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journey of excellence

Third Quarter 2012 Accounts

engro corp

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

About Us

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

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

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

Our History

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

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

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

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

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

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

Engro Corporation Limited

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

Engro Fertilizers Limited

Engro Fertilizers Limited, a wholly owned Engro Corporation subsidiary, is one of the leading fertilizer manufacturing and marketing companies in the country. It is primarily engaged in the manufacturing and marketing of urea and NPK fertilizers.

As an example of the synergies between Engro's business lines, Engro Eximp imports phosphate based fertilizers, which are distributed and marketed through Engro Fertilizer's network as an extension of Engro's overall fertilizer portfolio.

The business offers a wide variety of fertilizer brands, which include some of the most trusted brand names by Pakistani farmers. These include Engro Zorawar, a high-phosphate fertilizer developed for alkaline soils. Engro Zarkhez is a high-end blended fertilizer product that offers a unique balance of nutrients for a wide variety of crops. Zingro is an imported zinc micro nutrient, meant to overcome zinc deficiency in a diverse range of crops.

Engro Foods Limited

Engro Foods Limited is a 89% owned subsidiary engaged in the manufacturing, processing and marketing of dairy products, ice cream and fruit juices. The business owns two milk processing plants in Sukkur & Sahiwal and operates a dairy farm in Nara. As an example of Engro's pursuit of excellence, the business has established several brands that have already become household names in Pakistan such as Olper's (milk), Omore (ice cream), Olper's Lite (low fat milk), Dairy Omung (UHT dairy liquid), Tarang (tea whitener) and Olfrute (fruit juice).

The business has also acquired Al Safa Halal, a meat processing company based in Canada.

Engro Powergen Limited

Engro Powergen owns and operates Engro Powergen Qadirpur Limited, a 220 megawatt power plant and the group's first initiative in the power sector of Pakistan, which is 10% directly owned by the holding company and 85% owned by Engro Powergen. The remainder is owned by the International Finance Corporation (IFC), a subsidiary of the World Bank.

In 2010, Engro Powergen's joint venture with the Sindh government, the Sindh Engro Coal Mining Company Limited, completed a detailed feasibility study (DFS) analysing the technical, social and environmental viability of the Thar coal mining project.

Engro Polymer & Chemicals Limited

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

Engro Eximp (Private) Limited

Engro Eximp (Private) Limited is the group's commodity trading business that deals primarily in the import and trading of phosphate-based fertilizers for Engro Fertilizers Limited such as DAP, MAP, MOP and SOP, and also imports micro-nutrients like Zinc Sulphate, which it supplies as raw materials to Engro Fertilizer's Zarkhez plant for manufacturing blended fertilizers.

In addition, Eximp also manages the procurement, processing and export of rice to markets in the Middle East and the European Union. Over the past five years, Engro Eximp has become the single largest importer of phosphates and potash fertilizers in Pakistan.

Engro Vopak Terminal Limited

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

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

Elengy Terminal Pakistan Limited

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

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

directors' report

Nine Months 2012 Review for the Shareholders of Engro Corporation Limited

The Directors of Engro Corporation Limited are pleased to submit the unaudited group consolidated accounts for the nine months ended, September 30, 2012.

Overview of the period:

Our consolidated revenue recorded an increase of 5% and stood at Rs. 83 billion for the nine months period as compared to Rs. 79 billion during the same period last year. Net loss (attributable to the equity holders of the holding company) was Rs. 443 million in nine months 2012 as compared to a net profit of Rs. 5,590 million during the same period last year. This loss of profitability is directly attributable to the losses suffered by Engro Fertilizers due to non-supply of gas by SNGPL in flagrant violation of its contractual obligations.

Business Review

Fertilizers

Declining farm economics coupled with the poor liquidity of the farmer and the anticipation of price reduction badly affected demand and caused a significant shrinking of the industry.

As a result of continuing gas curtailment, urea industry production was limited to 3.1 million tons during the nine months ended September 30, 2012 as compared to 3.7 million tons during the same period last year. However, for the quarter the urea production is estimated at 952,000 tons which represents 55% capacity utilization - the lowest for any quarter in the last ten years.

To offset the effects of lower production, the Government imported 1.2 million tons of urea in the first nine months of this year resulting in a foreign exchange outflow of US$563Mn. Around 700 tons of this imported urea arrived in Q1 of 2012 creating a temporary surplus. The imported urea was priced lower than branded local urea by the GoP, which amounted to a total direct subsidy of Rs. 30Bn. However the subsidies did not achieve the desired effect as the dealers kept on selling this product at a price higher than that of imported urea. Resultantly, the Government effectively under-cut its own industry, which has no protection, by providing substantial subsidy on imported urea. The price anomaly of imported urea was removed in the second quarter by the Government increasing the price from Rs1300 per bag to Rs1600 per bag and the company decreasing its price from Rs 1800 to Rs1650. As a result branded urea off-take during the nine months ending September 30, 2012 of 2.7 million tons was 27% lower than 3.7 million tons during the same period of 2011.

The Company produced 709,000 tons of urea during the nine months of 2012 compared to 983,000 tons produced in the same period of previous year. This decrease was attributable to the gas curtailment on the new EnVen plant which received gas for only 45 days allowing for only 33 days of production.

Gas curtailment coupled with influx of imported urea sold at below market price created an oversupply situation. Consequently allowing for urea sales of 592,000 during the first nine months of 2012, lower by around 38% as compared to 957,000 tons for the same period last year. Due to price differential between imported and local urea, Engro's market share declined to 16% in the nine months under review as compared to 23% in the same period last year.

The Company has lobbied at many forum with respect to the ongoing gas curtailment issue and has filed a case in the Honorable Sindh High Court against the Ministry of Petroleum and Natural Resources, Ministry of Industries, Government of Pakistan and Sui Northern Gas Pipelines Company Limited (SNGPL) for uninterrupted supply of 100 MMSCFD of gas to its new plant. The Writ was allowed and the matter is now before the SC. Engro Fertilizers Limited, along with other fertilizer companies had received a notice from Competition Commission of Pakistan (CCP) under the Competition Act 2010 alleging "unreasonable increase" in the price of fertilizer. Hearings are underway in the matter. The Company's defense is that the increases are not unreasonable and driven largely due to losses caused by gas curtailment, alongwith increases in gas price and inflation.

Sale of Company manufactured blended fertilizers (Zarkhez and Engro NP) during the first nine months of 2012 was 45,000 tons as compared to 83,000 tons in the same period last year. The main reason for the decrease was decline in overall potash industry, higher fertilizer prices as well as lower expected economics of 2011-12 crops and the resulting liquidity crunch with the farmer. Market share of Zarkhez in potash industry remained at 52% during this period as compared to 51% in the same period last year.

Engro Fertilizer made a net loss of Rs. 2,978 million during the first nine months of 2012 versus a net profit of Rs. 3,510 million during the same period last year. The loss is directly attributable to non-supply of gas by SNGPL in flagrant violation of its contractual obligation, which has also forced the company to approach most of the senior lenders to reprofile the long term loans.

The company's Phosphates business, managed by Engro EXIMP, sold 102,000 tons of phosphate fertilizers during the first nine months of 2012 against 203,000 tons in the corresponding period last year, capturing 16% market share vs. 31% during the same period in 2011.The Phosphate Fertilizer industry took a dip during the nine months under review with sales estimated at 620,000 tons versus 657,000 tons in the corresponding period and a 5 year average of 720,000 tons. Poor crop economics, high inventory with dealers and weak agronomic demand were the major reasons for the decline. The Phosphates business made a net profit of Rs. 29 million during the first nine months of 2012 versus a net profit of Rs 1,204 million during the same period last year.

Foods

The sales revenue of foods business grew by 38% to reach Rs. 29 billion in first nine months of 2012 versus Rs. 21 billion during same period last year. Engro Foods posted a net profit of Rs. 1,619 million in the first nine months of 2012 as compared to a net profit of Rs. 408 million in the same period last year primarily driven by higher dairy business volumes.

The dairy and juice segment grew by 40% during the nine months of 2012 as compared to the same period last year with dairy volume growing by 29% to declare an operational profit of Rs. 1,946 million in the first nine months of 2012 as opposed to a profit of Rs. 804 million in the same period last year. The growth in the ambient UHT segment was driven by tea creamers where Tarang maintained its leadership. Olper's continued to show strong performance through the period whereas Dairy Omung also continued to reflect strength. Omung Lassi - the new entrant in the market - showed promising performance in its newly formed category.

The ice cream segment experienced a 1% volumetric decline during first nine months of 2012 as compared to same period last year due to prolonged energy outages that severely impacted the cold chain infrastructure in the country. Omore increased its market share to 26% and its revenue by 12% to reach Rs. 2,436 million in the first nine months versus Rs. 2,169 million in the same period last year. However, due to external factors coupled with continued investments in product development and cold chain infrastructure the ice cream segment declared an operational loss of Rs. 276 million versus a loss of Rs. 293 million in the same period last year. The Dairy Farm at Nara produced 25,285 liters of milk per day during first nine months of 2012 as opposed to 13,223 liters per day during the same period last year. Due to improved yields and utilization of farm housing capacity, the Nara Farm registered a loss of Rs. 25 million in 2012 as opposed to a loss of Rs. 87 million in 2011.

The Company's investments in the Halal Foods business in Canada, Al Safa, achieved sales revenue of Canadian Dollars 8.8 million in in the first nine months of 2012.

The rice business, managed by Engro Eximp Agriproducts (formerly known as Engro Foods Supply Chain), sold 26,000 tons of finished equivalent rice in the local and export markets during the first nine months of 2012. The rice processing business posted a net loss of Rs. 661 million in the first nine months of 2012 versus a net loss of Rs. 572 million during the same period last year primarily due to low capacity utilization.

Petrochemicals

International PVC prices gained upward momentum during the 3rd quarter and increased by $170/ton on the back of higher demand in the region, coupled with cost-push inflation from increasing feedstock prices which increased by $385/ton during the quarter as a result of geopolitical unrest in the Middle East.

Vinyl Chloride Monomer (VCM) production during the first nine months was at 108,000 tons as compared to 57,000 tons during the same period last year primarily due to improved operating levels after the planned annual turnaround at the end of the first quarter of 2012. Total PVC production for the first nine months of 2012 was 107,000 tons, up by 30%, as compared to 82,000 tons in the nine months of 2011 because of additional availability of VCM. Domestic PVC sales were 100,000 tons during the first nine months of 2012 as compared to 82,000 tons during the same period last year. The Company also exported 12,000 tons of PVC during the nine months of 2012 compared to 3,000 tons during the same period in 2011.

Caustic soda production in the first nine months of 2012 was up by 13% to 81,000 tons as compared to 72,000 tons during same period last year with sales of 72,000 tons as compared to 65,000 tons during the same period in 2011.

Sales Revenue during the first nine months of 2012 was Rs. 15,554 million as opposed to 12,377 million in the corresponding period last year - showing an increase of 26% over the same period last year. Growth in revenue is attributable to consistent integrated operating rate of the plant site during the current year. The Company posted a net profit of Rs. 83 million during the first nine months of 2012 as compared to a net loss of Rs. 440 million in the same period last year. Profits were helped by insurance claim proceeds received on account of delayed start up claim resulting from the plant site fire incident in December 2009.

Energy & Power Generation

Engro Powergen Qadirpur Ltd. (EPQL) dispatched 1316 GwH to the national grid with a load factor of 93.5% during the first nine months of 2012 as opposed to a load factor of 85.1% in the same period last year. The plant also demonstrated a billable availability of 100.3% during the first nine months of 2012. During the period under review the plant also underwent its second major maintenance exercise (combustion inspection) which was completed successfully in the first quarter of the year 2012. The overdue receivables amount against PEPCO as on September 30, 2012 was Rs. 4,734 million while the total receivables from PEPCO during the period under review were Rs. 6,355 million. The Company has been actively chasing PEPCO to reduce the overdue receivable amount and in September 2012 the Company received an amount of Rs. 1,195 million from the Government of Pakistan on account of a bail-out package for PEPCO. This amount was adjusted by the transaction agent, National Bank of Pakistan (NBP) for direct payment to SNGPL. The business declared a net profit of Rs. 1,571 million during the nine months of 2012 as compared to Rs. 1,239 million during the same period last year.

The Sindh Engro Coal Mining (SECMC) is actively pursuing different parties for possible coal off-take. The Government of Pakistan has expressed full support for the project and has directed its GENCO Jamshoro to enter into a coal off-take agreement with SECMC for both conversion and new coal-fired plants envisaged by GENCO Jamshoro. The Government has also agreed to provide Sovereign Guarantee for servicing debt portion of the cost and the Company will now, therefore, direct its efforts to formalize the above mentioned commitments given by the GoP.

Chemical Storage & Handling

Engro Vopak Terminal Limited (EVTL) had smooth operations in the first nine months of 2012 and posted a net profit of Rs. 1,098 million as compared to a net profit of Rs. 781 million during the same period last year.

The infrastructure plan proposed to Ministry of Petroleum & Natural Resources (MP&NR) for imports of LNG was pursued on various fronts and extensive lobbying was done for a staged LNG infrastructure development. Consequently, as per the agreed way forward SSGC will form an SPV to develop fast track project to bring LNG in short timeframe using existing infrastructure. The SPV will handle LNG imports on FOB medium term and spot basis along with issuing separate Request for Proposals (RFPs) for LNG supplies and terminal services. It was also agreed that SSGC will invite bids for each 400 mmscfd terminal on an integrated structure basis where the sovereign guarantee will be provided by SSGC in the form of stand-by Letter of Credit for LNG purchases and SSGC will act as the aggregator.

NEAR TERM OUTLOOK:

The urea industry sales during 2012 are expected to be around 4.1 million tons in 2012 whilst the domestic market is estimated at 5.4 million tons. The urea deficit is expected to be overcome by import of another 350,000 tons of urea which is in addition to 1.2m tons already imported costing the country around US$690m. This will further contribute to the long supply situation and consequently impact sale of branded urea especially if the government decides to sell this urea by undercutting the current market price. Due to worsening gas supply situation, the Company has been working on securing off-network sources of gas and the Government has agreed in-principle to provide network based plants from dedicated fields. Specific gas allocation proposals for short term and long term solutions in this regard are under consideration by various Government bodies.

In our foods business, we remain confident of continued strong performance for the full year 2012. Management focus will be on delivering on key growth parameters of; innovation, brand differentiation and continuous business expansion. The rice processing business of EXIMP Agriproducts is expected to achieve its designed levels of capacity utilisation.

For our petrochemicals business, PVC demand is expected to remain stable. However, Caustic soda demand may be affected by winter natural gas supply issues in the northern parts of the Country. The VCM plant is planned to be shutdown over a small duration for repair and maintenance during the fourth quarter, the PVC plant will continue to operate at desired levels during this period. Management will continue its focus to ensure smooth operations of the plant.

In the energy business, EPQL is expected to maintain its strong operational performance and dispatch factors. EPQL is expected to continue receiving unhindered fuel supply since the plant runs on permeate gas which is likely to remain available even in the case of extreme gas shortage situation in the Country. Management will continue its focus on managing PEPCO receivables which remain a cause for concern.

condensed interim statement of financial position as at september 30, 2012

(Amounts in thousand)

	Note	Unaudited September 30, 2012	Audited December 31, 2011
		--------------(Rupees)---------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	94,462	127,860
Long term investments	5	27,762,256	27,555,904
Long term loans and advances	6	3,569,064	3,008,341
		31,425,782	30,692,114
Current assets			
Loans, advances and prepayments	7	2,121,212	18,856
Other receivables		152,441	213,955
Taxes recoverable		160,225	104,028
Short term investments		-	1,908,581
Cash and bank balances		310,826	488,689
		2,744,704	2,734,109
Investment classified as Held for Sale	5.4	-	-
TOTAL ASSETS		34,170,486	33,426,223
EQUITY & LIABILITIES			
Equity			
Share capital	8	5,112,694	3,932,843
Share premium		10,550,061	10,550,061
Employee share option compensation reserve	9	74,813	74,813
General reserve		4,429,240	4,429,240
Unappropriated profit		6,286,917	7,261,800
		21,341,031	22,315,914
Total equity		26,453,725	26,248,757
Liabilities			
Non-current liabilities			
Deferred taxation		26,861	30,270
Retirement and other service benefits obligations		9,855	6,262
		36,716	36,532
Current liabilities			
Trade and other payables		255,201	371,083
Accrued interest / markup		106,823	319,500
Borrowings	10	7,238,874	6,371,268
Unclaimed dividends		79,147	79,083
		7,680,045	7,140,934
Total liabilities		7,716,761	7,177,466
Contingencies and Commitments	11		
TOTAL EQUITY & LIABILITIES		34,170,486	33,426,223

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand except for earnings per share)

	Note	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30 2011
		---	-Rupees-	---	
Dividend income		542,506	112,500	1,375,006	871,519
Royalty income		91,217	142,833	273,557	340,150
		633,723	255,333	1,648,563	1,211,669
Administrative expenses		(62,842)	(123,803)	(218,133)	(303,238)
		570,881	131,530	1,430,430	908,431
Other operating income		191,855	554,669	568,280	886,929
Other operating expenses		(841)	(9,048)	(143,904)	(25,503)
Operating profit		761,895	677,151	1,854,806	1,769,857
Finance cost		(248,284)	(219,131)	(767,036)	(520,222)
Profit before taxation		513,611	458,020	1,087,770	1,249,635
Taxation		(4,360)	(39,312)	(96,233)	(111,652)
Profit for the period		509,251	418,708	991,537	1,137,983
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		509,251	418,708	991,537	1,137,983
			(Restated)		(Restated)
Earnings per share -	12				
- basic		Rs. 1.00	Rs. 0.82	Rs. 1.94	Rs. 2.23
- diluted		Rs. 1.00	Rs. 0.82	Rs. 1.94	Rs. 2.22

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

condensed interim statement of changes in equity (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand)

	Capital reserves			Revenue reserves		
	Share capital	Share premium	Employees share option compensation reserve	General reserve	Unappropriated profit	Total
	--(Rupees)--					
Balance as at January 1, 2011 (audited)	3,277,369	10,550,061	74,813	4,429,240	8,722,156	27,053,639
Total comprehensive income for the nine months ended september 30, 2011	-	-	-	-	1,137,983	1,137,983
Transactions with owners						
Final dividend for the year ended December 31, 2010 @ Rs. 2 per share	-	-	-	-	(655,474)	(655,474)
Bonus shares issued during the period in the ratio of 1 share for every 5 shares held	655,474	-	-	-	(655,474)	-
1st interim dividend for the year ending December 31, 2011 @ Rs. 2 per share	-	-	-	-	(786,569)	(786,569)
	655,474	-	-	-	(2,097,517)	(1,442,043)
Balance as at September 30, 2011 (unaudited)	3,932,843	10,550,061	74,813	4,429,240	7,762,622	26,749,579
Total comprehensive income for the three months ended December 31, 2011	-	-	-	-	285,747	285,747
Transactions with owners						
2nd interim dividend for the year ending December 31, 2011 @ Rs. 2 per share	-	-	-	-	(786,569)	(786,569)
	-	-	-	-	(786,569)	(786,569)
Balance as at December 31, 2011 (audited)	3,932,843	10,550,061	74,813	4,429,240	7,261,800	26,248,757
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	991,537	991,537
Transactions with owners						
Final dividend for the year ended December 31, 2011 @ Rs. 2 per share	-	-	-	-	(786,569)	(786,569)
Bonus shares issued during the period in the ratio of 3 shares for every 10 shares held	1,179,851	-	-	-	(1,179,851)	-
	1,179,851	-	-	-	(1,966,420)	(786,569)
Balance as at September 30, 2012 (unaudited)	5,112,694	10,550,061	74,813	4,429,240	6,286,917	26,453,725

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand)

	Note	Nine months ended September 30, 2012	September 30, 2011
		--------------(Rupees)--------------	
Cash flows from operating activities			
Cash utilized in operations	13	(197,290)	(93,109)
Retirement and other service benefits paid		(27,139)	(27,776)
Taxes paid		(155,839)	(118,989)
Long term loans and advances - net		(10,723)	(13,049)
Net cash utilized in operating activities		(390,991)	(252,923)
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(20,567)	(37,319)
Sale proceeds on disposal of PPE		17,600	1,875
Loan disbursed to Subsidiary Companies		(2,650,000)	(1,500,000)
Long term investments		(208,858)	(656,160)
Proceeds from long term investments		2,884	675,000
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries		685,938	590,929
Dividends received		1,375,006	849,019
Net cash utilized in investing activities		(797,997)	(76,656)
Cash flows from financing activities			
Payment of financial charges		(917,496)	(442,085)
Redemptions / Proceeds from borrowings		(246,022)	3,002,743
Dividends paid		(786,505)	(759,756)
Net cash (utilized in) / generated from financing activities		(1,950,023)	1,800,902
Net (decrease) / increase in cash and cash equivalents		(3,139,011)	1,471,323
Cash and cash equivalents at beginning of the year		2,397,270	2,777,187
Cash and cash equivalents at end of the period	14	(741,741)	4,248,510

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand)

1 LEGAL STATUS AND OPERATIONS

Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. The principal activity of the Company, is to manage investments in subsidiary companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, exploration 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 is being submited to the shareholders in accordance with section 245 of the Ordinance, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2011.

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.

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, 2011.

3 ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this interim condensed financial information are the same as those applied in the preparation of audited annual published financial statements of the Company for the year ended December 31, 2011.

4 PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) September 30, 2012	(Audited) December 31, 2011
	-------------(Rupees)-------------	
Operating assets, at net book value (note 4.1)	85,456	122,145
Capital work in progress	9,006	5,724
	94,462	127,869

(Amounts in thousand)

4.1 Additions to operating assets during the period / year amounted to Rs. 22,286 (December 31, 2011: Rs. 49,790). Operating assets costing Rs. 39,617 (December 31, 2011:Rs. 8,050), having a net book value of Rs.14,888 (December 31, 2011: Rs. 1,875), were disposed off during the period / year for Rs. 17,600 (December 31, 2011: Rs. 1,875).

5 LONG TERM INVESTMENTS

5.1 The Company has made an equity investment of Rs. 206,858 in Engro Foods Netherlands B.V. (a wholly owned subsidiary).

5.2 The Company has made an equity investment of Rs. 2,000 in Elengy Terminal Pakistan Limited (a wholly owned subsidiry) through subscription of 200,000 shares of Rs. 10 each.

5.3 Engro Management Services (Private) Limited (a dormant wholly owned subsidiary) is in the process of voluntary winding-up as approved by its Board of Directors in their meeting held on February 7, 2012.

5.4 Subsequent to the signing of the Memorandum of Understanding on December 31, 2011, the Company signed a Global Restructuring Agreement (GRA) with the minority shareholder of its subsidiary - Avanceon Limited - for sale of Avanceon's Pakistan and UAE operations. The approval regarding the disposal was accorded by the shareholders of the Company at the 46th Annual General Meeting held on March 30, 2012. As per the GRA, the Company during the period transferred all of its 62.67% shareholding in Avanceon Limited to the minority shareholders. The Company also paid Rs. 118,000 to the banks / financial institutions to discharge bank liabilities enabling them to release the Corporate Guarantees issued by the Company. Further, the Company extended a secured loan of Rs. 41,000 to Avanceon Limited which was disbursed directly to the banks / financial institutions and is repayable in 2012. During the period, however, the Company on the basis of prudence, has written off an amount of Rs. 89,640 (Rs. 25,000 recognized in December 2011 and Rs. 3,360 was recovered during the period) on account of aforementioned payments to the banks / financial institutions for release of Corporate Guarantees. The Company has also provided Rs. 32,065 against the loan of Rs. 41,000 after adjusting for recovery of Rs. 8,935 during the period. The total thereof amounting to Rs. 121,705 has, accordingly, been charged to Other operating expenses

5.5 In accordance with the terms of aforementioned GRA, referred to in note 5.4, the Company's equity interest of 43.87% in Avanceon LP, USA and Avanceon GP LLC, USA were to be transferred by Avanceon Limited to the Company during 2012. The costs of these investments were nil, consequent to the recognition of impairment loss during the year ended December 31, 2011. The Company has sold the above mentioned equity interest to another minority interest holder of Avanceon LP during August 2012.

6 LONG TERM LOANS AND ADVANCES

During the period, the Company extended a subordinated loan to Engro Eximp (Pvt) Ltd (a wholly owned subsidiary) amounting to Rs. 550,000 for its long term financing purposes. The loan is subordinated to the finances provided to the subsidiary by its banking creditors. The loan is repayable in a lump sum on June 28, 2017 and carries a current markup rate of 13.72% p.a. payable quarterly.

7 LOANS, ADVANCES AND PREPAYMENTS

7.1 During the period, the Company extended a subordinated loan to Engro Fertilizers Limited (a subsidiary company) amounting to Rs. 1,500,000 for meeting its working capital requirements. The loan is subordinated to the finances provided to the subsidiary by its banking creditors. The loan is repayable in a lump sum on September 13, 2013 and carries a current markup rate of 13.87% p.a. payable quarterly.

(Amounts in thousand)

7.2 During the period, the Company extended a subordinated loan to Engro Polymer and Chemicals Limited (a subsidiary company) amounting to Rs. 950,000 for meeting its working capital requirements. During the third quarter, the subsidiary company repaid Rs. 350,000. The loan is subordinated to the finances provided to the subsidiary by its banking creditors. The loan is repayable in a lump sum on June 25, 2013 and renewable for four periods of one year each. The loan carries a current markup rate of 13.91% p.a. payable quarterly.

8 SHARE CAPITAL

During the period, the Company;

- increased its authorized share capital from Rs. 4,500,000 to Rs. 5,500,000.
- issued bonus shares in the ratio of 3 shares for every 10 shares held, totaling the number of issued, subscribed and paid-up shares to 511,269,435 (December 31, 2011: 393,284,183).

9 EMPLOYEES' SHARE OPTION SCHEME

Consequent to the bonus issue in the current period, the exercise price was adjusted to Rs. 119.80 from Rs.155.70 per share respectively, which has been duly approved by the Securities and Exchange Commission of Pakistan (SECP). The aforementioned reduction in exercise price has no effect on the fair value of share options recognized in the condensed interim financial information.

10 BORROWINGS

	(Unaudited) September 30, 2012	(Audited) December 31, 2011
	--------------(Rupees)------------	
Engro Rupiya Certificates	6,186,307	6,371,268
Short-term bank borrowings (note 10.1)	1,052,567	-
	7,238,874	6,371,268

10.1 During the period, the Company obtained short-term finance facilities of Rs. 1,500,000 from banks to meet its working capital requirements. The facilities are primarily secured against ranking floating charge over all present and future loans, advances, receivables and other current assets (excluding investments) of the Company. Additionally the facilities are also secured through a pledge over shares of Engro Foods Limited (a subsidiary company).

(Amounts in thousand)

11 CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2011 are mentioned below:

	(Unaudited) September 30, 2012	(Audited) December 31, 2011
	-----------------(Rupees)------------------	
11.1 Contingencies		
11.1.1 Corporate Guarantees issued in favor of Subsidiary Companies:		
- Engro Fertilizers Limited	63,603,949	67,141,010
- Engro PowerGen Qadirpur Limited	948,200	900,604
- Avanceon Limited (note 11.1.2)	-	242,000
- Engro PowerGen Limited (note 11.1.3)	113,784	-
- Elengy Terminal Pakistan Limited (note 11.1.4)	-	-

11.1.2 The banks / financial institutions have released the Corporate Guarantees extended by the Company against finance facilities extended to Avanceon Limited.

11.1.3 The Company extended a Corporate Guarantee amounting to USD 1,200 (plus markup) in favor of Bank Alfalah Limited on account of Engro PowerGen Limited (a subsidiary company) against a Letter of Guarantee facility offered to the subsidiary company.

11.1.4 During June 2012, the Company extended a Letter of Guarantee amounting to Rs 1,000 in favor of Port Qasim Authority on behalf of Elengy Terminal Pakistan Limited (a subsidiary company) as bid money against proposal for establishment of LNG terminal at Port Qasim. The Guarantee expired during September 2012.

(Amounts in thousand)

12 EARNINGS PER SHARE

The basic and diluted earnings per share of the Company are based on:

As at September 30, 2012, there is no dilutive effect on the basic earnings per share of the Company, after taking into the effect of options granted on Company's shares to (i) employees under the Employee Share Option Scheme (based on average annual market share price from January 1 to September 30, 2012) and (ii) IFC Loan to Engro Fertilizers Limited.

	Quarter ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(Rupees)			
Profit after taxation	509,251	418,708	991,537	1,137,983
	(Numbers)			
	(Restated)		(Restated)	
Weighted average number of ordinary shares (in thousand)	511,269	511,269	511,269	511,269
Weighted average number of ordinary shares including dilutive potential ordinary shares (in thousands)	511,269	511,791	511,269	511,791

13 CASH UTILIZED IN OPERATIONS

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
Profit before taxation	1,087,770	1,249,635
Adjustment for non-cash charges and other items:		
Depreciation	44,558	31,266
(Gain) / loss on disposal of property, plant and equipment	(2,712)	303
Provision for retirement and other service benefits	23,771	33,421
Income on deposits / other financial assets	(568,280)	(506,803)
Dividend income	(1,375,006)	(871,519)
Financial charges	767,036	520,222
Capital gain on long term investments	(384)	(371,823)
Working capital changes (note 13.1)	(174,043)	(177,811)
	(197,290)	(93,109)

(Amounts in thousand)

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
13.1 Working capital changes		
Increase in current assets		
- Loans, advances, deposits and prepayments	(2,356)	8,551
- Other receivables (net)	(55,805)	(134,572)
	(58,161)	(126,021)
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	(115,882)	(51,790)
	(174,043)	(177,811)

14 CASH AND CASH EQUIVALENTS

Short term investments	-	3,883,301
Cash and bank balances	310,826	365,209
Short term bank borrowings	(1,052,567)	-
	(741,741)	4,248,510

15 TRANSACTIONS WITH RELATED PARTIES

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

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
Subsidiary companies		
Purchases and services	12,623	8,923
Services rendered	202,852	136,921
Mark up from subsidiaries	639,724	233,819
Disbursement of loan	6,300,000	15,000,000
Repayment of loan	3,650,000	-
Dividend received	-	444,019
Royalty Income, net of sales tax	273,557	344,752
Associated companies		
Purchases and services	1,865	5,732
Retirement benefits	37,432	18,975
Dividend paid	335,161	276,313
Bonus shares issued	558,602	187,331
Interest on bank deposits	2,185	-
Donations	20,000	40,000
Investment in Mutual Funds / T-bills	-	910,000
Redemption of investment in Mutual Funds / T-bills	692,098	1,200,542
Joint ventures		
Services rendered	1,262	2,280
Reimbursements	10,418	-
Dividend Received	1,012,500	517,500
Others		
Dividend paid	10,205	6,795
Bonus shares issued	14,794	7,732
Director fees	8,700	8,400
Remuneration of key management personnel	95,181	70,918

(Amounts in thousand)

16 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 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.

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

17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2012 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim balance sheet as at september 30, 2012

(Amounts in thousand)

	Note	Unaudited September 30, 2012	Audited December 31, 2011
		--------------(Rupees)--------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	132,811,407	134,509,689
Exploration and evaluation expenditure		499,417	432,485
Biological assets		603,060	496,809
Intangible assets		741,708	737,803
Long term investments		1,253,225	1,716,692
Long term loans and advances		258,343	165,253
		136,167,160	138,058,731
Current assets			
Stores, spares and loose tools		6,680,791	6,343,995
Stock-in-trade	5	17,487,343	11,603,851
Trade debts	6	8,672,394	6,214,643
Deferred employee compensation expense		-	986
Derivative financial instruments		11,798	239,184
Loans, advances, deposits and prepayments		3,486,983	2,289,313
Other receivables		1,140,978	1,985,049
Taxes recoverable		3,702,959	3,050,258
Short term investments		414,293	8,332,154
Cash and bank balance		1,957,369	4,417,885
		43,554,908	44,477,318
Assets attributable to discontinued operations	1.1.4	-	468,125
TOTAL ASSETS		179,722,068	183,004,174

consolidated condensed interim balance sheet as at september 30, 2012

(Amounts in thousand)

	Note	Unaudited September 30, 2012	Audited December 31, 2011
		--------------(Rupees)--------------	
EQUITY & LIABILITIES			
Equity			
Share capital	7	5,112,694	3,932,843
Share premium		10,550,061	10,550,061
Employees' share option compensation reserve		132,486	146,280
Hedging reserve		(433,613)	(573,437)
Revaluation reserve on business combination		86,845	94,496
Maintenance reserve		213,334	197,577
Exchange revaluation reserve		20,651	35,725
General reserve		4,429,240	4,429,240
Unappropriated profit		16,640,420	18,985,446
		31,639,424	33,865,388
		36,752,118	37,798,231
Non-controlling interest		4,558,063	4,091,558
Total equity		41,310,181	41,889,789
Liabilities			
Non-current liabilities			
Borrowings	8	71,840,118	82,560,415
Derivative financial instruments		637,692	702,214
Obligations under finance lease		647	1,295
Deferred taxation		2,964,229	3,986,577
Employee housing subsidy		-	19,144
Deferred liabilities		165,923	161,219
		75,608,609	87,430,864
Current liabilities			
Trade and other payables		20,904,619	23,396,316
Accrued interest / mark-up		1,954,027	3,114,122
Current portion of :			
- borrowings		27,282,263	21,565,668
- obligations under finance lease		2,589	3,884
- deferred liabilities		39,624	34,636
Short term borrowings	9	11,831,833	4,284,404
Derivative financial instruments		709,176	452,625
Unclaimed dividends		79,147	79,083
		62,803,278	52,930,738
Total liabilities		138,411,887	140,361,602
Liabilities associated with discontinued operations	1.1.4	-	752,783
Contingencies and Commitments	10		
TOTAL EQUITY & LIABILITIES		179,722,068	183,004,174

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand except for (loss) / earnings per share)

	Note	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine Months ended September 30, 2012	Nine Months ended September 30, 2011
		(Rupees)			
Net sales		29,591,837	32,739,507	82,937,295	78,823,838
Cost of sales		(23,769,292)	(23,246,787)	(64,269,873)	(56,290,329)
Gross Profit		5,822,545	9,492,720	18,667,422	22,533,509
Selling and distribution expenses		(2,831,139)	(2,712,090)	(8,428,169)	(7,254,674)
		2,991,406	6,780,630	10,239,253	15,278,835
Other operating income		100,758	429,051	1,147,016	1,027,673
Other operating charges		(235,094)	(812,521)	(1,159,817)	(1,546,727)
Finance cost		(3,489,460)	(3,438,387)	(11,148,459)	(7,112,204)
Share of income from joint venture		212,427	151,312	549,040	390,530
(Loss) / Profit before taxation		(419,963)	3,110,085	(372,967)	8,038,107
Taxation	11	450,176	(992,403)	268,454	(2,604,637)
Profit / (loss) for the period		30,213	2,117,682	(104,513)	5,433,470
(Loss) / Profit attributable to:					
- Owners of the Holding Company		(102,700)	2,209,063	(443,169)	5,590,387
- Non-controlling interest		132,913	(91,381)	338,656	(156,917)
		30,213	2,117,682	(104,513)	5,433,470
			(Restated)		(Restated)
(Loss) / Earnings per share - Basic & Diluted	12	(0.20)	4.30	(0.87)	10.88

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand)

	Note	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine Months ended September 30, 2012	Nine Months ended September 30, 2011
		(Rupees)			
Profit / (loss) for the period		30,213	2,117,682	(104,513)	5,433,470
Other comprehensive income					
Hedging reserve - cash flow hedges					
Losses arising during the period		(398,220)	(218,449)	(694,913)	(779,216)
Reclassification adjustments for losses included in profit and loss		500,807	90,448	876,170	172,459
Adjustments for amounts transferred to initial carrying amount of hedged items		(13,486)	44,345	40,732	964,218
		89,101	(83,656)	221,989	357,461
Revaluation reserve on business combination		(5,494)	(5,494)	(16,480)	(16,480)
Exchange differences on translation of foreign operations		5,700	1,803	14,304	10,108
		89,307	(87,347)	219,813	351,089
Income tax relating to:					
Hedging reserve - cash flow hedges		(31,185)	29,973	(77,696)	(136,146)
Revaluation reserve on business combination		1,923	1,923	5,768	5,768
		(29,262)	31,896	(71,928)	(130,378)
Other comprehensive income / (loss) for the period, net of tax		60,045	(55,451)	147,885	220,771
Total comprehensive income for the period		90,258	2,062,231	43,372	5,654,181
Total comprehensive income / (loss) attributable to:					
- Owners of the Holding Company		(45,050)	2,165,749	(296,692)	5,433,470
- Non-controlling interest		135,308	(103,518)	340,064	220,711
		90,258	2,062,231	43,372	5,654,181

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim statement of changes in equity for the nine months ended september 30, 2012

(Amounts in thousand)

	Share capital	Share premium	Employees' share option compensation reserve	Hedging reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	General reserve	Unappro-priated Profit	Sub total	Non controlling Interest	Total
	----Attributable to owners of the Holding Company----											
		Capital reserves						Revenue reserves				
	----(Rupees)----											
Balance as at January 1, 2011 (audited)	3,277,369	10,550,061	162,455	(927,438)	104,698	197,577	28,883	4,429,240	12,776,146	30,598,991	3,516,024	34,115,015
Transactions with owners												
Issue of right shares by Engro Foods Limited	-	-	-	-	-	-	-	-	690,220	690,220	417,051	1,107,271
Partial disposal of Investment in Subsidiary Company (Engro Foods Limited)	-	-	-	-	-	-	-	-	-	-	270,000	270,000
Capital Gain on the partial disposal of Investment in Subsidiary Company (Engro Foods Limited)	-	-	-	-	-	-	-	-	371,823	371,823	-	371,823
Final dividend for the year ended December 31, 2010 @ Rs 2 per share	-	-	-	-	-	-	-	-	(655,474)	(655,474)	-	(655,474)
Bonus shares issued during the period in the ratio of 1 share for every 5 shares held	655,474	-	-	-	-	-	-	-	(655,474)	-	-	-
1st interim dividend for the year ending December 31, 2011 @ Rs.2 per share	-	-	-	-	-	-	-	-	(786,569)	(786,569)	-	(786,569)
Vested options lapsed during the period	-	-	(1,597)	-	-	-	-	-	1,597	-	-	-
	655,474	-	(1,597)	-	-	-	-	-	(1,033,877)	(380,000)	687,051	307,051
Total comprehensive income for the nine months ended September 30, 2011												
Profit for the period	-	-	-	-	-	-	-	-	5,590,387	5,590,387	(156,917)	5,433,470
Other comprehensive income	-	-	-	251,688	(7,652)	-	8,313	-	-	252,349	(31,638)	220,711
	-	-	-	251,688	(7,652)	-	8,313	-	5,590,387	5,842,736	(188,555)	5,654,181
Balance as at September 30, 2011 (unaudited)	3,932,843	10,550,061	160,858	(675,750)	97,046	197,577	37,196	4,429,240	17,332,656	36,061,727	4,014,520	40,076,247
Balance as at January 1, 2012 (audited)	3,932,843	10,550,061	146,280	(573,437)	94,496	197,577	35,725	4,429,240	18,985,446	37,798,231	4,091,558	41,889,789
Transactions with owners												
Effect of changes in number of share options issued	-	-	(195)	-	-	-	-	-	77,410	77,215	81,237	158,452
Maintenance reserve created by Engro Powergen Qadirpur Limited, a subsidiary of Engro Powergen Limited	-	-	-	-	-	15,757		-	(15,758)	(1)		(1)
Dividend paid to indirect minority	-	-	-		-			-	-	-	(27,650)	(27,650)
Effect of derecognition of discountined operations	-	-	-	-	-	-	-	-	-	-	72,854	72,854
Final dividend for the year ended December 31, 2011 @ Rs. 2 per share	-	-	-	-	-	-	-	-	(786,569)	(786,569)	-	(786,569)
Bonus shares issued during the period in the ratio of 3 shares for every 10 shares held	1,179,851	-	-	-	-	-	-	-	(1,179,851)	-	-	-
Vested options lapsed during the period	-	-	(2,911)	-	-	-	-	-	2,911	-	-	-
	1,179,851	-	(3,106)	-	-	15,757	-	-	(1,901,857)	(709,355)	126,441	(582,914)
Total comprehensive income for the nine months ended September 30, 2012												
Profit for the period	-	-	(10,688)	-	-	-	(29,378)	-	(443,169)	(483,235)	338,656	(144,579)
Other comprehensive income	-	-	-	139,824	(7,651)	-	14,304	-	-	146,477	1,408	147,885
	-	-	(10,688)	139,824	(7,651)	-	(15,074)	-	(443,169)	(336,758)	340,064	3,306
Balance as at September 30, 2012 (unaudited)	5,112,694	10,550,061	132,486	(433,613)	86,845	213,334	20,651	4,429,240	16,640,420	36,752,118	4,558,063	41,310,181

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand)

	Note	Nine Months ended September 30, 2012	Nine Months ended September 30, 2011
		----(Rupees)----	
Cash flows from operating activities			
Cash generated from operations	13	4,956,442	18,760,796
Retirement & other service benefits paid		(130,612)	(264,089)
Financial charges paid		(10,382,950)	(10,777,295)
Taxes paid		(1,488,856)	(2,345,281)
Long term loans and advances - net		(145,565)	(46,934)
Net cash (utilized in) / generated from operating activities		(7,191,541)	5,327,196
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and biological assets		(4,264,320)	(7,138,448)
Sale proceeds on disposal of PPE		145,589	64,865
Income on deposits / other financial assets		256,848	1,087,930
Proceeds from disposal of Long term Investments		2,884	675,000
Dividends received		1,012,500	405,000
Net cash utilized in investing activities		(2,846,499)	(4,905,653)
Cash flows from financing activities			
Repayments of borrowings		(10,010,923)	(8,807,077)
Proceeds from borrowings - net		2,759,162	9,216,321
Obligations under finance lease - net		(1,942)	(10,245)
Proceeds from issuance of right shares		180,092	1,164,946
Dividends paid		(814,155)	(791,060)
Net cash (utilized in) / generated from financing activities		(7,887,766)	772,885
Net (decrease) / increase in cash and cash equivalents		(17,925,806)	1,194,428
Cash and cash equivalents at beginning of the period	14	8,465,635	2,830,444
Cash and cash equivalents at end of the period	14	(9,460,171)	4,024,872

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive

notes to the consolidated condensed interim financial information (unaudited) for the nine months ended september 30, 2012

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

1.1 The "Group" consists of:

Holding Company- Engro Corporation Limited

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

	%age of direct holding	
	September 30, 2012	December 31, 2011
- Engro Fertilizers Limited	100	100
- Engro Foods Netherlands B.V. (Note 1.1.1)	100	100
- Engro Eximp (Private) Limited	100	100
- Engro Management Services (Private) Limited (Note 1.1.2)	100	100
- Engro PowerGen Limited	100	100
- Elengy Terminal Pakistan Limited (Note 1.1.3)	100	Nil
- Engro Foods Limited	88.54	89.97
- Engro Polymer and Chemicals Limited	56.19	56.19
- Avanceon Limited (Note 1.1.4)	Nil	62.67
Joint Venture Company:		
-Engro Vopak Terminal Limited	50	50

1.1.1 During the period, the Holding Company further invested an amount of Rs. 206,858 in its wholly owned subsidiary - Engro Foods Netherlands B.V.

1.1.2 Engro Management Services (Private) Limited, a wholly owned subsidiary, is in the process of voluntary winding-up as approved by its Board of Directors in their meeting held on February 7, 2012.

1.1.3 The Holding Company has made an equity investment of Rs. 2,000 in Elengy Terminal Pakistan Limited (a wholly owned subsidiary) through subscription of 200,000 shares of Rs. 10 each.

(Amounts in thousand)

1.1.4 Subsequent to the signing of the Memorandum of Understanding on December 31, 2011, the Holding Company signed a Global Restructuring Agreement (GRA) with the minority shareholder of its subsidiary - Avanceon Limited - for sale of Avanceon's Pakistan and UAE operations. The approval regarding the disposal was accorded by the shareholders of the Holding Company at the 46th Annual General Meeting held on March 30, 2012. As per the GRA, the Holding Company during the period transferred all of its 62.67% shareholding in Avanceon Limited to the minority shareholders. The Holding Company also paid Rs. 118,000 to the banks / financial institutions to discharge bank liabilities enabling them to release the Corporate Guarantees issued by the Holding Company. Further, the Holding Company extended a secured loan of Rs. 41,000 to Avanceon Limited which was disbursed directly to the banks / financial institutions and is repayable in 2012. During the period, however, the Holding Company on the basis of prudence, has written off an amount of Rs. 89,640 (Rs. 25,000 recognized in December 2011 and Rs. 3,360 was recovered during the period) on account of aforementioned payments to the banks / financial institutions for release of Corporate Guarantees. The Holding Company has also provided Rs. 32,065 against the loan of Rs. 41,000 after adjusting for recovery of Rs. 8,935 during the period. The total thereof amounting to Rs. 121,705 has, accordingly, been charged to Other operating expenses in the standalone financial information of the Holding Company.. Furthermore, in these consolidated condensed interim financial information (as fully explained in note 19 of the consolidated annual audited financial statements for the year ended December 31, 2011), the assets, liabilities and equity attributable to discontinued operations (Avanceon Limited) were derecognized. Accordingly, the net liabilities amounting to Rs 251,872 have been written back and recognized as other income.

1.1.5 In accordance with the terms of aforementioned GRA, referred to in note 5.4, the Holding Company's equity interest of 43.87% in Avanceon LP, USA and Avanceon GP LLC, USA were to be transferred by Avanceon Limited to the Holding Company during 2012. The costs of these investments were nil, consequent to the recognition of impairment loss during the year ended December 31, 2011. The Holding Company has sold the above mentioned equity interest to another minority interest holder of Avanceon LP during August 2012.

1.1.6 Sindh Engro Coal Mining Company Limited (SECMC), a subsidiary company of Engro PowerGen Limited, a subsidiary company, is a public unlisted company, incorporated in Pakistan on October 15, 2009 under the Companies Ordinance, 1984. SECMC has been formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS 40%), Engro PowerGen Limited (60%) and Engro Corporation Limited. The aforementioned JVA is consequent to the selection of Engro PowerGen Limited as GoS's joint venture partner, through an International Competitive Bidding process, for the development, construction and operations of an open cast lignite mine in Block-II of Thar Coal Field, Sindh (the Project), with an annual mining capacity of 6.5 million tons of coal which will be subsequently increased to 13 million tons in later years of mining. In this regard, as per JVA, SECMC initiated a Detailed Feasibility Study (DFS) in November 2009 by a team of International Consultants and local experts to confirm the technical, environmental, social and economic viability of the Project. The DFS was carried out on an area of 79.6 sq. km allocated to the SECMC in Thar Coal field. On August 31, 2010, SECMC completed DFS which was approved by the Technical Committee of GoS. As per JV Agreement, GoS has granted 30 years mining lease to SECMC, effective from August 22, 2011, for exploration and mining activities in Thar Block-II. Based on the detailed feasibility study conducted by SECMC, Thar Block-II has estimated coal reserves of approximately 2 billion tons, independently verified by a Competent Person Statement (CPS) during the period, of which 195 million tons will be mined at the rate of 6.5 million tons per year over the period of the mining lease. In 2011, SECMC and Engro PowerGen Limited received a firm proposal for Engineering, Procurement & Construction (EPC) for 6.5 million tons per annum mining capacity. SECMC is evaluating various options for both mine mouth power plant and also to enter into agreements for coal supply with other power producers based in locations outside Thar.

(Amounts in thousand)

1.2 The financial statements of the subsidiary companies have been consolidated on a line basis. The carrying value of investments held by Engro Corporation Limited is eliminated against the subsidiaries' share capital and pre-acquisition reserves. Non controlling Interest are presented as a separate item in this consolidated condensed interim financial information. All the material intercompany balances and transactions have been eliminated.

The Group's interest in jointly controlled entity, Engro Vopak Terminal Limited has been accounted for using Equity Method.

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 condensed interim financial information is being submitted to the shareholders in accordance with the section 245 of the Ordinance and should be read in conjunction with the financial statements of the Holding Company for the year ended December 31, 2011.

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

During the preparation of this consolidated 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 Holding Company for the year ended December 31, 2011.

3 ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of audited annual published financial statements of the Holding Company for the year ended December 31, 2011.

4 PROPERTY, PLANT AND EQUIPMENT

	Unaudited September 30, 2012	Audited December 31, 2011
	------------Rupees------------	
Operating assets, at net book value	128,286,096	129,611,671
Capital work in progress		
- Expansion and other projects	2,663,968	3,663,429
- Capital spares	1,861,343	1,234,589
	132,811,407	134,509,689

(Amounts in thousand)

5 STOCK-IN-TRADE

	Unaudited September 30, 2012	Audited December 31, 2011
	-----------------(Rupees)-----------------	
Raw materials and packing materials	6,306,575	4,487,796
Unprocessed rice	876,513	2,508,999
Fuel stock	-	424,240
Work-in-process	653,222	152,947
Finished goods		
- own manufactured product	4,100,347	2,351,888
- purchased product	5,550,686	1,677,981
	9,651,033	4,029,869
	17,487,343	11,603,851

6. TRADE DEBTS

	Unaudited September 30, 2012	Audited December 31, 2011
Considered good		
- secured	8,327,132	5,938,797
- unsecured	359,545	275,846
	8,686,677	6,214,643
Considered doubtful	6,450	12,717
	8,693,127	6,227,360
Provision for impairment	(20,733)	(12,717)
	8,672,394	6,214,643

Includes an amount of Rs.6,354,802 (December 31, 2011: Rs.4,442,256) secured by a guarantee from the Government of Pakistan under the Implementation Agreement. During the period, a relief was provided by Pakistan Electric Power Company (Private) Limited (PEPCO) to various stakeholders in the power sector through issuance of Privately Placed Term Finance Certificate to Oil and Gas Development Company Limited for Rs. 82,000,000. Engro Powergen Qadirpur Limited, a subsidiary company of Engro PowerGen Limited received inflow of Rs. 1,195,433 through this transaction which was directly transferred to Sui Northern Gas Pipelines Limited under the transaction arrangement.

(Amounts in thousand)

7 SHARE CAPITAL

7.1 During the period, the Holding Company;

- increased its authorized share capital from Rs 4,500,000 to Rs 5,500,000.
- issued bonus shares in the ratio of 3 share for every 10 shares held, totaling the number of issued, subscribed and paid-up shares to 511,269,435 (December 31, 2011: 393,284,183).

8 BORROWINGS

Significant changes in the status of borrowings since December 31, 2011 are summarized below:

8.1 Engro Fertilizers Limited (Subsidiary Company)

8.1.1 The long term finance facilities include Rs. 48,146,030 on account of long term finance utilized under markup arrangements by the Subsidiary Company. This amount also includes a loan of USD 30,000 from the International Finance Corporation (IFC) which carries interest of six months LIBOR plus a spread of 6% or 10% depending on the listing status of the Subsidiary Company at various intervals. The management of the Subsidiary Company believes that it will avail the spread of 6% for the entire loan tenor, and hence no related provision for the differential aggregating to Rs 150,011 (December 31, 2011: Rs. 59,332) has been made in this consolidated condensed interim financial information.

8.1.2 Under the terms of the agreements for long term borrowings the Subsidiary Company is required to comply with certain debt covenants. As at September 30, 2012 all debt covenants have been complied with except for current ratio and senior debt service coverage ratio.

8.1.3 The Subsidiary Company, during the period, due to gas curtailment by SNGPL has been able to operate EnVen plant for only one month. This has severely burdened the Subsidiary Company's cash flows. The Subsidiary Company is aggressively pursuing other alternate sources of gas supply with the Ministry of Petroleum and Natural Resources. In the interim, it has approached majority of the lenders for re-profiling of various finance facilities. This mainly comprises amending the principal payment schedule by allowing 2.5 to 3 year grace in the existing repayment schedule. Interest payments, however, are not affected by this proposed re-profiling and Subsidiary Company's cash generation from base plant can sustain interest payment of all outstanding debt at current prices. The management of the Subsidiary Company is confident, based on ongoing discussions, that the lenders will agree / formalize alongwith other terms and conditions of the aforementioned re-profiling in due course. Accordingly, the company has so far not paid principal payment of Rs 3,852,000 falling due in the third quarter of 2012 on loans having principal outstanding of Rs 28,715,000.

8.2 Engro Polymer and Chemicals Limited (Subsidiary Company)

8.2.1 Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and syndicates of banks, the Subsidiary Company is required to comply with certain debt covenants. As at September 30, 2012, all debt covenants have been complied with except for current ratio for which waiver has been applied for.

(Amounts in thousand)

9 SHORT TERM BORROWINGS

9.1 Engro Corporation Limited

9.1.1 During the period, the Holding Company obtained Running Finance Facilities of Rs.1,500,000 from banks to meet its working capital requirements. The facilities are primarily secured against ranking charge over all present and future loans, advances, receivables and other current assets (excluding investments) of the Holding Company. Additionally, the facilities are also secured through a pledge over shares of Engro Foods Limited a (Subsidiary Company).

9.2 Engro Fertilizer Limited (Subsidiary Company)

9.2.1 During the period, the Subsidiary Company acquired funds through money market loans and under an Istisna Agreement from various banks amounting to Rs. 2,380,000 out of which Rs. 1,740,000 was repaid before September 30, 2012. These loans carry mark-up rates ranging from 11.87% to 13.60% per annum.

9.2.2 The Subsidiary Company also issued Sukuk of Rs. 2,000,000, with a tenor of 6 months, carrying profit rate of six month KIBOR plus 1.60%. The Sukuk was secured by first pari passu charge on all stocks, raw materials, packaging material, finished goods, stock in trade and book debts of the Subsidiary Company. As at September 30, 2012, all the outstanding amount of the Sukuk has been repaid.

9.3 Engro Eximp (Private) Limited (Subsidiary Company)

9.3.1 The Subsidiary Company has obtained funds under the Export Refinance Scheme (ERF) of the State Bank of Pakistan (SBP). As at September 30, 2012, funds outstanding under the ERF-II facility amount to Nil (December 31, 2011: Rs. 204,482).

9.3.2 During the period, the Subsidiary Company also obtained funds under three FE-25 facilities as allowed by SBP vide its circular F.E. 25 dated June 20, 1998.One facility was repaid and as at September 30, 2012, the other two facilities aggregated to US$ 8,396 (PKR equivalent disbursed: Rs. 785,859) (December 31, 2011: Nil) and carried mark-up at a rate of 1.65% to 2.47% per annum.

10 CONTINGENCIES AND COMMITMENTS

Significant changes in the status of contingencies and commitments since December 31, 2011 are mentioned below:

	Unaudited September 30, 2012	Audited September 31, 2011
10.1 Contingencies:	-----------------(Rupees)	------------------
10.1.1 Corporate Guarantees issued in favor of Subsidiary Companies:		
- Engro Fertilizers Limited	63,603,949	67,141,010
- Engro Powergen Qadirpur Limited (a subsidiary company of Engro PowerGen Limited)	948,200	900,604
- Avanceon Limited (note 10.1.2)	-	242,000
- Engro PowerGen Limited (note 10.1.3)	113,784	-
- Elengy Terminal Pakistan Limited (note 10.1.4)	-	-

(Amounts in thousand)

10.1.2 The banks / financial institutions have released the corporate guarantees extended by the Holding Company against finance facilities extended to Avanceon Limited, (note 1.1.3)

10.1.3 The Holding Company extended a Corporate Guarantee amounting to USD 1,200 (plus markup) in favor of Bank Alfalah Limited on account of Engro PowerGen Limited against a Letter of Guarantee facility offered to the Subsidiary Company.

10.1.4 During June 2012, the Holding Company extended a Letter of Guarantee amounting to Rs 1,000 in favor of Port Qasim Authority on behalf of Elengy Terminal Pakistan Limited as bid money against proposal for establishment of LNG terminal at Port Qasim. The guarantee expired during September 2012.

10.1.5 Engro Fertilizers Limited along with other fertilizer companies, has received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act 2010 in relation to unreasonable increase in the price of fertilizer. The Subsidiary Company has responded in detail to factors resulting in such increase, gas curtailment being the single largest factor, to CCP. The Subsidiary Company is hopeful that there will be no adverse action taken against it.

10.1.6 Engro Powergen Qadirpur Limited (EPQL), a subsidiary company of Engro PowerGen Limited, has provided a bank guarantee to Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs. 1,596,126 (December 31, 2011: Rs. 1,596,126) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement between the EPQL and the SNGPL. Due to the recent increase in gas price, the amount of the guarantee would be increased by Rs. 900,000. In this regard, the Subsidiary Company has executed an agreement with a bank for enhancement of the guarantee, which will be issued after registration of charge.

10.1.7 Engro PowerGen Limited, a subsidiary company, has furnished a bank guarantee amounting to USD 25 to Alternate Energy Development Board (AEDB) for the fulfillment of its obligations under the LOI. The guarantee expired on September 29, 2012. Before the expiry, AEDB sent a notice to the bank for encashment of the bank guarantee. The subsidiary company, requested extension of guarantee by three months which has been accepted. The subsidiary company, now intends to persuade AEDB within this three months period that encashment of guarantee is not justifiable as AEDB was not able to provide requisite support for the wind power project to the subsidiary company.

11 TAXATION

Significant changes in the status of taxation issues since December 31, 2011 are mentioned below:

11.1 Engro Fertilizers Limited (Subsidiary Company)

11.1.1 During the period, the income tax department raised a demand of Rs. 1,481,709 subsequently rectified to Rs. 1,074,938 for the financial year 2010. The disallowances, mainly on account of borrowing cost during construction of Enven and initial allowance on capitalization, were later confirmed by the Commissioner Inland Revenue-Appeals (CIRA). Besides a payment of Rs. 100,000, the Subsidiary Company has also obtained a stay order against the demand from the Sindh High Court. Moreover, the Subsidiary Company has applied to the department for offsetting the demand with the pending rectifications in appeal which have been decided in the Company's favor for previous years. Further, during the period, the Subsidiary Company has received rectification and appeal effect orders related to various years, creating a refund of Rs 336,157.

(Amounts in thousand)

11.1.2 The tax department had raised demands of Rs. 476,479 (rectified to Rs. 406,644), Rs. 910,845 and Rs.1,670,814 for financial years 2006, 2007 and 2008 respectively, mainly on account of disallowance of Group Relief (in all three years), inter corporate dividend (in 2007 and 2008) and write down of inventories to net realizable value (in 2008) besides certain other issues. The Holding Company had paid Rs. 170,000,Rs. 400,000 and Rs. 600,000 for financial years 2006, 2007 and 2008 respectively. During the period, the Subsidiary Company received appeal effect orders for financial years 2006 and 2007 confirming Appellate Tribunal Inland Revenue (ATIR) decision in favor of the Subsidiary Company on the issues of both group relief and intercorporate dividend. However, subsequent to this, the CIRA has decided these issues against the Subsidiary Company for the financial year 2008 and the Subsidiary Company has consequently appealed to ATIR. Furthermore, in 2011, appeal effect orders were received relating to financial / income years 1995 to 2002 to give effect to the ATIR's decision on the apportionment of gross profit in the Subsidiary Company's favor. The tax department has however, filed reference application against the ATIR's decisions on group relief, inter-company dividend and apportionment of gross profits before the Sindh High Court, which is pending for hearing. The Subsidiary Company is confident that all pending issues, including the references filed by the department in the High Court, will eventually be decided in its favor.

11.2 Engro Eximp (Private) Limited (Subsidiary Company)

11.2.1 During 2010, the tax department raised demands of Rs 239,902 and Rs 1,708,621 for tax years 2007 and 2009 respectively, mainly on the disallowance of subsidy received by the Subsidiary Company on imported phosphatic fertilizer from the Government of Pakistan as allowable expense. The Commissioner Inland Revenue, on the Subsidiary Company's appeal there against, had set aside the aforementioned amended order with the directions to the Additional Commissioner Inland Revenue for denovo proceedings. The Additional Commissioner Inland Revenue initiated the proceedings as directed and issued amended assessment order for tax year 2009 on April 5, 2012, in which the contention of the Subsidiary Company has been accepted and the matter has been decided in the favor of the Subsidiary Company on the basis of this amended assessment order. The Subsidiary Company is also confident that the matter with respect to tax year 2007 will also be decided in the Subsidiary Company's favor without any additional tax liability and as such has not made provision for the aforementioned demand in this consolidated condensed interim financial information.

11.2.2 Subsequent to the changes in the ITO through Finance Act 2012, the company has the option to opt out of the Final Tax Regime for imports and exports subject to the condition that the minimum tax liability in respect of imports shall not be less than 60% of the tax collected at the import stage and the minimum tax liability in respect of exports shall not be less than 50%of the tax collected at the time of realization of export proceeds. Accordingly the company has adopted the Normal Tax Regime for imports.

11.3 Engro Foods Limited (Subsidiary Company)

11.3.1 The Subsidiary Company in accordance with section 59 B (Group Relief) of the Income Tax Ordinance, 2001 has surrendered to the Holding Company, its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the years ended December 31, 2006, 2007 and 2008 (Tax years 2007, 2008 and 2009) for cash consideration aggregating Rs. 1,500,847, being equivalent to tax benefit/effect thereof.

The Subsidiary Company has been designated as part of the Group of Engro Corporation Limited by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59 B(2)(g) of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008, (the Regulations) notified by SECP on December 31, 2008.

(Amounts in thousand)

Further, the Appellate Tribunal, in respect of surrender of aforementioned tax losses by the Subsidiary Company to the Holding Company for the years ended December 31, 2006 and 2007, decided the appeals in favor of the Holding Company, whereby, allowing the surrender of tax losses by the Subsidiary Company to the Holding Company. The tax department has filed reference application there against before the Sindh High Court, which is pending for hearing. However, in any event, should the reference application be upheld and the losses are returned to the Subsidiary Company, it will only culminate into recognition of deferred income tax asset thereon with a corresponding liability to the Holding Company for refund of the consideration received. As such there will be no effect on the results of the Subsidiary Company.

12 (LOSS) / EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the group, after taking into the effect of options granted on Holding Company's shares to (i) employees of the holding company under the Employee Share Option Scheme (based on average annual market share price of 2012) and (ii) IFC loan of Engro Fertilizers Limited.

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(Rupees)			
(Loss) / Profit attributable to the owners of the Holding Company	(102,700)	2,209,063	(443,169)	5,590,387
	Numbers			
		(Restated)		(Restated)
Weighted average number of ordinary shares (in thousand)	511,269	513,671	511,269	513,671

13 CASH GENERATED FROM OPERATIONS

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
Profit before taxation	(372,967)	8,038,107
Adjustments for non-cash charges and other items:		
Depreciation and amortization	5,828,637	3,734,368
Profit on disposal of property, plant and equipment's	(20,278)	(16,124)
Provision for retirement and other service benefits	126,249	261,248
Depreciation on revaluation surplus arising on business combination	7,652	7,652
Income on deposits / other financial assets	(270,255)	(994,233)
Capital gain on long term investments	(384)	-
Share of income from joint venture companies	(549,040)	(390,530)
Financial charges	11,148,459	7,112,204
Employees share compensation expense	2,377	(3,075)
Employees housing subsidy expense	-	8,813
Income arising on derecognition of discontinued operations	(251,872)	-
Exchange loss on foreign currency loans	395,199	553,349
Working capital changes (note 13.1)	(11,087,335)	449,017
	4,956,442	18,760,796

(Amounts in thousand)

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
13.1 Working capital changes		
Increase in current assets		
- Stores spares and loose tools	(336,796)	(1,178,101)
- Stock-in-trade	(5,447,492)	(5,221,093)
- Trade debts	(2,457,751)	50,231
- Loans, advances, deposits and prepayments	(1,197,670)	(613,757)
- Other receivables (net)	844,071	(429,447)
	(8,595,638)	(7,392,167)
Increase in current liabilities		
- Trade and other payable including other service benefits (net)	(2,491,697)	7,841,184
	(11,087,335)	449,017

14 CASH AND CASH EQUIVALENTS

14.1 Cash and cash equivalents at the beginning of the period of Rs. 8,102,513 have been adjusted by the short term borrowings amount of Rs. 363,122 pertaining to subsidiary company, disposed off during the period referred to in 1.1.4

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
14.2 Cash and Cash Equivalents at the end of the period		
Cash and bank balances	1,957,369	2,199,946
Short term investments	414,293	7,285,326
Short term borrowings	(11,831,833)	(5,460,400)
	(9,460,171)	4,024,872

15 TRANSACTIONS WITH RELATED PARTIES

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

	Nine months ended	
	September 30, 2012	September 30, 2011
	(Rupees)	
		(restated)
Associates and joint ventures		
Purchases and services	9,533,641	9,662,170
Services rendered / sale of goods	1,322,563	2,280222
Retirement benefits	483,975	342,674
Dividends paid	335,161	276,313
Payment of interest on TFCs and repayment of principal amount	116,866	105,218
Donations	56,614	40,151
Investment in mutual funds	400,000	2,485,000
Redemption of investments in mutual funds	2,172,096	2,084,900
Others		
Remuneration paid to key management personnel / directors	389,321	438,060
Dividends paid	10,205	6,795
Balances due from		
Joint Venture	1,100	112,500

(Amounts in thousand)

16 SEGMENT REPORTING

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

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

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(Rupees)			
Revenue				
Fertilizer	7,801,821	16,387,854	26,379,913	36,216,031
Polymer	6,077,216	4,281,667	15,553,616	12,312,847
Food	12,674,440	9,508,872	32,449,704	23,247,600
Power	3,038,359	2,178,102	8,554,061	5,958,613
Other operations	-	383,012	-	1,088,746
Consolidated	29,591,837	32,739,507	82,937,295	78,823,837
Profit / (loss) after taxation				
Fertilizer	(1,279,586)	2,226,046	(3,006,912)	4,714,463
Polymer	24,230	(245,122)	83,314	(440,221)
Food	625,478	(406,201)	821,004	(219,670)
Power	506,154	494,289	1,571,178	1,238,995
Other operations	242,869	355,740	976,956	1,009,991
Elimination - net	(88,933)	(307,070)	(550,054)	(870,088)
Consolidated	30,213	2,117,682	(104,513)	5,433,470

	Unaudited September 30, 2012	Audited December 31, 2011
	(Rupees)	
Assets		
Fertilizer	105,406,651	106,848,430
Polymer	23,303,980	23,805,891
Food	24,279,885	25,334,544
Power	24,040,716	21,282,393
Other operations	34,172,477	34,366,519
Elimination - net	(31,481,642)	(28,633,603)
Consolidated	179,722,068	183,004,174

(Amounts in thousand)

17 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information is authorized for issue on October 30, 2012 by the Board of Directors of the Holding Company.

18 CORRESPONDING FIGURES

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

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

Hussain Dawood
Chairman

Aliuddin Ansari
President and Chief Executive