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fields of connection

Half Yearly Accounts 2016

company information

Board of Directors

Khalid Siraj Subhani - Chairman
Ruhail Mohammed - Chief Executive Officer
Javed Akbar
Abdul Samad Dawood
Asim Murtaza Khan
Naz Khan
Sadia Khan
Asad Said Jafar

Company Secretary

Sohail Kassamali

Bankers

Conventional
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
CIMB Bank
Citi Bank .N.A.
CITI Bank Dubai
Faysal Bank Limited
Habib Bank AG Zurich Dubai
Habib Bank Limited
Habib Bank Limited Dubai
Habib Metropolitan Bank Limited
HSBC Bank Limited Dubai
JS Bank Limited
Mashreq Bank
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Shariah Compliant
Bank Islami Pakistan Limited
Burj Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Meezan 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
Karachi-74000, Pakistan
Tel: +92(21)32468154-5 / 32468158
Fax +92(21) 32468157

Registered Office

7th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92(21) 35297501 – 35297510
Fax:+92(21) 35810669
Website: www.engrofertilizers.com

directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited accounts for the half year ended June 30, 2016.

Pakistan fertilizer market

The fertilizer market remained weak in the first half of 2016, with total industry volumes at 1.9M tons, down 35% vs 1H 2015. The decline was primarily on account of weak farmer purchase power given frail crop economics as well as price uncertainty amid expectations of urea subsidy in Budget 2016. Volumes in 2Q 2016 fared relatively better with sales at ~1.08mn tons up 41% QoQ primarily on account of 624k tons offtake in the month of Jun'16 alone due to announcement of GoP subsidy. Volumes in 2Q 2016 were, however, still down 20% vs 2Q 2015.

In contrast to offtake, urea production during 1H 2016 increased to 2.92M tons vs. 2.48M tons in the same period last year, a growth of 18%. Production in 2Q 2016 at 1.5M tons was up 20% vs same period last year. Higher production was on account of better gas availability due to LNG in the system. With production outpacing demand, urea inventory by Jun'16 end had reached 1.6M tons.

With Pakistan an agrarian economy and farmer income at its recent weakest, the Government of Pakistan (GoP) in its Budget'16 announced the reduction of urea price to PKR1,400/bag from previous price of PKR1,790/bag. The reduction was carried out through price cut of PKR50/bag by manufacturers and a combination of subsidy and reduction in GST by government. On the international front, urea prices continue to trade around CFR USD 200/ton.

DAP sales during 1H stood at 498KT compared to 468KT in the same period last year, a growth of 6% YoY with higher offtake primarily due to subsidy of PKR500/bag. We remain optimistic on continued DAP sales given continuation of subsidy in Budget'16, albeit at a lower rate of PKR300/bag.

Company's operating performance

The Company's urea production in 1H 2016 stood at 922KT compared to 950KT in the corresponding period last year – a decline of 3%YoY. The decline was primarily due to turnaround at Enven plant. The turnaround was successfully completed with the plant resuming production from May 19, 2016. Sales during the period under review stood at 528KT vs. 934KT in 1H 2015, a decline of 43%YoY. Urea market share stood at 29% (branded urea market share 29%) vs 33% in 1H 2015 (branded urea market share 38%). For 2Q 2016, production stood at 409 KT while sales clocked in at 242 KT.

Engro sold 128KT of DAP in 1H 2016 vs. 119KT in 1H 2015 with a market share of 26% compared to 25% in the corresponding period last year. Sales for 2Q 2016 stood at 63KT vs 94KT in same period last year.

The Company's blended fertilizers sales (Zarkhez and Engro NP) for 1H 2016 stood at 39KT compared to 1H 2015 sales of 64KT, a decline of 39%YoY. The decline in sales was primarily caused by the decline of potash industry by 27%YoY (due to poor crop economics and no subsidy on potash fertilizers), and oversupply situation in the NP industry segment. The Company's Zarkhez market share stood at 43% vs 34% in the same period last year.

The Company also 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 our Gas supply contracts on the basis of which we invested USD 1.1B to expand our 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 discussions with various relevant parties for allocation of surplus gas to ensure continued two plant operations.

Gross profit for 1H 2016 stood at PKR 6.6B compared to PKR 14B in the same period last year. The decrease was mainly on account of depressed volumetric sales, reduced margins due to negotiations with the government to reduce prices, classification of subsidy in other income amounting to PKR 1.8B, declining international prices and poor crop economics. 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 1.6B vs. PKR 2.4B last year) as a result of loan repayments, lower interest rates and re-pricings of various long term loans.

As a result of the above, the Company's net profit stood at PKR 2.8B for 1H 2016 compared to PKR 7.1B for the same period last year which has resulted in an EPS of PKR 2.10 per share vs. PKR 5.35 per share in the comparative period. Company's consolidated profit stood at PKR 2.8B compared to PKR 6.9B for the same period last year, resulting in an EPS of PKR 2.12 per share.

The Board is pleased to recommend an interim cash dividend of PKR 2 per share for the period ended June 30, 2016.

Near term outlook

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

condensed interim financial information (unaudited) for the half year ended june 30, 2016

auditors' report to the members on review of condensed interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Engro Fertilizers Limited as at June 30, 2016 and the related 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 together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi
Date: 19 August 2016

Engagement Partner: Waqas A. Sheikh

condensed interim balance sheet as at june 30, 2016

(Amounts in thousand)

	Note	Unaudited June 30, 2016	Audited December 31, 2015
		------------------(Rupees)-----------------	
Assets			
Non-Current Assets			
Property, plant and equipment	4	71,973,355	72,192,289
Intangible assets	1.3	4,455,103	106,487
Investment in subsidiary	1.3	560,316	4,383,000
Long term loans and advances		145,983	159,778
		77,134,757	76,841,554
Current assets			
Stores, spares and loose tools		5,073,244	4,639,142
Stock-in-trade		12,806,388	6,942,110
Trade debts		3,581,267	2,261,747
Derivative financial instruments		-	29,207
Subordinated loan to subsidiary		-	900,000
Loans, advances, deposits and prepayments		812,441	588,247
Other receivables		2,499,540	1,329,998
Short term investments		142,484	10,984,555
Cash and bank balances		24,399	865,302
		24,939,763	28,540,308
TOTAL ASSETS		102,074,520	105,381,862

(Amounts in thousand)

	Note	Unaudited June 30, 2016	Audited December 31, 2015
		------------------(Rupees)-----------------	
Equity & Liabilities			
Equity			
Share capital		13,309,323	13,309,323
Share premium		3,132,181	3,132,181
Reserve on amalgamation	1.3	(304,027)	-
Hedging reserve		670	(4,536)
Remeasurement of post employment benefits		(41,252)	(40,664)
Unappropriated profit		24,930,260	26,129,716
		27,717,832	29,216,697
TOTAL EQUITY		41,027,155	42,526,020
Liabilities			
Non-current liabilities			
Borrowings	5	19,854,645	25,289,658
Deferred liabilities		7,080,119	6,493,030
Service benefits obligations		124,455	124,367
		27,059,219	31,907,055
Current liabilities			
Trade and other payables		10,197,796	16,886,856
Accrued interest / mark-up		799,967	843,803
Taxes payable		771,805	2,060,723
Current portion of:			
- borrowings	5	10,019,171	10,736,586
- service benefits obligations		47,773	48,232
Short term borrowings	6	11,943,678	-
Unclaimed dividend		12,213	6,103
Derivative financial instruments		195,743	366,484
		33,988,146	30,948,787
TOTAL LIABILITIES		61,047,365	62,855,842
Contingencies and Commitments	7		
TOTAL EQUITY & LIABILITIES		102,074,520	105,381,862

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

condensed interim profit and loss account (unaudited) for the half year ended june 30, 2016

(Amounts in thousand except for earnings per share)

	Note	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Half Year ended June 30, 2016	Half Year ended June 30, 2015
		(Rupees)			
Net sales		10,387,051	20,385,656	22,259,044	38,059,095
Cost of sales		(8,026,692)	(13,065,452)	(15,670,500)	(23,969,254)
Gross profit		2,360,359	7,320,204	6,588,544	14,089,841
Selling and distribution expenses		(925,570)	(1,137,383)	(1,780,571)	(2,233,269)
Administrative expenses		(172,840)	(153,270)	(416,654)	(378,289)
		1,261,949	6,029,551	4,391,319	11,478,283
Other income	9	1,084,386	471,973	2,067,028	1,246,575
Other operating expenses		(146,091)	(433,351)	(419,805)	(803,123)
Finance cost		(812,855)	(1,134,413)	(1,563,542)	(2,396,394)
		(958,946)	(1,567,764)	(1,983,347)	(3,199,517)
Profit before taxation		1,387,389	4,933,760	4,475,000	9,525,341
Taxation		(714,852)	(876,544)	(1,681,659)	(2,409,303)
Profit for the period		672,537	4,057,216	2,793,341	7,116,038
Earnings per share - basic	10	0.51	3.05	2.10	5.35
Earnings per share - diluted	10	0.49	3.05	2.04	5.35

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Half Year ended June 30, 2016	Half Year ended June 30, 2015
	(Rupees)			
Profit for the period	672,537	4,057,216	2,793,341	7,116,038
Other comprehensive income:				
Items potentially re-classifiable to Profit and Loss Account				
Hedging reserve - cash flow hedges				
Loss arising during the period	(34,780)	(65,403)	(103,254)	(68,569)
Less: Adjustment for amounts transferred to profit and loss account	35,787	79,227	110,799	100,065
Tax relating to hedging reserve	(312)	(4,247)	(2,339)	(10,079)
	695	9,577	5,206	21,417
Items not re-classifiable to Profit and Loss Account				
Effect of change in Income tax rate on remeasurement of post employment benefits obligations	(588)	(191)	(588)	(191)
Other comprehensive income for the period, net of tax	107	9,386	4,618	21,226
Total comprehensive income for the period	672,644	4,066,602	2,797,959	7,137,264

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

condensed interim statement of changes in equity (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

		Reserve					
		Capital		Revenue			
	Share capital	Share premium	Reserve on amalgamation	Hedging reserve	Remeasurement of post employment benefits	Unappropriated profit	Total
	-----(Rupees)-----						
Balance as at January 1, 2016 (Audited)	13,309,323	3,132,181	-	(4,536)	(40,664)	26,129,716	42,526,020
Transaction with owners							
Final dividend for the year ended December 31, 2015	-	-	-	-	-	(3,992,797)	(3,992,797)
Total comprehensive income for the half year ended June 30, 2016							
Profit for the period	-	-	-	-	-	2,793,341	2,793,341
Other comprehensive income:							
- cash flow hedges, net of tax	-	-	-	5,206	-	-	5,206
- remeasurements, net of tax	-	-	-	-	(588)	-	(588)
	-	-	-	5,206	(588)	2,793,341	2,797,959
Reserve created upon amalgamation (note 1)	-	-	(304,027)	-	-	-	(304,027)
Balance as at June 30, 2016 (Unaudited)	13,309,323	3,132,181	(304,027)	670	(41,252)	24,930,260	41,027,155
Balance as at January 1, 2015 (Audited)	13,183,417	2,260,784	-	(39,831)	(14,103)	19,087,828	34,478,095
Transactions with owners							
Shares issued at exercise of conversion option	125,906	871,397	-	-	-	-	997,303
Final dividend for the year ended December 31, 2014	-	-	-	-	-	(3,992,797)	(3,992,797)
	125,906	871,397	-	-	-	(3,992,797)	(2,995,494)
Total comprehensive income for the half year ended June 30, 2015							
Profit for the period	-	-	-	-	-	7,116,038	7,116,038
Other comprehensive income:							
- cash flow hedges, net of tax	-	-	-	21,417	-	-	21,417
- remeasurements, net of tax	-	-	-	-	(191)	-	(191)
	-	-	-	21,417	(191)	7,116,038	7,137,264
Balance as at June 30, 2015 (Unaudited)	13,309,323	3,132,181	-	(18,414)	(14,294)	22,211,069	38,619,865

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

	Note	Half year ended June 30, 2016	Half year ended June 30, 2015
		------(Rupees)------	
Cash flows from operating activities			
Cash (utilised in) / generated from operations	11	(8,071,631)	8,335,419
Retirement and other service benefits paid		(43,619)	(41,100)
Taxes paid		(1,638,281)	(1,280,367)
Finance cost paid		(1,687,209)	(2,399,226)
Long term loans and advances - net		13,795	(10,152)
Net cash (utilised in) / generated from operating activities		(11,426,945)	4,604,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment and intangibles		(2,145,424)	(571,624)
Investment in Engro Eximp (Private) Limited (EEPL)		-	(4,383,000)
Subordinated loan to EEPL		-	(900,000)
Transfers on amalgamation of EEPL		(20,388)	-
Proceeds from disposal of :			
- Property, plant & equipment		6,604	11,402
- Investments - net		393,597	17,297,976
Income on deposits / other financial assets		152,774	1,030,274
Net cash (utilised in) / generated from investing activities		(1,612,837)	12,485,028
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - net		6,000,000	2,339,637
Dividends paid		(3,986,687)	(3,992,798)
Repayments of borrowings		(12,206,586)	(6,497,070)
Net cash utilised in financing activities		(10,193,273)	(8,150,231)
Net (decrease) / increase in cash and cash equivalents		(23,233,055)	8,939,371
Cash and cash equivalents at beginning of the period		11,456,260	5,283,419
Cash and cash equivalents at end of the period	12	(11,776,795)	14,222,790

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

notes to the condensed interim financial information (unaudited) for the half year ended june 30, 2016

(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 subsidiary of Engro Corporation Limited (the Parent Company), which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent 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 Pakistan Stock Exchange Limited (the Exchange). The Company has also issued Term Finance Certificates (TFC's) which are listed at the Exchange.

1.3 Last year on April 30, 2015, as approved by the shareholders of the Company, the Company acquired 100% shareholding of Engro Eximp (Private) Limited (EEPL) from Engro Corporation Limited (the Parent Company) for a consideration of Rs. 4,383,000. The acquisition of EEPL by the Company was accounted for as a business combination under IFRS 3 "Business Combinations" in the consolidated financial statements of the Company based on the fair values of assets and liabilities determined as at the date of acquisition. During the period, the Board of Directors of EEPL and the Board of Directors of the Company approved the scheme of amalgamation (the Scheme) of EEPL with the Company. The Scheme was sanctioned / approved by the High Court of Sindh on April 30, 2016.

The aforementioned amalgamation between the Company and EEPL, by way of the sanctioned Scheme, is outside the scope of IFRS 3 and in substance is a legal reorganisation. Accordingly, the assets and liabilities of EEPL as at the date of amalgamation i.e. April 30, 2016 have been merged with the assets and liabilities of the Company at carrying values. In addition, in this condensed standalone financial information, the Company has recognised 'Right to use the Brand' and 'Goodwill' and adjustment to the assets and liabilities, representing the difference between the fair values and net book values as at the date of acquisition, which were also previously recognised in the consolidated financial statements of the Company for the year ended December 31, 2015. The details of assets and liabilities as at the acquisition date and the date of amalgamation are summarized below:

	At the date of acquisition	At the date of amalgamation
	--------------(Rupees)--------------	
Right to use the Brand	4,170,995	4,170,995
Goodwill	183,806	183,806
Others	651	651
	4,355,452	4,355,452
Investment in subsidiary	560,316	560,316
Other assets	6,780,881	956,942
Liabilities	(7,313,649)	(1,793,737)
Reserve on amalgamation (note 1.4)	-	304,027
	4,383,000	4,383,000

1.4 This represents the difference between the fair values of net assets of EEPL at the date of acquisition and the carrying values of such assets at the date of amalgamation.

2. Basis for Preparation

2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Companies Ordinance (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2015.

2.2 This condensed interim financial information represents the separate condensed interim financial information of the Company on a standalone basis. The consolidated condensed interim financial information of the Company and its subsidiary company is presented separately

(Amounts in thousand)

2.3 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 were applied to the financial statements of the Company for the year ended December 31, 2015 do not have any material impact.

3. Accounting Policies

3.1 The accounting polices and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended December 31, 2015, except for the adoption of new policies as disclosed in notes 3.1.1 and 3.1.2 below.

3.1.1 Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Group's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

3.1.2 Right to use the brand

These are stated at cost less impairment, if any.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is impairment tested atleast once a year and other intangibles with indefinite life are tested for impairment at reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to consolidated profit and loss account.

Impairment is reversed only if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had no impairments been recognised, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

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.

4. Property, Plant and Equipment

	Unaudited June 30, 2016	Audited December 31, 2015
	----------------(Rupees)-------------	
Operating assets at net book value (note 4.1)	67,592,230	69,753,076
Capital work-in-progress (note 4.2)	3,929,086	1,946,598
Major spare parts and stand-by equipment	452,039	492,615
	71,973,355	72,192,289

(Amounts in thousand)

4.1 Additions to and disposals from operating assets during the period are as follows:

	Additions (Un-audited) (at cost)		Disposal (Un-audited) (at net book value)	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	---(Rupees)---			
Building on freehold land	85,044	8,342	-	-
Plant and machinery	51,424	59,668	-	-
Office equipment	28,643	34,705	-	12
Vehicles	32,301	17,583	6,604	5,507
	197,412	120,298	6,604	5,519

The above disposals represent assets having a cost of Rs. 26,679 (June 30, 2015: Rs. 24,975) which were disposed-off for Rs. 6,604 (June 30, 2015: Rs. 11,402).

	Unaudited June 30, 2016	Audited December 31, 2015
4.2 Capital Work-in-progress	---(Rupees)---	
Balance at beginning of the period / year	1,946,598	863,917
Add: Additions during the period / year	2,185,811	1,916,961
Less:		
- Transferred to operating assets	(197,412)	(818,877)
- Transferred to intangible assets	(5,911)	(15,403)
Balance at end of the period / year	3,929,086	1,946,598

5. Borrowings - Secured (Non - Participatory)

Long term finances utilised under mark-up arrangements (notes 5.1, 5.2, 5.3, 5.4 and 5.5)	26,940,509	27,019,972
Term Finance and Sukuk Certificates (note 5.1)	2,933,307	9,006,272
	29,873,816	36,026,244
Less: Current portion shown under current liabilities	10,019,171	10,736,586
Balance at end of the period / year	19,854,645	25,289,658

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), Subordinated Dubai Islamic Bank Pakistan Limited (DIBPL) loan and Privately Placed Subordinated Sukuk (PPSS) 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.

During the period, corporate guarantees issued by the Holding Company were released on all the debts of the Company, excluding sub-ordinated loans from IFC.

(Amounts in thousand)

5.2 During the period, the Company exercised the call option of the Privately Placed Term Finance Certificates (PPTFCs). As a result, the Company 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 the Company.

5.3 During the period, the pricing of the IFC loans has been revised to 6 months LIBOR plus 3.0% from 6 months LIBOR plus 6.0%, effective February 15, 2016.

5.4 The borrowings also include Offshore Islamic Finance Facility of US$ 36,000 with Habib Bank Limited (HBL) and National Bank of Pakistan and Rs. 3,618,000 with Faysal Bank, Dubai Islamic Bank Pakistan Limited and Standard Chartered Bank. During the period, HBL bought out SAMBA Financial Group's portion in the US$ portion of the facility.

5.5 The Company availed a loan of US$ 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 up to March 31, 2017. Option on US$ 8,000, out of US$ 9,000, was exercised in prior years. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs. 186,515.

6. Short Term Borrowings

6.1 The facilities for short term running finances, available from various banks, aggregate to Rs. 12,600,000 (December 31, 2015: Rs. 8,650,000). The mark-up rates on these facilities range from 1 to 3 months KIBOR plus 0.50% to 1.50% per annum. These arrangements are secured by way of hypothecation over Company's present and future current assets including stock in trade, trade debts and other receivables. As at June 30, 2016, the Company has utilised Rs. 5,943,678 (December 31, 2015: Nil) out of the aforementioned facilities.

6.2 During the period, the Company obtained:

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

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

7. Contingencies and Commitments

7.1 Contingencies

7.1.1 Bank guarantees of Rs. 2,118,723 (December 31, 2015: Rs. 1,402,223) have been issued in favour of third parties.

7.1.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 140,231 (December 31, 2015: Rs. 109,685).

7.1.3 As at June 30, 2016, there is no material change in the status of matters reported as contingencies in the financial statements of the Company for the year ended December 31, 2015.

(Amounts in thousand)

	Unaudited June 30, 2016	Audited December 31, 2015
7.2 Commitments	------------------(Rupees)------------------	
Commitments in respect of capital expenditure and other operational items	2,565,391	995,392

8. Financing Structure / Mode

	Unaudited June 30, 2016	Audited December 31, 2015
Conventional mode:		
Assets		
Short term investments	142,484	10,984,555
Cash and bank balances	24,370	864,998
	166,854	11,849,553
Liabilities		
Borrowings	21,902,579	28,101,414
Short term borrowings	6,694,649	-
	28,597,228	28,101,414
Shariah compliant mode:		
Assets		
Cash and bank balances	29	304
Liabilities		
Borrowings	7,971,237	7,924,830
Short term borrowings	5,249,029	-
	13,220,266	7,924,830

(Amounts in thousand)

9. Other Income

	(Un-audited) Quarter ended June 30, 2016	(Un-audited) Quarter ended June 30, 2015	(Un-audited) Half year ended June 30, 2016	(Un-audited) Half year ended June 30, 2015
	----------------(Rupees)----------------			
Income from sales under Government subsidy	1,026,462	-	1,759,476	-
On financial assets				
Income on bank accounts under:				
- Shariah permissible arrangements	1	166	1	166
- interest / mark-up arrangements	4,136	63,676	6,704	110,077
Income on subordinated loan to subsidiary company	5,437	4,401	22,243	4,401
Income on treasury bills, term deposit certificates and Pakistan Investment Bonds	121	304,068	79,246	911,274
Income on mutual funds	-	8,109	-	8,109
Gain on fair valuation of IFC loan conversion option	35,562	-	112,234	-
Others	443	359	429	465
	45,700	380,779	220,857	1,034,492
On non-financial assets				
Commission income	-	-	-	660
Gain on disposal of property, plant and equipment	-	14,263	-	16,586
Rental income	1,142	1,203	2,341	2,283
Scrap sales	7,366	2,143	8,163	2,362
Others	3,716	73,585	76,191	190,192
	12,224	91,194	86,695	212,083
	1,084,386	471,973	2,067,028	1,246,575

10. Earnings Per Share (EPS)

Basic EPS 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.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has convertible debt as dilutive potential ordinary shares, which is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the related effects.

(Amounts in thousand)

The information necessary to calculate basic and diluted EPS is as follows:

	(Un-audited) Quarter ended June 30, 2016	(Un-audited) Quarter ended June 30, 2015	(Un-audited) Half year ended June 30, 2016	(Un-audited) Half year ended June 30, 2015
	(Rupees)			
Profit for the period	672,537	4,057,216	2,793,341	7,116,038
Add: - Interest on IFC loan - net of tax	681	1,071	1,553	2,915
- (Gain) / Loss on revaluation of conversion option on IFC loan - net of tax	(23,890)	31,721	(73,143)	36,204
Profit used for the determination of Diluted EPS	649,328	4,090,008	2,721,751	7,155,157
	(Numbers (in thousands)			
Weighted average number of ordinary shares in issue at the beginning of the period	1,330,932	1,330,932	1,330,932	1,318,342
Add : Weighted average adjustments for shares issued during the period (including conversion of option)	-	-	-	10,921
Weighted average number of shares for determination of basic EPS	1,330,932	1,330,932	1,330,932	1,329,263
- Assumed conversion of US$ 1,000 IFC loan	2,852	3,050	2,925	3,028
- Exercise of conversion option on US$ 3,000 IFC loan	-	-	-	1,260
Weighted average number of shares for determination of diluted EPS	1,333,784	1,333,982	1,333,857	1,333,551

(Amounts in thousand)

11. Cash (Utilised In) / Generated From Operations

	Unaudited June 30, 2016	Unaudited June 30, 2015
	(Rupees)	
Profit before taxation	4,475,000	9,525,341
Adjustment for non-cash charges and other items:		
Depreciation	2,356,549	2,355,879
Amortisation - net	10,965	11,388
Gain on disposal of property, plant and equipment	-	(5,883)
Provision for service benefits	43,248	27,718
Income on deposits / other financial assets	(108,194)	(1,034,026)
Finance cost	1,563,542	2,396,394
Provision for surplus and slow moving stores and spares	20,179	7,060
Working capital changes (note 11.1)	(16,432,920)	(4,948,452)
	(8,071,631)	8,335,419

11.1 Working Capital Changes

(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(454,281)	(95,040)
- Stock-in-trade	(5,700,322)	(2,885,567)
- Trade debts	(1,319,520)	(1,781,414)
- Loans, advances, deposits and prepayments	(221,559)	184,481
- Other receivables (net)	(1,235,393)	676
	(8,931,075)	(4,576,864)
Decrease in trade and other payables	(7,501,845)	(371,588)
	(16,432,920)	(4,948,452)

12. Cash and Cash Equivalents

Cash and bank balances	24,399	5,111,114
Short term investments	142,484	9,111,676
Short term borrowings	(11,943,678)	-
	(11,776,795)	14,222,790

13. Financial Risk Management and Financial Instruments

13.1 Financial Risk Factors

The Company'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 condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

(Amounts in thousand)

13.2 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) orindirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3)

	Level 1	Level 2	Level 3
	----------	(Rupees)	----------
Assets			
Financial assets at fair value through profit and loss			
- Short term investments	-	142,484	-
Liabilities			
Derivatives			
- Derivative financial instruments	-	9,228	-
- Conversion option on IFC loans	-	186,515	-
	-	195,743	-

13.3 There were no transfers amongst the levels during the period. Further, there were no changes in valuation techniques during the period.

13.4 Valuation techniques used to derive Level 2 fair values

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

13.5 Fair Value of Financial Assets and Liabilities

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

(Amounts in thousand)

14. Transactions with Related Parties

Related Parties comprise of Parent Company, associated companies and 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:

	Unaudited Half year ended June 30, 2016	Unaudited Half year ended June 30, 2015
	---------------(Rupees)	---------------
Parent Company		
Purchases and services	128,449	106,347
Services provided to Parent Company	12,736	13,959
Royalty	246,846	500,275
Reimbursements	64,331	40,033
Dividend paid	3,145,524	3,425,019
Use of assets	1,117	1,059
Consideration for acquisition of Subsidiary	-	4,383,000
Subsidiary companies		
Services provided	-	472
Purchase of products	3,806,685	3,461,677
Reimbursements	61,109	25,220
Funds collected against sales made on behalf of Subsidiary	17,141	412,290
Sub-ordinated loan to Subsidiary	-	900,000
Mark-up on short term sub-ordinated loan	22,243	4,210
Associated companies		
Purchases and services	56,338	62,813
Sale of products	552	-
Services provided	42,404	36,881
Reimbursements	63,769	145,556
Payment of mark-up on TFCs and repayment of principal amount	54,847	10,123
Purchase of mutual fund units	-	490,000
Redemption of mutual fund units	-	491,210
Donations	24,266	22,529
Funds collected against sales made on behalf of Associates	-	2,035,579
Use of assets	796	2,822
Contribution to staff retirement benefits		
Pension fund	9,370	9,647
Gratuity fund	44,973	35,324
Provident fund	51,803	46,522
Others		
Remuneration of key management personnel	96,201	82,247

(Amounts in thousand)

15 . 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.

16. Corresponding Figures

16.1 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 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 balances of comparable period of immediately preceding financial year.

16.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

17. Non-adjusting Even After Balance Sheet Date

The Board of Directors in its meeting held on August 10, 2016 has approved an interim cash dividend of Rs. 2 per share for the year ending December 31, 2016 amounting to Rs. 2,661,865. This condensed interim financial information does not include the effect of the said interim dividend.

18. Date of Authorisation

This condensed interim financial information was authorised for issue on August 10, 2016 by the Board of Directors of the Company.

Ruhail Mohammed Chief Executive Officer	Javed Akbar Director

engro fertilizers

consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2016

auditors' report to the members on review of consolidated condensed interim financial information

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Engro Fertilizers Limited and its subsidiary company, as at June 30, 2016 and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows, together with the notes forming part thereof (here-in-after referred to as the "consolidated condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

The figures of the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information as of and for the half year ended June 30, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi
Date : 19 August 2016

Engagement Partner: Waqas A. Sheikh

consolidated condensed interim balance sheet as at june 30, 2016

(Amounts in thousand)

	Note	Unaudited June 30, 2016	Audited December 31, 2015
		------------------(Rupees)----------------	
Assets			
Non-Current Assets			
Property, plant and equipment	4	71,973,355	72,198,393
Intangible assets		4,455,103	4,461,716
Deferred taxation		-	73,472
Long term loans and advances		145,983	160,353
		76,574,441	76,893,934
Current assets			
Stores, spares and loose tools		5,073,244	4,639,142
Stock-in-trade		12,743,487	7,029,437
Trade debts		3,581,267	2,261,747
Taxes recoverable		-	705,129
Derivative financial instruments		-	29,207
Loans, advances, deposits and prepayments		818,282	594,608
Other receivables		2,556,719	1,358,578
Short term investments		772,722	11,650,389
Cash and bank balances		247,883	923,555
		25,793,604	29,191,792
TOTAL ASSETS		102,368,045	106,085,726

(Amounts in thousand)

	Note	Unaudited June 30, 2016	Audited December 31, 2015
		------------------(Rupees)----------------	
Equity & Liabilities			
Equity			
Share capital		13,309,323	13,309,323
Share premium		3,132,181	3,132,181
Exchange revaluation reserve		18,337	13,805
Hedging reserve		670	(4,536)
Remeasurement of post employment benefits		(40,898)	(40,310)
Unappropriated profit		24,745,722	25,921,266
		27,856,012	29,022,406
Total Equity		41,165,335	42,331,729
Liabilities			
Non-current liabilities			
Borrowings	5	19,854,645	25,289,658
Deferred liabilities		7,080,119	6,493,030
Service benefits obligations		124,900	124,653
		27,059,664	31,907,341
Current liabilities			
Trade and other payables		10,352,696	17,701,544
Accrued interest / mark-up		799,967	851,684
Taxes payable		771,805	2,060,723
Current portion of:			
- borrowings	5	10,019,171	10,736,586
- service benefits obligations		47,773	48,232
Unclaimed dividend		12,213	6,103
Short term borrowings	6	11,943,678	75,300
Derivative financial instruments		195,743	366,484
		34,143,046	31,846,656
TOTAL LIABILITIES		61,202,710	63,753,997
Contingencies and Commitments	7		
TOTAL EQUITY AND LIABILITIES		102,368,045	106,085,726

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

consolidated condensed interim profit and loss account (unaudited) for the half year ended june 30, 2016

(Amounts in thousand except for earnings per share)

	Note	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Half Year ended June 30, 2016	Half Year ended June 30, 2015
		----------(Rupees)----------			
Net sales		10,397,355	20,628,450	22,277,568	38,301,889
Cost of sales		(7,978,428)	(13,268,242)	(15,621,397)	(24,172,044)
Gross profit		2,418,927	7,360,208	6,656,171	14,129,845
Selling and distribution expenses		(927,001)	(1,147,838)	(1,783,286)	(2,243,724)
Administrative expenses		(176,681)	(164,451)	(430,304)	(389,470)
		1,315,245	6,047,919	4,442,581	11,496,651
Other income	9	1,081,468	475,112	2,063,872	1,249,714
Other operating expenses		(146,094)	(620,145)	(421,361)	(989,917)
Finance cost		(833,534)	(1,145,652)	(1,586,180)	(2,407,633)
		(979,628)	(1,765,797)	(2,007,541)	(3,397,550)
Profit before taxation		1,417,085	4,757,234	4,498,912	9,348,815
Taxation		(721,223)	(961,265)	(1,681,659)	(2,494,024)
Profit for the period		695,862	3,795,969	2,817,253	6,854,791
Earnings per share - basic	10	0.52	2.85	2.12	5.16
Earnings per share - diluted	10	0.50	2.85	2.06	5.16

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

consolidated condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

	Quarter ended June 30, 2016	Quarter ended June 30, 2015	Half Year ended June 30, 2016	Half Year ended June 30, 2015
	----------(Rupees)----------			
Profit for the period	695,862	3,795,969	2,817,253	6,854,791
Other comprehensive income:				
Items potentially re-classifiable to Profit and Loss Account				
Exchange differences on translation of foreign operations	3,578	(5,521)	4,532	(5,521)
Hedging reserve - cash flow hedges				
Loss arising during the period	(34,780)	(65,403)	(103,254)	(68,569)
Less: Adjustment for amounts transferred to profit and loss account	35,787	79,227	110,799	100,065
Tax relating to hedging reserve	(312)	(4,247)	(2,339)	(10,079)
	695	9,577	5,206	21,417
Items not re-classifiable to Profit and Loss Account				
Effect of change in Income tax rate on remeasurement of post employment benefits obligations	(588)	(191)	(588)	(191)
Other comprehensive income for the period, net of tax	107	9,386	4,618	21,226
Total comprehensive income for the period	699,547	3,799,834	2,826,403	6,870,496

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

consolidated condensed interim statement of changes in equity (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

	Share capital	Capital	Reserve				
			Revenue				
	Share capital	Share premium	Exchange revaluation reserve	Hedging reserve	Remeasurement of post employment benefits	Unappropriated profit	Total
	---------------	---------------	---------------	(Rupees)	---------------	---------------	---------------
Balance as at January 1, 2016 (Audited)	13,309,323	3,132,181	13,805	(4,536)	(40,310)	25,921,266	42,331,729
Transactions with owners							
Final dividend for the year ended December 31, 2015	-	-	-	-	-	(3,992,797)	(3,992,797)
Total comprehensive income for the half year ended June 30, 2016							
Profit for the period	-	-	-	-	-	2,817,253	2,817,253
Other comprehensive income							
- exchange revaluation	-	-	4,532	-	-	-	4,532
- cash flow hedges, net of tax	-	-	-	5,206	-	-	5,206
- remeasurements, net of tax	-	-	-	-	(588)	-	(588)
	-	-	4,532	5,206	(588)	2,817,253	2,826,403
Balance as at June 30, 2016 (Unaudited)	13,309,323	3,132,181	18,337	670	(40,898)	24,745,722	41,165,335
Balance as at January 1, 2015 (Audited)	13,183,417	2,260,784	-	(39,831)	(14,103)	19,087,828	34,478,095
Transactions with owners							
Shares issued at exercise of conversion option	125,906	871,397	-	-	-	-	997,303
Final dividend for the year ended December 31, 2014	-	-	-	-	-	(3,992,797)	(3,992,797)
	125,906	871,397	-	-	-	(3,992,797)	(2,995,494)
Total comprehensive income for the half year ended June 30, 2015							
Profit for the period	-	-	-	-	-	6,854,791	6,854,791
Other comprehensive income							
- exchange revaluation	-	-	(5,521)	-	-	-	(5,521)
- cash flow hedges, net of tax	-	-	-	21,417	-	-	21,417
- remeasurements, net of tax	-	-	-	-	(191)	-	(191)
	-	-	(5,521)	21,417	(191)	6,854,791	6,870,496
Balance as at June 30, 2015 (Unaudited)	13,309,323	3,132,181	(5,521)	(18,414)	(14,294)	21,949,822	38,353,097

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

consolidated condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

	Note	Half year ended June 30, 2016	Half year ended June 30, 2015
		----------(Rupees)	----------
Cash flows from operating activities			
Cash (utilised in) / generated from operations	11	(7,862,891)	6,301,103
Retirement and other service benefits paid		(43,539)	(41,100)
Taxes paid		(1,638,318)	(1,280,648)
Finance cost paid		(1,717,728)	(2,371,880)
Long term loans and advances - net		14,370	4,814
Net cash (utilised in) / generated from operating activities		(11,248,106)	2,612,289
Cash flows from investing activities			
Purchases of property, plant & equipment and intangibles		(2,144,734)	(571,675)
Acquisition of business - Engro Eximp (Private) Limited		-	(3,949,751)
Receipt from disposal of shares in Engro Eximp Agriproducts (Private) Limited		-	4,400,000
Proceeds from disposal of :			
- Property, plant & equipment		7,090	18,998
- Investments - net		1,104,129	17,297,976
Working capital loan		-	402,593
Income on deposits / other financial assets		152,774	1,032,241
Net cash (utilised in) / generated from investing activities		(880,741)	18,630,382
Cash flows from financing activities			
Proceeds from borrowings - net		6,000,000	2,339,637
Repayments of :			
- borrowings		(12,206,586)	(6,497,070)
- short term borrowings		(75,300)	(3,456,109)
Dividends paid		(3,986,687)	(3,992,798)
Net cash utilised in financing activities		(10,268,573)	(11,606,340)
Net (decrease) / increase in cash and cash equivalents		(22,397,420)	9,636,331
Cash and cash equivalents at beginning of the period		11,469,815	5,283,419
Exchange gain translation on foreign operations		4,532	-
Cash and cash equivalents at end of the period	12	(10,923,073)	14,919,750

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

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

notes to the consolidated condensed interim financial information (unaudited) for the half year ended june 30, 2016

(Amounts in thousand)

1. Legal Status and Operations

1.1 Engro Fertilizers Limited (the Holding Company) is a public company incorporated on June 29, 2009 in Pakistan under the Companies Ordinance, 1984 as a subsidiary of Engro Corporation Limited (the Parent Company), which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The principal activity of the Holding Company is manufacturing, purchasing and marketing of fertilizers. The Holding 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 Holding Company is listed on Pakistan Stock Exchange Limited (the Exchange). The Holding Company has also issued Term Finance Certificates (TFC's) which are listed at the Exchange.

1.3 The 'Group' consists of:

Holding Company: Engro Fertilizers Limited

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

	Note	%age of holding 2016	2015
Engro Eximp (Private) Limited (EEPL)	1.3.1	Amalgamated in the Holding Company	100
Engro Eximp FZE		100	100

1.3.1 Last year on April 30, 2015, as approved by the shareholders of the Holding Company, the Holding Company acquired 100% shareholding of EEPL from the Parent Company for a consideration of Rs. 4,383,000. The acquisition of EEPL by the Holding Company was accounted for as a business combination under IFRS 3 "Business Combinations" in the consolidated financial statements of the Holding Company based on the fair values of assets and liabilities determined as at the date of acquisition. During the period, the Board of Directors of EEPL and the Board of Directors of the Holding Company approved the scheme of Amalgamation (the Scheme) of EEPL with the Holding Company. The Scheme was sanctioned / approved by the High Court of Sindh on April 27, 2016. Therefore, EEPL, effective from April 30, 2016, has ceased to exist as a legal entity and has amalgamated into the Holding Company.

1.3.2 Engro EXIMP FZE - Subsidiary Company

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 and is a wholly owned subsidiary of the Holding Company. EEF is engaged in the business of general trading.

2. Basis for Preparation

2.1 This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Companies Ordinance (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 does not include all the information required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements of the Holding Company for the year ended December 31, 2015.

2.2 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group'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.

(Amounts in thousand)

2.3 During the preparation of this consolidated condensed interim financial information, changes in the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty from those that were applied to the consolidated financial statements of the Holding Company for the year ended December 31, 2015 do not have any material impact.

3. Accounting Policies

3.1 The accounting polices and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated 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 Group'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.

4. Property, Plant and Equipment

	(Unaudited) June 30, 2016	Audited December 31,2015
	------(Rupees)------	
Operating assets at net book value (note 4.1)	67,592,230	69,759,180
Capital work-in-progress (note 4.2)	3,929,086	1,946,598
Major spare parts and stand-by equipment	452,039	492,615
	71,973,355	72,198,393

4.1 Additions to and disposals from operating assets during the period are as follows:

	Additions (Un-audited) (at cost) June 30, 2016	June 30, 2015	Disposal (Un-audited) (at net book value) June 30, 2016	June 30, 2015
	------(Rupees)------			
Building on freehold land	85,044	8,342	-	-
Plant and machinery	51,424	59,668	-	-
Office equipment	28,643	34,705	-	108
Vehicles	32,301	17,583	7,090	9,028
	197,412	120,298	7,090	9,136

The above disposals represent assets having a cost of Rs. 28,236 (June 30, 2015: Rs. 35,938) which were disposed-off for Rs. 7,090 (June 30, 2015: Rs. 18,998).

(Amounts in thousand)

	Unaudited June 30, 2016	Audited December 31, 2015
4.2 Capital Work-in-progress	----------------(Rupees)----------	
Balance at beginning of the period / year	1,946,598	863,917
Add:		
- Additions during the period / year	2,185,811	1,917,296
- Assets of subsidiary acquired upon business combination	-	5,886
Less:		
- Transferred to operating assets	(197,412)	(824,635)
- Transferred to intangible assets	(5,911)	(15,866)
Balance at end of the period / year	3,929,086	1,946,598

5. Borrowings - Secured (Non - Participatory)

Long term finances utilised under mark-up arrangements (notes 5.1, 5.2, 5.3, 5.4 and 5.5)	26,940,509	27,019,972
Term Finance and Sukuk Certificates (note 5.1)	2,933,307	9,006,272
	29,873,816	36,026,244
Less: Current portion shown under current liabilities	10,019,171	10,736,586
Balance at end of the period / year	19,854,645	25,289,658

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

Loans from the International Finance Corporation (IFC), Subordinated Dubai Islamic Bank Pakistan Limited (DIBPL) loan and Privately Placed Subordinated Sukuk (PPSS) are secured by a sub-ordinated mortgage upon immovable property of the Holding Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Holding Company.

During the period, corporate guarantees issued by the Parent Company were released on all the debts of the Holding Company, excluding subordinated loans from IFC.

5.2 During the period, the Holding Company exercised the call option of the Privately Placed Term Finance Certificates (PPTFCs). As a result, the Holding Company 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 the Company.

5.3 During the period, the pricing of the IFC loans has been revised to 6 months LIBOR plus 3.0% from 6 months LIBOR plus 6.0%, effective February 15, 2016.

5.4 The borrowings also include Offshore Islamic Finance Facility of US$ 36,000 with Habib Bank Limited (HBL) and National Bank of Pakistan and Rs. 3,618,000 with Faysal Bank, Dubai Islamic Bank Pakistan Limited and Standard Chartered Bank. During the period, HBL bought out SAMBA Financial Group's portion in the US$ portion of the facility

(Amounts in thousand)

5.5 The Holding Company availed a loan of US$ 30,000 from the IFC, divided into (i) 30% convertible loan on the shares of the Holding 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 up to March 31, 2017. Option on US$ 8,000, out of US$ 9,000 was exercised in prior years. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs. 186,515.

6. Short Term Borrowings

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

6.2 During the period, the Holding Company obtained:

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

- Money Market loan amounting to Rs. 1,000,000 from Commercial Bank carrying markup at the rate of 1 months KIBOR plus 0.50% per annum.

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

7. Contingencies and Commitments

7.1 Contingencies

7.1.1 Bank guarantees of Rs. 2,118,723 (December 31, 2015: Rs. 2,029,223) have been issued in favour of third parties.

7.1.2 Claims, including pending lawsuits, against the Holding Company not acknowledged as debts amounted to Rs. 140,231 (December 31, 2015: Rs. 109,685).

7.1.3 As at June 30, 2016, there is no material change in the status of matters reported as contingencies in the consolidated financial statements of the Holding Company for the year ended December 31, 2015.

	Unaudited June 30, 2016	Audited December 31, 2015
7.2 Commitments	-----------------(Rupees)----------------	
Commitments in respect of capital expenditure and other operational items	1,637,044	995,392

(Amounts in thousand)

8. Financing Structure / Mode

	Unaudited June 30, 2016	Audited December 31, 2015
	-----------------(Rupees)-----------------	
Conventional mode:		
Assets		
Short term investments	772,722	11,650,389
Cash and bank balances	247,854	923,251
	1,020,576	12,573,640
Liabilities		
Borrowings	21,902,579	28,101,414
Short term borrowings	6,694,649	75,300
	28,597,228	28,176,714
Shariah compliant mode:		
Assets		
Cash and bank balances	29	304
Liabilities		
Borrowings	7,971,237	7,924,830
Short term borrowings	5,249,029	-
	13,220,266	7,924,830

(Amounts in thousand)

9. Other Income

	(Un-audited) Quarter ended June 30, 2016	(Un-audited) Quarter ended June 30, 2015	(Un-audited) Half year ended June 30, 2016	(Un-audited) Half year ended June 30, 2015
	---------------------(Rupees)---------------------			
Income from sales under Government subsidy	1,026,462	-	1,759,476	-
On financial assets				
Income on bank accounts under:				
- arrangements permissible under Shariah	1	166	1	166
- interest / mark-up arrangements	4,136	63,676	6,704	110,077
Income on treasury bills, term deposit certificates and Pakistan Investment Bonds	2,666	306,034	85,753	913,241
Income on mutual funds	-	8,109	-	8,109
Gain on fair valuation of IFC loan conversion option	35,562	-	112,234	-
Others	443	550	429	656
	42,808	378,535	205,121	1,032,249
On non-financial assets				
Commission income	-	-	-	660
Gain on disposal of property, plant and equipment	-	18,828	-	21,151
Rental income	1,142	1,203	2,341	2,283
Gain on disposal of spares / scrap	7,366	2,143	8,163	2,376
Others	3,690	74,403	88,771	190,995
	12,198	96,577	99,275	217,465
	1,081,468	475,112	2,063,872	1,249,714

10. Earnings Per Share (EPS)

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

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Holding Company has convertible debt as dilutive potential ordinary shares, which is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the related effects.

(Amounts in thousand)

The information necessary to calculate basic and diluted EPS is as follows:

	(Un-audited) Quarter ended June 30, 2016	(Un-audited) Quarter ended June 30, 2015	(Un-audited) Half year ended June 30, 2016	(Un-audited) Half year ended June 30, 2015
	(Rupees)			
Profit for the period	695,862	3,795,969	2,817,253	6,854,791
Add: - Interest on IFC loan - net of tax	681	1,071	1,553	2,915
- (Gain) / Loss on revaluation of conversion option on IFC loan - net of tax	(23,890)	31,721	(73,143)	36,204
Profit used for the determination of Diluted EPS	672,653	3,828,761	2,745,663	6,893,910
	(Numbers (in thousands))			
Weighted average number of ordinary shares in issue at the beginning of the period	1,330,932	1,330,932	1,330,932	1,318,342
Add : Weighted average adjustments for shares issued during the period (including conversion of option)	-	-	-	10,921
Weighted average number of shares for determination of basic EPS	1,330,932	1,330,932	1,330,932	1,329,263
- Assumed conversion of US$ 1,000 IFC loan	2,852	3,050	2,925	3,028
- Exercise of conversion option on US$ 3,000 IFC loan	-	-	-	1,260
Weighted average number of shares for determination of diluted EPS	1,333,784	1,333,982	1,333,857	1,333,551

(Amounts in thousand)

	Unaudited June 30, 2016	Unaudited June 30, 2015
11. Cash (Utilised In) / Generated from Operations	(Rupees)	
Profit before taxation	4,498,912	9,348,815
Adjustment for non-cash charges and other items:		
Depreciation	2,356,549	2,356,480
Amortisation - net	10,966	11,445
Gain on disposal of property, plant and equipment	-	(9,862)
Provision for service benefits	43,327	27,718
Income on deposits / other financial assets	(108,194)	(1,035,993)
Finance cost	1,586,180	2,407,633
Provision for surplus and slow moving stores and spares	20,179	7,060
Working capital changes (note 11.1)	(16,270,810)	(6,812,193)
	(7,862,891)	6,301,103

11.1 Working Capital Changes

(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(454,281)	(95,040)
- Stock-in-trade	(5,714,050)	(2,730,118)
- Trade debts	(1,319,520)	(1,781,810)
- Loans, advances, deposits and prepayments	(223,674)	681,398
- Other receivables (net)	(1,242,721)	(75,335)
	(8,954,246)	(4,000,905)
Decrease in trade and other payables	(7,316,564)	(2,811,288)
	(16,270,810)	(6,812,193)

12. Cash and Cash Equivalents

Cash and bank balances	247,883	5,808,075
Short term investments	772,722	9,111,675
Short term borrowings	(11,943,678)	-
	(10,923,073)	14,919,750

(Amounts in thousand)

13. Financial Risk Management and Financial Instruments

13.1 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.

13.2 Fair Value Estimation

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)

- Inputs for the asset or liability that are not based on observable market data (level 3)

	Level 1	Level 2	Level 3
	--(Rupees)--		
Assets			
Financial assets at fair value through profit and loss			
- Short term investments	-	772,722	-
	-	772,722	-
Liabilities			
Derivatives			
- Derivative financial instruments	-	9,228	-
- Conversion option on IFC loans	-	186,515	-
	-	195,743	-

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

13.4 Valuation techniques used to derive Level 2 fair values

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

13.5 Fair value of financial assets and liabilities

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

14. Transactions with Related Parties

Related Parties comprise of Parent Company, associated 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 consolidated condensed interim financial information, are as follows:

	Unaudited Half year ended June 30, 2016	Unaudited Half year ended June 30, 2015
	--(Rupees)--	
Parent Company		
Purchases and services	128,449	129,253
Services provided to Parent Company	12,736	13,959
Royalty	246,846	500,275
Reimbursements	64,331	41,322
Dividend paid	3,145,524	3,425,019
Use of assets	1,117	1,059
Receipt against disposal of investment	-	4,400,000
Consideration for acquisition of Subsidiary	-	4,383,000
Associated companies		
Purchases and services	56,338	62,813
Sale of products	552	-
Services provided	42,404	41,881
Reimbursements	64,260	153,717
Payment of mark-up on TFCs and repayment of principal amount	54,847	10,123
Purchase of mutual fund units	-	490,000
Redemption of mutual fund units	-	491,210
Donations	24,266	22,529
Mark-up on loan	-	7,005
Funds collected against sales made on behalf of Associates	-	2,035,579
Use of assets	1,918	2,822
Contribution to staff retirement benefits		
Pension fund	9,370	9,647
Gratuity fund	45,017	35,809
Provident fund	51,910	47,521
Others		
Remuneration of key management personnel	97,033	92,918

(Amounts in thousand)

15. Seasonality

The Group'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 Group manages seasonality in the business through appropriate inventory management.

16. Corresponding Figures

16.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim balance sheet has been compared with the balances of annual consolidated financial statements of preceding financial year, whereas the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

16.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

17. Non-adjusting Event After Balance Sheet Date

The Board of Directors of the Holding Company in its meeting held on August 10, 2016 has approved an interim cash dividend of Rs. 2 per share for the year ending December 31, 2016 amounting to Rs. 2,661,865. This consolidated condensed interim financial information does not include the effect of the said interim dividend.

18. Date of Authorisation

This consolidated condensed interim financial information was authorised for issue on August 10, 2016 by the Board of Directors of the Holding Company.

Ruhail Mohammed
Chief Executive Officer

Javed Akbar
Director

ڈائریکٹرز رپورٹ

اینگرو فرٹیلائزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2016 کو ختم ہونے والے نصف سال کے لئے غیر آڈٹ شدہ اکاونٹس کو پیش کرنے پر مسرت محسوس کرتے ہیں۔

پاکستان فرٹیلائزر مارکیٹ

2016 کی پہلی ششماہی میں کھاد کی مارکیٹ میں گراوٹ دیکھی گئی۔ صنعت کا مجموعی حجم 2015 کی پہلی ششماہی کے مقابلے 35 فیصد کمی کے ساتھ 1.9 ملین ٹن رہا۔ اس کمی کی بنیادی وجہ کسان کی قوتِ خرید میں کمی ہے جو فصل کی کم پیداوار اور 2016 کے بجٹ میں ممکنہ طور پر ملنے والی یوریا سبسڈی کی وجہ سے قیمتوں میں پیدا ہونے والی غیر یقینی صورتحال تھی۔ البتہ سال کی دوسری سہ ماہی کے دوران حجم میں بہتری ہوئی ہے کیونکہ حکومتِ پاکستان نے مالی سال 17—2016 میں یوریا سبسڈی کا اعلان کیا جس کی وجہ سے صرف جون 2016 کے دوران حجم میں 624k اضافہ دیکھا گیا اور سہ ماہی (QoQ) کی بنیاد پر فروخت کا حجم 41 فیصد اضافہ کے ساتھ 1.08 ملین ٹن ریکارڈ کیا گیا۔ تاہم اس سال کی دوسری سہ ماہی کا حجم پچھلے سال 2015 کی دوسری سہ ماہی کے مقابلے 20 فیصد کم ہیں۔

اس کمی کے برعکس پہلی ششماہی میں کھاد کی پیداوار پچھلے سال کی پہلی ششماہی کی پیداوار 2.48 ملین ٹن کے مقابلے 18 فیصد اضافے کے ساتھ 2.92 ملین ٹن ہوگئی۔ سال 2016 کی دوسری سہ ماہی میں بھی کھاد کی پیداوار پچھلے سال کی پیداوار کے مقابلے 20 فیصد اضافے کے ساتھ 1.5 ملین ٹن ہے۔ جون 2016 کے آخر تک یوریا کی انوینٹری 1.6 ملین ٹن تک پہنچ گئی۔ اعلی پیداوار کی ایک وجہ نظام میں ایل این جی کا نظام میں ہونا ہے جس کی وجہ سے پلانٹ کو مسلسل گیس کی فراہمی برقرار رہی ہے۔

پاکستان ایک زرعی معیشت ہے اور کسانوں کی حالیہ آمدنی میں کمی کو مدنظر رکھتے ہوئے حکومت پاکستان نے بجٹ 2016 میں کھاد کی قیمتوں میں کمی کا اعلان کیا اور قیمت 1,790 روپے فی تھیلا سے کم کر کے 1,400 روپے فی تھیلا متعین کردی۔ یہ کمی جنرل سیلز ٹیکس کی شرح میں کمی، مینوفیکچررز کی جانب سے فی تھیلا 50 روپے کمی اور سبسڈی کے مجموعہ کے ذریعے کی گئی۔ بین الاقوامی مارکیٹ میں یوریا کی قیمتیں 200 ڈالر فی ٹن کے آس پاس ٹریڈ ہورہی ہیں۔

زیرِ جائزہ ششماہی کے دوران ڈی اے پی کی فروخت 498 کے ٹی رہی جبکہ پچھلے سال کے اسی مدت میں فروخت 468 کے ٹی ریکارڈ کی گئی تھی۔ یہ سال بہ سال تقابل کی بنیاد پر 6 فیصد نمو ہے اور اس کی وجہ فی تھیلا 500 روپے حکومتی سبسڈی ہے۔ ہم پرامید ہیں کہ دی جانے والی سبسڈی کی بدولت ڈی اے پی کی فروخت 300 روپے فی تھیلا کے کم ریٹ پر جاری رہے گی۔

کمپنی کی آپریٹنگ کارکردگی

کمپنی کی یوریا پیداوار 2016 کی پہلی ششماہی میں 922 کے ٹی رہی جبکہ پچھلے سال کے اسی دورانیے میں پیداوار 950 کے ٹی تھی۔ یہ سال بسال تقابلی جائزہ میں 3 فیصد کمی ہے۔ اینوین پلانٹ میں غیر متوقع تبدیلی اس کمی کی وجہ بنی تاہم پلانٹ 19 مئی 2016 تک کامیابی سے تبدیل کر دیا گیا اور پیداوار شروع ہوگئی۔ زیرِ جائزہ مدت کے دوران سیلز پچھلے سال کی سیلز 934 کے ٹی کے مقابلے 43 فیصد کمی کے ساتھ 528 کے ٹی دیکھی گئی۔ اسی دوران یوریا مارکیٹ شیئر 29 فیصد رہا (برانڈ ڈ یوریا مارکیٹ شیئر 29 فیصد) جبکہ سال 2015 کی ششماہی میں یوریا مارکیٹ شیئر 33 فیصد تھا (برانڈ ڈ یوریا مارکیٹ شیئر 38 فیصد)۔ 2016 کی دوسری سہ ماہی میں پیداوار 409 کے ٹی رجسٹر کی گئی ہے اور فروخت 242 کے ٹی رہی۔

اینگرو نے زیرِ جائزہ مدت میں 128 کے ٹی DAP فروخت کی، اس کے مقابلے گزشتہ سال کی پہلی ششماہی میں 119 کے ٹی، ڈی اے پی فروخت کی تھی۔ اِس سال مارکیٹ شیئر سال 2015 کی پہلی ششماہی کے مارکیٹ شیئر 25 فیصد کے مقابلے 26 فیصد رہا۔ 2016 کی دوسری سہ ماہی میں فروخت 63 کے ٹی ریکارڈ کی گئی جبکہ سال 2015 کی ایسی مدت میں فروخت 94 کے ٹی تھی۔

کمپنی کی مرکب کھاد (زرخیز اور اینگرو این پی) کی فروخت زیرِ جائزہ مدت کے دوران 39 فیصد کمی کے ساتھ 39 کے ٹی رہی جبکہ گزشتہ سال کی پہلی ششماہی میں فروخت 64 کے ٹی ریکارڈ کی گئی تھی۔ فروخت میں کمی بنیادی طور پوٹاش انڈسٹری میں کمی کی وجہ سے ہوئی۔ پوٹاش صنعت میں 27 فیصد کمی خراب فصل اور پوٹاش فرٹیلائزرز پر سبسڈی کی عدم موجودگی کی وجوہ پر دیکھی گئی۔ 2016 کی پہلی ششماہی میں زرخیز کا مارکیٹ شیئر گزشتہ سال کی اسی مدت کے مارکیٹ شیئر 34 فیصد کے مقابلے 43 فیصد رہا۔

کمپنی نے 2015 میں رعایتی گیس پر جی آئی ڈی سی (GIDC) لاگو ہونے کی شرائط کے خلاف حکم امتناعی حاصل کیا ہے اور اس وجہ سے یوریا پلانٹ کو فراہم کی جانے والی رعایتی گیس پر جی آئی ڈی سی کسی بھی حوالے سے ادا اور چارج نہیں کیا گیا۔ رعایتی گیس پر جی آئی ڈی سی فرٹیلائزر پالیسی اور ہمارے گیس کی فراہمی کے معاہدوں کی براہ راست خلاف ورزی ہے۔ یہ معاہدے ہم نے اپنے یوریا مینوفیکچرنگ پلانٹ کو وسعت دینے کے لیے کئے ہیں جن کی بنیاد پر ہم نے 1.1 ارب ڈالر کا سرمایہ کاری کی ہے۔

اقتصادی رابطہ کمیٹی (ای سی سی) نے 2016 کی پہلی سہ ماہی میں 60 ایم ایم ایس سی ایف ڈی گیس مستقل بنیادوں پر فرٹیلائزر سیکٹر کے اصل الاٹیز کو الاٹ کردی تھی جس میں EFERT کا شیئر 12.5 ایم ایم ایس سی ایف ڈی ہے۔ کمپنی سرپلس گیس کی ایلوکیشن کے لئے مختلف متعلقہ فریقوں کے ساتھ مذاکرات میں مصروف عمل ہے تاکہ دونوں پلانٹس کے آپریشنز کو مسلسل جاری رکھا جاسکے۔

زیرِ جائزہ مدت میں کمپنی کا مجموعی نفع 6.6 ارب روپے رہا۔ سال 2015 کی پہلی ششماہی میں کمپنی کا مجموعی نفع 14 ارب روپے تھا۔ اس کمی کی بنیادی وجوہات میں کھاد کی عالمی قیمتوں میں کمی، فروخت کے حجم میں کمی، قیمتیں کم کرنے کے حوالے سے حکومت کے ساتھ بات چیت، فصل کی کم پیداوار اور 1.8 ارب روپے کی سبسڈی کی دیگر آمدن میں درجہ بندی شامل ہیں۔ اضافی انوینٹری ورکنگ کیپٹل کی ضرورت رہی اور جی آئی ڈی سی کی ادائیگی کی وجہ سے گزشتہ سال کے مقابلے اس سال کاروبار کے منافع پر اثر پڑا۔

قرض کی واپسی کم شرح سود اور مختلف طویل مدتی قرضوں کی دوبارہ پرائسنگ کے نتیجے میں فنانس لاگت گزشتہ سال کے مقابلے میں نمایاں طور پر کم تھی (1.6 ارب روپے بمقابلہ 2.4 ارب روپے گزشتہ سال)۔

مندرجہ بالا معاملات کے نتیجے میں زیرِ جائزہ مدت میں کمپنی کا نیٹ منافع 2.8 ارب روپے رہا جبکہ پچھلے سال کی اسی مدت میں کمپنی کا نیٹ منافع 7.1 ارب روپے رہا تھا۔ اس کمی کا آمدنی فی شیئر پر بھی اثر پڑا ہے (2.10 روپے فی شیئر بمقابلہ 5.35 روپے فی شیئر گزشتہ سال)۔ کمپنی کا کُل منافع 2016 کی پہلی ششماہی میں 2.8 ارب روپے رہا ہے۔ جس کے نتیجے میں آمدن فی شیئر 2.12 روپے ہوئی گزشتہ سال کی پہلی ششماہی میں کمپنی نے 6.9 ارب روپے کا کُل منافع حاصل کیا تھا۔

بورڈ 30 جون، 2016 کو ختم ہونے والی ششماہی کے لئے 2 روپے فی شیئر عبوری کیش ڈیویڈنڈ کو مسرت سے پیش کرتا ہے۔

مستقبل قریب کا آوٹ لُک

یوریا سیکٹر کے لئے سبسڈی دینے کے حکومتی اعلان کے بعد سے ہی یوریا کے حجم میں قابل زکر اضافہ ہوا ہے۔ جس کی بنیاد پر حتمی طور پر کہا جاسکتا ہے کہ سال 2016 کی دوسری ششماہی میں یوریا کے حجم میں تیزی سے اضافہ ہوگا۔ گو کہ پہلی ششماہی میں یوریا کی طلب میں کمی دیکھی گئی جس وجہ سے ممکن ہے کہ سال بہ سال کی بنیاد پر پیداوار کم ہو، تاہم 2016 کی دوسری ششماہی میں زیرِ جائزہ مدت کے مقابلے بہتری متوقع ہے۔

مری اور سوئی سے گیس سپلائی کے ساتھ ساتھ ایل این جی کے سسٹم میں ہونے سے گیس کی مسلسل دستیابی کی توقع کی جارہی ہے جس کی بدولت انڈسٹری پیداوار کی طویل رسد برقرار رکھ سکے گی۔ مزید برآں ڈی اے پی کی بین الاقوامی قیمتوں میں کمی کی بھی توقع کی جارہی ہے۔ اجناس کی ارزاں قیمتوں کی وجہ سے یہ توقع کی جارہی ہے کہ ڈی اے پی کی بین الاقوامی قیمتیں بھی مسلسل دباؤ کا شکار رہیں گی۔

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