

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. 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 - Excelebrate 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 nine months of 2016, amid slowing down of advanced economies, despite improving performance of emerging and developing economies. The US Fed froze the interest rates during the third quarter keeping in mind the gradual and global impacts of Brexit as well as China's slowing economy, however global financial markets are pricing in a Fed hike for December this year. Moreover, a slight recovery in the commodity markets has provided a breathing space to the commodity exporting countries. From its last quarterly update, IMF has maintained global growth forecast 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 September 2016, Pakistan successfully completed its 12th review, which was the last review under the program, to pave way for a final disbursement of \$102 million. 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 during the first half of the year. 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 9M 2016 period on account of lower sales in the Foods and Fertilizer businesses. On a consolidated basis, Engro Corporation recorded revenues of PKR 107.8 billion in 9M'16, a 14% decrease from PKR 124.9 billion in 9M'15. Further, the profit-after-tax (PAT) fell from PKR 8,880 million in 9M'15 to PKR 8,583 million in 9M'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 pillars. As of May 2016, 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. Further, in June 2016, the company successfully sold 297.2 million shares of Engro Fertilizers (22.2%) 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%.

Also during the second quarter, 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.

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 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. On 5th October, 2016 RFC sent out the offer letter of the mandatory tender for 6.5% of shares of Engro Foods at a price of PKR 151.85 per share. The acceptance period of this offer is between 28th November and 5th December. If the shares tendered in the MTO exceed the offer volume, the shares will be bought on a pro rata basis.

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. On the international front, urea prices continued to trade around CFR USD 210/ton. At the same time, the Economic Coordination Committee (ECC) has recently allowed a reduction in imported urea price to PKR1,200/bag. The current inventory of imported urea with NFML is 276 KT.

Domestic urea industry sales picked up significantly in 3Q to 1,634 KT, 55% up from same period last year due to decrease in prices, as a result in better farmer economics on cotton and rice. However, on a YTD basis, the overall the industry sales dropped to 3.46 million tons, a 12% decrease from 9M 2015. The decline was mainly due to poor crop economics and urea price uncertainty witnessed in the first half. On the other hand, total industry urea production increased to 4,482 KT in 9M 2016 vs. 3,893 KT million tons during corresponding period last year i.e. an increase of 15% on account of higher gas availability due to additional gas from LNG. With production outpacing demand, the industry closing inventory stands at 1.6 million tons' mark at the end of 9M 2016.

Domestic DAP industry sales, during the nine months' period, increased to 922 KT vs. 591 KT last year mainly due to continued subsidy on phosphates. However, the subsidy was reduced to PKR 300/bag from PKR 500/bag in Budget 2016.

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 15.6 Billion (including subsidy of PKR 4.1B which has been classified in Other Income) as compared to PKR 20.8 Billion in the same period last year. The decrease was mainly on account of depressed volumetric sales in the initial half of the year and reduced margins. Higher working capital needs due to excess inventory and payment of GIDC also impacted the profitability of the business vs. last year. Finance cost was significantly lower than last year (PKR 2.4 Billion vs. PKR 3.6 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 5.7 Billion compared to PKR 9.6 Billion for the same period last year.

Engro Foods

During the nine-month period, the company clocked-in revenues of PKR 34.3 billion versus PKR 37.3 billion in the same period last year. The implementation in July of the Federal Budget for 2016-17 which included, a change in the GST regime from zero rating to exempt has resulted in an increase in the cost of doing business. The impact of which has been partly passed on to the consumer in the form of price increases. However, gross margin of the company improved from 24.2% to 25.2% during the period 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 revenues, the overall profitability of the company remained consistent at PKR 2.59 billion as compared to PKR 2.6 billion in the same period last year.

Volumes in Olpers and Omung have both grown year on year, but volumetric growth remained under pressure primarily in the Tea Whitener segment due to changes in tax regime and heated competition due to entry of two new players. Appropriate steps, involving targeted brand investments, educational campaigns and an optimized distribution strategy have been deployed to address the changing business environment and to maintain market leadership.

During the nine months, the Ice Cream business performed well led by consumer relevant product launches and operational excellence in the distribution network. Volume growth coupled with improved margins resulted in the segment reporting a profit of PKR 203 million versus a loss of PKR 101 mn in the corresponding period last year.

The company's Dairy Farm continued to be a rich and nutritious source of raw material for the dairy segment. However, falling international market prices of animals led to non-cash valuation losses and consequently the segment reported a loss of PKR 66 million versus a profit of PKR 15 million in the corresponding period last year.

Engro Polymer & Chemicals

During 3Q 2016, on the domestic market front, PVC demand remained robust on account of strong construction activity and positive economic sentiment. The company successfully posted its highest ever sales for the nine-month period. Also, PVC margins improved as compared to the previous quarters as international PVC prices witnessed an uptick amid strong

demand coupled with supply tightness, while Ethylene prices remained stable throughout the quarter. Chlor Alkali segment remained under pressure during the quarter due to competitive market dynamics.

On the production side, the company achieved the highest ever VCM and PVC production during the nine-month period. Continuous process improvement and diligent planning supplemented plant operations. Chlor Alkali operations remained stable throughout the year.

During nine months, the company recorded revenue of PKR 16,610 million compared to PKR 17,064 million in the same period last year and posted a Profit After Tax (PAT) of Rs.32 million compared to a Loss After Tax of (LAT) of Rs. 813 million for the same period last year. Strong performance of the PVC segment, strict cost control, lower financial costs and manufacturing efficiencies 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 nine months of 2016, the company achieved a total husking of 5,892 tons of paddy and processed 10,282 tons of rice. The company exported 7,744 tons of rice, an increase of 7% year-on-year, and made branded sales of 2,153 tons. Paddy processing was lower due to management's decision to reduce open exposure on paddy.

The company posted a loss of PKR 356 million for nine-month 2016, as compared to loss of PKR 935 million, 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 100.2% in the first nine months of the year. It dispatched a total Net Electrical Output (NEO) of 845 GWh to the national grid with a load factor of 60.2% compared to 73.9% in 9M 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 8,107 million compared to PKR 9,921 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 1,527 million in nine-month 2016 as compared to PKR 1,399 million in same period last year. Lower running finance costs, timely payments to fuel supplier and one-time insurance income for settlement of repair expenditure along business interruption loss suffered by the company in the past led to an increase in profits.

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, significant progress has been made on detailed 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 year, the company entered into the 2nd year of contract whereby it is supposed to supply 400mmscfd to Sui Southern Gas Company (SSGC).

SSGC nomination was successfully met each day for the nine-months period. The terminal handled 32 cargoes and the total regasification during this period was 94.5 bcf.

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, 1,045 KT chemicals handled at site vs. 933 KT handled in the same period last year. Increase in LPG business is primarily because of gas shortage and lower international Brent prices.

Business Outlook

Engro Fertilizers

There has been a structural shift in the local fertilizer industry dynamics where urea supply glut is expected to continue in the foreseeable future. This contrasts significantly from the urea shortfall prevalent in the previous years. The shift has primarily occurred due to better gas supply on the Mari and Sui networks as well as availability of LNG. Continued high inventory levels within the industry, despite an uptick in sales volumes in 3Q continues to put financial burden on manufacturers. International DAP prices are also expected to remain under pressure due to soft commodity prices.

Engro Foods

The Company intends to accelerate volumetric growth and consolidate its market leadership positions on the back of additional brand investment in the future countering intensified competition and increased commodity prices as well as the negative effects of changes in GST regime.

All members of Pakistan Dairy Association (PDA) are closely monitoring the potential impact on the growth of conversion from loose milk to hygienic processed milk because of changes in GST regime. 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.

Engro Polymer & Chemicals

Domestic market for PVC is expected to remain strong while the Caustic market is projected to remain stable. International PVC and Ethylene prices are expected to remain stable in the near term. The company will continue to optimize operational performance.



Chairman

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 is expected to continue receiving uninterrupted supply of permeate gas in 2016. Gas based power plants would be expected 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, the company expects to receive uninterrupted dispatch from the power purchaser in 4Q 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.



Khalid Siraj Subhani
President and Chief Executive

condensed interim balance sheet as at september 30, 2016

(Amounts in thousand)

	Note	(Unaudited) September 30, 2016	(Audited) December 31, 2015
----- (Rupees) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	136,211	103,962
Long term investments	5 & 10	20,758,338	27,432,294
Long term loans and advances		2,166,535	2,168,202
Deferred taxation		1,540	1,124
		<u>23,062,624</u>	<u>29,705,582</u>
Current assets			
Loans, advances and prepayments	6	5,241,602	9,952,254
Other receivables		291,829	153,041
Dividend receivable	7	1,502,624	-
Taxes recoverable		-	213,760
Short term investments	8	21,441,316	793,380
Cash and bank balances		657,047	399,510
		<u>29,134,418</u>	<u>11,511,945</u>
Investment held for sale	9	3,909,640	-
		<u>56,106,682</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		24,732,821	13,585,382
Total equity		<u>47,462,938</u>	<u>36,315,499</u>
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		22,538	19,786
Current liabilities			
Trade and other payables		734,520	549,271
Borrowings		3,979,392	3,966,617
Accrued interest / mark-up		117,953	250,274
Taxation		13,701	-
Dividend payable		3,666,494	-
Unclaimed dividends		109,146	116,080
		<u>8,621,206</u>	<u>4,882,242</u>
Total liabilities		<u>8,643,744</u>	<u>4,902,028</u>
Contingencies and Commitments	10		
TOTAL EQUITY & LIABILITIES		<u><u>56,106,682</u></u>	<u><u>41,217,527</u></u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
----- (Rupees) -----					
Dividend income		1,772,759	1,752,762	5,368,283	5,605,281
Royalty income		224,944	172,607	471,926	626,548
		<u>1,997,703</u>	<u>1,925,369</u>	<u>5,840,209</u>	<u>6,231,829</u>
Administrative expenses		(208,862)	(366,415)	(759,773)	(568,932)
		<u>1,788,841</u>	<u>1,558,955</u>	<u>5,080,436</u>	<u>5,662,898</u>
Other income	5.2	490,490	326,318	17,121,073	8,038,757
Other operating expenses		(480)	(35,235)	(1,767)	(266,008)
Operating profit before impairment		<u>2,278,851</u>	<u>1,850,038</u>	<u>22,199,742</u>	<u>13,435,647</u>
Impairment against investment		-	(2,138,000)	-	(2,138,000)
Operating profit / (loss) after impairment		<u>2,278,851</u>	<u>(287,962)</u>	<u>22,199,742</u>	<u>11,297,647</u>
Finance cost		(136,638)	(149,467)	(418,206)	(451,108)
Profit / (loss) before taxation		<u>2,142,213</u>	<u>(437,429)</u>	<u>21,781,536</u>	<u>10,846,539</u>
Taxation	11	(382,335)	(136,595)	(682,186)	(393,434)
Profit / (loss) for the period		<u>1,759,878</u>	<u>(574,024)</u>	<u>21,099,350</u>	<u>10,453,105</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income / (loss) for the period		<u><u>1,759,878</u></u>	<u><u>(574,024)</u></u>	<u><u>21,099,350</u></u>	<u><u>10,453,105</u></u>
Earnings per share - basic and diluted	12	<u>3.36</u>	<u>(1.10)</u>	<u>40.28</u>	<u>19.96</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

condensed interim
statement of changes in equity (unaudited)
for the nine months ended september 30, 2016

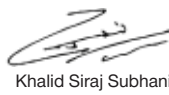
(Amounts in thousand)

	Capital reserves		Revenue reserves			Total
	Share capital	Share premium	General reserve	Remeasurement of post employment benefits - Actuarial gain / loss	Unappropriated profit	
Balance as at January 1, 2015 (Audited)	5,237,848	13,068,232	4,429,240	5,462	10,072,770	32,813,552
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	10,453,105	10,453,105
Transactions with owners						
Final cash dividend for the year ended December 31, 2014 @ Rs. 4.00 per share	-	-	-	-	(2,095,139)	(2,095,139)
Interim cash dividends for the year ended December 31, 2015:						
1st interim @ Rs.2.00 per share	-	-	-	-	(1,047,570)	(1,047,570)
2nd interim @ Rs.4.00 per share	-	-	-	-	(2,095,139)	(2,095,139)
Balance as at September 30, 2015 (Unaudited)	5,237,848	13,068,232	4,429,240	5,462	15,288,027	38,028,809
Total comprehensive income for the three months ended December 31, 2015	-	-	-	(10,665)	916,279	905,614
Transactions with owners						
3rd interim cash dividend for the year ending December 31, 2015 @ Rs. 5.00 per share	-	-	-	-	(2,618,924)	(2,618,924)
Balance as at December 31, 2015 (Audited)	5,237,848	13,068,232	4,429,240	(5,203)	13,585,382	36,315,499
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	21,099,350	21,099,350
Transactions with owners						
Final cash dividend for the year ended December 31, 2015 @ Rs. 7.00 per share	-	-	-	-	(3,666,493)	(3,666,493)
First interim cash dividend for the year ending December 31, 2016 @ Rs. 5.00 per share	-	-	-	-	(2,618,925)	(2,618,925)
Second interim cash dividend for the year ending December 31, 2016 @ Rs. 7.00 per share	-	-	-	-	(3,666,493)	(3,666,493)
Balance as at September 30, 2016 (Unaudited)	5,237,848	13,068,232	4,429,240	(5,203)	24,732,821	47,462,938

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

condensed interim
statement of cash flows (unaudited)
for the nine months ended september 30, 2016

(Amounts in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash utilized in operations	(1,185,874)	(502,591)
Royalty received	481,831	713,067
Taxes paid	(455,139)	(368,156)
Retirement and other service benefits paid	(6,423)	(11,442)
Long term loans and advances - net	1,667	(6,567)
Net cash utilized in operating activities	(1,163,938)	(175,688)

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends received	3,865,659	5,605,281
Income on deposits / other financial assets including income earned on subordinated loan to subsidiaries	989,517	188,978
Investments made during the period	(260,000)	(6,550,000)
Proceeds from disposal of investments in subsidiary companies	19,507,070	12,302,874
Proceeds from sale of Treasury bills	9,670,446	13,526,634
Purchase of Treasury bills	(22,676,655)	(16,629,308)
Placement in term deposits	(4,005,000)	-
Loan granted to subsidiary companies	(9,082,294)	(8,205,100)
Repayments of loan by subsidiary companies	13,932,376	3,694,600
Purchases of property, plant and equipment (PPE)	(63,611)	(38,821)
Sale proceeds on disposal of PPE	799	9,846
Net cash generated from investing activities	11,888,308	3,904,984

CASH FLOWS FROM FINANCING ACTIVITIES

Financial charges paid	(537,752)	(571,855)
Dividends paid	(6,285,418)	(3,142,709)
Unclaimed dividends	(16,321)	(6,182)
Net cash utilized in financing activities	(6,839,491)	(3,720,746)

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at end of the period

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



Chairman

Note	Nine months ended	
	September 30, 2016	September 30, 2015
	----- (Rupees) -----	
13	(1,185,874)	(502,591)
	481,831	713,067
	(455,139)	(368,156)
	(6,423)	(11,442)
	1,667	(6,567)
	(1,163,938)	(175,688)
	3,865,659	5,605,281
	989,517	188,978
	(260,000)	(6,550,000)
	19,507,070	12,302,874
	9,670,446	13,526,634
	(22,676,655)	(16,629,308)
	(4,005,000)	-
	(9,082,294)	(8,205,100)
	13,932,376	3,694,600
	(63,611)	(38,821)
	799	9,846
	11,888,308	3,904,984
	(537,752)	(571,855)
	(6,285,418)	(3,142,709)
	(16,321)	(6,182)
	(6,839,491)	(3,720,746)
	3,884,879	8,550
	399,510	1,253,234
14	4,284,389	1,261,784



Khalid Siraj Subhani
President and Chief Executive

notes to the condensed interim financial information (unaudited) for the nine months ended september 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 should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015 and 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)

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets (note 4.1)
Capital work in progress

	Unaudited September 30, 2016	Audited December 31, 2015
	----- (Rupees) -----	
	72,274	47,711
	63,937	56,251
	<u>136,211</u>	<u>103,962</u>

4.1 Additions to operating assets during the period / year amounted to Rs. 45,925 (December 31, 2015: Rs. 11,165). Operating assets costing Rs. 3,198 (December 31, 2015: Rs. 25,715) having a net book value of Rs. 693 (December 31, 2015: Rs. 4,105), were disposed off during the period / year for Rs. 799 (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 exchange by the potential acquirer on November 24, 2015, to acquire the entire shareholding of the Company in EPolymer and commencement of due diligence, the potential acquirer was granted an extension in time for making the public announcement of offer by the Securities and Exchange Commission of Pakistan (SECP) to complete the due diligence and finalize certain outstanding commercial matters. However, on August 20, 2016, the potential acquirer informed the SECP and the Pakistan Stock Exchange Limited that it was not in a position to make the offer in the time period allocated by the SECP, as the negotiations had not reached completion and as the time period to make the offer has lapsed, it is withdrawing its intention to acquire the aforesaid shares whilst reserving its right to make a further announcement of intention should this be deemed viable.

Further, during the period, the Company, in its Annual General Meeting held on April 15, 2016, has obtained its shareholders 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 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 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.

(Amounts in thousand)

5.4 Engro Eximp Agriproducts (Private) Limited (EEAP)

During the period, the Company has paid Rs. 260,000 to EEAP, as an advance against future issue of shares.

6. **LOANS, ADVANCES AND PREPAYMENTS**

6.1 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. 1,522,294 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. 10,532,376 has been repaid by ETPL post financial close.

6.2 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.

6.3 During the period, the Company extended further subordinated short-term loan of Rs. 1,000,000 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. Further, during the period, loan amounting to Rs. 400,000 has been repaid by the subsidiary company.

6.4 During the period, the Company extended a subordinated short-term loan of Rs. 3,000,000 to Engro Fertilizers Limited (EFert) for it to meet its working capital requirements. The loan was fully repaid by EFert during the period. The loan carried mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis.

7. **DIVIDEND RECEIVABLE**

This represents dividend receivable from Engro Fertilizers Limited, a subsidiary company (December 31, 2015: Nil).

8. **SHORT TERM INVESTMENTS**

Fair value through profit or loss

- Treasury bills

Held to maturity

- Fixed income placement

	Unaudited September 30, 2016	Audited December 31, 2015
	15,484,316	791,380
	5,957,000	2,000
	<u>21,441,316</u>	<u>793,380</u>

(Amounts in thousand)

9. **INVESTMENT HELD FOR SALE**

During the period, on March 3, 2016, the Company notified the Pakistan Stock Exchange (PSX) that it has received a public announcement of intention by a potential acquirer to acquire up to 51% of the total issued ordinary shares of Engro Foods Limited (EFoods) through a share purchase agreement (SPA) and through a mandatory tender offer (MTO) to the remaining shareholders of EFoods. Pursuant to the aforementioned notification, the Company, on July 4, 2016, informed the PSX that the SPA has been entered into between FrieslandCampina Pakistan Holding B.V. (FCP), a wholly owned subsidiary of Royal FrieslandCampina N.V.(RFC) and the Company with respect to the sale of up to 51% of the total issued shares of EFoods.

Further, 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.

Furthermore, as required by the takeover laws, FCP has made a Mandatory Tender Offer (MTO) on October 5, 2016, to acquire upto 49.8 million ordinary shares of EFoods, representing 6.5% of the total issued ordinary shares of EFoods at an offer price of Rs. 151.85 per share.

Accordingly, 58.5% of Company's investment in EFoods, representing 390,963,998 ordinary shares of Rs. 10 each, has been classified as held for sale. Currently, the maximum amount of shareholding required to be sold to FCP, under the SPA, has been classified as held for sale, as the number of shares to be sold to FCP is subject to finalization of subscription by the minority shareholders under the MTO, as required pursuant to the takeover laws.

10. **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.

(Amounts in thousand)

- 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.

11. TAXATION

- 11.1 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.
- 11.2 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. However, the CIR has filed an appeal thereagainst with the Appellate Tribunal, Inland Revenue.

12. 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		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	----- (Rupees) -----			
Profit / (loss) for the period	1,759,878	(574,024)	21,099,350	10,453,105
	----- (No. of share) -----			
Weighted average number of ordinary shares (in thousand)	523,785	523,785	523,785	523,785

(Amounts in thousand)

13. CASH UTILIZED IN OPERATIONS

	Nine months ended	
	September 30, 2016	September 30, 2015
	----- (Rupees) -----	
Profit before taxation	21,781,536	10,846,539
Adjustment for non-cash charges and other items:		
Depreciation	20,669	18,517
Gain on disposal of Property, plant and equipment	(106)	(4,088)
Provision for retirement and other service benefits	9,175	10,369
Provision for Impairment	-	2,138,000
Income on deposits / other financial assets	(1,118,986)	(749,283)
Capital gain on disposal of long-term investment	(16,482,753)	(7,325,275)
Dividend income	(5,368,283)	(5,605,281)
Royalty income	(471,926)	(626,548)
Financial charges	418,188	450,723
Exchange loss / (gain)	18	(385)
Working capital changes (note 16.1)	26,594	344,122
	(1,185,874)	(502,590)
13.1 Working capital changes		
(Increase) / decrease in current assets		
- Loans, advances and prepayments	(139,430)	36,759
- Other receivables (net)	(19,224)	(1,931)
	(158,655)	34,828
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	185,249	309,294
	26,594	344,122
14. CASH AND CASH EQUIVALENTS		
Short term investments	3,627,341	861,701
Cash and bank balances	657,047	400,083
	4,284,388	1,261,784

(Amounts in thousand)

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 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.

15.2 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 (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); 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	-	15,484,316	-

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

15.3 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.

15.4 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)

16. 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:

	Nine months ended	
	September 30, 2016	September 30, 2015
	----- (Rupees) -----	
Parent Company		
Dividend paid	3,241,419	945,068
Reimbursements to Parent company	103,989	-
Subsidiary companies		
Purchases and services	2,773	19,050
Services rendered	487,565	448,246
Mark up from subsidiaries	595,517	586,653
Disbursement of loan to subsidiaries	6,082,294	8,205,100
Repayment of loan by subsidiaries	10,982,024	3,694,600
Dividend received	4,648,283	4,997,781
Royalty Income, net of sales tax	471,926	626,548
Reimbursements to subsidiaries	373,343	294,063
Expenses paid on behalf of subsidiaries	188,268	190,163
Investments made	260,000	6,550,000
Service fees against Corporate Guarantees	7,834	7,670
Remittance in Subsidiary Company	-	5,405
Proceeds from disposal of long-term investment	-	4,383,000
Associated companies		
Purchases and services	603	2,553
Services rendered	49,693	52,274
Contributions for Corporate Social Responsibility	12,300	17,500
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	467,112
Mark-up on utilization of overdraft facility	157	2,172
Commitment fee	2,712	4,332
Interest on deposit	56	1,504
Reimbursement to associated companies	4,618	4,196
Expenses paid on behalf of associated companies	9,737	5,094
Bank charges	1	4
Dividend paid	566,127	290,933
Profit on Term finance certificates	23,092	26,611
Joint ventures		
Services rendered	1,912	921
Dividend received	720,000	607,500
Reimbursement to Joint venture company	8,221	915
Expenses paid on behalf of Joint venture company	-	627
Others		
Directors' fees	24,588	14,950
Remuneration of key management personnel	140,472	91,674
Reimbursements to key management personnel	8,600	5,745
Contribution to staff retirement benefits	25,833	23,069
Dividend paid	87,885	24,647

(Amounts in thousand)

17. **NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors in its meeting held on October 27, 2016 has approved an interim cash dividend of Rs. 8.00 per share for the year ending December 31, 2016. This condensed interim financial information does not reflect the dividend payable.

18. **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.

19. **DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorized for issue on October 27, 2016 by the Board of Directors of the Company.



Chairman



Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim balance sheet as at september 30, 2016

(Amounts in thousand)	Note	(Unaudited) September 30, 2016	(Audited) December 31, 2015
------(Rupees)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	128,565,517	128,403,791
Biological assets		-	1,024,251
Intangible assets		206,898	276,846
Long term investments	6	3,476,022	3,120,174
Deferred taxation		1,016,797	982,699
Long term loans, advances and other receivables	7	10,341,238	3,758,094
Deferred employee compensation expense		-	147,456
		<u>143,606,472</u>	<u>137,713,311</u>
Current assets			
Stores, spares and loose tools		7,604,959	7,679,172
Stock-in-trade	8	20,328,619	14,088,701
Trade debts	9	11,906,439	6,733,613
Deferred employee compensation expense		-	92,986
Derivative financial instruments		-	29,207
Loans, advances, deposits and prepayments		1,597,554	1,507,999
Other receivables		7,709,302	7,934,670
Taxes recoverable		404,320	2,349,782
Short term investments	10	23,842,716	14,050,112
Cash and bank balances		8,124,907	4,112,298
		<u>81,518,816</u>	<u>58,578,540</u>
Assets attributable to discontinued operations	13	26,207,461	-
TOTAL ASSETS		<u><u>251,332,749</u></u>	<u><u>196,291,851</u></u>

(Amounts in thousand)	Note	(Unaudited) September 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		454,904	595,143
Revaluation reserve on business combination		46,036	53,688
Maintenance reserve		156,301	156,301
Exchange revaluation reserve		18,111	29,793
Hedging reserve		(87,413)	(88,042)
General reserve		4,429,240	4,429,240
Unappropriated profit		54,664,589	45,891,164
Remeasurement of post-employment benefits		(132,267)	(131,931)
		<u>72,617,733</u>	<u>64,003,588</u>
		77,855,581	69,241,436
Non-controlling interest		36,951,518	16,431,445
Total Equity		<u>114,807,099</u>	<u>85,672,881</u>
Liabilities			
Non-current liabilities			
Borrowings	12	53,109,581	36,993,136
Derivative financial instruments		8,462	17,382
Deferred taxation		8,310,651	8,689,814
Deferred liabilities		116,261	161,242
		<u>61,544,955</u>	<u>45,861,574</u>
Current liabilities			
Trade and other payables		31,389,185	34,050,586
Accrued interest / mark-up		1,123,230	1,328,147
Current portion of :			
- borrowings		18,572,800	22,589,460
- deferred liabilities		93,894	98,083
Short term borrowings		10,981,684	6,176,645
Derivative financial instruments		193,940	393,070
Dividend payable		3,666,494	-
Unclaimed dividends		121,123	121,405
		<u>66,142,350</u>	<u>64,757,396</u>
Liabilities associated with discontinued operations	13	8,838,345	-
Total Liabilities		<u>136,525,650</u>	<u>110,618,970</u>
Contingencies and Commitments	14		
TOTAL EQUITY AND LIABILITIES		<u><u>251,332,749</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.



Chairman



Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim profit and loss account (unaudited) for the nine months ended september 30, 2016


(Amounts in thousand except for earnings per share)

Note	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
----- (Rupees) -----				
Net sales	41,065,515	37,163,054	107,834,006	124,917,603
Cost of sales	(32,192,736)	(26,173,471)	(81,501,983)	(89,991,431)
Gross profit	8,872,779	10,989,583	26,332,023	34,926,172
Selling and distribution expenses	(2,798,934)	(2,549,188)	(7,508,528)	(7,673,563)
Administrative expenses	(969,440)	(1,465,598)	(3,052,982)	(3,337,366)
	5,104,405	6,974,797	15,770,513	23,915,243
Other income	2,811,801	504,305	5,576,860	2,396,508
Other operating expenses	(409,513)	(628,983)	(1,271,624)	(2,309,694)
Share of income from joint ventures and associates	364,590	288,267	953,736	764,381
Operating profit before impairment	7,871,283	7,138,386	21,029,485	24,766,438
Impairment against rice processing plant	-	(2,138,000)	-	(2,138,000)
Operating profit after impairment	7,871,283	5,000,386	21,029,485	22,628,438
Finance cost	(1,433,980)	(2,017,524)	(4,492,037)	(6,512,467)
Profit before taxation	6,437,303	2,982,862	16,537,448	16,115,971
Taxation	(2,026,778)	(1,520,591)	(5,215,327)	(5,093,311)
Profit for the period	4,410,525	1,462,271	11,322,121	11,022,660
Profit attributable to:				
- continuing operations	3,777,071	838,727	8,727,337	8,421,531
- discontinued operations	633,454	623,544	2,594,784	2,601,129
	4,410,525	1,462,271	11,322,121	11,022,660
Profit attributable to:				
- Owners of the Holding Company	3,064,085	874,195	8,582,833	8,879,672
- Non-controlling interest	1,346,440	588,076	2,739,288	2,142,988
	4,410,525	1,462,271	11,322,121	11,022,660
Basic earnings per share from:				
- continuing operations	4.80	0.63	12.08	12.63
- discontinued operations	1.05	1.04	4.31	4.32
	5.85	1.67	16.39	16.95
Diluted earnings per share from:				
- continuing operations	4.79	0.63	11.96	12.63
- discontinued operations	1.05	1.04	4.31	4.32
	5.84	1.67	16.27	16.95

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
----- (Rupees) -----				
Profit for the period	4,410,525	1,462,271	11,322,121	11,022,660
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges	(41,225)	7,409	(158,827)	(69,787)
Losses arising during the period	-	-	-	37,621
Reclassification adjustments for losses included in profit or loss	41,490	2,406	166,987	120,568
Adjustments for amounts transferred to initial carrying amount of hedged items	-	-	-	-
	265	9,815	8,160	88,402
Revaluation reserve on business combination	(5,095)	(5,330)	(15,753)	(15,988)
Exchange differences on translation of foreign operations	(7,500)	34,989	(12,264)	35,304
	(12,330)	39,474	(19,857)	107,718
Income tax relating to:				
- Hedging reserve - cash flow hedges	(831)	(2,773)	(6,607)	(31,763)
- Revaluation reserve on business combination	1,524	1,950	5,041	5,276
	693	(823)	(1,566)	(26,487)
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligation - net	52	272	(484)	272
Income tax relating to remeasurement of post employment benefits obligation	-	(191)	-	(191)
	52	81	(484)	81
Deferred tax charge relating to revaluation of equity related items	-	-	-	(4,946)
Other comprehensive (loss) / income or the period, net of tax	(11,585)	38,732	(21,907)	76,366
Total comprehensive income for the period	4,398,940	1,501,003	11,300,214	11,099,026
Total comprehensive income attributable to:				
- continuing operations	3,765,486	878,494	8,703,660	8,471,196
- discontinued operations	633,454	622,509	2,596,554	2,627,830
	4,398,940	1,501,003	11,300,214	11,099,026
Total comprehensive income attributable to:				
- Owners of the Holding Company	3,055,007	914,878	8,563,792	8,951,853
- Non-controlling interest	1,343,933	586,125	2,736,422	2,147,173
	4,398,940	1,501,003	11,300,214	11,099,026

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim statement of changes in equity (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

	Attributable to owners of the Holding Company										Non-controlling interest	Total	
	Capital reserves					Revenue reserves							
	Share capital	Share premium	Employee share option compensation reserve	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Un-appropriated profit	Remeasurement of post employment benefits - Actuarial gain / (loss)	Sub total		
	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 nine months ended September 30, 2015	-	-	-	(5,292)	-	35,304	42,173	-	8,879,672	(4)	8,879,672	2,142,988	11,022,660
Profit for the period	-	-	-	(5,292)	-	35,304	42,173	-	8,879,672	(4)	8,879,672	2,142,988	11,022,660
Other comprehensive income	-	-	-	(5,292)	-	35,304	42,173	-	8,879,672	(4)	8,879,672	2,142,988	11,022,660
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of conversion of IFC loan into ordinary shares by subsidiary company	-	-	-	-	-	-	-	-	709,394	-	709,394	287,909	997,303
Gain on disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	5,219,950	-	5,219,950	7,873,317	13,093,267
Employees Share Option Scheme of subsidiary company	-	-	264,471	-	-	-	-	-	264,471	-	264,471	264,471	528,942
Transfer of maintenance reserve to Non-Controlling Interest	-	-	-	-	(22,457)	-	-	-	-	-	-	22,457	-
Dividend by subsidiary allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(1,243,982)	(1,243,982)
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)
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)
Balance as at September 30, 2015 (Unaudited)	5,237,848	13,068,232	664,211	58,598	156,301	39,593	(101,168)	4,429,240	43,568,114	(58,362)	67,062,609	14,714,190	81,776,799
Total comprehensive income / (loss) for the three months ended December 31, 2015 (Audited)	-	-	-	(4,910)	-	(9,800)	13,124	-	4,904,746	(73,569)	4,904,746	1,340,990	6,245,736
Profit for the period	-	-	-	(4,910)	-	(9,800)	13,124	-	4,904,746	(73,569)	4,904,746	1,340,990	6,245,736
Other comprehensive income	-	-	-	(4,910)	-	(9,800)	13,124	-	4,904,746	(73,569)	4,904,746	1,340,990	6,245,736
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees Share Option Scheme of subsidiary company	-	-	(69,068)	-	-	-	-	-	-	-	(69,068)	-	(69,068)
Dividend by subsidiaries allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(422,943)	(422,943)
Gain on disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	38,729	-	38,729	(38,729)	-
Share capital issued to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	168,000	168,000
Advance against issue of shares	-	-	-	-	-	-	-	-	(1,500)	-	(1,500)	675,048	675,048
Share issuance cost	-	-	-	-	-	-	-	-	(1,500)	-	(1,500)	(840)	(2,340)
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 nine months ended September 30, 2016 (Unaudited)	-	-	-	(7,652)	-	(11,682)	629	-	8,582,833	(336)	8,582,833	2,739,288	11,322,121
Profit for the period	-	-	-	(7,652)	-	(11,682)	629	-	8,582,833	(336)	8,582,833	2,739,288	11,322,121
Other comprehensive income	-	-	-	(7,652)	-	(11,682)	629	-	8,582,833	(336)	8,582,833	2,739,288	11,322,121
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees Share Option Scheme of subsidiary company	-	-	(140,239)	-	-	-	-	-	-	-	(140,239)	-	(140,239)
Effect of change in shareholding of the Group	-	-	-	-	-	-	-	-	10,142,504	-	10,142,504	10,254,926	20,397,430
Dividend by subsidiary allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,258,254)	(2,258,254)
Share capital issued to Non-Controlling interest - ordinary shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	4,774,773	4,774,773
- preference shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	4,173,136	4,173,136
Advance against issue of shares to NCI	-	-	-	-	-	-	-	-	-	-	-	839,070	839,070
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)
Second interim cash dividend for the year ending December 31, 2016 @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(3,666,493)	-	(3,666,493)	-	(3,666,493)
Balance as at September 30, 2016 (Unaudited)	5,237,848	13,068,232	454,904	46,036	156,301	18,111	(87,413)	4,429,240	54,664,589	(132,267)	77,855,581	36,951,518	114,807,099

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

consolidated condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

Cash flows from operating activities

	Note	September 30, 2016	September 30, 2015
(Rupees)			
Cash generated from / (utilized in) operations	17	359,436	(9,988,372)
Retirement and other service benefits paid		(89,335)	(52,542)
Finance cost paid		(4,214,137)	(5,829,763)
Taxes paid		(2,910,816)	(2,396,419)
Payments against provision for contractual commitments		(23,604)	(40,817)
Long term loans and advances - net		(7,982,701)	(1,605,707)
Discontinued operations	13	3,448,277	2,629,088
Net cash utilized in operating activities		(11,412,880)	(17,284,532)

Cash flows from investing activities

Purchase of:			
- property, plant and equipment (PPE) and biological assets		(19,630,850)	(4,201,209)
- treasury bills - net		(13,006,209)	(3,102,674)
Proceeds from disposal of:			
- PPE and biological assets		33,063	98,519
- investments		20,611,199	7,919,874
Placement in term deposits		(4,005,000)	-
Income on deposits / other financial assets		797,673	1,429,803
Proceeds from short term investments		242,300	25,738,474
Investment made during the period		-	(212,226)
Dividends received		720,000	607,500
Discontinued operations	13	(864,838)	(711,029)
Net cash (utilized in) / generated from investing activities		(15,102,662)	27,567,032

Cash flows from financing activities

Proceeds / (repayments) of borrowings - net		18,436,723	(9,398,963)
Repayments of short term borrowings - net		(525,300)	(4,750,000)
Proceeds from issue of shares - net		10,398,234	-
Proceeds from advance against issue of right shares to Non-controlling interest		839,070	-
Share issuance costs		(560,100)	-
Unclaimed dividends		(16,321)	-
Dividends paid		(7,378,557)	(4,392,873)
Discontinued operations	13	(2,462,938)	(1,259,031)
Net cash generated from / (utilized in) financing activities		18,730,811	(19,800,867)

Net decrease in cash and cash equivalents (7,784,731) (9,518,367)

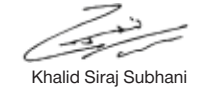
Cash and cash equivalents at beginning of the period 11,256,488 8,488,637

Cash and cash equivalents at end of the period 3,471,757 (1,029,730)

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.



Chairman



Khalid Siraj Subhani
President and Chief Executive

notes to the consolidated condensed interim financial information (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

1.1 The "Group" consists of:

Holding Company - Engro Corporation Limited

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

	%age of direct holding	
	September 30, 2016	December 31, 2015
- Engro Powergen Limited	100	100
- Elengy Terminal Pakistan Limited (note 1.1.1)	80	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Foods Limited (note 1.1.2)	87.06	87.06
- Engro Fertilizers Limited (note 1.1.3)	56.45	78.78
- Engro Polymer and Chemicals Limited (note 1.1.4)	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50

1.1.1 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.

1.1.2 Engro Foods Limited (EFoods)

During the period, on March 3, 2016, the Holding Company notified the Pakistan Stock Exchange (PSX) that it has received a public announcement of intention by a potential acquirer to acquire up to 51% of the total issued ordinary shares of EFoods through a share purchase agreement (SPA) and through a mandatory tender offer (MTO) to the remaining shareholders of EFoods. Pursuant to the aforementioned notification, the Holding Company, on July 4, 2016, informed the PSX that the SPA has been entered into between FrieslandCampina Pakistan Holding B.V. (FCP), a wholly owned subsidiary of Royal FrieslandCampina N.V. (RFC) and the Holding Company with respect to the sale of up to 51% of the total issued shares of EFoods

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

(Amounts in thousand)

Furthermore, as required by the takeover laws, FCP has made a Mandatory Tender Offer (MTO) on October 5, 2016, to acquire upto 49.8 million ordinary shares of EFoods, representing 6.5% of the total issued ordinary shares of EFoods at an offer price of Rs. 151.85 per share.

1.1.3 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.

1.1.4 Engro Polymer and Chemicals Limited (EPCL)

During the period, pursuant to the public announcement of intention to the stock exchange by the potential acquirer on November 24, 2015, to acquire the entire shareholding of the Holding Company in EPCL and commencement of due diligence, the potential acquirer was granted an extension in time for making the public announcement of offer by the Securities and Exchange Commission of Pakistan (SECP) to complete the due diligence and finalize certain outstanding commercial matters. However, on August 20, 2016, the potential acquirer informed the SECP and the Pakistan Stock Exchange Limited that it was not in a position to make the offer in the time period allocated by the SECP, as the negotiations had not reached completion and as the time period to make the offer has lapsed, it is withdrawing its intention to acquire the aforesaid shares whilst reserving its right to make a further announcement of intention should this be deemed viable.

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

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 should be read in conjunction with the annual consolidated financial statements of the Group 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.

(Amounts in thousand)

3. BASIS OF CONSOLIDATION

- 3.1 The condensed interim financial information of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves.
- 3.2 Non-controlling interest has been presented as a separate item in this consolidated condensed interim financial information. All material intercompany balances and transactions have been eliminated.
- 3.3 The Group's interest in jointly controlled 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 September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
Operating assets, at net book value	105,129,421	123,625,947
Capital work in progress - Expansion and other projects (note 5.2)	21,889,417	3,695,782
Capital spares and standby equipment	1,546,679	1,082,062
	<u>128,565,517</u>	<u>128,403,791</u>

(Amounts in thousand)

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
5.1 Following additions, including transfers from capital work in progress, were made to operating assets during the period / year		
Free hold land	-	1,108
Lease hold land	39	141,295
Building on freehold land	88,012	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	501,790	4,654,344
Furniture, fixtures and equipment	223,603	321,316
Vehicles	62,489	196,224
	<u>1,076,164</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
Less: Relating to Discontinued Operations	(419,755)	-
Add: Additions during the period / year	19,689,554	6,541,580
Less: Transferred to:		
- operating assets / intangible assets	(1,076,164)	(12,732,345)
Balance at end of the period / year	<u>21,889,417</u>	<u>3,695,782</u>
5.3 Includes capital work-in-progress of Engro Powergen Thar (Private) Limited (EPTL) amounting to Rs. 16,589,477 (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. 75,434 (December 31, 2015: Rs. 490,523) having net book value of Rs. 26,983 (December 31, 2015: Rs. 199,425) were disposed off for Rs. 33,457 (December 31, 2015: Rs. 245,454).		

(Amounts in thousand)

6 LONG TERM INVESTMENTS

During the period, Engro Powergen Limited (EPL) acquired 3,359,331 additional ordinary shares of the Sindh Engro Coal Mining Company Limited (SECMC), out of the total 219,698,267 ordinary shares issued during the period. EPL's percentage shareholding in SECMC as at September 30, 2016 was 11.9%.

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. 1,069,591. 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. 1,160,753 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. 7,842,571 paid to China Export and Credit Insurance Corporation (Sinasure) in respect of credit insurance policy issued in respect of Engro Powergen Thar (Private) Limited (EPTL) financing from Chinese Lenders.

(Amounts in thousand)

8 STOCK-IN-TRADE

Raw materials and packing materials		
Unprocessed rice		
Fuel stock		
Work-in-process		
Finished goods:		
- own manufactured product		
- purchased product		

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

2,936,702	5,459,117
155,811	369,320
381,520	382,085
106,374	213,415
9,341,215	3,950,386
7,406,997	3,714,378
16,748,212	7,664,764
20,328,619	14,088,701

9 TRADE DEBTS

Considered good		
- secured		
- unsecured		

Considered doubtful

Less: Provision for impairment

11,685,124	6,297,449
221,315	436,164
11,906,439	6,733,613
24,400	24,682
11,930,839	6,758,295
24,400	24,682
11,906,439	6,733,613

10 SHORT TERM INVESTMENTS

At fair value through profit or loss

Fixed income placements		
Treasury Bills		

Held to maturity

Fixed income placements		
Treasury Bills		
Term deposit receipts		
Eurobonds		

-	52,000
15,484,316	11,775,935
15,484,316	11,827,935
5,957,000	1,117,643
500,022	488,700
1,901,378	-
-	615,834
8,358,400	2,222,177
23,842,716	14,050,112

(Amounts in thousand)

10.1 This primarily includes proceeds received against divestment of 28.34% of the Holding Company's investment in Engro Fertilizers Limited, a subsidiary company.

11 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 September 30, 2016 amounted to Rs. 251,062 which is not recognized in this consolidated condensed interim financial information.

12 BORROWINGS

12.1 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.
- During the period, EFert availed three bilateral loans for a total of Rs. 10,000,000 from MCB, United Bank Limited and ABL amounting to Rs. 4,000,000 Rs. 4,000,000 and Rs. 2,000,000 respectively. The new loans have a pricing of 6months KIBOR plus 0.15% and will mature in September 2021.

(Amounts in thousand)

12.2 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 September 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.

12.3 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	September 30, 2016	December 31, 2015
				------(Rupees)-----	
IFC (USD 20,000)	6 months LIBOR + 5%	16 half yearly	June 15, 2016	2,769,023	-
ADB (USD 30,000)	6 months LIBOR + 5%	16 half yearly	June 15, 2016	1,846,0015	-
Local Syndicate loan - note 12.3.2	6 months KIBOR + 1.8%	16 half yearly	June 15, 2016	3,546,475	-
				8,161,513	-
				(1,251,001)	-
				6,910,511	-
Less: Current portion shown under current liabilities					

12.3.1 The proceeds from the aforementioned loans are carried net of transaction costs amounting to Rs. 490,314.

12.3.2 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.

12.3.3 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.

12.4 Engro Powergen Thar (Private) Limited (EPTL)

12.4.1 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 September 30, 2016, EPTL has made draw down of Rs. 526,499 against this facility while the undrawn amount is equal to Rs. 2,607,501.

(Amounts in thousand)

12.4.2 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 September 30, 2016, EPTL has made draw down of USD 81,292 against this facility while the undrawn amount is equal to USD 539,708.
- 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 September 30, 2016, EPTL has made draw down of Rs. 2,858,617 from this facility while the undrawn amount is equal to Rs. 14,157,382.
- 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 September 30, 2016, EPTL has made draw down of Rs. 671,983 against this facility while the undrawn amount is equal to Rs. 3,328,017.

12.4.3 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.

12.4.4 Transaction cost - prepaid amounting to Rs. 9,042,789 has been paid in connection with these loan agreements. The cost, to the extent the amount was drawn as at September 30, 2016 in proportionate to the total amount of borrowings, amounting to Rs. 1,200,218 is recognized as transaction cost and deducted from the amount of borrowings. The remaining amount of Rs. 7,976,088 have been carried forward as long term advances and prepayments (note 7) as at September 30, 2016 and will be recognized as transaction costs as and when the draw downs are made against remaining balance of loan facilities.

12.4.5 Habib Bank Limited (HBL) has issued a guarantee of Rs. 4,725,000 on behalf of EPTL in favour of Sindh Engro Coal Mining Company Limited (SECMC) to secure company's payment obligations under the Coal Supply Agreement. The guarantee expires on July 20, 2017 and is secured by way of first pari passu charge over asset of the company.

12.4.6 A Corporate Guarantee amounting to USD 3,500 for principal plus interest amount had been issued on December 19, 2015 by EPL on behalf of Engro Power Investments International B.V (EPII) in favor of UBL Switzerland AG against term loan. As of September 30, 2016, EPII has not utilized this facility.

13. 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.

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

(Amounts in thousand)

Assets attributable to discontinued operations

Property, plant and equipment	13,289,513
Biological assets	980,736
Intangible assets	44,775
Long term advances and deposits	135,113
Deferred employee share option compensation expense	124,520
Stores, spares and loose tools	847,028
Stock-in-trade	4,300,359
Trade debts	69,801
Advances, deposits and prepayments	196,480
Other receivables	140,029
Sales tax recoverable	4,169,834
Taxes recoverable	1,608,297
Cash and bank balances	300,976
	26,207,461

Liabilities associated with discontinued operations

Long term finances	2,907,806
Short term finances	301,183
Deferred taxation	1,777,352
Deferred income	1,124
Accrued interest / mark-up	78,470
Accrued and other liabilities	3,772,410
	8,838,345

Net assets attributable to discontinued operations

(Unaudited)
September 30, 2016

Rupees

13,289,513
980,736
44,775
135,113
124,520
847,028
4,300,359
69,801
196,480
140,029
4,169,834
1,608,297
300,976
26,207,461

2,907,806
301,183
1,777,352
1,124
78,470
3,772,410
8,838,345

17,369,116

(Amounts in thousand)

13.2 Financial performance of discontinued operations (EFoods)

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	----- (Rupees) -----			
Net sales	10,980,105	12,520,900	34,311,032	37,263,092
Cost of sales	(8,730,626)	(9,885,081)	(25,664,383)	(28,250,847)
Gross profit	2,249,479	2,635,819	8,646,649	9,012,245
Distribution and marketing expenses	(1,051,426)	(1,221,122)	(3,612,469)	(3,664,553)
Administrative expenses	(226,138)	(502,623)	(649,182)	(1,085,245)
Other operating expenses	(24,059)	(59,164)	(296,754)	(269,922)
Other income	31,036	115,665	87,213	249,205
Operating profit	978,892	968,575	4,175,457	4,241,730
Finance costs	(79,403)	(195,507)	(293,050)	(734,514)
Profit before taxation	899,489	773,068	3,882,407	3,507,216
Taxation	(266,035)	(149,524)	(1,287,623)	(906,087)
Profit after tax from discontinued operations	633,454	623,544	2,594,784	2,601,129

Unaudited	
September 30, 2016	September 30, 2015
----- (Rupees) -----	

Net cash generated from operating activities	3,448,277	2,629,088
Net cash utilized in investing activities	(864,838)	(711,029)
Net cash utilized in financing activities	(2,462,938)	(1,259,031)
Net increase in cash and cash equivalents	120,501	659,028

14. CONTINGENCIES AND COMMITMENTS

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

- 14.1 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)

- 14.2 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.

- 14.3 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.

- 14.4 The Holding 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.

- 14.5 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.

- 14.6 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.

- 14.7 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 September 30, 2016 amounts to Rs. 17,236 (December 31, 2015: Nil).

- 14.8 Engro Eximp Agriproducts (Private) Limited (EEAPL), has entered into export selling contracts of 1,400 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. 78,935 (2015: Rs. 498,382).

- 14.9 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.

- 14.10 Capital expenditure contracted for but remaining to be executed amounted to Rs. 68,609,773 (December 31, 2015: Rs. 1,789,212) out of which Rs. 66,425,408 (December 31, 2015: Nil) pertains to the contract for civil works construction and equipment procurement of EPTL.

(Amounts in thousand)

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 Corporation Limited

In 2015, in respect of pending tax assessment for tax year 2012, the Holding 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 Holding 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 Holding Company's plea and annulled the order passed by the DCIR. However, the CIR has filed an appeal thereagainst with the Appellate Tribunal, Inland Revenue.

15.2 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 of the 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.

15.3 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. 569,062 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.

(Amounts in thousand)

15.4 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 favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

During the period, the Additional Commissioner Inland Revenue raised a demand of Rs. 59,772 for tax year 2010, primarily on account of disallowance of sales promotion and freight expenses. EFoods has filed an appeal against the order and based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

15.5 Engro Elengy Terminal Private Limited (EETPL)

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

The Court, in judgement passed during the period, held EETPL liable to custom duty and remanded the matter related to advance tax to Custom Authorities with directions. EETPL in response to the aforementioned judgement and demand raised by Custom Authorities has paid an amount of Rs. 1,325,103 in respect of custom duty.

The Custom Authorities in pursuance of the aforementioned judgement reassessed the matter relating to advance tax and raised a demand of Rs. 1,530,494. EETPL in response to the above has filed an appeal which is pending. EETPL, based on the merits of the case and opinion of its tax consultant and legal advisor, considers the possibility of matter being decided against EETPL to be remote.

(Amounts in thousand)

16. EARNINGS PER SHARE - BASIC AND DILUTED

	(Unaudited)			
	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	----- (Rupees) -----			
Profit for the period (attributable to the owners of the Holding Company) from:				
- continuing operations	2,512,600	331,338	6,323,814	6,615,129
- discontinued operations	551,485	542,857	2,259,019	2,264,543
	<u>3,064,085</u>	<u>874,195</u>	<u>8,582,833</u>	<u>8,879,672</u>
The information necessary to calculate basic and diluted earnings per share is as follows:				
Profit for the period from continuing operations	2,512,600	331,338	6,323,814	6,615,129
Add:				
- Finance cost related to IFC loan and derivative - net of tax	373	-	1,553	-
- (Gain) / Loss on revaluation of IFC loan conversion option	(3,270)	-	(58,830)	-
	<u>2,509,703</u>	<u>331,338</u>	<u>6,266,537</u>	<u>6,615,129</u>
	----- (Number in thousands) -----			
Weighted average number of ordinary shares for basic and diluted EPS	<u>523,785</u>	<u>523,785</u>	<u>523,785</u>	<u>523,785</u>

(Amounts in thousand)

17. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS

	----- (Unaudited) -----	
	Nine months ended	
	September 30, 2016	September 30, 2015
	----- (Rupees) -----	
Profit before taxation	16,537,448	16,115,971
Less: Profit before taxation attributable to discontinued operations	(3,882,407)	(3,507,216)
Profit before taxation from continuing operations	<u>12,655,041</u>	<u>12,608,755</u>
Adjustment for non-cash charges and other items:		
Depreciation and amortization	5,711,252	5,874,964
Gain on disposal of:		
- property, plant and equipment and biological assets	(6,474)	(41,462)
- investments - net	(72,314)	(5,133)
Provision for impairment	-	2,138,000
Provision for retirement and other service benefits	108,821	44,458
Income on deposits / other financial assets	(951,476)	(1,455,690)
Share of income from joint venture companies	(953,736)	(764,381)
Finance cost	4,198,987	5,777,955
(Gain) / Loss on foreign currency translations	(23,296)	15,566
Working capital changes (note 17.1)	<u>(20,307,369)</u>	<u>(34,181,404)</u>
	<u>359,436</u>	<u>(9,988,372)</u>
17.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(719,148)	(297,673)
- Stock-in-trade	(9,300,365)	(6,731,679)
- Trade debts	(5,289,286)	(732,273)
- Loans, advances, deposits and prepayments	(223,554)	(1,306,675)
- Other receivables - net	<u>(4,097,628)</u>	<u>394,835</u>
	<u>(19,629,981)</u>	<u>(8,673,465)</u>
Decrease in current liabilities		
- Trade and other payables, including other service benefits - net	<u>(677,388)</u>	<u>(25,507,939)</u>
	<u>(20,307,369)</u>	<u>(34,181,404)</u>

(Amounts in thousand)

	------(Unaudited)-----	
	Nine months ended	
	September 30, 2016	September 30, 2015
	------(Rupees)-----	
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,425,883	4,600,507
Short term investments	6,028,741	2,203,158
Short term borrowings	(10,982,867)	(7,833,395)
	<u>3,471,757</u>	<u>(1,029,730)</u>

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)

(Amounts in thousand)

	Level 1	Level 2	Level 3
	------(Rupees)-----		
Assets			
Financial assets at fair value through profit and loss			
- Short term investments	-	15,484,316	-
Liabilities			
Derivatives			
- Derivative financial instruments	-	32,473	-
- Conversion option on IFC loans	-	168,689	-
	<u>-</u>	<u>201,162</u>	<u>-</u>

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.

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.

(Amounts in thousand)

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:

	Nine months ended	
	September 30, 2016	September 30, 2015
	------(Rupees)-----	
Parent Company		
Dividend paid	3,241,419	945,068
Reimbursements to Parent company	103,989	-
Associated companies and joint ventures		
Purchases and services	3,193,885	7,116,539
Services rendered / sale of goods	155,533	135,593
Dividends received	720,000	607,500
Dividends paid	566,127	-
Payment of interest on Term Finance Certificates and repayment of principal amount	57,577	12,553
Profit on Term Finance Certificates	23,092	-
Investment from Associated Companies	9,984,463	-
Contribution for corporate social responsibility	73,767	67,518
Investment in mutual funds and treasury bills	-	1,098,070
Payment against EPC contract	12,938,979	-
Redemption of investments in mutual funds and treasury bills	-	1,210,911
Reimbursements from associates	29,050	44,758
Reimbursements to associates	71,777	5,111
Utilization of overdraft facility	130,000	467,112
Repayment of overdraft facility	130,000	467,112
Loan received	293,993	-
Repayment of loan	78,317	-
Mark-up on utilization of overdraft facility	45,066	-
Commitment fee	9,325	4,332
Interest on deposit	433	1,504
Bank charges	1	4
Key Management Personnel		
Remuneration paid to key management personnel / directors	845,015	556,214
Directors Fees	47,975	15,850
Dividend paid	87,885	24,647
Reimbursement of expenses	8,600	5,745
Balances due from Joint Ventures	1,922	804
Contribution for retirement benefits	619,522	473,440

(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.

	------(Unaudit)-----			
	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30 2015
	------(Rupees)-----			
Revenue				
Fertilizer	18,633,189	13,974,678	40,910,757	56,951,864
Polymer	5,448,348	4,646,758	16,609,561	17,063,768
Food	11,238,489	13,056,763	34,978,418	39,292,311
Power	3,399,304	3,243,630	8,129,363	9,944,071
Other operations	4,372,422	4,201,047	13,118,428	11,427,946
Elimination - net	(2,026,237)	(1,959,822)	(5,912,521)	(9,762,357)
Consolidated	<u>41,065,515</u>	<u>37,163,054</u>	<u>107,834,006</u>	<u>124,917,603</u>
Profit / (loss) for the period				
Fertilizer	2,927,878	2,750,564	5,745,131	8,329,543
Polymer	(8,144)	(379,288)	31,848	(812,702)
Food	514,743	303,608	2,238,346	1,641,980
Power	278,921	475,970	1,316,134	1,487,141
Other operations	2,213,923	1,995,048	22,636,710	13,699,548
Elimination - net	(1,516,796)	(3,683,631)	(20,646,048)	(13,322,850)
Consolidated	<u>4,410,525</u>	<u>1,462,271</u>	<u>11,322,121</u>	<u>11,022,660</u>

(Amounts in thousand)

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
Assets		
Fertilizer	112,083,283	110,817,000
Polymer	23,376,993	24,211,764
Food	28,679,346	29,152,843
Power	51,193,288	23,996,126
Other operations	72,761,523	55,416,352
Elimination - net	(36,761,684)	(47,302,234)
Consolidated	<u>251,332,749</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 October 27, 2016 has approved an interim cash dividend of Rs. 8.00 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 AUTHORIZATION

This consolidated condensed interim financial information is authorized for issue on October 27, 2016 by the Board of Directors of the Holding Company.



Chairman



Khalid Siraj Subhani
President and Chief Executive

ڈائریکٹر کی رپورٹ

سال 20۱6 کے ابتدائی نو مہینے کے دوران ابھرتی ہوئی اور ترقی پذیر معیشتوں کی بہتر ہوتی کارکردگی کے باوجود ترقی یافتہ معیشتیں سست روی کا شکار ہیں جس کی وجہ سے عالمی شرح نمو دباؤ کا شکار رہی۔ یو ایس فیڈرل نے Brexit اور اس کے ساتھ ساتھ چین کی سست روی کا شکار معیشت کے عالمی اور بتدریج اثرات کو دیکھتے ہوئے تیسری سہ ماہی کے دوران شرح سود کو ٹھہر کر دیا البتہ عالمی اقتصادی مارکیٹوں نے اس سال دسمبر کیلئے قیمتوں میں اضافہ رکھا۔ مزید برآں اجناس کی مارکیٹ میں معمولی بحالی نے اجناس درآمد کرنے والے ممالک کے لیے جگہ پیدا کر دی۔ اپنی آخری سہ ماہی اپ ڈیٹ میں آئی ایم ایف نے گزشتہ سال کی طرح اس سال کے لیے بھی عالمی شرح نمو 3.1 فیصد تک قائم رہنے کی پیش گوئی کی ہے۔

دوسری جانب آئی ایم ایف کے Extended Fund Facility کے انتظامات کی بدولت پاکستانی معیشت نے اپنی کامیاب بحالی کو جاری رکھا۔ ستمبر 2016 میں پاکستان نے کامیابی کے ساتھ اپنا ۱2واں جائزہ مکمل کر لیا جو کہ پروگرام کے تحت آخری جائزہ تھا۔ تا کہ 102 ملین ڈالر آخری ادائیگی کے لیے راہ ہموار کی جاسکے۔ اقتصادی ترقی میں گزشتہ سال کی رفتار برقرار رہی جہاں مالی سال 201۶-201۵ کے لیے اندازاً 4.7۱ فیصد شرح نمو کی رفتار برقرار رہی اور اس کے ساتھ ساتھ تیل کی کم قیمتوں کی وجہ سے برکائی کی شرح بھی کم رہی جس کے بعد سال کے پہلے حصے میں شرح سود میں 25 فیصد کمی ہوئی۔ حکومت پرامیدانظطر کی حامل ہے جہاں اس نے آئندہ سال زرعی شعبے اور توانائی کے منصوبوں پر توجہ مرکوز رکھتے ہوئے مالی سال ۲016/۱7 میں GDP کے 5.7 فیصد شرح نمو کو ہدف بنایا ہے۔

کاروباری جائزہ

اینگر دکا رپورٹیشن کو خوراک اور کھاد کے کاروباروں میں کم فروخت کی وجہ سے سال 2016 کے نو ماہ کے عرصے میں مشکلات کا سامنا کرنا پڑا۔ مجموعی طور پر اینگرو دکا رپورٹیشن نے سال 2016 کے نو ماہ میں ۱07.8 ارب پاکستانی روپے کی آمدنی ریکارڈ کی جو کہ سال 2015 کے نو ماہ کے دوران ۱24.9 ارب پاکستانی روپے تھی۔ مزید براں ٹیکس کی ادائیگی کے بعد حاصل ہونے والا منافع (PAT) سال 2015 کے نو ماہ میں 8,880 ملین پاکستانی روپے سے کم ہو کر سال 2016 کے نو ماہ ی 8,583 ملین ہو گیا ہے جس کی بنیادی وجہ کھاد کی فروخت اور گچائش میں جھٹکی گئی ہے۔

کمپنی کو اپنے پورٹ فولیو کو متنوع بنانے اور اپنے سرمائے کو محفوظ کرنے کی ضروریات کو پورا کرنے کے قابل بنانے کے ان اسٹریٹجیک اقدامات کے حصے کے طور پر اینگرو اپنے واضح دستوں پر سرمایہ کاری کو دوبارہ متوازن کرنے میں مصروف عمل ہے۔ سنی 2016 تک اینگرو کا رپورٹیشن کا حصص برائے انٹینیٹی ٹینیل پاکستان 80 فیصد تک گھٹ چکا ہے کیونکہ انٹرنیشنل فنانس کارپوریشن (IFC) نے اپنے Equity کے حصے کی ادائیگی سنی 2016 کے دوران کر دی تھی۔ مزید یہ کہ جون 2۰16 میں کمپنی نے اینگرو فریلائزرز کے 297.2 ملین حصص (22.2 فیصد) بنیادی طور پر مقامی اور غیر ملکی سرمایہ کار اداروں اور قابل قدر انفرادی کو یک بلڈنگ طریقہ کار کے ذریعے دریافت کیے گئے تھی placement کے ذریعے 65.47 پاکستانی روپے کی حصص کی قیمت پر کامیابی کے ساتھ فروخت کیے ہیں۔ اینگرو فریلائزرز میں کمپنی کی موجودہ کاروباری حصہ داری 56.5 فیصد ہے۔

دوسری سہ ماہی کے دوران بھی، GE اور اینگرو نے صنعتوں کی تبدیلی کے عمل کو تیز رفتار کرنے کے لیے ڈیجیٹل صنعتی معاہدے پر دستخط کیے۔ اس معاہدے کی ابتدائی توجہ پاکستان میں بجلی پیدا کرنے والے اداروں کو GE کا ڈیجیٹل پاور پلانٹ مل فراہم کرنے پر ہوگی۔ اینگرو کی GE کے ساتھ شراکت داری سے دونوں جدید گاؤ ڈیٹینا لوجی کو حاصل کریں گے جس کی بدولت پاکستان کے بجلی پیدا کرنے والے شعبے مزید کمال پیکنا لوجیوں تک رسائی حاصل کرنے کے قابل ہو سکیں گے۔

4 جولائی 2016 کو کمپنی نے Royal Friesland Campina (RFC) کے ساتھ ایک خرید و فروخت کے معاہدے (SPA) پر دستخط کرنے کا اعلان کیا جس کے تحت RFC ورلڈ بینک گروپ کے بین الاقوامی فنانس کارپوریشن اور ڈچ ڈیولپمنٹ بینک FMO کے ساتھ مل کر مشینز کسٹور پر اینگرو فوڈز کے 51 فیصد کاروباری حصص حاصل کرے گا۔ اعلان کی تاریخ تک متوقع قیمت فروخت تقریبی ایشیا، کوئلہ میں رکھتے ہوئے اوسطاً 120 روپے کی حصص ہوگی۔ اینگرو کارپوریشن کمپنی کے 36 فیصد سے 43 فیصد حصص کی ملکیت کے ساتھ اینگرو فوڈز کا دوسرا ایڈیشنز ہو لڈرز ہے، جس کا انحصار عوامی ٹینڈر کے نتائج پر ہوگا۔ 5 اکتوبر 20۱6 کو RFC نے 151.85 پاکستانی روپے کی حصص کے حساب سے کی قیمت پر اینگرو فوڈز کے 6.5 فیصد حصص کے لیے لازمی ٹینڈر کا آفر لیٹر جاری کیا۔ اس پیشکش کی قبولیت کے لیے اٹھائیس نومبر سے ۵ دسمبر تک کا وقت ہے۔ اگر حصص MTO میں طے پیکٹیشن کے حجم سے زیادہ ہونے تو اسے کی اسی تناسب سے اسے فروخت کیا جائے گا۔

اینگرو فریلائزرز

اقتصادی سال 16-201۵ میں زرعی شعبے کی ماپوس کن کارکردگی کے بعد اس کی ترقی کو بڑھانے کے لیے حکومت پاکستان نے 2016 کے بجٹ میں کھاد کی قیمت 1,790 روپے نی بوری سے گھٹا کر 1,400 روپے نی بوری کرنے کا اعلان کیا۔ یہی صنعت کاروں کی جانب سے سچاس روپے نی بوری کوئی اور حکومت کی جانب سے بلز ٹیکس میں کمی اور سسڈی کے ذریعے مل میں لائی جانے گی۔ بین الاقوامی سطح پر کھاد کی قیمتیں CFR 210 یو ایس ڈالر نی ٹن کے قریب ہیں۔ اسی وقت میں اقتصادی رابطہ کمیٹی نے حال ہی میں برآمد شدہ کھاد کی قیمت میں 1200 روپے نی بوری تک کی کمی کی اجازت دی ہے۔ NFML کے ساتھ برآمد شدہ کھاد کی موجودہ اونٹری 276 KT ہے۔

کھاد کی مقامی صنعت کی فروخت نمایاں طور پر بڑھتے ہوئے تین سہ ماہی میں ۱,634 KT تک رہی، جو قیمتوں میں کمی کی وجہ سے گزشتہ سال کے اسی عرصے کے مقابلے میں 55 فیصد زیادہ ہے جس کے نتیجے میں روئی اور چاول میں کسان کو معاشی طور پر فائدہ ہوا۔ تاہم YTD کی بنیاد پر صنعت کی مجموعی فروخت 3.46 ٹن تک گر گئی ہے جو سال 2015 کے نو ماہ کے مقابلے میں ۱2 فیصد کم ہے۔ اس کی کی بنیادی معاشی طور پر ضلوع سے پہنچنے والا نقصان اور پہلے ششماہی میں کھاد کی غیر یقینی قیمتیں تھیں۔ دوسری طرف، صنعتی کھاد کی کل پیداوار اور 2016 کے نو ماہ میں بڑھ کر 4,482 KT ہو گئی ہے جبکہ اس کے مقابلے میں گزشتہ سال کے اسی عرصے کے دوران مقابلہ 3893 KT ملین ٹن پیداوار ہوئی یعنی LNG کی جانب سے اضافی ٹیکس ہونے کی وجہ سے زیادہ مقدار میں ٹیکس کی دستیابی کی بدولت 15 فیصد اضافہ ہوا۔ ماگک کے مقابلے میں بہتر ہوتی پیداوار کے ساتھ 2016 کے نو ماہ کے اختتام پر صنعت کے اختتامی محصولات 1.6 ملین ٹن ہیں۔

نو ماہ کے عرصے کے دوران قومی DAP صنعتی فروخت گزشتہ سال 591 KT کے مقابلے میں 922 KT تک بڑھ گئی ہے جس کی اہم وجہ فاسفیٹ پر مستقل سبسڈی ہے۔ تاہم 2016 کے بجٹ میں سبسڈی 500 پاکستانی روپے نی بوری سے گھٹ کر 300 پاکستانی روپے ہو گئی ہے۔

2015 میں کمپنی نے رعایتی ٹیکس پر GIDC کے اطلاق کے خلاف حکم انتہائی حاصل کیا تھا اسی وجہ سے کھاد کے نئے پلانٹ کو رعایتی ٹیکس کی رسد کے لیے کوئی GIDC روکا گیا اور نیوا ادا کیا گیا۔ رعایتی ٹیکس پر سنی آئی ڈی سی کا فریلائزر پالیسی اور کمپنی کے ٹیکس سپلائی کنٹریکٹ کے ساتھ براہ راست اختلاف ہے جس کی بنیاد پر اس نے اپنی فریلائزر بنانے کی استعداد بڑھانے کے لیے 1.1 ارب ڈالر کی سرمایہ کاری کی ہے۔ سال 2016 کی پہلی سہ ماہی میں اقتصادی رابطہ کمیٹی نے فریلائزر کے شعبے میں MMSCFD 60 ٹیکس اصل منقسم الیہ کو دوبارہ مختص کر دی ہے، جس میں سے Efert کا حصص 12.5 MMSCFD ہے۔ کمپنی دونوں پلانٹ پر مستقل آپریشن یقینی بنانے کے لیے اضافی ٹیکس کی تخصیص کے حوالے سے متعدد متعلقہ فریقین سے تبادلہ خیال کر رہی ہے۔

گزشتہ سال کے اسی عرصے میں 20.8 ارب روپے کے مقابلے میں اس عرصے کا مجموعی نفع 15.6 ارب روپے رہا (شوشل 4.1 ارب پاکستانی روپے کی سبسڈی جس کی دوسری آمدنی کے طور پر دوجہ بندی کی گئی)۔ اس کمی کی بنیادی وجہ اس کی پہلی ششماہی میں فروخت میں مندی اور گچائش کی کمی ہے۔ گزشتہ سال کے مقابلے میں محصولات کی زیادتی کے باعث زیادہ کاروباری سرمائے کی ضرورت ہے اور سنی آئی ڈی سی کی ادائیگی کا دوبارہ رے نفع پر بھی اثر انداز ہوئی۔ ادائیگی قرض، کم تر شرح سود اور بہت سے طویل المیعادی قرضوں کی دوبارہ قیمتیں طے کرنے کی وجہ سے فنانس کے اخراجات گزشتہ سال کے مقابلے میں واضح طور پر کم رہے (دواں سال 2.4 ارب پاکستانی روپے کے مقابلے میں گزشتہ سال 3.6 ارب روپے رہے)۔ مندرجہ بالا کے نتیجے میں کمپنی کا اختتامی PAT 5.7 ارب پاکستانی روپے رہا جبکہ گزشتہ سال اسی عرصے میں 9.6 ارب روپے رہا تھا

اینگرو فوڈز

نو ماہ کے عرصے کے دوران کمپنی نے گزشتہ سال کے اسی عرصے میں 37.3 پاکستانی روپے کے مقابلے میں 34.3 پاکستانی روپے کی آمدنی وصول کی۔ وفاقی بجٹ برائے سال 17-2016 ماہ جولائی سے لاگو ہوگا جس میں جی ایس ٹی حکومت میں صفر دوجہ بندی سے مستثنی قرار دینے تک کی تبدیلی شامل ہے اس کے نتیجے میں کاروبار کرنے کی لاگت میں اضافہ ہوا ہے۔

اس کا کچھ اثر صارفین پر قیمتوں میں اضافے کی صورت میں پڑا ہے۔ تاہم اس عرصے کے دوران سازگار کلاں معاشیاتی عوامل اور آپریشنل کارکردگیوں کے سبب کمپنی کا مجموعی مارجن 24.2 فیصد سے بہتر ہو کر 25.2 فیصد ہو گیا ہے۔ فنانس ایکٹ 2016 میں سپر ٹیکس کے نفاذ اور نی وا انٹز کے شعبے میں بڑھتے ہوئے مقابلے کے نتیجے میں مجموعی آمدنی میں کمی کے کے باوجود کمپنی کا مجموعی نفع 2.56 ارب پاکستانی روپے پر یکساں رہا جبکہ سال تزشیتہ میں اسی عرصے کے دوران 2.6 ارب پاکستانی روپے کا نفع ہوا تھا۔

اوپر زوار مانگ کی مانگ ہرگز سے سال کے ساتھ بڑھ رہی ہے لیکن ٹیکس میں تبدیلیوں اور دو نئے ماہر کھلاڑیوں کی آمد کی وجہ سے بنیادی طور پر نی وا انٹز کے شعبے سے حجم کی شرح نمو شہید مسابقت اور دباؤ کا شکار ہے۔ بدلتے ہوئے کاروباری ماحول سے نکلنے اور مارکیٹ سربراہی کو قائم رکھنے کے لیے برائڈ سرمایہ کاری کو ہدف بنانے، تعلیمی سرگرمیاں اور تقسیم کی ایک بہتر حکمت عملی جیسے اقدامات کیے جائیں گے۔

نو ماہ کے عرصے میں صارفین کی پسند کے مطابق ایشیا متعارف کرنے اور ڈسٹری بیوٹن نیٹ ورک میں آپریشنل مہارت کی وجہ سے آئس کریم کے کاروبار نے اعلی کارکردگی کا مظاہرہ کیا۔ اس شعبے میں بہتر مارجن اور حجم کی شرح نمو دہنی ہونے کی وجہ سے اس شعبے سال 203 ملین روپے کا منافع ہوا جبکہ گزشتہ سال 101 ملین پاکستانی روپے کا نقصان ہوا تھا۔

کمپنی کا دودھ کا شعبہ ڈی ری فارم کے شعبے میں نقدانیت سے بھرپور اور قوت بخش غام مال کی فراہمی کا ذریعہ بنا ہوا ہے۔ تاہم جانوروں کی بین الاقوامی بازار میں قیمت کے گرنے کے نتیجے میں non-cash valuation نقصانات ہوئے لہذا اس شعبے میں پیچھے سال کے اسی عرصے میں 15 ملین پاکستانی روپے کے نفع کے مقابلے میں 66 ملین پاکستانی روپے کا خسارہ ریکارڈ ہوا۔

اینگرو پولیمر اور کیمیکلز

قومی مارکیٹ کی سطح پر 2016 کی تیسری سہ ماہی کے دوران منصوبہ تعمیری کارروائی اور شہت معاشی ماحول کے سبب PVC کی بہت مانگ رہی۔ کمپنی نے نو ماہ کے عرصے دوران اپنی اب تک کی سب سے زیادہ فروخت کی۔ گزشتہ سہ ماہیوں کے مقابلے میں PVC کا مارجن بھی بہتر ہوا کیونکہ ترسیل کی کمی کے دوران مانگ بہت زیادہ بڑھ گئی تھی جس کی وجہ سے عالمی منڈی میں PVC کی قیمتوں بڑھ گئیں جبکہ Ethylene کی قیمتیں پوری سہ ماہی میں مستحکم رہی۔ مذکورہ سہ ماہی میں مارکیٹ میں شدید مسابقت کے سبب ChlorAlkali کا شعبہ مستقل دباؤ کا شکار رہا۔

پیداوار میں شعبے میں کمپنی نے نو مہینے کے عرصے VCM اور PVC کی سب سے زیادہ پیداواری۔ پراسس کی مسلسل بہتری اور اضافی منصوبہ بندی سے پلانٹ آپریشن مستعدی سے چلتا رہا۔ کلورالکل آپریشن سال بھر مستحکم رہے۔

نو ماہ کے عرصے میں کمپنی کی آمدنی گزشتہ سال کے اسی عرصے کی ۱7,064 ملین پاکستانی روپے کے مقابلے میں 16,610 پاکستانی روپے رہی اور بعد از ٹیکس منافع گزشتہ سال کے اسی عرصے میں 813 ملین روپے کے بعد از ٹیکس نقصان کے مقابلے میں 32 ملین روپے رہا۔ PVC شعبے کی بہتر یں کارکردگی، قیمتوں پر سختی سے کنٹرول، کم تر مالیاتی لاگت اور ماہر اہل صنعتکار ی نے کمپنی کے منافع میں اہم کردار ادا کیا۔

اینگرو گیگمپ زرعی مصنوعات

گزشتہ سال کمپنی میں بڑے پیمانے پر از سر نو تعمیر کی گئی تاکہ cost fixed کو کم اور مسابقت کو بڑھایا جاسکے۔ اس کے ساتھ ساتھ کمپنی کے کاروباری حکمت عملی میں بھی تبدیلی کی گئی تاکہ ایشیا کی قیمت کو لاحق خطرات کو کم کرتے ہوئے آپریشنل استعداد کار اور مارجن کو بہتر بنایا جاسکے۔ مزید براں معیار کی دوبارہ سرٹیفیکیشن کیلئے Veritas Bureau سے اعلی معیار کا آڈٹ بھی کامیابی سے مکمل کرایا گیا اور کمپنی کی ریٹنگ بہتر بنانے ہوئے B سے A تک پہنچادی۔ پاکستان میں چاولوں کی فروخت کرنے والوں میں سب سے زیادہ تعداد میں معیاری سرٹیفیکیشن ہماری کمپنی کے پاس ہے۔

2016 کے نو ماہ کے دوران کمپنی نے دھان سے گلے پانچ ہزار 892 ٹن مجموعی حاصل کی اور پراسیڈنگ سے دس ہزار 282 ٹن چاول حاصل ہوا۔ کمپنی نے گزشتہ سال کی نسبت اپنی درآمدات میں سات فیصد اضافہ کرتے ہوئے سات ہزار 744 ٹن چاول درآمد کیا اور دو ہزار 153 ٹن کی برائڈ ڈیٹیل کی مینجمنٹ کی جانب سے دھان کے کٹلے اثرات کم کرنے کے فیصلے کی وجہ سے دھان کی پراسیڈنگ کم رہی۔

2016 میں کینٹی کو 935 ملین روپے کے مقابلے میں کینٹی کو 356 ملین روپے کا نقصان ہوا جس کی اصل وجہ کھلے اثرات کو کم کرنے کیلئے اسٹاکس کی کم تعداد میں دستیابی تھی کیونکہ حدان کو محدود کرتے ہوئے نقصانات کم کرنے کا اسٹریٹجک فیصلہ کیا گیا تھا۔

اینگرو پاور چین

پاکستان کو بڑھتی ہوئی طلب کے مقابلے میں پیداواری صلاحیت میں محدود اضافے ، ہائیڈرو پمپشن اور تقسیم کے نقصانات (losses Distribution) کے ساتھ ساتھ مرکز ڈینٹ کے مسائل کے سبب مستقل بجلی کی کمی جیسے مسائل کا سامنا ہے۔ اس مسئلے کے حل کیلئے حکومت ترجیحاتی بنیادوں پر اپریل این جی کی مدد سے توانائی پیدا کرنے والے منصوبوں سمیت متعدد منصوبوں پر کام کر رہی ہے۔ اینگرو پاور چین ملک میں توانائی کے بحران کی کمی میں مدد کیلئے سب سے آگے ہے اور اینگرو کے توانائی کی پیداوار میں خود انحصاری کو مزید مضبوط کرے گا۔

قادر پور پاور پلانٹ

قادر پاور پلانٹ: این پی کیو ایل پلانٹ نے سال کی پہلے نو ماہی میں 100.2 فی صد قابل وصول پیدا کا مظاہرہ کر دیا ہے۔ اس نے نیٹ الیکٹریٹک آؤٹ پٹ (این ای او) کے 845 گیگا واٹ پیش لگڑ کو مہیا کر دیا ہے جس کی صلاحیت 2015ء کی نو ماہی کے مقابلے میں 60.2 فی صد ہے۔ لوڈ میں کمی کو پہلو پاور پریچر (این ڈی ڈی سی) کی ڈوٹرانسفر مار میں آگ کے واقعتاً جو 21 جنوری 2016 کو پیش آیا تھا جس کی وجہ سے ٹرانسفر مار کی بحالی تک پلانٹ کو اسٹینڈ بائی رکھنے پر مجبور ہونا پڑا۔ معمول کا کام 29 اپریل 2016 سے شروع ہوا تھا۔ اس دورانیے میں پلانٹ کو مکمل کپکسٹی پر چیز پے منٹ (سی پی پی) کا نام دیا گیا تھا۔

اس عرصے کے دوران فروخت سے حاصل ہونے والی آمدنی آٹھ ہزار 107 ملین روپے رہی جہاں گزشتہ سال اسی عرصے کے دوران نو ہزار 921 ملین کی آمدنی ہوئی تھی۔ آمدنی کے منافع میں کمی کی وجہ دباؤ کے عنصر میں کمی ہے۔ کینٹی نے 2016 کے نو ماہ میں ایک ہزار 527 ملین روپے کا مجموعی منافع کمایا جبکہ گزشتہ سال اس دورانیے کے دوران ہونے والا مجموعی منافع ایک ہزار 399 ملین روپے تھا۔ فنانس کی لاگت میں کمی، اینڈسٹن فراہم کرنے والے کو وقت پر ادائیگی اور مرمت کے خرچوں اور کاروبار کو ہونے والے نقصان کی مد میں انشورنس کی ملنے والی رقم کی بدولت منافع میں اضافہ ہوا۔

تھرمانٹنگ اور پاور پراجیکٹ

چار اپریل 2016 کو توانائی اور کان کنی کے منصوبوں کے مالی معاملات مکمل ہونے۔ اس منصوبے کے پہلے مرحلے میں سندھ اینگرو کوئل مائننگ کمپنی (SECMC) کی زیر نگرانی نکلنے طور پر 6.5 ملین ٹن سالانہ نکلھائی کی گئی اور اینگرو پاور چین تھر لمپڈ (EPTL) کے زیر اہتمام MW2x330 پاور پلانٹ تعمیر کیے گئے۔ اس عرصے کے دوران انجینئرنگ اور حصولی کی سرگرمیوں پر اہم پیشرفت بھی ہوئی۔

دو ارب ڈالر کامر یوط منصوبہ ایک سنگ میل اور ملک کے توانائی کے بحران کا حل ہونے کے ساتھ ساتھ پاکستان اور تھر کے مستقبل کیلئے اہم کردار ادا کر رہا ہے۔ اس منصوبے کو قومی سطح پر ایک ترجیح حاصل ہے اور پاک چین اقتصادی راہداری میں بھی اس کا اندراج ہے اور یہ واحد منصوبہ ہے جس کے مالی معاملات تکمیل تک پہنچ گئے ہیں۔

اینگروالٹیج

سال کے دوران کینٹی دوسرے سال کے معاہدے میں داخل ہوئی ہے جہاں اسے سوئی سدرن گیس کمپنی کو 400 mmscfد گیس فراہم کرنی ہے۔ سوئی سدرن کی ضروریات نو ماہ تک روزانہ کی بنیاد پر پوری کی جانی رہیں۔ ٹریٹل نے اس دوران 32 کارگو ہینڈل کیا جبکہ bcf94.5 کی دوبارہ گیس سازی (regasification) کی گئی۔

اینگرووو پیک

ایل پی جی کی بھاری درآمدات اور کینٹی کی جانب سے فراہم کی جانے والی ایل این جی سروسز کی بدولت گزشتہ سال کے اسی دورانیے کے مقابلے کینٹی میں اوپر سے نیچے تک اضافہ ریکارڈ کیا گیا۔ اس عرصے میں سائٹ پر 1045KT کیبیائی مادہ استعمال کیا گیا جبکہ گزشتہ سال اسی دورانیے میں 933KT استعمال ہوا تھا۔ گیس کی کمی اور برینٹ کی عالمی قیمتوں میں کمی بنیادی طور پر اپریل پی جی کاروبار میں اضافے کا سبب بنی۔

کاروبار کا جائزہ

اینگرو ٹریڈ انٹرز

کھاد کی مقامی صنعت کے ڈھانچے میں تبدیلیاں رونما ہوئیں جہاں مستقبل میں یورپا کی اضافی ترسیل نکلنے طور پر جاری رہے گی۔ گزشتہ سالوں میں جوبی کارخانہ دیکھا جا رہا تھا یہ صورتحال اس سے قدرے مختلف ہے۔ یہ تبدیلی ماری اور سوئی نیٹ ورکس پر گیس کی بہتر ترسیل کے ساتھ ساتھ ایل این جی کی دستیابی کی وجہ سے ممکن ہوئی۔ 3Q میں فروخت کے حجم میں مستقل اضافے کے باوجود صنعت میں مستقل اسٹاک کی اعلی سطح کے سبب صنعت کاروں پر مشتعل مای دباؤ بڑھا رہا ہے۔ عام ایشیا کی قیمتوں کے سبب عالمی DAP قیمتوں کے بھی دباؤ میں رہنے کا امکان ہے۔

اینگرو فوڈوز

کینٹی حجم کو تیزی سے بڑھانے کی کوششوں میں مصروف ہے اور اضافی براڈ میں سرمایہ کاری کرتے ہوئے مستقبل میں سخت مسابقت اور ایشیا کی بڑھتی ہوئی قیمتوں پر GST کے اطلاق سے رونما ہونے والی تبدیلیوں کے منفی اثرات کا اندازہ کر کے اپنی مارکیٹ میں قائمانہ پوزیشن کو مضبوط بنائے۔

پاکستان ڈیری ایسوسی ایشن (PDA) کے تمام اراکین GST کے اطلاق کے بعد کھلے دودھ سے احتفاظ صحت کے اصولوں کے مطابق تیار شدہ دودھ کی تیاری کے عمل کے نکلنے اثرات کی انتہائی باریک بینی سے نگرانی کر رہے ہیں۔ taxsalesoutstanding کی رقم کی واپسی سامنے پر مستقل دباؤ بڑھ رہی ہے اور کینٹی رقم کی وصولی کے عمل کو تیز کرنے کیلئے متعلقہ اسٹیٹک ہولڈرز کے ساتھ مل کر کوششوں میں مصروف عمل ہے۔

اینگرو پائپر اور کیمیکلز

PVC کیلئے مقامی مارکیٹ مضبوط رہنے کا امکان ہے جبکہ اندازہ ہے کہ کاسٹک کی مارکیٹ بھی مستحکم رہے گی۔ مستقبل قریب میں انٹرنیشنل PVC اور Ethylene کی قیمتیں بھی مستحکم رہنے کا امکان ہے۔ کینٹی آپریشن کارکردگی میں بہتری کیلئے کوشاں رہے گی۔

اینگرو ایگزیرپ زرعی مصنوعات

کینٹی کی نظریں مستقبل میں تیزی سے ترقی کرتے ہوئے اپنی آپریشنل کارکردگی بہتر بنانے، برآمدات بڑھانے اور ایشیا کی قیمتوں کو لائٹ خطرات کم کرنے پر مرکوز ہے۔

اینگرو پاور چین

کینٹی کی توجہ دنیا بھر میں عالمی قوتوں کے ساتھ شراکت داری کرتے ہوئے توانائی کے شعبے میں نئے مواقعوں کی تلاش میں سرگرداں ہے تاکہ اینگرو کی منفرد انجینئرنگ اور پراجیکٹ مینجمنٹ صلاحیتوں کو بروئے کار لایا جاسکے۔ حکومت کے ساتھ شراکت داری کے نتیجے میں تھرمانٹنگ اور کوئل پراجیکٹ کی تین سال میں تکمیل کا امکان ہے جس سے ملک میں جاری توانائی کے بحران پر قابو پانے میں مدد ملے گی۔

2016 میں قادر پور میں واقع کینٹی کے پلانٹ کو بلا تعطل گیس کی ترسیل کی توقع ہے۔ گیس پر چلنے والے پاور پلانٹس کو ان کی استعداد کار اور ماحولیاتی پیرامیٹرز کی بنیاد پر اعلی درجہ دینے جانے کا امکان ہے۔ مزید برآں NTDC کے خود کارڈز اس فارمر کے مسائل حل کرنے اور girds’ Purchaser Power کی بہتری سے کینٹی کو توقع ہے کہ اسے 2016 میں 4Q میں توانائی خریدنے والوں سے ترسیل موصول ہوگی۔ مستقبل میں ترقی کی نئی منازل طے کرتے ہوئے کینٹی پلانٹ، قابل بحروسہ آلات اور کارکردگی بہتر بنانے والے دیگر اقدامات پر توجہ مرکوز رکھے گی تاکہ تمام فریقین اور اسٹیٹک ہولڈرز کے مفاد کو مد نظر رکھتے ہوئے پیش لگڑ کو بلا تعطل توانائی کی ترسیل یقینی بنائی جاسکے۔

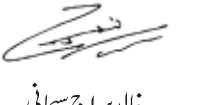
اینگرو الٹیجی

یہ منصوبہ ملک کو درپیش توانائی کے بحران کے حل کیلئے مثبت کردار ادا کر رہا ہے اور مستقبل میں اینگرو کو اس طرح کے منصوبوں کیلئے سب سے آگے رکھے گا۔

اینگرووو پیک

EVTL نکلنے طور پر مستحکم طریقے سے اپنے کام برقرار رکھے گا اور ہمیں توقع ہے کہ یہ مستقل منافع فراہم کرتے ہوئے مستحکم نقد کی فراہمی کا سبب بنے۔ اینگرووو پیک میں موجود ہولیاٹ اور اس کو حاصل تجربے کی بنیاد پر ہم کہہ سکتے ہیں کہ مستقبل میں درآمدات اور بندرگاہ پر مائع کیبیائی مادے کو سنبھالنے سمیت کسی بھی منصوبے کے حصول میں اسے بہت آسانی ہوگی۔


چیر مین


خالد سراج سبحانی
پریزیڈنٹ سینٹ