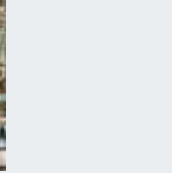
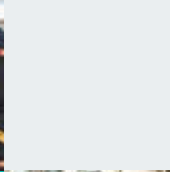
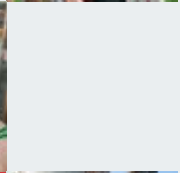
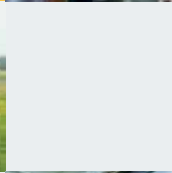
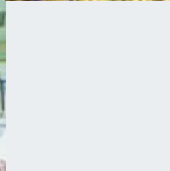


DRIVING EXCELLENCE GROWTH & SUSTAINABILITY



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Company Information

Board of Directors

Mr. Arif Habib

Chairman

Mr. Fawad Ahmed Mukhtar

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Mr. Faisal Ahmed Mukhtar

Mr. M. Abad Khan

Mr. Muhammad Kashif Habib

Mr. Peter Vang Christensen

Mr. Tariq Jamali

Nominee Director-NBP

Chief Financial Officer

Mr. Asad Murad

Company Secretary

Mr. Ausaf Ali Qureshi

Key Management

Mr. Arif-ur-Rehman

Director Operations

Mr. Muhammad Zahir

Director Marketing

Mr. Haroon Waheed

Group Head of HR

Mr. Iftikhar Mahmood Baig

Director Business Development

Mr. Javed Akbar

Head of Procurement

Mr. Qadeer Ahmed Khan

Director Special Projects

Mr. Ahsen-ud-Din

Director Technology Division

Dr. Fuad Imran Khan

Chief Information Officer

Mr. Kashif Mustafa Khan

Incharge of Internal Audit

Mr. Asghar Naveed

Corporate HSE Manager

Audit Committee Members

Mr. Muhammad Kashif Habib

Chairman

Mr. Peter Vang Christensen

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

Mr. Peter Vang Christensen

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 (0) 42 35913595 - 7, 35440520

Fax: +92 (0) 42 35440521

Web: www.deloitte.com

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 Shahra-e-Faisal
Karachi-74400.

Tel: Customer Support Services

(Toll Free) 0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcpak.com

Website: www.cdcpakistan.com

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

BankIslami Pakistan Limited

Burj Bank 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 (“NBFI”)

Pak Libya Holding Company
Limited (“NBFI”)

Saudi Pak Industrial & Agricultural
Investment Company Limited
 (“NBFI”)

Silk Bank Limited

Sindh Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan)
Limited

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: 068-5786910

Fax: 068-5786909

Directors' Report to the Members

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements of the Company along with the Auditor's Review Report for the half year ended June 30, 2015 and an overview of operational and financial performance of the Company.

Market Overview

The year started on a stable note for Urea with prices in the Arabian Gulf at \$320 per ton FOB and \$290 per ton FOB in China. Though the prices in the previous quarter had dropped to as low as \$270 per ton FOB in the Arabian Gulf and \$260 per ton FOB in China, the market recovered as prices went from strength to strength and stabilized around May. This was due to Chinese determination to hold the prices firm as the demand in India and the Middle East was better than forecasted. Though production was on the higher side, so were the Chinese exports. By July, prices began to soften and have now dropped to \$280-290 per ton FOB in the Arabian Gulf and \$285 per ton FOB in China.

The weak performance of domestic rice, sugarcane and potato in 2014 prompted farmers to invest in Rabi wheat 2014-15 and Kharif cotton 2015. Hence in Pakistan, the Urea market grew by 12% to 2.87 million tons in the first half of 2015 compared to 2.56 million tons for the same period in 2014.

The global Phosphate market has remained stable in the first half of 2015, with prices steady at \$480-490 per ton CFR. This is due to stability in Chinese production and healthy demand in key markets such as India, Pakistan and Bangladesh.

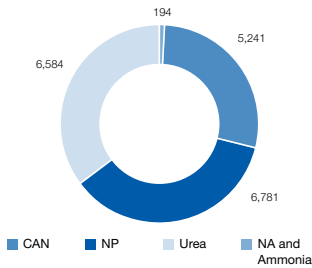
In Pakistan, the DAP market grew by 11% from 422KT to 467KT over the first half of 2014 as farmers continued to invest in certain crops to recover losses on previous year's crops.

Company Performance

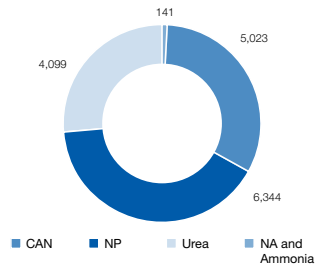
During the six months under review the total sales volume increased by 18% over same period last year. The main contributor was the rise of 58% in sales volume of Urea in line with the market trend and improved product availability. Sales volume of CAN and NP increased by 4% and 2% respectively compared to 2014.

Products	Sales Volume	
	Jan to Jun - 2015	Jan to Jun - 2014
	("000" Tons)	
Urea	214	136
CAN	213	204
NP	170	166
Total	597	506

Sales Mix Jan-Jun 2015 (PKR in M)



Sales Mix Jan-Jun 2014 (PKR in M)

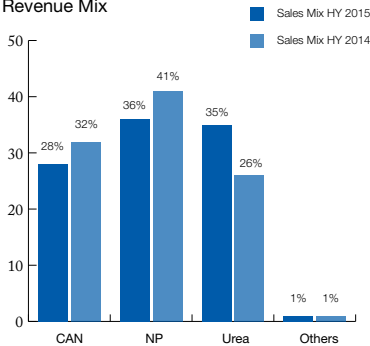


As a result of rescheduling of Annual Turnaround Activity (ATA) to the latter half of 2015 coupled with continuous efficiency and sustainability improvements, the overall production in the first six months of the year 2015 improved by 19% as compared to same period last year.

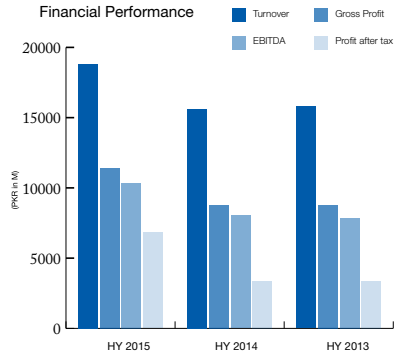
Products	Jan to Jun - 2015 ("000" Tons)	Jan to Jun - 2014 ("000" Tons)
Ammonia	274	225
Nitric Acid	254	228
Urea	223	157
CAN	231	208
NP	197	171

Net revenue ascended to PKR 18.80 Billion posting a healthy increase of 20% over the same period last year. NP and Urea were the major contributors towards revenue, with 36% and 35% contribution respectively, while CAN contributed 28%. Nitric Acid (NA) and Ammonia sales made up the rest of 1%.

Revenue Mix



Financial Performance



Directors' Report to the Members

The Gross Profit margin for the period under review increased to PKR 11.4 Billion, recording an increase of 30% over last year mainly on account of increase in sales volume. Distribution Expenses increased by 13% in line with increase in volumes. Administrative Expenses increased by 33% over last year primarily due to increased participation in CSR activities.

Finance Cost was reduced by 37% compared to the same period last year due to repayment of long term loans, reduction in base rate and efficient management of financial resources. Other Income improved by 88% over last year mainly due to technical services rendered outside Pakistan and return on short term investment on surplus funds.

Resultantly Profit Before Tax (PBT) improved to PKR 8.27 Billion with increase of 59% over last years' PBT of PKR 5.22 Billion. Profit After Tax was further bolstered by reduced tax expense for the period reflecting the reduction in Corporate Tax Rates announced in the Finance Act 2015. After Tax Profit increased by 101% to close at Rs 6.83 Billion against Rs 3.4 Billion for the same period last year.

The Company attained new highs in the area of Health, Safety and Environment with combined 25.08 million safe man-hours and TRIR 0.2 by June 30, 2015. Overall, HSE performance remained excellent. The Company's Manufacturing Site has been declared 'OSHA Compliant' by achieving DuPont rating of 3.63 against 3.0 as minimum.

Acquisition of DH Fertilizers Limited

During the period under review, Fatima Group through its company Pakarab Fertilizers Limited (PFL) entered into Share Purchase Agreement with Dawood Hercules Corporation Limited (DHCorp) for the purchase of 100,000,000 ordinary shares of DH Fertilizers Limited (DHFL). Pursuant to the provisions of this agreement, PFL offered to assign all its rights, benefits and obligations to Fatima Fertilizer Company Limited. Opportunity of investment in DHFL, a 446K Tons Urea production capacity unit, provided a good opening to your company to capitalize its strong financial position and to increase its share in fertilizer market in Pakistan. On June 25, 2015, the Board of Directors of your Company approved the acquisition of 100% shares of DHFL at enterprise value of Rs 6.6 Billion (Loans Rs 4.6 Billion & Cash Payment Rs 2.0 Billion). With ECC approval for Gas supply from Kunnar Pasakhi Deep (KPD) and other fields already in place, the management is confident that DHFL will get the required Gas from KPD field or SNGPL.

The Company has also entered into another agreement with DHCorp for 1,000 shares of Bubber Sher (Pvt) Limited (BSPL) comprising 100% of the issued, subscribed and paid-up Capital against purchase price of Rs 10,000.

The control of DHFL and BSPL has been transferred to the Company on July 01, 2015.

Future Outlook

In the international Urea market, the outlook is bearish to stable with prices weakening in the Middle East and the Chinese prices being pushed downwards. Suppliers are waiting for the Indian tenders to be announced. In Pakistan, TCP is expected to issue tender for 150,000 tons of Urea based on 2.8 million tons demand for Kharif season, as determined by Fertilizer Review Committee. Considering it an optimistic forecast, the Company is of the view that more realistic estimate is 2.6-2.7 million tons.

In Phosphates, while lack of trade in Brazil due to weak crop pricing remains a concern, market in the East is expected to remain relatively stable. Hopes of DAP demand in India are based on stabilization of Rupee, clarity on nutrient based subsidy and better Monsoon forecast. Local forecast is strong with the Rice and Sugarcane crops are expected to perform better than last year and farmers have preferred Phosphatic fertilizers for Wheat crop during Rabi. However, the threat of looming floods might dampen the demand to some extent.

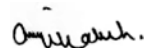
The Capacity and operational efficiency building project - Ammonia Plant Revamp and Debottlenecking (DBN) Project Phase-I, is in progress with full zest. Civil work of Cooling Tower additional cells will be completed by the end of Q3-2015. Cold Box has already been placed on its foundation and Refrigeration and Waste Gas Compressors have been shipped with expected in the middle of Q3-2015. Refrigeration Condensers have reached plant site. Mechanical construction LOI has been placed with China National Construction and Engineering Company (CNCEC). Commissioning of DBN Phase-I is planned at its scheduled time in the mid of Q4-2105, while Waste Gas Boiler installation, fabrication and commissioning will be completed, as per schedule, afterwards. DBN Phase-I will bring further operational efficiency and capacity gain to 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

Lahore
August 26, 2015



Arif Habib
Chairman

Condensed Interim Financial Statements
Fatima Fertilizer Company Limited
For the six months ended June 30, 2015

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, 2015, 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, 2015 and June 30, 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2015.

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, 2015 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: Rana M Usman Khan

August 26, 2015

Lahore

Condensed Interim Balance Sheet

As at June 30, 2015

	Note	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,500,000,000 (December 31, 2014: 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, 2014: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Post retirement benefit obligation reserve		(23,311)	(23,311)
Unappropriated profit		15,043,307	13,990,335
		37,809,996	36,757,024
NON CURRENT LIABILITIES			
Long term finances	4	14,925,287	17,335,003
Deferred liabilities	5	14,565,005	14,421,189
		29,490,292	31,756,192
CURRENT LIABILITIES			
Trade and other payables		6,381,551	7,373,905
Accrued finance cost		186,251	258,931
Short term finances - secured	6	4,272,604	599,575
Current maturity of long term finance		6,816,076	6,375,336
		17,656,482	14,607,747
CONTINGENCIES & COMMITMENTS	7		
		84,956,770	83,120,963

The annexed explanatory notes from 1 to 23 form an integral part of this condensed interim financial information.



Chief Executive

	Note	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	69,862,293	68,823,170
Intangible assets	9	35,753	30,083
		69,898,046	68,853,253
Long term investments		85,806	85,806
Long term advances and deposits	10	817,182	13,280
		70,801,034	68,952,339
CURRENT ASSETS			
Stores and spares	11	4,799,272	4,090,265
Stock in trade	12	3,076,440	2,681,206
Trade debts		471,689	448,314
Short term loan to associated companies	13	3,090,000	3,000,000
Loans, advances, deposits, prepayments and other receivables		2,214,486	3,000,032
Cash and bank balances		503,849	948,807
		14,155,736	14,168,624
		84,956,770	83,120,963



Director

Condensed Interim Profit and Loss Account (Un Audited)

For the six months ended June 30, 2015

Note	Three months ended		Six months ended		
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	
(Rupees in thousand)					
Sales	14	9,625,573	8,240,426	18,799,906	15,606,433
Cost of sales	15	(3,560,284)	(3,714,675)	(7,390,174)	(6,844,316)
 Gross profit		6,065,289	4,525,751	11,409,732	8,762,117
Distribution cost		(349,035)	(298,871)	(712,712)	(628,294)
Administrative expenses		(398,529)	(356,331)	(884,928)	(657,074)
		5,317,725	3,870,549	9,812,092	7,476,749
Finance cost	16	(607,052)	(1,054,074)	(1,270,010)	(2,028,325)
Other operating expenses		(338,353)	(196,310)	(628,320)	(414,254)
		4,372,320	2,620,165	7,913,762	5,034,170
Other income		168,485	95,181	356,969	190,221
 Profit before tax		4,540,805	2,715,346	8,270,731	5,224,391
Taxation	17				
Current		(1,301,023)	(815,563)	(1,318,768)	(888,146)
Deferred					
-For the period		(39,531)	(132,447)	(1,337,349)	(936,359)
-Prior year		1,213,358	-	1,213,358	-
		1,173,827	(132,447)	(123,991)	(936,359)
		(127,196)	(948,010)	(1,442,759)	(1,824,505)
 Profit for the period		4,413,609	1,767,336	6,827,972	3,399,886
 Earnings per share					
- basic and diluted (Rupees)	18	2.10	0.84	3.25	1.62

The annexed explanatory notes from 1 to 23 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income (Un Audited)

For the six months ended June 30, 2015

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousand)			
Profit for the period	4,413,609	1,767,336	6,827,972	3,399,886
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	4,413,609	1,767,336	6,827,972	3,399,886

The annexed explanatory notes from 1 to 23 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

For the six months ended June 30, 2015

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Un appropriated profit	Total
(Rupees in thousand)					
Balance as at December 31, 2013 (Audited)	21,000,000	1,790,000	(13,581)	9,982,539	32,758,958
Profit for the period	-	-	-	3,399,886	3,399,886
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	3,399,886	3,399,886
Transactions with owners:					
Final dividend for the year ended December 31, 2013 @ Rs 2.5 per share	-	-	-	(5,250,000)	(5,250,000)
Balance as at June 30, 2014 (Un audited)	21,000,000	1,790,000	(13,581)	8,132,425	30,908,844
Balance as at December 31, 2014 (Audited)	21,000,000	1,790,000	(23,311)	13,990,335	36,757,024
Profit for the period	-	-	-	6,827,972	6,827,972
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	6,827,972	6,827,972
Transactions with owners:					
Final dividend for the year ended December 31, 2014 @ Rs 2.75 per share	-	-	-	(5,775,000)	(5,775,000)
Balance as at June 30, 2015 (Un audited)	21,000,000	1,790,000	(23,311)	15,043,307	37,809,996

The annexed explanatory notes from 1 to 23 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un Audited)

For the six months ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	19	7,560,532	6,835,773
Finance cost paid		(1,385,552)	(2,031,729)
Taxes paid		(249,621)	(205,412)
Employee retirement benefits paid		(11,221)	(2,364)
Net cash from operating activities		5,914,138	4,596,268
Cash flows from investing activities			
Additions in property, plant and equipment		(1,803,533)	(2,045,224)
Additions in intangible assets		(14,669)	–
Short term loan to associated companies		(90,000)	–
Proceeds from disposal of property plant and equipment		106	182
Net increase in long term loans and deposits		(803,902)	(2,523)
Profit received on short term loan and saving accounts		232,933	5,224
Net cash used in investing activities		(2,479,065)	(2,042,341)
Cash flows from financing activities			
Repayment of long term finances		(3,087,574)	(2,787,614)
Proceeds from long term finances		1,118,598	–
Dividend paid		(5,584,084)	(1,901,677)
Increase in short term finances - net		3,673,029	2,251,521
Net cash used in financing activities		(3,880,031)	(2,437,770)
Net (decrease) / increase in cash and cash equivalents		(444,958)	116,157
Cash and cash equivalents at the beginning of the period		948,807	238,294
Cash and cash equivalents at the end of the period		503,849	354,451

The annexed explanatory notes from 1 to 23 form an integral part of this condensed interim financial information.



Chief Executive



Director

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

For the six months ended June 30, 2015

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 Karachi, Lahore and Islamabad Stock Exchanges on March 08, 2010.

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.

2. Basis of preparation

- 2.1 This condensed interim financial information of the Company for the half year ended June 30, 2015 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014. Comparative condensed interim balance sheet is extracted from the annual audited financial statements for the year ended December 31, 2014 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 stated from unaudited condensed interim financial information for the half year ended June 30, 2014.
- 2.3 This condensed interim financial information is 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 the annual financial statements of the company for the year ended December 31, 2014.

	Note	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)			
4. Long term finances			
Secured loans from banking companies / financial institutions	4.1	21,741,363	23,710,339
Less: Current portion shown under current liabilities		6,816,076	6,375,336
		14,925,287	17,335,003
4.1 Movement of long term finances - from Banking Companies / Financial Institutions			
Opening balance		23,710,339	28,585,528
Finance availed during the period	4.2	1,118,598	1,000,000
		24,828,937	29,585,528
Less: repayments during the period	4.3	3,087,574	5,875,189
		21,741,363	23,710,339

4.2 During the period, the Company has availed financing of USD 11.0 million out of total approved ECA Financing Facility of USD 22.0 million from Standard Chartered Bank (UK) for the purpose of purchase of Waste Gas Boiler and Purifier with Expander for DBN project of Ammonia.

This loan is repayable in twenty one equal quarterly installments starting from June 2016 with one year grace period.

4.3 The installments of Rs 1,592.642 million falling due on Senior Facility, Rs 800 million on Syndicated Term Finance Agreement - I (STFA - I) and Rs 694.931 million Syndicated Term Finance Agreement - II (STFA - II) were paid during the period.

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

For the six months ended June 30, 2015

	Note	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)			
5. Deferred liabilities			
Deferred taxation	5.1	14,279,834	14,155,843
Employee retirement benefits	5.2	285,171	265,346
		14,565,005	14,421,189
5.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		14,316,414	15,341,978
Deductible temporary difference:			
Carry forward tax depreciation losses		–	(1,145,633)
Provision for retirement benefits		(25,103)	(27,949)
Remeasurement of defined benefit obligation		(11,477)	(12,553)
		(36,580)	(1,186,135)
		14,279,834	14,155,843
5.2 Employee retirement benefits			
Gratuity		206,724	185,493
Accumulating compensated absences		78,447	79,853
		285,171	265,346

6. 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 and lien on shipping documents.

These facilities carry markup ranging from 7.34% to 10.90% (December 31, 2014: 10.14% to 11.69%) per annum for Running Finance and Cash Finance and 2.20% to 4.32% (December 31, 2014: 3.83% to 4.32%) per annum for Finance against Imported Merchandise.

7. Contingencies and commitments

7.1 Contingencies

As at June 30, 2015, 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, 2014, except in the following:

- (i) Out of the five cases, in which the Company had preferred appeals in Custom Appellate Tribunal, Lahore, the following three have been remanded back to concerned collectorate for re-hearing the case:
 - Collector of Customs (Adjudication), Lahore, for irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. Demand raised Rs 495.900 million.
 - Collector of Customs (Adjudication), Faisalabad, for irregular claim of exemptions under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.957 million.
 - Collector of Customs (Adjudication), Faisalabad, for irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.604 million.
- (ii) The Company has preferred appeals in Appellate Tribunal Inland Revenue, Lahore, against the following orders passed by:
 - Deputy Commissioner Inland Revenue, Multan, alleging that the Company has short paid sales tax by suppression of production. Total demand raised is Rs 628 million. Earlier appeal filed with Commissioner Inland Revenue (Appeals), Multan did not succeed.
 - Additional Commissioner Inland Revenue, Multan, alleging that the Company has not paid Sales tax on retail price on supplies of CAN & NP. Total demand raised is Rs 88.5 million. Earlier appeal filed with Commissioner Inland Revenue (Appeals), Multan, did not succeed.

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

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

For the six months ended June 30, 2015

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 2,081.444 million (December 31, 2014: Rs 2,738.060 million).
- (ii) Contracts for other than capital expenditure Rs 1,018.188 million (December 31, 2014: Rs 291.278 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, 2015	Audited December 31, 2014
(Rupees in thousand)			
Not later than one year		137,274	144,379
Later than one year but not later than five years		137,684	134,932
		274,958	279,311

8. Property, plant and equipment

Operating fixed assets- tangible	8.1	65,537,696	65,945,226
Capital work in progress	8.2	4,324,597	2,877,944
		69,862,293	68,823,170

8.1 Movement of operating fixed assets - tangible

Opening book value		65,945,226	65,695,395
Add: additions during the period	8.1.1	399,743	1,826,596
Less: book value of disposals during the period		28	255
		66,344,941	67,521,736
Less: depreciation charged during the period		807,245	1,576,510
Closing book value		65,537,696	65,945,226

Un audited
June 30, 2015 Audited
December 31, 2014
(Rupees in thousand)

8.1.1 Additions during the period

Building	133,109	332,568
Plant and machinery	149,912	1,327,853
Furniture and fixtures	2,164	14,490
Office equipment	3,214	6,468
Electric installations and appliances	68,082	76,467
Computers	12,534	27,828
Vehicles	30,728	40,922
	399,743	1,826,596

8.2 Capital work in progress

Civil works	477,198	408,165
Plant and machinery	1,824,028	1,398,503
Advances		
Freehold land	159,758	1,711
Civil works	13,391	8,772
Plant and machinery	1,550,222	760,793
Other advances	300,000	300,000
	2,023,371	1,071,276
	4,324,597	2,877,944

8.2.2 Movement of capital work in progress

Opening balance	2,877,944	1,892,621
Addition during the period	1,624,555	2,078,572
	4,502,499	3,971,193
Less: capitalization during the period	177,902	1,093,249
Closing balance	4,324,597	2,877,944

9. Intangible assets

Opening book value	30,083	42,726
Add: additions during the period	14,669	2,210
	44,752	44,936
Less: amortization charged during the period	8,999	14,853
Closing book value	35,753	30,083

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

For the six months ended June 30, 2015

	Note	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)			
10. Long term advances and deposits			
Advances	10.1	800,000	–
Deposits		17,182	13,280
		817,182	13,280

10.1 During the period, the Company has paid Rs 800 million to Dawood Hercules Corporation Limited (DHCL) for acquisition of 100 million shares (comprising 100% of the issued, subscribed and paidup Capital) of DH Fertilizers Limited (DHFL). The price of 100% shares of DHFL has been valued at approximately Rs 2 Billion which is the differential between the agreed enterprise value of DHFL (Rs 6.6 Billion) and the total long term loans (approximately Rs 4.6 Billion). For the remaining amount of Rs 1.2 Billion, the Company has provided a bank guarantee with maturity on February 01, 2016.

The Company has entered into another agreement with DHCL for 1,000 shares of Bubber Sher (Pvt) Limited (BSPL) comprising 100% of the issued, subscribed and paidup Capital against purchase price of Rs 10,000.

The management control of DH Fertilizers Limited and Bubber Sher (Pvt) Limited has been transferred to the Company on July 01, 2015.

	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)		
11. Stores and spares		
Stores	259,463	219,231
Spares	3,730,552	2,979,853
Catalyst and chemicals	809,257	891,181
	4,799,272	4,090,265

	Note	Un audited June 30, 2015	Audited December 31, 2014
(Rupees in thousand)			
12. Stock in trade			
Raw material {including in-transit Rs 1,012.2 million (December 31, 2014: Rs 1,203.2 million)}		1,797,335	2,311,637
Packing material		16,981	464
Mid Products			
Ammonia		21,090	20,279
Nitric Acid		13,692	3,161
Others		426	345
		35,208	23,785
Finished goods			
Urea		109,788	15,509
NP		800,939	179,668
CAN		281,264	144,668
Emission reductions		34,925	5,475
		1,226,916	345,320
		3,076,440	2,681,206
13. Short term loan to associated companies			
Pakarab Fertilizers Limited	13.1	3,000,000	3,000,000
Reliance Commodities (Pvt) Limited	13.2	90,000	–
		3,090,000	3,000,000

13.1 In the Annual General Meeting of the Company held on April 30, 2015 it was approved through a special resolution to extend the repayment period of loan for one year and change the nature of the short term loan into a renewable limit to be repaid within 30 days of the notice of demand.

13.2 During the period the Company has disbursed Rs 90 million to Reliance Commodities (Pvt) Ltd. (RCL), an associated company out of total short term loan of Rs 500 million approved in Annual General Meeting of the shareholders held on April 30, 2015.

The loan carries markup at the rate of 6 months KIBOR plus 2.12% and is fully secured against ranking charge on all present and future current assets of RCL.

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

For the six months ended June 30, 2015

14. Sales

Sales are exclusive of sales tax and trade allowances of Rs 3,262.343 million and Rs 64.206 million (June 30, 2014: Rs 2,742 million and Rs 39.279 million) respectively.

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousand)			
15. Cost of sales				
Raw material consumed	1,725,648	1,294,506	3,551,943	2,741,230
Packing material consumed	176,783	172,774	392,914	364,014
Salaries, wages and other benefits	366,508	409,014	824,063	692,480
Fuel and power	984,146	641,442	1,830,726	1,367,009
Chemicals and catalyst consumed	116,611	99,540	231,451	194,865
Stores and spares consumed	195,591	436,368	367,224	637,257
Technical assistance	17,674	17,402	30,363	23,104
Repair and maintenance	39,432	102,099	68,191	129,596
Insurance	62,647	102,252	133,905	202,804
Travelling and conveyance	32,326	13,722	51,985	21,829
Equipment rental	5,522	31,778	7,161	33,082
Vehicle running and maintenance	7,074	6,649	13,518	14,666
Depreciation	378,435	370,734	755,915	737,776
Others	12,951	22,133	23,834	31,391
Manufacturing cost	4,121,348	3,720,413	8,283,193	7,191,103
Opening stock of mid-products	34,687	26,390	23,785	26,228
Closing stock of mid-products	(35,208)	(29,508)	(35,208)	(29,508)
Cost of goods manufactured	4,120,827	3,717,295	8,271,770	7,187,823
Opening stock of finished goods	666,373	515,032	345,320	174,145
Closing stock of finished goods	(1,226,916)	(517,652)	(1,226,916)	(517,652)
	3,560,284	3,714,675	7,390,174	6,844,316
16. Finance cost				
Markup on long term finances	562,032	743,413	1,209,795	1,612,077
Markup on short term finances	32,191	142,727	38,886	236,296
Interest on Worker Profit Participation Fund	–	49,592	–	50,229
Bank charges and others	12,829	118,342	21,329	129,723
	607,052	1,054,074	1,270,010	2,028,325

17. Taxation

Provision for deferred tax for the period ended June 30, 2015 reflects the impact of recent reduction in Corporate Tax announced in the Finance Act, 2015.

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousand)			
18. Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders	4,413,609	1,767,336	6,827,972	3,399,886
	(Number of shares)			
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.10	0.84	3.25	1.62

	Six months ended	
	June 30, 2015	June 30, 2014
	(Rupees in thousand)	
19. Cash generated from operations		
Profit before tax	8,270,731	5,224,391
Adjustments for :		
Depreciation on property, plant and equipment	807,244	779,653
Amortization of intangible assets	8,999	7,304
Finance cost	1,270,010	2,028,325
Provision for staff retirement benefits	31,046	34,102
Markup on short term loan to associated company	(192,325)	(181,947)
Markup on saving accounts	(29,384)	(5,025)
Gain on disposal of property plant and equipment	(78)	(14)
	1,895,512	2,662,398
Operating cash flows before working capital changes	10,166,243	7,886,789
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	(709,007)	151,102
Stock in trade	(395,234)	(666,579)
Trade debts	(23,375)	(132,877)
Loans, advances, deposits, prepayments and other receivables	(294,825)	(13,306)
Decrease in creditors, accrued and other liabilities	(1,183,270)	(389,356)
	(2,605,711)	(1,051,016)
	7,560,532	6,835,773

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

For the six months ended June 30, 2015

20. Financial instruments

The carrying amount of financial assets and financial liabilities as at June 30, 2015 and as at December 31, 2014 approximates their fair values.

21. Transactions with related parties

The related parties comprise of 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:

		Six months Ended	
		June 30, 2015	June 30, 2014
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Associated companies	Short Term Loan	90,000	–
	Toll manufacturing	770,845	340,999
	Miscellaneous expenses	75,161	75,520
	Sale of product	2,031	–
	Purchase of packing material	455,418	383,758
	Other income	192,325	181,947
	Stores and spares	–	5,685
Directors and key management personnel	Remuneration including benefits and perquisites	102,761	98,140
Retirement benefit plans	Retirement benefit expense	51,856	51,920

22. Date of Authorization of Issue

These financial statements have been authorized for issue on August 26, 2015 by the Board of Directors of the Company.

23. General

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



Chief Executive



Director



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