



engro polymer & chemicals

Financial Information for the Period
ended March 31, 2013

CONTENTS

Company Information	2
Directors' Review on Unaudited Consolidated Condensed Interim Financial Information	4
Unaudited Consolidated Condensed Interim Financial Information	5
Unaudited Condensed Interim Financial Information	25



COMPANY INFORMATION

Chairman	Muhammad Aliuddin Ansari
President and Chief Executive	Khalid Siraj Subhani
Directors	Muhammad Afnan Ahsan Isar Ahmed Kimihide Ando Shahzada Dawood Shabbir Hashmi Waqar Malik Takashi Yoshida Naz Khan
Company Secretary	Kaleem Ahmad
Chief Financial Officer	Haseeb Hafeezuddin
Board Audit Committee	Isar Ahmad Kimihide Ando Shabbir Hashmi Naz Khan
Bankers / Lenders	Allied Bank Ltd. Askari Bank Ltd. Bank Al Falah Ltd. Bank Al Habib Ltd. Barclays Bank PLC., Pakistan Citibank N.A. Deutsche Bank AG Faysal Bank Ltd. Habib Bank Ltd. HSBC Bank Middle East Limited-Pakistan International Finance Corporation MCB Bank Ltd. Meezan Bank Ltd. National Bank of Pakistan Standard Chartered Bank (Pakistan) Ltd. Summit Bank Ltd. 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 1st Floor, State Life Building 1-A, I.I. Chundrigar Road Karachi - 74000 Tel: (92-21) 32427012, 32426597, 32425467
Website	www.engropolymer.com





engro polymer & chemicals

**DIRECTORS' REVIEW &
UNAUDITED CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2013**



**ENGRO POLYMER & CHEMICALS LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2013**

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 quarter ended March 31, 2013.

Business Review

Revenue during 1Q 2013 was Rs. 5,887 million showing an increase of 17% over the same period last year. Growth in revenue is mainly attributable to increased PVC and Caustic prices as compared to last period. Additionally, exports of 3K tons of VCM were made during the period. The Company posted a profit after tax of Rs. 262.8 million in 1Q 2013 as compared to a profit after tax of Rs. 414.3 million in the same period last year mainly attributable to an extra-ordinary post-tax insurance claim of Rs. 254m received in the corresponding period. Profit excluding the extra-ordinary item increased by Rs. 103 million compared to same period last year.

Vinyl Chloride Monomer (VCM) production during the quarter was 39.9K tons as compared to 33K tons in 1Q 2012 due to consistent plant operations.

Poly Vinyl Chloride (PVC) production during 1Q 2013 was 34K tons as compared to 36K tons in 1Q 2012. Production was lower than last year mainly due to an advance shutdown taken during the period. PVC sales volume remained consistent at 37 K tons in line with the corresponding period.

Caustic Soda production for the quarter was 28K tons. The Company sold 25K tons in 1Q 2013 which was same as corresponding period. A total of 5K tons of Sodium Hypochlorite was produced and sold in the domestic market during the quarter.

International PVC prices increased on the average by \$106 per ton during the quarter on account of higher demand and feedstock prices. Ethylene prices on the other hand increased on average by \$200 per ton during the quarter on account of high oil prices and plant turnarounds.

Near Future Outlook

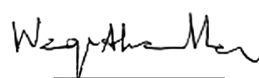
The management of the Company will continue its focus and commitment on safe and sustained operations of the integrated facility at design operating level to obtain full economic benefits. PVC prices are expected to remain soft in 2Q 2013, whereas Caustic Soda prices are expected to remain stable in the short term. PVC and Caustic Soda demand is expected to remain stable to strong.



Khalid Siraj Subhani

President & Chief Executive

Karachi
April 19, 2013



Waqar Malik

Director



ENGRO POLYMER & CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013

(Amounts in thousand)

	Note	(Unaudited) March 31, 2013	(Audited) December 31, 2012
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	17,386,672	17,633,526
Intangible assets	6	28,392	30,864
Long term loans and advances		54,495	49,340
Deferred taxation	7	826,413	885,117
		<u>18,295,972</u>	<u>18,598,847</u>
Current Assets			
Stores, spares and loose tools		1,474,383	1,478,662
Stock-in-trade	8	3,245,065	3,052,436
Trade debts - considered good	9	207,018	266,465
Loans, advances, deposits, prepayments and other receivables	10	221,478	404,115
Taxes recoverable	11	984,272	1,026,562
Short term investments		268,141	169,545
Cash and bank balances	12	88,830	94,732
		<u>6,489,187</u>	<u>6,492,517</u>
TOTAL ASSETS		<u>24,785,159</u>	<u>25,091,364</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(91,814)	(92,077)
Accumulated loss		(915,762)	(1,178,636)
		<u>6,591,141</u>	<u>6,328,004</u>
Non-Current Liabilities			
Long term borrowings	14	7,573,180	7,531,866
Derivative financial instruments	15	141,252	141,656
Retirement and other service benefit obligations		51,266	54,534
		<u>7,765,698</u>	<u>7,728,056</u>
Current Liabilities			
Current portion of long term borrowings		2,063,301	2,052,981
Short term borrowings	16	1,137,221	2,004,084
Trade and other payables	17	6,814,759	6,768,466
Accrued interest / mark-up		324,821	121,555
Provision	18	88,218	88,218
		<u>10,428,320</u>	<u>11,035,304</u>
TOTAL EQUITY AND LIABILITIES		<u>24,785,159</u>	<u>25,091,364</u>

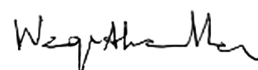
Commitments

19

The annexed notes 1 to 32 form an integral part of this consolidated condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



[Amounts in thousand except for profit per share]

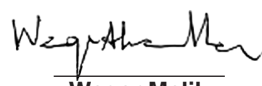
ENGRO POLYMER & CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Note	Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees	
Net revenue	20	5,887,506	5,018,709
Cost of sales	21	(4,666,314)	(3,951,666)
Gross profit		1,221,192	1,067,043
Distribution and marketing expenses	22	(352,176)	(293,288)
Administrative expenses	23	(108,570)	(97,117)
Other operating expenses	24	(113,959)	(91,453)
Other operating income	25	18,481	403,328
Operating profit		664,968	988,513
Finance cost - net	26	(310,979)	(357,600)
Profit before taxation		353,989	630,913
Taxation		(91,115)	(216,654)
Profit for the period		262,874	414,259
Profit per share			
- basic and diluted		0.40	0.62

The annexed notes 1 to 32 form an integral part of this consolidated condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



(Amounts in thousand)

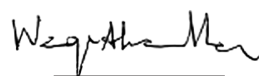
ENGRO POLYMER & CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
Profit for the period	262,874	414,259
Other comprehensive income / (loss):		
Hedging reserve		
Gain / (Loss) arising during the period	(11,013)	(3,126)
Less:		
- Reclassification adjustments for losses included in profit and loss	11,417	585
Income tax relating to hedging reserve	(141)	889
Other comprehensive income / (loss) for the period - net of tax	263	(1,652)
Total comprehensive income for the period	<u>263,137</u>	<u>412,607</u>

The annexed notes 1 to 32 form an integral part of this consolidated condensed interim financial information.



Khalid Siraj Subhani
President & Chief Executive



Waqar Malik
Director



(Amounts in thousand)

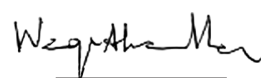
ENGRO POLYMER & CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Share capital	RESERVES		Total	
		CAPITAL	REVENUE		
	Share premium	Hedging reserve	Accumulated loss		
Rupees					
Balance as at January 1, 2012 (Audited)	6,634,688	964,029	(102,221)	(1,255,645)	6,240,851
Total comprehensive income / (loss) for the three months ended March 31, 2012	-	-	(1,652)	414,259	412,607
Balance as at March 31, 2012 (Unaudited)	<u>6,634,688</u>	<u>964,029</u>	<u>(103,873)</u>	<u>(841,386)</u>	<u>6,653,458</u>
Total comprehensive income / (loss) for the nine months ended December 31, 2012	-	-	11,796	(337,250)	(325,454)
Balance as at December 31, 2012 (Audited)	<u>6,634,688</u>	<u>964,029</u>	<u>(92,077)</u>	<u>(1,178,636)</u>	<u>6,328,004</u>
Total comprehensive income for the three months ended March 31, 2013	-	-	263	262,874	263,137
Balance as at March 31, 2013 (Unaudited)	<u>6,634,688</u>	<u>964,029</u>	<u>(91,814)</u>	<u>(915,762)</u>	<u>6,591,141</u>

The annexed notes 1 to 32 form an integral part of this consolidated condensed interim financial information.



Khalid Siraj Subhani
President & Chief Executive



Waqar Malik
Director



(Amounts in thousand)

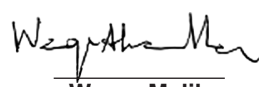
ENGRO POLYMER & CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Note	Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	1,108,643	1,150,856
Finance costs paid		(113,436)	(68,894)
Long term loans and advances		(5,155)	(12,327)
Income tax (paid) / refunded		9,737	(84,551)
Net cash generated from operating activities		999,789	985,084
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(49,927)	(105,380)
Purchases of intangible assets		-	(9,949)
Proceeds from disposal of operating assets		3,972	12,672
Purchases of short term investment		(95,000)	(140,713)
Income on short term investments and bank deposits		2,127	3,056
Net cash utilized in investing activities		(138,828)	(240,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		-	-
Net cash utilized in financing activities		-	-
Net increase in cash and cash equivalents		860,961	744,770
Cash and cash equivalents at beginning of the period		(1,109,352)	(607,905)
Cash and cash equivalents at end of the period	28	(248,391)	136,865

The annexed notes 1 to 32 form an integral part of this consolidated condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



ENGRO POLYMER & CHEMICALS LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

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 Karachi, Lahore and Islamabad Stock Exchanges.

The Company is a subsidiary of Engro Corporation Limited. 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), PVC compounds, Caustic soda and other related chemicals. The Company is also engaged in supply of surplus power generated from its power plants to Engro Fertilizers Limited.

In 2006, the Company commenced work on its expansion and backward integration project comprising setting up of a new PVC plant, Ethylene Di Chloride (EDC), Chlor-alkali, Vinyl Chloride Monomer (VCM) and Power plants (the Project). In 2009, the Company commenced commercial operations of new PVC, EDC, Chlor-alkali and Power plants (Gas turbines). On September 30, 2010, the Company declared commercial operations of the VCM plant, after which the integrated chemical complex is complete.

2 BASIS OF PREPARATION

This consolidated condensed interim financial information of the Company for the three months ended March 31, 2013 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). In case where requirements differ, the provisions of or directives issued under the Ordinance take precedence.

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 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 the changes resulting from initial application of standards, amendments or an interpretation to existing standards as stated in note 3.2 which though adopted does not have any impact on this consolidated condensed interim financial information.

3.2 Following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after January 1, 2013, but are either not currently relevant to the Company or do not have any significant effect on the Company's financial information :

- IFRS 12, 'Disclosure of interests in other entities'
- IFRS 13, 'Fair value measurement'
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 19 (Amendment) 'Employee benefits'
- IAS 16 (Amendment) 'Property, plant and equipment'
- IAS 32 (Amendment) 'Financial instruments: Presentation'



(Amounts in thousand)

3.3 Following new standards, amendments and interpretations to published standards are not effective for the accounting period beginning January 1, 2013 and have not been early adopted by the Company:

- IAS 32 (Amendment), 'Financial instruments: Presentation (effective for periods beginning on January 1, 2014).
- IFRS 9 'Financial instruments' (effective for periods beginning on January 1, 2015)

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

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, 2012.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value		
- notes 5.1 and 5.2	17,225,468	17,476,546
Capital work-in-progress	161,204	156,980
	<u>17,386,672</u>	<u>17,633,526</u>
5.1 Additions to operating assets during the period / year were as follows:		
Building on leasehold land	3,342	48,854
Plant and machinery	38,081	259,888
Furniture, fixtures and equipment	1,622	7,082
Vehicles	2,658	43,335
	<u>45,703</u>	<u>359,159</u>



(Amounts in thousand)

- 5.2 During the period, assets costing Rs. 8,437 (December 31, 2012: Rs. 31,050), having net book value of Rs. 2,660 (December 31, 2012: Rs. 16,093) were disposed off for Rs. 3,972 (December 31, 2012: Rs. 18,520) and assets costing Rs. 773 (December 31, 2012: Rs. 11,385) and having net book value of Rs. 681 (December 31, 2012: Rs. 7,109) were written-off.

6 INTANGIBLE ASSETS

Additions made during the period amount to Nil. (December 31, 2012: Rs. 10,227).

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
7 DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(4,119,971)	(4,149,265)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 7.1	4,292,544	4,412,854
- recoupable minimum turnover tax	448,759	420,691
- unpaid liabilities and provision for certain retirement and other service benefits	54,726	50,770
- provision against custom duty and SED refundable	37,191	37,191
- provision for stocks and slow moving stores and spares	6,017	5,588
- fair value of hedging instruments	49,438	49,579
- share issuance cost, net to equity	57,709	57,709
	4,946,384	5,034,382
	<u>826,413</u>	<u>885,117</u>

- 7.1 The aggregate tax losses available for carry-forward as at March 31, 2013 amount to Rs.12,264,411 (December 31, 2012: Rs.12,608,153), on which deferred income tax asset has been recognized, all of which relate to unabsorbed depreciation and amortization.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
8 STOCK-IN-TRADE		
Raw and packing materials - note 8.1	2,617,088	2,218,014
Work-in-process	21,524	-
Finished goods - note 8.1 and 8.2	606,453	834,422
	<u>3,245,065</u>	<u>3,052,436</u>



(Amounts in thousand)

8.1 This includes stocks held at storage facilities of the following parties:

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
Engro Vopak Terminal Limited, a related party	905,673	918,703
Dawood Hercules Corporation Limited, a related party	4,821	2,773
Al Rahim Trading Company (Private) Limited	614,292	520,158
	<u>1,524,786</u>	<u>1,441,634</u>

8.2 This includes carrying value of PVC resin, net of realizable value reduction of Rs. 20,277 (December 31, 2012: Rs. 20,822).

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	

9 TRADE DEBTS - considered good

Secured	150,469	214,570
Unsecured - note 9.1	56,549	51,895
	<u>207,018</u>	<u>266,465</u>

9.1 Includes amounts due from the following related party:

- Engro Foods Limited	<u>2,001</u>	<u>2,788</u>
-----------------------	--------------	--------------

**10 LOANS, ADVANCES, DEPOSITS,
PREPAYMENTS AND OTHER RECEIVABLES**

Includes receivable from the following related parties; Engro Vopak Terminal Limited amounting to Rs. 3,346 (December 31, 2012: Rs.1,436); Engro PowerGen Limited amounting to Rs. 887 (December 31, 2012: Nil); Engro Fertilizers Limited amounting to Rs. 9,126 (December 31, 2012: Rs. 3,658); Engro Powergen Qadirpur Limited amounting to Rs 52 (December 31, 2012: Nil)



11 TAXES RECOVERABLE

11.1 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 (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 balance of Rs. 32,404 'under protest'.

During the 2011, through an 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 has been filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department has also filed an appeal against the said appellate order challenging the actions of the CIR(A).

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 consequently has not recognized the effects for the same in the consolidated condensed interim financial information.

11.2 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 disallowing finance cost of Rs. 457,282; additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance; disallowing provision for the retirement benefits of Rs. 14,239; disallowing provision against receivable of Special Excise Duty of Rs. 36,689; adding imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss as per the revised return as a consequence of the matters explained in note 11.3

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).

In 2011, through an 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 has been filed before the ATIR. The department has also filed an appeal against the said appellate order challenging the action of CIR(A) deleting the addition on account of provision for the retirement benefits.

The management of the Company is confident that the ultimate outcome of the aforesaid appeal would be decided in its favour and consequently has not recognized the effects for the same in the consolidated condensed interim financial information.

11.3 Assessment Year 2000-2001

While finalizing the assessment, the Taxation Officer had disallowed the First Year Allowance (FYA) claimed by the Company on the grounds that the Company had not met the criteria for claiming this allowance as required under the repealed Income Tax Ordinance, 1979. The Company had filed an appeal against the said disallowance before the CIR(A) which was decided in favor of the Company. The department, thereafter, filed second appeal before the ATIR. Although in case of assessment year 2001-2002, a similar issue was decided by the ATIR in the Company's favor, the ATIR, for assessment year 2000-2001 departing from the previous view, has decided the matter against the Company and maintained the disallowance of FYA amounting to Rs. 1,884,359.

This disallowance had resulted in tax deductible timing differences, the effects of which had been duly recognized by revising the income tax returns for the tax years 2003 to 2007 and 2009. Due to the aforesaid revision, a tax liability of Rs. 86,767 arose in tax year 2008 which has been settled by adjusting the recoupable minimum tax brought forward from prior years.



(Amounts in thousand)

12 CASH AND BANK BALANCES	(Unaudited)	(Audited)
	March 31, 2013	December 31, 2012
	Rupees	
Cash in hand	612	755
Cash at bank on:		
- current accounts	75,695	75,363
- saving accounts	12,523	18,614
	88,218	93,977
	<u>88,830</u>	<u>94,732</u>

13 SHARE CAPITAL

Authorized capital

800,000,000 (2012: 800,000,000) ordinary shares of Rs. 10 each

8,000,000

8,000,000

Issued, subscribed and paid-up capital

663,468,788 (2012: 663,468,788) ordinary shares of Rs. 10 each, fully paid in cash

6,634,688

6,634,688

13.1 As at March 31, 2013, Engro Corporation Limited - the Holding Company, holds 372,809,989 ordinary shares of Rs. 10 each (December 31, 2012: 372,809,989 ordinary shares of Rs. 10 each).

14 LONG TERM BORROWINGS, secured

14.1

Title	Mark-up rate per annum	Installments		(Unaudited)	(Audited)
		Number	Commencing from	March 31, 2013	December 31, 2012
				Rupees	
Syndicated term finance I	6 months KIBOR + 2.25%	13 half yearly	November 2010	4,243,969	4,254,218
Syndicated term finance II	6 months KIBOR + 3%	13 half yearly	June 2010	1,061,213	1,068,045
Syndicated term finance III	6 months KIBOR + 2%	Single	June 2012	-	-
Syndicated term finance IV (note 16.1)	6 months KIBOR + 2.55%	6 half yearly	May 2013	483,932	490,764
Master Istisna I	6 months KIBOR + 1.5%	6 half yearly	May 2013	100,000	100,000
Master Istisna II	6 months KIBOR + 2%	3 half yearly	June 2012	-	-
Master Istisna III (note 16.2)	6 months KIBOR + 2%	6 half yearly	June 2015	200,000	200,000
International Finance Corporation (IFC)	6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	3,547,367	3,471,820
				9,636,481	9,584,847
Less: Current portion shown under current liabilities				(2,063,301)	(2,052,981)
				<u>7,573,180</u>	<u>7,531,866</u>



(Amounts in thousand)

14.2 Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and syndicates of banks, the Company is required to comply with certain debt covenants. As at March 31, 2013, all debt covenants have been complied with except for current ratio and debt service coverage ratio. Waiver for current ratio deviation has been obtained from IFC, whereas waivers have been applied with local syndicates for current ratio and debt service coverage ratio.

15 DERIVATIVE FINANCIAL INSTRUMENTS

15.1 As at March 31, 2013, the Company has outstanding cross-currency interest rate swap agreements with banks for notional amounts aggregating US\$ 7,167, to hedge its interest rate exposure on floating rate local currency borrowings from a consortium of local banks under a Syndicate Finance Agreement. Under the swap agreement, the Company would receive six month KIBOR on the relevant PKR notional amount and will pay six month USD-LIBOR on the relevant USD notional amount, which will be settled semi-annually.

15.2 As at March 31, 2013, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating US\$ 24,000 to hedge its interest rate exposure on floating rate foreign currency borrowings from International Finance Corporation (IFC). Under the swap agreements, the Company would receive six month USD-LIBOR on respective notional amounts and will pay fix rates, which will be settled semi-annually.

15.3 Details of the swap agreements are as follows:

Notional Amounts US \$	Effective Date	Termination Date	Rate %	Fair Value	
				(Unaudited) March 31, 2013	(Audited) December 31, 2012
				Rupees	
Interest Rate Swap Agreements			Fixed Rate		
9,000	December 15, 2008	June 15, 2017	3.385	60,594	60,061
3,000	June 15, 2009	June 15, 2017	3.005	17,379	17,240
9,000	June 15, 2009	June 15, 2017	2.795	47,462	47,110
3,000	June 15, 2009	June 15, 2017	2.800	15,844	15,701
24,000				141,279	140,112
Cross Currency Interest Rate Swap Agreements			Floating Rate		
1,748	September 9, 2010	June 15, 2015	LIBOR + 0.95	(2,583)	(1,388)
2,468	January 18, 2011	January 19, 2016	LIBOR + 3.70	496	264
2,951	July 6, 2011	June 30, 2016	LIBOR + 1.83	2,060	2,668
7,167				(27)	1,544
<u>31,167</u>				<u>141,252</u>	<u>141,656</u>



16 SHORT TERM BORROWINGS

The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amount to Rs. 1,550,000 (December 31, 2012: Rs. 1,700,000). 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 1% to relevant period KIBOR plus 2.5% (December 31, 2012: relevant period KIBOR plus 1.0% to relevant period KIBOR plus 2.5%).

In addition to above, the Company received a loan from Engro Corporation Limited (The Holding Company) amounting to Rs. 800,000 for meeting its working capital requirements. The loan is subordinated to the finances provided to the subsidiary by its banking creditors. The loan carries markup at the rate of 3 months KIBOR + 3.5%, payable quarterly.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
17 TRADE AND OTHER PAYABLES		
Trade and other creditors - note 17.1	5,603,584	5,143,772
Accrued liabilities	817,976	836,994
Advances from customers - note 17.1	250,507	723,545
Retention money against project payments	19,312	19,280
Security deposits	7,899	8,470
Workers' profits participation fund and workers' welfare fund	23,026	9,229
Workers Welfare Fund	20,198	11,006
Sales tax and SED payable	59,657	-
Withholding tax payable	7,586	4,313
Others - note 17.1	5,014	11,857
	<u>6,814,759</u>	<u>6,768,466</u>

17.1 Includes amounts due to the following related parties:

- Engro Corporation Limited	25,984	4,211
- Mitsubishi Corporation	5,376,846	5,008,730
- Engro Foods Limited	255	255
- Engro Fertilizers Limited	1,399	4,719
- Engro Vopak Terminal Limited	88,306	84,549
- Engro Powergen Limited	-	2,880
- Engro Powergen Qadirpur Limited	-	81
	<u>5,492,790</u>	<u>5,105,425</u>



18 PROVISION

This provision relates to the potential duty exposure on import of raw materials at concessionary rates.

In 2009, the Company received a letter from the Assistant Collector (Survey) Large Taxpayers Unit regarding the utilization of raw materials imported under SRO 565(I)/2006 on a concessionary basis for customs duty. The letter alleged that the Company had violated the provisions of the SRO by utilizing the concessionary imports in manufacturing and selling the intermediary product Ethylene Di Chloride (EDC) rather than its utilization in the production of the final product Poly Vinyl Chloride (PVC). The Company responded to the letter explaining its view that imports under the said SRO were allowable for 'PVC Manufacturing Industry' as a whole, which includes manufacturing of intermediary products. However, the tax department has shown its disagreement with the Company's view and has demanded further information, to which the Company has responded.

Although, no formal order creating a demand has yet been received by the Company, however, based on prudence, a provision amounting to Rs. 88,218 (December 31, 2012: Rs. 88,218) in respect of custom duty on such raw materials has been made.

19 COMMITMENTS

19.1 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at March 31, 2013 amounts to Rs. 1,598,000 (December 31, 2012: Rs. 1,598,000). The amount utilized at March 31, 2013 is Rs. 807,176 (December 31, 2012: Rs. 930,932).

19.2 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Dawood Hercules Corporation Limited – a related party, for storage and handling of Ethylene Di Chloride and Caustic soda respectively. The total lease rentals due under these lease arrangements are payable in periodic monthly installments till April 30, 2019. The future aggregate lease payments under these arrangements are as follows:

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
Not later than 1 year	32,514	50,780
Later than 1 year and no later than 5 years	57,600	57,600
Later than 5 years	16,800	19,200
	<u>106,914</u>	<u>127,580</u>
	Unaudited	
	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
Net local sales	5,421,776	4,785,964
Export sales	448,480	8,880
Supply of electricity	17,250	223,865
	<u>5,887,506</u>	<u>5,018,709</u>

20 NET REVENUE

(Amounts in thousand)

	Unaudited	
	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
Opening stock of work-in-progress	-	24,258
Raw and packing materials consumed	2,754,640	2,355,112
Salaries, wages and staff welfare	188,872	161,943
Fuel, power and gas	792,946	691,164
Repairs and maintenance	81,534	98,518
Depreciation	289,460	287,145
Consumable stores	50,490	43,541
Purchased services	14,787	8,617
Storage and handling	252,090	238,663
Training and travelling	836	3,513
Communication, stationery and other office expenses	1,052	1,223
Insurance	22,676	19,578
Other expenses	10,486	6,049
	4,459,869	3,915,066
Closing stock of work-in-progress	(21,524)	(3,370)
Cost of goods manufactured	4,438,345	3,935,954
Opening stock of finished goods	834,422	789,329
Closing stock of finished goods	(606,453)	(773,617)
	227,969	15,712
	4,666,314	3,951,666

22 DISTRIBUTION AND MARKETING EXPENSES

Salaries, wages and staff welfare	36,924	17,644
Advertising, sales promotion and entertainment	30,394	29,514
Product transportation and handling	269,849	233,069
Rent, rates and taxes	3,694	2,570
Purchased services	1,423	2,918
Insurance	290	277
Depreciation	1,304	1,127
Training and travelling	4,278	1,465
Communication, stationery and other office expenses	997	817
Others	3,023	3,887
	352,176	293,288



(Amounts in thousand)

	Unaudited	
	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
23 ADMINISTRATIVE EXPENSES		
Salaries, wages and staff welfare	42,152	49,520
Rent, rates and taxes	11,723	11,540
Purchased services	26,414	10,425
Insurance	1,873	980
Depreciation and amortization	5,148	3,684
Training and travelling expenses	16,718	15,407
Communication, stationery and other office expenses	3,041	2,138
Others	1,501	3,423
	<u>108,570</u>	<u>97,117</u>
24 OTHER OPERATING EXPENSES		
Legal and professional charges	6,148	8,462
Auditors' remuneration	552	516
Donations	2,155	-
Workers' profit participation fund	13,797	29,807
Workers' welfare fund	9,192	14,121
Write-off of damaged operating assets	681	-
Foreign exchange loss - net	81,434	38,547
	<u>113,959</u>	<u>91,453</u>
25 OTHER OPERATING INCOME		
Scrap sales	17,169	10,670
Profit on disposal of operating assets	1,312	682
Insurance claim	-	391,000
Others	-	976
	<u>18,481</u>	<u>403,328</u>



(Amounts in thousand)

		Unaudited	
		Quarter ended	
26	FINANCE COST - net	March 31, 2013	March 31, 2012
		Rupees	
	Finance Cost		
	Interest / Mark-up on:		
	- long term borrowings	225,935	301,269
	- short term finances	38,913	23,212
	Foreign exchange loss on foreign currency borrowings	46,440	31,680
	Guarantee commission	1,229	1,679
	Bank charges and others	4,185	2,816
		316,702	360,656
	Finance Income		
	Income on short term investments and bank deposits	(5,723)	(3,056)
		310,979	357,600
		<u>310,979</u>	<u>357,600</u>
	27 CASH GENERATED FROM OPERATIONS		
	Profit before taxation	353,989	630,913
	Adjustments for non cash charges and other items:		
	Provision for staff retirement and other service benefits	(3,268)	(10,016)
	Provision against concessionary import duty on import of raw materials and Special Excise Duty	-	4,040
	Provision for net realizable value of stock-in-trade	20,277	21,616
	Provision for slow moving stores and spares	1,225	967
	Depreciation and amortization	295,912	291,956
	Income on short term investments and bank deposits	(5,723)	(3,056)
	Loss on revaluation of IFC loan	46,440	31,680
	Amortization of prepaid financial charges	5,195	5,504
	Finance costs	316,702	360,656
	Profit on disposal of operating assets	(1,312)	(682)
	Write-off of damaged operating assets	681	-
	Working capital changes - note 27.1	78,525	(182,722)
		<u>1,108,643</u>	<u>1,150,856</u>
	27.1 WORKING CAPITAL CHANGES		
	Decrease / (increase) in current assets		
	Stores, spares and loose tools	3,054	(147,420)
	Stock-in-trade	(212,906)	(226,738)
	Trade debts - considered good	59,447	107,651
	Loans, advances, deposits, prepayments and other receivables	182,637	(388,440)
		<u>32,232</u>	<u>(654,947)</u>
	Increase in current liabilities		
	Trade and other payables	46,293	472,225
		<u>78,525</u>	<u>(182,722)</u>



(Amounts in thousand)

Unaudited Quarter ended		
March 31, 2013	March 31, 2012	
Rupees		
Cash and bank balances	88,830	446,581
Short term borrowings	(337,221)	(309,716)
	<u>(248,391)</u>	<u>136,865</u>

28 CASH AND CASH EQUIVALENTS**29 SEGMENT INFORMATION**

29.1 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, 2012.

	Unaudited March 31, 2013				Unaudited March 31, 2012			
	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							
Revenue	4,612,029	1,258,227	17,250	5,887,506	3,886,068	1,123,761	8,880	5,018,709
Profit before unallocated expenses	<u>419,073</u>	<u>441,953</u>	<u>7,990</u>	869,016	<u>380,329</u>	<u>392,797</u>	<u>629</u>	773,755
Unallocated (expenses) / Income								
Administrative expenses				(108,570)				(97,117)
Other operating expenses				(113,959)				(91,453)
Other operating income				18,481				403,328
Finance costs				(310,979)				(357,600)
Taxation				(91,115)				(216,654)
Profit after taxation				<u>262,874</u>				<u>414,259</u>

	Unaudited March 31, 2013				Audited December 31, 2012			
	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	14,915,251	6,625,890	52,550	21,593,691	14,642,414	6,297,304	59,527	20,999,245
Unallocated assets				3,191,468				4,092,119
Total assets				<u>24,785,159</u>				<u>25,091,364</u>

29.2 Segment assets consist primarily of property, plant and equipment, stores & spares, stock in trade and trade debts.



30 TRANSACTIONS WITH RELATED PARTIES**(Amounts in thousand)**

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

Nature of relationship	Nature of transactions	Unaudited Quarter ended	
		March 31, 2013	March 31, 2012
Holding company	Purchase of services	8,498	4,023
	Mark up on subordinated loan	25,272	-
	Use of operating assets	186	-
	Reimbursement made	831	649
	Reimbursements received	1,811	113
	Medical contribution	44	-
	Pension fund contribution	1,499	1,143
	Provident fund contribution	2,327	1,913
	Gratuity fund contribution	470	661
Associated companies	Purchase of goods	898,136	2,254,858
	Reimbursement made	-	1,679
	Sale of Goods	332,580	223,865
	Purchase of services	356	307
Related parties by virtue of common directorship	Purchase of goods	2,862	10,533
	Purchase of services	227,676	210,119
	Sale of goods	14,335	20,169
	Sale of services	126	126
	Sale of steam and electricity	20,927	11,305
	Use of operating assets	2,182	835
	Annual subscription	50	121
	Reimbursement	8,211	3,103
Reimbursement received	3,649	8,063	
Directors' fee		500	400
Key management personnel	Managerial remuneration	16,124	21,612
	Retirement benefits	2,625	2,641
	Bonus	6,008	5,876
	Other benefits	3,477	3,235
Contribution to staff retirement benefits	Pension fund	4,934	3,936
	Provident fund	9,403	5,735
	Gratuity fund	11,507	1,592



31 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 consolidated financial statements of preceding financial year, whereas the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

32 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on April 19, 2013 by the Board of Directors of the Company.



Khalid Siraj Subhani
President & Chief Executive



Waqar Malik
Director





engro polymer & chemicals

**UNAUDITED CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2013**



ENGRO POLYMER & CHEMICALS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013

(Amounts in thousand)

	Note	(Unaudited) March 31, 2013	(Audited) December 31, 2012
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	17,386,672	17,633,526
Intangible assets	6	28,392	30,864
Long term investment		50,000	50,000
Long term loans and advances		54,495	49,340
Deferred taxation	7	826,413	885,117
		<u>18,345,972</u>	<u>18,648,847</u>
Current Assets			
Stores, spares and loose tools		1,474,383	1,478,662
Stock-in-trade	8	3,245,065	3,052,402
Trade debts - considered good	9	207,018	267,868
Loans, advances, deposits, prepayments and other receivables	10	212,575	393,880
Taxes recoverable	11	983,397	1,025,700
Cash and bank balances	12	83,319	89,300
		<u>6,205,757</u>	<u>6,307,812</u>
TOTAL ASSETS		<u><u>24,551,729</u></u>	<u><u>24,956,659</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(91,814)	(92,077)
Accumulated loss		(1,141,817)	(1,308,239)
		<u>6,365,086</u>	<u>6,198,401</u>
Non-Current Liabilities			
Long term borrowings	14	7,573,180	7,531,866
Derivative financial instruments	15	141,252	141,656
Retirement and other service benefit obligations		51,266	54,534
		<u>7,765,698</u>	<u>7,728,056</u>
Current Liabilities			
Current portion of long term borrowings		2,063,301	2,052,981
Short term borrowings	16	1,137,221	2,004,084
Trade and other payables	17	6,807,384	6,763,364
Accrued interest / mark-up		324,821	121,555
Provision	18	88,218	88,218
		<u>10,420,945</u>	<u>11,030,202</u>
TOTAL EQUITY AND LIABILITIES		<u><u>24,551,729</u></u>	<u><u>24,956,659</u></u>
Commitments			
	19		

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



[Amounts in thousand except for profit per share]

ENGRO POLYMER & CHEMICALS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Note	Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees	
Net revenue	20	5,787,536	4,963,830
Cost of sales	21	(4,666,280)	(3,912,684)
Gross profit		1,121,256	1,051,146
Distribution and marketing expenses	22	(351,601)	(284,774)
Administrative expenses	23	(108,534)	(97,117)
Other operating expenses	24	(111,081)	(88,379)
Other operating income	25	18,481	403,328
Operating profit		568,521	984,204
Finance cost - net	26	(313,556)	(358,265)
Profit before taxation		254,965	625,939
Taxation		(88,543)	(214,179)
Profit for the period		166,422	411,760
Profit per share			
- basic and diluted		0.25	0.62

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



ENGRO POLYMER & CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

(Amounts in thousand)

	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
Profit for the period	166,422	411,760
Other comprehensive income / (loss):		
Hedging reserve		
Gain / (Loss) arising during the period	(11,013)	(3,126)
Less:		
- Reclassification adjustments for losses included in profit and loss	11,417	585
Income tax relating to hedging reserve	(141)	889
Other comprehensive income / (loss) for the period - net of tax	263	(1,652)
Total comprehensive income for the period	<u>166,685</u>	<u>410,108</u>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



(Amounts in thousand)

ENGRO POLYMER & CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Share capital	RESERVES		Total	
		CAPITAL	REVENUE		
	Share premium	Hedging reserve	Accumulated loss		
Rupees					
Balance as at January 1, 2012 (Audited)	6,634,688	964,029	(102,221)	(1,357,965)	6,138,531
Total comprehensive income / (loss) for the three months ended March 31, 2012	-	-	(1,652)	411,760	410,108
Balance as at March 31, 2012 (Unaudited)	6,634,688	964,029	(103,873)	(946,205)	6,548,639
Total comprehensive income / (loss) for the nine months ended December 31, 2012	-	-	11,796	(362,034)	(350,238)
Balance as at December 31, 2012 (Audited)	6,634,688	964,029	(92,077)	(1,308,239)	6,198,401
Total comprehensive income for the three months ended March 31, 2013	-	-	263	166,422	166,685
Balance as at March 31, 2013 (Unaudited)	<u>6,634,688</u>	<u>964,029</u>	<u>(91,814)</u>	<u>(1,141,817)</u>	<u>6,365,086</u>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
 President & Chief Executive



Waqar Malik
 Director



(Amounts in thousand)

ENGRO POLYMER & CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

	Note	Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	1,009,960	1,005,818
Finance costs paid		(112,331)	(67,029)
Long term loans and advances		(5,155)	(12,327)
Income tax (paid) / refunded		12,322	(81,593)
Net cash generated from operating activities		904,796	844,869
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(49,927)	(105,380)
Purchases of intangible assets		-	(9,949)
Proceeds from disposal of operating assets		3,972	12,672
Income on short term investments and bank deposits		2,041	654
Net cash utilized in investing activities		(43,914)	(102,003)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		-	-
Net cash utilized in financing activities		-	-
Net increase in cash and cash equivalents		860,882	742,866
Cash and cash equivalents at beginning of the period		(1,114,784)	(616,112)
Cash and cash equivalents at end of the period	28	(253,902)	126,754

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
President & Chief Executive



Waqar Malik
Director



ENGRO POLYMER & CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2013

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 Karachi, Lahore and Islamabad Stock Exchanges.

The Company is a subsidiary of Engro Corporation Limited. 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), PVC compounds, Caustic soda and other related chemicals. The Company is also engaged in supply of surplus power generated from its power plants to Engro Fertilizers Limited.

In 2006, the Company commenced work on its expansion and backward integration project comprising setting up of a new PVC plant, Ethylene Di Chloride (EDC), Chlor-alkali, Vinyl Chloride Monomer (VCM) and Power plants (the Project). In 2009, the Company commenced commercial operations of new PVC, EDC, Chlor-alkali and Power plants (Gas turbines). On September 30, 2010, the Company declared commercial operations of the VCM plant, after which the integrated chemical complex is complete.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the three months ended March 31, 2013 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). In case where requirements differ, the provisions of or directives issued under the Ordinance take precedence.

3 ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim 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 the changes resulting from initial application of standards, amendments or an interpretation to existing standards as stated in note 3.2 which though adopted does not have any impact on this condensed interim financial information.

3.2 Following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after January 1, 2013, but are either not currently relevant to the Company or do not have any significant effect on the Company's financial information :

- IFRS 12, 'Disclosure of interests in other entities'
- IFRS 13, 'Fair value measurement'
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 19 (Amendment) 'Employee benefits'
- IAS 16 (Amendment) 'Property, plant and equipment'
- IAS 32 (Amendment) 'Financial instruments: Presentation'



(Amounts in thousand)

3.3 Following new standards, amendments and interpretations to published standards are not effective for the accounting period beginning January 1, 2013 and have not been early adopted by the Company:

- IAS 32 (Amendment), 'Financial instruments: Presentation (effective for periods beginning on January 1, 2014).
- IFRS 9 'Financial instruments' (effective for periods beginning on January 1, 2015)

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

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, 2012.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value		
- notes 5.1 and 5.2	17,225,468	17,476,546
Capital work-in-progress	161,204	156,980
	<u>17,386,672</u>	<u>17,633,526</u>
5.1 Additions to operating assets during the period / year were as follows:		
Building on leasehold land	3,342	48,854
Plant and machinery	38,081	259,888
Furniture, fixtures and equipment	1,622	7,082
Vehicles	2,658	43,335
	<u>45,703</u>	<u>359,159</u>



(Amounts in thousand)

- 5.2** During the period, assets costing Rs. 8,437 (December 31, 2012: Rs. 31,050), having net book value of Rs. 2,660 (December 31, 2012: Rs. 16,093) were disposed off for Rs. 3,972 (December 31, 2012: Rs. 18,520) and assets costing Rs. 773 (December 31, 2012: Rs. 11,385) and having net book value of Rs. 681 (December 31, 2012: Rs. 7,109) were written-off.

6 INTANGIBLE ASSETS

Additions made during the period amount to Nil. (December 31, 2012: Rs. 10,227).

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
7 DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(4,119,971)	(4,149,265)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 7.1	4,292,544	4,412,854
- recoupable minimum turnover tax	448,759	420,691
- unpaid liabilities and provision for certain retirement and other service benefits	54,726	50,770
- provision against custom duty and SED refundable	37,191	37,191
- provision for stocks and slow moving stores and spares	6,017	5,588
- fair value of hedging instruments	49,438	49,579
- share issuance cost, net to equity	57,709	57,709
	4,946,384	5,034,382
	<u>826,413</u>	<u>885,117</u>

- 7.1** The aggregate tax losses available for carry-forward as at March 31, 2013 amount to Rs.12,264,411 (December 31, 2012: Rs.12,608,153), on which deferred income tax asset has been recognized, all of which relate to unabsorbed depreciation and amortization.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
8 STOCK-IN-TRADE		
Raw and packing materials - note 8.1	2,617,088	2,218,014
Work-in-process	21,524	-
Finished goods - note 8.1 and 8.2	606,453	834,388
	<u>3,245,065</u>	<u>3,052,402</u>



(Amounts in thousand)

8.1 This includes stocks held at storage facilities of the following parties:

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
Engro Vopak Terminal Limited, a related party	905,673	918,703
Dawood Hercules Corporation Limited, a related party	4,821	2,773
Al Rahim Trading Company (Private) Limited	614,292	520,158
	<u>1,524,786</u>	<u>1,441,634</u>

8.2 This includes carrying value of PVC resin, net of realizable value reduction of Rs. 20,277 (December 31, 2012: Rs. 20,822).

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	

9 TRADE DEBTS - considered good

Secured	150,469	214,570
Unsecured - note 9.1	56,549	53,298
	<u>207,018</u>	<u>267,868</u>

9.1 Includes amounts due from the following related party:

- Engro Foods Limited	<u>2,001</u>	<u>2,788</u>
-----------------------	--------------	--------------

**10 LOANS, ADVANCES, DEPOSITS,
PREPAYMENTS AND OTHER RECEIVABLES**

Includes receivable from the following related parties; Engro Polymer Trading (Pvt) Ltd amounting to Rs. 1,439 (December 31, 2012: 1,403); Engro Vopak Terminal Limited amounting to Rs. 3,346 (December 31, 2012: Rs.1,436); Engro PowerGen Limited amounting to Rs. 887 (December 31, 2012: Nil); Engro Fertilizers Limited amounting to Rs. 9,126 (December 31, 2012: Rs. 3,658); Engro Powergen Qadirpur Limited amounting to Rs 52 (December 31, 2012: Nil)



11 TAXES RECOVERABLE

11.1 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 (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 balance of Rs. 32,404 'under protest'.

During the 2011, through an 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 has been filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department has also filed an appeal against the said appellate order challenging the actions of the CIR(A).

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 consequently has not recognized the effects for the same in the condensed interim financial information.

11.2 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 disallowing finance cost of Rs. 457,282; additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance; disallowing provision for the retirement benefits of Rs. 14,239; disallowing provision against receivable of Special Excise Duty of Rs. 36,689; adding imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss as per the revised return as a consequence of the matters explained in note 11.3

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).

In 2011, through an 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 has been filed before the ATIR. The department has also filed an appeal against the said appellate order challenging the action of CIR(A) deleting the addition on account of provision for the retirement benefits.

The management of the Company is confident that the ultimate outcome of the aforesaid appeal would be decided in its favour and consequently has not recognized the effects for the same in the condensed interim financial information.

11.3 Assessment Year 2000-2001

While finalizing the assessment, the Taxation Officer had disallowed the First Year Allowance (FYA) claimed by the Company on the grounds that the Company had not met the criteria for claiming this allowance as required under the repealed Income Tax Ordinance, 1979. The Company had filed an appeal against the said disallowance before the CIR(A) which was decided in favor of the Company. The department, thereafter, filed second appeal before the ATIR. Although in case of assessment year 2001-2002, a similar issue was decided by the ATIR in the Company's favor, the ATIR, for assessment year 2000-2001 departing from the previous view, has decided the matter against the Company and maintained the disallowance of FYA amounting to Rs. 1,884,359.

This disallowance had resulted in tax deductible timing differences, the effects of which had been duly recognized by revising the income tax returns for the tax years 2003 to 2007 and 2009. Due to the aforesaid revision, a tax liability of Rs. 86,767 arose in tax year 2008 which has been settled by adjusting the recoupable minimum tax brought forward from prior years.



(Amounts in thousand)

12 CASH AND BANK BALANCES	(Unaudited)	(Audited)
	March 31, 2013	December 31, 2012
	Rupees	
Cash in hand	612	755
Cash at bank on:		
- current accounts	75,275	74,713
- saving accounts	7,432	13,832
	82,707	88,545
	<u>83,319</u>	<u>89,300</u>

13 SHARE CAPITAL

Authorized capital

800,000,000 (2012: 800,000,000) ordinary shares
of Rs. 10 each

8,000,000	8,000,000
-----------	-----------

Issued, subscribed and paid-up capital

663,468,788 (2012: 663,468,788) ordinary shares
of Rs. 10 each, fully paid in cash

6,634,688	6,634,688
-----------	-----------

13.1 As at March 31, 2013, Engro Corporation Limited - the Holding Company, holds 372,809,989 ordinary shares of Rs. 10 each (December 31, 2012: 372,809,989 ordinary shares of Rs. 10 each).

14 LONG TERM BORROWINGS, secured

14.1	Title	Mark-up rate per annum	Installments		(Unaudited)	(Audited)
			Number	Commencing from	March 31, 2013	December 31, 2012
					Rupees	
	Syndicated term finance I	6 months KIBOR + 2.25%	13 half yearly	November 2010	4,243,969	4,254,218
	Syndicated term finance II	6 months KIBOR + 3%	13 half yearly	June 2010	1,061,213	1,068,045
	Syndicated term finance III	6 months KIBOR + 2%	Single	June 2012	-	-
	Syndicated term finance IV (note 16.1)	6 months KIBOR + 2.55%	6 half yearly	May 2013	483,932	490,764
	Master Istisna I	6 months KIBOR + 1.5%	6 half yearly	May 2013	100,000	100,000
	Master Istisna II	6 months KIBOR + 2%	3 half yearly	June 2012	-	-
	Master Istisna III (note 16.2)	6 months KIBOR + 2%	6 half yearly	June 2015	200,000	200,000
	International Finance Corporation (IFC)	6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	3,547,367	3,471,820
					9,636,481	9,584,847
	Less: Current portion shown under current liabilities				(2,063,301)	(2,052,981)
					<u>7,573,180</u>	<u>7,531,866</u>



(Amounts in thousand)

14.2 Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and syndicates of banks, the Company is required to comply with certain debt covenants. As at March 31, 2013, all debt covenants have been complied with except for current ratio and debt service coverage ratio. Waiver for current ratio deviation has been obtained from IFC, whereas waivers have been applied with local syndicates for current ratio and debt service coverage ratio.

15 DERIVATIVE FINANCIAL INSTRUMENTS

15.1 As at March 31, 2013, the Company has outstanding cross-currency interest rate swap agreements with banks for notional amounts aggregating US\$ 7,167, to hedge its interest rate exposure on floating rate local currency borrowings from a consortium of local banks under a Syndicate Finance Agreement. Under the swap agreement, the Company would receive six month KIBOR on the relevant PKR notional amount and will pay six month USD-LIBOR on the relevant USD notional amount, which will be settled semi-annually.

15.2 As at March 31, 2013, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating US\$ 24,000 to hedge its interest rate exposure on floating rate foreign currency borrowings from International Finance Corporation (IFC). Under the swap agreements, the Company would receive six month USD-LIBOR on respective notional amounts and will pay fix rates, which will be settled semi-annually.

15.3 Details of the swap agreements are as follows:

Notional Amounts US \$	Effective Date	Termination Date	Rate %	Fair Value	
				(Unaudited) March 31, 2013	(Audited) December 31, 2012
Interest Rate Swap Agreements				Fixed Rate	
9,000	December 15, 2008	June 15, 2017	3.385	60,594	60,061
3,000	June 15, 2009	June 15, 2017	3.005	17,379	17,240
9,000	June 15, 2009	June 15, 2017	2.795	47,462	47,110
3,000	June 15, 2009	June 15, 2017	2.800	15,844	15,701
24,000				141,279	140,112
Cross Currency Interest Rate Swap Agreements				Floating Rate	
1,748	September 9, 2010	June 15, 2015	LIBOR + 0.95	(2,583)	(1,388)
2,468	January 18, 2011	January 19, 2016	LIBOR + 3.70	496	264
2,951	July 6, 2011	June 30, 2016	LIBOR + 1.83	2,060	2,668
7,167				(27)	1,544
<u>31,167</u>				<u>141,252</u>	<u>141,656</u>



16 SHORT TERM BORROWINGS

The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amount to Rs. 1,550,000 (December 31, 2012: Rs. 1,700,000). 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 1% to relevant period KIBOR plus 2.5% (December 31, 2012: relevant period KIBOR plus 1.0% to relevant period KIBOR plus 2.5%).

In addition to above, the Company received a loan from Engro Corporation Limited (The Holding Company) amounting to Rs. 800,000 for meeting its working capital requirements. The loan is subordinated to the finances provided to the subsidiary by its banking creditors. The loan carries markup at the rate of 3 months KIBOR + 3.5%, payable quarterly.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
17 TRADE AND OTHER PAYABLES		
Trade and other creditors - note 17.1	5,603,584	5,143,772
Accrued liabilities	817,113	836,383
Advances from customers - note 17.1	250,507	723,545
Retention money against project payments	19,312	19,280
Security deposits	7,899	8,470
Workers' profits participation fund and workers' welfare fund	23,026	9,229
Workers Welfare Fund	13,686	6,515
Sales tax and SED payable	59,657	-
Withholding tax payable	7,586	4,313
Others - note 17.1	5,014	11,857
	<u>6,807,384</u>	<u>6,763,364</u>

17.1 Includes amounts due to the following related parties:

- Engro Corporation Limited	25,984	4,211
- Mitsubishi Corporation	5,376,846	5,008,730
- Engro Foods Limited	255	255
- Engro Fertilizers Limited	1,399	4,719
- Engro Vopak Terminal Limited	88,306	84,549
- Engro Powergen Limited	-	2,880
- Engro Powergen Qadirpur Limited	-	81
	<u>5,492,790</u>	<u>5,105,425</u>



18 PROVISION

This provision relates to the potential duty exposure on import of raw materials at concessionary rates.

In 2009, the Company received a letter from the Assistant Collector (Survey) Large Taxpayers Unit regarding the utilization of raw materials imported under SRO 565(I)/2006 on a concessionary basis for customs duty. The letter alleged that the Company had violated the provisions of the SRO by utilizing the concessionary imports in manufacturing and selling the intermediary product Ethylene Di Chloride (EDC) rather than its utilization in the production of the final product Poly Vinyl Chloride (PVC). The Company responded to the letter explaining its view that imports under the said SRO were allowable for 'PVC Manufacturing Industry' as a whole, which includes manufacturing of intermediary products. However, the tax department has shown its disagreement with the Company's view and has demanded further information, to which the Company has responded.

Although, no formal order creating a demand has yet been received by the Company, however, based on prudence, a provision amounting to Rs. 88,218 (December 31, 2012: Rs. 88,218) in respect of custom duty on such raw materials has been made.

19 COMMITMENTS

19.1 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at March 31, 2013 amounts to Rs. 1,165,000 (December 31, 2012: Rs. 1,165,000). The amount utilized at March 31, 2013 is Rs. 641,000 (December 31, 2012: Rs. 641,000).

19.2 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Dawood Hercules Corporation Limited – a related party, for storage and handling of Ethylene Di Chloride and Caustic soda respectively. The total lease rentals due under these lease arrangements are payable in periodic monthly installments till April 30, 2019. The future aggregate lease payments under these arrangements are as follows:

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Rupees	
Not later than 1 year	32,514	50,780
Later than 1 year and no later than 5 years	57,600	57,600
Later than 5 years	16,800	19,200
	<u>106,914</u>	<u>127,580</u>
	Unaudited	
	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
Net local sales	5,578,855	4,954,950
Export sales	191,431	-
Supply of electricity	17,250	8,880
	<u>5,787,536</u>	<u>4,963,830</u>

20 NET REVENUE

(Amounts in thousand)

	Unaudited	
	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
21 COST OF SALES		
Opening stock of work-in-progress	-	24,258
Raw and packing materials consumed	2,754,640	2,355,112
Salaries, wages and staff welfare	188,872	161,943
Fuel, power and gas	792,946	691,164
Repairs and maintenance	81,534	98,518
Depreciation	289,460	287,145
Consumable stores	50,490	43,541
Purchased services	14,787	8,617
Storage and handling	252,090	238,663
Training and travelling	836	3,513
Communication, stationery and other office expenses	1,052	1,223
Insurance	22,676	19,578
Other expenses	10,486	6,049
	4,459,869	3,915,066
Closing stock of work-in-progress	(21,524)	(3,370)
Cost of goods manufactured	4,438,345	3,935,954
Opening stock of finished goods	834,388	750,313
Closing stock of finished goods	(606,453)	(773,583)
	227,935	(23,270)
	4,666,280	3,912,684
22 DISTRIBUTION AND MARKETING EXPENSES		
Salaries, wages and staff welfare	36,924	17,644
Advertising, sales promotion and entertainment	30,394	29,514
Product transportation and handling	269,274	225,428
Rent, rates and taxes	3,694	2,570
Purchased services	1,423	2,045
Insurance	290	277
Depreciation	1,304	1,127
Training and travelling	4,278	1,465
Communication, stationery and other office expenses	997	817
Others	3,023	3,887
	351,601	284,774



(Amounts in thousand)

	Unaudited	
	Quarter ended	
	March 31, 2013	March 31, 2012
	Rupees	
23 ADMINISTRATIVE EXPENSES		
Salaries, wages and staff welfare	42,152	49,520
Rent, rates and taxes	11,723	11,540
Purchased services	26,378	10,425
Insurance	1,873	980
Depreciation and amortization	5,148	3,684
Training and travelling expenses	16,718	15,407
Communication, stationery and other office expenses	3,041	2,138
Others	1,501	3,423
	<u>108,534</u>	<u>97,117</u>
24 OTHER OPERATING EXPENSES		
Legal and professional charges	5,548	5,433
Auditors' remuneration	493	451
Donations	2,155	-
Workers' profit participation fund	13,797	29,807
Workers' welfare fund	7,171	13,928
Write-off of damaged operating assets	681	-
Foreign exchange loss - net	81,236	38,760
	<u>111,081</u>	<u>88,379</u>
25 OTHER OPERATING INCOME		
Scrap sales	17,169	10,670
Profit on disposal of operating assets	1,312	682
Insurance claim	-	391,000
Others	-	976
	<u>18,481</u>	<u>403,328</u>



(Amounts in thousand)

26	FINANCE COST - net	Unaudited	
		Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees	
	Finance Cost		
	Interest / Mark-up on:		
	- long term borrowings	225,935	301,269
	- short term finances	38,908	22,993
	Foreign exchange loss on foreign currency borrowings	46,440	31,680
	Guarantee commission	1,210	1,400
	Bank charges and others	3,104	1,577
		315,597	358,919
	Finance Income		
	Income on short term investments and bank deposits	(2,041)	(654)
		313,556	358,265
27	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	254,965	625,939
	Adjustments for non cash charges and other items:		
	Provision for staff retirement and other service benefits	(3,268)	(10,016)
	Provision against concessionary import duty on import of raw materials and Special Excise Duty	-	4,040
	Provision for net realizable value of stock-in-trade	20,277	21,616
	Provision for slow moving stores and spares	1,225	967
	Depreciation and amortization	295,912	291,956
	Income on short term investments and bank deposits	(2,041)	(654)
	Loss on revaluation of IFC loan	46,440	31,680
	Amortization of prepaid financial charges	5,195	5,504
	Finance costs	315,597	358,919
	Profit on disposal of operating assets	(1,312)	(682)
	Write-off of damaged operating assets	681	-
	Working capital changes - note 27.1	76,289	(323,451)
		1,009,960	1,005,818
27.1	WORKING CAPITAL CHANGES		
	Decrease / (increase) in current assets		
	Stores, spares and loose tools	3,054	(147,420)
	Stock-in-trade	(212,940)	(265,722)
	Trade debts - considered good	60,850	27,614
	Loans, advances, deposits, prepayments and other receivables	181,305	(480,455)
		32,269	(865,983)
	Increase in current liabilities		
	Trade and other payables	44,020	542,532
		76,289	(323,451)



(Amounts in thousand)

28	CASH AND CASH EQUIVALENTS	Unaudited	
		Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees	
	Cash and bank balances	83,319	436,470
	Short term borrowings	(337,221)	(309,716)
		<u>(253,902)</u>	<u>126,754</u>

29 SEGMENT INFORMATION

29.1 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, 2012.

	Unaudited March 31, 2013				Unaudited March 31, 2012			
	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							
Revenue	4,512,059	1,258,227	17,250	5,787,536	3,831,189	1,123,761	8,880	4,963,830
Profit before unallocated expenses	<u>319,712</u>	<u>441,953</u>	<u>7,990</u>	769,655	<u>372,946</u>	<u>392,797</u>	<u>629</u>	766,372
Unallocated (expenses) / Income								
Administrative expenses				(108,534)				(97,117)
Other operating expenses				(111,081)				(88,379)
Other operating income				18,481				403,328
Finance costs				(313,556)				(358,265)
Taxation				(88,543)				(214,179)
Profit after taxation				<u>166,422</u>				<u>411,760</u>

	Unaudited March 31, 2013				Audited December 31, 2012			
	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	14,915,251	6,625,890	52,550	21,593,691	14,642,414	6,297,304	59,527	20,999,245
Unallocated assets				2,958,038				3,957,414
Total assets				<u>24,551,729</u>				<u>24,956,659</u>

29.2 Segment assets consist primarily of property, plant and equipment, stores & spares, stock in trade and trade debts.



30 TRANSACTIONS WITH RELATED PARTIES**(Amounts in thousand)**

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

Nature of relationship	Nature of transactions	Unaudited Quarter ended	
		March 31, 2013	March 31, 2012
Holding company	Purchase of services	8,498	4,023
	Mark up on subordinated loan	25,272	-
	Use of operating assets	186	-
	Reimbursement made	831	649
	Reimbursements received	1,811	113
	Medical contribution	44	-
	Pension fund contribution	1,499	1,143
	Provident fund contribution	2,327	1,913
	Gratuity fund contribution	470	661
Subsidiary company	Sale of goods	157,109	168,985
	Sale of services	36	33
	Reimbursement received	-	13
Associated companies	Purchase of goods	898,136	2,254,858
	Reimbursement made	-	1,679
	Purchase of services	356	307
	Sale of goods	75,531	-
Related parties by virtue of common directorship	Purchase of goods	2,862	10,533
	Purchase of services	227,676	210,119
	Sale of goods	14,335	20,169
	Sale of services	126	126
	Sale of steam and electricity	20,927	11,305
	Use of operating assets	2,182	835
	Annual subscription	50	121
	Reimbursement made	8,211	3,103
	Reimbursement received	3,649	8,063
Directors' fee		500	400
Key management personnel	Managerial remuneration	16,124	21,612
	Retirement benefits	2,625	2,641
	Bonus	6,008	5,876
	Other benefits	3,477	3,235
Contribution to staff retirement benefits	Pension fund	4,934	3,936
	Provident fund	9,403	5,735
	Gratuity fund	11,507	1,592



31 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 balances of comparable period of immediately preceding financial year.

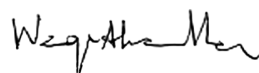
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which is not material.

32 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 19, 2013 by the Board of Directors of the Company.



Khalid Siraj Subhani
President & Chief Executive



Waqar Malik
Director





engro polymer & chemicals

Head Office: 16th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4, Scheme-5, Clifton,
Karachi-75600, Pakistan.

UAN: +111 411 411 **PABX:** +92-21-35293871 - 35293885

Fax: +92-21-35293886-87

Website: www.engropolymer.com