FIRST QUARTER 2009 REPORT TO THE SHAREHOLDERS
ENGRO CHEMICAL PAKISTAN LIMITED

On behalf of the Board of Directors of Engro Chemical Pakistan Limited, we are pleased to present the un-audited accounts for the three months ended March 31, 2009.

PAKISTAN FERTILIZER MARKET

The market demand for urea, during the three months period ended March 31, 2009 was 1.55 million tons, an increase of 11% over the same period last year (1.4 Million tons). The increase is due to better farm economics for wheat which led to increased sowing and also improved Urea application. Domestic production for the three months ended March 31, 2009 was 1.16 million tons which was 3% lower as compared to 1.2 million tons during the same period last year.

International urea prices declined during the period and on average the landed price of imported urea was approximately Rs. 1,210 per bag ($ 300/ ton) as against the prevailing average domestic price of Rs. 670 per bag. The fertilizer industry continues to make significant contribution to the agricultural economy by keeping domestic prices substantially lower than international prices.

Industry wide sale of Phosphatic fertilizers increased by over 100% to 0.2 million tons as compared to 0.1 million tons for the same period last year. Industry demand remained high due to the decrease in Phosphate prices.

COMPANY OPERATING PERFORMANCE

Urea sales including imported urea were 236,000 tons, down by 27% for the same period last year, due to higher inventories carried forward during first quarter of 2008. This resulted in decline of our market share to 15% vs 23% last year. Our plant produced 240,000 tons during the current quarter against 256,000 tons during the same period last year.

The sale of Zarkhez blended fertilizer was 11,000 tons vs 19,000 tons during the same period last year. This was due to lower market demand caused by a reduction in sugar cane acreage, reduced availability of financing for fertilizer purchases for sugar cane growers and lower prices of DAP as compared to blended fertilizers. The company however sold 9,000 tons of its Engro NP fertilizer vs 200 tons in the comparative period last year.

The company's sale of imported phosphatic fertilizers, DAP and Zorawar, was 49,000 tons vs 19,000 tons for the same period last year, as a result of higher market demand due to reduction in international market prices.

The net profit for the three months ended March 31, 2009 was Rs. 695 million as compared to profit of Rs. 819 Million for the same period last year. The decrease in earnings is mainly attributable to higher financial charges and reduced dividend income from subsidiaries partially offset by higher phosphate sales.

NEAR TERM OUTLOOK

Urea demand is expected to remain strong in the backdrop of short supply sentiment which is expected to persist in the near term. Approx half a million tons of urea imports will be required during Kharif to meet industry demand.It is essential that the imports are made on a timely basis to ensure availability to the farmer and price stability. Industry is however carrying enough inventories of Phosphatic fertilizers to cover Kharif demand.

Our joint venture and subsidiaries are expected to continue to meet shareholders expectations.

Hussain Dawood
Chairman

Asad Umar
President and Chief Executive

Karachi
April 28, 2009