation reserve on business combination		(5,492)	(5,492)
Exchange differences on translation of foreign operations		(3,848)	3,530
		27,970	87,801
Income tax relating to:			
Hedging reserve - cash flow hedges		(13,058)	(31,417)
Revaluation reserve on business combination		1,922	1,922
		(11,136)	(29,495)
Other comprehensive income for the period, net of tax		16,834	58,306
Total comprehensive income / (loss) for the period		2,031,129	(324,334)
Total comprehensive income / (loss) attributable to:			
- Owners of the Holding Company		1,807,067	(591,230)
- Non Controlling Interest		224,062	266,896
		2,031,129	(324,334)

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2013

(Amounts in thousand)

	Share capital	Share premium	Employees' 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											
		Capital reserves						Revenue reserves				
	(Rupees)											
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												
Profit for the period	-	-	-	-	-	-	-	-	(649,457)	(649,457)	266,817	(382,640)
Other comprehensive 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	-	-	-	-	-	-	-	(1,179,851)	-	-	-
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
Balance as at 1 January, 2013	5,112,694	10,550,061	-	(362,925)	84,294	213,335	69,122	4,429,240	18,423,048	38,518,869	4,728,417	43,247,286
Total comprehensive income for the period ended March 31, 2013												
Profit for the period	-	-	-	-	-	-	-	-	1,785,812	1,785,812	228,483	2,014,295
Other comprehensive income	-	-	-	27,653	(2,550)	-	(3,848)	-	-	21,255	(4,421)	16,834
	-	-	-	27,653	(2,550)	-	(3,848)	-	1,785,812	1,807,067	224,062	2,031,129
Transactions with owners												
Shares issued during the period by subsidiaries under Employees Share Option Scheme	-	-	-	-	-	-	-	-	19,504	19,504	27,705	47,209
Dividend by subsidiary allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	(42,570)	(42,570)
	-	-	-	-	-	-	-	-	19,504	19,504	(14,865)	4,639
Balance as at March 31, 2013 (unaudited)	5,112,694	10,550,061	-	(335,272)	81,744	213,335	65,274	4,429,240	20,228,364	40,345,440	4,937,614	45,283,054

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2013

(Amounts in thousand)

	Note	March 31, 2013	March 31, 2012
		(Rupees)	
Cash flows from operating activities			
Cash generated from / (utilized in) operations	13	4,630,247	(5,743,022)
Retirement and other service benefits paid		(40,797)	(43,446)
Financial charges paid		(3,563,195)	(4,720,646)
Taxes paid		(247,065)	(427,121)
Long term loans and advances - net		(36,867)	(97,935)
Net cash generated from / (utilized in) operating activities		742,323	(11,032,170)
Cash flows from investing activities			
Purchases of property, plant & equipment and biological assets		(1,311,537)	(828,746)
Sale proceeds on disposal of property, plant & equipment and biological assets		93,844	41,575
Income on deposits / other financial assets		164,099	429,556
Dividends received		180,000	720,000
Net cash (utilized in) / generated from investing activities		(873,594)	362,385
Cash flows from financing activities			
Repayment of borrowings - net		(1,276,960)	(3,933,567)
Obligations under finance lease - net		(647)	(648)
Proceeds from issuance of shares by subsidiary company		47,209	-
Dividends paid		(43,130)	(254,894)
Net cash utilized in financing activities		(1,273,528)	(4,189,109)
Net decrease in cash and cash equivalents		(1,404,799)	(14,858,893)
Cash and cash equivalents at beginning of the year	14	5,333,212	8,465,635
Cash and cash equivalents at end of the period		3,928,413	(6,393,258)

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

notes to the consolidated condensed interim financial information (unaudited) for the three months ended march 31, 2013

(Amounts in thousand)

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, LNG and chemical terminal and storage businesses. The Holding Company's registered office is situated at 7th & 8th Floors, The Harbor 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	
	2013	2012
- Engro Fertilizers Limited (Note 1.1.1)	100	100
- Engro Eximp (Private) Limited	100	100
- Engro PowerGen Limited	100	100
- Engro Foods Netherlands B.V. (Note 1.1.2)	100	100
- Elengy Terminal Pakistan Limited (Note 1.1.3)	100	100
- Engro Foods Limited	88.11	88.37
- Engro Polymer and Chemicals Limited	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.1.1 During the period, the subsidiary company continued to experience gas curtailment on SNGPL network receiving approximately 10% of the contracted volume. However, the following events have a positive effect on the subsidiary company's performance and financial position:

- EnVen plant ran successfully on Mari gas resulting in incremental 10% to 15% production, enhancement of margins and significant increase in the operational cash flows. This conversion has been approved till December 31, 2013 and the management is confident that this approval would be extended till the gas from the alternative / new gas reserves comes on stream;

- The process to formalize long term gas allocation of 78 mmcfd gas pursuant to the notification of the Economic Co-ordination Committee (ECC) of the Cabinet has been initiated. Up till March 31, 2013 three Gas Supply Agreements have been signed with the gas producers. The inflow of gas is expected to start around first / second quarter of 2014;

- During the period, ECC approved allocation of 39 mmcfd gas to the subsidiary company for the interim period between approval and complete Implementation of long term gas solution; and

- The terms of re-profiling of payment schedule with lenders is expected to be finalized by 1st Half of 2013.

(Amounts in thousand)

1.1.2 During the period, the Holding Company invested an additional amount of Rs. 99,913 in Engro Foods Netherlands B.V, a wholly owned subsidiary, which was reimbursed by Engro Foods Limited, another subsidiary with whom the Holding Company has entered into an agreement for the sale of its entire shareholding in Engro Foods Netherlands B.V. Following receipt of all necessary regulatory approvals (which have been applied for), the Holding Company shall promptly transfer the shares in Engro Foods Netherlands B.V. to Engro Foods Limited.

1.1.3 During the period, the subsidiary company, in response to the first invitation to bid by Sui Southern Gas Company Limited (SSGC), had submitted its sealed bid on January 4, 2013 for an integrated LNG terminal for supply of 400 mmcfd of RLNG. However, the first bid was cancelled due to some shortcomings on part of other bidders. The subsidiary company has submitted its second bid to SSGC, which was opened, followed by technical and price evaluation by SSGC and its consultants. The Supreme Court of Pakistan has taken a suo motu action on the bidding process and served notices to all the bidders. It has also stayed the award of the LNG contract till the final decision of the case.

1.2 The financial statements of the subsidiary companies have been consolidated on a line basis. The carrying value of investments held by the Holding Company 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

(Amounts in thousand)

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, 2012.

3 ACCOUNTING POLICIES

The significant 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, 2012 except for the changes resulting from the amendment of IAS 19 'Employee benefits' which though adopted does not have any material impact on this consolidated condensed interim financial information.

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 judgments 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, 2012.

(Amounts in thousand)

	Unaudited March 31, 2013	Audited December 31, 2012
	-----------------(Rupees)-----------------	

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value	127,629,926	128,654,876
Capital work in progress		
- Expansion and other projects	1,901,167	1,861,126
- Capital spares	1,591,001	1,411,707
	131,122,094	131,927,709

6 STOCK-IN-TRADE

Raw materials and packing materials		5,831,785	5,901,235
Unprocessed rice		4,600,119	5,239,347
Fuel stock		372,270	375,073
Work-in-process		567,574	276,851
Finished goods:	- own manufactured product	2,578,292	2,605,890
	- purchased product	734,321	2,193,079
		3,312,613	4,798,969
		14,684,361	16,591,475

7 TRADE DEBTS

Considered good		
- secured	11,117,751	10,411,385
- unsecured	609,203	226,614
	11,726,954	10,637,999
Considered doubtful	15,156	16,303
	11,742,110	10,654,302
Provision for impairment	36,553	16,303
	11,705,557	10,637,999

8 BORROWINGS

Long Term Borrowings	99,973,603	100,694,062
Less: Current portion shown under current liabilities	31,139,514	27,436,692
	68,834,089	73,257,370

(Amounts in thousand)

Significant changes in the status of borrowings since December 31, 2012 are stated below:

8.1 Engro Fertilizers Limited (Subsidiary Company)

8.1.1 The finances, excluding IFC loans and PPTFCs are secured by an equitable mortgage upon the immovable property of the subsidiary company and equitable charge over current and future fixed assets excluding immovable property of the subsidiary company. Loans from IFC are secured by a sub-ordinated mortgage upon the immovable property of the subsidiary company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the subsidiary company. PPTFCs are secured by a subordinated floating charge over all present and future fixed assets excluding land and buildings. Further, the Holding Company has issued corporate guarantees in respect of above finances excluding PPTFC whereas it has issued sub-ordinated corporate guarantee in respect of PPTFC.

8.1.2 The finances include a loan of USD 30,000 from the International Finance Corporation (IFC) which carries interest of six months LIBOR plus a spread of 6% or 10% depending on the listing status of the subsidiary company at December 31, 2012. During the prior year, IFC in principle waived interest rate step up of 4% till June 30, 2013, the exact terms and conditions of which are under discussion with the subsidiary company and that the formal document in respect of waiver is in the process of being finalized. However, the management is confident that it will avail the spread of 6% for the entire loan tenor, and hence no related provision for the differential aggregating to Rs. 212,113 (December 31, 2012: Rs. 180,584) has been made in this consolidated condensed interim financial information.

8.1.3 Under the terms of the agreements for long term borrowings, the subsidiary company is required to comply with certain financial debt covenants. As at March 31, 2013 all financial debt covenants have been complied with except for peak debt service coverage ratio.

8.1.4 The subsidiary company approached majority of the lenders for re-profiling of various finance facilities given the constrained operation due to gas curtailment. Initially, the subsidiary company proposed for a grace period of 2 to 2.5 years in the existing repayment schedule. The subsidiary company, however, is now seeking a revised repayment schedule with partial repayments for 2 to 2.5 years due to improved cash flow expectations after approval of gas allocation by ECC. The management is confident, based on initial discussion that the lenders will agree / formalize along with other terms and conditions of the aforementioned re-profiling in due course. The subsidiary company has deferred principal repayments amounting to Rs 6,318,138 falling due in the current period out of the principal outstanding of Rs. 40,126,701.

8.2 Engro Eximp (Private) Limited (Subsidiary Company)

During the period, the subsidiary company entered into a 5 year Syndicated Term Finance Facility (STFF - II) with a syndicate of banks to the extent of Rs. 1,000 million. Out of this the aggregate sale price up to Rs. 900 million can be disbursed in conventional STFF format. The remaining Rs. 100 million is to be disbursed under a Syndicated Long Term Finance Facility (LTFF) in accordance with SBP terms and conditions as with the subsidiary company's other LTFF facility. The LTFF currently carries mark-up at a rate of 12.6% per annum. These finances are secured by a registered floating charge / mortgage over the present and future operating assets of the subsidiary company up to a maximum of Rs. 3,437,511.

8.3 Engro Polymer and Chemicals Limited (Subsidiary Company)

Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and syndicates of banks, the subsidiary company is required to comply with certain debt covenants. As at March 31, 2013, all debt covenants have been complied with except for current ratio and debt service coverage ratio. Waiver for current ratio deviation has been obtained from IFC, whereas waivers have been applied with local syndicates for current ratio and debt service coverage ratio.

9 SHORT TERM BORROWINGS

Significant changes in the status of short-term borrowings since December 31, 2012 are summarized below:

9.1 Engro Corporation Limited (Holding Company)

During the period, the Holding Company obtained short-term finance facility of Rs. 1,000,000 to meet its working capital requirements. The facility is secured against ranking floating charge over all present and future loans, advances, receivables and other current assets (excluding investments) of the Holding Company. Additionally, the facility is also secured through a pledge over shares of Engro Foods Limited (a subsidiary company). The facility remained un-utilized during the period.

9.2 Engro Fertilizers Limited (Subsidiary Company)

The subsidiary company, during the period, repaid funds acquired through money market loans and under an Istisna Agreement from various banks amounting to Rs. 790,000. These loans carried mark-up rates ranging from 10.52% to 10.99% per annum.

10 CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2012 are mentioned below:

		Unaudited March 31, 2013	Audited September 31, 2012
	Contingencies:	-----------------(Rupees)-----------------	
10.1	Corporate Guarantees issued by the Holding Company in favor of Subsidiary Companies:		
	- Engro Fertilizers Limited	64,204,846	63,934,832
	- Engro PowerGen Qadirpur Limited	984,500	971,000
	- Engro PowerGen Limited	118,140	116,520
	- Engro Foods Canada Limited	236,272	235,544

10.2 During the period, Elengy Terminal Pakistan Ltd, a wholly owned subsidiary, submitted a bid bond of Rs. 102,000 to Sui Southern Gas Company Ltd against participation in the LNG project bidding process by the subsidiary. The Holding Company secured the issuance of the bid bond.

10.3 Engro PowerGen Qadirpur Limited (EPQL), a subsidiary of Engro PowerGen Limited, a subsidiary company, has provided a bank guarantee of Rs. 2,496,126 (2012: Rs. 1,596,126) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement between EPQL and Sui Northern Gas Pipelines Limited.

10.4 During the period, Engro Foods Ltd, a subsidiary company, has provided bank guarantees to Collector of Customs, Model Customs Collectorate amounting to Rs. 14,691 (2012: Nil).

(Amounts in thousand)

10.5 Engro Fertilizer Ltd, a subsidiary company, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act 2010 in relation to unreasonable increase in the price of fertilizer. The subsidiary company responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess, sales tax, inflation and gas curtailment. However, the CCP has issued an order in March 2013, whereby it has held that the subsidiary company enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs 3,140,000 and Rs 5,500,000 on the subsidiary company and that other fertilizer company respectively. The subsidiary company intends to exercise all available legal options for setting aside the Order and is confident of a successful outcome.

Commitments

Details of significant commitments as at March 31, 2013 entered by the Holding Company and its subsidiaries are as follows:

	Unaudited March 31, 2013	Audited December 31, 2012
	-----------------(Rupees)------------------	
Capital expenditure contracted but not incurred by:		
- Engro Foods Limited	2,047,882	3,106,449
- Engro Eximp (Private) Limited	9,610	16,898
- Engro Fertilizers Limited	37,010	70,134
	2,094,502	3,193,481
Commitments in respect of:		
- for purchase of commodities by Engro Foods Limited	1,024,867	181,420
- for import of fertilizers by Engro Eximp (Private) Limited	34,399	113,719
- letter of credit in favor of senior lenders of Engro PowerGen Limited	788,523	778,897
	1,847,789	1,074,036
Post dated cheques provided by		
- Engro Foods Limited to customs authorities as collateral	50,907	15,106

(Amounts in thousand)

11 TAXATION

There are no significant changes in the status of Taxation issues, set as in detail in note 41 to the annual audited financial statements of the company for the year ended December 31, 2012, except as mentioned below:

11.1 Engro Eximp (Private) Limited (Subsidiary Company)

Up till 2011, the subsidiary company's major operating activities were taxable under the Final Tax Regime (FTR) except for the following which were taxable under NTR: Profit on bank accounts, capital gain on investments, gain on local commodity trading and income on local rice sales. However, through Finance Act, 2012, certain amendments have been introduced, whereby the subsidiary company now has the option to be taxed under NTR in respect of activities previously taxable under FTR, with the condition that minimum tax liability with respect to such income is payable as specified in Finance Act 2012.

The subsidiary company has made current tax provision based on NTR which amounts to Rs. 67,629. Accordingly, the tax deducted under FTR in excess of the aforementioned provision amounting to Rs. 33,467 has been shown as refundable.

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

The basic earning / (loss) per share of the Group is based on:	3 months ended March 31, 2013	2012
Profit / (loss) after taxation (attributable to the owners of the Holding Company)	1,785,812	(649,457)
	-------------(Number)------------	
Weighted average number of ordinary shares (in thousand)	511,269	511,269

(Amounts in thousand)

13 CASH GENERATED FROM / (UTILIZED IN) OPERATIONS

	3 months ended March 31, 2013	3 months ended March 31, 2012
	-----------------(Rupees)	-----------------
Profit / (loss) before taxation	2,715,126	(588,820)
Adjustment for non-cash charges and other items:		
Depreciation / Amortization	2,240,897	2,068,370
Profit on disposal of property, plant and equipment - net	(21,973)	(5,842)
Loss on sale/ death of biological assets - net	(23,287)	-
Provision for retirement and other service benefits	26,617	25,627
Income on deposits / other financial assets	(154,976)	(298,227)
Share of income from joint venture companies	(135,456)	(169,983)
Financial charges	3,060,946	3,554,968
Employee share compensation expense - net	-	448
Exchange gain on foreign currency loans	3,968	240,214
Un-realized loss on cash flow hedges	-	264,766
Change in the fair value of derivative financial instruments	192,322	88,576
Working capital changes (note 13.1)	(3,273,937)	(10,923,119)
	4,630,247	(5,743,022)

13.1 Working capital changes

(Increase) / decrease in current assets		
- Stores, spares and loose tools	(199,042)	(260,654)
- Stock-in-trade	1,907,114	(4,195,738)
- Trade debts	(1,067,558)	227,693
- Loans, advances, deposits and prepayments	(54,861)	(804,381)
- Other receivables (net)	(157,939)	(281,608)
	427,714	(5,314,688)
Decrease in current liabilities		
- Trade and other payables	(3,701,651)	(5,608,431)
	(3,273,937)	(10,923,119)

(Amounts in thousand)

14 CASH AND CASH EQUIVALENTS

	Unaudited March 31, 2013	Audited December 31, 2012
	-----------------(Rupees)	-----------------
Cash and bank balances	2,772,400	4,663,275
Short term investments	4,439,883	5,998,027
Short-term borrowings (note 14.1)	(3,283,870)	(5,328,090)
	3,928,413	5,333,212

14.1 Cash and cash equivalents do not include the effect of term loan amounting to Rs. 500,000 at beginning and end of the period

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 chemical terminal & storage and trading businesses.

	Revenue (Unaudited) 3 months ended March 31, 2013	Revenue (Unaudited) 3 months ended March 31, 2012	Profit/(loss) after tax (Unaudited) 3 months ended March 31, 2013	Profit/(loss) after tax (Unaudited) 3 months ended March 31, 2012	Assets Unaudited March 31, 2013	Assets Audited December 31, 2012
			(Rupees)			
Fertilizer	11,484,022	5,046,699	723,696	(1,446,802)	102,600,665	108,185,285
Polymer	5,887,506	5,018,709	262,874	414,259	24,785,159	24,206,247
Food	11,054,627	10,172,104	304,442	49,518	26,187,838	27,915,038
Power	2,843,709	2,691,060	579,467	552,981	27,017,682	25,058,164
Other operations	841,861	762,325	717,621	549,854	34,974,105	34,435,646
Elimination - net	(810,560)	(747,953)	(573,806)	(502,450)	(31,866,860)	(30,213,678)
Consolidated	31,301,165	22,942,944	2,014,295	(382,640)	183,698,589	189,586,702

(Amounts in thousand)

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 this consolidated condensed interim financial information, are as follows:

	3 months ended March 31, 2013	3 months ended March 31, 2012
	-----------------(Rupees)-----------------	
Associated Companies		
Purchases and services	1,284,030	327,103
Sales	348,251	31,600
Payment of interest on TFCs and repayment of principal amount	3,834	6,271
Purchase of T-Bills	5,325,577	17,124
Sale of T-Bills	4,745,069	473,933
Investment in mutual funds	780,000	-
Redemption of mutual funds	781,195	588,577
Key Management Personnel		
Dividends paid	-	9,151
Directors Fees	2,900	1,900
Remuneration of key management personnel	139,135	115,517

17 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on April 29, 2013 by the Board of Directors of the Holding Company.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive