Quarterly Report

for the quarter and nine months ended September 30, 2011

Ample supply through balanced nutrients

pakarab
FERTILIZERS LIMITED

Contents

Company Information

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Mr. Nasim Beg

Mr. Faisal Ahmed Mukhtar

Mr. Rehman Naseem

Mr. Abdus Samad

Mr. Muhammad Kashif Habib

Audit committee

Mr. Nasim Beg
Chairman

Mr. Fazal Ahmed Sheikh
Member

Mr. Rehman Naseem
Member

Mr. Muhammad Kashif Habib
Member

Human Resource and Remuneration Committee

Mr. Nasim Beg
Chairman

Mr. Abdus Samad
Member

Mr. Faisal Ahmed Mukhtar
Member

Mr. Rehman Naseem
Member

Company Secretary

Mr. Ausaf Ali Qureshi

Chief Financial Officer

Mr. Arif Hamid Dar

Key Management

Mr. M. Abad Khan
Advisor to CEO

Mr. Qadeer Ahmed Khan
Director Operations

Mr. Muhammad Zahir
Director Marketing

Mr. Asad Murad
Head of Internal Audit

Mr. Iftikhar Mahmood Baig
General Manager Business Development

Mr. Shahid Saeed
Head of Information Technology

Mr. Javed Akbar
Head of Procurement

Brig (R) Muhammad Ali Asif Sirhindi
General Manager Administrative Services

Mr. Muhammad Saleem Zafar
General Manager Projects

Legal Advisors

M/s. Chima & Ibrahim
Advocates

1–A / 245, Tufail Road,
Lahore Cantt.

Auditors

A. F. Ferguson & Co.,
Chartered Accountants

23–C, Aziz Avenue,
Canal Bank, Gulberg V,
Lahore–54660.
Tel: 042 35715864–71
Fax: 042 35715872

Bankers

Allied Bank Limited
Al–Baraka Islamic Bank Limited
Askari Bank Limited
BankIslami Pakistan Limited
Bank Alfalah Limited
Dubai Islamic Bank Limited
Deutsche Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pakoman Investment Company Limited
Pakistan Kuwait Investment Company (Private) Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Soneri Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited

TFCs & PPTFCs Registrar

THK Associates (Pvt) Limited
Ground Floor,
State Life Building–3,
Dr. Ziauddin Ahmed Road,
Karachi – 75530
Tel: No. 92–21–111–000–322
Fax: No. 92–21–35655595

Registered / Head Office

E–110, Khayaban–e–Jinnah,
Lahore Cantt., Pakistan.
UAN: 111–FATIMA (111–328–462)
Fax: 042–36621389
E–mail: mail@fatima–group.com
Website: www.fatima–group.com

Karachi Office

21–Oil Installation Area,
Keamari, Karachi.
Tel : 021–32855444–5
Fax : 021–32855446

Plant Site

Khanewal Road,
Multan.
Tel : 061–9220022
Fax : 061–9220021

Directors' Report to the Members

Dear Shareholders,

On behalf of Board of Directors of Pakarab Fertilizers Limited (PFL), I am pleased to present the un-audited financial statements of the Company for the nine months ended September 30, 2011.

Financial Review

During the period under review your Company earned a pre-tax profit of Rs. 4,948 million and after tax profit of Rs. 3,422 million as against pre-tax profit of Rs. 2,598 million and after tax profit of Rs. 1,888 million in the corresponding period last year. The gas curtailment of fertilizer plants on SNGPL network affected the production and PFL was not an exception. Effects of the gas curtailment were, however, mitigated through measures such as adjusting fertilizer prices, streamlining the internal processes and strictly monitoring outlays. Revenue from CERs remained almost at the same level compared to the corresponding period last year. Administrative and general expenses have increased compared to the corresponding period last year due to general inflationary trend in the economy. Other income has also increased mainly due to interest income.

Summary of financial results for the nine months ended September 30, 2011 and 2010 is given below:

	For the nine months ended	
		Restated
	September 30, 2011	September 30, 2010
Sales (Rs. in millions)	12,781	11,531
Gross Profit (%)	57	51
Profit before tax to sales (%)	39	23
EBITDA (Rs. in millions)	8,059	5,779
EBITDA Per Share (Rupees)	17.91	12.84
Earnings Per Share (Rupees)	7.60	4.19

Production Review

Production of CAN, NP and Urea for the current period was lower by 29%, 20% and 48% respectively as compared to corresponding period of last year mainly due to continued gas curtailment throughout the current period. The product wise fertilizer production during the current period as compared to last corresponding period is as under:

	Jan. 11 to Sep. 11		Jan. 10 to Sep. 10		Variance	
Products	M. Ton	Nutrient Ton	M. Ton	Nutrient Ton	M. Ton	Nutrient Ton
Calcium Ammonium Nitrate (CAN)	183,365	47,675	257,745	67,014	(74,380)	(19,339)
Nitro Phosphate (NP)	186,435	78,303	232,165	97,509	(45,730)	(19,206)
Urea	28,150	12,949	53,999	24,840	(25,849)	(11,891)
TOTAL	397,950	138,927	543,909	189,363	(145,959)	(50,436)

Fertilizer Industry and Marketing Review

The kharif season across the country remained largely normal with significant sowing for cotton and sugarcane on the back of good commodity prices. However, lower Sindh was impacted in the later half of the season due to extensive floods, particularly in Hyderabad, Mirpur Khas and Badin districts. Consequently demand for Nitrogen during the quarter was strong. However the phosphate market was impacted by record high prices and sluggish demand in South Sindh due to floods. With improved product availability, CAN sales posted 68% growth over last year's volumes for the same period. Urea sales were in line with last year's volume. The September traditional off take for phosphates, however, were below expectations post the floods in Sindh where early buying for Rabi was postponed.

Marketing activities continued apace with significant media support in the shape of TV and radio campaigns, point of sale activities, outdoor displays and channel development. The team continued to focus on providing technical support to farmers with seminars, demonstration plots and training workshops. The thrust on expanding the dealer network was maintained.

Future Outlook

Despite the floods in Sindh, forecast for Rabi sowing is positive. Therefore the demand for nitrogen will be strong. The growing view that there may be a Urea shortage with closure of plants on SNGPL network is contributing to a pull from the market. Phosphate demand is likely to be under pressure as prices continue to be abnormally high. In the current scenario off-take of Urea and CAN will be comparatively quicker compared to NP. However, sales will be dependent on the availability of product as the threat of further gas curtailment is forecasted with the closure of a few gas fields for annual turn-around followed by winter where significant gas shortfall is expected on the SNGPL network.

The directors would like to place on record their appreciation for the assistance, guidance and cooperation that your Company received from all the stakeholders including the Customers, Business Associates, Financial Institutions, Government of Pakistan and all the employees of the Company.

On behalf of the Board

Sd/–

Karachi
October 21, 2011

ARIF HABIB
CHAIRMAN

Condensed Interim Balance Sheet
As at September 30, 2011

	Note	Un–audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 1,000,000,000 (2010: 1,000,000,000) ordinary share of Rs. 10 each		10,000,000	10,000,000
Issued, Subscribed and paid up share capital 450,000,000 (2010: 450,000,000) ordinary share of Rs. 10 each		4,500,000	4,500,000
Reserves		2,098,313	4,995,352
Share deposit money		200,000	200,000
Un-appropriated profit		2,248,405	2,553,104
		9,046,718	12,248,456
Surplus on revaluation of property, plant and equipment		12,071,775	2,475,847
NON-CURRENT LIABILITIES			
Long term finances – secured	5	9,455,945	13,371,890
Liabilities against assets subject to finance lease		158,967	217,379
Long term deposits		46,946	44,031
Deferred liabilities		66,957	57,366
Deferred taxation		10,649,253	5,574,152
		20,378,068	19,264,818
CURRENT LIABILITIES			
Current portion of long term liabilities		6,392,205	4,008,533
Short term borrowings – secured		3,321,932	4,702,528
Payable to privatization commission of Pakistan		2,197,901	2,197,901
Dividend payable		6,652,289	–
Trade and other payables		3,215,133	4,458,237
Accrued financial cost		635,001	650,151
Provision for taxation		974,545	630,936
		23,389,006	16,648,286
CONTINGENCIES AND COMMITMENTS	6		
		64,885,567	50,637,407

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/–

Chief Executive

	Note	Un–audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
ASSETS			
NON–CURRENT ASSETS			
Property, plant and equipment	7	35,824,313	21,916,392
Assets subject to finance lease		259,374	282,714
Intangibles		166,585	183,347
Goodwill		3,305,163	3,305,163
Investments	8	83,377	2,930,231
Long term loans – unsecured		4,515,565	4,515,565
Security deposits		59,080	45,018
		44,213,457	33,178,430
CURRENT ASSETS			
Stores and spare parts		2,142,758	2,309,564
Stock-in-trade		2,266,943	2,946,995
Trade debts		1,024,231	1,850,695
Advances, deposits, prepayments and other receivables		4,609,342	3,582,964
Derivative financial instrument		55,037	69,958
Investments	9	10,255,409	6,513,126
Cash and bank balances		318,390	185,675
		20,672,110	17,458,977
		64,885,567	50,637,407

Sd/–

Director

Condensed Interim Profit And Loss Account (Un–Audited)

for the quarter and nine months ended September 30, 2011

	Note	Quarter ended September 30, 2011	Quarter ended September 30, 2010 Restated	Period ended September 30, 2011	Period ended September 30, 2010 Restated
		(Rupees in thousand)			
Sales	12	5,481,348	3,928,971	12,780,715	11,531,044
Cost of sales	13	(1,802,376)	(1,933,303)	(5,541,268)	(5,646,234)
Gross profit		3,678,972	1,995,668	7,239,447	5,884,810
Administrative expenses		(252,711)	(202,928)	(702,455)	(592,237)
Selling and distribution expenses		(240,987)	(256,277)	(635,932)	(623,118)
Other operating expenses		(248,912)	(66,733)	(405,040)	(204,277)
Other operating income		370,129	352,556	1,265,088	989,384
Profit from operations		3,306,491	1,822,286	6,761,108	5,454,562
Finance cost		(779,668)	(939,032)	(2,536,039)	(2,703,422)
Share of loss from associated company		–	(18,588)	(17,612)	(33,041)
Gain/(Loss) on re-measurement of financial assets at fair value through profit or loss		10,210	(4,140)	740,590	(119,680)
Profit before taxation		2,537,033	860,526	4,948,047	2,598,419
Taxation		(818,614)	(235,389)	(1,525,978)	(710,771)
Profit for the period		1,718,419	625,137	3,422,069	1,887,648
Earning per share in Rupees	14	3.82	1.39	7.60	4.19

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/–
Chief Executive

Sd/–
Director

Condensed Interim Statement Of Comprehensive Income (Un–Audited)

for the quarter and nine months ended September 30, 2011

	Quarter ended		Period ended	
	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated
	(Rupees in thousand)			
Profit after taxation	1,718,419	625,137	3,422,069	1,887,648
Other comprehensive income	28,483	–	28,483	–
Total comprehensive income	1,746,902	625,137	3,450,551	1,887,648

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/–
Chief Executive

Sd/–
Director

Condensed Interim Statement Of Changes In Equity (Un–audited)

for the quarter and nine months ended September 30, 2011

(Rupees In Thousand)

	Share capital	General reserve	Share deposit money	Un–appropriated profit	Total
Balance as on January 01, 2010 – Restated (Audited)	4,500,000	4,995,352	200,000	5,152,449	14,847,801
Total comprehensive income for the period ended September 30, 2010 (Restated)	–	–	–	1,887,648	1,887,648
Balance as on September 30, 2010	4,500,000	4,995,352	200,000	7,040,097	16,735,449
Specie dividend	–	–	–	(5,831,307)	(5,831,307)
Total comprehensive income for the period	–	–	–	1,344,314	1,344,314
Balance as on December 31, 2010	4,500,000	4,995,352	200,000	2,553,104	12,248,456
Specie dividend	–	(2,897,039)	–	(3,755,250)	(6,652,289)
Total comprehensive income for the period	–	–	–	3,450,551	3,450,551
Balance as on September 30, 2011	4,500,000	2,098,313	200,000	2,248,405	9,046,718

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/–
Chief Executive

Sd/–
Director

Condensed Interim Cash Flow Statement (Un–audited)

for nine months ended September 30, 2011

	Note	For the period ended September 30, 2011	September 30, 2010 Restated
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	10	6,543,451	4,189,492
Finance cost paid		(2,551,188)	(2,739,095)
Taxes paid		(531,311)	(197,284)
Retirement benefits paid		(33,872)	(11,396)
Long term deposits		(11,149)	(27,698)
		(3,127,520)	(2,975,473)
Net cash inflow / (outflow) from operating activities		3,415,931	1,214,019
Cash flows from investing activities			
Purchase of property, plant and equipment		(326,623)	(520,595)
Profit on derivative financial intruments received		120,933	–
Long term investment		(55,627)	(20,000)
Sale proceeds of property, plant & equipment		11,015	11,363
Long term loans to related party		–	(2,056,059)
Profit on bank deposits		12,820	7,398
Net cash outflow from investing activities		(237,482)	(2,577,893)
Cash flows from financing activities			
Repayment of redeemable capital		(1,812,500)	(297,000)
Payment of long term loans		(693,198)	–
Proceeds of long term loans		1,037,836	574,016
Payment of liability against mining rights		(52,500)	(52,500)
Lease finance Payment		(144,776)	(56,221)
Net cash inflow / (outflow) from financing activities		(1,665,138)	168,295
Net decrease in cash & cash equivalents		1,513,311	(1,195,579)
Cash and cash equivalents at beginning of the period		(4,516,853)	(5,320,705)
Cash and cash equivalents at the end of the period	11	(3,003,542)	(6,516,284)

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/–
Chief Executive

Sd/–
Director

Notes to and forming part of the Condensed Interim Financial Statements (Un–audited)

for the nine months ended September 30, 2011

1. The Company and its activities

Pakarab Fertilizers Limited (the Company) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Ordinance, 1984). The Company's status changed to a non-listed public company from June 7, 2007. The Company's Term Finance Certificates are listed at the Karachi Stock Exchange (Guarantee) Limited (KSE). It is principally engaged in the manufacturing and sale of chemical fertilizers and generation and sale of Certified Emission Reductions (CERs). The address of the registered office of the company is E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facility of the company is located in Multan.

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' . They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2010. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended December 31, 2010 whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the period ended September 30, 2010.

3. Basis of measurement and Estimates

These financial statements have been prepared under the historical cost convention except for certain assets and certain financial instruments which are measured at fair values.

This condensed interim financial information requires the management to make difficult, subjective or complex judgments or estimates. It is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The significant judgments and estimates made by the management in applying the company's accounting policies were the same as those applied to the audited financial statements for the year ended 31-12-2010.

4. Significant Accounting Policies

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of audited financial statements for the year ended 31-12-2010

		Note	Un–Audited September 30, 2011	Audited December 31, 2010
			(Rupees in thousand)	
5	**Long term finances – Secured**			
	Total long term financing-Secured	5.1	15,725,031	17,192,893
	Less: Amount payable within twelve months shown as current maturity		6,269,086	3,821,003
			9,455,945	13,371,890
5.1	**Movement in this account during the period / year is as follows:**			
	Opening balance:			
	Redeemable capital		11,200,000	11,497,000
	Long term loans		3,955,393	3,832,462
	Syndicated term finance		2,037,500	2,037,500
			17,192,893	17,366,962
	Disbursements during the period / year:			
	Long term loans		1,037,836	1,066,201
	Repayments during the period / year:			
	Redeemable capital		1,812,500	297,000
	Long term loans		693,198	943,270
			2,505,698	1,240,270
	Closing balance:			
	Redeemable capital		9,387,500	11,200,000
	Long term loans		4,300,031	3,955,393
	Syndicated term finance		2,037,500	2,037,500
			15,725,031	17,192,893

6 Contingencies and commitments

6.1 Contingencies

(i) The company has netted off an amount of Rs 240.119 million from the amount payable to the Privatization Commission, as part of purchase consideration, at the time and in the event the refund is received from the tax authorities. In case, the company's contention relating to possible double payment is not acceded to by the other party to the Share Purchase Agreement, the company is contingently liable to the aforesaid amount of Rs 240.119 million. In case, the amount becomes payable, the corresponding effect would be reflected in the computation of goodwill.

(ii) The company has issued following guarantees in favour of:

– Sui Northern Gas Pipelines Limited against gas sale for Rs 8.846 million (December 31, 2010: Rs 8.846 million).

– Fatima Fertilizer Company Limited, a related party, and Habib Bank Limited (the Security Trustee) in respect of the company's obligations for equity contributions in Fatima Fertilizer Company Limited under the terms of the Sponsor Support Agreement dated March 6, 2009 between the company, Fatima Fertilizer Company Limited and its sponsors and lenders.

– Reliance Sacks Limited, a subsideary company, and Meezan Bank Limited in respect of the company's obligations for discharging all the obligations of Reliance Sacks Limited under any financing and / or other agreements.

(iii) Indemnity bonds aggregating Rs 246.780 million (December 31, 2010: Rs 167.170 million) issued to the Customs authorities in favour of The President of Islamic Republic of Pakistan under SRO 489(I)/2000 for the value of goods exported and to be re-imported.

(iv) Post dated cheques furnished by the company in favour of the Collector of Customs to cover import levies against import of raw material aggregating to Nil (December 31, 2010: Rs 4.320 million).

(v) As at June 30, 2004, the company had investment of 140,000 ordinary shares of Rs 10 each valuing Rs 100,000 in National Fertilizer Marketing Limited, being the associated company on that date. On May 20, 2005, this investment was transferred to National Fertilizer Corporation of Pakistan (Private) Limited by the management of the company. However, the new buyer, Reliance Exports (Private) Limited filed an application before Privatization Commission challenging this transfer on the grounds that such transfer had been carried out against the terms and conditions of the bid documents. In case of a positive outcome to the application, this investment would be re-instated.

(vi) An amount of Rs 129.169 million was withdrawn by the previous members of the company as part of dividend for the year ended June 30, 2005 under the Share Purchase Agreement ('the Agreement'). Out of the aggregate amount, Rs 89.39 million represents the value of certain catalysts recovered in consequence of clean down operations of the plant prior to undertaking the process of privatization, which was accounted for as income in the financial statements for the year ended June 30, 2005 in the light of applicable financial reporting framework.

The management of the company feels that notwithstanding the applicability of the financial reporting framework, on the financial statements for the year ended June 30, 2005, the amount was not distributable as part of dividend for that year in view of the clear understanding behind the execution of the Agreement as categorically confirmed, in writing, by the Privatization Commission prior to signing of the Agreement. Similarly, the balance amount of Rs 39.779 million is considered to be dividend distribution out of the then available reserves which was also not distributable to the previous members in terms of other covenants of the Agreement.

The company has filed a claim for the recovery of the aforesaid aggregate amount on the grounds that in the present form, the distribution has been made out of the accumulated reserves, for the years upto June 30, 2004, which, under the specific provisions of the Agreement were not distributable to the previous members of the company. In case of a positive outcome to the company's claim, the excess dividend withdrawn by the previous members of the company would be recovered.

(vii) Included in advances, deposits, prepayments and other receivables is sales tax recoverable of Rs 134.022 million (December 31, 2010: 134.022 million) which primarily represents the input sales tax paid by the company in respect of raw materials acquired before June 11, 2008 on which date fertilizer products manufactured by the company were exempted from levy of sales tax through notification SRO 535(I)/2008. The amount stood refundable to the company there being no output sales tax liability remaining payable on fertilizer products manufactured by the company against which such input sales tax was adjustable. The company's claim of refund on this account was not entertained by

Federal Board of Revenue ('FBR') on the premise that since subject raw materials were subsequently consumed in manufacture of a product exempt from levy of sales tax, claim was not in accordance with the relevant provisions of the Sales Tax Act, 1990.

Company's management being aggrieved with the interpretation advanced by FBR on the issue has preferred a writ petition before the Lahore High Court, which has not yet been disposed off. Since company's management considers that claim of refund is completely in accordance with relevant statutory framework and expects relief from appellate authorities on this account, it considers that the receivable amount was unimpaired at the reporting date.

(viii) For assessment years 1993-94 and 1995-96 through 2002-2003 and for tax years 2003 through 2005, the company, in view of the position taken by the tax authorities that the income of the company is chargeable to tax on the basis of 'net income', had provided for in the financial statements the tax liability on net income basis which aggregated to Rs 5,223.343 million. Tax liabilities admitted in respective returns of total income in respect of these assessment / tax years, however, aggregated to Rs 1,947.671 million being the liabilities leviable under the Presumptive Tax Regime ('PTR'), considered by the management to be applicable in respect of company's income from sale of own manufactured fertilizer products.

The Appellate Tribunal Inland Revenue ('ATIR') through its separate orders for the assessment years 1993-94, 1995-96 through 2002-03 upheld the company's position as taken in respective returns of total income and consequently, management reversed the excess provisions aggregating to Rs 3,275.673 million on the strength of such judgments. ATIR's decisions in respect of certain assessment years have also been upheld by the Lahore High Court while disposing departmental appeals against respective orders of ATIR. Income tax department has statedly agitated the issue further before Supreme Court of Pakistan, which is pending adjudication.

In view of the favourable disposal of the matter up to the level of High Court, management of the company feels that the decision of the apex court would also be in the favour of the company and hence in these financial statements, tax liabilities in respect of above referred assessment / tax years have been provided on the basis that company's income during such years was taxable under PTR. In case, the apex court decides the matter otherwise, amount aggregating to Rs 3,275.673 million will have to be recognized as tax expense in respect of such assessment / tax years.

(ix) The amendment earlier carried out in respect of tax year 2006 through amendment order passed under section 122 the Income Tax Ordinance, 2001 ('Ordinance'), raised a demand of Rs 451.418 million along with penalty of Rs 169.196 million, has been annulled by Commissioner Inland Revenue (Appeals) ['CIR(A)'] through order dated June 25, 2011. While such demand no longer holds the field legally, following a prudent approach, amount of Rs 178.342 million, earlier recognized as tax expense against such demand, has not been written back. Such amount would be written back upon confirmation of relief by higher appellate authorities.

(x) The Additional Commissioner Inland Revenue ('AdCIR'), through separate orders passed under section 122(5A) of the Ordinance for tax years 2007 to 2009, raised income tax demands aggregating to Rs 1,562.454 million. The primary issue raised by AdCIR through such orders is that tax deductible expenditure claimed by the company against taxable income were also allocable to 'subsidy' received from the Federal Government and revenue derived from sale of 'emission reduction certificates . The company has agitated the amendment orders before CIR(A), which are pending adjudication. Since, it is the management's assertion that company's stance is supported by relevant legal position and the underlying facts, no provision on this account has been made in this condensed interim financial information.

(xi) Assistant Commissioner Inland Revenue ('ACIR'), through an order dated February 21, 2009, raised a demand of Rs 256.142 million including additional tax of Rs 31.142 million on the grounds that the company had not deducted withholding tax on distribution of Rs 2,250 million as 'specie dividends'. While the matter has been decided in company's favour and assessment order has been vacated by ATIR, departmental officials have assailed the finding of ATIR through a reference filed before Lahore High Court, which is pending adjudication. Since, company's management is confident that findings given by ATIR will not be interfered into by appellate courts, no provision in respect of such demand has been made in this condensed interim financial information.

(xii) ACIR, through an order dated March 25, 2009 passed under sections 221 and 205 of the Ordinance, held that adjustments made by the company out of determined refunds for previous assessment years against the tax liabilities of tax years 2006 and 2007 were not legal and legitimate. Default surcharge of Rs 89.462 million was also held to be payable by the company for claiming illegitimate adjustments. Such position taken by department has been held to be illegal by ATIR and it has been directed to allow the adjustments claimed by the company. The matter has, however, been further pursued by department by way of filing a reference application before Lahore High Court, which is pending adjudication. Since the company's management considers that under the relevant statutory provisions, adjustments cannot be denied to the company and relief accorded by ATIR will be endorsed by appellate courts, no provision in this respect has been made in this condensed interim financial information.

(xiii) The ACIR, through Order-In-Original dated May 21, 2011 has raised sales tax and federal excise duty demands aggregating Rs 1,146 million along with applicable default surcharge and penalties. Such demands are principally raised on the grounds that self consumption of mid-products constituted a 'taxable supply' and hence attracted the levies of sales tax and special excise duty. Management considers that position adopted by department is not only against the spirit behind the exemption earlier applicable in respect of 'fertilizer products' but also against the relevant provisions of law. Against the subject order, company is following the remedial course provided for in the relevant statutes and has also taken up the matter with Chairman, Federal Board of Revenue for obtaining relief in terms of section 7 of Federal Board of Revenue Act, 2007. Consequently, the demand raised against the company has not been recognized as an expense in this condensed interim financial information.

(xiv) Included in trade debts is an amount of Rs 23.873 million (December 31, 2010: Rs 23.873 million) which has not been acknowledged as debts by its customers due to a dispute regarding the discount on the product's price. The company's customers had collectively filed an appeal regarding the price dispute before the Civil Court, Multan, which decided the case in favour of the company's customers. The company preferred an appeal before the District and Sessions Court, Multan which set aside the order of the Civil Court. The company's customers filed a revised petition before the Lahore High Court against the order of the District and Sessions Court, which is pending for adjudication. Based on the advice of the company's legal counsel, the company's management considers that there are meritorious grounds to defend the company's stance and hence, no provision has been made in this condensed interim financial information on this account.

(xv) Claims against the company not acknowledged as debts Rs 23.051 million (December 31, 2010: Rs 23.051 million)

6.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs. 420.102 million (December 31, 2010: Rs 416.697 million).

(ii) Letters of credit other than for capital expenditure Rs 697.590 million (December 31, 2010: Rs 894.892 million).

(iii) Purchase orders aggregating Rs 4.780 million (December 31, 2010: Rs 3.940 million) were placed and letters of credit were established subsequently.

(iv) Future payments under non-cancelable operating leases and the period in which these payments will become due are as follows:

	Un–Audited September 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Not later than one year	59,640	35,538
Later than one year and not later than five years	116,605	63,898
	176,245	99,436

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
7 Property, plant & equipment			
Operating fixed assets	7.1	35,536,011	21,712,407
Capital work-in-progress		288,302	203,985
		35,824,313	21,916,392
7.1 Operating fixed assets			
Opening book value		21,712,407	20,585,253
Revaluation of assets	7.1.1	14,048,454	–
Additions during the period	7.1.2	267,010	1,739,025
		36,027,871	22,324,278
Book value of fixed assets disposed off during the period		–	17,647
Depreciation charged during the period		491,860	594,224
Closing book value		35,536,011	21,712,407

7.1.1 This represents surplus over book value resulting from the revaluation of Land, Building, Plant & Machinery, Railway siding and Tools & Equipment. The valuation was carried out by independent valuers, M/s Pirsons Chemical Engineering (Private) Limited, on September 30, 2011 under Current Market Price / Appraisal methods whereever applicable for the respective assets. Surplus on revaluation of property, plant and equipment can be utilized by the company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
7.1.2 Additions during the period:			
Building		9,321	22,050
Plant and machinery		146,598	1,514,584
Furniture and fixtures		8,775	57,869
Tools and equipment		39,790	64,411
Vehicles		5,971	70,500
Catalyst		56,555	9,611
		267,010	1,739,025

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
8 Investments			
Associated company – quoted:			
Fatima Fertilizer Company Limited NIL (2010: 450,000,000) Fully paid ordinary shares of Rs 10 each. Equity held NIL (2010: 22.50%)		–	5,811,691
Less: Classified under current assets – (2010: 225,000,000 fully paid ordinary shares of Rs 10 each)	8.1	–	2,905,846
		–	2,905,845
Investment in Subsidiary	8.2		
Reliance Sacks Limited 2,349,996 (2010: NIL) Fully paid ordinary shares of Rs 10 each. Equity held 100% (2010: NIL)		23,500	–
Advance for shares		32,126	–
		55,626	–
Held to maturity:			
Others	8.3	27,751	24,386
		83,377	2,930,231

8.1 During the period, on March 31, 2011, the company's members approved the distribution of specie dividend of 225 million ordinary shares of Fatima Fertilizer Company Limited ('FATIMA') held by the company, due to which the company's holding in FATIMA reduced to the extent of 11.25%. Consequently, from April 1, 2011, the company lost significant influence over FATIMA and its remaining investment in the 225 million ordinary shares of FATIMA has been designated by the company upon initial recognition as 'financial asset at fair value through profit or loss' under IAS 39 'Financial Instruments: Recognition and Measurement' and classified as current.

8.2 This represents investment in 100% owned subsidiary company "Reliance Sacks Limited".

8.3 This represents investment in Defence Saving Certificates for a period of ten years, which will mature on September 11, 2019. Yield to maturity on these certificates is 12.15%. These certificates have been pledged as security with the Director General, Mines & Minerals, Government of Khyber-Pakhtoonkhwa as per the terms of the mining agreement.

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
9 Investments			
At fair value through profit or loss:			
Other – Wateen Telecom Limited		3,120	7,280
Available for sale:			
Associated company – quoted:			
Fatima Fertilizer Company Limited			
360,000,000 (2010: 360,000,000) unquoted fully paid non-voting convertible cumulative preference shares of Rs 10 each. Extent of preference shares held 90%	9.1	3,600,000	3,600,000
		3,603,120	3,607,280
Investment held for distribution to members	9.2	6,652,289	2,905,846
		10,255,409	6,513,126

9.1 These investments have been classified as current on management's intention that in the next twelve months from the balance sheet date, the company may distribute these investments as 'specie dividend' in line with the past dividend distribution practice or it may dispose of these investments to meet the working capital requirements of the company.

9.2 This investment has been earmarked for distribution as 'specie dividend'.

	Un–Audited September 30, 2011	Un–Audited September 30, 2010
	(Rupees in thousand)	
10 Cash flows from operating activities		
Net Profit before taxation	4,948,047	2,598,419
Adjustments for:		
Depreciation on operating fixed assets	491,860	416,668
Depreciation on leased assets	66,164	43,686
Amortization on intangibles	16,761	16,760
Retirement benefits accrued	44,377	30,890
Profit on disposal of operating fixed assets	(4,091)	(2,822)
Finance cost	2,536,039	2,703,422
Provisions and unclaimed balances written back	(624)	(55,991)
Profit on bank deposits	(11,026)	(7,398)
Gain on derivative financial instruments	(106,012)	(4,953)
Share of loss of associate	17,612	33,041
Unrealized gain on investment held to maturity	(3,366)	(1,908)
Unrealized gain on loss of significant influence over associate	(113,461)	
Unrealized (gain) / loss on remeasurement of investment	(740,589)	119,680
Operating profit before working capital changes	7,141,691	5,889,494
Effect on cash flow due to working capital changes		
Decrease / (Increase) in stores and spare parts	166,807	(315,666)
Decrease/(Increase) in stock in trade	680,050	(917,653)
Decrease/(increase) in trade debts	826,465	(811,906)
Decrease /(Increase) in advances, deposits, prepayments and other receivables	(1,028,172)	(201,417)
(Decrease)/Increase in creditors, accrued and other liabilities	(1,243,390)	546,640
	(598,240)	(1,700,002)
Cash generated from operations	6,543,451	4,189,492
11 Cash and cash equivalents		
Finances under mark up arrangement	(3,321,932)	(7,439,130)
Cash and bank balances	318,390	922,846
	(3,003,542)	(6,516,284)

	Note	Fertilizers				Clean Development Mechanism				Total			
		For the quarter ended		For the period ended		For the quarter ended		For the period ended		For the quarter ended		For the period ended	
		September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated
		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Sales	12	5,186,783	3,652,707	11,897,958	10,651,141	294,565	276,264	882,757	879,903	5,481,348	3,928,971	12,780,715	11,531,042
Cost of sales	13	1,789,601	1,890,178	5,485,697	5,593,905	12,775	43,125	55,571	52,329	1,802,376	1,933,303	5,541,268	5,646,234
Gross profit		3,397,182	1,762,529	6,412,261	5,057,236	281,790	233,139	827,186	827,574	3,678,972	1,995,668	7,239,447	5,884,808
Administrative and general expenses		248,693	197,863	695,145	577,360	4,017	5,065	7,310	14,877	252,710	202,928	702,455	592,237
Selling and distribution expenses		175,324	167,789	446,345	427,024	65,663	88,488	189,587	196,094	240,987	256,277	635,932	623,118
Segment results		2,973,165	1,396,877	5,270,771	4,052,852	212,110	139,586	630,289	616,603	3,185,275	1,536,463	5,901,059	4,669,453
Sales	12.1												
Products:													
– Own manufactured		4,886,614	3,581,742	10,773,340	10,424,488	–	–	–	–	4,886,614	3,581,742	10,773,340	10,424,488
– Sale of rock phosphate		16,136	4,155	62,511	4,155	–	–	–	–	16,136	4,155	62,511	4,155
– Toll manufacturing services		31,734	–	85,322	–	–	–	–	–	31,734	–	85,322	–
– Fertilizer trading		114,887	–	649,611	–	–	–	–	–	114,887	–	649,611	–
– CERs		–	–	–	–	294,565	276,264	882,757	879,903	294,565	276,264	882,757	879,903
		5,049,371	3,585,897	11,570,784	10,428,643	294,565	276,264	882,757	879,903	5,343,936	3,862,161	12,453,541	11,308,546
Mid products		178,700	90,587	408,969	259,399	–	–	–	–	178,700	90,587	408,969	259,399
Less: Sales incentive		39,972	18,208	79,251	18,208	–	–	–	–	39,972	18,208	79,251	18,208
Discount		1,316	5,569	2,544	18,695	–	–	–	–	1,316	5,569	2,544	18,695
		5,186,783	3,652,707	11,897,958	10,651,139	294,565	276,264	882,757	879,903	5,481,348	3,928,971	12,780,715	11,531,042

	Note	Fertilizers				Clean Development Mechanism				Total			
		For the quarter ended		For the period ended		For the quarter ended		For the period ended		For the quarter ended		For the period ended	
		September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated
		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Cost of sales	13.1												
Raw material consumed		1,277,837	1,134,985	2,451,107	3,238,274	3,371	2,236	5,705	6,264	1,281,208	1,137,221	2,456,812	3,244,538
Packing material consumed		115,329	72,168	226,166	201,710	–	–	–	–	115,329	72,168	226,166	201,710
		1,393,166	1,207,153	2,677,273	3,439,984	3,371	2,236	5,705	6,264	1,396,537	1,209,389	2,682,978	3,446,248
Salaries, wages and other benefits		194,793	201,925	555,843	520,915	1,866	1,823	4,971	4,218	196,659	203,748	560,814	525,133
Fuel and power		380,484	403,990	862,265	1,144,867	1,644	1,372	3,743	3,620	382,128	405,362	866,008	1,148,487
Chemicals and catalysts consumed		155,297	118,904	298,178	318,747	–	–	–	–	155,297	118,904	298,178	318,747
Spare parts consumed		30,894	65,784	209,618	234,672	526	586	4,889	5,059	31,420	66,370	214,507	239,731
Stores consumed		13,921	22,446	81,252	91,112	22	644	1,540	1,928	13,943	23,090	82,792	93,040
Repairs and maintenance		105,311	10,562	158,560	55,098	1,086	3,199	1,698	3,348	106,397	13,761	160,258	58,446
Insurance		55,349	64,921	166,049	194,299	595	1,130	1,792	3,386	55,944	66,051	167,841	197,685
Depreciation		141,220	104,088	360,970	311,630	4,486	2,005	8,647	6,019	145,706	106,093	369,617	317,649
Depreciation on assets subject to finance lease		5,960	5,782	19,114	17,765	–	–	–	–	5,960	5,782	19,114	17,765
Other expenses		24,142	2,070	76,008	29,238	2,964	2,824	11,891	8,404	27,106	4,894	87,899	37,642
		2,500,537	2,207,625	5,465,130	6,358,327	16,560	15,819	44,876	42,246	2,517,097	2,223,444	5,510,006	6,400,573
Opening stock of mid products		21,952	15,085	17,368	12,153	–	–	–	–	21,952	15,085	17,368	12,153
Closing stock of mid products		(53,949)	(9,931)	(53,949)	(9,931)	–	–	–	–	(53,949)	(9,931)	(53,949)	(9,931)
		(31,997)	5,154	(36,581)	2,222	–	–	–	–	(31,997)	5,154	(36,581)	2,222
		2,468,540	2,212,779	5,428,549	6,360,549	16,560	15,819	44,876	42,246	2,485,100	2,228,598	5,473,425	6,402,795
Opening stock of finished goods manufactured		98,118	906,686	362,042	462,643	6,454	43,336	20,934	26,113	104,572	950,022	382,976	488,756
Closing stock of finished goods manufactured		(888,379)	(1,229,287)	(888,379)	(1,229,287)	(10,239)	(16,030)	(10,239)	(16,030)	(898,618)	(1,245,317)	(898,618)	(1,245,317)
		(790,261)	(322,601)	(526,337)	(766,644)	(3,785)	27,306	10,695	10,083	(794,046)	(295,295)	(515,642)	(756,561)
Fertilizer purchased for resale		111,322	–	583,485	–	–	–	–	–	111,322	–	583,485	–
		1,789,601	1,890,178	5,485,697	5,593,905	12,775	43,125	55,571	52,329	1,802,376	1,933,303	5,541,268	5,646,234

14 Earnings per share

14.1 Basic earnings per share

There is no dilutive effect on the basic earning per share of the company, which is based on :

	For the quarter ended		For the period ended	
	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated
	(Rupees in thousand)			
Profit after taxation	1,718,419	625,137	3,422,069	1,887,648
Number of ordinary shares	450,000	450,000	450,000	450,000
Earning per share in Rupees	3.82	1.39	7.60	4.19

14.2 Diluted earnings per share

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at September 30, 2011 and September 30, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

16. Transactions with related parties

The related parties comprise associated undertakings, other related group companies, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under relevant receivables and payables heads. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transaction	Un–Audited January 1 to September 30 2011	2010 Restated
		(Rupees in thousand)	
i. Post employment benefit plan	Expense charged in respect of retirement benefit plan	47,944	33,460
ii. Key management personnel	Salaries & other employee benefits	59,058	56,648
iii. Associated companies	Markup expense on share deposit money	24,556	21,185
	Markup income on loans to subsidiary	–	102,880
	Markup income on loans to associate	166,735	253,210
	Markup income on loans to associated company	381,990	–
	Dividend income on preferences shares of subsidiary	–	148,080
	Dividend income on preference shares of associate	147,531	257,560
	Dividend income on preference shares of associated company	299,980	–
	Processing services rendered to associate	27,766	–
	Processing services rendered to associated company	57,556	–
	Fertilizer purchased from associate	380,403	–
	Fertilizer purchased from associated company	185,541	–
	Expenses shared with associate	41,320	–
	Expenses shared with associated company	121,377	–
iv. Other related parties	Donation	12,175	–

All transactions with related parties have been carried out on commercial terms and conditions.

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
16 Period end balances			
Long term loans to associate			4,515,565
Long term loans to associated company		4,515,565	-
Markup receivable from associate		-	239,691
Markup receivable from associated company		788,416	-
Preference dividend receivable from associate		-	545,651
Preference dividend receivable from associated company		993,162	-
Receivable from associates		47,152	-
Payable to associates		-	22,584

17 Date of authorization for issue

This condensed interim financial information was authorized for issue on October 21, 2011 by the Board of Directors of the company.

18 Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Sd/– Sd/–

Chief Executive Director

Consolidated Financial Statements

for the quarter and nine months ended September 30, 2011

Consolidated Condensed Interim Balance Sheet

As at September 30, 2011

	Note	Un–audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES:			
Share capital and reserves:			
Authorized share capital 1,000,000,000 (2010: 1,000,000,000) ordinary share of Rs. 10 each		10,000,000	10,000,000
Issued, Subscribed and paid up share capital 450,000,000 (2010: 450,000,000) ordinary share of Rs. 10 each		4,500,000	4,500,000
Reserves		2,098,313	4,995,352
Share deposit money		200,000	200,000
Un-appropriated profit		2,248,405	2,553,104
		9,046,718	12,248,456
Surplus on revaluation of property, plant and equipment		12,071,775	2,475,847
NON-CURRENT LIABILITIES:			
Long term finances - secured	5	9,455,945	13,371,890
Liabilities against assets subject to finance lease		158,967	217,379
Long term deposits		46,946	44,031
Deferred liabilities		66,957	57,366
Deferred taxation		10,649,253	5,574,152
		20,378,068	19,264,818
CURRENT LIABILITIES			
Current portion of long term liabilities		6,392,205	4,008,533
Short term borrowings - secured		3,321,932	4,702,528
Payable to privatization commission of Pakistan		2,197,901	2,197,901
Dividend payable		6,652,289	–
Trade and other payables		3,215,133	4,458,237
Accrued financial cost		635,001	650,151
Provision for taxation		974,545	630,936
		23,389,006	16,648,286
CONTINGENCIES AND COMMITMENTS	6	–	–
		64,885,567	50,637,407

The annexed notes 1 to 18 form an integral part of these consolidated financial statements.

Sd/–

Chief Executive

	Note	Un–audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
ASSETS			
NON–CURRENT ASSETS			
Property, plant and equipment	7	35,867,037	21,916,392
Assets subject to finance lease		259,374	282,714
Intangibles		166,585	183,347
Goodwill		3,305,163	3,305,163
Investments	8	27,751	2,930,231
Long term loans – unsecured		4,515,565	4,515,565
Security deposits		59,080	45,018
		44,200,555	33,178,430
CURRENT ASSETS			
Stores and spare parts		2,142,758	2,309,564
Stock-in-trade		2,266,943	2,946,995
Trade debts		1,024,231	1,850,695
Advances, deposits, prepayments and other receivables		4,609,342	3,582,964
Derivative financial instrument		55,037	69,958
Investments	9	10,255,409	6,513,126
Cash and bank balances		331,292	185,675
		20,685,012	17,458,977
		64,885,567	50,637,407

Sd/–

Director

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

for the quarter and nine months ended September 30, 2011

	Note	Quarter ended September 30, 2011	Quarter ended September 30, 2010 Restated	Period ended September 30, 2011	Period ended September 30, 2010 Restated
		(Rupees in thousand)			
Sales	12	5,481,348	3,928,971	12,780,715	11,531,044
Cost of sales	13	(1,802,376)	(1,933,303)	(5,541,268)	(5,646,234)
Gross profit		3,678,972	1,995,668	7,239,447	5,884,810
Administrative expenses		(252,711)	(202,928)	(702,455)	(592,237)
Selling and distribution expenses		(240,987)	(256,277)	(635,932)	(623,118)
Other operating expenses		(248,912)	(66,733)	(405,040)	(204,277)
Other operating income		370,129	352,556	1,265,088	989,384
Profit from operations		3,306,491	1,822,286	6,761,108	5,454,562
Finance cost		(779,668)	(939,032)	(2,536,039)	(2,703,422)
Share of loss from associated company		–	(18,588)	(17,612)	(33,041)
Gain/(Loss) on re-measurement of financial assets at fair value through profit or loss		10,210	(4,140)	740,590	(119,680)
Profit before taxation		2,537,033	860,526	4,948,047	2,598,419
Taxation		(818,614)	(235,389)	(1,525,978)	(710,771)
Profit for the period		1,718,419	625,137	3,422,069	1,887,648
Earning per share in Rupees	14	3.82	1.39	7.60	4.19

The annexed notes 1 to 18 form an integral part of these consolidated financial statements.

Sd/–
Chief Executive

Sd/–
Director

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

for the quarter and nine months ended September 30, 2011

	Note	Quarter ended September 30, 2011	Quarter ended September 30, 2010 Restated	Period ended September 30, 2011	Period ended September 30, 2010 Restated
		(Rupees in thousand)			
Profit after taxation		1,718,419	625,137	3,422,069	1,887,648
Other comprehensive income		28,483	–	28,483	–
Total comprehensive income		1,746,902	625,137	3,450,551	1,887,648

The annexed notes 1 to 18 form an integral part of these consolidated financial statements.

Sd/–
Chief Executive

Sd/–
Director

Consolidated Condensed Interim Statement Of Changes In Equity (Un–audited)

for the quarter and nine months ended September 30, 2011

(Rupees In Thousand)

	Share capital	General reserve	Share deposit money	Un–appropriated profit	Total
Balance as on January 01, 2010 – Restated (Audited)	4,500,000	4,995,352	200,000	5,152,449	14,847,801
Total comprehensive income for the period ended September 30, 2010 (Restated)	–	–	–	1,887,648	1,887,648
Balance as on September 30, 2010	4,500,000	4,995,352	200,000	7,040,097	16,735,449
Specie dividend	–	–	–	(5,831,307)	(5,831,307)
Total comprehensive income for the period	–	–	–	1,344,314	1,344,314
Balance as on December 31, 2010	4,500,000	4,995,352	200,000	2,553,104	12,248,456
Specie dividend	–	(2,897,039)	–	(3,755,250)	(6,652,289)
Total comprehensive income for the period	–	–	–	3,450,551	3,450,551
Balance as on September 30, 2011	4,500,000	2,098,313	200,000	2,248,405	9,046,718

The annexed notes 1 to 18 form an integral part of these consolidated financial statements.

Sd/–
Chief Executive

Sd/–
Director

Consolidated Condensed Interim Cash Flow Statement (Un–audited)

for nine months ended September 30, 2011

	Note	September 30, 2011	December 31, 2010 Restated
		For the period ended	
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	10	6,543,449	4,189,492
Finance cost paid		(2,551,188)	(2,739,095)
Taxes paid		(531,311)	(197,284)
Retirement benefits paid		(33,872)	(11,396)
Long term deposits		(11,149)	(27,698)
		(3,127,520)	(2,975,473)
Net cash outflow from operating activities		3,415,929	1,214,019
Cash flows from investing activities			
Purchase of property, plant and equipment		(369,346)	(520,595)
Profit on derivative financial intruments received		120,933	–
Long term investment		–	(20,000)
Sale proceeds of property, plant & equipment		11,015	11,363
Long term loans to related party		–	(2,056,059)
Profit on bank deposits		12,820	7,398
Net cash outflow from investing activities		(224,578)	(2,577,893)
Cash flows from financing activities			
Repayment of redeemable capital		(1,812,500)	(297,000)
Payment of long term loans		(693,198)	–
Proceeds of long term loans		1,037,836	574,016
Payment of liability against mining rights		(52,500)	(52,500)
Lease finance Payment		(144,776)	(56,221)
Net cash inflow / (outflow) from financing activities		(1,665,138)	168,295
Net decrease in cash & cash equivalents		1,526,213	(1,195,579)
Cash and cash equivalents at beginning of the period		(4,516,853)	(5,320,705)
Cash and cash equivalents at the end of the period	11	(2,990,640)	(6,516,284)

The annexed notes 1 to 18 form an integral part of these consolidated financial statements.

Sd/–
Chief Executive

Sd/–
Director

1. The Company and its activities

Pakarab Fertilizers Limited (the parent company) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Ordinance, 1984). The parent company's status changed to a non-listed public company from June 7, 2007. The parent company's Term Finance Certificates are listed at the Karachi Stock Exchange (Guarantee) Limited (KSE). The parent company acquired Reliance Sacks Limited (the 100% owned subsidiary company) on September 05, 2011. The parent company is principally engaged in the manufacturing and sale of chemical fertilizers and generation and sale of Certified Emission Reductions (CERs). The address of the registered office of the parent company is E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facility of the parent company is located in Multan.

2. Basis of preparation

This consolidated condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The consolidated condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' . They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the parent company as at and for the year ended December 31, 2010. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended December 31, 2010 whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the period ended September 30, 2010.

3. Basis of measurement and Estimates

These financial statements have been prepared under the historical cost convention except for certain assets and certain financial instruments which are measured at fair values.

This consolidated condensed interim financial information requires the management to make difficult, subjective or complex judgments or estimates. It is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The significant judgments and estimates made by the management in applying the company's accounting policies were the same as those applied to the audited financial statements of the parent company for the year ended 31-12-2010.

4. Significant Accounting Policies

The accounting policies adopted in preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of audited financial statements of the parent company for the year ended 31-12-2010

		Note	Un–Audited September 30, 2011	Audited December 31, 2010
			(Rupees in thousand)	
5	**Long term finances – Secured**			
	Total long term financing-Secured	5.1	15,725,031	17,192,893
	Less: Amount payable within twelve months shown as current maturity		6,269,086	3,821,003
			9,455,945	13,371,890
5.1	**Movement in this account during the period / year is as follows:**			
	Opening balance:			
	Redeemable capital		11,200,000	11,497,000
	Long term loans		3,955,393	3,832,462
	Syndicated term finance		2,037,500	2,037,500
			17,192,893	17,366,962
	Disbursements during the period / year:			
	Long term loans		1,037,836	1,066,201
	Repayments during the period / year:			
	Redeemable capital		1,812,500	297,000
	Long term loans		693,198	943,270
			2,505,698	1,240,270
	Closing balance:			
	Redeemable capital		9,387,500	11,200,000
	Long term loans		4,300,031	3,955,393
	Syndicated term finance		2,037,500	2,037,500
			15,725,031	17,192,893

6 Contingencies and commitments

6.1 Contingencies

(i) The parent company has netted off an amount of Rs 240.119 million from the amount payable to the Privatization Commission, as part of purchase consideration, at the time and in the event the refund is received from the tax authorities. In case, the parent company's contention relating to possible double payment is not acceded to by the other party to the Share Purchase Agreement, the parent company is contingently liable to the aforesaid amount of Rs 240.119 million. In case, the amount becomes payable, the corresponding effect would be reflected in the computation of goodwill.

(ii) The parent company has issued following guarantees in favour of:

- Sui Northern Gas Pipelines Limited against gas sale for Rs 8.846 million (December 31, 2010: Rs 8.846 million).
- Fatima Fertilizer Company Limited, a related party, and Habib Bank Limitedm (the Security Trustee) in respect of the company's obligations for equity contributions in Fatima Fertilizer Company Limited under the terms of the Sponsor Support Agreement dated March 6, 2009 between the company, Fatima Fertilizer Company Limited and its sponsors and lenders.

- Reliance Sacks Limited, a subsideary company, and Meezan Bank Limited in respect of the company's obligations for discharging all the obligations of Reliance Sacks Limited under any financing and / or other agreements.

(iii) Indemnity bonds aggregating Rs 246.780 million (December 31, 2010: Rs 167.170 million) issued to the Customs authorities in favour of The President of Islamic Republic of Pakistan under SRO 489(I)/2000 for the value of goods exported and to be re-imported.

(iv) Post dated cheques furnished by the parent company in favour of the Collector of Customs to cover import levies against import of raw material aggregating to Nil (December 31, 2010: Rs 4.320 million).

(v) As at June 30, 2004, the parent company had investment of 140,000 ordinary shares of Rs 10 each valuing Rs 100,000 in National Fertilizer Marketing Limited, being the associated company on that date. On May 20, 2005, this investment was transferred to National Fertilizer Corporation of Pakistan (Private) Limited by the management of the parent company. However, the new buyer, Reliance Exports (Private) Limited filed an application before Privatization Commission challenging this transfer on the grounds that such transfer had been carried out against the terms and conditions of the bid documents. In case of a positive outcome to the application, this investment would be re-instated.

(vi) An amount of Rs 129.169 million was withdrawn by the previous members of the parent company as part of dividend for the year ended June 30, 2005 under the Share Purchase Agreement ('the Agreement'). Out of the aggregate amount, Rs 89.39 million represents the value of certain catalysts recovered in consequence of clean down operations of the plant prior to undertaking the process of privatization, which was accounted for as income in the financial statements for the year ended June 30, 2005 in the light of applicable financial reporting framework.

The management of the parent company feels that notwithstanding the applicability of the financial reporting framework, on the financial statements for the year ended June 30, 2005, the amount was not distributable as part of dividend for that year in view of the clear understanding behind the execution of the Agreement as categorically confirmed, in writing, by the Privatization Commission prior to signing of the Agreement. Similarly, the balance amount of Rs 39.779 million is considered to be dividend distribution out of the then available reserves which was also not distributable to the previous members in terms of other covenants of the Agreement.

The parent company has filed a claim for the recovery of the aforesaid aggregate amount on the grounds that in the present form, the distribution has been made out of the accumulated reserves, for the years upto June 30, 2004, which, under the specific provisions of the Agreement were not distributable to the previous members of the parent company. In case of a positive outcome to the parent company's claim, the excess dividend withdrawn by the previous members of the parent company would be recovered.

(vii) Included in advances, deposits, prepayments and other receivables is sales tax recoverable of Rs 134.022 million (December 31, 2010: 134.022 million) which primarily represents the input sales tax paid by the parent company in respect of raw materials acquired before June 11, 2008 on which date fertilizer products manufactured by the parent company were exempted from levy of sales tax through notification SRO 535(I)/2008. The amount stood refundable to the parent company there being no output sales tax liability remaining payable on fertilizer products manufactured by the parent company against which such input sales tax was adjustable. The parent company's claim of refund on this account was not entertained by Federal Board of Revenue ('FBR') on the premise that since subject raw materials were subsequently consumed in manufacture of a product exempt from levy of sales tax, claim was not in accordance with the relevant provisions of the Sales Tax Act, 1990.

The parent company's management being aggrieved with the interpretation advanced by FBR on the issue has preferred a writ petition before the Lahore High Court, which has not yet been disposed off. Since parent company's management considers that claim of refund is completely in accordance with relevant statutory framework and expects relief from appellate authorities on this account, it considers that the receivable amount was unimpaired at the reporting date.

(viii) For assessment years 1993-94 and 1995-96 through 2002-2003 and for tax years 2003 through 2005, the parent company, in view of the position taken by the tax authorities that the income of the parent company is chargeable to tax on the basis of 'net income', had provided for in the financial statements the tax liability on net income basis which aggregated to Rs 5,223.343 million. Tax liabilities admitted in respective returns of total income in respect of these assessment / tax years, however, aggregated to Rs 1,947.671 million being the liabilities leviable under the Presumptive Tax Regime ('PTR'), considered by the management to be applicable in respect of parent company's income from sale of own manufactured fertilizer products.

The Appellate Tribunal Inland Revenue ('ATIR') through its separate orders for the assessment years 1993-94, 1995-96 through 2002-03 upheld the parent company's position as taken in respective returns of total income and consequently, management reversed the excess provisions aggregating to Rs 3,275.673 million on the strength of such judgments. ATIR's decisions in respect of certain assessment years have also been upheld by the Lahore High Court while disposing departmental appeals against respective orders of ATIR. Income tax department has statedly agitated the issue further before Supreme Court of Pakistan, which is pending adjudication.

In view of the favourable disposal of the matter up to the level of High Court, management of the parent company feels that the decision of the apex court would also be in the favour of the parent company and hence in these financial statements, tax liabilities in respect of above referred assessment / tax years have been provided on the basis that the parent company's income during such years was taxable under PTR. In case, the apex court decides the matter otherwise, amount aggregating to Rs 3,275.673 million will have to be recognized as tax expense in respect of such assessment / tax years.

(ix) The amendment earlier carried out in respect of tax year 2006 through amendment order passed under section 122 the Income Tax Ordinance, 2001 ('Ordinance'), raised a demand of Rs 451.418 million along with penalty of Rs 169.196 million, has been annulled by Commissioner Inland Revenue (Appeals) ['CIR(A)'] through order dated June 25, 2011. While such demand no longer holds the field legally, following a prudent approach, amount of Rs 178.342 million, earlier recognized as tax expense against such demand, has not been written back. Such amount would be written back upon confirmation of relief by higher appellate authorities.

(x) The Additional Commissioner Inland Revenue ('AdCIR'), through separate orders passed under section 122(5A) of the Ordinance for tax years 2007 to 2009, raised income tax demands aggregating to Rs 1,562.454 million. The primary issue raised by AdCIR through such orders is that tax deductible expenditure claimed by the parent company against taxable income were also allocable to 'subsidy' received from the Federal Government and revenue derived from sale of 'emission reduction certificates . The parent company has agitated the amendment orders before CIR(A), which are pending adjudication. Since, it is the management's assertion that parent company's stance is supported by relevant legal position and the underlying facts, no provision on this account has been made in this condensed interim financial information.

(xi) Assistant Commissioner Inland Revenue ('ACIR'), through an order dated February 21, 2009, raised a demand of Rs 256.142 million including additional tax of Rs 31.142 million on the grounds that the parent company had not deducted withholding tax on distribution of Rs 2,250 million as 'specie dividends'. While the matter has been decided in parent company's favour and assessment order has been vacated by ATIR, departmental officials have assailed the finding of ATIR through a reference filed before Lahore High Court, which is pending adjudication. Since, parent company's management is confident that findings given by ATIR will not be interfered into by appellate courts, no provision in respect of such demand has been made in this condensed interim financial information.

(xii) ACIR, through an order dated March 25, 2009 passed under sections 221 and 205 of the Ordinance, held that adjustments made by the parent company out of determined refunds for previous assessment years against the tax liabilities of tax years 2006 and 2007 were not legal and legitimate. Default surcharge of Rs 89.462 million was also held to be payable by the parent company for claiming illegitimate adjustments. Such position taken by department has been held to be illegal by ATIR and it has been directed to allow the adjustments claimed by the parent company. The matter has, however, been further pursued by department by way of filing a reference application before Lahore High Court, which is pending adjudication. Since the parent company's management considers that under the relevant statutory provisions, adjustments cannot be denied to the parent company and relief accorded by ATIR will be endorsed by appellate courts, no provision in this respect has been made in this condensed interim financial information.

(xiii) The ACIR, through Order-In-Original dated May 21, 2011 has raised sales tax and federal excise duty demands aggregating Rs 1,146 million along with applicable default surcharge and penalties. Such demands are principally raised on the grounds that self consumption of mid-products constituted a 'taxable supply' and hence attracted the levies of sales tax and special excise duty. Management of the parent company considers that position adopted by department is not only against the spirit behind the exemption earlier applicable in respect of 'fertilizer products' but also against the relevant provisions of law. Against the subject order, parent company is following the remedial course provided for in the relevant statutes and has also taken up the matter with Chairman, Federal Board of Revenue for obtaining relief in terms of section 7 of Federal Board of Revenue Act, 2007. Consequently, the demand raised against the parent company has not been recognized as an expense in this condensed interim financial information.

(xiv) Included in trade debts is an amount of Rs 23.873 million (December 31, 2010: Rs 23.873 million) which has not been acknowledged as debts by its customers due to a dispute regarding the discount on the product's price. The parent company's customers had collectively filed an appeal regarding the price dispute before the Civil Court, Multan, which decided the case in favour of the parent company's customers. The parent company preferred an appeal before the District and Sessions Court, Multan which set aside the order of the Civil Court. The parent company's customers filed a revised petition before the Lahore High Court against the order of the District and Sessions Court, which is pending for adjudication. Based on the advice of the parent company's legal counsel, the parent company's management considers that there are meritorious grounds to defend the parent company's stance and hence, no provision has been made in this condensed interim financial information on this account.

(xv) Claims against the parent company not acknowledged as debts Rs 23.051 million (December 31, 2010: Rs 23.051 million)

6.2 Commitments in respect of

(i) Contracts for capital expenditure Rs. 420.102 million (December 31, 2010: Rs 416.697 million).

(ii) Letters of credit other than for capital expenditure Rs 697.590 million (December 31, 2010: Rs 894.892 million).

(iii) Purchase orders aggregating Rs 4.780 million (December 31, 2010: Rs 3.940 million) were placed and letters of credit were established subsequently.

(iv) Future payments under non-cancelable operating leases and the period in which these payments will become due are as follows:

	Un–Audited September 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Not later than one year	59,640	35,538
Later than one year and not later than five years	116,605	63,898
	176,245	99,436

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
7 Property, plant & equipment			
Operating fixed assets	7.1	35,536,011	21,712,407
Capital work-in-progress		331,026	203,985
		35,867,037	21,916,392
7.1 Operating fixed assets			
Opening book value		21,712,407	20,585,253
Revaluation of assets	7.1.1	14,048,454	–
Additions during the period	7.1.2	267,010	1,739,025
		36,027,871	22,324,278
Book value of fixed assets disposed off during the period		–	17,647
Depreciation charged during the period		491,860	594,224
Closing book value		35,536,011	21,712,407

7.1.1 This represents surplus over book value resulting from the revaluation of Land, Building, Plant & Machinery, Railway siding and Tools & Equipment of the parent company. The valuation was carried out by independent valuers, M/s Pirsons Chemical Engineering (Private) Limited, on September 30, 2011 under Current Market Price / Appraisal methods whereever applicable for the respective assets. Surplus on revaluation of property, plant and equipment can be utilized by the parent company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

	Un–Audited September 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
7.1.2 Additions during the period:		
Building	9,321	22,050
Plant and machinery	146,598	1,514,584
Furniture and fixtures	8,775	57,869
Tools and equipment	39,790	64,411
Vehicles	5,971	70,500
Catalyst	56,555	9,611
	267,010	1,739,025

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
8 Investments			
Associated company – quoted:			
Fatima Fertilizer Company Limited NIL (2010: 450,000,000) Fully paid ordinary shares of Rs 10 each. Equity held NIL (2010: 22.50%)		–	5,811,691
Less: Classified under current assets – (2010: 225,000,000 fully paid ordinary shares of Rs 10 each)	8.1	–	2,905,846
		–	2,905,845
Held to maturity:			
Others	8.2	27,751	24,386
		27,751	2,930,231

8.1 During the period, on March 31, 2011, the parent company's members approved the distribution of specie dividend of 225 million ordinary shares of Fatima Fertilizer Company Limited ('FATIMA') held by the parent company, due to which the parent company's holding in FATIMA reduced to the extent of 11.25%. Consequently, from April 1, 2011, the parent company lost significant influence over FATIMA and its remaining investment in the 225 million ordinary shares of FATIMA has been designated by the parent company upon initial recognition as 'financial asset at fair value through profit or loss' under IAS 39 'Financial Instruments: Recognition and Measurement' and classified as current.

8.2 This represents investment of the parent company in Defence Saving Certificates for a period of ten years, which will mature on September 11, 2019. Yield to maturity on these certificates is 12.15%. These certificates have been pledged as security with the Director General, Mines & Minerals, Government of Khyber-Pakhtoonkhwa as per the terms of the mining agreement.

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
9 Investments			
At fair value through profit or loss:			
Other – Wateen Telecom Limited		3,120	7,280
Available for sale:			
Associated company – quoted:			
Fatima Fertilizer Company Limited 360,000,000 (2010: 360,000,000) unquoted fully paid non-voting convertible cumulative preference shares of Rs 10 each. Extent of preference shares held 90%	9.1	3,600,000	3,600,000
		3,603,120	3,607,280
Investment held for distribution to members	9.2	6,652,289	2,905,846
		10,255,409	6,513,126

9.1 These investments have been classified as current on the intention of parent company's management that in the next twelve months from the balance sheet date, the parent company may distribute these investments as 'specie dividend' in line with the past dividend distribution practice or it may dispose of these investments to meet the working capital requirements of the parent company.

9.2 This investment has been earmarked for distribution as 'specie dividend'.

		Note	Un-Audited September 30, 2011	Un-Audited September 30, 2010
			(Rupees in thousand)	
10	**Cash flows from operating activities**			
	Net Profit before taxation		4,948,047	2,598,419
	Adjustments for:			
	Depreciation on operating fixed assets		491,860	416,668
	Depreciation on leased assets		66,164	43,686
	Amortization on intangibles		16,761	16,760
	Retirement benefits accrued		44,377	30,890
	Profit on disposal of operating fixed assets		(4,091)	(2,822)
	Finance cost		2,536,039	2,703,422
	Provisions and unclaimed balances written back		(624)	(55,991)
	Profit on bank deposits		(11,026)	(7,398)
	Gain on derivative financial instruments		(106,012)	(4,953)
	Share of loss of associate		17,612	33,041
	Unrealized gain on investment held to maturity		(3,366)	(1,908)
	Unrealized gain on loss of significant influence over associate		(113,461)	
	Unrealized (gain) / loss on remeasurement of investment		(740,589)	119,680
	Operating profit before working capital changes		7,141,691	5,889,494
	Effect on cash flow due to working capital changes			
	Decrease / (Increase) in stores and spare parts		166,807	(315,666)
	Decrease/(Increase) in stock in trade		680,050	(917,653)
	Decrease/(increase) in trade debts		826,465	(811,906)
	Decrease /(Increase) in advances, deposits, prepayments and other receivables		(1,028,174)	(201,417)
	(Decrease)/Increase in creditors, accrued and other liabilities		(1,243,390)	546,640
			(598,242)	(1,700,002)
	Cash generated from operations		6,543,449	4,189,492
11	**Cash and cash equivalents**			
	Finances under mark up arrangement		(3,321,932)	(7,439,130)
	Cash and bank balances		331,242	922,846
			(2,990,640)	(6,516,284)

		Fertilizers				Clean Development Mechanism				Total			
		For the quarter ended		For the period ended		For the quarter ended		For the period ended		For the quarter ended		For the period ended	
	Note	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated
		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Sales	12	5,186,783	3,652,707	11,897,958	10,651,141	294,565	276,264	882,757	879,903	5,481,348	3,928,971	12,780,715	11,531,042
Cost of sales	13	1,789,601	1,890,178	5,485,697	5,593,905	12,775	43,125	55,571	52,329	1,802,376	1,933,303	5,541,268	5,646,234
Gross profit		3,397,182	1,762,529	6,412,261	5,057,236	281,790	233,139	827,186	827,574	3,678,972	1,995,668	7,239,447	5,884,808
Administrative and general expenses		248,693	197,863	695,145	577,360	4,017	5,065	7,310	14,877	252,710	202,928	702,455	592,237
Selling and distribution expenses		175,324	167,789	446,345	427,024	65,663	88,488	189,587	196,094	240,987	256,277	635,932	623,118
Segment results		2,973,165	1,396,877	5,270,771	4,052,852	212,110	139,586	630,289	616,603	3,185,275	1,536,463	5,901,059	4,669,453
Sales	12.1												
Products:													
– Own manufactured		4,886,614	3,581,742	10,773,340	10,424,488	–	–	–	–	4,886,614	3,581,742	10,773,340	10,424,488
– Sale of rock phosphate		16,136	4,155	62,511	4,155	–	–	–	–	16,136	4,155	62,511	4,155
– Toll manufacturing services		31,734	–	85,322	–	–	–	–	–	31,734	–	85,322	–
– Fertilizer trading		114,887	–	649,611	–	–	–	–	–	114,887	–	649,611	–
– CERs		–	–	–	–	294,565	276,264	882,757	879,903	294,565	276,264	882,757	879,903
		5,049,371	3,585,897	11,570,784	10,428,643	294,565	276,264	882,757	879,903	5,343,936	3,862,161	12,453,541	11,308,546
Mid products		178,700	90,587	408,969	259,399	–	–	–	–	178,700	90,587	408,969	259,399
Less: Sales incentive		39,972	18,208	79,251	18,208	–	–	–	–	39,972	18,208	79,251	18,208
Discount		1,316	5,569	2,544	18,695	–	–	–	–	1,316	5,569	2,544	18,695
		5,186,783	3,652,707	11,897,958	10,651,139	294,565	276,264	882,757	879,903	5,481,348	3,928,971	12,780,715	11,531,042

	Note	Fertilizers				Clean Development Mechanism				Total			
		For the quarter ended		For the period ended		For the quarter ended		For the period ended		For the quarter ended		For the period ended	
		September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated	September 30, 2011	September 30, 2010 Restated
		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Cost of sales	13.1												
Raw material consumed		1,277,837	1,134,985	2,451,107	3,238,274	3,371	2,236	5,705	6,264	1,281,208	1,137,221	2,456,812	3,244,538
Packing material consumed		115,329	72,168	226,166	201,710	–	–	–	–	115,329	72,168	226,166	201,710
		1,393,166	1,207,153	2,677,273	3,439,984	3,371	2,236	5,705	6,264	1,396,537	1,209,389	2,682,978	3,446,248
Salaries, wages and other benefits		194,793	201,925	555,843	520,915	1,866	1,823	4,971	4,218	196,659	203,748	560,814	525,133
Fuel and power		380,484	403,990	862,265	1,144,867	1,644	1,372	3,743	3,620	382,128	405,362	866,008	1,148,487
Chemicals and catalysts consumed		155,297	118,904	298,178	318,747	–	–	–	–	155,297	118,904	298,178	318,747
Spare parts consumed		30,894	65,784	209,618	234,672	526	586	4,889	5,059	31,420	66,370	214,507	239,731
Stores consumed		13,921	22,446	81,252	91,112	22	644	1,540	1,928	13,943	23,090	82,792	93,040
Repairs and maintenance		105,311	10,562	158,560	55,098	1,086	3,199	1,698	3,348	106,397	13,761	160,258	58,446
Insurance		55,349	64,921	166,049	194,299	595	1,130	1,792	3,386	55,944	66,051	167,841	197,685
Depreciation		141,220	104,088	360,970	311,630	4,486	2,005	8,647	6,019	145,706	106,093	369,617	317,649
Depreciation on assets subject to finance lease		5,960	5,782	19,114	17,765	–	–	–	–	5,960	5,782	19,114	17,765
Other expenses		24,142	2,070	76,008	29,238	2,964	2,824	11,891	8,404	27,106	4,894	87,899	37,642
		2,500,537	2,207,625	5,465,130	6,358,327	16,560	15,819	44,876	42,246	2,517,097	2,223,444	5,510,006	6,400,573
Opening stock of mid products		21,952	15,085	17,368	12,153	–	–	–	–	21,952	15,085	17,368	12,153
Closing stock of mid products		(53,949)	(9,931)	(53,949)	(9,931)	–	–	–	–	(53,949)	(9,931)	(53,949)	(9,931)
		(31,997)	5,154	(36,581)	2,222	–	–	–	–	(31,997)	5,154	(36,581)	2,222
		2,468,540	2,212,779	5,428,549	6,360,549	16,560	15,819	44,876	42,246	2,485,100	2,228,598	5,473,425	6,402,795
Opening stock of finished goods manufactured		98,118	906,686	362,042	462,643	6,454	43,336	20,934	26,113	104,572	950,022	382,976	488,756
Closing stock of finished goods manufactured		(888,379)	(1,229,287)	(888,379)	(1,229,287)	(10,239)	(16,030)	(10,239)	(16,030)	(898,618)	(1,245,317)	(898,618)	(1,245,317)
		(790,261)	(322,601)	(526,337)	(766,644)	(3,785)	27,306	10,695	10,083	(794,046)	(295,295)	(515,642)	(756,561)
Fertilizer purchased for resale		111,322	–	583,485	–	–	–	–	–	111,322	–	583,485	–
		1,789,601	1,890,178	5,485,697	5,593,905	12,775	43,125	55,571	52,329	1,802,376	1,933,303	5,541,268	5,646,234

14 Earnings per share

14.1 Basic earnings per share

There is no dilutive effect on the basic earning per share of the company, which is based on :

	For the quarter ended September 30, 2011	For the quarter ended September 30, 2010 Restated	For the period ended September 30, 2011	For the period ended September 30, 2010 Restated
	(Rupees in thousand)			
Profit after taxation	1,718,419	625,137	3,422,069	1,887,648
Number of ordinary shares	450,000	450,000	450,000	450,000
Earning per share in Rupees	3.82	1.39	7.60	4.19

14.2 Diluted earnings per share

A diluted earnings per share has not been presented as the parent company does not have any convertible instruments in issue as at September 30, 2011 and September 30, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

15. Transactions with related parties

The related parties comprise associated undertakings, other related group companies, key management personnel and post employment benefit plans. The parent company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under relevant receivables and payables heads. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transaction	Un–Audited January 1 to September 30 2011	2010 Restated
		(Rupees in thousand)	
i. Post employment benefit plan	Expense charged in respect of retirement benefit plan	47,944	33,460
ii. Key management personnel	Salaries & other employee benefits	59,058	56,648
iii. Associated companies	Markup expense on share deposit money	24,556	21,185
	Markup income on loans to subsidiary	–	102,880
	Markup income on loans to associate	166,735	253,210
	Markup income on loans to associated company	381,990	–
	Dividend income on preferences shares of subsidiary	–	148,080
	Dividend income on preference shares of associate	147,531	257,560
	Dividend income on preference shares of associated company	299,980	–
	Processing services rendered to associate	27,766	–
	Processing services rendered to associated company	57,556	–
	Fertilizer purchased from associate	380,403	–
	Fertilizer purchased from associated company	185,541	–
	Expenses shared with associate	41,320	–
	Expenses shared with associated company	121,377	–
iv. Other related parties	Donation	12,175	–

All transactions with related parties have been carried out on commercial terms and conditions.

	Note	Un–Audited September 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
16 Period end balances			
Long term loans to associate		–	4,515,565
Long term loans to associated company		4,515,565	–
Markup receivable from associate		–	239,691
Markup receivable from associated company		788,416	–
Preference dividend receivable from associate		–	545,651
Preference dividend receivable from associated company		993,162	–
Receivable from associates		47,152	–
Payable to associates		–	22,584

17 Date of authorization for issue

This condensed interim financial information was authorized for issue on October 21, 2011 by the Board of Directors of the parent company.

18 Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - ‘Interim Financial Reporting’, the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Sd/–
Chief Executive

Sd/–
Director

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