



engro foods

sealing leadership

Financial Results – Third Quarter 2015



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company information

Company Information

Board of Directors

Abdul Samad Dawood
Babur Sultan
Muhammed Amin
Sabrina Dawood
Marco L. Spits
Rehan Hassan
Zafaryab Ali Khan
Isfandiyar Shaheen
Khalid S. Subhani
Wim Torfs

Chairman
Chief Executive Officer
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Auditors

A. F. Ferguson & Company
Chartered Accountants
State Life Building No. 1- C
I.I. Chundrigar Road
Karachi - 74000, Pakistan.
Tel: +92(21) 32426682 -6 / 32426711-5
Fax: +92(21) 32415007 / 32427938

Share Registrar

M/s. FAMCO Associates (Private) Limited
First Floor, State Life Building 1-A, I.I. Chundrigar
Road, Karachi - 74000, Pakistan.

Chief Financial Officer

Imran Husain

Company Secretary

Faiz Chapra

Members of Audit Committee

Muhammed Amin	Chairman
Abdul Samad Dawood	Member
Zafaryab Ali Khan	Member
Isfandiyar Shaheen	Member

The secretary of committee is
Saleem Lallany, GM Internal Audit Department

Bankers

Al-Baraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Citibank N.A.
Deutchse Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

Registered Office

6th Floor, The Harbor Front Building
HC-3, Marine Drive, Block - 4, Clifton
Karachi - 75600, Pakistan.
Tel: +92(21) 35297501 - 35297510
Fax: +92(21) 35810669
e-mail: info@engrofoods.com
Website: www.engrofoods.com



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Third Quarter 2015 Accounts



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

directors' report

On behalf of the Board of Directors of Engro Foods Limited, we are pleased to submit the report and the condensed interim financial information of the Company for the nine months ended September 30, 2015.

BUSINESS REVIEW

During the period, the Company attained a revenue growth of 22.8%, mainly on the back of robust performance in the dairy segment. Revenue for the period was Rs. 37.7 billion versus Rs. 30.7 billion in the same period last year. Impactful investment on brands and effective pricing strategy were the key elements in achieving a double digit growth. Gross margin of the Company also improved from 18.5% to 25.0% attributable to favorable macroeconomic environment coupled with declining commodity and fuel prices. As a result, the overall profitability of the Company increased to Rs. 2,601 million from Rs. 252 million in the same period last year.

of 23% versus the same period last year. Aggressive marketing investment has further strengthened brand equities, succeeding in increasing the market share to 56% as of August 2015 as per A.C. Nielsen. Profit after tax for the nine months ended was Rs. 2,485 million witnessing an increase of 175% versus the same period last year. The growth in profits was mainly attributable to higher volumes and improved margins on account of lower milk and fuel prices.



ICE CREAM AND FROZEN DESSERTS SEGMENT

During the nine months ending September 30, 2015, the Ice Cream business witnessed volumetric growth of 17% versus the same period last year. This growth was led by consumer relevant product launches, geographical expansion, and driving operational excellence in the distribution network.



DAIRY AND BEVERAGES SEGMENT

During the three quarters ended September 30, 2015, the segment witnessed volumetric growth of 23% versus the same period last year. The segment reported top line of Rs. 34.7 billion registering a growth



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DAIRY FARM SEGMENT

The Company's Dairy Farm continued to remain a quality source of raw material for our dairy segment. Due to impact of animals' valuation and better yield, the segment reported the Profit of Rs. 15 million for the year to date versus loss of Rs. 34 million in corresponding period last year.

FINANCIAL PERFORMANCE

The financial performance of the company for the nine months ended September 30, 2015 is summarized below:

(Rs. in million)	Nine months ended September 30,		Variation
	2015	2014	
Net Sales	37,664	30,671	22.8%
Operating Profit	4,242	774	4.5 times
% of sales	11.26%	2.52%	
Profit after tax	2,601	252	9.3 times
% of sales	6.9%	0.8%	
Earnings per share (Rs.)	3.39	0.33	9.3 times

FUTURE OUTLOOK

The future environment is becoming more challenging as new competition enters the industry. However, we believe that investment from new entrants will support expansion of the UHT category in the longer run. We will maintain our focus on key growth parameters like innovation, brand health and operational excellence.



Samad Dawood
Chairman

Karachi
October 19, 2015



Babur Sultan
Chief Executive



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condensed interim balance sheet (unaudited) as at september 30, 2015

(Amounts in thousand)

	Note	Unaudited September 30, 2015	Audited December 31, 2014
Rupees			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	14,336,239	15,021,519
Biological assets		996,395	858,680
Intangible assets		76,640	112,208
Long term advances and deposits		136,947	109,174
Deferred employee share option compensation expense	5	193,831	112,581
Investment in subsidiary	6	-	-
		15,740,052	16,214,162
Current Assets			
Stores, spares and loose tools		822,712	788,141
Stock-in-trade	7	4,901,176	3,697,787
Trade debts		93,196	95,962
Advances, deposits and prepayments		155,878	113,501
Sales tax recoverable		3,408,136	2,811,878
Other receivables		593,595	53,729
Deferred employee share option compensation expense	5	110,483	90,430
Taxes recoverable		2,017,454	1,637,018
Cash and bank balances		276,199	196,900
		12,378,829	9,485,346
TOTAL ASSETS		28,118,881	25,699,508
EQUITY AND LIABILITIES			
Equity			
Share capital		7,665,961	7,665,961
Share premium		865,354	865,354
Employee share option compensation reserve		664,211	399,740
Hedging reserve		(1,035)	(27,736)
Remeasurement of post employment benefits - Actuarial loss		(35,715)	(35,715)
Unappropriated profit		5,311,142	2,710,013
		14,469,918	11,577,617
Non-Current Liabilities			
Long term finances		2,907,806	5,476,993
Deferred taxation		1,938,722	1,185,717
Deferred income		260	2,516
		4,846,788	6,665,226
Current Liabilities			
Current portion of long term finances		2,921,417	1,605,597
Trade and other payables		3,937,832	3,222,661
Derivative financial instruments		1,522	41,397
Accrued interest / mark-up on			
- long term finances		143,804	194,025
- short term finances		45,436	61,092
Short term finances	8	1,752,164	2,331,893
		8,802,175	7,456,665
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		28,118,881	25,699,508

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


Chairman


Chief Executive



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Third Quarter 2015 Accounts

condensed interim
profit and loss account (unaudited)
for the nine months ended september 30, 2015

(Amounts in thousand except for earnings per share)

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2015	2014	2015	2014
		Rupees			
Net sales		12,765,884	10,815,414	37,664,085	30,671,116
Cost of sales		(9,885,081)	(9,187,511)	(28,250,847)	(25,001,773)
Gross profit		2,880,803	1,627,903	9,413,238	5,669,343
Distribution and marketing expenses		(1,466,106)	(1,254,962)	(4,065,546)	(3,575,188)
Administrative expenses		(502,623)	(265,579)	(1,085,245)	(933,693)
Other operating expenses		(59,164)	(475,811)	(269,922)	(589,352)
Other income		115,665	106,305	249,205	203,239
Operating profit		968,575	(262,144)	4,241,730	774,349
Finance costs		(195,507)	(335,246)	(734,514)	(938,980)
Profit before taxation		773,068	(597,390)	3,507,216	(164,631)
Taxation		(149,524)	520,064	(906,087)	416,450
Profit for the period		623,544	(77,326)	2,601,129	251,819
Earnings per share - basic and diluted	10	0.81	(0.10)	3.39	0.33

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


Chairman


Chief Executive

condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

	Quarter ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	Rupees			
Profit for the period	623,544	(77,326)	2,601,129	251,819
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Gain / (Loss) on hedges during the period	(1,522)	(4,330)	2,254	(54,570)
Less: Adjustments for amounts transferred to initial carrying amounts of hedged items - capital work-in-progress / stock-in-trade	-	3,605	37,621	65,180
Income tax relating to hedging reserve	487	239	(13,174)	(3,647)
	(1,035)	(486)	26,701	6,963
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligation - Actuarial loss	-	-	-	3,204
Income tax relating to Actuarial loss	-	-	-	(1,057)
	-	-	-	2,147
Other comprehensive income for the period, net of tax	(1,035)	(486)	26,701	9,110
Total comprehensive income for the period	622,509	(77,812)	2,627,830	260,929

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


Chairman


Chief Executive

condensed interim statement
of changes in equity (unaudited)
for the nine months ended september 30, 2015

(Amounts in thousand)

	Share capital	RESERVES					Total
		CAPITAL		REVENUE			
		Share premium	Employee share option compensation reserve	Hedging reserve	Unappropriated profit	Remeasurement of post employment benefits - Actuarial loss	
Rupees							
Balance as at January 1, 2014 (Audited)	7,665,961	865,354	407,133	(9,581)	1,821,182	(34,839)	10,715,210
Employee share option scheme	-	-	(8,810)	-	-	-	(8,810)
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	6,963	251,819	2,147	260,929
Balance as at September 30, 2014 (Unaudited)	7,665,961	865,354	398,323	(2,618)	2,073,001	(32,692)	10,967,329
Employee share option scheme	-	-	1,417	-	-	-	1,417
Total comprehensive (loss) / income for the quarter ended December 31, 2014	-	-	-	(25,118)	637,012	(3,023)	608,871
Balance as at December 31, 2014 (Audited)	7,665,961	865,354	399,740	(27,736)	2,710,013	(35,715)	11,577,617
Employee share option scheme	-	-	264,471	-	-	-	264,471
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	26,701	2,601,129	-	2,627,830
Balance as at September 30, 2015 (Unaudited)	7,665,961	865,354	664,211	(1,035)	5,311,142	(35,715)	14,469,918

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


Chairman


Chief Executive

notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 Engro Foods Limited (the Company), is a public listed company incorporated in Pakistan, under the Companies Ordinance, 1984, and its shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is a subsidiary of Engro Corporation Limited (ECL) and its registered office is situated at 6th Floor, The Harbour Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi.
- 1.2 The principal activity of the Company is to manufacture, process and sell dairy products, beverages, ice cream and frozen deserts. The Company also owns and operates a dairy farm.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information 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 should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014.
- 2.2 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 preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that apply to the financial statements for the year ended December 31, 2014, except for change in certain estimates / judgments regarding the Employees Share Options Scheme (ESOS). The estimated fair value of these options and the underlying assumptions are disclosed in note 5. Any changes in these assumptions may materially impact the carrying amount of deferred employee share compensation expense and employee share compensation reserve within the current and next financial year.

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, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.
- 3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value (notes 4.1 and 4.2)
Capital work-in-progress (note 4.3)
Major spare parts and stand-by equipment

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
	13,603,760	14,290,892
	588,409	605,918
	144,070	124,709
	<u>14,336,239</u>	<u>15,021,519</u>



notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
4.1 Following additions, including transfers from capital work-in-progress, were made to operating assets during the period / year:		
Free hold land	916	5,469
Buildings on freehold land	79,670	1,120,699
Plant, machinery and related equipment	585,454	3,818,887
Office equipment & furniture and fittings	9,854	83,777
Computer equipment	11,902	34,742
Vehicles	116,175	138,497
	<u>803,971</u>	<u>5,202,071</u>

4.2 The details of operating assets disposed-off during the period / year are as follows:

	Cost	Accumulated depreciation / impairment	Net book value	Sales proceeds	Mode of disposal
	Rupees				
Plant , machinery and equipment	24,119	(19,835)	4,284	20,353	Insurance claims / Bidding / Auction
Vehicles - owned	42,489	(30,832)	11,657	18,443	Insurance claims / Employee buyback / Auction
Computer equipment	6,480	(6,111)	369	114	Insurance claims / Bidding / Auction
Office equipment & furniture and fixture	14,767	(10,818)	3,949	859	Insurance claims / Bidding / Auction
Building & civil work	3,976	(3,947)	29	30	Bidding
September 30, 2015	<u>91,831</u>	<u>(71,543)</u>	<u>20,288</u>	<u>39,799</u>	
December 31, 2014	<u>211,662</u>	<u>(144,649)</u>	<u>67,013</u>	<u>80,124</u>	

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
4.3 Movement in capital work-in-progress during the period / year:		
Balance as at January 1	605,918	3,328,363
Additions:		
Land	916	5,469
Building on freehold land	52,309	906,780
Plant, machinery and related equipment	570,166	1,359,586
IS and project automation	3,101	39,461
Office equipment, furniture & fittings and computers	28,089	72,637
Vehicles	134,312	144,883
	788,893	2,528,816
Less:		
Transfers to:		
- Operating assets	(803,971)	(5,202,071)
- Intangible assets	(2,431)	(49,190)
Balance as at September 30 / December 31	<u>588,409</u>	<u>605,918</u>



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notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

- 6.1 During the period, the Company applied with Netherland Chamber of Commerce (NCC) for dissolution / liquidation of its wholly own subsidiary, as the Subsidiary Company did not have any operations and assets. NCC through its letter dated September 21, 2015 notified that the subsidiary company stands dissolved.

	Unaudited September 30, 2015	Audited December 31, 2014
	Rupees	
7. STOCK-IN-TRADE		
Raw and packaging material (note 7.1)	2,654,790	2,300,790
Work in process (note 7.2)	1,485,901	529,977
Finished goods (note 7.3 and 7.4)	760,484	867,020
	<u>4,901,175</u>	<u>3,697,787</u>

- 7.1 Includes Rs. 73,182 (December 31, 2014: Nil) in respect of raw material held by third parties and Nil (December 31, 2014 : Rs. 7,000) in respect of stock carried at net realizable value.

- 7.2 Includes Rs. 42,067 (December 31, 2014: Nil) in respect of work in process held by third parties.

- 7.3 Includes Rs. 80,049 (December 31, 2014: Rs. 17,353) in respect of finished goods held by third parties.

- 7.4 These are net of provision against expired / obsolete stock and net realizable value amounting to Rs. 38,779 (December 31, 2014: Rs. 81,403). Stock amounting to Rs. 59,593 (December 31, 2014: Rs. 66,270) has been written off against provision.

8. SHORT TERM FINANCES - secured

- 8.1 The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amounts to Rs. 6,850,000 (December 31, 2014: Rs. 6,000,000). The unutilized balance against these facilities as at September 30, 2015 was Rs. 5,097,836 (December 31, 2014: Rs. 3,668,107). The rates of mark-up on these finances are KIBOR based and range from 7.15% to 8.51% (December 31, 2014: 10.54 % to 12.21%) per annum. These facilities are secured by way of hypothecation upon all the present and future current assets of the Company.

- 8.2 The facilities for opening letters of credit and guarantees as at September 30, 2015 amounts to Rs. 6,565,000 (December 31, 2014: Rs. 5,515,000), of which the amount remaining unutilized as at September 30, 2015 was Rs. 4,935,669 (December 31, 2014: Rs. 2,896,087).

9. CONTINGENCIES AND COMMITMENTS

- 9.1 As at September 30, 2015, the Company has provided bank guarantees to:

- Sui Southern Gas Company Limited amounting to Rs. 62,842 (December 31, 2014: Rs. 56,199) under the contract for supply of gas;
- Sui Northern Gas Company Limited amounting to Rs. 34,350 (December 31, 2014: Rs. 34,350) under the contract for supply of gas;
- Collector of Sales Tax, Large Tax Payers Unit (LTU), Karachi amounting to Rs. 232,422 (December 31, 2014: Rs. 258,712) under Sales Tax Rules 2006, against refund claim of input sales tax. Against these guarantees, sales tax refunds amounting to Rs. 172,000 (December 31, 2014: Rs. 172,000) have been received to-date;
- Controller Military Accounts, Rawalpindi amounting to Rs. 4,675 (December 31, 2014: Rs. 5,953), as collateral against supplies;



notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

- Parco Pearl Gas Co. Private Limited amounting to Rs. 1,000 (December 31, 2014: Rs. 600) as collateral against supplies; and
 - OC PAF Faisal Base amounting to Rs. 4,745 (December 31, 2014: Rs. 3,818) as collateral against supplies.
- 9.2 Commitments in respect of capital expenditure contracted for but not incurred as at September 30, 2015 amounted to Rs. 524,903 (December 31, 2014: Rs. 271,727).
- 9.3 Commitments in respect of purchase of certain commodities as at September 30, 2015 amounted to Rs. 947,195 (December 31, 2014: Rs. 1,955,039).
- 9.4 Commitments for rentals payable under the Ijarah agreement as at September 30, 2015 amounted to Rs. 237,850 (December 31, 2014: Rs. 319,055).
- 9.5 Following is the position of the Company's open tax assessments/matters as at September 30, 2015:
- a) The Company in accordance with section 59 B (Group Relief) of the Income Tax Ordinance (ITO), 2001 has surrendered to ECL, the Holding Company, its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the years ended December 31, 2006, 2007 and 2008 (tax years 2007, 2008 and 2009) for cash consideration aggregating Rs. 1,500,847, being equivalent to tax benefit/effect thereof.

The Company has been designated as part of the Group of Engro Corporation Limited by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59 B(2)(g) of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008 (the Regulations) notified by the SECP on December 31, 2008.

Further, the Appellate Tribunal, in respect of surrender of aforementioned tax losses by the Company to the Holding Company for the years ended December 31, 2006 and 2007, decided the appeals in 2010 in favour of the Holding Company, whereby, allowing the surrender of tax losses by the Company to the Holding Company. The tax department has filed reference application thereagainst before the Sindh High Court, which are under the process of hearings. However, in any event, should the reference application be upheld and the losses are returned to the Company, it will only culminate into recognition of deferred income tax asset thereon with a corresponding liability to the Holding Company for refund of the consideration received. As such there will be no effect on the results of the Company.

In 2013, the Appellate Tribunal also decided similar appeal filed by the Holding Company for the year ended December 31, 2008 in favour of the Holding Company.

- b) The Company's appeal against the order of Commissioner Inland Revenue (CIR) for reduction of tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007 due to certain disallowances, is currently in the process of being heard. However, the Company, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and hence the balance of taxes recoverable has not been reduced by the effect of the aforementioned disallowance.
- c) In 2013, the Commissioner Inland Revenue raised a demand of Rs. 223,369 for tax year 2009 by disallowing the provision for advances, stock written-off, repair and maintenance, sales promotion and advertisement expenses etc. During the period, in response to the appeal filed against the audit proceedings, the Commissioner Appeals issued an appellate order in favour of the Company holding the selection of case for audit to be illegal and without jurisdiction. The tax department has gone into appeal against the order with the Appellate Tribunal, however, no hearing has been conducted to date. The Company, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- d) In 2013, the Sindh High Court, in respect of another company, has overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and has decided that the minimum tax paid cannot be carried forward in respect of the year where no tax has been paid on account of loss for the year. The Company's management, based on the opinion of its legal advisor, is of the view that the above order is not correct and would not be maintained by the



notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

Supreme Court, which they intend to approach, if required. Therefore, the Company has maintained the adjustment of carried forward minimum tax amounting to Rs. 295,990, made in prior years and Rs. 811,049 made in the current period.

- e) In 2014, the Additional Commissioner Inland Revenue raised a demand of Rs. 713,341 for tax year 2012 by disallowing the initial allowance and depreciation on certain additions to property, plant and equipment, provision for retirement and other service benefits, purchase expenses, sales promotion and advertisement and other expenses etc. The Company has obtained a stay order from the Sindh High Court against the recovery proceedings and has also filed an appeal thereagainst before the Commissioner Appeals. The Company, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

	Unaudited September 30, 2015	Unaudited September 30, 2014
	Rupees	
10. EARNINGS PER SHARE - Basic and diluted		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the period	2,601,129	251,819
Weighted average number of ordinary shares for determination of basic & diluted EPS (in thousand)	766,596	766,596
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	3,507,216	(164,631)
Adjustment for non-cash charges and other items:		
- Depreciation	1,470,308	1,339,902
- Impairment of operating assets - net	507	10,722
- Impairment of intangibles assets	56	-
- Amortization of intangible assets	37,943	39,659
- Amortization of deferred income	(2,256)	(5,077)
- Amortization of arrangement fees on long term loan	5,664	4,074
- Amortization of deferred employee share option compensation reserve	163,168	77,637
- (Gain) / Loss on disposal of biological assets	944	15,827
- Gain on disposal of operating assets	(19,511)	(6,653)
- Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(176,724)	(162,382)
- Provision for retirement and other service benefits	74,317	62,811
- Provision for stock-in-trade	16,969	52,393
- (Reversal of provision) / Provision for slow moving spares	(299)	2,214
- Provision for impairment of trade debts	1,073	(349)
- Provision against investment in subsidiary	-	552,358
- Finance costs	734,514	938,980
Working capital changes (note 11.1)	(1,793,720)	(1,317,971)
	<u>4,020,169</u>	<u>1,439,514</u>



notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

	Unaudited September 30, 2015	Unaudited September 30, 2014
	Rupees	
11.1 Working capital changes		
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(53,633)	(138,048)
- Stock-in-trade	(1,220,358)	(709,390)
- Trade debts	1,693	28,202
- Advances, deposits and prepayments	(42,377)	(3,025)
- Other receivables	(1,136,124)	(406,261)
	<u>(2,450,799)</u>	<u>(1,228,522)</u>
Increase / (Decrease) in current liabilities		
- Trade and other payables - net	657,079	(89,449)
	<u>(1,793,720)</u>	<u>(1,317,971)</u>
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances [Including foreign currency account of Rs. 270,905 (September 30, 2014: Rs. 185,844)]	276,199	224,749
Short term finances	(1,752,164)	(2,898,204)
	<u>(1,475,965)</u>	<u>(2,673,455)</u>
13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS		
13.1 Financial risk factors		
The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate 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.		
13.2 Fair value estimation		
The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.		

notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

14. TRANSACTIONS WITH RELATED PARTIES

14.1 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	Nine months ended September 30,	
		2015 Unaudited	2014 Unaudited
		Rupees	
Holding company	Arrangement for sharing of premises, utilities, personnel and assets	138,953	184,486
	Reimbursement of expense paid on behalf of	20,614	-
	Pension fund contribution	358	867
	Provident fund contribution	187,771	20,588
	Gratuity fund contribution	867	640
	Reimbursement of net cost incurred for meat business	-	44,813
	Subsidiary and associated companies	Investment in subsidiary	-
	Arrangement for sharing of premises, utilities, personnel and assets	9,977	41,944
	Reimbursement of expense paid on behalf of	10,456	-
	Purchases of goods	47,567	73,214
	Sale of goods	2,979	-
	Purchases of services	75	32,884
	Donation	6,000	12,000
	Contribution to staff retirement funds	Provident Fund	-
	Gratuity Fund	15,000	58,310
Key management personnel	Managerial remuneration	108,288	100,191
	Contribution for staff retirement benefits	8,123	8,106
	Bonus payment	11,370	7,071
	Other benefits	1,127	759

14.2 There are no transactions with key management personnel other than under the terms of the employment.

15. SEGMENT INFORMATION

15.1 The basis of segmentation and reportable segments presented in this condensed interim financial information are the same which were disclosed in annual financial statements for the year ended December 31, 2014.



notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2015

(Amounts in thousand)

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.

17.2 For better presentation, following reclassifications have been made in this condensed interim financial information:

Description	Rupees	Head of account in condensed interim financial information for the period ended September 30, 2014	Head of account in condensed interim financial information for the period ended September 30, 2015
Profit and loss account			
Research & business development	38,328	Other operating expenses	Administrative expenses
"	15,799	"	Distribution and marketing expenses
"	9,896	"	Cost of sales
Legal and professional	21,643	"	Administrative expenses
"	3,941	"	Distribution and marketing expenses
"	4,777	"	Cost of sales
Auditor's remuneration	1,350	"	Administrative expenses
Software maintenance & license cost	14,646	"	"

18. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 19, 2015 by the Board of Directors of the Company.


Chairman


Chief Executive

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