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Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar
Mr. Muhammad Kashif
Mr. M. Abad Khan
Mr. Jorgen Nergaard Gol
Mr. Muhammad Jawaid Iqbal
Mr. Syed Iqbal Ashraf

Key Management

Mr. Arif-ur-Rehman
Project Director

Mr. Muhammad Zahir
Director Marketing

Mr. Iftikhar Mahmood Baig
Chief Financial Officer

Mr. Ausaf Ali Qureshi
Company Secretary

Mr. Tanvir H. Qureshi
Group Head Human Resource

Brig (Retd.) Syed Nazarar Bashir
Resident Manager

Audit Committee

Mr. Muhammad Kashif
Chairman

Mr. Fazal Ahmed Sheikh
Member

Mr. Faisal Ahmed Mukhtar
Member

Mr. Muhammad Jawaid Iqbal
Member

Mr. M. Abad Khan
Member

Legal Advisors

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

Auditors

M. Yousuf Adil Saleem & Company
Chartered Accountants
Multan

Shares Registrar

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

Bankers

Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank of Punjab
Bank of Khyber
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan Limited
Pak China Investment Company
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Silkbank Limited
The Royal Bank of Scotland Limited
United Bank Limited

Registered Office

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

Head Office

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

Plant Site

Mukhtar Garh, Sadiqabad,
Distt. Rahim Yar Khan,
Pakistan.
Tel: 068-5786910
Fax: 068-5786909

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, I am pleased to present the un-audited accounts for the nine months ended on September 30, 2010.

As on September 30, 2010 the plant wise trial production is as follows:

Plant	Total Production (MT)	Third Quarter Production (MT)
Urea	205,882	105,573
CAN	104,695	66,257
Nitric Acid	79,865	45,850
Ammonia	160,508	84,428

The performance of all plants are improving and achieving optimization with the passage of time. Ammonia and Nitric Acid Plants have stabilized their operation at 80% of the design capacities whereas CAN is now stable at 70% capacity. Urea Plant has demonstrated a capacity of up to 110% of its design. The company shall operate the complex at full capacity after the start of NP production.

Civil works of NP plant have been significantly completed and Mechanical work is also expected to be completed in 1st Quarter 2011.

To ensure adequate gas pressure the company has undertaken construction of NG Compression Station at Mari Gas field, which shall be completed before the commissioning of NP Plant and thus the need to operate the Ammonia plant at 100% load.

Sales in the first nine months showed a mixed trend. Urea sales were impacted by a significant slowdown in August and September in the wake of the unprecedented floods. However Calcium ammonium nitrate sales were spurred by the granular quality of the product, which has been appreciated by the farmer. The management continues to strive to improve balanced use of fertilizers among the farmers as it shall improve farm productivity.

The Company is proceeding further with implementation of Oracle R 12 modules for all business processes including Oracle Financials, Oracle Supply Chain Management, Oracle HRMS, Oracle Manufacturing and Oracle Enterprise Assets Management.

For and on behalf of the Board

Lahore
October 22, 2010

Arif Habib
Chairman

Condensed Interim Balance Sheet

As at September 30, 2010

	Note	Un-audited September 30, 2010	Audited December 31, 2009
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
2,100,000,000 (2009: 2,100,000,000)			
ordinary shares of Rs 10 each		21,000,000	21,000,000
400,000,000 (2009: 400,000,000)			
preference shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up capital			
2,000,000,000 (2009: 1,800,000,000)			
ordinary shares of Rs 10 each	4	20,000,000	18,000,000
Share Premium		790,000	-
Accumulated loss		(485,118)	(257,212)
		20,304,882	17,742,788
NON-CURRENT LIABILITIES			
Preference share Capital			
400,000,000 (2009: Nil)			
preference shares of Rs 10 each	5	4,000,000	-
Advance against preference shares		-	3,898,250
Long term loans	6	36,182,687	30,846,063
Retirement benefits		66,119	54,493
		40,248,806	34,798,806
CURRENT LIABILITIES			
Current maturity of long term loans		805,591	402,796
Short term loan		1,897,053	-
Trade and other payables	7	4,246,125	4,258,142
		6,948,769	4,660,938
CONTIGENCIES & COMMITMENTS			
	8		
		67,502,457	57,202,532

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive

	Note	Un-audited September 30, 2010 (Rupees in thousand)	Audited December 31, 2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	863,673	684,940
Capital work in progress	10	61,794,091	54,292,989
		62,657,764	54,977,929
Long term loans and deposits		24,701	8,150
		62,682,465	54,986,079
CURRENT ASSETS			
Stores and spares		2,137,115	1,142,798
Stock in trade		1,047,456	-
Loans, advances, deposits, prepayments and other receivables		1,126,525	849,238
Cash and bank balances		508,896	224,417
		4,819,992	2,216,453
		67,502,457	57,202,532

Sd/-
Director

Condensed Interim Profit and Loss Account (Un-audited)

For the nine months ended September 30, 2010

	Note	Quarter Ended		Nine Months Ended	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
(Rupees in thousand)					
Administrative expenses		(27,379)	(21,386)	(88,235)	(64,624)
Finance cost		(189)	(1,009)	(6,811)	(5,800)
Other income		-	-	260	7,648
Loss before taxation		(27,568)	(22,395)	(94,786)	(62,776)
Provision for taxation		(20,933)	-	(27,290)	-
Loss after taxation		(48,501)	(22,395)	(122,076)	(62,776)
Loss per share					
- Basic and diluted (Rupees)	11	(0.02)	(0.02)	(0.06)	(0.04)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive

Sd/-
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended September 30, 2010

	Quarter Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(Rupees in thousand)			
Loss after taxation	(48,501)	(22,395)	(122,076)	(62,776)
Other comprehensive income				
Transferred to CWIP on expiry of derivative financial instruments	-	-	-	10,056
Other comprehensive income	-	-	-	10,056
Total loss for the period	(48,501)	(22,395)	(122,076)	(52,720)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive

Sd/-
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2010

	Note	Nine Months Ended	
		September 30, 2010	September 30, 2009
		(Rupees in thousand)	
Cash flows from operating activities			
Cash used in operations	12	(1,525,813)	(678,561)
Finance cost paid		(5,239,286)	(3,337,048)
Taxes paid		(14,913)	(5,002)
Staff retirement benefits paid		(8,205)	(2,498)
Net cash used in operating activities		(6,788,217)	(4,023,109)
Cash flows from investing activities			
Fixed capital expenditure		(3,333,415)	(11,588,990)
Proceeds from disposal of fixed assets		271	-
Net increase in long-term loans and deposits		(16,551)	(62)
Net cash used in investing activities		(3,349,695)	(11,589,052)
Financing activities			
Proceeds from share deposit money		-	2,491,314
Proceeds from issue of ordinary shares		2,790,000	-
Advance against preference shares		-	3,321,800
Proceeds from issue of preference shares		101,749	-
Cost of issue of share capital		(105,830)	-
Proceeds from long term loans		5,739,419	10,096,923
Proceeds from short term loan		1,897,053	-
Decrease in bills payable		-	(464,440)
Net cash from financing activities		10,422,391	15,445,597
Net increase/(decrease) in cash and cash equivalents		284,479	(166,564)
Cash and cash equivalents at the beginning of the period		224,417	479,256
Cash and cash equivalents at the end of the period		508,896	312,692

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive

Sd/-
Director

Condensed Interim Statement of Changes in Equity
For the nine months ended September 30, 2010

	(Rupees in thousand)					
	Share capital	Share deposit money for ordinary shares	Share Premium	Hedging reserve	Accumulated Loss	Total
Balance as at January 01, 2009 (audited)	8,934,788	6,573,898	-	(10,056)	(153,286)	15,345,344
Proceeds from share deposit money	-	2,491,314	-	-	-	2,491,314
Transferred to cost of capital work in progress on expiry of derivative financial instruments	-	-	-	10,056	-	10,056
Issue of ordinary shares	9,065,212	(9,065,212)	-	-	-	-
Loss for the period	-	-	-	-	(62,776)	(62,776)
Balance as at September 30, 2009 (un-audited)	18,000,000	-	-	-	(216,062)	17,783,938
Cost of issuance of shares	-	-	-	-	(6,805)	(6,805)
Loss for the period	-	-	-	-	(34,345)	(34,345)
Balance as at December 31, 2009 (audited)	18,000,000	-	-	-	(257,212)	17,742,788
Issue of 200,000,000 ordinary shares of Rs. 10 each fully paid in cash	2,000,000	-	-	-	-	2,000,000
Share premium on issue of 200,000,000 shares to institutional Investors and general public	-	-	790,000	-	-	790,000
Cost of issuance of shares	-	-	-	-	(105,830)	(105,830)
Loss after taxation for the nine months ended September 30, 2010	-	-	-	-	(122,076)	(122,076)
Balance as at September 30, 2010 (un-audited)	20,000,000	-	790,000	-	(485,118)	20,304,882

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive

Sd/-
Director

1. Legal status and nature of business

Fatima Fertilizer Company Limited ('The Company'), was incorporated in Pakistan on December 24, 2003 as a non-listed public company under the Companies Ordinance, 1984. The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. The Ammonia plant, Nitric Acid plant, Urea plant, Calcium Ammonium Nitrate (CAN) plant and related offsites and utilities are in operation, however still in trial run phase, while Nitro Phosphate (NP) plant and Nitro Phosphorus Potash (NPK) plant are in process of installation. The Company has relocated its registered office from Multan to Lahore with effect from October 01, 2010.

Status of Company has changed to Listed during the period by issuance of 200 million ordinary shares to institutional investors, high networth individuals and general public through IPO. The ordinary shares of Company are listed on Karachi, Lahore and Islamabad Stock Exchanges.

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the nine months ended September 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2009. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2009 and comparative interim profit and loss account, interim statement of comprehensive income, interim cash flow statement and interim statement of changes in equity are stated from un-audited interim financial information for nine months ended September 30, 2009.

3. Basis of measurement and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed financial information are the same as those applied in the preparation of annual financial statements of the company for the year ended December 31, 2009.

Notes to and forming part of the Condensed Financial Information

For the nine months ended September 30, 2010 (Un-audited)

4. Issued, subscribed and paid up capital

September 30, 2010 (Number of shares)	December 31, 2009 (Number of shares)		(Un-audited) September 30, 2010 (Rupees in thousand)	(Audited) December 31, 2009 (Rupees in thousand)
2,000,000,000	1,800,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	18,000,000

The reconciliation of ordinary shares is as follows:

	(Number of shares)	
Opening balance	1,800,000,000	893,478,833
Add: Shares issued during the period	200,000,000	906,521,167
Closing balance	2,000,000,000	1,800,000,000

5. Preference shares capital

September 30, 2010 (Number of shares)	December 31, 2009 (Number of shares)		(Un-audited) September 30, 2010 (Rupees in thousand)	(Audited) December 31, 2009 (Rupees in thousand)
400,000,000	-	Preference shares of Rs 10 each fully paid in cash	4,000,000	-

Preference shares of the Company held by associated undertakings as at the period/year end are as follows:

	(Number of shares)	
Pakarab Fertilizers Limited	360,000,000	-
Reliance Commodities (Pvt) Limited	35,000,000	-
Fatima Sugar Mills Limited	5,000,000	-
	400,000,000	-

Notes to and forming part of the Condensed Financial Information

For the nine months ended September 30, 2010 (Un-audited)

	(Un-audited) September 30, 2010	(Audited) December 31, 2009
	(Rupees in thousand)	
6. Long term loans		
These are composed of:		
Secured:		
Long Term Syndicated Loan (Senior Facility)	22,996,281	22,971,488
Commercial Facility (CF)	4,496,000	4,327,000
New Facility I (NF I)	3,336,204	1,754,051
New Facility II (NF II)	1,919,000	-
	32,747,485	29,052,539
Unsecured loans from associated companies:		
Bridge Finance (STFA)	2,037,500	2,037,500
Term loan	2,203,293	158,820
	4,240,793	2,196,320
	36,988,278	31,248,859
Less: Current portion shown under current liabilities	805,591	402,796
	36,182,687	30,846,063

7. Trade and other payables

Trade and other payables include due to a related party of Rs. 8.414 million (December 31, 2009: Rs. nil).

8. Contingencies and commitments

8.1 Contingencies

Post dated cheques not provided for in the financial statements, furnished by the Company to the Collector of Customs to cover excess import levies on plant and machinery amounting to Rs 9.581 million (2009: Rs 12.604 million).

8.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 1,200.133 million (December 31, 2009: Rs 3,000.458 million).
- (ii) Contracts for other than capital expenditure Rs. 534.362 million (December 31, 2009: Rs 26.936 million).

Notes to and forming part of the Condensed Financial Information

For the nine months ended September 30, 2010 (Un-audited)

	(Un-audited) September 30, 2010	(Audited) December 31, 2009
	(Rupees in thousand)	
9. Property, plant and equipment		
Opening book value	684,941	603,126
Add: Additions during the period / year	227,498	126,533
Less: Disposals during the period / year	(1,370)	-
	911,069	729,659
Less: Depreciation charged during the period / year	(47,396)	44,719
Closing book value	863,673	684,940
Additions during the period / year		
Freehold land	58,477	19,872
Furniture and fixtures	2,379	10,161
Office equipment	1,739	728
Electric installations and appliances	156,126	78,865
Computers	1,922	10,046
Vehicles	6,855	6,861
	227,498	126,533
10. Capital work in progress		
Civil works	4,734,275	2,069,443
Plant and machinery	42,624,661	41,308,348
Un-allocated expenditure	10.1 15,551,130	10,228,925
Trial run results	10.2 (1,350,322)	-
Advances	10.3 234,347	686,273
	61,794,091	54,292,989
10.1 Unallocated expenditures		
Salaries, wages and other benefits	1,314,895	1,092,166
Travelling and conveyance	151,027	137,588
Utilities	1,126,214	648,670
Legal and professional charges	54,272	47,126
Commitment charges - long term loan	89,413	96,401
Loan arrangement, agency and monitoring fee	459,996	458,256
Technical consultancy	60,986	51,760
Project management services	102,069	102,069
Project insurance	421,588	271,707
Depreciation on property, plant and equipment	80,449	45,980
Mark up on :		
- long term loans	10,791,558	6,430,875
- contribution by sponsors and associated undertakings	369,554	369,554
	11,161,112	6,800,429
General	529,109	476,773
	15,551,130	10,228,925

Notes to and forming part of the Condensed Financial Information

For the nine months ended September 30, 2010 (Un-audited)

	(Un-audited) September 30, 2010	(Audited) December 31, 2009
	(Rupees in thousand)	
10.2 Trial-run results		
Sales	3,364,731	-
Cost of sales		
Raw material consumed	18,856	-
Feed Gas	554,724	-
Fuel and power	1,369,509	-
Salaries and wages	408,890	-
Stores and Spares	299,209	-
Catalysts and chemicals	59,516	-
Repairs and Maintenance	10,346	-
Travelling & Conveyance	35,530	-
Printing & Stationery	3,103	-
Transportation	151,381	-
Mark up on short term loan	66,956	-
Others	83,610	-
	3,061,630	-
Less: closing stock	(1,047,221)	-
	1,350,322	-
10.3 Advances		
- freehold land	8,350	63,512
- civil works	112,236	64,010
- plant and machinery	105,556	551,571
-ERP Software	8,205	7,180
	234,347	686,273

		Quarter Ended		Nine months Ended	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
11. Loss per share					
Loss for the period	Rupees in thousand	(48,501)	(22,395)	(122,076)	(62,776)
Weighted average number of ordinary shares issued and subscribed	Number of shares	2,000,000,000	1,010,163,402	1,959,124,088	923,474,019
Loss per share	Rupees	(0.02)	(0.02)	(0.06)	(0.07)

There is no dilutive effect on loss per share of the company.

Notes to and forming part of the Condensed Financial Information

For the nine months ended September 30, 2010 (Un-audited)

	Nine Months Ended	
	September 30, 2010 (Rupees in thousand)	December 31, 2009
12. Cash used in operations		
Loss before tax	(94,786)	(62,776)
Adjustments for:		
Retirement benefits accrued	19,831	2,193
Depreciation on property, plant and equipment	14,253	11,985
Finance costs	6,811	5,800
Other income	(260)	(7,648)
	40,635	12,330
Loss before working capital changes	(54,151)	(50,445)
Effect on cash flow due to working capital changes (Increase)/Decrease in current assets		
Loans, advances, deposits, prepayments and other receivables	(262,374)	57,954
Stock in trade	(1,047,456)	-
Stores and spares	(994,317)	(696)
Increase/(decrease) in creditors, accrued and other liabilities	832,485	(685,374)
	(1,471,662)	(628,116)
	(1,525,813)	(678,561)

13. Transactions with related parties

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

Relationship with the Company	Nature of transaction	Nine months ended	
		September 30, 2010	September 30, 2009
- Key management personnel			
Directors	Short term employee benefits	4,055	4,328
Other key management personnel	Short term employee benefits	9,694	8,666
- Associated companies			
Pakarab Fertilizers Limited	Disbursement of loan	2,014,473	-
	Supplies and services	21,813	-
	Interest expense	358,745	-
	Markup on Preference Shares	405,640	-
Reliance Commodities (Pvt) Limited	Disbursement of loan	30,000	-
	Interest expense	300	-
	Markup on Preference Shares	38,808	-
Fatima Sugar Mills Limited	Interest expense	-	715
	Markup on Preference Shares	5,348	-

14. General

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

14.2 These financial statements have been authorized for issue by the Board of Directors of the Company on October 22, 2010.

Sd/-
Chief Executive

Sd/-
Director

NOTES
