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First Quarter Accounts 2017

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Engro's investments in agriculture, foods, energy and petrochemicals 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, bulk liquid terminal, LNG terminal, foods processing and power generation.

Engro Fertilizers Limited

Engro Fertilizers Limited is a 56% owned subsidiary of Engro Corporation – is a premier fertilizer manufacturing and marketing company having a portfolio of fertilizer products with significant focus on balanced crop nutrition and increased yield. As one of the 50 largest fertilizer manufacturers of the world we have close to 5 decades of operations as a world class facility with a wide range of fertilizer brands, besides urea, which include some of the most trusted brand names by Pakistani farmers. These include brands like Engro Zarkhez, Zingro, Engro DAP and Envy amongst others.

Engro Foods Limited

Engro Foods Limited is an 40% owned associated company engaged in the manufacturing, processing and marketing of dairy products, frozen desserts and fruit drinks. The business owns two milk processing plants in Sukkur and Sahiwal and operates a dairy farm in Nara, Sindh. In its continued efforts to 'elevate consumer delight worldwide', the business has established several brands that have already become household names in Pakistan such as Olper's (UHT milk, low-fat milk, cream, desi ghee, lassi and flavored drinks), Omoré (frozen desserts), Tarang (tea whitener) and Dairy Omung (UHT dairy liquid and dessert cream).

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited-a 56% owned subsidiary of Engro – is the only fully integrated chlor-vinyl chemical complex in Pakistan and produces poly-vinyl chloride, caustic soda, sodium hypochlorite, hydrochloric acid and other chlorine by-products. The business was setup as a state-of-the-art plant in 1997, as a 50:50 joint venture, with Mitsubishi and Asahi Glass with Asahi subsequently divesting its shareholding in 2006.

Engro Eximp Agri Products (Private) Limited

Engro Eximp Agriproducts is a wholly owned subsidiary of the holding company and it manages the procurement, processing and marketing of rice. The company owns and operates a state-of-the-art paddy processing plant near Muridke and has an installed capacity of 144KT.

Engro Powergen Limited

Engro Powergen Limited is a wholly owned subsidiary of Engro Corporation and it owns and operates Engro Powergen Qadirpur Limited, a 224 megawatt power plant and the group's first initiative in the power sector of Pakistan. Engro Powergen Qadirpur Limited was listed on the Karachi Stock Exchange in October 2014 where 25% of the shares were offered to the public. As of now Engro Powergen Qadirpur Limited is 69% owned by Engro Powergen whereas the remainder is owned by International Finance Corporation (IFC) and employees.

Engro Powergen Limited is also involved in the Thar Coal project. The project envisages a coal mine under Sindh Engro Coal Mining Company (SECMC) and development of two 330 MW mine mouth power plants under Engro Powergen Thar Limited (EPTL) in the first phase. SECMC is a joint venture company formed in 2009 between the Government of Sindh (GoS) and Engro PowerGen Limited (EPL) & Affiliates. SECMC's shareholders include Government of Sindh, Engro Powergen Ltd, Thal Limited, Habib Bank Ltd, Huolinhe Open Pit Coal Investment Company Limited and Hub Power Company Limited (HUBCO). The Sindh Coal Authority has awarded a 95.5 square kilometer area of the coalfield, known as Block II, to SECMC for exploration and development of coal deposits. Within this block, there is an estimated amount of exploitable lignite coal reserves of 1.57 billion tons. In 2010, SECMC completed the Bankable Feasibility Study (BFS) for Thar Block II Coal Mining Project by engaging internationally renowned Consultants such as RWE-Germany, Sinocoal-China, SRK-UK and HBP Pakistan, meeting all national / international standards. The first phase of the Project is underway, as financial close of both the power and mining projects was achieved during first half 2016.

Engro Vopak Terminal Limited

Engro Vopak is a joint venture with Royal Vopak of the Netherlands – the world's largest bulk liquid chemical handling company. The business is engaged in handling, storage and regasification of liquid & gaseous chemicals, Liquefied Petroleum Gas (LPG), petrochemicals and bio-fuels. Engro Vopak's terminal is Pakistan's first cryogenic facility that handles 70% of all liquid chemical imports into Pakistan including Paraxylene (PX), Acetic Acid (AA), Vinyl Chloride Monomer (VCM), Ethylene Dichloride (EDC), Mono Ethylene Glycol (MEG), Ethylene along with Phosphoric Acid (PA) imports, which are pumped directly to customer's facilities.

Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL) is an 80% owned subsidiary of Engro Corporation. The company won the contract to handle liquefied natural gas (LNG) and thereafter acquired FSRU vessel on lease from a US-based company - Excelerate Energy. Engro Elengy Terminal Limited, a wholly owned subsidiary of ETPL, set up the first state of the art LNG terminal, at Port Qasim. The terminal – which is also one of the most cost efficient terminals in the region – has the capacity for regasification of up to 600 mmcfd.

directors' report

According to the World Bank, after a disappointing year, a pickup in growth rates is finally in sight. In 2016, global growth was in a post-crisis low and the first six months of the year were characterized by especially weak growth in advanced economies. Global growth, on average, in 2016 was 2.3%. Uncertainty has been high, global trade has stalled and investment has been weak. However, in the last quarter of 2016, there are reasons for optimism. China's transition towards a growth path relying to a greater extent on domestic demand continues at a smooth pace. Many oil-exporting countries are doing better as the price of crude oil has been rising since mid-2016. Commodity prices have recovered and economic activity in advanced economies is strengthening. South Asia remains the fastest growing region in the world at an estimated 6.8%.

Pakistan's growth prospects continue to improve and inflation remains contained. The economy is projected to grow by 5.2% in FY2017. On the demand side, the near-term growth outlook will primarily be supported by public and private consumption. On the supply side, impetus to growth is projected to come from services and the industrial sector. However, weak fiscal performance and pressures in external account pose a challenge. Efforts to reverse the current imbalances and continued implementation of structural reforms will be needed for sustaining and accelerating growth and improving welfare.

Business Review

Engro Corporation had a challenging first quarter on account of lower revenue mainly on account of lower urea sales coupled with discounts to sustain market share. Revenues from dairy business are no more consolidated as a result of disposal of majority equity interest in EFoods last year. On a consolidated basis, Engro Corporation recorded revenue of PKR 22.5 billion in 1Q'17, a 33% decrease from PKR 33.6 billion in 1Q'16. The profit-after-tax (PAT) reduced from PKR 3,691 million in 1Q'16 to PKR 2,841 million in 1Q'17 mainly due to lower urea sales and highly competitive dairy sector coupled with a lower share of fertilizers and foods businesses' profits due to partial divestment during FY 2016. The profitability was augmented by significantly strong performance by petrochemicals business and continued support from conglomerate's stable businesses including power, LNG and Engro Vopak.

Engro Corporation is currently in the process of reviewing various investment opportunities aimed at creating long-term sustainable shareholder value, diversification of portfolio and to meet capital allocation requirements. The Company aims to rebalance investments across its defined pillars. Accordingly, the decision on utilization of proceeds from foods and fertilizers partial divestments will be in line with Engro's strategy.

Engro Fertilizers

Local urea market demand for first quarter picked up to 868 KT translating into an increase of around 13% vs 1Q 2016. Demand from Rabi increased from 2,882 KT vs. 2,427 KT last year. DAP demand in the local market also increased by a significant 29% as compared to last year, with sales recorded at 311 KT vs the 241 KT for 1Q 2016. The increase is primarily attributed to lower prices due to the ongoing subsidy. In contrast to offtakes, local urea production was at 1,389 KT, compared to 1,411 KT production during the same period last year. Industry closing inventory has reached 1,537 KT by the end of 1Q 2017, up from 1,049 KT at the end of 2016.

ECC has given approval of 300 KT urea exports to the industry. Out of this, EFert has already exported 31KT in 1Q. The remaining exports are expected to materialize in 2nd quarter, after which inventory levels are expected to come down from the current highs of 1,537KT.

In line with the industry, EFert continues to withhold GIDC on all non-concessionary gases due to the interim order by the High Court striking down the GIDC Act. EFert had also obtained a stay order against GIDC applicability on concessionary gas in 2015, and therefore, no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and our gas supply contracts on the basis of which we invested USD 1.1 billion to expand our fertilizer manufacturing capacity. Separately, EFert is currently under discussion with Mari for the term sheet of 26 MMSCFD allocated gas for its old plant.

EFert recorded a gross profit of PKR 3,515 million for 1Q 2017, compared to PKR 4,213 million in the same period last year. The decline of 17% can be mainly attributed to lower urea prices and overall low fertilizer (urea and DAP) offtakes. Finance cost was lower at PKR 687 million than last year (PKR 753 million) as a direct consequence of loan repayments, lower benchmark interest rates and re-pricing of various long-term loans. However, this was partially offset by higher working capital needs due to excess inventory. PAT for 1Q 2017 stood at PKR 1,638 million compared to PKR 2,121 million last year.

Engro Polymer & Chemicals

On the domestic market front, PVC demand remained robust on account of strong downstream activity and positive economic sentiment. The continued strength exhibited by PVC reflects an increase appetite and EPolymer is investing, via plant debottlenecking, to ensure indigenous supply to domestic market. Chlor Alkali market remained stable throughout the quarter. On the production side, the business maintained operational excellence and achieved highest ever quarterly PVC production. Continuous process improvement and diligent planning supplemented plant operations. Chlor Alkali operations remained stable throughout the quarter.

During 1Q 2017, EPolymer recorded revenue of PKR 6,812 million compared to PKR 5,739 million in the same period last year and posted PAT of PKR 846 million compared to PKR 18 million same period last year. Strong performance of the PVC segment and manufacturing efficiencies contributed towards the business's profitability.

Engro Eximp Agriproducts

During the quarter, the rice business achieved a total husking of 3,938 tons of paddy and processed 5,046 tons of rice which represents an increase of 45.5% vs. 2016. The business exported 1,000 tons of rice during the 1Q'17, a decline of 69% year-on-year and made branded sales of 2,408 tons (2016: 34 tons). Rice business posted a loss after tax of PKR 49 million for the 1Q'17 as compared to PKR 126 million in the comparative period mainly due to lower stocks availability because of strategic decision to mitigate losses by curtailing paddy procurement to reduce open exposure.

Engro Powergen

Pakistan continues to face chronic electricity shortage due to demand growth with limited addition in generation capacity, high transmission and distribution losses as well as persistent issue of circular debt. To resolve this issue, Government is undertaking multiple projects on a priority basis, including Liquefied Natural Gas (LNG) based power generating projects. Engro Powergen remains on the forefront to help alleviate the energy crisis in the country and further strengthen Engro's energy growth vertical.

Qadirpur Power Plant: The EPQL Plant demonstrated a billable availability factor of 100.6% in the current quarter compared to 99.9% in the same period last year. It dispatched a total Net Electrical Output (NEO) of 461 GwH to the national grid with a load factor of 98% compared to 21% in 1Q 2016. The decline in load factor last year was primarily on account of power purchaser's (NTDC) transformer which caught fire and went out of operation thereby impacting power evacuation in the region in which the plant operates. Sales revenue for 1Q'17 was PKR 2,979 million compared to PKR 1,509 million in the comparative period due to lower load factor as stated above. The company earned a net profit of PKR 669 million during 1Q'17 as compared to PKR 368 million last year.

Thar Mining Project: During the quarter, project progress remained ahead of plan with ~29 M BCM of overburden having been removed as of March 31, 2017. This is in addition to the 4 M BCM that was removed prior to Financial Close. Further, all main mining equipment has been mobilized at site. Major milestones have been achieved on the mine dewatering infrastructure projects. Drilling of all 27 wells has been completed which will enable the project to start dewatering of 3 aquifers in April 2017. The construction of Gorano reservoir is in its final stages. Construction of 26.5 km of EDS Pipeline to Gorano has been completed. Litigation was filed in June 2016 against the construction in the Sindh High Court however, the Court did not grant the stay against construction. As a result, construction activity remains unhampered.

Thar Power Project: Current engineering progress is slightly ahead of schedule and majority of the detailed engineering work is expected to be completed by mid-2017. Progress on procurement is also ahead of plan as placement of most purchase orders has been expedited. Factory inspections of major equipment being manufactured in China have also been carried out to monitor the manufacturing progress and to identify and rectify any quality issues. The manufacturing progress on all critical path items is on track. Foundation work for Boiler House and Main Hall has been successfully completed and erection of steel structure has now commenced for both Boiler Units. Construction of the outer superstructure of Stack (180 meters) has also been safely completed while several other new work fronts have been created to increase the scope of civil construction activities on site such as Cooling Tower, Stacker Reclaimer, Ash Silos, etc. Construction progress is also ahead of schedule. Overall EPC is 3.4% ahead of plan as at end-March 2017 (17.75% actual vs. 14.36% planned).

This USD 2 billion integrated project is a landmark solution to bring energy security to the Country and plays an important role for the future of Pakistan and Thar. This project is a national priority project and is listed amongst China Pakistan Economic Corridor and the first one to achieve financial close.

Engro Elengy Terminal

During 1Q'17, the Engro Elengy Terminal handled 16 cargoes vs. 7 cargoes and 999,961 MT of LNG vs. 420,666 MT during comparative period last year. Terminal continues to maintain 100% of RLNG regasification nomination given by Sui Southern Gas Company Limited (SSGCL). Average utilization during the quarter was 97.08%. The consolidated revenue for the quarter was PKR 2,440 million as compared to PKR 2,551 million, while the consolidated PAT for the quarter was PKR 510 million vs. PKR 668 million for the comparative period last year.

The LNG business is also finalizing the Addendum to the LNG Operation & Services Agreement (LSA) with SSGCL which will enable it to utilize its spare capacity of 200 MMSCFD. In this connection, the business was also able to negotiate an additional Performance Bond facility with NBP of USD 5 million. SSGCL is already utilizing additional capacity since January 27, 2017.

Engro Vopak

Engro Vopak Terminal recorded an increase in top and bottom line mainly due to higher throughput of LNG and Phosphoric Acid as compared to same period last year. During the period, 362 KT chemicals handled at site vs. 312 KT handled in the same period last year. Revenue was PKR 723 million vs. PKR 684 million while PAT for the period increased from PKR 493 million to PKR 508 million.

Business Outlook

Engro Fertilizers

Domestic urea market is expected to improve in the coming months as demand picks up in Kharif season. Further, the expected exports during 2Q would provide some relief to the manufacturers. The fertilizer industry is in talks with the government for extension of deadline for exports from April 28, 2017 to June 30, 2017, after which the government will reassess the situation for further export allowance. Moving on to the international market, with global markets being under pressure, urea prices are expected to remain soft in 2017. International DAP prices are expected to remain stable in 2Q led by Indian demand.

Engro Foods

Post-acquisition by FrieslandCampina, the dairy business looks forward to benefiting from its expertise in the areas of Research & Development, innovation and operational efficiencies. FrieslandCampina's experience in international markets will also be of great help for the business in expediting the conversion process from raw, unprocessed milk to safe, hygienic options for the Pakistani consumer. Along with FrieslandCampina, Engro Foods intends to be in the forefront in the fight against malnutrition and milk adulteration by introducing high quality packaged dairy products.

Engro Polymer & Chemicals

International PVC and ethylene prices will remain dependent on global economic sentiment, energy prices, currency volatility, supply and demand dynamics. Domestic market for PVC is expected to remain strong while the Caustic market is projected to remain stable. The business will continue to focus on optimizing and achieving operational excellence.

Engro Eximp Agriproducts

Going forward, the business's focus is to continue to improve its operational efficiency, enhance export sales and build "Onaaj" as brand in the wholesale channel.

Engro Powergen

The company continues to seek new opportunities in energy sector around the world in partnership with international players to utilize Engro's unique engineering and project management skillset. In partnership with government, the Thar mining and power projects are expected to remain on track for completion in next three years to help resolve the energy crisis in the Country.

The Qadirpur plant is expected to continue receiving uninterrupted supply of permeate gas in 2017. Gas based power plants are expected to be ranked higher on account of their higher efficiencies and environmental parameters. Going forward the business will continue to maintain its focus on plant and equipment reliability and other performance improvement initiatives, thereby ensuring uninterrupted power supply to the national grid for the benefit of all stakeholders.

Engro Elengy Terminal

The LNG project is positively playing its role in alleviating some of the energy shortage faced by the Country. Under the LSA with SSGC, capacity fee for up to 95% is guaranteed. Further, as mentioned above, the Terminal has already enhanced its utilization and the Addendum to the LSA is expected to be executed in due course. Accordingly, the management expects a stable outlook for the current year.

Engro Vopak

Chemical market remained stagnant in prior years and this trend is expected to continue in 2017. LPG business exhibited tremendous growth since 2015 and there is a potential for significant growth in 2017 subject to favorable regulatory environment. The business is positioning itself to capture the growth in this segment and increase its market share.

condensed interim balance sheet as at march 31, 2017

(Amounts in thousand)

	Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
		------------- (Rupees) -------------	
ASSETS			
Non-current assets			
Property, plant and equipment	3	194,297	154,340
Intangible assets		11,601	12,629
Long term investments	4	21,171,987	21,171,987
Long term loans and advances	5	6,674,701	3,020,625
Deferred taxation		-	2,227
		28,052,586	24,361,808
Current assets			
Loans, advances and prepayments	6	906,588	3,880,760
Other receivables	7	5,425,120	460,646
Accrued interest / mark-up		501,548	404,664
Short term investments		60,715,654	60,871,369
Cash and bank balances		607,546	1,052,608
		68,156,456	66,670,047
TOTAL ASSETS		96,209,042	91,031,855
EQUITY & LIABILITIES			
Equity			
Share capital		5,237,848	5,237,848
Share premium		13,068,232	13,068,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits - Actuarial loss		(2,262)	(2,262)
Unappropriated profit		66,607,003	61,307,059
Total equity		89,340,061	84,040,117
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		16,907	24,466
Deferred taxation		1,306	-
		18,213	24,466
Current liabilities			
Trade and other payables		1,553,209	2,248,235
Taxes payable		953,796	268,794
Borrowings		3,988,589	3,983,839
Accrued interest / mark-up		115,068	250,279
Unclaimed dividends		240,106	216,125
		6,850,768	6,967,272
Total liabilities		6,868,981	6,991,738
Contingencies and Commitments	8		
TOTAL EQUITY & LIABILITIES		96,209,042	91,031,855

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2017

(Amounts in thousand except for earnings per share)

	Note	March 31, 2017	March 31, 2016
		------------- (Rupees) -------------	
Dividend income		5,254,040	3,415,524
Royalty income		133,257	134,240
		5,387,297	3,549,764
Administrative expenses		(145,635)	(143,808)
		5,241,662	3,405,956
Other income		1,050,651	307,352
Other operating expenses		(122)	(907)
Operating Profit		6,292,191	3,712,401
Finance cost		(133,693)	(146,793)
Profit before taxation		6,158,498	3,565,608
Taxation		(858,554)	(95,596)
Total comprehensive Income for the period		5,299,944	3,470,012
Earnings per share - basic and diluted	9	10.12	6.62

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

condensed interim
statement of changes in equity
for the three months ended march 31, 2017

(Amounts in thousand)

	Capital reserves		Revenue reserves			
	Share capital	Share premium	General reserve	Remeasurement of post employment benefits - Actuarial gain / loss	Unappropriated profit	Total
	---(Rupees)---					
Balance as at January 01, 2016 (audited)	5,237,848	13,068,232	4,429,240	(5,203)	13,585,382	36,315,499
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	3,470,012	3,470,012
Balance as at March 31, 2016 (unaudited)	5,237,848	13,068,232	4,429,240	(5,203)	17,055,394	39,785,511
Total comprehensive income for the nine months ended December 31, 2016	-	-	-	2,941	58,393,856	58,396,797
Transactions with owners						
Final cash dividend for the year ended December 31, 2015 @ Rs. 7.00 per share	-	-	-	-	(3,666,494)	(3,666,494)
	-					
Interim cash dividends for the year ended	-					
December 31, 2016:	-					
- 1st interim @ Rs.5.00 per share	-	-	-	-	(2,618,924)	(2,618,924)
- 2nd interim @ Rs.7.00 per share	-	-	-	-	(3,666,495)	(3,666,495)
- 3rd interim @ Rs.8.00 per share	-	-	-	-	(4,190,278)	(4,190,278)
	-	-	-	-	(14,142,191)	(14,142,191)
Balance as at December 31, 2016 (audited)	5,237,848	13,068,232	4,429,240	(2,262)	61,307,059	84,040,117
Total comprehensive income for the three months ended March 31, 2017	-	-	-	-	5,299,944	5,299,944
Balance as at March 31, 2017 (unaudited)	5,237,848	13,068,232	4,429,240	(2,262)	66,607,003	89,340,061

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

condensed interim
statement of cash flows (unaudited)
for the three months ended march 31, 2017

(Amounts in thousand)

	Note	March 31, 2017	March 31, 2016
		---(Rupees)---	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	10	(851,422)	(377,412)
Royalty received		154,743	164,516
Taxes paid		(170,019)	(61,636)
Retirement and other service benefits paid		(20,604)	(5,761)
Long term loans and advances - net		(18,455)	874
Net cash utilized in operating activities		(905,757)	(279,419)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		315,000	270,000
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		878,147	276,291
Issuance of TFCs by subsidiary company		(3,560,000)	-
Loan disbursed to subsidiary companies		(600,000)	(3,560,000)
Repayment of loan by subsidiary companies		3,560,000	7,631,672
Purchase of Treasury bills		(24,368,318)	-
Proceeds from sale of Treasury bills		15,682,258	-
Purchases of property, plant and equipment (PPE)		(48,161)	(9,720)
Sale proceeds on disposal of PPE		167	-
Net cash (utilized in) / generated from investing activities		(8,140,907)	4,608,243
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of financial charges		(264,154)	(275,144)
Dividends paid		-	(1,587)
Unclaimed dividends		23,981	23,230
Net cash utilized in financing activities		(240,173)	(253,501)
Net (decrease) / increase in cash and cash equivalents		(9,286,837)	4,075,323
Cash and cash equivalents at beginning of the year		24,213,198	399,510
Cash and cash equivalents at end of the period	11	14,926,361	4,474,833

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

notes to the condensed interim financial information for the three months ended march 31, 2017

(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 Pakistan Stock Exchange Limited. The Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Company, is to manage investments in subsidiary companies , associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, 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 BASIS OF PREPARATION

2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of or directives issued under the Companies Ordinance 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information is being submitted to the shareholders in accordance with section 245 of the Ordinance and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2016.

2.2 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, 2016.

2.3 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.

2.4 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, 2016.

3. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2017	Audited December 31, 2016
	----(Rupees)----	
Operating assets (note 3.1)	86,822	94,597
Capital work in progress (note 3.2)	107,475	59,743
	194,297	154,340

3.1 Additions to operating assets during the period / year amounted to Rs. 430 (December 31, 2016: Rs. 73,563). Operating assets costing Rs. 227 (December 31, 2016: Rs. 6,381) having a net book value of Rs. 168 (December 31, 2016: Rs. 1,905), were disposed off during the period / year for Rs. 168 (December 31, 2016: Rs. 1,577).

3.2 This mainly represents advance paid to suppliers.

(Amounts in thousand)

4 LONG TERM INVESTMENTS

Engro Fertilizers Limited (EFert), a subsidiary company, had availed a loan of USD 30,000 from the International Finance Corporation (IFC), divided into (i) 30% convertible loan on its shares at Rs. 24 per ordinary share, calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC to exercise the conversion option; and (ii) 70% non-convertible loan. Until December 31, 2016, IFC had partially exercised its option on loan amounting to USD 8,000 and 33,132,292 ordinary shares of EFert were allotted to the IFC.

On March 01, 2017, EFert received a notice from IFC for exercise of conversion option on the entire remaining loan amount of USD 1,000. Accordingly, 4,367,083 ordinary shares of EFert have been allotted to IFC on March 7, 2017. As a result, the Company as at the balance sheet date holds 56.27% of the issued share capital of EFert (December 31 2016: 56.45%).

5 LONG TERM LOANS AND ADVANCES

During the period, the Company subscribed to privately placed, unsecured and non-convertible zero coupon Term Finance Certifcates (TFCs) amounting to Rs 4,983,200, each having a face value of Rs 100 from Engro Powergen Limited. These TFCs have been issued at a discounted value of Rs 3,560,000 and have a tenure of 48 months. The TFCs, furthermore, entitle the Company to early redemption at any time from the date of investment at the settlement price on the date of redemption computed using an effective interest rate of 8.77% per annum.

6 LOANS, ADVANCES AND PREPAYMENTS

6.1 Engro Powergen Limited (EPL)
During 2016, the Company extended a subordinated short-term loan of Rs 3,560,000 to EPL, a wholly owned subsidiary company. The loan carried mark-up at the rate of 3 months KIBOR plus 1.5% per annum, payable on a quarterly basis. Further, the loan was repayable through one lump sum installment falling due on March 16, 2017. During the period, EPL repaid the entire loan amount to the Company.

6.2 Elengy Terminal Pakistan Limited (ETPL)
During the period, the Company extended additional loan of Rs. 600,000 to ETPL, a subsidiary company, to meet its working capital requirements. The loan carries mark-up at the rate of 3 months KIBOR plus 0.5% per annum, payable on a lump sum basis on May 31, 2017.

7 OTHER RECEIVABLES

This includes an amount of Rs 1,878,280 (December 31, 2016: Nil) and Rs. 3,060,759 (December 31, 2016: Nil) on account of dividend receivable from Engro Fertilizers Limited, a subsidiary company and Engro Foods Limited, an associated company, respectively.

8 CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2016 are as follows:

(Amounts in thousand)

8.1 Contingencies

- During the period, corporate guarantees extended on behalf of Engro Fertilizers Limited, a subsidiary company, to International Finance Corporation under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement amounting to USD 11,000 have been released.

- During the period, the Company, as Sponsor Support, has permitted a bank to create ranking charge over receivables of the Company and pledge of shares of Engro Fertilizers Limited and Engro Foods Limited against the Stand By Letter of Credit (SBLC) facility amounting to USD 4,673 and Rs 411,949 granted to Engro Elengy Terminal (Private) Limited, a wholly owned subsidiary company of Elengy Terminal Pakistan Limited.

- During the period, Engro Foods Limited (EFoods), an associated company received an order from Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of EFoods' marketing activities relating to one of its products. EFoods has filed an appeal against the aforementioned order. Further, as per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Company is required to reimburse 51% of the amount together will all reasonable cost and expenses to FCP in case any such penalty materializes. The Company, based on the opinion of the legal advisor, is confident of a favorable outcome of the appeal, and accordingly no provision has been recognized in this condensed interim financial information in this respect.

8.2 Commitments

	Unaudited March 31, 2017	Audited December 31, 2016
	(Rupees)	
Commitments in respect of capital expenditure	140,952	152,962

9 EARNINGS PER SHARE

	Unaudited March 31, 2017	Audited December 31, 2016
	(Rupees)	
Profit for the period	5,299,944	3,470,012
	(Number of shares)	
Weighted average number of ordinary shares	523,785	523,785

(Amounts in thousand)

10. CASH UTILIZED IN OPERATIONS

	Three months ended March 31, 2017	Three months ended March 31, 2016
	(Rupees)	
Profit before taxation	6,158,498	3,565,608
Adjustment for non-cash charges and other items:		
Depreciation	8,037	4,495
Amortization	1,028	958
Provision for retirement and other service benefits	13,045	3,155
Income on deposits / other financial assets	(1,050,651)	(307,352)
Dividend income	(5,254,040)	(3,415,524)
Royalty income	(133,257)	(134,240)
Financial charges	133,693	146,793
Working capital changes (note 10.1)	(727,775)	(241,305)
	(851,422)	(377,412)

10.1 Working capital changes

	March 31, 2017	March 31, 2016
(Increase) / decrease in current assets		
- Loans, advances, deposits and prepayments	14,172	(93,165)
- Other receivables (net)	(46,921)	(48,949)
	(32,749)	(142,114)
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	(695,026)	(99,191)
	(727,775)	(241,305)

11. CASH AND CASH EQUIVALENTS

	March 31, 2017	March 31, 2016
Short term investments	14,318,815	3,737,000
Cash and bank balances	607,546	737,833
	14,926,361	4,474,833

(Amounts in thousand)

12 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

12.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies of the Company during the period, consequently this condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

12.2 Fair value estimation

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Assets				
Financial assets at fair value through profit or loss				
- Short term investments	-	60,715,654	-	60,715,654

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

12.3 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise treasury bills which are valued using discounted cash flow model.

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

	Three months ended	
	March 31, 2017	March 31, 2016
	(Rupees)	
Parent Company		
Reimbursements of expense	-	383
Subsidiary companies		
Purchases and services	7,103	196
Services rendered	126,218	164,650
Mark up from subsidiaries	81,120	277,668
Disbursement of loan	600,000	3,560,000
Repayment of loan by subsidiary companies	3,560,000	7,631,672
Issuance of TFCs by subsidaiary company	3,560,000	-
Unwinding of discount onTFCs	75,621	-
Dividend receivable	1,878,280	3,145,524
Royalty Income, net of sales tax	133,257	134,240
Reimbursements to subsidiary companies	62,942	50,867
Expenses paid on behalf of subsidiary companies	39,439	50,963
Service fees against Corporate Guarantees	2,582	2,605
Associated companies		
Purchases and services	2,630	527
Services rendered	62,837	18,341
Retirement Benefits	10,538	8,223
Dividend receivable	3,060,759	-
Donations	-	6,300
Utilization of overdraft facility	-	130,000
Repayment of overdraft facility	-	130,000
Mark-up on utilization of overdraft facility	-	157
Commitment fee	-	1,160
Interest on deposit	4	1
Reimbursement to associated companies	2,373	1,344
Expenses paid on behalf of associated companies	4,025	2,122
Bank charges	11	1
Profit on Term Finance Certificates	9,618	12,073
Joint venture		
Services rendered	1,252	704
Dividend received	315,000	270,000
Reimbursement to Joint Venture company	991	1,315
Others		
Directors' fees	10,061	11,183
Remuneration of key management personnel	51,525	48,967
Reimbursements to key management personnel	316	582

(Amounts in thousand)

14. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

14.1 The Board of Directors in its meeting held on February 17, 2017 had proposed a final cash dividend of Rs. 4.00 per share for the year ended December 31, 2016 amounting to Rs. 2,095,140 for approval of the members at the Annual General Meeting (AGM). The members have approved the dividend in the AGM held on April 6, 2017. The effect of this has not been incorporated in this condensed interim financial information.

14.2 The Board of Directors in its meeting held on April 26, 2017 has approved an interim cash dividend of Rs 5.00 per share for the year ending December 31, 2017. This condensed interim financial information does not reflect the dividend payable.

15 CORRESPONDING FIGURES

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

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2017 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated condensed interim balance sheet as at march 31, 2017

(Amounts in thousand)	Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
		----------(Rupees)----------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	131,970,378	131,408,494
Intangible assets		265,759	222,434
Long term investments		31,775,529	34,700,708
Deferred taxation		357,400	554,187
Long term loans and advances and other receivables		9,534,398	9,850,501
		173,903,464	176,736,324
Current assets			
Stores, spares and loose tools		7,382,637	7,148,040
Stock-in-trade		13,579,176	10,704,311
Trade debts		9,218,169	13,733,482
Loans, advances, deposits and prepayments		1,794,381	1,390,497
Other receivables	6	11,895,748	9,568,479
Accrued income		511,835	426,268
Short term investments		64,555,353	64,725,527
Cash and bank balances		6,630,082	5,900,379
		115,567,381	113,596,983
TOTAL ASSETS		289,470,845	290,333,307

(Amounts in thousand)	Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
		----------(Rupees)----------	
EQUITY & LIABILITIES			
Equity			
Share capital		5,237,848	5,237,848
Share premium		13,068,232	13,068,232
Revaluation reserve on business combination		40,936	43,486
Maintenance reserve		156,301	156,301
Exchange revaluation reserve		20,035	15,767
Hedging reserve		(82,277)	(83,397)
General reserve		4,429,240	4,429,240
Unappropriated profit		114,010,669	111,008,100
Remeasurement of post-employment benefits		(38,154)	(38,154)
		131,604,982	128,599,575
		136,842,830	133,837,423
Non-controlling Interest		35,157,515	35,253,333
Total Equity		172,000,345	169,090,756
Liabilities			
Non-current liabilities			
Borrowings	7	56,063,740	60,609,743
Derivative financial instruments		882	2,107
Deferred taxation		8,580,402	8,982,706
Deferred liabilities		90,774	196,671
		64,735,798	69,791,227
Current liabilities			
Trade and other payables		28,247,544	31,625,402
Accrued interest / mark-up		1,417,275	1,138,421
Current portion of :			
- borrowings		15,643,048	12,508,579
- deferred liabilities		70,699	101,790
Taxes payable		1,583,855	56,223
Short term borrowings		5,509,043	5,535,587
Derivative financial instruments		3,909	249,653
Unclaimed dividends		259,329	235,669
		52,734,702	51,451,324
Total Liabilities		117,470,500	121,242,551
Contingencies and Commitments	8		
TOTAL EQUITY AND LIABILITIES		289,470,845	290,333,307

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for the three months ended march 31, 2017

(Amounts in thousand except for earnings per share)	Note	Three months ended March 31, 2017	Three months ended March 31, 2016
		-------------------(Rupees)-------------------	
Revenue		22,499,336	33,592,444
Cost of revenue		(15,787,043)	(23,873,084)
Gross profit		6,712,293	9,719,360
Selling and distribution expenses		(1,480,888)	(2,433,500)
Administrative expenses		(732,431)	(922,028)
		4,498,974	6,363,832
Other income	9	2,392,986	1,201,821
Other operating expenses		(289,223)	(512,558)
Finance cost		(1,315,517)	(1,405,003)
Share of income from joint ventures and associates		450,364	308,420
Profit before taxation		5,737,584	5,956,512
Taxation	10	(1,518,589)	(1,550,646)
Profit for the period		4,218,995	4,405,866
Profit attributable to:			
- continuing operations		4,218,995	3,297,809
- discontinued operations	11	-	1,108,057
		4,218,995	4,405,866
Profit attributable to:			
- Owners of the Holding Company		2,840,969	3,690,625
- Non-controlling interest		1,378,026	715,241
		4,218,995	4,405,866
Basic earnings per share from:			
- Continuing operations	12	5.42	5.21
- Discontinued operations	12	-	1.84
		5.42	7.05
Diluted earnings per share from:			
- Continuing operations	12	5.42	5.13
- Discontinued operations	12	-	1.84
		5.42	6.97

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)	Note	Three months ended March 31, 2017	Three months ended March 31, 2016
		-------------------(Rupees)-------------------	
Profit for the period		4,218,995	4,405,866
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Hedging reserve - cash flow hedges			
Losses arising during the period		(10,459)	(80,250)
Reclassification adjustments for losses included in profit or loss		2,428	83,305
Adjustments for amounts transferred to initial carrying amount of hedged items		10,183	-
		2,152	3,055
Revaluation reserve on business combination		(5,250)	(5,328)
Exchange differences on translation of foreign operations		7,083	733
		3,985	(1,540)
Income tax relating to:			
- Hedging reserve - cash flow hedges		(368)	(2,510)
- Revaluation reserve on business combination		1,680	1,758
		1,312	(752)
Other comprehensive income for the period, net of tax		5,297	(2,292)
Total comprehensive income for the period		4,224,292	4,403,574
Profit attributable to:			
- continuing operations		4,224,292	3,293,747
- discontinued operations		-	1,109,827
		4,224,292	4,403,574
Total comprehensive income attributable to:			
- Owners of the Holding Company		2,843,807	3,689,847
- Non-controlling interest		1,380,485	713,727
		4,224,292	4,403,574

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	Share capital	Share premium	Employee share option compensation reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Un-appropriated profit	Remeasurement of post employment benefits - Actuarial gain / (loss)	Sub total	Non-controlling interest	Total
	Attributable to owners of the Holding Company												
		Capital reserves					Revenue reserves						
	Rupees												
Balance as at January 1, 2016 (audited)	5,237,848	13,068,232	595,143	53,688	156,301	29,793	(88,042)	4,429,240	45,891,164	(131,931)	69,241,436	16,431,445	85,672,881
Total comprehensive income for the three months ended March 31, 2016 (unaudited)													
Profit for the period	-	-	-	-	-	-	-	-	3,690,625	-	3,690,625	715,241	4,405,866
Other comprehensive income	-	-	-	(2,551)	-	733	1,040	-	-	-	(778)	(1,514)	(2,292)
	-	-	-	(2,551)	-	733	1,040	-	3,690,625	-	3,689,847	713,727	4,403,574
Transactions with owners													
Employees Share Option Scheme of subsidiary company	(72,776)	-	-	-	-	-	-	-	-	-	(72,776)	-	(72,776)
Dividend by subsidiary allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(948,023)	(948,023)
Share capital issued during the period	-	-	-	-	-	-	-	-	-	-	-	8,033,579	8,033,579
Share issuance cost	-	-	-	-	-	-	-	-	(22,112)	-	(22,112)	(43,543)	(65,655)
	-	-	(72,776)	-	-	-	-	-	(22,112)	-	(94,888)	7,042,013	6,947,125
Balance as at March 31, 2016 (unaudited)	5,237,848	13,068,232	522,367	51,137	156,301	30,526	(87,002)	4,429,240	49,559,677	(131,931)	72,836,395	24,187,185	97,023,580
Total comprehensive income for the nine months ended December 31, 2016 (audited)													
Profit for the period	-	-	-	-	-	-	-	-	65,416,615	-	65,416,615	3,775,648	69,192,263
Other comprehensive income	-	-	-	(7,651)	-	(14,759)	2,063	-	-	20,337	(10)	4,938	4,928
	-	-	-	(7,651)	-	(14,759)	2,063	-	65,416,615	20,337	65,416,605	3,780,586	69,197,191
Transactions with owners													
Disposal of Subsidiary Company	-	-	(522,367)	-	-	-	1,542	-	-	73,440	(447,385)	(1,997,457)	(2,444,842)
Share issued to IFC by subsidiary company	-	-	-	-	-	-	-	-	-	-	-	1,468,678	1,468,678
Dividend by subsidiary allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,759,419)	(2,759,419)
Effect of partial disposal of shares held in subsidiary company by Holding Company	-	-	-	-	-	-	-	-	9,750,120	-	9,750,120	9,226,529	18,976,649
Shares issued during the year and share issuance cost accounted for as deduction from equity	-	-	-	-	-	-	-	-	(18,013)	-	(18,013)	1,789,123	1,771,110
Decrease in NCI due to disposal of shareholding	-	-	-	-	-	-	-	-	441,892	-	441,892	(441,892)	-
Final cash dividend for the year ended December 31, 2015 @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(3,666,494)	-	(3,666,494)	-	(3,666,494)
1st interim cash dividends for the year ended December 31, 2016 @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,618,924)	-	(2,618,924)	-	(2,618,924)
Second interim cash dividend for the year ending December 31, 2016 @ Rs. 7.00	-	-	-	-	-	-	-	-	(3,666,495)	-	(3,666,495)	-	(3,666,495)
Third interim cash dividend for the year ending December 31, 2016 @ Rs. 8.00	-	-	-	-	-	-	-	-	(4,190,278)	-	(4,190,278)	-	(4,190,278)
	-	-	(522,367)	-	-	-	1,542	-	(3,968,192)	73,440	(4,415,577)	7,285,562	2,869,985
Balance as at December 31, 2016 (audited)	5,237,848	13,068,232	-	43,486	156,301	15,767	(83,397)	4,429,240	111,008,100	(38,154)	133,837,423	35,253,333	169,090,756
Total comprehensive income for the three months ended March 31, 2017 (unaudited)													
Profit for the period	-	-	-	-	-	-	-	-	2,840,969	-	2,840,969	1,378,026	4,218,995
Other comprehensive income	-	-	-	(2,550)	-	4,268	1,120	-	-	-	2,838	2,459	5,297
	-	-	-	(2,550)	-	4,268	1,120	-	2,840,969	-	2,843,807	1,380,485	4,224,292
Transactions with owners													
Share issued to IFC by subsidiary company	-	-	-	-	-	-	-	-	161,600	-	161,600	134,793	296,393
Dividend by subsidiary allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(1,611,096)	(1,611,096)
	-	-	-	-	-	-	-	-	161,600	-	161,600	(1,476,303)	(1,314,703)
Balance as at March 31, 2017 (unaudited)	5,237,848	13,068,232	-	40,936	156,301	20,035	(82,277)	4,429,240	114,010,669	(38,154)	136,842,830	35,157,515	172,000,345

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	Note	March 31, 2017	March 31, 2016
		(Rupees)	
Cash flows from operating activities			
Cash utilized in operations	13	4,202,652	(3,550,497)
Retirement and other service benefits paid		(66,438)	(50,125)
Finance cost paid		(1,258,112)	(1,716,742)
Taxes paid		(261,806)	(699,824)
Payments against provision for contractual commitments		-	(23,604)
Long term loans and advances - net		(46,224)	(386)
Discontinued operation		-	186,792
Net cash generated from / (utilized in) operating activities		2,570,072	(5,854,386)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and biological assets		(2,047,649)	(1,417,957)
Sale proceeds on disposal of PPE and biological assets		21,638	4,081
Income on deposits / other financial assets		793,352	98,210
Proceeds from short term investments		-	679,541
Purchase of Treasury bills - net		(8,686,060)	-
Investment made during the period - net		-	(14,656)
Dividends received		315,000	270,000
Discontinued operation		-	(386,879)
Net cash utilized in investing activities		(9,603,719)	(767,660)
Cash flows from financing activities			
Proceeds from issuance of right shares to Non-controlling interest		-	8,033,579
Proceeds from / repayment of borrowings - net		(1,090,000)	6,281,392
Repayment of short term finance		(1,100,000)	(550,000)
Share issuance cost		-	(65,655)
Advance for insurance policy		-	(43,880)
Unclaimed dividends		23,981	26,352
Dividends paid		(321)	(1,859)
Discontinued operation		-	(671,249)
Net cash (utilized in) / generated from financing activities		(2,166,340)	13,008,680
Net (decrease) / increase in cash and cash equivalents		(9,199,987)	6,386,634
Cash and cash equivalents at beginning of the year		28,479,540	11,256,488
Cash and cash equivalents at end of the period	14	19,279,553	17,643,122

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

notes to the consolidated condensed interim financial information (unaudited) for the three months ended march 31, 2017

(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 Pakistan Stock Exchange Limited. The Holding Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Holding Company, is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG 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	
	March 31, 2017	December 31, 2016
- Engro Powergen Limited	100	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Elengy Terminal Pakistan Limited	80	80
- Engro Fertilizers Limited (note 1.1.1)	56.27	56.45
- Engro Polymer and Chemicals Limited	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.1.1 Engro Fertilizers Limited (EFert)
Engro Fertilizers Limited (EFert), a subsidiary company, had availed a loan of USD 30,000 from the International Finance Corporation (IFC), divided into (i) 30% convertible loan on its shares at Rs. 24 per ordinary share, calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC to exercise the conversion option; and (ii) 70% non-convertible loan. Until December 31, 2016, IFC had partially exercised its option on loan amounting to USD 8,000 and 33,132,292 ordinary shares of EFert were allotted to the IFC.

On March 01, 2017, EFert received a notice from IFC for exercise of conversion option on the entire remaining loan amount of USD 1,000. Accordingly, 4,367,083 ordinary shares of EFert have been allotted to IFC on March 7, 2017. As a result, the Holding Company as at the balance sheet date holds 56.27% of the issued share capital of EFert (December 31 2016: 56.45%).

(Amounts in thousand)

2. BASIS FOR PREPARATION

2.1 This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This consolidated condensed interim financial information is being submitted to the shareholders in accordance with section 245 of the Ordinance and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.

2.2 The preparation of this consolidated 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 Group'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.

2.3 During the preparation of this consolidated condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to the consolidated financial statements of the Group for the year ended December 31, 2016.

2.4 These consolidated condensed interim financial information is presented in Pakistan Rupees, which is the Holding Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, except where such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such gains and losses are capitalized as part of the cost of that asset.

3. BASIS OF CONSOLIDATION

The condensed interim financial information of the subsidiary companies has been consolidated on a line by 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 has been presented as a separate item in this consolidated condensed interim financial information. All material intercompany balances and transactions have been eliminated.

The Group's interest in jointly controlled and associated entities, Engro Vopak Terminal Limited, Sindh Engro Coal Mining Company Limited, GEL Utility Limited and Engro Foods Limited has been accounted for using the equity method.

4. ACCOUNTING POLICIES

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 consolidated financial statements of the Group for the year ended December 31, 2016.

(Amounts in thousand)

5. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2017	Audited December 31, 2016
	----------------(Rupees)----------------	
Operating assets, at net book value	104,854,398	106,269,220
Capital work in progress - Expansion and other projects	25,840,425	23,789,784
Capital spares and standby equipments	1,275,555	1,349,490
	131,970,378	131,408,494

5.1 Additions to operating assets during the period are as follows:

Land	-	39
Plant and machinery	250,966	3,400,420
Building and civil works including pipelines	13,883	304,506
Furniture, fixture and equipment	21,917	352,175
Catalyst	-	248,848
Vehicles	10,323	330,568
Dredging	-	225,476
	297,089	4,862,032

5.2 During the period, assets costing Rs. 13,456 (December 31, 2016: Rs. 614,469), having net book value of Rs. 2,493 (December 31, 2016: Rs. 113,482) were disposed-off.

6. OTHER RECEIVABLES

This includes an amount of Rs. 3,060,759 (December 31, 2016: Nil) on account of dividend receivable from Engro Foods Limited, an associated company.

7. BORROWINGS

7.1 During the period, IFC excercised conversion option on loan to Engro Fertilizers Limited (EFert) amounting to USD 1,000 as more fully explained in note 1.1.1.

7.2 During the period, EFert fully repaid its Offshore Islamic Finance USD Facility and its Local Islamic Syndicate loan.

(Amounts in thousand)

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Significant changes in the status of contingencies since December 31, 2016 are mentioned below :

8.1.1 During the period, corporate guarantees extended on behalf of Engro Ferilizers Limited, a subsidiary company, to International Finance Corporation under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement amounting to USD 11,000 have been released.

8.1.2 During the period, the Holding Company, as Sponsor Support, has permitted a bank to create ranking charge over receivables of the Holding Company and pledge of shares of Engro Fertilizers Limited and Engro Foods Limited against the Stand By Letter of Credit (SBLC) facility amounting to USD 4,673 and Rs 411,949 granted to Engro Elengy Terminal (Private) Limited, a wholly owned subsidiary company of Elengy Terminal Pakistan Limited.

8.1.3 During the period, Engro Foods Limited (EFoods), an associated company received an order from Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of EFoods' marketing activities relating to one of its products. EFoods has filed an appeal against the aforementioned order. Further, as per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Holding Company is required to reimburse 51% of the amount together will all reasonable cost and expenses to FCP in case any such penalty materializes. The Holding Company, based on the opinion of the legal advisor, is confident of a favorable outcome of the appeal, and accordingly no provision has been recognized in this consolidated condensed interim financial information in this respect.

8.2 Commitments

8.2.1 Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 52,264,016 (2016: Rs. 54,022,835).

8.2.2 Commitments in respect of letters of credit / contracts other than for capital expenditures amount to Rs. 1,191,064 (2016: Rs. 1,190,663). This includes a letter of credit amounting to Rs. 841,064 (2016: Rs. 840,663) extended by Engro Powergen Qadirpur Limited (EPQL) in favor of its senior lenders.

8.2.3 Other commitments in respect of subsidiary companies amounts to Rs. 1,513,725 (2016: Rs. 1,122,468).

8.2.4 National Bank of Pakistan (NBP) has issued Standby Letters of Credit (Equity SBLCs) worth USD 18,900 and 51,100 (in PKR equivalent) on behalf of EPL for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC) and Engro Powergen Thar (Pvt.) Limited (EPTL) - a subsidiary company - in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (SECMC and EPTL respectively). The Equity SBLCs have been furnished for subscription and / or contribution of sponsor equity pursuant to clause 4.1 of the Sponsor Support Agreements (SSAs) dated February 26, 2016 and February 1, 2016 respectively (and the Amendment and Restatement Agreement dated February 12, 2016 relating to the SSA in case of EPTL). Equity SBLCs expire on earlier of (i) four years after the issuance of SBLCs i.e. March 21, 2020 and (ii) one month after the final date for subscription and/or contribution of Sponsor Equity Contributions pursuant to clause 4.1 of SSAs. These SBLCs are secured through pledge over shares of listed subsidiaries of Engro Corporation Limited. Subsequent to equity injection, in 2016, after Financial Close amounting to USD 335 and USD 9,064 (in PKR equivalent) in SECMC and EPTL respectively, the amount of Equity SBLCs have been reduced to USD 18,565 and USD 42,036 for SECMC and EPTL respectively.

(Amounts in thousand)

8.2.5 Allied Bank of Pakistan (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21,070 on behalf of EPL related to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) dated March 21, 2016 and expires on earlier of (i) June 30, 2017 or (ii) on payment of the Maximum Amount. It is secured through pledge over shares of listed subsidiaries of Engro Corporation Limited.

8.2.6 EPL has also provided sponsor support contractual commitment, among other commitments, in favor of Senior Lenders amounting to USD 5,400 and USD 41,600 as cost overrun support pursuant to the Sponsor Support Agreements (SSA) dated February 22, 2016 for SECMC and February 1, 2016 for EPTL respectively (and the Amendment and Restatement Agreement dated February 12, 2016 relating to the SSA in case of EPTL).

9. OTHER INCOME

This includes income from sales under Government Subsidy amounting to Rs. 1,125,023 (March 31, 2016: Rs. 733,995).

10. TAXATION

During the period, the Commissioner Inland Revenue (CIR) through his order dated January 12, 2017 against Engro Powergen Limited (EPL), made certain additions and disallowances in respect of tax year 2014 as a result of audit of income tax affairs under section 214C of the Income Tax Ordinance, 2001 and raised tax demands of Rs. 268,583. EPL has contested the demand at Appellate Tribunal Inland Revenue (ATIR) and based on the views of its tax advisor, the management believes that the matters will ultimately be decided in favour of EPL. Accordingly, no provision has been made in this respect in this consolidated condensed interim financial information.

11. DISCONTINUED OPERATIONS

During 2016, the Holding Company disposed off 54.1% of its investment in Engro Foods Limited (EFoods). Accordingly, the retained investment in EFoods was classified as Investment in Associates. In this respect, the Group, in accordance with IFRS 5 - 'Non-current assets held for sale and discontinued operations' has re-presented the post-tax comprehensive income and net cash flows pertaining to EFoods to discontinued operations for the prior period as follows:

(Amounts in thousand)

11.1 Financial performance of discontinued operations

	(Unaudited) March 31, 2016
	Rupees
Net sales	11,742,958
Cost of sales	(8,439,108)
Gross profit	3,303,850
Distribution and marketing expenses	(1,392,688)
Administrative expenses	(191,199)
Other operating expenses	(119,512)
Other income	55,842
Operating profit	1,656,293
Finance costs	(102,197)
Profit before taxation	1,554,096
Taxation	(446,039)
Profit after tax from discontinued operations	1,108,057

11.2 Cash flows attributable to discontinued operations

Net cash (utilized in) / generated from operating activities	186,792
Net cash utilized in investing activities	(386,879)
Net cash utilized in financing activities	(671,249)
Net decrease in cash and cash equivalents	(871,336)

(Amounts in thousand)

12. EARNINGS PER SHARE - BASIC AND DILUTED

	Three months ended March 31, 2017	Three months ended March 31, 2016
	-----------------(Rupees)-----------------	
The basic and dilutive earnings per share is based on:		
rofit after taxation (attributable to the owners of the Holding Company)		
- Continuing operations	2,840,969	2,725,951
- Discontinued operations	-	964,674
	2,840,969	3,690,625
The information necessary to calculate basic and diluted earnings per share is as follows:		
Profit for the period	2,840,969	2,725,951
Interest on IFC loan - net of tax	326	685
Loss on revaluation of conversion options on IFC loan - net of tax	(1,235)	(38,713)
	2,840,060	2,687,923
	----------(Number in thousands)--------	
Weighted average number of ordinary shares for determination of basic and diluted EPS	523,785	523,785

13. CASH GENERATED / (UTILIZED IN) FROM OPERATIONS

	March 31, 2017	March 31, 2016
Profit before taxation	5,737,584	5,956,512
Less: Profit before taxation attibutable to discontinued operation	-	(1,554,096)
Profit before taxation from continuing operations	5,737,584	4,402,416
Adjustment for non-cash charges and other items:		
Depreciation and amortization	1,837,609	1,875,625
Gain on disposal / write off of property, plant and equipment and biological assets	(16,366)	375
Provision for retirement and other service benefits	(1,300)	4,703
Income on deposits / other financial assets	(951,964)	(114,807)
Share of income from joint venture and associated companies	(450,364)	(308,420)
Gain on deemed disposal of associate company	-	(34,520)
Finance cost	1,279,307	1,302,869
Foreign currency translations	3,775	(9,647)
Working capital changes (note 13.1)	(3,235,629)	(10,669,091)
	4,202,652	(3,550,497)

(Amounts in thousand)

	Three months ended March 31, 2017	Three months ended March 31, 2016
	-----------------(Rupees)-----------------	
13.1 Working capital changes		
Increase in current assets		
- Stores spares and loose tools	(238,208)	(160,162)
- Stock-in-trade	(2,859,993)	(3,403,945)
- Trade debts	4,515,334	45,477
- Loans, advances, deposits and prepayments	(241,218)	(110,170)
- Other receivables - net	(1,271,772)	(166,135)
	(95,857)	(3,794,935)
Decrease in current liabilities		
- Trade and other payables including other service benefits - net	(3,139,772)	(6,874,156)
	(3,235,629)	(10,669,091)

14. CASH AND CASH EQUIVALENTS

	March 31, 2017	March 31, 2016
Cash and bank balances	6,630,082	17,415,878
Short term investments	18,158,514	5,911,904
Short term borrowings	(5,509,043)	(5,684,660)
	19,279,553	17,643,122

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies of the Group during the period, consequently this condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

(Amounts in thousand)

15.2 Fair value estimation

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Assets				
Financial assets at fair value through profit and loss				
- Short term investments	-	64,555,353	-	64,555,353
Liabilities				
Derivatives				
- Derivative financial instruments	-	4,791	-	4,791

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

15.3 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise short term investments and hedging derivatives which include forward exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions. Interest rate swaps are fair valued using mark to market rates received from the banks and financial institutions.

15.4 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the consolidated condensed interim financial information approximate their fair value.

(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:

	Three months ended	
	March 31, 2017	March 31, 2016
	(Rupees)	
Parent Company		
Reimbursements to Parent company	-	383
Associated companies and joint ventures		
Purchases and services	3,378,348	612,594
Services rendered / sale of goods	212,078	117,622
Retirement benefits	120,585	175,636
Dividends received	315,000	270,000
Dividends receivable	3,060,759	-
Payment of interest on TFCs and repayment of principal amount	2,652	36,587
Donations	-	36,700
Investment from Associated Companies	-	8,048,235
Utilization of overdraft facility	-	130,000
Repayment of overdraft facility	-	130,000
Mark-up on utilization of overdraft facility	-	157
Interest on borrowing (IFC)	139,833	-
Reimbursement to associated companies	2,373	1,344
Commitment fee	-	1,160
Interest on deposit	4	1
Bank charges	11	1
Profit on Term Finance Certificates	9,618	30,333
Balances due from Joint Ventures	-	2,670
Key Management Personnel		
Remuneration paid to key management personnel / directors	246,149	216,946
Directors Fees	10,754	21,053

(Amounts in thousand)

17. 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 services.

	Three months ended	
	March 31, 2017	March 31, 2016
	-----------------(Rupees)-----------------	
Revenue		
Fertilizer	10,063,731	11,879,232
Polymer	6,812,363	5,739,351
Food	297,186	11,935,443
Power	2,984,439	1,516,964
Other operations	7,750,021	6,100,439
Elimination - net	(5,408,404)	(3,578,985)
Consolidated	22,499,336	33,592,444
Profit after taxation		
Fertilizer	1,637,514	2,121,391
Polymer	845,886	17,828
Food	82,526	981,880
Power	556,035	319,493
Other operations	5,732,421	4,138,104
Elimination - net	(4,635,388)	(3,172,830)
Consolidated	4,218,994	4,405,866
Segment profit after tax from discontinued operations	-	1,108,057

(Amounts in thousand)

	Unaudited March 31, 2017	Audited December 31, 2016
	-----------------(Rupees)-----------------	
Assets		
Fertilizer	99,214,131	102,803,512
Polymer	25,269,999	24,420,761
Food	2,147,239	33,066,321
Power	55,440,224	54,780,474
Other operations	113,379,810	107,036,808
Elimination - net	(5,980,558)	(31,774,569)
Consolidated	289,470,845	290,333,307

18. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

18.1 The Board of Directors in its meeting held on February 17, 2017 had proposed a final cash dividend of Rs. 4.00 per share for the year ended December 31, 2016 amounting to Rs. 2,095,140 for approval of the members at the Annual General Meeting (AGM). The members have approved the dividend in the AGM held on April 6, 2017. The effect of this has not been incorporated in this condensed interim financial information.

18.2 The Board of Directors of the Holding Company, in its meeting held on April 26, 2017 has approved an interim cash dividend of Rs 5.00 per share for the year ending December 31, 2017. This condensed consolidated interim financial information does not reflect the dividend payable.

19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim balance sheet has been compared with the balances of annual consolidated financial statements of preceding financial year, whereas the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

(Amounts in thousand)

During the quarter for better presentation, the following reclassification has been made:

Description	Head of account in financial statements for the quarter nded March 31, 2016	Head of account in financial statements for the quarter ended March 31, 2017	Rupees
Income from sale under government subsidy	Net sales	Other income	733,995

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

20. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information is authorized for issue on April 26, 2017 by the Board of Directors of the Holding Company.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

ڈائریکٹرز رپورٹ

ورلڈ بینک کے مطابق مایوس کن سال کے بعد شرح نمو کی قیمت میں اضافہ کا حتمی طور پر اندازہ لگانا ہوگا۔ سال 2016ء میں عالمی شرح نموء کے بحران میں کمی کے بعد بہتری حاصل ہوئی اس سال کی پہلی ششماہی کے دوران اقتصادیات میں شرح نموء کا تناسب کمزور رہا۔ سال 2016ء میں عالمی نموء کا تناسب 2.3% تھا اور غیر یقینی صورتحال کی وجہ سے تجارت اور سرمایہ کاری بھی کافی کم رہی۔ سال 2016ء کی آخری سہ ماہی میں امید کی کرن نظر آئی۔ چائنا کے معاملات میں ترقی کے تحت مقامی طلب مستقل طور پر بہتر رہی، تیل برآمد کرنے والے کئی ممالک کو ترقی حاصل ہوئی کیونکہ 2016ء کے وسط سے ہی خام تیل کی قیمت میں اضافہ ہوا اشیاء کی قیمتیں بحال ہوئیں اور ایڈوانس معاشی سرگرمی میں مضبوطی حاصل ہوئی۔ جنوبی ایشیاء جو کہ پوری دنیا کے ریجن میں تیزی سے ترقی کے سبب تخمینہ کا تناسب 6.8% ہے۔

پاکستان کی ترقی کا عمل مستقل طور پر بہتر ہو رہا ہے اقتصادی تناسب 2017 میں 5.2% کا اضافہ کو پروجیکٹ کیا ہے۔ ڈیمانڈ کے حوالہ سے اس نموء کو پبلک اور پرائیویٹ اداروں نے سپورٹ دیا ہے جبکہ سپلائی کی جانب کے لحاظ سے نمو سروسز اور صنعتی سیکٹر سے حاصل ہوتا ہے کمزور مالیاتی کارکردگی اور بیرونی دباؤ ایک چیلنج ہے موجودہ غیر متوازن کوششیں جاری ہیں جس پر عملدرآمد اور اس میں ترقی کے لئے مستقل طور پر کام کرنا ہوگا۔

کاروبار کا جائزہ:

اینگرو کارپوریشن کی پہلی سہ ماہی بابت کم آمدنی جو کہ کھاد کی فروخت کمیں کمی کے سبب مارکیٹ شیئر کے ڈسکاؤنٹ کو حاصل نہ کرسکے گزشتہ سال E Foods میں ایکوئٹی انٹریسٹ کے نتیجہ میں ڈیری بزنس سے زیادہ آمدنی حاصل نہ کرسکے۔ اس حوالہ سے اینگرو کارپوریشن کی سال 2017ء میں ریکارڈ کردہ آمدنی 22.5 بلین روپے بحساب 1Q'17 33% سال 2016ء میں 33.6 بلین روپے، ٹیکس کے بعد منافع (PAT) 1Q'16 سے PKR 3,691 ملین روپے سال 2016ء میں معلوم ہوا جبکہ 2017ء میں 2,841 ملین روپے ہے جو کہ کھاد کی فروخت میں کمی، ڈیری سیکٹر میں سخت مقابلہ، فرٹیلائزر کے شیئر میں اور فوڈ کے کاروبار کے منافع میں کمی ہوئی۔ پیٹروکیمیکل کے کاروبار کی کارکردگی مضبوط رہی جو کہ پائیدار کاروبار جیسے کہ پاور LNG اور اینگروپاک کے کاروبار میں مستقل سپورٹ حاصل رہی۔ اینگرو کارپوریشن اس وقت مختلف سرمایہ کاری کے مواقعوں کا جائزہ لے رہا ہے تاکہ طویل مدت تک شیئر ہولڈر ویلیو حاصل کرسکے۔ کمپنی کا مقصد سرمایہ کاری کو دوبارہ متوازن کرنا ہے فوڈ اور فرٹیلائزر کی جزوی طور پر استعمال جو کہ اینگرو کی حکمت عملی کے تحت ہے۔

اینگرو فرٹیلائزر:

پہلی سہ ماہی کے لئے لوکل یوریا مارکیٹ کی ڈیمانڈ KT868 تک پہنچی جو کہ سال 2016ء کی پہلی سہ ماہی میں 13% کے قریب اضافہ ہوا۔ ربیع کی ڈیمانڈ میں 2882KT کا اضافہ ہوا۔ جس کا موازنہ گزشتہ سال 2427KT سے کیا جاسکتا ہے لوکل مارکیٹ میں DAP کی ڈیمانڈ میں 29% کا اضافہ ہوا۔

2016ء کی پہلی سہ ماہی کیلئے سیلز 241Kt-311KT ریکارڈ کیا گیا اس حوالہ سے لوکل یوریا کی پروڈکشن 1389KT تھی۔ جس کا موازنہ گزشتہ سال 1411KT سے کیا جاسکتا ہے پہلی سہ ماہی 2017ء کے آخر میں انڈسٹری کی کلوزنگ 1537KT تک پہنچی جو کہ 2016ء میں 1049KT رہی۔

ECC نے 300KT یوریا، ایکسپورٹ کرنے کی اجازت دی جس کے تحت پہلی سہ ماہی میں 31KT پہلے ہی ایکسپورٹ کردی گئی بقیہ ایکسپورٹ دوسری سہ ماہی میں متوقع ہے جس کے بعد امید ہے کہ انوینٹری کا لیول موجودہ اضافہ سے 157KT سے کم ہو جائے گا۔

Efert نے 2017ء کی پہلی سہ ماہی کے لئے منافع PKR 3515 ملین ریکارڈ کیا گیا جس کا موازنہ گزشتہ سال 4213 ملین روپے سے کیا جاسکتا ہے۔ 17% کی کمی جو کہ یوریا کی قیمتوں میں کمی کے سبب ہوا۔ گزشتہ سال 753 ملین روپے کے مقابلے میں مالیاتی اخراجات 687 ملین روپے تھا جو کہ قرضوں کی واپسی کم انٹریسٹ کا ریٹ اور مختلف طویل مدتی قرضہ جات کے سبب تھا۔ PAT 2017 کی پہلی سہ ماہی کے لئے 1638 ملین روپے کا موازنہ 2121 ملین روپے گزشتہ سال سے کیا جاسکتا ہے۔

اینگرو پولیمر اور کیمیکلز:

قومی مارکیٹ کے تحت PVC کی ڈیمانڈ میں مسلسل اضافہ ہے۔ جبکہ سرگرمی میں کمی واقع ہوئی ہے۔ PVC کی مسلسل قوت کا اثر اضافی پولیمر کے سبب تھا، کلورالکلی مارکیٹ مستقل طور پر پائیدار رہے پروڈکشن کے حوالہ سے کاروبار مسلسل رواں دواں ہے اور ہر سہ ماہی میں PVC پروڈکشن میں اضافہ حاصل ہو رہا ہے۔ اس کے مسلسل عمل میں بہتری آرہی ہے جس کی وجہ سے کلورالکلی کا آپریشن سہ ماہیوں کے دوران مستحکم رہا۔

سال 2017ء کی پہلی سہ ماہی کے دوران آمدنی PKR 6,812 ملین روپے ریکارڈ کی گئی جس کا موازنہ گزشتہ سال میں PKR 5,739 سے کیا جاسکتا ہے۔ PVC کی مضبوط کارکردگی اور مینوفیکچرنگ میں مسلسل اضافہ دیکھنے میں آیا ہے۔

اینگرو ایکیم ایگری پروڈکٹس:

سہ ماہی کے دوران چاول کے کاروبار میں کل بھوسی کا تناسب 3,938 ٹن رہا اور خام چاول کا تناسب 5,046 ٹن رہا جس میں سال 2016ء میں 45.5% کا اضافہ دیکھنے میں آیا۔ سال 2017ء کی پہلی سہ ماہی کے دوران برآمداتی کاروبار برائے چاول 1,000 ٹن نوٹ کیا گیا اور سال بہ سال اس کا تناسب 69% رہا اور برانڈ فروخت کا تناسب 2,408 ٹن (2016:34 ٹن) رہا۔ بعدازٹیکس چاول کے کاروبار میں آمدنی PKR49 ملین روپے برائے سال 2017ء رہی جس کا موازنہ گزشتہ سال میں PKR126 ملین روپے سے کیا جاسکتا ہے۔ اسٹاک میں کم دستیابی کی وجہ اور حکمت عملی کے فیصلوں کے تحت اس میں کمی واقع ہوئی۔

پاکستان جو کہ مستقل طور پر بجلی کی کمی کے مسائل سے دوچار ہے جبکہ طلب میں اضافہ ہوتا جارہا ہے۔ آئی ٹرانسمیشن اور ڈسٹری بیوشن میں مسلسل خسارہ ہے۔ اس معاملے کو حل کرنے کیلئے حکومت نے فوری بنیاد پر کثیر التعداد پروجیکٹس شروع کئے ہیں جس میں لیکویفائیڈ نیچرل گیس (LNG) جو کہ پاور حاصل کرنے کے پروجیکٹس کی بنیاد پر ہے۔ اینگرو پاورجین جو کہ ملک میں انرجی کے بحران میں مددگار ثابت ہوا ہے اور مزید اینگرو انرجی کو قوت عطا کی ہے۔

قادر پور پاور پلانٹ:

EPQL جس نے موجودہ سہ ماہی میں 100.6% اضافہ فراہم کیا ہے جس کا موازنہ گزشتہ سال 99.9% سے کیا جاسکتا ہے۔ جس کے تحت صافی الیکٹریکل آؤٹ پٹ (NEO) 461 GWh جو کہ نیشنل گرڈ سے فراہم کیا گیا جس کے لوڈ کا تناسب 98% جس کا موازنہ سال 2016ء کی پہلی سہ ماہی میں 21% سے کیا جاسکتا ہے۔ گزشتہ سال لوڈ میں کمی کی وجہ پاور کے خریدار (NTDC) اور ٹرانسفارمر جس میں آگ لگنے کی وجہ سے بجلی میں رکاوٹ پیدا ہوئی۔ سال 2017ء کی پہلی سہ ماہی کیلئے فروخت کی آمدنی PKR 2,979 ملین رہی جس کا موازنہ گزشتہ سال میں PKR 1,509 ملین سے کیا جاسکتا ہے جو کہ لوڈ میں کمی کی وجہ سے ہوا۔ کمپنی نے سال 2017ء کی پہلی سہ ماہی میں صافی منافع PKR 667 ملین حاصل کیا جس کا موازنہ گزشتہ سال میں PKR368 ملین سے کیا جاسکتا ہے۔

مائننگ پروجیکٹ:

سہ ماہی کے دوران پروجیکٹ کے سلسلے میں پروگریس کا تناسب 29 M BCM جو کہ 31 مارچ 2017ء کو ختم کردیا گیا اور اضافی 4 M BCM بوجھ برداشت کیا گیا تھا جس میں مالیاتی سال ختم ہونے سے قبل کمی کردی گئی۔ مزید یہ کہ تمام اہم مائننگ کے آلات کو سائٹ پر پہنچایا گیا اس طرح سے تمام 27 کنوؤں کی ڈرلنگ مکمل کردی گئی جس کی وجہ سے اپریل 2017ء میں 13 ایکوئیفر سے پانی شروع کردیا جائے گا۔ گورانو ریزرور کی تعمیرات آخری مراحل میں ہیں اس کے علاوہ گورانو تک پائپ لائن کی تعمیر 26.5km/EDS مکمل کردی گئی ہے۔ اس مسئلے میں سندھ ہائی کورٹ میں تعمیرات کے خلاف جون 2016ء میں کیس فائل کیا گیا تھا لیکن اس تعمیرات کے خلاف عدالت نے اسٹے جاری نہیں کیا۔ جس کے نتیجہ میں تعمیراتی کام اب تک رکا ہوا ہے۔

پاور پروجیکٹ:

اس وقت انجینئرنگ پروگریس شیڈول کے مقابلے میں کم ہے اور تفصیلی انجینئرنگ کا کام 2017ء میں مکمل ہونے کی توقع ہے۔ فیکٹری کا معائنہ اہم آلات کے سلسلے میں کیا گیا جس کی مینوفیکچرنگ چائنا میں کی گئی ہے اور مینوفیکچرنگ کے پروگریس کی نگرانی کی جارہی ہے۔ تمام ترآئٹمز پر مینوفیکچرنگ کی پروگریس مسلسل رواں دواں ہے۔ بوائلر ہاؤس اور مین ہال کی بنیاد کا کام کامیابی سے مکمل کرلیا گیا ہے اور اب دونوں بوائلر یونٹس کے لئے اسٹیل کا کام شروع کردیا گیا ہے۔ بیرونی سپر اسٹرکچر (180 میٹر) بھی بحفاظت مکمل کرلیا گیا ہے جبکہ دیگر نئے کام کے سلسلے میں سول تعمیرات کی سرگرمیاں سائٹ پر جاری ہیں جس میں کولنگ ٹاور، اسٹیکر ریکلیمر، ایش سیلوز وغیرہ شامل ہیں۔ تعمیراتی پروگریس شیڈول کے مطابق ہے اور مارچ 2017ء کے آخر تک مکمل EPC 3.4% جس کا تناسب (17.75% اصل بموازنہ 14.36% پروگرام شدہ) ہے۔

USD 2 بلین ڈالر کا یہ عظیم پروجیکٹ جو کہ ملک میں انرجی کو محفوظ کرنے کیلئے شروع کیا جارہا ہے جو کہ پاکستان اور تھر کے مستقبل کے لئے بے حد اہم رول ادا کرتا ہے یہ پروجیکٹ ایک قومی پروجیکٹ ہے اور چائنا پاکستان اقتصادی راہداری سے متعلق ہے کہ مالیاتی مسائل پر قابو پالیا جائے گا۔

سال 2017ء کی پہلی سہ ماہی کے دوران اینگرو ایلینجی ٹرمینل نے 16 کارگوز بمقابلہ 7 کارگوز اور 999,961 MT/LNG جس کا موازنہ گزشتہ سال کے 420,666 میٹرک ٹن سے کیا جاسکتا ہے۔ ٹرمینل کا کام مستقل طور پر گیس کے حوالے سے سوئی سدرن گیس کمپنی لمیٹڈ (SSGCL) 100% مرتب کرلیا گیا ہے۔ سہ ماہی کے دوران استعمال کا تناسب PKR 2,551 تھا جبکہ سہ ماہی کیلئے PAT کا تناسب PKR 432 ملین جس کا موازنہ گزشتہ سال کے PKR 668 ملین سے کیا جاسکتا ہے۔

LNG کا کاروبار بھی آخری مراحل میں ہے اس سلسلے میں SSGCL اس کے ساتھ LNG آپریشن اور سروسز کا معاہدہ کیا گیا ہے تاکہ اس کی اضافی گنجائش 200 MMSCFD کو استعمال کیا جاسکے۔ اس سلسلے میں NBP کے ساتھ اضافی کارکردگی کی سہولت کیلئے بات چیت جاری ہے جس کا تناسب USD 5 ملین ہے۔ SSGCL پہلے ہی اس اضافی گنجائش کو 27 جنوری 2017 سے استعمال کررہی ہے۔

اینگرو ووپیک:

اینگرو ووپیک ٹرمینل نے پورے LNG اور فاسفورک ایسڈز کی اوپر اور نیچے کی لائنوں میں اضافہ ریکارڈ کیا ہے جس کا موازنہ گزشتہ سال سے کیا جاسکتا ہے۔ اس مدت کے دوران سائٹ پر 362KT کیمیکلز کو ہینڈل کیا گیا جس کا موازنہ گزشتہ سال سے کیا جاسکتا ہے جس کی آمدنی PKR 723 ملین روپے تھی جبکہ مذکورہ مدت کیلئے PAT میں PKR 493 ملین سے PKR 508 ملین تک کا اضافہ ہوا۔

کاروباری جائزہ:

اینگرو فرٹیلائزرز:

قومی یوریا مارکیٹ کے حوالے سے امید کی جاتی ہے کہ آنے والے مہینوں میں خریف کے موسم میں اس کی طلب میں اضافہ ہوگا۔ مزید یہ کہ دوسری سہ ماہی کے دوران یہ توقع کی جاتی ہے کہ اس کی درآمدات میں بھی اضافہ ہوگا۔ فرٹیلائزر انڈسٹری حکومت سے 28 اپریل 2017ء سے لے کر 30 جون 2017ء تک ایکسپورٹ کیلئے ڈیڈلائن میں اضافہ چاہتی ہے جس کے بعد حکومت مزید ایکسپورٹ الاؤنس کیلئے دوبارہ تشخیص کرے گی۔ عالمی مارکیٹ کے حوالے سے یہ درج ہے کہ یوریا کی قیمتوں میں 2017ء کے دوران بہتری حاصل ہوگی اور انٹرنیشنل DAP کی قیمتیں بھی پائیدار رہیں گی جو کہ انڈین ڈیمانڈ کے تحت دوسری سہ ماہی میں متوقع ہے۔

اینگرو فوڈز:

فرائز لینڈ کیمپینا کے قبل از وصولی کے تحت ڈیری کے کاروبار میں تحقیق اور ترقی کا عمل جاری ہے انقلابی اور عملی کارکردگی فرائز لینڈ کیمپینا کے تجربہ کے حوالے سے عالمی مارکیٹوں میں اس کاروبار کی وسعت کیلئے کافی تعاون حاصل ہوگا جس میں خام مال عدم پراسس دودھ اور دیگر صحت عامہ کے مسائل پر غور کرنے کیلئے پاکستانی کنزیومر کے ساتھ رابطہ کیا گیا ہے۔ فرائز لینڈ کیمپینا کے علاوہ اینگرو فوڈ بھی یہ چاہتا ہے کہ وہ غذائی میدان میں اس کمپنی کو متعارف کرائے۔

انٹرنیشنل PVC اور ایتھائلین کی قیمتوں میں مسلسل پائیداری ہے۔ انرجی کی قیمتیں، کرنسی کا اتار چڑھاؤ، ڈائنامک ڈیمانڈ اور سپلائی میں بھی پائیداری دیکھی گئی ہے۔ قومی مارکیٹ برائے PVC سے توقع کی جاتی ہے کہ کاسٹک مارکیٹ کے حوالے سے اس میں بھی مستقل پائیداری رہے گی۔

اینگرو ایکزمپ ایگری پروڈکٹ:

یہ کاروبار جو کہ مسلسل بہتری کی طرف گامزن ہے اور اس کے ایکسپورٹ سیلز میں بتدریج اضافہ ہورہا ہے اور بطور ''اُناج'' ایک برانڈ کی حیثیت سے مکمل چینل پر مشتمل ہے۔

اینگرو پاورجین:

کمپنی مستقل طور پر انرجی سیکٹر میں پوری دنیا کے اندر شراکت داری کی بنیاد پر نئے مواقع چاہتی ہے تاکہ اینگرو انفرادی انجینئرنگ کے پروجیکٹ کے طور پر عالمی میدان میں اپنا کردار ادا کرسکے۔ حکومت کے ساتھ شراکت داری میں ہر مائننگ اور پاور پروجیکٹس کے سلسلے میں توقع کی جاتی ہے کہ وہ اگلے تین سالوں میں مکمل ہوجائیں گے جس سے ملک کے اندر انرجی کے بحران پر قابو پایا جاسکے گا۔

قادر پور پلانٹ کے بارے میں بھی توقع کی جاتی ہے کہ مستقل طور پر 2017ء میں پرمیٹ گیس کی سپلائی بغیر کسی رکاوٹ کے حاصل ہوتی رہے گی۔ گیس کی بنیاد پر پاور پلانٹس کے بارے میں بھی توقع ہے کہ ماحولیاتی پیرامیٹر کے حساب سے شاندار کارکردگی حاصل ہوگی اس کے علاوہ اس کاروبار کے تحت پلانٹ اور اس کی بہتری کی کارکردگی پر بھی غور کیا جارہا ہے اور اس بات کو بھی یقینی بنایا جارہا ہے کہ تمام اسٹیک ہولڈرز کیلئے نیشنل گرڈ کو پاور سپلائی بغیر کسی رکاوٹ کے جاری رہے۔

اینگرو ایلجنی ٹرمینل:

LNG پروجیکٹ جو کہ ملک میں دیگر انرجی کی کمی کے لیول کو مثبت انداز میں پورا کرنے کیلئے اہم کردار ادا کرتا ہے۔ SSGC کے ساتھ LSA کے تحت اس کی فیس کے بارے میں 95% کی ضمانت دی جاتی ہے۔ مزید یہ کہ مذکورہ بالا ٹرمینل کے استعمال میں پہلے ہی اضافہ کردیا گیا ہے اور LSA جلد ہی جاری کردیا جائے گا۔ انتظامیہ کو امید ہے کہ موجودہ سال میں اس میں پائیداری آئے گی۔

اینگرو ووپیک:

کیمیکل مارکیٹ مستقل طور پر اس وقت پائیدار ہے اور 2017ء تک مستقل رہنے کی توقع ہے۔ LPG بزنس میں سال 2015ء سے زبردست اضافہ ہوا ہے اور یہ اضافہ 2017ء میں بھی رہے گا۔ اس کاروبار کی پوزیشن کامیابی کے راستے پر ہے جس سے اس کے مارکیٹ شیئر میں اضافہ ہوگا۔

Ghias Khan
President and Chief Executive

Hussain Dawood
Chairman