Driving Sustainable Growth

Condensed Interim Financial Statements
For the nine months ended September 30, 2016

Fatima
Fertilizer Company Limited

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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
Nominiee Director-NBP

Chief Financial Officer

Mr. Asad Murad

Company Secretary

Mr. Ausaf Ali Qureshi

Key Management

Mr. Arif-ur-Rehman
Chief Manufacturing Officer

Mr. Inam-Ullah-Naveed
Director Operations

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)

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New Garden Town, Lahore
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42 35440520
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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
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")
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: 068-5951000
Fax: 068-5951166

Directors' Report to the Members

Dear Shareholders,

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, I am pleased to present the un-audited financial statements of the Company for the nine months ended September 30, 2016 along with brief overview of operational and financial performance of the Company.

Market Overview - Global

Globally, the urea market remained stable during the third quarter of 2016. Prices in Arabian Gulf and China remained at $195 to 200 per ton FOB due to tight supply and turnarounds in North Africa. Purchases made by India ensured that the market remained stable. Chinese producers refused to accept lower rates, due to increase in coal prices leading to increase in cost of production. Prices in Middle East also remained stable.

Globally, DAP prices fell during the third quarter of 2016, despite considerable activity in Pakistan, Turkey and North America. This was mainly due to lack of demand in India. Demand remained weak in Asian and Latin American markets and Chinese producers accepted lower rates. At the beginning of the quarter, DAP prices were $346 to 348 per ton CFR but by the end of the quarter, prices had decreased to $316 to 318 per ton CFR.

Market Overview - Pakistan

The overall industry sales were considerably higher in the third quarter of 2016 over the third quarter of 2015. In Q3 2015, sales suffered immensely due to uncertainty over subsidy announcement and unexpected price increase of fertilizers due to upwards gas price revision by Government.

The inclusion of Nitrogenous fertilizer in the new subsidy regime and reduction of Sales Tax rate from 17% to 5% for Urea, implemented after announcement federal budget 2016-17 in June, resulted in a significant decrease in prices of fertilizers which helped in an overall increase in offtake. Urea offtake increased from 1.070 million tons to 1.634 million tons during the third quarter of 2016 over 2015. The sales of DAP increased by 247% over same period last year due to price decrease resulting from lower international prices and continued subsidy support by the government.

Company Performance

After a soft start to the year the fertilizer off take has improved markedly during the current quarter due to improved market dynamics and lower product prices after implementation of Farmer Incentives Plan announced by the Federal Government, effective 25th June 2016.

During the quarter the Company achieved sales volume 2.5 times more than the sales during the same period last year. Year-to-date sales volume posted an increase of 12% over last year, validating significant recovery by the Company from the situation at June end when the sales volume was 31% lower than last year.

The sales of NP fertilizer posted a hefty increase of 69% on year-to-date basis. Sale volumes of Urea and CAN have also improved but remained lower by 11% and 5% respectively compared to same period the year before, mainly due to lower volumes of 65% and 40% for Urea and CAN respectively witnessed in the first six months of the year.

Sales Volume – Nine Months			Sales Volume – Three Months		
Product	2016	2015	Product	2016	2015
	'000' Tons			'000' Tons	
Urea	224	253	Urea	150	39
Can	255	268	Can	127	55
NP	309	183	NP	102	13
Total	788	704	Total	379	107

Plant performance has been exemplary since completion of Ammonia Plant Debottlenecking. The Company achieved highest ever production in a nine-month period with improved Energy Index and achievement of optimized Feed/Fuel ratio after successful commissioning of Waste Gas Boiler. All plants performed better than expectation.

Products	Jan to Sep - 2016	Jan to Sep - 2015
	("000" Tons)	
Ammonia	446	406
Nitric Acid	387	373
Urea	389	339
CAN	354	312
NP	310	291

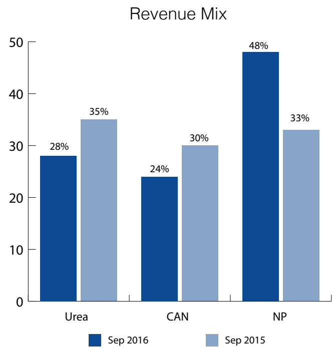
The 12% increase in sales volumes translated in only 3% rise in revenue for the period due to decreased product prices. The total revenue generated amounted to PKR 22.9 Billion against PKR 22.1 billion posted last year. NP has again been the lead contributor with 48% contribution to revenue while the contribution of Urea and CAN was 28% and 24% respectively. Nitric Acid (NA) sales made up the rest of 1%.

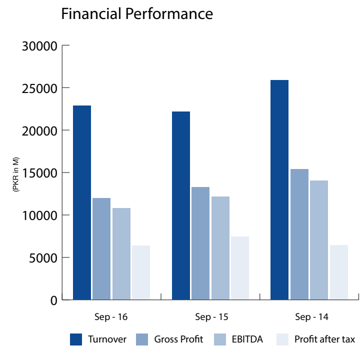
Gross Profit margin for the period amounted to PKR 11.96 Billion against PKR 13.29 billion for the same period last year. Distribution Expenses decreased by 17% while Administrative Expenses have increased by 23% over the same period last year.

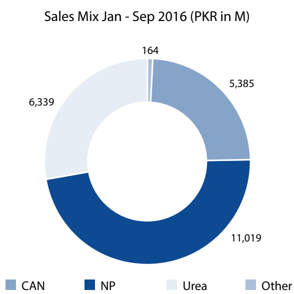
Finance Cost was higher by 8%. The reduction in base rate coupled with repayment of long term loans resulted in 30% reduction in markup expense on long term loans which was off-set by rise in markup cost on short term borrowings. Incremental short term bank borrowings were utilized to meet the increased working capital requirements during slow off take situation in first half of the year.

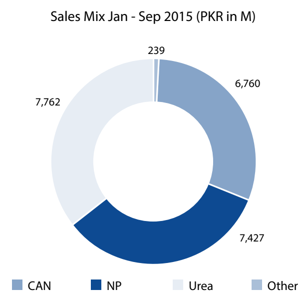
Directors' Report to the Members

As a result, the Company has posted Profit before Tax of PKR 7.55 Billion and After Tax Profit of PKR 6.37 Billion.









Due to continued focus of Site team on HSE, safe Man-hours have accumulated to 34.5 Safe Million hours. Fatima Fertilizer has won prestigious award ''RoSPA Sliver Award for Health and Safety 2016'' presented by The Royal Society for the Prevention of Accidents, UK.

Consolidated Financial Results

During the nine months ended September 30, 2016, the Company's subsidiary Fatimafert Limited (FF) produced 271,147 MT Urea. Keeping in view the strong market dynamics of DAP, FF has also imported 16,500 MT DAP in the latter half of September. The sale quantities improved significantly after implementation of Farmer Incentives Plan by Federal Government. FF sold 90,386 MT Urea during the current quarter, taking the cumulative sales for the nine months to 126,241 MT.

Summary of consolidated financial results at the end of September 30, 2016 is as follows:

	PKR in Million
Sales	26,801
Gross Profit	12,581
Profit Before Tax	7,499
Profit After Tax	6,325

Future Outlook

In the global urea market, by September end, urea prices were firm, with most producers comfortable for October. The outlook remains stable to firm moving into the fourth quarter.

In the global DAP market, the outlook remained slightly soft by the end of the third quarter. The outlook remains slightly soft moving into the fourth quarter.

Ammonia production numbers of up to 1700 MTPD under extreme summer conditions were also made possible through efficient performance of New / Revamped Cooling Tower, Cold Box, Furnace FD Fan and other ancillary equipment modifications covered under DBN Phase-1. This has also highlighted further potential margins to optimize Ammonia Plant operations with more energy improvement and production gain.

After implementation of Farmer Incentive Plan by the Government, off take situation has already witnessed considerable surge. Going forward off take situation is expected to remain healthy. The Company is well positioned to supply all the fertilizers to meet high demand in the country leading to better values for the stakeholders.

Acknowledgements

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

For and on behalf of the Board

Lahore
October 27, 2016

Arif Habib
Chairman

Fatima Fertilizer Company Limited
Condensed Interim
Financial Statements

for the nine months ended September 30, 2016

Condensed Interim Balance Sheet
As at September 30, 2016

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,500,000,000 (December 31, 2015: 2,500,000,000) Ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital 2,100,000,000 (December 31, 2015: 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		(30,437)	(30,437)
Unappropriated profit		21,214,550	17,468,946
		43,974,113	40,228,509
NON CURRENT LIABILITIES			
Long term finances	4	12,602,201	13,168,124
Deferred liabilities	5	15,581,267	15,411,918
Long term deposits		44,676	33,003
		28,228,144	28,613,045
CURRENT LIABILITIES			
Trade and other payables		8,640,398	8,645,991
Accrued finance cost		662,426	260,003
Short term finances - secured	6	11,333,672	10,229,486
Current maturity of long term finance		7,308,564	6,812,119
Dividend Payable		2,625,000	–
		30,570,060	25,947,599
CONTINGENCIES & COMMITMENTS	7		
		102,772,317	94,789,153

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

Chief Executive

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	73,737,436	73,409,090
Intangible assets	9	15,796	26,370
		73,753,232	73,435,460
Long term investments		2,106,449	2,106,450
Long term deposits		23,979	18,530
		75,883,660	75,560,440
CURRENT ASSETS			
Stores and spares	10	4,944,055	4,460,204
Stock in trade	11	7,085,460	7,002,664
Trade debts		502,248	335,002
Short term loans to associated companies		3,499,000	2,700,000
Loans, advances, deposits, prepayments and other receivables		10,272,664	4,435,640
Short term investment		199,990	–
Cash and bank balances		385,240	295,203
		26,888,657	19,228,713
		102,772,317	94,789,153

Director

Condensed Interim Profit and Loss Account (Un Audited)

For the nine months ended September 30, 2016

	Note	Three month ended September 30 2016	Three month ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
		(Rupees in thousand)			
Sales	12	10,132,532	3,045,373	22,908,140	22,188,433
Cost of sales	13	(4,497,576)	(1,215,380)	(10,942,405)	(8,899,107)
Gross profit		5,634,956	1,829,993	11,965,735	13,289,326
Distribution cost		(596,721)	(196,646)	(1,468,932)	(1,252,513)
Administrative expenses		(341,911)	(220,317)	(995,325)	(811,692)
		4,696,324	1,413,030	9,501,478	11,225,121
Finance cost	14	(624,628)	(516,419)	(1,924,319)	(1,786,429)
Other operating expenses		(289,688)	(114,783)	(554,320)	(743,103)
		3,782,008	781,828	7,022,839	8,695,589
Other income		182,922	112,012	532,128	468,982
Profit before tax		3,964,930	893,840	7,554,967	9,164,571
Taxation		(569,680)	(282,093)	(1,184,363)	(1,724,852)
Profit for the period		3,395,250	611,747	6,370,604	7,439,719
Earnings per share - basic and diluted (Rupees)	16	1.62	0.29	3.03	3.54

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

Chief Executive

Director

Condensed Interim Statement of Comprehensive Income (Un Audited)
For the nine months ended September 30, 2016

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
Profit for the period	3,395,250	611,747	6,370,604	7,439,719
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	3,395,250	611,747	6,370,604	7,439,719

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

Chief Executive

Director

Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2016

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Un appropriated profit	Total
			(Rupees in thousand)		
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	–	–	–	7,439,719	7,439,719
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	7,439,719	7,439,719
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 September 30, 2015 (Un audited)	21,000,000	1,790,000	(23,311)	15,655,054	38,421,743
Balance as at December 31, 2015 (Audited)	21,000,000	1,790,000	(30,437)	17,468,946	40,228,509
Profit for the period	–	–	–	6,370,604	6,370,604
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	6,370,604	6,370,604
Transactions with owners: -Interim dividend for the year ending December 31, 2016 @ Rs 1.25 Per share	–	–	–	(2,625,000)	(2,625,000)
Balance as at September 30, 2016 (Un audited)	21,000,000	1,790,000	(30,437)	21,214,550	43,974,113

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

Chief Executive

Director

Condensed Interim Cash Flow Statement (Un Audited)

For the nine months ended September 30, 2016

	Note	September 30, 2016	September 30, 2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	17	3,598,876	5,829,245
Net increase in long term deposits		11,673	–
Finance cost paid		(1,536,334)	(1,461,238)
Taxes paid		(600,283)	(529,901)
Employee retirement benefits paid		(25,464)	(16,194)
Net cash from operating activities		1,448,468	3,821,912
Cash flows from investing activities			
Additions in property, plant and equipment		(1,656,573)	(2,933,598)
Additions in intangible assets		(2,999)	(14,669)
Long term investment		–	(800,000)
Short term loans to associated companies - net		(799,000)	56,609
Proceeds from disposal of property plant and equipment		132	106
Net increase in long term deposits		(5,449)	(4,295)
Net increase in short term investment		(199,990)	–
Profit received on short term loan and saving accounts		270,740	407,874
Net cash used in investing activities		(2,393,139)	(3,287,973)
Cash flows from financing activities			
Repayment of long term finances		(3,695,994)	(3,087,574)
Proceeds from long term finances		3,626,516	1,118,598
Dividend paid		–	(5,768,875)
Increase in short term finances - net		1,104,186	6,421,497
Net cash from / (used in) financing activities		1,034,708	(1,316,354)
Net increase / (decrease) in cash and cash equivalents		90,037	(782,415)
Cash and cash equivalents at the beginning of the period		295,203	948,807
Cash and cash equivalents at the end of the period		385,240	166,392

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

Chief Executive

Director

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

For the nine months ended September 30, 2016

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 financial statements are the separate financial statements of the Company in which investments in subsidiary companies and associate are accounted for on the basis of direct equity interest rather than on the basis of reported result. Consolidated financial statements are prepared separately.

2. Basis of preparation

2.1 These condensed interim financial statements of the Company for the nine months ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2015 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 un audited condensed interim financial statements for the nine months ended September 30, 2015.

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

3. Accounting polices and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2015.

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
4. Long term finances			
Secured loans from banking companies / financial institutions	4.1	19,910,765	19,980,243
Less: Current portion shown under current liabilities		7,308,564	6,812,119
		12,602,201	13,168,124
4.1 Movement of long term finances - from Banking companies / Financial institutions			
Opening balance		19,980,243	23,710,339
Finance availed during the period	4.2	3,626,516	2,645,026
		23,606,759	26,355,365
Less: repayments during the period		3,695,994	6,375,122
		19,910,765	19,980,243

4.2 During the period, the Company availed following facilities:

- Disbursement of the remaining USD 5.988 million out of total approved ECA Financing Facility of USD 22 million from Standard Chartered Bank (UK) for the purpose of purchase of Waste Gas Boiler and Purifier with Expander for Ammonia Debottlenecking (DBN) Project.

- Term Finance Facility of Rs 3,000 million from Habib Bank Limited to partially refinance the Ammonia Debottlenecking Project.

  The facility carries markup rate of 6 months KIBOR plus 1.25% per annum. The facility is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 4,000 million. The loan is repayable in four years in eight half yearly installments starting from December 31, 2016.

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

For the nine months ended September 30, 2016

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
5. Deferred liabilities			
Deferred taxation	5.1	15,184,787	15,062,090
Employee retirement benefits	5.2	396,480	349,828
		15,581,267	15,411,918
5.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		15,237,315	15,109,567
Deductible temporary difference:			
Provision for retirement benefits		(38,161)	(32,646)
Remeasurement of defined benefit obligation		(14,367)	(14,831)
		(52,528)	(47,477)
		15,184,787	15,062,090
5.2 Employee retirement benefits			
Gratuity		281,692	247,810
Accumulating compensated absences		114,788	102,018
		396,480	349,828

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.

These facilities carry mark up ranging from 6.57% to 8.36% (December 31, 2015: 6.81% to 10.90%) per annum for Running Finance and Cash Finance and 6.70% to 7.59% (December 31, 2015: 2.15% to 7.59%) per annum for Finance against Imported Merchandise.

7. Contingencies and commitments

7.1 Contingencies

As at September 30, 2016, 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, 2015, except for the following:

i. The Company's stance was vindicated by Commissioner Inland Revenue Appeals (CIR(A)), as he annulled the order passed by Deputy Commissioner Inland Revenue (DCIR), Multan creating a demand of Rs 759 million along with 100% penalty by treating the stocks of finished fertilizer products transferred to Company warehouses as sales without any cogent legal grounds.

The decision has been challenged by the Department in appeal before Appellate Tribunal Inland Revenue.

ii. The Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following two cases decided against the Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for re-hearing the case by the Customs Appellate Tribunal, Lahore:

- Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.957 million
- Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.604 million.

7.2 Commitments in respect of

(i) Contracts for capital expenditure Rs 660.909 million (December 31, 2015: Rs 1,041.900 million).

(ii) Contracts for other than capital expenditure Rs 497.891 million (December 31,2015: Rs 220.344 million).

(iii) The amount of future payments under non-cancellable operating leases and the period in which these payments will become due are as follows:

	Un audited September 30, 2016	Audited December 31, 2015
	(Rupees in thousand)	
Not later than one year	263,177	149,948
Later than one year but not later than five years	168,982	206,211
	432,159	356,159

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

For the nine months ended September 30, 2016

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
8. Property, plant and equipment			
Operating fixed assets- tangible	8.1	70,719,408	69,390,580
Capital work in progress	8.2	3,018,028	4,018,510
		73,737,436	73,409,090
8.1 Movement of operating fixed assets- tangible			
Opening book value		69,390,580	65,945,226
Add: additions during the period	8.1.1	2,671,493	5,090,025
Less: book value of disposals during the period		–	59
		72,062,073	71,035,192
Less: depreciation charged during the period		1,342,665	1,644,612
Closing book value		70,719,408	69,390,580
8.1.1 Additions during the period			
Building		64,304	347,466
Plant and machinery		2,497,286	4,469,611
Furniture and fixtures		4,198	8,958
Office equipment		4,773	7,684
Electric installations and appliances		55,010	113,135
Computers		27,947	110,656
Vehicles		17,975	32,515
		2,671,493	5,090,025
8.2 Capital work in progress			
Civil works		564,300	447,175
Plant and machinery		1,612,839	2,168,583
Capital stores		321,813	303,897
Advances			
Freehold land		159,758	159,758
Civil works		25,931	4,832
Plant and machinery		33,387	634,265
Other advances		300,000	300,000
		519,076	1,098,855
		3,018,028	4,018,510

	Un audited September 30, 2016	Audited December 31, 2015
	(Rupees in thousand)	
8.2.1 Movement of capital work in progress		
Opening balance	4,018,510	2,877,944
Addition during the period	1,613,030	5,395,102
	5,631,540	8,273,046
Less: capitalization during the period	2,613,512	4,254,536
Closing balance	3,018,028	4,018,510
9. Intangible assets		
Opening book value	26,370	30,083
Add: additions during the period	2,999	14,669
	29,369	44,752
Less: amortization charged during the period	13,573	18,382
Closing book value	15,796	26,370
10. Stores and spares		
Stores	233,698	237,058
Spares	3,728,437	3,268,315
Catalyst and chemicals	981,920	954,831
	4,944,055	4,460,204
11. Stock in trade		
Raw material {including in-transit Rs 702.281 million (December 31, 2015: Rs 1,670.775 million)}	1,363,327	2,766,315
Packing material	7,214	1,017
Mid Products		
Ammonia	16,901	23,906
Nitric Acid	10,901	5,264
Others	367	287
	28,169	29,457
Finished Products		
Urea	2,319,403	836,002
NP	2,084,537	2,495,358
CAN	1,220,835	817,676
Emission reductions	61,975	56,839
	5,686,750	4,205,875
	7,085,460	7,002,664

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

For the nine months ended September 30, 2016

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
12. Sales				
Fertilizer Products - own manufactured	9,447,583	3,065,192	21,662,881	22,091,038
Subsidy from Government of Pakistan	955,173	–	1,832,694	–
Mid products	46,167	45,122	164,032	226,543
	10,448,923	3,110,314	23,659,607	22,317,581
Less : Discounts	316,391	64,941	751,467	129,148
	10,132,532	3,045,373	22,908,140	22,188,433

12.1 Sales are exclusive of sales tax of Rs 3,575.525 million (September 30, 2015: Rs 3,821.094 million).

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
13. Cost of sales				
Raw material consumed	1,479,706	1,706,771	5,001,256	5,258,714
Packing material consumed	204,213	145,732	610,574	538,646
Salaries, wages and other benefits	449,728	418,761	1,440,724	1,358,686
Fuel and power	799,828	947,368	2,744,104	2,838,505
Chemicals and catalyst consumed	91,823	100,399	292,383	331,850
Stores and spares consumed	156,852	247,639	481,414	614,863
Technical assistance	38,152	38,360	67,980	69,567
Repair and maintenance	52,862	60,325	186,621	162,364
Insurance	43,029	114,093	121,893	248,042
Travelling and conveyance	17,131	25,286	68,965	86,970
Equipment rental	761	3,398	4,950	12,579
Vehicle running and maintenance	10,591	12,694	29,135	38,651
Depreciation	435,115	397,679	1,293,605	1,186,895
Others	26,449	933	78,388	49,852
Manufacturing cost	3,806,240	4,219,438	12,421,992	12,796,184
Opening stock of mid products	25,131	35,208	29,457	23,785
Closing stock of mid products	(28,169)	(39,072)	(28,169)	(39,072)
Cost of goods manufactured	3,803,202	4,215,574	12,423,280	12,780,897
Opening stock of finished products	6,381,124	1,226,916	4,205,875	345,320
Closing stock of finished products	(5,686,750)	(4,227,110)	(5,686,750)	(4,227,110)
	4,497,576	1,215,380	10,942,405	8,899,107

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
14. Finance cost				
Markup on long term finances	375,571	417,732	1,137,002	1,627,527
Markup on short term finances	215,862	86,116	680,309	125,002
Interest on Worker Profit Participation Fund	–	–	9,597	–
Markup on short term deposit from subsidiary company	–	–	8,912	–
Bank charges and others	33,195	12,571	88,499	33,900
	624,628	516,419	1,924,319	1,786,429

15. Transactions with related parties

The related parties comprise the associated undertakings, subsidiary, 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:

		Nine months ended	
		September 30 2016	September 30 2015
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
Subsidiary company	Finance cost	8,912	–
	Other income	82,217	–
	Short term loans	3,133,486	–
Associated companies	Short term loan	799,000	500,000
	Toll manufacturing	–	770,845
	Miscellaneous expenses	186,848	7,507
	Sale of product	–	14,541
	Purchase of raw / packing material	726,242	566,277
	Store and Spares	6,332	–
	Other income	196,111	257,707
Directors and key management personnel	Remuneration including benefits and perquisites	158,615	139,466
Retirement benefit plans	Retirement benefit expense	107,959	77,931

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

For the nine months ended September 30, 2016

16. Earnings per share - basic and diluted

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
Profit attributable to ordinary shareholders	3,395,250	611,747	6,370,604	7,439,719
	(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)	1.62	0.29	3.03	3.54

17. Cash generated from operations

	Nine months Ended	
	September 30, 2016	September 30, 2015
	(Rupees in thousand)	
Profit before tax	7,554,967	9,164,571
Adjustments for:		
Depreciation on property, plant and equipment	1,342,665	1,219,745
Amortization of intangible assets	13,573	13,690
Finance cost	1,924,319	1,786,429
Exchange loss on revaluation of foreign currency liabilities	–	71,162
Provision for staff retirement benefits	72,117	46,569
Profit on short term loan to subsidiary and associated companies	(278,328)	(257,707)
Profit on saving accounts	(15,973)	(31,375)
Gain on disposal of property plant and equipment	(132)	(78)
	3,058,241	2,848,435
Operating cash flows before working capital changes	10,613,208	12,013,006
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(483,851)	(1,596,069)
Stock in trade	(82,796)	(3,675,221)
Trade debts	(167,246)	203,966
Loans, advances, deposits, prepayments and other receivables	(6,274,846)	(1,230,035)
(Decrease) / Increase in creditors, accrued and other liabilities	(5,593)	113,598
	(7,014,332)	(6,183,761)
	3,598,876	5,829,245

18. Financial instruments

The carrying amount of financial assets and financial liabilities as at September 30, 2016 and as at December 31, 2015 approximate their fair values.

19. Reclassification

Corresponding figures have been reclassified where necessary to reflect more appropriate presentation of events and transactions for the purpose of presentation.

From	To	Reason	(Rupees in thousand)
Stores and spares - Spares	Capital work in progress - capital stores	For better presentation	493,873
Distribution cost	Sales	For better presentation	381,303
Administrative expenses	Cost of Sales - Salaries, wages and other benefits	For better presentation	190,263
	Cost of Sales - Fuel and power	For better presentation	99,158
	Cost of Sales - Repair and maintenance	For better presentation	52,745
	Cost of Sales - Insurance	For better presentation	49
	Cost of Sales - Travelling and conveyance	For better presentation	13,098
	Cost of Sales - Equipment rental	For better presentation	2,451
	Cost of Sales - Vehicle running and maintenance	For better presentation	19,305
	Cost of Sales - Depreciation	For better presentation	51,564
	Cost of Sales - Others	For better presentation	19,994

20. Date of Authorization of Issue

These financial statements have been authorized for issue on October 27, 2016 by the Board of Directors of the Company.

21. General

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

Chief Executive

Director

Fatima Fertilizer Company Limited
Condensed Interim Consolidated Financial Statements

for the nine months ended September 30, 2016

Condensed Interim Consolidated Balance Sheet

As at September 30, 2016

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
2,500,000,000 (December 31, 2015: 2,500,000,000)			
Ordinary shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital			
2,100,000,000 (December 31, 2015: 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		(14,784)	(14,784)
Unappropriated profit		34,762,838	31,062,714
		57,538,054	53,837,930
NON CURRENT LIABILITIES			
Long term finances	4	17,068,201	17,634,124
Deferred liabilities	5	15,790,485	15,672,929
Long term deposits		53,985	42,312
		32,912,671	33,349,365
CURRENT LIABILITIES			
Trade and other payables		11,006,119	10,103,383
Accrued finance cost		690,352	389,807
Short term finances - secured	6	14,872,675	10,517,595
Current maturity of long term finance	4	7,308,564	6,812,119
Dividend Payable		2,625,000	–
		36,502,710	27,822,904
CONTINGENCIES & COMMITMENTS	7		
		126,953,435	115,010,199

The annexed explanatory notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chief Executive

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	87,937,119	87,814,273
Intangible assets	9	5,916,895	5,928,128
		93,854,014	93,742,401
Long term investments		85,806	85,806
Long term deposits		24,505	19,146
		93,964,325	93,847,353
CURRENT ASSETS			
Stores and spares	10	5,655,171	5,138,010
Stock in trade	11	11,417,006	7,077,536
Trade debts		773,461	525,663
Short term loan to associated company		3,499,000	2,700,000
Loans, advances, deposits, prepayments and other receivables		10,947,785	4,959,017
Short term investment		199,990	–
Cash and bank balances		496,697	762,620
		32,989,110	21,162,846
		126,953,435	115,010,199

Director

Condensed Interim Consolidated Profit and Loss Account (Un Audited)

For the nine months ended September 30, 2016

	Note	Three month ended September 30 2016	Three month ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
		(Rupees in thousand)			
Sales	12	12,778,438	3,220,293	26,801,017	22,020,199
Cost of sales	13	(6,740,666)	(1,380,876)	(14,219,670)	(8,771,050)
Gross profit		6,037,772	1,839,417	12,581,347	13,249,149
Distribution cost		(716,018)	(162,345)	(1,637,155)	(875,057)
Administrative expenses		(378,332)	(408,829)	(1,097,330)	(1,293,757)
		4,943,422	1,268,243	9,846,862	11,080,335
Finance cost	14	(698,771)	(621,181)	(2,258,820)	(1,891,191)
Other operating expenses		(291,904)	(114,783)	(556,536)	(743,103)
		3,952,747	532,279	7,031,506	8,446,041
Other income		65,236	13,679,448	467,971	14,036,417
Profit before tax		4,017,983	14,211,727	7,499,477	22,482,458
Taxation		(539,676)	(297,209)	(1,174,353)	(1,739,968)
Profit for the period		3,478,307	13,914,518	6,325,124	20,742,490
Earnings per share					
- basic and diluted (Rupees)	16	1.66	6.63	3.01	9.88

The annexed explanatory notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chief Executive

Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un Audited)

For the nine months ended September 30, 2016

	Note	Three month ended		Nine months ended	
		September 30 2016	September 30 2015	September 30 2016	September 30 2015
		(Rupees in thousand)			
Profit for the period		3,478,307	13,914,518	6,325,124	20,742,490
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		3,478,307	13,914,518	6,325,124	20,742,490

The annexed explanatory notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chief Executive

Director

Condensed Interim Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2016

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Un appropriated profit	Total
			(Rupees in thousand)		
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	–	–	–	20,742,490	20,742,490
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	20,742,490	20,742,490
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 September 30, 2015 (Un audited)	21,000,000	1,790,000	(23,311)	28,957,825	51,724,514
Balance as at December 31, 2015 (Audited)	21,000,000	1,790,000	(14,784)	31,062,714	53,837,930
Profit for the period	–	–	–	6,325,124	6,325,124
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	6,325,124	6,325,124
Transactions with owners: -Interim dividend for the year ending December 31, 2016 @ Rs 1.25 Per share	–	–	–	(2,625,000)	(2,625,000)
Balance as at September 30, 2016 (Un audited)	21,000,000	1,790,000	(14,784)	34,762,838	57,538,054

The annexed explanatory notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chief Executive

Director

Condensed Interim Consolidated Cash Flow Statement (Un Audited)

For the nine months ended September 30, 2016

	Note	September 30, 2016	September 30, 2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	17	498,714	5,765,453
Net increase in long term deposits		11,673	–
Finance cost paid		(1,991,117)	(1,562,371)
Taxes paid		(626,199)	(534,915)
Employee retirement benefits paid		(38,188)	(20,350)
Net cash (used in) / from operating activities		(2,145,117)	3,647,817
Cash flows from investing activities			
Additions in property, plant and equipment		(1,670,384)	(2,933,629)
Additions in intangible assets		(2,999)	(14,669)
Short term loan to associated company - net		(799,000)	56,609
Long term investment		–	(800,000)
Proceeds from disposal of property plant and equipment		515	251
Net increase in long term loans and deposits		(5,359)	(4,295)
Net increase in short term investment		(199,990)	–
Profit received on short term loan and saving accounts		270,809	407,890
Net cash used in investing activities		(2,406,408)	(3,287,843)
Cash flows from financing activities			
Repayment of long term finance		(3,695,994)	(7,695,074)
Proceeds from long term finance		3,626,516	5,584,598
Dividend paid		–	(5,768,875)
Increase in short term finance - net		4,355,080	6,749,470
Net cash from / (used in) financing activities		4,285,602	(1,129,881)
Net decrease in cash and cash equivalents		(265,923)	(769,907)
Cash and cash equivalents at the beginning of the period		762,620	951,750
Cash and cash equivalents at the end of the period		496,697	181,843

The annexed explanatory notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chief Executive

Director

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

For the nine months ended September 30, 2016

1. Legal Status and nature of business

Fatima Fertilizer Company Limited (the Holding Company) and its wholly owned subsidiaries - Fatimafert Limited (FF) (formally DH Fertilizers Limited) and Buber Sher (Private) Limited (BSPL) collectively referred to as 'the Group' were incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange. The control of FF and BSPL 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. Principal activity of BSPL is sale, marketing and distribution of fertilizers and its derivates, insecticides, pesticides, and all kinds of agricultural, fruit growing and other chemicals.

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

2. Basis of preparation

These condensed interim consolidated financial statements of the Group for the nine months ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2015. Comparative condensed interim consolidated balance sheet is extracted from annual audited consolidated financial statements for the year ended December 31, 2015 and comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement are stated from un audited condensed interim financial information for the nine months ended September 30, 2015.

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

3. Accounting polices and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual consolidated financial statements of the company for the year ended December 31, 2015.

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
4. Long term finances			
Secured loans from banking companies / financial institutions			
Holding Company		19,910,765	19,980,243
Fatimafert Limited (formerly DH Fertilizer Limited)		4,466,000	4,466,000
	4.1	24,376,765	24,446,243
Less: Current portion shown under current liabilities		7,308,564	6,812,119
		17,068,201	17,634,124
4.1 Movement of long term finances - from Banking companies / Financial institutions			
Opening balance		24,446,243	23,710,339
Finance availed during the period		3,626,516	7,252,526
		28,072,759	30,962,865
Less: repayments during the period		3,695,994	6,516,622
		24,376,765	24,446,243

4.2 During the period, the Holding Company availed following facilities:

- Disbursement of the remaining USD 5.988 million out of total approved ECA Financing Facility of USD 22 million from Standard Chartered Bank (UK) for the purpose of purchase of Waste Gas Boiler and Purifier with Expander for Ammonia Debottlenecking (DBN) Project.

- Term Finance Facility of Rs 3,000 million from Habib Bank Limited to partially refinance the Ammonia Debottlenecking Project.

  The facility carries markup rate of 6 months KIBOR plus 1.25% per annum. The facility is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 4,000 million. The loan is repayable in four years in eight half yearly installments starting from December 31, 2016.

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

For the nine months ended September 30, 2016

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
5. Deferred liabilities			
Deferred taxation	5.1	15,335,821	15,262,064
Employee retirement benefits	5.2	454,664	410,865
		15,790,485	15,672,929
5.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		15,406,131	15,328,178
Deductible temporary difference:			
Provision for retirement benefits and others		(55,943)	(51,283)
Remeasurement of defined benefit obligation		(14,367)	(14,831)
		(70,310)	(66,114)
		15,335,821	15,262,064
5.2 Employee retirement benefits			
Gratuity		285,898	252,017
Accumulating compensated absences		168,766	158,848
		454,664	410,865

6. Short term finances

Secured loans from Banking companies

6.1 Holding Company

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

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

These facilities carry mark up ranging from 6.57% to 8.36% (December 31, 2015: 6.81% to 10.90%) per annum for Running Finance and Cash Finance and 6.70% to 7.59% (December 31, 2015: 2.15% to 7.59%) per annum for Finance against Imported Merchandise.

6.2 Fatimafert Limited (formerly DH Fertilizer 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 and Financing against Imported Merchandise.

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 7.22% to 7.60% (December 31, 2015: 7.11% to 10.90%) per annum.

7. Contingencies and commitments

7.1 Contingencies

As at September 30, 2016, there is no material change in the status of contingencies as reported in the notes to the consolidated financial statements of the Group for the year ended December 31, 2015, except for the following:

Holding Company

(i) The Company's stance was vindicated by Commissioner Inland Revenue Appeals (CIR(A)), as he annulled the order passed by Deputy Commissioner Inland Revenue (DCIR), Multan creating a demand of Rs 759 million along with 100% penalty by treating the stocks of finished fertilizer products transferred to Company warehouses as sales without any cogent legal grounds.

The decision has been challenged by the Department in appeal before Appellate Tribunal Inland Revenue.

(ii) The Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following two cases decided against the Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for re-hearing the case by the Customs Appellate Tribunal, Lahore:

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)
For the nine months ended September 30, 2016

- Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.957 million
- Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.604 million.

7.2 Commitments in respect of

Holding Company

(i) Contracts for capital expenditure Rs 660.909 million (December 31, 2015: Rs 1,041.900 million).

(ii) Contracts for other than capital expenditure Rs 497.891 million (December 31,2015: Rs 220.344 million).

(iii) The amount of future payments under non-cancellable operating leases and the period in which these payments will become due are as follows:

	Un audited September 30, 2016	Audited December 31, 2015
	(Rupees in thousand)	
Not later than one year	263,177	149,948
Later than one year but not later than five years	168,982	206,211
	432,159	356,159

7.3 Fatimafert Limited (formerly DH Fertilizer Limited)

(i) Contracts for other than capital expenditure Rs 35.565 million (December 31, 2015: Rs 17.751 million).

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
8. Property, plant and equipment			
Operating fixed assets- tangible	8.1	84,553,564	83,429,526
Capital work in progress	8.2	3,383,555	4,384,747
		87,937,119	87,814,273

	Note	Un audited September 30, 2016	Audited December 31, 2015
		(Rupees in thousand)	
8.1 Movement of operating fixed assets- tangible			
Opening book value		83,429,526	65,945,226
Add: additions during the period	8.1.1	2,684,271	19,274,938
Less: book value of disposals during the period		176	641
		86,113,621	85,219,523
Less: depreciation charged during the period		1,560,057	1,789,997
Closing book value		84,553,564	83,429,526
8.1.1 Additions during the period			
Freehold land		–	1,164,000
Building		64,304	948,865
Plant and machinery		2,508,975	16,863,892
Furniture and fixtures		4,198	11,576
Office equipment		4,957	14,790
Electric installations and appliances		55,010	113,135
Computers		28,852	116,274
Vehicles		17,975	42,406
		2,684,271	19,274,938
8.2 Capital work in progress			
Civil works		570,407	453,282
Plant and machinery		1,768,836	2,315,720
Capital stores		525,236	516,890
Advances			
Freehold land		159,758	159,758
Civil works		25,931	4,832
Plant and machinery		33,387	634,265
Other advances		300,000	300,000
		519,076	1,098,855
		3,383,555	4,384,747
8.2.1 Movement of capital work in progress			
Opening balance		4,384,747	3,028,688
Addition during the period		1,621,891	5,610,595
		6,006,638	8,639,283
Less: capitalization during the period		2,623,083	4,254,536
Closing balance		3,383,555	4,384,747

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)
For the nine months ended September 30, 2016

	Un audited September 30, 2016	Audited December 31, 2015
	(Rupees in thousand)	
9. Intangible assets		
Opening book value	5,928,128	30,083
Add: additions during the period	3,287	5,917,048
	5,931,415	5,947,131
Less: amortization charged during the period	14,520	19,003
Closing book value	5,916,895	5,928,128
10. Stores and spares		
Stores	495,607	467,589
Spares	4,314,720	3,844,070
Catalyst and chemicals	981,920	954,831
	5,792,247	5,266,490
Less: provision for obsolete items	137,076	128,480
	5,655,171	5,138,010
11. Stock in trade		
Raw material {including in-transit Rs 702.281 million (December 31, 2015: Rs 1,670.775 million)}	1,363,327	2,766,315
Packing material	16,865	25,061
Mid Products		
Ammonia	89,442	71,975
Nitric Acid	10,901	5,264
Others	367	287
	100,710	77,526
Finished Products - own manufactured		
Urea	5,970,154	838,761
NP	2,084,537	2,495,358
CAN	1,220,835	817,676
Emission reductions	61,975	56,839
	9,337,501	4,208,634
Finished Products - purchased for resale	598,603	–
	11,417,006	7,077,536

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
12. Sales				
Fertilizer Products:				
-Own manufactured	11,748,827	3,223,544	25,003,507	21,906,236
-Purchased for resale	1,396	–	1,396	–
	11,750,223	3,223,544	25,004,903	21,906,236
Subsidy from Government of Pakistan	1,237,177	–	2,178,946	–
Mid products	107,430	61,690	368,635	243,111
	1,344,607	61,690	2,547,581	243,111
Less :Discounts	316,392	64,941	751,467	129,148
	12,778,438	3,220,293	26,801,017	22,020,199

12.1 Sales are exclusive of sales tax of Rs 3,800.015 million (September 30, 2015: Rs 3,915.506 million).

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
13. Cost of sales				
Raw material consumed	3,762,969	2,056,378	9,819,223	5,608,321
Packing material consumed	269,112	145,732	766,345	538,646
Salaries, wages and other benefits	604,577	466,742	1,857,295	1,290,805
Fuel and power	1,329,945	1,040,903	3,786,444	2,871,629
Chemicals and catalyst consumed	127,566	106,439	373,123	337,890
Stores and spares consumed	190,650	247,639	576,237	614,863
Technical assistance	38,152	39,204	68,202	69,567
Repair and maintenance	58,099	56,888	199,240	125,079
Insurance	54,266	117,537	157,068	251,442
Travelling and conveyance	27,012	33,515	94,251	85,500
Equipment rental	3,723	15,303	12,976	22,464
Vehicle running and maintenance	13,406	5,828	37,990	19,346
Depreciation	506,621	450,951	1,507,728	1,206,866
Others	30,634	5,117	114,510	28,951
Manufacturing cost	7,016,732	4,788,176	19,370,632	13,071,369
Opening stock of mid products	90,483	109,191	77,526	97,768
Closing stock of mid products	(100,710)	(91,304)	(100,710)	(91,304)
Cost of goods manufactured	7,006,505	4,806,063	19,347,448	13,077,833
Opening stock of finished products	9,070,573	1,226,916	4,208,634	345,320
Closing stock of finished products	(9,337,502)	(4,652,103)	(9,337,502)	(4,652,103)
Cost of Sale - own manufactured	6,739,576	1,380,876	14,218,580	8,771,050
Cost of Sale - purchased for resale	1,090	–	1,090	–
	6,740,666	1,380,876	14,219,670	8,771,050

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)
For the nine months ended September 30, 2016

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
14. Finance cost				
Markup on long term finances	463,978	510,870	1,403,134	1,720,665
Markup on short term finances	191,217	97,740	746,789	136,626
Interest on Worker Profit Participation Fund	–	–	9,597	–
Bank charges and others	43,576	12,571	99,300	33,900
	698,771	621,181	2,258,820	1,891,191

15. 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. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

		Nine months ended	
		September 30 2016	September 30 2015
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
Associated companies	Short term loan	799,000	500,000
	Toll manufacturing	–	770,845
	Miscellaneous expenses	229,558	7,507
	Sale of product	–	14,541
	Store and Spares	6,332	–
	Purchase of raw / packing material	824,079	566,277
	Other income	196,111	257,707
Directors and key management personnel	Remuneration including benefits and perquisites	166,841	139,466
Retirement benefit plans	Retirement benefit expense	135,731	77,931

16. Earnings per share - basic and diluted

	Three month ended		Nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
	(Rupees in thousand)			
Profit attributable to ordinary shareholders	3,478,307	13,914,518	6,325,124	20,742,490
	(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)	1.66	6.63	3.01	9.88

	Nine months Ended	
	September 30, 2016	September 30, 2015
	(Rupees in thousand)	
17. Cash generated from operations		
Profit before tax	7,499,477	22,482,458
Adjustments for :		
Depreciation on property, plant and equipment	1,560,057	1,292,516
Amortization of intangible assets	14,520	14,000
Finance cost	2,258,820	1,891,191
Provision for staff retirement benefits	81,987	49,652
Provision for slow moving stores, spares and loose tools	10,053	–
Exchange loss on revaluation of foreign currency liabilities	–	71,162
Bargain purchase gain	–	(13,551,777)
Profit on short term loan to associated company	(187,206)	(257,707)
Profit on saving accounts	(16,042)	(31,391)
Gain on disposal of property plant and equipment	(339)	(110)
	3,721,850	(10,522,464)
Operating cash flows before working capital changes	11,221,327	11,959,994
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	(525,757)	(1,581,704)
Stock in trade	(4,339,470)	(4,087,025)
Trade debts	(247,800)	203,746
Loans, advances, deposits, prepayments and other receivables	(9,649,756)	(1,175,311)
Increase in creditors, accrued and other liabilities	4,040,170	445,753
	(10,772,613)	(6,194,541)
	498,714	5,765,453

Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements (Un audited)
For the nine months ended September 30, 2016

18. Date of Authorization of Issue

These financial statements have been authorized for issue on October 27, 2016 by the Board of Directors of the Company.

19. General

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

Chief Executive

Director

Note

Note

Note

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