ENGRO FERTILIZERS LIMITED
CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

ENGRO FERTILIZERS LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2013

(Amounts in thousand)

	Note	Unaudited September 30, 2013	Audited December 31, 2012
		----------Rupees----------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	80,006,122	82,877,701
Intangible assets		147,400	161,555
Long term loans and advances		125,403	83,763
		80,278,925	83,123,019
Current assets			
Stores, spares and loose tools		4,323,560	4,107,291
Stock-in-trade		1,773,913	1,687,072
Trade debts		792,057	1,046,091
Derivative financial instruments		511,072	545
Loans, advances, deposits and prepayments		259,919	395,150
Other receivables		62,033	63,636
Taxes recoverable		795,989	2,000,249
Short term investments		7,720,171	2,635,339
Cash and bank balances		3,986,577	2,449,168
		20,225,291	14,384,541
TOTAL ASSETS		100,504,216	97,507,560

(Amounts in thousand)

	Note	Unaudited September 30, 2013	Audited December 31, 2012
		--------------------Rupees------------------	
EQUITY & LIABILITIES			
Equity			
Share capital		12,228,000	10,728,000
Share premium		11,144	11,144
Hedging reserve		(188,874)	(323,880)
Remeasurement of post employment benefits		2,050	-
Unappropriated profit		8,616,364	5,382,763
		8,440,684	5,070,027
Total Equity		20,668,684	15,798,027
Liabilities			
Non-current liabilities			
Borrowings	5	53,880,280	48,481,626
Subordinated loan from Holding Company		3,000,000	3,000,000
Derivative financial instruments		699,974	497,869
Deferred liabilities		3,626,178	3,380,705
Retirement and other service benefits obligations		104,335	99,029
		61,310,767	55,459,229
Current liabilities			
Trade and other payables		11,638,798	7,959,771
Accrued interest / mark-up		979,427	1,788,282
Current portion of:			
- borrowings	5	5,680,622	14,896,412
- other service benefits obligations		37,886	39,624
Short term borrowings	6	-	999,791
Derivative financial instruments		188,032	566,424
		18,524,765	26,250,304
Total liabilities		79,835,532	81,709,533
Contingencies and Commitments	7		
TOTAL EQUITY & LIABILITIES		100,504,216	97,507,560

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

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

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

	Note	Quarter ended September 30, 2013	Quarter ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
		------Rupees------			
Net sales		13,902,812	6,506,633	34,422,117	19,311,097
Cost of sales		(7,542,687)	(5,027,444)	(19,578,953)	(13,326,712)
Gross profit		6,360,125	1,479,189	14,843,164	5,984,385
Selling and distribution expenses		(902,072)	(545,883)	(2,385,899)	(1,596,764)
Administrative expenses		(224,780)	(156,678)	(526,288)	(466,137)
		5,233,273	776,628	11,930,977	3,921,484
Other operating income		320,794	49,450	611,899	212,588
Other operating expenses		(335,830)	(34,613)	(747,532)	(123,712)
Finance cost		(2,471,295)	(2,578,981)	(6,996,200)	(8,141,855)
		(2,807,125)	(2,613,594)	(7,743,732)	(8,265,567)
Profit / (loss) before taxation		2,746,942	(1,787,516)	4,799,144	(4,131,495)
Taxation	8	(938,698)	541,355	(1,565,543)	1,153,984
Profit / (loss) for the period		1,808,244	(1,246,161)	3,233,601	(2,977,511)
			Restated		Restated
Earnings / (loss) per share - basic	9	1.48	(1.10)	2.77	(2.62)
Earnings / (loss) per share - diluted	9	1.48	(1.10)	2.77	(2.62)

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

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(Amounts in thousand)

	Quarter ended September 30, 2013	Quarter ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	---------------------	Rupees	---------------------	
Profit / (loss) for the period	1,808,244	(1,246,161)	3,233,601	(2,977,511)
Items potentially re-classifiable to Profit and Loss Account				
Hedging reserve - cash flow hedges				
Gain / (losses) arising during the period	738,886	(439,756)	264,622	(669,095)
Less: Adjustment for amounts transferred to profit and loss account	(687,787)	497,328	(52,518)	841,060
Less: Adjustment for amounts transferred to initial carrying amount of hedged items (Capital work in progress)	-	-	-	12,766
Income tax (Deferred) relating to hedging reserve	(17,373)	(20,150)	(77,098)	(64,656)
	33,726	37,422	135,006	120,075
Items not potentially re-classifiable to Profit and Loss Account				
Remeasurement of post employment benefits obligation	-	-	3,106	-
Income tax (Deferred) relating to remeasurement of post employment benefits obligation	-	-	(1,056)	-
	-	-	2,050	-
Other comprehensive income for the year, net of tax	33,726	37,422	137,056	120,075
Total comprehensive income / (loss) for the period	1,841,970	(1,208,739)	3,370,657	(2,857,436)

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

Chief Executive

J. Akbar

Director

ENGRO FERTILIZERS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(Amounts in thousand)

	Share capital	Share premium	Employees share option compensation reserve	Hedging reserve	Employee Benefit remeasurment	Unappropriated Profit	Total
	-----------	-----------	-----------	Rupees	-----------	-----------	-----------
Balance as at January 1, 2012 (audited)	**10,728,000**	**11,144**	**58,397**	**(497,821)**	**-**	**8,317,338**	**18,617,058**
Transactions with owners							
Share options lapsed during the period	-	-	(1,471)	-	-	-	(1,471)
Total comprehensive income for the nine months ended September 30, 2012							
Loss for the period	-	-	-	-	-	(2,977,511)	(2,977,511)
Other comprehensive income							
- cash flow hedges, net of tax	-	-	-	120,075	-	-	120,075
	-	**-**	**-**	**120,075**	**-**	**(2,977,511)**	**(2,857,436)**
Balance as at September 30, 2012 (unaudited)	**10,728,000**	**11,144**	**56,926**	**(377,746)**	**-**	**5,339,827**	**15,758,151**
Share options lapsed during the period	-	-	(56,926)	-	-	-	(56,926)
Total comprehensive income for the three months ended December 31, 2012							
Profit for the period	-	-	-	-	-	42,936	42,936
Other comprehensive income							
- cash flow hedges, net of tax	-	-	-	53,866	-	-	53,866
	-	**-**	**-**	**53,866**	**-**	**42,936**	**96,802**
Balance as at January 1, 2013 (audited)	**10,728,000**	**11,144**	**-**	**(323,880)**	**-**	**5,382,763**	**15,798,027**
Transactions with owners							
Right shares issued during the period	1,500,000	-	-	-		-	1,500,000
Total comprehensive income for the nine months ended September 30, 2013							
Profit for the period	-	-	-	-	-	3,233,601	3,233,601
Other comprehensive income							
- cash flow hedges, net of tax	-	-	-	135,006	-	-	135,006
- remeasurements, net of tax	-	-	-	-	2,050	-	2,050
	-	**-**	**-**	**135,006**	**2,050**	**3,233,601**	**3,370,657**
Balance as at September 30, 2013 (unaudited)	**12,228,000**	**11,144**	**-**	**(188,874)**	**2,050**	**8,616,364**	**20,668,684**

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

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(Amounts in thousand)

	Note	Unaudited Nine months ended September 30, 2013	Unaudited Nine months ended September 30, 2012
		---------------Rupees---------------	
Cash flows from operating activities			
Cash generated from operations	10	18,974,016	4,980,509
Retirement and other service benefits paid		(30,567)	(33,719)
Finance cost paid		(6,421,621)	(7,461,425)
Transaction cost paid		(123,031)	-
Taxes paid		(191,065)	(259,655)
Long term loans and advances		(41,640)	(17,700)
Net cash generated / (used in) operating activities		12,166,092	(2,791,990)
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(858,894)	(1,628,077)
Proceeds from sale of PPE		55,865	30,041
Income on deposits / other financial assets		454,247	145,187
Net cash (used in) investing activities		(348,782)	(1,452,849)
Cash flows from financing activities			
Proceeds from borrowings		-	6,000,000
Issue of right shares		1,500,000	-
Repayments of borrowings		(5,695,278)	(9,206,181)
Net cash used in financing activities		(4,195,278)	(3,206,181)
Net increase/ (decrease) in cash and cash equivalents		7,622,032	(7,451,020)
Cash and cash equivalents at beginning of the year		4,084,716	4,490,812
Cash and cash equivalents at end of the period	11	11,706,748	(2,960,208)

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

Chief Executive

Director

ENGRO FERTILIZERS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(Amounts in thousand)

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS FOR PREPARATION

These financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value through profit or loss, derivative hedging instrument at fair value and recognition of certain staff retirement benefits at present value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this interim condensed financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended December 31, 2012 except for Defined Benefit Plan.

During the period, consequent to amendments to IAS 19, the Company has changed its accounting policy for Defined Benefit Plan whereby actuarial gains / losses are now being recognised directly in equity through statement of other comprehensive income. Previously, such actuarial gains / losses arising at each valuation date were being recognised under the corridor approach whereby actuarial gains/ losses in excess of corridor (10% of the higher of fair value of assets and present value of obligation) were recognised over the average remaining service life of the employees. Since the effect of such change in policy on the Company's equity, retirement benefits obligation and profit and loss for the prior years is immaterial, the Company has not re-stated prior year's financial statements and recognized prior year effects (unrecognised portion) in the current period financial statements.

	Unaudited September 30, 2013	Audited December 31, 2012
4 PROPERTY, PLANT AND EQUIPMENT	----------Rupees----------	
Operating assets at net book value	78,351,463	81,836,327
Capital work in progress		
- Expansion and other projects	1,267,560	608,052
- Capital spares	387,099	433,322
	1,654,659	1,041,374
	80,006,122	82,877,701

5 BORROWINGS - Secured (Non - participatory)		
Long term finance utilised under mark-up arrangements (notes 5.1 and 5.2)	44,842,991	48,591,523
Certificates (note 5.1)	14,717,911	14,786,515
	59,560,902	63,378,038
Less: Current portion shown under current liabilities	5,680,622	14,896,412
Balance at end of the period / year	53,880,280	48,481,626

(Amounts in thousand)

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

Loans from IFC are secured by a sub-ordinated mortgage upon the immovable property of the Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Company. Further, 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 PPTC.

5.2 The long term financing includes a subordinated loan of USD 30,000 from the International Finance Corporation (IFC) which carries interest of six months LIBOR plus a spread of 6% or 10% depending on the listing status of the Company at December 31, 2012. The Company is under discussion with IFC for amending the conversion terms and waiver of 4% additional spread. It is expected to be finalized shortly. As the management is confident that it will be able to successfully negotiate the terms and hence related provision on account of 4% additional spread amounting to Rs..292,291 as at September 30, 2013 (December 31, 2012: Rs. 180,584) has not been made in these financial statements.

5.3 Under the terms of the agreements for long term borrowings, the Company is required to comply with certain financial debt covenants. As at September 30, 2013 all financial debt covenants have been complied with.

5.4 The Company approached majority of the lenders for re-profiling of various finance facilities given the constrained operation due to gas curtailment. Initially, the Company proposed for a grace period of 2 to 2.5 years in the existing repayment schedule. Subsequently the Company offered step-up payments in the interim period of 2.5 years due to improved cash flow expectations after Enven conversion on Mari gas.

As at September 30, 2013, the Company has agreed with all the lenders for the re-profiling of its long term loans. Legal documentation for a bilateral loan and one consortium are in process. Accordingly, current portion is based on the revised repayment schedule. Further, some banks in the Islamic Finance Facility have agreed to convert a portion of of the outstanding loan from USD into PKR subject to the approval by State Bank of Pakistan.

6 SHORT TERM BORROWINGS

6.1 The funded facilities for short term finances, including available from various banks and institutional investors amounts to Rs. 5,250,000 (December 31, 2012: Rs. 5,250,000) along with non-funded facilities of Rs.1,275,000 (December 31, 2012: Rs. 1,275,000) for Bank Guarantees. The rates of markup on funded bank overdraft facilities ranges from 9.07% to 11.59% and all the facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts of the Company.

6.2 The Company obtained money market loans of Rs 790,000 during last year from various banks and further during the period Rs 500,000 was acquired under Istisna agreement. All loans are repaid as at September 30, 2013. These loans carried mark-up at the rates ranging from 9.91% to 11.17% per annum.

(Amounts in thousand)

7 CONTINGENCIES AND COMMITMENTS

Contingencies

7.1 Bank guarantees of Rs.1,069,119 (December 31, 2012: Rs. 1,052,364) have been issued in favor of third parties.

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

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

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

7.5 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and 27 others have each contended, through separate proceedings filed before the Lahore High Court that the supply to the Company's expansion plant is premised on the output from Qadirpur gas field exceeding 500 mmcfd by 100 mmcfd and the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 with Sui Northern Gas Pipeline Company Limited (SNGPL) be declared void ab initio because the output of Qadirpur has infect decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. The Company has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (1) 100 mmcfd gas has been allocated to the Company through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee, (2) GSA guarantees uninterrupted supply of gas to the expansion plant, with right to first 100 mmcfd gas production from the Qadirpur gas field, and (3) both the Company and the Qadirpur gas field, that is to initially supply gas to the Company are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur field producing 100 mmcfd over 500 mmcfd. No orders have been passed in this regard and the petition has also been adjourned sine die. However, the Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

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

7.7 The Company has filed a civil suit in Lahore against SNGPL and the Government of Pakistan for recovery of damages incurred due to SNGPL not honoring its contractual obligation for uninterrupted gas supply to the company. Earlier the Sindh High Court had passed a judgment in favor of the company directing SNGPL to supply gas in accordance with the GSA.

(Amounts in thousand)

7.8 The Company along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 in relation to unreasonable increase in fertilizer prices. The Company has responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess and sales tax and partially the gas curtailment. The CCP has issued an order in March 2013, whereby it has held that the Company enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on the Company and that other fertilizer company respectively. An appeal has been filed in the Competition Appellate Tribunal (at present non-functional) and a writ has been filed in the Sindh High Court and stay has been granted against the recovery of the imposed fine.

		Unaudited September 30, 2013	Audited December 31, 2012
	Commitments	---Rupees---	
7.9	Property, plant and equipment	917,000	70,134

		Unaudited September 30, 2013	Unaudited September 30, 2012
8	**TAXATION**		
	Current		
	- for the period	363,238	(105,345)
	- for prior years	1,032,087	-
		1,395,325	(105,345)
	Deferred		
	- for the period	1,202,305	1,259,329
	- for prior years (note 8.2)	(1,032,087)	-
		170,218	1,259,329
		1,565,543	1,153,984

8.1 Includes minimum turnover tax amounting to Rs.348,674 (December 31, 2012: Rs. 153,505).

8.2 A prior year incremental current tax charge of Rs. 1,032,087 has been recognized in these financial statements consequent to the disallowance of initial allowance claimed in the financial year 2010. Further, the prior year deferred tax charge represents adjustment resulting from the aforementioned disallowance of accelerated depreciation.

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

- In 2012, the income tax department raised a demand of Rs. 1,481,709, subsequently rectified to Rs. 1,074,938, for the financial year 2010. The disallowances were mainly on account of initial allowance on capitalization which was later confirmed by the Commissioner Inland Revenue-Appeals (CIRA). The demand was subsequently reduced to Rs. 616,536 after application of rectifications from prior years amounting to Rs. 308,402 and payment of Rs. 150,000. The Company has further applied to account for a pending appeal affect order in favor of the Company of Rs 303,527. The balance demand of 313,009 is to be offset against the refunds from the financial year 2008.

(Amounts in thousand)

- In the current period, the Appellate Tribunal Inland Revenue (ATIR) has remanded back the issues of Group Relief (Rs. 450,000) and Inter-Corporate Dividend (Rs. 220,000) related to the financial year 2008 in favor of the Company. Appeal affect order has been issued by CIRA on Group Relief (Rs 450,000). The Company intends to use the resulting refunds in offsetting the balance demand of the financial year 2010.

  In previous years, the department had filed reference applications in High Court against the following matters decided in Company's favor. No hearing has been conducted to-date

  - Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
  - Inter-Corporate Dividend (Financial year 2007 and 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.

9 EARNINGS PER SHARE

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

There is no dilutive effect on the basic earnings per share of the Company since the average annual market price (estimated) of the Company's share for the current period is less than the exercise price of the options granted on the Company's shares to IFC.

The information necessary to calculate basic and diluted earnings / (loss) per share is as follows:

	Unaudited quarter ended September 30, 2013	Unaudited quarter ended September 30, 2012	Unaudited nine months ended September 30, 2013	Unaudited nine months ended September 30, 2012
	-----Rupees-----			
Profit / (Loss) for the period	1,808,244	(1,246,161)	3,233,601	(2,977,511)
Add: Interest on IFC loan of USD 9,000 - net of tax	-	-	-	-
Profit / (Loss) used for the determination of Diluted EPS	1,808,244	(1,246,161)	3,233,601	(2,977,511)
	-----Numbers (in thousands)-----			
Weighted average number of ordinary shares at the beginning of period	1,222,800	1,072,800	1,072,800	1,072,800
Adjustment of Bonus factor in right issue	-	61,861	40,108	61,861
Add : Weighted average adjustments for:				
Shares issued during the period	-	-	52,747	-
Weighted average number of shares for determination of basic EPS	1,222,800	1,134,661	1,165,655	1,134,661
Weighted average number of shares for determination of diluted EPS	1,222,800	1,134,661	1,165,655	1,134,661

(Amounts in thousand)

		Unaudited September 30, 2013	Unaudited September 30, 2012
		---Rupees---	
10	**CASH GENERATED FROM OPERATIONS**		
	Profit / (Loss) before taxation	4,799,144	(4,131,495)
	Adjustment for non-cash charges and other items:		
	Depreciation	3,810,992	3,310,907
	Amortization	23,892	19,182
	Loss on disposal of property, plant and equipment	12,717	(4,706)
	Provision for retirement and other service benefits	34,135	40,033
	Income on deposits / other financial assets	(486,312)	(132,368)
	Financial charges	6,996,200	8,141,855
	Reversal for employee share compensation	-	(1,471)
	(Reversal) / provision for surplus and slow moving stores and spares	13,989	(5,312)
	Provision against trade debts	19,000	-
	Provision against loan and advances	4,258	-
	Change in the fair value of IFC conversion option	279,990	112,614
	Working capital changes (note 10.1)	3,466,011	(2,368,730)
		18,974,016	4,980,509
10.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	- Stores, spares and loose tools	(230,258)	17,543
	- Stock-in-trade	(248,578)	(1,847,123)
	- Trade debts	235,034	(1,224,789)
	- Loans, advances, deposits and prepayments	130,973	1,021,726
	- Other receivables (net)	33,668	141,903
		(79,161)	(1,890,740)
	Increase in current liabilities		
	- Trade and other payables including other service benefits (net)	3,545,172	(477,990)
		3,466,011	(2,368,730)
11	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	3,986,577	520,906
	Short term investments	7,720,171	57,647
	Short term borrowings	-	(3,538,761)
		11,706,748	(2,960,208)

(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 September 30, 2013	Unaudited September 30, 2012
	---Rupees---	
Holding Company		
Purchases and services	141,882	177,744
Services provided	12,713	12,712
Royalty	489,677	301,404
Reimbursements	105,916	51,613
Mark-up paid on Long term sub-ordinated loan	383,696	255,797
Mark-up paid on Short term sub-ordinated loan	-	157,094
Use of assets	7,429	8,827
Receipt of issued right shares	1,500,000	-
Receipt of sub-ordinated loan	-	2,500,000
Payment of sub-ordinated loan	-	1,000,000
Associated companies		
Purchases and services	720,616	1,375,417
Sale of product	3,725	1,501
Contributions to retirement benefit schemes / funds	149,443	115,445
Services provided	65,340	58,996
Reimbursements	131,765	136,227
Funds collected against sales made on behalf of an associate	13,584,237	8,156,989
Payment of mark-up on TFCs and repayment of principal amount	16,018	116,866
Sale of T-Bills	4,161,893	487,601
Purchase of T-Bill	4,067,897	-
Income on T-Bill	40,864	-
Commission on sales	101,759	56,001
Purchase of mutual fund units	780,000	400,000
Redemption of mutual fund units	781,195	992,397
Donation to Engro Foundation	9,000	18,569
Commission expense	22,513	16,256
Mark-up to associate	-	26,685
Use of Assets	9,116	11,197
Receipt of sub-ordinated loan	-	1,500,000
Payment of sub-ordinated loan	-	1,500,000
Others		
Remuneration of key management personnel	95,381	79,161

(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 CORRESPONDING FIGURES

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

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

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 25, 2013 by the Board of Directors of the Company.

Chief Executive

J. Akhan

Director