enabling excellence.

First Half 2011 Accounts

engro corp

engro corp

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

About Us

Engro Corporation Limited is one of Pakistan's largest conglomerates with the company's business portfolio spanning across sectors including chemical fertilizers, PVC resin, a bulk liquid chemical terminal, industrial automation, 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 Fertilizer 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 wholly owned subsidiary engaged in the manufacture, processing and marketing of dairy products, ice cream and fruit juices. The business owns two milk processing plants in Sukkur and Sahiwal, operates a dairy farm in Nara and has completed construction of a rice processing facility in Muridke.

As an example of Engro's pursuit of excellence, the business has established several brands that have already become household names in Pakistan such as Olpers (milk), Omore (ice cream), Owsum (flavoured milk), Olpers Lite (low fat milk), Tarang (tea whitener) and Olfrute (fruit juice).

The business has also acquired Al Safa Halal, a meat processing company based in the Canada, and plans to enter the North American market for halal meat with its own brand.

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited is a 56% owned subsidiary of the group 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 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). In November 2010, the business completed 13 years of safe operations without a single employee losing a day's worth of work due to injury.

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

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 Eximp Private Limited

Engro Eximp 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.

Avanceon Limited

Avanceon Limited is a wholly owned subsidiary of the group that engages in automation and control engineering services. The business operates a UAE-based subsidiary out of the Jebel Ali Free Zone which, in turn, has a 70% stake in a US-based subsidiary.

directors' report

First Half 2011 review for the Shareholders Engro Corporation Limited

On behalf of the Board of Directors of Engro Corporation Limited, we are pleased to present the unaudited group consolidated accounts for the six months ended, June 30, 2011.

Overview of 1H 2011

Our consolidated revenue recorded an increase of 37% and stood at Rs. 46.1 billion for the first half 2011 as compared to Rs. 33.7 billion during the same period last year. Net profit (equitable to the equity holders of the holding company) was Rs. 3,381 million in 1H 2011 as compared to Rs. 3,397 million during 1H 2010. Higher profitability in Foods and Power Generation as well as lower loss at Polymers was offset by lower EXIMP trading margins.

Business Review

Fertilizers

Due to unprecedented gas curtailment, urea industry production was limited to 2.35m tons in 1H2011 as compared to 2.53m tons during the same period last year. This was despite the additional capacity of 1.3m tons following the start up of Engro's new expansion project. Imports were also lower at 240 Ktons during 1H 2011 as compared to 600 Ktons in 1H 2010.

Market demand for urea during the six months ended June 30, 2011 was 2.7 million tons, a decline of 10% over the same period last year primarily driven by supply side shortages. Gas curtailment coupled with the imposition of 17% GST on all fertilizers (as of March 15, 2011) pushed the average price of urea up by 44% to Rs. 1,135 per bag in 1H2011, as compared to Rs. 788 per bag in 1H2010. Lower production and low import volumes resulted in a shortage of Urea in the market.

Engro Fertilizer's urea sales were 575 Ktons in 1H 2011, up by 17% from 491 Ktons for the same period in 2010. Production at the Base plant was 453 Ktons, a decline from 504 Ktons achieved in 1H2010 due to gas curtailment. Production from the new plant was 139 Ktons. Engro's urea market share improved to 21% in 1H 2011 from 16% in 1H 2010. Sales of the company manufactured blended fertilizers (Zarkhez and Engro NP) increased to 61 Ktons in 1H 2011, as compared to 45 Ktons during the same period last year. The increase is attributable to higher delta in absolute price with Phosphates and lower availability of Potash and Phosphates in the market.

The business's new expansion facility, which achieved trial urea production on December 29, 2010, was subjected to extended winter gas load shedding of 63 days shortly thereafter in January 2011. After resumption of gas in March, the supply remained erratic in terms of volume and period through most of 2Q2011. Based on satisfactory production of on-spec urea at gas curtailment levels, the company achieved Commercial Operations on June 24, 2011. The project cost has closed at $ 1,127 million.

The Company has lobbied at many forums with respect to the ongoing gas curtailment issue. The company has filed a case in the Honorable Sindh High Court against the Ministry of Petroleum and Natural Resources, Ministry of Industries, Government of Pakistan and Sui Northern Gas Pipelines Lines Limited against the suspensions and curtailment of its gas supply. The Court has issued interim Orders that the company be provided gas at the rate of 80 MMSCFD to 100 MMSCFD till a detailed hearing is held after the summer. Three separate writ petitions have been filed before the Lahore High Court against the supply of gas to the new Urea plant from SNGPL network. No adverse Orders have been passed yet and the next hearing has been scheduled for August 2011. The Company believes that there is no significant chance of these petitions to be successful.

The fertilizer business made net profit after tax of Rs. 2,175 million for the six months ended June 30, 2011 vs. Rs. 2,012 million for the same period last year. Although gross profit was 43% higher than last year because of increase in Urea prices, profit remained similar to last year due to financial charges related to the new plant which started being expensed from May 1.

The fertilizer trading business, managed by Engro Eximp, sold 105 Ktons of phosphatic fertilizers in 1H 2011, capturing 30% market share, with margins in line with expectations. Engro Eximp made a profit of Rs. 314 million for the six months ended June 30, 2011 as compared to a profit of Rs. 973 million for the same period last year. The profit is in line with expectations and the drop in profits versus last year is because of a one-time gain In 1H 2010, when the business had benefited from price upturn in international phosphatic fertilizer prices.

Energy & Power Generation

Engro Powergen Qadirpur dispatched 791K MW to the national grid during the first half of 2011. The plant also underwent its first planned outage, which was safely completed as scheduled. Engro Powergen declared a net profit of Rs. 745 million during 1H 2011 as compared to Rs. 379 million during same period last year. The increase is due to full 6 months of operations of the Qadirpur power facility during 2011 vs. 3 months in 2010.

During 1H 2011, our Chinese Contractors submitted an EPC proposal for Mining and Power Generation based on ignite coal of Thar Block II, which is being reviewed by the SECMC (Sindh Energy Coal Mining Company) team. The GoS has also issued a formal notification for grant of Block II mining lease to SECMC.

Foods

Sales Revenue grew by 43% to reach Rs. 14,058 million vs. 9,833 million during same period last year.

The company posted a net Profit after tax of Rs. 213 million as compared to a loss of Rs. 180 million in the same period last year primarily driven by higher Dairy business volumes.

UHT volume grew by 20% vs the same period in 2010, translating into a revenue growth of 37%. The company introduced Dairy Omung as its offering in the budget conscious segment of the society as well as extending Olper's variants line to include Badam Zafran and Rose flavors. Olfrute Juices & Nectars captured 4% of the market share, in addition to introducing new flavors that are unique to the Pakistani market. The ice cream segment witnessed a 51% volumetric growth over the corresponding period last year. Segment revenues grew by 69% to Rs. 1.4 billion however the segment incurred a planned loss during the first six months of the year, primarily due to continued investment in its brands and the cold chain infrastructure. The Dairy Farm at Nara produced 17,600 liters per day during the first half.
In 1H2011 Engro Foods raised Rs. 1.2 billion by issuing 48 million shares to institutional investors. The shares were issued at a price of Rs. 25 per share (inclusive of a premium of Rs. 15 per share). Also, Engro Corporation Limited offered 27 million shares from its holding in the Company to the general public at a price of Rs. 25 per shares (inclusive of a premium of Rs. 15 per share). Public offering was 94% subscribed with the balance taken up by the under writers.

The rice trading business, managed by Engro Eximp, exported 6,537 tons of rice during 1H 2011, as compared to 1,104 tons in the same period last year. Initial business losses during the period also had an impact on EXIMP profitability. The rice processing facility, owned and operated by Engro Foods Supply Chain achieved commercial production of milling line 1 for brown rice during the period. Milling for white rice and parboiling is expected to achieve commercial production during the 3rd quarter.

Petrochemicals

Vinyl Chloride Monomer (VCM) production during 1H 2011 at 35 Ktons improved over same period last year but was lower than expectation due to an unplanned outage of one of the VCM furnaces. This impacted Poly Vinyl Chloride (PVC) production as well despite import of 7 Ktons VCM during 2Q, 2011. PVC production was 52 Ktons as compared to 50 Ktons during same period last year. Domestic PVC sales was 55 Ktons in 1H 2011 as compared to 46 Ktons during same period last year. Caustic soda production during 1H 2011 was 42 Ktons as compared to 38 Ktons during same period last year with sales of 42 Ktons as compared to 38 Ktons during 1H, 2010.

Sales Revenue during 1H 2011 was Rs. 8,031 million showing an increase of 17% over the same period last year. Growth in revenue is attributable to increased volumes and higher product prices as compared to same period last year. However, as a result of low VCM production and lower PVC sales, the Company incurred a loss after tax of Rs 195 million in 1H 2011 as compared to a loss after tax of Rs 449 million in the same period last year.

Chemical Storage & Terminal

Engro Vopak Terminal Limited had smooth operations in the first half and posted a profit of Rs. 478 million, as compared to a profit of Rs. 518 million during the same period last year. The Competition

directors' report

Commission of Pakistan decided on EVTL's exclusivity clause in the Implementation Agreement with PQA and Lotte PPTA complaint on abuse of dominant position. CCP has imposed penalty of Rs. 10m on EVTL for not taking exemption for its exclusive rights under Implementation Agreement (IA). EVTL has filed a writ petition in the Honourable Sind High Court against CCP decision on exclusivity and the court has restrained the parties from acting on the Order. Separately, CCP concluded that EVTL had not abused its dominant position with Lotte PPTA and did not impose any penalty in this regard.

Industrial Automation

Avanceon Limited posted a consolidated loss of Rs. 65 million in 1H2011 as compared to a loss of Rs. 94 million during the same period last year.

Near Term Outlook

In the Fertilizers business, continuation of gas curtailment is expected to result in a requirement of around 1.2 MT for the remaining Khareef and upcoming Rabi seasons. Failure to import this quantity in a timely manner will result in an acute shortage of fertilizer and may seriously affect food output as well. The company has made various representations on many forums at GoP level to advise on the consequences of gas curtailment for urea price and its impact on farmers as well as inflation and food security. Until there is a permanent increase in the country's gas supply through import of LNG or alternative sources, fertilizer companies on the network are expected to continue to face gas shortages and forced outages during the foreseeable future, with further significant increases in price of Urea. The Fertilizer Trading business is expected to perform as per expectations in terms of market share and profitability.

In our Foods business, we continue to expect growth in all our business segments and are confident of financial performance as per expectations. In Polymers, while VCM operations have been improved over the last year, VCM plant has so far not been able to achieve stable operations for extended period at design throughput rates. Extensive effort is being directed to improve the areas impacting smooth operations and it is expected that the production performance of the VCM plant will continue to see improvement. However, full benefit of the integrated operations will only be achieved with stable VCM operations at designed rates.

The Power Generation and Chemical Storage terminal businesses are expected to perform smoothly in line with expectations during 2nd Half of the year.

auditors' report to the members on the review of the consolidated condensed interim financial information

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Engro Corporation Limited and its subsidiaries (the Group) as at June 30, 2011 and the related 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 together with the notes forming part thereof (here-in-after referred to as the "consolidated condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review. The figures of the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2011 and 2010 have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2011.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information as of and for the half year ended June 30, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi
Date : 13-08-2011
Engagement Partner: Imtiaz A. H. Laliwala

consolidated condensed interim balance sheet (unaudited) as at june 30, 2011

(Amounts in thousand)	Note	Unaudited June 30, 2011	Audited December 31, 2010
		--------------(Rupees)---------------	
Assets			
Non-Current Assets			
Property, plant and equipment	5	134,531,847	128,712,148
Exploration and evaluation expenditure		388,172	356,286
Biological assets		437,986	428,293
Intangible assets	6	1,284,457	877,323
Long term investments		438,722	514,505
Long term loans and advances		190,489	193,458
		137,271,673	131,082,013
Current Assets			
Stores, spares and loose tools		5,842,298	4,910,941
Stock-in-trade	7	14,619,408	8,843,677
Trade debts	8	4,112,454	5,131,408
Deferred employee compensation expense	9	657	4,829
Derivative financial instruments	10	9,524	3,148
Loans, advances, deposits and prepayments	11	3,209,694	2,474,076
Other receivables		1,081,275	1,287,827
Taxes recoverable		3,073,778	2,494,314
Short term investments	12	6,292,116	4,426,188
Cash and bank balances		3,212,052	4,120,031
		41,453,256	33,696,439
TOTAL ASSETS		178,724,929	164,778,452

(Amounts in thousand)	Note	Unaudited June 30, 2011	Audited December 31, 2010
		--------------(Rupees)---------------	
Equity & liabilities			
Equity			
Share capital	13	3,932,843	3,277,369
Share premium		10,550,061	10,550,061
Employees' share option compensation reserve	9	160,858	162,455
Hedging reserve	14	(615,976)	(927,438)
Revaluation reserve on business combination		99,597	104,698
Maintenance reserve	15	197,577	197,577
Exchange revaluation reserve		36,826	28,883
General reserve		4,429,240	4,429,240
Unappropriated profit		15,618,009	12,776,146
		30,476,192	27,321,622
		34,409,035	30,598,991
Non-controlling interest		3,861,732	3,516,024
Total Equity		38,270,767	34,115,015
Liabilities			
Non-current liabilities			
Borrowings	16	87,560,967	89,151,849
Derivative financial instruments	10	1,043,013	1,172,596
Obligations under finance lease		30,285	18,998
Deferred taxation	17	3,385,649	2,471,226
Employee housing subsidy		56,333	347,886
Deferred liabilities		71,428	117,279
		92,147,675	93,279,834
Current liabilities			
Trade and other payables	18	18,889,087	12,614,214
Accrued interest / mark-up		3,126,818	2,619,453
Current portion of :			
- borrowings	16	18,542,310	15,543,787
- obligations under finance lease		320,163	13,310
- deferred liabilities		32,559	23,047
Short term borrowings	19	6,876,622	5,715,775
Derivative financial instruments	10	441,957	673,387
Unclaimed dividends		76,971	180,630
		48,306,487	37,383,603
Total Liabilities		140,454,162	130,663,437
Contingencies and Commitments	20		
TOTAL EQUITY AND LIABILITIES		178,724,929	164,778,452

The annexed notes 1 to 34 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for half year ended june 30, 2011

(Amounts in thousand except for earnings per share)

	Note	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
		(Rupees)			
Net sales	21	24,236,081	16,865,389	46,084,331	33,724,526
Cost of sales	22	(17,320,521)	(12,264,006)	(33,043,542)	(24,441,441)
Gross Profit		6,915,560	4,601,383	13,040,789	9,283,085
Administrative expenses	23	(744,482)	(568,685)	(1,358,544)	(1,001,886)
Selling and distribution expenses	24	(1,636,461)	(1,373,736)	(3,184,040)	(2,727,042)
		4,534,617	2,658,962	8,498,205	5,554,157
Other operating income		255,070	481,280	598,622	616,116
		4,789,687	3,140,242	9,096,827	6,170,273
Other operating charges		(456,360)	(456,214)	(734,206)	(567,865)
Finance cost		(2,500,603)	(1,084,611)	(3,673,817)	(1,876,866)
		(2,956,963)	(1,540,825)	(4,408,023)	(2,444,731)
Share of income from joint venture		119,531	126,625	239,218	258,884
Profit before taxation		1,952,255	1,726,042	4,928,022	3,984,426
Taxation	25				
- Current		238,579	(550,739)	(404,014)	(1,158,571)
- Deferred		(916,689)	216,703	(1,208,220)	371,354
		(678,110)	(334,036)	(1,612,234)	(787,217)
Profit for the period		1,274,145	1,392,006	3,315,788	3,197,209
Profit attributable to:					
- Owners of the Holding Company		1,327,347	1,508,601	3,381,324	3,397,554
- Non-controlling interest		(53,202)	(116,595)	(65,536)	(200,345)
		1,274,145	1,392,006	3,315,788	3,197,209
			(Restated)		(Restated)
Earnings per share					
- basic	26	3.24	3.54	8.43	8.13
- diluted	26	3.22	3.54	8.38	8.13

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim statement of comprehensive income (unaudited) for half year ended june 30, 2011

(Amounts in thousand except for earnings per share)	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
	----------(Rupees)----------			
Profit for the period	1,274,145	1,392,006	3,315,788	3,197,209
Other comprehensive income				
Hedging reserve - cash flow hedges				
Gains arising during the period	(313,276)	(951,060)	(501,544)	(1,472,699)
Reclassification adjustments for losses included in profit and loss	73,600	24,838	73,829	39,777
Adjustments for amounts transferred to initial carrying amount of hedged items (capital work-in-progress)	325,861	502,541	902,008	712,825
	86,185	(423,681)	474,293	(720,097)
Revaluation reserve on business combination	(5,494)	(5,494)	(10,986)	(10,986)
Exchange differences on translation of foreign operations	8,922	(1,606)	8,305	(1,427)
	89,613	(430,781)	471,612	(732,510)
Income tax relating to:				
Hedging reserve - cash flow hedges	(30,282)	148,289	(166,119)	252,035
Revaluation reserve on business combination	1,923	1,923	3,845	3,845
	(28,359)	150,212	(162,274)	255,880
Other comprehensive income for the period, net of tax	61,254	(280,569)	309,338	(476,630)
Total comprehensive income for the period	1,335,399	1,111,437	3,625,126	2,720,579
Total comprehensive income attributable to:				
- Owners of the Holding Company	1,396,656	1,242,181	3,695,628	2,951,425
- Non-controlling interest	(61,257)	(130,744)	(70,502)	(230,846)
	1,335,399	1,111,437	3,625,126	2,720,579

The annexed notes 1 to 34 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim statement of changes in equity (unaudited) for half year ended june 30, 2011

(Amounts in thousand)

	Share capital	Share premium	Employee option compensation reserve	Hedging reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	General reserve	Unappro-priated Profit	Sub total	Non controlling Interest	Total
	-----Attributable to owners of the Holding Company-----											
Balance as at Jan 1, 2010 (audited)	2,979,426	10,550,061	318,242	(617,000)	114,900	(43,185)	-	4,429,240	8,387,520	26,119,204	3,225,191	29,344,395
Transactions with owners												
Final dividend for the year ended Dec. 31, 2009 @ Rs 2 per share	-	-	-	-	-	-	-	-	(595,886)	(595,886)	-	(595,886)
Bonus shares issued during the period in the ratio of 1 share for every 10 shares held	297,943	-	-	-	-	-	-	-	(297,943)	-	-	-
Issue of shares by Engro Polymer and Chemicals Limited	-	-	-	-	-	-	-	-	-	-	626,926	626,926
Maintenance reserve created by Engro Powergen Qadirpur Limited, (formerly, Engro Energy Limited)	-	-	-	-	-	-	68,406	-	(68,406)	-	-	-
Effect of changes in number of share options issued	-	-	(153,532)	-	-	-	-	-	-	(153,532)	-	(153,532)
Vested options lapsed during the period	-	-	(186)	-	-	-	-	-	186	-	-	-
	297,943	-	(153,718)	-	-	-	68,406	-	(962,049)	(749,418)	626,926	(122,492)
Total comprehensive income for the half year ended Jun 30, 2010												
Profit for the period	-	-	-	-	-	-	-	-	3,397,554	3,397,554	(200,345)	3,197,209
Other comprehensive income	-	-	-	(440,270)	(5,101)	(758)	-	-	-	(446,129)	(30,501)	(476,630)
	-	-	-	(440,270)	(5,101)	(758)	-	-	3,397,554	2,951,425	(230,846)	2,720,579
Balance as at Jun 30, 2010 (unaudited)	3,277,369	10,550,061	164,524	(1,057,270)	109,799	(43,943)	68,406	4,429,240	10,823,025	28,321,211	3,621,271	31,942,482
Transactions with owners												
Maintenance reserve created by Engro Powergen Qadirpur Limited, (formerly, Engro Energy Limited)	-	-	-	-	-	-	129,171	-	(129,171)	-	-	-
Interim dividends:												
- 1st @ Rs. 2 per share	-	-	-	-	-	-	-	-	(655,473)	(655,473)	-	(655,473)
- 2nd @ Rs. 2 per share	-	-	-	-	-	-	-	-	(655,473)	(655,473)	-	(655,473)
Effect of changes in number of share options issued	-	-	(1,326)	-	-	-	-	-	-	(1,326)	-	(1,326)
Vested options lapsed during the period	-	-	(743)	-	-	-	-	-	743	-	-	-
	-	-	(2,069)	-	-	-	129,171	-	(1,439,374)	(1,312,272)	-	(1,312,272)
Total comprehensive income for the half year ended Dec 31, 2010												
Profit for the period	-	-	-	-	-	-	-	-	3,392,495	3,392,495	(148,702)	3,243,793
Other comprehensive income	-	-	-	129,832	(5,101)	72,826	-	-	-	197,557	43,455	241,012
	-	-	-	129,832	(5,101)	72,826	-	-	3,392,495	3,590,052	(105,247)	3,484,805
Balance as at Dec31, 2010 (audited)	3,277,369	10,550,061	162,455	(927,438)	104,698	28,883	197,577	4,429,240	12,776,146	30,598,991	3,516,024	34,115,015
Transactions with owners												
Issue of right shares by Engro Foods Limited	-	-	-	-	-	-	-	-	769,890	769,890	416,210	1,186,100
Final dividend for the year ended Dec 31, 2010 @ Rs. 2 per share	-	-	-	-	-	-	-	-	(655,474)	(655,474)	-	(655,474)
Bonus shares issued during the period in the ratio of 1 shares for every 5 shares held	655,474	-	-	-	-	-	-	-	(655,474)	-	-	-
Vested options lapsed during the period - note 9.2	-	-	(1,597)	-	-	-	-	-	1,597	-	-	-
	655,474	-	(1,597)	-	-	-	-	-	(539,461)	114,416	416,210	530,626
Total comprehensive income for the half year ended Jun 30, 2011												
Profit for the period	-	-	-	-	-	-	-	-	3,381,324	3,381,324	(65,536)	3,315,788
Other comprehensive income	-	-	-	311,462	(5,101)	7,943	-	-	-	314,304	(4,966)	309,338
	-	-	-	311,462	(5,101)	7,943	-	-	3,381,324	3,695,628	(70,502)	3,625,126
Balance as at Jun 30, 2011 (unaudited)	3,932,843	10,550,061	160,858	(615,976)	99,597	36,826	197,577	4,429,240	15,618,009	34,409,035	3,861,732	38,270,767

The annexed notes from 1 to 34 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for half year ended june 30, 2011

(Amounts in thousand)

	Note	Half year ended June 30, 2011	June 30, 2010
		--------------(Rupees)--------------	
Cash flows from operating activities			
Cash generated from operations	27	10,150,076	(5,359,111)
Retirement & other service benefits paid		(114,974)	(130,282)
Financial charges paid		(3,470,500)	(1,472,077)
Taxes paid		(1,454,925)	(1,558,853)
Long term loans and advances - net		2,969	(65,910)
Net cash generated from / (utilized in) operating activities		5,112,646	(8,586,233)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and biological assets		(7,680,135)	(10,548,703)
Sale proceeds on disposal of PPE		40,750	405,335
Income on deposits / other financial assets		399,394	195,754
Investment in money market funds - net		(164,272)	-
Dividends received		270,000	292,500
Net cash utilized in investing activities		(7,134,263)	(9,655,114)
Cash flows from financing activities			
Repayments of borrowings		(4,195,979)	(641,249)
Proceeds from borrowings - net		5,585,998	8,923,605
Obligations under finance lease - ne		(6,398)	906
Proceeds from issuance of right shares		1,194,231	626,926
Dividends paid		(759,133)	(624,433)
Net cash generated from financing activities		1,818,719	8,285,755
Net decrease in cash and cash equivalents		(202,898)	(9,955,592)
Cash and cash equivalents at beginning of the period		2,830,444	6,089,897
Cash and cash equivalents at end of the period	28	2,627,546	(3,865,695)

The annexed notes 1 to 34 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

1. Legal Status and Operations

1.1 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, control and automation, food, energy, exploration and chemical terminal and storage businesses. The Holding Company's registered office is situated at 7th & 8th Floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

1.2 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 controlled by the Holding Company:

	%age of direct holding	
	June 2011	December 2010
- Engro Fertilizers Limited	100	100
- Engro Foods Limited - note 1.3	93.58	100
- Engro Foods Netherlands B.V. - note 1.4	100	-
- Engro Eximp (Private) Limited - note 1.5	100	100
- Engro Management Services (Private) Limited	100	100
- Avanceon Limited	62.67	62.67
- Engro Polymer and Chemicals Limited	56.19	56.19
- Engro PowerGen Limited	100	100
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

Associated Company:

- Arabian Sea Country Club Limited
- Agrimall (Private) Limited - note 1.6

1.3 During the period:

- Engro Foods Limited has issued 48,000,000 right shares which upon renunciation by the Holding Company were privately placed with institutional investors;
- the Holding Company has offered its shareholding of 27,000,000 ordinary shares in Engro Foods Limited to general public through an Offer for Sale document dated June 24, 2011 at an offer price of Rs. 25 per share. The subscription period commenced subsequent to period end on July 5, 2011 and remained open till July 7, 2011. The offer for sale has been fully underwritten by various financial institutions at the offer price of Rs. 25 per share; and
- "Engro Foods Supply Chain (Private) Limited (EFSCL), a subsidiary of Engro Foods Limited is in the process of setting up a rice processing plant in District Sheikhupura. EFSCL commissioned and started commercial production from drying unit of the rice processing plant from

(Amounts in thousand)

November 7, 2010. During the period, commercial production of milling unit on line 1 commenced on June 1, 2011 for processing from paddy/unprocessed rice to finished brown rice, while the commissioning of remaining units on line 1 and the commissioning of line 2 is expected to be completed in the third quarter of 2011."

1.4 The Holding Company has incorporated a wholly owned subsidiary, Engro Foods Netherlands B.V. in Netherlands through which it has acquired an existing brand of halal meat business known as 'Al Safa', engaged in supplying a variety of packaged halal foods across North America.

1.5 Engro Eximp (Private) Limited is in the process of setting up a wholly owned off-shore Subsidiary Company in JAFZA, Dubai under the name ENGRO EXIMP FZE for off-shore trading of fertilizers, sugar and palm oil. Such Subsidiary Company will subscribe upto seventeen thousand nine hundred and eighty three (17,983) shares amounting to UAE Dirhams seventeen million nine hundred eighty three thousand only, over a period of time.

1.6 During the period, the Holding Company has disposed off its entire shareholding in Agrimall (Private) Limited which was transferred to it at free of cost, at a consideration of Rupee one, through a Share Purchase Agreement dated April 7, 2011.

1.7 On April 27, 2011, the Holding Company's Board of Directors have resolved to offer its direct ten percent shareholding in Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited), a subsidiary of Engro PowerGen Limited, i.e. 32,000,000 ordinary shares to general public and institutional investors through an offer for sale at an offer price which has not yet been finalised.

1.8 The condensed interim financial informations of the subsidiary companies have 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 entity, Engro Vopak Terminal Limited has been accounted for using the equity method.

2 . Basis for Preparation

This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting' and provisions and directives issued under the Companies Ordinance 1984 (the Ordinance). In case where the requirements differ, the provisions of or directives issued under the Ordinance have been followed. This consolidated condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by Code of Corporate Governance.

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 annual consolidated financial statements for the year ended December 31, 2010.

3 . Accounting Policies

3.1 The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2010, except for changes resulting from initial application of standards, amendments or an interpretation to existing standards as stated in note 3.2 which though adopted does not have any impact on this consolidated condensed interim financial information.

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

3.2 Following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after January 1, 2011, but are either not currently relevant to the Group or do not have any significant effect on the Group's consolidated condensed interim financial information:

- IFRS 1 (Amendment), 'First time adoption, on financial instrument disclosures';
- IFRS 7 (Amendment), 'Financial instruments: Disclosures';
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 24 (Revised), 'Related party disclosures';
- IAS 32 (Amendment), 'Financial instruments: Presentation on classification of rights issues';
- IAS 34 (Amendment), 'Interim financial reporting';
- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'; and
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'.

3.3 Following new standards, amendments and interpretations to published standards are not effective for the accounting period beginning January 1, 2011 and have not been early adopted by the Group:

- IFRS 7 (Amendment), 'Financial instruments: Disclosures';
- IFRS 9, 'Financial instruments';
- IFRS 10, 'Consolidated financial statements';
- IFRS 11, 'Joint arrangements';
- IFRS 12, 'Disclosure of interests in other entities';
- IFRS 13, 'Fair value measurements';
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 12 (Amendment), 'Income taxes';
- IAS 19 (Revised), 'Employee benefits';
- IAS 27 (Revised), 'Separate financial statements'; and
- IAS 28 (Revised), 'Associates and joint ventures'.

4. Accounting Estimates

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.

During preparation of this consolidated condensed interim financial information, the significant judgments 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, 2010.

(Amounts in thousand)

5. Property, Plant and Equipment

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Operating assets, at net book value - notes 5.1 to 5.3	129,920,610	58,106,575
Capital work-in-progress		
- Expansion and other projects - note 5.4	3,468,852	69,528,996
- Capital spares	1,142,385	1,076,577
	134,531,847	128,712,148

5.1 Additions to operating assets, including transfers from capital work-in-progress during the period/year, were as follows:

	Unaudited June 31, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Freehold land	-	17,591
Leasehold land	2,808	86,791
Freehold building	1,633,630	3,213,225
Leasehold building	7,236	38,495
Pipelines	1,762	1,272,706
Plant & machinery	70,900,545	29,650,431
Catalyst	1,030,752	56,123
Furniture, fixture and equipment	80,119	213,675
Vehicles	150,753	482,110
	73,807,605	35,031,147

5.2 Engro Fertilizers Limited (the Subsidiary Company) declared commencement of commercial production effective June 24, 2011 of its Urea Expansion project 'Enven Plant', adjacent to existing Daharki Plant. Accordingly, the Subsidiary Company has transferred costs related thereto aggregating to Rs. 71,395,335 to operating assets in the current period which is in addition to Rs. 11,274,907 capitalized in previous years bringing the total current cost to Rs. 82,670,243. Such total cost includes borrowing costs aggregating to Rs. 13,942,555. The Subsidiary Company ceased capitalization of borrowing costs of the main Enven plants on April 30, 2011 (the date when substantially all the activities necessary to prepare the main Enven plants were completed i.e. physical construction) except for the borrowing cost on certain efficiency units which were completed during June 2011. Borrowing costs incurred subsequently have been expensed. The trial production sales, during the current period, credited to the aforementioned total cost amounted to Rs. 2,432,100.

5.3 During the period, assets costing Rs. 76,485 (December 31, 2010: Rs. 219,460), having net book value of Rs. 23,357 (December 31, 2010: Rs. 92,045) were disposed off for Rs. 32,908 (December 31, 2010: Rs. 413,880).

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

		Unaudited June 31, 2011	Audited December 31, 2010
		------------(Rupees)------------	
5.4	**Capital work-in-progress - Expansion and other projects**		
	Plant and machinery	2,893,626	44,258,718
	Building and civil works including pipelines	461,202	9,128,205
	Furniture, fixture and equipment	45,171	300,514
	Advances to suppliers	55,989	218,811
	Other ancillary costs	12,864	15,622,748
		3,468,852	69,528,996

6. Intangible Assets

During the period, the Holding Company has formed a wholly-owned subsidiary in Netherlands through which it has purchased halal meat business 'Al-Safa' in Canada and USA. The purchase consideration in respect thereof included trademark (brandname), amounting to Rs. 416,779, which has been accounted for under IAS – 38 'Intangible Assets', having indefinite useful life.

		Unaudited June 31, 2011	Audited December 31, 2010
		------------(Rupees)------------	
7.	**Stock-in-Trade**		
	Raw and packing materials - note 7.1 & 7.2	6,042,540	3,065,106
	Unprocessed rice	1,644,768	1,701,354
	Fuel stock - note 7.3	452,678	471,270
	Work-in-process	220,070	53,313
	Finished goods - note 7.1, 7.2 & 7.4		
	- own manufactured product	1,937,810	2,105,269
	- purchased product	4,366,716	1,482,939
		6,304,526	3,588,208
	Less: Provision for slow moving inventory	(45,174)	(35,574)
		14,619,408	8,843,677

7.1 These include raw and packing materials amounting to Rs. 76,121 (December 31, 2010: Rs. 65,206) and finished goods amounting to Rs. 36,607 (December 31, 2010: Rs. 35,102) held by third parties.

	Unaudited June 31, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Engro Vopak Terminal Limited	382,998	601,050
Dawood Hercules Chemical Limited	1,607	4,425
	384,605	605,475

(Amounts in thousand)

7.2 Raw material and finished goods (purchased products) includes stock-in-transit amounting to Rs. 442,573 (December 31, 2010: Rs. 219,726) and Rs. 2,917,963 (December 31, 2010: Rs. 1,320,927) respectively.

7.3 These mainly comprise inventory of High Speed Diesel (HSD) required to be maintained for operating the power plant in case supply of gas is unavailable to Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited). As per clause (b) of section 5.14 of the Power Purchase Agreement, Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) is required to maintain HSD at a level sufficient for operating the power plant at full load for seven days.

7.4 Includes carrying value of PVC resin, net of realisable value reduction of Rs. 18,971 (December 31, 2010: Rs. 17,162) and write-off of 77 M tons of Off-spec PVC amounting to Rs. 4,572 (December 31, 2010: 89 M tons of Off-spec PVC amounting to Rs. 4,386).

8. Trade Debts

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)	--------------
Considered good		
- Secured - note 8.1	3,572,739	4,755,732
- Unsecured	583,047	383,017
	4,155,786	5,138,749
Considered doubtful	41,741	131,784
	4,197,527	5,270,533
Provision for impairment	(85,073)	(139,125)
	4,112,454	5,131,408

8.1 Includes receivables from National Transmission and Dispatch Company (NTDC), amounting to Rs. 2,851,893 (December 31, 2010: Rs. 2,965,430), in respect of sale of electricity by Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited). These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.

9. Employee's Share Option Scheme

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)	--------------
9.1 Deferred employee compensation expense		
Balance at beginning of the period / year	4,829	100,461
Options issued during the period / year	-	59,878
Options lapsed during the period / year	(338)	(69,103)
Amortisation for the period / year	(3,834)	(86,407)
Balance at end of period / year	657	4,829

(Amounts in thousand)

	Unaudited June 31, 2011	Audited December 31, 2010
	------------(Rupees)------------	
9.2 Employees' share option compensation reserve		
Balance at beginning of the period / year	162,455	318,242
Options issued during the period / year	-	59,878
Options lapsed due to employee resignation	(1,597)	(215,665)
Balance at end of period / year	160,858	162,455

	Unaudited June 30, 2011		Audited December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
	------------(Rupees)------------			
10. Derivative Financial Instruments				
Conversion option on IFC loan	-	331,442	-	367,442
Cash flow hedges:				
- Foreign exchange forward contracts - net - note 10.1	9,524	20,504	2,638	234,055
- Foreign exchange option contracts - net	-	-	510	12,464
- Interest rate swaps - note 10.2	-	1,133,024	-	1,232,022
	9,524	1,153,528	3,148	1,478,541
	9,524	1,484,970	3,148	1,845,983
Less:				
Current portion shown under current assets / liabilities				
Cash flow hedges:				
- Foreign exchange forward contracts	9,524	20,504	2,638	234,055
- Foreign exchange option contracts	-	-	510	12,464
- Interest rate swaps	-	421,453	-	426,868
	9,524	441,957	3,148	673,387
	-	1,043,013	-	1,172,596

10.1 Foreign exchange forward contracts

10.1.1 Engro Fertilizers Limited entered into various forward exchange contracts to hedge its foreign currency exposure. As at June 30, 2011, Engro Fertilizers Limited had forward exchange contracts to purchase. Euros 2,584 (December 31, 2010: Euros 2,698) at various maturity dates. The fair value of these contracts, as at June 30, 2011 is positive and amounted to Rs. 9,524 (December 31, 2010: Rs. 2,638 positive).

10.1.2 Engro Fertilizers Limited entered into various US$: PKR forward contracts to hedge its foreign currency exposure. As at June 30, 2011, Engro Fertilizers Limited had forward contracts to purchase US$ 57,000 (December 31, 2010: US$ 85,000) at various maturity dates to hedge its foreign currency loan obligations. The fair value of these contracts as at June 30, 2011 is negative and amounted to Rs. 20,504 (December 31, 2010: Rs. 234,055 negative).

(Amounts in thousand)

10.2 Interest rate swaps

10.2.1 Engro Fertilizers Limited entered into an interest rate swap agreement to hedge its interest rate exposure on floating rate committed borrowing under an Offshore Islamic Finance Facility agreement, for a notional amount of US$ 129,750 (December 31, 2010: US$ 150,000) amortising up to September 2014. Under the swap agreement, Engro Fertilizers Limited would receive USD-LIBOR from Citibank N.A Pakistan on notional amount and pay fixed 3.47% which will be settled semi-annually. The fair value of the interest rate swap as at June 30, 2011 is negative and amounted to Rs. 568,360 (December 31, 2010: Rs. 654,163 negative).

10.2.2 Engro Fertilizers Limited entered into another interest rate swap agreement to hedge its interest rate exposure on floating rate committed borrowing from a consortium of Development Finance Institutions for a notional amount of US$ 77,273 (December 31, 2010: US$ 85,000) amortising upto April 2016. Under the swap agreement, Engro Fertilizers Limited would receive USD-LIBOR from Standard Chartered Bank on notional amount and pay fixed 3.73% which will be settled semi-annually. The fair value of the interest rate swap as at June 30, 2011 is negative and amounted to Rs. 442,328 (December 31, 2010: Rs. 466,995 negative).

10.2.3 During the period, Engro Polymer and Chemicals Limited (EPCL) has entered into a cross-currency interest rate swap agreement for a notional amount of US$ 4,016, with a bank to hedge its interest rate exposure on floating rate local currency borrowings from a consortium of local banks under a Syndicate Finance Agreement. Under the swap agreement, EPCL would receive six month KIBOR plus 2.25% on the relevant PKR notional amount and will pay six month USD-LIBOR plus 3.70% on the relevant USD notional amount, which will be settled semi-annually. As at June 30, 2011, EPCL has outstanding cross currency swap agreements with local banks for notional amounts aggregating to US$ 7,216. The fair values of aforementioned cross-currency interest rate swaps are positive and aggregate to Rs. 421 (December 31, 2010: Rs. 816).

EPCL has outstanding interest rate swap agreements with banks for notional amounts aggregating US$ 32,000, to hedge its interest rate exposure on floating rate foreign currency borrowings from International Finance Corporation. Under the swap agreements, EPCL would receive six month USD-LIBOR on respective notional amounts and will pay fixed rates ranging from 2.8% to 3.385%, which will be settled semi annually. The fair values of aforementioned interest rate swaps as at June 30, 2011, are negative and aggregate to Rs. 122,757 (December 31, 2010: Rs. 111,680).

11. Loans, Advances, Deposits and Prepayments

Includes prepayments of Rs. 548,613 (December 31, 2010: Rs. 573,843), made by Engro Fertilizers Limited to Sui Northern Gas Pipeline Limited under Take or Pay arrangement in respect of the Enven Plant. The Subsidiary Company is confident that such prepayment will be adjusted, prior to the expiry period, against the expected gas consumption in the coming months.

12. Short Term Investment

	Unaudited June 31, 2011	Audited December 31, 2010
	------------(Rupees)--------------	
Financial assets at fair value through profit or loss		
Fixed income placements	49,771	61,303
Money market funds - note 12.1	6,242,345	4,364,885
	6,292,116	4,426,188

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

12.1 These represents investments in mutual funds and are valued at their respective net assets values as at the balance sheet date.

13. Share Capital

13.1 Authorised Capital

(Unaudited) June 30, 2011	(Audited) December 31, 2010		(Unaudited) June 30, 2011	(Audited) December 31, 2010
---------(Number of shares)---------			---------------(Rupees)-------------	
450,000,000	350,000,000	Ordinary Shares of Rs 10 each (note 13.3)	4,500,000	3,500,000

13.2 Movement in issued, subscribed and paid-up capital during the year

327,736,819	297,942,563	Ordinary Shares of Rs 10 each fully paid in cash	3,277,369	2,979,426
65,547,364	29,794,256	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	655,474	297,943
393,284,183	327,736,819		3,932,843	3,277,369

13.3 During the current period, the Holding Company:

- increased its authorised capital from Rs. 3,500,000 to Rs. 4,500,000; and
- issued bonus shares in the ratio of 1 share for every 5 shares held.

14. Hedging Reserve

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)-------------	
Fair values of :		
- Foreign exchange forward contracts	5,460	(231,417)
- Foreign exchange option contracts	-	(11,954)
- Interest rate swaps	(1,006,720)	(1,232,022)
	(1,001,260)	(1,475,393)
Less:		
Deferred tax	350,448	516,385
Non-controlling interest	34,836	31,570
	385,284	547,955
	(615,976)	(927,438)

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

(Amounts in thousand)

15. Maintenance Reserve

In accordance with the Power Purchase Agreement (PPA), Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund shall remain in the Fund.

Under the PPA, 1/24th of the annual operating and maintenance budget of the Power Plant less fuel expenses is to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second Agreement year and thereafter the Fund may be re-established at such other level that Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) and NTDC mutually agree.

16. Borrowings

	Unaudited June 30, 2011	Audited December 31, 2010
	---------------(Rupees)-------------	
Balance at beginning of the period / year	104,695,636	86,517,828
Loans availed during the period / year (net of transaction cost)	5,602,026	20,176,642
	110,297,662	106,694,470
Repayments made during the period / year	(4,194,385)	(1,998,834)
	106,103,277	104,695,636
Current portion shown under current liabilities	(18,542,310)	(15,543,787)
Balance at the end of the period / year	87,560,967	89,151,849

Engro Corporation Limited - the Holding Company

During the period, the Holding Company has issued Engro Rupiya Certificate II (in addition to Engro Rupiya Certificate I issued last year) to general public and received subscription money thereagainst amounting to Rs. 791,920 till June 30, 2011 (net of unamortized transaction cost of Rs. 32,692). The Certificates are available till August 31, 2011 on first come first serve basis or earlier if the issue amount of Rs. 3,000,000 is reached. The profit is payable semi-annually at the fixed rate of 14.5% from the date of investment by the Certificate holders. The Certificates are structured to redeem 100% of principal amount in the 36th month. The Certificate holder, however, may ask the Holding Company for early redemption at any time from the date of investment subject to service charge of 2% of the outstanding issue price.

These Certificates are secured by way of first ranking pari passu floating charge over all the present and future movable properties of the Holding Company except for present and future trade marks, copy rights and certain investment in subsidiary companies.

Engro Fertilizers Limited

On December 22, 2010, Engro Fertilizers Limited and IFC entered into an amended agreement for further disbursement of US$ 30,000 over and above already disbursed amount of US$ 50,000. The amount has been fully disbursed as at June 30, 2011. The salient features

(Amounts in thousand)

of the Original Loan remain essentially the same. The additional loan of US$ 30,000 is divided into (i) 30% convertible loan on the shares of Engro Fertilizers Limited at Rs. 41.67 per ordinary share calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of the notices issued by IFC to exercise the conversion option and (ii) 70% non-convertible loan. The additional loan is repayable by September 15, 2017 in three equal installments and carries interest at six months LIBOR plus a spread of 6% or 10% depending on the listing status of Engro Fertilizers Limited at various intervals. However, the management is confident that it will comply with the requirements of listing and avail the spread of 6% for the entire loan tenor.

The maturity of all loan facilities range from 3 to 8 years and mark-up is 1% to 2.40% over six month KIBOR and 1.3% over three month KIBOR for Rupee facilities, and 2.57% to 6% over six month LIBOR for USD facilities. These facilities, excluding the Privately Placed TFCs (PPTFCs) & International Finance Corporation's (IFC) facility, are secured by equitable mortgage upon immovable property of Engro Fertilizers Limited and hypothecation charge over current and future fixed assets of Engro Fertilizers Limited. Perpetual subordinated TFCs, IFC and above mentioned bridge loans are secured by a subordinated floating charge over all present and future fixed assets excluding land and buildings.

Engro Polymer and Chemicals Limited

Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and syndicates of banks, Engro Polymer and Chemicals Limited is required to comply with certain debt covenants. As at June 30, 2011, all debt covenants have been complied with except for current ratio and debt service coverage ratio, for which waivers have been applied for.

Engro Foods Limited

During the period, Engro Foods Limited has obtained long term loan facilities from Citibank NA and Soneri Bank Limited aggregating to Rs. 950,000 which have been fully utilized as at the balance sheet date.

Engro PowerGen Limited

Engro PowerGen Limited entered into a financing agreement with consortium comprising of International Finance Corporation, DEG, FMO, Proparco, Swed Fund and OFID amounting to USD 144 million. The finances carry mark-up at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years, whereas the principal is repayable in twenty semi-annual payments/installments commenced from December 15, 2010. As at June 30, 2011, the outstanding balance of the borrowing was USD 133.9 million.

The above finances are secured by an equitable mortgage upon the immovable property of Engro PowerGen Limited and the hypothecation charge against current and future assets of Engro PowerGen Limited, except receivable from NTDC in respect of Energy Purchase Price.

17. Deferred Taxation

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Credit / (debit) balances arising on account of:		
- Accelerated depreciation allowance	20,879,679	8,442,891
- Fair value of hedging instruments	(350,448)	(516,385)
- Recoupable carried forward tax losses - note 17.1	(16,563,819)	(4,878,393)

(Amounts in thousand)

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
- Tax on subsidiary reserves	112	7,690
- Tax on fair value adjustment	139,598	139,598
- Fair value of IFC conversion option	24,572	-
- Recoupable minimum turnover tax	(441,735)	(513,965)
- Provision for retirement and other services benefits and unrealized exchange loss	(182,510)	(63,004)
- Share issuance cost	(57,709)	(57,709)
- Others	(62,091)	(89,497)
	3,385,649	2,471,226

17.1 Represents deferred tax recognized on carried forward losses, substantially comprising of unabsorbed depreciation, based on future profit projections of the Group.

18. Trade and Other Payables

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Creditors - note 18.1	9,103,742	4,843,729
Accrued liabilities	3,569,796	3,942,056
Advances from customers	4,666,840	2,663,585
Deposits from dealers/distributors refundable on termination of dealership	14,064	30,186
Retention money	85,141	286,773
Contractors'/suppliers' deposits	126,755	97,775
Workers' profits participation fund	288,288	24,478
Workers' welfare fund	344,428	199,069
Sales tax payable - note 18.2	98,864	53,530
Provision for duty on import of raw material	54,688	47,227
Provision for special excise duty	86,798	83,795
Others	449,683	342,011
	18,889,087	12,614,214

18.1 Includes amount due to Mitsubishi Corporation, a related party, amounting to Rs. 2,988,619 (December 31, 2010: Rs. 1,690,399).

18.2 Effective March 15, 2011, the Federal Government of Pakistan vide SRO/229/(1)/2011 has withdrawn SRO 535/1/2008 under which import and supply of fertilizers were exempt from payment of sales tax. Accordingly, sales tax has been charged to customers from the date of withdrawal of the aforementioned SRO.

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

19. SHORT TERM BORROWINGS

19.1 The facilities for short term finance available to the Group from various banks amounts to Rs. 16,675,000 (December 31, 2010: Rs. 16,474,230) including Rs. 1,450,000 (December 31, 2010: Rs. 1,450,000) for bank guarantees interchangeable with short term finance. The rates of markup ranges from 12.88% to 14.65% (December 31, 2010: 12.83% to 15.19%) and all facilities are secured by floating charge upon all current and future moveable properties of the Group. The facilities of Avanceon Limited are secured by a corporate guarantee of the Holding Company of 62.67% of the total funded exposure alongwith personal guarantees of sponsoring directors.

19.2 During the period, Engro Eximp (Private) Limited has obtained funds under Export Refinance Facility (ERF) of the State Bank of Pakistan (SBP). The funds outstanding under the aforementioned facility amounts to Rs. 96,072 as at June 30, 2011 carrying markup at the current rate of 11% per annum. Moreover, Engro Eximp (Private) Limited has also obtained funds under four FE-25 facilities as allowed by SBP vide its circular F.E. 25 dated 20th June 1998. The four facilities totaled US$ 19,302 (PKR equivalent disbursed: Rs. 1,661,532) and carried mark-up at rates ranging from 1.96% to 3.29% per annum.

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
20. Contingencies and Commitments		
Contingencies		
20.1 Corporate Guarantees issued in favour of Subsidiary Companies:		
- Engro Fertilizers Limited - note 20.2	64,560,563	65,642,000
- Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) - note 20.3	860,500	857,000
- Avanceon Limited	242,000	242,000

20.2 Includes Corporate Guarantee to International Finance Corporation (IFC) for USD 80,000 under the Amended Agreement entered into by Engro Fertilizers Limited with IFC. As at June 30, 2011, the total amount of the facility has been drawn down by Engro Fertilizers Limited. Further, IFC has an option to convert a tranche of the disbursed loan amounting to USD 15,000, into ordinary shares of the Holding Company at Rs. 205 per ordinary share (Rs. 155.3 as at June 30, 2011) calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of notices issued by IFC to exercise the conversion option. Such option is to be exercised within a period of no more than five years from the date of disbursement of loan (i.e. December 28, 2009).

20.3 Represents Corporate Guarantee amounting to USD 10,000 issued to Allied Bank Limited to open DSRA letter of credit in favour of the Engro Powergen Qadirpur Limited's (formerly, Engro Energy Limited) senior long term lenders.

20.4 The Holding Company has furnished a bank guarantee amounting to USD 25 to Alternate Energy Development Board (AEDB) for the fulfillment of its obligations under letter of intent. The guarantee expires on September 29, 2012.

(Amounts in thousand)

20.5 During the current period, the project completion support aggregating USD 15,400 provided to the lenders of Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) has expired.

20.6 Claims, including pending lawsuits, against Engro Fertilizers Limited not acknowledged as debts amounted to Rs. 36,018 (December 31, 2010: Rs. 36,018).

20.7 Last year, a lawsuit has been filed against Engro Foods Supply Chain (Private) Limited, a subsidiary of Engro Foods Limited, in the Civil Court, Sheikhupura by certain previous co-workers claiming pre-emptive rights over a portion of the land, acquired by Engro Foods Supply Chain (Private) Limited for construction of rice processing plant. Engro Foods Supply Chain (Private) Limited has filed its written statement thereagainst and the case will now come up for hearing. However, Engro Foods Supply Chain (Private) Limited, based on the opinion of legal advisor is confident that the matter will be decided in its favour and accordingly, the financial effect, if any, has not been considered in the preparation of this consolidated condensed interim financial information.

20.8 Bank guarantees of Rs. 4,610,940 (December 31, 2010: Rs. 3,830,939) have been issued in favour of third parties. This includes bank guarantee given to Sui Northern Gas Pipeline Company Limited (SNGPL) amounting to Rs. 1,596,126 (December 31, 2010: Rs. 1,596,126) in accordance with the terms of Gas Supply Agreement between Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) and SNGPL. As per the aforesaid agreement, Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) is required to provide bank guarantee in favour of SNGPL for an amount equivalent to three months contractual quantities of gas.'

20.9 Post dated cheques issued to customs & excise department for clearance of Rockwell Automation and Honeywell shipments and to IGI Insurance Company Limited as security against insurance guarantee issued by them in favor of AES Lalpir and Nestle Limited for performance of contracts amounts to Rs. 8,675 (December 31, 2010: Rs. 10,003).

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

20.11 Engro Fertilizers Limited had commenced two separate arbitration proceedings against the Government of Pakistan for non-payment of marketing incidentals relating to the years 1983-84 and 1985-86 respectively. The sole arbitrator in the second case has awarded the Group Rs. 47,800 whereas the award for the earlier years is awaited. The award for the second arbitration has not been recognised due to inherent uncertainties arising from its challenge in the High Court of Sindh.

20.12 Engro Fertilizers Limited has filed a constitutional petition in the High Court of Sindh, Karachi against the Ministry of Petroleum and Natural Resources, Ministry of Industries and Production and Sui Northern Gas Pipeline Company Limited for continuous supply of 100 MMCFD gas to the Enven Plant and to prohibit from suspending, discontinuing or curtailing the aforesaid supply. The honourable High Court of Sindh on May 31, 2011 has ordered that SNGPL should supply 80-100 MMCFD to the petitioner's new fertilizer plant.

20.13 All Pakistan Textile Processing Mills Association (APTPMA), Shan Dying & Printing Industries (Private) Limited, Agritech Limited (Agritech) and 27 others have each contended, through separate proceedings filed before the Lahore High Court that the supply to Engro Fertilizers Limited's Enven Plant is premised on the output of Qadirpur gas field exceeding 500 MMCFD by 100 MMCFD and the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 with Sui Northern Gas Pipeline Limited (SNGPL) be declared void abinitio because the output of Qadirpur has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. However, no orders have been passed in these matters. Engro Fertilizers Limited has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 MMCFD gas has been allocated to Engro Fertilizers Limited through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA which guarantees uninterrupted supply of gas to the expansion plant, with right to first 100 MMCFD gas production from the Qadirpur field; and (iii) both the Company (Engro Fertilizers Limited) and gas field (Qadirpur) are in Sindh. Also, neither the gas allocation by Government nor the GSA predicates the gas supply upon Qadirpur field producing 100 MMCFD over and above 500 MMCFD. Further, the management of Engro Fertilizers Limited, as confirmed by the legal advisor, consider the chances of the petitions being allowed to be remote.

(Amounts in thousand)

		Unaudited June 30, 2011	Audited December 31, 2010
		------------(Rupees)	--------------
	Commitments		
20.14	Property, plant & equipment	1,505,808	2,446,137
20.15	Letter of credits other than for capital expenditure	806,373	143,732
20.16	Commitments in respect of letters of credit against import of fertilizers	1,619,214	-

20.17 Engro Polymer and Chemicals Limited has entered into operating lease arrangements with Al-Rahim Trading Terminal and Dawood Hercules Limited - a related party, for storage and handling of Ethylene Di Chloride and Caustic soda respectively. The total lease rentals due under these lease arrangements are payable in periodic monthly installments till July 31, 2019. The future aggregate lease payments under these agreements are as follows:

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)	--------------
Not later than 1 year	21,540	59,840
Later than 1 year and no later than 5 years	57,600	57,600
Later than 5 years	43,200	50,400
	122,340	167,840

20.18 Avanceon LP(USA), a subsidiary of Avanceon Limited, is obligated under non-cancellable operating leases for computer and office equipment which expire at various dates.

(Amounts in thousand)

The future lease commitments related to non-cancellable operating leases as of June 30, 2011 for various equipments are as follows:

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Commitments		
Not later then 1 year	1,097	1,212
Later than 1 year and not later than 5 years	2,761	-
Later than 5 years	109	-
	3,967	1,212

21. Net Sales

"Engro Powergen Qadirpur Limited's (Subsidiary Company) tariff, like other power companies, comprises of various price components with indexations falling within the ambit of embedded derivatives. Such embedded derivative as per International Accounting Standard (IAS) 39, 'Financial Instrument: Recognition and Measurement' need to be separated from the host contract and accounted for as derivative if economic characteristics and risks of the embedded derivatives are not closely related to the host contract. The economic characteristics and risks of most of the Subsidiary Company's tariff indexations are closely related to the economic characteristics and risks of the Power Purchase Agreement (the Host Contract) and therefore do not need to be separated and accounted for under IAS 39 as a derivative.

The Subsidiary Company, however, has sought clarification from the Institute of Chartered Accountants of Pakistan (ICAP) in respect of the indexations pertaining to (i) USD/PKR exchange rate (applicable to Subsidiary Company's price components of debt, return on equity, return on equity during construction); and (ii) US CPI & USD/PKR exchange rate (applicable to Subsidiary Company's price components of fixed and variable operations and maintenance – foreign) whether these derivatives are closely or not closely related to the host contract.

In addition, the Subsidiary Company has also requested ICAP to prescribe a definite basis or guidelines for the valuation of such embedded derivatives considering the subjectivity involved therein if these are considered to be not closely related to the host contract. Further, as indexation of USD/PKR exchange rate related to debt component being not recognized separately as embedded derivative, the Subsidiary Company taking cognizance of the 'matching principle' requested the Securities and Exchange Commission of Pakistan (SECP) to allow deferment of recognizing exchange loss on translation of borrowings under IAS 21 - Foreign Currency Transactions in the profit or loss till the clarification sought on the recognition of the foreign currency indexations from ICAP has been received."

However during the period, SECP vide S.R.O 87(1)/2011 dated February 3, 2011 has granted waiver from the requirements of IAS 21 and IAS 39 to all the Independent Power Projects (IPPs), not covered under Circular 11 of 2008, for a period of one year from the date of notification and allowed capitalization of exchange differences, as allowed to IPPs under the 1994 power policy, to all IPPs having foreign currency loans. Further, such IPPs have also been permitted not to recognise embedded derivatives as required under IAS 39.

In view of the above S.R.O, the Subsidiary Company has capitalized exchange loss amounting to Rs. 313,677 including Rs. 19,677 pertaining to current period to property, plant and equipment (note 5) and has not recognised the aforementioned embedded derivatives.

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

22. Cost of Sales

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
	(Rupees)			
Raw materials consumed	8,471,831	8,426,866	16,244,480	14,863,275
Salaries, wages and staff welfare	538,139	479,140	1,098,159	901,626
Fuel and power	3,374,002	858,920	4,841,694	2,301,794
Repairs and maintenance	284,167	242,134	520,130	431,844
Depreciation / amortization	826,928	643,905	1,581,165	1,146,389
Consumable stores	104,055	131,052	242,789	217,185
Staff recruitment, training, safety and other expenses	14,323	19,354	27,861	28,462
Purchased services	1,393,677	374,699	1,465,588	587,595
Travel	46,256	31,964	78,464	53,356
Communication, stationery and other office expenses	60,622	66,152	85,893	81,962
Insurance	90,945	75,495	164,810	135,089
Rent, rates and taxes	37,048	18,143	76,294	57,808
Provision against sales tax refundable	-	32,293	-	67,423
Other expenses	40,590	2,932	49,800	13,216
Manufacturing cost	15,282,583	11,403,049	26,477,127	20,887,024
Opening stock of work-in-process	307,306	75,077	1,754,667	56,548
Closing stock of work-in-process	(1,864,838)	(55,246)	(1,864,838)	(55,246)
	(1,557,532)	19,831	(110,171)	1,302
Cost of goods manufactured	13,725,051	11,422,880	26,366,956	20,888,326
Opening stock of finished goods manufactured	1,891,727	1,010,142	2,105,269	863,140
Closing stock of finished goods manufactured	(1,937,810)	(1,550,653)	(1,937,810)	(1,550,653)
	(46,083)	(540,511)	167,459	(687,513)
Cost of goods sold				
- own manufactured product	13,678,968	10,882,369	26,534,415	20,200,813
- purchased product	3,387,160	1,048,160	6,018,230	3,610,573
- others	254,393	333,477	490,897	630,055
	17,320,521	12,264,006	33,043,542	24,441,441

(Amounts in thousand)

23. Administrative Expense

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
	(Rupees)			
Salaries, wages and staff welfare	391,603	284,250	692,384	506,921
Staff recruitment, training, safety and other expenses	22,530	29,779	28,185	36,149
Product transportation and handling				
Repairs and maintenance	8,601	7,694	20,500	16,966
Rent, rates and taxes	77,637	20,598	126,047	76,793
Communication, stationery and other office expenses	58,740	35,383	106,224	57,361
Travel	50,680	50,305	92,003	77,271
Depreciation / amortization	25,024	26,706	81,284	38,627
Purchased services	53,488	51,638	100,108	81,535
Donations	4,524	5,248	28,765	36,768
Other expenses	51,655	57,084	83,044	73,495
	744,482	568,685	1,358,544	1,001,886

24. Selling and Distribution Expenses

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
Salaries, wages and staff welfare	209,363	145,796	412,048	292,288
Staff recruitment, training, safety and other expenses	23,080	48,027	31,915	51,988
Advertising and sales promotion	542,071	544,518	1,016,313	1,118,500
Product transportation and handling	635,555	418,452	1,292,123	928,062
Repairs and maintenance	7,243	633	11,089	5,850
Rent, rates and taxes	55,160	71,560	96,945	100,808
Communication, stationery and other office expenses	63,838	77,239	160,772	112,127
Depreciation / amortization	53,660	33,861	94,429	62,342
Purchased services	2,119	11,328	3,953	16,699
Other expenses	44,372	22,322	64,453	38,378
	1,636,461	1,373,736	3,184,040	2,727,042

(Amounts in thousand)

25. Taxation

25.1 Engro Fertilizers Limited, Subsidiary Company

As a result of demerger, all pending tax issues of the Fertilizer Undertaking of the Holding Company have been transferred to Engro Fertilizers Limited. Major issues pending before the tax authorities are described below:

During the period, the tax department finalized the audit for the financial year 2009, and raised a demand of Rs. 1,110,862 (rectified to Rs 982,958), including adjustment of demand of Rs. 561,595 for financial year 2008 from the filed refund for the year and non-adjustment of assessed refund amounting to Rs. 443,554 relating to financial year 2007. The Subsidiary Company has filed an appeal with the Commissioner Inland Revenue (Appeals) who restrained the department from taking any coercive action unless the assessed refund of Rs. 443,554 is adjusted through a stay order. Subsequently, the demand has been partially adjusted against refunds arising on account of appeal effect orders for income/financial year 1995 to 2002 (discussed below).

The Holding Company in its tax return for financial years 2006 to 2008 (tax years 2007 to 2009) claimed the benefit of Group Relief under section 59B of the Income Tax Ordinance, 2001 (the Ordinance) on losses acquired for an equivalent cash consideration from its wholly owned subsidiary, Engro Foods Limited, amounting to Rs. 428,744, Rs. 622,103 and Rs. 450,000 respectively.

The tax department had raised demands of Rs. 476,479 (rectified to Rs. 406,644), Rs. 910,845 and Rs.1,670,814 for financial years 2006, 2007 and 2008 respectively, mainly on account of disallowance of Group Relief (in all three years), inter corporate dividend (in 2007 and 2008) and write down of inventories to net realisable value (in 2008) besides certain other issues. Uptill last year, the Holding Company had paid Rs. 170,000, Rs. 400,000 and Rs 600,000 for financial years 2006, 2007 and 2008 respectively. Stay by the High Court of Sindh for payment of balance amount for financial year 2006 was granted to the Holding Company pending decision of the appeal filed by the Holding Company before the Income Tax Appellate Tribunal (ITAT). However, for financial year 2007 the issue of Group Relief was decided by the Commissioner Inland Revenue (Appeals I) in Holding Company's favour against which the tax department filed an appeal with ITAT. The Holding Company had filed appeal with the Commissioner Inland Revenue (Appeals I) for financial year 2008 and stay by the Department for the payment of the balance amount was granted to the Holding Company for financial year 2008 till December 31, 2010. However, the tax department upon expiry of the stay period raised a payment demand of Rs. 509,218 (after adjustment of Rs 561,596 from filed refund of financial year 2009) on January 27, 2011, against which the management has requested the department to apply its refunds granted during the period against these demands.

During the period, appeal effect orders were received relating to financial / income years 1995 to 2002 which were decided in Subsidiary Company's favour at ITAT level. Appeal effects relating to financial years 2005, 2006 and 2007 are pending at the department level. The tax department has however, filed reference application against the ITAT decisions before the Sindh High Court, which is pending for hearing. The Subsidiary Company is confident that all pending issues, including the references filed by the department in High Court, will eventually be decided in its favour.

25.2 Engro Polymer and Chemicals Limited (the Subsidiary Company)

25.2.1 Last year, the Subsidiary Company received a notice of demand of Rs. 213,172 in respect of Tax year 2008. The Deputy Commissioner Inland Revenue has made various additions to the returned income amounting to Rs. 207,370 and has not considered the brought forward losses amounting to Rs. 974,770 resulting in the aforementioned tax demand. The additions to income are mainly on account of trading

(Amounts in thousand)

liabilities and finance costs incurred in relation to the expansion Project. The aforementioned brought forward losses have been amended due to revision of returns as per the ITAT Order as mentioned in note 25.2.3.

"The Subsidiary Company has filed an appeal against the aforementioned demand with the Commissioner Inland Revenue (Appeals), which is currently pending. While the appeal proceedings were pending, the Officer Inland Revenue (OIR) adjusted a sum of Rs. 180,768 in the aforementioned demand against the Subsidiary Company's assessed refunds. Consequently, the Subsidiary Company has paid the balance amount of Rs. 32,404 'under protest'. Further, the OIR has issued two show cause notices dated December 9, 2010 for the levy of additional tax relating to Tax year 2008 aggregating to Rs. 8,106. During the period, replies to the show cause notices have been filed for withdrawal thereof. The Subsidiary Company's management is of the view that since the matter is pending with the Commissioner Inland Revenue (Appeals), no cohesive recovery measures can be initiated unless a decision is obtained from an independent forum outside the departmental hierarchy. Further, no formal order creating a demand has been received to date in response to the show cause replies submitted by the Subsidiary Company."

The management of the Subsidiary Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matter would be favorable and consequently has not recognized the effects for the same in the consolidated condensed interim financial information.

25.2.2 Further, during last year, the Subsidiary Company also received a notice of demand of Rs. 163,206 in respect of Tax year 2009. The Deputy Commissioner Inland Revenue has made various additions to the returned income amounting to Rs. 546,050 and has not considered the brought forward losses amounting to Rs. 499,376 resulting in the aforementioned tax demand. The additions to income are mainly on account of trading liabilities and finance costs incurred in relation to the expansion Project. The aforementioned brought forward losses have been amended due to revision of returns as per the ITAT Order as mentioned in note 25.2.3.

"The entire demand of Rs. 163,206 has been adjusted vide OIR order dated December 20, 2010 against assessed refundable taxes. During the period, the Subsidiary Company has filed an appeal against the aforementioned demand with the Commissioner Inland Revenue (Appeals), which is currently pending."

The management of the Subsidiary Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matter would be favorable and consequently has not recognized the effects for the same in the consolidated condensed interim financial information.

25.2.3 While finalizing the assessment for the assessment year 2000-2001, the Taxation Officer had disallowed the claim of First Year Allowance (FYA) by the Subsidiary Company on the grounds that the Subsidiary Company had not met the criteria for claiming this allowance as required under the repealed Income Tax Ordinance, 1979. The Subsidiary Company had filed an appeal against this disallowance which was decided by the Commissioner of Income Tax (Appeals) in its favor. The department, therefore, filed second appeal before the Income Tax Appellate Tribunal (ITAT). A similar disallowance had also been made for the assessment year 2001-2002 by the Taxation Officer in 2003. However, upon appeal, this matter was ultimately decided in Subsidiary Company's favor in 2005 by the Income Tax Appellate Tribunal (ITAT).

However, the ITAT, in departmental appeal pertaining to assessment year 2000-2001, decided the aforementioned matter against the Subsidiary Company by departing from the previous order for the assessment year 2001-2002. The disallowance of FYA amounts to Rs. 1,884,359.

This disallowance resulted in tax deductible timing differences, the effects of which have been recognized in the consolidated condensed interim financial information after taking into account the consequential effects of the ITAT Order in the tax years subsequent to 2000-2001. Consequently, the Subsidiary Company has revised its income tax returns for the tax years 2003 to 2007 and 2009 resulting in a tax liability of Rs. 86,769 for Tax year 2008, which has been settled by adjustment out of recoupable minimum tax brought forward of prior years and refunds available in other tax years as mentioned in note 25.2.1 above.

25.3 Engro Eximp (Private) Ltd (the Subsidiary Company)

During the year 2010, the tax department raised demands of Rs. 239,902 and Rs. 1,708,621 for financial years 2006 and 2008 respectively, mainly on the disallowance of subsidy received by the Subsidiary Company on imported phosphatic fertilizer from the Government of Pakistan as allowable expense. The Commissioner Inland Revenue, on the Subsidiary Company's appeal thereagainst, had set aside the aforementioned amended orders with the directions to the Additional Commissioner Inland Revenue for denovo proceedings.

The Additional Commissioner Inland Revenue has initiated the proceedings as directed, which are in progress. The Subsidiary Company is however confident that the above issue will be decided in its favour without any additional tax liability and as such has not made provision for the aforementioned demand in this consolidated condensed interim financial information.

25.4 Engro Foods Limited (the Subsidiary Company)

"Following is the position of the Subsidiary Company's open tax assessments as at June 30, 2011:"

a) The Subsidiary Company's appeal against the order of Commissioner of Income Tax (CIT) for reduction of tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007, is currently in the process of being heard. However, the Subsidiary Company, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and hence the deferred tax asset recognized on taxable losses has not been reduced by the effect of the aforementioned disallowance.

b) Last year, the Commissioner Inland Revenue raised a demand of Rs. 337,386 for tax year 2008 by disallowing the provision for gratuity, advances and stock written-off, repair and maintenance, provision for bonus, sales promotion and advertisement expenses. Further, in the aforementioned order the consideration receivable from the Holding Company, on surrender of tax loss has been added to income for the year. The Subsidiary Company has filed an appeal before the Commissioner Appeals against such order, which is yet to be heard. The Subsidiary Company has also filed a petition thereagainst before the Sindh High Court, whereby the jurisdiction of the Commissioner Inland Revenue has been challenged for passing such an order. The Sindh High Court considering the legal issues involved has instructed the tax department not to take any coercive action till the hearing of the appeal.

26. Earnings Per Share

There is a dilutive effect on the basic earnings per share of the Group, after taking into the effect of options granted on Holding Company's shares to (i) employees of the Holding Company under the Employee Share Option Scheme and (ii) IFC loan of Engro Fertilizers Limited referred to in note 20.2. Such dilution is based on the average market price of the Holding Company's shares, which is higher than the respective exercise prices of options granted under Employee Share Option Scheme and IFC loan.

(Amounts in thousand)	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
	---(Rupees)---			
Profit after taxation	1,274,145	1,392,006	3,315,788	3,197,209
	---(Number)---			
		(Restated)		(Restated)
Weighted average number of ordinary shares (in thousand)	393,284	393,284	393,284	393,284
Weighted average number of ordinary shares including dilutive potential ordinary shares (in thousands)	395,686	393,284	395,686	393,284

27. Cash Generated / (Used in) Operations

	Half year ended June 30, 2011	Half year ended June 30, 2010
	---(Rupees)---	
Profit before taxation	4,928,022	3,984,426
Adjustment for non-cash charges and other items:		
Depreciation and amortisation	1,756,878	1,245,117
Profit on disposal of property, plant and equipments	(27,698)	(296,447)
Provision for retirement and other service benefits	122,138	127,380
Depreciation on revaluation surplus arising on business combination	5,010	5,010
Income on deposits / other financial assets	(411,175)	(212,454)
Share of income from joint venture companies	(239,218)	(258,884)
Financial charges	3,673,817	1,876,866
Employees share compensation expense	(3,834)	(105,023)
Employees housing subsidy expense	5,983	54,630
Exchange loss on foreign currency loans	282,480	-
Working capital changes (note 27.1)	57,673	(11,779,732)
	10,150,076	(5,359,111)

27.1 Working capital changes

Increase in current assets		
- Stores spares and loose tools	(931,357)	(1,943,841)
- Stock-in-trade	(5,775,731)	(10,578,131)
- Trade debts	1,018,954	(353,414)
- Loans, advances, deposits and prepayments	(735,618)	(1,098,754)
- Other receivables (net)	206,552	459,380
	(6,217,200)	(13,514,760)

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

	Half year ended June 30, 2011	June 30, 2010
	------------(Rupees)------------	
	(6,217,200)	(13,514,760)
Increase in current liabilities		
- Trade and other payable including other service benefits (net)	6,274,873	1,735,028
	57,673	(11,779,732)

28. Cash and Cash Equivalents

Cash and bank balances	3,212,052	2,525,437
Short term investments	6,292,116	2,130,871
Short term borrowings	(6,876,622)	(8,522,003)
	2,627,546	(3,865,695)

29. Transactions with Related Parties

29.1 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:

	Half year ended June 30, 2011	June 30, 2010
	------------(Rupees)------------	
Associates and joint ventures		
Purchases and services	5,664,748	5,882,802
Services rendered / sale of goods	950,425	672,546
Retirement benefits	239,409	172,623
Dividends paid	276,313	288,781
Payment of interest on TFCs and repayment of principal amount	99,886	55,597
Right shares issued (including share premium)		
Donations	37,327	26,150
Investment in mutual funds	2,075,000	1,022,000
Redemption of investments in mutual funds	1,664,900	883,208
Others		
Remuneration paid to key management personnel / directors	295,605	286,095
Dividends paid	6,795	10,609

	Unaudited June 30, 2011	Audited December 31, 2010
	------------(Rupees)------------	
Balances due from		
- Joint Venture	135,000	90,185

(Amounts in thousand)

30. Segment Reporting

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

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

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees)			
Revenue				
Fertilizer	10,884,963	6,160,094	19,828,178	14,476,549
Polymer	3,907,520	3,570,817	8,031,180	6,854,571
Food	7,307,950	4,788,428	13,738,728	9,529,338
Power	1,936,419	1,899,989	3,780,511	2,007,185
Other operations	199,229	446,061	705,734	856,883
Consolidated	24,236,081	16,865,389	46,084,331	33,724,526
Profit / (loss) after taxation				
Fertilizer	753,603	1,322,427	2,488,417	3,047,358
Polymer	(136,206)	(295,007)	(195,099)	(449,384)
Food	69,371	(165,429)	186,531	(180,069)
Power	399,272	332,069	744,706	379,040
Other operations	689,495	209,749	654,251	310,338
Elimination - net	(501,390)	(11,803)	(563,018)	89,926
Consolidated	1,274,145	1,392,006	3,315,788	3,197,209

	Unaudited June 31, 2011	Audited December 31, 2010
	(Rupees)	
Assets		
Fertilizer	112,811,893	103,137,514
Polymer	23,694,674	24,157,962
Food	19,341,664	14,030,946
Power	19,494,762	19,075,691
Other operations	33,194,490	32,113,990
Elimination - net	(29,812,554)	(27,737,651)
Consolidated	178,724,929	164,778,452

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

31. Seasonality

Fertilizer business of Engro Fertilizers Limited and Engro Eximp (Private) Limited is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average, urea and phosphatic fertilizers sales are more tilted towards Rabi season. Engro Fertilizers Limited and Engro Eximp (Private) Limited manages seasonality in their businesses through appropriate inventory management.

The 'ice cream' business of Engro Foods Limited is subject to seasonal fluctuation, with demand of ice cream products increasing in summer. Engro Foods Limited's dairy business is also subject to seasonal fluctuation due to lean and flush cycle of milk collection. Therefore, revenues and profits are not necessarily indicative of result to be expected for the full year.

Majority of paddy / unprocessed rice is procured by Engro Eximp (Private) Limited during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. Engro Eximp (Private) Limited manages seasonality in the business through appropriate inventory management.

32. Non-adjusting Event After Balance Sheet Date

The Board of Directors in its meeting held on 12-08-2011 has approved an interim cash dividend of Rs. 2.00 per share for the year ending December 31, 2011 (December 31, 2010: Rs. 2.00 per share final cash dividend and bonus issue in the ratio of 1 share for every 5 shares held i.e. 20% bonus). This condensed interim financial information does not reflect the dividend payable.

33. Date of Authorisation for Issue

This consolidated condensed interim financial information is authorized for issue on 12-08-2011 by the Board of Directors of the Holding Company.

34. Corresponding Figures

34.1 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 audited financial statements of preceding financial year, whereas, the consolidated condensed interim profit and loss account, the consolidated condensed interim statement of comprehensive income, theconsolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

34.2 Corresponding figures have been rearranged and reclassified for better presentation, the effect of which is not material except for reclassification of (i) 'Selling and distribution expenses' to 'Administrative expenses' amounting to Rs. 1,001,886 and (ii) conversion option of IFC loan from current to long term liabilities amounting to Rs. 367,442.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

auditors' report to the members on the review of the condensed interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Engro Corporation Limited as at June 30, 2011 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim statement of comprehensive income for the quarters ended June 30, 2011 and 2010 have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2011.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi
Date : 13-08-2011
Engagement Partner: Imtiaz A. H. Laliwala

condensed interim balance sheet (unaudited) as at june 30, 2011

(Amounts in thousand)	Note	(Unaudited) June 30, 2011	(Audited) December 31, 2010
		--------------(Rupees)	---------------
Assets			
Non-Current Assets			
Property, plant and equipment	5	143,402	136,178
Long term investments	6	26,159,522	26,136,701
Long term loans and advances	7	3,006,985	1,623,514
Deferred taxation		708	-
		29,310,617	27,896,393
Current Assets			
Loans, advances and prepayments	8	265,104	139,910
Other receivables		448,863	197,453
Short term investments	9	1,306,574	1,970,603
Cash and bank balances	10	256,953	806,584
		2,277,494	3,114,550
Investments classified as held for sale	6	590,000	-
Total Assets		32,178,111	31,010,943

(Amounts in thousand)	Note	(Unaudited) June 30, 2011	(Audited) December 31, 2010
		--------------(Rupees)---------------	
Equity & Liabilities			
Equity			
Share capital	11	3,932,843	3,277,369
Share premium		10,550,061	10,550,061
Employees' share option compensation reserve	12	74,813	74,813
General reserve		4,429,240	4,429,240
Unappropriated profit		8,130,483	8,722,156
		23,184,597	23,776,270
Total Equity		27,117,440	27,053,639
Liabilities			
Non-current liabilities			
Deferred taxation		-	1,297
Retirement and other service benefits obligations		3,726	1,550
		3,726	2,847
Current liabilities			
Trade and other payables	13	132,155	267,044
Accrued interest / mark-up		239,880	65,000
Borrowings	14	4,558,293	3,384,536
Taxation		49,646	57,247
Unclaimed dividends		76,971	180,630
		5,056,945	3,954,457
Total Liabilities		5,060,671	3,957,304
Contingencies and Commitments	15		
TOTAL EQUITY & LIABILITIES		32,178,111	31,010,943

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2011

(Amounts in thousand except for earnings per share)	Note	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
		----------(Rupees)----------			
Dividend income	16	579,019	180,000	759,019	180,000
Royalty income	17	113,475	65,371	197,317	127,739
		692,494	245,371	956,336	307,739
Administrative expenses	18	(68,236)	(29,678)	(179,435)	(80,390)
		624,258	215,693	776,901	227,349
Other operating income	19	160,354	161,324	332,260	251,576
Other operating expenses		(9,921)	(7,678)	(16,455)	(10,617)
Operating Profit		774,691	369,339	1,092,706	468,308
Finance cost		(153,241)	(486)	(301,091)	(1,599)
Profit before taxation		621,450	368,853	791,615	466,709
Taxation					
- Current		(52,245)	(69,923)	(74,345)	(81,834)
- Deferred		2,005	(30)	2,005	741
		(50,240)	(69,953)	(72,340)	(81,093)
Profit for the period		571,210	298,900	719,275	385,616
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		571,210	298,900	719,275	385,616
			(Restated)		(Restated)
Earnings per share - basic	20	Rs. 1.452	Rs. 0.760	Rs. 1.829	Rs. 0.981
Earnings per share - diluted	20	Rs. 1.450	Rs. 0.760	Rs. 1.826	Rs. 0.981

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

condensed interim
statement of changes in equity (unaudited)
for the half year ended june 30, 2011

(Amounts in thousand)	Share capital	Share premium	Employees share option compensation reserve		General reserve	Unappropriated profit	Total
	----------	----------	----------	(Rupees)	----------	----------	----------
Balance as at Jan 1, 2010 (audited)	2,979,426	10,550,061	288,258	(609,719)	4,429,240	9,250,972	26,888,238
Transactions with owners							
Transfer of hedging reserve to Engro Fertilizers Limited	-	-	-	609,719	-	-	609,719
Final dividend for the year ended Dec 31, 2009 @ Rs. 2 per share	-	-	-	-	-	(595,886)	(595,886)
Bonus shares issued during the period in the ratio of 1 share for every 10 shares held	297,943	-	-	-	-	(297,943)	-
Effect of changes in number of share options issued	-	-	(211,140)	-	-	-	(211,140)
	297,943	-	(211,140)	-	-	(893,829)	(807,026)
	297,943	-	(211,140)	609,719	-	(893,829)	(197,307)
Total comprehensive income for the half year ended Jun 30, 2010	-	-	-	-	-	385,616	385,616
Balance as at Jun 30, 2010 (unaudited)	3,277,369	10,550,061	77,118	-	4,429,240	8,742,759	27,076,547
Transactions with owners							
Effect of changes in number of share options issued	-	-	(2,305)	-	-	-	(2,305)
Interim dividends							
- 1st @ Rs. 2 per share	-	-	-	-	-	(655,473)	(655,473)
- 2nd @ Rs. 2 per share	-	-	-	-	-	(655,473)	(655,473)
	-	-	(2,305)	-	-	(1,310,946)	(1,313,251)
Total comprehensive income for the half year ended Dec 31, 2010	-	-	-	-	-	1,290,343	1,290,343
Balance as at Dec 31, 2010 (audited)	3,277,369	10,550,061	74,813	-	4,429,240	8,722,156	27,053,639
Transaction with owners							
Final dividend for the year ended Dec 31, 2010 @ Rs. 2 per share	-	-	-	-	-	(655,474)	(655,474)
Bonus shares issued during the period in the ratio of 1 share for every 5 shares held	655,474	-	-	-	-	(655,474)	-
	655,474	-	-	-	-	(1,310,948)	(655,474)
Total comprehensive income for the half year ended Jun 30, 2011	-	-	-	-	-	719,275	719,275
Balance as at Jun 30, 2011 (unaudited)	3,932,843	10,550,061	74,813	-	4,429,240	8,130,483	27,117,440

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2011

(Amounts in thousand)

	Note	Half year ended June 30, 2011	Half year ended June 30, 2010
		------------(Rupees)------------	
Cash Flows from Operating Activities			
Cash generated from operations	21	(99,504)	30,499
Retirement and other service benefits paid		(18,419)	(10,663)
Taxes paid		(81,946)	(41,561)
Long term loans and advances - net		(4,130)	42
Net cash utilized in operating activities		(203,999)	(21,683)
Cash flows from investing activities			
Purchases of property, plant and equipment		(28,856)	(42,009)
Proceeds from disposal of property, plant and equipment		1,250	3,102
Loan disbursed to Engro Fertilizers Limited		(1,500,000)	-
Long term investments		(612,821)	(1,625,100)
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		355,473	124,007
Dividends received		495,000	292,501
Net cash utilized in investing activities		(1,289,954)	(1,247,499)
Cash flows from financing activities			
Payment of financial charges		(114,654)	(1,599)
Proceeds from borrowings		1,154,080	-
Dividends paid		(759,133)	(624,433)
Net cash generated from / (utilized in) financing activities		280,293	(626,032)
Net decrease in cash and cash equivalents		(1,213,660)	(1,895,214)
Cash and cash equivalents at beginning of the period		2,777,187	3,501,216
Cash and cash equivalents at end of the period	22	1,563,527	1,606,002

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

notes to the condensed interim financial information for the half year ended june 30, 2011

(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, control and automation, food, energy, exploration and chemical terminal and storage businesses. The Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

2. Basis of Preparation

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting' and provisions and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where the requirements differ, the provisions or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by Code of Corporate Governance.

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 audited annual financial statements of the Company for the year ended December 31, 2010.

3. Accounting Policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements for the year ended December 31, 2010, except for changes resulting from initial application of standards, amendments or an interpretation to existing standards as stated in note 3.2 which though adopted does not have any impact on this condensed interim financial information.

3.2 Following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after January 1, 2011, but are either not currently relevant to the Company or do not have any significant effect on the Company's financial information:

- IFRS 1 (Amendment), 'First time adoption, on financial instrument disclosures';
- IFRS 7 (Amendment), 'Financial instruments: Disclosures';
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 24 (Revised), 'Related party disclosures';
- IAS 32 (Amendment), 'Financial instruments: Presentation on classification of rights issues';
- "IAS 34 (Amendment), 'Interim financial reporting';"
- IFRIC 4, 'Determining whether an agreement contains a lease';
- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'; and
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

3.3 Following new standards, amendments and interpretations to published standards are not effective for the accounting period beginning January 1, 2011 and have not been early adopted by the Company:

- IFRS 7 (Amendment), 'Financial instruments: Disclosures';
- IFRS 9, 'Financial instruments';
- IFRS 10, 'Consolidated financial statements';
- IFRS 11, 'Joint arrangements';
- IFRS 12, 'Disclosure of interests in other entities';
- IFRS 13, 'Fair value measurements';
- IAS 1 (Amendment), 'Presentation of financial statements';

notes to the condensed interim financial information for the half year ended june 30, 2011

(Amounts in thousand)

- IAS 12 (Amendment), 'Income taxes';
- IAS 19 (Revised), 'Employee benefits';
- IAS 27 (Revised), 'Separate financial statements'; and
- IAS 28 (Revised), 'Associates and joint ventures'.

4. 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, 2010.

5. Property, Plant and Equipment

	(Unaudited) June 31, 2011	(Audited) December 31, 2010
	--------------(Rupees)--------------	
Operating assets, net book value (note 5.1)	120,381	117,083
Capital work in progress	23,021	19,095
	143,402	136,178

5.1 Additions to operating assets during the period / year amounted to Rs. 24,699 (December 31, 2010: Rs. 84,968).Operating assets costing Rs. 5,300 (December 31, 2010: Rs. 11,437), having a net book value of Rs. 1,405 December 31, 2010: Rs. 4,191), were disposed off during the period / year for Rs. 1,250 (December 31, 2010: Rs. 4,477).

6. Long Term Investments

	(Unaudited) June 31, 2011	(Audited) December 31, 2010
	--------------(Rupees)--------------	
Subsidiary companies - at cost (note 6.1)	26,294,522	25,681,701
Less: Investments classified as held for sale (note 6.2)	(590,000)	-
	25,704,522	25,681,701
Joint venture company - at cost		
Engro Vopak Terminal Limited		
45,000,000 (December 31, 2010: 45,000,000) ordinary shares of Rs. 10 each, equity held 50% (December 31, 2010: 50%)	450,000	450,000
Others - at cost		
Arabian Sea Country Club Limited		
500,000 (December 31, 2010: 500,000) ordinary shares of Rs. 10 each	5,000	5,000
Agrimall (Private) Limited (note 6.3)	-	-
	26,159,522	26,136,701

notes to the condensed interim financial information for the half year ended june 30, 2011

(Amounts in thousand)

	Unaudited June 30, 2011		Audited December 31, 2010	
	Equity % held	Investment at cost (Rupees)	Equity % held	Investment at cost (Rupees)
6.1 Subsidiary companies				
Quoted				
Engro Polymer & Chemicals Limited 372,810,000 (December 31, 2010: 372,810,000) Ordinary shares of Rs. 10 each	56.19	3,651,300	56.19	3,651,300
Unquoted				
Engro Fertilizers Limited 1,072,800,000 (December 31, 2010: 1,072,800,000) Ordinary shares of Rs. 10 each	100	10,739,144	100	10,739,144
Engro Eximp (Private) Limited 112,510,000 (December 31, 2010: 48,010,000) Ordinary shares of Rs. 10 each (note 6.1.1)	100	480,100	100	480,100
Engro Management Services (Private) Limited 250,000 (December 31, 2010: 250,000) Ordinary shares of Rs. 10 each	100	2,500	100	2,500
Engro PowerGen Limited 36,476,000 (December 31, 2010: 36,476,000) Ordinary shares of Rs. 10 each	100	3,106,700	100	3,106,700
Engro Foods Netherlands BV. 20,000 (December 31, 2010: Nil) Ordinary shares of Euro 1 each (note 6.1.1)	100	612,821	-	-
Engro Foods Limited 700,000,000 (December 31, 2010: 700,000,000) Ordinary shares of Rs. 10 each (note 6.1.1 and 6.2)	93.58	7,000,000	100	7,000,000
Avanceon Limited 25,066,667 (December 31, 2010: 25,066,667) Ordinary shares of Rs. 10 each	62.67	381,957	62.67	381,957
Engro Powergen Qadirpur Limited (formerly, Engro Energy Limited) 32,000,000 (December 31, 2010: 32,000,000) Ordinary shares of Rs. 10 each (note 6.2)	10	320,000	10	320,000
		26,294,522		25,681,701

notes to the condensed interim financial information for the half year ended june 30, 2011

(Amounts in thousand)

6.1.1 During the current period:

- Engro Eximp (Private) Limited has issued bonus shares to the Company at 134.3% i.e. 64,500,000 shares;
- Engro Foods Limited has issued 48,000,000 right shares which upon renunciation by the Company were privately placed with institutional investors; and
- the Company has incorporated a wholly owned subsidiary, Engro Foods Netherlands B.V in Netherlands through which it, has acquired an existing brand of halal meat business known as 'Al-Safa', engaged in supplying a variety of packaged halal foods across North America.

6.2 During the current period:

- the Company has offered its shareholding of 27,000,000 ordinary shares in Engro Foods Limited to general public through an Offer for Sale document dated June 24, 2011 at an offer price of Rs. 25 per share. The subscription period commenced subsequent to period end on July 5, 2011 and remained open till July 7, 2011. The offer for sale has been fully underwritten by various financial institutions at the offer price of Rs. 25 per share; and
- On April 27, 2011, the Company's Board of Directors have resolved to offer its direct ten percent shareholding in Engro Powergen Qadirpur Limited, i.e. 32,000,000 ordinary shares to general public and institutional investors through an offer for sale at an offer price which has not yet been finalised.

6.3 During the current period, the Company has disposed off its entire shareholding which was transferred to it at free of cost, at a consideration of Rupee one, through a Share Purchase Agreement dated April 7, 2011.

7. Long Term Loans and Advances

This includes Rs. 3,000,000 (December 31, 2010: Rs. 1,500,000) in respect of sub-ordinated loan provided to Engro Fertilizers Limited, a wholly owned subsidiary. The loan carries mark-up based on a margin of 1% over and above mark-up payable by the Company for rupee finances of like maturities, such mark up being payable on a semi-annual basis. Markup charged for the current period was 17.1% (December 31, 2010: 15.5%). The loan is sub-ordinated to the facilities provided to the subsidiary by its banking creditors and is repayable in one lump sum instalment due on September 15, 2015.

8. Loans, Advances and Prepayments

The current period balance includes Rs. 241,318 sub-ordinated loan to Avanceon Limited, a subsidiary company. The loan carries mark-up at the rate of six months KIBOR plus a margin of 4% payable on quarterly basis. The loan is sub-ordinated to the facilities provided to the subsidiary by its banking creditors and is repayable in two installments due on October 23, 2011 and April 23, 2012 respectively. As at December 31, 2010, the first installment was classified under current assets and the other as long term.

9. Short Term Investments - At fair value through profit or loss

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
	----(Rupees)----	
Mutual fund securities - note 9.1	1,306,574	1,970,603
Issued, subscribed and paid-up capital		

9.1 These represents investments in open end mutual funds and are valued at their respective redemption price as at the balance sheet date.

notes to the condensed interim financial information for the half year ended june 30, 2011

(Amounts in thousand)

10. CASH AND BANK BALANCES

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
	---------------(Rupees)-------------	
Cash at banks on:		
- deposit accounts	53,484	739,982
- saving accounts	203,319	66,552
	256,803	806,534
Cash in hand	150	50
	256,953	806,584

11. Share Capital

11.1 Authorised Capital

(Unaudited) June 30, 2011	(Audited) December 31, 2010		(Unaudited) June 30, 2011	(Audited) December 31, 2010
---------(Number of shares)----------			---------------(Rupees)-------------	
450,000,000	350,000,000	Ordinary Shares of Rs 10 each (note 11.3)	4,500,000	3,500,000

Issued, subscribed and paid-up capital

185,354,484	185,354,484	Ordinary Shares of Rs 10 each fully paid in cash	1,853,545	1,853,545
207,929,699	142,382,335	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	2,079,298	1,423,824
393,284,183	327,736,819		3,932,843	3,277,369

11.2 Movement in issued, subscribed and paid-up capital during the period year

327,736,819	297,942,563	As at January 1	3,277,369	2,979,426
65,547,364	29,794,256	Ordinary shares of Rs 10 each issued during the period as fully paid bonus shares	655,474	297,943
393,284,183	327,736,819		3,932,843	3,277,369

11.3 "During the current period the Company:

- increased its authorised capital from Rs. 3,500,000 to Rs. 4,500,000; and
- issued bonus shares in the ratio of 1 share for every 5 shares held."

11.4 Associated companies held 187,330,772 (December 31, 2010: 158,516,740) ordinary shares in the Company at period / year end.

notes to the condensed interim financial information for the half year ended june 30, 2011

(Amounts in thousand)

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
	---------------(Rupees)-------------	
12. Employees' Share Option Scheme		
12.1 Deferred Employee Compensation Expense		
Balance at beginning of the period / year	-	90,065
Options surrendered by employees transferred to Engro Fertilizers Limited	-	(67,811)
Amortisation for the period/year	-	(22,254)
Balance at end of period/year	-	-
12.2 Employees' share option compensation reserve		
Balance at beginning of the period / year	74,813	288,258
Options surrendered by employees transferred to Engro Fertilizers Limited	-	(213,445)
Balance at end of period/year	74,813	74,813
12.3 Movement in share options outstanding at end of the period / year is as follows:	--------------(Numbers)-----------	
Balance at beginning of the period / year	1,135,909	4,376,818
Options surrendered by employees transferred to Engro Fertilizers Limited	-	(3,240,909)
Balance at end of period/year (note 12.3.1)	1,135,909	1,135,909

12.3.1 The abovementioned share options do not include the effect of bonus and right shares which make the total number of share options outstanding at end of the period to 2,309,076.

12.4 Further, consequent to the bonus issue in the current period, the exercise price was adjusted to Rs. 155.70 from Rs. 186.84 per share. This change has been duly approved by the Securities and Exchange Commission of Pakistan (SECP). The aforementioned reduction in exercise price has no effect on the fair value of share options recognized in the financial information.

13. Trade and Other Payables

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
Creditors	8,849	5,678
Accrued liabilities	52,202	205,306
Advances from subsidiary companies	12,892	12,892
Contractors' deposits and retentions	1,609	3,574
Workers' welfare fund	53,134	36,979
Others	3,469	2,615
	132,155	267,044

(Amounts in thousand)

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
	---------------(Rupees)-------------	

14. Borrowings

Engro Rupiya Certificate I (note 14.1)	3,799,065	3,384,536
Engro Rupiya Certificate II (note 14.2)	759,228	-
	4,558,293	3,384,536

14.1 Represents amount raised from general public against the issuance of Engro Rupiya Certificates I (net of unamortized transaction cost of Rs.154,493). The Certificates are issued for a tenure of three years and are structured to redeem 0.1% of principal in five equal semi-annual installments in the first 30 months and the remaining 99.9% principal in 36th month from the date of issue. The Certificate holder, however, may ask the Company for early redemption at any time from the date of investment subject to service charge of 2% of the outstanding issue price. The profit is payable semi-annually at the fixed rate of 14.5% from the date of investment by the Certificate holders.

14.2 During the current period, the Company has issued Engro Rupiya Certificate II to general public and received subscription money thereagainst amounting to Rs. 791,920 till June 30, 2011 (net of unamortized transaction cost of Rs. 32,692). The Certificates are available till August 31, 2011 on first come first serve basis or earlier if the issue amount of Rs. 3,000,000 is reached. The profit is payable semi-annually at the fixed rate of 14.5% from the date of investment by the Certificate holders. The Certificates are issued for a tenure of three years and are structured to redeem 100% of principal amount in the 36th month. The Certificate holder, however, may ask the Company for early redemption at any time from the date of investment subject to service charge of 2% of the outstanding issue price.

These Certificates are secured by way of first ranking pari passu floating charge over all the present and future movable properties of the Company except for present and future trade marks, copy rights and certain investment in subsidiary companies.

The IGI Investment Bank Limited has been appointed as Trustee in respect of these certificates.

15. Contingencies and Commitments

15.1 Corporate Guarantees issued in favour of Subsidiary Companies:

- Engro Fertilizers Limited (note 15.2)	64,560,563	65,642,000
- Engro Powergen Qadirpur Limited (note 15.3)	860,500	857,000
- Avanceon Limited	242,000	242,000

15.2 This also includes the Corporate Guarantee to Internatnional Finance Corporation (IFC) for USD 80,000 under the Amended Agreement entered into by the Subsidiary Company with IFC. As at June 30, 2011, the total amount of the facility has been drawn down by the subsidiary Company. Further, IFC has an option to convert a tranche of the disbursed loan amounting to USD 15,000, into ordinary shares of the Company at Rs. 205 per ordinary share (Rs. 155.3 as at June 30, 2011) calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of notices issued by IFC to exercise the conversion option. Such option is to be exercised within a period of no more than five years from the date of disbursement of loan (i.e. December 28, 2009).

The Company has also entered into an agreement with the Subsidiary Company that in the event IFC exercises the aforementioned conversionoption, the IFC loan amount then outstanding against the Subsidiary Company would stand reduced by the conversion option amount and the Subsidiary Company would pay the rupee equivalent of the corresponding conversion amount to the Company which would

notes to the condensed interim financial information for the half year ended june 30, 2011

(Amounts in thousand)

simultaneously be given to Subsidiary Company as a subordinated loan, carrying mark-up payable by the Company for rupee finances of like maturities plus a margin of 1%. The effect of IFC conversion in substance would result in loan from the Company having the same repayment terms / dates as that of the extinguished loan of IFC i.e. three half yearly installments commencing from September 15, 2015.

15.3 Represents Corporate Guarantee amounting to USD 10,000 issued to Allied Bank Limited to open DSRA letter of credit in favour of the Subsidiary Company's senior long term lenders.

15.4 During the current period, the project completion support aggregating USD 15,400 to the lenders of Engro Powergen Qadirpur Limited has expired.

16. Dividend Income

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees)			
Subsidiary Companies				
- Engro Eximp (Private) Limited	225,000	-	225,000	-
- Engro Powergen Limited	191,499	-	191,499	-
- Engro Powergen Qadirpur Limited	27,520	-	27,520	-
Joint venture				
- Engro Vopak Terminal Limited	135,000	180,000	315,000	180,000
	579,019	180,000	759,019	180,000

17. Royalty Income

The Company has granted Engro Fertilizers Limited, a Subsidiary Company, the right to use trade marks and copy rights for marketing of fertilizer products under a licensing agreement effective January 1, 2010.

18. Administrative Expenses

Salaries, wages and staff welfare	22,517	11,179	56,155	22,912
Staff recruitment, training, safety and other expenses	2,724	1,731	3,365	2,030
Repairs and maintenance	984	966	2,024	1,797
Advertising, sales promotion and corporate branding	2,615	5,769	34,887	10,523
Rent, rates and taxes	12,049	688	22,008	688
Travelling	4,753	2,010	8,228	4,260
Depreciation	11,288	3,215	20,227	5,879
Legal and professional charges	2,143	333	4,055	3,777
Insurance	1,050	25	1,129	906
Donations	-	-	14,000	20,425
Others	8,113	3,762	13,357	7,193
	68,236	29,678	179,435	80,390

(Amounts in thousand)	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	--------------------------(Rupees)--------------------------			

19. Other Operating Income

Income on deposits / other financial assets	160,102	59,470	324,938	147,638
Service charges	-	1,898	6,394	3,982
Reversal of employees share option compensation expense	-	99,541	-	99,541
Gain on disposal of property, plant and equipment	-	415	-	415
Others	252	-	928	-
	160,354	161,324	332,260	251,576

20. Earnings Per Share

There is a dilutive effect on the basic earnings per share of the Company, after taking into the effect of options granted on Company's shares to employees under the Employee Share Option Scheme (based on average market share price of 2011). However, there is no dilutive effect of options granted on Company's shares to IFC after taking into account the impact of loan on conversion thereof, as referred to in note 15.2.

Profit after taxation	571,210	298,900	719,275	385,616
	--------------------------Number--------------------------			
		(Restated)		(Restated)
Weighted average number of ordinary shares (in thousand)	393,284	393,284	393,284	393,284
Weighted average number of ordinary shares including dilutive potential ordinary shares (in thousand)	393,806	393,284	393,806	393,284

(Amounts in thousand)

	Half year ended June 30, 2011	Half year ended June 30, 2010
	--------------(Rupees)--------------	

21. Cash Generated From Operations

	June 30, 2011	June 30, 2010
Profit before taxation	791,615	466,709
Adjustment for non-cash charges and other items:		
Depreciation	20,227	7,929
Loss / (gain) on disposal of property, plant and equipment	155	(415)
Provision for retirement and other service benefits	22,252	12,126
Income on deposits / other financial assets	(324,938)	(147,638)
Dividend income	(759,019)	(180,000)
Financial charges	301,091	1,599
Employee share compensation expense - net	-	(88,229)
Working capital changes (note 21.1)	(150,887)	(41,582)
	(99,504)	30,499

21.1 Working capital changes

	June 30, 2011	June 30, 2010
(Increase) / decrease in current assets		
- Loans, advances and prepayments	(4,535)	(13,715)
- Other receivables (net)	(11,463)	6,631
	(15,998)	(7,084)
Decrease in current liabilities		
- Trade and other payables	(134,889)	(34,498)
	(150,887)	(41,582)

22. Cash and Cash Equivalents

	June 30, 2011	June 30, 2010
Cash and bank balances	256,953	754,138
Short term investments	1,306,574	851,864
	1,563,527	1,606,002

23. Transactions with Related Parties

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

(Amounts in thousand)	Half year ended June 30, 2011	June 30, 2010
	--------------(Rupees)---------------	
Subsidiary companies		
Purchases and services	6,714	-
Services rendered	92,294	77,016
Mark-up from subsidiaries	151,176	19,631
Disbursement of loan	1,500,000	-
Royalty income	197,317	127,739
Dividend received	444,019	-
Associated companies		
Purchases and services	4,044	1,496
Retirement benefits	13,178	12,246
Dividend paid	276,313	288,781
Bonus shares issued	187,331	-
Donations	14,000	20,150
Investment in Mutual Funds	660,000	922,000
Redemption of investment in Mutual Funds	850,542	790,903
Joint ventures		
Services rendered	1,831	378
Dividend received	315,000	180,000
Others		
Dividend paid	6,795	10,609
Directors' fees	5,400	5,750
Remuneration of key management personnel	49,067	57,764

24. Non-Adjusting Events After Balance Sheet Date

The Board of Directors in its meeting held on 12-08-2011 has approved an interim cash dividend of Rs. 2.00 per share for the year ending December 31, 2011 (December 31, 2010: Rs. 2.00 per share final cash dividend and bonus issue in the ratio of 1 share for every 5 shares held i.e. 20% bonus). This condensed interim financial information does not reflect the dividend payable.

25. Date of Authorisation for Issue

This condensed interim t information was authorised for issue on 12-08-2011, by the Board of Directors of the Company.

(Amounts in thousand)

26. Corresponding Figures

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

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

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