



engro polymer & chemicals

Financial Information for the Quarter
and Nine Months ended September 30, 2015

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COMPANY INFORMATION

Chairman	Khalid Siraj Subhani
President and Chief Executive	Imran Anwer
Directors	Shahzada Dawood Kimihide Ando Shoichi Ogiwara Feroz Rizvi Naz Khan Asad Said Jafar Zafar Hadi Omar Yaqoob Sheikh
Board Audit Committee	Feroz Rizvi Kimihide Ando Naz Khan
Chief Financial Officer	Muhammad Imran Khalil
Company Secretary	Schaane Ansari
Corporate Audit Manager	Muneeza Kassim
Bankers / Lenders	Allied Bank Ltd. Askari Bank Ltd. Bank Al Falah Ltd. Bank Al Habib Ltd. Burj Bank Ltd. Citibank N.A. Deutsche Bank AG Faysal Bank Ltd. Habib Bank Ltd. Industrial and Commercial Bank of China Ltd. International Finance Corporation MCB Bank Ltd. Meezan Bank Ltd. NIB Bank Ltd. National Bank of Pakistan Pak Oman Investment Co. Ltd. Soneri Bank Ltd. 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
Website	www.engropolymer.com





engro polymer & chemicals

**DIRECTORS' REVIEW &
UNAUDITED CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**



**ENGRO POLYMER & CHEMICALS LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

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, 2015

Business Review

Domestic PVC market continued its positive trajectory in the third quarter of 2015, taking the YTD sales to 113 kilo tons as compared to 91 kilo tons in the same period last year posting a growth of 25%. Strong volumetric growth was driven by re-engagement of certain key lost customer, improved economic sentiment and positive outlook of construction sector. International PVC prices dropped due to weakening commodity prices. However, the drop in Ethylene price more than compensated for the decline in PVC prices. On the production front, the Company maintained stable operations at PVC and VCM ensuring product availability for domestic and export market. Caustic Soda market remained stable. However, domestic sales were marginally lower on YTD basis i.e. 64 kilo tons as compared to 69 kilo tons due to production issues.

Strong volumetric growth could not materialize into economic value creation due to higher raw material prices, increasing energy prices and duty on raw material. On the import duty front, the Company pleaded its case with the government and was successful in getting a duty reduction from 5% to 2% on Ethylene. However, high Ethylene prices in 3Q 2015 did not allow the full impact of reduction in duty to yield its impact. Going forward, the company expects the benefit of duty reduction to materialize.

During nine months 2015, the Company recorded revenue of Rs. 17,064 Mn as compared to Rs. 17,147 Mn during same period last year. EPCL posted a Loss After Tax of Rs. 813 Mn as compared to Rs. 33 Mn in the corresponding period. This translates into Loss after tax (LAT) of Rs. 1.22 per share compared to Rs. 0.05 per share in the same period last year.

Future Outlook

Domestic market for PVC is expected to continue its robust performance on account of favorable construction sector outlook, improving economic sentiment and decline in interest rates, while Caustic Soda market is expected to remain stable. Improvement in PVC-Ethylene core delta, due to decline in Ethylene prices and reduction in import duty, is expected to provide support to PVC margins in the upcoming quarter.



Imran Anwer
President & Chief Executive



Kimihide Ando
Director

Karachi
October 20, 2015

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015

(Amounts in thousand)

	Note	Unaudited	Audited
		September 30, 2015	December 31, 2014
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	16,336,421	16,923,190
Intangible assets		82,813	51,847
Long term loans and advances		71,774	66,351
Deferred taxation	6	1,371,574	966,120
		<u>17,862,582</u>	<u>18,007,508</u>
Current Assets			
Stores, spares and loose tools		1,538,427	1,476,761
Stock-in-trade		2,715,939	3,897,503
Trade debts - considered good	7	311,397	554,666
Loans, advances, deposits, prepayments and other receivables	8	436,264	545,081
Taxes recoverable	9	1,085,175	1,092,307
Short term Investments		70,859	218,872
Cash and bank balances		95,424	544,017
Derivative financial instruments - at fair value through profit or loss	11	6,479	-
		<u>6,259,964</u>	<u>8,329,207</u>
TOTAL ASSETS		<u><u>24,122,546</u></u>	<u><u>26,336,715</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(23,900)	(29,757)
Accumulated loss		(2,421,574)	(1,603,926)
		<u>5,153,243</u>	<u>5,965,034</u>
Non-Current Liabilities			
Long term borrowings	10	4,512,850	6,098,708
Derivative financial instruments	11	34,143	44,414
		<u>4,546,993</u>	<u>6,143,122</u>
Current Liabilities			
Current portion of long term borrowings	10	3,316,354	3,016,196
Derivative financial instruments - at fair value through profit or loss		-	119,571
Service benefit obligations		33,035	39,737
Short term borrowings	12	2,972,618	600,000
Trade and other payables	13	6,143,207	9,346,087
Accrued interest / mark-up		221,694	92,785
Provisions	14	1,735,402	1,014,183
		<u>14,422,310</u>	<u>14,228,559</u>
TOTAL EQUITY AND LIABILITIES		<u><u>24,122,546</u></u>	<u><u>26,336,715</u></u>

Commitments

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The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



[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, 2015

	Quarter ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees			
Net revenue	4,646,758	5,244,063	17,063,768	17,146,591
Cost of sales	(4,334,825)	(4,421,152)	(15,568,848)	(14,683,709)
Gross profit	311,933	822,911	1,494,920	2,462,882
Distribution and marketing expenses	(279,105)	(321,589)	(949,927)	(987,332)
Administrative expenses	(150,172)	(183,905)	(473,829)	(493,499)
Other operating expenses	(124,504)	(142,711)	(269,917)	(270,316)
Other income	6,440	10,064	51,659	71,834
Operating profit	(235,408)	184,770	(147,094)	783,569
Finance costs	(296,450)	(395,843)	(909,135)	(785,901)
Profit / (Loss) before taxation	(531,858)	(211,073)	(1,056,229)	(2,332)
Taxation	152,570	54,379	243,527	(31,024)
Profit / (Loss) for the period	(379,288)	(156,694)	(812,702)	(33,356)
Earnings / (Loss) per share - basic and diluted	(0.57)	(0.24)	(1.22)	(0.05)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



(Amounts in thousand)

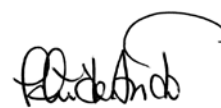
ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees			
Profit / (Loss) for the period	(379,288)	(156,694)	(812,702)	(33,356)
Other comprehensive income / (loss):				
Deferred tax charge relating to revaluation of equity related items	-	-	(4,946)	(1,649)
Items that may be reclassified subsequently to profit or loss.				
Hedging reserve				
Gain / (loss) arising during the period	(10,116)	(13,447)	(15,156)	24,108
Reclassification adjustments for (gains) / losses included in profit or loss	7,330	11,356	25,427	(9,030)
Income tax relating to hedging reserve	836	690	(4,414)	(5,776)
	(1,950)	(1,401)	5,857	9,302
Other comprehensive gain / (loss) for the period - net of tax	(1,950)	(1,401)	911	7,653
Total comprehensive income / (loss) for the period	(381,238)	(158,095)	(811,791)	(25,703)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
President & Chief Executive



Kimihide Ando
Director



(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Share capital	CAPITAL Share premium	RESERVES		Total
			Hedging reserve	REVENUE Accumulated loss	
Rupees					
Balance as at January 1, 2014 (Audited)	6,634,688	964,029	(52,804)	(492,960)	7,052,953
Total comprehensive income for the period ended September 30, 2014	-	-	9,302	(35,005)	(25,703)
Balance as at September 30, 2014 (Unaudited)	<u>6,634,688</u>	<u>964,029</u>	<u>(43,502)</u>	<u>(527,965)</u>	<u>7,027,250</u>
Total comprehensive income for the period ended December 31, 2014	-	-	13,745	(1,075,961)	(1,062,216)
Balance as at December 31, 2014 (Audited)	<u>6,634,688</u>	<u>964,029</u>	<u>(29,757)</u>	<u>(1,603,926)</u>	<u>5,965,034</u>
Total comprehensive income for the period ended September 30, 2015	-	-	5,857	(817,648)	(811,791)
Balance as at September 30, 2015 (Unaudited)	<u>6,634,688</u>	<u>964,029</u>	<u>(23,900)</u>	<u>(2,421,574)</u>	<u>5,153,243</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
President & Chief Executive



Kimihide Ando
Director



(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Note	Nine months ended	
		September 30, 2015	September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	(347,951)	923,980
Finance costs paid		(717,601)	(561,002)
Long term loans and advances		(5,423)	(6,939)
Income tax (paid) / refunded		(164,155)	(344,293)
Net cash generated from operating activities		(1,235,130)	11,746
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(366,798)	(644,349)
Purchases of intangible assets		(41,341)	(14,819)
Proceeds from disposal of property, plant and equipment		9,860	9,541
Income on bank deposits		28,892	45,757
Purchase of Short term Investments		(66,066)	170,910
Proceeds from sale of short term investments		69,986	-
Net cash utilised in investing activities		(365,467)	(432,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		(1,368,627)	(1,090,453)
Proceeds from short term borrowings		1,400,000	300,000
Net cash utilised in financing activities		31,373	(790,453)
Net decrease in cash and cash equivalents		(1,569,224)	(1,211,667)
Cash and cash equivalents at beginning of the period		762,889	998,978
Cash and cash equivalents at end of the period	17	(806,335)	(212,689)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



ENGRO POLYMER AND CHEMICALS LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

1. LEGAL STATUS AND OPERATIONS

The Group consists of Engro Polymer and Chemicals Limited (the Company) and its wholly owned subsidiary company, Engro Polymer Trading (Private) Limited.

Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the Companies Ordinance, 1984. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges.

The Company is a subsidiary of Engro Corporation Limited (the Holding 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), 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.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information of the Company for the nine months period ended September 30, 2015 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 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, 2014.

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, 2014.

3.2 There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015. These new standards include IFRS 13 - "Fair value measurement" which only adds certain disclosure requirements with respect to the fair value accounting. Other than IFRS 13, the new standards, amendments and interpretations are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in the 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, 2014.



(Amounts in thousand)

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value		
- notes 5.1 and 5.2	15,772,488	16,472,475
Capital work-in-progress	477,983	366,659
Capital spares	85,950	84,056
	<u>16,336,421</u>	<u>16,923,190</u>
5.1 Additions to operating assets during the period / year were as follows:		
Building on leasehold land	1,100	3,611
Plant and machinery	241,114	849,384
Furniture, fixtures and equipment	8,666	29,149
Vehicles	2,700	-
	<u>253,580</u>	<u>882,144</u>
5.2 During the period, assets costing Rs. 29,564 (December 31, 2014: Rs. 34,586), having net book value of Rs. 11,200 (December 31, 2014: Rs. 11,002) were disposed off for Rs. 9,860 (December 31, 2014: Rs. 11,836) and assets costing Rs. 125 (December 31, 2014: Rs. 42,747) having net book value of Rs. 46 (December 31, 2014: Rs. 8,093) were written-off in respect of which insurance claim of Rs. 70 (December 31, 2014: Rs. 188) has been received.		
	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
6. DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(3,107,556)	(3,517,629)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 6.1	3,474,674	3,628,101
- recoupable minimum turnover tax - note 6.2	310,967	154,348
- unpaid liabilities	93,144	88,283
- provision against GIDC, custom duty and SED refundable etc	518,460	314,747
- provision for net realizable value of stock-in-trade	13,091	220,655
- provision for slow moving stores and spares	9,084	8,545
- fair value of hedging instrument	10,243	14,657
- share issuance cost, net to equity	49,467	54,413
	4,479,130	4,483,749
	<u>1,371,574</u>	<u>966,120</u>
6.1 The aggregate tax losses available for carry-forward as at September 30, 2015 amount to Rs.11,582,245 (December 31, 2014: Rs.10,994,246), on which deferred income tax asset has been recognized. The aforementioned tax losses are entirely attributable to unabsorbed tax depreciation.		



(Amounts in thousand)

6.2 During the period, the Company has recognized deferred tax asset on recoupable minimum turnover tax in respect of current period amounting to Rs.156,619 and maintained deferred tax on minimum turnover tax in respect of tax year 2015 amounting to Rs. 154,348 as the Company, based on its financial projections, expects to recoup it in the ensuing years. Further, 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.

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
7. TRADE DEBTS - considered good		
Secured	133,229	464,597
Unsecured - note 7.1	178,168	90,069
	<u>311,397</u>	<u>554,666</u>
7.1 Includes amounts due from the following related parties:		
- Engro Foods Limited	1,587	1,492
- Mitsubishi Corporation	-	135,342
- Engro Fertilizers Limited	23,953	4,752
	<u>25,540</u>	<u>141,586</u>
8. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
These include receivables from the following related parties:		
Engro Fertilizers Limited	3,281	9,754
Engro Powergen Qadirpur Limited	253	9
Engro Powergen Limited	10	-
	<u>3,544</u>	<u>9,763</u>

9. TAXES RECOVERABLE

9.1 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; addition of imputed interest on loans to employees and executives to income of Rs. 16,069; disallowance of 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 filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department 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.

9.2 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 of trading liabilities to income 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 refundable of Rs. 36,689; addition of imputed interest on loans to employees and executives to income 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 filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department 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.



(Amounts in thousand)

10. LONG TERM BORROWINGS, secured

Title	Mark-up rate per annum	Installments		Unaudited September 30, 2015	Audited December 31, 2014
		Number	Commencing from	Rupees	
Syndicated term finance I	6 months KIBOR + 2.25%	13 half yearly	November 2010	1,986,938	2,530,284
Syndicated term finance II	6 months KIBOR + 3%	13 half yearly	June 2010	400,541	566,842
Syndicated term finance IV	6 months KIBOR + 2.55%	6 half yearly	May 2013	83,333	166,667
Syndicated term finance V	6 months KIBOR + 1.5%	8 half yearly	June 2015	1,158,611	1,322,136
Bilateral Loan	6 months KIBOR + 2%	6 half yearly	June 2016	543,815	542,388
Master Istisna III	6 months KIBOR + 2%	6 half yearly	April 2015	200,000	200,000
Master Istisna IV	6 months KIBOR + 2.6%	6 half yearly	October 2013	100,000	100,000
International Finance Corporation (IFC)	6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	1,659,791	1,991,687
Bilateral Loan II	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,088	847,450
Bilateral Loan III	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,088	847,450
				7,829,204	9,114,904
Less: Current portion shown under current liabilities				(3,316,354)	(3,016,196)
				<u>4,512,850</u>	<u>6,098,708</u>

Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under the bilateral loans agreements, the Company is required to comply with certain debt covenants. The Company is not in compliance with some of these debt covenants and has notified the concerned financial institutions. The Company has already obtained approval from the shareholders for issuance of preference shares during the current period, by way of right issue, amounting to Rs. 4,000,000 to improve the Company's financial position and ratios.

11. DERIVATIVE FINANCIAL INSTRUMENTS

- 11.1** As at September 30, 2015, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating US\$ 10,668 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.
- 11.2** As at September 30, 2015, the Company has outstanding Exchange Rate Forward agreements with banks for amounts aggregating US\$ 31,204 to neutralize exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, the Company would pay respective rate agreed at the initiation of the agreement on settlement dates.

12. SHORT TERM BORROWINGS

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
Sub-ordinate loan from Engro Corporation Limited - note 12.1	2,000,000	600,000
Money market loan - note 12.2	600,000	-
Running finance utilized under mark-up arrangements - note 12.3	372,618	-
	<u>2,972,618</u>	<u>600,000</u>



(Amounts in thousand)

- 12.1** This represents short term loan from Engro Corporation Limited (the Holding Company) for meeting the working capital requirements. The loan is subordinated to the finances provided to the Company by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable quarterly.
- 12.2** This represents money market loans obtained from commercial banks carrying mark-up ranging from 7.13% to 7.18% per annum. These loans are obtained for a period ranging from 07 to 14 days and are secured by a hypothecation charge over the current assets of the Company.
- 12.3** The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 2,950,000 (December 31, 2014: Rs.2,875,000). 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 1.25% (December 31, 2014: relevant period KIBOR plus 1% to 1.25%) per annum. During the period, the mark-up rates, net of prompt payment rebate, ranged from 7.81% to 11.15% (December 31, 2014: 10.77% to 11.69%) per annum. These facilities are secured by a floating charge over stocks and book debts of the Company.

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
13. TRADE AND OTHER PAYABLES		
Trade and other creditors - note 13.1	4,378,520	7,446,284
Accrued liabilities - note 13.1	1,285,441	1,253,221
Advances from customers - note 13.1	334,801	516,138
Retention money against project payments	11,887	8,733
Security deposits	43,577	35,614
Workers' welfare fund	52,373	52,373
Withholding tax payable	4,709	8,912
Others - note 13.1	31,899	24,812
	<u>6,143,207</u>	<u>9,346,087</u>
13.1 Includes amounts due to the following related parties:		
- Engro Corporation Limited	21,426	1,100
- Mitsubishi Corporation	2,991,483	5,920,255
- Engro Vopak Terminal Limited	92,594	95,479
	<u>3,105,503</u>	<u>6,016,834</u>
14. PROVISIONS		
Provision for Gas Infrastructure Development cess - note 14.1	1,644,984	923,765
Provision for duty on import of raw materials	90,418	90,418
	<u>1,735,402</u>	<u>1,014,183</u>



14.1 Provision for Gas Infrastructure Development Cess

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 consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the cess prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. Further a committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015. Moreover, Sui Southern Gas Company Limited (SSGCL) has also not yet billed cess amount pertaining to period prior to the promulgation of GIDC Act, 2015 to the Company.

On July 24, 2015 the Company has obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and/ or recovering the cess under the GIDC Act, 2015 till the final decision on this matter.

In the light of foregoing, as a matter of prudence, the Company has maintained the GIDC provision of Rs. 1,345,789 relating to the period prior to the promulgation of GIDC Act 2015, until the final outcome of the matter. Likewise additional provision of Rs. 299,198 has also been recognized for cess billed by SSGCL relating to the period subsequent to the promulgation of GIDC Act 2015. Therefore the financial exposure of the Company upto September 30, 2015 is Rs. 1,644,984 (December 31, 2014: Rs. 923,765) which has been fully recognized in this consolidated condensed financial information.

15. COMMITMENTS

15.1 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at September 30, 2015 amounts to Rs. 1,165,000 (December 31, 2014: Rs. 1,165,000). The amount utilized there against is Rs. 1,122,200 (December 31, 2014: Rs. 1,080,939).

15.2 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Dawood Hercules Corporation Limited fi a related party, 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, 2015	Audited December 31, 2014
	Rupees	
Not later than 1 year	15,858	14,788
Later than 1 year and no later than 5 years	40,800	51,600
	<u>56,658</u>	<u>66,388</u>



(Amounts in thousand)

	Unaudited September 30, 2015	Unaudited September 30, 2014
	Rupees	
16. CASH GENERATED FROM OPERATIONS		
Profit before taxation	(1,056,229)	(2,332)
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	(6,702)	(34,945)
Provision for Gas Infra-structure Development (GID) cess	721,219	494,969
Provision for net realizable value of stock-in-trade	(679,376)	19,765
Provision for slow moving stores and spares	4,749	4,697
Write-off of operating assets - note 5.2	46	4,423
Depreciation and amortization	952,696	922,965
Income on short term investments and bank deposits	(32,812)	(51,545)
Unrealised exchange loss / (gain) on foreign currency borrowings	62,625	(64,560)
Amortization of prepaid financial charges	20,302	15,841
Finance costs	846,510	785,901
Loss/ (Profit) on disposal of operating assets	1,340	(1,202)
Exchange gain on derivatives held for trading	(126,050)	(179,067)
Working capital changes - note 16.1	(1,056,269)	(990,930)
	<u>(347,951)</u>	<u>923,980</u>
16.1 Working Capital Changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(66,415)	(159,415)
Stock-in-trade	1,860,940	(1,925,446)
Trade debts - considered good	243,269	228,730
Loans, advances, deposits, prepayments and other receivables	108,817	254,472
	<u>2,146,611</u>	<u>(1,601,659)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(3,202,880)	610,729
	<u>(1,056,269)</u>	<u>(990,930)</u>
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	95,424	224,483
Short term investments	70,859	67,912
Money market loans	(600,000)	-
Running finance utilized under mark-up arrangements - note 12	(372,618)	(505,084)
	<u>(806,335)</u>	<u>(212,689)</u>



18. SEGMENT INFORMATION

- 18.1** 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, 2014.

	Unaudited September 30, 2015				Unaudited September 30, 2014			
	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	13,650,629	3,359,812	53,327	17,063,768	13,252,041	3,858,512	36,038	17,146,591
Profit before unallocated expenses	(547,043)	1,072,086	19,950	544,993	54,324	1,411,674	9,552	1,475,550
Unallocated expenses								
Administrative expenses				(473,829)				(493,499)
Other expenses				(269,917)				(270,316)
Other income				51,659				71,834
Finance costs				(909,135)				(785,901)
Taxation				243,527				(31,024)
(Loss) / Profit after taxation				(812,702)				(33,356)

	Unaudited September 30, 2015				Audited December 31, 2014			
	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	13,416,363	5,761,896	12,665	19,190,924	15,560,768	6,218,330	12,907	21,792,005
Unallocated assets				4,931,622				4,544,710
Total assets				24,122,546				26,336,715

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



19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**19.1 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.

19.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Financial assets at fair value through profit or loss				
- Short term investment	-	70,859	-	70,859
- Derivative financial instruments	-	6,479	-	6,479
Total	-	77,338	-	77,338

There were no transfers amongst the levels during the period.

There were no changes in the valuation techniques during the period.

19.3 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.



(Amounts in thousand)

20. TRANSACTIONS WITH RELATED PARTIES

20.1 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	
		September 30, 2015	September 30, 2014
			Rupees
Holding Company			
- Engro Corporation Limited	Purchase of services	-	17,170
	Use of operating assets	-	546
	Markup on Subordinated Loan	60,483	61,251
	Reimbursement made	58,583	51,398
	Reimbursement received	6,592	1,228
	Pension fund contribution	2,073	1,616
	Provident fund contribution	7,202	6,206
	Medical contribution	167	750
	Life insurance contribution	381	-
	Gratuity fund contribution	4,743	4,753
Associated Companies			
- Mitsubishi Corporation	Purchase of goods	6,249,354	7,031,429
	Sale of goods	83,319	147,431
	Purchase of services	48	350
- Arabian Sea Country Club	Purchase of services	201	135
	Annual Subscription	41	61
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Purchase of services	-	2,473
	Sale of goods	10,384	15,000
	Sale of services	-	378
	Sale of steam and electricity	68,851	50,543
	Reimbursement made	28,477	10,855
	Reimbursement received	1,440	1,795
	Use of operating assets	1,417	4,394
- Engro Vopak Terminal Limited	Purchase of services	778,781	676,465
	Reimbursement made	9,170	11,238
	Reimbursement received	6,603	11,205
- Engro Foundation	Donation	18	439
- Engro Elengy Terminal Limited	Reimbursement made	88	-
	Reimbursement received	307	-
- Engro PowerGen Qadirpur Limited	Reimbursement made	-	4
	Reimbursement received	3,718	-
- Engro Foods Limited	Sale of goods	28,310	39,842
	Reimbursement received	68	-
	Reimbursement made	-	4,460
	Use of operating assets	33	305
- Dawood Hercules Corporation Limited	Purchase of services	10,893	10,880

(Amounts in thousand)

Nature of relationship	Nature of transactions	Unaudited	
		Period ended	
		September 30, 2015	September 30, 2014
- Lahore University of Management Sciences	Purchase of services	143	-
- Shell Pakistan Limited	Purchase of goods	1,990	-
- Overseas Investors Chamber of Commerce and Industry (OICCI)	Annual Subscription	33	-
- Pakistan Institute of Corporate Governance	Purchase of services	-	1,010
	Annual subscription	-	214
- Pakistan Japan Business Forum	Annual subscription	50	-
- Pakistan Society for Human Resource Management	Annual subscription	20	-
- Institute of Business Administration	Purchase of services	-	422
- Engro Eximp (Pvt) Ltd	Reimbursement Received	-	61
	Use of Operating Assets	-	57
Directors	Fee	900	1,550
	Advance paid	4,950	-
	Repayment of advance	825	-
Contribution to staff retirement benefits	Provident fund	33,598	31,873
	Gratuity fund	28,128	26,502
Key management personnel	Managerial remuneration	54,281	52,415
	Retirement benefit funds	6,082	7,959
	Bonus	18,265	21,305
	Other benefits	11,097	11,251

21. 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 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. During the period, for better presentation, an amount of Rs. 108,123 has been reclassified from 'cost of sales' as reported in consolidated condensed interim financial information for the half year ended September 30, 2014 to 'finance cost'.


The effect of other rearrangements and reclassifications are not material.

22. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on October 20, 2015 by the Board of Directors of the Company.



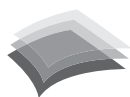
Imran Anwer
President & Chief Executive



Kimihide Ando
Director



(Amounts in thousand)



engro polymer & chemicals

**UNAUDITED CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**



ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015

(Amounts in thousand)

		<u>Unaudited</u> <u>September 30,</u> <u>2015</u>	<u>Audited</u> <u>December 31,</u> <u>2014</u>
	Note	Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	16,336,421	16,923,190
Intangible assets		82,813	51,847
Long term investment - at cost		50,000	50,000
Long term loans and advances		71,774	66,351
Deferred taxation	6	1,371,574	966,120
		<u>17,912,582</u>	<u>18,057,508</u>
Current Assets			
Stores, spares and loose tools		1,538,427	1,476,761
Stock-in-trade		2,715,939	3,897,503
Trade debts - considered good	7	311,397	554,666
Loans, advances, deposits, prepayments and other receivables	8	426,873	535,690
Taxes recoverable	9	1,084,648	1,091,859
Short term Investments		-	150,012
Cash and bank balances		86,433	537,185
Derivative financial instruments - at fair value through profit or loss	11	6,479	-
		<u>6,170,196</u>	<u>8,243,676</u>
TOTAL ASSETS		<u><u>24,082,778</u></u>	<u><u>26,301,184</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(23,900)	(29,757)
Accumulated loss		(2,451,901)	(1,629,890)
		<u>5,122,916</u>	<u>5,939,070</u>
Non-Current Liabilities			
Long term borrowings	10	4,512,850	6,098,708
Derivative financial instruments	11	34,143	44,414
		<u>4,546,993</u>	<u>6,143,122</u>
Current Liabilities			
Current portion of long term borrowings	10	3,316,354	3,016,196
Derivative financial instruments - at fair value through profit or loss		-	119,571
Service benefit obligations		33,035	39,737
Short term borrowings	12	2,972,618	600,000
Trade and other payables	13	6,133,766	9,336,520
Accrued interest / mark-up		221,694	92,785
Provisions	14	1,735,402	1,014,183
		<u>14,412,869</u>	<u>14,218,992</u>
TOTAL EQUITY AND LIABILITIES		<u><u>24,082,778</u></u>	<u><u>26,301,184</u></u>
Commitments			

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



[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, 2015

	Quarter ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees			
Net revenue	4,646,758	5,244,063	17,063,768	17,146,591
Cost of sales	(4,334,825)	(4,421,152)	(15,568,848)	(14,683,709)
Gross profit	311,933	822,911	1,494,920	2,462,882
Distribution and marketing expenses	(279,105)	(321,589)	(949,927)	(987,332)
Administrative expenses	(150,172)	(183,905)	(473,829)	(493,499)
Other operating expenses	(124,150)	(142,732)	(269,267)	(269,998)
Other income	3,452	8,778	46,072	165,899
Operating profit	(238,042)	183,463	(152,031)	877,952
Finance costs	(296,450)	(395,842)	(909,135)	(785,895)
Profit / (Loss) before taxation	(534,492)	(212,379)	(1,061,166)	92,057
Taxation	152,703	54,497	244,101	(30,863)
Profit / (Loss) for the period	(381,789)	(157,882)	(817,065)	61,194
Earnings / (Loss) per share - basic and diluted	(0.58)	(0.24)	(1.23)	0.09

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



(Amounts in thousand)

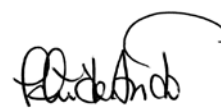
ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees			
Profit / (Loss) for the period	(381,789)	(157,882)	(817,065)	61,194
Other comprehensive income / (loss):				
Deferred tax charge relating to revaluation of equity related items	-	-	(4,946)	(1,649)
Items that may be reclassified subsequently to profit or loss.				
Hedging reserve				
Gain / (loss) arising during the period	(10,116)	(13,447)	(15,156)	24,108
Reclassification adjustments for (gains) / losses included in profit or loss	7,330	11,356	25,427	(9,030)
Income tax relating to hedging reserve	836	690	(4,414)	(5,776)
	(1,950)	(1,401)	5,857	9,302
Other comprehensive gain / (loss) for the period - net of tax	(1,950)	(1,401)	911	7,653
Total comprehensive income / (loss) for the period	(383,739)	(159,283)	(816,154)	68,847

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
President & Chief Executive



Kimihide Ando
Director



(Amounts in thousand)

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Share capital	CAPITAL Share premium	RESERVES		Total
			Hedging reserve	REVENUE Accumulated loss	
Rupees					
Balance as at January 1, 2014 (Audited)	6,634,688	964,029	(52,804)	(612,103)	6,933,810
Total comprehensive income for the period ended September 30, 2014	-	-	9,302	59,545	68,847
Balance as at September 30, 2014 (Unaudited)	6,634,688	964,029	(43,502)	(552,558)	7,002,657
Total comprehensive income for the period ended December 31, 2014	-	-	13,745	(1,077,332)	(1,063,587)
Balance as at December 31, 2014 (Audited)	6,634,688	964,029	(29,757)	(1,629,890)	5,939,070
Total comprehensive income for the period ended September 30, 2015	-	-	5,857	(822,011)	(816,154)
Balance as at September 30, 2015 (Unaudited)	<u>6,634,688</u>	<u>964,029</u>	<u>(23,900)</u>	<u>(2,451,901)</u>	<u>5,122,916</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



(Amounts in thousand)


ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Note	Nine months ended	
		September 30, 2015	September 30, 2014
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	(347,963)	922,945
Finance costs paid		(717,601)	(560,996)
Long term loans and advances		(5,423)	(6,939)
Income tax (paid) / refunded		(163,502)	(342,075)
Net cash generated from operating activities		(1,234,489)	12,935
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(366,798)	(644,349)
Purchases of intangible assets		(41,341)	(14,819)
Proceeds from disposal of property, plant and equipment		9,860	9,541
Income on bank deposits		28,013	45,610
Net cash utilised in investing activities		(370,266)	(604,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		(1,368,627)	(1,090,453)
Proceeds from short term borrowings		1,400,000	300,000
Dividend from Subsidiary Company		-	100,000
Net cash utilised in financing activities		31,373	(690,453)
Net decrease in cash and cash equivalents		(1,573,382)	(1,281,535)
Cash and cash equivalents at beginning of the period		687,197	994,273
Cash and cash equivalents at end of the period	17	(886,185)	(287,262)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Imran Anwer
 President & Chief Executive



Kimihide Ando
 Director



ENGRO POLYMER AND CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

1. LEGAL STATUS AND OPERATIONS

Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the Companies Ordinance, 1984. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges.

The Company is a subsidiary of Engro Corporation Limited (the Holding 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), 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.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months period ended September 30, 2015 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 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, 2014.

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, 2014.

3.2 There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015. These new standards include IFRS 13 - "Fair value measurement" which only adds certain disclosure requirements with respect to the fair value accounting. Other than IFRS 13, the new standards, amendments and interpretations are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in the condensed interim financial information.

3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. 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, 2014.



(Amounts in thousand)

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value		
- notes 5.1 and 5.2	15,772,488	16,472,475
Capital work-in-progress	477,983	366,659
Capital spares	85,950	84,056
	<u>16,336,421</u>	<u>16,923,190</u>
5.1 Additions to operating assets during the period / year were as follows:		
Building on leasehold land	1,100	3,611
Plant and machinery	241,114	849,384
Furniture, fixtures and equipment	8,666	29,149
Vehicles	2,700	-
	<u>253,580</u>	<u>882,144</u>
5.2 During the period, assets costing Rs. 29,564 (December 31, 2014: Rs. 34,586), having net book value of Rs. 11,200 (December 31, 2014: Rs. 11,002) were disposed off for Rs. 9,860 (December 31, 2014: Rs. 11,836) and assets costing Rs. 125 (December 31, 2014: Rs. 42,747) having net book value of Rs. 46 (December 31, 2014: Rs. 8,093) were written-off in respect of which insurance claim of Rs. 70 (December 31, 2014: Rs. 188) has been received.		
	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
6. DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(3,107,556)	(3,517,629)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 6.1	3,474,674	3,628,101
- recoupable minimum turnover tax - note 6.2	310,967	154,348
- unpaid liabilities	93,144	88,283
- provision against GIDC, custom duty and SED refundable etc	518,460	314,747
- provision for net realizable value of stock-in-trade	13,091	220,655
- provision for slow moving stores and spares	9,084	8,545
- fair value of hedging instrument	10,243	14,657
- share issuance cost, net to equity	49,467	54,413
	4,479,130	4,483,749
	<u>1,371,574</u>	<u>966,120</u>
6.1 The aggregate tax losses available for carry-forward as at September 30, 2015 amount to Rs.11,582,245 (December 31, 2014: Rs.10,994,246), on which deferred income tax asset has been recognized. The aforementioned tax losses are entirely attributable to unabsorbed tax depreciation.		



(Amounts in thousand)

6.2 During the period, the Company has recognized deferred tax asset on recoupable minimum turnover tax in respect of current period amounting to Rs.156,619 and maintained deferred tax on minimum turnover tax in respect of tax year 2015 amounting to Rs. 154,348 as the Company, based on its financial projections, expects to recoup it in the ensuing years. Further, 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.

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
7. TRADE DEBTS - considered good		
Secured	133,229	464,597
Unsecured - note 7.1	178,168	90,069
	<u>311,397</u>	<u>554,666</u>
7.1 Includes amounts due from the following related parties:		
- Engro Foods Limited	1,587	1,492
- Mitsubishi Corporation	-	135,342
- Engro Fertilizers Limited	23,953	4,752
	<u>25,540</u>	<u>141,586</u>

**8. LOANS, ADVANCES, DEPOSITS,
PREPAYMENTS AND OTHER RECEIVABLES**

These include receivables from the following related parties:

Engro Fertilizers Limited	3,281	9,754
Engro Powergen Qadirpur Limited	253	9
Engro Powergen Limited	10	-
	<u>3,544</u>	<u>9,763</u>

9. TAXES RECOVERABLE

9.1 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; addition of imputed interest on loans to employees and executives to income of Rs. 16,069; disallowance of 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 filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department 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.

9.2 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 of trading liabilities to income 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 refundable of Rs. 36,689; addition of imputed interest on loans to employees and executives to income 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 filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department 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.



(Amounts in thousand)

10. LONG TERM BORROWINGS, secured

Title	Mark-up rate per annum	Installments		Unaudited September 30, 2015	Audited December 31, 2014
		Number	Commencing from	Rupees	
Syndicated term finance I	6 months KIBOR + 2.25%	13 half yearly	November 2010	1,986,938	2,530,284
Syndicated term finance II	6 months KIBOR + 3%	13 half yearly	June 2010	400,541	566,842
Syndicated term finance IV	6 months KIBOR + 2.55%	6 half yearly	May 2013	83,333	166,667
Syndicated term finance V	6 months KIBOR + 1.5%	8 half yearly	June 2015	1,158,611	1,322,136
Bilateral Loan	6 months KIBOR + 2%	6 half yearly	June 2016	543,815	542,388
Master Istisna III	6 months KIBOR + 2%	6 half yearly	April 2015	200,000	200,000
Master Istisna IV	6 months KIBOR + 2.6%	6 half yearly	October 2013	100,000	100,000
International Finance Corporation (IFC)	6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	1,659,791	1,991,687
Bilateral Loan II	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,088	847,450
Bilateral Loan III	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,088	847,450
				7,829,204	9,114,904
Less: Current portion shown under current liabilities				(3,316,354)	(3,016,196)
				<u>4,512,850</u>	<u>6,098,708</u>

Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under the bilateral loans agreements, the Company is required to comply with certain debt covenants. The Company is not in compliance with some of these debt covenants and has notified the concerned financial institutions. The Company has already obtained approval from the shareholders for issuance of preference shares during the current period, by way of right issue, amounting to Rs. 4,000,000 to improve the Company's financial position and ratios.

11. DERIVATIVE FINANCIAL INSTRUMENTS

- 11.1** As at September 30, 2015, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating US\$ 10,668 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.
- 11.2** As at September 30, 2015, the Company has outstanding Exchange Rate Forward agreements with banks for amounts aggregating US\$ 31,204 to neutralize exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, the Company would pay respective rate agreed at the initiation of the agreement on settlement dates.

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
Sub-ordinate loan from Engro Corporation Limited - note 12.1	2,000,000	600,000
Money market loan - note 12.2	600,000	-
Running finance utilized under mark-up arrangements - note 12.3	372,618	-
	<u>2,972,618</u>	<u>600,000</u>



(Amounts in thousand)

- 12.1** This represents short term loan from Engro Corporation Limited (the Holding Company) for meeting the working capital requirements. The loan is subordinated to the finances provided to the Company by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable quarterly.
- 12.2** This represents money market loans obtained from commercial banks carrying mark-up ranging from 7.13% to 7.18% per annum. These loans are obtained for a period ranging from 07 to 14 days and are secured by a hypothecation charge over the current assets of the Company.
- 12.3** The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 2,950,000 (December 31, 2014: Rs.2,875,000). 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 1.25% (December 31, 2014: relevant period KIBOR plus 1% to 1.25%) per annum. During the period, the mark-up rates, net of prompt payment rebate, ranged from 7.81% to 11.15% (December 31, 2014: 10.77% to 11.69%) per annum. These facilities are secured by a floating charge over stocks and book debts of the Company.

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
13. TRADE AND OTHER PAYABLES		
Trade and other creditors - note 13.1	4,378,520	7,446,284
Accrued liabilities - note 13.1	1,284,609	1,252,263
Advances from customers - note 13.1	334,801	516,138
Retention money against project payments	11,887	8,733
Security deposits	43,577	35,614
Workers' welfare fund	43,764	43,764
Withholding tax payable	4,709	8,912
Others - note 13.1	31,899	24,812
	<u>6,133,766</u>	<u>9,336,520</u>
13.1 Includes amounts due to the following related parties:		
- Engro Corporation Limited	21,426	1,100
- Mitsubishi Corporation	2,991,483	5,920,255
- Engro Vopak Terminal Limited	92,594	95,479
	<u>3,105,503</u>	<u>6,016,834</u>
14. PROVISIONS		
Provision for Gas Infrastructure Development cess - note 14.1	1,644,984	923,765
Provision for duty on import of raw materials	90,418	90,418
Balance at end of the period	<u>1,735,402</u>	<u>1,014,183</u>



14.1 Provision for Gas Infrastructure Development Cess

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 consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the cess prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. Further a committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015. Moreover, Sui Southern Gas Company Limited (SSGCL) has also not yet billed cess amount pertaining to period prior to the promulgation of GIDC Act, 2015 to the Company.

On July 24, 2015 the Company has obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and/ or recovering the cess under the GIDC Act, 2015 till the final decision on this matter.

In the light of foregoing, as a matter of prudence, the Company has maintained the GIDC provision of Rs. 1,345,789 relating to the period prior to the promulgation of GIDC Act 2015, until the final outcome of the matter. Likewise additional provision of Rs. 299,198 has also been recognized for cess billed by SSGCL relating to the period subsequent to the promulgation of GIDC Act 2015. Therefore the financial exposure of the Company upto September 30, 2015 is Rs. 1,644,984 (December 31, 2014: Rs. 923,765) which has been fully recognized in this condensed financial information.

15. COMMITMENTS

15.1 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at September 30, 2015 amounts to Rs. 1,165,000 (December 31, 2014: Rs. 1,165,000). The amount utilized there against is Rs. 1,122,200 (December 31, 2014: Rs. 1,080,939).

15.2 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 (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, 2015	Audited December 31, 2014
	Rupees	
Not later than 1 year	15,858	14,788
Later than 1 year and no later than 5 years	40,800	51,600
	<u>56,658</u>	<u>66,388</u>

(Amounts in thousand)

	Unaudited September 30, 2015	Unaudited September 30, 2014
	Rupees	
16. CASH GENERATED FROM OPERATIONS		
Profit before taxation	(1,061,166)	92,057
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	(6,702)	(34,945)
Provision for Gas Infra-structure Development (GID) cess	721,219	494,969
Provision for net realizable value of stock-in-trade	(679,376)	19,765
Provision for slow moving stores and spares	4,749	4,697
Write-off of operating assets - note 5.2	46	4,423
Depreciation and amortization	952,696	922,965
Income on short term investments and bank deposits	(28,013)	(45,610)
Unrealised exchange loss / (gain) on foreign currency borrowings	62,625	(64,560)
Amortization of prepaid financial charges	20,302	15,841
Finance costs	846,510	785,895
Loss/ (Profit) on disposal of operating assets	1,340	(1,202)
Exchange gain on derivatives held for trading	(126,050)	(179,067)
Dividend from subsidiary	-	(100,000)
Working capital changes - note 16.1	(1,056,143)	(992,283)
	<u>(347,963)</u>	<u>922,945</u>
16.1 Working Capital Changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(66,415)	(159,415)
Stock-in-trade	1,860,940	(1,925,446)
Trade debts - considered good	243,269	228,730
Loans, advances, deposits, prepayments and other receivables	108,817	243,865
	<u>2,146,611</u>	<u>(1,612,266)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(3,202,754)	619,983
	<u>(1,056,143)</u>	<u>(992,283)</u>
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	86,433	217,822
Money market loans - note 12	(600,000)	-
Running finance utilized under mark-up arrangements - note 12	(372,618)	(505,084)
	<u>(886,185)</u>	<u>(287,262)</u>



(Amounts in thousand)

18. SEGMENT INFORMATION

18.1 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, 2014.

	Unaudited September 30, 2015				Unaudited September 30, 2014			
	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	13,650,629	3,359,812	53,327	17,063,768	13,252,041	3,858,512	36,038	17,146,591
Profit before unallocated expenses	(547,043)	1,072,086	19,950	544,993	54,324	1,411,674	9,552	1,475,550
Unallocated expenses								
Administrative expenses				(473,829)				(493,499)
Other expenses				(269,267)				(269,998)
Other income				46,072				165,899
Finance costs				(909,135)				(785,895)
Taxation				244,101				(30,863)
(Loss)/Profit after taxation				(817,065)				61,194

	Unaudited September 30, 2015				Audited December 31, 2014			
	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	13,416,363	5,761,896	12,665	19,190,924	15,560,768	6,218,330	12,907	21,792,005
Unallocated assets				4,891,854				4,509,179
Total assets				24,082,778				26,301,184

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



19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 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.

19.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	<u>Rupees</u>			
Assets				
Financial assets at fair value through profit or loss				
- Derivative financial instruments	-	6,479	-	6,479

There were no transfers amongst the levels during the period.

There were no changes in the valuation techniques during the period.

19.3 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.



(Amounts in thousand)

20. TRANSACTIONS WITH RELATED PARTIES

20.1 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	
		September 30, 2015	September 30, 2014
			Rupees
Holding Company			
- Engro Corporation Limited	Purchase of services	-	17,170
	Use of operating assets	-	546
	Markup on Subordinated Loan	60,483	61,251
	Reimbursement made	58,583	51,398
	Reimbursement received	6,592	1,228
	Pension fund contribution	2,073	1,616
	Provident fund contribution	7,202	6,206
	Medical contribution	167	750
	Life insurance contribution	381	-
	Gratuity fund contribution	4,743	4,753
Associated Companies			
- Mitsubishi Corporation	Purchase of goods	6,249,354	7,031,429
	Sale of goods	83,319	147,431
	Purchase of services	48	350
- Arabian Sea Country Club	Purchase of services	201	135
	Annual Subscription	41	61
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Purchase of services	-	2,473
	Sale of goods	10,384	15,000
	Sale of services	-	378
	Sale of steam and electricity	68,851	50,543
	Reimbursement made	28,477	10,855
	Reimbursement received	1,440	1,795
	Use of operating assets	1,417	4,394
- Engro Vopak Terminal Limited	Purchase of services	778,781	676,465
	Reimbursement made	9,170	11,238
	Reimbursement received	6,603	11,205
- Engro Foundation	Donation	18	439
- Engro Elengy Terminal Limited	Reimbursement made	88	-
	Reimbursement received	307	-
- Engro PowerGen Qadirpur Limited	Reimbursement made	-	4
	Reimbursement received	3,718	-



(Amounts in thousand)

Nature of relationship	Nature of transactions	Unaudited	
		Period ended	
		September 30, 2015	September 30, 2014
		Rupees	
- Engro PowerGen Limited	Reimbursement made	-	429
	Use of Operating Assets	-	481
- Engro Foods Limited	Sale of goods	28,310	39,842
	Reimbursement received	68	-
	Reimbursement made	-	4,460
	Use of operating assets	33	305
- Dawood Hercules Corporation Limited	Purchase of services	10,893	10,880
- Lahore University of Management Sciences	Purchase of services	143	-
- Shell Pakistan Limited	Purchase of goods	1,990	-
- Overseas Investors Chamber of Commerce and Industry (OICCI)	Annual Subscription	33	-
- Pakistan Institute of Corporate Governance	Purchase of services	-	1,010
	Annual subscription	-	214
- Pakistan Japan Business Forum	Annual subscription	50	-
- Pakistan Society for Human Resource Management	Annual subscription	20	-
- Institute of Business Administration	Purchase of services	-	422
- Engro Eximp (Pvt) Ltd	Reimbursement Received	-	61
	Use of Operating Assets	-	57
Directors	Fee	900	1,550
	Advance paid	4,950	-
	Repayment of advance	825	-
Contribution to staff retirement benefits	Provident fund	33,598	31,873
	Gratuity fund	28,128	26,502
Key management personnel	Managerial remuneration	54,281	52,415
	Retirement benefit funds	6,082	7,959
	Bonus	18,265	21,305
	Other benefits	11,097	11,251



21. 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. During the period, for better presentation, an amount of Rs. 108,123 has been reclassified from 'cost of sales' as reported in condensed interim financial information for the half year ended September 30, 2014 to 'finance cost'.

The effect of other rearrangements and reclassifications are not material.

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 20, 2015 by the Board of Directors of the Company.



Imran Anwer
President & Chief Executive



Kimihide Ando
Director





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