



ENRICHING LIVES



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Company Information

Board of Directors

Mr. Arif Habib

Chairman

Mr. Fawad Ahmed Mukhtar

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Mr. Faisal Ahmed Mukhtar

Mr. M. Abad Khan

Mr. Muhammad Kashif Habib

Mr. Jørgen Nergaard Gøl

Mr. Tariq Jamali

Nominee Director-NBP

Chief Financial Officer

Mr. Asad Murad

Company Secretary

Mr. Ausaf Ali Qureshi

Key Management

Mr. Arif-ur-Rehman

Director Operations

Mr. Muhammad Zahir

Director Marketing

Mr. Qadeer Ahmed Khan

Director Special Projects

Mr. Ahsen-ud-Din

Director Technology Division

Mr. Haroon Waheed

Group Head of Human Resource

Mr. Iftikhar Mahmood Baig

General Manager Business Development

Mr. Javed Akbar

Head of Procurement

Mr. Fuad Imran Khan

Chief Information Officer

Audit Committee

Mr. Muhammad Kashif Habib

Chairman

Mr. Fazal Ahmed Sheikh

Member

Mr. Faisal Ahmed Mukhtar

Member

Mr. Tariq Jamali

Member

Mr. M. Abad Khan

Member

Human Resource and Remuneration Committee

Mr. M. Abad Khan

Chairman

Mr. Jørgen Nergaard Gøl

Member

Mr. Muhammad Kashif Habib

Member

Mr. Faisal Ahmed Mukhtar

Member

Legal Advisors

M/s. Chima & Ibrahim

Advocates

1-A/ 245, Tufail Road

Lahore Cantt.

Auditors

M. Yousuf Adil Saleem & Company
Chartered Accountants, Multan.
(A member firm of Deloitte Touche Tohmatsu)
Abdali Tower, First Floor,
77-Abdali Road, Multan.
UAN: +92 (0) 61 111-55-2626
Ph: +92 (0) 61 4511979, 4785211-13
Fax: +92 (0) 61 4785214
Web: www.deloitte.com/pk

Registrar and Share Transfer Agent

Central Depository Company of
Pakistan Limited
Share Registrar Department
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400.
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Burj Bank Limited
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan

NIB Bank Limited
Pak China Investment Company
Limited ("NBFI")
Pak Libya Holding Company (Pvt)
Limited ("NBFI")
Saudi Pak Industrial & Agricultural
Investment Company Limited
("NBFI")
Silk Bank Limited
Sindh 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 / Head Office

E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.
UAN: 111-FATIMA (111-328-462)
Fax: 042-36621389

Plant Site

Mukhtar Garh, Sadiqabad,
Distt. Rahim Yar Khan,
Pakistan.
Tel: 068-5786910
Fax: 068-5786909

Directors' Report to the Members

Dear Shareholders,

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, I am pleased to present the un-audited financial statements of the Company for the first quarter ended March 31, 2014 along with a brief overview of operational and financial performance of the Company.

Market Overview

Based on the size of wheat sowing, Urea sales were expected to increase in the first quarter of 2014. In January 2014, the forecast seemed to be correct with a healthy increase of 16% in sales over January 2013. However the surge was partially dampened by wet spells through February and March and to some extent by the price reduction rumors in the market. As a result, in the first quarter of the year nitrogen market did not register any growth. Total Urea sales for the period in 2014 were 1,343 kt versus 1,341 kt in the same period of 2013. On the other hand the Phosphate market grew by 6% over the first quarter 2013. This was primarily in the wake of international price increase driving price increases in local market as well. Thus price increases announced in January and early February stimulated dealer purchases. DAP sales also witnessed increase of 6% and grew from 164 kt to 174 kt.

Company Performance

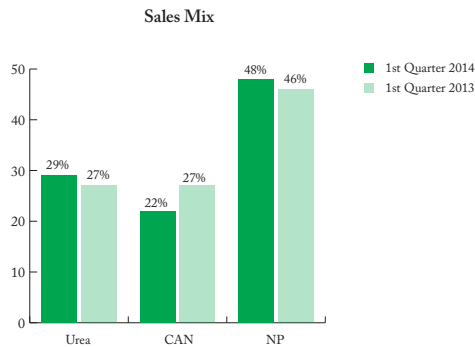
All the plants of your Company operated smoothly and achieved the production targets. On cumulative basis, production of the plants marked an increase of 1% than the same period last year. Operational efficiency of the plants remained in line with last year; prominent increase was in NP plant output. Product-wise production during the first quarter of the year was as under:

Products	Jan to Mar	Jan to Mar
	2014	2013
	"000" MT	
Urea	72	90
CAN	117	117
NP	95	82
Ammonia	119	121
NA	128	116
Total	531	526

During the quarter under review, your Company reported Net Sales Revenue of PKR 7.37 Billion, a decrease of 2% over the same quarter last year. This decline was mainly

triggered by flagging sales of CAN, resulting in 17% drop in its revenue, as in the first instance imported Urea was available in the market at subsidized rates; competing with CAN directly. On the other hand, the persistence of rumors that Urea prices would be reduced by the Government through most of February and March kept dealers on the sidelines; waiting for the outcome. NP registered 3% increase in sales revenue and contributed 48% to the total revenues primarily owing to strong demand, robust promotional and educational campaigns. Brand building activities during the quarter continued with the farmer promotion on NP and with the prime sponsorship of the Dawn 'Sarsabz' Expo 2014. Impact of these efforts would have been pronounced even further had NP prices not declined notably in line with reduction in international prices of Phosphate fertilizers, as compared to that in the same period last year. Urea also reported 4% increase in sales revenue and brought in 29% of the revenue. Sales and revenue contribution of fertilizer products during the quarter were as follows:

Products	Jan to Mar	Jan to Mar
	2014	2013
	"000" MT	
Urea	71	73
CAN	67	87
NP	94	82
Total	232	242



Nitric Acid (NA) sales registered 1% contribution, reflecting acceptance and demand of NA in local market. Weak CAN sales, in turn, led to 5% decrease in gross profit to PKR 4,236 Million over the same quarter last year.

Directors' Report to the Members

The current quarter, has seen marginal increase in Distribution Cost and Administrative Expenses by 4% and 2% respectively compared to that in the same period last year. Impact of operational cost increase was subsided by 5% Finance Cost reduction from the same quarter last year. Your Company was able to reduce the Finance Cost through periodic repayment of loans and effective utilization of cash generated through operations. Consequently, before and after tax profits were recorded at PKR 2.51 Billion and PKR 1.63 Billion, respectively.

Future Outlook

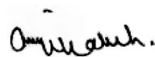
The Fertilizer Review Committee has optimistically forecasted a demand of 2.9 Million tons of Urea for Kharif. Considering the positive outlook on sugarcane and rice tempered by the possibility of lower area on cotton due to delayed sowing on account of extended winter, we estimate a market size for Urea and DAP at the same levels as 2013 i.e. 2.8 million tons and 0.64 million tons respectively. With this projection, we see our product wise sales to be reasonably firm. However, with the anticipated decline in Phosphate prices with the opening of the Chinese exports and strengthening of the Rupee, phosphate sales will start slowly till market prices settle by end May.

The Company has revised its Annual Turn Around schedule from mid-March to April 2014. Annual Turn Around will concentrate on the maintenance of plants in order to have smooth flow of production cycle. Capital expenditure incurred during the quarter under review depicts your Company's commitment to bring forth a promising future by taking on projects that will improve the operational capabilities of its fertilizer plants even further. The Company is actively progressing ahead for implementation of Phase-I of Ammonia Revamp and Debottlenecking project. The project is expected to be completed at the scheduled time of October 2015 providing 7% capacity gain to the Company.

Acknowledgements

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers and all others whose efforts and contributions strengthened the Company.

For and on behalf of the Board



Arif Habib
Chairman

Lahore
April 29, 2014

Condensed Interim Financial Statements
Fatima Fertilizer Company Limited
for the first quarter ended March 31, 2014

Condensed Interim Balance Sheet

As at March 31, 2014

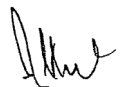
	Note	Un audited March 31, 2014	Audited December 31, 2013
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,500,000,000 (December 31, 2013: 2,500,000,000) ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2013: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Accumulated profit		11,601,508	9,968,958
		34,391,508	32,758,958
NON CURRENT LIABILITIES			
Long term finance	4	22,647,450	22,647,450
Deferred liabilities	5	9,425,360	8,608,816
		32,072,810	31,256,266
CURRENT LIABILITIES			
Trade and other payables		4,260,448	6,650,695
Accrued finance cost		1,274,123	383,432
Short term finance - secured	6	3,576,139	2,302,516
Current maturity of long term finance	4	5,938,078	5,938,078
		15,048,788	15,274,721
CONTINGENCIES & COMMITMENTS	7		
		81,513,106	79,289,945

The annexed explanatory notes from 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive

	Note	Un audited March 31, 2014	Audited December 31, 2013
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	65,426,116	65,695,396
Intangible assets	9	39,089	42,726
Capital work in progress	10	2,419,327	1,892,621
		67,884,532	67,630,743
Long term investments		85,190	85,190
Long term deposits		12,518	10,248
		67,982,240	67,726,181
CURRENT ASSETS			
Stores and spares	11	4,308,647	3,850,150
Stock in trade	12	3,517,810	2,702,076
Trade debts		119,052	99,181
Short term loan to associated company		3,000,000	3,000,000
Loans, advances, deposits, prepayments and other receivables		2,451,412	1,674,063
Cash and bank balances		133,945	238,294
		13,530,866	11,563,764
		81,513,106	79,289,945



Director

Condensed Interim Profit and Loss Account (Un Audited)

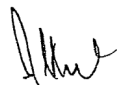
For the first quarter ended March 31, 2014

	Note	March 31, 2014	March 31, 2013
(Rupees in thousand)			
Sales	13	7,366,007	7,530,662
Cost of sales	14	(3,129,641)	(3,090,144)
Gross profit		4,236,366	4,440,518
Distribution cost		(329,423)	(317,817)
Administrative expenses		(300,743)	(293,793)
		3,606,200	3,828,908
Finance cost	15	(974,251)	(1,030,330)
Other operating expenses		(217,944)	(344,871)
		2,414,005	2,453,707
Other income		95,040	73,880
Profit before tax		2,509,045	2,527,587
Taxation	16	(876,495)	(846,731)
Profit for the period		1,632,550	1,680,856
Earnings per share - basic and diluted (Rupees)	18	0.78	0.80

The annexed explanatory notes from 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive



Director

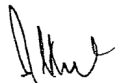
Condensed Interim Statement of Comprehensive Income (Un Audited) For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Profit for the period	1,632,550	1,680,856
Other comprehensive income	-	-
Total comprehensive income for the period	1,632,550	1,680,856

The annexed explanatory notes from 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

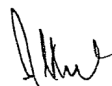
For the first quarter ended March 31, 2014

	Ordinary share capital	Share premium	Accumulated profit	Total
(Rupees in thousand)				
Balance as at December 31, 2012 (Audited) - restated	21,000,000	1,790,000	6,157,854	28,947,854
Profit for the period	-	-	1,680,856	1,680,856
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,680,856	1,680,856
Transactions with owners:				
Final dividend for the year ended December 31, 2012 @ Rs 2 per share	-	-	(4,200,000)	(4,200,000)
Balance as at March 31, 2013 (Un audited)	21,000,000	1,790,000	3,638,710	26,428,710
Balance as at December 31, 2013 (Audited)	21,000,000	1,790,000	9,968,958	32,758,958
Profit for the period	-	-	1,632,550	1,632,550
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,632,550	1,632,550
Balance as at March 31, 2014 (Un audited)	21,000,000	1,790,000	11,601,508	34,391,508

The annexed explanatory notes from 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un Audited)

For the first quarter ended March 31, 2014

	Note	March 31, 2014	March 31, 2013
(Rupees in thousand)			
Cash flows from operating activities			
Cash (used in) / generated from operations	19	(486,768)	1,700,524
Finance cost paid		(83,560)	(1,760,006)
Taxes paid		(162,838)	(97,459)
Employee retirement benefits paid		(1,669)	(968)
Net cash used in operating activities		(734,835)	(157,909)
Cash flows from investing activities			
Fixed capital expenditure		(643,937)	(276,904)
Proceeds from disposal of property plant and equipment		133	-
Net proceeds from disposal of short term investments		-	39,147
Net (increase) / decrease in long term loans and deposits		(2,270)	3,700
Profit received on saving accounts		3,065	4,156
Net cash used in investing activities		(643,009)	(229,901)
Cash flows from financing activities			
Proceeds from long term finance		-	403,740
Dividend paid			
- ordinary shares		(128)	(2,708)
- preference shares		-	(1,337,214)
Increase in short term finance - net		1,273,623	1,175,618
Net cash from financing activities		1,273,495	239,436
Net decrease in cash and cash equivalents		(104,349)	(148,374)
Cash and cash equivalents at the beginning of the period		238,294	984,144
Cash and cash equivalents at the end of the period		133,945	835,770

The annexed explanatory notes from 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive



Director

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the first quarter ended March 31, 2014

1. Legal status and nature of business

Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the Companies Ordinance, 1984. The Company got Listed on Karachi, Lahore and Islamabad Stock Exchanges on March 08, 2010.

The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facility of the Company is located at Sadiqabad.

2. Basis of preparation

- 2.1 This condensed interim financial information of the Company for the quarter ended March 31, 2014 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. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2013.

Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2013 and comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement are stated from an audited condensed interim financial information for the quarter ended March 31, 2013.

- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

3. Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2013.

	Note	Un audited March 31, 2014	Audited December 31, 2013
(Rupees in thousand)			
4. Long term finance			
Secured loans from Banking Companies / Financial Institutions		28,585,528	28,585,528
Less: Current portion shown under current liabilities		5,938,078	5,938,078
		22,647,450	22,647,450
5. Deferred liabilities			
Deferred taxation	5.1	9,229,644	8,425,732
Employee retirement benefits	5.2	195,716	183,084
		9,425,360	8,608,816
5.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		14,633,478	14,444,242
Deductible temporary difference:			
Carry forward tax depreciation losses		(4,524,373)	(5,212,083)
Provision for retirement benefits		(17,779)	(17,328)
Remeasurement of defined benefit obligation		(7,314)	(7,314)
Tax credit u/s 113c		(854,368)	(781,785)
		(5,403,834)	(6,018,510)
		9,229,644	8,425,732
5.2 Employee retirement benefits			
Gratuity		144,920	133,575
Accumulating compensated absences		50,796	49,509
		195,716	183,084

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the first quarter ended March 31, 2014

	Note	Un audited March 31, 2014	Audited December 31, 2013
(Rupees in thousand)			
6. Short term finance			
Secured loans from Banking companies:			
Cash finance	6.1	1,479,244	964,270
Running finance	6.2	1,164,949	565,053
Finance against Imported Merchandise	6.3	931,946	773,193
		3,576,139	2,302,516

6.1 These facilities have been obtained from various banks for working capital requirements, and are secured by pledge of raw material and finished goods and by personal guarantees of sponsoring directors.

The facilities carry mark up ranging from 10.39% to 11.43% (December 31, 2013: 9.66% to 11.18%) per annum.

6.2 These facilities have been obtained from various banks for working capital requirements, and are secured by Pari Passu charge of Rs 5,335 million (December 31, 2013: Rs. 5,137 million) on present and future current assets.

The facilities carry mark up ranging from 10.57% to 11.68% (December 31, 2013: 10.02% to 11.43%) per annum.

6.3 These facilities have been obtained from various banks against imported merchandise. The facilities carry mark up ranging from 10.57% to 11.09% (December 31, 2013: 10.02% to 13.65%) per annum.

6.4 The aggregate unavailed short term borrowing facilities amount to Rs 6,556 million (December 31, 2013: Rs 7,699.30 million).

7 Contingencies and commitments

7.1 Contingencies

(i) Post dated cheques not accounted for in the financial statements, submitted by the Company to the Collector of Customs to cover excess import levies on plant and machinery aggregating to Rs 13.935 million (December 31, 2013: Rs 13.935 million).

- (ii) The Company has issued guarantee amounting to Rs 200 million (December 31, 2013: Rs 200 million) in favor of Government of the Punjab for contribution towards Fatima Fertilizer Welfare Trust.
- (iii) Under the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance), Workers Welfare Fund (WWF) was levied at 2% of the assessed income excluding income falling under the Final Tax Regime (FTR). Through Finance Act, 2008 an amendment was made in section 4(5) of the WWF Ordinance whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

In the year 2011, the Lahore High Court has struck down the aforementioned amendments to the WWF Ordinance. However Sindh High Court through its order dated March 1, 2013 held that amendments made in WWF Ordinance through Finance Act, 2008 were constitutional. As there is a conflict of views in the judgments of two High Courts on one subject, we understand that the matter will ultimately be decided in Supreme Court. Legal counsel of the Company has advised to follow the judgment of Lahore High Court according to which although the company is not required to record provisions for WWF, however as a matter of prudence the management has recognized the liability aggregating to Rs 302.936 million (December 31, 2013: Rs 251.399 million) while the provisions for the years 2011 and 2012 aggregating to Rs 303.362 million have not been recognized.

- (iv) The application under section 65 of the Sales Tax Act, 1990 to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs 690 million inadvertently short levied/paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011 is still pending.

The show cause notice issued by Deputy Commissioner Inland Revenue, Multan on the aforementioned subject, has been withdrawn in view of the pending adjudication at Lahore High Court, Multan Bench.

Based on the advise of the Company's legal counsel and tax advisor, management considers that reasonable grounds exist that the exemption would be allowed to the Company. Consequently, no provision has been recognized in these financial statements for the abovementioned amount.

- (v) The Assistant Commissioner Inland Revenue has passed a judgment against the Company alleging that the Company has adjusted the excess input tax amounting to Rs 12.68 million in January 2012 sales tax return.

The Commissioner Inland Revenue Appeals (CIR(A)) has allowed input tax to the extent of Rs 2.829 million, for the remaining Company has opted appeal before the Appellate Tribunal Inland Revenue (ATIR).

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the first quarter ended March 31, 2014

- (vi) The Company has preferred appeals in Custom Appellate Tribunal, Lahore, against the following orders passed by:
- Collector of Customs (Adjudication), Faisalabad, alleging that the Company has irregularly claimed exemption under SRO 575 on import of 20 consignments of seamless pipes and raised demand of Rs 113.957 million
 - Collector of Customs (Adjudication), Faisalabad, alleging that the Company has irregularly claimed exemptions under SRO 575 on import of 7 consignments of deformed steel bars and raised demand of Rs 150.604 million.
 - Collector of Customs (Adjudication), Faisalabad, alleging that the Company has not paid duties and taxes on licenses and engineering services amounting to Euro 1.200 million. The total demand raised is Rs 10.503 million including surcharge.
 - Collector of Customs (Adjudication), Faisalabad, alleging that the Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised is Rs 17.936 million.

Management is confident that no financial liability will arise in all the above referred cases, therefore no provision has been made in these financial statements.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 1,470.768 million (December 31, 2013: Rs 25.411 million).
- (ii) Contracts for other than capital expenditure Rs 1,143.657 million (December 31, 2013: Rs 1,627.135 million).
- (iii) The amount of future payments under non cancellable operating leases and the period in which these payments will become due are as follows:

	Un audited March 31, 2014	Audited December 31, 2013
(Rupees in thousand)		
Not later than one year	91,974	73,897
Later than one year but not later than five years	139,719	103,327
	231,693	177,224

	Note	Un audited March 31, 2014	Audited December 31, 2013
(Rupees in thousand)			
8. Property, plant and equipment			
Opening book value		65,695,396	65,882,892
Add: additions during the period	8.1	117,231	1,332,146
Less: book value of disposals during the period		131	157
		65,812,496	67,214,881
Less: depreciation charged during the period		386,380	1,519,485
Closing book value		65,426,116	65,695,396
8.1 Additions during the period			
Building		11,120	127,539
Plant and machinery		50,649	981,850
Furniture and fixtures		5,622	8,835
Office equipment		471	5,511
Electric installations and appliances		18,403	138,361
Computers		3,009	23,128
Vehicles		27,957	46,922
		117,231	1,332,146
9. Intangible assets			
Opening book value		42,726	33,881
Add: additions during the period		-	21,223
		42,726	55,104
Less: amortization charged during the period		3,637	12,378
Closing book value		39,089	42,726
10. Capital work in progress			
Civil works		506,416	466,632
Plant and machinery		1,495,600	1,262,383
Advances	10.2	417,311	163,606
		2,419,327	1,892,621

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the first quarter ended March 31, 2014

	Un audited March 31, 2014	Audited December 31, 2013
	(Rupees in thousand)	
10.1 Movement of capital work in progress		
Opening balance	1,892,621	1,662,461
Addition during the period	544,943	702,987
	2,437,564	2,365,448
Less: capitalization during the period	18,237	472,827
Closing balance	2,419,327	1,892,621
10.2 Advances		
Freehold land	1,711	1,711
Civil works	3,795	1,229
Plant and machinery	411,805	160,666
	417,311	163,606
11. Stores and spares		
Stores	201,405	171,400
Spares	2,997,073	2,567,300
Catalyst and chemicals	1,110,169	1,111,450
	4,308,647	3,850,150
12. Stock in trade		
Raw material {including in transit Rs 2,065.8 million (December 31, 2013: Rs 1,464.7 million)}	2,971,205	2,495,415
Packing material	5,184	6,288
Mid Products		
Ammonia	21,346	16,777
Nitric Acid	4,687	9,120
Others	357	331
	26,390	26,228
Finished goods		
Urea	40,581	22,032
NP	129,026	89,408
CAN	312,629	34,641
Emission reductions	32,795	28,064
	515,031	174,145
	3,517,810	2,702,076

13. Sales

Sales are exclusive of sales tax and trade allowances of Rs 1,268.653 million and Rs 34.875 million (March 31, 2013: Rs 1,194.067 million and Rs 113.730 million) respectively.

	For the quarter ended	
	March 31, 2014	March 31, 2013
(Rupees in thousand)		
14 Cost of sales		
Raw material consumed	1,446,724	1,440,964
Packing material consumed	191,240	175,262
Salaries, wages and other benefits	283,466	295,339
Fuel and power	725,567	679,545
Chemicals and catalyst consumed	95,325	80,047
Stores and spares consumed	200,889	189,686
Technical assistance	5,702	16,237
Repair and maintenance	27,497	32,591
Insurance	100,552	107,958
Travelling and conveyance	8,107	9,977
Equipment rental	1,304	19,982
Vehicle running and maintenance	8,017	8,183
Depreciation	367,042	359,207
Others	9,258	14,441
Manufacturing cost	3,470,690	3,429,419
Opening stock of mid products	26,228	17,469
Closing stock of mid products	(26,390)	(28,935)
Cost of goods manufactured	3,470,528	3,417,953
Opening stock of finished goods	174,145	196,641
Closing stock of finished goods	(515,032)	(524,450)
	3,129,641	3,090,144

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the first quarter ended March 31, 2014

	For the quarter ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
15 Finance cost		
Markup on long term loans	868,664	919,991
Markup on loans from associated company	-	5,765
Markup on short term loans	93,569	93,513
Interest on Worker Profit Participation Fund	637	-
Bank charges and others	11,381	11,061
	974,251	1,030,330
16 Taxation		
Current	72,583	37,073
Deferred	803,912	809,658
	876,495	846,731

17. Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	For the quarter ended	
		March 31, 2014	March 31, 2013
		(Rupees in thousand)	
Associated companies	Purchase of packing material	108,441	170,327
	Toll manufacturing	340,999	-
	Other Income	90,025	-
	Finance cost	-	5,765
	Miscellaneous expenses	42,906	97,081
	Sale of stores and spares	5,685	11,101
Directors and key management personnel	Remuneration including benefits and perquisites	44,520	31,839
Retirement benefit plans	Retirement benefit expense	22,358	18,441

For the quarter ended

March 31, 2014 March 31, 2013

(Rupees in thousand)

18 Earnings per share - basic and diluted

The calculation of basic and diluted earnings per share is based on the following data:

Profit

Profit for the period	1,632,550	1,680,856
Profit attributable to ordinary shareholders	1,632,550	1,680,856

Weighted average number of shares

(Number of shares)

Ordinary shares for the purposes of basic and diluted earnings per share	2,100,000,000	2,100,000,000
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Basic and diluted earnings per share have been computed by dividing profit as stated above with weighted average number of ordinary shares. There is no dilution effect in the current period.

Basic and diluted earnings per share (Rupees)	0.78	0.80
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Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the first quarter ended March 31, 2014

	For the quarter ended	
	March 31, 2014	March 31, 2013
(Rupees in thousand)		
19. Cash generated from operations		
Profit before tax	2,509,045	2,527,587
Adjustments for :		
Retirement benefits accrued	14,301	11,420
Depreciation on property, plant and equipment	386,380	375,056
Amortization of intangible assets	3,637	2,310
Finance cost	974,251	1,030,330
Profit on short term loan to associated company	(90,025)	-
Gain on sale of short term investment	-	(39,147)
Profit on saving accounts	(1,828)	(28,306)
Gain on disposal of property, plant and equipment	(2)	-
	1,286,714	1,351,663
Operating cash flows before working capital changes	3,795,759	3,879,250
Effect on cash flow due to working capital changes:		
Increase in current assets:		
Stores and spares	(458,497)	(353,162)
Stock in trade	(815,734)	(797,950)
Trade debts	(19,871)	(398,713)
Loans, advances, deposits, prepayments and other receivables	(598,306)	(76,873)
Decrease in creditors, accrued and other liabilities	(2,390,119)	(552,028)
	(4,282,527)	(2,178,726)
	(486,768)	1,700,524

20. Date of Authorization of Issue

These financial statements have been authorized for issue on April 29, 2014 by the Board of Directors of the Company.

21. General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.



Chief Executive



Director

