

engro corp

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

About Us

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

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

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

Our History

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

The company is also defined by its history, which reflects a rich legacy of innovation and growth. The seeds for the company were sown following the discovery of the Mari gas field by Esso / Mobil in 1957. Esso proposed the establishment of a urea plant, and the Esso Pakistan Fertilizer Company Limited was established in 1965 and began production in 1968. At US \$43 million with an annual production capacity of 173,000 tons, this was the single largest foreign investment by a

multinational corporation in Pakistan at the time. As the nation's first fertilizer brand, the company also pioneered the education of farmers in Pakistan, helping to modernize traditional farming practices to boost farm yields, directly impacting the quality of life for farmers and the nation.

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

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

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

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

Engro Corporation Limited

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

Engro Fertilizers Limited

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

Engro Foods Limited

Engro Foods Limited is an 87% owned subsidiary engaged in the manufacturing, processing and marketing of dairy products, frozen desserts and fruit drinks. The business owns two milk processing plants in Sukkur and Sahiwal and operates a dairy farm in Nara, Sindh. In its continued efforts to 'elevate consumer delight worldwide', the business has established several brands that have already become household names in Pakistan such as Olper's (UHT milk, low-fat milk, cream, desi ghee, lassi and flavored drinks), Omoré (frozen desserts), Tarang (tea whitener) and Dairy Omung (UHT dairy liquid and dessert cream).

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited-a 56% owned subsidiary of Engro – is the only fully integrated chlor-vinyl chemical complex in Pakistan and produces poly-vinyl chloride, caustic soda, sodium hypochlorite, hydrochloric acid and other chlorine by-products. The business was

setup as a state-of-the-art plant in 1997, as a 50:50 joint venture, with Mitsubishi and Asahi Glass with Asahi subsequently divesting its shareholding in 2006.

Engro Eximp Agri Products (Private) Limited

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

Engro Powergen Limited

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

Engro Powergen Limited is also involved in the Thar Coal project. The project envisages a coal mine under Sindh Engro Coal Mining Company (SECMC) and development of two 330 MW mine mouth power plants under Engro Powergen Thar Limited (EPTL) in the first phase. SECMC is a joint venture company formed in 2009 between the Government of Sindh (GoS) and Engro PowerGen Limited (EPL) & Affiliates. SECMC's shareholders include Government of Sindh, Engro Powergen Ltd, Thal Limited, Habib Bank Ltd and Hub Power Company Limited (HUBCO). The Sindh Coal Authority has awarded a 95.5 square kilometer area of the coalfield, known as Block II, to SECMC for exploration and development of coal deposits. Within this block, there is an estimated amount of exploitable lignite coal reserves of 1.57 billion tons. In 2010, SECMC completed the Bankable Feasibility Study (BFS) for Thar Block II Coal Mining Project by engaging internationally renowned Consultants such

as RWE-Germany, Sinocoal-China, SRK-UK and HBP Pakistan, meeting all national / international standards. The first phase of the Project is underway, as financial close of both the power and mining projects was achieved during first half 2016.

Engro Vopak Terminal Limited

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

Elengy Terminal Pakistan Limited

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

directors' report

Global growth has remained under pressure in the first half of 2016, amid slowing down of advanced economies, despite improving performance of emerging and developing economies. The US Fed froze the US interest rates during the second quarter keeping in mind the gradual and global impacts of Brexit as well as China's slowing economy and currency devaluation. Moreover, the oil slowdown is subtracting from the global aggregate demand, but emerging economies performance will add to it. Recently, IMF revised down its global growth forecast by 10 basis points for this year to 3.1%, same as last year's growth.

On the other hand, Pakistan's economy continued its successful recovery under the IMF's Extended Fund Facility arrangement. In June 2016, Pakistan successfully completed its 11th review, which is the second last review under the program, to pave way for a \$501 million disbursement; the total funds under the facility are \$6.64 billion. The economic indicators maintained momentum from last year with growth estimates at 4.7% for FY 2015-16 as well as low inflation on account of low oil prices, which was followed by a 25bps cut in interest rates. Acknowledging good performance of Pakistan's stock market and the country's improving macroeconomic indicators, MSCI Inc. has announced that Pakistan will be reclassified from Frontier Markets to Emerging Markets coinciding with the May 2017 Semi-Annual Index Review. Government has an optimistic outlook as GDP growth target for FY 2016-17 is set at 5.7% with focus on agriculture sector and Energy projects in the coming year.

Business Review

Engro Corporation had a challenging first half of the year on account of lower sales in the Foods and Fertilizer businesses along with low dispatch by Qadirpur plant on account of grid capacity issues at NTDC's end. On a consolidated basis, Engro Corporation recorded revenues of PKR 66.8 billion in 1H'16, a 24% decrease from PKR 87.8 billion in 1H'15. Further, the profit-after-tax (PAT) fell from PKR 8,005 million in 1H'15 to PKR 5,519 million in 1H'16 mainly due to a substantial fall in Urea sales and margins.

As part of its strategic initiatives to enable the company to diversify its portfolio and meet its capital allocation requirements, Engro is in the process of rebalancing investments across its defined growth pillars. In June 2016, the company successfully sold 297.2 million shares of Engro Fertilizers (22.3%)

primarily to local and foreign institutional investors and High Net Worth Individuals by way of a private placement at a price of PKR 65.47 per share discovered through a private book building mechanism. Current shareholding of the company in Engro Fertilizers stands at 56.5%. Further, Engro Corporation's holding of Elengy Terminal Pakistan has been reduced down to 80% as International Finance Corporation (IFC) disbursed its equity portion during May 2016.

On 4th July 2016, the company announced the signing of a sale and purchase agreement (SPA) with Royal FrieslandCampina (RFC), whereby RFC will acquire 51% shareholding in Engro Foods, jointly with World Bank Group's International Finance Corporation and Dutch Development Bank, FMO. The SPA has been agreed on a cash and debt free basis Enterprise Value of PKR 96.6 billion to be adjusted for debt and debt-like items, cash and cash equivalents and working capital. The estimated sale price as of the date of the announcement, after taking the adjusting items into consideration is approximately PKR 120 per share. Engro Corporation will continue to be the second largest shareholder of Engro Foods with significant ownership of between 36%-43% of the company depending on the outcome of the public tender. The transaction is contingent upon regulatory and shareholder approvals and is expected to close by the end of 2016.

During the period, GE and Engro signed a digital industrial alliance to accelerate the transformation of industries. The initial focus of the alliance will be on providing GE's digital power plant solutions to electricity generation companies in Pakistan. Engro in collaboration with GE will together acquire the latest cloud technologies that will help enable Pakistan's power generation sector to leapfrog more mature technologies. Together with GE, Engro aims to implement and provide these customized digital solutions to a broad base of industrial partners in Pakistan which will help enhance operational performance across the board.

The Finance Act 2016 had many adverse consequences for the Engro group. Withdrawal of Income Tax exemption from Inter-Corporate Dividends under Group Relief will impact the profitability by raising the taxes applicable. Super-Tax of 3% was imposed again despite it being labelled one-off in the previous year. Moreover, disallowance of Provincial Sales Tax against Federal Sales Tax will increase overall costs as sales tax paid to provinces will not be available for adjustment against sales tax paid to Federation. Also, conversion

of 'Zero-Rating' category on Milk and fat-filled Milk sold in retail packaging to 'tax exempt' category and imposition of additional Regulatory Duty of 25% on import of powder will raise the costs for our dairy business. Lastly, the government revised the Urea price down to PKR 1400/bag with manufacturers taking a PKR 50/bag cut, thereby shrinking the Urea margins.

Engro Fertilizers

To boost the growth of the agricultural sector, after its dismal performance in FY 2015-16, the Government of Pakistan (GoP) announced the reduction of urea price to PKR 1,400/bag from previous PKR 1,790/bag in budget 2016. The reduction was carried out through price cut of PKR 50/bag by manufacturers and a combination of subsidy and reduction in GST by government. At the international front, urea prices continue to trade around CFR USD 200/ton.

Domestic urea industry sales dropped significantly to 1.9 million tons translating into a 35% decrease from 1H 2015. The decline was mainly due to poor crop economics and price uncertainty amid rumors of subsidy on urea. Subsidy announcement by GoP in Finance Act 2016 was instrumental in boosting demand, as offtake in June 2016 alone was 624 KT. Resultantly, sale volumes in 2Q 2016 were up 41% quarter on quarter at around 1.1 million tons, however, still down 20% vs 2Q 2015. On the other hand, total industry urea production increased to 2.92 million tons in 1H 2016 vs. 2.48 million tons during corresponding period last year i.e. an increase of 18% on account of better gas availability due to additional gas from LNG. This has resulted in industry closing inventory reaching 1.6 million tons' mark, at the end of 1H 2016.

Domestic DAP industry sales increased to 498 KT vs. 468 KT last year mainly due to subsidy of PKR 500/bag on phosphates. The subsidy was continued in Budget 2016, although at a lower rate of PKR 300/bag.

The company's urea production for the half stood at 922 KT as compared to 950 KT same period last year i.e. a decrease of 3% mainly due to turnaround at Enven plant. However, the prevailing industry situation restricted sales to 528 KT in 1H 2016 vs. 934 KT in 1H 2015, registering a decline of 43%. Additionally, the company sold 128 KT of DAP vs. 119 KT in 1H 2015, resulting in an improved market share of 26% vs. 25% last year. The company's blended fertilizers' (Zarkhez & Engro NP) sales for the half decreased by 39% to 39 KT from 64 KT in 1H 2015. The overall Pakistan's Potash market declined by 27%

year on year due to poor crop economics and no subsidy on potash fertilizers. However, the market share of Zarkhez increased to 43% as compared to 34% in the same period last year.

The company obtained a stay order against GIDC applicability on concessionary gas in 2015, and therefore, no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and company's gas supply contracts on the basis of which it invested USD 1.1 Billion to expand its fertilizer manufacturing capacity. The Economic Coordination Committee (ECC) in 1Q 2016 permanently reallocated 60 MMSCFD gas back to original allottees in the fertilizer sector, out of which EFert's share was 12.5 MMSCFD. The company is in discussion with various relevant parties for allocation of surplus gas to ensure continued two plant operation.

The gross profit for the period was PKR 8.4 Billion (including subsidy of PKR 1.8B which has been classified in Other Income) as compared to PKR 14 Billion in the same period last year. The decrease was mainly on account of depressed volumetric sales and reduced margins. Finance cost was significantly lower than last year (PKR 1.6 Billion vs. PKR 2.4 Billion last year), as a result of loan repayments, lower interest rates and repricing of various long term loans. As a result of the above, the company's consolidated PAT stood at PKR 2.8 Billion compared to PKR 6.9 Billion for the same period last year.

Engro Foods

During the first half, the company clocked-in revenues of PKR 23.3 billion versus PKR 24.7 billion in the same period last year. However, gross margin of the company improved from 25.8% to 27.4% on account of favorable macroeconomic factors and operational efficiencies. Despite imposition of Super tax in the Finance Act 2016 and increased competition in the tea whitener category resulting in lower overall revenue, the overall profitability of the company was PKR 1,961 million as compared to PKR 1,978 million in the same period last year.

The higher margins on account of lower milk prices and fuel costs led to growth in gross profit. The two key brands, Olpers and Omung, delivered robust volumetric growth over the same period last year. However, deep discounting in the STC segment led to Tarang losing share. The appropriate strategy to reclaim share has since been deployed with Tarang expected to stage a strong

comeback in the second half. Dairy and beverages segment's profit after tax for the first half was PKR 1.9 billion, slightly lower than PKR 2 billion for the same period last year. The company intends to continue to strengthen brand equity and protect its market share.

During the first half, the Ice Cream business performed well led by consumer relevant product launches and operational excellence in the distribution network. This segment reported a profit of PKR 77 million versus loss of PKR 39 million in the corresponding period last year.

The company's Dairy Farm continued to remain a rich and nutritious source of raw material for the dairy segment. However, on account of valuation losses due to falling international market prices of animals, the segment reported a loss of PKR 48 million versus a profit of PKR 18 million in the corresponding period last year.

Engro Polymer & Chemicals

During 2Q 2016, on the domestic market front, PVC demand remained robust on account of strong construction activity and positive economic sentiment. Also, Chlor Alkali market remained stable in terms of volume, however, Caustic Soda margins remained under pressure due to competitive pricing landscape. On the production front, the company achieved highest ever production of PVC and VCM during first half 2016 despite undergoing a planned shutdown. Chlor Alkali operations remained stable.

PVC margins improved as compared to the previous quarter as international PVC prices witnessed a modest uptick initially, while Ethylene prices demonstrated slight drop due to improvement in supply side dynamics. However, PVC price increase trajectory could not be sustained towards the end of the quarter.

During the half, the company recorded revenue of PKR 11,161 million compared to PKR 12,417 million in the same period last year and posted a PAT of PKR 40 million compared to a Loss After Tax (LAT) of PKR 433 million for the same period last year. Strong performance of PVC segment and lower financial charges contributed towards the company's profitability.

Engro Eximp Agriproducts

The company went through a major restructuring last year to reduce its fixed costs and increase competitiveness. In addition, changes were instituted in the company's business strategy to reduce commodity price risk exposure, improve operational efficiencies and improve margins. Further, an external quality audit by Bureau Veritas for quality re-certification was successfully completed and improved company's rating from 'B' to 'A'. The company has the highest number of quality certifications amongst rice players in Pakistan.

During first half of 2016, the company achieved a total husking of 2,553 tons of paddy and processed 6,665 tons of rice. The company exported 5,786 tons of rice, a decline of 7% year-on-year, and made branded sales of 689 tons. Paddy processing was lower due to management's decision to reduce open exposure on paddy.

The company posted a loss of PKR 238 million for the first half ended June 30, 2016 as compared to loss of PKR 639 million in the same period last year, mainly due to lower stocks availability because of strategic decision to mitigate losses by curtailing paddy procurement to reduce open exposure.

Engro Powergen

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

Qadirpur Power Plant: The EPQL Plant demonstrated a billable availability factor of 100.1% in the first half. It dispatched a total Net Electrical Output (NEO) of 406 GWh to the national grid with a load factor of 43% compared to 66% in 1H 2015. The decline in load factor was primarily on account of power purchaser's (NTDC) auto transformer fire incident which occurred on January 21, 2016 and forced the plant to remain on standby mode until the completion of transformer repair. Normal operations resumed from April 29, 2016 onwards. The Plant was entitled to full Capacity Purchase Payments (CPP) throughout the period.

Sales revenue for the period was PKR 4,715 million compared to PKR 6,681 million in the same period last year. The decrease in sales revenue was mainly attributable to a decline in load factor. The company earned a net profit of PKR 1,245 million in first half 2016 as compared to PKR 951 million in same period last year. For the first time the company was assigned a higher Period Weighing Factor (PWF) by the power purchaser on its CPP in the first half vs. second half of the year. This higher PWF has created a favorable timing difference in the gross profitability of the company which will reverse in 2H 2016.

Thar Mining and Power Projects: The financial close for mining and power projects was achieved on April 4, 2016. The projects envisage a 6.5 million tons per annum mine under Sindh Engro Coal Mining Company (SECMC) in the first phase and the development of 2 x 330 MW mine mouth power plants under Engro Powergen Thar Limited (EPTL). During the period, both the projects issued notices to commence operations to their EPC contractors. Pursuant to issuance of notice to commence, contractors have mobilized on the site. Significant progress has been made on basic engineering and procurement activities are on schedule.

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

Engro Elengy

During the first half, the company entered into the 2nd year of contract whereby it is supposed to supply 400mmscf to Sui Southern Gas Company (SSGC). SSGC nomination was successfully met each day of the half year and highest ever flow of 470 mmscf was achieved in the month of June. The terminal handled 20 cargoes and the total regasification during the half was 58 bcf. In June, the company lost its case against Custom Duty on FSRU and the demand of PKR 1.3 billion was paid.

Engro Vopak

The company recorded an increase in top and bottom line mainly due to higher LPG import handled and LNG services provided by the company as

compared to same period last year. During the period, 675 KT chemicals handled at site vs. 617 KT handled in the same period last year.

Business Outlook

For Engro, 2016 is expected to be a year of significant capital re-allocation and a period of strategic review.

Engro Fertilizers

Post subsidy announcement, urea volumes have already started picking pace with 2H 2016 expected to witness an increase in volumes. Due to lost demand in 1H 2016, the industry on a full year basis is expected to be lower than last year; however, for 2H 2016, it is expected to be higher than the comparable period. Given the better gas availability in Mari and Sui networks as well as LNG, the industry will continue to remain in a long supply situation. International DAP prices are also expected to remain under pressure due to soft commodity prices.

Engro Foods

In the recent Finance Act, sales tax regime on dairy products was changed from zero-rating to exempt resulting in an increase of cost of doing business significantly. Outstanding sales tax refunds continue to exert pressure on working capital and the company will continue its efforts to engage with relevant stakeholders to expedite its recovery. Due to multiple new entrants, the competitive environment in the UHT industry has intensified, therefore the company has undertaken number of market place actions to increase its market share and continue its growth momentum.

Engro Polymer & Chemicals

Domestic market for PVC is expected to remain strong while the Caustic market is projected to remain stable. Caustic margins are expected to remain under pressure due to competitive pricing landscape. The company will continue to optimize operational performance.

Engro Eximp Agriproducts

Going forward, the company's focus is on improving operational efficiency, enhancing export sales and reducing commodity price risk.

Engro Powergen

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

The company's plant at Qadirpur would continue to receive uninterrupted supply of permeate gas in 2016. Gas based power plants would continue to be ranked higher on account of their higher efficiencies and environmental parameters. Furthermore, with the rectification of the NTDC's auto transformer issue and up-gradation of Power Purchaser's grid, we expect to receive uninterrupted dispatch from the power purchaser in 2H 2016. Going forward the company will continue to maintain its focus on plant and equipment reliability and other performance improvement initiatives, thereby ensuring uninterrupted power supply to the national grid for the benefit of all stakeholders.

Engro Elengy

The project is positively 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.

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.



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, 2016 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 the comprehensive income for the quarters ended June 30, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016

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, 2016 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 30, 2016

Engagement Partner: Waqas A. Sheikh

condensed interim balance sheet as at June 30, 2016

(Amounts in thousand)

		(Unaudited) June 30, 2016	(Audited) December 31, 2015
Note		(Rupees)	
ASSETS			
Non-current assets			
	4	117,745	103,962
Property, plant and equipment			
Long term investments	5 & 10	20,498,338	27,432,294
Long term loans and advances	6	2,167,005	2,168,202
Deferred taxation		-	1,124
		<u>22,783,088</u>	<u>29,705,582</u>
Current assets			
Loans, advances and prepayments	7	5,209,377	9,952,254
Other receivables		288,805	153,041
Taxes recoverable		146,902	213,760
Short term investments	8	21,633,319	793,380
Cash and bank balances	9	574,411	399,510
		<u>27,852,814</u>	<u>11,511,945</u>
Investment held for sale	10	3,909,640	-
		<u>54,545,542</u>	<u>41,217,527</u>
TOTAL ASSETS			
EQUITY & LIABILITIES			
Equity			
Share capital		5,237,848	5,237,848
Share premium		13,068,232	13,068,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits - Actuarial loss		(5,203)	(5,203)
Unappropriated profit		26,639,436	13,585,382
Total equity		<u>49,369,553</u>	<u>36,315,499</u>
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		19,618	19,786
Deferred taxation		1,707	-
		<u>21,325</u>	<u>19,786</u>
Current liabilities			
Trade and other payables		821,157	549,271
Borrowings	11	3,974,944	3,966,617
Accrued interest / mark-up		247,397	250,274
Unclaimed dividends		111,166	116,080
		<u>5,154,664</u>	<u>4,882,242</u>
Total liabilities		<u>5,175,989</u>	<u>4,902,028</u>
Contingencies and Commitments	12		
TOTAL EQUITY & LIABILITIES		<u><u>54,545,542</u></u>	<u><u>41,217,527</u></u>

The annexed notes from 1 to 22 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, 2016

(Amounts in thousand except for earnings per share)

		Quarter ended		Half year ended	
Note		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		(Rupees)			
Dividend income	13	180,000	3,605,019	3,595,524	3,852,519
Royalty income		112,742	214,303	246,982	453,941
Administrative expenses		292,742	3,819,322	3,842,506	4,306,460
		<u>(407,103)</u>	<u>(152,874)</u>	<u>(550,911)</u>	<u>(202,517)</u>
Other income	5.2	16,323,231	7,546,138	16,630,583	7,712,439
Other operating expenses		(380)	(221,386)	(1,287)	(230,773)
Operating profit		<u>16,208,490</u>	<u>10,991,200</u>	<u>19,920,891</u>	<u>11,585,609</u>
Finance cost		(134,775)	(156,487)	(281,568)	(301,641)
Profit before taxation		<u>16,073,715</u>	<u>10,834,713</u>	<u>19,639,323</u>	<u>11,283,968</u>
Taxation	14	(204,255)	(159,015)	(299,851)	(256,839)
Profit for the period		<u>15,869,460</u>	<u>10,675,698</u>	<u>19,339,472</u>	<u>11,027,129</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u><u>15,869,460</u></u>	<u><u>10,675,698</u></u>	<u><u>19,339,472</u></u>	<u><u>11,027,129</u></u>
Earnings per share - basic and diluted	15	<u>30.30</u>	<u>20.38</u>	<u>36.92</u>	<u>21.05</u>

The annexed notes from 1 to 22 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 (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of 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, 2015. 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 financial statements of the Company for the year ended December 31, 2015.

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, 2015.

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, 2016. 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)	(Audited)
June 30,	December 31,
2016	2015
----- (Rupees) -----	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets (note 4.1)	79,303	47,711
Capital work in progress	38,442	56,251
	<u>117,745</u>	<u>103,962</u>

4.1 Additions to operating assets during the period / year amounted to Rs. 45,263 (December 31, 2015: Rs. 11,165). Operating assets costing Rs. 1,560 (December 31, 2015: Rs. 25,715) having a net book value of Rs. 338 (December 31, 2015: Rs. 4,105), were disposed off during the period / year for Rs. 390 (December 31, 2015: Rs. 10,081).

5. LONG TERM INVESTMENTS

5.1 Engro Polymer & Chemicals Limited (EPolymer)

During the period, pursuant to the public announcement of intention to the stock exchanges by the potential acquirer on November 24, 2015, to acquire the entire shareholding of the Company in EPolymer and commencement of due diligence, the acquirer has been granted an extension in time for making the public announcement of offer by the Securities and Exchange Commission of Pakistan to complete the due diligence and finalize certain outstanding commercial matters. As at the balance sheet date, due diligence and discussions with the potential acquirer are still under way.

Further, during the period, the Company, in its Annual General Meeting held on April 15, 2016, has obtained its shareholder's approval for the disposal of the Company's entire shareholding in EPolymer amounting to 56.19% i.e. 372,810,000 shares.

5.2 Engro Fertilizers Limited (EFert)

During the period, the Company sold 297,196,000 ordinary shares of Rs. 10 each held in EFert, representing 28.34% of its investment through a private placement, at a price of Rs. 65.47 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.16,001,980, which has been recorded as other income, net of transaction cost. As a result of the above, the Company, as at balance sheet date, holds 56.45% of the issued share capital of EFert.

5.3 Elengy Terminal Pakistan Limited (ETPL)

During the year, ETPL issued 190,572,852 ordinary shares of Rs. 10 each as fully paid right shares, out of which 150,035,215 shares were subscribed by the Company and the balance 40,537,637 right shares were renounced by the Company in favor of International Finance Corporation (IFC). As a result, the Company, as at the balance sheet date, holds 80% of the issued share capital of ETPL.

6. LONG TERM LOANS AND ADVANCES

The Company does not have any loans and advances placed under any arrangement permissible under Shariah.

(Amounts in thousand)

7. LOANS, ADVANCES AND PREPAYMENTS

- 7.1 As at December 31, 2015, the Company had outstanding loan of Rs. 9,296,624 from Elengy Terminal Pakistan Limited (ETPL), a wholly owned subsidiary company, extended to meet its working capital requirements. During the period, the Company extended further loan of Rs. 1,500,352 to ETPL. The loan 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. 10,582,024, has been repaid by ETPL post financial close.
- 7.2 During the period, the Company extended a subordinated short-term loan of Rs. 3,560,000 to Engro Powergen Limited, a wholly owned subsidiary company. The loan carries mark-up at the rate of 3 months KIBOR plus 1.5% per annum, payable on a quarterly basis, and is repayable through one lump sum installment falling due on March 16, 2017.
- 7.3 During the period, the Company extended further subordinated short-term loan of Rs. 600,000 to Engro Polymer & Chemicals Limited (EPolymer), a subsidiary company, for it to meet its working capital requirements, The loan is subordinated to the finances provided to EPolymer by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis.
- 7.4 The Company does not have loans and advances placed under any arrangement permissible under Shariah.

	(Unaudited) June 30, 2016	(Audited) December 31, 2015
	----- (Rupees) -----	

8. SHORT TERM INVESTMENTS

Fair value through profit or loss		
- Treasury bills	1,473,319	791,380
Held to maturity		
- Fixed income placement	20,160,000	2,000
	<u>21,633,319</u>	<u>793,380</u>

- 8.1 The Company does not have investments placed under any arrangement permissible under Shariah.

(Amounts in thousand)

9. CASH BANK BALANCES

Cash at banks under:

Conventional:

- deposit accounts

- current accounts

Shariah compliant:

- deposit accounts

- current accounts

Cash in hand

	Unaudited June 30, 2016	Audited December 31, 2015
	----- (Rupees) -----	

	568,318	232,235
	3,205	166,929
	571,523	399,164
	1,069	66
	136	30
	1,205	96
	1,683	250
	<u>574,411</u>	<u>399,510</u>

- 9.1 During the period, the Company has earned profit from Shariah compliant bank accounts amounting to Rs. 25 (2015: Rs. 4,254).

10. INVESTMENT HELD FOR SALE

During the period, on March 3, 2016, the Company notified the Pakistan Stock Exchange (PSE) that it has received a public announcement of intention by a potential acquirer to acquire up to 51% of the Company's shareholding in Engro Foods Limited (EFoods). Subsequent to the balance sheet date, on July 4, 2016, the Company informed the PSE, pursuant to the aforementioned notification, that a Sale and Purchase Agreement (SPA) has been entered into between FrieslandCampina Pakistan Holding B.V., a wholly owned subsidiary of Royal FrieslandCampina N.V. (RFC) and the Company with respect to the sale of up to 51% of the Company's shareholding in EFoods.

Further, subsequent to the balance sheet date, the shareholders of the Company in its Extra Ordinary General Meeting, held on August 5, 2016, have unanimously approved the disposal of up to 51% of the Company's shareholding in EFoods.

Accordingly, 58.5% of Company's investment in EFoods, representing 390,964,011 ordinary shares of Rs. 10 each, has been classified as held for sale. The maximum amount of shareholding required to be sold to RFC, under the SPA, has been classified as held for sale, as the number of shares to be sold to RFC is subject to finalization of subscription by the minority shareholders under the Mandatory Tender Offer (MTO), as required pursuant to the takeover laws.

11. BORROWINGS

Represents amount raised from general public against the issuance of Engro Islamic Rupiya (EIR) Certificates permissible under Shariah.

(Amounts in thousand)

12. CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2015 is as follows:

- During the period, corporate guarantees extended on behalf of Engro Fertilizers Limited, a subsidiary company, other than those extended to International Finance Corporation (IFC) under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement have been released.
- During the period, the Company has pledged shares of Engro Fertilizers Limited and Engro Foods Limited against the Standby Letters of Credit (Equity SBLCs) provided by Engro Powergen Limited, a subsidiary company, through National Bank of Pakistan amounting to USD 18,900 and USD 51,100 (in PKR equivalent) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, and Engro Powergen Thar (Pvt.) Limited (EPTL), its subsidiary company, in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (i.e. SECMC and EPTL). Equity SBLCs expire on earlier of (i) four years after the issuance of SBLCs i.e. March 21, 2020; and (ii) fulfillment of sponsor obligations under Sponsor Support Agreements.
- During the period, the Company has pledged shares of Engro Fertilizers Limited and Engro Foods Limited against a Standby Letter of Credit (Put Option SBLC) provided by Engro Powergen Limited, the subsidiary company through Allied Bank of Pakistan amounting to USD 21,070 in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) June 30, 2017; and (ii) fulfillment of sponsor obligations pursuant to Put Option SSA.
- The Company, as Sponsor Support, had permitted United Bank Limited (UBL) to mark lien on its treasury bills amounting to USD 1,000 against the Letter of Guarantee provided by Engro Elengy Terminal (Private) Limited, a subsidiary company, through UBL in favour of Port Qasim Authority (PQA) to guarantee the performance of the obligations of the subsidiary company under the Implementation Agreement. During the period, the letter of Guarantee has expired.
- During the period, as stated in note 5.2, the Company has divested 28.34% of its shareholding in Engro Fertilizers Limited (EFert). The Company held such shareholding in EFert since 2010 i.e. more than six years. Under the income tax laws, capital gain on sale of securities held for more than 48 months do not attract any income tax. 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. 925,000 in this respect in favor of Nazir of High Court of Sindh.

(Amounts in thousand)

13. DIVIDEND INCOME

	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Subsidiary company	-	3,425,019	3,145,524	3,425,019
- Engro Fertilizers Limited				
Joint venture	180,000	180,000	450,000	427,500
- Engro Vopak Terminal Limited				
	<u>180,000</u>	<u>3,605,019</u>	<u>3,595,524</u>	<u>3,852,519</u>

14. TAXATION

- 14.1 Includes 'Super Tax for rehabilitation of temporary displaced persons' at the rate of 3% on specified income for the tax year 2016 (i.e for the year ended December 31, 2015) amounting to Rs. 63,763, levied through Finance Act 2016.
- 14.2 In 2015, in respect of pending tax assessment for tax year 2012, the Company received notice of demand amounting to Rs. 250,773, whereby the Deputy / Additional Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed an appeal thereagainst with the CIR - Appeals and also obtained stay from the High Court of Sindh from initiating any recovery proceedings in respect of tax year 2012. During the period, the CIR - Appeals accepted the Company's plea and annulled the order passed by the DCIR.

15. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on the following:

	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Profit after taxation	<u>15,869,460</u>	<u>10,675,698</u>	<u>19,339,472</u>	<u>11,027,129</u>
	----- (No. of share) -----			
Weighted average number of ordinary shares (in thousand)	<u>523,785</u>	<u>523,785</u>	<u>523,785</u>	<u>523,785</u>

(Amounts in thousand)

16. CASH UTILIZED IN OPERATIONS

	Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Profit before taxation	19,639,323	11,283,968
Adjustment for non-cash charges and other items:		
Depreciation	13,333	12,859
Gain on disposal of Property, plant and equipment	(52)	(3,553)
Provision for retirement and other service benefits	5,714	6,138
Gain on disposal of long-term investment to a subsidiary company	-	(337,900)
Income on deposits / other financial assets	(628,551)	(431,169)
Capital gain on disposal of long-term investment	(16,482,753)	(6,987,376)
Dividend income	(3,595,524)	(3,852,519)
Royalty income	(246,982)	(453,942)
Financial charges	281,533	302,026
Exchange loss / (gain)	35	(385)
Working capital changes (note 16.1)	91,011	118,437
	<u>(922,913)</u>	<u>(343,416)</u>
16.1 Working capital changes		
(Increase) / Decrease		
- Loans, advances and prepayments	(129,147)	(9,249)
- Other receivables (net)	(51,728)	11,904
	<u>(180,875)</u>	<u>2,655</u>
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	271,886	115,782
	<u>91,011</u>	<u>118,437</u>
17. CASH AND CASH EQUIVALENTS		
Short term investments	20,583,863	1,804,757
Cash and bank balances	574,411	206,004
Short-term finance from banks	-	(412,114)
	<u>21,158,274</u>	<u>1,598,647</u>

(Amounts in thousand)

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

18.1 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.

18.2 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
	----- (Rupees) -----		
Assets			
Financial assets at fair value through profit or loss			
- Treasury Bills	-	1,473,319	-
	<u>-</u>	<u>1,473,319</u>	<u>-</u>

There were no transfers amongst the levels, and any changes in valuation techniques during the period.

18.3 Fair value of financial assets and liabilities

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

18.4 Valuation techniques used to derive Level 2 fair values

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

(Amounts in thousand)

19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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, 2016	June 30, 2015
	----- (Rupees) -----	
Parent Company		
Dividend paid	2,047,212	945,068
Reimbursements to Parent company	103,989	-
Subsidiary Company		
Purchases and services	1,413	9,425
Services rendered	330,287	302,150
Mark up from subsidiaries	437,774	319,634
Disbursement of loan to subsidiaries	5,660,352	5,371,000
Repayment of loan by subsidiaries	10,582,024	2,260,500
Dividend received	3,145,524	3,425,019
Royalty Income, net of sales tax	246,982	453,941
Reimbursements to subsidiaries	255,979	34,689
Expenses paid on behalf of subsidiaries	116,538	114,197
Investments made	-	6,550,000
Service fees against Corporate Guarantees	5,209	5,043
Remittance in Subsidiary Company	-	5,405
Proceeds from disposal of long-term investment	-	4,383,000

(Amounts in thousand)

Associate Companies

	Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Purchases and services	603	748
Services rendered	35,838	34,823
Contributions for Corporate Social Responsibility	6,300	9,500
Investment in Treasury bills	-	608,070
Redemptions of Treasury bills	-	719,701
Utilization of overdraft facility	130,000	467,112
Repayment of overdraft facility	130,000	55,000
Mark-up on utilization of overdraft facility	157	2,172
Commitment fee	2,291	3,282
Interest on deposit	2	1,234
Reimbursement to associated companies	3,121	2,844
Expenses paid on behalf of associated companies	3,761	3,160
Bank charges	1	3
Dividend paid	357,437	290,933
Profit on Term finance certificates	12,073	13,414

Joint Ventures

Services rendered	1,354	594
Dividend received	450,000	427,500
Reimbursement to Joint venture company	2,448	16
Expenses paid on behalf of Joint venture company	-	220

Other

Directors' fees	20,814	7,200
Remuneration of key management personnel	91,182	57,262
Reimbursements to key management personnel	7,696	986
Contribution to staff retirement benefits	16,365	15,249
Dividend paid	55,506	24,647

20. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on August 18, 2016 has approved an interim cash dividend of Rs. 7.00 per share for the year ending December 31, 2016. This condensed interim financial information does not reflect the dividend payable.

21. 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.

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on August 18, 2016 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, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

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, 2016 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 30, 2016

Engagement Partner: Waqas A. Sheikh

consolidated condensed interim balance sheet as at june 30, 2016


(Amounts in thousand)	Note	(Unaudited) June 30, 2016	(Audited) December 31, 2015
------(Rupees)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	127,302,751	128,403,791
Biological assets		-	1,024,251
Intangible assets		214,851	276,846
Long term investments	6	3,308,922	3,120,174
Deferred taxation		956,761	982,699
Long term loans, advances and other receivables	7	10,529,996	3,758,094
Deferred employee compensation expense		-	147,456
		<u>142,313,281</u>	<u>137,713,311</u>
Current assets			
Stores, spares and loose tools		7,317,420	7,679,172
Stock-in-trade		16,575,490	14,088,701
Trade debts		7,205,751	6,733,613
Deferred employee compensation expense		-	92,986
Derivative financial instruments		-	29,207
Loans, advances, deposits and prepayments		1,807,118	1,507,999
Other receivables		4,937,741	7,934,670
Taxes recoverable		782,388	2,349,782
Short term investments		25,012,340	14,050,112
Cash and bank balances		5,135,476	4,112,298
		<u>68,773,724</u>	<u>58,578,540</u>
Assets attributable to discontinued operations	11	28,396,249	-
TOTAL ASSETS		<u><u>239,483,254</u></u>	<u><u>196,291,851</u></u>

(Amounts in thousand)	Note	(Unaudited) June 30, 2016	(Audited) December 31, 2015
------(Rupees)-----			
EQUITY & LIABILITIES			
Equity			
Share capital		5,237,848	5,237,848
Share premium		13,068,232	13,068,232
Employee share compensation reserve		497,767	595,143
Revaluation reserve on business combination		48,587	53,688
Maintenance reserve		156,301	156,301
Exchange revaluation reserve		23,934	29,793
Hedging reserve		(86,635)	(88,042)
General reserve		4,429,240	4,429,240
Unappropriated profit		55,290,567	45,891,164
Remeasurement of post-employment benefits		(132,341)	(131,931)
		<u>73,295,652</u>	<u>64,003,588</u>
		78,533,500	69,241,436
Non-controlling interest		<u>35,123,223</u>	<u>16,431,445</u>
Total Equity		<u>113,656,723</u>	<u>85,672,881</u>
Liabilities			
Non-current liabilities			
Borrowings	9	42,012,366	36,993,136
Derivative financial instruments		8,987	17,382
Deferred taxation		7,664,603	8,689,814
Deferred liabilities		90,144	161,242
		<u>49,776,100</u>	<u>45,861,574</u>
Current liabilities			
Trade and other payables		22,970,401	34,050,586
Accrued interest / mark-up		1,302,061	1,328,147
Current portion of:			
- borrowings		22,239,181	22,589,460
- deferred liabilities		86,726	98,083
Short term borrowings	10	17,514,343	6,176,645
Derivative financial instruments		196,616	393,070
Unclaimed dividends		123,379	121,405
		<u>64,432,707</u>	<u>64,757,396</u>
Liabilities associated with discontinued operations	11	11,617,724	-
Total Liabilities		<u>125,826,531</u>	<u>110,618,970</u>
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		<u><u>239,483,254</u></u>	<u><u>196,291,851</u></u>

The annexed notes 1 to 24 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, 2016

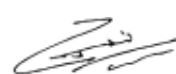
(Amounts in thousand except for earnings per share)

Note	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----- (Rupees) -----			
Net sales	33,175,066	46,382,380	66,768,491	87,754,549
Cost of sales	(25,436,163)	(33,892,832)	(49,309,247)	(63,817,960)
Gross profit	7,738,903	12,489,548	17,459,244	23,936,589
Selling and distribution expenses	(2,276,094)	(2,622,341)	(4,709,594)	(5,124,375)
Administrative expenses	(1,161,514)	(920,708)	(2,083,542)	(1,871,768)
	4,301,295	8,946,499	10,666,108	16,940,446
Other income	1,564,219	756,876	2,765,059	1,892,203
Other operating expenses	(349,553)	(1,101,972)	(862,111)	(1,680,711)
Finance cost	(1,653,054)	(2,126,035)	(3,058,057)	(4,494,943)
Share of income from joint ventures and associates	280,726	256,165	589,146	476,114
Profit before taxation	4,143,633	6,731,533	10,100,145	13,133,109
Taxation	(1,637,903)	(1,409,335)	(3,188,549)	(3,572,720)
Profit for the period	2,505,730	5,322,198	6,911,596	9,560,389
Profit attributable to:				
- continuing operations	1,652,457	4,413,520	4,950,266	7,582,804
- discontinued operations	853,273	908,678	1,961,330	1,977,585
	2,505,730	5,322,198	6,911,596	9,560,389
Profit attributable to:				
- Owners of the Holding Company	1,828,123	4,369,191	5,518,748	8,005,477
- Non-controlling interest	677,607	953,007	1,392,848	1,554,912
	2,505,730	5,322,198	6,911,596	9,560,389
Basic earnings per share from:				
- continuing operations	1.65	6.83	7.28	12.00
- discontinued operations	1.84	1.51	3.26	3.28
	3.49	8.34	10.54	15.28
Diluted earnings per share from:				
- continuing operations	1.62	6.83	7.17	12.00
- discontinued operations	1.84	1.51	3.26	3.28
	3.46	8.34	10.43	15.28

The annexed notes 1 to 24 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, 2016

(Amounts in thousand)

Note	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----- (Rupees) -----			
Profit for the period	2,505,730	5,322,198	6,911,596	9,560,389
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges				
Losses arising during the period	(37,352)	(65,517)	(117,602)	(77,196)
Reclassification adjustments for losses included in profit or loss	42,192	87,577	125,497	118,162
Adjustments for amounts transferred to initial carrying amount of hedged items	-	-	-	37,621
	4,840	22,060	7,895	78,587
Revaluation reserve on business combination	(5,330)	(5,330)	(10,658)	(10,658)
Exchange differences on translation of foreign operations	(5,497)	(2,669)	(4,764)	315
	(5,987)	14,061	(7,527)	68,244
Income tax relating to:				
- Hedging reserve - cash flow hedges	(3,266)	(11,026)	(5,776)	(28,990)
- Revaluation reserve on business combination	1,759	1,568	3,517	3,326
	(1,507)	(9,458)	(2,259)	(25,664)
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligation - net	(536)	-	(536)	-
Deferred tax charge relating to revaluation of equity related items	-	(4,946)	-	(4,946)
Other comprehensive (loss) / income for the period, net of tax	(8,030)	(343)	(10,322)	37,634
Total comprehensive income for the period	2,497,700	5,321,855	6,901,274	9,598,023
Total comprehensive income attributable to:				
- continuing operations	1,644,427	4,413,177	4,938,174	7,592,702
- discontinued operations	853,273	908,678	1,963,100	2,005,321
	2,497,700	5,321,855	6,901,274	9,598,023
Total comprehensive income attributable to:				
- Owners of the Holding Company	1,818,939	4,365,994	5,508,785	8,036,975
- Non-controlling interest	678,761	955,861	1,392,489	1,561,048
	2,497,700	5,321,855	6,901,274	9,598,023

The annexed notes 1 to 24 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, 2016

(Amounts in thousand)

	Attributable to owners of the Holding Company													Total
	Capital reserves						Revenue reserves						Non-controlling interest	
	Share capital	Share premium	Employee share option 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			
Rupees														
Balance as at January 1, 2015 (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	-	-	-	(5,292)	-	316	-	-	8,005,477	-	8,005,477	1,554,912	9,560,389	
Profit for the period	-	-	-	(5,292)	-	316	-	-	8,005,477	-	8,005,477	1,554,912	9,560,389	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	37,634	
Transactions with owners	-	-	-	(5,292)	-	316	36,474	-	8,005,477	-	8,036,975	1,561,048	9,598,023	
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)	
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	
Total comprehensive income / (loss) for the half year ended December 31, 2015 (Audited)	-	-	-	(4,910)	-	25,188	18,823	-	5,778,941	(73,573)	5,778,941	1,929,066	7,708,007	
Profit for the period	-	-	-	(4,910)	-	25,188	18,823	-	5,778,941	(73,573)	5,778,941	1,929,066	7,708,007	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	(40,694)	
Transactions with owners	-	-	-	(4,910)	-	25,188	18,823	-	5,778,941	(73,573)	5,744,469	1,922,844	7,667,313	
Employees Share Option Scheme of subsidiary company	-	-	200,900	-	-	-	-	-	-	-	200,900	-	200,900	
Dividend by subsidiaries allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(947,608)	(947,608)	
Advance against issue of shares	-	-	-	-	-	-	-	-	-	-	-	168,000	168,000	
Share issuance cost	-	-	-	-	-	-	-	-	(1,500)	-	(1,500)	(840)	(2,340)	
2nd Interim cash dividend for the year ending December 31, 2015 @ Rs. 4.00 per share	-	-	-	-	-	-	-	-	(2,095,139)	-	(2,095,139)	-	(2,095,139)	
3rd Interim cash dividend for the year ending December 31, 2015 @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,618,925)	-	(2,618,925)	-	(2,618,925)	
Balance as at December 31, 2015 (Audited)	5,237,848	13,068,232	595,143	53,688	156,301	29,793	(88,042)	4,429,240	45,891,164	(131,931)	69,241,436	16,431,445	85,672,881	
Total comprehensive income / (loss) for the half year ended June 30, 2016 (Unaudited)	-	-	-	(5,101)	-	(5,859)	1,407	-	5,518,748	(410)	5,518,748	1,392,848	6,911,596	
Profit for the period	-	-	-	(5,101)	-	(5,859)	1,407	-	5,518,748	(410)	5,518,748	1,392,848	6,911,596	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	(10,322)	
Transactions with owners	-	-	-	(5,101)	-	(5,859)	1,407	-	5,518,748	(410)	5,508,785	1,392,488	6,901,274	
Employees Share Option Scheme of subsidiary company	-	-	(97,376)	-	-	-	-	-	-	-	(97,376)	-	(97,376)	
Effect of change in shareholding of the Group	-	-	-	-	-	-	-	-	10,166,074	-	10,166,074	9,204,490	19,370,564	
Dividend by subsidiary allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(947,888)	(947,888)	
Share capital issued to Non-Controlling interest - ordinary shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	4,869,551	4,869,551	
- preference shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	4,173,136	4,173,136	
Final cash dividend for the year ending December 31, 2015 @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(3,666,494)	-	(3,666,494)	-	(3,666,494)	
1st interim cash dividend for the year ending December 31, 2016 @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,618,925)	-	(2,618,925)	-	(2,618,925)	
Balance as at June 30, 2016 (Unaudited)	5,237,848	13,068,232	497,767	48,587	156,301	23,934	(86,635)	4,429,240	55,290,567	(132,341)	78,533,500	35,123,223	113,656,723	

The annexed notes 1 to 24 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, 2016


(Amounts in thousand)

Note

	Half year ended	
	June 30, 2016	June 30, 2015
(Rupees)		
Cash flows from operating activities		
Cash (utilized in) / generated from operations	17 (3,664,085)	1,707,884
Retirement and other service benefits paid	(88,172)	(65,155)
Finance cost paid	(2,775,597)	(3,829,801)
Taxes paid	(2,116,619)	(1,573,606)
Payments against provision for contractual commitments	(23,606)	(40,815)
Long term loans and advances - net	(8,012,051)	(1,531,570)
Discontinued operations	315,700	(286,651)
Net cash utilized in operating activities	(16,364,430)	(5,619,714)
Cash flows from investing activities		
Purchase of:		
- property, plant and equipment (PPE) and biological assets	(16,523,716)	(3,097,675)
- treasury bills - net	(256,076)	(2,884,621)
Proceeds from disposal of:		
- PPE and biological assets	28,051	68,762
- investments	20,561,551	7,919,874
Income on deposits / other financial assets	484,531	1,178,002
Proceeds from short term investments	242,300	19,178,880
Investment made during the period	(5,000)	(259,994)
Dividends received	450,000	427,500
Discontinued operations	(626,640)	(542,852)
Net cash generated from investing activities	4,355,001	21,987,876
Cash flows from financing activities		
Proceeds / (repayments) of borrowings - net	10,941,246	(6,264,057)
Repayments of short term borrowings - net	(450,000)	(4,050,000)
Proceeds from issue of shares - net	9,487,602	-
Share issuance costs	(546,428)	-
Unclaimed dividends	(4,914)	-
Dividends paid	(7,227,196)	(3,863,758)
Discontinued operations	(1,384,187)	(871,384)
Net cash generated from / (utilized in) financing activities	10,816,123	(15,049,199)
Net (decrease) / increase in cash and cash equivalents	(1,193,306)	1,318,963
Cash and cash equivalents at beginning of the period	11,256,488	8,488,637
Cash and cash equivalents at end of the period	10,063,182	9,807,600

The annexed notes 1 to 24 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 financial information (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

1.2 The "Group" consists of:

Holding Company - Engro Corporation Limited

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

	%age of direct holding	
	June 30, 2016	December 31, 2015
- Engro Powergen Limited	100	100
- Elengy Terminal Pakistan Limited (note 1.2.1)	80	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Foods Limited (note 1.2.2)	87.06	87.06
- Engro Fertilizers Limited (note 1.2.3)	56.45	78.78
- Engro Polymer and Chemicals Limited (note 1.2.4)	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.2.1 Elengy Terminal Pakistan Limited (ETPL)

During the period, ETPL issued 190,572,852 ordinary shares of Rs. 10 each as fully paid right shares, out of which 150,035,215 shares were subscribed by the Holding Company and the balance 40,537,637 right shares were renounced by the Holding Company in favor of International Finance Corporation (IFC). As a result, the Holding Company, as at the balance sheet date, holds 80% of the issued share capital of ETPL.

1.2.2 Engro Foods Limited (EFoods)

During the period, on March 3, 2016, the Holding Company notified the Pakistan Stock Exchange (PSE) that it has received a public announcement of intention by a potential acquirer to acquire upto 51% of the Holding Company's shareholding in EFoods. Subsequent to the balance sheet date, on July 4, 2016, the Holding Company informed the PSE, pursuant to the aforementioned notification, that a Sale and Purchase agreement (SPA) has been entered into between FrieslandCampina Pakistan Holding B.V., a wholly subsidiary owned of Royal FrieslandCampina N.V.(RFC) and the Holding Company with respect to the sale of up to 51% of the Holding Company's shareholding in EFoods.

Further, subsequent to the balance sheet date, the shareholders of the Holding Company, in its Extraordinary General Meeting held on August 5, 2016, have approved the disposal of up to 51% of the Holding Company's shareholding in EFoods.

(Amounts in thousand)

1.2.3 Engro Fertilizers Limited (EFert)

During the period, the Holding Company sold 297,196,000 ordinary shares of Rs. 10 each held in EFert, representing 28.34% of its investment, through private placement, at a price of Rs. 65.47 per share, determined through a 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, holds 56.45% of the issued share capital of EFert.

1.2.4 Engro Polymer and Chemicals Limited (EPCL)

During the period, pursuant to the public announcement to the stock exchanges by the potential acquirer to acquire entire shareholding of the Holding Company in EPCL and commencement of due diligence, the acquirer has been granted extension in time period by the Securities and Exchange Commission of Pakistan (SECP) to complete the due diligence and make public announcement of its offer by August 19, 2016. As at the balance sheet date, due diligence and discussions with potential acquirer are still underway.

Further, during the period, the Holding Company, in its Annual General Meeting held on April 15, 2016, has obtained shareholders approval for the disposal of Holding Company's entire shareholding in EPCL amounting to 56.19% i.e. 372,810,000 shares, in the event the discussions with potential acquirer are successful.

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, 2015.

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 judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

2.3 During the preparation of this consolidated condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to the consolidated financial statements of the Group for the year ended December 31, 2015.

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.

(Amounts in thousand)

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 and associated 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 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 the audited annual consolidated financial statements of the Group for the year ended December 31, 2015.

4.2 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, 2016. These 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 the condensed interim financial information.

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.

5. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited)	(Audited)
	June 30,	December 31,
	2016	2015
	------(Rupees)-----	

Operating assets, at net book value	119,484,098	123,625,947
Capital work in progress - Expansion and other projects (note 5.2)	19,640,248	3,695,782
Capital spares and standby equipments	1,683,373	1,082,062
Relating to discontinued operations (note 11)	(13,504,968)	-
	<u>127,302,751</u>	<u>128,403,791</u>

(Amounts in thousand)

5.1 Following additions, including transfers from capital work in progress, were made to operating assets during the period / year:

	(Unaudited)	(Audited)
	June 30,	December 31,
	2016	2015
	------(Rupees)-----	
Free hold land	-	1,108
Lease hold land	39	141,295
Building on freehold land	91,683	184,450
Building on leasehold land	35	5,549
Jetty	-	5,304,592
Capital dredging	-	2,638,673
Maintenance dredging	200,196	-
Plant and machinery	763,275	4,654,344
Furnitures, fixtures and equipment	110,847	321,316
Vehicles	130,275	196,224
	<u>1,296,350</u>	<u>13,447,551</u>

5.2 Capital work in progress - Expansion and other projects

Balance at beginning of the period / year	3,695,782	9,886,547
Additions during the period / year	17,247,813	6,541,580
Transferred to:		
- operating assets	(1,296,350)	(12,652,662)
- intangible assets	(6,997)	(79,683)
Balance at end of the period / year	<u>19,640,248</u>	<u>3,695,782</u>

5.3 Includes capital work-in-progress of Engro Powergen Thar (Private) Limited (EPTL) amounting to Rs. 14,201,423 (December 31, 2015: Rs. 500,094) which represents directly attributable expenses for the development, construction and operation of mine mouth coal fired power plants.

5.4 During the period, assets costing Rs. 223,936 (December 31, 2015: Rs. 490,523) having net book value of Rs. 42,600 (December 31, 2015: Rs.199,425) were disposed of for Rs. 61,993 (December 31, 2015: Rs. 245,454).

6. LONG TERM INVESTMENTS

During the period, Engro Powergen Limited (EPL) acquired 988,948 additional ordinary shares of the Sindh Engro Coal Mining Company Limited (SECMC), out of the total 165,578,296 ordinary shares issued during the period. EPL's percentage shareholding in SECMC as at June 30, 2016 is 12.81%.

(Amounts in thousand)

Further, during the period:

- subscription of right shares has been made by the sponsors of SECMC for initial equity contribution;
- financial close of SECMC has been achieved on April 4, 2016;
- post financial close, loan disbursements against local financing agreements have been received;
- notice to proceed dated April 13, 2016 has been issued by SECMC; and
- mobilization advance of US\$ 69,228 has been paid to EPC Contractor of SECMC.

7. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES

This includes:

- receivable from Sui Southern Gas Company Limited (SSGCL), amounting to Rs. 1,075,200. Engro Elengy Terminal (Private) Limited, the subsidiary company, as per the terms of LNG Operations and Services Agreement (LSA), completed the construction and transferred the pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The subsidiary company is entitled to recover the cost of construction of the pipeline through charges to be billed to SSGCL over the term of LSA. The receivable represents construction costs, net of recoveries to date.
- Rs. 1,182,382 representing customs duty on import of FSRU for its use in storage and regasification of LNG. The amount is being expensed over the period of operating lease, i.e. 15 years.
- Rs. 7,094,310 paid to China Export and Credit Insurance Corporation (Sinosure) in respect of credit insurance policy issued in respect of Engro Powergen Thar (Private) Limited (EPTL) financing from Chinese Lenders.

8. PREFERENCE SHARE CAPITAL

During the period, EPTL issued and allotted 417,313,568 preference shares of Rs. 10 each as fully paid right shares to CMEC Thar Power Investment Limited. These preference shares are cumulative, non-redeemable, non-convertible, non-participatory, non-voting and carry dividend at the rate of 11% US Dollars internal rate of return. These preference shares have been classified as equity, as per the requirements of the Companies Ordinance, 1984.

Under the Articles of Association of EPTL, the dividend in respect of preference shares shall be paid, only if in any half financial year:

- EPTL has made a profit after tax;
- Any and all losses incurred by the EPTL have been fully recouped; and
- The Board of Directors has made a good faith determination setting aside out of the available profits for distribution, a sum for the EPTL's investment and other cash needs over the next two financial half-years.

In addition, there would be no payment of dividend before commencement of commercial operations. Cumulative dividend on preference shares for the period ended June 30, 2016 amounts to Rs. 135,914 which has not been recognized in this consolidated condensed interim financial information.

(Amounts in thousand)

9. BORROWINGS

9.1 Engro Fertilizers Limited (EFert)

During the period:

- EFert exercised the call option of the Privately Placed Term Finance Certificates (PPTFCs). As a result, EFert paid Rs. 6,000,000 to the holders of PPTFCs and refinanced this amount through three bilateral loans from Muslim Commercial Bank, Allied Bank Limited and Standard Chartered Bank amounting to Rs. 3,000,000, Rs. 2,000,000 and Rs. 1,000,000, respectively. These loans are repayable in a single installment in March 2018 and carry mark up / profit at the rate of 6 months KIBOR plus 0.80% per annum. These loans are part of senior debts of EFert.
- the pricing of the IFC loans have been revised to 6 months LIBOR + 3.0% from 6 months LIBOR + 6.0% effective February 15, 2016;
- Habib Bank Limited bought out SAMBA Financial Group's portion in the USD portion of the Offshore Islamic Finance Facility of USD 36,000.

9.2 Engro Polymer & Chemicals Limited (EPCL)

Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under the bilateral loans agreements, EPCL is required to comply with certain debt covenants. As at June 30, 2016, EPCL is not in compliance with some of these debt covenants and has accordingly notified the concerned financial institutions. EPCL is considering various measures, including issuance of preference shares, as approved by shareholders in the previous year, to improve the EPCL's financial position and ratios.

9.3 Engro Elengy Terminal Private Limited (EETPL)

In 2015, EETPL, a wholly owned subsidiary company of Elengy Terminal Pakistan Limited (ETPL), entered into a Common Terms Agreement (CTA) and financing agreements with Asian Development Bank (ADB), International Finance Corporation (IFC), Askari Bank Limited (AKBL) and NIB Bank Limited (NIB) as arrangers and ADB, IFC, AKBL, NIB and Pak Brunei Investment Company Limited (PBICL) as lenders. During the period, EETPL has drawn the amounts thereagainst. The details of the loans are as follows:

Title	Mark-up rate per annum	Installments		(Unaudited)	(Audited)
		Number	Commencing from	June 30, 2016	December 31, 2015
------(Rupees)-----					
IFC (USD 20,000)	6 month LIBOR + 5%	16 half yearly	June 15, 2016	2,755,267	-
ADB (USD 30,000)	6 month LIBOR + 5%	16 half yearly	June 15, 2016	1,836,844	-
Local Syndicate				3,536,559	-
Loan (note 9.3.2)	6 month KIBOR + 1.8%	16 half yearly	June 15, 2016	8,128,670	-
Current portion shown under current liabilities				(1,251,001)	-
				6,877,669	-

(Amounts in thousand)

9.3.1 The proceeds from the aforementioned loans are carried net of transaction costs amounting to Rs. 512,502.

9.3.2 The amount represents disbursement of loan amounting to Rs. 4,031,672 out of a total facility of Rs. 4,210,000 obtained from PBICL, NIB and AKBL.

9.3.3 These loan facilities are secured by way of following:

- Pledge of 51% holding in ETPL by the Holding Company;
- Pledge of 100% holding in EETPL by ETPL; and
- Mortgage by EETPL of its land and hypothecating all its project assets.

9.4 Engro Powergen Thar (Private) Limited (EPTL)

9.4.1 On December 18, 2015, EPTL entered into a Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of Rs. 526,499 against this facility.

9.4.2 Further, on December 21, 2015, EPTL entered into following loan agreements:

- USD Facility Agreement with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 621,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of USD 71,650 against this facility.
- Rupee Facility Agreement with HBL-led consortium (comprising HBL, United Bank Limited, Bank Alfalah Limited, Askari Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Bank of Punjab, NIB Bank Limited and Pak Brunei Investment Company Limited) for an aggregate amount of Rs.17,016,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of Rs. 2,858,618 against this facility.
- Islamic Facility Agreement with three banks namely Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000 for a period of 14 years. As at June 30, 2016, EPTL has made draw down of Rs. 671,983 against this facility.

9.4.3 These loans are repayable in 20 semi-annual installments commencing from the earlier of (i) First fixed date falling after 48 months since facility effective date and (ii) Second fixed date falling after Commercial Operations Date; where fixed dates are defined as June 1 or December 1 of any year. These loans carry mark-up / profit at the rate of 3 months KIBOR plus 3.5% per annum except for the USD facility which carries mark-up at the rate of 6 months LIBOR plus 4.2% per annum. These facilities are secured primarily through first ranking hypothecation charge over project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and have pledged shares in favor of the Security Trustee. Additionally, shareholders other than HBL have also provided Stand By Letter of Credits (SBLCs) as coverage for their equity commitments in the project.

9.4.4 Transaction costs of Rs. 9,042,789 have been incurred in connection with these loan agreements. These have been debited against the borrowings to the proportion of the drawn down loan amount as at June 30, 2016. Accordingly, transaction costs of Rs. 7,976,088 have been carried forward as long term advances and prepayments (note 7) as at June 30, 2016 and will be recognized as transaction costs as and when the draw downs are made against remaining balance of loan facilities.

(Amounts in thousand)

10. SHORT TERM BORROWINGS

10.1 Engro Fertilizers Limited (EFert)

10.1.1 The facilities for short term running finances, available to EFert from various banks, aggregate to Rs. 12,600,000 (December 31, 2015: Rs. 8,650,000). The mark-up rates on these facilities range from 1 to 3 months KIBOR plus 0.10% to 1.50% per annum. These arrangements are secured by way of hypothecation over EFert's present and future current assets including stock in trade, trade debts and other receivables. As at June 30, 2016, EFert has utilized Rs. 5,943,678 (December 31, 2015: Nil) out of the aforementioned facilities.

10.1.2 During the period, EFert also obtained:

- Short Term Sukuk amounting to Rs. 5,000,000 from Commercial Bank carrying markup at the rate of 6 months KIBOR plus 0.40% per annum; and
- Money Market loan amounting to Rs. 1,000,000 from Commercial Bank carrying markup at the rate of 1 month KIBOR plus 0.50% per annum.

These loans are secured by way of hypothecation over EFert's present and future current assets.

11. DISCONTINUED OPERATIONS

As explained in note 1.1.2, the Holding Company has classified its investment in EFoods as held for sale. As a result, assets and liabilities of EFoods have been classified as assets and liabilities attributable to discontinued operations.

(Amounts in thousand)

11.1 An analysis of the assets and liabilities attributable to discontinued operations as at the balance sheet date is as follows:

(Unaudited)
June 30,
2016
(Rupees)

Assets attributable to discontinued operations	
Property, plant and equipment	13,504,968
Biological assets	937,008
Intangible assets	49,775
Long term advances and deposits	122,322
Deferred employee share option compensation expense	160,164
Stores, spares and loose tools	863,394
Stock-in-trade	5,977,590
Trade debts	76,628
Advances, deposits and prepayments	215,208
Other receivables	112,148
Sales tax recoverable	4,142,541
Taxes recoverable	1,932,697
Cash and bank balances	301,806
	<u>28,396,249</u>
Liabilities associated with discontinued operations	
Long term finances	3,985,435
Short term finances	2,117,641
Deferred taxation	1,868,455
Deferred income	1,775
Accrued interest / mark-up	77,958
Accrued and other liabilities	3,566,460
	<u>11,617,724</u>
Net assets attributable to discontinued operations	<u>16,778,525</u>

(Amounts in thousand)

11.2 Financial performance of discontinued operations (EFoods)

	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----- (Rupees) -----			
Net sales	11,587,969	12,252,528	23,330,927	24,742,192
Cost of sales	(8,494,649)	(9,224,183)	(16,933,757)	(18,365,766)
Gross profit	<u>3,093,320</u>	<u>3,028,345</u>	<u>6,397,170</u>	<u>6,376,426</u>
Distribution and marketing expenses	(1,168,355)	(1,280,158)	(2,561,043)	(2,443,431)
Administrative expenses	(231,845)	(256,967)	(423,044)	(582,622)
Other operating expenses	(153,183)	(85,831)	(272,695)	(210,758)
Other income	<u>335</u>	<u>41,059</u>	<u>56,177</u>	<u>133,540</u>
Operating profit	<u>1,540,272</u>	<u>1,446,448</u>	<u>3,196,565</u>	<u>3,273,155</u>
Finance costs	(111,450)	(272,349)	(213,647)	(539,007)
Profit before taxation	<u>1,428,822</u>	<u>1,174,099</u>	<u>2,982,918</u>	<u>2,734,148</u>
Taxation	(575,549)	(265,421)	(1,021,588)	(756,563)
Profit after tax from discontinued operations	<u>853,273</u>	<u>908,678</u>	<u>1,961,330</u>	<u>1,977,585</u>

11.3 Cash flows attributable to discontinued operations (EFoods)

	(Unaudited)	
	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Net cash generated from / (utilized in) operating activities	315,700	(286,651)
Net cash utilized in investing activities	(626,640)	(542,852)
Net cash utilized in financing activities	(1,384,187)	(871,384)
Net decrease in cash and cash equivalents	<u>(1,695,127)</u>	<u>(1,700,887)</u>

12. CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2015 are mentioned below :

12.1 During the period, corporate guarantees extended on behalf of Engro Fertilizers Limited (EFert), a subsidiary company, other than those extended to (IFC) under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement have been released.

(Amounts in thousand)

- 12.2 During the period, the Holding Company has pledged shares of EFert and Efoods against the Standby Letters of Credit (Equity SBLCs) provided by Engro Powergen Limited (EPL), a subsidiary company, through National Bank of Pakistan amounting to USD 18,900 and USD 51,100 (in PKR equivalent) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, and Engro Powergen Thar (Pvt.) Limited (EPTL), its subsidiary company, in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (i.e. SECMC and EPTL). Equity SBLCs expire on earlier of (i) four years after the issuance of SBLCs i.e. March 21, 2020; and (ii) fulfillment of sponsor obligations under Sponsor Support Agreements.
- 12.3 During the period, the Holding Company has pledged shares of EFert and Efoods against a Standby Letter of Credit (Put Option SBLC) provided by EPL, the subsidiary company, through Allied Bank of Pakistan amounting to USD 21,070 in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) June 30, 2017; and (ii) fulfillment of sponsor obligations pursuant to Put Option SSA.
- 12.4 During the period, Faysal Bank Limited (FBL) has issued a performance guarantee of USD 16,517 on behalf of Engro Powergen Thar (Private) Limited (EPTL) in favour of National Transmission and Dispatch Company (NTDC) to secure EPTL's performance obligations under the Power Purchase Agreement.
- The performance guarantee expires on July 25, 2019 and is secured by way of performance bonds issued under the Supply and Services Agreement and ranking charge over fixed assets of EPTL.
- 12.5 During the period, EPL has also provided sponsor support contractual commitment, among other commitments, in favor of Senior Lenders amounting to USD 5,400 and USD 41,600 as cost overrun support pursuant to the Sponsor Support Agreements (SSA); and the Amendment and Restatement Agreement relating to the SSA in case of EPTL.
- 12.6 Engro Elengy Terminal (Private) Limited (EETPL), has arranged a facility with NIB Bank Limited for opening letters of credit amounting to Rs. 350,000 (December 31, 2015: Nil). The total amount utilized against the facility for letters of credit as at June 30, 2016 amounts to Rs. 167,025 (December 31, 2015: Nil).
- 12.7 Engro Eximp Agriproducts (Private) Limited (EEAPL), has entered into export selling contracts of 3,362 tons of Super Basmati Rice to various parties on a agreed terms for delivery on various dates subsequent to the year end. The sales value of these open commitments at year end exchange rate amounts to Rs. 202,484 (2015: Rs. 498,382).
- 12.8 During the period, the Holding Company divested 28.34% of its shareholding in EFert. The Company held such shareholding in EFert since 2010 i.e. more than six years. Under the income tax laws, capital gain on sale of securities held for more than 48 months do not attract any income tax. 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. 925,000 in this respect in favor of Nazir of High Court of Sindh.
- 12.9 Capital expenditure contracted for but remaining to be executed amounted to Rs. 71,175,348 (December 31, 2015: Rs. 1,789,212) out of which Rs. 68,755,679 (December 31, 2015: Nil) pertains to the contract for civil works construction and equipment procurement of EPTL.

(Amounts in thousand)

	(Unaudited) June 30, 2016	(Audited) December 31, 2015
----- (Rupees) -----		
13. FINANCING STRUCTURE / MODE		
Conventional mode:		
Assets		
Short term investments	25,012,340	14,050,112
Cash and bank balances	5,435,183	4,110,981
	<u>30,447,523</u>	<u>18,161,093</u>
Liabilities		
Borrowings	55,483,301	46,712,399
Short term borrowings	13,762,955	5,976,645
	<u>69,246,256</u>	<u>52,689,044</u>
Shariah compliant mode:		
Assets		
Cash and bank balances	2,099	1,317
	<u>2,099</u>	<u>1,317</u>
Liabilities		
Borrowings	12,753,681	12,870,197
Short term borrowings	5,869,029	200,000
	<u>18,622,710</u>	<u>13,070,197</u>
14. OTHER INCOME		
During the period, the Group has earned profit form Shariah compliant bank accounts amounting to Rs. 26 (June 30, 2015: Rs. 4,420)		
15. TAXATION		
Significant changes since December 31, 2015 in respect of different tax matters in which the Group companies are involved are as follows:		
15.1 Engro Polymer & Chemicals Limited (EPCL)		
During the period, the Deputy Commissioner Inland Revenue (DCIR) through his order dated January 8, 2016, raised a sales tax demand of Rs. 524,589 against EPCL on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material.		
EPCL filed an appeal against the order before Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against it was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, has decided the matter in favor EPCL. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). No proceedings regarding the case has been carried out by ATIR, till the period end.		

(Amounts in thousand)

15.2 Engro Eximp Agriproducts (Private) Limited (EEAPL)

EEAPL's return of income for tax year 2011 was selected for audit by the tax authorities through balloting under section 214C of Income Tax Ordinance, 2001, (ITO). As a result of the audit, the assessing officer passed an amended assessment order under section 122 of ITO, whereby it disallowed total depreciation including initial allowance amounting to Rs. 569,062 and also disallowed certain manufacturing and trading expenses amounting to Rs. 26,900. The Company, in response to the amended assessment order, had filed an appeal before Commissioner Inland Revenue (Appeals), which has been disposed off in favor of the tax department.

In this respect, EEAPL had filed an appeal to Appellate Tribunal Inland Revenue (ATIR), which reverted the case to the Commissioner and directed to assess the case in the light of evidences and supports available with the management. During the period, the remanded back proceedings have been concluded and EEAPL has succeeded in establishing substantial claim of depreciation amounting to Rs. 481,717 while for disallowed depreciation of Rs. 87,345 it is in the course of filing an appeal. The management of EEAPL based on advice of tax consultant, is confident that these matters will be decided in favor of EEAPL. Accordingly, no provision has been recognized in this respect in the consolidated condensed interim financial information.

15.3 Engro Foods Limited (Efoods)

During the period, the Deputy Commissioner Inland Revenue raised a demand of Rs. 541,221 for tax year 2013 by disallowing loss on sales of raw milk, stocks written-off, finance cost against advance for purchase of Engro Foods Netherlands and certain other items, research and business expenses, adjustment of tax losses for tax year 2011 and minimum turnover tax credit for tax years 2008, 2010 and 2011 etc. Efoods intends to file an appeal against the aforementioned order and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

16. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended		Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----- (Rupees) -----			
Profit for the period (attributable to the owner's of the Holding Company)	863,449	3,578,096	3,811,274	6,283,792
- continuing operations	964,674	791,095	1,707,474	1,721,685
- discontinued operations	1,828,123	4,369,191	5,518,748	8,005,477
The information necessary to calculate basic and diluted earnings per share is as follows:				
Profit for the period from continuing operations	863,449	3,578,096	3,811,274	6,283,792
Add:				
- Finance cost related to IFC loan and derivative - net of tax	495	-	1,180	-
-(Gain) / Loss on revaluation of IFC loan conversion option	(16,847)	-	(55,560)	-
	847,097	3,578,096	3,756,894	6,283,792
	----- (Number in thousands) -----			
Weighted average number of ordinary shares for basic and diluted EPS	523,785	523,785	523,785	523,785

(Amounts in thousand)

17. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS

	(Unaudited) Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Profit before taxation	10,100,145	13,133,109
Less: Profit before taxation attributable to discontinued operations	(2,982,918)	(2,733,988)
Profit before taxation from continuing operations	7,117,227	10,399,121
Adjustment for non-cash charges and other items:		
Depreciation and amortization	3,783,149	3,825,514
Gain on disposal of:		
- property, plant and equipment and biological assets	(6,620)	(13,066)
- investments - net	(34,815)	(5,133)
Provision for retirement and other service benefits	70,694	33,829
Income on deposits / other financial assets	(552,804)	(1,307,356)
Share of income from joint venture companies	(589,146)	(476,114)
Finance cost	2,844,410	3,955,774
(Gain) / Loss on foreign currency translations	(23,748)	10,782
Working capital changes (note 17.1)	(16,272,432)	(14,715,467)
	(3,664,085)	1,707,884
17.1 Working capital changes (Increase) / Decrease in current assets		
- Stores, spares and loose tools	(433,906)	(323,899)
- Stock-in-trade	(5,558,168)	551,188
- Trade debts	(589,706)	(4,631,119)
- Loans, advances, deposits and prepayments	(466,882)	342,921
- Other receivables - net	(1,292,302)	573,243
	(8,340,964)	(3,487,666)
Decrease in current liabilities		
- Trade and other payables, including other service benefits - net	(7,931,468)	(11,227,801)
	(16,272,432)	(14,715,467)
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,437,282	9,091,725
Short term investments	23,957,884	11,277,038
Short term borrowings	(19,331,984)	(10,561,163)
	10,063,182	9,807,600

(Amounts in thousand)

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price 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.

19.2 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
	------(Rupees)-----		
Assets			
Financial assets at fair value			
through profit and loss			
- Short term investments	-	2,246,041	-
Liabilities			
Derivatives			
- Derivative financial instruments	-	19,088	-
- Conversion option on IFC loans	-	186,515	-
	-----	-----	-----
	-	205,603	-
	=====	=====	=====

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

19.4 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.

Short term investments comprise of fixed income placements and treasury bills which are valued using discounted cash flow model.

(Amounts in thousand)

19.5 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.

20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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, 2016	June 30, 2015
	------(Rupees)-----	
Parent Company		
Dividend paid	2,047,212	945,068
Reimbursements to Parent company	103,989	-
Associated companies and joint ventures		
Purchases and services	1,471,191	4,749,417
Services rendered / sale of goods	132,233	120,774
Dividends received	450,000	427,500
Dividends paid	355,166	-
Payment of interest on Term Finance Certificates and repayment of principal amount	54,847	10,123
Profit on Term Finance Certificates	12,073	-
Investment from Associated Companies	8,199,632	-
Contribution for Corporate Social Responsibility	35,066	42,029
Investment in mutual funds and treasury bills	-	1,098,070
Payment against EPC contract	11,927,908	-
Redemption of investments in mutual funds and treasury bills	-	1,210,911
Reimbursements from associates	83,735	51,065
Reimbursements to associates	99,429	13,101
Utilization of overdraft facility	130,000	467,112
Repayment of overdraft facility	130,000	55,000
Loan received	293,993	-
Loan arrangement fee	653,630	-
Mark-up on utilization of overdraft facility	157	-
Commitment fee	2,291	3,282
Interest on deposit	2	1,234
Bank charges	1	3
Key Management Personnel		
Remuneration paid to key management personnel / directors	527,729	415,475
Reimbursement of expenses	7,696	986
Balances due from Joint Ventures	-	6,369
Contribution for retirement benefits	344,114	307,618

(Amounts in thousand)

21. 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 LNG and engineering business.

	(Unaudited) Quarter ended		(Unaudited) Half year ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
----- (Rupees) -----				
Revenue				
Fertilizer	10,397,355	24,266,579	22,277,568	42,977,186
Polymer	5,421,862	5,715,564	11,161,213	12,417,010
Food	11,804,486	12,934,645	23,739,929	26,235,548
Power	3,213,095	4,199,238	4,730,059	6,700,441
Other operations	2,645,567	6,556,637	8,746,006	7,226,899
Elimination - net	(307,299)	(7,290,283)	(3,886,284)	(7,802,535)
Consolidated	<u>33,175,066</u>	<u>46,382,380</u>	<u>66,768,491</u>	<u>87,754,549</u>
Profit / (loss) for the period				
Fertilizer	695,862	2,650,138	2,817,253	5,578,979
Polymer	22,164	(326,367)	39,992	(433,414)
Food	741,723	717,411	1,723,603	1,338,372
Power	717,720	552,006	1,037,213	1,011,171
Other operations	16,284,683	11,325,672	20,422,787	11,704,500
Elimination - net	(15,956,422)	(9,596,662)	(19,129,252)	(9,639,219)
Consolidated	<u>2,505,730</u>	<u>5,322,198</u>	<u>6,911,596</u>	<u>9,560,389</u>

(Amounts in thousand)

Assets

	(Unaudited) June 30, 2016	(Audited) December 31, 2015
----- (Rupees) -----		
Fertilizer	102,368,045	110,817,000
Polymer	23,150,770	24,211,764
Food	31,376,022	29,152,843
Power	46,822,647	23,996,126
Other operations	70,553,880	55,416,352
Elimination - net	(34,788,110)	(47,302,234)
Consolidated	<u>239,483,254</u>	<u>196,291,851</u>

22. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on August 18, 2016 has approved an interim cash dividend of Rs. 7.00 per share for the year ending December 31, 2016. This consolidated condensed interim financial information does not include the effect of the said interim dividend.

23. 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.

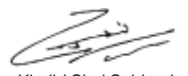
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

24. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information is authorized for issue on August 18, 2016 by the Board of Directors of the Holding Company.



Hussain Dawood
Chairman



Khalid Siraj Subhani
President and Chief Executive

اینٹرو ایلنجی

چوبلی ششماہی کے دوران کمیٹی معاہدے کے دوسرے سال میں داخل ہوئی جس کے بارے میں توقع ہے کہ وہ سوئی سدرن گیس کمپنی (SSGC) کو 400 ملی میٹر کی ایک فٹ گیس فراہم کرنے کی SSGC نے جون کے مہینے سے روزانہ کے حساب سے 470 کا ہدف حاصل کیا۔ ٹریڈنگ 20 کارگو کو ہینڈل کرے گا اور کل ری گیس فلیش ششماہی کے دوران 58 BCF تھی۔ جون میں کمپنی FSRU پر کسٹم ڈیوٹی کے خلاف مقدمہ ہار گئی اور 1.3 بلین پاکستانی روپے ادائیگی کی گئی۔

اینٹرو ووپیک

کمپنی کی جانب سے LPG امپورٹ اور LNG سروس کی فراہمی میں اوپری اور ٹیلی سٹح پر اضافہ دیکھنے میں آیا۔ اس مدت کے دوران سائٹ پر 675 کلوٹن کیمیکلز ہینڈل کیے گئے جو اسی مدت میں گزشتہ برس 617 کلوٹن تھے۔

بزئس آؤٹ لک

اینٹرو کے لیے 2016 متوقع طور پر نمایاں کمپنیل ری ایلوکیشن اور اسٹریٹیجک ریویو پر مبنی رہا۔

اینٹرو فوڈز

حالیہ فنانس ایکٹ میں ڈیری پروڈکٹس پر سیلز ٹیکس رٹیم زیرو ریٹنگ پر منحہ ہوا اور اس چھوٹ سے بزئس کی لاگت میں نمایاں اضافہ ہوا۔ بہت زیادہ سیلز ٹیکس ری فٹڈ زورنگ کمپنیل پر دباؤ کا باعث بنے اور کمپنی کو اپنے اخراجات سنبھالنے کے لیے اپنی کوششیں جاری رکھیں۔ کئی نئی کمپنیوں کے آنے سے UHT امڈسٹری میں مسابقت کا ماحول بڑھا۔ لہذا کمپنی کو مارکیٹ شیئر بھڑانے اور اپنی بڑھوتری کی رفتار قائم کرنے کے لیے کئی اقدام اٹھانے پڑے۔

اینٹرو پولیمر اینڈ کیمیکلز

پی ڈی سی کے لیے ڈومیسٹک مارکیٹ مستحکم متوقع ہے جب کہ زبانی کلاس مارکیٹ بھی مضبوط رہی۔ اس ضمن میں قیمتوں میں مسابقت کے باعث دباؤ رہے گا۔ کمپنی اپنی آپریشنل کارکردگی کو جاری رکھنے میں پریقین ہے۔

ایگرو کی جانب سے چھوٹ اور رعایت پر مبنی زرعی مصنوعات

آگے بڑھتے ہوئے کمپنی کی توجہ آپریشنل صلاحیت کو بہتر بنانے ایکسپورٹ سیکلز کو بڑھانے اور کوڈٹی پرائس رسک کم کرنے پر مبنی ہے۔

اینٹرو پاور چین

کمپنی دنیا بھر میں بین الاقوامی کھلاڑیوں کے اشتراک سے منفرد انجینئرنگ اور پروجیکٹ مینجمنٹ اسکل سیٹ کو بروئے کار لاتے ہوئے توانائی کے شعبے میں نئے مواقع کی تلاش کا عمل جاری رکھے گی۔ حکومت کے ساتھ شراکت پر تھرماننگ اور پاور پروجیکٹس توقع ہے کہ اگلے تین برسوں میں پاپی میجیل کو پہنچ جائیں گے جس سے ملک میں توانائی کے بحران کو حل کرنے میں مدد ملے گی۔

کمپنی کا قادر پور پلانٹ 2016 میں تعطل گیس کی فراہمی جاری رکھے گا جو ان کے اعلیٰ مہارت اور ماحولیاتی آلودگی کے اثرات کو کم کرنے کی مخلصانہ کاوشوں پر مبنی ہوگا۔ مزید برآں این ٹی آئی کے آٹو ٹرانسار کی مرمت اور پاور پراجیز فرڈ گروڈ کی آپریشنل سروسوں سے دوسری ششماہی 2016 میں تعطل بجلی کی فراہمی متوقع ہے۔

کمپنی پلانٹ اور ایکو پمنٹ پائیداری اور دیگر بہتری کی پیش رفتوں پر اپنی توجہ مرکوز رکھے ہوئے ہیں تاکہ تمام شراکت داروں کے فائدے کے لیے بلا تعطل پینٹل گروڈ کو بجلی کی فراہمی ممکن بنائی جاسکے۔

اینٹرو ایلنجی

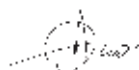
پروجیکٹ ملک کو درپیش توانائی کی کمی کو دور کرنے کے لیے مثبت کردار ادا کر رہا ہے اور مستقبل میں ایسے دیگر منصوبوں پر اینٹرو صف اول کا کردار ادا کرنے کے لیے تیار اور فعال ہے۔

اینٹرو ووپیک

EVTL سے توقع ہے کہ اپنے آپریشنز مستحکم بنیادوں پر جاری رکھے، اور ہم باقاعدہ منافع ہر قسم کی صورت میں مضبوط نقد رقوم کی رفتار مہیا کرنے میں پرامید ہیں۔ اینٹرو ووپیک کی سہولتیں اور تجربہ اسے مستقبل کے کسی بھی پروجیکٹس کے لیے مستحکم حیثیت دلاتا ہے۔ بالخصوص بندرگاہ پراپورٹس اور لیکویڈیٹیمیکلز کو ہینڈ کرنے کا اینٹرو کارپوریشن لمیٹڈ کو وسیع تجربہ حاصل ہے۔



خالد سراج سبحانی
پریذیڈنٹ



حسین داؤد
چیرمین

اس مدت کے دوران مجموعی منافع 8.4 بلین پاکستانی روپے تھا (شمول 1.8 بلین پاکستانی روپے رعایت جسے دیگر آمدنی میں کلاسیفا یئڈ کیا گیا) اس عرصے کے دوران گزشتہ برس یہ منافع 14 بلین پاکستانی روپے تھا۔ کمی کی بنیادی وجہ فروخت کے حجم اور مارجنز میں کمی تھی۔ مالیاتی لاگت گزشتہ برس کے مقابلے میں کم رہی (1.6 بلین پاکستانی روپے مقابل 2.4 بلین روپے گزشتہ سال) کی کمی قرضوں کی ادائیگی ، کم شرح منافع اور مختلف طویل مدتی قرضوں کی قیمتوں کے باعث ہوئی۔ یوں کمپنی کا مجموعی PAT 2.8 بلین روپے رہا جو گزشتہ برس اسی عرصے کے دوران 6.9 بلین روپے تھا۔

اینکروفوڈز

پہلی ششماہی کے دوران کمپنی نے 23.3 بلین پاکستانی روپے محصولات کی مد میں حاصل کیئے جو گزشتہ برس اسی عرصے کے دوران 24.7 بلین پاکستان روپے تھے۔ دریں اثناء کمپنی کی مجموعی بڑھوتری کا تناسب سازگار بڑے پیمانے پر معاشی سرگرمیوں اور آپریشنل صلاحیتوں کی بنا پر

25.8% سے 27.4% بڑھا۔ فنانس ایکٹ 2016 میں سپر ٹیکس نفاذ کے باوجود ٹی وائر ٹیکنگری میں مسابقت کی دوڑ بڑھی جو مجموع طور پر کم محصولات کی وجہ سے ہوا۔ کمپنی کا مجموعی منافع 1961 بلین پاکستانی روپے کا جو گزشتہ برس اسی عرصے کے دوران 1978 بلین پاکستانی روپے رہا۔ دودھ اور تیل کی قیمتوں میں کمی کے باعث زیادہ مارجن حاصل ہوا۔ جو مجموعی منافع کے صورت نکلا۔ دواہم مصنوعات " اولپرز اور ڑنگ " گزشتہ برس اسی دورا ے میں بہت زیادہ بڑھوتری دیکھنے میں آئی تاہم STC سگمنٹ میں انتہائی رعانت کے باعث ڑنگ کے شیئرز میں کمی آئی۔ توقع ہے کہ دوسری ششماہی میں ایک نئے عزم کے ساتھ واپسی ہوگی۔ اس ضمن میں مناسب وموزوں حکمت عملی مرتب کر لی گئی ہے۔ پہلی ششماہی کے لیے ٹیکس ادائیگی کے بعد ڈبری اور پورتنج سگمنٹ کا منافع 1.9 بلین پاکستان روپے تھا۔ جو گزشتہ برس اسی دورا ے کے 2 بلین پاکستانی روپے سے کم ہے۔ کمپنی اپنی برانڈ ایکویٹی اور اپنے مارکیٹ شیئر کو محفوظ کرنے کا ارادہ رکھتی ہے۔

ڈسٹری بیوشن نیٹ ورک میں صارفین سے متعلقہ پروڈکٹ متعارف کرانے اور آپریشنل معاملات میں مہارت کے باعث پہلی ششماہی کے دوران آئسکریم کے کاروبار کی کارکردگی بہت اچھی رہی۔ اس ضمن میں 77 بلین پاکستانی روپے منافع حاصل ہوا۔ جب کہ اسی مدت میں گزشتہ برس 39 بلین پاکستانی روپے کا خسارہ ہوا تھا۔

کمپنی کے ڈیری فارم نے ڈیری مصنوعات کے حوالے سے غذائیت سے بھر پور اجزاء پر مبنی مصنوعات کی تیاری کو جاری رکھا تاہم بین الاقوامی مارکیٹ میں جانوروںں کی قیمت گرنے کے باعث اس شعبے میں 48 ملین پاکستانی روپے خسارے کا سامنا کرنا پڑا جبکہ اسی مدت کے دوران گزشتہ برس 18 ملین پاکستان روپے اضافہ ہوا۔

اینکروپولیمرا اینڈ کیمیکلز

گھر یلو مارکیٹ کے محاذ پر دوسری سہ ماہی 2016 کے دوران PVC کی طلب بہت زیادہ رہی۔ جس کی بنیادی وجہ تعمیراتی سرگرمیوں میں اضافہ اور مثبت معاشی جذبات تھے، لیز چلرا الکلئ مارکیٹ بھی حجم کے حساب سے مستحکم رہی تاہم کاسٹک سوڈا کے مارجن مسابقتی قیمتوں کے باعث دباؤ کا شکار ہے۔ پیداواری محاذ پر کمپنی نے جاری شٹ ڈاؤن کے باوجود پہلی ششماہی 2016 کے دوران PVC اور VCN کی پیداوار میں سب سے زیادہ اضافہ کیا۔ چلرا الکلئ آپریشن بھی مستحکم رہا۔

PVC میں شرح منافع سچھلی سہ ماہی کے مقابلے میں بہتر رہی۔ کیوں کہ بین الاقوامی PVC مارکیٹ میں ابتدائی قیمت کارجان رہا۔ جبکہ آتھلین سپلائی کی قیمتوں میں بہتری آنے کے باعث ہلکی مندی دیکھی گئی۔ تاہم سہ ماہی کے آخر تک PVC کی قیمتوں میں بڑھوتری برقرار نہ رہی سکی۔

ششماہی کے دوران کمپنی کے محصولات 11161 ملین پاکستانی روپے ریکارڈ کیئے گئے جو گزشتہ برس اسی مدت میں 12417 پاکستانی روپے تھے اور 40 ملین پاکستانی روپے کا PAT رہا جبکہ ٹیکس کے بعد خسارہ (LAT) 433 ملین پاکستان روپے رہا۔ PVC کی مضبوط کارکردگی اور کم مالیاتی اخراجات نے مل کر کمپنی کے منافع میں اضافہ کیا۔ اینکروزرعی مصنوعات پر رعایت اور چھوٹ۔

کمپنی نے گزشتہ برس تنظیم نو کرتے ہوئے اپنی مقررہ قیمتوں میں کمی کی اور مسابقت کو بڑھایا، کموڈٹی پرائس رسک کو کم کرنے کے لیے کمپنی نے کاروبار حکمت عملی وضع کرتے ہوئے اپنی آپریشنل صلاحیتوں کو بڑھایا اور مارجنز کو کم کیا۔

اینکروکی جانب سے زرعی مصنوعات پر رعایت اور چھوٹ

کمپنی نے گزشتہ برس تک کلیم نہ کرتے ہوئے اپنی مقررہ قیمتوں میں کمی کی اور مسابقت کو بڑھایا۔ نیز کموڈٹی پرائس رسک کو کم کرنے کے آپریشنل صلاحیتوں کو بڑھایا اور مارجنز کو کم کیا۔ مزید برآں معیار کی دوبارہ توثیق کے لیے بیورو ویری ناسک کی جانب سے ایکسٹرنل کوائٹی آڈٹ کا میاہی سے مکمل کیے گئے۔ جس سے کمپنی کی ریٹنگ B سے A میں بڑھی۔ پاکستان میں چاول کی کاشت اور تقسیم کے حوالے سے معیاری توثیق میں کمپنی صف اول پر فائز ہے۔

2016 کی پہلی ششماہی کے دوران کمپا س کی مد میں 2533 ٹن حاصل ہوئے جب کہ چاول پر 6665/ر کمپنی نے 5786 ٹن چاول برآمد کیے جو کہ سال بہ سال ٹن میں کمی آئی اور براڈ یڈ سیل 689 ٹن رہی پیڈی کی پروسسنگ انتظامیہ کے پیڈی کی تشہیر کو کم کرنے کے باعث ٹچلی رہی۔

30 جون 2016 کو ختم ہونے والی پہلی ششماہی کے لیے کمپنی کو 238 ملین پاکستانی روپے کا خسارہ ہوا جو پچھلے برس 639 ملین پاکستانی روپے تھا۔ خسارے کی وجہ سے کم اسٹاک کی دستیابی رہی جو انتظامیہ کی جانب سے اسٹریٹیجک فیصلہ تھا کہ پیڈی کے حصول میں رازداری کا پاس رکھا جائے گا۔

اینکرو پاور چین

بجلی کی محدود پیداوار بانی ٹرانسمیشن اور ڈسٹری بیوشن خساروں کے باعث بجلی کی کمی دیکھنے میں آئی۔ اس معاملے کو حل کرنے کے لیے حکومت ترجیحی بنیادوں پر کئی منصوبوں پر کام کر رہی ہے۔ جس میں لکویفا نیئڈ نیچرل گیس، LNG، پمپنی بجلی پیدا کرنے والے منصوبے بھی شامل ہیں۔ اینکرو پاور چین ملک میں توانائی کے بحران پر قابو پانے کے لیے پہلی صف پر تعاون برقرار رکھے ہوئے ہے اور اینکرو کی توانائی کی بڑھوتری کو مستحکم کرنے کا ملل بھی جاری ہے۔

قادر پور پاور پلانٹ

EQPL پلانٹ کا پہلی ششماہی میں دستيابی کا تناسب %100.1 رہا۔ جب کہ ٹوٹل نیٹ ایکٹریکل آؤٹ پٹ (NEO) 406 میگا واٹ گھنٹے رہا اور قومی گرزڈ بردباؤ %43 رہا جو 2015-01-11 میں %66 تھا۔ لوڈ فیکٹرز یز میں کمی کی بنیادی وجہ بجلی خریدنے والی کمپنی این ٹی ڈی سی کے آٹو ٹرانسفارمر میں آتش زدگی کا واقعہ تھا جو 21 جنوری 2016 کو بحال ہوا۔ اس عرصے کے دوران پلانٹ مکمل صلاحیت خر برداری ادا ایگوں CPP کا حامل قرار پایا۔

اس مدت میں سیلز ریونیو 4,7,15 ملین پاکستانی روپے رہا جو گزشتہ برس اس مدت میں 6681 ملین پاکستانی روپے تھا سیلز ریونیو میں کمی کی بنیادی وجہ لوڈ فیکٹری تھی۔ کمپنی نے پہلی ششماہی 2016 کے دوران 1245 ملین پاکستانی روپے مجموعی منافع حاصل کیا جو گزشتہ برس اس دورا ے میں 951 ملین پاکستماہی روپے تھا۔ اپنی پہلی ششماہی میں CPP پر بجلی خریداری کے ذریعے کمپنی کو، ہیئر یڈ وہنگ فیکٹرز PWF، پرفائز کیا گیا۔ جس سے کمپنی کے مجموعی منافع میں سازگار حالات کے باعث اضافہ ہوا۔ اور دوسری ششماہی 2016 میں خسارے میں کمی آئی۔

تھرمائنگ اینڈ پاور پروجیکٹ

بجلی کے پروڈیکٹس کے لیے مالیاتی اختتام 14 اپریل 2016 کو حاصل کیا گیا پہلے مرحلے میں سندھ اینکرو کو ل مائنگ کمپنی SECMC کے تحت سالانہ 6.5 ملین ٹن کھدائی کی گئی اور اینکرو پاور چین تھرملیئڈ EPTL کے تحت 2x330 میگا واٹ کان کے دہانے کے بجلی گھروں کی ترقی وتوسیع ہوگی دونوں پروڈیکٹس کو اپنے EPC کنٹریکٹرز کو چلانے کے احکام صادر کر دیئے گئے ہیں اور اس وقت بنیادی انجینئرنگ اور پروکیورمنٹ سرگرمیاں دیکھی جا سکتی ہیں۔

یہ 2 بلین ڈالر اینکرو لمیئڈ پروجیکٹ ملک میں توانائی کے تحفظ اور پاکستان اور گھر کے مستقبل کے لیے اہم کاروارادار کرنے کے حوالے سے شاندار مل سے یہ قومی ترجیحی پروجیکٹ اور یہ چین پاکستان معاشی راہ داری کی فہرست میں شامل ہے، نیز یہ پہلا پروجیکٹ ہے جس سے ملیاتی اختتام پر اپنا ہدف حاصل کر لیا۔

ڈائریکٹرز رپورٹ

2016ء کے پہلی ششماہی میں عالمی ترقی و توسیع دباؤ میں رہی اور ترقی یافتہ معیشتوں میں ابھرتی ہوئی اور ترقیاتی معیشتوں کی بڑھتی کارکردگی کے باوجود ترقی یافتہ معیشتوں کی رفتار کم رہی۔

Brekit کے عالمی اثرات اور مرحلہ وار ترقی و توسیع کو ذہن میں رکھتے ہوئے دوسری ششماہی کے دوران امریکی شرح منافع مخمد رہی، نیز چین کی معیشت کی کم رفتار اور کرنسی کی قدر کم ہونے کے باعث مزید برآں عالمی طور پر مطلوبہ طلب میں کمی کے باعث تیل کی قدر بھی کم رہی تاہم بڑھتی ہوئی معیشتوں کی کارکردگی میں اس نے اضافہ کیا ہے۔ حال ہی میں IMF کی جانب سے رواں سال کے لئے 10 نیا دی نکات کی بنیاد پر اپنی عالمی ترقی کی پیش گوئی میں نظر ثانی کرتے ہوئے اسے 3.1 کی شرح پر گزشتہ سال کی ترقی کی وہی رفتار رہی۔ دوسری جانب پاکستانی معیشت IMF کی جانب سے دی گئی فنڈ سہولیات کے ایگریمنٹ کے تحت اپنی کامیاب ریکوری جاری رکھی۔ جون 2016ء میں اپنے گیارہویں اقتصادی جائزہ رپورٹ میں پاکستان نے کامیابی سے مکمل کی جو کہ اس پروگرام کے تحت دوسری اقتصادی رپورٹ تھی جس کے تحت 501 ملین ڈالر کے قرضہ جات مہیا کئے گئے۔ اس سہولت کے تحت 6.64 بلین ڈالر کی سہولت حاصل ہوئی۔

معاشی اشاریے گزشتہ برس سے اپنی رفتار برقرار رکھتے ہوئے آئے اور مالیاتی سال 2015-16ء کے لئے 4.7 فیصد کی ترقی حاصل کی۔ نیٹیل کی کم قیمتوں میں کم افراط زر کے باعث شرح منافع میں 25 PBS کمی ہوئی۔ پاکستان کی اسٹاک مارکیٹ اور ملک کی بہتر ہوتے ہوئے بڑے پیمانے پر معاشی اشاریہ MSCI انشورنس نے پاکستان کی اچھی کارکردگی کو تسلیم کرتے ہوئے پاکستان کو Forntier مارکیٹوں سے اُبھرتی ہوئی مارکیٹوں میں مئی 2017ء Semi Annual انڈیکس ریویو میں پہلے ہی شامل کر لیا ہے۔ آئندہ برس زرعی شعبے اور توانائی کے منصوبوں پر توجہ مرکوز کرتے ہوئے مالیاتی سال 2016-17ء کے لئے مجموعی قومی پیداوار کی ترقی وسیع کا ہدف 5.7 فیصد پانے کے حوالے سے حکومت مطمئن ہے۔

کاروباری جائزہ:

اینگر یوکار پوریشن نے چلی ششماہی کے خوراک اور کھاد کے کاروبار بنیاد پر پورا پلاٹ میں گرڈ کی صلاحیت کے معاملات کے حوالے سے کم پیداوار کے ضمن میں NTDC میں کئی چیلنجز کا سامنا کیا۔ معینہ بنیاد پر اینگرو کار پوریشن نے IH16 میں 6.8 بلین روپے کے محصولات ریکارڈ کئے گئے جب کہ IH15 میں 87.8 بلین روپے سے 24 فیصد کمی ہوئی۔ IH15 میں ٹیکس ادائیگی کے

بعد منافع کی مد میں 8,005 ملین روپے سے گر کر IH16 میں 5,519 ملین روپے تک گر گئی جس کی بنیادی وجہ کھاد کی فروخت اور مارجنز میں نمایاں کمی ہے۔

کمپنی کے پورٹ فولیو کو وسعت دینے اور اپنے مختص کردہ سرمائے کی ضروریات کے مد نظر اینگرو اپنے متعین کردہ ترقی و خوشحالی کے میناروں اور اصولوں پر اپنی پوری کمپنی کے سرمایہ کاریوں کو متوازن کرنے کے عمل میں ہے۔ جون 2016ء میں کمپنی نے پرائیویٹ بک بلڈنگ میکانزم کے ذریعے دریافت کردہ 65,47 روپے فی حصص کی قیمت پر نچ کاری جگہ کے ذریعے بنیادی طور پر مقامی اور غیر ملکی ادارہ جاتی سرمایہ کاروں اور زیادہ مجموعی صلاحیت رکھنے والے افراد کو اینگرو فریٹلائزر (22.2%) کے 297.2 ملین حصص کامیابی سے فروخت کئے۔ اینگرو فریٹلائزر میں کمپنی کی تازہ ترین حصص یافتہ ہونے کی شرح 56.5% پر کھڑی ہے۔ نیز میز 2016ء کے دوران اپنی ایکویٹی میں تقسیم کئے جانے والی انٹرمیٹل فنانس کارپوریشن کے مطابق اینگرو کارپوریشن کی حصص یافتہ ایلچی ٹریٹل پاکستان کے حصص %80 کم ہوئے۔

4 جولائی 2016ء کو کمپنی نے رائل فرائیز لینڈ (RFC) کے ساتھ فروخت اور خرید کا معاہدہ (SPA) کیا جب کہ RFC نے اینگرو فوڈ کے ساتھ ورلڈ بینک گروپ کے انٹرمیٹل فنانس کارپوریشن اور ڈیج ڈیولپمنٹ بینک (FMO) کے اشتراک سے %51 حصص حاصل کئے۔ فروخت اور خرید نے کا معاہدہ کیش اور ڈیٹ فرمی بنیاد پر 96.6 پاکستانی روپے کی قدر و قیمت پر ہوا جو کہ قرضے کے بدلے قرضے کی اشیاء میں تبادلے، نقد سے نقد مساوی اشیاء اور ورکنگ کپٹل کی بنیاد پر ہوا۔ فروخت کی قیمت کا تخمینہ اعلان کردہ تاریخ کے بعد ہوا جس میں فی حصص تقریباً 120 پاکستانی روپے کو مد نظر رکھتے ہوئے اشیاء کی متبادل کے طور پر لین دین کی جائے گی۔

اینگرو کارپوریشن اینگرو فوڈ میں اپنے دوسری بڑی شیئرز ہولڈر کے طور پر اپنی خدمات جاری رکھے گی جو عوامی شیڈر میں مجموعی منافع کی بنیاد پر 43% - %36 کے مابین اہم مالکانہ حقوق کی حامل ہے۔ لین دین کا قاعدہ بنیادوں پر شیئرز ہولڈر کی منظوری سے رہے گی اور 2016ء کے آخر تک بند ہونا متوقع ہے۔ اس عرصے کے دوران GE اور اینگرو کے مابین صنعتوں میں تبدیلی و رفتار کو بڑھانے کے لئے ڈیجیٹل صنعتی اتحاد کا معاہدہ طے پایا۔ اتحاد کی ابتدائی توجہ پاکستان میں بجلی پیدا کرنے والی کمپنیوں کو GE کا ڈیجیٹل بجلی گھر لگانے کی سہولت مہیا کرنے پر ہوگی۔ اینگرو جنرل ایگزیٹرک (GE) کے تعاون سے تازہ ترین کلاؤڈ ٹیکنالوجیز حاصل کر رہا ہے جس سے پاکستان کو زیادہ فطری ٹیکنالوجیز کے حصول میں مدد ملے گی اور بجلی کی پیداوار میں نمایاں اضافہ ہوگا۔

اینگرو جنرل ایگزیٹرک کے ساتھ مل کر پاکستان میں صنعتی شراکت داروں کی وسیع بنیاد پر ڈیجیٹل سلوشن مہیا کرنے کا ارادہ رکھتا ہے جس سے انہیں اپنی آپریشنل کارکردگی بڑھانے میں مدد ملے گی۔

فنانس ایکٹ 2016ء اینگرو گروپ کے لئے کئی حوالوں سے منفی رجحانات کا حامل ہے۔ گروپ ریلیف کے تحت انٹرا کارپوریٹ منافع منقسم سے انکم ٹیکس کی چھوٹ سے قابل اطلاق ٹیکسیز کی

بڑھوتری سے شرح منافع میں کمی دیکھی گئی ہے۔ %3 کا سپرنٹیکس لاگو کیا گیا حالان کہ پچھلے برس کہا گیا تھا کہ یہ پابندی اٹھادی جائے گی۔ فیڈرل سٹیز ٹیکس کے مقابل پرائشل سٹیز ٹیکس کی عدم اجازت کے باعث صوبوں کو سٹیز ٹیکس اداائیگی کی مد میں مجموعی لاگت بڑھ جاتی ہے اور صوبے وفاق کو دیئے جانے والے ٹیکس کی مد میں ایڈجسٹمنٹ نہیں کر پاتے۔ مزید برآں دودھ اور موناپے سے بچاؤ والے ڈبے میں دستیاب دودھ جیسی بیش قیمت عوامی مصنوعات کو صفر ریٹنگ کیٹیگری میں رکھا گیا ہے اور ریٹیل چیکنگ میں ٹیکس کی چھوٹ دی گئی ہے جب کہ پاؤڈر کے دودھ پرائیویٹ کی مد میں %25 اضافی ریگولیشنز ڈیوٹی لگائی گئی ہے۔ جس سے ہمارے ڈیری برنس کی لاگت میں اضافہ ہو گیا ہے۔

اسی طرح حکومت نے کھاد کی قیمت 1400 روپے فی بوری سے کم کر دی ہے جب کہ مینوفیکچررز کے لئے 50 روپے فی بوری قیمت رکھنے کے باعث کھاد کے کاروبار میں خسارے کا سامنا ہے۔

اینگرو فریٹلائزر

مالیاتی سال 2015ء میں اپنی غیر تسلی بخش کارکردگی کے بعد زرعی شعبے میں بڑھوتری نظر آئی۔ حکومت پاکستان نے کھاد کی قیمت میں کمی کر کے فی بوری 1400 روپے رکھی جو 2016ء کے بجٹ میں 1790 روپے فی بوری تھی۔ یوں مینوفیکچرر کی فی بوری میں 50 روپے کمی لائی گئی اور حکومت پاکستان کے جنرل سٹیز ٹیکس میں کمی آئی اور عوام کو ریڈیف ملا۔ بین الاقوامی محاذ پر کھاد کی قیمت مسلسل 200 ٹن CFR یو ایس ڈالر ہے۔

گھر بلو کھاد کی صنعت میں فروخت نمایاں طور پر کم ہو کر 1.9 ملین ٹن پر جا پہنچی جو IH15 میں %35 کمی تھی۔ یہ کمی کمزور فصل کی معیشت اور کھاد کی قیمتوں میں رعایت کی غیر یقینی صورت حال کے باعث نظر آئی۔ فنانس ایکٹ 2016ء میں حکومت پاکستان کی جانب سے رعایت کا اعلان کیا

گیا جس سے طلب میں اضافہ ہوا اور واحد جون 2016ء میں یہ 624 کلوٹن تھا۔ جس کے نتیجے میں ZQ 2016 میں سیل والیومز میں ششماہی تا ششماہی %41 اضافہ ہوا جو تقریباً 1.1 ملین ٹن ہے تاہم یہ دوسری ششماہی 2015ء کے مقابلے میں اب بھی %20 کم ہے۔ دوسری جانب IH16 میں کل انڈسٹری یوریا پروڈکشن میں 2.92 ملین ٹن اضافہ دیکھنے میں آیا جو گزشتہ برس 2.48 ملین ٹن تھا یعنی LNG سے اضافی ٹیکس کی فراہمی کے باعث بہتر ٹیکس فراہمی سے %18 اضافہ ہوا۔ اس سے کھاد IH16 کے آخر میں 1.6 ملین ٹن تک پہنچ گئی۔

فاشیشس پر فی بوری 500 روپے کی رعایت کے باعث گزشتہ برس کے 468 کلوٹن کے مقابل مقامی DAP انڈسٹری کی فروخت میں 498 کلوٹن اضافہ ہوا۔ 2016ء کے بجٹ میں یہ رعایت جاری رہی ہر چند کہ وہ 300 روپے فی بوری کی کم شرح پر رہی۔

سہ ماہی میں کمپنی کی کھاد کی پیداوار 922 کلوٹن رہی۔ جو گزشتہ برس اسی عرصے کے دوران 950 کلوٹن تھی۔ یعنی فصل کی کاشت کی نامناسب ہوائی کے باعث %3 کمی واقع ہوئی تاہم صنعت کی صورت حال IH16 میں 528 کلوٹن تک محدود رہی جو IH15 میں 934 کلوٹن تھی۔ یوں %43 کی کمی دیکھی گئی۔ مزید برآں کمپنی نے DAP کی 128 کلوٹن کھاد فروخت کی جو IH16 میں 119 کلوٹن تھی اس کے نتیجے میں مارکیٹ شیئرز میں %26 اضافہ ہوا جو گزشتہ برس %25 تھا۔ کمپنی کی شریک فریٹلائزر (زرخیز اور اینگرو HP) کی سہ ماہی میں فروخت میں %39 کمی ہوئی جو IH15 میں 64 کلوٹن تھی۔ کمزور کاشت اور پوناش فریٹلائزر پر رعایت نہ ہونے کے باعث سال بہ سال پاکستان کی مجموعی پوناش مارکیٹ میں %27 کمی ہوئی۔

2015ء میں رعایتی ٹیکس کی مد میں کمپنی نے GIDC کے خلاف حکم امتناعی حاصل کر لیا ہے۔ اس لئے جی آئی ڈی نئے یو ایلا پلانٹ کو رعایتی ٹیکس فراہم کرنے کا مجاز نہیں۔ جی آئی ڈی کی براہ راست رعایتی ٹیکس کی دستیابی فریٹلائزر پالیسی اور کمپنی کی ٹیکس فراہمی کے معاہدے کی خلاف ورزی ہے جس میں اپنی فریٹلائزر مینوفیکچرنگ صلاحیت کو وسعت دینے کے لئے 1.1 ملین امریکی ڈالر سرمایہ کاری کی گئی۔ اقتصادی رابطہ کمیٹی (ECC) نے IQ2016 میں مستقل طور پر 60 MMSCFD ٹیکس میں سے دو بارہ مخضص کر کے فریٹلائزر ٹیکسٹر میں ان کے اصل الاٹیز کو واپس دی گئی۔ اس میں EFert کا حصہ 12.5 ایم ایم ایس سی ایف ڈی تھا۔ دو کارخانوں کو مسلسل اضافی ٹیکس کی فراہمی کے لئے مختلف پارٹیوں سے کمپنی کے مذاکرات جاری ہیں۔