engro polymer & chemicals

Financial Information for the Quarter and Nine Months ended September 30, 2017

CONTENTS

COMPANY INFORMATION

Chairman	Ghiasuddin Khan
President and Chief Executive	Imran Anwer
Directors	Muhammad Asif Sultan Tajik Nadir Salar Qureshi Feroz Rizvi Noriyuki Koga Hasnain Moochhala
Board Audit Committee	Feroz Rizvi Noriyuki Koga Hasnain Moochhala
Chief Financial Officer	Muhammad Imran Khalil
Company Secretary	Shazeb Siddiki
Corporate Audit Manager	Vijay Kumar
Bankers / Lenders	Allied Bank Ltd. Askari Bank Ltd. Al-Baraka Bank Pakistan Ltd. Bank Al Falah Ltd. Bank Al Habib Ltd. BankIslami Pakistan Ltd. Citibank N.A. Deutsche Bank AG Faysal Bank Ltd. Habib Bank Ltd. Industrial and Commercial Bank of China Ltd. JS Bank Ltd. MCB Bank Ltd. Meezan Bank Ltd. National Bank of Pakistan Standard Chartered Bank (Pakistan) Ltd. Summit Bank Ltd. The Bank of Punjab United Bank Ltd.
Auditors	A. F. Ferguson & Co., Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi
Registered Office	16th Floor, The Harbour Front Building, HC-3, Marine Drive, Block-4, Clifton, Karachi-75600.
Plant	EZ/1/P-II-1, Eastern Zone, Bin Qasim, Karachi
Share Registrar	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi-74000 Tel: +92(21) 34380101-5 lines
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engro polymer & chemicals

DIRECTORS' REVIEW & UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

ENGRO POLYMER & CHEMICALS LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED September 30, 2017

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited, we would like to present the unaudited Financial Information of the Company for the nine months ended September 30, 2017.

Business Review

During 3Q 2017, international PVC prices upheld positive trajectory mainly driven by strong demand and global supply crunch, especially in the US where some vinyl plants remained shut in the wake of Hurricane Harvey. Ethylene prices rose on the back of tight supply and healthy downstream margins. PVC – ethylene core delta remained healthy throughout the quarter.

On the domestic market front, PVC demand remained robust owing to strong downstream activity despite political instability. The Company posted its highest ever sales for the nine month period.The Chlor Alkali market remained stable throughout the quarter.

On the production side, the Company maintained operational excellence and achieved highest ever PVC & VCM production for any quarter and for nine months. Continuous process improvement and diligent planning supplemented plant operations. Plant debottlenecking remains a key highlight for the year, which is on track to achieve 195 KT of production capacity for PVC & VCM by the end of 2017 and Q1 2018, respectively. Chlor Alkali operations remained stable throughout the quarter.

During the 9M 2017, the Company recorded revenue of Rs. 20,390 million compared to Rs. 16,610 million in the same period last year and posted Profit After Tax (PAT) of Rs. 1,947 million translating into Earning Per Share (EPS) of Rs. 2.93 Per share compared to Profit After Tax (PAT) of Rs. 32 million translating into Earning Per Share (EPS) of Rs. 0.05 for the same period last year. Strong performance of the PVC segment and manufacturing efficiencies contributed towards the Company's profitability. The directors' of the Company announced an interim cash dividend of Rs. 0.45 per share.

The Company maintained its strong focus on the Health, Safety & Environment in its operations. Consistent monitoring of Safety indicators helped achieve improvement of processes and also ensured implementing proactive measures for avoidable incidents.

Future Outlook

International PVC and ethylene prices will remain dependent on global economic sentiment, supply & demand dynamics. Domestic market for PVC is expected to remain strong while the Caustic market is projected to remain stable. The Company will continue to focus on optimizing and achieving operational excellence.

Imran Anwer
President & Chief Executive

Feroz Rizvi
Director

Karachi
October 18, 2017

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2017

	Note	Unaudited September 30, 2017	Audited December 31, 2016
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	15,937,274	16,008,366
Intangibles		91,311	90,855
Long term loans and advances	6	81,097	69,971
Deferred taxation	7	104,273	549,328
		16,213,955	16,718,520
Current Assets			
Stores, spares and loose tools		1,583,647	1,545,381
Stock-in-trade		3,708,581	3,024,268
Trade debts	8	448,668	456,396
Loans, advances, deposits, prepayments and other receivables	9	445,656	436,471
Taxes recoverable	10	758,630	1,123,578
Short term investments		89,422	740,000
Cash and bank balances	11	213,737	376,147
		7,248,341	7,702,241
TOTAL ASSETS		23,462,297	24,420,761
EQUITY AND LIABILITIES			
Equity			
Share capital	12	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		-	(1,475)
Accumulated profit (loss)		353,957	(1,593,063)
benefits - Actuarial loss		-	-
		7,952,674	6,004,179
Non-Current Liabilities			
Long term borrowings	12	9,000,000	8,750,000
Current Liabilities			
Current portion of long term borrowings	12	-	416,903
Derivative financial instruments - at fair value through profit or loss		-	2,107
Service benefit obligations		35,834	45,622
Short term borrowings	13	264,635	329,638
Trade and other payables	14	3,185,196	6,731,452
Accrued interest / mark-up		181,662	11,096
Provisions	15	2,842,296	2,129,764
		6,509,623	9,666,582
TOTAL EQUITY AND LIABILITIES		23,462,297	24,420,761
Contingencies and Commitments	16		

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

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

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Note	Quarter ended		Nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		Rupees			
Net revenue		7,344,131	5,448,348	20,389,788	16,609,561
Cost of sales		(5,331,597)	(4,833,940)	(15,429,700)	(14,579,022)
Gross profit		2,012,534	614,408	4,960,088	2,030,539
Distribution and marketing expenses		(259,253)	(303,184)	(899,534)	(900,254)
Administrative expenses		(128,421)	(116,797)	(385,865)	(359,778)
Other operating expenses		(157,147)	12,037	(269,466)	(41,386)
Other income	17	11,282	2,334	60,530	11,113
Operating profit		1,478,995	208,798	3,465,753	740,234
Finance costs		(192,769)	(220,358)	(588,285)	(681,713)
Profit / (Loss) before taxation		1,286,226	(11,560)	2,877,468	58,521
Taxation		(385,376)	3,416	(930,448)	(26,673)
Profit / (Loss) for the period		900,850	(8,144)	1,947,020	31,848
Earnings / (Loss) per share - basic and diluted		1.36	(0.01)	2.93	0.05

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

Imran Anwer
President & Chief Executive

Feroz Rizvi
Director

Muhammad Imran Khalil
Chief Financial Officer

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees			
Profit / (Loss) for the period	900,850	(8,144)	1,947,020	31,848
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve				
Loss arising during the period	-	(2,485)	(21)	(4,350)
Reclassification adjustments for losses included in profit or loss	-	3,010	2,128	13,270
Income tax relating to hedging reserve	-	(162)	(632)	(2,765)
Other comprehensive income for the period - net of tax	-	363	1,475	6,155
Total comprehensive income / (Loss) for the period	900,850	(7,781)	1,948,495	38,003

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

		RESERVES			
		CAPITAL	REVENUE		
	Share capital	Share premium	Hedging reserve	Accumulated (Loss)/Profit	Total
			Rupees		
Balance as at January 1, 2016 (Audited)	6,634,688	964,029	(11,993)	(2,252,996)	5,333,728
Total comprehensive income for the period ended September 30, 2016	-	-	6,155	31,848	38,003
Balance as at September 30, 2016 (Unaudited)	6,634,688	964,029	(5,838)	(2,221,148)	5,371,731
Total comprehensive income for the period ended December 31, 2016	-	-	4,363	628,085	632,448
Balance as at December 31, 2016 (Audited)	6,634,688	964,029	(1,475)	(1,593,063)	6,004,179
Total comprehensive income for the period ended September 30, 2017	-	-	1,475	1,947,020	1,948,495
Balance as at September 30, 2017 (Unaudited)	6,634,688	964,029	-	353,957	7,952,674

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Note	Nine months ended September 30, 2017	Nine months ended September 30, 2016
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	619,511	1,917,590
Finance costs paid		(417,719)	(611,682)
Long term loans and advances		(11,126)	(6,598)
Payment against employee service benefits		(45,622)	(39,293)
Settlement of derivatives held for trading - net		-	(23,982)
Income tax paid		(121,078)	(53,761)
Net cash generated from operating activities		23,967	1,182,274
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(633,430)	(440,579)
Purchases of intangible assets		(9,690)	(14,974)
Proceeds from disposal of property, plant and equipment		179	6,301
Income on bank deposits		40,416	912
Net cash utilized in investing activities		(602,524)	(448,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		(419,428)	(1,652,299)
Proceeds from long term borrowings		250,000	-
Proceeds from short term borrowings		-	1,300,000
Repayments of short term borrowings		(300,000)	(1,150,000)
Net cash utilized in financing activities		(469,428)	(1,502,299)
Net decrease in cash and cash equivalents		(1,047,986)	(768,365)
Cash and cash equivalents at beginning of the period		1,086,509	(1,137,864)
Cash and cash equivalents at end of the period	19	38,523	(1,906,229)

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

The Group consist of Engro Polymer and Chemicals Limited (the company) and it's wholly owned subsidiary company, Engro Polymer Trading (Private) Limited.

Engro Polymer & Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the Companies Ordinance, 1984. The Company is listed on the Pakistan Stock Exchange Limited.

The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The address of its registered office is 16th Floor, The Harbor Front Building, HC-3 Marine Drive, Block 4 Clifton, Karachi. The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information of the Company for the nine months ended September 30, 2017 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance), as required by circular CLD/CCD/PR(11)/2017 dated October 04, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) that the companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of Companies Ordinance, 1984. 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 therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2016.

3. ACCOUNTING POLICIES

3.1 The accounting policies 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 annual financial statements for the year ended December 31, 2016.

3.2 There are certain new amendments to published International Financial Reporting Standards and interpretations that are mandatory to the financial year beginning on January 1, 2017. 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 this consolidated 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. ACCOUNTING ESTIMATES

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 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 consolidated condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to annual audited financial statements for the year ended December 31, 2016.

(Amounts in thousand)

		Unaudited September 30, 2017	Audited December 31, 2016
		Rupees	
5.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets, at net book value - notes 5.1 and 5.2	15,226,432	15,245,662
	Capital work-in-progress	647,050	679,306
	Capital spares	63,792	83,398
		15,937,274	16,008,366
5.1	Additions to operating assets during the period / year were as follows:		
	Plant and machinery	647,940	558,399
	Furniture, fixtures and equipment	11,404	37,050
	Vehicles	30,864	-
		690,208	595,449

5.2 During the period, asset costing Nil (December 31, 2016: Rs. 21,984), having net book value of Nil (December 31, 2016: Rs. 6,254) was disposed off for Nil (December 31, 2016: Rs. 6,312) and assets costing Rs. 1,560 (December 31, 2016: Rs. 1,194) having net book value of Rs. 244 (December 31, 2016: Rs. 381) were written off in respect of which insurance claim of Rs. 179 (December 31, 2016: Rs. 343) has been received.

6. LONG TERM LOANS AND ADVANCES

6.1 These includes interest free loans and advances to executives and employees for house rent, vehicles, home appliances and investments given in accordance with the terms of employment.

6.2 The Company does not have any loans or advances placed under any arrangement permissible under Shariah.

		Unaudited September 30, 2017	Audited December 31, 2016
		Rupees	
7.	**DEFERRED TAXATION**		
	Credit balances arising due to:		
	- accelerated tax depreciation	(3,164,097)	(3,178,960)
	Debit balances arising due to:		
	- recoupable carried forward tax losses - note 7.1	1,684,811	2,778,309
	- recoupable minimum turnover tax - note 7.2	420,528	168,659
	- recoupable alternative corporate tax - note 7.3	165,685	-
	- unpaid liabilities	98,220	87,783
	- provision for Gas Infrastructure Development Cess and Special Excise Duty	823,777	618,568
	- provision for net realizable value against stock-in-trade	4,850	7,208
	- provision for trade debts	3,371	-
	- provision for slow moving stores and spares	17,662	17,662
	- fair value of hedging instruments	-	632
	- share issuance cost, net to equity	49,467	49,467
		3,268,370	3,728,288
		104,273	549,328

(Amounts in thousand)

7.1 Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate tax losses available for carry-forward as at September 30, 2017 amount to Rs. 5,616,036 (December 31, 2016: Rs. 9,261,030) which are entirely attributable to unabsorbed tax depreciation.

7.2 During the period, the Company has recognized deferred tax asset on recoupable minimum turnover tax in respect of current period amounting to Rs. 251,869 (December 31, 2016: Rs. 168,659) as the Company, based on its financial projections, expects to recoup it in the ensuing years. In 2013, the High Court of Sindh, in respect of another company, overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and decided that minimum turnover tax cannot be carried forward where there is no tax paid on account of loss for the year or carried forward losses. The Company's management is however of the view, duly supported by the legal advisor, that the above order would not be maintained by the Supreme Court, which the Company intends to approach if required. Accordingly, the Company has recognized deferred tax asset on recoupable minimum turnover tax.

7.3 During the period, the Company has recognized deferred tax asset on alternative corporate tax in respect of current period amounting to Rs. 165,685 (December 31, 2016: Nil) as the Company, based on its financial projections, expects to recoup it in the ensuing years.

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	
8. TRADE DEBTS		
Secured	187,179	291,581
Unsecured - note 8.1	273,193	164,815
Less: Provision for bad debts	(11,704)	-
	448,668	456,396
8.1 Includes amounts due from the following related parties:		
- Engro Foods Limited	462	425
- Engro Fertilizers Limited	93,357	23,721
	93,819	24,146
9. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
9.1 These include receivables from the following related parties:		
- Engro Vopak Terminal Limited	207	8
- Engro Fertilizers Limited	1,941	-
- Engro Foundation	0	7
- Sindh Engro Coal Mining Company Limited	126	220
- Engro Foods Limited	289	39
- Engro Corporation Limited	6,123	290
- Engro Powergen Limited	375	4,124
- Engro Powergen Qadirpur Limited	9	9
	9,068	4,697

9.2 The Company does not have any advances or deposits carrying any interests, mark-up or placed under any arrangement permissible under Shariah as at September 30, 2017.

10. TAXES RECOVERABLE

10.1 Tax Year 2008

The Deputy Commissioner Inland Revenue (DCIR) through the order dated November 26, 2009 raised a tax demand of Rs. 213,172. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance); disallowance of provision for retirement benefits of Rs. 5,899; adding imputed interest on loans to employees and executives of Rs. 16,069 to income; disallowing finance cost of Rs. 134,414 and not considering adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)], but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and paying the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period of tax years 2004 to 2007. An appeal against the said appellate order was filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting Company's position except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs. 19,692 and Rs. 7,300 respectively, which were maintained.

The Company has filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference to the High Court of Sindh against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same.

10.2 Tax Year 2009

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282; additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance; disallowance of provision for retirement benefits of Rs. 14,239; disallowance of provision against Special Excise Duty (SED) refundable of Rs. 36,689; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by the Company before the CIR(A). Through his appellate order, the CIR(A) maintained certain additions aggregating to Rs. 493,971 including disallowance of finance cost amounting to Rs. 457,282 and remanded back the issue of imputed interest on loans to employees and executives. An appeal against the said appellate order was filed before the ATIR. The department also filed an appeal against the said appellate order challenging the action of CIR(A), regarding deletion of addition on account of provision for the retirement benefits.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting Company's position except for additions on account of SED provision of Rs. 36,689 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained.

The Company has filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference to the High Court of Sindh against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same.

11. CASH AND BANK BALANCES

As at September 30, 2017, no funds are placed in any account under an arrangement permissible under Shariah (December 31, 2016: Nil).

(Amounts in thousand)

12. LONG TERM BORROWINGS

Title	Mark-up rate per annum	Installments Number	Installments Commencing from	Unaudited September 30, 2017	Audited December 31, 2016
				Rupees	Rupees
International Finance Corporation (IFC)	6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	-	416,903
Bilateral loan IV	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	1,500,000
Bilateral V	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	1,500,000
Bilateral VI	6 months KIBOR + 0.8%	10 half yearly	June 1, 2019	750,000	750,000
Bilateral VII	6 months KIBOR + 0.8%	10 half yearly	July 28, 2019	1,250,000	1,250,000
Bilateral VIII	6 months KIBOR + 0.8%	6 half yearly	June 1, 2019	1,000,000	750,000
Subordinated loan from Engro Corporation Limited	3 months KIBOR + 3.5%	Repayable in full five years		3,000,000	3,000,000
				9,000,000	9,166,903
Less: Current portion shown under current liabilities				-	(416,903)
				9,000,000	8,750,000

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	Rupees
13. SHORT TERM BORROWINGS		
Conventional		
Export refinance facility - note 13.1	-	300,000
Running finance utilized under mark-up arrangements - note 13.2	264,635	29,638
	264,635	329,638

13.1 This represented export refinancing facility carrying mark-up at the rate of 3% (December 31, 2016: 3%) on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of the Company.

13.2 The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 3,450,000 (December 31, 2016: Rs.3,300,000). The corresponding purchase price is payable on various dates during the ensuing year. Mark-up is chargeable at rates net of prompt payment rebate, ranging from relevant period KIBOR plus 0.5% to 1.25% (December 31, 2016: relevant period KIBOR plus 0.9% to 1.25%) per annum. During the period, the mark-up rates, net of prompt payment rebate, ranged from 6.76% to 7.28% (December 31, 2016: 7.02% to 7.52%) per annum. These facilities are secured by a floating charge over stocks and book debts of the Company.

(Amounts in thousand)

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	

14. TRADE AND OTHER PAYABLES

	Unaudited September 30, 2017	Audited December 31, 2016
Trade and other creditors - note 14.1	1,257,847	4,964,249
Accrued liabilities - note 14.1	1,393,539	1,283,414
Advances from customers	261,322	291,490
Retention money against project payments	12,051	10,895
Security deposits	29,455	28,955
Workers' profits participation fund	151,209	62,424
Workers' welfare fund	44,172	58,490
Withholding tax payable	1,215	-
Others	34,385	31,535
	3,185,196	6,731,452

14.1 Includes amounts due to the following related parties:

	Unaudited September 30, 2017	Audited December 31, 2016
- Mitsubishi Corporation	324,654	2,682,171
- Engro Fertilizers Limited	8,000	108
- Engro Vopak Terminal Limited	86,550	-
	419,204	2,682,279

15. PROVISIONS

	Unaudited September 30, 2017	Audited December 31, 2016
Provision for Gas Infrastructure Development Cess - note 15.1	2,842,296	2,129,764

15.1 Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under OGRA Ordinance, 2002, Finance Act, 2014 and GIDC Ordinance, 2014, against which the Company has obtained ad-interim stay orders from the Sindh High Court. However, on prudence basis the Company recognized a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby Cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The Company based on the advice of its legal counsel, is of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance, 2014, shall not be collected from the industrial sector. Therefore, the Company has reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs. 592,125 in respect of captive power.

(Amounts in thousand)

Further, the Company had also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sui Southern Gas Company Limited (SSGCL) from charging and/or recovering the cess under GIDC Act, 2015. In 2016, the High Court of Sindh, through order dated October 26, 2016, has decided the GIDC Act, 2015 is ultra vires to the Constitution of Pakistan, against which the Government of Pakistan has filed review petition to larger bench of High Court of Sindh. However, based on prudence, the Company has recognized a provision of Rs. 2,250,171 (December 31, 2016: Rs. 1,577,639) pertaining to the period subsequent to promulgation of GIDC Act, 2015.

16. CONTINGENCIES AND COMMITMENTS

16.1 During the period, The Deputy Commissioner Inland Revenue (DCIR) through his order dated January 8, 2016, raised a sales tax demand of Rs. 524,589 on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material. The Company filed an appeal against the order before Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against the Company was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, has decided the matter in favor of the Company. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). No proceedings regarding the case has been carried out by ATIR, till the period end.

16.2 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at September 30, 2017 amounts to Rs. 1,297,000 (December 31, 2016: Rs. 1,156,750). The amount utilized there against is Rs. 1,279,790 (December 31, 2016: Rs. 1,140,950).

16.3 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Fatimafert Limited, for storage and handling of Ethylene Di-Chloride (EDC) and Caustic soda, respectively. The total lease rentals due under these lease arrangements are payable in periodic monthly installments till July 29, 2019. The future aggregate lease payments under these arrangements are as follows:

	Unaudited September 30, 2017		**Audited December 31, 2016**
		Rupees	
Not later than 1 year	14,400		14,400
Later than 1 year and no later than 5 years	12,000		22,800
	26,400		37,200

16.4 The Company has entered into various contracts with Engro Vopak Terminal Limited, a related party, for storage and handling of Ethylene and Vinyl Chloride Monomer (VCM) valid till March, 2026 and December 2018, respectively and Ethylene Di-Chloride (EDC) valid till May 2018. Annual fixed cost payable to Engro Vopak Terminal Limited, under these contracts, approximates to US$ 9,165.

16.5 Through Finance Act, 2017 an amendment has been made in section 5A of Income Tax Ordinance, 2001 by virtue of which a tax at the rate of 7.5% of accounting profit before tax shall be imposed if the Company does not distribute at least 40% of its profits after tax. This amendment is also applicable for the tax year 2017. The Company has filed a petition against the application of section 5A on several grounds including its retrospective application and an interim relief has been granted in favor of the company. Therefore, no provision in this respect has been recognised in this consolidated condensed interim financial information.

17. OTHER INCOME

During the period, the Company has not earned any profit from bank accounts under an arrangement permissible under Shariah (September 30, 2016: Nil).

(Amounts in thousand)

	Unaudited September 30, 2017	Unaudited September 30, 2016
	Rupees	
18. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,877,468	58,521
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	35,834	34,424
Provision for GIDC	712,532	739,462
Reversal of provision for net realizable value of stock-in-trade, net	(8,186)	(42,474)
Depreciation and amortization	716,286	999,912
Income on short term investments and bank deposits	(40,416)	(912)
Provision for bad debts	11,704	-
Exchange loss on revaluation of foreign currency borrowings	-	(2,065)
Amortization of prepaid financial charges	2,525	18,725
Finance costs	588,285	681,713
Profit on disposal of operating assets	(2,709)	(55)
Working capital changes - note 18.1	(4,273,811)	(569,661)
	619,511	1,917,590
18.1 Working Capital Changes		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(38,266)	(14,625)
Stock-in-trade	(676,127)	(184,146)
Trade debts - considered good	(3,976)	127,420
Loans, advances, deposits, prepayments and other receivables - net	(9,185)	19,616
	(727,555)	(51,735)
Decrease in current liabilities		
Trade and other payables	(3,546,256)	(517,926)
	(4,273,811)	(569,661)
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	213,737	59,926
Short term investment	89,422	-
Money market loans	-	(980,000)
Running finance utilized under mark-up arrangements - note 13	(264,635)	(986,155)
	38,523	(1,906,229)

(Amounts in thousand)

20. SEGMENT INFORMATION

20.1 The basis of segmentation and reportable segments presented in this consolidated condensed interim financial information are same as disclosed in the annual financial statements of the Company for the year ended December 31, 2016.

	Unaudited September 30, 2017				Unaudited September 30, 2016			
	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total
	Rupees							
Net revenue	16,823,830	3,521,443	44,515	20,389,788	13,221,344	3,349,129	39,088	16,609,561
Cost of sales	(12,994,535)	(2,415,268)	(19,897)	(15,429,700)	(11,871,898)	(2,665,993)	(41,131)	(14,579,022)
Distribution and marketing expenses	(724,336)	(175,198)	-	(899,534)	(746,473)	(153,781)	-	(900,254)
Administrative expenses	(318,381)	(66,641)	(842)	(385,865)	(286,387)	(72,545)	(847)	(359,778)
Other operating expenses	(207,586)	(60,652)	(1,228)	(269,466)	(14,454)	(26,544)	335	(40,663)
Other income	50,517	9,889	125	60,531	8,847	2,241	26	11,114
Finance costs	(494,594)	(91,724)	(1,966)	(588,285)	(591,621)	(93,556)	(2,084)	(687,262)
Taxation	(682,348)	(241,861)	(6,240)	(930,448)	127,913	(154,488)	2,102	(24,473)
Profit after taxation	**1,452,567**	**479,988**	**14,465**	**1,947,020**	**(152,730)**	**184,462**	**(2,510)**	**29,223**

20.2 Segment assets consist primarily of property, plant and equipment, stores, spares and loose tools, stock-in-trade and trade debts.

	Unaudited September 30, 2017				Audited December 31, 2016			
	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total
	Rupees							
Total segment assets	15,726,023	4,938,265	102,479	20,766,768	14,883,358	4,854,186	32,573	19,770,117
Unallocated assets				2,695,529				4,690,452
Total assets				23,462,297				24,460,569

(Amounts in thousand)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

21.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (currency risk, interest rate risk and 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.

21.2 Fair value of financial assets and liabilities

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

22. TRANSACTIONS WITH RELATED PARTIES

22.1 Transactions with related parties, other than those which have been disclosed elsewhere in this Consolidated condensed interim financial information, are as follows:

		Unaudited	
		Nine months ended	
Nature of relationship	Nature of transactions	September 30, 2017	September 30, 2016
		Rupees	
Holding Company			
- Engro Corporation Limited	Mark-up on sub-ordinated loan	215,933	220,878
	Reimbursement made	3,924	90,026
	Reimbursement received	23,689	1,615
	Purchase of services	54,375	-
	Medical contribution	129	139
	Short-term loan received	-	1,000,000
	Short-term loan repaid	-	400,000
	Life insurance	421	465
Associated Companies			
- Mitsubishi Corporation	Purchase of goods	1,551,162	2,096,689
	Sale of goods	251,955	91,262
- Arabian Sea Country Club	Purchase of services	134	182
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Sale of goods	12,688	13,775
	Sale of steam and electricity	72,904	58,717
	Reimbursement made	8,613	17,856
	Reimbursement received	-	8,299
	Use of operating assets	8,000	9
- Engro Vopak Terminal Limited	Purchase of services	854,393	741,160
	Reimbursement made	2,408	-
	Reimbursement received	1,911	355
- Engro Foundation	Reimbursement made	-	12

(Amounts in thousand)

Nature of relationship	Nature of transactions	Unaudited Nine months ended September 30, 2017		Unaudited Nine months ended September 30, 2016
			Rupees	
- Engro Elengy Terminal Limited	Reimbursement received	-		126
- Engro Powergen Qadirpur Limited	Reimbursement made	4,641		8,306
	Reimbursement received	3,280		4,338
- Engro Foods Limited	Sale of goods	4,837		29,250
	Reimbursement made	1,549		6,082
	Reimbursement received	-		3,397
	Use of operating asset	-		165
- Engro Powergen Limited	Reimbursement received	-		10,318
- Sindh Engro Coal Mining Company Limited	Reimbursement made	2		-
	Reimbursement received	-		579
- Engro Thar Power Limited	Reimbursement received	-		94
- Shell Pakistan Limited	Purchase of goods	-		5,875
- The Hub Power Company Limited	Sales of goods	2,757		2,212
- Overseas Investors Chamber of Commerce and Industry	Annual subscription	91		-
- Pakistan Institute of Corporate Governance	Purchase of services	200		463
- Pakistan Japan Business Forum	Annual subscription	-		50
- Lahore University Of Management Sciences	Purchase of services	-		138
Directors	Fee	600		1,050
	Repayment of advance	-		4,125
Contribution to staff retirement benefits	Managed and operated by the Holding Company			
	Provident fund	44,071		40,925
	Gratuity fund	35,308		62,680
	Pension fund	2,314		2,137
Key management personnel	Managerial remuneration	64,883		54,055
	Retirement benefit funds	10,094		8,862
	Bonus	34,402		15,929
	Other benefits	15,886		12,645

(Amounts in thousand)

23. CORRESPONDING FIGURES

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

24. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on October 18, 2017 has approved an interim cash dividend of Rs.0.45 per share for the period ended September 30, 2017 amounting to Rs. 298,561. This consolidated condensed interim financial information does not include the effect of the said interim dividend.

25. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on October 18, 2017 by the Board of Directors of the Company.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

engro polymer & chemicals

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2017

	Note	Unaudited September 30, 2017	Audited December 31, 2016
ASSETS		Rupees	
Non-Current Assets			
Property, plant and equipment	5	15,937,274	16,008,366
Intangibles		91,311	90,855
Long term investment - at cost		50,000	50,000
Long term loans and advances	6	81,097	69,971
Deferred taxation	7	104,273	549,328
		16,263,956	16,768,520
Current Assets			
Stores, spares and loose tools		1,583,647	1,545,381
Stock-in-trade		3,708,581	3,024,268
Trade debts	8	448,668	456,396
Loans, advances, deposits, prepayments and other receivables	9	440,258	431,435
Taxes recoverable	10	757,981	1,122,953
Short term investments		-	740,000
Cash and bank balances	11	210,904	371,616
		7,150,040	7,692,049
TOTAL ASSETS		23,413,996	24,460,569
EQUITY AND LIABILITIES			
Equity			
Share capital		6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		-	(1,475)
Accumulated profit / (loss)		315,002	(1,628,905)
		7,913,719	5,968,337
Non-Current Liabilities			
Long term borrowings	12	9,000,000	8,750,000
Current Liabilities			
Current portion of long term borrowings	12	-	416,903
Derivative financial instruments - at fair value through profit or loss		-	2,107
Service benefit obligations		35,834	45,622
Short term borrowings	13	264,635	414,638
Trade and other payables	14	3,175,850	6,722,102
Accrued interest / mark-up		181,662	11,096
Provisions	15	2,842,296	2,129,764
		6,500,278	9,742,232
TOTAL EQUITY AND LIABILITIES		23,413,996	24,460,569
Contingencies and Commitments	16		

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

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

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Note	Quarter ended		Nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		Rupees			
Net revenue		7,344,131	5,448,348	20,389,788	16,609,561
Cost of sales		(5,331,597)	(4,833,940)	(15,429,700)	(14,579,022)
Gross profit		2,012,534	614,408	4,960,088	2,030,539
Distribution and marketing expenses		(259,253)	(303,184)	(899,534)	(900,254)
Administrative expenses		(128,421)	(116,797)	(385,865)	(359,778)
Other operating expenses		(157,114)	12,118	(269,408)	(40,642)
Other income	17	9,647	2,279	57,257	10,828
Operating profit		1,477,392	208,824	3,462,537	740,693
Finance costs		(192,770)	(222,257)	(589,517)	(687,262)
Profit / (Loss) before taxation		1,284,622	(13,433)	2,873,020	53,431
Taxation		(384,895)	4,188	(929,114)	(24,919)
Profit / (Loss) for the period		899,728	(9,245)	1,943,907	28,512
Earnings / (Loss) per share - basic and diluted		1.36	(0.01)	2.93	0.04

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

Imran Anwer
President & Chief Executive

Feroz Rizvi
Director

Muhammad Imran Khalil
Chief Financial Officer

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees			
Profit / (Loss) for the period	899,728	(9,245)	1,943,907	28,512
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve				
Loss arising during the period	-	(2,485)	(21)	(4,350)
Reclassification adjustments for losses included in profit or loss	-	3,010	2,128	13,270
Income tax relating to hedging reserve	-	(162)	(632)	(2,765)
Other comprehensive income for the period - net of tax	-	363	1,475	6,155
Total comprehensive income / (Loss) for the period	899,728	(8,882)	1,945,382	34,667

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Imran Anwer
President & Chief Executive

Feroz Rizvi
Director

Muhammad Imran Khalil
Chief Financial Officer

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

		RESERVES			
		CAPITAL	REVENUE		
	Share capital	Share premium	Hedging reserve	Accumulated (Loss)/Profit	Total
			Rupees		
Balance as at January 1, 2016 (Audited)	6,634,688	964,029	(11,993)	(2,283,693)	5,303,031
Total comprehensive income for the period ended September 30, 2016	-	-	6,155	28,512	34,667
Balance as at September 30, 2016 (Unaudited)	6,634,688	964,029	(5,838)	(2,255,181)	5,337,698
Total comprehensive income for the period ended December 31, 2016	-	-	4,363	626,276	630,639
Balance as at December 31, 2016 (Audited)	6,634,688	964,029	(1,475)	(1,628,905)	5,968,337
Total comprehensive income for the period ended September 30, 2017	-	-	1,475	1,943,907	1,945,382
Balance as at September 30, 2017 (Unaudited)	6,634,688	964,029	-	315,002	7,913,719

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Imran Anwer
President & Chief Executive

Feroz Rizvi
Director

Muhammad Imran Khalil
Chief Financial Officer

(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Note	Nine months ended September 30, 2017	Nine months ended September 30, 2016
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	616,662	1,917,970
Finance costs paid		(418,951)	(618,306)
Long term loans and advances		(11,126)	(6,598)
Payment against employee service benefits		(45,622)	(39,293)
Settlement of derivatives held for trading - net		-	(23,982)
Income tax paid		(119,719)	(51,958)
Net cash generated from operating activities		21,243	1,177,833
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(633,430)	(440,579)
Purchases of intangible assets		(9,690)	(14,974)
Proceeds from disposal of property, plant and equipment		179	6,301
Income on bank deposits		40,416	627
Net cash utilized in investing activities		(602,524)	(448,625)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		(419,428)	(1,652,299)
Proceeds from long term borrowings		250,000	-
Proceeds from short term borrowings		-	1,315,906
Repayments of short term borrowings		(385,000)	(1,150,000)
Net cash utilized in financing activities		(554,428)	(1,486,393)
Net decrease in cash and cash equivalents		(1,135,710)	(757,185)
Cash and cash equivalents at beginning of the period		1,081,978	(1,152,307)
Cash and cash equivalents at end of the period	19	(53,732)	(1,909,492)

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

Engro Polymer & Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the Companies Ordinance, 1984. The Company is listed on the Pakistan Stock Exchange Limited.

The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The address of its registered office is 16th Floor, The Harbor Front Building, HC-3 Marine Drive, Block 4 Clifton, Karachi. The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended September 30, 2017 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance), as required by circular CLD/CCD/PR(11)/2017 dated October 04, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) that the companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of Companies Ordinance, 1984. 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 therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2016.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2016.

3.2 There are certain new amendments to published International Financial Reporting Standards and interpretations that are mandatory to the financial year beginning on January 1, 2017. 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 this 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. ACCOUNTING ESTIMATES

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, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that apply to annual audited financial statements for the year ended December 31, 2016.

(Amounts in thousand)

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value - notes 5.1 and 5.2	15,226,432	15,245,662
Capital work-in-progress	647,050	679,306
Capital spares	63,792	83,398
	15,937,274	16,008,366

5.1 Additions to operating assets during the period / year were as follows:

Plant and machinery	647,940	558,399
Furniture, fixtures and equipment	11,404	37,050
Vehicles	30,864	-
	690,208	595,449

5.2 During the period, asset costing Nil (December 31, 2016: Rs. 21,984), having net book value of Nil (December 31, 2016: Rs. 6,254) was disposed off for Nil (December 31, 2016: Rs. 6,312) and assets costing Rs. 1,560 (December 31, 2016: Rs. 1,194) having net book value of Rs. 244 (December 31, 2016: Rs. 381) were written off in respect of which insurance claim of Rs. 179 (December 31, 2016: Rs. 343) has been received.

6. LONG TERM LOANS AND ADVANCES

6.1 These includes interest free loans and advances to executives and employees for house rent, vehicles, home appliances and investments given in accordance with the terms of employment.

6.2 The Company does not have any loans or advances placed under any arrangement permissible under Shariah.

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	
7. DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(3,164,097)	(3,178,960)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 7.1	1,684,811	2,778,309
- recoupable minimum turnover tax - note 7.2	420,528	168,659
- recoupable alternative corporate tax - note 7.3	165,685	-
- unpaid liabilities	98,220	87,783
- provision for Gas Infrastructure Development Cess and Special Excise Duty	823,777	618,568
- provision for net realizable value against stock-in-trade	4,850	7,208
- provision for trade debts	3,371	-
- provision for slow moving stores and spares	17,662	17,662
- fair value of hedging instruments	-	632
- share issuance cost, net to equity	49,467	49,467
	3,268,370	3,728,288
	104,273	549,328

(Amounts in thousand)

7.1 Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate tax losses available for carry-forward as at September 30, 2017 amount to Rs. 5,616,036 (December 31, 2016: Rs. 9,261,030) which are entirely attributable to unabsorbed tax depreciation.

7.2 During the period, the Company has recognized deferred tax asset on recoupable minimum turnover tax in respect of current period amounting to Rs. 251,869 (December 31, 2016: Rs. 168,659) as the Company, based on its financial projections, expects to recoup it in the ensuing years. In 2013, the High Court of Sindh, in respect of another company, overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and decided that minimum turnover tax cannot be carried forward where there is no tax paid on account of loss for the year or carried forward losses. The Company's management is however of the view, duly supported by the legal advisor, that the above order would not be maintained by the Supreme Court, which the Company intends to approach if required. Accordingly, the Company has recognized deferred tax asset on recoupable minimum turnover tax.

7.3 During the period, the Company has recognized deferred tax asset on alternative corporate tax in respect of current period amounting to Rs. 165,685 (December 31, 2016: Nil) as the Company, based on its financial projections, expects to recoup it in the ensuing years.

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	
8. TRADE DEBTS		
Secured	187,179	291,581
Unsecured - note 8.1	273,193	164,815
Less: Provision for bad debts	(11,704)	-
	448,668	456,396

8.1 Includes amounts due from the following related parties:

- Engro Foods Limited	462	425
- Engro Fertilizers Limited	93,357	23,721
	93,819	24,146

9. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

9.1 These include receivables from the following related parties:

- Engro Vopak Terminal Limited	207	8
- Engro Fertilizers Limited	1,941	-
- Engro Foundation	0	7
- Sindh Engro Coal Mining Company Limited	126	220
- Engro Foods Limited	289	39
- Engro Corporation Limited	6,123	290
- Engro Powergen Limited	375	4,124
- Engro Powergen Qadirpur Limited	9	9
	9,068	4,697

9.2 The Company does not have any advances or deposits carrying any interests, mark-up or placed under any arrangement permissible under Shariah as at September 30, 2017.

10. TAXES RECOVERABLE

10.1 Tax Year 2008

The Deputy Commissioner Inland Revenue (DCIR) through the order dated November 26, 2009 raised a tax demand of Rs. 213,172. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance); disallowance of provision for retirement benefits of Rs. 5,899; adding imputed interest on loans to employees and executives of Rs. 16,069 to income; disallowing finance cost of Rs. 134,414 and not considering adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)], but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and paying the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period of tax years 2004 to 2007. An appeal against the said appellate order was filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting Company's position except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs. 19,692 and Rs. 7,300 respectively, which were maintained.

The Company has filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference to the High Court of Sindh against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same.

10.2 Tax Year 2009

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282; additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance; disallowance of provision for retirement benefits of Rs. 14,239; disallowance of provision against Special Excise Duty (SED) refundable of Rs. 36,689; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by the Company before the CIR(A). Through his appellate order, the CIR(A) maintained certain additions aggregating to Rs. 493,971 including disallowance of finance cost amounting to Rs. 457,282 and remanded back the issue of imputed interest on loans to employees and executives. An appeal against the said appellate order was filed before the ATIR. The department also filed an appeal against the said appellate order challenging the action of CIR(A), regarding deletion of addition on account of provision for the retirement benefits.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting Company's position except for additions on account of SED provision of Rs. 36,689 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained.

The Company has filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference to the High Court of Sindh against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same.

11. CASH AND BANK BALANCES

As at September 30, 2017, no funds are placed in any account under an arrangement permissible under Shariah (December 31, 2016: Nil).

(Amounts in thousand)

12. LONG TERM BORROWINGS

Title	Mark-up rate per annum	Installments Number	Installments Commencing from	Unaudited September 30, 2017	Audited December 31, 2016
				Rupees	
International Finance Corporation (IFC)	6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	-	416,903
Bilateral loan IV	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	1,500,000
Bilateral V	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	1,500,000
Bilateral VI	6 months KIBOR + 0.8%	10 half yearly	June 1, 2019	750,000	750,000
Bilateral VII	6 months KIBOR + 0.8%	10 half yearly	July 28, 2019	1,250,000	1,250,000
Bilateral VIII	6 months KIBOR + 0.8%	6 half yearly	June 1, 2019	1,000,000	750,000
Subordinated loan from Engro Corporation Limited	3 months KIBOR + 3.5%	Repayable in full five years		3,000,000	3,000,000
				9,000,000	9,166,903
Less: Current portion shown under current liabilities				-	(416,903)
				9,000,000	8,750,000

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	
13. SHORT TERM BORROWINGS		
Conventional		
Export refinance facility - note 13.1	-	300,000
Running finance utilized under mark-up arrangements - note 13.2	264,635	29,638
Sub-ordinated loan from Engro Polymer Trading (Private) Limited - note 13.3	-	85,000
	264,635	414,638

13.1 This represented export refinancing facility carrying mark-up at the rate of 3% (December 31, 2016: 3%) on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of the Company.

13.2 The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 3,450,000 (December 31, 2016: Rs.3,300,000). The corresponding purchase price is payable on various dates during the ensuing year. Mark-up is chargeable at rates net of prompt payment rebate, ranging from relevant period KIBOR plus 0.5% to 1.25% (December 31, 2016: relevant period KIBOR plus 0.9% to 1.25%) per annum. During the period, the mark-up rates, net of prompt payment rebate, ranged from 6.76% to 7.28% (December 31, 2016: 7.02% to 7.52%) per annum. These facilities are secured by a floating charge over stocks and book debts of the Company.

13.3 This represented loan from Engro Polymer Trading (Private) Limited, the wholly owned subsidiary. The loan was sub-ordinated to other financial arrangements (other than trade creditors) and carried mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable quarterly.

(Amounts in thousand)

	Unaudited September 30, 2017	Audited December 31, 2016
	Rupees	
14. TRADE AND OTHER PAYABLES		
Trade and other creditors - note 14.1	1,257,847	4,964,249
Accrued liabilities - note 14.1	1,384,194	1,282,790
Advances from customers	261,322	291,490
Retention money against project payments	12,051	10,895
Security deposits	29,455	28,955
Workers' profits participation fund	151,209	62,424
Workers' welfare fund	44,172	49,764
Withholding tax payable	1,215	-
Others	34,385	31,535
	3,175,850	6,722,102

14.1 Includes amounts due to the following related parties:

- Mitsubishi Corporation	324,654	2,682,171
- Engro Fertilizers Limited	8,000	108
- Engro Vopak Terminal Limited	86,550	-
	419,204	2,682,279

15. PROVISIONS

Provision for Gas Infrastructure Development Cess - note 15.1	2,842,296	2,129,764

15.1 Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under OGRA Ordinance, 2002, Finance Act, 2014 and GIDC Ordinance, 2014, against which the Company has obtained ad-interim stay orders from the Sindh High Court. However, on prudence basis the Company recognized a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby Cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The Company based on the advice of its legal counsel, is of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance, 2014, shall not be collected from the industrial sector. Therefore, the Company has reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs. 592,125 in respect of captive power.

(Amounts in thousand)

Further, the Company had also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sui Southern Gas Company Limited (SSGCL) from charging and/or recovering the cess under GIDC Act, 2015. In 2016, the High Court of Sindh, through order dated October 26, 2016, has decided the GIDC Act, 2015 is ultra vires to the Constitution of Pakistan, against which the Government of Pakistan has filed review petition to larger bench of High Court of Sindh. However, based on prudence, the Company has recognized a provision of Rs. 2,250,171 (December 31, 2016: Rs. 1,577,639) pertaining to the period subsequent to promulgation of GIDC Act, 2015.

16. CONTINGENCIES AND COMMITMENTS

16.1 During the period, The Deputy Commissioner Inland Revenue (DCIR) through his order dated January 8, 2016, raised a sales tax demand of Rs. 524,589 on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material. The Company filed an appeal against the order before Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against the Company was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, has decided the matter in favor of the Company. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). No proceedings regarding the case has been carried out by ATIR, till the period end.

16.2 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at September 30, 2017 amounts to Rs. 1,297,000 (December 31, 2016: Rs. 1,156,750). The amount utilized there against is Rs. 1,279,790 (December 31, 2016: Rs. 1,140,950).

16.3 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Fatimafert Limited, for storage and handling of Ethylene Di-Chloride (EDC) and Caustic soda, respectively. The total lease rentals due under these lease arrangements are payable in periodic monthly installments till July 29, 2019. The future aggregate lease payments under these arrangements are as follows:

	Unaudited September 30, 2017		Audited December 31, 2016
		Rupees	
Not later than 1 year	14,400		14,400
Later than 1 year and no later than 5 years	12,000		22,800
	26,400		37,200

16.4 The Company has entered into various contracts with Engro Vopak Terminal Limited, a related party, for storage and handling of Ethylene and Vinyl Chloride Monomer (VCM) valid till March, 2026 and December 2018, respectively and Ethylene Di-Chloride (EDC) valid till May 2018. Annual fixed cost payable to Engro Vopak Terminal Limited, under these contracts, approximates to US$ 9,165.

16.5 Through Finance Act, 2017 an amendment has been made in section 5A of Income Tax Ordinance, 2001 by virtue of which a tax at the rate of 7.5% of accounting profit before tax shall be imposed if the Company does not distribute at least 40% of its profits after tax. This amendment is also applicable for the tax year 2017. The Company has filed a petition against the application of section 5A on several grounds including its retrospective application and an interim relief has been granted in favor of the company. Therefore, no provision in this respect has been recognised in this condensed interim financial information.

17. OTHER INCOME

During the period, the Company has not earned any profit from bank accounts under an arrangement permissible under Shariah (September 30, 2016: Nil).

(Amounts in thousand)

	Unaudited September 30, 2017	Rupees	Unaudited September 30, 2016
18. CASH GENERATED FROM OPERATIONS			
Profit before taxation	2,873,020		53,431
Adjustments for non cash charges and other items:			
Provision for staff retirement and other service benefits	35,834		34,424
Provision for GIDC	712,532		739,462
Reversal of provision for net realizable value of stock-in-trade, net	(8,186)		(42,474)
Depreciation and amortization	716,286		999,912
Income on short term investments and bank deposits	(40,416)		(627)
Provision for bad debts	11,704		-
Exchange loss on revaluation of foreign currency borrowings	-		(2,065)
Amortization of prepaid financial charges	2,525		18,725
Finance costs	589,517		687,262
Profit on disposal of operating assets	(2,709)		(55)
Working capital changes - note 18.1	(4,273,445)		(570,025)
	616,662		1,917,970

18.1 Working Capital Changes

Decrease / (Increase) in current assets			
Stores, spares and loose tools	(38,266)		27,849
Stock-in-trade	(676,127)		(226,620)
Trade debts	(3,977)		127,420
Loans, advances, deposits, prepayments and other receivables - net	(8,823)		19,616
	(727,193)		(51,735)
Decrease in current liabilities			
Trade and other payables	(3,546,252)		(518,290)
	(4,273,445)		(570,025)

19. CASH AND CASH EQUIVALENTS

Cash and bank balances	210,904		56,663
Money market loans	-		(980,000)
Running finance utilized under mark-up arrangements - note 13	(264,635)		(986,155)
	(53,731)		(1,909,492)

(Amounts in thousand)

20. SEGMENT INFORMATION

20.1 The basis of segmentation and reportable segments presented in this condensed interim financial information are same as disclosed in the annual financial statements of the Company for the year ended December 31, 2016.

	Unaudited September 30, 2017				Unaudited September 30, 2016			
	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total
	Rupees							
Net revenue	16,823,830	3,521,443	44,515	20,389,788	13,221,344	3,349,129	39,088	16,609,561
Cost of sales	(12,994,535)	(2,415,268)	(19,897)	(15,429,700)	(11,871,898)	(2,665,993)	(41,131)	(14,579,022)
Distribution and marketing expenses	(704,058)	(195,476)	-	(899,534)	(746,473)	(153,781)	-	(900,254)
Administrative expenses	(318,381)	(66,641)	(842)	(385,865)	(286,387)	(72,545)	(847)	(359,778)
Other operating expenses	(208,543)	(59,638)	(1,228)	(269,409)	(14,438)	(26,540)	335	(40,643)
Other income	47,244	9,889	125	57,258	8,620	2,183	25	10,829
Finance costs	(495,826)	(91,724)	(1,966)	(589,517)	(591,621)	(93,556)	(2,084)	(687,262)
Taxation	(686,809)	(236,065)	(6,240)	(929,114)	130,984	(158,054)	2,152	(24,918)
Profit after taxation	**1,462,923**	**466,519**	**14,465**	**1,943,907**	**(149,870)**	**180,843**	**(2,462)**	**28,512**

20.2 Segment assets consist primarily of property, plant and equipment, stores, spares and loose tools, stock-in-trade and trade debts.

	Unaudited September 30, 2017				Audited December 31, 2016			
	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and Allied Chemicals	Caustic Soda and Allied Chemicals	Power Supply	Total
	Rupees							
Total segment assets	15,726,023	4,938,265	102,479	20,766,768	14,883,358	4,854,186	32,573	19,770,117
Unallocated assets				2,647,228				4,690,452
Total assets				23,413,996				24,460,569

(Amounts in thousand)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

21.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (currency risk, interest rate risk and 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.

21.2 Fair value of financial assets and liabilities

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

22. TRANSACTIONS WITH RELATED PARTIES

22.1 Transactions with related parties, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

		Unaudited		
		Nine months ended		
Nature of relationship	Nature of transactions	September 30, 2017	Rupees	September 30, 2016
Holding Company				
- Engro Corporation Limited	Mark-up on sub-ordinated loan	215,933		220,878
	Reimbursement made	3,924		90,026
	Reimbursement received	23,689		1,615
	Purchase of services	54,375		-
	Medical contribution	129		139
	Short-term loan received	-		1,000,000
	Short-term loan repaid	-		400,000
	Life insurance	421		465
Subsidiary Company				
- Engro Polymer Trading (Private) Limited	Mark-up on short-term loan	1,232		5,547
	Short-term loan received	-		15,906
	Short term loan repaid	85,000		-
Associated Companies				
- Mitsubishi Corporation	Purchase of goods	1,551,162		2,096,689
	Sale of goods	251,955		91,262
- Arabian Sea Country Club	Purchase of services	134		182
Related parties by virtue of common directorship				
- Engro Fertilizers Limited	Sale of goods	12,688		13,775
	Sale of steam and electricity	72,904		58,717
	Reimbursement made	8,613		17,856
	Reimbursement received	-		8,299
	Use of operating assets	8,000		9
- Engro Vopak Terminal Limited	Purchase of services	854,393		741,160
	Reimbursement made	2,408		-
	Reimbursement received	1,911		355

(Amounts in thousand)

Nature of relationship	Nature of transactions	Unaudited Nine months ended September 30, 2017	Rupees	Unaudited Nine months ended September 30, 2016
- Engro Foundation	Reimbursement made	-		12
- Engro Elengy Terminal Limited	Reimbursement received	-		126
- Engro Powergen Qadirpur Limited	Reimbursement made	4,641		8,306
	Reimbursement received	3,280		4,338
- Engro Foods Limited	Sale of goods	4,837		29,250
	Reimbursement made	1,549		6,082
	Reimbursement received	-		3,397
	Use of operating asset	-		165
- Engro Powergen Limited	Reimbursement received	-		10,318
- Sindh Engro Coal Mining Company Limited	Reimbursement made	2		-
	Reimbursement received	-		579
- Engro Thar Power Limited	Reimbursement received	-		94
- Shell Pakistan Limited	Purchase of goods	-		5,875
- The Hub Power Company Limited	Sales of goods	2,757		2,212
- Overseas Investors Chamber of Commerce and Industry	Annual subscription	91		-
- Pakistan Institute of Corporate Governance	Purchase of services	200		463
- Pakistan Japan Business Forum	Annual subscription	-		50
- Lahore University Of Management Sciences	Purchase of services	-		138
Directors	Fee	600		1,050
	Repayment of advance	-		4,125
Contribution to staff retirement benefits	Managed and operated by the Holding Company			
	Provident fund	44,071		40,925
	Gratuity fund	35,308		62,680
	Pension fund	2,314		2,137
Key management personnel	Managerial remuneration	64,883		54,055
	Retirement benefit funds	10,094		8,862
	Bonus	34,402		15,929
	Other benefits	15,886		12,645

(Amounts in thousand)

23. 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 preceeding financial year, whereas the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cashflows have been compared with the balances of comparable period of immediately preceeding financial year.

24. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on October 18, 2017 has approved an interim cash dividend of Rs.0.45 per share for the period ended September 30, 2017 amounting to Rs.298,561. This condensed interim financial information does not include the effect of the said interim dividend.

25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 18, 2017 by the Board of Directors of the Company.

Imran Anwer	**Feroz Rizvi**	**Muhammad Imran Khalil**
President & Chief Executive	Director	Chief Financial Officer

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ

ڈائریکٹرز ریویو برائے حصص یافتگان

30 ستمبر 2017 کو ختم ہونے والے نو مہینوں کا غیر آڈٹ شدہ عبوری مالیاتی بیانیہ

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ ستمبر ۲۰۱۷ تک نو ماہ کی غیر آڈٹ شدہ فنانشل انفارمیشن پیش خدمت ہے۔

کاروباری جائزہ:

2017 کے تیسرے کوارٹر کے دوران بین الاقوامی مارکیٹ میں PVC کی قیمت مثبت برقرار رہی، جس کی اہم وجہ اس کی مانگ اور بین الاقوامی سطح پر سپلائی کا بحران تھا۔ خاص طور پر امریکہ میں جہاں ہاروے سمندری طوفان کے پیشِ نظر کچھ ونائل پلانٹس بند رہے۔ Ethylene کی قیمتوں میں اضافہ ہوا جس کی وجہ محدود سپلائی اور مستحکم ڈاؤن اسٹریم مارجن رہا۔ PVC اور Ethylene کا کور ڈیلٹا اس سہ ماہی کے دوران اچھا رہا۔

ڈومیسٹک مارکیٹ میں ملکی سیاسی عدم استحکام کے باوجود PVC کی طلب مستحکم رہی، جس کی وجہ سرگرمیوں میں تیزی تھی۔ کمپنی نے نو ماہ کے عرصے کیلئے سب سے زیادہ سیلز ریکارڈ کی۔ اس سہ ماہی کے دوران کلور الکلی کی مارکیٹ میں توازن رہا۔

پیداوار میں کمپنی نے اپنی آپریشنل ایکسلنس کو برقرار رکھا اور کسی بھی کوارٹر اور نو ماہ کے عرصے کیلئے اب تک کی سب سے بڑی مقدار میں PVC اور VCM کی پیداوار کی۔ پراسس میں مسلسل بہتری اور تندہی کے ساتھ منصوبہ بندی نے پلانٹ آپریشنز کو فائدہ دیا۔ پلانٹ کی debottlenecking اس سال نمایاں رہی، جو 2017 کے اختتام اور 2018 کے پہلے کوارٹر تک PVC اور VCM کی 195KT تک پیداوار کی سہولت کے ہدف کو حاصل کرنے کی طرف گامزن ہے۔ اس سہ ماہی میں کلور الکلی کے آپریشنز مستحکم رہے۔

2017 کے نو مہینوں میں کمپنی نے 20,390 ملین روپے کی آمدنی ریکارڈ کی جبکہ پچھلے سال کے اسی حصے کی آمدنی 16,610 ملین روپے تھی۔ ٹیکس کے بعد منافع (PAT) 1,947 ملین روپے رہا جس کے نتیجے میں EPS Rs 2.93 رہا، جبکہ پچھلے سال کے اسی حصے میں ٹیکس کے بعد 32 ملین روپے کے منافع سے موازنے پر EPS Rs 0.05 تھا۔ PVC سیگمنٹ میں بہترین کارکردگی اور پیداوار میں مہارت نے کمپنی کے منافع میں اضافے کیلئے اہم کردار ادا کیا۔ کمپنی کے ڈائریکٹرز نے Rs 0.45 فی شیئر عبوری کیش ڈیویڈنڈ کا اعلان کیا۔

کمپنی نے اپنے کام میں صحت، حفاظت اور ماحولیات پر خصوصی توجہ مرکوز رکھی۔ حفاظتی اقدامات کی مسلسل نگرانی سے عمل کو بہتر بنانے میں مدد ملی اور ان اقدامات پر عمل درآمد کے ذریعے حادثات سے بچنے میں مدد ملی۔

مستقبل پر نظر

بین الاقوامی مارکیٹ میں PVC اور Ethylene کی قیمتوں کا دارومدار عالمی معاشی صورت حال، اور طلب و رسد پر منحصر ہے۔ PVC کی مقامی مارکیٹ سے بہترین توقعات ہیں جب کے کاسٹک مارکیٹ میں بھی توازن متوقع ہے۔ کمپنی بہتری اور آپریشنل ایکسلنس پر اپنی توجہ جاری رکھے گی۔

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