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together, we will change the world

50 years of engro

Half Yearly Accounts 2015

engro corp

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

About Us

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

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

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

Our History

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

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

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

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

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

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

Engro Corporation Limited

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

Engro Fertilizers Limited

Engro Fertilizers Limited is a 79% owned 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.

Engro Eximp (Private) Limited is a wholly owned subsidiary of Engro Fertilizers 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.

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 87% owned subsidiary engaged in the manufacturing, processing and marketing of dairy products, ice cream and fruit juices. The business owns two milk processing plants in Sukkur & Sahiwal and operates a dairy farm in Nara. As an example of Engro's pursuit of excellence, the business has established several brands that have already become household names in Pakistan such as Olper's (milk), Omore (ice cream), Olper's Lite (low fat milk), Dairy Omung (UHT dairy liquid), Tarang (tea whitener) and Olfrute (fruit juice).

Engro Powergen Limited

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

In 2010, Engro Powergen's joint venture with the Sindh government, and established The Sindh Engro Coal Mining Company Limited for the purpose of mining coal from Thar Block II in Tharparker district of Sindh. SECMC has achieved substantial progress on the mining project during the 2013 – 2014. Firm EPC bids have been received from four leading Chinese firms. The acquisition process is in progress for initial 5,500 acres of land and the works for 113 million cubic meter overburden removal in Thar Block – II has started.

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited is a 56% owned subsidiary of the holding company and the only manufacturer of polyvinyl chloride (PVC) in the country, in addition to manufacturing and marketing caustic soda. The business's vinyl chloride monomer (VCM) plant began production in the first quarter of 2010 and was able to achieve commercial production capacity by September 2010, making the entire integrated facility fully operational. The firm produces 150,000 tonnes of PVC a year and markets its products under the name of "SABZ".

Engro Eximp Agri Products (Private) Limited

Engro Eximp Agri Products (Private) Limited is a wholly owned subsidiary of the holding company and it manages the procurement, processing and export of rice to markets in the Middle East and the European Union.

Engro Vopak Terminal Limited

Engro Vopak Terminal Limited is a joint venture with Royal Vopak of the Netherlands, Engro owns 50% of Engro Vopak Terminal Limited, a business engaged in the handling and storage of chemicals and liquefied petroleum gas (LPG).

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

Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited is a 100% owned subsidiary of the company, which has been created to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG) , Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and all other related liquids, gases and chemical & petroleum products. The Federal Cabinet has approved import of Liquefied Natural Gas (LNG) and a LNG terminal to be constructed in Port Qasim Karachi. In line with the approval, LNG Services Agreement (LSA) has been signed between SSGC and Elengy Terminal Pakistan Limited (ETPL). The project was constructed ahead of time on March 29, 2015, in a record period of 300 days, making it amongst the fastest terminals built in the world.

directors' report

Compared to 2014, IMF expects the global growth rate to slow down marginally to 3.3% largely driven by a slowdown in emerging and developing economies, partially set off by a gradual pickup in advanced economies. In emerging market economies, the continued growth slowdown reflects several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks, rebalancing in China and economic distress related to geopolitical factors. At the start of 2Q'15, IMF reduced its growth forecast for Pakistan from the previously projected 2.9% to 2.6%, while keeping 2016 forecast unchanged at 3.8%. At the end of 2Q'15, Pakistan continued to reap the benefits of lower oil prices and witnessed its foreign exchange reserves climb to an all-time high of $13.5 billion. Moreover, the average inflation rate for fiscal 2015 almost halved to 4.5% from 8.6% in FY 201, thereby allowing SBP to successively cut interest rates by 300bps for FY 2015, which is the lowest in the last 42 years. These interlinked fundamental changes have curtailed the current and fiscal deficits and are expected to act as catalysts for economic growth. Additionally, during April'15, Pakistan and China signed deals worth US $28 billion related to investments in Pakistan as part of a the planned $45 billion China Pakistan Economic Corridor (CPEC) that includes major infrastructure and energy related projects that are expected to give Pakistan a respite from its energy woes and China access to water for its western provinces.

Business Review

The start of the second quarter was marked by commencement of the commercial activities for the LNG terminal business. During the quarter, the terminal handled 6 cargo shipments (348,910 MT) delivered by the FSRU docked at the terminal. Post shareholders and regulatory approvals, the Company successfully restructured its fertilizer trading and rice businesses. During the second quarter, the Company divested 8.16% (93 million shares) of its holding in Engro Fertilizers through a private placement, to fuel its growth in new energy related projects. Also, Fertilizers paid its first declared dividend during the period.

On a consolidated basis, Engro Corporation recorded a 13% increase in revenue up from PKR 77.5 billion in 1H14 to PKR 87.8 billion in 1H15. The increase came from the fertilizers, foods, polymers and LNG businesses, slightly offset due to lower power generation and rice sales. The earnings also increased significantly on the back of better margins from various businesses. The profit-after-tax grew from PKR 2,684 million in 1H14 to PKR 8,005 million in 1H15, posting an increase of 3 times over the same period last year. A summary of business-wise financial performance is as follows:

Engro Fertilizers

Domestic industry off-take in the first half of 2015 increased to 2,868 KT as compared to 2,557 KT same period last year. The main reason behind the increase was higher buying by dealers in anticipation of urea price hike. On the production front, the national urea production grew by 7% to 2,480 KT in 1H'15 as compared to 2,310 KT in same period last year. This increase is attributable to better performance by plants on the Mari network. Domestic urea prices remained stable at PKR 1,813 per bag during the period on account of unchanged gas prices. On the international front, prices slightly fell but there still remains a substantial gap between the local & international urea prices.

EFert's urea production for 1H'15 stood at 950 KT as compared to 847 KT in the comparative period last year i.e. an increase of 12%, mainly due to continuous two plant operation, lower outage days and better gas supply. Further, EFert sold 934 KT of urea versus 841 KT during 1H14 showing a growth of 11% and locking in an overall urea market share of 33% and a branded urea market share of 38%. The company also sold 105 KT of DAP during 1H15 which constitutes a 25% market share in the industry for the brand 'Engro DAP' which was at par with the market share in the corresponding period last year. EFert's blended fertilizers' (Zarkhez & Engro NP) sales for the period increased to 64 KT from 46 KT in the corresponding period last year led by significantly higher NP sales.

During the period the government enacted the GIDC Act 2015 providing legal cover to the retrospective applicability of GIDC as well as on current billing. The Act includes GIDC on old as well as new Fertilizer plants. The imposition of GIDC on new fertilizer plants is in direct contravention to the Fertilizer Policy of the government based on which new investments were made. Subsequent to the enactment of the GIDC Act 2015, EFert has challenged the applicability on retrospective GIDC and concessionary gas contracts in the courts. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and our Gas supply contracts on the basis of which EFert invested USD 1.1 Billion to expand its fertilizer manufacturing capacity. However, on the request of the government, and without compromising on the legal standing, EFert has paid the complete accrued GIDC amount subsequent to period end. It has also started paying GIDC on current billing excluding concessionary gas.

Subsequent to the shareholder approval in the Extraordinary General Meeting this quarter, Efert completed the acquisition of 100% shareholding of Engro EXIMP (Private) Limited and thereby brought complete fertilizer trading business in-house.

Following approval of the ECC in December 2014, EFERT continued to receive 60 MMSCFD gas from Mari Shallow throughout the period and is expected to continue till 31st Dec 2015. Further, as part of the said ECC decision, EFert was also required to install compressors for Guddu Power Plant (Genco II) at its own cost which are now operational. The ECC decision has been a win-win on three fronts as total gas utilization improved by ~100 MMSCFD, the power output on the grid increased by ~400 MW, and domestic fertilizer capacity of ~650 KTPA remained operational.

Financially, EFert clocked in consolidated revenues of PKR 38.3 billion in 1H'15 as compared to PKR 27.7 billion. The increase represents higher sales volumes due to higher production as well as revenues generated from trading business which is now in-house. The net consolidated profit-after-tax for the period stood at PKR 6,855 million as compared to PKR 3,375 million same period last year, on account of implementation of concessionary pricing effective from March 16, 2015, lower finance cost as a result of IFC loan conversion, loan repayments, lower KIBOR and better cashflows.

Engro Foods

In 1H'15 EFoods performance showed a marked improvement over prior year, largely due to favorable commodity prices and effective pricing strategy. It attained a revenue growth of 25.4% mainly on back of strong performance in the dairy segment. Additionally, continued decline in global commodity and energy prices provided the platform from growth in its gross margins from 20.4% to 26.2%. Revenue for the period was PKR 24.9 billion versus PKR 19.9 billion in the same period last year, while the overall profit-after-tax (PAT) at PKR 1,978 million versus PKR 329 million in the same period last year. The increase in PAT was largely due to higher volumes and cheaper milk procurement, fuel and energy costs.

Dairy and Beverages segment continued on the momentum it created during last year, witnessing a volumetric growth of around 25% in first half versus the same period last year. The company's share of the dairy market was 55% as of May 2015 (as per A.C. Nielsen). The segment reported a record top line of PKR 23 billion registering a growth of 27% versus the same period last year. Persistent marketing investment has further strengthened brand equity and enabled the company to defend and grow its market share in an aggressive environment.

During 1H15, the Ice Cream business witnessed a volumetric growth of 11% versus the same period last year. This growth was led by consumer relevant product launches, geographical expansion and operational improvements in the distribution network.

The company's Dairy Farm continued to remain a rich and nutritious source of raw material for our dairy segment. Due to impact of animals' valuation and better yields, the segment reported a profit of PKR 18 million for 1H'15 versus a loss of PKR 10 million during same period last year.

Engro Polymer

The year started with high PVC-Ethylene delta resulting in healthy margins for the company in 1Q'15 but it sharply fell during the second quarter on account of international price volatility. International PVC prices remained stable in 1H'15, however international Ethylene prices had an upward trend due to tight supply driven by regional plant turnarounds, thereby the margins shrunk over time. Furthermore, Caustic soda prices remained under pressure due to competitive pressures and high energy prices in the domestic market which adversely effected margins of all products. Imposition of 5% regulatory duty last year on imports of Ethylene and EDC by the Government continued to increase EPolymer's raw material cost and impacted financial performance during the first half. However, it was successful in obtaining reduction in duty on Ethylene to minimum slab of 2% effective from July 1, 2015 in the Federal Budget for fiscal year 2016.

PVC resin production during 1H'15 increased by 16% to 79KT as the company realized full benefit of PVC debottlenecking projects that were completed last year. To meet the PVC raw material requirement the company produced 80KT VCM during 1H'15 compared to 68KT same period last year. Because of some operational issues at Chlor Alkali plant the Caustic production fell to 52KT in the first half as compared to 56KT same period last year.

EPolymer posted revenues of PKR 12.4 billion in 1H'15 versus PKR 11.9 billion in same period last year. This growth in revenues is mainly attributed to consistent domestic PVC demand on account of stable PVC prices. Thereby, the domestic PVC sales grew by 27% to 80KT in 1H'15 as compared to 63KT during same period last year. Also, the company exported 15KT of PVC and 3KT of VCM during 1H'15. Caustic Soda market remained stable thus the company's sales were in line with same period last year at 46KT.

Despite higher sales volume, the company posted a loss-after-tax of PKR 433 million versus profit-after-tax of PKR 123 million for the same period last year due to lower international PVC-Ethylene core delta, higher energy prices, duty impact on raw material and high cost raw material inventory carried over from last year as well as and foreign exchanges losses incurred on USD based liabilities due to PKR devaluation during the period

Engro Eximp Agriproducts (EEAP)

Subsequent to the shareholder approval in the Annual General Meeting during second quarter, the Rice business was acquired from Engro Eximp, making it a direct wholly owned subsidiary of the Company. With new management, the company went through a major restructuring to reduce its fixed costs and increase competitiveness. In addition, changes were instituted in EEAP's business strategy to reduce commodity price risk exposure, improve operational efficiencies and improve margins.

During 1H'15 the company achieved a total husking of 11,379 KT of paddy and processed 6,676 KT of rice which represents a decline of 80% vs. 1H14. The Company exported 6,203 KT of rice during the period as compared to 22,970 KT in 1H14. Processing and sales volumes were lower due to the new rice business strategy of minimizing open positions on paddy. As a result of the new strategy, the company managed to significantly reduce its losses this half as compared to same period last year.

Engro Powergen

Pakistan continues to face chronic electricity shortage due to demand growth, limited addition in generation capacity, high transmission and distribution losses and the persistent issue of circular debt. The electricity woes continue in the country with demand-supply deficit touching 5,000MW at peak hours. Government is undertaking multiple projects to resolve this issue. Liquefied Natural Gas (LNG) based power generating projects are among some of the initiatives being under taken by the Government, however low cost producers including Engro Powergen Qadirpur Ltd (EPQL) are expected to remain on high priority list of the power purchaser.

Qadirpur Power Plant: During 1H'15 EPQL completed its turnaround activity (due every six years) utilizing 33 days of scheduled outage in April/May. Also during 1Q15, dispatch was lower on account of WAPDA grid issues. Therefore, the Net Electric Output (NEO) dispatched was 609 GWh in 1H'15 as compared to 903 GWh same period last year. This resulted in lower load factor of 66% in 1H'15 compared to 98% same period last year. At half-year, overdue receivables from PEPCO stood at PKR 1,673 million versus PKR 1,210 million at the last year-end. The overdue payables to SNGPL at half-year were PKR 250 million versus PKR 232 million at year-end. EPQL earned a PAT of PKR 951 million in 1H'15 versus PKR 1,088 million in the same period last year.

Thar Coal Mining Project: Mining activities of Sindh Engro Coal Mining Company (SECMC) are on track. Initial contract of 3M BCM removal was completed during second quarter and another contract has been awarded for 1M BCM removal. Coal Tariff Petition submitted by SECMC was admitted and public hearing on tariff petition was held during February 2015 in Karachi. A review petition was filed with TCEB on June 30, 2015 on recommendation of Tariff Committee.

Thar Coal Power Plant Project: Basic engineering studies have been initiated and preliminary geotechnical & topographic surveys have been completed. During the first half, generation license has been issued to ETPL and the upfront tariff has been notified. ETPL has entered in to Power Purchase Agreement with National Transmission and Dispatch Company, Implementation Agreement and Supplemental to the Implementation Agreement with PPIB on behalf of Government of Pakistan and also signed Coal Supply Agreement with SECMC whereby SECMC, on commencement of commercial production of its Thar mining project, will supply 3.8 million tons per annum of coal to the company.

In line with Engro's strategy to expand its reach in the energy sector and grow it services arm, following are updates in the respective investments:

GEL Utility, Nigeria: Engro's O&M team completed 1H 2015 with an availability of 99.9%. The plant dispatched 26,200 MWh to Port Harcourt Refinery during the period.

Tenaga Wind Project: Engro Powergen, as part of its New Ventures Development initiative, has secured an eight year Operations & Maintenance (O&M) contract with Tenaga Generasi Ltd (Tenega), for their upcoming 50MW Wind Farm located in Gharo, Sindh. Tenaga has completed its conditions precedent required for the lenders' disbursement of financing for the project. Topographic Survey and Geotechnical Survey works are near completion and work on project design is underway.

Magboro Project: The project team conducted detailed due-diligence for equity investment in 90MW gas fired power plant in Nigeria and necessary Board approvals were obtained for the project.

Engro Elengy

In 2014, Engro embarked on the journey to build Pakistan's first LNG Storage and Regasification Terminal. An LNG Operations and Services Agreement (LSA) was entered into with Sui Southern Gas Company Limited (SSGCL) in April 2014, whereby Engro committed to achieving commercial operations by March 31, 2015. On March 29, 2015, the Company received Certificate of Acceptance from SSGCL after successful completion of tests as per LSA and initiated delivery of re-gasified LNG to SSGCL. The project was constructed ahead of time on March 29, 2015, in a record period of 300 days, making it amongst the fastest terminals built in the world. The project has yet again demonstrated Engro's commitment towards the betterment of the country as it will enable the Government of Pakistan to alleviate the increasing natural gas shortage of the country by up to 30%. The Project has been built utilizing the existing infrastructure of Engro thus resulting in reduced capital expenditure as compared to other terminals across the globe and one of the lowest tariff in the world of $0.66/mmbtu. Till 30 June 2015, the terminal has handled 5 cargo shipments by FSRU shuttling to Qatar. The LNG handled during the period was 324,620 MT. Since commissioning, the terminal has more than met the daily nomination given by SSGCL.

Engro Vopak

The company recorded increase in top and bottom line mainly due to positive tariff impact of LPG import as SSGC's terminal remained close for a few months on account of operational issues, thereby all LPG imported to the country during that period was handled by EVTL and services provided for the import of LNG into the country.

Business Outlook
Engro Fertilizers

As earlier mentioned, the GIDC Act 2015 has also levied GIDC on fixed price contracts (including concessionary gas pricing of USD 0.70/MMBTU for new plants). This GIDC application is clearly against the Fertilizer Policy 2001 as well as the gas supply contract, under which the company's new plant was allocated gas. While the company has challenged the applicability of GIDC on concessionary gas pricing and has obtained a stay order, it also continues to engage with the Government at all levels to find an amicable solution.

Given current urea demand supply situation, it is likely that additional imports by the government would be required to bridge the gap between local production and farmer demand during the Rabi season. Going forward, international DAP prices are expected to slightly firm up in August/September period due to major Indian buying.

The company is launching a new farmer connect program with an aim to improve farm productivity of small to medium growers through their capacity building and introduction of innovative techniques for input/output resource efficiency.

Engro Foods
The company plans to mirror its first half performance during the second half, through continued focus on key growth parameters including innovation, brand health and operational excellence. EFoods will continue its thrust to grow in all categories by making significant brand investments and efficiency related initiatives.

Engro Polymer
Going into the 3rd quarter the company expects to reap the benefits from the reduction in duty on Ethylene, strong domestic PVC demand, stable caustic soda demand and relatively better PVC-Ethylene delta outlook due to expected increase in supply of Ethylene. These factors will help increasing the profitability for the company. However, profitability might be kept in check by any further increase in energy prices.

Engro Eximp Agriproducts
Going forward, the company's focus is on continuing to improve its operational efficiency, enhancing export sales and developing local consumer brands to improve margins and reduce commodity price risk.

Engro Powergen
Despite the country's natural gas crisis, Qadirpur Power Plant is expected to continue receiving unhindered fuel supply. This is because the plant runs on permeate gas which is likely to remain available in the next few years. Furthermore, the plant is expected to maintain a high dispatch rate due to its higher rank in PEPCO's merit order.

Engro Powergen continues to seek new opportunities in the energy sector around the world in partnership with international players to utilize Engro's strong engineering and project management skills.

Further, in partnership with Government, the Thar mining and power projects are expected to remain on track for completion within next four years, playing an important part in resolving the country's energy crisis.

Engro Elengy
The project has started playing its role in alleviating some of the energy shortage faced by the country and will further place Engro at the forefront for other such projects in the future. Post half-year, Delivered Ex-Ship (DES) cargo deliveries have begun and the terminal has future deliveries planned till first quarter next year.

Engro Vopak
EVTL is expected to maintain its operations in a stable fashion and we foresee it providing a stable cash flow in the form of regular dividends. Engro Vopak's facilities and experience positions it very well for any future projects involving imports and handling of liquid chemicals at the port.

Engro Corporation is geared to contributing positively to resolving the country's energy crisis with the Thar coal project and the LNG business as its cornerstones. The Company continues to explore the agri/food vertical as it aligns its businesses to serve the future demands of the country. With growth as the Company's foremost priority, we remain on the look-out to venture into new product lines and businesses within our strategic realm.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

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

Introduction
We have reviewed the accompanying condensed interim balance sheet of Engro Corporation Limited as at June 30, 2015 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 approved accounting standards as applicable in Pakistan for 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi
Date: August 28, 2015

Engagement partner: Waqas A. Sheikh

condensed interim balance sheet as at june 30, 2015

(Amounts in thousand)	Note	(Unaudited) June 30, 2015	(Audited) December 31, 2014
		---------------(Rupees)---------------	
ASSETS			
Property, plant and equipment	4	91,361	76,119
Long term investments	5	30,452,386	28,879,985
Long term loans and advances	6	19,784	2,165,599
Deferred taxation		-	84,450
		30,563,531	31,206,153
Loans, advances and prepayments	7	9,995,203	4,725,454
Other receivables		441,884	184,801
Taxes recoverable		102,684	214,301
Short term investments	8	4,689,378	721,700
Cash and bank balances		206,004	531,534
		15,435,153	6,377,790
		45,998,684	37,583,943
EQUITY & LIABILITIES			
Equity			
Share capital		5,237,848	5,237,848
Share premium		13,068,232	13,068,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits - Actuarial gain		5,462	5,462
Unappropriated profit		17,957,190	10,072,770
		40,697,972	32,813,552
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		14,856	17,029
Deferred taxation		3,346	-
		18,202	17,029
Current Liabilities			
Trade and other payables		576,856	461,075
Borrowings		4,370,935	3,951,521
Accrued interest / mark-up		245,959	250,274
Unclaimed dividends		88,760	90,492
		5,282,510	4,753,362
		5,300,712	4,770,391
Contingencies and Commitments	9		
TOTAL EQUITY & LIABILITIES		45,998,684	37,583,943

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2015

(Amounts in thousand except for earnings per share)	Note	Quarter ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2015	Half year ended June 30, 2014
		---------(Rupees)---------			
Dividend income		3,605,019	403,136	3,852,519	628,136
Royalty income		214,303	186,427	453,941	402,143
		3,819,322	589,563	4,306,460	1,030,279
Administrative expenses		(152,874)	(129,676)	(202,517)	(179,495)
		3,666,448	459,887	4,103,943	850,784
Other income		7,546,138	295,084	7,712,439	1,085,912
Other operating expenses		(221,386)	(5,480)	(230,773)	(26,099)
Operating Profit		10,991,200	749,491	11,585,609	1,910,597
Finance cost		(156,487)	(437,200)	(301,641)	(655,928)
Profit before taxation		10,834,713	312,291	11,283,968	1,254,669
Taxation	10	(159,015)	12,545	(256,839)	(125,120)
Profit for the period		10,675,698	324,836	11,027,129	1,129,549
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		10,675,698	324,836	11,027,129	1,129,549
Earnings per share - basic and diluted	11	20.38	0.63	21.05	2.20

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

condensed interim statement of changes in equity (unaudited) for the half year ended June 30, 2015

(Amounts in thousand)

	Capital reserves		Revenue reserves			
	Share capital	Share premium	General reserve	Remeasurement of post employment benefits - Actuarial gain/ (Loss)	Unappropriated profit	Total
	-------	-------	-------	(Rupees)	-------	-------
Balance as at January 01, 2014 (Audited)	5,112,694	10,550,061	4,429,240	9,871	9,137,267	29,239,133
Total comprehensive income for the half year ended June 30, 2014	-	-	-	-	1,129,549	1,129,549
Transactions with owners						
Shares issued to International Finance Corporation (IFC) on exercise of conversion option	57,004	1,134,249	-	-	-	1,191,253
Dividend in specie for the year ended December 31, 2013 in the ratio of 1 share of Engro Fertilizers Limited for every 10 shares held of the Company	-	-	-	-	(511,735)	(511,735)
Balance as at June 30, 2014 (Unaudited)	5,169,698	11,684,310	4,429,240	9,871	9,755,081	31,048,200
Total comprehensive income for the half year ended December 31, 2014	-	-	-	(4,409)	1,351,629	1,347,220
Transactions with owners						
Shares issued to IFC on exercise of conversion option	68,150	1,383,922	-	-	-	1,452,072
Interim cash dividend for the year ended December 31, 2014 @ Rs. 2.00 per share	-	-	-	-	(1,033,940)	(1,033,940)
Balance as at December 31, 2014 (Audited)	5,237,848	13,068,232	4,429,240	5,462	10,072,770	32,813,552
Total comprehensive income for the half year ended June 30, 2015	-	-	-	-	11,027,129	11,027,129
Transactions with owners						
Final cash dividend for the year ended December 31, 2014 @ Rs. 4.00 per share	-	-	-	-	(2,095,139)	(2,095,139)
Interim cash dividend for the year ending December 31, 2015 @ Rs. 2.00 per share	-	-	-	-	(1,047,570)	(1,047,570)
Balance as at June 30, 2015 (Unaudited)	5,237,848	13,068,232	4,429,240	5,462	17,957,190	40,697,972

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

condensed interim statement of cash flows (unaudited) for the half year ended June 30, 2015

(Amounts in thousand)

		Half Year Ended	
		June 30, 2015	June 30, 2014
	Note	------(Rupees)------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	12	(343,416)	(291,800)
Royalty received		526,917	312,009
Taxes paid		(57,426)	(191,209)
Retirement and other service benefits paid		(8,311)	(23,852)
Long term loans and advances - net		(4,185)	(1,547)
Net cash generated from / (utilized in) operating activities		113,579	(196,399)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		3,852,519	628,136
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		87,593	452,832
Investments made during the period		(6,550,000)	(1,551,000)
Proceeds from partial disposal of investment in subsidiary company		7,919,874	-
Proceeds from disposal of investment in subsidiary company		4,383,000	-
Proceeds from sale of Treasury bills		2,734,622	-
Purchase of Treasury bills		(5,619,243)	-
Loans granted to subsidiary companies		(5,371,000)	(880,960)
Repayment of loan by subsidiary companies		2,260,500	800,000
Proceeds on maturity of short-term investments		2,000	2,001
Purchases of Property, plant and equipment (PPE)		(32,406)	(26,594)
Sale proceeds on disposal of PPE		7,858	4,192
Net cash generated from / (utilized in) investing activities		3,675,317	(571,393)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	680,960
Proceeds from issue of Engro Islamic Rupiya Certificates		-	4,000,000
Repayment of Engro Rupiya Certificates I upon maturity		-	(3,784,110)
Financial charges paid		(299,042)	(496,368)
Dividends paid		(3,144,441)	(1,161)
Net cash (utilized in) / generated from financing activities		(3,443,483)	399,321
Net increase / (decrease) in cash and cash equivalents		345,413	(368,471)
Cash and cash equivalents at beginning of the period		1,253,234	2,921,498
Cash and cash equivalents at end of the period	13	1,598,647	2,553,027

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

notes to the condensed interim financial information for the half year ended June 30, 2015

(Amounts in thousand)

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014. This condensed interim financial information represents the condensed interim financial information of the Company on a standalone basis. The consolidated condensed interim financial information of the Company and its subsidiary companies is presented separately.

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

2.3 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 annual financial statements of the Company for the year ended December 31, 2014.

3 ACCOUNTING POLICIES

3.1 The significant 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 annual financial statements for the year ended December 31, 2014.

3.2 There are certain new International Financial Reporting Standards (Standards), amendments to published Standards and interpretations that are mandatory for the financial year beginning on January 1, 2015. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in the condensed interim financial information.

3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

(Amounts in thousand)

	Unaudited June 30, 2015	Audited December 31, 2014
	-------------(Rupees)-------------	
4 . PROPERTY, PLANT AND EQUIPMENT		
Operating assets (note 4.1)	59,619	66,823
Capital work in progress	31,742	9,296
	91,361	76,119

4.1 Additions to operating assets during the period / year amounted to Rs. 9,960 (December 31, 2014: Rs. 49,255). Operating assets costing Rs. 16,991 (December 31, 2014: Rs. 14,196) having a net book value of Rs. 4,305 (December 31, 2014: Rs. 3,749), were disposed off during the period / year for Rs. 7,858 (December 31, 2014: Rs. 4,571).

5 . LONG TERM INVESTMENTS

5.1 Engro Fertilizers Limited (EFert)

During the period:

- on January 9, 2015, EFert received a second notice from IFC for exercise of options on further USD 3,000 of the loan amount. Accordingly, 12,590,625 ordinary shares of Efert have been allocated to IFC on January 14, 2015.

- the Company sold 93,165,000 ordinary shares of Rs. 10 each held in EFert, representing 8.16% of its investment through a private placement, at a price of Rs. 85 per share, determined through a book building mechanism. These shares were placed to local / foreign institutional investors and high net-worth individuals. The gain on such disposal amounts to Rs. 6,939,818 which has been recorded as other income, net of transaction cost. As a result of the above, the Company, as of balance sheet date, holds 78.78% of the issued share capital of EFert.

5.2 Engro Eximp (Private) Limited (EXIMP)

During the period:

- the Company has made further equity investment of Rs. 2,150,000 in EXIMP through subscription of 215,000 ordinary shares of Rs. 10 each at a premium of Rs. 9,990 per share, resulting in carrying cost of the investment in EXIMP to be Rs. 4,045,100.

- the Board of Directors of the Company resolved, subject to regulatory approvals, to transfer / sale 100% of the Company's equity in EXIMP (along with its wholly owned subsidiary - Engro Eximp FZE, UAE) to EFert, together with rights to use 'Engro' trademarks (under license from the Company to EXIMP) for imported fertilizers / associated products, against a lump sum consideration of Rs. 4,400,000, which was determined on the basis of an independent valuation. The shareholders of the Company, in its Annual General Meeting held on April 22, 2015, approved the above sale transaction. Accordingly, on May 1, 2015, the Company sold its entire shareholding in EXIMP to EFert at a price of Rs. 4,383,000. The transaction will enable the Company to enhance its earnings, create value through synergies and increase its foot prints in agricultural input. The gain on sale amounting to Rs. 337,900 has been recognized in Other income.

(Amounts in thousand)

5.3 Engro Eximp Agriproducts (Private) Limited (EEAPL)

On February 18, 2015, the Board of Directors of the Company resolved to acquire entire shareholding of EEAPL from EXIMP for Rs. 4,400,000 in order to delink the rice business from the trading entity and bring in the required focus as part of its restructuring plans. On April 1, 2015, the Company acquired the entire shareholding in EEAPL and EEAPL is now a wholly owned subsidiary of the Company.

6. LONG TERM LOANS AND ADVANCES

In 2013, the Company had extended long-term loan and sub-ordinated loan to Engro Eximp (Private) Limited (EXIMP), a wholly owned subsidiary, amounting to Rs. 1,720,000 and Rs. 430,000, respectively, for a period of five years. These loans carried mark-up at the rate of 6 months KIBOR plus 3.5% per annum, payable on a quarterly basis, and were repayable through one lump sum installment due on June 28, 2017. During the period, EXIMP has fully repaid the loans to the Company.

7. LOANS, ADVANCES AND PREPAYMENTS

During the period, the Company extended a further loan of Rs. 5,371,000 (December 31, 2014: Rs. 4,036,124) to Elengy Terminal Pakistan Limited, a wholly owned subsidiary, for it to meet its working capital requirements. The loan is subordinated to the finances provided to the subsidiary company by its creditors (other than trade creditors) and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis. Further, during the period, loan amounting to Rs. 110,500 has been repaid by the subsidiary.

8. SHORT TERM INVESTMENTS

	Unaudited June 30, 2015	Audited December 31, 2014
	-------------(Rupees)	-------------
Financial assets at fair value through profit or loss:		
- Fixed income placement	1,652,000	2,000
- Treasury bills	3,037,378	719,700
	4,689,378	721,700

9. CONTINGENCIES AND COMMITMENTS

9.1 Significant changes in the status of contingencies and commitments since December 31, 2014 is as follows:

- During the period, a bank has issued performance guarantee on behalf of Engro Powergen Thar (Pvt.) Limited (EPTL) in favour of Private Power and Infrastructure Board (PPIB). The performance guarantee relates to 2 x 330 MW mine mouth power plants to be constructed by EPTL and has been submitted to PPIB as a condition precedent for the issuance of Letter of Support (LoS) by PPIB for the Thar Power Project. The performance guarantee is valid upto March 30, 2016 and is secured by way of first exclusive charge on all present and future assets of Engro Powergen Limited (EPL), a wholly owned subsidiary of the Company and a parent company of EPTL. In addition necessary documentation relating to issuance of counter guarantee by EPL to the bank is currently being finalized, which will be effective from the date of issuance of guarantee by the bank. In this regard, the Company has extended corporate guarantee amounting to Rs. 228,000 to the bank against Letter of Guarantee facility granted to EPL.

(Amounts in thousand)

- During the period, as mentioned in note 5.1, the Company divested some of its shareholding in EFert. The Company held such shareholding in EFert since 2010 i.e. more than five years. Under the income tax laws, capital gain on sale of securities held for more than 24 months are to be taxed at zero %. However, the Company was informed by the National Clearing Company of Pakistan Limited (NCCPL) that their clearing system shall deduct capital gain tax on such disposal and NCCPL shall deposit the same with the tax authorities. The Company has obtained a stay thereagainst from High Court of Sindh and has also provided a bank guarantee amounting to Rs. 650,000 in this respect in favor of Nazir of High Court of Sindh.

9.2 As at June 30, 2015, there is no material change in the status of matters reported as commitments in the financial statements of the Company for the year ended December 31, 2014.

10. TAXATION

10.1 Includes Rs. 22,242 on account of one-time Super Tax for tax year 2015, which has been levied through Finance Act 2015 for the rehabilitation of temporary displaced persons.

10.2 In respect of pending tax assessment for tax year 2011, as reported in the financial statements of the Company for the year ended December 31, 2014, on June 24, 2015, the Company received a notice of demand amounting to Rs. 105,955 whereby the Deputy Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. Subsequent to the balance sheet date, the Company filed an appeal thereagainst with the Commissioner Inland Revenue - Appeals and also obtained a stay from the High Court of Sindh from initiating any recovery proceedings.

11. EARNINGS PER SHARE

As at June 30, 2015, there is no dilutive effect on the basic earnings per share of the Company, since the options granted on Company's shares to IFC were completely exercised during last year. Earnings per share is based on following :

	Quarter ended		Half year ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	---------------(Rupees)	---------------	---------------	---------------
Profit after taxation	10,675,698	324,836	11,027,129	1,129,549
Weighted average number of ordinary shares (in thousand)	523,785	515,654	523,785	513,474

(Amounts in thousand)

12 CASH UTILIZED IN OPERATIONS

	Half Year Ended June 30, 2015	Half Year Ended June 30, 2014
	---------------(Rupees)---------------	
Profit before taxation	11,283,968	1,254,669
Adjustment for non-cash charges and other items:		
Depreciation	12,859	10,378
Gain on disposal of Property, plant and equipment	(3,553)	(593)
Provision for retirement and other service benefits	6,138	18,998
Gain on disposal of long-term investment to a subsidiary company	(337,900)	-
Income on deposits / other financial assets	(431,170)	(543,819)
Capital gain on partial disposal of long-term investment, net of transaction cost	(6,987,376)	(535,805)
Dividend income	(3,852,519)	(628,136)
Royalty income	(453,941)	(402,143)
Financial charges	302,026	655,928
Exchange gain	(385)	-
Working capital changes (note 12.1)	118,437	(121,277)
	(343,416)	(291,800)

12.1 Working capital changes

Decrease / (Increase) in current assets		
- Loans, advances and prepayments	(9,249)	(22,619)
- Other receivables (net)	11,904	(71,744)
	2,655	(94,363)
Increase / (Decrease) in current liabilities		
- Trade and other payables including other service benefits (net)	115,782	(26,914)
	118,437	(121,277)

13. CASH AND CASH EQUIVALENTS

Short term investments	1,804,757	-
Cash and bank balances	206,004	2,661,651
Short-term finances from banks	(412,114)	(99,366)
Bridge loan	-	(9,258)
	1,598,647	2,553,027

(Amounts in thousand)

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 Financial risk factors

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

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

14.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
	----------(Rupees)----------			
Assets				
Financial assets at fair value through profit or loss				
- Short term investments	-	4,689,378	-	4,689,378

There were no transfers amongst the levels during the period.

There were no changes in the valuation techniques during the period.

(Amounts in thousand)

15. TRANSACTIONS WITH RELATED PARTIES

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

	Half Year Ended	
	June 30, 2015	June 30, 2014
	---------------(Rupees)----------------	
Subsidiary companies		
Purchases and services	9,425	9,553
Services rendered	302,150	314,208
Mark-up from subsidiaries	319,634	419,500
Disbursement of loan to subsidiaries	5,371,000	880,960
Repayment of loan by subsidiaries	2,260,500	800,000
Dividend received	3,425,019	268,136
Royalty income, net of sales tax	453,941	402,143
Reimbursements to subsidiaries	34,689	57,973
Expenses paid on behalf of subsidiaries	114,197	183,010
Investments made	6,550,000	1,551,000
Service fees against corporate guarantees	5,043	5,694
Remittance in Subsidiary Company	5,405	-
Proceeds from disposal of long-term investment	4,383,000	-
Associated companies		
Purchases and services	748	441
Services rendered	34,823	-
Contributions for Corporate Social Responsibility	9,500	17,500
Investment in Treasury bills	608,070	-
Redemptions of Treasury bills	719,701	-
Reimbursement to associated companies	2,844	1,946
Expenses paid on behalf of associated companies	3,160	1,553
Utilization of overdraft facility	467,112	-
Repayment of overdraft facility	55,000	-
Commitment Fee	3,282	-
Interest on Deposit	1,234	-
Bank Charges	3	-
Joint ventures		
Services rendered	594	655
Dividend received	427,500	360,000
Expenses paid on behalf of Joint venture company	220	116
Reimbursement to Joint venture company	16	30,678
Sale of operating assets	-	1,780
Others		
Directors' fees	7,200	4,300
Contribution to staff retirement benefits	15,249	10,282
Remuneration of key management personnel	57,262	45,600
Reimbursements to key management personnel	986	3,229

(Amounts in thousand)

16. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on August 18, 2015 has approved an interim cash dividend of Rs. 4.00 per share for the year ending December 31, 2015. This condensed interim financial information does not include the effect of the said interim dividend.

17. CORRESPONDING FIGURES

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

18. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on August 18, 2015 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

auditors' report to the members on review of 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, 2015 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 approved accounting standards as applicable in Pakistan for 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi
Date: August 28, 2015

Engagement partner: Waqas A. Sheikh

consolidated condensed interim balance sheet as at june 30, 2015

(Amounts in thousand)

	Note	(Unaudited) June 30, 2015	(Audited) December 31, 2014
		---------------(Rupees)---------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	133,910,299	134,507,257
Biological assets		909,005	858,680
Intangible assets		298,824	296,093
Deferred taxation		1,265,452	1,103,153
Deferred employee compensation expense	6	99,090	112,581
Long term investments	7	2,930,995	2,735,157
Long term loans, advances and other receivables	8	2,734,576	1,183,224
		142,148,241	140,796,145
Current assets			
Stores, spares and loose tools		7,869,665	7,547,456
Deferred taxation		960,537	960,537
Stock-in-trade		14,179,164	11,567,174
Trade debts	9	9,282,352	4,615,213
Deferred employee compensation expense	6	80,053	90,430
Derivative financial instruments		1,072	-
Loans, advances, deposits and prepayments		1,468,375	1,708,023
Other receivables		5,236,600	5,317,228
Taxes recoverable		2,401,534	3,252,789
Short term investments		20,849,567	28,987,084
Cash and bank balances		9,091,725	12,244,533
		71,420,644	76,290,467
		213,568,885	217,086,612

consolidated condensed interim balance sheet as at june 30, 2015

(Amounts in thousand

	Note	(Unaudited) June 30, 2015	(Audited) December 31, 2014
		---------------(Rupees)---------------	
EQUITY & LIABILITIES			
Equity			
Share capital		5,237,848	5,237,848
Share premium		13,068,232	13,068,232
Employee share compensation reserve		394,243	399,740
Revaluation reserve on business combination		58,598	63,890
Maintenance reserve		156,301	178,758
Exchange revaluation reserve		4,605	4,289
Hedging reserve		(106,865)	(143,339)
General reserve		4,429,240	4,429,240
Unappropriated profit		44,827,787	33,996,946
Remeasurement of post-employment benefits		(58,358)	(58,358)
		62,773,783	51,939,398
		68,011,631	57,177,246
Non-controlling interest		14,614,001	10,847,266
Total Equity		213,568,885	68,024,512
Liabilities			
Non-current liabilities			
Borrowings	10	45,379,424	55,379,841
Derivative financial instruments		31,357	51,103
Deferred taxation		7,501,094	6,558,433
Deferred liabilities		59,176	197,543
		52,971,051	62,186,920
Current liabilities			
Trade and other payables	11	43,144,130	53,498,390
Accrued interest / mark-up		1,996,482	2,067,680
Current portion of :			
- borrowings		20,989,112	17,945,494
- deferred liabilities		72,412	43,338
Short term borrowings		11,261,163	11,764,678
Derivative financial instruments		420,143	1,465,108
Unclaimed dividends		88,760	90,492
		77,972,202	86,875,180
Total Liabilities		130,943,253	149,062,100
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		213,568,885	217,086,612

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for the half year ended june 30, 2015

(Amounts in thousand except for earnings per share)

	Note	Quarter ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2015	Half year ended June 30, 2014
		(Rupees)			
Net sales		46,382,380	39,186,339	87,754,549	77,540,743
Cost of sales		(33,892,832)	(31,791,986)	(63,817,960)	(60,771,102)
Gross profit		12,489,548	7,394,353	23,936,589	16,769,641
Selling and distribution expenses		(2,622,341)	(2,569,856)	(5,124,375)	(4,967,506)
Administrative expenses		(920,708)	(977,590)	(1,871,768)	(1,961,766)
		8,946,499	3,846,907	16,940,446	9,840,369
Other income		756,876	998,066	1,892,203	1,614,807
Other operating expenses		(1,101,972)	357,549	(1,680,711)	(159,334)
Finance cost		(2,126,035)	(3,104,634)	(4,494,943)	(6,306,143)
Share of income from joint ventures and associates		256,165	158,142	476,114	361,520
Profit before taxation		6,731,533	2,256,030	13,133,109	5,351,219
Taxation	13	(1,409,335)	(1,328,224)	(3,572,720)	(2,187,894)
Profit for the period		5,322,198	927,806	9,560,389	3,163,325
Profit attributable to:					
- Owners of the Holding Company		4,369,191	682,131	8,005,477	2,683,505
- Non-controlling interest		953,007	245,675	1,554,912	479,820
		5,322,198	927,806	9,560,389	3,163,325
Earnings per share					
- Basic	14	8.34	1.32	15.28	5.23
- Diluted	14	8.34	1.29	15.28	5.23

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2015

(Amounts in thousand except for earnings per share)

	Note	Quarter ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2015	Half year ended June 30, 2014
		(Rupees)			
Profit for the period		5,322,198	927,806	9,560,389	3,163,325
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Hedging reserve - cash flow hedges					
Losses arising during the period		(65,517)	(240,835)	(77,196)	(1,380,135)
Reclassification adjustments for losses included in profit or loss		87,577	178,201	118,162	1,415,206
Adjustments for amounts transferred to initial carrying amount of hedged items		-	25,865	37,621	61,575
		22,060	(36,769)	78,587	96,646
Revaluation reserve on business combination		(5,330)	(5,411)	(10,658)	(10,820)
Exchange differences on translation of foreign operations		(2,669)	13,318	315	(51,343)
		14,061	(28,862)	68,244	34,483
Income tax relating to:					
- Hedging reserve - cash flow hedges		(11,026)	17,757	(28,990)	(47,758)
- Revaluation reserve on business combination		1,568	1,840	3,326	3,679
		(9,458)	19,597	(25,664)	(44,079)
Items that will not be reclassified to profit or loss					
Remeasurement of post employment benefits obligation		-	3,566	-	3,566
Income tax relating to remeasurement of post employment benefits obligation		-	(1,057)	-	(1,057)
		-	2,509	-	2,509
Deferred tax charge relating to revaluation of equity related items		(4,946)	(1,649)	(4,946)	(1,649)
Other comprehensive (loss) / income for the period, net of tax		(343)	(8,405)	37,634	(8,736)
Total comprehensive income for the period		5,321,855	919,401	9,598,023	3,154,589
Total comprehensive income attributable to:					
- Owners of the Holding Company		4,365,994	679,901	8,036,975	2,672,267
- Non-controlling interest		955,861	239,500	1,561,048	482,322
		5,321,855	919,401	9,598,023	3,154,589

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim statement of changes in equity for the half year ended june 30, 2015

(Amounts in thousand)

	Attributable to owners of the Holding Company												
		Capital reserves					Revenue reserves						
	Share capital	Share premium	Employee share option compensation reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Un-appropriated profit	Remeasurement of post employment benefits - Actuarial gain / (loss)	Sub total	Non-controlling interest	Total
	Rupees												
Balance as at January 1, 2014 (audited and restated)	5,112,694	10,550,061	407,133	74,092	213,335	35,418	(185,689)	4,429,240	26,832,822	(60,760)	47,408,346	5,319,491	52,727,837
Total comprehensive income / (loss) for the half year ended June 30, 2014													
Profit for the period	-	-		-	-	-	-	-	2,683,505	-	2,683,505	479,820	3,163,325
Other comprehensive income	-	-	-	(5,101)	-	(47,486)	39,140	-	-	2,209	(11,238)	2,502	(8,736)
	-	-	-	(5,101)	-	(47,486)	39,140	-	2,683,505	2,209	2,672,267	482,322	3,154,589
Transactions with owners													
Shares issued to IFC upon exercise of conversion option	57,004	1,134,249	-	-	-	-	-	-	-	-	1,191,253	-	1,191,253
Derecognition of Non-Controlling Interest relating to investment in Subsidiary	-	-	-	-	-	-	-	-	-	269	269	(337,855)	(337,586)
Effect of Dividend in Specie - Shares of Subsidiary Company transferred to owners of the Holding Company	-	-	-	-	-	-	-	-	(1,065,505)	-	(1,065,505)	1,065,505	-
Employees Share Option Scheme of subsidiary company	-	-	29,959	-	-	-	-	-		-	29,959	-	29,959
Share issued during the period by subsidiary company	-	-	-	-	-	-	-	-	606,165	-	606,165	1,414,664	2,020,829
Disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	217,859	-	217,859	618,220	836,079
Dividend by subsidiary allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(30,492)	(30,492)
	57,004	1,134,249	29,959	-	-	-	-	-	(241,481)	269	980,000	2,730,042	3,710,042
Balance as at June 30, 2014 (unaudited)	5,169,698	11,684,310	437,092	68,991	213,335	(12,068)	(146,549)	4,429,240	29,274,846	(58,282)	51,060,613	8,531,855	59,592,468
Total comprehensive income / (loss) for the half year ended December 31, 2014 (audited)													
Profit for the period	-	-	-	-	-	-	-	-	4,323,327	-	4,323,327	314,194	4,637,521
Other comprehensive income	-	-	-	(5,101)	-	16,357	3,210	-	-	(76)	14,390	9,583	23,973
	-	-	-	(5,101)	-	16,357	3,210	-	4,323,327	(76)	4,337,717	323,777	4,661,494
Transactions with owners													
Shares issued to IFC upon exercise of conversion option	68,150	1,383,922	-	-	-	-	-	-	-	-	1,452,072	-	1,452,072
Effect of Dividend in specie - Shares of Subsidiary company transferred to owners of Holding Company	-	-	-	-	-	-	-	-	(22,466)	-	(22,466)	22,466	-
Employees Share Option Scheme of subsidiary company	-	-	(37,352)	-	-	-	-	-	-	-	(37,352)	-	(37,352)
Shares issued during the period by subsidiary company	-	-	-	-	-	-	-	-	(2,704)	-	(2,704)	2,704	-
Gain on disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	(917)	-	(917)	917	-
Dividend by subsidiary allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(151,566)	(151,566)
Effect of conversion of IFC loan into ordinary shares by subsidiary company	-	-	-	-	-	-	-	-	775,656	-	775,656	408,570	1,184,226
Transfer of maintenance reserve to Non-Controlling Interest	-	-	-	-	(34,577)	-	-	-	-	-	(34,577)	34,577	-
Gain on disposal of equity reserves in subsidiary company	-	-	-	-	-	-	-	-	683,144	-	683,144	-	683,144
Increase in Non-Controlling Interest due to disposal of shareholding in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	1,673,966	1,673,966
Interim cash dividend for the year ended December 31, 2014 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(1,033,940)	-	(1,033,940)	-	(1,033,940)
	68,150	1,383,922	(37,352)	-	(34,577)	-	-	-	398,773	-	1,778,916	1,991,634	3,770,550
Balance as at December 31, 2014 (audited)	5,237,848	13,068,232	399,740	63,890	178,758	4,289	(143,339)	4,429,240	33,996,946	(58,358)	57,177,246	10,847,266	68,024,512
Total comprehensive income / (loss) for the half year ended June 30, 2015 (unaudited)													
Profit for the period	-	-	-	-	-	-	-	-	8,005,477	-	8,005,477	1,554,912	9,560,389
Other comprehensive income	-	-	-	(5,292)	-	316	36,474	-	-	-	31,498	6,136	37,634
	-	-	-	(5,292)	-	316	36,474	-	8,005,477	-	8,036,975	1,561,048	9,598,023
Transactions with owners													
Effect of conversion of IFC loan into ordinary shares by subsidiary company	-	-	-	-	-	-	-	-	709,394	-	709,394	287,909	997,303
Gain on disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	5,258,679	-	5,258,679	2,614,638	7,873,317
Employees Share Option Scheme of Subsidiary Company	-	-	(5,497)	-	-	-	-	-	-	-	(5,497)	-	(5,497)
Transfer of maintenance reserve to Non-Controlling Interest	-	-	-	-	(22,457)	-	-	-	-	-	(22,457)	22,457	-
Dividend by subsidiary allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(719,317)	(719,317)
Final cash dividend for the year ended December 31, 2014 @ Rs. 4.00 per share	-	-	-	-	-	-	-	-	(2,095,139)	-	(2,095,139)	-	(2,095,139)
Interim cash dividend for the year ending December 31, 2015 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(1,047,570)	-	(1,047,570)	-	(1,047,570)
	-	-	(5,497)	-	(22,457)	-	-	-	2,825,364	-	2,797,410	2,205,687	5,003,097
Balance as at June 30, 2015 (unaudited)	5,237,848	13,068,232	394,243	58,598	156,301	4,605	(106,865)	4,429,240	44,827,787	(58,358)	68,011,631	14,614,001	82,625,632

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2015

(Amounts in thousand)

	Note	Half year ended June 30, 2015	Half year ended June 30, 2014
		(Rupees)	
Cash flows from operating activities			
Cash generated from operations	15	2,487,518	5,178,389
Retirement and other service benefits paid		(71,698)	(164,643)
Finance cost paid		(4,399,894)	(5,921,760)
Taxes paid		(2,043,473)	(1,703,065)
Share issuance costs paid		-	(55,494)
Payments against provision for contractual commitments		(40,815)	-
Long term loans and advances - net		(1,551,352)	(27,026)
Net cash utilized in operating activities		(5,619,714)	(2,693,599)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and biological assets		(3,704,041)	(3,211,222)
Sale proceeds on disposal of PPE and biological assets		132,276	117,194
Income on deposits / other financial assets		1,178,002	884,891
Purchase of Treasury Bills - net		(2,884,621)	-
Proceeds from disposal of investments		7,919,874	-
Proceeds from short term investments		19,178,880	2,001
Investment made during the period		(259,994)	(24,416)
Dividends received		427,500	360,000
Net cash generated from / (utilized in) investing activities		21,987,876	(1,871,552)
Cash flows from financing activities			
Repayments of borrowings - net		(7,135,441)	(13,520,433)
Repayments of short term finance - net		(4,050,000)	-
Proceeds from issuance of shares to IFC on exercise of conversion option		-	680,960
Proceeds from issuance of Engro Islamic Rupiya		-	4,000,000
Dividends paid		(3,863,758)	(31,653)
Net cash utilized in financing activities		(15,049,199)	(8,871,126)
Net increase / (decrease) in cash and cash equivalents		1,318,963	(13,436,277)
Cash and cash equivalents at beginning of the period		8,488,637	21,914,289
Cash and cash equivalents at end of the period	16	9,807,600	8,478,012

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive

notes to the consolidated condensed interim finacial information (unaudited) for the half year ended june 30, 2015

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

1.1 The "Group" consists of:

Holding Company - Engro Corporation Limited

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

	%age of direct holding	
	June 30, 2015	December 31, 2014
- Engro Powergen Limited (note 1.1.1)	100	100
- Elengy Terminal Pakistan Limited (note 1.1.2)	100	100
- Engro Eximp (Private) Limited (note 1.1.3)	-	100
-Engro Eximp Agriproducts (Private) Limited (note 1.1.4)	100	-
-Engro Foods Limited	87.06	87.06
- Engro Fertilizers Limited (note 1.1.5)	78.78	86.60
- Engro Polymer and Chemicals Limited	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.1.1 Engro Powergen Limited (EPL)

During the period, EPL incorporated the following new companies:

- Engro Power Investment International B.V. (EPII)

EPII is a fully owned subsidiary of Engro Power International Holding B.V., Netherlands - a wholly owned subsidiary of EPL. EPII is a private limited company established during the period in Rotterdam, Netherlands on May 12, 2015 with the objective to incorporate, participate, manage and supervise business and companies in the power sector.

- EngroGen Energy Service Limited (EESL)

EESL is a 50% share joint venture of Engro Power Services Limited (EPSL), Nigeria, a wholly owned subsidiary company of EPL. EESL is a private limited company incorporated in Mauritius on March 18, 2015. EESL is a joint venture of EPSL and Genesis Energy Holdings Limited. EESL has been established with the objective to incorporate, participate, manage and supervise business and companies in the power sector.

(Amounts in thousand)

1.1.2 Elengy Terminal Pakistan Limited (ETPL)

During the period, EETPL received Certificate of Acceptance from Sui Southern Gas Company Limited (SSGCL) with respect to the Branch Pipeline on March 29, 2015. It also commenced commercial operations i.e. delivery of regasified LNG, to SSGCL, from March 29, 2015.

The project has been financed through 75% debt and 25% equity. In this regard, the indicative term sheet for project finance has been signed with National Bank of Pakistan (NBP) and modalities are being finalized. In addition to this, EETPL has also signed a mandate letter with International Finance Corporation (IFC) and Asian Development Bank (ADB) for project finance. The first tranche of the aforementioned finance facility is expected to be disbursed in August 2015.

1.1.3 Engro Eximp (Private) Limited (EXIMP)

On February 18, 2015, the Board of Directors of the Holding Company in its meeting resolved (subject to regulatory approvals) to transfer 100% of the Holding Company's equity in EXIMP (along with its wholly owned subsidiary - Engro Eximp FZE, UAE) to Engro Fertilizers Limited (EFert), together with rights to use 'Engro' trademarks (under license from the Company to EXIMP) for imported fertilizers / associated products, against a lump sum consideration of Rs. 4,400,000, which was determined on the basis of an independent third party valuation. The shareholders of the Holding Company, in its Annual General Meeting held on April 22, 2015, also approved the above arrangement. On May 01, 2015, the Holding Company sold its entire shareholding in EXIMP to EFert at a price of Rs. 4,383,000. The transaction will enable the Group to enhance its earnings, create value through synergies and increase its foot prints in agricultural input. The transaction has resulted in the increase of non controlling interest in this consolidated condensed interim financial information.

1.1.4 Engro Eximp Agriproducts (Private) Limited (EEAPL)

On February 18, 2015, the Board of Directors of the Holding Company in its meeting resolved that EEAPL is to be acquired by the Holding Company from EXIMP in order to delink the rice business from the trading entity and bring in the required focus as part of its restructuring plans. On April 01, 2015, the Holding Company acquired the entire shareholding in EEAPL from EXIMP for Rs. 4,400,000.

1.1.5 Engro Fertilizers Limited (EFert)

During the period, on January 9, 2015, EFert received a second notice from International Finance Corporation (IFC) for exercise of options on further USD 3,000 of the loan amount. Accordingly, 12,590,625 ordinary shares of EFert were allocated to IFC on January 14, 2015.

Further, during the period, the Holding Company sold 93,165,000 ordinary shares of Rs. 10 each held in EFert, representing 8.16% of its investment through a private placement, at a price of Rs. 85 per share, determined through the book building mechanism. These shares were placed to local / foreign institutional investors and high net-worth individuals.

As a result of the aforementioned events, the Holding Company, as at the balance sheet date, now holds 78.78% of the issued share capital of Efert.

2. BASIS FOR PREPARATION

2.1 This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This consolidated condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2014.

(Amounts in thousand)

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

2.3 During the preparation of this consolidated condensed interim financial information, the significant 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, 2014, except for estimates regarding the Employees Share Options Scheme of Engro Foods Limited, a Subsidiary Company. The estimated fair value of these options and the underlying assumptions are disclosed in note 6.

3. BASIS OF CONSOLIDATION

3.1 The condensed interim financial information 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.

3.2 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.

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

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

4. ACCOUNTING POLICIES

4.1 Following new International Financial Reporting Standards (standards) are mandatory for the financial year beginning January 1, 2015 and a relevant to the Group:

- IFRS 10 ‘Consolidated financial statements’ (effective for periods beginning on or after January 1, 2015). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess.

- IFRS 13 ‘Fair value measurement’ (effective for periods beginning on or after January 1, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are, therefore, not disclosed in this consolidated condensed interim financial information.

4.2 The significant accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of audited annual consolidated financial statements of the Group for the year ended December 31, 2014, except for adoption of new accounting policies as stated in notes 4.2.1 and 4.2.2 below:

4.2.1 Property, Plant and Equipment
Dredging expenditure
Dredging expenditure is categorized into capital dredging and major maintenance dredging. Capital dredging is expenditure, which creates new harbor and deepens or extends the basin in front of jetty in order to allow access to larger ships. This expenditure is capitalized and depreciated over a period of 15 years.

Major maintenance dredging is expenditure incurred to restore the depth to its previous condition. The management estimates that maintenance dredging has an average service potential of 5 years. Maintenance dredging is regarded as a separate component and is capitalized and depreciated over a period of 5 years on straight line basis.

4.2.2 Revenue recognition
Revenue from re-gasification and transportation of LNG to SSGCL is recognized on the following basis:

- Capacity and flexibility revenue on the basis of capacity made available to SSGCL.
- Utilization revenue on the basis of Regasified Liquid Natural Gas (RLNG) throughput to SSGCL.

The amount of revenue on account of capacity, flexibility and utilization is determined under the mechanism laid down in LNG Operations and Services Agreement (LSA).

Revenue generated from the provision of LNG carrier services of Floating, Storage and Re-gasification Unit (FSRU) is recognized on accrual basis.

4.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

(Amounts in thousand)

	Unaudited June 30, 2015	Audited December 31, 2014
	-----------------(Rupees)-----------------	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value	129,688,319	122,940,571
Capital work-in-progress		
- Expansion and other projects	2,564,413	9,886,547
- Capital spares	1,657,567	1,680,139
	133,910,299	134,507,257

6. EMPLOYEES' SHARE OPTION SCHEME

In 2013, the shareholders of Engro Foods Limited (EFoods) approved Employees' Share Option Scheme (the Scheme) for granting of options to certain critical employees up to 16.9 million new ordinary shares, to be determined by the Board Compensation Committee of EFoods.

Under the Scheme, options can be granted in the years 2013 to April 2015. 50% of the options granted will vest in two years whereas the remaining 50% will vest in three years from the date of the grant of options. These options are exercisable within 3 years from the end of vesting period. The details of share options granted to date, which remained outstanding as at June 30, 2015 are as follows:

- number of options	5,200,000
- range of exercise price	Rs. 182.85 - Rs. 253.77
- weighted average remaining contractual life	4.16 years

The weighted average fair value of options granted till date, as estimated at the date of grant using the Black-Scholes model was Rs. 26.90 per option, whereas weighted average fair value of options to be granted has been estimated as Rs. 21.74 per option. The following weighted average assumptions were used in calculating the fair values of the options:

	Options granted in 2013	Options granted in 2015	Options to be granted
- number of options	4,400,000	800,000	11,700,000
- share price	Rs. 133.58	Rs. 107.67	Rs. 110.60
- exercise price	Rs. 220.67	Rs. 210.28	Rs. 210.28
- expected volatility	32.54%	30.32%	30.48%
- expected life	4.1 years	4.5 years	5.26 years
- annual risk free interest rate	9.42%	7.93%	7.93%

The volatility has been measured as the standard deviation of quoted share prices over the last one year from each respective / expected grant date.

The time period under the Scheme for granting of share options expired during the period in April 2015. However, EFoods obtained approval of shareholders for extension in share options grant period for further 3 years in the Annual General Meeting held on April 27, 2015. Further, EFoods has applied to the SECP for approval of aforementioned modification in the Scheme, which is pending till date. EFoods due to the uncertainty involved in obtaining the approval of modification from SECP, has not recognized any charge for the quarter ended June 30, 2015 in respect of share options not yet granted.

In respect of the Scheme, Employee share option compensation reserve and the related deferred expense amounting to Rs. 394,243 has been recognized, out of which Rs. 215,100 has been amortized to date, including Rs. 18,370 being charge for the current period, in respect of related employees services received to the balance sheet date.

7. LONG TERM INVESTMENTS

7.1 Sindh Engro Coal Mining Company Limited (SECMC)

During the period, the Board of Directors of the Engro Powergen Limited (EPL) resolved that the right shares issued by SECMC be renounced in favour of Habib Bank Limited (HBL), thereby reducing the percentage holding of the Group in SECMC from 22.15% to 20.37%. Gain arising on deemed disposal amounting to Rs. 5,133 is reflected in 'Other income' in this consolidated condensed interim financial information.

7.2 Magboro Power Company Limited (MPCL)

During the period, Engro Power Investment International B.V. (EPII), a fully owned subsidiary of Engro Power International Holding B.V. (EPIH) which is a fully owned subsidiary of EPL, entered into a share sale and purchase agreement with Bresson AS Nigeria Limited in relation to the acquisition of 1,666,667 shares representing 16.7% of the issued share capital of MPCL. EPII has advanced an amount of USD 1,400, being the first installment, out of a total agreed purchase price of USD 7,000. The shares thereagainst have not been issued as yet.

8. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES

8.1 This includes receivable from Sui Southern Gas Company Limited (SSGCL), amounting to Rs. 1,095,289. Engro Elengy Terminal (Private) Limited, the subsidiary company, entered into LNG Operations and Services Agreement (LSA) with SSGCL. As per the terms of LSA, the subsidiary company was required to construct / build a pipeline, to be transferred to SSGCL upon commissioning of the Project. The subsidiary company under the LSA is entitled to recover the cost of construction of the pipeline through charges to be billed to SSGCL over the term of LSA. During the period, the subsidiary company constructed and transferred the pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in this respect.

8.2 This also includes Rs. 1,268,898 representing customs duty on import of FSRU for its use in storage and regasification of LNG, as more fully explained in note 11.2. The amount is being amortized over the period of operating lease, i.e. 15 years.

9. TRADE DEBTS

Trade debts include receivable in respect of Gas Infrastructure Development Cess (GIDC) amounting to Rs. 2,360,591 for the period January 2013 to December 2013 and August 2014 to April 2015, which have been invoiced to National Transmission and Dispatch Company Limited (NTDC) during the period, as a pass-through item to be recovered from NTDC under the approved tariff. GIDC for the aforementioned period has also been billed to Engro Powergen Qadirpur Limited (EPQL) by Sui Northern Gas Pipeline Limited (SNGPL) after the promulgation of

(Amounts in thousand)

Gas Infrastructure Development Cess Act, 2015. EPQL has filed a writ petition thereagainst before the Honorable Lahore High Court which, among other grounds, includes devising the recovery mechanism of GIDC arrears. The Honorable Lahore High Court has directed National Electric Power Regulatory Authority (NEPRA) and Ministry of Petroleum & Natural Resources to devise an appropriate mechanism for settlement of arrears.

10. BORROWINGS

10.1 Engro Fertilizers Limited

10.1.1 The long term financing includes a loan of USD 30,000 from the IFC, divided into (i) 30% convertible loan on the shares of the Subsidiary Company at Rs. 24 per ordinary share calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC to exercise the conversion option and (ii) 70% non-convertible loan. This conversion option is exercisable upto March 31, 2017. Option on USD 5,000 was exercised by IFC in 2014. During the period, the Subsidiary Company received a notice from IFC for exercise of option on further USD 3,000 on January 9, 2015. Accordingly, 12,590,625 ordinary shares of the Subsidiary Company have been allotted to IFC on January 14, 2015. The fair value of the remaining conversion option on USD 1,000, included in derivative financial instruments, amounts to Rs. 327,385.

10.1.2 The long-term finances also includes offshore Islamic Finance Facility of USD 36,000 from Habib Bank Limited, National Bank of Pakistan and SAMBA Financial Group and Rs. 3,618,000 from Faysal Bank (acquired by Faysal Bank from Citi Bank N.A on March 31, 2015), Dubai Islamic Bank Pakistan Limited and Standard Chartered Bank (Pakistan) Limited.

10.1.3 During the period, refinancing of Term Finance Certificates 3rd Issue and of loans from Standard Chartered Bank (Pakistan) Limited, Askari Bank Limited and Citibank N.A. (which were priced at 6M Kibor + 1.1%) was completed through a bilateral loan from United Bank Limited at a rate of 6M Kibor + 0.65%. The repayment schedule mirrors the loans refinanced and thus will mature on December 31, 2016. The last disbursement from the said loan will be on November 26, 2015 which will refinance the loan from Bank Islami Pakistan Limited.

The bilateral loan from United Bank Limited is a Senior loan and has the same security structure as the refinanced facilities.

10.2 Engro Polymer & Chemicals Limited
Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under the bilateral loans agreements, the Subsidiary Company is required to comply with certain debt covenants. The Subsidiary Company is not in compliance with some of these debt covenants and has notified the concerned financial institutions. The Subsidiary Company has already obtained approval from the shareholders for the issuance of preference shares during the current period, by way of right issue, amounting to Rs. 4,000,000 to improve Subsidiary Company's financial position and ratios.

11. TRADE AND OTHER PAYABLES

11.1 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.The matter regarding levy of the cess prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. Further a committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015.

(Amounts in thousand)

The financial exposure of the Group in respect of GIDC upto June 30, 2015 amounts to Rs. 13,825,014 (December 31, 2014: Rs. 14,168,427), out of which Rs. 10,968,915 was paid subsequent to the half year ended June 30, 2015.

Engro Fertilizers Limited (Subsidiary Company) had challenged the validity and promulgation of GIDC Act, 2015 before the Honorable High Court of Sindh, wherein the Court passed interim orders, thereby restraining Mari Gas, Oil and Gas Development Company Limited, Spud Energy Pty Limited, Government Holdings (Private) Limited and IPR TransOil Corporation from recovering GIDC arrears till the pendency of the matter. Further, the Court has also passed interim orders restraining Sui Northern Gas Pipeline Limited from charging or recovering GIDC on concessionary gas. However, at the request of the Government, and without compromising our legal stance on the same, the fertilizer industry agreed to pay GIDC arrears except on concessionary gas/fixed price contracts to the Government. An amount of Rs. 4,204,000 was paid during the period and an amount of Rs. 10,969,000 was paid subsequent to the half year ended 30 June 2015 by the Subsidiary Company.

11.2 During the period, Engro Elengy Terminal (Private) Limited (Subsidiary Company), received a notice from Model Customs Collectorate (the 'Customs Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. customs duty and advance income tax. The Subsidiary Company is of the view that the FSRU has been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (vii) relating to the clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment. Further, since the Subsidiary Company's profits and gains are exempt from income tax for 5 years from the date of commercial operations, the subsidiary company is also entitled to exemption from collection of advance income tax. The Customs Authorities are not in agreement with Subsidiary Company's views on the same and to treat import of FSRU for 15 years as a temporary import. The subsidiary company in response filed a suit with the High Court of Sindh which through its order dated June 29, 2015 has restrained Customs Authorities from collection of customs duty and advance income tax. However, the Subsidiary Company, based on the merits of the case and opinion of its legal advisor has provided for the potential exposure relating to customs duty amounting to Rs. 1,297,737, being 5% of the value of FSRU, whereas, the likelihood of matter relating to advance income tax being decided against the Subsidiary Company is considered to be remote.

12. CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2014 are mentioned below :

12.1 During the period, as mentioned in note 1.1.5, the Holding Company divested some of its shareholding in EFert. The Holding Company held such shareholding in EFert since 2010 i.e. more than five years. Under the income tax laws, capital gain on sale of securities held for more than 24 months are to be taxed at zero %. However, the Holding Company was informed by the National Clearing Company of Pakistan Limited (NCCPL) that their clearing system shall deduct capital gain tax on such disposal and NCCPL shall deposit the same with the tax authorities. The Holding Company has obtained a stay thereagainst from High Court of Sindh and has also provided a bank guarantee amounting to Rs. 650,000 in favor of Nazir of High Court of Sindh in this respect.

12.2 During the period, Engro Elengy Terminal (Private) Limited (EETPL), a wholly owned subsidiary of Elengy Terminal Pakistan Limited, has provided a Stand By Letter of Credit (SBLC) amounting to USD 20.7 million to Excelerate Energy - the FSRU owner as credit support for the payments under the Time Charter Party Agreement. The SBLC is primarily secured against assignment of the SBLCs submitted by SSGC under the LSA to National Bank of Pakistan, ranking charge on hypothecation of assets and corporate guarantee of Holding Company. SBLC is renewable every year for 15 years.

(Amounts in thousand)

12.3 During the period, a bank has issued performance guarantee on behalf of Engro Powergen Thar (Pvt.) Limited (EPTL) in favour of Private Power and Infrastructure Board (PPIB). The performance guarantee relates to 2 x 330 MW mine mouth power plants to be constructed by EPTL and has been submitted to PPIB as a condition precedent for the issuance of Letter of Support (LoS) by PPIB for the Thar Power Project. The performance guarantee is valid upto March 30, 2016 and is secured by way of first exclusive charge on all present and future assets of Engro Powergen Limited (EPL), a wholly owned subsidiary of the Company, and parent company of EPTL. In addition necessary documentation relating to issuance of counter guarantee by EPL to the bank is currently being finalized, which will be effective from the date of issuance of guarantee by the bank. In this regard, the Holding Company has extended corporate guarantee amounting to Rs. 228,000 to the bank against Letter of Guarantee facility granted to EPL.

12.4 As at June 30, 2015, there is no material change in the status of matters reported as commitments in the consolidated financial statements of the Holding Company for the year ended December 31, 2014.

13. TAXATION

Significant updates since December 31, 2014 in respect of different tax matters in which the Group is involved are as follows:

13.1 Engro Corporation Limited

In respect of pending tax assessments for tax year 2011 as reported in the financial statements of the Holding Company for the year ended December 31, 2014, on June 24, 2015, the Holding Company received a notice of demand amounting to Rs. 105,955 whereby the Deputy Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. Subsequent to the balance sheet date, the Holding Company filed an appeal thereagainst with the Commissioner Inland Revenue - Appeals and also obtained a stay from the High Court of Sindh from initiating any recovery proceedings.

13.2 Engro Eximp Agriproducts (Private) Limited

In respect of pending tax assessments for tax year 2011 as reported in the financial statements of the Subsidiary Company for the year ended December 31, 2014, during the interim period, the ATIR reverted the case to the Commissioner and directed to assess the case in the light of evidences and supports available with the management. To date, management has submitted partial information with a request for extension in filing other necessary supports. The management based on advice of tax consultant, is confident that matters will be decided in favor of the Subsidiary Company. Accordingly, no provision in this respect for potential exposure of Rs. 208,587 has been recognized in this condensed interim financial information.

13.3 Engro Elengy Terminal (Private) Limited

The Economic Coordination Committee (ECC) of the Cabinet in its meeting held on April 6, 2012 approved the summary forwarded by the Ministry of Petroleum and Natural Resources (MNPR) regarding exemption of taxes and duties (gas import pipeline and LNG project) which amongst other matters included a proposal for 5 years tax holiday from income tax on terminal operators. The ECC, in its meeting held on April 9, 2015, reconfirmed a 5 years tax holiday inclusive of minimum tax.

Through the Finance Act 2015, the subsidiary company has been granted tax holiday for a period of 5 years from the date of commencement of operations.

(Amounts in thousand)

14. EARNINGS PER SHARE - BASIC AND DILUTED

As at June 30, 2015, there is no dilutive effect on the basic earnings per share of the Holding Company since the options granted on Holding Company's shares to IFC were completely exercised last year.

	Quarter ended		Half year ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	----(Rupees)----			
Profit after taxation (attributable to the owners of the Holding Company)	4,369,191	682,131	8,005,477	2,683,505
The information necessary to calculate basic and diluted earnings per share is as follows:				
Profit for the period	4,369,191	682,131	8,005,477	2,683,505
Add: Finance cost related to IFC loan and derivative - net of tax	-	(11,946)	-	152,846
	4,369,191	670,185	8,005,477	2,836,351
	----(Number in thousands)----			
Weighted average number of ordinary shares (in thousand)	523,785	515,654	523,785	513,474
Add: Weighted average adjustment for effect of conversion of IFC loan	-	3,143	-	3,776
Weighted average number of ordinary shares for determination of diluted EPS	523,785	518,797	523,785	517,250

(Amounts in thousand)

15. CASH GENERATED FROM OPERATIONS

	Half year ended June 30, 2015	Half year ended June 30, 2014
	-----(Rupees)-----	
Profit before taxation	13,133,109	5,351,219
Adjustment for non-cash charges and other items:		
Depreciation and amortization	4,830,891	4,445,234
(Gain) / Loss on disposal / write-off of property, plant and equipment and biological assets	(33,291)	133,355
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(77,981)	(67,831)
Provision for retirement and other service benefits	81,990	79,522
Income on deposits / other financial assets	(1,307,356)	(1,014,828)
Share of income from joint venture companies	(476,114)	(361,520)
Finance cost	4,494,943	5,305,143
Change in fair value of derivative financial instruments	-	44,807
Gain on disposal of investments - net	(5,133)	(111,347)
Employees share compensation expense	18,371	64,964
Loss / (Gain) on foreign currency translations	10,772	(460,348)
Working capital changes (note 15.1)	(18,182,683)	(8,229,981)
	2,487,518	5,178,389

15.1 Working capital changes

(Increase) / decrease in current assets		
- Stores spares and loose tools	(322,209)	(406,168)
- Stock-in-trade	(2,611,990)	(600,785)
- Trade debts	(4,667,139)	(3,657,695)
- Loans, advances, deposits and prepayments	239,648	(1,113,848)
- Other receivables - net	80,628	(56,155)
	(7,281,062)	(5,834,651)
Decrease in current liabilities		
- Trade and other payables including other service benefits - net	(10,901,621)	(2,395,330)
	(18,182,683)	(8,229,981)

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	9,091,725	7,002,529
Short term investments	11,277,038	13,296,738
Short term borrowings	(10,561,163)	(11,821,255)
	9,807,600	8,478,012

(Amounts in thousand)

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 Financial risk factors

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

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

17.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
	-----(Rupees)-----			
Assets				
Financial assets at fair value through profit and loss				
- Short term investments	-	20,691,859	-	20,691,859
Derivatives				
- Derivative financial instruments	-	1,072	-	1,072
	-	20,692,931	-	20,692,931
Liabilities				
Derivatives				
- Derivative financial instruments	-	124,115	-	124,115
- Conversion option on IFC loans	-	327,385	-	327,385
	-	451,500	-	451,500

17.3 There were no transfers between Levels 1 and 2 during the period. Further, there were no changes in valuation techniques during the period.

17.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise short term investments and hedging derivatives which include forward exchange contracts, interest rate swaps and conversion option on IFC loans. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions. Interest rate swaps are fair valued using mark to market rates received from the banks and financial institutions. The fair value of conversion options on IFC loan is determined using the option pricing model where its determinants are derived from observable market inputs.

(Amounts in thousand)

17.5 Fair value of financial assets and liabilities

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

18. TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended	
	June 30, 2015	June 30, 2014
	(Rupees)	
Associated companies and joint ventures		
Purchases and services	4,749,417	3,704,004
Services rendered / sale of goods	120,774	150,583
Dividends received	427,500	360,000
Payment of interest on Term Finance Certificates and repayment of principal amount	10,123	10,203
Contribution for Corporate Social Responsibility	42,029	54,000
Investment in Mutual funds and Treasury Bills	1,098,070	-
Redemption of investments in Mutual funds and Treasury Bills	1,210,911	-
Expenses paid on behalf of associates	51,065	70,472
Reimbursements to associates	13,101	43,263
Utilization of overdraft facility	467,112	-
Repayment of overdraft facility	55,000	-
Commitment Fee	3,282	-
Interest on Deposit	1,234	-
Bank Charges	3	-
Key Management Personnel		
Remuneration paid to key management personnel / directors	415,475	355,184
Disposal of assets	-	1,780
Reimbursement of expenses	986	3,229
Balances due from Joint Ventures	6,369	1,590
Contribution for retirement benefits	307,618	323,430

(Amounts in thousand)

19. 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,Caustic Soda and related chemicals.
Food	Manufacture, process and sell dairy and other food products.
Power	Includes Independent Power Projects (IPP).
Other operations	Includes engineering business.

	Quarter ended		Half year ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees)			
Revenue				
Fertilizer	24,266,579	16,914,554	42,977,186	34,594,396
Polymer	5,715,564	6,535,652	12,417,010	11,902,528
Food	12,934,645	12,430,394	26,235,548	24,510,122
Power	4,199,238	3,290,737	6,700,441	6,516,121
Other operations	6,556,637	589,563	7,226,899	1,030,279
Elimination - net	(7,290,283)	(574,561)	(7,802,535)	(1,012,703)
Consolidated	46,382,380	39,186,339	87,754,549	77,540,743
Profit / (loss) for the period				
Fertilizer	2,650,138	2,024,265	5,578,979	3,725,939
Polymer	(326,367)	(24,932)	(433,414)	123,338
Food	717,411	(1,703,959)	1,338,372	(2,130,766)
Power	552,006	563,901	1,011,171	1,143,174
Other operations	11,325,672	323,649	11,704,500	1,126,726
Elimination - net	(9,596,662)	(255,118)	(9,639,218)	(825,086)
Consolidated	5,322,199	927,806	9,560,390	3,163,325

(Amounts in thousand)

	Unaudited June 30, 2015	Audited December 31, 2014
	-----------------(Rupees)-----------------	
Assets		
Fertilizer	117,334,312	117,700,955
Polymer	23,489,305	26,336,715
Food	37,175,918	34,719,874
Power	25,021,540	21,835,491
Other operations	60,723,913	54,042,728
Elimination - net	(50,176,103)	(34,818,994)
Consolidated	213,568,885	219,816,769

20. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on August 18, 2015 has approved an interim cash dividend of Rs. 4.00 per share for the year ending December 31, 2015. This consolidated condensed interim financial information does not include the effect of the said interim dividend.

21. CORRESPONDING FIGURES

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

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

22. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information is authorized for issue on August 18, 2015 by the Board of Directors of the Holding Company.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President and Chief Executive