ENGRO FERTILIZERS LIMITED
CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

ENGRO FERTILIZERS LIMITED
BALANCE SHEET
AS AT MARCH 31, 2013

(Amounts in thousand)

	Note	Unaudited March 31, 2013	Audited December 31, 2012
		---Rupees---	
ASSETS			
Non-current assets			
Property, plant and equipment	4	81,751,229	82,877,701
Intangible assets		155,252	161,555
Long term loans and advances		98,729	83,763
		82,005,210	83,123,019
Current assets			
Stores, spares and loose tools		4,200,684	4,107,291
Stock-in-trade		1,051,812	1,687,072
Trade debts		1,043,262	1,046,091
Derivative financial instruments		-	545
Loans, advances, deposits and prepayments		398,074	395,150
Other receivables		71,162	63,636
Taxes recoverable		629,876	2,000,249
Short term investments		1,842,179	2,635,339
Cash and bank balances		445,895	2,449,168
		9,682,944	14,384,541
TOTAL ASSETS		91,688,154	97,507,560

(Amounts in thousand)

	Note	Unaudited March 31, 2013	Audited December 31, 2012
		--------------------Rupees------------------	
EQUITY & LIABILITIES			
Equity			
Share capital		10,728,000	10,728,000
Share premium		11,144	11,144
Hedging reserve		(270,343)	(323,880)
Unappropriated profit		6,029,082	5,382,763
		5,769,883	5,070,027
Total Equity		16,497,883	15,798,027
Liabilities			
Non-current liabilities			
Borrowings	5	44,659,350	48,481,626
Subordinated loan from Holding Company		3,000,000	3,000,000
Derivative financial instruments		633,815	497,869
Deferred liabilities		2,348,782	3,380,705
Retirement and other service benefits obligations		77,687	99,029
		50,719,634	55,459,229
Current liabilities			
Trade and other payables		3,632,157	7,959,771
Accrued interest / mark-up		890,144	1,788,282
Current portion of:			
- borrowings	5	19,030,450	14,896,412
- other service benefits obligations		39,624	39,624
Short term borrowings	6	237,225	999,791
Derivative financial instruments		641,037	566,424
		24,470,637	26,250,304
Total liabilities		75,190,271	81,709,533
Contingencies and Commitments	7		
TOTAL EQUITY & LIABILITIES		91,688,154	97,507,560

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS ENDED MARCH 31, 2013

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

	Note	3 months ended March 31, 2013	3 months ended March 31, 2012
		----------------Rupees----------------	
Net sales		9,716,596	3,202,677
Cost of sales		(5,504,664)	(2,303,099)
Gross profit		4,211,932	899,578
Selling and distribution expenses		(718,231)	(320,864)
Administrative expenses		(153,196)	(159,734)
		3,340,505	418,980
Other operating income		150,913	88,391
Other operating expenses		(288,762)	(63,887)
Finance cost		(2,204,097)	(2,628,804)
		(2,492,859)	(2,692,691)
Profit / (loss) before taxation		998,559	(2,185,320)
Taxation	8	(352,240)	765,168
Profit / (loss) for the period		646,319	(1,420,152)
Earnings / (loss) per share - basic and diluted	9	0.60	(1.32)

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2013

(Amounts in thousand)

	3 months ended March 31, 2013	3 months ended March 31, 2012
	----------------Rupees----------------	
Profit / (loss) for the period	646,319	(1,420,152)
Other comprehensive income		
Hedging reserve - cash flow hedges		
Losses arising during the period	(150,351)	(380,542)
Less: Adjustment for amounts transferred to profit and loss account	232,716	441,546
Less: Adjustment for amounts transferred to initial carrying amount of hedged items (Capital work in progress)	-	3,334
	82,365	64,338
Income tax (Deferred) relating to hedging reserve	(28,828)	(22,518)
Other comprehensive income for the year, net of tax	53,537	41,820
Total comprehensive income / (loss) for the period	699,856	(1,378,332)

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2013

(Amounts in thousand)

	Share capital	Share premium	Employees share option compensation reserve	Hedging reserve	Unappropriated profit	Total
	-----	-----	-----	Rupees -----	-----	-----
Balance as at January 1, 2012 (audited)	**10,728,000**	**11,144**	**58,397**	**(497,821)**	**8,317,338**	**18,617,058**
Transactions with owners						
Total comprehensive income for the three months ended March 31, 2012						
Loss for the period	-	-	-	-	(1,420,152)	(1,420,152)
Other comprehensive income						
- cash flow hedges, net of tax	-	-	-	41,820	-	41,820
	-	**-**	**-**	**41,820**	**(1,420,152)**	**(1,378,332)**
Balance as at March 31, 2012 (unaudited)	**10,728,000**	**11,144**	**58,397**	**(456,001)**	**6,897,186**	**17,238,726**
Balance as at January 1, 2013 (audited)	10,728,000	11,144	-	(323,880)	5,382,763	15,798,027
Total comprehensive income / (loss) for the three months ended March 31, 2013						
Profit for the period	-	-	-	-	646,319	646,319
Other comprehensive income						
- cash flow hedges, net of tax	-	-	-	53,537	-	53,537
	-	**-**	**-**	**53,537**	**646,319**	**699,856**
Balance as at March 31, 2013 (unaudited)	**10,728,000**	**11,144**	**-**	**(270,343)**	**6,029,082**	**16,497,883**

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

(Amounts in thousand)

	Note	Unaudited 3 months ended March 31, 2013	Unaudited 3 months ended March 31, 2012
		------------------Rupees----------------	
Cash flows from operating activities			
Cash generated from operations	10	720,900	(3,054,842)
Retirement and other service benefits paid		(33,332)	(29,638)
Finance cost paid		(2,649,125)	(3,234,344)
Taxes paid		(40,685)	(26,785)
Long term loans and advances		(14,966)	(19,844)
Net cash used in operating activities		(2,017,208)	(6,365,453)
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(131,124)	(134,838)
Proceeds from sale of PPE		40,001	6,675
Repayment of sub-ordinated loan by an associate company		-	-
Income on deposits / other financial assets		104,464	73,274
Net cash generated / (used in) investing activities		13,341	(54,889)
Cash flows from financing activities			
Proceeds from borrowings		-	2,000,000
Repayments of borrowings		(30,000)	(3,582,003)
Net cash used in financing activities		(30,000)	(1,582,003)
Net (decrease) in cash and cash equivalents		(2,033,867)	(8,002,345)
Cash and cash equivalents at beginning of the year		4,084,716	4,490,812
Cash and cash equivalents at end of the period	11	2,050,849	(3,511,533)

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

J. Akhtar
Director

(Amounts in thousand)

1 LEGAL STATUS AND OPERATIONS

1.1 Engro Fertilizers Limited ('the Company') is a public company incorporated on June 29, 2009 in Pakistan under the Companies Ordinance, 1984 as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company). The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers. The Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi. The Company has issued Term Finance Certificates which are listed at the Karachi Stock Exchange.

1.2 During the period, the Company continued to experience gas curtailment on SNGPL network receiving approximately 10% of the contracted volume. However, the following events have a positive effect on the Company's performance and financial position:

- Enven plant ran successfully on Mari gas resulting in incremental 10% to 15% production, enhancement of margins and significant increase in the operational cash flows. This conversion has been approved till December 31, 2013 and the management is confident that this approval would be extended till the gas from the alternative / new gas reserves comes on stream;

- The process to formalize long term gas allocation of 78 mmcfd gas pursuant to the notification of the Economic Co-ordination Committee (ECC) of the Cabinet has been initiated. Uptill March 31, 2013 three Gas Supply Agreements have been signed with the gas producers. The inflow of gas is expected to start around first / second quarter of 2014;

- During the period, ECC approved allocation of 39 mmcfd gas to Engro for the interim period between approval and complete Implementation of long term gas solution; and

- The re-profiling of payment schedule with lenders is expected to be finalized by 1st Half of 2013.

2 BASIS FOR 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). This condensed interim financial information does not include all the information required for complete set of financial statements and therefore should be read in conjunction with the financial statements of the Company for the year ended December 31, 2012.

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 actual results may differ from these estimates. During the preparation of this condensed interim financial information, the significant judgments made by management were the same as those that apply to annual audited financial statements for the year ended December 31, 2012.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this interim condensed financial information are the same as those applied in the preparation of audited annual published financial statements of the Company for the year ended December 31, 2012 except for the changes resulting from the amendment of IAS 19 'Employee benefits' which though adopted does not have any material impact on this condensed interim financial information.

(Amounts in thousand)

	Unaudited March 31, 2013	Audited December 31, 2012
4 PROPERTY, PLANT AND EQUIPMENT	----------Rupees----------	
Operating assets at net book value	80,756,326	81,836,327
Capital work in progress		
- Expansion and other projects	561,577	608,052
- Capital spares	433,326	433,322
	994,903	1,041,374
	81,751,229	82,877,701

	Unaudited March 31, 2013	Unaudited March 31, 2012
5 BORROWINGS - Secured (Non - participatory)	----------Rupees----------	
Long term finance utilised under mark-up arrangements (note 5.1)	48,896,668	48,591,523
Certificates	14,793,132	14,786,515
	63,689,800	63,378,038
Less: Current portion shown under current liabilities	19,030,450	14,896,412
Balance at end of the period / year	44,659,350	48,481,626

5.1 The above finances, excluding IFC loans and PPTFCs are secured by an equitable mortgage upon the immovable property of the Company and equitable charge over current and future fixed assets excluding immovable property of the Company. Loans from IFC are secured by a sub-ordinated mortgage upon the immovable property of the Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Company. PPTFCs are secured by a subordinated floating charge over all present and future fixed assets excluding land and buildings. Further, the Holding Company has issued corporate guarantees in respect of above finances excluding PPTFC whereas it has issued sub-ordinated corporate guarantee in respect of PPTFC.

5.2 The above finances include a loan of USD 30,000 from the International Finance Corporation (IFC) which carries interest of six months LIBOR plus a spread of 6% or 10% depending on the listing status of the Company at December 31, 2012. During the prior year, IFC in principle waived interest rate step up of 4% till June 30,2013, the exact terms and condition of which are under discussion with the Company and that the formal document in respect of the waiver is in the process of being finalized. However, the management is confident that it will avail the spread of 6% for the entire loan tenor, and hence no related provision for the differential aggregating to Rs 212,113 (December 31, 2012: Rs. 180,584) has been made in this condensed financial information.

5.3 Under the terms of the agreements for long term borrowings, the Company is required to comply with certain financial debt covenants. As at March 31, 2013 all financial debt covenants have been complied with except for peak debt service coverage ratio.

5.4 The Company approached majority of the lenders for re-profiling of various finance facilities given the constrained operation due to gas curtailment. Initially, the Company proposed for a grace period of 2 to 2.5 years in the existing repayment schedule. The Company, however, is now seeking a revised repayment schedule with partial repayments for 2 to 2.5 years due to improved cash flow expectations after approval of gas allocation by ECC. The management is confident, based on initial discussion that the lenders will agree / formalize along with other terms and conditions of the aforementioned re-profiling in due course. The company has deferred principal repayments amounting to Rs 6,318,138 falling due in the current period out of the principal outstanding of Rs. 40,126,701.

(Amounts in thousand)

6 SHORT TERM BORROWINGS

6.1 The funded facilities for short term finances, including available from various banks and institutional investors amounts to Rs. 5,250,000 (December 31, 2012: Rs. 5,250,000) along with non-funded facilities of Rs.1,275,000 (December 31, 2012: Rs. 1,275,000) for Bank Guarantees. The rates of markup on funded bank overdraft facilities ranges from 10.18% to 11.96% and all the facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts of the Company.

6.2 The Company, during the period, repaid funds acquired through money market loans and under an Istisna Agreement from various banks amounting to Rs. 790,000. These loans carry mark-up rates ranging from 10.52% to 10.99% per annum.

7 CONTINGENCIES AND COMMITMENTS

Contingencies

7.1 Bank guarantees of Rs.1,052,033 (December 31, 2012: Rs. 1,052,364) have been issued in favor of third parties.

7.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs.58,530 (December 31, 2012: Rs. 58,530).

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

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

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

(Amounts in thousand)

7.6 The Company had filed a constitutional petition in the High Court of Sindh, Karachi against the Ministry of Petroleum and Natural Resource (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 MMCFD gas per day to the Enven Plant and to prohibit from suspending, discontinuing or curtailing the aforesaid supply. The High Court of Sindh, in its order dated October 18, 2011, has ordered that SNGPL should supply 100 MMCFD of gas per day to the Company's new plant. However, five petitions have been filed in the Supreme Court of Pakistan against the aforementioned order of High Court of Sindh by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited along with 21 other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. The Company's management as confirmed by the legal advisor considers the chances of petitions being allowed to be remote.

Further, the Company upon continual curtailment of gas after the aforementioned decision of the High Court has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. The Company, in the aforementioned application has submitted that SNGPL and MPNR has failed to restore supply of gas to the Company's plant despite the judgment of High Court in the Company's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the High Court. The application is pending for hearing and no orders have yet been passed in this regard.

7.7 The Company, along with other fertilizer Companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act 2010 in relation to unreasonable increase in the price of fertilizer. The Company responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess, sales tax, inflation and gas curtailment. However, the CCP has issued an order in March 2013, whereby it has held that the Company enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs 3,140,000 and Rs 5,500,000 on the Company and that other fertilizer company respectively. The company intends to exercise all available legal options for setting aside the Order and is confident of a successful outcome.

		Unaudited March 31, 2013	Audited December 31, 2012
	Commitments	---Rupees---	
7.8	Property, plant and equipment	37,010	70,134

		Unaudited March 31, 2013	Unaudited March 31, 2012
8	**TAXATION**		
	Current		
	- for the year	54,160	35,467
	- for prior years	1,356,898	-
		1,411,058	35,467
	Deferred		
	- for the year	298,080	(800,635)
	- for prior years (note)	(1,356,898)	-
		(1,058,818)	(800,635)
		352,240	(765,168)

8.1 Includes minimum turnover tax amounting to Rs.48,916 (December 31, 2012: Rs. 153,505).

(Amounts in thousand)

8.2 As a result of demerger, all pending tax issues of the Holding Company had been transferred to the Company. Major issues pending before the tax authorities are described below:

In 2012, the income tax department raised a demand of Rs 1,481,709, subsequently rectified to Rs 1,074,938, for the financial year 2010. The disallowances were mainly on account of initial allowance on capitalization which was later confirmed by the Commissioner Inland Revenue-Appeals (CIRA). The demand has been subsequently reduced to Rs 616,536 after application of rectifications from prior years amounting to Rs 308,402 and payment of Rs 150,000. The Company has further applied to account for a pending appeal affect in favor of the Company of Rs 251,000. The balance demand of Rs 365,536 is expected to be offset against the likely refunds from the financial year 2008 appeal pending before Appellate Tribunal Inland Revenue (ATIR) as discussed in the following paragraph. Accordingly, ATIR has granted a stay against the above-said demand.

In second quarter of 2012, the CIRA confirmed the disallowance of Group Relief amounting to Rs. 450,000 and Inter-Corporate Dividend amounting to Rs. 220,000 for the financial year 2008. Subsequently, the Company appealed against the decision on the grounds that both the above disallowances had been decided by ATIR, being a higher forum, in previous years. The hearing has been concluded and the order is awaited.

In previous years, the department filed reference applications in High Court against the below-mentioned ATIR's decisions in Company's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2007 and 2008): Rs. 1,050,847
- Inter-Corporate Dividend (Financial year 2007): Rs. 116,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Company is confident that all pending issues will eventually be decided in its favor.

9 EARNINGS PER SHARE

Basic earnings / (loss) per shares has been calculated by dividing the profit / (loss) attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period.

Dilutive earnings / (loss) per share has been calculated by adjusting the weighted average number of ordinary shares and the convertible equity option on IFC loan of USD 9,000. The effect of these options is not dilutive as at March 31, 2013. The information necessary to calculate basic earnings / (loss) per share is as follows:

	Unaudited March 31, 2013	Unaudited March 31, 2012
	------------------Rupees------------------	
Profit / (loss) for the period	646,319	(1,420,152)
	--------Numbers (in thousand)--------	
Weighted average number of ordinary shares	1,072,800	1,072,800

(Amounts in thousand)

		Unaudited March 31, 2013	Unaudited March 31, 2012
		----Rupees----	
10	**CASH GENERATED FROM OPERATIONS**		
	Profit / (Loss) before taxation	998,559	(2,185,320)
	Adjustment for non-cash charges and other items:		
	Depreciation	1,294,682	1,279,492
	Amortization of intangibles	6,945	4,333
	Profit on disposal of property, plant and equipment	(10,662)	(2,493)
	Provision for retirement and other service benefits	11,990	13,104
	Income on deposits / other financial assets	(103,528)	(64,734)
	Financial charges	2,204,097	2,628,804
	(Reversal) / provision for surplus and slow moving stores and spares	4,288	(5,924)
	Provision against trade debts	19,000	-
	Change in the fair value of IFC conversion option	182,121	56,896
	Working capital changes (note 10.1)	(3,886,592)	(4,779,000)
		720,900	(3,054,842)
10.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	- Stores, spares and loose tools	(97,681)	(42,507)
	- Stock-in-trade	566,260	(2,906,306)
	- Trade debts	(16,171)	(321,524)
	- Loans, advances, deposits and prepayments	(2,924)	23,123
	- Other receivables (net)	(8,462)	(277,247)
		441,022	(3,524,461)
	Increase in current liabilities		
	- Trade and other payables including other service benefits - net	(4,327,614)	(1,254,539)
		(3,886,592)	(4,779,000)
11	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	445,895	68,045
	Short term investments	1,842,179	50,240
	Short term borrowings	(237,225)	(3,629,818)
		2,050,849	(3,511,533)

(Amounts in thousand)

12 TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited March 31, 2013	Unaudited March 31, 2012
	----Rupees----	
Holding Company		
Purchases and services	36,129	56,808
Services provided	3,446	3,633
Royalty	137,055	47,048
Reimbursements	34,197	17,745
Mark-up paid on Long term sub-ordinated loan	126,493	127,899
Use of assets	1,025	3,721
Associated companies		
Purchases and services	121,187	394,601
Sale of product	1,336	-
Contributions to retirement benefit schemes / funds	46,206	38,075
Services provided	16,711	11,714
Reimbursements	38,505	36,681
Funds collected against sales made on behalf of an associate	2,306,574	2,579,771
Payment of mark-up on TFCs and repayment of principal amount	3,834	6,271
Sale of T-Bills	4,161,893	473,933
Purchase of T-Bill	4,067,897	-
Income on T-Bill	40,864	
Commission on sales	19,111	14,372
Purchase of mutual fund units	780,000	-
Redemption of mutual fund units	781,195	588,577
Donation to Engro Foundation	5,000	11,751
Commission expense	4,680	4,925
Use of Assets	3,365	2,555
Others		
Remuneration of key management personnel	30,442	26,847

13 SEASONALITY

The Company's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average fertilizer sales are more tilted towards Rabi season. The Company manages seasonality in the business through appropriate inventory management.

(Amounts in thousand)

14 CORRESPONDING FIGURES

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

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 22, 2013 by the Board of Directors of the Company.

Chief Executive

Director