



nourishing commitment

First Quarter Accounts 2015



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engrofertilizers.com



DCI/PTHE D/HAMIDI PARTNERSHIP/DESIGN



engro fertilizers

company information

Board of Directors

Muhammad Aliuddin Ansari - Chairman
Ruhail Mohammed - Chief Executive Officer
Javed Akbar
Abdul Samad Dawood
Shabbir Hashmi
Naz Khan
Shahid Hamid Pracha
Khalid Siraj Subhani

Company Secretary

Faiz Chapra

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
The Bank Of Punjab
Barclays Bank PLC
Burj Bank Limited
Citi Bank N.A.
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited

Auditors

A.F. Ferguson & Company
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road
Karachi-74000, Pakistan
Tel: +92(21) 32426682-6 / 32426711-5
Fax +92(21) 32415007 / 32427938

Cost Auditors

J.A.S.B. & Associates
Chartered Accountants
No.4, Uni Tower
I.I. Chundrigar Road
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Website: www.engrofertilizers.com

directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited financial statements for the three months ended March 31, 2015.

Pakistan Fertilizer Market

The domestic Urea industry sales increased by 120 KT vs the same period last year to 1,502 KT (+9%) which was largely due to carryover of demand from the previous quarter (delayed sowing of wheat in 4th Quarter 2014 created a timing difference, whereby Nov-Dec application was done in Jan-Feb 2015). Further, demand for Urea also picked up given expectation of gas price hike from April 2015 onwards which has not materialized to date. Sale of branded urea has increased by 8% over the same period last year to 1,210 KT.

During the quarter under review, total urea production increased to 1,218 KT vs 1,146 KT in first quarter of 2014 i.e. an increase of 6.3% due to higher production by plants on the Mari network.

At the request of the Government, and without compromising our legal stance on the same, the fertilizer industry agreed to pay GIDC arrears (in installments till June 30, 2015) barring on concessionary gas to the Government. The 1st installment of PKR 4,200 million was paid in March.

Domestic Urea prices remained stable at PKR 1,813 per bag during the quarter due to unchanged gas prices. On the international front, after a relatively uneventful Jan-Feb, urea prices showed some softness by end March to April. Even so, the gap between domestic and international prices remains at a comfortable level.

Company's Operating Performance

The company's urea production for the quarter stood at 486 KT as compared to 456 KT in the first quarter of the last year i.e. an increase of 6.6% mainly due to continuous operation of both plant during the first quarter.

The Company sold 481 KT of urea vs 451 KT in the first quarter of 2014 showing a growth of 6.6% and locking in an overall urea market share of 32% and a branded urea market share of 40%.

The Company's blended fertilizers' (Zarkhez & Engro NP) sales for the quarter increased to 27.8 KT from 25.8 KT in 1Q 2014. Overall domestic potash industry saw an increase of 6% from 1Q 2014. However, the market share of Zarkhez fell to 44% (53% in 1Q 2014) due to direct marketing of MOP by other importers given lower international potash prices

The gross profit for the period was PKR 6,770 Million as compared to PKR 5,652 Million in the same period last year. This increase was on account of higher sales volume and implementation of concessionary pricing effective from March 16, 2015.

Finance cost was also significantly lower than last year as a result of IFC loan conversion, loan repayments, lower KIBOR and better cashflows.

As a result of the above, the Company has doubled its Net Profit to PKR 3,058 million from PKR 1,437 million for the same period last year which has resulted in an EPS of PKR 2.30 per share vs PKR 1.12 per share in the comparative period last year.

Following approval of the ECC in December 2014, the Company continued to receive 60 MMSCFD additional gas from Mari Shallow throughout 1Q 2015. Further, as part of the said ECC decision, the Company was also required to install compressors for Guddu Power Plant (Genco II) at its own cost. Guddu compressor project is underway and is expected to be completed within the upcoming quarter. In March 2015, ECC approved additional 3 MMSCFD gas to the Company from Maru East which is likely to flow in the next few weeks.

The Company was also successful in obtaining gas at concessionary rates effective March 16, 2015, subsequent to OGRA endorsement of SNGPL-Mari novation agreement.

During the period, the Board of Directors of the Company has proposed the acquisition by the Company of Engro Eximp (Private) Limited, an associated company, from Engro Corporation Limited, for a lump sum consideration of Rs. 4,400 Million. The proposal will be presented for approval of the members at the Extraordinary General Meeting to be held on April 29, 2015.

Near Term Outlook

Fertilizer Review Committee (FRC) has proposed import of 350 KT of urea, out of which 80 KT is expected to arrive end of April. Domestic industry Urea demand is expected to remain stable in 2Q 2015 despite the government decision to import Urea which is likely to bridge the gap between local production and sales for the upcoming Kharif Season.

condensed interim balance sheet as at march 31, 2015

(Amounts in thousand)

	Note	Unaudited March 31, 2015	Audited December 31, 2014
——(Rupees)——			
Assets			
Non-current assets			
Property, plant and equipment	4	74,414,297	74,962,817
Intangible assets		113,903	118,336
Long term loans and advances		109,003	93,931
		<u>74,637,203</u>	<u>75,175,084</u>
Current assets			
Stores, spares and loose tools		4,738,030	4,713,746
Stock-in-trade		1,611,853	1,100,922
Trade debts		891,105	757,044
Loans, advances, deposits and prepayments		361,988	432,943
Other receivables		39,186	27,582
Short term investments		20,301,624	25,075,776
Cash and bank balances		1,977,202	4,188,528
		<u>29,920,988</u>	<u>36,296,541</u>
TOTAL ASSETS		<u><u>104,558,191</u></u>	<u><u>111,471,625</u></u>

(Amounts in thousand)

	Note	Unaudited March 31, 2015	Audited December 31, 2014
——(Rupees)——			
EQUITY & LIABILITIES			
Equity			
Share capital		13,309,323	13,183,417
Share premium		3,132,181	2,260,784
Hedging reserve		(27,991)	(39,831)
Remeasurement of post employment benefits		(14,103)	(14,103)
Unappropriated profit		22,146,650	19,087,828
		<u>25,236,737</u>	<u>21,294,678</u>
Total Equity		<u>38,546,060</u>	<u>34,478,095</u>
Liabilities			
Non-current liabilities			
Borrowings	5	33,549,210	36,090,622
Derivative financial instruments		289,800	6,689
Deferred liabilities		5,925,888	5,226,646
Service benefits obligations		84,910	113,345
		<u>39,849,808</u>	<u>41,437,302</u>
Current liabilities			
Trade and other payables	6	17,720,312	24,472,163
Accrued interest / mark-up		539,880	1,362,300
Taxes payable		904,843	675,609
Current portion of:			
- borrowings	5	6,815,434	7,912,729
- service benefits obligations		45,879	43,338
Derivative financial instruments		135,975	1,090,089
		<u>26,162,323</u>	<u>35,556,228</u>
Total liabilities		<u>66,012,131</u>	<u>76,993,530</u>
Contingencies and Commitments	7		
TOTAL EQUITY & LIABILITIES		<u><u>104,558,191</u></u>	<u><u>111,471,625</u></u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Ruhail Mohammed
Chief Executive



Javed Akbar
Director

condensed interim profit and loss account for the three months ended march 31, 2015

(Amounts in thousand except for earnings per share)

	Note	Unaudited 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
——(Rupees)——			
Net sales		17,673,439	14,895,648
Cost of sales		(10,903,802)	(9,244,103)
Gross profit		6,769,637	5,651,545
Selling and distribution expenses		(1,095,886)	(1,090,226)
Administrative expenses		(225,019)	(196,923)
		5,448,732	4,364,396
Other income		774,602	491,962
Other operating expenses		(369,772)	(279,584)
Finance cost		(1,261,981)	(2,411,621)
		(1,631,753)	(2,691,205)
Profit before taxation		4,591,581	2,165,153
Taxation	8	(1,532,759)	(728,141)
Profit for the period		3,058,822	1,437,012
Earnings per share - basic and diluted	9	2.30	1.12

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Ruhail Mohammed
Chief Executive


Javed Akbar
Director

condensed interim statement of comprehensive income for the three months ended march 31, 2015

(Amounts in thousand)

	Note	Unaudited 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
——(Rupees)——			
Profit for the period		3,058,822	1,437,012
Other comprehensive income:			
Items potentially re-classifiable to Profit and Loss Account			
Hedging reserve - cash flow hedges			
Losses arising during the period		(3,166)	(1,193,108)
Adjustment for amounts transferred to profit and loss account		20,838	1,263,259
Income tax (Deferred) relating to hedging reserve		(5,832)	(23,851)
		11,840	46,300
Other comprehensive income for the period, net of tax		11,840	46,300
Total comprehensive income for the period		3,070,662	1,483,312

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Ruhail Mohammed
Chief Executive


Javed Akbar
Director

condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2015

(Amounts in thousand)

	Share capital	Advance against issue of share capital	Reserve				Total
			Capital	Revenue			
			Share premium	Hedging reserve	Unappropriated profit	Remeasurement of post employment benefits	
(Rupees)							
Balance as at January 1, 2014	12,228,000	2,118,750	11,144	(147,644)	10,879,868	(20,886)	25,069,232
Transactions with owners							
Shares issued during the period	750,000	(2,118,750)	1,368,750	-	-	-	-
Share issuance cost	-	-	(97,920)	-	-	-	(97,920)
	750,000	(2,118,750)	1,270,830	-	-	-	(97,920)
Total comprehensive income for the three months ended March 31, 2014							
Profit for the period	-	-	-	-	1,437,012	-	1,437,012
Other comprehensive income	-	-	-	46,300	-	-	46,300
- cash flow hedges, net of tax	-	-	-	46,300	-	-	46,300
	-	-	-	46,300	1,437,012	-	1,483,312
Balance as at March 31, 2014 (unaudited)	12,978,000	-	1,281,974	(101,344)	12,316,880	(20,886)	26,454,624
Transactions with owners							
Shares issued at exercise of conversion option	205,417	-	978,810	-	-	-	1,184,227
Total comprehensive income for the nine months period ended December 31, 2014							
Profit for the period	-	-	-	-	6,770,948	-	6,770,948
Other comprehensive income	-	-	-	61,513	-	-	61,513
- cash flow hedges, net of tax	-	-	-	61,513	-	-	61,513
- remeasurements, net of tax	-	-	-	-	-	6,783	6,783
	-	-	-	61,513	6,770,948	6,783	6,839,244
Balance as at December 31, 2014 (audited)	13,183,417	-	2,260,784	(39,831)	19,087,828	(14,103)	34,478,095
Transactions with owners							
Shares issued during the period	125,906	-	871,397	-	-	-	997,303
Share issuance cost	-	-	-	-	-	-	-
	125,906	-	871,397	-	-	-	997,303
Total comprehensive income for the three months ended March 31, 2015							
Profit for the period	-	-	-	-	3,058,822	-	3,058,822
Other comprehensive income	-	-	-	11,840	-	-	11,840
- cash flow hedges, net of tax	-	-	-	11,840	-	-	11,840
- remeasurements, net of tax	-	-	-	-	-	-	-
	-	-	-	11,840	3,058,822	-	3,070,662
Balance as at March 31, 2015 (unaudited)	13,309,323	-	3,132,181	(27,991)	22,146,650	(14,103)	38,546,060

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Ruhail Mohammed
Chief Executive


Javed Akbar
Director


condensed interim statement of cash flows for the three months ended march 31, 2015

(Amounts in thousand)

Note	Unaudited 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
(Rupees)		
Cash flows from operating activities		
Cash used in operations	10 (963,724)	(3,115,104)
Service benefits paid	(38,825)	(34,478)
Income taxes paid	(609,148)	(159,326)
Finance cost paid	(1,850,063)	(3,101,110)
Long term loans and advances	(15,072)	(10,309)
Net cash used in operating activities	(3,476,832)	(6,420,327)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangibles	(637,531)	(137,386)
Proceeds from disposal of property, plant and equipment	7,103	25,423
Proceeds from investments - net	14,217,880	-
Income on deposits / other financial assets	524,450	464,430
Net cash generated from investing activities	14,111,902	352,467
Cash flows from financing activities		
Repayments of borrowings	(3,529,074)	(2,096,511)
Share issue costs paid	-	(51,106)
Net cash used in financing activities	(3,529,074)	(2,147,617)
Net increase/ (decrease) in cash and cash equivalents	7,105,996	(8,215,477)
Cash and cash equivalents at beginning of the period	5,283,421	22,516,445
Cash and cash equivalents at end of the period	11 12,389,417	14,300,968

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Ruhail Mohammed
Chief Executive


Javed Akbar
Director

notes to the condensed interim financial information (unaudited) for the three months ended march 31, 2015

(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.
- 1.2 The Company is listed on all three Stock Exchanges of Pakistan. The Company's Term Finance Certificates are also listed at the Karachi Stock Exchange.
- 1.3 During the period, the Board of Directors of the Company in its meeting held on February 18, 2015, has proposed the acquisition by the Company of Engro Eximp (Private) Limited, an associated company, from Engro Corporation Limited, for a lump sum consideration of Rs. 4,400,000. The proposal will be presented for approval of the members at the Extraordinary General Meeting to be held on April 29, 2015.

2. Basis of preparation

- 2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of IAS 34 'Interim financial reporting'. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014 which have been prepared in accordance with IFRS.
- 2.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, changes in the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those that applied to financial statements of the Company for the year ended December 31, 2014 do not have any material impact.

3. Accounting Policies

The accounting policies adopted in preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2014.

Unaudited March 31, 2015	Audited December 31, 2014
(Rupees)	

4. Property, Plant and Equipment

Operating assets at net book value	72,512,761	73,674,133
Major spare parts and stand-by equipment	422,286	424,767
Capital work in progress	1,479,250	863,917
	<u>74,414,297</u>	<u>74,962,817</u>

(Amounts in thousand)

Unaudited March 31, 2015	Audited December 31, 2014
(Rupees)	

5. Borrowings - Secured (Non - Participatory)

Long term finance utilised under mark-up arrangements (notes 5.1, 5.2 and 5.3) Certificates (note 5.1)	28,360,157	30,421,050
	<u>12,004,487</u>	<u>13,582,301</u>
	40,364,644	44,003,351
Less: Current portion shown under current liabilities	6,815,434	7,912,729
Balance at end of the period / year	<u>33,549,210</u>	<u>36,090,622</u>

- 5.1 All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over current and future fixed assets excluding immovable property of the Company.

Loans from the International Finance Corporation (IFC) are secured by a sub-ordinated mortgage upon immovable property of the Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Company. Further, Privately Placed Term Finance Certificates (PPTFCs) are secured by a subordinated floating charge over all present and future fixed assets excluding land and buildings.

The Holding Company has issued corporate guarantees in respect of all debts excluding PPTFC whereas it has issued sub-ordinated corporate guarantee in respect of PPTFCs.

- 5.2 The Company availed a loan of USD 30,000 from the IFC, divided into (i) 30% convertible loan on the shares of the Company at Rs. 24 per ordinary share calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC to exercise the conversion option and (ii) 70% non-convertible loan. This conversion option is exercisable upto March 31, 2017. Option on USD 5,000 was exercised in 2014. During the period the Company received a notice from IFC for exercise of further USD 3,000 loan on January 9, 2015 out of the remaining USD 4,000 of Tranche A2, accordingly 12,590,625 ordinary shares of the Company have been allotted to the IFC on January 14, 2015. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs.277,385.

- 5.3 The above finance also includes a loan for USD 50,000 entered into by Engro Corporation Limited (the Holding Company) with the IFC. This loan is divided into (i) Tranche A (USD 15,000) convertible into the Holding Company's ordinary shares at Rs. 119.46 per ordinary share calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of the notices issued by the IFC to exercise the conversion option. (ii) Tranche B (USD 35,000) non-convertible loan. Both Tranches were transferred to the Company under the scheme of demerger effective January 1, 2010. However, the option given to convert the Tranche A remained on the Holding Company's shares.

- 5.4 The above finance also includes offshore Islamic Finance Facility Agreement of USD 36,000 with Habib Bank Limited, National Bank of Pakistan and SAMBA Financial Group and Rs. 3,618,000 with Faysal Bank (Previously share belonged to Citi Bank N.A), Dubai Islamic Bank Pakistan Limited and Standard Chartered Bank (Pakistan) Limited.

On March 31st, 2015 Faysal Bank has acquired Citi Bank N.A.'s share in the PKR portion of the Islamic Finance Facility.

(Amounts in thousand)

6. Trade and Other Payable

This includes an amount of Rs.11,186,000 (2013: Rs. 12,580,333) on account of the levy of Gas Infrastructure Development Cess (GIDC). The Honorable Supreme Court through its Judgment dated August 22, 2014 had upheld the decision of the High Court of Peshawar declaring the entire levy of GIDC through GIDC Act, 2011 as unconstitutional and invalid. The Government has filed a review petition against the decision of the Honorable Supreme Court, which is pending. In the meanwhile, the President of Pakistan promulgated the GIDC Ordinance, 2014, on September 25, 2014 seeking to impose GIDC levy since 2011. The Company has challenged the validity and promulgation of GIDC Ordinance, 2014 before the Honorable High Court of Sindh, wherein the Court has been pleased to pass interim orders, thereby restraining Mari Gas, Sui Northern Gas Pipeline Limited, Oil and Gas Development Company Limited, Spud Energy Pty Limited, Government Holdings (Private) Limited and IPR TransOil Corporation from charging and/or recovering GIDC till the pendency of the matter.

At the request of the Government, and without compromising our legal stance on the same, the fertilizer industry agreed to pay GIDC arrears (in installments till June 30, 2015) barring on concessionary gas to the Government. The 1st installment of PKR 4.2 Billion was paid in March.

7. Contingencies and Commitments

Contingencies

- 7.1 Bank guarantees of Rs.1,100,119 (December 31, 2014: Rs. 1,075,119) have been issued in favour of third parties.
- 7.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 55,038 (December 31, 2014: Rs. 55,038).
- 7.3 As at March 31, 2015, there is no material change in the status of matters reported as contingencies in the notes to the financial statements of the Company for the year ended December 31, 2014.

7.4 Commitments

Commitments in respect of capital expenditure and other operational items

	Unaudited March 31, 2015	Audited December 31, 2014
	—————Rupees—————	
	580,119	917,592

	Unaudited 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
	—————(Rupees)—————	

8. Taxation

Current

- for the period (note 8.1)
- for prior years

Deferred

- for the period
- for prior years

838,382	156,358
-	-
838,382	156,358
694,377	571,783
-	-
694,377	571,783
1,532,759	728,141

(Amounts in thousand)

8.1 Includes Alternative Corporate Tax, amounting to Rs.729,777 introduced as section 113C to the Income Tax Ordinance, 2001 vide Finance Act 2014. Last year, the Company had filed suit in the High Court of Sindh, against the Federal Board of Revenue regarding the application of the above section. Stay has been granted in this respect by the court.

8.2 For tax years 2010 and 2011, the income tax department had amended the assessment filed by the Company. Last year, ATIR decided the appeals filed by the Company where by a relief in respect of certain other items were allowed whereas certain disallowances were confirmed in favor of tax department. The said disallowances included the charge in respect of exchange gain and loss incurred amounting to Rs. 13,282 for tax year 2010 and Rs. 58,947 for tax year 2011 respectively, and in respect of loss on derivative amounting to Rs. 28,795 for tax year 2011. The Company has challenged the said decision before High Court of Sindh and is confident of favourable outcome.

8.3 During the quarter, the tax department has finalised the assessment proceedings for tax year 2014 (Financial year 2013). The Additional Commissioner Inland Revenue (ACIR) has determined Alternative Corporate Tax liability of Rs 1,231,201 in the assessment order, however the Company holds a valid stay order from the High Court for the said tax year. Additionally, the ACIR has made certain disallowances, which mainly include:

- Loss on fair value of derivative (Rs. 1,202,002)
- Charge in respect of unrealised exchange gain and loss (Rs. 1,704,145)

The Company will file an appeal against the assessment order with the Commissioner Inland Revenue (Appeals) in due course.

8.4 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 previous years, the department had 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 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- 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.

(Amounts in thousand)

9. Earnings Per Share

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

The information necessary to calculate basic and diluted earnings per share is as follows:

	Unaudited 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
	Rupees	
Profit for the period	3,058,822	1,437,012
Add: - Interest on IFC loan - net of tax	1,844	8,729
- Loss on revaluation of conversion options on IFC loan - net of tax	4,483	615,074
Profit used for the determination of Diluted EPS	3,065,149	2,060,815

Numbers (in thousands)

	1,318,342	1,222,800
Weighted average number of ordinary shares at the beginning of period		
Add: Weighted average adjustments for:		
Shares issued during the period (including conversion of option - note 5.2)	9,233	60,833
Weighted average number of shares for determination of basic EPS	1,327,575	1,283,633
Assumed conversion of USD 1,000 IFC loan	2,966	-
Exercise of conversion option on USD 3,000 IFC loan	2,534	-
Exercise of conversion option on USD 9,000 IFC loan	-	19,952
Weighted average number of shares for determination of diluted EPS	1,333,075	1,303,585

(Amounts in thousand)

10. Cash Generated From Operations

	Unaudited 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
	Rupees	
Profit before taxation	4,591,581	2,165,153
Adjustment for non-cash charges and other items:		
Depreciation	1,179,174	1,167,147
Amortisation	5,565	7,696
(Gain) / loss on disposal of property, plant and equipment	(2,323)	89,348
Provision for service benefits	12,930	7,992
Income on deposits / other financial assets	(653,608)	(474,965)
Financial charges	1,261,981	2,411,622
Provision for surplus and slow moving stores and spares	14,120	748
Working capital changes (note 10.1)	(7,373,144)	(8,489,845)
	(963,724)	(3,115,104)

10.1 Working capital changes

(Increase) / decrease in current assets		
- Stores, spares and loose tools	(38,404)	(111,251)
- Stock-in-trade	(510,931)	296,967
- Trade debts	(134,061)	(22,244)
- Loans, advances, deposits and prepayments	70,955	130,182
- Other receivables (net)	(8,852)	(4,014)
	(621,293)	289,640
Decrease in trade and other payables	(6,751,851)	(8,779,485)
	(7,373,144)	(8,489,845)

11. Cash and Cash Equivalents

Cash and bank balances	1,977,202	1,593,637
Short term investments	10,412,215	12,707,331
	12,389,417	14,300,968

(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 3 months ended March 31, 2015	Unaudited 3 months ended March 31, 2014
	Rupees	
Holding Company		
Purchase and services	52,218	48,845
Services provided	5,989	4,906
Royalty	232,517	214,219
Reimbursements	25,601	25,955
Mark-up paid on long term sub-ordinated loan	-	106,816
Use of assets	311	1,492
Payment of sub-ordinated loan	-	600,000
Associated companies		
Purchase and services	29,594	15,690
Sale of product	-	1,429
Services provided	18,956	24,631
Reimbursements	125,596	28,529
Funds collected against sales made on behalf of an associate	1,952,078	3,908,796
Payment of mark-up on TFCs and repayment of principal amount	2,806	3,315
Commission - net	-	11,923
Donation	20,000	10,000
Use of assets	2,091	2,992
Contribution to staff retirement benefits		
Pension fund	4,822	4,339
Gratuity fund	17,678	15,516
Provident fund	23,146	20,700
Others		
Remuneration of key management personnel	37,921	34,586

(Amounts in thousand)

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.

14. Non Adjusting Events After Balance Sheet Date

The Board of Directors in its meeting held on February 09, 2015 had proposed a final cash dividend of Rs. 3.00 per share for the year ended December 31, 2014 amounting to Rs. 3,992,797, for approval of the members at the Annual General Meeting to be held on April 29, 2015. The effect of this has not been incorporated in these financial statements.

15. Corresponding Figures

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

16. Date Of Authorisation For Issue

This condensed interim financial information was authorized for issue on April 24, 2015 by the Board of Directors of the Company.


Ruhail Mohammed
Chief Executive


Javed Akbar
Director