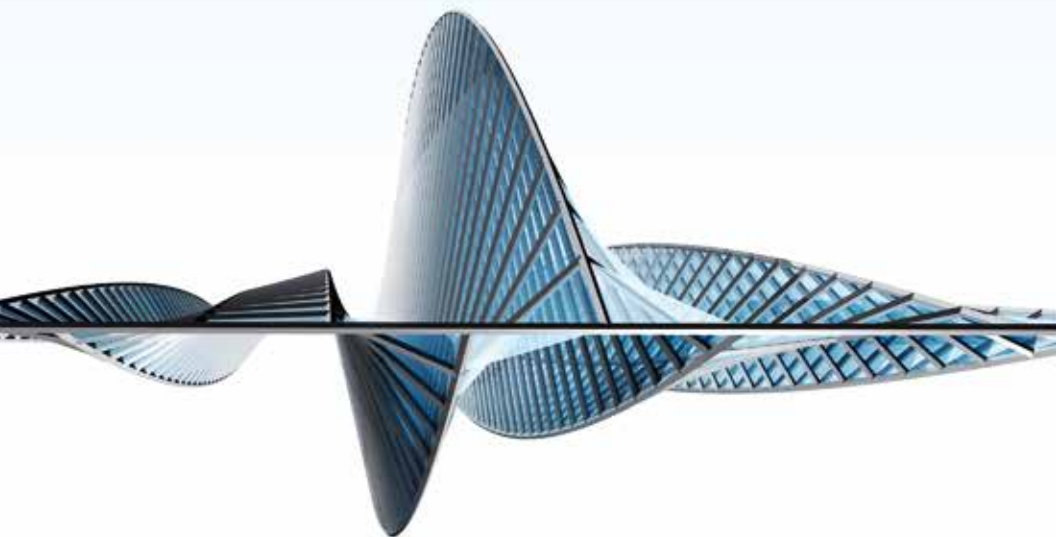


Condensed Interim Financial Statements  
for the nine months ended September 30, 2017

# 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. Khurram Javed Maqbool  
*Director Sales & Marketing*

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*

## 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 for the nine months ended September 30, 2017 along with brief overview of operational and financial performance of the Company.

## Market Overview - Global

International Urea prices picked up during the 3<sup>rd</sup> quarter mainly due to controlled supply conditions and increase in demand especially from India. The outlook for the Urea market in October-December quarter is stable to firm.

The international market for Phosphate remained firm throughout the quarter with the DAP price range of \$340-\$370/Ton CFR being offered by Chinese and Saudi's respectively. The quarter was dominated mainly by demand arising from East of Suez countries such as Pakistan, Bangladesh and India procuring their requirements for Rabi season.

## Market Overview - Pakistan

The overall Industry sales were considerably higher in the 3<sup>rd</sup> quarter of 2017 as compared to same period of 2016. Buoyed by improved farm economics and continued subsidy support on Urea and Sales Tax reduction on other fertilizers by the Government, the domestic sales of both Urea and DAP increased by 17% and 31% respectively.

## Company Performance

Building on the momentum from second half of year 2016 the Company achieved its highest ever sales volumes in a nine month period. The sales volumes achieved are higher by 34% for the same period last year. Bolstered by exports, Urea sales improved by a hefty 74%. CAN sales also register a healthy increase of 59%. The sales of NP however declined by 14% however Company expects improved sales in Rabi, and is confident to recover the shortfall.

### Sales Volume

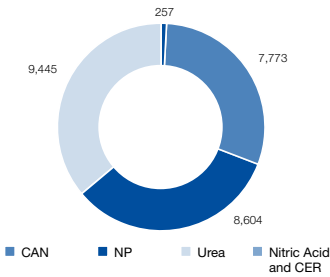
Products	Jan to Sep - 2017 ("000" Tons)	Jan to Sep - 2016
Urea	389	224
Can	405	255
NP	266	309
Total	1,060	788

Plant performance remained satisfactory. Advanced process control implemented at Ammonia plant resulted in energy optimization and reduced process variability. The production volumes achieved for the nine months were lower by 12% over the same period last year due to execution of first ever 18-month cycle plant turnaround in April, which had historically been a 12-month activity. With increasing plant reliability and management resolve to achieve operational excellence, the next turnaround is planned after 24 months.

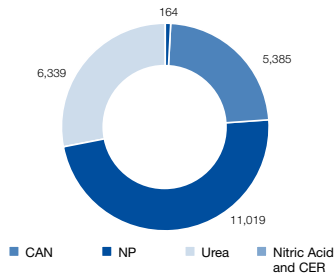
Products	Jan to Sep - 2017 ("000" Tons)	Jan to Sep - 2016
Ammonia	394	446
Nitric Acid	356	387
Urea	338	389
CAN	323	354
NP	264	310

Total revenue generated amounted to PKR 26.08 Billion against PKR 22.91 Billion posted in same period last year. Urea was the lead contributor to revenue with 36%, while NP and CAN contributed 33% and 30% respectively. Sales of Nitric Acid and CER sales made up rest 1%.

Sales Mix Q3, 2017 (PKR in Million)



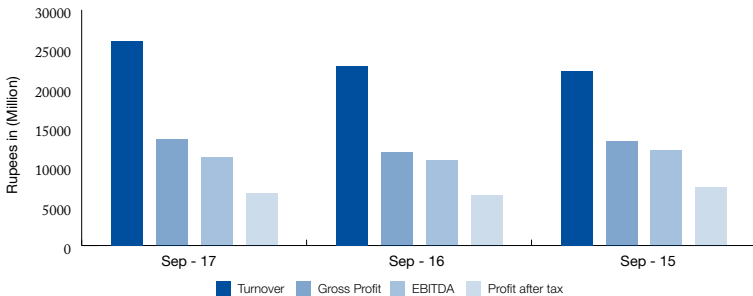
Sales Mix Q3, 2016 (PKR in Million)



Gross Profit for the period stands at PKR 13.55 Billion up by 13% against PKR 11.96 Billion for the same period last year. Distribution Expenses increased by 63% due to increase in sales volumes, fuel prices, amplified sales promotions and advertisements. Administrative Expenses increased by 16% over the same period last year, mainly due to 59% increase in CSR expense. Finance Cost was lower by 16% owing mainly to 46% decline in debt servicing cost on working capital financing on the back of markup rates optimization and better cash flow generation from operations as a result of improved fertilizer off-take.

As a result, the Company posted Profit before Tax of PKR 8.23 Billion and After Tax Profit of PKR 6.67 Billion higher by 9% and 5% respectively compared to PKR 7.55 Billion and 6.37 Billion respectively posted for comparative period last year.

### Financial Performance



Overall HSE performance remained excellent ad Fatima Site achieved combined 40.80 Million safe man-hours and TRIR 0.082 by September 30, 2017.

## Directors' Report to the Members

### Consolidated Financial Results

During the nine months ended September 30, 2017, Fatimafert Limited (FF) produced 108,493 MT Urea against 271,147 MT produced in the same period last year due to intermittent plant operations resulting from non availability of natural gas. Sales volumes of Urea were however higher by 57% as FF sold 197,716 MT of Urea compared to 126,241 MT sold till September 30, 2016. In addition to Urea, FF has also sold 41,565 MT of imported DAP.

	PKR in Million
Sale	33,240
Gross Profit	12,206
Profit Before Tax	6,108
Profit After Tax	5,620

### Merger of Fatima Fertilizer Company Limited and Fatimfert Limited

The Board has considered and approved merger of Fatima Fertilizer Company Limited and its wholly owned subsidiary, Fatimafert Limited from January 01, 2018 in principle. The merger is expected to add value to the consolidated results of the Company from the benefits of synergies, cost efficiencies and better use brands.

The proposed merger would be subject to receipt of all requisite corporate and regulatory authorizations, consents and approvals.

### Future Outlook

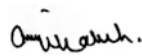
Keeping its momentum, hefty off-take is expected in the upcoming Rabi season. Due to availability of stocks of all the products and plant operations at optimal efficiency and sustainability levels, the Company is well positioned to play its role in meeting fertilizer demand in the country. Based on strong volumetric and pricing fundamentals, the Company is expected to continue posting strong financial performance with improved values for the stakeholders.

### Acknowledgements

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers and all others whose efforts and contributions strengthened the Company.

**For and on behalf of the Board**

Lahore  
October 23, 2017

  
Arif Habib  
Chairman



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

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for the nine months ended September 30, 2017

# Condensed Interim Balance Sheet

As at September 30, 2017

	Note	Un audited September 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	28,848,493	26,374,016
		49,848,493	47,374,016
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	13,426,353	16,342,734
Deferred liabilities	6	15,895,782	15,641,812
Long term deposits		54,682	50,767
		29,376,817	32,035,313
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,268,985	17,399,012
Accrued finance cost		525,426	259,420
Short term finances - secured	7	7,665,532	8,011,332
Current maturity of long term finance	5	5,575,817	5,518,025
		23,035,760	31,187,789
<b>CONTINGENCIES &amp; COMMITMENTS</b>	8		
		102,261,070	110,597,118

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

	Note	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	73,024,765	72,941,374
Intangible assets	10	12,009	17,909
		73,036,774	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		135,370	129,862
		78,409,544	78,326,545
<b>CURRENT ASSETS</b>			
Stores and spares	11	4,652,605	4,972,467
Stock in trade	12	4,578,787	6,242,649
Trade debts		4,631,143	2,115,557
Short term loans		3,228,288	2,448,888
Advances, deposits, prepayments and other receivables		6,044,777	5,190,668
Short term investment - available for sale		200,380	200,460
Cash and bank balances		515,546	11,099,884
		23,851,526	32,270,573
		102,261,070	110,597,118



Chief Financial Officer



Director



Chief Executive

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

For the nine months ended September 30, 2017

	Note	Three months ended		Nine months ended	
		September 30 2017	September 30 2016	September 30 2017	September 30 2016
(Rupees in thousand)					
Sales	13	8,386,617	10,132,532	26,078,355	22,908,140
Cost of sales	14	(3,693,851)	(4,497,576)	(12,528,970)	(10,942,405)
<b>Gross profit</b>		4,692,766	5,634,956	13,549,385	11,965,735
Distribution cost		(880,561)	(596,721)	(2,398,132)	(1,468,932)
Administrative expenses		(323,649)	(341,911)	(1,153,720)	(995,325)
		3,488,556	4,696,324	9,997,533	9,501,478
Finance cost	15	(558,550)	(624,628)	(1,607,588)	(1,924,319)
Other operating expenses		(185,480)	(289,688)	(533,219)	(554,320)
		2,744,526	3,782,008	7,856,726	7,022,839
Other income		112,486	182,922	371,474	532,128
<b>Profit before tax</b>		2,857,012	3,964,930	8,228,200	7,554,967
Taxation		(473,525)	(569,680)	(1,553,723)	(1,184,363)
<b>Profit for the period</b>		2,383,487	3,395,250	6,674,477	6,370,604
<b>Earnings per share</b>					
- basic and diluted (Rupees)	17	1.13	1.62	3.18	3.03

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



Chief Financial Officer



Director



Chief Executive

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

For the nine months ended September 30, 2017

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
	(Rupees in thousand)			
Profit for the period	2,383,487	3,395,250	6,674,477	6,370,604
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>2,383,487</b>	<b>3,395,250</b>	<b>6,674,477</b>	<b>6,370,604</b>

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



Chief Financial Officer



Director



Chief Executive

# Condensed Interim Statement of Changes in Equity

For the nine months ended September 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	-	-	-	6,370,604	-	6,370,604
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	6,370,604	-	6,370,604
Transactions with owners:						
- Interim dividend for the year ended December 31, 2016 @ Rs 1.25 per share				(2,625,000)		(2,625,000)
Balance as at September 30, 2016 (Un audited)	21,000,000	1,790,000	(30,437)	21,214,550	-	43,974,113
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	-	-	-	6,674,477	-	6,674,477
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	6,674,477	-	6,674,477
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 September 30, 2017 (Un audited)	21,000,000	1,790,000	(42,418)	27,100,566	345	49,848,493

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



Chief Financial Officer



Director



Chief Executive

# Condensed Interim Cash Flow Statement (Un audited)

For the nine months ended September 30, 2017

	Note	September 30 2017	September 30 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	8,871,939	3,598,876
Net increase in long term deposits		3,915	11,673
Finance cost paid		(1,341,582)	(1,536,334)
Taxes paid		(716,675)	(600,283)
Employee retirement benefits paid		(40,787)	(25,464)
<b>Net cash from operating activities</b>		<b>6,776,810</b>	<b>1,448,468</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(1,450,112)	(1,656,573)
Additions in intangible assets		(966)	(2,999)
Short term loans to associated companies - net		(779,400)	(799,000)
Proceeds from disposal of property plant and equipment		2,037	132
Net increase in long term deposits		(5,509)	(5,449)
Short term investment		80	(199,990)
Profit received on short term loan and saving accounts		376,620	270,740
<b>Net cash used in investing activities</b>		<b>(1,857,250)</b>	<b>(2,393,139)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(2,866,184)	(3,695,994)
Proceeds from long term finances		-	3,626,516
Dividend paid		(4,199,239)	-
Refund of over-subscribed Sukuk		(8,092,675)	-
(Decrease) / Increase in short term finance - net		(345,800)	1,104,186
<b>Net cash (used in) / from financing activities</b>		<b>(15,503,898)</b>	<b>1,034,708</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,584,338)</b>	<b>90,037</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>515,546</b>	<b>385,240</b>

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



Chief Financial Officer



Director



Chief Executive

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

For the nine months ended September 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 direct equity interest rather than on the basis of reported result. Consolidated financial statements are prepared separately.

### 2. Basis of preparation

- 2.1 These condensed interim financial statements of the Company for the nine months ended September 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 nine months ended September 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 September 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	27,100,566	24,626,089
Post retirement benefit obligation reserve	(42,418)	(42,418)
Surplus on remeasurement of investments - available for sale	345	345
	<b>28,848,493</b>	<b>26,374,016</b>
<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	9,552,170	11,360,759
	19,002,170	21,860,759
Less: Current maturity of long term finances	5,575,817	5,518,025
	<b>13,426,353</b>	<b>16,342,734</b>

- 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 1,816.185 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 nine months ended September 30, 2017

	Note	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	15,456,142	15,226,084
Employee retirement benefits	6.2	439,640	415,728
		<b>15,895,782</b>	<b>15,641,812</b>

### 6.1 Deferred taxation

	September 30, 2017 (Un audited)			
	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) in other comprehensive income	At September 30, 2017
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,279,998	229,624	–	15,509,622
Remeasurement of short term Investment - Available for Sale	155	–	–	155
	15,280,153	229,624	–	15,509,777
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(34,528)	(196)	–	(34,724)
Remeasurement of defined benefit obligation	(19,541)	630	–	(18,911)
	(54,069)	434	–	(53,635)
	15,226,084	230,058	–	15,456,142

	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	–	15,279,998
Remeasurement of short term Investment - Available for Sale	–	–	155	155
	15,109,567	170,431	155	15,280,153
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(32,646)	(1,882)	–	(34,528)
Remeasurement of defined benefit obligation	(14,831)	–	(4,710)	(19,541)
	(47,477)	(1,882)	(4,710)	(54,069)
	15,062,090	168,549	(4,555)	15,226,084

	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>6.2 Employee retirement benefits</b>		
Gratuity	323,894	304,348
Accumulating compensated absences	115,746	111,380
	439,640	415,728

## 7. Short term finances

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

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

These facilities carry mark up ranging from 5.78% 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 September 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 the rejection of the application, under section 65 of the Sales Tax Act, 1990 (STA), made to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs 690 million inadvertently short levied/paid on sale of 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 (DCIR), 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 nine months ended September 30, 2017

- Appeal filed with the Commissioner Inland Revenue (Appeals), against the order passed by the DCIR, 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 122.582 million (December 31, 2016: Rs 572.861 million).
- (ii) Contracts for other than capital expenditure Rs 145.494 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 September 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
Not later than one year		340,196	288,876
Later than one year but not later than five years		174,282	189,670
		514,478	478,546

### 9. Property, plant and equipment

Operating fixed assets- tangible	9.1	69,532,859	70,493,773
Capital work in progress	9.2	3,491,906	2,447,601
		73,024,765	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	405,807	2,897,853
Less: book value of disposals during the period		844	136
		70,898,736	72,288,297
Less: depreciation charged during the period		1,365,877	1,794,524
Closing book value		69,532,859	70,493,773

Un audited                      Audited  
September 30, 2017    December 31, 2016  
(Rupees in thousand)

	Un audited September 30, 2017	Audited December 31, 2016
<b>9.1.1 Additions during the period</b>		
Freehold land	1,112	–
Building	12,073	79,487
Plant and machinery	265,055	2,684,870
Furniture and fixtures	1,110	10,532
Office equipment	3,097	4,889
Electric installations and appliances	73,416	60,549
Computers	30,518	38,056
Vehicles	19,426	19,470
	<b>405,807</b>	<b>2,897,853</b>
<b>9.2 Capital work in progress</b>		
Civil works	713,976	648,360
Plant and machinery	1,867,956	828,219
Capital stores	345,541	326,078
Advances :		
- Freehold land	158,966	159,758
- Civil works	3,792	4,328
- Plant and machinery	101,675	180,858
- Other advances	300,000	300,000
	<b>564,433</b>	<b>644,944</b>
	<b>3,491,906</b>	<b>2,447,601</b>
<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	2,447,601	4,018,510
Addition during the period	1,214,363	1,958,985
	<b>3,661,964</b>	<b>5,977,495</b>
Less:		
Capitalization during the period	170,058	2,613,512
Plant and machinery written off	–	916,382
Closing balance	<b>3,491,906</b>	<b>2,447,601</b>

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

For the nine months ended September 30, 2017

	Un audited September 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	966	7,885
	18,875	34,255
Less: amortization charged during the period	6,866	16,346
Closing book value	12,009	17,909
<b>11. Stores and spares</b>		
Stores	214,451	244,080
Spares	3,589,486	3,845,187
Catalyst and chemicals	848,668	883,200
	4,652,605	4,972,467
<b>12. Stock in trade</b>		
Raw material (including in-transit Rs 676.669 million (December 31, 2016: Rs 886.215 million))	1,302,669	1,692,184
Packing material	23,164	7,181
<b>Mid Products</b>		
Ammonia	14,928	10,986
Nitric Acid	16,915	4,507
Others	389	369
	32,232	15,862
<b>Finished goods</b>		
Urea	1,228,787	1,859,200
NP	1,212,989	1,405,781
CAN	714,723	1,193,754
Certified emission reductions	64,223	68,687
	3,220,722	4,527,422
	4,578,787	6,242,649

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
(Rupees in thousand)				
<b>13. Sales</b>				
Fertilizer Products				
- Local Sales	6,910,752	9,447,583	23,501,101	21,662,881
- Export	1,686,810	-	2,009,430	-
Subsidy from Government of Pakistan	140,265	955,173	1,845,868	1,832,694
Mid products	45,206	46,167	174,197	164,032
Certified emission reductions	-	-	82,924	-
	8,783,033	10,448,923	27,613,520	23,659,607
Less : Discounts	396,416	316,391	1,535,165	751,467
	8,386,617	10,132,532	26,078,355	22,908,140

**13.1** Sales are exclusive of sales tax of Rs 2,992.742 million (September 30, 2016: Rs 3,575.525 million).

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
(Rupees in thousand)				
<b>14. Cost of sales</b>				
Raw material consumed	1,336,423	1,479,706	3,574,169	5,001,256
Packing material consumed	215,636	204,213	567,460	610,574
Salaries, wages and other benefits	477,001	449,728	1,752,234	1,440,724
Fuel and power	729,903	799,828	2,054,207	2,744,104
Chemicals and catalyst consumed	120,310	91,823	343,033	292,383
Stores and spares consumed	171,474	156,852	927,819	481,414
Technical assistance	16,041	38,152	52,346	67,980
Repair and maintenance	51,253	52,862	316,681	186,621
Insurance	35,569	43,029	102,580	121,893
Travelling and conveyance	19,820	17,131	62,323	68,965
Rent, rates and taxes	2,069	761	36,225	4,950
Vehicle running and maintenance	11,695	10,591	32,935	29,135
Depreciation	439,327	435,115	1,315,919	1,293,605
Others	32,988	26,449	100,709	78,388
<b>Manufacturing cost</b>	3,659,509	3,806,240	11,238,640	12,421,992
Opening stock of mid products	30,960	25,131	15,862	29,457
Closing stock of mid products	(32,232)	(28,169)	(32,232)	(28,169)
<b>Cost of goods manufactured</b>	3,658,237	3,803,202	11,222,270	12,423,280
Opening stock of finished goods	3,256,336	6,381,124	4,527,422	4,205,875
Closing stock of finished goods	(3,220,722)	(5,686,750)	(3,220,722)	(5,686,750)
	3,693,851	4,497,576	12,528,970	10,942,405

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

For the nine months ended September 30, 2017

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
	(Rupees in thousand)			
<b>15. Finance cost</b>				
Markup on long term finances	341,039	375,571	1,085,819	1,137,002
Markup on short term finances	155,552	215,862	369,965	680,309
Interest on Worker Profit Participation Fund	–	–	9,901	9,597
Markup on short term deposit from subsidiary company	–	–	–	8,912
Bank charges and others	61,959	33,195	141,903	88,499
	558,550	624,628	1,607,588	1,924,319

**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. Significant transactions with related parties are as follows:

		Nine months ended	
		September 30 2017	September 30 2016
		(Rupees in thousand)	
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
Subsidiary company	Short term loan	729,400	3,133,486
	Finance cost	–	8,912
	Other income	93,261	82,217
	Store and spares	59	–
	Miscellaneous expenses	21,445	–
Associated companies	Short term loan	50,000	799,000
	Miscellaneous expenses	260,524	186,848
	Purchase of raw / packing material	568,414	726,242
	Other income	261,860	196,111
	Store and Spares	–	6,332
	Payment against assignment of sales tax refund	1,150,280	–
Other related parties	Fee for services	339,975	266,715
Directors and key management personnel	Remuneration including benefits and perquisites	184,899	158,615
Retirement benefit plans	Retirement benefit expense	105,398	107,959



	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
	(Rupees in thousand)			
<b>17. Earnings per share - basic and diluted</b>				
Profit attributable to ordinary shareholders	2,383,487	3,395,250	6,674,477	6,370,604
	(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>	1.13	1.62	3.18	3.03

	Nine months ended	
	September 30 2017	September 30 2016
	(Rupees in thousand)	
<b>18. Cash generated from operations</b>		
Profit before tax	8,228,200	7,554,967
Adjustments for :		
Depreciation on property, plant and equipment	1,365,877	1,342,665
Amortization of intangible assets	6,866	13,573
Finance cost	1,607,588	1,924,319
Exchange loss on revaluation of foreign currency liabilities	7,595	–
Provision for staff retirement benefits	64,699	72,117
Profit on short term loan to subsidiary and associated companies	(355,121)	(278,328)
Profit on saving accounts	(16,190)	(15,973)
Gain on disposal of property plant and equipment	(1,193)	(132)
	2,680,121	3,058,241
Operating cash flows before working capital changes	10,908,321	10,613,208
Effect on cash flow due to working capital changes: (Increase)/decrease in current assets:		
Stores and spares	319,862	(483,851)
Stock in trade	1,663,862	(82,796)
Trade debts	(2,515,586)	(167,246)
Loans, advances, deposits, prepayments and other receivables	(1,466,407)	(6,274,846)
Decrease in creditors, accrued and other liabilities	(38,113)	(5,593)
	(2,036,382)	(7,014,332)
	8,871,939	3,598,876

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

For the nine months ended September 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:

	September 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	200,380	–	–	200,380
	200,380	–	–	200,380
	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 October 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 Financial Officer



Director



Chief Executive

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

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for the nine months ended September 30, 2017

# Condensed Interim Consolidated Balance Sheet

As at September 30, 2017

	Note	Un audited September 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)			
Ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up 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	41,041,414	39,621,865
		62,041,414	60,621,865
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	16,403,686	20,808,734
Deferred liabilities	6	14,746,246	15,648,494
Long term deposits		63,382	60,076
		31,213,314	36,517,304
<b>CURRENT LIABILITIES</b>			
Trade and other payables		12,156,836	20,323,080
Accrued finance cost		542,639	397,818
Short term finances - secured	7	9,794,478	11,076,980
Current maturity of long term finance	5	7,064,484	5,518,025
		29,558,437	37,315,903
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8		
		122,813,165	134,455,072

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

	Note	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	86,814,545	86,938,905
Intangible assets	10	5,912,222	5,918,675
		92,726,767	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		135,896	130,388
		95,947,609	96,072,914
<b>CURRENT ASSETS</b>			
Stores and spares	11	5,537,600	5,648,254
Stock in trade	12	4,952,778	9,310,614
Trade debts		5,133,438	2,716,095
Short term loan to associated company		1,241,723	1,191,723
Loans, advances, deposits, prepayments and other receivables		9,233,911	7,731,342
Short term investment		200,380	200,460
Cash and bank balances		565,726	11,583,670
		26,865,556	38,382,158
		122,813,165	134,455,072



Chief Financial Officer



Director



Chief Executive

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

For the nine months ended September 30, 2017

	Note	Three months ended		Nine months ended	
		September 30 2017	September 30 2016	September 30 2017	September 30 2016
(Rupees in thousand)					
Sales	13	9,082,626	12,778,438	33,240,297	26,801,017
Cost of sales	14	(4,777,529)	(6,740,666)	(21,034,260)	(14,219,670)
<b>Gross profit</b>		4,305,097	6,037,772	12,206,037	12,581,347
Distribution cost		(890,849)	(716,018)	(2,532,364)	(1,637,155)
Administrative expenses		(372,549)	(378,332)	(1,308,902)	(1,097,330)
		3,041,699	4,943,422	8,364,771	9,846,862
Finance cost	15	(687,522)	(698,771)	(2,016,592)	(2,258,820)
Other operating expenses		(185,480)	(291,904)	(533,219)	(556,536)
		2,168,697	3,952,747	5,814,960	7,031,506
Other income		86,992	65,236	293,492	467,971
<b>Profit before tax</b>		2,255,689	4,017,983	6,108,452	7,499,477
Taxation		331,806	(539,676)	(488,903)	(1,174,353)
<b>Profit for the period</b>		2,587,495	3,478,307	5,619,549	6,325,124
<b>Earnings per share</b>					
- basic and diluted (Rupees)	17	1.23	1.66	2.68	3.01

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



Chief Financial Officer



Director



Chief Executive

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

For the nine months ended September 30, 2017

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
	(Rupees in thousand)			
Profit for the period	2,587,495	3,478,307	5,619,549	6,325,124
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>2,587,495</b>	<b>3,478,307</b>	<b>5,619,549</b>	<b>6,325,124</b>

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



Chief Financial Officer



Director



Chief Executive

## Condensed Interim Consolidated Statement of Changes in Equity

For the nine months ended September 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	-	-	-	6,325,124	-	6,325,124
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	6,325,124	-	6,325,124
Transactions with owners:						
- Interim dividend for the year ended December 31, 2016 @ Rs 1.25 per share	-	-	-	(2,625,000)	-	(2,625,000)
Balance as at September 30, 2016 (Un audited)	21,000,000	1,790,000	(14,784)	34,762,838	-	57,538,054
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	-	-	-	5,619,549	-	5,619,549
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	5,619,549	-	5,619,549
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 September 30, 2017 (Un audited)	21,000,000	1,790,000	409	39,250,660	345	62,041,414

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



Chief Financial Officer



Director



Chief Executive



# Condensed Interim Consolidated Cash Flow Statement (Un audited)

For the nine months ended September 30, 2017

	Note	September 30 2017	September 30 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	9,585,106	498,714
Net increase in long term deposits		3,915	11,673
Finance cost paid		(1,838,319)	(1,991,117)
Taxes paid		(1,040,278)	(626,199)
Employee retirement benefits paid		(55,214)	(38,188)
<b>Net cash from / (used in) operating activities</b>		<b>6,655,210</b>	<b>(2,145,117)</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(1,462,661)	(1,670,384)
Additions in intangible assets		(966)	(2,999)
Net cash flow from merger		10	-
Short term loan to associated company - net		(50,000)	(799,000)
Proceeds from disposal of property plant and equipment		3,532	515
Net increase in long term loans and deposits		(6,119)	(5,359)
Short term investment		80	(199,990)
Profit received on short term loan and saving accounts		283,576	270,809
<b>Net cash used in investing activities</b>		<b>(1,232,548)</b>	<b>(2,406,408)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finance		(2,866,184)	(3,695,994)
Proceeds from long term finance		-	3,626,516
Dividend paid		(4,199,239)	-
Refund of over-subscribed Sukuk		(8,092,675)	-
(Decrease) / Increase in short term finance - net		(1,282,498)	4,355,080
<b>Net cash (used in) / from financing activities</b>		<b>(16,440,596)</b>	<b>4,285,602</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(11,017,934)</b>	<b>(265,923)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11,583,660</b>	<b>762,620</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>565,726</b>	<b>496,697</b>

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



Chief Financial Officer



Director



Chief Executive

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

For the nine months ended September 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.

By virtue of the order, BSPL stands dissolved and consequently 1,000 ordinary shares of BSPL stands cancelled. Simultaneously, FF has issued 1,000 ordinary shares to the registered shareholders of BSPL.

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 nine months ended September 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 nine months ended September 30, 2016.

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

### 3. Accounting policies and estimates

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

	Un audited September 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	39,250,660	37,831,111
Post retirement benefit obligation reserve	409	409
Surplus on remeasurement of investments classified as available for sale	345	345
	41,041,414	39,621,865
<b>5. Long term finances</b>		
Parent Company	19,002,170	21,860,759
Fatimafert Limited	4,466,000	4,466,000
	23,468,170	26,326,759
Less: Current maturity of long term finances	7,064,484	5,518,025
	16,403,686	20,808,734

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 1,816.185 million (December 31, 2016 Rs 15,747.059 million) due on Secured loans from banking companies / financial institutions.

	Note	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	14,288,634	15,210,092
Employee retirement benefits	6.2	457,612	438,402
		14,746,246	15,648,494

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

For the nine months ended September 30, 2017

## 6.1 Deferred taxation

	September 30, 2017 (Un audited)			At September 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	233,506	–	15,740,640
Remeasurement of short term Investment - available for sale	155	–	–	155
	15,507,289	233,506	–	15,740,795
<b>Deferred tax asset:</b>				
Carry forward losses	(236,000)	(1,156,808)	–	(1,392,808)
Provision for retirement benefits	(41,656)	1,214	–	(40,442)
Remeasurement of defined benefit obligation	(19,541)	630	–	(18,911)
	(297,197)	(1,154,964)	–	(1,452,161)
	15,210,092	(921,458)	–	14,288,634

	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 September 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>6.2 Employee retirement benefits</b>		
Gratuity	290,942	271,396
Accumulating compensated absences	166,670	167,006
	457,612	438,402

## 7. Short term finances

### 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 5.78% 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 7.53% (December 31, 2016 ; 6.76% to 7.60 %) per annum.

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

For the nine months ended September 30, 2017

### 8. Contingencies and commitments

#### 8.1 Contingencies:

As at September 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:

#### Parent Company

- i. Appeals filed in the following cases have been decided in Company's favor:
  - Appeal filed with the Lahore High Court against the rejection of the application, under section 65 of the Sales Tax Act, 1990 (STA), made to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs 690 million inadvertently short levied/paid on sale of 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 (DCIR), 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 DCIR, 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 122.582 million (December 31, 2016: Rs 572.861 million).
- (ii) Contracts for other than capital expenditure Rs 145.494 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 September 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
Not later than one year	340,196	288,876
Later than one year but not later than five years	174,282	189,670
	514,478	478,546

**Fatimafert Limited**

Contracts for other than capital expenditure Rs 399.852 million (December 31, 2016: Rs 80.201 million).

	Note	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)			
<b>9. Property, plant and equipment</b>			
Operating fixed assets- tangible	9.1	83,087,906	84,258,748
Capital work in progress	9.2	3,726,639	2,680,157
		86,814,545	86,938,905

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

Opening book value		84,258,748	83,429,526
Add: additions during the period	9.1.1	413,782	2,914,423
Less: book value of disposals during the period		1,276	768
		84,671,254	86,343,181
Less: depreciation charged during the period		1,583,348	2,084,433
Closing book value		83,087,906	84,258,748

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

For the nine months ended September 30, 2017

Un audited                      Audited  
September 30, 2017    December 31, 2016  
(Rupees in thousand)

	Un audited September 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	265,055	2,697,859
Furniture and fixtures	1,193	10,532
Office equipment	10,646	5,892
Electric installations and appliances	73,759	60,549
Computers	30,518	40,497
Vehicles	19,426	19,607
	413,782	2,914,423
<b>9.2 Capital work in progress</b>		
Civil works	720,083	654,843
Plant and machinery	1,893,445	852,021
Capital stores	548,678	528,349
Advances :		
- Freehold land	158,966	159,758
- Civil works	3,792	4,328
- Plant and machinery	101,675	180,858
- Other advances	300,000	300,000
	564,433	644,944
	3,726,639	2,680,157
<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	2,680,157	4,384,747
Addition during the period	1,218,941	1,959,725
	3,899,098	6,344,472
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
	3,726,639	2,680,157



	Un audited September 30, 2017	Audited December 31, 2016
(Rupees in thousand)		
<b>10. Intangible assets</b>		
Opening book value	5,918,675	5,928,128
Add: additions during the period	966	8,173
	5,919,641	5,936,301
Less: amortization charged during the period	7,419	17,626
Closing book value	5,912,222	5,918,675
<b>11. Stores and spares</b>		
Stores	495,300	496,969
Spares	4,339,783	4,407,714
Catalyst and chemicals	848,668	883,200
	5,683,751	5,787,883
Less: provision for obsolete items	146,151	139,629
	5,537,600	5,648,254
<b>12. Stock in trade</b>		
Raw material {including in-transit Rs 676.669 million (December 31, 2016: Rs 886.215 million)}	1,302,669	1,692,184
Packing material	52,632	13,174
<b>Mid Products</b>		
Ammonia	61,716	95,583
Nitric Acid	16,915	4,507
Others	389	369
	79,020	100,459
<b>Finished goods</b>		
<b>- own manufactured</b>		
Urea	1,514,339	4,540,776
NP	1,212,989	1,405,781
CAN	714,723	1,193,754
Certified emission reductions	64,223	68,687
	3,506,274	7,208,998
<b>- purchased for resale</b>		
DAP	12,183	295,799
	4,952,778	9,310,614

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

For the nine months ended September 30, 2017

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
(Rupees in thousand)				
<b>13. Sales</b>				
Fertilizer Products:				
- own manufactured				
- Local Sales	7,232,897	11,748,827	28,254,764	25,003,507
- Export	1,686,810	-	2,009,430	-
- purchased for resale	351,147	1,396	1,779,865	1,396
Subsidy from Government of Pakistan	164,279	1,237,177	2,652,038	2,178,946
Mid products	101,681	107,430	379,140	368,635
Certified emission reductions	-	-	82,924	-
	9,536,814	13,094,830	35,158,161	27,552,484
Less: Discounts	454,188	316,392	1,917,864	751,467
	9,082,626	12,778,438	33,240,297	26,801,017

**13.1** Sales are exclusive of sales tax of Rs 3,607.692 million (September 30, 2016: Rs 3,800.015 million).

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
(Rupees in thousand)				
<b>14. Cost of sales</b>				
Raw material consumed	1,390,692	3,762,969	6,450,916	9,819,223
Packing material consumed	215,687	269,112	625,735	766,345
Salaries, wages and other benefits	607,188	604,577	2,185,534	1,857,295
Fuel and power	737,574	1,329,945	2,531,709	3,786,444
Chemicals and catalyst consumed	122,942	127,566	372,843	373,123
Stores and spares consumed	193,776	190,650	1,036,796	576,237
Technical assistance	16,307	38,152	52,639	68,202
Repair and maintenance	56,948	58,099	325,991	199,240
Insurance	44,898	54,266	130,147	157,068
Travelling and conveyance	30,033	27,012	91,729	94,251
Rent, rates and taxes	11,490	3,723	55,625	12,976
Vehicle running and maintenance	14,325	13,406	40,714	37,990
Depreciation	510,662	506,621	1,530,088	1,507,728
Others	59,742	30,634	173,859	114,510
<b>Manufacturing cost</b>	4,012,264	7,016,732	15,604,325	19,370,632
Opening stock of mid products	102,181	90,483	100,459	77,526
Closing stock of mid products	(79,020)	(100,710)	(79,020)	(100,710)
<b>Cost of goods manufactured</b>	4,035,425	7,006,505	15,625,764	19,347,448
Opening stock of finished goods	3,860,462	9,070,573	7,208,998	4,208,634
Closing stock of finished goods	(3,506,274)	(9,337,502)	(3,506,274)	(9,337,502)
<b>Cost of sales - own manufactured</b>	4,389,613	6,739,576	19,328,488	14,218,580
Cost of sales - purchased for resale	387,916	1,090	1,705,772	1,090
	4,777,529	6,740,666	21,034,260	14,219,670

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
	(Rupees in thousand)			
<b>15. Finance cost</b>				
Markup on long term finances	426,938	463,978	1,340,057	1,403,134
Markup on short term finances	186,898	191,217	497,887	746,789
Interest on Worker Profit Participation Fund	–	–	9,901	9,597
Bank charges and others	73,686	43,576	168,747	99,300
	687,522	698,771	2,016,592	2,258,820

## 16. Transactions with related parties

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

		Nine months ended	
		September 30 2017	September 30 2016
		(Rupees in thousand)	
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
Associated companies	Short term loan	50,000	799,000
	Toll manufacturing	–	–
	Miscellaneous expenses	267,892	229,558
	Store and Spares	–	6,332
	Purchase of raw / packing material	578,845	824,079
	Other income	279,593	196,111
	Payment against assignment of sales tax refund	1,150,280	–
Other related parties	Fee for services	425,747	309,425
Directors and key management personnel	Remuneration including benefits and perquisites	190,740	166,841
Retirement benefit plans	Retirement benefit expense	133,581	135,731

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

For the nine months ended September 30, 2017

	Three months ended		Nine months ended	
	September 30 2017	September 30 2016	September 30 2017	September 30 2016
	(Rupees in thousand)			
<b>17. Earnings per share - basic and diluted</b>				
Profit attributable to ordinary shareholders	2,587,495	3,478,307	5,619,549	6,325,124
	(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>	1.23	1.66	2.68	3.01

	Nine months ended	
	September 30 2017	September 30 2016
	(Rupees in thousand)	
<b>18. Cash generated from operations</b>		
Profit before tax	6,108,452	7,499,477
Adjustments for :		
Depreciation on property, plant and equipment	1,583,346	1,560,057
Amortization of intangible assets	7,418	14,520
Finance cost	2,016,592	2,258,820
Exchange loss on revaluation of foreign currency liabilities	7,595	-
Provision for staff retirement benefits	74,424	81,987
Provision for slow moving stores, spares and loose tools	8,677	10,053
Profit on short term loan to associated company	(261,860)	(187,206)
Profit on saving accounts	(16,407)	(16,042)
Gain on disposal of property plant and equipment	(2,633)	(339)
	3,417,152	3,721,850
Operating cash flows before working capital changes	9,525,604	11,221,327
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	104,131	(525,757)
Stock in trade	4,357,835	(4,339,470)
Trade debts	(2,417,344)	(247,800)
Loans, advances, deposits, prepayments and other receivables	(1,910,796)	(9,649,756)
(Decrease) / Increase in creditors, accrued and other liabilities	(74,324)	4,040,170
	59,502	(10,722,613)
	9,585,106	498,714

## 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:

	September 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	200,380	–	–	200,380
	200,380	–	–	200,380
	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 October 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 Financial Officer



Director




Chief Executive



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