

Driving Sustainable Growth

Condensed Interim Financial Statements
For the three months ended March 31, 2016



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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. Peter Vang Christensen

Mr. Tariq Jamali

Nominee Director-NBP

Chief Financial Officer

Mr. Asad Murad

Company Secretary

Mr. Ausaf Ali Qureshi

Key Management

Mr. Arif-ur-Rehman

Chief Manufacturing Officer

Mr. Inam-Ullah-Naveed

Director Operations

Mr. Muhammad Zahir

Director Risk Management Division

Mr. Haroon Waheed

Group Head of HR

Mr. Iftikhar Mahmood Baig

Director Business Development

Mr. Javed Akbar

Head of Procurement

Mr. Qadeer Ahmed Khan

Director Special Projects

Mr. Ahsen-ud-Din

Director Technology Division

Dr. Fuad Imran Khan

Chief Information Officer

Mr. Kashif Mustafa Khan

Incharge of Internal Audit

Mr. Umer Habib Lodhi

Head of Marketing

Mr. Kashif Aziz Khawaja

Head of Sales

Mr. Asghar Naveed

Corporate HSE Manager

Audit Committee Members

Mr. Muhammad Kashif Habib

Chairman

Mr. Peter Vang Christensen

Member

Mr. Faisal Ahmed Mukhtar

Member

Mr. M. Abad Khan

Member

Mr. Tariq Jamali

Member

HR and Remuneration Committee Members

Mr. M. Abad Khan

Chairman

Mr. Peter Vang Christensen

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

Deloitte Yousuf Adil
Chartered Accountants
*(A member firm of Deloitte Touche
Tohmatsu Limited)*

134-A, Abubakar Block,
New Garden Town, Lahore
Ph: +92 (0) 42 35913595 - 7,
42 35440520
Fax: +92 (0) 42 35440521
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 Shakra-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
Bank Al-Habib Limited
BankIslami Pakistan 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
Limited ("NBFI")
Saudi Pak Industrial & Agricultural
Investment Company Limited
("NBFI")
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 three months ended March 31, 2016 along with brief overview of operational and financial performance of the Company.

Market Overview

Globally, the year 2015 culminated in an overall slowdown as commodity prices softened continuously and this continued in the first quarter of the year 2016. The year started with urea prices in China and Middle East at \$225/ton FOB. Prices slipped further to \$190-200/ton FOB due to supply exceeding demand. However, prices gained some strength in February. US demand and production outages in Egypt and Algeria ended the downward trend. By the end of the quarter, prices in Arabian Gulf were \$205-210/ton FOB and prices in China were \$210-212/ton FOB.

In Pakistan, the Urea market decreased by 47% to 808,187 tons in the first quarter of 2016 as compared to 1,513,524 tons for the same period in 2015. This was due to farm economics not being supportive of urea. Wheat support price remained the same while there was an increase in input costs. Furthermore, Rabi witnessed regular rainfall above general trends and this hampered offtake of urea.

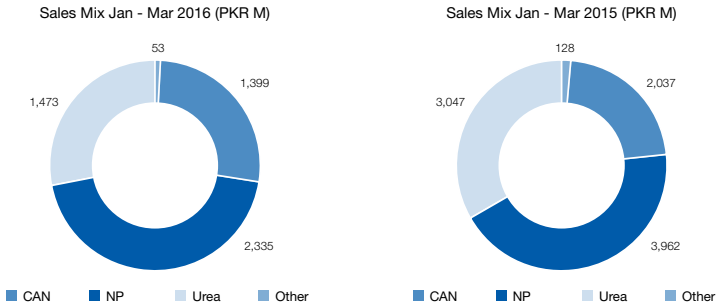
The global Phosphate market started on a slow note due to low demand with lowering prices. In January, DAP price was \$415-420/ton CFR and the pressure on prices continued. Lack of demand forced producers to accept lower prices despite curtailments and additional cutbacks. By the end of the quarter, prices had fallen to \$345-350/ton CFR.

In Pakistan, the DAP market increased by 1% to 185,980 tons in the first quarter of 2016 as opposed to 184,526 during the same period in 2015. This increase is due to continued purchasing by importers and dealers to average down stock values and erosion of local prices.

Company Performance

Due to slow off take situation of fertilizer market, sales volume of the Company in the first quarter of 2016 declined by 39% over the same period

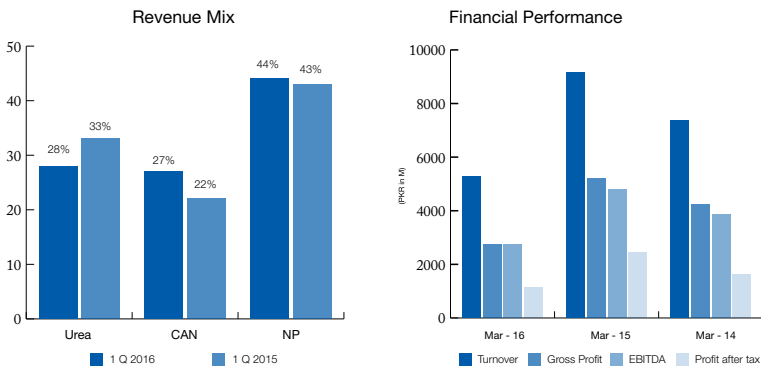
Products	Sales Volume	
	Jan to Mar - 2016	Jan to Mar - 2015
	("000" Tons)	
Urea	49	99
CAN	60	81
NP	64	102
Total	172	282



In spite of adverse off take situation of the fertilizer market, following its commitment to continuous process improvement, in the first quarter of 2016 the Company achieved highest ever production in a quarter with all plants performing better than the expectations.

Products	Jan to Mar - 2016	Jan to Mar - 2015
	("000" Tons)	
Ammonia	149	136
Nitric Acid	135	134
Urea	123	103
CAN	122	122
NP	104	102

The Company posted Net Revenue for the quarter at PKR 5.3 Billion down by 42.7% over the same period last year, primarily due to decline in sale quantities. NP has been the major contributor towards revenue with 44% contribution while the contribution of Urea and CAN was 28% and 27% respectively. Nitric Acid (NA) sales made up the rest of 1%.



Directors' Report to the Members

Gross profit margin for the quarter declined by 48% to close at PKR 2.7 Billion against PKR 5.2 billion for the same quarter last year. Distribution Expenses decreased by 30% in line with the decrease in sale volumes while Administrative Expenses also decreased by 35% over the same quarter last year.

Finance Cost declined by 4% compared to the same period last year. The reduction in base rate coupled with repayment of long term loans resulted in 40% reduction in markup expense on long term loans which was however significantly offset by markup expense on incremental short term bank borrowings to meet the working capital requirements.

As a result the Company posted Profit Before Tax of PKR 1.65 Billion with 55.9% reduction and After Tax Profit for the quarter of PKR 1.1 Billion lower by 53.6% over PKR 2.4 Billion earned during the same period last year.

On Health, Safety and Environment (HSE) front, the Company achieved combined 31.76 million safe man-hours and TRIR 0.0 by Mar 31st 2016. Overall HSE performance remained excellent.

Consolidated Financial Results

Fatimafert Limited (FF) (formerly DH Fertilizers Limited) and Bubber Sher (Private) Limited are the wholly owned subsidiaries of the Company. FF is primarily engaged in the manufacturing and sale of Urea. Summary of consolidated financial results at the end of March 31, 2016 is as follows:

	PKR in Million
Sale	5,378
Gross Profit	2,626
Profit Before Tax	1,426
Profit After Tax	896

Future Outlook

Global Urea market is expected to gain strength steadily. Prices are firming due to Indian demand for imports and China and Iran are expected to be the main sources of market strength. In Pakistan, there is no immediate need for imports.

In Phosphates market, the outlook remains soft. Chinese producers are facing slow domestic demand and are looking towards markets from India to Central America. Entrance of India will provide strength to the market. In Pakistan, there is optimism with new cargoes being purchased due to lower prices and demand due to sugarcane crop.

With successful commissioning of Ammonia Revamp and Debottlenecking Project daily production has surpassed the targeted volumes. Plant is now operating at enhanced production capacity. Waste Gas Boiler (WGB) installation is complete and presently its commissioning activities are in progress. WGB is expected to be commissioned by end of April 2016.

Commissioning of WGB will help to the Company improve the feed-fuel ratio of the natural gas leading to saving in manufacturing cost.

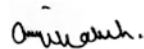
Due to availability of stocks of all the products and plant operations at enhanced efficiency and sustainability, with improvement in off take situation, the Company is well positioned to play to its role in meeting fertilizer demand in the country leading to incremental values for its shareholders in 2016 and onwards.

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

Lahore
April 27,2016



Arif Habib
Chairman

Fatima Fertilizer Company Limited
Condensed Interim
Financial Statements

for the three months ended March 31, 2016

Condensed Interim Balance Sheet

As at March 31, 2016

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,500,000,000 (December 31, 2015: 2,500,000,000) ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital 2,100,000,000 (December 31, 2015: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Post retirement benefit obligation reserve		(30,437)	(30,437)
Unappropriated profit		18,594,058	17,468,946
		41,353,621	40,228,509
NON CURRENT LIABILITIES			
Long term finances	4	13,596,254	13,168,124
Deferred liabilities	5	15,558,855	15,411,918
Long term deposits		34,938	33,003
		29,190,047	28,613,045
CURRENT LIABILITIES			
Trade and other payables		7,809,703	8,645,991
Accrued finance cost		692,381	260,003
Short term finances - secured	6	12,408,507	10,229,486
Current maturity of long term finance		7,011,563	6,812,119
		27,922,154	25,947,599
CONTINGENCIES & COMMITMENTS			
	7		
		98,465,822	94,789,153

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



Chief Executive

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	73,820,292	73,105,193
Intangible assets	9	21,987	26,370
		73,842,279	73,131,563
Long term investments		2,106,450	2,106,450
Long term deposits		28,915	18,530
		75,977,644	75,256,543
CURRENT ASSETS			
Stores and spares	10	4,872,112	4,764,101
Stock in trade	11	8,396,251	7,002,664
Trade debts		771,098	335,002
Short term loan to associated companies		2,700,000	2,700,000
Loans, advances, deposits, prepayments and other receivables		5,216,492	4,435,640
Short term investment		200,000	–
Cash and bank balances		332,225	295,203
		22,488,178	19,532,610
		98,465,822	94,789,153



Director

Condensed Interim Profit and Loss Account (Un Audited)

For the three months ended March 31, 2016

	Note	March 31, 2016	March 31, 2015
(Rupees in thousand)			
Sales	12	5,260,173	9,174,333
Cost of sales	13	(2,522,988)	(3,955,986)
Gross profit		2,737,185	5,218,347
Distribution cost		(254,186)	(363,677)
Administrative expenses		(226,882)	(347,302)
		2,256,117	4,507,368
Finance cost	14	(636,182)	(662,958)
Other operating expenses		(122,613)	(289,967)
		1,497,322	3,554,443
Other income		154,365	188,484
Profit before tax		1,651,687	3,742,927
Taxation	15	(526,575)	(1,315,563)
Profit for the period		1,125,112	2,427,364
Earnings per share - basic and diluted (Rupees)	17	0.54	1.16

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



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income (Un Audited)

For the three months ended March 31, 2016

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Profit for the period	1,125,112	2,427,364
Other comprehensive income	–	–
Total comprehensive income for the period	1,125,112	2,427,364

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



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

For the three months ended March 31, 2016

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Un appropriated profit	Total
(Rupees in thousand)					
Balance as at December 31, 2014 (Audited)	21,000,000	1,790,000	(23,311)	13,990,335	36,757,024
Profit for the period	-	-	-	2,427,364	2,427,364
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,427,364	2,427,364
Balance as at March 31, 2015 (Un audited)	21,000,000	1,790,000	(23,311)	16,417,699	39,184,388
Balance as at December 31, 2015 (Audited)	21,000,000	1,790,000	(30,437)	17,468,946	40,228,509
Profit for the period	-	-	-	1,125,112	1,125,112
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,125,112	1,125,112
Balance as at March 31, 2016 (Un audited)	21,000,000	1,790,000	(30,437)	18,594,058	41,353,621

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



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un Audited)

For the three months ended March 31, 2016

	Note	March 31, 2016	March 31, 2015
(Rupees in thousand)			
Cash flows from operating activities			
Cash (used in) / generated from operations	18	(1,191,776)	4,508,727
Net increase in long term deposits		1,935	-
Finance cost paid		(214,070)	(25,082)
Taxes paid		(136,413)	(64,890)
Employee retirement benefits paid		(7,621)	(4,780)
Net cash (used in) / from operating activities		(1,547,945)	4,413,975
Cash flows from investing activities			
Additions in property, plant and equipment		(1,013,621)	(650,249)
Additions in intangible assets		(315)	(13,122)
Proceeds from disposal of property plant and equipment		63	89
Net increase in long term deposits		(10,385)	(3,567)
Short term investment		(200,000)	-
Profit received on short term loan and saving accounts		2,630	222,986
Net cash used in investing activities		(1,221,628)	(443,863)
Cash flows from financing activities			
Proceeds from long term finance		627,574	-
Dividend paid		-	(421)
Increase in short term finance - net		2,179,021	8,737
Net cash from financing activities		2,806,595	8,316
Net increase in cash and cash equivalents		37,022	3,978,428
Cash and cash equivalents at the beginning of the period		295,203	948,807
Cash and cash equivalents at the end of the period		332,225	4,927,235

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



Chief Executive



Director

Notes to and Forming Part of the Condensed Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

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 is listed on Pakistan Stock Exchange.

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 Mukhtargarh, Sadiqabad, Pakistan.

2. Basis of preparation

- 2.1 This condensed interim financial information of the Company for the three months ended March 31, 2016 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, 2015. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2015 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 un audited condensed interim financial statements for the three months ended March 31, 2015.
- 2.3 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3. Accounting polices and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the company for the year ended December 31, 2015.

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
4. Long term finances			
Secured loans from banking companies / financial institutions	4.1	20,607,817	19,980,243
Less: Current portion shown under current liabilities		7,011,563	6,812,119
		13,596,254	13,168,124
4.1 Movement of long term finances - from Banking companies / Financial institutions			
Opening balance		19,980,243	23,710,339
Finance availed during the period		627,574	2,645,026
		20,607,817	26,355,365
Less: repayments during the period		–	6,375,122
		20,607,817	19,980,243
5. Deferred liabilities			
Deferred taxation	5.1	15,192,609	15,062,090
Employee retirement benefits	5.2	366,246	349,828
		15,558,855	15,411,918

Notes to and Forming Part of the Condensed Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	Un audited March 31, 2016	Audited December 31, 2015
	(Rupees in thousand)	
5.1 Deferred taxation		
This is composed of the following:		
Taxable temporary difference:		
Accelerated tax depreciation	15,242,335	15,109,567
Deductible temporary difference:		
Provision for retirement benefits	(34,895)	(32,646)
Re measurement of defined benefit obligation	(14,831)	(14,831)
	(49,726)	(47,477)
	15,192,609	15,062,090
5.2 Employee retirement benefits		
Gratuity	259,530	247,810
Accumulating compensated absences	106,716	102,018
	366,246	349,828

6. Short term finances

The Company has obtained short term financing facilities from various banks for working capital requirements in the nature of Running Finance, Cash Finance and Financing against Imported Merchandise.

These facilities are secured by Pari Passu charge on present and future current assets of the Company with 25% margin over financed amount, pledge of raw material and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 6.91% to 8.36% (December 31, 2015: 6.81% to 10.90%) per annum for Running Finance and Cash Finance and 6.98% to 7.59% (December 31, 2015: 2.15% to 7.59%) per annum for Finance against Imported Merchandise.

7. Contingencies and commitments

7.1 Contingencies

As at March 31, 2016, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Company for the year ended December 31, 2015.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 244.605 million (December 31, 2015: Rs 1,041.900 million).
- (ii) Contracts for other than capital expenditure Rs 88.661 million (December 31, 2015: Rs 220.344 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:

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
Not later than one year		157,886	149,948
Later than one year but not later than five years		193,600	206,211
		351,486	356,159
8. Property, plant and equipment			
Operating fixed assets- tangible	8.1	69,189,561	69,390,580
Capital work in progress	8.2	4,630,731	3,714,613
		73,820,292	73,105,193
8.1 Movement of operating fixed assets - tangible			
Opening book value		69,390,580	65,945,226
Add: additions during the period	8.1.1	237,588	5,090,025
Less: book value of disposals		–	59
		69,628,168	71,035,192
Less: depreciation charged		438,607	1,644,612
Closing book value		69,189,561	69,390,580

Notes to and Forming Part of the Condensed Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	Un audited March 31, 2016	Audited December 31, 2015
	(Rupees in thousand)	
8.1.1 Additions during the period		
Building	64,304	347,466
Plant and machinery	128,737	4,469,611
Furniture and fixtures	202	8,958
Office equipment	2,664	7,684
Electric installations and appliances	28,871	113,135
Computers	776	110,656
Vehicles	12,034	32,515
	237,588	5,090,025
8.2 Capital work in progress		
Civil works	462,304	447,175
Plant and machinery	3,285,796	2,168,583
Advances		
- Freehold land	159,758	159,758
- Civil works	1,186	4,832
- Plant and machinery	421,687	634,265
- Other advances	300,000	300,000
	882,631	1,098,855
	4,630,731	3,714,613
8.2.1 Movement of capital work in progress		
Opening balance	3,714,613	2,877,944
Addition during the period	1,105,401	5,091,205
	4,820,014	7,969,149
Less: capitalization during the period	189,283	4,254,536
Closing balance	4,630,731	3,714,613

	Un audited March 31, 2016	Audited December 31, 2015
	(Rupees in thousand)	
9. Intangible assets		
Opening book value	26,370	30,083
Add: additions during the period	315	14,669
	26,685	44,752
Less: amortization charged during the period	4,698	18,382
Closing book value	21,987	26,370
10. Stores and spares		
Stores	228,687	237,058
Spares	3,752,718	3,572,212
Catalyst and chemicals	890,707	954,831
	4,872,112	4,764,101
11. Stock in trade		
Raw material {including intransit Rs 1,192.358 million (December 31, 2015: Rs 1,670.775 million)}	2,268,846	2,766,315
Packing material	11,770	1,017
Mid Products		
Ammonia	19,871	23,906
Nitric Acid	7,484	5,264
Others	277	287
	27,632	29,457
Finished goods		
Urea	1,600,031	836,002
NP	3,305,823	2,495,358
CAN	1,131,932	817,676
Emission reductions	50,217	56,839
	6,088,003	4,205,875
	8,396,251	7,002,664

Notes to and Forming Part of the Condensed Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
12. Sales		
Fertilizer Products - own manufactured	5,135,591	9,047,756
Subsidy from Government of Pakistan on NP fertilizer	274,645	–
Mid products	53,417	127,946
	5,463,653	9,175,702
Less : Discounts	203,480	1,369
	5,260,173	9,174,333

12.1 Sales are exclusive of sales tax of Rs 987.489 million (March 31, 2015: Rs 1,524.606 million)

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
13. Cost of sales		
Raw material consumed	1,861,094	1,826,295
Packing material consumed	192,054	216,131
Salaries, wages and other benefits	426,274	516,583
Fuel and power	1,033,204	865,065
Chemicals and catalyst consumed	99,178	114,840
Stores and spares consumed	182,359	171,633
Technical assistance	14,236	12,689
Repair and maintenance	67,036	40,252
Insurance	40,695	71,279
Travelling and conveyance	29,744	24,134
Equipment rental	1,115	1,639
Vehicle running and maintenance	9,042	11,981
Depreciation	423,107	392,948
Others	24,153	22,472
Manufacturing cost	4,403,291	4,287,941
Opening stock of mid products	29,457	23,785
Closing stock of mid products	(27,632)	(34,687)
Cost of goods manufactured	4,405,116	4,277,039
Opening stock of finished goods	4,205,875	345,320
Closing stock of finished goods	(6,088,003)	(666,373)
	2,522,988	3,955,986

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
14. Finance cost		
Markup on long term finances	389,561	647,763
Markup on short term finances	212,212	6,695
Markup on Worker Profit Participation Fund	1,503	–
Markup on short term deposit from subsidiary Company	8,912	–
Bank charges and others	23,994	8,500
	636,182	662,958
15. Taxation		
Current	396,056	17,745
Deferred	130,519	1,297,818
	526,575	1,315,563

16. 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, 2016	March 31, 2015
		(Rupees in thousand)	
Subsidiary company	Finance cost	8,912	–
Associated companies	Toll manufacturing	–	770,845
	Miscellaneous expenses	16,402	39,001
	Sale of product	–	2,031
	Purchase of packing material	203,310	258,997
	Other income	60,649	104,872
Directors and key management personnel	Remuneration including benefits and perquisites	42,477	70,179
Retirement benefit plans	Retirement benefit expense	34,960	25,003

Notes to and Forming Part of the Condensed Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	For the quarter ended	
	March 31, 2016	March 31, 2015
(Rupees in thousand)		
17. Earnings per share - basic and diluted		
Profit attributable to ordinary shareholders	1,125,112	2,427,364
(Number of shares)		
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	0.54	1.16
18. Cash (used in) / generated from operations		
Profit before tax	1,651,687	3,742,927
Adjustments for:		
Depreciation on property, plant and equipment	438,607	401,803
Amortization of intangible assets	4,698	4,316
Finance cost	636,182	662,958
Provision for staff retirement benefits	24,039	15,524
Profit on short term loan to associated companies	(60,649)	(104,872)
Profit on saving accounts	(3,342)	(24,209)
Gain on disposal of property plant and equipment	(63)	(62)
	1,039,472	955,458
Operating cash flows before working capital changes	2,691,159	4,698,385
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(108,011)	(310,400)
Stock in trade	(1,393,587)	513,523
Trade debts	(436,096)	141,759
Loans, advances, deposits, prepayments and other receivables	(979,134)	(245,275)
Increase in creditors, accrued and other liabilities	(966,107)	(289,265)
	(3,882,935)	(189,658)
	(1,191,776)	4,508,727

19. Financial instruments

The carrying amount of financial assets and financial liabilities as at March 31, 2016 and as at December 31, 2015 approximate their fair values.

20. Date of Authorization of Issue

These financial statements have been authorized for issue on April 27, 2016 by the Board of Directors of the Company.

21. General

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

- 21.2** Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangement have been made during the period.



Chief Executive



Director

Fatima Fertilizer Company Limited
Condensed Interim Consolidated
Financial Statements

for the three months ended March 31, 2016

Condensed Interim Consolidated Balance Sheet

As at March 31, 2016

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,500,000,000 (December 31, 2015: 2,500,000,000) ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital 2,100,000,000 (December 31, 2015: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Post retirement benefit obligation reserve		(14,784)	(14,784)
Unappropriated profit		31,959,191	31,062,714
		54,734,407	53,837,930
NON CURRENT LIABILITIES			
Long term finances	4	18,062,254	17,634,124
Deferred liabilities	5	15,820,853	15,672,929
Long term deposits		44,245	42,312
		33,927,352	33,349,365
CURRENT LIABILITIES			
Trade and other payables		9,595,092	10,103,383
Accrued finance cost		700,170	389,807
Short term finances - secured	6	12,988,013	10,517,595
Current maturity of long term finance	4	7,011,563	6,812,119
		30,294,838	27,822,904
CONTINGENCIES & COMMITMENTS			
	7		
		118,956,597	115,010,199

The annexed explanatory notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Chief Executive

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	88,153,459	87,510,376
Intangible assets	9	5,923,435	5,928,128
		94,076,894	93,438,504
Long term investments		85,806	85,806
Long term deposits		29,441	19,146
		94,192,141	93,543,456
CURRENT ASSETS			
Stores and spares	10	5,525,689	5,441,907
Stock in trade	11	9,323,590	7,077,536
Trade debts		775,302	525,663
Short term loan to associated companies		2,700,000	2,700,000
Loans, advances, deposits, prepayments and other receivables		5,875,396	4,959,017
Short term investment		200,000	–
Cash and bank balances		364,479	762,620
		24,764,456	21,466,743
		118,956,597	115,010,199



Director

Condensed Interim Consolidated Profit and Loss Account (Un Audited)

For the three months ended March 31, 2016

	Note	March 31, 2016	March 31, 2015
(Rupees in thousand)			
Sales	12	5,377,578	9,174,333
Cost of sales	13	(2,751,083)	(3,955,986)
Gross profit		2,626,495	5,218,347
Distribution cost		(256,794)	(363,677)
Administrative expenses		(261,556)	(347,302)
		2,108,145	4,507,368
Finance cost	14	(722,377)	(662,958)
Other operating expenses		(122,613)	(289,967)
		1,263,155	3,554,443
Other income		163,092	188,484
Profit before tax		1,426,247	3,742,927
Taxation	15	(529,770)	(1,315,563)
Profit for the period		896,477	2,427,364
Earnings per share - basic and diluted (Rupees)	17	0.43	1.16

The annexed explanatory notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un Audited)

For the three months ended March 31, 2016

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Profit for the period	896,477	2,427,364
Other comprehensive income	–	–
Total comprehensive income for the period	896,477	2,427,364

The annexed explanatory notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Condensed Interim Consolidated Statement of Changes in Equity

For the three months ended March 31, 2016

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Un appropriated profit	Total
(Rupees in thousand)					
Balance as at December 31, 2014 (Audited)	21,000,000	1,790,000	(23,311)	13,990,335	36,757,024
Profit for the period	–	–	–	2,427,364	2,427,364
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	2,427,364	2,427,364
Balance as at March 31, 2015 (Un audited)	21,000,000	1,790,000	(23,311)	16,417,699	39,184,388
Balance as at December 31, 2015 (Audited)	21,000,000	1,790,000	(14,784)	31,062,714	53,837,930
Profit for the period	–	–	–	896,477	896,477
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	896,477	896,477
Balance as at March 31, 2016 (Un audited)	21,000,000	1,790,000	(14,784)	31,959,191	54,734,407

The annexed explanatory notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Condensed Interim Consolidated Cash Flow Statement (Un Audited)

For the three months ended March 31, 2016

	Note	March 31, 2016	March 31, 2015
(Rupees in thousand)			
Cash flows from operating activities			
Cash (used in) / generated from operations	18	(1,793,163)	4,508,727
Net increase in long term deposits		1,935	-
Finance cost paid		(422,280)	(25,082)
Taxes paid		(48,902)	(64,890)
Employee retirement benefits paid		(11,779)	(4,780)
Net cash (used in) / from operating activities		(2,274,189)	4,413,975
Cash flows from investing activities			
Additions in property, plant and equipment		(1,014,066)	(650,249)
Additions in intangible assets		(315)	(13,122)
Proceeds from disposal of property plant and equipment		63	89
Net increase in long term loans and deposits		(10,295)	(3,567)
Short term investment		(200,000)	-
Profit received on short term loan and saving accounts		2,669	222,986
Net cash used in investing activities		(1,221,944)	(443,863)
Cash flows from financing activities			
Proceeds from long term finance		627,574	-
Dividend paid		-	(421)
Increase in short term finance - net		2,470,418	8,737
Net cash from financing activities		3,097,992	8,316
Net (decrease) / increase in cash and cash equivalents		(398,141)	3,978,428
Cash and cash equivalents at the beginning of the period		762,620	948,807
Cash and cash equivalents at the end of the period		364,479	4,927,235

The annexed explanatory notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

1. Legal Status and nature of business

Fatima Fertilizer Company Limited (the Holding Company) and its wholly owned subsidiaries - Fatimafert Limited (FF) (formerly DH Fertilizers Limited) and Buber Sher (Private) Limited (BSPL) collectively referred to as 'the Group' were incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange. The control of FF and BSPL was transferred to the Holding Company on July 01, 2015.

The principal activity of the Holding Company and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Principal activity of BSPL is sale, marketing and distribution of fertilizers and its derivatives, insecticides, pesticides, and all kinds of agricultural, fruit growing and other chemicals.

Registered offices of the Holding Company, FF and BSPL are located in Lahore, Pakistan. The manufacturing facility of the Holding Company is located at Mukhtargarh, Sadiqabad, Pakistan and that of FF is located at Sheikhpura Road.

2. Basis of preparation

- 2.1 These condensed interim consolidated financial statements of the Company for the three months ended March 31, 2016 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 These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2015. Comparative condensed interim consolidated balance sheet is extracted from annual audited consolidated financial statements for the year ended December 31, 2015 and comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement are stated from an audited condensed interim financial statements for the three months ended March 31, 2015.

2.3 These condensed interim consolidated financial statements are presented in Pak Rupees, which is the Group functional and presentation currency.

3. Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2015.

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
4. Long term finances			
Secured loans from banking companies / financial institutions:			
Holding Company		20,607,817	19,980,243
Fatimafert Limited (formerly DH Fertilizer Limited)		4,466,000	4,466,000
	4.1	25,073,817	24,446,243
Less: Current portion shown under current liabilities		7,011,563	6,812,119
		18,062,254	17,634,124
4.1 Movement of long term finances - from Banking companies/Financial institutions			
Opening balance		24,446,243	23,710,339
Finance availed during the period		627,574	7,252,526
		25,073,817	30,962,865
Less: repayments during the period		–	6,516,622
		25,073,817	24,446,243
5. Deferred liabilities			
Deferred taxation		5.1 15,394,604	15,262,064
Employee retirement benefits		5.2 426,249	410,865
		15,820,853	15,672,929

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)		
5.1 Deferred taxation		
This is composed of the following:		
Taxable temporary difference:		
Accelerated tax depreciation	15,462,657	15,328,178
Deductible temporary difference:		
Provision for retirement benefits and others	(53,222)	(51,283)
Re measurement of defined benefit obligation	(14,831)	(14,831)
	(68,053)	(66,114)
	15,394,604	15,262,064
5.2 Employee retirement benefits		
Gratuity	263,737	252,017
Accumulating compensated absences	162,512	158,848
	426,249	410,865

6. Short term finances

Secured loans from Banking companies

Holding Company

The Holding Company has obtained short term financing facilities from various banks for working capital requirements in the nature of Running Finance, Cash Finance and Financing against Imported Merchandise.

These facilities are secured by Pari Passu charge on present and future current assets of the Holding Company with 25% margin over financed amount, pledge of raw material and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 6.91% to 8.36% (December 31, 2015: 6.81% to 10.90%) per annum for Running Finance and Cash Finance and 6.98% to 7.59% (December 31, 2015: 2.15% to 7.60%) per annum for Finance against Imported Merchandise.

Fatimafert Limited (formerly DH Fertilizer Limited)

The Company has obtained short term financing facilities from various banks for working capital requirements in the nature of Running Finance and Cash Finance

These facilities are secured by way of pledge of stocks and hypothecation charge on all current and future current assets of the Company.

These facilities carry mark up ranging from 7.47% to 7.52% (December 31, 2015: 7.11% to 10.90%) per annum.

7. Contingencies and commitments

7.1 Contingencies

As at March 31, 2016, there is no material change in the status of contingencies as reported in the notes to the consolidated financial statements of the Group for the year ended December 31, 2015.

7.2 Commitments in respect of

Holding Company

- (i) Contracts for capital expenditure Rs 244.605 million (December 31, 2015: Rs 1,041.900 million).
- (ii) Contracts for other than capital expenditure Rs 88.661 million (December 31, 2015: Rs 220.344 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, 2016	Audited December 31, 2015
(Rupees in thousand)		
Not later than one year	157,886	149,948
Later than one year but not later than five years	193,600	206,211
	351,486	356,159

Fatimafert Limited (formerly DH Fertilizer Limited)

- (i) Contracts for other than capital expenditure Rs 26.395 million (December 31, 2015: Rs 17.751 million).

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	Note	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)			
8. Property, plant and equipment			
Operating fixed assets - tangible	8.1	83,156,219	83,429,526
Capital work in progress	8.2	4,784,246	3,867,856
Capital stores		212,994	212,994
		88,153,459	87,510,376
8.1 Movement of operating fixed assets- tangible			
Opening book value		83,429,526	65,945,226
Add: additions during the period	8.1.1	237,757	19,274,938
Less: book value of disposals		–	641
		83,667,283	85,219,523
Less: depreciation charged		511,064	1,789,997
Closing book value		83,156,219	83,429,526
8.1.1 Additions during the period			
Freehold land		–	1,164,000
Building		64,304	948,865
Plant and machinery		128,737	16,863,892
Furniture and fixtures		202	11,576
Office equipment		2,664	14,790
Electric installations and appliances		28,871	113,135
Computers		945	116,274
Vehicles		12,034	42,406
		237,757	19,274,938
8.2 Capital work in progress			
Civil works		468,411	453,281
Plant and machinery		3,433,204	2,315,720
Advances			
- Freehold land		159,758	159,758
- Civil works		1,186	4,832
- Plant and machinery		421,687	634,265
- Other advances		300,000	300,000
		882,631	1,098,855
		4,784,246	3,867,856

	Un audited March 31, 2016	Audited December 31, 2015
(Rupees in thousand)		
8.2.1 Movement of capital work in progress		
Opening balance	3,867,856	2,877,944
Addition during the period	1,105,673	5,244,448
	4,973,529	8,122,392
Less: capitalization during the period	189,283	4,254,536
Closing balance	4,784,246	3,867,856
9. Intangible asset		
Opening book value	5,928,128	30,083
Add: additions during the period	315	5,917,048
	5,928,443	5,947,131
Less: amortization charged during the period	5,008	19,003
Closing book value	5,923,435	5,928,128
10. Stores and spares		
Stores	432,437	467,589
Spares	4,331,025	4,147,967
Catalyst and chemicals	890,707	954,831
	5,654,169	5,570,387
Less: provision for obsolete items	128,480	128,480
	5,525,689	5,441,907

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	Un audited March 31, 2016	Audited December 31, 2015
	(Rupees in thousand)	
11. Stock in trade		
Raw material {including in-transit Rs. 1,192.358 million (December 31, 2015: Rs 1,670.775 million)}	2,268,846	2,766,315
Packing material	16,649	25,061
Mid Products		
Ammonia	58,861	71,975
Nitric Acid	7,484	5,264
Others	277	287
	66,622	77,526
Finished goods		
Urea	2,483,501	838,761
NP	3,305,823	2,495,358
CAN	1,131,932	817,676
Emission reductions	50,217	56,839
	6,971,473	4,208,634
	9,323,590	7,077,536

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
12. Sales		
Fertilizer Products - own manufactured	5,191,114	9,047,756
Subsidy from Government of Pakistan on NP fertilizer	274,645	-
Mid products	115,300	127,946
	5,581,059	9,175,702
Less: Discounts	203,481	1,369
	5,377,578	9,174,333

12.1 Sales are exclusive of sales tax of Rs 994.659 million (March 31, 2015: Rs 1,524.606 million).

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
13. Cost of sales		
Raw material consumed	2,506,506	1,826,295
Packing material consumed	220,987	216,131
Salaries, wages and other benefits	549,478	516,583
Fuel and power	1,165,799	865,065
Chemicals and catalyst consumed	120,450	114,840
Stores and spares consumed	193,702	171,633
Technical assistance	14,236	12,689
Repair and maintenance	90,337	40,252
Insurance	53,350	71,279
Travelling and conveyance	37,065	24,134
Equipment rental	3,156	1,639
Vehicle running and maintenance	12,103	11,981
Depreciation	494,425	392,948
Others	41,424	22,472
Manufacturing cost	5,503,018	4,287,941
Opening stock of mid products	77,526	23,785
Closing stock of mid products	(66,622)	(34,687)
Cost of goods manufactured	5,513,922	4,277,039
Opening stock of finished goods	4,208,634	345,320
Closing stock of finished goods	(6,971,473)	(666,373)
	2,751,083	3,955,986
14. Finance cost		
Markup on long term finances	479,769	647,763
Markup on short term finances	217,111	6,695
Markup on Worker Profit Participation Fund	1,503	–
Bank charges and others	23,994	8,500
	722,377	662,958

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
15. Taxation		
Current	397,229	17,745
Deferred	132,541	1,297,818
	529,770	1,315,563

16. 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:

		For the quarter ended	
		March 31, 2016	March 31, 2015
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Associated companies	Toll manufacturing	–	770,845
	Miscellaneous expenses	16,965	39,001
	Sale of product	–	2,031
	Purchase of packing material	203,310	258,997
	Other income	60,649	104,872
Directors and key management personnel	Remuneration including benefits and perquisites	95,794	70,179
Retirement benefit plans	Retirement benefit expense	43,743	25,003

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
17. Earnings per share - basic and diluted		
Profit attributable to ordinary shareholders	896,477	2,427,364
	(Number of shares)	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	0.43	1.16

	For the quarter ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
18. Cash (used in) / generated from operations		
Profit before tax	1,426,247	3,742,927
Adjustments for :		
Depreciation on property, plant and equipment	511,065	401,803
Amortization of intangible assets	5,008	4,316
Finance cost	722,377	662,958
Provision for staff retirement benefits	27,162	15,524
Profit on short term loan to associated companies	(60,649)	(104,872)
Profit on saving accounts	(3,381)	(24,209)
Gain on disposal of property plant and equipment	(63)	(62)
	1,201,519	955,458
Operating cash flows before working capital changes	2,627,766	4,698,385
Effect on cash flow due to working capital changes: (Increase)/decrease in current assets:		
Stores and spares	(83,782)	(310,400)
Stock in trade	(2,246,054)	513,523
Trade debts	(249,639)	141,759
Loans, advances, deposits, prepayments and other receivables	(1,203,346)	(245,275)
Increase in creditors, accrued and other liabilities	(638,108)	(289,265)
	(4,420,929)	(189,658)
	(1,793,163)	4,508,727

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)

For the three months ended March 31, 2016

19. Date of Authorization of Issue

These financial statements have been authorized for issue on April 27, 2016 by the Board of Directors of the Company.

20. General

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



Chief Executive



Director

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