

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

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited, we would like to present the unaudited Financial Information of the Company for the quarter ended March 31, 2013.

Business Review

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

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


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

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

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

Near Future Outlook

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


Khalid Siraj Subhani
President & Chief Executive
Karachi

April 19, 2013


Waqar Malik
Director