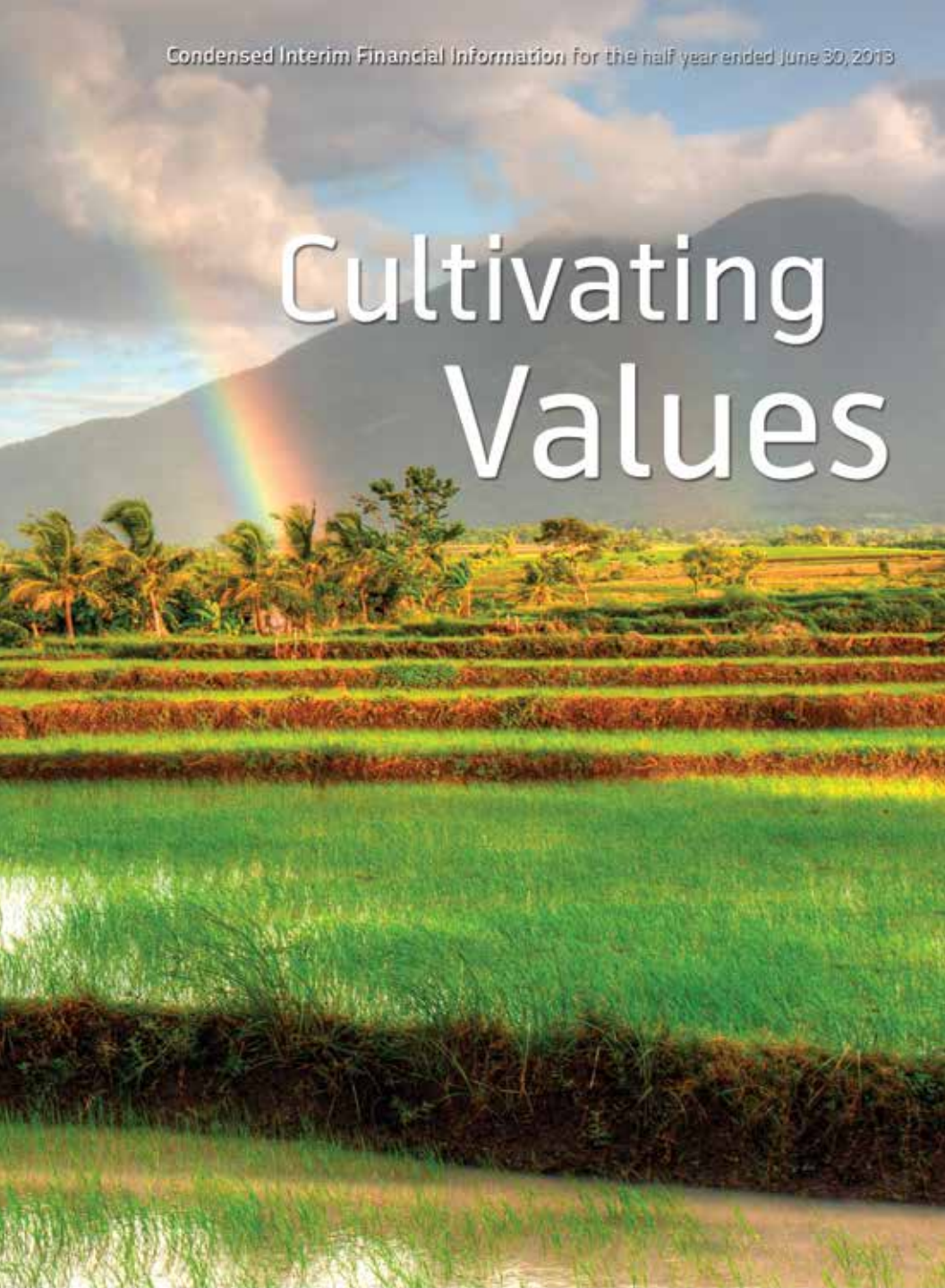


Cultivating Values



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Company Information

Board of Directors

Mr. Arif Habib

Chairman

Mr. Fawad Ahmed Mukhtar

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Mr. Faisal Ahmed Mukhtar

Mr. M. Abad Khan

Mr. Muhammad Kashif Habib

Mr. Jørgen Nergaard Gøl

Mr. Syed Hasan Irtiza Kazmi

Nominee Director-NBP

Chief Financial Officer

Mr. Muhammad Abdul Wahab

Company Secretary

Mr. Ausaf Ali Qureshi

Key Management

Mr. Arif-ur-Rehman

Director Operations

Mr. Muhammad Zahir

Director Marketing

Mr. Qadeer Ahmed Khan

Director Special Projects

Mr. Ahsen-ud-Din

Director Technology Division

Mr. Haroon Waheed

Group Head of Human Resource

Mr. Iftikhar Mahmood Baig

General Manager Business
Development

Mr. Asad Murad

Head of Internal Audit

Mr. Javed Akbar

Head of Procurement

Mr. Fuad Imran Khan

Chief Information Officer

Audit Committee

Mr. Muhammad Kashif Habib

Chairman

Mr. Fazal Ahmed Sheikh

Member

Mr. Faisal Ahmed Mukhtar

Member

Mr. Syed Hasan Irtiza Kazmi

Member

Mr. M. Abad Khan

Member

Human Resource and Remuneration Committee

Mr. M. Abad Khan

Chairman

Mr. Jørgen Nergaard Gøl

Member

Mr. Muhammad Kashif Habib

Member

Mr. Faisal Ahmed Mukhtar

Member

Legal Advisors

M/s. Chima & Ibrahim

Advocates

1-A/ 245, Tufail Road

Lahore Cantt.

Auditors

M. Yousuf Adil Saleem & Company
Chartered Accountants
Lahore.

(A member firm of Deloitte Touche
Tohmatsu)

134-A, Abubakar Block,
New Garden Town, Lahore.

Tel: No. 92-42-35913595-7

Fax: No. 92-42-35864021

Registrar & Share Transfer Agent

Central Depository Company of
Pakistan Limited

Share Registrar Department

CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400.

Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcpak.com

Website: www.cdcpakistan.com

Bankers

Askari Bank Limited

Al Barka Bank (Pakistan) Limited

Allied Bank Limited

Bank Alfalah Limited

The Bank of Punjab

BankIslami Pakistan Limited

Burj Bank Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Meezan Bank Limited

MCB Bank Limited

National Bank of Pakistan

NIB Bank Limited

Soneri Bank Limited

Standard Chartered Bank

(Pakistan) Limited

Summit Bank Limited

Silk Bank Limited

Sindh Bank Limited

United Bank Limited

The Bank of Khyber

Pak China Investment

Company Limited ("NBFI")

Pak Libya Holding Company

(Pvt) Limited ("NBFI")

Saudi Pak Industrial & Agricultural

Investment Company Limited

("NBFI")

Registered Office / Head Office

E-110, Khayaban-e-Jinnah,

Lahore Cantt., Pakistan.

UAN: 111-FATIMA (111-328-462)

Fax: 042-36621389

Plant Site

Mukhtar Garh, Sadiqabad,

Distt. Rahim Yar Khan,

Pakistan.

Tel: 068-5786910

Fax: 068-5786909

Directors' Report to the Members

Dear Shareholders,

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, I am pleased to present the un audited financial statements of the Company along with the Auditors' Review Report for the half year ended June 30, 2013 along with an overview of operational and financial performance of the Company.

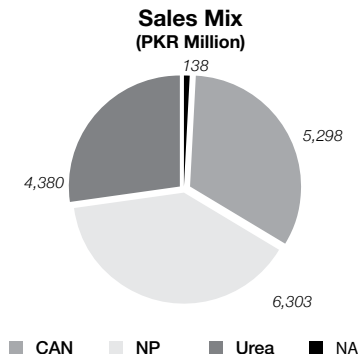
Market Overview

Global demand for nitrogen and phosphates remained subdued particularly in the second quarter as Indian demand remained in abeyance as the Indian currency continued to weaken against the dollar. In Pakistan the Urea market shrank marginally by 2% in the first half of the year compared to the same period last year. This was primarily on account of poor sowing of early varieties of cotton due to extended winter conditions. On the other hand the phosphate market recovered dramatically compared to 2012 first half and registered a 70% increase. This strong demand was triggered by the increase in the support price of wheat in rabi and the continued good margins in cotton. A major thrust was achieved by companies in June where a record 155kt was sold on the back of incentive schemes and the impending price increase on account of revised GST.

Company Performance

During the period under review, your Company reported net revenue of PKR 16 billion showing an increase of 25% over the same period last year. NP remained the major contributor towards revenue, with 39% contribution while contribution of Urea and CAN remained at 27% and 33% respectively. Nitric Acid (NA) sales reported 1% contribution, reflecting an upcoming and positive increase in demand and acceptance of the product within the local industry. In spite of cost escalation in production expenses mainly due to inflationary trends, the gross profit margin increased to PKR 8.8 billion, registering an increment of 8% over last year, while distribution expenses moved in accordance with the increase in volume.

Finance cost reduced to 14% of the revenue as compared to 24% last year showing a decline of 10% YOY mainly due to effective utilization of cash generation through operations and reduction in markup rates. Consequently, before and after tax profit was recorded at PKR 4.96 billion and PKR 3.36 billion, respectively, as compared to PKR 3.99 billion and PKR 2.59 billion last year, correspondingly registering an increase of 24% and 30%. The EPS improved by 25% to PKR 1.60, compared to PKR 1.28 for the same period last year.



Directors' Report to the Members

The increase in support price announced by the Government for wheat provided the farmer with the hope of improved returns and hence both nitrogen and phosphate off-take was far better as compared to last year.

NP sales grew by 70% both on the back of strong demand and the marketing and technical campaigns run by the Company. Similarly CAN sales grew by 23%. Nitric acid sales declined primarily due to poor demand from the industrial sector and the gold processing industry as massive load shedding crippled production. The farmer promotion of NP and the focus on developing weaker belts has helped establish the NP brand across the country. The Company launched the dealer helpline during the second quarter under the banner of 'Sarsabz Pakistan' and also initiated the sms notification on order logging and delivery notification to the dealers.

Product wise sales during the six months remained as under:

Product	Jan to Jun - 2013 "000" Tons	Jan to Jun - 2012 "000" Tons
Urea	153	170
CAN	228	185
NP	148	86
Total	529	441

Annual Turn Around (ATA) was successfully completed in April. Subsequently, all the plants have achieved their planned/targeted production levels and have been operating without any disruptions. However the production for period under review has decreased by 7.5% as compared to last year due to ATA activities which lasted for 23 days.

The production achieved during the period is as under:

Product	Jan to Jun - 2013 "000" Tons	Jan to Jun - 2012 "000" Tons
Ammonia	207	240
Nitric	207	217
Urea	156	196
CAN	204	204
NP	147	138
Total	921	995

Future outlook

Demand for both nitrogen and phosphates is expected to remain positive with the cotton prices remaining firm and rice also expected to be profitable for the farmers. Production and sales are expected to be satisfactory however margins are under pressure due to falling international prices of fertilizers.

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
August 06, 2013

Sd/-
Arif Habib
Chairman

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Fatima Fertilizer Company Limited (the Company) as at June 30, 2013, and the related 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 together with the notes forming part thereof, for the six-months period then ended (here-in-after referred to as "the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and June 30, 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2013.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the person responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months ended June 30, 2013 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner:

Talat Javed

Lahore

Dated: August 07, 2013

Condensed Interim Balance Sheet as at June 30, 2013

	Note	Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,500,000,000 (December 31, 2012: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital 2,100,000,000 (December 31, 2012: 2,100,000,000) ordinary shares of Rs 10 each	4	21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Accumulated profit		5,324,427	6,160,354
		28,114,427	28,950,354
NON CURRENT LIABILITIES			
Long term finance	5	25,797,739	27,023,742
Dividend and markup payable		-	2,917,615
Deferred Liabilities	6	6,379,257	4,841,255
		32,176,996	34,782,612
CURRENT LIABILITIES			
Trade and other payables		6,754,067	4,996,727
Accrued finance cost		441,964	499,478
Short term finance-secured	7	2,339,723	2,690,246
Current maturity of long term finance	5	4,880,472	4,085,379
Dividend payable		1,989,961	-
		16,406,187	12,271,830
CONTINGENCIES & COMMITMENTS			
	8		
		76,697,610	76,004,796

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

Sd/-
Chief Executive

	Note	Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	65,748,547	65,882,892
Intangible assets	10	45,921	33,881
Capital work in progress	11	1,937,425	1,662,461
		67,731,893	67,579,234
Long term investments		85,190	85,190
Long term deposits		9,668	11,361
		67,826,751	67,675,785
CURRENT ASSETS			
Stores and spares	12	3,508,166	3,230,805
Stock in trade	13	2,720,076	2,507,927
Trade debtors		204,075	138,480
Loans, advances, deposits, prepayments and other receivables		1,367,595	1,467,655
Cash and bank balances		1,070,947	984,144
		8,870,859	8,329,011
		76,697,610	76,004,796

Sd/-
Director

Condensed Interim Profit and Loss Account (Un Audited)

For the six months ended June 30, 2013

	Note	Three months ended		Six months ended	
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
(Rupees in thousand)					
Sales	14	8,269,129	9,261,827	15,799,791	12,608,427
Cost of sales	15	(3,909,965)	(3,466,377)	(7,000,109)	(4,428,161)
Gross profit		4,359,164	5,795,450	8,799,682	8,180,266
Distribution cost		(333,152)	(544,542)	(650,969)	(677,908)
Administrative expenses		(293,060)	(214,535)	(586,853)	(330,078)
		3,732,952	5,036,373	7,561,860	7,172,280
Finance cost	16	(1,114,648)	(1,543,752)	(2,144,978)	(2,996,283)
Other operating expenses		(205,944)	(193,092)	(562,505)	(227,662)
		2,412,360	3,299,529	4,854,377	3,948,335
Other operating income		22,110	18,318	107,680	42,674
Profit before taxation		2,434,470	3,317,847	4,962,057	3,991,009
Taxation	17	(751,253)	(1,161,694)	(1,597,984)	(1,397,243)
Profit for the period		1,683,217	2,156,153	3,364,073	2,593,766
Earnings per share					
- basic and diluted (Rupees)	18	0.80	1.05	1.60	1.28

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

Sd/-
Chief Executive

Sd/-
Director

Condensed Interim Statement of Comprehensive Income (Un Audited) For the six months ended June 30, 2013

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	(Rupees in thousand)			
Profit for the period	1,683,217	2,156,153	3,364,073	2,593,766
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,683,217	2,156,153	3,364,073	2,593,766

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

Sd/-
Chief Executive

Sd/-
Director

Condensed Interim Statement of Changes in Equity

For the six months ended June 30, 2013

	Ordinary share capital	Preference share capital	Share premium	Accumulated profit	Total
(Rupees in thousand)					
Balance as on December 31, 2011 (audited)	20,000,000	4,000,000	790,000	3,264,865	28,054,865
Transactions with owners:					
- Final dividend for the year ended December 31, 2011 @Rs. 1.5 per share	-	-	-	(3,000,000)	(3,000,000)
- Conversion of 200,000,000 preference shares into ordinary shares @ Rs. 20 per share	1,000,000	(2,000,000)	1,000,000	-	-
- Redemption of 200,000,000 preference shares at par	-	(2,000,000)	-	-	(2,000,000)
Profit for the period	-	-	-	2,593,766	2,593,766
Other comprehensive income	-	-	-	-	-
Dividend on preference shares	-	-	-	2,593,766 (215,630)	2,593,766 (215,630)
Balance as at June 30, 2012 (un audited)	21,000,000	-	1,790,000	2,643,001	25,433,001
Balance as at December 31, 2012 (audited)	21,000,000	-	1,790,000	6,160,354	28,950,354
Transactions with owners:					
- Final dividend for the year ended December 31, 2012 @ Rs 2 per share	-	-	-	(4,200,000)	(4,200,000)
Profit for the period	-	-	-	3,364,073	3,364,073
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,364,073	3,364,073
Balance as at June 30, 2013 (un audited)	21,000,000	-	1,790,000	5,324,427	28,114,427

Sd/-
Chief Executive

Sd/-
Director

Condensed Interim Cash Flow Statement (Un Audited)

For the six months ended June 30, 2013

	Note	June 30, 2013	June 30, 2012
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	20	9,340,345	3,894,703
Finance cost paid		(3,782,893)	(2,322,644)
Taxes paid		(272,048)	(147,598)
Employee retirement benefits paid		(3,570)	(7,193)
Net cash from operating activities		5,281,834	1,417,268
Cash flows from investing activities			
Fixed capital expenditure		(911,607)	(371,008)
Proceeds from disposal of property plant and equipment		56	3
Net proceeds from disposal of short term investments		39,147	-
Net decrease / (increase) in long term loans and deposits		1,693	(7,047)
Profit received on saving accounts		7,169	55,842
Net cash used in investing activities		(863,542)	(322,210)
Cash flows from financing activities			
Redemption of preference shares		-	(2,000,000)
Repayment of long term finance		(1,992,697)	(10,770,335)
Proceeds from long term finance		1,561,787	6,000,000
Dividend paid			
- ordinary shares		(2,212,842)	(399,868)
- preference shares		(1,337,214)	-
(Decrease) / Increase in short term finance - net		(350,523)	3,410,060
Net cash used in financing activities		(4,331,489)	(3,760,143)
Net increase / (decrease) in cash and cash equivalents		86,803	(2,665,085)
Cash and cash equivalents at the beginning of the period		984,144	3,839,361
Cash and cash equivalents at the end of the period		1,070,947	1,174,276

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

Sd/-
Chief Executive

Sd/-
Director

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the six months ended June 30, 2013

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. On March 08, 2010 the Company got Listed on Karachi, Lahore and Islamabad Stock Exchanges.

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

2. Basis of preparation

- 2.1 This condensed interim financial information of the Company for six months ended June 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2012 and comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from un audited condensed interim financial information for the half year ended June 30, 2012.
- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.
- 2.4 This condensed interim financial information is un audited. However, a limited scope review has been performed by the statutory auditors of the company in accordance with the clause (xix) of the Code of Corporate Governance and they have issued their review report thereon.

3. Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the company for the year ended December 31, 2012.

4. Issued, subscribed and paid up capital

Un audited June 30, 2013	Audited December 31, 2012		Un audited June 30, 2013	Audited December 31, 2012
(Number of shares)			(Rupees in thousand)	
2,100,000,000	2,100,000,000	Ordinary shares of Rs 10 each fully paid in cash	21,000,000	21,000,000

4.1 Movement in issued, subscribed and paid up capital

2,100,000,000	2,000,000,000	Opening balance	21,000,000	20,000,000
		Ordinary shares issued on conversion of 200,000,000 preference shares @ Rs 20 each	-	1,000,000
2,100,000,000	2,100,000,000	Closing balance	21,000,000	21,000,000

5. Long term finance

These are composed of:

Secured loans from Banking Companies / Financial Institutions	5.1	30,678,211	31,109,121
Less: Current portion shown under current liabilities		4,880,472	4,085,379
		25,797,739	27,023,742

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the six months ended June 30, 2013

		Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)			
5.1	Movement of secured loans from Banking Companies / Financial Institutions		
	Opening balance	31,109,121	37,490,051
	Finance availed during the period	1,561,787	10,497,667
		32,670,908	47,987,718
	Less: repayments during the period	1,992,697	16,878,597
		30,678,211	31,109,121

5.2 This includes the following;

5.2.1 During the period the Company has received disbursements of Rs. 1,061.787 million from the remaining un disbursed portion of Rs. 1,402.333 million in accordance with Syndicated Term Finance Agreement - II (STFA - II) entered into with a consortium of commercial banks / financial institutions led by Allied Bank Limited aggregating to Rs. 6,000 million.

5.2.2 During the period the Company has also received disbursement of Rs. 500 million out of Syndicated Term Finance Agreement - III (STFA - III) entered into with a consortium of commercial banks / financial institutions led by Allied Bank Limited aggregating to Rs. 3,000 million for the purpose of financing ongoing funding requirements of the Company.

The facility carries markup rate of 6-months Karachi Interbank Offered Rate (KIBOR) plus 1% per annum. It is payable over a period of five years with one year grace period in eight half yearly installments starting from December 26, 2014.

The facility is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 3,750 million.

5.3 The installment of Rs. 1,192.697 million and Rs. 800 million falling due on Senior Facility and Syndicated Term Finance Agreement - I (STFA - I) respectively were paid during the period.

		Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)			
6. Deferred liabilities			
Deferred taxation	6.1	6,225,387	4,706,656
Employee retirement benefits	6.2	153,870	134,599
		6,379,257	4,841,255
6.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		13,873,520	13,421,764
Deductible temporary difference:			
Carry forward tax depreciation losses		(7,236,443)	(8,421,979)
Provision for retirement benefits		(19,440)	(17,208)
Tax credit u/s 113c		(392,250)	(275,921)
		(7,648,133)	(8,715,108)
		6,225,387	4,706,656
6.2 Employee retirement benefits			
Gratuity		98,326	84,348
Accumulating compensated absences		55,544	50,251
		153,870	134,599
7. Short term finance-secured			
Cash finance	7.1	499,294	329,137
Running finance	7.2	502,450	596,709
Finance against Imported Merchandise	7.3	1,337,979	1,764,400
		2,339,723	2,690,246

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

These carry markup ranging from 9.88% to 11.18% (December 31, 2012: 10.31% to 14.10%) per annum.

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the six months ended June 30, 2013

7.2 These facilities have been obtained from various banks for working capital requirements and are secured by Pari Passu charge of Rs. 5,137 million (December 31, 2012: Rs. 3,403 million) on current assets of the Company.

These carry markup ranging from 10.46% to 11.43% (December 31, 2012: 10.61% to 14.14%) per annum.

7.3 These facilities have been obtained from various banks against imported merchandise. The facilities carry markup ranging from 10.52% to 11.69% (December 31, 2012: 11.26% to 14.04%) per annum.

7.4 The aggregate unavailed short term borrowing facilities amount to Rs. 7,748.26 million (December 31, 2012: Rs. 6,124.14 million).

8. Contingencies and commitments

8.1 Contingencies

- (i) Post dated cheques not accounted for in the financial statements, submitted by the Company to the Collector of Customs to cover excess import levies on plant and machinery amounting to Rs. 13.935 million (December 31, 2012: Rs. 13.975 million).
- (ii) The Company has issued guarantee amounting to Rs. 200 million (December 31, 2012: Nil) in favor of Government of the Punjab for contribution towards Fatima Fertilizer Welfare Trust.
- (iii) The application under section 65 of the Sales Tax Act, 1990 to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs. 690 million inadvertently short levied/paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011 is still pending.

The show cause notice issued by Deputy Commissioner Inland Revenue, Multan on the aforementioned subject, without considering the pending application of the Company under section 65 of the Sales Tax Act, 1990, is pending adjudication at Lahore High Court, Multan Bench.

- (iv) The Assistant Commissioner Inland Revenue has passed a judgment against the Company alleging that the Company has adjusted the excess input tax amounting to Rs. 12.68 million in January 2012 sales tax return. The Company has filed an appeal with the Commissioner Inland Revenue Appeals (CIR(A)).

- (v) Company filed an appeal with CIR(A), against the Order in Original passed by Deputy Commissioner Inland Revenue (E&C) directing the Company to pay an amount of Rs. 9.60 million on account of sales tax withheld on advertising services. CIR(A) has annulled the impugned order and remanded the matter to department for consideration afresh.

The Deputy Commissioner Inland Revenue has passed a revised order of Rs. 7.752 million against which the Company has filed an appeal with the Commissioner Inland Revenue Appeals (CIR(A)).

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

8.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 37.449 million (December 31, 2012: Rs. 33.966 million).
- (ii) Contracts for other than capital expenditure Rs. 1,393.042 million (December 31, 2012: Rs. 514.519 million).
- (iii) The amount of future payments under non cancellable operating leases and the period in which these payments will become due are as follows:

	Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)		
Not later than one year	70,699	51,381
Later than one year but not later than five years	120,260	87,580
	190,959	138,961

9. Property, plant and equipment

Opening book value	65,882,892	66,827,913
Add: additions during the period	619,259	537,531
Less: book value of disposals during the period	52	9
	66,502,099	67,365,435
Less: depreciation charged during the period	753,552	1,482,543
Closing book value	65,748,547	65,882,892

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the six months ended June 30, 2013

	Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)		
Additions during the period		
Freehold land	-	1,629
Building	49,264	40,275
Plant and machinery	443,316	390,497
Furniture and fixtures	4,671	9,775
Office equipment	3,631	5,376
Electric installations and appliances	88,095	40,634
Computers	19,086	40,273
Vehicles	11,196	9,072
	619,259	537,531
10. Intangible assets		
Opening book value	33,881	-
Add: additions during the period	17,384	36,961
	51,265	36,961
Less: amortization charged during the period	5,344	3,080
Closing book value	45,921	33,881
11. Capital work in progress		
- Civil works	367,574	315,493
- Plant and machinery	1,505,403	1,258,987
- Advances	11.1 64,448	87,981
	1,937,425	1,662,461
11.1 Advances		
- freehold land	1,712	1,712
- civil works	3,843	671
- plant and machinery	58,893	85,598
	64,448	87,981

	Un audited June 30, 2013	Audited December 31, 2012
(Rupees in thousand)		
12. Stores and spares		
Stores	223,266	242,815
Spares	2,129,189	1,991,825
Catalyst and chemicals	1,155,711	996,165
	3,508,166	3,230,805
13. Stock in trade		
Raw material	2,622,342	2,286,655
Packing material	27,939	7,162
Mid Products		
Ammonia	9,023	10,594
Nitric Acid	4,080	6,675
Others	182	200
	13,285	17,469
Finished goods		
Urea	25,455	3,901
NP	11,199	48,459
CAN	3,318	144,059
Emission reductions	16,538	222
	56,510	196,641
	2,720,076	2,507,927

14. Sales

Sales are exclusive of sales tax and trade allowances of Rs. 2,537.878 million and Rs. 319.437 million (June 30, 2012: Rs. 2,051.383 million and Rs. 417.305 million) respectively.

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the six months ended June 30, 2013

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	(Rupees in thousand)			
15. Cost of sales				
Raw material consumed	1,224,823	1,350,889	2,665,787	2,219,764
Packing material consumed	154,049	181,203	329,311	297,138
Salaries, wages and other benefits	334,784	266,485	630,123	456,414
Fuel and power	573,040	663,507	1,252,585	1,346,326
Chemicals and catalyst consumed	65,692	181,785	145,739	226,272
Stores and spares consumed	290,888	120,293	480,574	197,273
Technical assistance	46,521	7,504	62,758	33,829
Repair and maintenance	173,713	48,997	206,304	81,862
Insurance	110,772	93,254	218,730	173,061
Travelling and conveyance	12,371	15,453	22,348	25,016
Equipment rental	46,714	18,309	66,696	37,515
Vehicle running and maintenance	6,962	11,101	15,145	20,821
Depreciation	361,966	356,156	721,173	712,082
Others	24,080	24,255	38,521	37,604
Manufacturing cost	3,426,375	3,339,191	6,855,794	5,864,977
Opening stock of mid-products	28,935	8,556	17,469	27,975
Closing stock of mid-products	(13,285)	(23,136)	(13,285)	(23,136)
Cost of goods manufactured	3,442,025	3,324,611	6,859,978	5,869,816
Opening stock of finished goods	524,450	2,302,589	196,641	719,168
Closing stock of finished goods	(56,510)	(2,160,823)	(56,510)	(2,160,823)
	3,909,965	3,466,377	7,000,109	4,428,161
16. Finance cost				
Markup on Long term loans	918,399	1,160,319	1,838,390	2,407,568
Markup on loans from associated company	-	150,479	5,756	317,710
Markup on short term loans	96,517	140,432	190,030	175,263
Markup on Workers Profit Participation Fund	79,950	-	79,950	-
Bank charges and others	19,782	92,522	30,852	95,742
	1,114,648	1,543,752	2,144,978	2,996,283
17. Taxation				
Current	42,182	94,385	79,255	128,035
Deferred	709,071	1,067,309	1,518,729	1,269,208
	751,253	1,161,694	1,597,984	1,397,243

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
(Rupees in thousand)				
18. Earnings per share - basic and diluted				
Profit for the period	1,683,217	2,156,153	3,364,073	2,593,766
(Number of shares)				
Weighted average number of shares in issue during the period	2,100,000,000	2,057,142,857	2,100,000,000	2,028,571,429

Basic and diluted earnings per share has been computed by dividing profit as stated above with weighted average number of ordinary shares. There is no dilutive effect on the basic earnings per share of the Company.

Basic and diluted earnings per share (Rupees)	0.80	1.05	1.60	1.28
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19. 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. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Six months ended	
		June 30, 2013	June 30, 2012
(Rupees in thousand)			
Associated companies	Toll manufacturing	-	9,542
	Purchase of packing material	398,203	-
	Purchase of raw material	-	300,153
	Sale of fertilizer	-	13,145
	Finance cost	5,756	317,710
	Dividend on Preference Shares	-	215,630
	Miscellaneous expenses	138,273	257,375
	Sale of stores and spares	21,383	6,941
Directors and key management personnel	Remuneration including benefits and perquisites	60,802	31,493
Retirement benefit plans	Retirement benefit expense	37,989	30,603

Notes to and Forming Part of the Condensed Interim Financial Information (Un Audited) For the six months ended June 30, 2013

	Six months ended	
	June 30, 2013	June 30, 2012
(Rupees in thousand)		
20. Cash generated from operations		
Profit before tax	4,962,057	3,991,009
Adjustments for:		
Retirement benefits accrued	22,841	18,729
Depreciation on property, plant and equipment	753,552	738,423
Amortization on Intangible assets	5,344	-
Finance cost	2,144,978	2,996,283
(Gain) / Loss on disposal of property, plant and equipment	(4)	7
Gain of sale of short term investment	(39,147)	-
Profit on saving accounts	(32,923)	(41,168)
	2,854,641	3,712,274
Operating cash flows before working capital changes	7,816,698	7,703,283
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets		
Loans, advances, deposits, prepayments and other receivables	318,607	(156,113)
Stock in trade	(212,149)	(1,373,326)
Stores and spares	(277,361)	(688,549)
Trade debtors	(65,595)	(227,539)
Increase / (Decrease) in creditors, accrued and other liabilities	1,760,145	(1,363,053)
	1,523,647	(3,808,580)
	9,340,345	3,894,703

21. Date of Authorization of Issue

This condensed interim financial information has been approved for issue by the Board of Directors of the Company and authorized for issue on August 06, 2013.

22. General

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

Sd/-
Chief Executive

Sd/-
Director

www.fatima-group.com



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