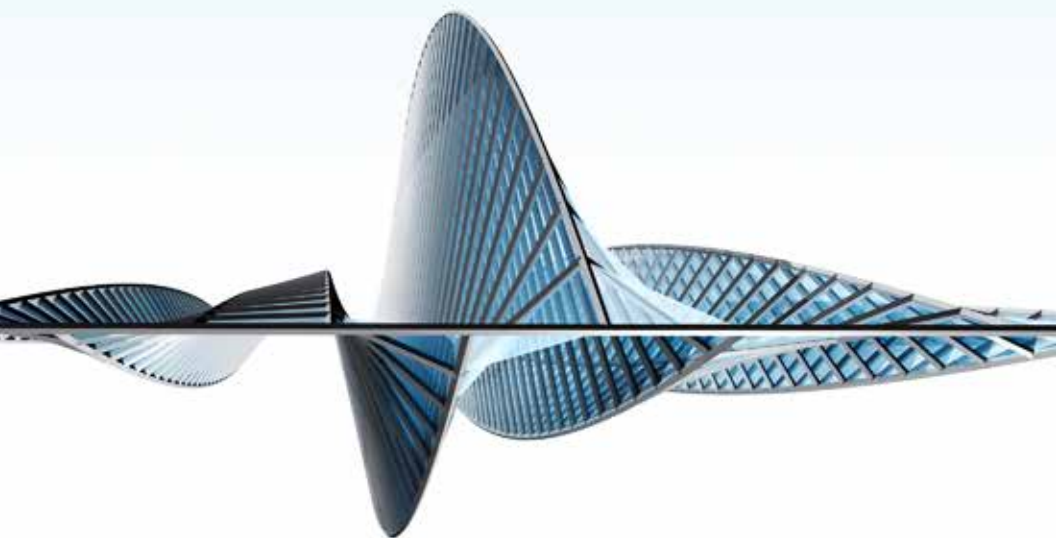


Condensed Interim Financial Statements  
for the three months ended March 31, 2017

# EMBRACING TOMORROW





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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  
*(communications@fatima-group.com)*

## Key Management

Mr. Arif-ur-Rehman  
*Chief Manufacturing Officer*

Mr. Inam Ullah Naveed  
*Director Operations*

Mr. Ahsan Qureshi  
*Chief Human Resource Officer*

Mr. Iftikhar Mahmood Baig  
*Director Business Development*

Mr. Qadeer Ahmed Khan  
*Director Special Projects*

Mr. Ahsen-ud-Din  
*Director Technology Division*

Mr. Sardar Naufil Mahmud  
*Chief Information Officer*

Mr. Salman Ahmad  
*Head of Internal Audit*

Mr. Aftab Khan  
*Chief Supply Chain Officer*

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 42 35913595 - 7,  
+92 42 35440520  
Fax: +92 42 35440521  
Web: www.deloitte.com.pk

## Cost Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

Service House  
2nd Floor  
2-Main Gulberg Jail Road,  
Lahore, Pakistan  
Tel: +92 42 3579 0901-6  
Fax: +92 42 3579 0907  
Web: www.kpmg.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 ("NBF")  
Sindh Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan)  
Limited  
Standard Chartered Bank ,  
United Kingdom  
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: 068-5951000  
Fax: 068-5951166

# 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, 2017 along with brief overview of operational and financial performance of the Company.

## Market Overview - Global

The year 2017 commenced on an optimistic note as prices for Urea continued firming up from \$230 fob Arabian gulf in January to \$250 in February. This was mainly due to controlled supply, as the producers continued their focus on the growing domestic market leaving the Chinese and Middle Eastern producers to keep a firm hand on export price. However, in March the prices tapered off, falling to \$220 on the back of falling demand primarily due to seasonality. The global outlook for Urea going forward remains uncertain as prices continue their downslide and buyers remain cautious.

On the DAP front, the Chinese supply to global market suffered due to some internal environmental restrictions but rising demand in their domestic market gave them much needed leverage. This resulted in suppliers managing to spike prices from \$330 in January to \$360-370 in February. The Chinese refused to budge from the \$370+ price and US, Moroccans and EuroChem from Russia too managed to score high returns in this period. The markets generally remained firm in early March. However, by the end of March the seasonality factor forced the price down to \$360. Going forward, the outlook remains relatively stable.

## Market Overview - Pakistan

The overall industry sales are considerably higher in the first quarter of 2017 over the same period in 2016.

Urea sales were higher as compared to Q1-2016, as they increased from 0.77 Million MT in Q1-2016 to 0.87 Million MT in Q1-2017, posting a YOY growth of 12%. Major factor in this growth is lower prices of Urea due to Government Subsidy announced in June 2016.

In Q1-2017, sales of DAP also increased by 30% over same period last year. Major reason for this increase is better farmer economics and lower prices due to continued subsidy by Government of Pakistan.

Despite the higher sales of Urea in Q1-2017, its inventory in Pakistan was around 1.5 Million MT at the end of March 2017, which is 25% higher compared to the closing stock in March 2016. However, the situation is not the same for DAP; where the stocks were considerably lower at the end of Q1-2017 i.e. around 80,000 MT as compared 280,000 MT at the end of Q1-2016.

## Company Performance:

With continued subsidy support from the Government, the sales momentum carried forward from previous year continued till the end of Rabi season. It gives me pleasure to announce that your Company has achieved its highest ever sales volume versus any previous first quarter.

The sales volume achieved for the quarter is 91% higher than the sales volume during the same period last year. Higher sales volumes of Nitrogenous fertilizers resulted in 114% and 103% growth in sales volumes of CAN and Urea respectively compared to same period of last year. Sales volumes of NP also increased handsomely by 61%.

Products	Sales Volume	
	Jan to Mar - 2017	Jan to Mar - 2016
	("000" Tons)	
Urea	99	49
CAN	128	60
NP	103	64
Total	330	172

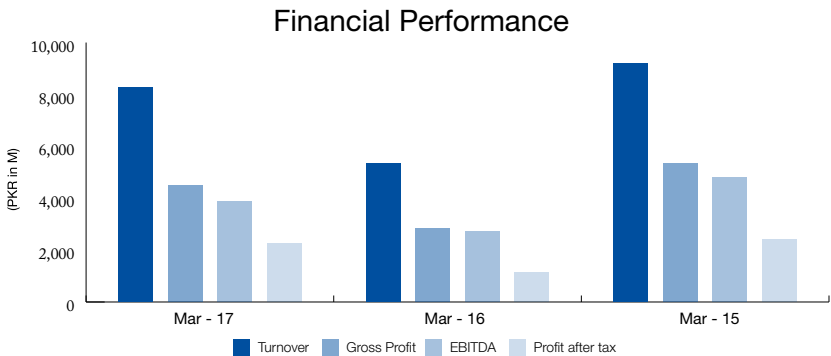
Plant performance remained strong during the period with impressive turnover for all products. Your Company is fast achieving its mission to be a world-class manufacturer / plant operator with successful completion of its first 18-month plant Turn Around cycle (previously 12-month cycle). This has been achieved with the focused and relentless efforts of plant operations team with top-level management support. With improved plant reliability, the next Turn Around is planned on a 2-year cycle.

Products	Sales Volume	
	Jan to Mar - 2017	Jan to Mar - 2016
	("000" Tons)	
Ammonia	144	149
Nitric Acid	127	135
Urea	122	123
CAN	121	122
NP	93	104

In Q1-2017, primarily due to unstable fertilizer prices, 91% increase in sale volumes translated in revenue increase of 54%. However due to efficient resource utilization, improved plant efficiency and price reduction of some input items, the gross profit increased by 60%. The total revenue generated amounted to PKR 8.3 Billion against PKR 5.3 Billion posted in the same period last year. Gross Profit margin for the period amounted to PKR 4.5 Billion against PKR 2.8 Billion for the same period last year. Distribution Expenses increased by 111% due to higher sale volumes. Administrative Expenses increased by 62% over the same period last year due to increase in CSR. Finance Cost was lower by 22% owing mainly to efficient fund management and much improved fertilizer off-take resulting in reduced short-term bank borrowings to meet working capital requirements.

As a result, the Company has posted Profit before Tax of PKR 2.9 Billion and After Tax Profit of PKR 2.3 Billion higher by 102% compared to PKR 1.1 Billion posted for comparative period last year.

## Directors' Report to the Members



Fatima Plant Site achieved combined 37.36 million safe man-hours with TRIR at 0.0 by March 31<sup>st</sup> 2017. Overall HSE performance remained excellent. Major focus during the period was on off the job safety, contractor safety and challenges in an efficient and safe Turn Around.

CSR activities remained a key focus and involved supporting schools, medical camps and drinking water to neighboring villages.

### Consolidated Financial Results

During the three months ended March 31, 2017, Fatimafert Limited (FF) produced 63,921 MT Urea. Keeping in view the strong market dynamics of DAP, FF has also imported 16,500 MT DAP. FF sold 56,195 MT Urea and 13,597 MT DAP during the current quarter.

Summary of consolidated financial results at the end of March 31, 2017 is as follows:

	PKR in Million
Sale	10,393
Gross profit	4,419
Profit before tax	2,568
Profit after tax	1,913

On January 20, 2017, the shareholders of Bubber Sher (Pvt) Limited and FF unanimously approved to merge the entire undertaking of Bubber Sher (Pvt) Limited along with its assets and liabilities with and into FF. The merger has been approved by the Honorable Lahore High court on April 03, 2017.

### Future Outlook

It is expected that GOP will continue the subsidy on Fertilizers, which is expected to result in improved offtake of Urea in 2017. In case of DAP, 2016 was an unprecedented year with offtake of 2.2 Million MT. Due to better farm economics, in 2017 DAP offtake is expected to remain stable.



Next phase of Ammonia Debottlenecking has been implemented in Turn Around 2017, which mainly covers Absorber and Stripper packaging improvement. This is expected to further improve production efficiency.

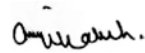
Due to its strong fundamentals, going forward your Company is expected to continue posting strong financial performance leading to enhanced valuations for its stakeholders.

### **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 20, 2017



Arif Habib  
Chairman



**Fatima Fertilizer Company Limited**  
**Condensed Interim**  
**Financial Statements**

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for the three months ended March 31, 2017

# Condensed Interim Balance Sheet

As at March 31, 2017

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,500,000,000 (December 31, 2016: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2016: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	28,647,642	26,374,016
		49,647,642	47,374,016
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	16,233,624	16,342,734
Deferred liabilities	6	15,789,711	15,641,812
Long term deposits		55,618	50,767
		32,078,953	32,035,313
<b>CURRENT LIABILITIES</b>			
Trade and other payables		10,192,489	17,399,012
Accrued finance cost		472,495	259,420
Short term finances - secured	7	4,499,769	8,011,332
Current maturity of long term finances	5	5,518,235	5,518,025
		20,682,988	31,187,789
<b>CONTINGENCIES &amp; COMMITMENTS</b>	8		
		102,409,583	110,597,118

The annexed explanatory notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	72,659,877	72,941,374
Intangible assets	10	15,287	17,909
		72,675,164	72,959,283
Long term investments		2,238,400	2,238,400
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		136,586	129,862
		78,049,150	78,326,545
<b>CURRENT ASSETS</b>			
Stores and spares	11	5,254,913	4,972,467
Stock in trade	12	6,369,856	6,242,649
Trade debts		2,265,502	2,115,557
Short term loans		2,732,888	2,448,888
Advances, deposits, prepayments and other receivables		7,153,602	5,190,668
Short term investment- available for sale		200,420	200,460
Cash and bank balances		383,252	11,099,884
		24,360,433	32,270,573
		102,409,583	110,597,118



Director

## Condensed Interim Profit and Loss Account (Un Audited)

For the three months ended March 31, 2017

	Note	March 31, 2017	March 31, 2016
(Rupees in thousand)			
Sales	13	8,258,694	5,347,772
Cost of sales	14	(3,750,567)	(2,522,988)
<b>Gross profit</b>		4,508,127	2,824,784
Distribution cost		(720,253)	(341,785)
Administrative expenses		(368,059)	(226,882)
		3,419,815	2,256,117
Finance cost	15	(497,291)	(636,182)
Other operating expenses		(190,956)	(122,613)
		2,731,568	1,497,322
Other income		174,285	154,365
<b>Profit before tax</b>		2,905,853	1,651,687
Taxation	16	(632,227)	(526,575)
<b>Profit for the period</b>		2,273,626	1,125,112
<b>Earnings per share - basic and diluted (Rupees)</b>	18	1.08	0.54

The annexed explanatory notes from 1 to 22 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, 2017

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
Profit for the period	2,273,626	1,125,112
Other comprehensive income	–	–
<b>Total comprehensive income for the period</b>	<b>2,273,626</b>	<b>1,125,112</b>

The annexed explanatory notes from 1 to 22 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, 2017

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Unappropriated profit	Surplus on remeasurement of investment - available for sale	Total
(Rupees in thousand)						
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
Balance as at December 31, 2016 (Audited)	21,000,000	1,790,000	(42,418)	24,626,089	345	47,374,016
Profit for the period	-	-	-	2,273,626	-	2,273,626
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,273,626	-	2,273,626
Balance as at March 31, 2017 (Un audited)	21,000,000	1,790,000	(42,418)	26,899,715	345	49,647,642

The annexed explanatory notes from 1 to 22 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, 2017

	Note	March 31, 2017	March 31, 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash used in operations	19	(6,387,963)	(1,191,776)
Increase in long term deposits		4,851	1,935
Finance cost paid		(284,216)	(214,070)
Taxes paid		(87,164)	(136,413)
Employee retirement benefits paid		(10,858)	(7,621)
<b>Net cash used in operating activities</b>		<b>(6,765,350)</b>	<b>(1,547,945)</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(172,617)	(1,013,621)
Additions in intangible assets		(258)	(315)
Short term loan to associated company - net		(284,000)	-
Proceeds from disposal of property plant and equipment		1,905	63
Net increase in long term deposits		(6,724)	(10,385)
Short term investment		40	(200,000)
Profit received on short term loans and saving accounts		131,886	2,630
<b>Net cash used in investing activities</b>		<b>(329,768)</b>	<b>(1,221,628)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(108,900)	-
Proceeds from long term finances		-	627,574
Dividend paid		(1,051)	-
(Decrease) / increase in short term finances - net		(3,511,563)	2,179,021
<b>Net cash (used in) / from financing activities</b>		<b>(3,621,514)</b>	<b>2,806,595</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,716,632)</b>	<b>37,022</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11,099,884</b>	<b>295,203</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>383,252</b>	<b>332,225</b>

The annexed explanatory notes from 1 to 22 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, 2017

### 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.

These financial statements are the separate financial statements of the Company in which investments in subsidiary companies and associates are accounted for on the basis of actual cost incurred to acquire subsidiaries or associates rather than on the basis of reported result. Consolidated financial statements are prepared separately.

### 2. Basis of preparation

- 2.1 These condensed interim financial statements of the Company for the three months ended March 31, 2017 have 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 financial statements do 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, 2016. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2016 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, 2016.
- 2.3 These condensed interim financial statements are 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 these 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, 2016.

	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>4. Reserves</b>		
<b>Capital reserve:</b>		
Share premium	1,790,000	1,790,000
<b>Revenue reserve:</b>		
Unappropriated profit	26,899,715	24,626,089
Post retirement benefit obligation reserve	(42,418)	(42,418)
Surplus on remeasurement of investments - available for sale	345	345
	<b>28,647,642</b>	<b>26,374,016</b>
<b>5. Long term finances</b>		
Rated, listed and secured Ijarah Sukuk Certificates	10,500,000	10,500,000
Secured loans from banking companies / financial institutions	11,251,859	11,360,759
	21,751,859	21,860,759
Less: Current maturity of long term finances	5,518,235	5,518,025
	<b>16,233,624</b>	<b>16,342,734</b>
<b>5.1 Movement of secured loans - from Banking companies / Financial institutions</b>		
Opening balance	21,860,759	19,980,243
Finance availed during the period	-	17,627,575
	21,860,759	37,607,818
Less: repayments during the period	108,900	15,747,059
	<b>21,751,859</b>	<b>21,860,759</b>

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

For the three months ended March 31, 2017

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	15,363,274	15,226,084
Employee retirement benefits	6.2	426,437	415,728
		<b>15,789,711</b>	<b>15,641,812</b>

### 6.1 Deferred taxation

	March 31, 2017 (Un audited)			At March 31, 2017
	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,279,998	138,927	–	15,418,925
Remeasurement of short term Investment-available for Sale	155	–	–	155
	<b>15,280,153</b>	<b>138,927</b>	<b>–</b>	<b>15,419,080</b>
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(34,528)	(1,737)	–	(36,265)
Remeasurement of defined benefit obligation	(19,541)	–	–	(19,541)
	<b>(54,069)</b>	<b>(1,737)</b>	<b>–</b>	<b>(55,806)</b>
	<b>15,226,084</b>	<b>137,190</b>	<b>–</b>	<b>15,363,274</b>

	December 31, 2016 (Audited)			At December 31, 2016
	At December 31, 2015	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,109,567	170,431	–	15,279,998
Remeasurement of short term Investment-available for Sale	–	–	155	155
	<b>15,109,567</b>	<b>170,431</b>	<b>155</b>	<b>15,280,153</b>
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(32,646)	(1,882)	–	(34,528)
Remeasurement of defined benefit obligation	(14,831)	–	(4,710)	(19,541)
	<b>(47,477)</b>	<b>(1,882)</b>	<b>(4,710)</b>	<b>(54,069)</b>
	<b>15,062,090</b>	<b>168,549</b>	<b>(4,555)</b>	<b>15,226,084</b>

	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>6.2 Employee retirement benefits</b>		
Gratuity	313,695	304,348
Accumulating compensated absences	112,742	111,380
	426,437	415,728

## 7. 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 6.34% to 7.26% (December 31, 2016: 6.36% to 8.36%) per annum for Running Finance and Cash Finance and 6.54% to 7.26% (December 31, 2016: 6.54% to 7.59%) per annum for Finance against Imported Merchandise.

## 8. Contingencies and commitments

### 8.1 Contingencies

As at March 31, 2017, 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, 2016, except for the following:

- (i) Deciding on the appeal filed by the Company, the Appellate Tribunal Inland Revenue (ATIR) has annulled the order passed by Deputy Commissioner Inland Revenue, RTO Multan alleging that the Company claimed input tax amounting to Rs 154.87 million pertaining to an exempt period.
- (ii) The appeal filed by the Company, against order passed by Additional Commissioner Inland Revenue, Multan, alleging that the Company has not paid Sales tax on retail price on supplies of CAN and NP, has been decided in Company's favor by the Commissioner Inland Revenue (Appeals). Total demand raised was Rs 88.5 million.

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

For the three months ended March 31, 2017

(iii) Deciding on the appeal filed by the Company, the Commissioner Inland Revenue (Appeals) has annulled the order passed by the Deputy Commissioner Inland Revenue, through which demand of Rs 301.67 million had been adjudged against the Company in respect of Sales Tax audit proceedings conducted for the period from July 2011 to June 2012.

**8.2 Commitments in respect of:**

(i) Contracts for capital expenditure Rs 642.727 million (December 31, 2016: Rs 572.861 million).

(ii) Contracts for other than capital expenditure Rs 146.036 million (December 31, 2016: Rs 107.455 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, 2017	Audited December 31, 2016
(Rupees in thousand)		
Not later than one year	271,716	288,876
Later than one year but not later than five years	190,814	189,670
	462,530	478,546

**9. Property, plant and equipment**

Operating fixed assets- tangible	9.1	70,114,887	70,493,773
Capital work in progress	9.2	2,544,990	2,447,601
		72,659,877	72,941,374

**9.1 Movement of operating fixed assets- tangible**

Opening book value		70,493,773	69,390,580
Add: additions during the period	9.1.1	75,227	2,897,853
Less: book value of disposals		844	136
		70,568,156	72,288,297
Less: depreciation charged		453,269	1,794,524
Closing book value		70,114,887	70,493,773

Un audited                      Audited  
March 31, 2017              December 31, 2016  
(Rupees in thousand)

### 9.1.1 Additions during the period

Building	–	79,487
Plant and machinery	19,587	2,684,870
Furniture and fixtures	843	10,532
Office equipment	2,140	4,889
Electric installations and appliances	31,178	60,549
Computers	11,530	38,056
Vehicles	9,949	19,470
	75,227	2,897,853

### 9.2 Capital work in progress

Civil works	675,560	648,360
Plant and machinery	874,153	828,219
Capital stores	339,191	326,078
Advances		
- Freehold land	160,084	159,758
- Civil works	12,320	4,328
- Plant and machinery	183,682	180,858
- Other advances	300,000	300,000
	656,086	644,944
	2,544,990	2,447,601

### 9.2.1 Movement of capital work in progress

Opening balance	2,447,601	4,018,510
Addition during the period	104,814	1,958,985
	2,552,415	5,977,495
Less:		
Capitalization during the period	7,425	2,613,512
Plant and machinery written off	–	916,382
Closing balance	2,544,990	2,447,601

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

For the three months ended March 31, 2017

	Un audited March 31, 2017	Audited December 31, 2016
	(Rupees in thousand)	
<b>10. Intangible assets</b>		
Opening book value	17,909	26,370
Add: additions during the period	258	7,885
	18,167	34,255
Less: amortization charged during the period	2,880	16,346
Closing book value	15,287	17,909
<b>11. Stores and spares</b>		
Stores	256,148	244,080
Spares	4,064,041	3,845,187
Catalyst and chemicals	934,724	883,200
	5,254,913	4,972,467
<b>12. Stock in trade</b>		
Raw material {including in transit Rs 772.255 million (December 31, 2016: 886.215 million)}	1,982,444	1,692,184
Packing material	33,242	7,181
<b>Mid products</b>		
Ammonia	18,491	10,986
Nitric Acid	7,051	4,507
Others	226	369
	25,768	15,862
<b>Finished goods</b>		
Urea	2,028,917	1,859,200
NP	1,138,234	1,405,781
CAN	1,108,539	1,193,754
Certified emission reductions	52,712	68,687
	4,328,402	4,527,422
	6,369,856	6,242,649



	For the quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>13. Sales</b>		
Fertilizer Products - own manufactured	7,831,492	5,223,190
Subsidy from Government of Pakistan	800,737	274,645
Mid products	79,491	53,417
Certified emission reductions	82,924	–
	8,794,644	5,551,252
Less: Discounts	535,950	203,480
	8,258,694	5,347,772

**13.1** Sales are exclusive of sales tax of Rs 1,166.745 million (March 31, 2016: Rs 987.489 million).

	For the quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>14. Cost of sales</b>		
Raw material consumed	1,280,620	1,861,094
Packing material consumed	160,791	192,054
Salaries, wages and other benefits	496,691	426,274
Fuel and power	696,714	1,033,204
Chemicals and catalyst consumed	113,833	99,178
Stores and spares consumed	200,386	182,359
Technical assistance	7,346	14,236
Repair and maintenance	82,518	67,036
Insurance	31,194	40,695
Travelling and conveyance	21,360	29,744
Rent, rates and taxes	10,608	1,115
Vehicle running and maintenance	10,685	9,042
Depreciation	436,793	423,107
Others	11,914	24,153
<b>Manufacturing cost</b>	3,561,453	4,403,291
Opening stock of mid products	15,862	29,457
Closing stock of mid products	(25,768)	(27,632)
<b>Cost of goods manufactured</b>	3,551,547	4,405,116
Opening stock of finished goods	4,527,422	4,205,875
Closing stock of finished goods	(4,328,402)	(6,088,003)
	3,750,567	2,522,988

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

For the three months ended March 31, 2017

	For the quarter ended	
	March 31, 2017	March 31, 2016
(Rupees in thousand)		
<b>15. Finance cost</b>		
Markup on long term finances	378,471	389,561
Markup on short term finances	82,757	212,212
Interest on Worker Profit Participation Fund	–	1,503
Markup on short term deposit from subsidiary company	–	8,912
Bank charges and others	36,063	23,994
	<b>497,291</b>	<b>636,182</b>
<b>16. Taxation</b>		
Current	495,036	396,056
Deferred	137,191	130,519
	<b>632,227</b>	<b>526,575</b>

### 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:

		For the quarter ended	
		March 31, 2017	March 31, 2016
(Rupees in thousand)			
Relationship with the Company	Nature of transaction		
Subsidiary company	Short term loan	234,000	–
	Finance cost	–	8,912
	Other income	29,026	–
	Miscellaneous expenses	5,227	–
Associated companies	Short term loan	50,000	–
	Miscellaneous expenses	80,138	16,402
	Purchase of raw / packing material	161,557	203,310
	Fee for services	131,305	–
	Other income	86,095	60,649
Directors and key management personnel	Remuneration including benefits and perquisites	51,040	42,477
Retirement benefit plans	Retirement benefit expense	34,107	34,960

	For the quarter ended	
	March 31, 2017	March 31, 2016
(Rupees in thousand)		
<b>18. Earnings per share - basic and diluted</b>		
Profit attributable to ordinary shareholders	2,273,626	1,125,112
(Number of shares)		
Weighted average number of shares	2,100,000,000	2,100,000,000
<b>Basic and diluted earnings per share (Rupees)</b>	<b>1.08</b>	<b>0.54</b>
<b>19. Cash generated from operations</b>		
Profit before tax	2,905,853	1,651,687
Adjustments for:		
Depreciation on property, plant and equipment	453,269	438,607
Amortization of intangible assets	2,880	4,698
Finance cost	497,291	636,182
Provision for staff retirement benefits	21,567	24,039
Profit on short term loans to related parties	(115,191)	(60,649)
Profit on saving accounts	(3,173)	(3,342)
Gain on disposal of property, plant and equipment	(1,061)	(63)
	855,582	1,039,472
Operating cash flows before working capital changes	3,761,435	2,691,159
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	(282,446)	(108,011)
Stock in trade	(127,207)	(1,393,587)
Trade debts	(149,945)	(436,096)
Advances, deposits, prepayments and other receivables	(2,384,328)	(979,134)
Decrease in creditors, accrued and other liabilities	(7,205,472)	(966,107)
	(10,149,398)	(3,882,935)
	(6,387,963)	(1,191,776)

**20. Financial instruments**

The carrying amount of financial assets and financial liabilities as at March 31, 2017 and as at December 31, 2016 approximate their fair values.

**21. Date of Authorization of Issue**

These financial statements have been authorized for issue on April 20, 2017 by the Board of Directors of the Company.

**22. General**

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



Chief Executive



Director

**Fatima Fertilizer Company Limited**  
**Condensed Interim Consolidated**  
**Financial Statements**

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for the three months ended March 31, 2017

# Condensed Interim Consolidated Balance Sheet

As at March 31, 2017

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,500,000,000 (December 31, 2016: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2016: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	41,534,613	39,621,865
		62,534,613	60,621,865
<b>NON CURRENT LIABILITIES</b>			
Long term finances		19,955,291	20,808,734
Deferred liabilities	5	15,797,802	15,648,494
Long term deposits		64,927	60,076
		35,818,020	36,517,304
<b>CURRENT LIABILITIES</b>			
Trade and other payables		12,453,449	20,323,080
Accrued finance cost		504,818	397,818
Short term finances - secured	6	8,278,728	11,076,980
Current maturity of long term finances		6,262,568	5,518,025
		27,499,563	37,315,903
<b>CONTINGENCIES &amp; COMMITMENTS</b>	7		
		125,852,196	134,455,072

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



Chief Executive

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	86,592,119	86,938,905
Intangible assets	9	5,915,718	5,918,675
		92,507,837	92,857,580
Long term investments		85,946	85,946
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		137,112	130,388
		95,729,895	96,072,914
<b>CURRENT ASSETS</b>			
Stores and spares	10	5,896,483	5,648,254
Stock in trade	11	9,934,028	9,310,614
Trade debts		2,442,384	2,716,095
Short term loans		1,241,723	1,191,723
Advances, deposits, prepayments and other receivables		10,011,777	7,731,342
Short term investment - available for sale		200,420	200,460
Cash and bank balances		395,486	11,583,670
		30,122,301	38,382,158
		125,852,196	134,455,072



Director

## Condensed Interim Consolidated Profit and Loss Account (Un Audited)

For the three months ended March 31, 2017

	Note	March 31, 2017	March 31, 2016
(Rupees in thousand)			
Sales	12	10,392,935	5,465,177
Cost of sales	13	(5,974,390)	(2,751,083)
<b>Gross profit</b>		<b>4,418,545</b>	<b>2,714,094</b>
Distribution cost		(774,324)	(344,393)
Administrative expenses		(408,781)	(261,556)
		3,235,440	2,108,145
Finance cost	14	(625,606)	(722,377)
Other operating expenses		(190,956)	(122,613)
		2,418,878	1,263,155
Other income		149,091	163,092
Profit before tax		2,567,969	1,426,247
Taxation	15	(655,221)	(529,770)
<b>Profit for the period</b>		<b>1,912,748</b>	<b>896,477</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	17	<b>0.91</b>	<b>0.43</b>

The annexed explanatory notes from 1 to 21 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, 2017

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
Profit for the period	1,912,748	896,477
Other comprehensive income	–	–
<b>Total comprehensive income for the period</b>	<b>1,912,748</b>	<b>896,477</b>

The annexed explanatory notes from 1 to 21 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, 2017

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Unappropriated profit	Surplus on remeasurement of investment - available for sale	Total
(Rupees in thousand)						
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
Balance as at December 31, 2016 (Audited)	21,000,000	1,790,000	409	37,831,111	345	60,621,865
Profit for the period	-	-	-	1,912,748	-	1,912,748
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,912,748	-	1,912,748
Balance as at March 31, 2017 (Un audited)	21,000,000	1,790,000	409	39,743,859	345	62,534,613

The annexed explanatory notes from 1 to 21 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, 2017

	Note	March 31, 2017	March 31, 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash used in operations	18	(7,499,255)	(1,793,163)
Increase in long term deposits		4,851	1,935
Finance cost paid		(518,606)	(422,280)
Taxes paid		(150,313)	(48,902)
Employee retirement benefits paid		(14,266)	(11,779)
<b>Net cash used in operating activities</b>		<b>(8,177,589)</b>	<b>(2,274,189)</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(179,693)	(1,014,066)
Additions in intangible assets		(258)	(315)
Short term loan to associated Company - net		(50,000)	-
Proceeds from disposal of property plant and equipment		2,143	63
Net increase in long term deposits		(6,724)	(10,295)
Short term investment		40	(200,000)
Profit received on short term loan and saving accounts		132,100	2,669
<b>Net cash used in investing activities</b>		<b>(102,392)</b>	<b>(1,221,944)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(108,900)	-
Proceeds from long term finances		-	627,574
Dividend paid		(1,051)	-
(Decrease) / increase in short term finances - net		(2,798,252)	2,470,418
<b>Net cash (used in) / from financing activities</b>		<b>(2,908,203)</b>	<b>3,097,992</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(11,188,184)</b>	<b>(398,141)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11,583,670</b>	<b>762,620</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>395,486</b>	<b>364,479</b>

The annexed explanatory notes from 1 to 21 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, 2017

### 1. Legal Status and nature of business

Fatima Fertilizer Company Limited (the Holding Company) and its wholly owned subsidiaries - Fatimafert Limited (FF) and Buber Sher (Private) Limited (BSPL) collectively referred to as 'the Group' are incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange Limited. 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.

On January 20, 2017, the shareholders of BSPL and FF unanimously approved to merge the entire undertaking of BSPL along with its assets and liabilities with and into FF. The merger has been approved by the Honorable Lahore High court on April 03, 2017.

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 near Chichoki Mallian at Sheikhpura Road.

### 2. Basis of preparation

- 2.1 These condensed interim consolidated financial statements of the Group for the three months ended March 31, 2017 have 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 Group for the year ended December 31, 2016. Comparative condensed interim consolidated balance sheet is extracted from annual audited consolidated financial statements for the year ended December 31, 2016 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 un audited condensed interim consolidated financial statements for the three months ended March 31, 2016.

- 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, 2016.

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>4. Reserves</b>			
<b>Capital reserve:</b>			
Share premium		1,790,000	1,790,000
<b>Revenue reserve:</b>			
Unappropriated profit		39,743,859	37,831,111
Post retirement benefit obligation reserve		409	409
Surplus on remeasurement of investments - available for sale		345	345
		41,534,613	39,621,865
<b>5. Deferred liabilities</b>			
Deferred taxation	5.1	15,348,938	15,210,092
Employee retirement benefits	5.2	448,864	438,402
		15,797,802	15,648,494

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

For the three months ended March 31, 2017

5.1 Deferred taxation

	March 31, 2017 (Un audited)			At March 31, 2017
	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,507,134	140,583	–	15,647,717
Remeasurement of short term Investment-available for Sale	155	–	–	155
	15,507,289	140,583	–	15,647,872
<b>Deferred tax asset:</b>				
Carry forward losses	(236,000)	–	–	(236,000)
Provision for retirement benefits	(41,656)	(1,737)	–	(43,393)
Remeasurement of defined benefit obligation	(19,541)	–	–	(19,541)
	(297,197)	(1,737)	–	(298,934)
	15,210,092	138,846	–	15,348,938

	December 31, 2016 (Audited)			At December 31, 2016
	At December 31, 2015	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,328,178	178,956	–	15,507,134
Remeasurement of short term Investment-available for Sale	–	–	155	155
	15,328,178	178,956	155	15,507,289
<b>Deferred tax asset:</b>				
Carry forward losses	–	(236,000)	–	(236,000)
Provision for retirement benefits	(51,283)	9,627	–	(41,656)
Remeasurement of defined benefit obligation	(14,831)	–	(4,710)	(19,541)
	(66,114)	(226,373)	(4,710)	(297,197)
	15,262,064	(47,417)	(4,555)	15,210,092

	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>5.2 Employee retirement benefits</b>		
Gratuity	280,743	271,396
Accumulating compensated absences	168,121	167,006
	<b>448,864</b>	<b>438,402</b>

## 6. Short term finances

The Group 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 Group companies 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 6.34% to 7.51% (December 31, 2016: 6.36% to 8.36%) per annum for Running Finance and Cash Finance and 6.54% to 7.28% (December 31, 2016: 6.54% to 7.59%) per annum for Finance against Imported Merchandise.

## 7. Contingencies and commitments

### 7.1 Contingencies:

As at March 31, 2017, 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, 2016, except for the following:

#### **Fatima Fertilizer Company Limited**

- (i) Deciding on the appeal filed by the Company, the Appellate Tribunal Inland Revenue (ATIR) has annulled the order passed by Deputy Commissioner Inland Revenue, RTO Multan alleging that the Company claimed input tax amounting to Rs 154.87 million pertaining to an exempt period.
- (ii) The appeal filed by the Company, against order passed by Additional Commissioner Inland Revenue, Multan, alleging that the Company has not paid Sales tax on retail price on supplies of CAN and NP, has been decided in Company's' favor by the Commissioner Inland Revenue (Appeals). Total demand raised was Rs 88.5 million
- (iii) Deciding on the appeal filed by the Company, the Commissioner Inland Revenue (Appeals) has annulled the order passed by the Deputy Commissioner Inland Revenue, through which demand of Rs 301.67 million had been adjudged against the Company in respect of Sales Tax audit proceedings conducted for the period from July 2011 to June 2012.

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

For the three months ended March 31, 2017

**7.2 Fatima Fertilizer Company's Commitments in respect of:**

- (i) Contracts for capital expenditure Rs 642.727 million (December 31, 2016: Rs 572.861 million).
- (ii) Contracts for other than capital expenditure Rs 146.036 million (December 31, 2016: Rs 107.455 million).
- (iii) The amount of future payments under noncancellable operating leases and the period in which these payments will become due are as follows:

	Note	Un audited March 31, 2017	Audited December 31, 2016
(Rupees in thousand)			
Not later than one year		271,716	288,876
Later than one year but not later than five years		190,814	189,670
		462,530	478,546

**7.3 Fatimafert Limited commitments in respect of:**

Letters of credit for purchase of raw materials and spares		62,613	80,201
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**8. Property, plant and equipment**

Operating fixed assets- tangible	8.1	83,814,477	84,258,748
Capital work in progress	8.2	2,777,642	2,680,157
		86,592,119	86,938,905

**8.1 Movement of operating fixed assets- tangible**

Opening book value		84,258,748	83,429,526
Add: additions during the period	8.1.1	82,209	2,914,423
Less: book value of disposals		855	768
		84,340,102	86,343,181
Less: depreciation charged		525,625	2,084,433
Closing book value		83,814,477	84,258,748



	Un audited March 31, 2017	Audited December 31, 2016
	(Rupees in thousand)	
<b>8.1.1 Additions during the period</b>		
Building	–	79,487
Plant and machinery	19,587	2,697,859
Furniture and fixtures	880	10,532
Office equipment	2,140	5,892
Electric installations and appliances	31,178	60,549
Computers	18,475	40,497
Vehicles	9,949	19,607
	82,209	2,914,423
<b>8.2 Capital work in progress</b>		
Civil works	681,667	654,843
Plant and machinery	898,351	852,021
Capital stores	541,538	528,349
Advances		
- Freehold land	160,084	159,758
- Civil works	12,320	4,328
- Plant and machinery	183,682	180,858
- Other advances	300,000	300,000
	656,086	644,944
	2,777,642	2,680,157
<b>8.2.1 Movement of capital work in progress</b>		
Opening balance	2,680,157	4,384,747
Addition during the period	104,910	1,959,725
	2,785,067	6,344,472
Less:		
Capitalization during the period	7,425	2,613,512
Plant and machinery written off	–	916,382
Steam / gas turbines disposed off	–	131,813
Provision for obsolescence for Capital Stores	–	2,608
Closing balance	2,777,642	2,680,157

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

For the three months ended March 31, 2017

	Un audited March 31, 2017	Audited December 31, 2016
	(Rupees in thousand)	
<b>9. Intangible assets</b>		
Opening book value	5,918,675	5,928,128
Add: additions during the period	258	8,173
	5,918,933	5,936,301
Less: amortization charged during the period	3,215	17,626
Closing book value	5,915,718	5,918,675
<b>10. Stores and spares</b>		
Stores	379,297	496,969
Spares	4,722,091	4,407,714
Catalyst and chemicals	934,724	883,200
	6,036,112	5,787,883
Provision for obsolete items	(139,629)	(139,629)
	5,896,483	5,648,254
<b>11. Stock in trade</b>		
Raw material {including in-transit Rs 772.255 million (December 31, 2016: 886.215 million)}	1,982,444	1,692,184
Packing material	45,776	13,174
<b>Mid products</b>		
Ammonia	99,280	95,583
Nitric Acid	7,051	4,507
Others	226	369
	106,557	100,459
<b>Finished goods</b>		
<b>- own manufactured</b>		
Urea	5,047,631	4,540,776
NP	1,138,234	1,405,781
CAN	1,108,539	1,193,754
Certified emission reductions	52,712	68,687
	7,347,116	7,208,998
<b>- purchased for resale</b>		
DAP	452,135	295,799
	9,934,028	9,310,614

	For the quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>12. Sales</b>		
Fertilizer Products		
- own manufactured	9,259,280	5,278,713
- purchased for resale	623,520	–
Subsidy from Government of Pakistan	800,737	274,645
Mid products	162,424	115,300
Certified emission reductions	82,924	–
	10,928,885	5,668,658
Less: Discounts	535,950	203,481
	10,392,935	5,465,177

**12.1** Sales are exclusive of sales tax of Rs 1,369.955 million (March 31, 2016: Rs 994.659 million).

	For the quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>13. Cost of sales</b>		
Raw material consumed	2,749,537	2,506,506
Packing material consumed	195,285	220,987
Salaries, wages and other benefits	646,249	549,478
Fuel and power	931,014	1,165,799
Chemicals and catalyst consumed	130,409	120,450
Stores and spares consumed	245,492	193,702
Technical assistance	7,373	14,236
Repair and maintenance	83,060	90,337
Insurance	39,978	53,350
Travelling and conveyance	31,145	37,065
Rent, rates and taxes	13,958	3,156
Vehicle running and maintenance	13,167	12,103
Depreciation	508,070	494,425
Others	31,316	41,424
<b>Manufacturing cost</b>	5,626,053	5,503,018
Opening stock of mid products	100,459	77,526
Closing stock of mid products	(106,557)	(66,622)
<b>Cost of goods manufactured</b>	5,619,955	5,513,922
Opening stock of finished goods	7,208,998	4,208,634
Closing stock of finished goods	(7,347,116)	(6,971,473)
<b>Cost of sales - own manufactured</b>	5,481,837	2,751,083
<b>Cost of sales - purchased for resale</b>	492,553	–
	5,974,390	2,751,083

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

For the three months ended March 31, 2017

	For the quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>14. Finance cost</b>		
Markup on long term finances	461,854	479,769
Markup on short term finances	121,116	217,111
Interest on Worker Profit Participation Fund	–	1,503
Bank charges and others	42,636	23,994
	<b>625,606</b>	<b>722,377</b>
<b>15. Taxation</b>		
Current	516,378	397,229
Deferred	138,843	132,541
	<b>655,221</b>	<b>529,770</b>

**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, 2017	March 31, 2016
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Associated companies	Short term loan	50,000	–
	Miscellaneous expenses	83,305	16,965
	Purchase of raw / packing material	171,988	203,310
	Fee for services	158,836	–
	Other income	86,095	60,649
Directors and key management personnel	Remuneration including benefits and perquisites	107,960	95,794
Retirement benefit plans	Retirement benefit expense	42,997	43,743

	For the quarter ended	
	March 31, 2017	March 31, 2016
(Rupees in thousand)		
<b>17. Earnings per share - basic and diluted</b>		
Profit attributable to ordinary shareholders	1,912,748	896,477
(Number of shares)		
Weighted average number of shares	2,100,000,000	2,100,000,000
<b>Basic and diluted earnings per share (Rupees)</b>	<b>0.91</b>	<b>0.43</b>
<b>18. Cash generated from operations</b>		
Profit before tax	2,567,969	1,426,247
Adjustments for :		
Depreciation on property, plant and equipment	525,625	511,065
Amortization of intangible assets	3,214	5,008
Finance cost	654,701	722,377
Provision for staff retirement benefits	24,729	27,162
Profit on short term loans to related parties	(115,191)	(60,649)
Profit on saving accounts	(3,387)	(3,381)
Gain on disposal of property, plant and equipment	(1,289)	(63)
	1,088,402	1,201,519
Operating cash flows before working capital changes	3,656,371	2,627,766
Effect on cash flow due to working capital changes: (Increase)/decrease in current assets:		
Stores and spares	(248,229)	(83,782)
Stock in trade	(623,414)	(2,246,054)
Trade debts	273,711	(249,639)
Advances, deposits, prepayments and other receivables	(2,689,062)	(1,203,346)
Decrease in creditors, accrued and other liabilities	(7,868,632)	(638,108)
	(11,155,626)	(4,420,929)
	(7,499,255)	(1,793,163)

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

For the three months ended March 31, 2017

### 19. Financial instruments

The carrying amount of financial assets and financial liabilities as at March 31, 2017 and as at December 31, 2016 approximate their fair values.

### 20. Date of Authorization of Issue

These financial statements have been authorized for issue on April 20, 2017 by the Board of Directors of the Holding Company.

### 21. General

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



Chief Executive



Director
























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