

# HALF YEARLY REPORT 2018



**ADDING VALUE**



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# Company Information

## Board of Directors

Mr. Arif Habib

*Chairman*

Mr. Fawad Ahmed Mukhtar

*Chief Executive Officer*

Mr. Fazal Ahmed Sheikh

*Director*

Mr. Faisal Ahmed Mukhtar

*Director*

Mr. M. Abad Khan

*Director*

Mr. Muhammad Kashif Habib

*Director*

Ms. Anja E. Nielsen

*Independent Director*

Mr. Tariq Jamali

*Nominee Director - NBP*

## Director Finance & 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. Rehman Hanif

*Plant Manager*

Ms. Sadia Irfan

*Director HR*

Mr. Iftikhar Mahmood Baig

*Director Business Development*

Mr. Ahsen-ud-Din

*Director Technology Division*

Sardar Naufil Mahmud

*Chief Information Officer*

Mr. Salman Ahmad

*Head of Internal Audit*

Mr. Aftab Khan

*Chief Supply Chain Officer*

Mr. Faisal Jamal

*Corporate HSE Manager*

## Audit Committee Members

Mr. Muhammad Kashif Habib

*Chairman*

Ms. Anja E. 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 E. 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

M/s. Deloitte Yousuf Adil  
Chartered Accountants, Lahore  
(A member firm of Deloitte Touche  
Tohmatsu Limited)  
134-A, Abu Bakar Block, New Garden  
Town, Lahore  
Tel: +92 42 3591 3595-7  
+92 42 3544 0520  
Fax: +92 42 3544 0521  
Web: www.deloitte.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 Shahra-e-Faisal,  
Karachi-74400  
Tel: Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 3432 6053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Bank Islami 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  
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: +92 42 3662 1389

### Plant Site

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

# Directors' Report

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## Dear Shareholders,

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, we are pleased to present the un-audited financial statements of the Company along with the Auditor's Review Report for the six months ended June 30, 2018 along with brief overview of operational and financial performance of the Company.

## Market Overview - Global

### Nitrogen

Urea prices remained firm as demand remained strong from India, Latin American and south Asia and supply was depressed as China remained away from exports and stricter sanctions on Iran kept it from selling freely. The trend is expected to continue for remainder of the year as Brazil, India and Europe are expected to step-up buying.

### Phosphates

Due to increasing demand and high raw material prices the global prices of phosphates remained strong during the period. Favourable monsoon and increase in government subsidies in India further augmented the strong demand in east of Suez especially India and Pakistan.

Global supply of phosphates in the first six months of the year remained stable despite the crack down on environmental pollution by the Chinese government that has forced producers to operate plants at low capacities. Supply from Russian and Saudi producers has been constant and suppliers have been focusing on regions with higher netbacks, like the South Asian subcontinent and Latin America.

## Market Overview - Pakistan

Continued gas curtailment for SNGPL network based fertilizer plants has resulted in 9% decline in Urea production during the first half of year 2018 compared to same period last year. Demand however, has remained strong at 2.7 Million Tons. This is expected to create short supply situation in the market which needs to be addressed immediately otherwise the government will be forced to bridge the demand-supply gap through very expensive imports, which will negatively impact the already depleted foreign exchange reserves of the Country and require considerable cash subsidy to provide Urea to the farmer at affordable prices.

Increasing trend of Phosphate prices pushed up production/import and offtake of DAP by 31% and 14% respectively over comparative six months period of year 2017. Total NP offtake in the market declined by 33% compared to first half 2017 due to non-availability of the product from one SNGPL network based plant that remained closed due to non-availability of gas at viable price.

## Company Performance

One of the goals of your Company is to add value to the community we live in by enriching our soils and to become advocates for empowerment and hope for our farming community. We are celebrating the year 2018 as the “Year of the Crop Champion Farmers” as we relish the success of our champion farmers who obtained remarkable yield growth by their effort, determination, hard work and belief in the Sarsabz brand promise of giving 10% additional yield against conventional fertilizers.

As Sarsabz is becoming the brand of choice for progressive farmers throughout Pakistan, we continue to get a strong foothold in the market. This year, the Company achieved its highest ever sales volume in the first six months of a year. Overall sale volume was 11% higher than the previous best - achieved last year.

Urea and NP achieved 26% and 10% volume growth respectively compared to corresponding six-months period of last year. However, sales of CAN witnessed a nominal decline of 2%.

Sales Volume		
Products	Jan to Jun - 2018	Jan to Jun - 2017
	("000" Tons)	
Urea	306	243
CAN	280	285
NP	208	189
Total	794	717

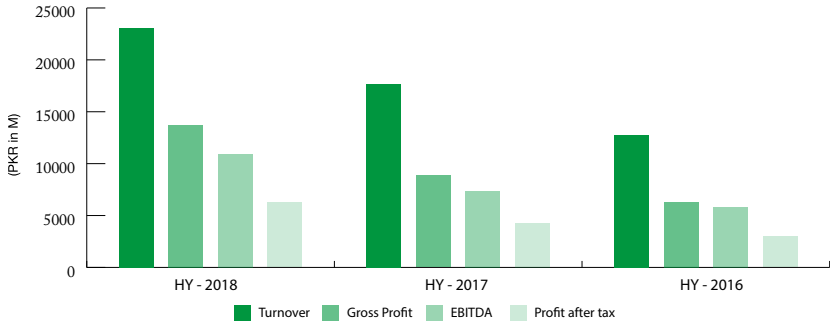
Plants performance remained strong throughout the period. With concerted team effort, NP & CAN consistently operated above name plate capacities. Overall production volume was 16% higher than the comparative six-months period last year, where the plant remained shut-down for 27 days for Turnaround.

Production Volume		
Products	Jan to Jun - 2018	Jan to Jun - 2017
	("000" Tons)	
Ammonia	284	246
Nitric Acid	252	227
Urea	234	207
CAN	237	209
NP	203	164

With improving market dynamics, fertilizer prices continued to stabilize. Resultantly, on the back of 11% increase in sale volumes, your Company has achieved 31% growth in sales revenue. Efficient resource utilization and improved plant efficiencies translated in growth in Gross Profit as it improved by 55% over last year comparable period. The total revenue generated amounted to PKR 23.1 Billion against PKR 17.7 Billion last year while, Gross Profit margin for the period amounted to PKR 13.7 Billion against PKR 8.8 Billion for the same period last year.

Resultantly, the Company has posted Profit Before Tax of PKR 9.3 Billion and After Tax Profit of PKR 6.3 Billion - higher by 73% and 48% respectively compared to PKR 5.4 Billion and PKR 4.3 Billion posted for comparative period last year. Company's earnings per share (EPS) stood at PKR 3.02 against PKR 2.04 in the corresponding period last year.

### Financial Performance



Fatima Plant Site has achieved combined 44.65 Million safe man-hours by June 30, 2018. Overall HSE performance remained excellent with Zero recordable injury in the review period. Compliance of stringent HSE systems in line with DuPont Process Safety Management (PSM) model and OSHA's guidelines remained intact. Excellent HSE performance of your Company has been acknowledged through British Safety Council's International Safety Award and ROSPA Gold Award won consecutively for last three years.

### Consolidated Financial Results

Due to non-availability of gas at viable rates, Fatimafert (FF) had to remain shut down during the period. As demand for the fertilizer remains strong, continuous shut down of three fertilizer plants operating on SNGPL network will surely create shortage of local product in the market. To avoid damaging impacts on agriculture sector, the Government must create an enabling environment to enable indigenous plants to manufacture and supply much needed local fertilizers to our farmers.

Summary of consolidated financial results at the end of June 30, 2018 is as follows:

	PKR in Million
Sales	23,631
Gross Profit	13,317
Profit Before Tax	8,493
Profit After Tax	5,699



## Future Outlook

With a number of capacity building projects at hand, your Company remains poised to keep striving to become the value champion for its stakeholders.

We expect the newly elected Government to fulfil its promise of promulgating farm friendly policies as agriculture is and will remain the backbone of our economy. With continued availability of fertilizer in the market we expect that the momentum in sales will continue and the Company will achieve its aggressive sales targets.

While capitalizing on its strong financial and liquidity position, your Company is continuously working on various initiatives to have additional sources of income from within and outside fertilizer sector. Some of these initiatives are expected to be finalized soon that will lead to incremental values for the stakeholders of the Company in the coming years.

## Acknowledgements

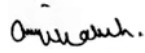
The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business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

### For and on behalf of the Board

Lahore  
August 27, 2018



Fawad Ahmed Mukhtar  
Chief Executive Officer



Arif Habib  
Chairman





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

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for the six months ended June 30, 2018



# Auditors' Report to the Members on Review of

Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fatima Fertilizer Company Limited ("the Company") as at June 30, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss account for the three-months period ended June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2018.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

*Deloitte Young Audit*  
**Chartered Accountants**

Lahore

Date: August 27, 2018

# Condensed Interim Statement of Financial Position

As at June 30, 2018

	Note	Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,500,000,000 (December 31, 2017: 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, 2017: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	34,352,952	32,741,792
		55,352,952	53,741,792
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	8,152,457	10,774,286
Deferred liabilities	6	16,076,237	15,763,775
Long term deposits		46,650	51,269
		24,275,344	26,589,330
<b>CURRENT LIABILITIES</b>			
Trade and other payables		16,015,681	11,459,546
Accrued finance cost		101,061	167,823
Short term finances - secured	7	2,934,677	1,725,938
Current maturity of long term finances	5	5,587,395	5,652,048
		24,638,814	19,005,355
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8		
		104,267,110	99,336,477

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

	Note	Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	74,203,409	72,989,957
Intangible assets	10	32,047	38,196
		74,235,456	73,028,153
Long term investments		2,240,359	2,238,400
Long term loan to associated company		2,499,000	2,999,000
Long term deposits		199,969	114,217
		79,174,784	78,379,770
<b>CURRENT ASSETS</b>			
Stores and spares	11	5,046,214	4,745,061
Stock in trade	12	3,718,707	3,813,626
Trade debts		2,243,385	1,796,351
Short term loans		6,911,888	3,966,888
Advances, deposits, prepayments and other receivables		6,327,746	5,626,723
Short term investment - available for sale		197,342	198,113
Cash and bank balances		647,044	809,945
		25,092,326	20,956,707
		104,267,110	99,336,477



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Un Audited)

For the six months ended June 30, 2018

	Note	Three months ended		Six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
(Rupees in thousand)					
Sales	13	11,712,625	9,433,046	23,101,222	17,691,739
Cost of sales	14	(4,787,734)	(5,084,552)	(9,342,500)	(8,835,119)
<b>Gross profit</b>		6,924,891	4,348,494	13,758,722	8,856,620
Distribution cost		(1,008,302)	(797,318)	(2,350,566)	(1,517,571)
Administrative expenses		(389,501)	(462,012)	(1,015,092)	(830,071)
		5,527,088	3,089,164	10,393,064	6,508,978
Finance cost	15	(316,809)	(551,747)	(640,284)	(1,049,038)
Other operating expenses		(436,914)	(156,783)	(794,294)	(347,739)
		4,773,365	2,380,634	8,958,486	5,112,201
Other income		200,170	84,700	353,922	258,986
<b>Profit before tax</b>		4,973,535	2,465,334	9,312,408	5,371,187
Taxation		(1,523,935)	(447,971)	(2,975,736)	(1,080,198)
<b>Profit for the period</b>		3,449,600	2,017,363	6,336,672	4,290,989
<b>Earnings per share</b>					
- basic and diluted (Rupees)	17	1.64	0.96	3.02	2.04

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



Chief Executive Officer



Director



Chief Financial Officer



# Condensed Interim Statement of Comprehensive Income (Un Audited)

For the six months ended June 30, 2018

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
Profit for the period	3,449,600	2,017,363	6,336,672	4,290,989
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Deficit on remeasurement of investments classified as available for sale	(731)	–	(731)	–
Related tax thereon	219	–	219	–
Other comprehensive income	(512)	–	(512)	–
<b>Total comprehensive income for the period</b>	<b>3,449,088</b>	<b>2,017,363</b>	<b>6,336,160</b>	<b>4,290,989</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

For the six months ended June 30, 2018

	Ordinary share capital	Share premium	Unappropriated profit	Post retirement benefit obligation reserve	Surplus/ (deficit) on remeasurement of investment available for sale	Total
(Rupees in thousand)						
Balance at December 31, 2016 (Audited)	21,000,000	1,790,000	24,626,089	(42,418)	345	47,374,016
Profit for the period	-	-	4,290,989	-	-	4,290,989
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	4,290,989	-	-	4,290,989
Transactions with owners:						
- Final dividend for the year ended December 31, 2016 @ Rs 2 per share	-	-	(4,200,000)	-	-	(4,200,000)
<b>Balance at June 30, 2017 (Un audited)</b>	<b>21,000,000</b>	<b>1,790,000</b>	<b>24,717,078</b>	<b>(42,418)</b>	<b>345</b>	<b>47,465,005</b>
Balance at December 31, 2017 (Audited)	21,000,000	1,790,000	31,002,102	(49,073)	(1,237)	53,741,792
Profit for the period	-	-	6,336,672	-	-	6,336,672
Other comprehensive income	-	-	-	-	(512)	(512)
Total comprehensive income	-	-	6,336,672	-	(512)	6,336,160
Transactions with owners:						
- Final dividend for the year ended December 31, 2017 @ Rs 2.25 per share	-	-	(4,725,000)	-	-	(4,725,000)
<b>Balance at June 30, 2018 (Un audited)</b>	<b>21,000,000</b>	<b>1,790,000</b>	<b>32,613,774</b>	<b>(49,073)</b>	<b>(1,749)</b>	<b>55,352,952</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Un Audited)

For the six months ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	12,855,884	4,801,197
Net increase in long term deposits		(4,619)	6,571
Finance cost paid		(707,046)	(1,104,345)
Taxes paid		(1,092,850)	(494,858)
Employee retirement benefits paid		(17,813)	(33,398)
<b>Net cash from operating activities</b>		<b>11,033,556</b>	<b>3,175,167</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(2,166,346)	(894,772)
Additions in intangible assets		(627)	(258)
Long term investment		(1,959)	-
Short term loans to associated companies - net		(2,945,000)	(284,000)
Proceeds from disposal of property plant and equipment		545	2,022
Net increase in long term deposits		(85,753)	(7,160)
Proceeds from short term investment		40	40
Profit received on short term loan and saving accounts		274,045	239,725
<b>Net cash used in investing activities</b>		<b>(4,925,055)</b>	<b>(944,403)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(2,837,422)	(2,755,661)
Dividend paid		(4,642,719)	(4,191,803)
Refund of over-subscribed Sukuk		-	(8,092,675)
Increase in short term finance - net		1,208,739	2,134,746
<b>Net cash used in financing activities</b>		<b>(6,271,402)</b>	<b>(12,905,393)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(162,901)</b>	<b>(10,674,629)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>809,945</b>	<b>11,099,884</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>647,044</b>	<b>425,255</b>

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



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months ended June 30, 2018

## 1. Legal Status and nature of business

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

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

These condensed interim financial statements are the separate financial statements of the Company in which investments in subsidiary company and associates are accounted for on the basis of actual cost incurred to acquire subsidiaries or associates 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 six months ended June 30, 2018 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 Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 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, 2017. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2017 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from an audited condensed interim financial statements for the six months ended June 30, 2017.
- 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, 2017.

	Note	Un audited June 30, 2018	Audited December 31, 2017
(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		32,613,774	31,002,102
Post retirement benefit obligation reserve		(49,073)	(49,073)
Deficit on remeasurement of investment - available for sale		(1,749)	(1,237)
		<b>34,352,952</b>	<b>32,741,792</b>
<b>5. Long term finances</b>			
Rated, listed and secured Ijarah Sukuk Certificates		7,350,000	8,400,000
Secured loans from banking companies/ financial institutions		6,389,852	8,026,334
		<b>13,739,852</b>	<b>16,426,334</b>
Less: Current portion		5,587,395	5,652,048
		<b>8,152,457</b>	<b>10,774,286</b>
<b>5.1 Movement of long term finances</b>			
Opening balance		16,426,334	21,860,759
Repayments		(2,837,422)	(5,518,025)
Exchange loss on translation of foreign currency loan		150,940	83,600
Closing Balance		<b>13,739,852</b>	<b>16,426,334</b>
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	15,524,390	15,246,794
Employee retirement benefits	6.2	551,847	516,981
		<b>16,076,237</b>	<b>15,763,775</b>

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

For the six months ended June 30, 2018

### 6.1 Deferred taxation

June 30, 2018 (Un audited)				
At December 31, 2017	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At June 30, 2018	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,319,359	277,699	–	15,597,058
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(50,541)	116	–	(50,425)
Remeasurement of short term Investment - Available for sale	(530)	–	(219)	(749)
Remeasurement of defined benefit obligation	(21,494)	–	–	(21,494)
	(72,565)	116	(219)	(72,668)
	15,246,794	277,815	(219)	15,524,390

December 31, 2017 (Audited)				
At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At December 31, 2017	
(Rupees in thousand)				
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,279,998	39,361	–	15,319,359
Remeasurement of short term Investment - Available for Sale	155	–	(685)	(530)
	15,280,153	39,361	(685)	15,318,829
<b>Deferred tax asset:</b>				
Provision for retirement benefits	(34,528)	(16,013)	–	(50,541)
Remeasurement of defined benefit obligation	(19,541)	–	(1,953)	(21,494)
	(54,069)	(16,013)	(1,953)	(72,035)
	15,226,084	23,348	(2,638)	15,246,794

Un audited  
June 30, 2018                      Audited  
December 31, 2017  
(Rupees in thousand)

<b>6.2 Employee retirement benefits</b>	Un audited June 30, 2018	Audited December 31, 2017
Gratuity	378,817	348,551
Accumulating compensated absences	173,030	168,430
	<b>551,847</b>	<b>516,981</b>

## 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 Finance 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.

The facilities carry mark up ranging from 5.78% to 7.92% (December 31, 2017: 5.78% to 7.29%) per annum for Running Finance and 6.81% to 7.25% (December 31, 2017: 6.34% to 7.28%) per annum for Cash Finance.

## 8. Contingencies and commitments:

### 8.1 Contingencies

As at June 30, 2018, 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, 2017.

Un audited  
June 30, 2018                      Audited  
December 31, 2017  
(Rupees in thousand)

<b>8.2 Commitments in respect of:</b>	Un audited June 30, 2018	Audited December 31, 2017
(i) Contracts for capital expenditure	1,685,464	1,130,885
(ii) Contracts for other than capital expenditure	664,110	828,532
(iii) The amount of future payments under non-cancellable operating leases:		
Not later than one year	246,138	294,355
Later than one year but not later than five years	216,002	243,516
	<b>462,140</b>	<b>537,871</b>

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

For the six months ended June 30, 2018

		Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>9. Property, plant and equipment</b>			
Operating fixed assets- tangible	9.1	71,455,308	70,142,753
Capital work in progress	9.2	2,748,101	2,847,204
		<b>74,203,409</b>	<b>72,989,957</b>
<b>9.1 Movement of operating fixed assets- tangible</b>			
Opening book value		70,142,753	70,493,773
Add: additions during the period	9.1.1	2,265,449	1,477,699
Less: book value of disposals during the period		–	856
		<b>72,408,202</b>	<b>71,970,616</b>
Less: depreciation charged during the period		952,894	1,827,863
Closing book value		<b>71,455,308</b>	<b>70,142,753</b>
<b>9.1.1 Additions during the period</b>			
Freehold land		–	5,259
Building on freehold land		–	501,713
Building on leasehold land		30,445	–
Plant and machinery		570,398	817,077
Air craft		1,567,285	–
Furniture and fixtures		6,032	4,602
Office equipment		3,043	6,429
Electric installations and appliances		30,191	88,375
Computers		30,024	34,818
Vehicles		28,031	19,426
		<b>2,265,449</b>	<b>1,477,699</b>
<b>9.2 Capital work in progress</b>			
Civil works		368,932	271,528
Plant and machinery		1,307,582	1,509,257
Capital stores		281,955	341,212
Advances :			
- Freehold land		187,879	158,958
- Civil works		14,851	6,143
- Plant and machinery		286,902	260,106
- Other advances		300,000	300,000
		<b>789,632</b>	<b>725,207</b>
		<b>2,748,101</b>	<b>2,847,204</b>



Un audited  
June 30, 2018      Audited  
December 31, 2017

(Rupees in thousand)

**9.2.1 Movement of capital work in progress**

Opening balance	2,847,204	2,447,601
Additions during the period	401,358	1,538,614
	3,248,562	3,986,215
Less: Capitalization during the period	500,461	1,139,011
Closing balance	2,748,101	2,847,204

**10. Intangible assets**

Opening book value	38,196	17,909
Add: additions during the period	627	29,383
	38,823	47,292
Less: amortization charged during the period	6,776	9,096
Closing book value	32,047	38,196

**11. Stores and spares**

Stores	209,565	218,082
Spares	3,642,511	3,578,721
Catalyst and chemicals	1,194,138	948,258
	5,046,214	4,745,061

**12. Stock in trade**

Raw material {including in transit Rs 1,065.556 million (December 31, 2017: Rs 376.952 million)}	2,103,836	1,348,958
Packing material	22,182	3,543
<b>Mid Products</b>		
Ammonia	22,359	6,362
Nitric Acid	8,498	3,360
Others	352	394
	31,209	10,116
<b>Finished goods</b>		
Urea	551,690	1,212,219
NP	517,641	538,127
CAN	413,651	631,772
Certified emission reductions	78,498	68,891
	1,561,480	2,451,009
	3,718,707	3,813,626

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

For the six months ended June 30, 2018

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>13. Sales</b>				
Fertilizer Products				
- Local Sales	11,676,556	8,758,857	21,522,912	16,590,349
- Export Sales	–	322,620	1,456,008	322,620
Subsidy from Government of Pakistan	99,143	904,866	270,655	1,705,603
Mid products	111,193	49,500	176,552	128,991
Certified emission reductions	–	–	–	82,924
	11,886,892	10,035,843	23,426,127	18,830,487
Less : Discounts	174,267	602,797	324,905	1,138,748
	11,712,625	9,433,046	23,101,222	17,691,739

**13.1** Sales are exclusive of sales tax of Rs 1,597.396 million (June 30, 2017: Rs 2,401.111 million).

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>14. Cost of sales</b>				
Raw material consumed	1,470,168	957,126	3,070,265	2,237,746
Packing material consumed	257,112	191,033	475,391	351,824
Salaries, wages and other benefits	489,236	778,542	1,183,934	1,275,233
Fuel and power	744,829	627,590	1,449,449	1,324,304
Chemicals and catalyst consumed	134,533	108,890	251,228	222,723
Stores and spares consumed	180,110	555,959	405,476	756,345
Technical assistance	4,154	28,959	25,171	36,305
Repair and maintenance	462,561	182,910	516,544	265,428
Insurance	39,421	35,817	78,848	67,011
Travelling and conveyance	22,224	21,143	37,834	42,503
Rent, rates and taxes	12,979	23,548	22,982	34,156
Vehicle running and maintenance	15,416	10,555	26,785	21,240
Depreciation	449,845	439,799	899,513	876,592
Others	16,074	55,807	30,644	67,721
<b>Manufacturing cost</b>	4,298,662	4,017,678	8,474,064	7,579,131
Opening stock of mid products	29,302	25,768	10,116	15,862
Closing stock of mid products	(31,209)	(30,960)	(31,209)	(30,960)
<b>Cost of goods manufactured</b>	4,296,755	4,012,486	8,452,971	7,564,033
Opening stock of finished goods	2,052,459	4,328,402	2,451,009	4,527,422
Closing stock of finished goods	(1,561,480)	(3,256,336)	(1,561,480)	(3,256,336)
	4,787,734	5,084,552	9,342,500	8,835,119

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>15. Finance cost</b>				
Markup on long term finances	281,442	366,309	571,000	744,780
Markup on short term finances	22,827	131,656	42,215	214,413
Interest on Worker Profit Participation Fund	–	9,901	–	9,901
Bank charges and others	12,540	43,881	27,069	79,944
	316,809	551,747	640,284	1,049,038

## 16. Transactions with related parties

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

		Six months Ended	
		June 30, 2018	June 30, 2017
		(Rupees in thousand)	
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
Subsidiary company	Short term loan	945,000	234,000
	Other income	144,946	59,809
	Store and spares	121	59
	Miscellaneous expenses	22,532	15,942
Associated companies	Short term loan	2,000,000	50,000
	Miscellaneous expenses	84,948	167,868
	Purchase of Aircraft and related accessories	1,599,997	–
	Store and spares	3,650	–
	Purchase of raw / packing material	591,450	366,154
	Other income	191,315	173,538
	Payment against assignment of sales tax refund	–	1,150,280
Fee for services	389,539	231,059	
Directors and key management personnel	Remuneration including benefits and perquisites	124,099	136,494
Retirement benefit plans	Retirement benefit expense	80,152	70,331

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

For the six months ended June 30, 2018

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>17. Earnings per share - basic and diluted</b>				
Profit attributable to ordinary shareholders	3,449,600	2,017,363	6,336,672	4,290,989
	(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>	1.64	0.96	3.02	2.04

	Six months ended	
	June 30, 2018	June 30, 2017
	(Rupees in thousand)	
<b>18. Cash generated from operations</b>		
Profit before tax	9,312,408	5,371,187
Adjustments for :		
Depreciation on property, plant and equipment	952,894	909,580
Amortization of intangible assets	6,776	5,046
Finance cost	640,284	1,049,038
Provision for staff retirement benefits	52,679	43,133
Exchange loss on translation of foreign currency loan	150,940	-
Profit on short term loan to subsidiary and associated companies	(336,261)	(233,347)
Profit on saving accounts	(14,441)	(8,813)
Gain on disposal of property plant and equipment	(545)	(1,178)
	1,452,326	1,763,459
Operating cash flows before working capital changes	10,764,734	7,134,646
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	(301,153)	344,066
Stock in trade	94,919	1,391,717
Trade debts	(447,034)	(3,053,269)
Advances, deposits, prepayments and other receivables	(660,389)	(1,638,314)
Increase in creditors, accrued and other liabilities	3,404,807	622,351
	2,091,150	(2,333,449)
	12,855,884	4,801,197

## 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 Funds/Company's financial assets which are carried at fair value:

	June 30, 2018 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value Available for sale				
Short term investment	-	197,342	-	197,342
	-	197,342	-	197,342
	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value Available for sale				
Short term investment	-	198,113	-	198,113
	-	198,113	-	198,113

## 20. Date of Authorization of Issue

These financial statements have been authorized for issue on August 27, 2018 by the Board of Directors of the Company.

## 21. General

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



Chief Executive Officer



Director



Chief Financial Officer





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

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for the six months ended June 30, 2018

# Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2018

	Note	Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital			
2,500,000,000 (December 31, 2017: 2,500,000,000)			
Ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up share capital			
2,100,000,000 (December 31, 2017: 2,100,000,000)			
ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserve	4	45,618,052	44,644,998
		66,618,052	65,644,998
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	10,385,457	13,751,619
Deferred liabilities	6	14,935,283	14,825,896
Long term deposits		54,920	56,626
		25,375,660	28,634,141
<b>CURRENT LIABILITIES</b>			
Trade and other payables		18,303,864	13,864,053
Accrued finance cost		264,943	259,961
Short term finances - secured	7	3,495,069	2,116,673
Current maturity of long term finance	5	7,076,062	7,140,715
		29,139,938	23,381,402
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8		
		121,133,650	117,660,541

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



	Note	Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	87,773,966	86,704,799
Intangible assets	10	5,932,188	5,938,386
		93,706,154	92,643,185
Long term investments		132,249	85,946
Long term loan to associated company		2,499,000	2,999,000
Long term deposits		200,495	114,743
		96,537,898	95,842,874
<b>CURRENT ASSETS</b>			
Stores and spares	11	5,828,491	5,564,520
Stock in trade	12	4,395,385	4,207,756
Trade debts		2,258,656	1,930,632
Short term loans		3,241,723	1,241,723
Advances, deposits, prepayments and other receivables		7,922,491	7,842,835
Short term investment		197,342	198,113
Cash and bank balances		751,664	832,088
		24,595,752	21,817,667
		121,133,650	117,660,541



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Consolidated Statement of Profit or Loss (Un Audited)

For the six months ended June 30, 2018

Note	Three months ended		Six months ended		
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
(Rupees in thousand)					
Sales	13	12,031,286	13,764,736	23,630,597	24,157,671
Cost of sales	14	(5,298,638)	(10,282,341)	(10,313,790)	(16,256,731)
<b>Gross profit</b>		6,732,648	3,482,395	13,316,807	7,900,940
Distribution cost		(1,010,399)	(867,191)	(2,353,660)	(1,641,515)
Administrative expenses		(438,505)	(527,572)	(1,115,642)	(936,353)
		5,283,744	2,087,632	9,847,505	5,323,072
Finance cost	15	(396,066)	(703,464)	(810,166)	(1,329,070)
Other operating expenses		(436,914)	(156,783)	(794,294)	(347,739)
		4,450,764	1,227,385	8,243,045	3,646,263
Other income		121,160	57,409	219,242	206,500
Share of profit from associate		30,597	–	30,597	–
<b>Profit before tax</b>		4,602,521	1,284,794	8,492,884	3,852,763
Taxation		(1,450,402)	(165,488)	(2,794,318)	(820,709)
<b>Profit for the period</b>		3,152,119	1,119,306	5,698,566	3,032,054
<b>Earnings per share</b>					
- basic and diluted (Rupees)	17	1.50	0.53	2.71	1.44

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



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months ended June 30, 2018

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
Profit for the period	3,152,119	1,119,306	5,698,566	3,032,054
<b>Other Comprehensive Income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Deficit on remeasurement of investments classified as available for sale	(731)	–	(731)	–
Related tax thereon	219	–	219	–
Other comprehensive income	(512)	–	(512)	–
<b>Total comprehensive income for the period</b>	<b>3,151,607</b>	<b>1,119,306</b>	<b>5,698,054</b>	<b>3,032,054</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Consolidated Statement of Changes In Equity

For the six months ended June 30, 2018

	Ordinary share capital	Share premium	Unappropriated profit	Post retirement benefit obligation reserve	Surplus/ (deficit) on remeasurement of investment- available for sale	Total
(Rupees in thousand)						
Balance at December 31, 2016 (Audited)	21,000,000	1,790,000	37,831,111	409	345	60,621,865
Profit for the period	-	-	3,032,054	-	-	3,032,054
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	3,032,054	-	-	3,032,054
Transactions with owners:						
- Final dividend for the year ended December 31, 2016 @ Rs 2 per share	-	-	(4,200,000)	-	-	(4,200,000)
<b>Balance at June 30, 2017 (Un audited)</b>	<b>21,000,000</b>	<b>1,790,000</b>	<b>36,663,165</b>	<b>409</b>	<b>345</b>	<b>59,453,919</b>
Balance at December 31, 2017 (Audited)	21,000,000	1,790,000	42,899,054	(42,819)	(1,237)	65,644,998
Profit for the period	-	-	5,698,566	-	-	5,698,566
Other comprehensive income	-	-	-	-	(512)	(512)
Total comprehensive income	-	-	5,698,566	-	(512)	5,698,054
Transactions with owners:						
- Final dividend for the year ended December 31, 2017 @ Rs 2.25 per share	-	-	(4,725,000)	-	-	(4,725,000)
<b>Balance at June 30, 2018 (Un audited)</b>	<b>21,000,000</b>	<b>1,790,000</b>	<b>43,872,620</b>	<b>(42,819)</b>	<b>(1,749)</b>	<b>66,618,052</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Consolidated Statement of Cash Flows (Un Audited)

For the six months ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	12,907,366	3,951,092
Net (decrease) / increase in long term deposits		(4,619)	6,571
Finance cost paid		(941,501)	(1,377,101)
Taxes paid		(1,130,229)	(787,522)
Employee retirement benefits paid		(25,405)	(43,004)
<b>Net cash from operating activities</b>		<b>10,805,612</b>	<b>1,750,036</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(2,169,532)	(906,950)
Additions in intangible assets		(627)	(258)
Long term investment		(1,959)	-
Short term loan to associated company - net		(2,000,000)	(50,000)
Proceeds from disposal of property plant and equipment		1,278	2,486
Net increase in long term loans and deposits		(82,840)	(7,159)
Proceeds from short term investment		40	40
Profit received on loans and saving accounts		213,682	180,129
<b>Net cash used in investing activities</b>		<b>(4,039,958)</b>	<b>(781,712)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finance		(3,581,755)	(2,755,661)
Dividend paid		(4,642,719)	(4,191,803)
Refund of over-subscribed Sukuk		-	(8,092,675)
Increase in short term finances - net		1,378,396	3,295,991
<b>Net cash used in financing activities</b>		<b>(6,846,078)</b>	<b>(11,744,148)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(80,424)</b>	<b>(10,775,824)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>832,088</b>	<b>11,583,670</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>751,664</b>	<b>807,846</b>

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



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months ended June 30, 2018

### 1. Legal Status and nature of business

Fatima Fertilizer Company Limited (the Holding Company) and its wholly owned subsidiary - Fatimafert Limited (FF) collectively referred to as 'the Group' were incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange Limited. The control of FF was transferred to the Holding Company on July 01, 2015.

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

Registered offices of the Holding Company and FF are located in Lahore, Pakistan. The manufacturing facility of the Holding Company is located at Mukhtargarh, Sadiqabad, Pakistan and that of FF is located near Chichoki Mallian at Sheikhupura Road.

### 2. Basis of preparation

- 2.1 These condensed interim consolidated financial statements of the Company for the six months ended June 30, 2018 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 Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.
- 2.2 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, 2017. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2017 and comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows are stated from un audited condensed interim consolidated financial statements for the six months ended June 30, 2017.
- 2.3 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, 2017.

	Note	Un audited June 30, 2018	Audited December 31, 2017
(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		43,872,620	42,899,054
Post retirement benefit obligation reserve		(42,819)	(42,819)
Deficit on remeasurement of investments classified as available for sale		(1,749)	(1,237)
		45,618,052	44,644,998
<b>5. Long term finances</b>			
Parent Company		13,739,852	16,426,334
Fatimafert Limited		3,721,667	4,466,000
	5.1	17,461,519	20,892,334
Less: Current portion		7,076,062	7,140,715
		10,385,457	13,751,619
<b>5.1 Movement of long term finances</b>			
<b>Parent Company</b>			
Opening balance		16,426,334	21,860,759
Repayments		(2,837,422)	(5,518,025)
Exchange loss on translation of foreign currency loan		150,940	83,600
Closing balance		13,739,852	16,426,334
<b>Fatimafert Limited</b>			
Opening balance		4,466,000	4,466,000
Repayments		(744,333)	-
Closing balance		3,721,667	4,466,000
<b>6. Deferred liabilities</b>			
Deferred taxation	6.1	14,309,888	14,234,362
Employee retirement benefits	6.2	625,395	591,534
		14,935,283	14,825,896

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

For the six months ended June 30, 2018

### 6.1 Deferred taxation

	June 30, 2018 (Un audited)			
	At December 31, 2017	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At June 30, 2018
	(Rupees in thousand)			
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,552,975	270,939	–	15,823,914
Tax on equity accounted investments	–	13,747	–	13,747
	15,552,975	284,686	–	15,837,661
<b>Deferred tax asset:</b>				
Carry forward losses	(1,223,356)	(210,105)	–	(1,433,461)
Provision for retirement benefits	(73,233)	1,164	–	(72,069)
Remeasurement of short Investment - Available for Sale	(530)	–	(219)	(749)
Remeasurement of defined benefit obligation	(21,494)	–	–	(21,494)
	(1,318,613)	(208,941)	(219)	(1,527,773)
	14,234,362	75,745	(219)	14,309,888

	December 31, 2017 (Audited)			
	At December 31, 2016	Charged / (credited) to profit and loss	Charged / (credited) to other comprehensive income	At December 31, 2017
	(Rupees in thousand)			
<b>Deferred tax liabilities:</b>				
Accelerated tax depreciation	15,507,134	45,841	–	15,552,975
Remeasurement of short Investment - Available for Sale	155	–	(685)	(530)
	15,507,289	45,841	(685)	15,552,445
<b>Deferred tax asset:</b>				
Carry forward losses	(236,000)	(987,356)	–	(1,223,356)
Provision for retirement benefits	(41,656)	(15,903)	(15,674)	(73,233)
Remeasurement of defined benefit obligation	(19,541)	–	(1,953)	(21,494)
	(297,197)	(1,003,259)	(17,627)	(1,318,083)
	15,210,092	(957,418)	(18,312)	14,234,362

Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)	

### 6.2 Employee retirement benefits

Gratuity	395,908	365,639
Accumulating compensated absences	229,487	225,895
	625,395	591,534



## 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 Finance 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.

The facilities carry mark up ranging from 5.78% to 7.92% (December 31, 2017: 5.78% to 7.29%) per annum for Running Finance and 6.81% to 7.25% (December 31, 2017: 6.34% to 7.28%) per annum for Cash Finance.

### 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 7.28% to 8.73% (December 31, 2017: 6.90% to 8.28 %) per annum.

## 8. Contingencies and commitments

### 8.1 Contingencies:

As at June 30, 2018, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Group for the year ended December 31, 2017.

	Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)		
<b>8.2 Commitments in respect of:</b>		
<b>8.2.1 Fatima Fertilizer Company Limited</b>		
(i) Contracts for capital expenditure	1,685,464	1,130,885
(ii) Contracts for other than capital expenditure	664,110	828,532
(iii) The amount of future payments under non cancellable operating leases:		
Not later than one year	246,138	294,355
Later than one year but not later than five years	216,002	243,516
	462,140	537,871
<b>8.2.2 Fatimafert Limited</b>		
Letters of credit for purchase of chemicals and spares	2,406	3,764
	2,406	3,764

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

For the six months ended June 30, 2018

	Note	Un audited June 30, 2018	Audited December 31, 2017
(Rupees in thousand)			
<b>9. Property, plant and equipment</b>			
Operating fixed assets- tangible	9.1	84,800,652	83,626,121
Capital work in progress	9.2	2,973,314	3,078,678
		<b>87,773,966</b>	<b>86,704,799</b>
<b>9.1 Movement of operating fixed assets- tangible</b>			
Opening book value		83,626,121	84,258,748
Add: additions during the period	9.1.1	2,271,526	1,485,687
Less: book value of disposals during the period		26	936
		<b>85,897,621</b>	<b>85,743,499</b>
Less: depreciation charged during the period		1,096,969	2,117,378
Closing book value		<b>84,800,652</b>	<b>83,626,121</b>
<b>9.1.1 Additions during the period</b>			
Freehold land		–	5,259
Building on freehold land		–	501,713
Building on leasehold land		30,445	–
Plant and machinery		570,398	817,077
Air craft		1,567,285	–
Furniture and fixtures		9,340	4,685
Office equipment		5,749	6,776
Electric installations and appliances		30,191	88,375
Computers		30,024	42,376
Vehicles		28,094	19,426
		<b>2,271,526</b>	<b>1,485,687</b>
<b>9.2 Capital work in progress</b>			
Civil works		375,039	277,633
Plant and machinery		1,330,030	1,534,598
Capital stores		478,613	541,240
Advances :			
- Freehold land		187,879	158,958
- Civil works		14,851	6,143
- Plant and machinery		286,902	260,106
- Other advances		300,000	300,000
		<b>789,632</b>	<b>725,207</b>
		<b>2,973,314</b>	<b>3,078,678</b>
<b>9.2.1 Movement of capital work in progress</b>			
Opening balance		3,078,678	2,680,157
Additions during the period		401,358	1,542,232
		<b>3,480,036</b>	<b>4,222,389</b>
Less: Capitalization during the period		503,353	1,139,011
Provision for obsolescence for Capital Stores		3,369	4,700
Closing balance		<b>2,973,314</b>	<b>3,078,678</b>

Un audited  
June 30, 2018      Audited  
December 31, 2017

(Rupees in thousand)

<b>10. Intangible assets</b>		
Opening book value	5,938,386	5,918,675
Add: additions during the period	627	29,383
	5,939,013	5,948,058
Less: amortization charged during the period	6,825	9,672
Closing book value	5,932,188	5,938,386
<b>11. Stores and spares</b>		
Stores	408,577	428,594
Spares	4,388,951	4,341,863
Catalyst and chemicals	1,194,138	948,258
	5,991,666	5,718,715
Less: provision for obsolete items	163,175	154,195
	5,828,491	5,564,520
<b>12. Stock in trade</b>		
Raw material {including in transit Rs 1065.556 million (December 31, 2017: Rs 376.952 million)}	2,103,836	1,348,958
Packing material	49,329	30,700
<b>Mid Products</b>		
Ammonia	51,997	76,626
Nitric Acid	8,498	3,360
Others	352	394
	60,847	80,380
<b>Finished goods</b>		
<b>- own manufactured</b>		
Urea	551,690	1,212,219
NP	517,641	538,127
CAN	413,651	631,772
Certified emission reductions	78,498	68,891
	1,561,480	2,451,009
<b>- purchased for resale</b>		
DAP	619,893	296,709
	4,395,385	4,207,756

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

For the six months ended June 30, 2018

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>13. Sales</b>				
Fertilizer Products:				
- own manufactured				
- Local Sales	11,676,563	11,792,692	21,522,919	21,051,972
- Export Sales	–	322,620	1,456,008	322,620
- purchased for resale	303,368	805,198	443,122	1,428,718
Subsidy from Government of Pakistan	99,143	1,686,730	270,655	2,487,467
Mid products	128,776	115,035	265,094	277,459
Certified emission reductions	–	–	–	82,924
	12,207,850	14,722,275	23,957,798	25,651,160
Less: Discounts	176,564	957,539	327,201	1,493,489
	12,031,286	13,764,736	23,630,597	24,157,671

**13.1** Sales are exclusive of sales tax of Rs 1,627.656 million (June 30, 2017: Rs 2,972.771 million).

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>14. Cost of sales</b>				
Raw material consumed	1,470,168	2,310,687	3,070,265	5,060,224
Packing material consumed	257,112	214,763	475,391	410,048
Salaries, wages and other benefits	610,435	932,097	1,430,720	1,578,346
Fuel and power	744,931	863,121	1,449,651	1,794,135
Chemicals and catalyst consumed	135,606	119,492	261,093	249,901
Stores and spares consumed	212,876	597,528	492,266	843,020
Technical assistance	4,154	28,959	25,176	36,332
Repair and maintenance	465,514	185,983	525,298	269,043
Insurance	48,288	45,271	96,500	85,249
Travelling and conveyance	32,880	30,551	58,364	61,696
Rent, rates and taxes	14,382	30,177	27,379	44,135
Vehicle running and maintenance	17,778	13,222	32,676	26,389
Depreciation	521,275	511,356	1,042,160	1,019,426
Others	36,302	82,801	78,033	114,117
<b>Manufacturing cost</b>	4,571,701	5,966,008	9,064,972	11,592,061
Opening stock of mid products	66,444	106,557	80,380	100,459
Closing stock of mid products	(60,847)	(102,181)	(60,847)	(102,181)
<b>Cost of goods manufactured</b>	4,577,298	5,970,384	9,084,505	11,590,339
Opening stock of finished goods	2,052,459	7,347,116	2,451,009	7,208,998
Closing stock of finished goods	(1,561,480)	(3,860,462)	(1,561,480)	(3,860,462)
<b>Cost of sales - own manufactured</b>	5,068,277	9,457,038	9,974,034	14,938,875
Cost of sales - purchased for resale	230,361	825,303	339,756	1,317,856
	5,298,638	10,282,341	10,313,790	16,256,731

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>15. Finance cost</b>				
Markup on long term finances	356,506	451,265	730,186	913,119
Markup on short term finances	24,594	189,873	45,865	310,989
Interest on Worker Profit Participation Fund	–	9,901	–	9,901
Bank charges and others	14,966	52,425	34,115	95,061
	396,066	703,464	810,166	1,329,070

## 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. Other significant transactions with related parties are as follows:

		Six months Ended	
		June 30, 2018	June 30, 2017
		(Rupees in thousand)	
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
Associated companies	Short term loan	2,000,000	50,000
	Miscellaneous expenses	92,320	175,236
	Purchase of Aircraft and related accessories	1,599,997	–
	Store and Spares	3,650	–
	Purchase of raw / packing material	597,354	376,585
	Other income	191,315	173,538
	Payment against assignment of sales tax refund	–	1,150,280
	Fee for services	392,634	316,831
Directors and key management personnel	Remuneration including benefits and perquisites	124,099	142,335
Retirement benefit plans	Retirement benefit expense	98,605	89,434

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees in thousand)			
<b>17. Earnings per share - basic and diluted</b>				
Profit attributable to ordinary shareholders	3,152,119	1,119,306	5,698,566	3,032,054
	(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>	1.50	0.53	2.71	1.44

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

For the six months ended June 30, 2018

	Six months ended	
	June 30, 2018	June 30, 2017
(Rupees in thousand)		
<b>18. Cash generated from operations</b>		
Profit before tax	8,492,884	3,852,763
Adjustments for:		
Depreciation on property, plant and equipment	1,096,967	1,054,599
Amortization of intangible assets	6,824	5,574
Finance cost	810,166	1,329,070
Provision for staff retirement benefits	59,267	49,913
Provision for slow moving stores, spares and loose tools	12,350	8,922
Exchange loss on translation of foreign currency loan	150,940	-
Profit on short term loan to related parties	(191,315)	(173,538)
Share of profit from Associates	(30,597)	-
Profit on saving accounts	(14,448)	(9,028)
Gain on disposal of property plant and equipment	(1,253)	(1,623)
	1,898,901	2,263,889
Operating cash flows before working capital changes	10,391,785	6,116,652
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets:		
Stores and spares	(272,952)	310,193
Stock in trade	(187,629)	3,754,971
Trade debts	(328,024)	(4,638,496)
Advances, deposits, prepayments and other receivables	(68,874)	(2,230,583)
Increase in creditors, accrued and other liabilities	3,373,060	638,355
	2,515,581	(2,165,560)
	12,907,366	3,951,092

## 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 Funds/Company's financial assets which are carried at fair value:

	June 30, 2018 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value Available for sale				
Short term investment	-	197,342	-	197,342
	-	197,342	-	197,342
	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - at fair value Available for sale				
Short term investment	-	198,113	-	198,113
	-	198,113	-	198,113

## 20. Date of Authorization of Issue

These financial statements have been authorized for issue on August 27, 2018 by the Board of Directors of the Holding Company.

## 21. General

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



Chief Executive Officer



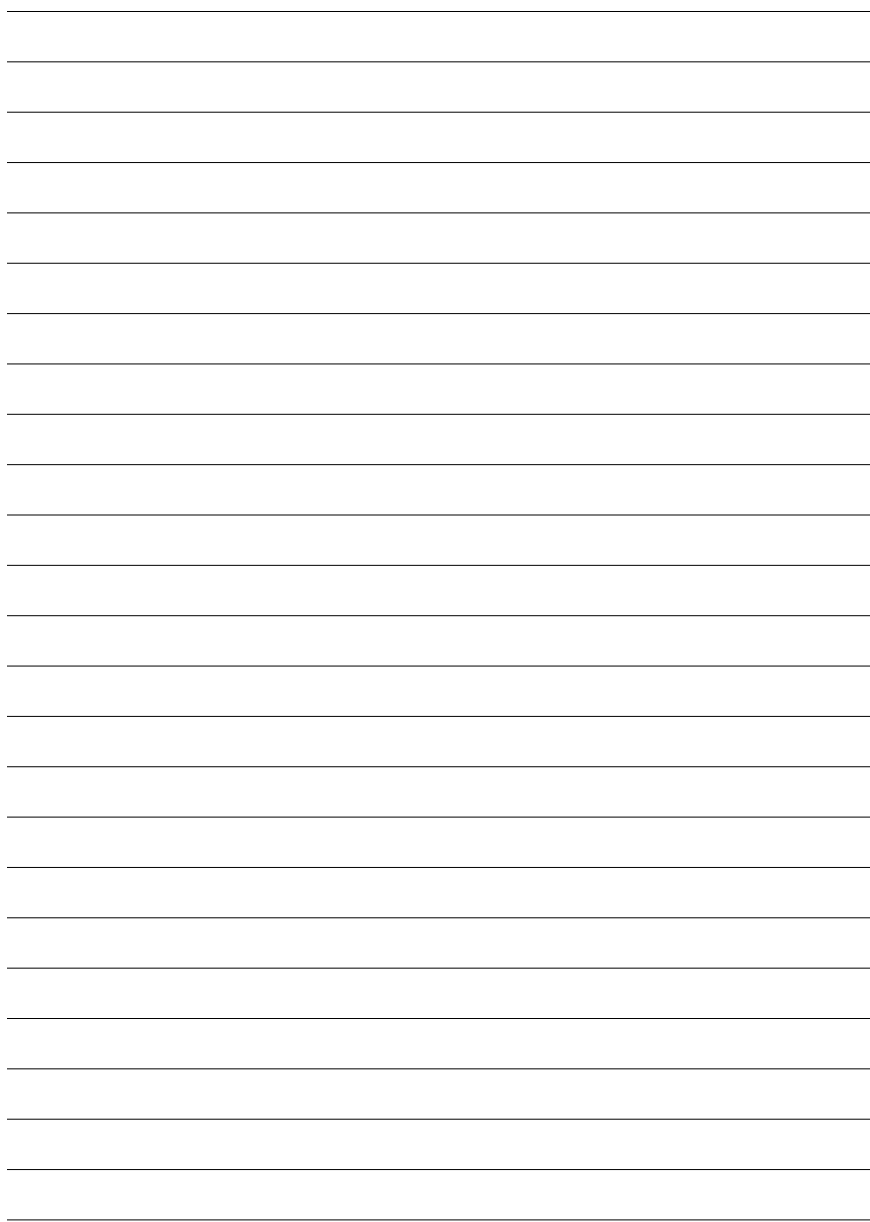
Director



Chief Financial Officer







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











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