

**1<sup>st</sup> QUARTERLY  
REPORT  
2018**



**ADDING VALUE**



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# Company Information

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## Board of Directors

Mr. Arif Habib

*Chairman*

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Mr. Fawad Ahmed Mukhtar

*Chief Executive Officer*

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Mr. Fazal Ahmed Sheikh

*Director*

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Mr. Faisal Ahmed Mukhtar

*Director*

---

Mr. M. Abad Khan

*Director*

---

Mr. Muhammad Kashif Habib

*Director*

---

Ms. Anja E. Nielsen

*Independent Director*

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Mr. Tariq Jamali

*Nominee Director - NBP*

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## Director Finance & Chief Financial Officer

Mr. Asad Murad

## Company Secretary

Mr. Ausaf Ali Qureshi

*(communications@fatima-group.com)*

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## Key Management

Mr. Arif-ur-Rehman

*Chief Manufacturing Officer*

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Mr. Rehman Hanif

*Plant Manager*

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Ms. Sadia Irfan

*Director HR*

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Mr. Iftikhar Mahmood Baig

*Director Business Development*

---

Mr. Ahsen-ud-Din

*Director Technology Division*

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Sardar Naufil Mahmud

*Chief Information Officer*

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Mr. Salman Ahmad

*Head of Internal Audit*

---

Mr. Aftab Khan

*Chief Supply Chain Officer*

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Mr. Faisal Jamal

*Corporate HSE Manager*

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## Audit Committee Members

Mr. Muhammad Kashif Habib

*Chairman*

---

Ms. Anja E. Nielsen

*Member*

---

Mr. Faisal Ahmed Mukhtar

*Member*

---

Mr. M. Abad Khan

*Member*

---

Mr. Tariq Jamali

*Member*

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## HR and Remuneration Committee Members

Mr. M. Abad Khan

*Chairman*

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Ms. Anja E. Nielsen

*Member*

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Mr. Muhammad Kashif Habib

*Member*

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Mr. Faisal Ahmed Mukhtar

*Member*

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### **Legal Advisors**

M/s. Chima & Ibrahim Advocates  
1-A/245, Tufail Road, Lahore-Cantt

### **Auditors**

M/s. Deloitte Yousuf Adil  
Chartered Accountants, Lahore  
(A member firm of Deloitte Touche  
Tohmatsu Limited)  
134-A, Abu Bakar Block, New Garden  
Town, Lahore  
Tel: +92 42 3591 3595-7  
+92 42 3544 0520  
Fax: +92 42 3544 0521  
Web: www.deloitte.com.pk

### **Registrar and Share Transfer Agent**

Central Depository Company of  
Pakistan Limited  
Share Registrar Department, CDC  
House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi-74400  
Tel: Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 3432 6053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

### **Bankers**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Bank Islami 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  
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: +92 42 3662 1389

### **Plant Site**

Mukhtar Garh, Sadiqabad, Distt.  
Rahim Yar Khan, Pakistan  
Tel: 068 – 5951000  
Fax: 068 – 5951166

# Directors' Report to the Member

## 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, 2018 along with brief overview of operational and financial performance of the Company.

## Market Overview - Global

With increase in indigenous production capacities of Urea, the global import demand is expected to falter. US, India, Mexico and Bolivia have already increased their production capacities as Nigeria, Russia and Indonesia follow suit. Regional deficits can however lead to trade opportunities in south Asia, sub-Saharan Africa and Europe, according to IFA.

DAP exports from Asia, especially China, remained limited during the first quarter of 2018. Producers focused on the domestic markets as global phosphates demand remained muted due to high prices.

## Market Overview - Pakistan

Marking the closure of Rabi Season 2017-2018, the Urea industry grew by 2% as compared to the previous Rabi Season. In DAP, due to higher international prices, the total Rabi Season witnessed a decline of 12% as compared to the same period last year. However, the quarter saw a growth of 17%, with the total industry sales volume of 364 KT vs. 312 KT over the same period last year.

## Company Performance:

Further bolstered by the export of 62.5 thousand MT of Urea, the Company posted its highest ever sales volumes for the first quarter of a year by a comfortable margin. Overall sale volume was 24% higher than the same period last year.

The continued sales momentum of CAN resulted in 24% higher sales volume over same period last year. The sale volume of NP remained almost same as last year. Sales of Urea increased by a hefty 50%, mainly due to the exports.

Products	Sales Volume	
	Jan to Mar - 2018	Jan to Mar - 2017
	("000" Tons)	
Urea	149	99
CAN	159	128
NP	101	103
Total	409	330

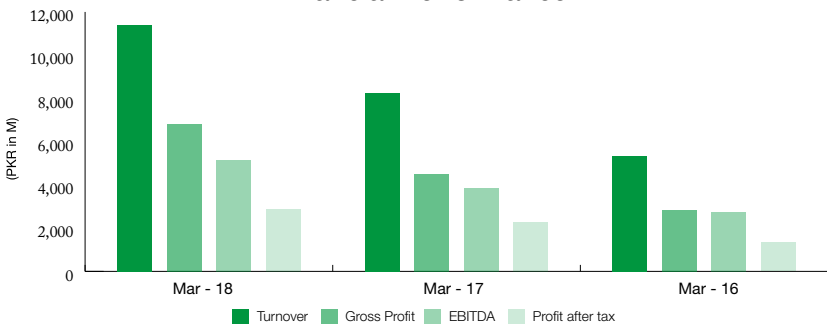
Plants performance remained excellent as it achieved the highest ever production volume for the first quarter of a year. NP & CAN consistently operated above name plate capacities. Overall production volume was 4% higher than last year.

Products	Jan to Mar - 2018	Jan to Mar - 2017
	("000" Tons)	
Ammonia	145	144
Nitric Acid	134	127
Urea	116	122
CAN	126	121
NP	107	93

With improving market dynamics, the fertilizer prices continued to stabilize. Resultantly with 24% increase in sale volumes, the Company realized 38% growth in sales revenue. Improved plant efficiencies and efficient resource management created an even more profound impact on gross profit as it improved by 52% over last year comparable period. The total revenue generated amounted to PKR 11.4 Billion against PKR 8.3 billion while, Gross Profit margin for the period amounted to PKR 6.8 Billion against PKR 4.5 billion for the same period last year.

Resultantly, the Company has posted Profit before Tax of PKR 4.3 Billion and After Tax Profit of PKR 2.9 Billion higher by 49% and 27% respectively compared to PKR 2.9 billion and PKR 2.3 Billion posted for comparative period last year. Company's earnings per share (EPS) stood at Rs 1.37 against Rs 1.08 in the corresponding period last year.

### Financial Performance



Fatima Plant Site achieved combined 43.38 million safe man-hours by March 31, 2018. Overall HSE performance remained excellent with Zero recordable injury. Compliance of stringent HSE systems in line with Dupont PSM model and OSHA's guidelines is paying dividends with respect to safe and sustainable operations.

## Consolidated Financial Results

Fatimafert (FF) remained shut down during the quarter due to non availability of gas at viable rates. Going forward, continuous shut down of SNGPL network based fertilizer plants may lead to non availability of much needed fertilizers for the farmer.

Summary of consolidated financial results at the end of March 31, 2018 is as follows:

	PKR in Million
Sale	11,599
Gross Profit	6,584
Profit Before Tax	3,890
Profit After Tax	2,546

## Future Outlook

With continued Government policy to provide the fertilizers at sustainable prices to farmers, the momentum in sales is expected to continue as the Company remains poised to achieve its aggressive sales targets. The Company is working on introducing latest farming technologies in the country to improve the farm yields. With availability of stocks of all the products and efficient and sustainable plant operations, the Company is well positioned to provide required fertilizers to the farmers leading to incremental values for its stakeholders.

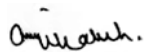
## Acknowledgements

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 26, 2018

  
Chief Executive Officer

  
Arif Habib  
Chairman





# Fatima Fertilizer Company Limited Condensed Interim Financial Statements

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for the three months ended March 31, 2018

# Condensed Interim Balance Sheet

As at March 31, 2018

	Note	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,500,000,000 (December 31, 2017: 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 2017: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	35,628,865	32,741,792
		56,628,865	53,741,792
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	10,704,724	10,774,286
Deferred liabilities	6	15,911,694	15,763,775
Long term deposits		51,851	51,269
		26,668,269	26,589,330
<b>CURRENT LIABILITIES</b>			
Trade and other payables		12,218,875	11,459,546
Accrued finance cost		382,113	167,823
Short term finances - secured	7	856,662	1,725,938
Current maturity of long term finances	5	5,672,581	5,652,048
		19,130,231	19,005,355
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8		
		102,427,365	99,336,477

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

		Un audited March 31, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	72,773,398	72,989,957
Intangible assets	10	34,812	38,196
		72,808,210	73,028,153
Long term investments		2,240,359	2,238,400
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		113,044	114,217
		78,160,613	78,379,770
<b>CURRENT ASSETS</b>			
Stores and spares	11	4,806,711	4,745,061
Stock in trade	12	3,221,143	3,813,626
Trade debts		2,585,597	1,796,351
Short term loans		5,206,888	3,966,888
Advances, deposits, prepayments and other receivables		5,753,954	5,626,723
Short term investment - available for Sale		198,073	198,113
Cash and bank balances		2,494,386	809,945
		24,266,752	20,956,707
		102,427,365	99,336,477



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Profit And Loss Account (Un Audited)

For the three months ended March 31, 2018

	Note	March 31, 2018	March 31, 2017
		(Rupees in thousand)	
Sales	13	11,388,598	8,258,694
Cost of sales	14	(4,554,766)	(3,750,567)
<b>Gross profit</b>		<b>6,833,832</b>	<b>4,508,127</b>
Distribution cost		(1,342,264)	(720,253)
Administrative expenses		(625,591)	(368,059)
		<b>4,865,977</b>	<b>3,419,815</b>
Finance cost	15	(323,475)	(497,291)
Other operating expenses		(357,380)	(190,956)
		<b>4,185,122</b>	<b>2,731,568</b>
Other income		153,752	174,285
<b>Profit before tax</b>		<b>4,338,874</b>	<b>2,905,853</b>
Taxation		(1,451,801)	(632,227)
<b>Profit for the period</b>		<b>2,887,073</b>	<b>2,273,626</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	17	<b>1.37</b>	<b>1.08</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement Of Comprehensive Income (Un Audited)

For the three months ended March 31, 2018

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Profit for the period	2,887,073	2,273,626
Other comprehensive income	—	—
Total comprehensive income for the period	2,887,073	2,273,626

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement Of Changes In Equity

For the three months ended March 31, 2018

	Ordinary share capital	Share premium	Unappropriated profit	Post retirement benefit obligation reserve	Surplus/ (deficit) on remeasurement of investment available for sale	Total
(Rupees in thousand)						
Balance at December 31, 2016 (Audited)	21,000,000	1,790,000	24,626,089	(42,418)	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
<b>Balance at March 31, 2017 (Un audited)</b>	21,000,000	1,790,000	26,899,715	(42,418)	345	49,647,642
Balance at December 31, 2017 (Audited)	21,000,000	1,790,000	31,002,102	(49,073)	(1,237)	53,741,792
Profit for the period	-	-	2,887,073	-	-	2,887,073
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	2,887,073	-	-	2,887,073
<b>Balance at March 31, 2018 (Un audited)</b>	21,000,000	1,790,000	33,889,175	(49,073)	(1,237)	56,628,865

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Cash Flow Statement (Un Audited)

For the three months ended March 31, 2018

	Note	March 31, 2018	March 31, 2017
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	4,439,259	1,704,712
Net increase in long term deposits		582	4,851
Finance cost paid		(109,185)	(284,216)
Taxes paid		(329,503)	(87,164)
Employee retirement benefits paid		(11,185)	(10,858)
<b>Net cash from operating activities</b>		<b>3,989,968</b>	<b>1,327,325</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(252,406)	(172,617)
Additions in intangible assets		-	(258)
Proceeds from disposal of property plant and equipment		35	1,905
Long term investments		(1,960)	-
Short term loans		(1,240,000)	(284,000)
Proceeds from short term investment		40	40
Profit received on short term loan and saving accounts		172,803	131,886
Net decrease / (increase) in long term loans and deposits		1,173	(6,724)
<b>Net cash used in investing activities</b>		<b>(1,320,315)</b>	<b>(329,768)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(115,899)	(108,900)
Repayment of oversubscribed Sukuks		-	(8,092,675)
Dividend paid		(37)	(1,051)
Decrease in short term finances - net		(869,276)	(3,511,563)
<b>Net cash used in financing activities</b>		<b>(985,212)</b>	<b>(11,714,189)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,684,441</b>	<b>(10,716,632)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>809,945</b>	<b>11,099,884</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2,494,386</b>	<b>383,252</b>

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



Chief Executive Officer



Director



Chief Financial Officer

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

For the three months ended March 31, 2018

## 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 associate 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, 2018 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 Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 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, 2017. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2017 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, 2017.
- 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 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, 2017.



	Note	Un audited March 31, 2018	Audited December 31, 2017
(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		33,889,175	31,002,102
Post retirement benefit obligation reserve		(49,073)	(49,073)
Deficit on remeasurement of investments - available for sale		(1,237)	(1,237)
		35,628,865	32,741,792
<b>5 Long term finances</b>			
Rated, listed and secured Ijarah Sukuk Certificates		8,400,000	8,400,000
Secured loans from banking companies / financial institutions		7,977,305	8,026,334
		16,377,305	16,426,334
Less: Current portion		5,672,581	5,652,048
		10,704,724	10,774,286
<b>5.1 Movement of long term finances</b>			
Opening balance		16,426,334	21,860,759
Repayments		(115,899)	(5,518,025)
Exchange loss on translation of foreign currency loan		66,870	83,600
Closing balance		16,377,305	16,426,334
<b>6 Deferred liabilities</b>			
Deferred taxation	6.1	15,379,558	15,246,794
Employee retirement benefits	6.2	532,136	516,981
		15,911,694	15,763,775

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

For the three months ended March 31, 2018

### 6.1 Deferred taxation

#### March 31, 2018 (Un audited)

	At December 31, 2017	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At March 31, 2018
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,319,359	132,648	–	15,452,007
Short term investment - available for sale	(530)	–	–	(530)
	15,318,829	132,648	–	15,451,477
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(50,541)	116	–	(50,425)
Remeasurement of defined benefit obligation	(21,494)	–	–	(21,494)
	(72,035)	116	–	(71,919)
	15,246,794	132,764	–	15,379,558

#### December 31, 2017 (Audited)

	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At December 31, 2017
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,279,998	39,361	–	15,319,359
Short term investment - available for sale	155	–	(685)	(530)
	15,280,153	39,361	(685)	15,318,829
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(34,528)	(16,013)	–	(50,541)
Remeasurement of defined benefit obligation	(19,541)	–	(1,953)	(21,494)
	(54,069)	(16,013)	(1,953)	(72,035)
	15,226,084	23,348	(2,638)	15,246,794

	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)		
<b>6.2 Employee retirement benefits</b>		
Gratuity	362,968	348,551
Accumulating compensated absences	169,168	168,430
	<b>532,136</b>	<b>516,981</b>

## 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 5.78% to 7.50% (December 31, 2017: 5.78% to 7.29%) per annum for Running Finance and 6.40% to 7.25% (December 31, 2017: 6.34% to 7.28%) per annum for Cash Finance.

## 8 Contingencies and commitments

### 8.1 Contingencies

As at March 31, 2018, 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, 2017.

	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)		
<b>8.2 Commitments in respect of :</b>		
(i) Contracts for capital expenditure	1,402,078	1,130,885
(ii) Contracts for other than capital expenditure	846,663	828,532
(iii) The amount of future payments under non-cancellable operating leases:		
Not later than one year	311,663	294,355
Later than one year but not later than five years	237,558	243,516
	<b>549,221</b>	<b>537,871</b>

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

For the three months ended March 31, 2018

	Note	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>9 Property, plant and equipment</b>			
Operating fixed assets- tangible	9.1	70,249,279	70,142,753
Capital work in progress	9.2	2,524,119	2,847,204
		<b>72,773,398</b>	<b>72,989,957</b>
<b>9.1 Movement of operating fixed assets- tangible</b>			
Opening book value		70,142,753	70,493,773
Add: additions during the period		575,491	1,477,699
Less: book value of disposals during the period		–	856
		<b>70,718,244</b>	<b>71,970,616</b>
Less: depreciation charged during the period		468,965	1,827,863
Closing book value		<b>70,249,279</b>	<b>70,142,753</b>
<b>9.1.1 Additions during the period</b>			
Freehold land		–	5,259
Building		–	501,713
Plant and machinery		504,814	817,077
Furniture and fixtures		4,468	4,602
Office equipment		2,647	6,429
Electric installations and appliances		11,905	88,375
Computers		25,026	34,818
Vehicles		26,631	19,426
		<b>575,491</b>	<b>1,477,699</b>
<b>9.2 Capital work in progress</b>			
Civil works		332,374	271,528
Plant and machinery		1,141,417	1,509,257
Capital stores		341,945	341,212
Advances			
- Freehold land		184,210	158,958
- Civil works		4,382	6,143
- Plant and machinery		219,791	260,106
- Other advances		300,000	300,000
		<b>708,383</b>	<b>725,207</b>
		<b>2,524,119</b>	<b>2,847,204</b>

Un audited  
March 31, 2018      Audited  
December 31, 2017

(Rupees in thousand)

<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	2,847,204	2,447,601
Addition during the period	177,376	1,538,614
	3,024,580	3,986,215
Less: Capitalization during the period	500,461	1,139,011
Closing balance	2,524,119	2,847,204
<b>10 Intangible assets</b>		
Opening book value	38,196	17,909
Add: additions during the period	–	29,383
	38,196	47,292
Less: amortization charged during the period	3,384	9,096
Closing book value	34,812	38,196
<b>11 Stores and spares</b>		
Stores	218,423	218,082
Spares	3,693,009	3,578,721
Catalyst and chemicals	895,279	948,258
	4,806,711	4,745,061
<b>12 Stock in trade</b>		
Raw material {including in transit Rs 52.50 million (December 31, 2017: 376.952 million)}	1,120,071	1,348,958
Packing material	19,311	3,543
<b>Mid products</b>		
Ammonia	17,562	6,362
Nitric Acid	11,369	3,360
Others	371	394
	29,302	10,116
<b>Finished goods</b>		
Urea	900,810	1,212,219
NP	646,615	538,127
CAN	431,664	631,772
Certified emission reductions	73,370	68,891
	2,052,459	2,451,009
	3,221,143	3,813,626

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

For the three months ended March 31, 2018

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>13 Sales</b>		
Fertilizer Products :		
- Local sales	9,846,356	7,831,492
- Export sales	1,456,008	-
Subsidy from Government of Pakistan	171,512	800,737
Mid products	65,359	79,491
Certified emission reductions	-	82,924
	11,539,235	8,794,644
Less: Discounts	150,637	535,950
	11,388,598	8,258,694

13.1 Sales are exclusive of sales tax of Rs 771.089 million (March 31, 2017: Rs 1,166.745 million).

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>14 Cost of sales</b>		
Raw material consumed	1,600,097	1,280,620
Packing material consumed	218,279	160,791
Salaries, wages and other benefits	694,698	496,691
Fuel and power	704,620	696,714
Chemicals and catalyst consumed	116,695	113,833
Stores and spares consumed	225,366	200,386
Technical assistance	21,017	7,346
Repair and maintenance	53,983	82,518
Insurance	39,427	31,194
Travelling and conveyance	15,610	21,360
Rent, rates and taxes	10,003	10,608
Vehicle running and maintenance	11,369	10,685
Depreciation	449,668	436,793
Others	14,570	11,914
<b>Manufacturing cost</b>	<b>4,175,402</b>	<b>3,561,453</b>
Opening stock of mid products	10,116	15,862
Closing stock of mid products	(29,302)	(25,768)
<b>Cost of goods manufactured</b>	<b>4,156,216</b>	<b>3,551,547</b>
Opening stock of finished goods	2,451,009	4,527,422
Closing stock of finished goods	(2,052,459)	(4,328,402)
	<b>4,554,766</b>	<b>3,750,567</b>

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>15 Finance cost</b>		
Markup on long term finances	289,558	378,471
Markup on short term finances	19,388	82,757
Bank charges and others	14,529	36,063
	<b>323,475</b>	<b>497,291</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. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	For the quarter ended	
		March 31, 2018	March 31, 2017
		(Rupees in thousand)	
Subsidiary Company	Short term loan provided	1,240,000	234,000
	Other income	60,370	29,026
	Miscellaneous expenses	11,942	5,227
Associated companies	Short term loan provided	–	50,000
	Miscellaneous expenses	92,430	80,138
	Purchase of raw / packing material	267,559	161,557
	Other income	86,950	86,095
	Stores and spares	2,597	–
	Fee for services	258,775	131,305
Directors and key management personnel	Remuneration including benefits and perquisites	55,974	51,040
Retirement benefit plans	Retirement benefit expense	40,106	34,107

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

For the three months ended March 31, 2018

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>17 Earnings per share - basic and diluted</b>		
Profit attributable to ordinary shareholders	2,887,073	2,273,626
	(Number of shares)	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	1.37	1.08

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>18 Cash generated from operations</b>		
Profit before tax	4,338,874	2,905,853
Adjustments for :		
Depreciation on property, plant and equipment	468,965	453,269
Amortization of intangible assets	3,384	2,880
Finance cost	323,475	497,291
Provision for staff retirement benefits	26,340	21,567
Exchange loss on translation of foreign currency loan	66,870	-
Profit on short term loans to related parties	(147,320)	(115,191)
Profit on saving accounts	(6,178)	(3,173)
Gain on disposal of property, plant and equipment	(35)	(1,061)
	735,501	855,582
Operating cash flows before working capital changes	5,074,375	3,761,435
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(61,650)	(282,446)
Stock in trade	592,483	(127,207)
Trade debts	(789,246)	(149,945)
Advances, deposits, prepayments and other receivables	(682,559)	(2,384,328)
Increase in creditors, accrued and other liabilities	305,856	887,203
	(635,116)	(2,056,723)
	4,439,259	1,704,712



## 19 Financial instruments

The carrying amount of financial assets and financial liabilities as at March 31, 2018 and as at December 31, 2017 approximate their fair values.

## 20 Date of Authorization of Issue

These financial statements have been authorized for issue on April 26, 2018 by the Board of Directors of the Company.

## 21 General

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



Chief Executive Officer



Director



Chief Financial Officer





# Fatima Fertilizer Company Limited Condensed Interim Consolidated Financial Statements

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for the three months ended March 31, 2018

# Condensed Interim Consolidated Balance Sheet

As at March 31, 2018

	Note	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital			
2,500,000,000 (December 31, 2017: 2,500,000,000)			
Ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital			
2,100,000,000 (December 31, 2017: 2,100,000,000)			
ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	47,191,445	44,644,998
		68,191,445	65,644,998
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	12,937,724	13,751,619
Deferred liabilities	6	14,852,929	14,825,896
Long term deposits		60,121	56,626
		27,850,774	28,634,141
<b>CURRENT LIABILITIES</b>			
Trade and other payables		14,612,396	13,864,053
Accrued finance cost		386,302	259,961
Short term finances - secured	7	1,256,662	2,116,673
Current maturity of long term finances	5	7,161,248	7,140,715
		23,416,608	23,381,402
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8		
		119,458,827	117,660,541

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

		Un audited March 31, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	86,418,209	86,704,799
Intangible assets	10	5,934,977	5,938,386
		92,353,186	92,643,185
Long term investments		87,905	85,946
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		113,570	114,743
		95,553,661	95,842,874
<b>CURRENT ASSETS</b>			
Stores and spares	11	5,588,285	5,564,520
Stock in trade	12	3,710,643	4,207,756
Trade debts		2,608,540	1,930,632
Short term loans		1,241,723	1,241,723
Advances, deposits, prepayments and other receivables		7,974,238	7,842,835
Short term investment - available for sale		198,073	198,113
Cash and bank balances		2,583,664	832,088
		23,905,166	21,817,667
		119,458,827	117,660,541



Chief Executive Officer



Director



Chief Financial Officer

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

For the three months ended March 31, 2018

	Note	March 31, 2018	March 31, 2017
		(Rupees in thousand)	
Sales	13	11,599,311	10,392,935
Cost of sales	14	(5,015,152)	(5,974,390)
<b>Gross profit</b>		<b>6,584,159</b>	<b>4,418,545</b>
Distribution cost		(1,343,261)	(774,324)
Administrative expenses		(677,137)	(408,781)
		4,563,761	3,235,440
Finance cost	15	(414,100)	(625,606)
Other operating expenses		(357,380)	(190,956)
		3,792,281	2,418,878
Other income		98,082	149,091
<b>Profit before tax</b>		<b>3,890,363</b>	<b>2,567,969</b>
Taxation		(1,343,916)	(655,221)
<b>Profit for the period</b>		<b>2,546,447</b>	<b>1,912,748</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	17	<b>1.21</b>	<b>0.91</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Consolidated Statement Of Comprehensive Income (Un Audited)

For the three months ended March 31, 2018

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Profit for the period	2,546,447	1,912,748
Other comprehensive income	—	—
Total comprehensive income for the period	2,546,447	1,912,748

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Consolidated Statement Of Changes In Equity

For the three months ended March 31, 2018

	Ordinary share capital	Share premium	Unappropriated profit	Post retirement benefit obligation reserve	Surplus / (deficit) on remeasurement of investment available for sale	Total
(Rupees in thousand)						
Balance as at December 31, 2016 (Audited)	21,000,000	1,790,000	37,831,111	409	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
<b>Balance at March 31, 2017 (Un audited)</b>	21,000,000	1,790,000	39,743,859	409	345	62,534,613
Balance as at December 31, 2017 (Audited)	21,000,000	1,790,000	42,899,054	(42,819)	(1,237)	65,644,998
Profit for the period	-	-	2,546,447	-	-	2,546,447
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	2,546,447	-	-	2,546,447
<b>Balance at March 31, 2018 (Un audited)</b>	21,000,000	1,790,000	45,445,501	(42,819)	(1,237)	68,191,445

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



Chief Executive Officer



Director



Chief Financial Officer



# Condensed Interim Consolidated Cash Flow Statement (Un Audited)

For the three months ended March 31, 2018

	Note	March 31, 2018	March 31, 2017
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	4,248,751	593,420
Increase in long term deposits		582	4,851
Finance cost paid		(339,499)	(518,606)
Taxes paid		(344,161)	(150,313)
Employee retirement benefits paid		(15,156)	(14,266)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,550,517</b>	<b>(84,914)</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(254,400)	(179,693)
Additions in intangible assets		-	(258)
Long term investment		(1,960)	-
Short term loan to associated Company - net		-	(50,000)
Proceeds from disposal of property plant and equipment		769	2,143
Net increase in long term deposits		4,086	(6,724)
Proceeds from short term investment		40	40
Profit received on short term loan and saving accounts		172,804	132,100
<b>Net cash used in investing activities</b>		<b>(78,661)</b>	<b>(102,392)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(860,232)	(108,900)
Repayment of oversubscribed Sukuks		-	(8,092,675)
Dividend paid		(37)	(1,051)
Decrease in short term finances - net		(860,011)	(2,798,252)
<b>Net cash used in financing activities</b>		<b>(1,720,280)</b>	<b>(11,000,878)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,751,576</b>	<b>(11,188,184)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>832,088</b>	<b>11,583,670</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2,583,664</b>	<b>395,486</b>

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



Chief Executive Officer



Director



Chief Financial Officer

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2018

### 1. Legal Status and nature of business

Fatima Fertilizer Company Limited (the Holding Company) and its wholly owned subsidiary - Fatimafert Limited (FF) 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 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.

Registered offices of the Holding Company and FF 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, 2018 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 Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 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, 2017. Comparative condensed interim consolidated balance sheet is extracted from annual audited consolidated financial statements for the year ended December 31, 2017 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, 2017.
- 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, 2017.

	Note	Un audited March 31, 2018	Audited December 31, 2017
(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		45,445,501	42,899,054
Post retirement benefit obligation reserve		(42,819)	(42,819)
Deficit on remeasurement of investments available for sale		(1,237)	(1,237)
		47,191,445	44,644,998
<b>5 Long term finances</b>			
<b>Fatima Fertilizer Company Limited</b>			
Rated, Listed and Secured Ijarah Sukuk		8,400,000	8,400,000
Secured loans from Banking companies / Financial institutions		7,977,305	8,026,334
		16,377,305	16,426,334
Less: Current portion		5,672,581	5,652,048
		10,704,724	10,774,286
<b>Fatimafert Limited</b>			
Musharaka arrangement		3,721,667	4,466,000
Less: Current portion		1,488,667	1,488,667
		12,937,724	13,751,619
<b>5.1 Movement of long term finances</b>			
<b>Fatima Fertilizer Company Limited</b>			
Opening balance		16,426,334	21,860,759
Repayments		(115,899)	(5,518,025)
Exchange loss on translation of foreign currency loan		66,870	83,600
Closing balance		16,377,305	16,426,334
<b>6 Deferred liabilities</b>			
Deferred taxation	6.1	14,246,980	14,234,362
Employee retirement benefits	6.2	605,949	591,534
		14,852,929	14,825,896

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2018

### 6.1 Deferred taxation

March 31, 2018 (Un audited)

	At December 31, 2017	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At March 31, 2018
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,552,975	132,648	–	15,685,623
Short Term Investment - available for sale	(530)	–	–	(530)
	15,552,445	132,648	–	15,685,093
<b>Deferred tax asset:</b>				
Carry forward losses	(1,223,356)	(120,368)	–	(1,343,724)
Provision for retirement benefits	(73,233)	338	–	(72,895)
Remeasurement of defined benefit obligation	(21,494)	–	–	(21,494)
	(1,318,083)	(120,030)	–	(1,438,113)
	14,234,362	12,618	–	14,246,980

December 31, 2017 (Audited)

	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At December 31, 2017
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,507,134	45,841	–	15,552,975
Short Term Investment - available for sale	155	–	(685)	(530)
	15,507,289	45,841	(685)	15,552,445
<b>Deferred tax asset:</b>				
Carry forward losses	(236,000)	(987,356)	–	(1,223,356)
Provision for retirement benefits	(41,656)	(15,903)	(15,674)	(73,233)
Remeasurement of defined benefit obligation	(19,541)	–	(1,953)	(21,494)
	(297,197)	(1,003,259)	(17,627)	(1,318,083)
	15,210,092	(957,418)	(18,312)	14,234,362

Un audited                      Audited  
March 31, 2018                      December 31, 2017

(Rupees in thousand)

### 6.2 Employee retirement benefits

Gratuity	380,057	365,639
Accumulating compensated absences	225,892	225,895
	605,949	591,534

## 7 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 5.78% to 7.50% (December 31, 2017: 5.78% to 7.29%) per annum for Running Finance, 6.40% to 7.25% (December 31, 2017: 6.34% to 7.53%) per annum for Cash Finance and 7.28% (December 31, 2017: 6.54% to 7.28%) for Finance against Imported Merchandise (FIM).

## 8 Contingencies and commitments

### 8.1 Contingencies

As at March 31, 2018, 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, 2017.

	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)		
<b>8.2 Commitments in respect of :</b>		
<b>8.2.1 Fatima Fertilizer Company Limited</b>		
(i) Contracts for capital expenditure	1,402,078	1,130,885
(ii) Contracts for other than capital expenditure	846,663	828,532
(iii) The amount of future payments under non cancellable operating leases:		
Not later than one year	311,663	294,355
Later than one year but not later than five years	237,558	243,516
	549,221	537,871
<b>8.2.2 Fatimafert Limited</b>		
Letters of credit for purchase of raw materials and spares	4,126	3,764

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2018

	Note	Un audited March 31, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>9 Property, plant and equipment</b>			
Operating fixed assets- tangible	9.1	83,666,700	83,626,121
Capital work in progress	9.2	2,751,509	3,078,678
		<b>86,418,209</b>	<b>86,704,799</b>
<b>9.1 Movement of operating fixed assets- tangible</b>			
Opening book value		83,626,121	84,258,748
Add: additions during the period	9.1.1	581,568	1,485,687
Less: book value of disposals during the period		26	936
		<b>84,207,663</b>	<b>85,743,499</b>
Less: depreciation charged during the period		540,963	2,117,378
Closing book value		<b>83,666,700</b>	<b>83,626,121</b>
<b>9.1.1 Additions during the period</b>			
Freehold land		—	5,259
Building		—	501,713
Plant and machinery		504,814	817,077
Furniture and fixtures		7,776	4,685
Office equipment		2,647	6,776
Electric installations and appliances		11,905	88,375
Computers		27,732	42,376
Vehicles		26,694	19,426
		<b>581,568</b>	<b>1,485,687</b>
<b>9.2 Capital work in progress</b>			
Civil works		338,481	277,633
Plant and machinery		1,162,673	1,534,598
Capital stores		541,972	541,240
Advances			
- Freehold land		184,210	158,958
- Civil works		4,382	6,143
- Plant and machinery		219,791	260,106
- Other advances		300,000	300,000
		<b>708,383</b>	<b>725,207</b>
		<b>2,751,509</b>	<b>3,078,678</b>

Un audited  
March 31, 2018      Audited  
December 31, 2017

(Rupees in thousand)

	Un audited March 31, 2018	Audited December 31, 2017
<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	3,078,678	2,680,157
Addition during the period	177,376	1,542,232
	3,256,054	4,222,389
Less: Capitalization during the period	504,545	1,139,011
Provision for obsolescence for Capital Stores	-	4,700
Closing balance	2,751,509	3,078,678
<b>10 Intangible assets</b>		
Opening book value	5,938,386	5,918,675
Add: additions during the period	-	29,383
	5,938,386	5,948,058
Less: amortization charged during the period	3,409	9,672
Closing book value	5,934,977	5,938,386
<b>11 Stores and spares</b>		
Stores	404,020	428,594
Spares	4,443,181	4,341,863
Catalyst and chemicals	895,279	948,258
	5,742,480	5,718,715
Less: provision for obsolete items	154,195	154,195
	5,588,285	5,564,520
<b>12 Stock in trade</b>		
Raw material {including in transit Rs 52.50 million (December 31, 2017: 376.952 million)}	1,120,071	1,348,958
Packing material	46,458	30,700
<b>Mid products</b>		
Ammonia	54,704	76,626
Nitric Acid	11,369	3,360
Others	371	394
	66,444	80,380
<b>Finished goods</b>		
- own manufactured		
Urea	900,810	1,212,219
NP	646,615	538,127
CAN	431,664	631,772
Certified emission reductions	73,370	68,891
	2,052,459	2,451,009
- purchased for resale		
DAP	425,211	296,709
	3,710,643	4,207,756

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2018

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>13 Sales</b>		
Fertilizer Products		
- own manufactured		
- Local sales	9,846,356	9,259,280
- Export sales	1,456,008	—
- purchased for resale	139,754	623,520
Subsidy from Government of Pakistan	171,512	800,737
Mid products	136,318	162,424
Certified emission reductions	—	82,924
	11,749,948	10,928,885
Less: Discounts	150,637	535,950
	11,599,311	10,392,935

13.1 Sales are exclusive of sales tax of Rs 788.369 million (March 31, 2017: Rs 1,369.955 million).

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>14 Cost of sales</b>		
Raw material consumed	1,600,097	2,749,537
Packing material consumed	218,279	195,285
Salaries, wages and other benefits	820,285	646,249
Fuel and power	704,720	931,014
Chemicals and catalyst consumed	125,487	130,409
Stores and spares consumed	279,390	245,492
Technical assistance	21,022	7,373
Repair and maintenance	59,784	83,060
Insurance	48,212	39,978
Travelling and conveyance	25,484	31,145
Rent, rates and taxes	12,997	13,958
Vehicle running and maintenance	14,898	13,167
Depreciation	520,885	508,070
Others	41,731	31,316
<b>Manufacturing cost</b>	4,493,271	5,626,053
Opening stock of mid products	80,380	100,459
Closing stock of mid products	(66,444)	(106,557)
<b>Cost of goods manufactured</b>	4,507,207	5,619,955
Opening stock of finished goods	2,451,009	7,208,998
Closing stock of finished goods	(2,052,459)	(7,347,116)
Cost of sales - own manufactured	4,905,757	5,481,837
Cost of sales - purchased for resale	109,395	492,553
	5,015,152	5,974,390



	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>15 Finance cost</b>		
Markup on long term finances	373,680	461,854
Markup on short term finances	21,271	121,116
Bank charges and others	19,149	42,636
	414,100	625,606

## 16 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Group. The Group 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, 2018	March 31, 2017
		(Rupees in thousand)	
Associated companies	Short term loan	–	50,000
	Miscellaneous expenses	95,894	83,305
	Purchase of raw / packing material	267,559	171,988
	Other income	86,950	86,095
	Stores and spares	2,597	–
	Fee for services	259,363	158,836
Directors and key management personnel	Remuneration including benefits and perquisites	75,304	73,193
Retirement benefit plans	Retirement benefit expense	49,198	42,997

	For the quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>17 Earnings per share - basic and diluted</b>		
Profit attributable to ordinary shareholders	2,546,447	1,912,748
	(Number of shares)	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	1.21	0.91

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2018

	For the quarter ended	
	March 31, 2018	March 31, 2017
(Rupees in thousand)		
<b>18 Cash generated from operations</b>		
Profit before tax	3,890,363	2,567,969
Adjustments for :		
Depreciation on property, plant and equipment	540,960	525,625
Amortization of intangible assets	3,408	3,214
Finance cost	414,100	625,606
Provision for staff retirement benefits	29,571	24,729
Exchange loss on translation of foreign currency loan	66,870	–
Profit on short term loans to related parties	(86,950)	(86,096)
Profit on saving accounts	(6,179)	(3,387)
Gain on disposal of property, plant and equipment	(743)	(1,289)
	961,037	1,088,402
Operating cash flows before working capital changes	4,851,400	3,656,371
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(23,765)	(248,229)
Stock in trade	497,113	(623,414)
Trade debts	(677,908)	273,711
Advances, deposits, prepayments and other receivables	(709,731)	(2,689,062)
Increase in creditors, accrued and other liabilities	311,642	224,043
	(602,649)	(3,062,951)
	4,248,751	593,420

### 19 Financial instruments

The carrying amount of financial assets and financial liabilities as at March 31, 2018 and as at December 31, 2017 approximate their fair values.

### 20 Date of Authorization of Issue

These consolidated financial statements have been authorized for issue on April 26, 2018 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 Officer



Director



Chief Financial Officer

www.jamapunji.pk













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