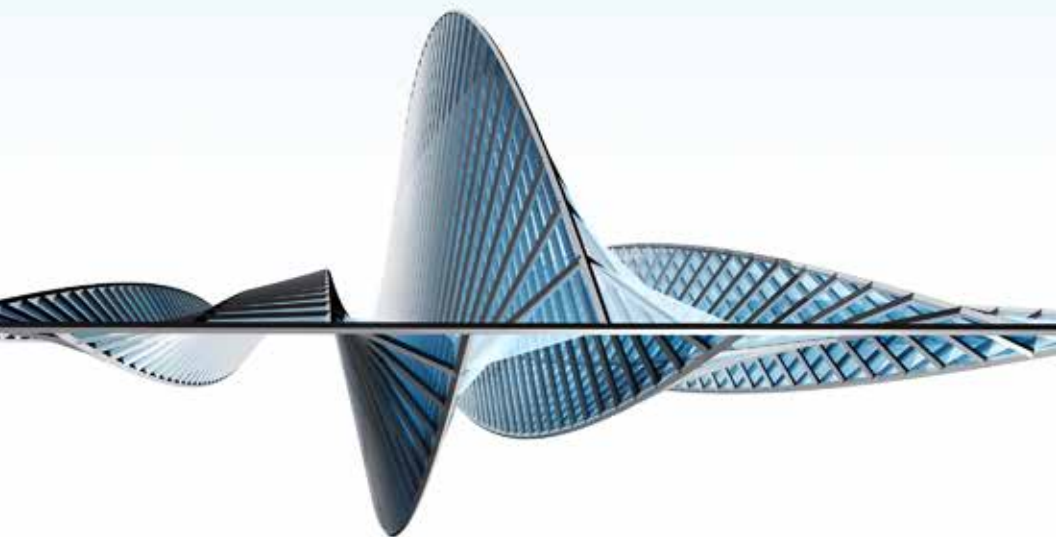


Condensed Interim Financial Statements  
for the Six Months ended June 30, 2017

# EMBRACING TOMORROW





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# Company Information

## Board of Directors

Mr. Arif Habib  
*Chairman*

Mr. Fawad Ahmed Mukhtar  
*Chief Executive Officer*

Mr. Fazal Ahmed Sheikh  
Mr. Faisal Ahmed Mukhtar  
Mr. M. Abad Khan  
Mr. Muhammad Kashif Habib  
Ms. Anja Elisabeth Nielsen  
Mr. Tariq Jamali  
*Nominee Director-NBP*

## Chief Financial Officer

Mr. Asad Murad

## Company Secretary

Mr. Ausaf Ali Qureshi  
*(communications@fatima-group.com)*

## Key Management

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

Mr. Inam Ullah Naveed  
*Director Operations*

Mr. Ahsan Qureshi  
*Chief Human Resource Officer*

Mr. Iftikhar Mahmood Baig  
*Director Business Development*

Mr. Qadeer Ahmed Khan  
*Director Special Projects*

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

Mr. Sardar Naufil Mahmud  
*Chief Information Officer*

Mr. Salman Ahmad  
*Head of Internal Audit*

Mr. Aftab Khan  
*Chief Supply Chain Officer*

Mr. Asghar Naveed  
*Corporate HSE Manager*

## Audit Committee Members

Mr. Muhammad Kashif Habib  
*Chairman*

Ms. Anja Elisabeth Nielsen  
*Member*

Mr. Faisal Ahmed Mukhtar  
*Member*

Mr. M. Abad Khan  
*Member*

Mr. Tariq Jamali  
*Member*

## HR and Remuneration Committee Members

Mr. M. Abad Khan  
*Chairman*

Ms. Anja Elisabeth Nielsen  
*Member*

Mr. Muhammad Kashif Habib  
*Member*

Mr. Faisal Ahmed Mukhtar  
*Member*

## Legal Advisors

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

## Auditors

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

134-A, Abubakar Block,  
New Garden Town, Lahore  
Ph: +92 42 35913595 - 7,  
+92 42 35440520  
Fax: +92 42 35440521  
Web: www.deloitte.com.pk

## Cost Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

Service House  
2nd Floor  
2-Main Gulberg Jail Road,  
Lahore, Pakistan  
Tel: +92 42 3579 0901-6  
Fax: +92 42 3579 0907  
Web: www.kpmg.com.pk

## Registrar and Share

### Transfer Agent

Central Depository Company of  
Pakistan Limited  
Share Registrar Department  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi-74400.  
Tel: Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
BankIslami Pakistan Limited  
Citibank N.A.  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Pak China Investment Company  
Limited ("NBF")  
Sindh Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan)  
Limited  
Standard Chartered Bank ,  
United Kingdom  
Summit Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

## Registered Office / Head Office

E-110, Khayaban-e-Jinnah,  
Lahore Cantt., Pakistan.  
UAN: 111-FATIMA (111-328-462)  
Fax: 042-36621389

## Plant Site

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

# Directors' Report to the Members

## Dear Shareholders,

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, I am pleased to present the un-audited financial statements of the Company along with the Auditor's Review Report for the six months ended June 30, 2017 along with brief overview of operational and financial performance of the Company.

## Market Overview - Global

In first half of 2017, Chinese Urea prices continued to be a key reference point for global nitrogen pricing, but higher production cost in China primarily due to increased coal prices, has resulted in significant production curtailments and reduced exports. At the same time, strong Urea capacity increases outside China are weighing on global Urea prices while displacing Chinese exports. The situation is expected to persist into the next year. Demand for Phosphates remained relatively low and prices drifted down in a quiet market. Suppliers were obliged to concede lower prices to capture new sales, with demand insufficient to absorb availability.

## Market Overview - Pakistan

Benefiting from improved farm economics, primarily due to continued subsidy support and Sales Tax reduction by the Government, off take situation in local market improved considerably. Local sales of both Urea and DAP increased by 30% and 18% over the same period last year.

## Company Performance

Your Company carries a product portfolio that offers a balanced mix of plant nutrients. The proven increase in plant yields by 10% (or more) through combined usage of NP and CAN instead of conventional fertilizers forms the basis of our integrated marketing campaign titled "10 feesad aur" (10% more).

The campaign was based on the wheat testimonials of 35 high profile farmers across Pakistan.

The marketing communication kicked off with announcing the increase in wheat yield results of the demo plots through ten mega high profile farmer events. These events were attended by local Government Officials, Provincial Agriculture Department officers, local influential farmers and officials.

This created a phenomenal domino effect on farmer referrals and positive word of mouth.

Coupled with additional robust marketing and farmer outreach programs, sales of Nitrogenous products of the Company viz. Urea and CAN increased remarkably by 227% and 123% respectively compared to parallel six-month period of last year. The sales of Phosphatic fertilizer – NP however witnessed a slight decline of 9%.

### Sales Volume

Products	Jan to Jun - 2017	Jan to Jun - 2016
	("000" Tons)	
Urea	243	74
CAN	285	127
NP	189	208
Total	717	409

After successful completion of Turnaround in April, plant production resumed at full throttle. With the continued resolve of plant management to achieve operational excellence, 12-month Turnaround cycle of the Company has improved to 18 months, which is planned to improve further to a 2 years basis.

Production for the six-month period was lower by 18% compared to same period last year primarily due to plant shut down for 24 days for Turnaround activities.

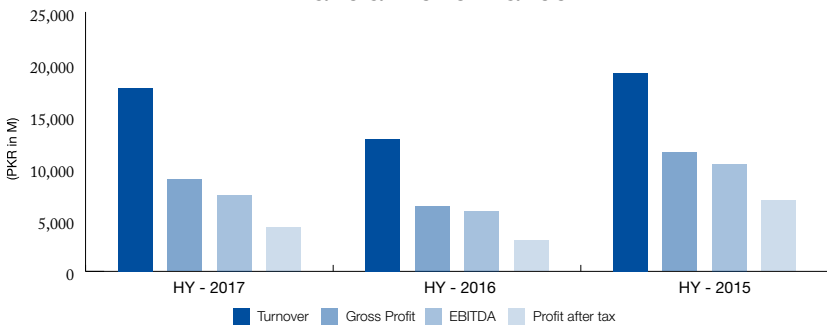
Products	Jan to Jun - 2017 ("000" Tons)	Jan to Jun - 2016
Ammonia	246	300
Nitric Acid	227	262
Urea	207	257
CAN	209	238
NP	164	209

Cumulative sales volume for the six months increased by more than 75%, however declining fertilizer prices restricted the upturn in revenues to 38%. Total revenue for the period amounted to PKR 17.7 Billion against PKR 12.8 billion posted in the same period last year. Urea and NP were the lead contributors to revenue with 34% each, while CAN contributed 30%. Sales of Nitric Acid and CER sales made up the remaining 1%.

Gross Profit margin for the period stands at PKR 8.9 Billion up by 40% against PKR 6.3 Billion earned in the same period last year. Distribution Expenses increased by 74% in-line with increase in sale volumes. Administrative Expenses increased by 27% over the same period last year, 88% of which is due to increase in CSR expenses. Finance Cost was lower by 19% owing mainly to comparatively lower base rate and improved fertilizer off-take resulting in reduced short-term bank borrowings to meet working capital requirements.

As a result, the Company has posted Profit before Tax of PKR 5.4 Billion and After Tax Profit of PKR 4.3 Billion higher by 44% compared to PKR 3.0 Billion posted for comparative period last year.

### Financial Performance



Fatima Site has achieved combined 39.48 Million safe man-hours and TRIR 0.056 by June 30th 2017. In general, overall HSE performance remained excellent. Major focus was on safe and timely execution of Turnaround activities, which were completed successfully.

## Directors' Report to the Members

### Consolidated Financial Results

During the six months ended Jun 30, 2017, Fatimafert Limited (FF) produced 108,493 MT Urea. Cashing in on improved demand for Phosphatic fertilizers, FF also imported 25,232 MT DAP. The sales volumes of FF for the period for Urea increased by a dazzling margin of 417% to 185,563 MT compared to 35,855 MT sold during the same period last year. FF also managed handsome sales volume of 33,818 MT of DAP. Summary of consolidated financial results at the end of Jun 30, 2017 is as follows:

	PKR in Million
Sale	24,157
Gross Profit	7,901
Profit Before Tax	3,853
Profit After Tax	3,032

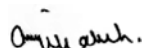
### Future Outlook

In 2017-18 Federal Budget, the Government has done away with subsidy scheme on all fertilizers except Urea. Subsidy on Urea has been reduced to PKR 100 per bag from of PKR 156 per bag. Lower fixed rate sales tax regime has been implemented for fertilizers other than Urea. Improved farm economics for farmers and continued support from the Government through Farmer Relief Program is expected to continue the rising demand of fertilizers in the country leading to healthy financial performance by the Company.

### 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**



Arif Habib

Chairman

Lahore

August 23, 2017



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

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for the six months ended June 30, 2017



# 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, 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts, for the six-months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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, 2017 and June 30, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2017.

## 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 condensed interim financial information consists of making inquiries, primarily of the persons 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 period ended June 30, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

*Deloitte Young Audit*

## Chartered Accountants

Engagement Partner: Rana M. Usman Khan

Date: August 23, 2017

Lahore

# Condensed Interim Balance Sheet

As at June 30, 2017

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,500,000,000 (December 31, 2016: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2016: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	26,465,005	26,374,016
		47,465,005	47,374,016
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	13,531,166	16,342,734
Deferred liabilities	6	15,910,345	15,641,812
Long term deposits		57,338	50,767
		29,498,849	32,035,313
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,936,885	17,399,012
Accrued finance cost		204,113	259,420
Short term finances - secured	7	10,146,078	8,011,332
Current maturity of long term finance	5	5,573,932	5,518,025
		25,861,008	31,187,789
<b>CONTINGENCIES &amp; COMMITMENTS</b>	8		
		102,824,862	110,597,118

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



Chief Executive

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	72,925,722	72,941,374
Intangible assets	10	13,121	17,909
		72,938,843	72,959,283
Long term investments		2,238,400	2,238,400
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		137,021	129,862
		78,313,264	78,326,545
<b>CURRENT ASSETS</b>			
Stores and spares	11	4,628,401	4,972,467
Stock in trade	12	4,850,932	6,242,649
Trade debts		5,168,826	2,115,557
Short term loans		2,732,888	2,448,888
Advances, deposits, prepayments and other receivables		6,504,876	5,190,668
Short term investment - available for sale		200,420	200,460
Cash and bank balances		425,255	11,099,884
		24,511,598	32,270,573
		102,824,862	110,597,118



Director

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

For the six months ended June 30, 2017

	Note	Three months ended		Six months ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)					
Sales	13	9,433,046	7,515,436	17,691,739	12,775,609
Cost of sales	14	(5,084,552)	(3,921,841)	(8,835,119)	(6,444,829)
<b>Gross profit</b>		4,348,494	3,593,595	8,856,620	6,330,780
Distribution cost		(797,318)	(618,025)	(1,517,571)	(872,211)
Administrative expenses		(462,012)	(426,532)	(830,071)	(653,414)
		3,089,164	2,549,038	6,508,978	4,805,155
Finance cost	15	(551,747)	(663,509)	(1,049,038)	(1,299,691)
Other operating expenses		(156,783)	(142,019)	(347,739)	(264,632)
		2,380,634	1,743,510	5,112,201	3,240,832
Other income		84,700	194,840	258,986	349,205
<b>Profit before tax</b>		2,465,334	1,938,350	5,371,187	3,590,037
Taxation		(447,971)	(88,108)	(1,080,198)	(614,683)
<b>Profit for the period</b>		2,017,363	1,850,242	4,290,989	2,975,354
<b>Earnings per share</b>					
- basic and diluted (Rupees)	17	0.96	0.88	2.04	1.42

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



Chief Executive



Director

## Condensed Interim Statement of Comprehensive Income (Un Audited)

For the six months ended June 30, 2017

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
Profit for the period	2,017,363	1,850,242	4,290,989	2,975,354
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	2,017,363	1,850,242	4,290,989	2,975,354

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



Chief Executive



Director

# Condensed Interim Statement of Changes in Equity

For the six months ended June 30, 2017

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Unappropriated profit	Surplus on remeasurement of investment - available for sale	Total
(Rupees in thousand)						
Balance as at December 31, 2015 (Audited)	21,000,000	1,790,000	(30,437)	17,468,946	-	40,228,509
Profit for the period	-	-	-	2,975,354	-	2,975,354
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,975,354	-	2,975,354
Balance as at June 30, 2016 (Un audited)	21,000,000	1,790,000	(30,437)	20,444,300	-	43,203,863
Balance as at December 31, 2016 (Audited)	21,000,000	1,790,000	(42,418)	24,626,089	345	47,374,016
Profit for the period	-	-	-	4,290,989	-	4,290,989
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	4,290,989	-	4,290,989
Transactions with owners:						
- Final dividend for the year ended December 31, 2016 @ Rs 2 per share	-	-	-	(4,200,000)	-	(4,200,000)
Balance as at June 30, 2017 (Un audited)	21,000,000	1,790,000	(42,418)	24,717,078	345	47,465,005

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



Chief Executive



Director



# Condensed Interim Cash Flow Statement (Un Audited)

For the six months ended June 30, 2017

	Note	June 30, 2017	June 30, 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	18	4,801,197	(515,063)
Net increase in long term deposits		6,571	1,864
Finance cost paid		(1,104,345)	(1,294,077)
Taxes paid		(494,858)	(513,168)
Employee retirement benefits paid		(33,398)	(17,616)
<b>Net cash from / (used in) operating activities</b>		<b>3,175,167</b>	<b>(2,338,060)</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(894,772)	(1,586,166)
Additions in intangible assets		(258)	(2,999)
Short term loans to associated companies - net		(284,000)	(799,000)
Proceeds from disposal of property plant and equipment		2,022	109
Net increase in long term deposits		(7,160)	(748)
Short term investment		40	(200,030)
Profit received on short term loan and saving accounts		239,725	55,201
<b>Net cash used in investing activities</b>		<b>(944,403)</b>	<b>(2,533,633)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(2,755,661)	(3,695,994)
Proceeds from long term finances		–	3,625,469
Dividend paid		(4,191,803)	–
Refund of over-subscribed Sukuk		(8,092,675)	–
Increase in short term finance - net		2,134,746	5,650,379
<b>Net cash (used in) / from financing activities</b>		<b>(12,905,393)</b>	<b>5,579,854</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,674,629)</b>	<b>708,161</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11,099,884</b>	<b>295,203</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>425,255</b>	<b>1,003,364</b>

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



Chief Executive



Director

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

For the six months ended June 30, 2017

### 1. Legal Status and nature of business

Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange.

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

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

### 2. Basis of preparation

2.1 These condensed interim financial statements of the Company for the six months ended June 30, 2017 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2016 and comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement are extracted from un audited condensed interim financial statements for the six months ended June 30, 2016.

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

### 3. Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the company for the year ended December 31, 2016.

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>4. Reserves</b>		
<b>Capital reserve:</b>		
Share premium	1,790,000	1,790,000
<b>Revenue reserve:</b>		
Unappropriated profit	24,717,078	24,626,089
Post retirement benefit obligation reserve	(42,418)	(42,418)
Surplus on remeasurement of investments - available for sale	345	345
	26,465,005	26,374,016
<b>5. Long term finances</b>		
Rated, listed and secured Ijarah Sukuk Certificates	9,450,000	10,500,000
Secured loans from banking companies / financial institutions	9,655,098	11,360,759
	19,105,098	21,860,759
Less: Current maturity of long term finances	5,573,932	5,518,025
	13,531,166	16,342,734

**5.1** During the period, the Company has paid the installments due on Ijarah Sukuk Certificates amounting to Rs 1,050 million (December 31, 2016: Rs Nil) and Rs 1,705.661 million (December 31, 2016 Rs 15,747.059 million) due on Secured loans from banking companies / financial institutions.

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

For the six months ended June 30, 2017

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	15,484,882	15,226,084
Employee retirement benefits	6.2	425,463	415,728
		<b>15,910,345</b>	<b>15,641,812</b>

**6.1 Deferred taxation**

June 30, 2017 (Un audited)			
At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	At June 30, 2017
(Rupees in thousand)			
<b>Deferred tax liabilities:</b>			
Accelerated tax depreciation	15,279,998	262,272	-
Remeasurement of short term Investment - Available for Sale	155	-	155
	<b>15,280,153</b>	<b>262,272</b>	<b>-</b>
<b>Deferred tax asset:</b>			
Provision for retirement benefits	(34,528)	(3,474)	-
Remeasurement of defined benefit obligation	(19,541)	-	(19,541)
	<b>(54,069)</b>	<b>(3,474)</b>	<b>-</b>
	<b>15,226,084</b>	<b>258,798</b>	<b>-</b>

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

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>6.2 Employee retirement benefits</b>		
Gratuity	312,436	304,348
Accumulating compensated absences	113,027	111,380
	425,463	415,728

## 7. Short term finances - secured

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

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

These facilities carry mark up ranging from 6.34% to 7.29% (December 31, 2016: 6.36% to 8.36%) per annum for Running Finance and Cash Finance and 6.54% to 7.26% (December 31, 2016: 6.54% to 7.59%) per annum for Finance against Imported Merchandise.

## 8. Contingencies and commitments

### 8.1 Contingencies

As at June 30, 2017, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Company for the year ended December 31, 2016, except for the following:

- i Appeals filed in the following cases have been decided in Company's favor:
  - Appeal filed with the Lahore High Court against of the rejection of the application, under section 65 of the Sales Tax Act, 1990, made 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 (CAN) for the period from April 18, 2011 to December 31, 2011.
  - Appeal filed with the Appellate Tribunal Inland Revenue against the order passed by the Deputy Commissioner Inland Revenues, RTO, Multan alleging that the Company claimed input tax amounting to Rs 154.87 million pertaining to an exempt period.
  - Appeal filed with the Commissioner Inland Revenue (Appeals) against the order passed by Additional Commissioner Inland Revenue, Multan, alleging that the Company has not paid Sales tax on retail price on supplies of CAN and NP. Total demand raised was Rs 88.5 million.

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

For the six months ended June 30, 2017

- Appeal filed with the Commissioner Inland Revenue (Appeals) against the order passed by the Deputy Commissioner Inland Revenue, Multan, in respect of Sales Tax audit proceedings conducted for the period from July 2011 to June 2012. Total demand raised was Rs 301.67 million.
- ii Deciding on the appeal filed by the Company, CIR(A) has annulled the order passed by the DCIR RTO Multan, through which, demand of Rs 109.38 million had been adjudged against the Company in respect of impugned levy of further tax under SRO 648(I)/2013 dated July 9, 2013 on the Company's sales for the period from July 2015 to June 2016. The department has challenged the order of CIR(A) before the ATIR.

### 8.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 612.889 million (December 31, 2016: Rs 572.861 million).
- (ii) Contracts for other than capital expenditure Rs 66.112 million (December 31, 2016: Rs 107.455 million).
- (iii) The amount of future payments under non cancellable operating leases and the period in which these payments will become due are as follows:

Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
Not later than one year	362,256	288,876
Later than one year but not later than five years	177,353	189,670
	539,609	478,546

### 9. Property, plant and equipment

Operating fixed assets- tangible	9.1	69,944,147	70,493,773
Capital work in progress	9.2	2,981,575	2,447,601
		72,925,722	72,941,374

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

Opening book value		70,493,773	69,390,580
Add: additions during the period	9.1.1	360,798	2,897,853
Less: book value of disposals during the period		844	136
		70,853,727	72,288,297
Less: depreciation charged during the period		909,580	1,794,524
Closing book value		69,944,147	70,493,773

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>9.1.1 Additions during the period</b>		
Freehold land	1,112	–
Building	12,073	79,487
Plant and machinery	262,030	2,684,870
Furniture and fixtures	878	10,532
Office equipment	2,798	4,889
Electric installations and appliances	55,304	60,549
Computers	13,918	38,056
Vehicles	12,685	19,470
	360,798	2,897,853
<b>9.2 Capital work in progress</b>		
Civil works	691,922	648,360
Plant and machinery	1,272,039	828,219
Capital stores	366,718	326,078
Advances :		
- Freehold land	158,958	159,758
- Civil works	3,792	4,328
- Plant and machinery	188,146	180,858
- Other advances	300,000	300,000
	650,896	644,944
	2,981,575	2,447,601
<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	2,447,601	4,018,510
Addition during the period	704,032	1,958,985
	3,151,633	5,977,495
Less:		
Capitalization during the period	170,058	2,613,512
Plant and machinery written off	–	916,382
Closing balance	2,981,575	2,447,601

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

For the six months ended June 30, 2017

	Un audited June 30, 2017	Audited December 31, 2016
	(Rupees in thousand)	
<b>10. Intangible assets</b>		
Opening book value	17,909	26,370
Add: additions during the period	258	7,885
	18,167	34,255
Less: amortization charged during the period	5,046	16,346
Closing book value	13,121	17,909
<b>11. Stores and spares</b>		
Stores	225,598	244,080
Spares	3,511,356	3,845,187
Catalyst and chemicals	891,447	883,200
	4,628,401	4,972,467
<b>12. Stock in trade</b>		
Raw material {including in-transit Rs 558.065 million (December 31, 2016: Rs 886.215 million)}	1,526,934	1,692,184
Packing material	36,702	7,181
<b>Mid Products</b>		
Ammonia	12,779	10,986
Nitric Acid	17,801	4,507
Others	380	369
	30,960	15,862
<b>Finished goods</b>		
Urea	1,554,995	1,859,200
NP	859,237	1,405,781
CAN	784,843	1,193,754
Certified emission reductions	57,261	68,687
	3,256,336	4,527,422
	4,850,932	6,242,649



	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)				
<b>13. Sales</b>				
Fertilizer Products				
- Local Sales	8,758,857	7,079,706	16,590,349	12,215,298
- Export	322,620	-	322,620	-
Subsidy from Government of Pakistan	904,866	602,876	1,705,603	877,521
Mid products	49,500	64,448	128,991	117,865
Certified emission reductions	-	-	82,924	-
	10,035,843	7,747,030	18,830,487	13,210,684
Less : Discounts	602,797	231,594	1,138,748	435,075
	9,433,046	7,515,436	17,691,739	12,775,609

**13.1** Sales are exclusive of sales tax of Rs 2,401.111 million (June 30, 2016: Rs 2,299.767 million).

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)				
<b>14. Cost of sales</b>				
Raw material consumed	957,126	1,660,456	2,237,746	3,521,550
Packing material consumed	191,033	214,307	351,824	406,361
Salaries, wages and other benefits	778,542	564,722	1,275,233	990,996
Fuel and power	627,590	911,072	1,324,304	1,944,276
Chemicals and catalyst consumed	108,890	101,382	222,723	200,560
Stores and spares consumed	555,959	142,203	756,345	324,562
Technical assistance	28,959	15,592	36,305	29,828
Repair and maintenance	182,910	66,723	265,428	133,759
Insurance	35,817	38,169	67,011	78,864
Travelling and conveyance	21,143	22,090	42,503	51,834
Rent, rates and taxes	23,548	3,074	34,156	4,189
Vehicle running and maintenance	10,555	9,502	21,240	18,544
Depreciation	439,799	435,383	876,592	858,490
Others	55,807	27,786	67,721	51,939
<b>Manufacturing cost</b>	4,017,678	4,212,461	7,579,131	8,615,752
Opening stock of mid products	25,768	27,632	15,862	29,457
Closing stock of mid products	(30,960)	(25,131)	(30,960)	(25,131)
<b>Cost of goods manufactured</b>	4,012,486	4,214,962	7,564,033	8,620,078
Opening stock of finished goods	4,328,402	6,088,003	4,527,422	4,205,875
Closing stock of finished goods	(3,256,336)	(6,381,124)	(3,256,336)	(6,381,124)
	5,084,552	3,921,841	8,835,119	6,444,829

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

For the six months ended June 30, 2017

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>15. Finance cost</b>				
Markup on long term finances	366,309	371,870	744,780	761,431
Markup on short term finances	131,656	252,235	214,413	464,447
Interest on Worker Profit Participation Fund	9,901	8,094	9,901	9,597
Markup on short term deposit from subsidiary company	–	–	–	8,912
Bank charges and others	43,881	31,310	79,944	55,304
	551,747	663,509	1,049,038	1,299,691

**16. Transactions with related parties**

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Six months Ended	
		June 30, 2017	June 30, 2016
		(Rupees in thousand)	
Subsidiary company	Short term loan	234,000	3,114,486
	Finance cost	–	8,912
	Other income	59,809	26,743
	Store and spares	59	–
	Miscellaneous expenses	15,942	–
Associated companies	Short term loan	50,000	799,000
	Miscellaneous expenses	167,868	83,068
	Purchase of raw / packing material	366,154	636,543
	Other income	173,538	123,638
	Payment against assignment of sales tax refund	1,150,280	–
Other related parties	Fee for services	231,059	–
Directors and key management personnel	Remuneration including benefits and perquisites	136,494	102,860
Retirement benefit plans	Retirement benefit expense	70,331	71,857

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)				
<b>17. Earnings per share - basic and diluted</b>				
Profit attributable to ordinary shareholders	2,017,363	1,850,242	4,290,989	2,975,354
(Number of shares)				
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
<b>Basic and diluted earnings per share (Rupees)</b>	0.96	0.88	2.04	1.42

	Six months Ended	
	June 30, 2017	June 30, 2016
(Rupees in thousand)		
<b>18. Cash generated from operations</b>		
Profit before tax	5,371,187	3,590,037
Adjustments for :		
Depreciation on property, plant and equipment	909,580	890,600
Amortization of intangible assets	5,046	9,464
Finance cost	1,049,038	1,299,691
Provision for staff retirement benefits	43,133	48,078
Profit on short term loan to subsidiary and associated companies	(233,347)	(150,381)
Profit on saving accounts	(8,813)	(9,910)
Gain on disposal of property plant and equipment	(1,178)	(109)
	1,763,459	2,087,433
Operating cash flows before working capital changes	7,134,646	5,677,470
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	344,066	(312,542)
Stock in trade	1,391,717	(1,612,335)
Trade debts	(3,053,269)	(287,290)
Loans, advances, deposits, prepayments and other receivables	(1,638,314)	(4,037,713)
Increase in creditors, accrued and other liabilities	622,351	57,347
	(2,333,449)	(6,192,533)
	4,801,197	(515,063)

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

For the six months ended June 30, 2017

### 19. Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

	June 30, 2017 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value Available for sale Short term investment	200,420	–	–	200,420
	200,420	–	–	200,420
	December 31, 2016 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value Available for sale Short term investment	200,460	–	–	200,460
	200,460	–	–	200,460

### 20. Date of Authorization of Issue

These financial statements have been authorized for issue on August 23, 2017 by the Board of Directors of the Company.

### 21. General

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



Chief Executive



Director

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

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for the six months ended June 30, 2017

# Condensed Interim Consolidated Balance Sheet

As at June 30, 2017

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,500,000,000 (December 31, 2016: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2016: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserve	4	38,453,919	39,621,865
		59,453,919	60,621,865
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	17,252,833	20,808,734
Deferred liabilities	6	15,590,057	15,648,494
Long term deposits		66,646	60,076
		32,909,536	36,517,304
<b>CURRENT LIABILITIES</b>			
Trade and other payables		12,876,570	20,323,080
Accrued finance cost		349,788	397,818
Short term finances - secured	7	14,372,969	11,076,980
Current maturity of long term finance	5	6,318,265	5,518,025
		33,917,592	37,315,903
<b>CONTINGENCIES &amp; COMMITMENTS</b>	8		
		126,281,047	134,455,072

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



Chief Executive

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	86,787,615	86,938,905
Intangible assets	10	5,913,358	5,918,675
		92,700,973	92,857,580
Long term investments		85,946	85,946
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		137,547	130,388
		95,923,466	96,072,914
<b>CURRENT ASSETS</b>			
Stores and spares	11	5,331,539	5,648,254
Stock in trade	12	5,555,643	9,310,614
Trade debts		7,354,591	2,716,095
Short term loan to associated company		1,241,723	1,191,723
Loans, advances, deposits, prepayments and other receivables		9,865,819	7,731,342
Short term investment		200,420	200,460
Cash and bank balances		807,846	11,583,670
		30,357,581	38,382,158
		126,281,047	134,455,072



Director

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

For the six months ended June 30, 2017

	Note	Three months ended		Six months ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)					
Sales	13	13,764,736	8,645,001	24,157,671	14,022,579
Cost of sales	14	(10,282,341)	(4,727,921)	(16,256,731)	(7,479,004)
<b>Gross profit</b>		3,482,395	3,917,080	7,900,940	6,543,575
Distribution cost		(867,191)	(664,343)	(1,641,515)	(921,137)
Administrative expenses		(527,572)	(457,442)	(936,353)	(718,998)
		2,087,632	2,795,295	5,323,072	4,903,440
Finance cost	15	(703,464)	(772,151)	(1,329,070)	(1,494,528)
Other operating expenses		(156,783)	(142,019)	(347,739)	(264,632)
		1,227,385	1,881,125	3,646,263	3,144,280
Other income		57,409	174,122	206,500	337,214
<b>Profit before tax</b>		1,284,794	2,055,247	3,852,763	3,481,494
Taxation		(165,488)	(104,907)	(820,709)	(634,677)
<b>Profit for the period</b>		1,119,306	1,950,340	3,032,054	2,846,817
<b>Earnings per share</b>					
- basic and diluted (Rupees)	17	0.53	0.93	1.44	1.36

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



Chief Executive



Director



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

For the six months ended June 30, 2017

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
Profit for the period	1,119,306	1,950,340	3,032,054	2,846,817
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>1,119,306</b>	<b>1,950,340</b>	<b>3,032,054</b>	<b>2,846,817</b>

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



Chief Executive



Director

## Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended June 30, 2017

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Unappropriated profit	Surplus on remeasurement of investment - available for sale	Total
(Rupees in thousand)						
Balance as at December 31, 2015 (Audited)	21,000,000	1,790,000	(14,784)	31,062,714	-	53,837,930
Profit for the period	-	-	-	2,846,817	-	2,846,817
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,846,817	-	2,846,817
Balance as at June 30, 2016 (Un audited)	21,000,000	1,790,000	(14,784)	33,909,531	-	56,684,747
Balance as at December 31, 2016 (Audited)	21,000,000	1,790,000	409	37,831,111	345	60,621,865
Profit for the period	-	-	-	3,032,054	-	3,032,054
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	3,032,054	-	3,032,054
Transactions with owners:						
- Final dividend for the year ended December 31, 2016 @ Rs 2 per share	-	-	-	(4,200,000)	-	(4,200,000)
Balance as at June 30, 2017 (Un audited)	21,000,000	1,790,000	409	36,663,165	345	59,453,919

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



Chief Executive



Director

## Condensed Interim Consolidated Cash Flow Statement (Un Audited)

For the six months ended June 30, 2017

	Note	June 30, 2017	June 30, 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	18	3,951,092	(1,788,679)
Net increase in long term deposits		6,571	1,864
Finance cost paid		(1,377,101)	(1,491,062)
Taxes paid		(787,522)	(488,960)
Employee retirement benefits paid		(43,004)	(26,023)
<b>Net cash from / (used in) operating activities</b>		<b>1,750,036</b>	<b>(3,792,860)</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(906,950)	(1,599,445)
Additions in intangible assets		(258)	(2,999)
Short term loan to associated company - net		(50,000)	(799,000)
Proceeds from disposal of property plant and equipment		2,486	478
Net increase in long term loans and deposits		(7,159)	(658)
Short term investment		40	(200,030)
Profit received on short term loan and saving accounts		180,129	28,518
<b>Net cash used in investing activities</b>		<b>(781,712)</b>	<b>(2,573,136)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finance		(2,755,661)	(3,695,994)
Proceeds from long term finance		-	3,625,469
Dividend paid		(4,191,803)	-
Refund of over-subscribed Sukuk		(8,092,675)	-
Increase in short term finance - net		3,295,991	7,309,312
<b>Net cash (used in) / from financing activities</b>		<b>(11,744,148)</b>	<b>7,238,787</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,775,824)</b>	<b>872,791</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11,583,670</b>	<b>762,620</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>807,846</b>	<b>1,635,411</b>

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



Chief Executive



Director

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

For the six months ended June 30, 2017

### 1. Legal Status and nature of business

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

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

The principal activity of the Parent Company and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals.

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

### 2. Basis of preparation

These condensed interim consolidated financial statements of the Group for the six months ended June 30, 2017 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2016. Comparative condensed interim consolidated balance sheet is extracted from annual audited consolidated financial statements for the year ended December 31, 2016 and comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement are stated from an audited condensed interim consolidated financial statements for the six months ended June 30, 2016.

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

### 3. Accounting polices and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2016.

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>4. Reserves</b>		
<b>Capital reserve:</b>		
Share premium	1,790,000	1,790,000
<b>Revenue reserve:</b>		
Unappropriated profit	36,663,165	37,831,111
Post retirement benefit obligation reserve	409	409
Surplus on remeasurement of investments - available for sale	345	345
	<b>38,453,919</b>	<b>39,621,865</b>
<b>5. Long term finances</b>		
Parent Company	19,105,098	21,860,759
Fatimafert Limited	4,466,000	4,466,000
	<b>23,571,098</b>	<b>26,326,759</b>
Less: Current maturity of long term finances	6,318,265	5,518,025
	<b>17,252,833</b>	<b>20,808,734</b>

**5.1** During the period, the Parent Company has paid the installments due on Ijarah Sukuk Certificates amounting to Rs 1,050 million (December 31, 2016: Rs Nil) and Rs 1,705.661 million (December 31, 2016 Rs 15,747.059 million) due on Secured loans from banking companies / financial institutions.

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	15,144,745	15,210,092
Employee retirement benefits	6.2	445,312	438,402
		<b>15,590,057</b>	<b>15,648,494</b>

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

For the six months ended June 30, 2017

### 6.1 Deferred taxation

	June 30, 2017 (Un audited)			At June 30, 2017
	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,507,134	264,877	–	15,772,011
Remeasurement of short term Investment - available for sale	155	–	–	155
	15,507,289	264,877	–	15,772,166
<b>Deferred tax asset:</b>				
Carry forward losses	(236,000)	(327,600)	–	(563,600)
Provision for retirement benefits	(41,656)	(2,624)	–	(44,280)
Remeasurement of defined benefit obligation	(19,541)	–	–	(19,541)
	(297,197)	(330,224)	–	(627,421)
	15,210,092	(65,347)	–	15,144,745

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

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>6.2 Employee retirement benefits</b>		
Gratuity	279,484	271,396
Accumulating compensated absences	165,828	167,006
	445,312	438,402

## 7. Short term finances - secured

### 7.1 Parent Company

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

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

These facilities carry mark up ranging from 6.34% to 7.29% (December 31, 2016: 6.36% to 8.36%) per annum for Running Finance and Cash Finance and 6.54% to 7.26% (December 31, 2016: 6.54% to 7.59%) per annum for Finance against Imported Merchandise.

### 7.2 Fatimafert Limited

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

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

These facilities carry mark up ranging from 7.12 % to 7.52% ( December 31, 2016 ; 6.76% to 7.60 %) per annum.

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

For the six months ended June 30, 2017

### 8. Contingencies and commitments

#### 8.1 Contingencies:

As at June 30, 2017, there is no material change in the status of contingencies as reported in the notes to the consolidated financial statements of the Group for the year ended December 31, 2016, except for the following:

#### Parent Company

- i. Appeals filed in the following cases have been decided in Company's favor:
  - Appeal filed with the Lahore High Court against of the rejection of the application, under section 65 of the Sales Tax Act, 1990, made 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 (CAN) for the period from April 18, 2011 to December 31, 2011.
  - Appeal filed with the Appellate Tribunal Inland Revenue against the order passed by the Deputy Commissioner Inland Revenues, RTO, Multan alleging that the Company claimed input tax amounting to Rs 154.87 million pertaining to an exempt period.
  - Appeal filed with the Commissioner Inland Revenue (Appeals) against the order passed by Additional Commissioner Inland Revenue, Multan, alleging that the Company has not paid Sales tax on retail price on supplies of CAN and NP. Total demand raised was Rs 88.5 million.
  - Appeal filed with the Commissioner Inland Revenue (Appeals) against the order passed by the Deputy Commissioner Inland Revenue, Multan, in respect of Sales Tax audit proceedings conducted for the period from July 2011 to June 2012. Total demand raised was Rs 301.67 million.
- ii. Deciding on the appeal filed by the Company, CIR(A) has annulled the order passed by the DCIR RTO Multan, through which, demand of Rs 109.38 million had been adjudged against the Company in respect of impugned levy of further tax under SRO 648(I)/2013 dated July 9, 2013 on the Company's sales for the period from July 2015 to June 2016. The department has challenged the order of CIR(A) before the ATIR.



## 8.2 Commitments in respect of:

### Parent Company

- (i) Contracts for capital expenditure Rs 612.889 million (December 31, 2016: Rs 572.861 million).
- (ii) Contracts for other than capital expenditure Rs 66.112 million (December 31, 2016: Rs 107.455 million).
- (iii) The amount of future payments under non cancellable operating leases and the period in which these payments will become due are as follows:

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
Not later than one year	362,256	288,876
Later than one year but not later than five years	177,353	189,670
	539,609	478,546

### Fatimafert Limited

Contracts for other than capital expenditure Rs 27.748 million (December 31, 2016: Rs 80.201 million).

	Note	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>9. Property, plant and equipment</b>			
Operating fixed assets - tangible	9.1	83,571,309	84,258,748
Capital work in progress	9.2	3,216,306	2,680,157
		86,787,615	86,938,905

### 9.1 Movement of operating fixed assets - tangible

Opening book value		84,258,747	83,429,526
Add: additions during the period	9.1.1	368,403	2,914,423
Less: book value of disposals during the period		1,242	768
		84,625,908	86,343,181
Less: depreciation charged during the period		1,054,599	2,084,433
Closing book value		83,571,309	84,258,748

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

For the six months ended June 30, 2017

	Un audited June 30, 2017	Audited December 31, 2016
	(Rupees in thousand)	
<b>9.1.1 Additions during the period</b>		
Freehold land	1,112	–
Building	12,073	79,487
Plant and machinery	262,030	2,697,859
Furniture and fixtures	934	10,532
Office equipment	10,347	5,892
Electric installations and appliances	55,304	60,549
Computers	13,918	40,497
Vehicles	12,685	19,607
	<b>368,403</b>	<b>2,914,423</b>
<b>9.2 Capital work in progress</b>		
Civil works	698,029	654,843
Plant and machinery	1,297,526	852,021
Capital stores	569,855	528,349
Advances:		
- Freehold land	158,958	159,758
- Civil works	3,792	4,328
- Plant and machinery	188,146	180,858
- Other advances	300,000	300,000
	<b>650,896</b>	<b>644,944</b>
	<b>3,216,306</b>	<b>2,680,157</b>
<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	2,680,157	4,384,747
Addition during the period	708,608	1,959,725
	<b>3,388,765</b>	<b>6,344,472</b>
Less:		
Capitalization during the period	170,058	2,613,512
Plant and machinery written off	–	916,382
Steam/gas turbines disposed off	–	131,813
Provision for obsolescence for Capital Stores	2,401	2,608
Closing balance	<b>3,216,306</b>	<b>2,680,157</b>

	Un audited June 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>10. Intangible assets</b>		
Opening book value	5,918,674	5,928,128
Add: additions during the period	258	8,173
	5,918,932	5,936,301
Less: amortization charged during the period	5,574	17,626
Closing book value	5,913,358	5,918,675
<b>11. Stores and spares</b>		
Stores	486,324	496,969
Spares	4,099,919	4,407,714
Catalyst and chemicals	891,447	883,200
	5,477,690	5,787,883
Less: provision for obsolete items	146,151	139,629
	5,331,539	5,648,254
<b>12. Stock in trade</b>		
Raw material {including in-transit Rs 558.065 million (December 31, 2016: Rs 886.215 million)}	1,526,934	1,692,184
Packing material	64,859	13,174
<b>Mid Products</b>		
Ammonia	84,000	95,583
Nitric Acid	17,801	4,507
Others	380	369
	102,181	100,459
<b>Finished goods</b>		
<b>- own manufactured</b>		
Urea	2,159,121	4,540,776
NP	859,237	1,405,781
CAN	784,843	1,193,754
Certified emission reductions	57,261	68,687
	3,860,462	7,208,998
<b>- purchased for resale</b>		
DAP	1,207	295,799
	5,555,643	9,310,614

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

For the six months ended June 30, 2017

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>13. Sales</b>				
Fertilizer Products:				
- own manufactured				
- Local Sales	8,353,788	8,063,566	17,613,068	13,254,680
- Export	322,620	-	322,620	-
- purchased for resale	4,213,997	-	4,837,517	-
Subsidy from Government of Pakistan	1,687,022	667,124	2,487,759	941,769
Mid products	115,035	145,905	277,459	261,205
Certified emission reductions	-	-	82,924	-
	14,692,462	8,876,595	25,621,347	14,457,654
Less: Discounts	927,726	231,594	1,463,676	435,075
	13,764,736	8,645,001	24,157,671	14,022,579

13.1 Sales are exclusive of sales tax of Rs 2,972.771 million (June 30, 2016: Rs 2,381.796 million).

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>14. Cost of sales</b>				
Raw material consumed	2,310,687	3,549,748	5,060,224	6,056,254
Packing material consumed	214,763	276,246	410,048	497,233
Salaries, wages and other benefits	932,097	703,240	1,578,346	1,252,718
Fuel and power	863,121	1,290,700	1,794,135	2,456,499
Chemicals and catalyst consumed	119,492	125,107	249,901	245,557
Stores and spares consumed	597,528	191,885	843,020	385,587
Technical assistance	28,959	15,814	36,332	30,050
Repair and maintenance	185,983	50,804	269,043	141,141
Insurance	45,271	49,452	85,249	102,802
Travelling and conveyance	30,551	30,174	61,696	67,239
Rent, rates and taxes	30,177	6,097	44,135	9,253
Vehicle running and maintenance	13,222	12,481	26,389	24,584
Depreciation	511,356	506,682	1,019,426	1,001,107
Others	82,801	42,452	114,117	83,876
<b>Manufacturing cost</b>	5,966,008	6,850,882	11,592,061	12,353,900
Opening stock of mid products	106,557	66,622	100,459	77,526
Closing stock of mid products	(102,181)	(90,483)	(102,181)	(90,483)
<b>Cost of goods manufactured</b>	5,970,384	6,827,021	11,590,339	12,340,943
Opening stock of finished goods	7,347,116	6,971,473	7,208,998	4,208,634
Closing stock of finished goods	(3,860,462)	(9,070,573)	(3,860,462)	(9,070,573)
<b>Cost of sales - own manufactured</b>	9,457,038	4,727,921	14,938,875	7,479,004
Cost of sales - purchased for resale	825,303	-	1,317,856	-
	10,282,341	4,727,921	16,256,731	7,479,004

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>15. Finance cost</b>				
Markup on long term finances	451,265	459,387	913,119	939,156
Markup on short term finances	189,873	272,940	310,989	490,051
Interest on Worker Profit Participation Fund	9,901	8,094	9,901	9,597
Bank charges and others	52,425	31,730	95,061	55,724
	703,464	772,151	1,329,070	1,494,528

## 16. Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Other significant transactions with related parties are as follows:

	Nature of transaction	Six months Ended	
		June 30, 2017	June 30, 2016
		(Rupees in thousand)	
<b>Relationship with the Company</b>			
Associated companies	Short term loan	50,000	799,000
	Miscellaneous expenses	175,236	97,689
	Purchase of raw / packing material	376,585	693,704
	Other income	173,538	123,638
	Payment against assignment of sales tax refund	1,150,280	–
Other related parties	Fee for services	316,831	–
Directors and key management personnel	Remuneration including benefits and perquisites	142,335	107,880
Retirement benefit plans	Retirement benefit expense	89,434	90,398

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

For the six months ended June 30, 2017

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>17. Earnings per share - basic and diluted</b>				
Profit attributable to ordinary shareholders	1,119,306	1,950,340	3,032,054	2,846,817
	(Number of shares)			
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
<b>Basic and diluted earnings per share (Rupees)</b>	0.53	0.93	1.44	1.36

	Six months Ended	
	June 30, 2017	June 30, 2016
	(Rupees in thousand)	
<b>18. Cash generated from operations</b>		
Profit before tax	3,852,763	3,481,494
Adjustments for :		
Depreciation on property, plant and equipment	1,054,599	1,035,463
Amortization of intangible assets	5,574	10,084
Finance cost	1,329,070	1,494,528
Provision for staff retirement benefits	49,913	54,668
Provision for slow moving stores and spares	8,922	6,349
Profit on short term loan to related parties	(173,538)	(123,638)
Profit on saving accounts	(9,028)	(9,970)
Gain on disposal of property plant and equipment	(1,623)	(303)
	2,263,889	2,467,181
Operating cash flows before working capital changes	6,116,652	5,948,675
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets:		
Stores and spares	310,193	(321,383)
Stock in trade	3,754,971	(4,299,034)
Trade debts	(4,638,496)	(101,370)
Loans, advances, deposits, prepayments and other receivables	(2,230,583)	(6,635,679)
Increase in creditors, accrued and other liabilities	638,355	3,620,112
	(2,165,560)	(7,737,354)
	3,951,092	(1,788,679)

## 19. Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets which are carried at fair value:

	June 30, 2017 (Un audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in thousand)			
Financial assets - at fair value				
Available for sale				
Short term investment	200,420	–	–	200,420
	200,420	–	–	200,420
	December 31, 2016 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value				
Available for sale				
Short term investment	200,460	–	–	200,460
	200,460	–	–	200,460

## 20. Date of Authorization of Issue

These financial statements have been authorized for issue on August 23, 2017 by the Board of Directors of the Parent Company.

## 21. General

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



Chief Executive



Director























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\*Mobile apps are also available for download for android and ios devices



fatima-group.com

E-110, Khayaban-e-Jinnah  
Lahore Cantt., Pakistan  
FAX: +92 42 111 328 462  
Fax: +92 42 3662 1389