

3rd QUARTERLY 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

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 for the nine months ended September 30, 2018 along with brief overview of operational and financial performance of the Company.

Market Overview - Global

During the quarter major demand for Urea in Asia originated from India and Thailand while other Southeast Asian countries purchased small lots mostly from Indonesia, Malaysia and China including re-export tonnes. Petronas in Malaysia was shut down for maintenance while Indonesia did several spot sales during the quarter, but its producers continued to have issues with export licenses. Domestic production in Bangladesh and Pakistan was, however hit by gas supply shortages.

Phosphates import demand in the third quarter has spiked, especially from India and Pakistan. In India, buyers have purchased record volumes of DAP following a good monsoon. It is estimated that India has bought around 5 million MT of DAP so far. Chinese producers refocused on the export market with steady shipments to regions with high demand, especially, India, Pakistan, Southeast Asia and Latin America, as domestic DAP/MAP prices remained low.

Market Overview - Pakistan

Domestic production for the current quarter of the year remained almost at par with last year. Due to both, continued shut down of fertilizer plants on SNGPL network and improved offtake of 1.40 million MT from 1.27 million MT versus comparative period last year, Government was forced to import 0.1 million MT of Urea to ensure availability in the market. Towards the end of current quarter, the Government while appreciating the need for revival of local industry has started operating SNGPL Network based plants, Fatimafert and Agritech, after resumption of gas supplies but at much higher than normal gas rates.

The industry's DAP production and imports for the current quarter grew by almost 11% to 880K MT from 796K MT last year. However, offtake dipped by 26% to 554K MT from 749K MT last year which is expected to recover in the 4th quarter.

Company Performance

With 6% increase in overall sales volumes, the Company achieved its highest ever sales volume in first nine months of a year. NP and Urea achieved volume growths of 12% and 9% respectively compared to corresponding nine-month period of last year, while sales of CAN remained at par.

Sales Volume

Products	Jan to Sep - 2018 ("000" Tons)	Jan to Sep - 2017
Urea	423	389
CAN	407	405
NP	297	266
Total	1,127	1,060

With sustained and reliable plant operations, production volume for the nine-month period of current year was 12% higher than the comparative period last year, where the plant remained shut-down for 27 days for Turnaround in 2017.

Production Volume

Products	Jan to Sep - 2018 ("000" Tons)	Jan to Sep - 2017
Ammonia	436	394
Nitric Acid	387	356
Urea	367	338
CAN	358	323
NP	314	264

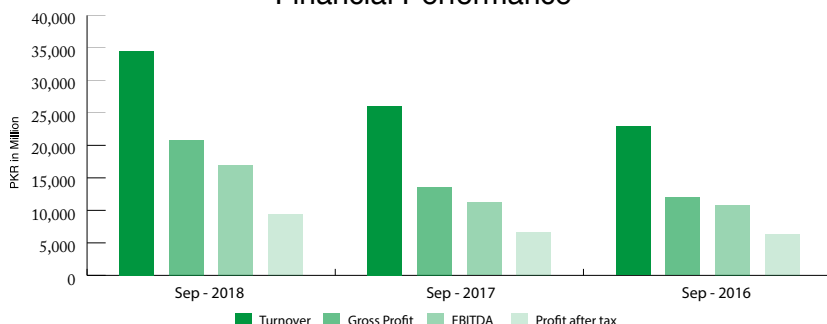
The total revenue generated amounted to PKR 34.5 billion against PKR 26.1 billion posted in same period last year due to increase in sales volumes and stable fertilizer prices in the market.

In addition, effective and efficient resource utilization, improved plant efficiencies and firm product prices translated into increased Gross Profit for the period under review which achieved PKR 20.7 billion from PKR 13.5 billion achieved during comparative period last year.

Distribution cost increased by 35% owing to increased sales volumes and extensive advertisement and sales promotion activities. Administrative expenses increased by 22% mainly due to higher CSR contribution, while finance costs receded by 40% due to scheduled loan repayments and reduced reliance on working capital lines due to improved liquidity situation.

Resultantly, the Company has posted Profit Before Tax of PKR 14.5 billion and After Tax Profit of PKR 9.4 billion, compared to PKR 8.2 billion and PKR 6.7 billion respectively posted for comparative period last year. Company's Earnings Per Share (EPS) stood at PKR 4.49 against PKR 3.18 in the corresponding period last year.

Financial Performance



Fatima Plant Site has achieved combined 45.80 million safe man-hours by September 30, 2018. Our state of the art plant safety management systems received admiration from participants across the globe when a paper titled “Achieving Excellence in PSM at Fatima” was presented at American Institute of Chemical Engineer’s Conference (AIChE-2018) in Canada.

Consolidated Financial Results

Due to non-availability of gas at viable rates, Fatimafert (FF) had to remain shut down during the period under review. However, after resumption of gas supply, the plant has started operations in October 2018. Hopefully the sustained operations during the fourth quarter of the year will further augment the bottom line of the consolidated results of the Company.

Summary of consolidated financial results for the nine months ended September 30, 2018 is as follows:

	PKR in Million
Sale	35,566
Gross Profit	20,082
Profit Before Tax	13,233
Profit After Tax	8,468

Future Outlook

For the purpose of business expansion and consolidation of fertilizer operations of the wholly owned subsidiary – Fatimafert Limited and associated company – Pakarab Fertilizers Limited, the Board of Directors in their meeting held on October 15, 2018, have decided to amalgamate Fatimafert Limited and acquire the production and operating plants of Pakarab Fertilizers Limited. The move is expected to maximize the benefits of synergies and cost

efficiencies to the shareholders of the Company. As per preliminary assessment, acquisition of Pakarab plants will increase Earning Per Share by PKR 1 (One) for shareholders of Fatima Fertilizer. With continued operations of all the production plants, the operating prowess of the Company will catapult to 2,572,400 MT from the existing 1,280,000 MT.

Future Name Plate Capacity of Fatima Fertilizer (MT)				
	Urea	CAN	NP	Total
Fatima Fertilizer – Current Capacity	500,000	420,000	360,000	1,280,000
From Amalgamation of Fatimafert	445,500	–	–	445,500
From Acquisition of Assets from Pakarab	92,400	450,000	304,500	846,900
Fatima Fertilizer – Future Capacity	1,037,900	470,000	664,500	2,572,400

The decision will be presented for approval of the shareholders in the Extraordinary General Meeting of Shareholders to be held on November 19, 2018.

With its strong financial and liquidity position, your Company is considering various additional initiatives from within and outside fertilizer sector to further add value for its stakeholders. Some of these initiatives including the above will be finalized soon that will lead to incremental values for the stakeholders of the Company in the coming years.

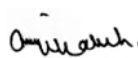
Acknowledgements

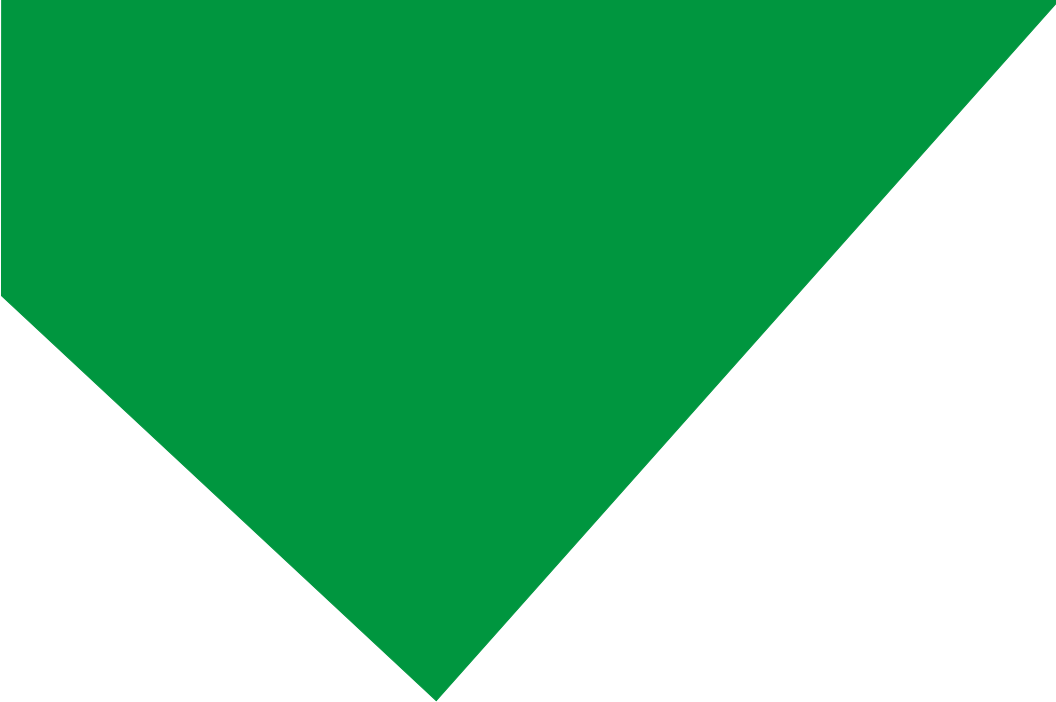
The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business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

For and on behalf of the Board

Lahore
October 30, 2018


Fawad Ahmed Mukhtar
Chief Executive Officer


Arif Habib
Chairman



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

for the nine months ended September 30, 2018



Condensed Interim Statement of Financial Position

As at September 30, 2018

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
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	37,455,464	32,741,792
		58,455,464	53,741,792
NON CURRENT LIABILITIES			
Long term finances	5	8,044,500	10,774,286
Deferred liabilities	6	16,212,557	15,763,775
Long term deposits		48,670	51,269
		24,305,727	26,589,330
CURRENT LIABILITIES			
Trade and other payables		15,875,191	11,459,546
Accrued finance cost		369,358	167,823
Short term finances - secured	7	1,167,674	1,725,938
Current maturity of long term finances	5	5,598,500	5,652,048
		23,010,723	19,005,355
CONTINGENCIES & COMMITMENTS	8		
		105,771,914	99,336,477

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

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	74,595,576	72,989,957
Intangible assets	10	34,950	38,196
		74,630,526	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		254,498	114,217
		79,624,383	78,379,770
CURRENT ASSETS			
Stores and spares	11	5,217,835	4,745,061
Stock in trade	12	3,775,271	3,813,626
Trade debts		1,665,376	1,796,351
Short term loans		7,241,723	3,966,888
Advances, deposits, prepayments and other receivables		7,467,776	5,626,723
Short term investment - available for sale		197,302	198,113
Cash and bank balances		582,248	809,945
		26,147,531	20,956,707
		105,771,914	99,336,477

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un Audited)

For the nine months ended September 30, 2018

	Note	Three months ended		Nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousand)			
Sales	13	11,409,902	8,386,617	34,511,124	26,078,355
Cost of sales	14	(4,398,154)	(3,693,851)	(13,740,654)	(12,528,970)
Gross profit		7,011,748	4,692,766	20,770,470	13,549,385
Distribution cost		(880,614)	(880,561)	(3,231,180)	(2,398,132)
Administrative expenses		(393,125)	(323,649)	(1,408,217)	(1,153,720)
		5,738,009	3,488,556	16,131,073	9,997,533
Finance cost	15	(328,446)	(558,550)	(968,730)	(1,607,588)
Other operating expenses		(445,018)	(185,480)	(1,239,312)	(533,219)
		4,964,545	2,744,526	13,923,031	7,856,726
Other income		234,612	112,486	588,534	371,474
Profit before tax		5,199,157	2,857,012	14,511,565	8,228,200
Taxation		(2,096,645)	(473,525)	(5,072,381)	(1,553,723)
Profit for the period		3,102,512	2,383,487	9,439,184	6,674,477
Earnings per share					
- basic and diluted (Rupees)	17	1.48	1.13	4.49	3.18

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 nine months ended September 30, 2018

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
Profit for the period	3,102,512	2,383,487	9,439,184	6,674,477
Other comprehensive Income				
Items that may be reclassified subsequently to profit or loss:				
Deficit on remeasurement of investments classified as available for sale	—	—	(731)	—
Related tax thereon	—	—	219	—
Other comprehensive Income	—	—	(512)	—
Total comprehensive income for the period	3,102,512	2,383,487	9,438,672	6,674,477

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 nine months ended September 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	–	–	6,674,477	–	–	6,674,477
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	6,674,477	–	–	6,674,477
Transactions with owners:						
- Final dividend for the year ended December 31, 2016 @ Rs 2 per share	–	–	(4,200,000)	–	–	(4,200,000)
Balance at September 30, 2017 (Un audited)	21,000,000	1,790,000	27,100,566	(42,418)	345	49,848,493
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	–	–	9,439,184	–	–	9,439,184
Other comprehensive Income	–	–	–	–	(512)	(512)
Total comprehensive income	–	–	9,439,184	–	(512)	9,438,672
Transactions with owners:						
- Final dividend for the year ended December 31, 2017 @ Rs 2.25 per share	–	–	(4,725,000)	–	–	(4,725,000)
Balance at September 30, 2018 (Un audited)	21,000,000	1,790,000	35,716,286	(49,073)	(1,749)	58,455,464

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 nine months ended September 30, 2018

	Note	September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	18	16,529,280	8,871,939
Net (decrease) / increase in long term deposits		(2,599)	3,915
Finance cost paid		(767,195)	(1,341,582)
Taxes paid		(1,580,249)	(716,675)
Employee retirement benefits paid		(26,158)	(40,787)
Net cash from operating activities		14,153,079	6,776,810
Cash flows from investing activities			
Additions in property, plant and equipment		(3,049,034)	(1,450,112)
Additions in intangible assets		(7,119)	(966)
Long term investment		(1,959)	-
Short term loans to associated companies - net		(3,274,835)	(779,400)
Proceeds from disposal of property plant and equipment		605	2,037
Net increase in long term deposits		(140,282)	(5,509)
Proceeds from short term investment		80	80
Profit received on short term loan and saving accounts		292,046	376,620
Net cash used in investing activities		(6,180,498)	(1,857,250)
Cash flows from financing activities			
Repayment of long term finances		(2,967,630)	(2,866,184)
Dividend paid		(4,674,384)	(4,199,239)
Refund of over-subscribed Sukuk		-	(8,092,675)
Decrease in short term finance - net		(558,264)	(345,800)
Net cash used in financing activities		(8,200,278)	(15,503,898)
Net decrease in cash and cash equivalents		(227,697)	(10,584,338)
Cash and cash equivalents at the beginning of the period		809,945	11,099,884
Cash and cash equivalents at the end of the period		582,248	515,546

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 nine months ended September 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 nine months ended September 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 un audited condensed interim financial statements for the nine months ended September 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.

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
4. Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		35,716,286	31,002,102
Post retirement benefit obligation reserve		(49,073)	(49,073)
Deficit on remeasurement of investment - available for sale		(1,749)	(1,237)
		37,455,464	32,741,792
5. Long term finances			
Rated, listed and secured Ijarah Sukuk Certificates		7,350,000	8,400,000
Secured loans from banking companies/ financial institutions		6,293,000	8,026,334
		13,643,000	16,426,334
Less: Current portion		5,598,500	5,652,048
		8,044,500	10,774,286
5.1 Movement of long term finances			
Opening balance		16,426,334	21,860,759
Repayments		(2,967,630)	(5,518,025)
Exchange loss on translation of foreign currency loan		184,296	83,600
Closing Balance		13,643,000	16,426,334
6. Deferred liabilities			
Deferred taxation	6.1	15,642,716	15,246,794
Employee retirement benefits	6.2	569,841	516,981
		16,212,557	15,763,775

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

For the nine months ended September 30, 2018

6.1 Deferred taxation

September 30, 2018 (Un audited)

	At December 31, 2017	Charged to profit and loss	Credited to other comprehensive income	At September 30, 2018
(Rupees in thousand)				
Deferred tax liabilities:				
Accelerated tax depreciation	15,319,359	396,025	—	15,715,384
Deferred tax asset:				
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	396,141	(219)	15,642,716

December 31, 2017 (Audited)

	At December 31, 2016	Charged / (credited) to profit and loss	Credited to other comprehensive income	At December 31, 2017
(Rupees in thousand)				
Deferred tax liabilities:				
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
Deferred tax asset:				
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
September 30, 2018 Audited
December 31, 2017
(Rupees in thousand)

6.2 Employee retirement benefits		
Gratuity	393,705	348,551
Accumulating compensated absences	176,136	168,430
	569,841	516,981

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 9.01% (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 September 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
September 30, 2018 Audited
December 31, 2017
(Rupees in thousand)

8.2 Commitments in respect of:		
(i) Contracts for capital expenditure	1,634,556	1,130,885
(ii) Contracts for other than capital expenditure	138,091	828,532
(iii) The amount of future payments under non-cancellable operating leases:		
Not later than one year	226,539	294,355
Later than one year but not later than five years	195,832	243,516
	422,371	537,871

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

For the nine months ended September 30, 2018

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
9. Property, plant and equipment			
Operating fixed assets - tangible	9.1	71,183,215	70,142,753
Capital work in progress	9.2	3,412,361	2,847,204
		74,595,576	72,989,957
9.1 Movement of operating fixed assets - tangible			
Opening book value		70,142,753	70,493,773
Add: additions during the period	9.1.1	2,483,877	1,477,699
Less: book value of disposals during the period		—	856
		72,626,630	71,970,616
Less: depreciation charged during the period		1,443,415	1,827,863
Closing book value		71,183,215	70,142,753
9.1.1 Additions during the period			
Freehold land		—	5,259
Building on freehold land		95,234	501,713
Building on leasehold land		30,445	—
Plant and machinery		656,621	817,077
Air craft		1,567,285	—
Furniture and fixtures		7,850	4,602
Office equipment		3,164	6,429
Electric installations and appliances		39,667	88,375
Computers		48,073	34,818
Vehicles		35,538	19,426
		2,483,877	1,477,699
9.2 Capital work in progress			
Civil works		336,739	271,528
Plant and machinery		1,356,214	1,509,257
Capital stores		346,109	341,212
Advances:			
- Freehold land		187,879	158,958
- Civil works		3,351	6,143
- Plant and machinery		882,069	260,106
- Other advances		300,000	300,000
		1,373,299	725,207
		3,412,361	2,847,204

Un audited
September 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	1,236,089	1,538,614
	4,083,293	3,986,215
Less: Capitalization during the period	670,932	1,139,011
Closing balance	3,412,361	2,847,204

10. Intangible assets

Opening book value	38,196	17,909
Add: additions during the period	7,119	29,383
	45,315	47,292
Less: amortization charged during the period	10,365	9,096
Closing book value	34,950	38,196

11. Stores and spares

Stores	222,699	218,082
Spares	3,846,477	3,578,721
Catalyst and chemicals	1,148,659	948,258
	5,217,835	4,745,061

12. Stock in trade

Raw material {including in transit Rs 561.981 million (December 31, 2017: Rs 376.952 million)}	1,599,749	1,348,958
Packing material	8,543	3,543
Mid Products		
Ammonia	15,939	6,362
Nitric Acid	13,578	3,360
Others	416	394
	29,933	10,116
Finished goods		
Urea	720,802	1,212,219
NP	964,186	538,127
CAN	368,961	631,772
Certified emission reductions	83,097	68,891
	2,137,046	2,451,009
	3,775,271	3,813,626

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

For the nine months ended September 30, 2018

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
13. Sales				
Fertilizer Products				
- Local Sales	11,541,015	6,910,752	33,063,927	23,501,101
- Export Sales	14,151	1,686,810	1,470,159	2,009,430
Subsidy from Government of Pakistan	—	140,265	270,655	1,845,868
Mid products	124,436	45,206	300,988	174,197
Certified emission reductions	—	—	—	82,924
	11,679,602	8,783,033	35,105,729	27,613,520
Less : Discounts	269,700	396,416	594,605	1,535,165
	11,409,902	8,386,617	34,511,124	26,078,355

13.1 Sales are exclusive of sales tax of Rs 1,827.577 million (September 30, 2017: Rs 2,992.742 million).

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
14. Cost of sales				
Raw material consumed	2,211,278	1,336,423	5,281,543	3,574,169
Packing material consumed	276,907	215,636	752,298	567,460
Salaries, wages and other benefits	526,656	477,001	1,710,590	1,752,234
Fuel and power	786,699	729,903	2,236,148	2,054,207
Chemicals and catalyst consumed	155,390	120,310	406,618	343,033
Stores and spares consumed	177,299	171,474	582,775	927,819
Technical assistance	9,011	16,041	34,182	52,346
Repair and maintenance	284,618	51,253	801,162	316,681
Insurance	42,895	35,569	121,743	102,580
Travelling and conveyance	17,270	19,820	55,104	62,323
Rent, rates and taxes	9,442	2,069	32,424	36,225
Vehicle running and maintenance	14,800	11,695	41,585	32,935
Depreciation	449,856	439,327	1,349,369	1,315,919
Others	10,323	32,988	40,967	100,709
Manufacturing cost	4,972,444	3,659,509	13,446,508	11,238,640
Opening stock of mid products	31,209	30,960	10,116	15,862
Closing stock of mid products	(29,933)	(32,232)	(29,933)	(32,232)
Cost of goods manufactured	4,973,720	3,658,237	13,426,691	11,222,270
Opening stock of finished goods	1,561,480	3,256,336	2,451,009	4,527,422
Closing stock of finished goods	(2,137,046)	(3,220,722)	(2,137,046)	(3,220,722)
	4,398,154	3,693,851	13,740,654	12,528,970

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
15. Finance cost				
Markup on long term finances	266,881	341,039	837,881	1,085,819
Markup on short term finances	58,023	155,552	100,238	369,965
Interest on Worker Profit Participation Fund	—	—	—	9,901
Bank charges and others	3,542	61,959	30,611	141,903
	328,446	558,550	968,730	1,607,588

16. Transactions with related parties

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

		Nine months Ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Subsidiary company	Short term loan	1,274,835	729,400
	Other income	226,021	93,261
	Store and spares	20,700	59
	Miscellaneous expenses	43,721	21,445
Associated companies	Short term loan	2,000,000	50,000
	Miscellaneous expenses	145,910	260,524
	Purchase of Aircraft and related accessories	1,599,997	—
	Store and spares	4,877	—
	Purchase of raw / packing material	864,367	568,414
	Other income	331,385	261,860
	Payment against assignment of sales tax refund	—	1,150,280
	Fee for services	537,953	339,975
Directors and key management personnel	Remuneration including benefits and perquisites	176,015	184,899
Retirement benefit plans	Retirement benefit expense	123,267	105,398

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

For the nine months ended September 30, 2018

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
(Rupees in thousand)				
17. Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders	3,102,512	2,383,487	9,439,184	6,674,477
	(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)	1.48	1.13	4.49	3.18

	Nine months Ended	
	September 30, 2018	September 30, 2017
(Rupees in thousand)		
18. Cash generated from operations		
Profit before tax	14,511,565	8,228,200
Adjustments for :		
Depreciation on property, plant and equipment	1,443,415	1,365,877
Amortization of intangible assets	10,365	6,866
Finance cost	968,730	1,607,588
Provision for staff retirement benefits	79,018	64,699
Exchange loss on translation of foreign currency loan	184,296	7,595
Profit on short term loan to subsidiary and associated companies	(557,406)	(355,121)
Profit on saving accounts	(21,503)	(16,190)
Gain on disposal of property plant and equipment	(605)	(1,193)
	2,106,310	2,680,121
Operating cash flows before working capital changes	16,617,875	10,908,321
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	(472,774)	319,862
Stock in trade	38,355	1,663,862
Trade debts	130,975	(2,515,586)
Advances, deposits, prepayments and other receivables	(1,590,213)	(1,466,407)
Increase/(decrease) in creditors, accrued and other liabilities	1,805,062	(38,113)
	(88,595)	(2,036,382)
	16,529,280	8,871,939

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:

	September 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	–	197,302	–	197,302
	–	197,302	–	197,302
	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 condensed interim financial statements have been authorized for issue on October 30, 2018 by the Board of Directors of the Company.

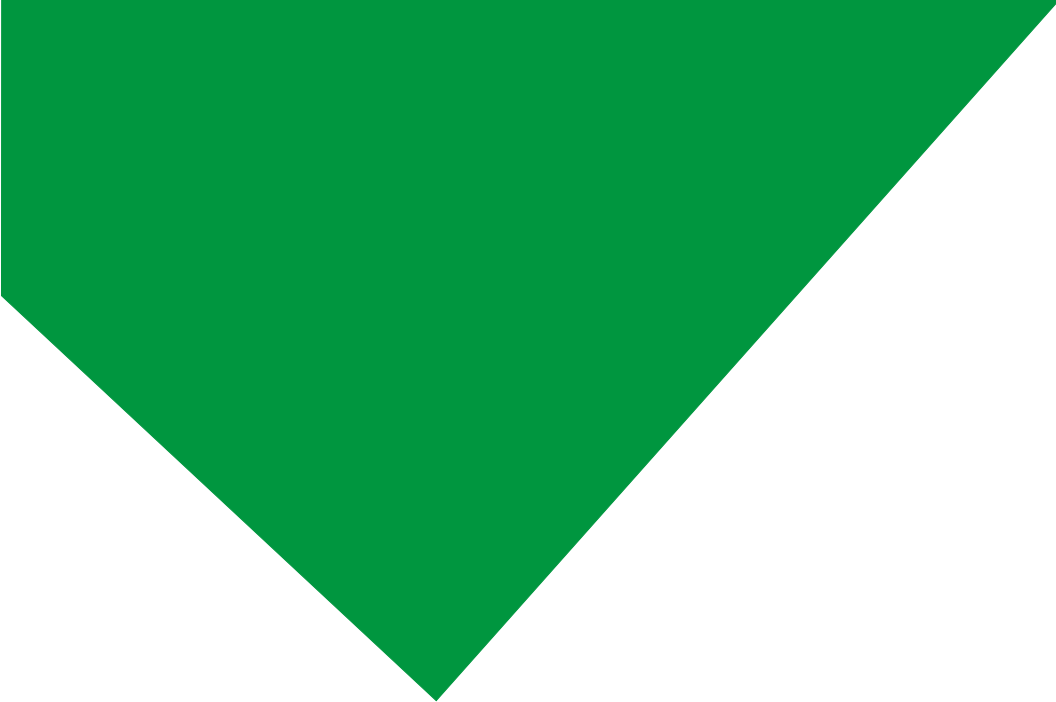
21. General

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 **Condensed Interim Consolidated** **Financial Statements**

for the nine months ended September 30, 2018



Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2018

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
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
Reserve	4	48,387,316	44,644,998
		69,387,316	65,644,998
NON CURRENT LIABILITIES			
Long term finances	5	9,533,166	13,751,619
Deferred liabilities	6	14,938,298	14,825,896
Long term deposits		56,847	56,626
		24,528,311	28,634,141
CURRENT LIABILITIES			
Trade and other payables		17,906,514	13,864,053
Accrued finance cost		545,710	259,961
Short term finances - secured	7	2,483,874	2,116,673
Current maturity of long term finance	5	7,087,167	7,140,715
		28,023,265	23,381,402
CONTINGENCIES & COMMITMENTS	8		
		121,938,892	117,660,541

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

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	88,103,185	86,704,799
Intangible assets	10	5,935,067	5,938,386
		94,038,252	92,643,185
Long term investments		139,338	85,946
Long term loan to associated company		2,499,000	2,999,000
Long term deposits		255,024	114,743
		96,931,614	95,842,874
CURRENT ASSETS			
Stores and spares	11	6,025,239	5,564,520
Stock in trade	12	4,015,624	4,207,756
Trade debts		1,677,502	1,930,632
Short term loans		3,241,723	1,241,723
Advances, deposits, prepayments and other receivables		9,256,354	7,842,835
Short term investment		197,302	198,113
Cash and bank balances		593,534	832,088
		25,007,278	21,817,667
		121,938,892	117,660,541

Chief Executive Officer

Director

Chief Financial Officer

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

For the nine months ended September 30, 2018

		Three months ended		Nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Note	(Rupees in thousand)			
Sales	13	11,935,681	9,082,626	35,566,278	33,240,297
Cost of sales	14	(5,170,053)	(4,777,529)	(15,483,843)	(21,034,260)
Gross profit		6,765,628	4,305,097	20,082,435	12,206,037
Distribution cost		(884,628)	(890,849)	(3,238,288)	(2,532,364)
Administrative expenses		(450,242)	(372,549)	(1,565,884)	(1,308,902)
		5,430,758	3,041,699	15,278,263	8,364,771
Finance cost	15	(417,264)	(687,522)	(1,227,430)	(2,016,592)
Other operating expenses		(445,018)	(185,480)	(1,239,312)	(533,219)
		4,568,476	2,168,697	12,811,521	5,814,960
Other income		158,125	86,992	377,367	293,492
Share of profit from Associate		13,121	–	43,718	–
Profit before tax		4,739,722	2,255,689	13,232,606	6,108,452
Taxation		(1,970,458)	331,806	(4,764,776)	(488,903)
Profit for the period		2,769,264	2,587,495	8,467,830	5,619,549
Earnings per share					
- basic and diluted (Rupees)	17	1.32	1.23	4.03	2.68

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 nine months ended September 30, 2018

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017 (Rupees in thousand)	September 30, 2018	September 30, 2017
Profit for the period	2,769,264	2,587,495	8,467,830	5,619,549
Other Comprehensive Income:				
Items that may be reclassified subsequently to profit or loss:				
Deficit on remeasurement of investments classified as available for sale	—	—	(731)	—
Related tax thereon	—	—	219	—
Other Comprehensive Income:	—	—	(512)	—
Total comprehensive income for the period	2,769,264	2,587,495	8,467,318	5,619,549

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 nine months ended September 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	–	–	5,619,549	–	–	5,619,549
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	5,619,549	–	–	5,619,549
Transactions with owners:						
- Final dividend for the year ended December 31, 2016 @ Rs 2 per share	–	–	(4,200,000)	–	–	(4,200,000)
Balance at September 30, 2017 (Un audited)	21,000,000	1,790,000	39,250,660	409	345	62,041,414
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	–	–	8,467,830	–	–	8,467,830
Other comprehensive income	–	–	–	–	(512)	(512)
Total comprehensive income	–	–	8,467,830	–	(512)	8,467,318
Transactions with owners:						
- Final dividend for the year ended December 31, 2017 @ Rs 2.25 per share	–	–	(4,725,000)	–	–	(4,725,000)
Balance at September 30, 2018 (Un audited)	21,000,000	1,790,000	46,641,884	(42,819)	(1,749)	69,387,316

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 nine months ended September 30, 2018

	Note	September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	18	16,318,309	9,585,106
Net (decrease) / increase in long term deposits		(2,599)	3,915
Finance cost paid		(1,159,073)	(1,838,319)
Taxes paid		(1,618,339)	(1,040,278)
Employee retirement benefits paid		(38,682)	(55,214)
Net cash from operating activities		13,499,616	6,655,210
Cash flows from investing activities			
Additions in property, plant and equipment		(3,061,252)	(1,462,661)
Additions in intangible assets		(7,119)	(966)
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		1,338	3,532
Net increase in long term loans and deposits		(137,462)	(6,119)
Proceeds from short term investment		80	80
Profit received on loans and saving accounts		231,684	283,576
Net cash used in investing activities		(4,974,690)	(1,232,558)
Cash flows from financing activities			
Repayment of long term finance		(4,456,296)	(2,866,184)
Dividend paid		(4,674,384)	(4,199,239)
Refund of over-subscribed Sukuk		—	(8,092,675)
Increase / (decrease) in short term finances - net		367,200	(1,282,498)
Net cash used in financing activities		(8,763,480)	(16,440,596)
Net decrease in cash and cash equivalents		(238,554)	(11,017,944)
Cash and cash equivalents at the beginning of the period		832,088	11,583,670
Cash and cash equivalents at the end of the period		593,534	565,726

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 nine months ended September 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 Sheikhpura Road.

2. Basis of preparation

- 2.1 These condensed interim consolidated financial statements of the Group for the nine months ended September 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 nine months ended September 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.

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
4. Reserve			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		46,641,884	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)
		48,387,316	44,644,998
5. Long term finances			
Parent Company		13,643,000	16,426,334
Fatimafert Limited		2,977,333	4,466,000
	5.1	16,620,333	20,892,334
Less: Current portion		7,087,167	7,140,715
		9,533,166	13,751,619
5.1 Movement of long term finances			
Parent Company			
Opening balance		16,426,334	21,860,759
Repayments		(2,967,630)	(5,518,025)
Exchange loss on translation of foreign currency loan		184,296	83,600
Closing balance		13,643,000	16,426,334
Fatimafert Limited			
Opening balance		4,466,000	4,466,000
Repayments		(1,488,666)	–
Closing balance		2,977,334	4,466,000
6. Deferred liabilities			
Deferred taxation	6.1	14,295,996	14,234,362
Employee retirement benefits	6.2	642,302	591,534
		14,938,298	14,825,896

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

For the nine months ended September 30, 2018

6.1 Deferred taxation

September 30, 2018 (Un audited)				
	At December 31, 2017	Charged / (credited) to profit and loss	Credited to other comprehensive income	At September 30, 2018
(Rupees in thousand)				
Deferred tax liabilities:				
Accelerated tax depreciation	15,552,975	390,178	—	15,943,153
Tax on equity accounted investments	—	7,715	—	7,715
	15,552,975	397,893	—	15,950,868
Deferred tax asset:				
Carry forward losses	(1,223,356)	(337,520)	—	(1,560,876)
Provision for retirement benefits	(73,233)	1,480	—	(71,753)
Remeasurement of short Investment				
- Available for Sale	(530)	—	(219)	(749)
Remeasurement of defined benefit obligation	(21,494)	—	—	(21,494)
	(1,318,613)	(336,040)	(219)	(1,654,872)
	14,234,362	61,853	(219)	14,295,996

December 31, 2017 (Audited)				
	At December 31, 2016	Charged / (credited) to profit and loss	Credited to other comprehensive income	At December 31, 2017
(Rupees in thousand)				
Deferred tax liabilities:				
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
Deferred tax asset:				
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
September 30, 2018

Audited
December 31, 2017

(Rupees in thousand)

6.2 Employee retirement benefits

Gratuity	410,796	365,639
Accumulating compensated absences	231,506	225,895
	642,302	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 9.01% (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 9.01% (December 31, 2017; 6.90% to 8.28 %) per annum.

8. Contingencies and commitments

8.1 Contingencies:

As at September 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 September 30, 2018	Audited December 31, 2017
	(Rupees in thousand)	
8.2 Commitments in respect of:		
8.2.1 Fatima Fertilizer Company Limited		
(i) Contracts for capital expenditure	1,634,556	1,130,885
(ii) Contracts for other than capital expenditure	138,091	828,532
(iii) The amount of future payments under non-cancellable operating leases:		
Not later than one year	226,539	294,355
Later than one year but not later than five years	195,832	243,516
	422,371	537,871
8.2.2 Fatimafert Limited		
Letters of credit for purchase of chemicals and spares	—	3,764

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

For the nine months ended September 30, 2018

		Un audited September 30, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
9. Property, plant and equipment			
Operating fixed assets - tangible	9.1	84,460,527	83,626,121
Capital work in progress	9.2	3,642,658	3,078,678
		88,103,185	86,704,799
9.1 Movement of operating fixed assets - tangible			
Opening book value		83,626,121	84,258,748
Add: additions during the period	9.1.1	2,493,904	1,485,687
Less: book value of disposals during the period		26	936
		86,119,999	85,743,499
Less: depreciation charged during the period		1,659,472	2,117,378
Closing book value		84,460,527	83,626,121
9.1.1 Additions during the period			
Freehold land		—	5,259
Building on freehold land		95,234	501,713
Building on leasehold land		30,445	—
Plant and machinery		656,621	817,077
Air craft		1,567,285	—
Furniture and fixtures		7,850	4,685
Office equipment		13,127	6,776
Electric installations and appliances		39,667	88,375
Computers		48,073	42,376
Vehicles		35,602	19,426
		2,493,904	1,485,687
9.2 Capital work in progress			
Civil works		342,846	277,633
Plant and machinery		1,383,746	1,534,598
Capital stores		542,767	541,240
Advances :			
- Freehold land		187,879	158,958
- Civil works		3,351	6,143
- Plant and machinery		882,069	260,106
- Other advances		300,000	300,000
		1,373,299	725,207
		3,642,658	3,078,678
9.2.1 Movement of capital work in progress			
Opening balance		3,078,678	2,680,157
Additions during the period		1,238,281	1,542,232
		4,316,959	4,222,389
Less:			
Capitalization during the period		670,932	1,139,011
Provision for obsolescence for Capital Stores		3,369	4,700
Closing balance		3,642,658	3,078,678

(Rupees in thousand)

10. Intangible assets		
Opening book value	5,938,386	5,918,675
Add: additions during the period	7,119	29,383
	5,945,505	5,948,058
Less: amortization charged during the period	10,438	9,672
Closing book value	5,935,067	5,938,386
11. Stores and spares		
Stores	446,908	428,594
Spares	4,592,848	4,341,863
Catalyst and chemicals	1,148,659	948,258
	6,188,415	5,718,715
Less: provision for obsolete items	163,176	154,195
	6,025,239	5,564,520
12. Stock in trade		
Raw material {including in transit Rs 561.981 million (December 31, 2017: Rs 376.952 million)}	1,599,749	1,348,958
Packing material	35,690	30,700
Mid Products		
Ammonia	43,898	76,626
Nitric Acid	13,578	3,360
Others	416	394
	57,892	80,380
Finished goods		
- own manufactured		
Urea	720,802	1,212,219
NP	964,186	538,127
CAN	368,961	631,772
Certified emission reductions	83,097	68,891
	2,137,046	2,451,009
- purchased for resale		
DAP	185,247	296,709
	4,015,624	4,207,756

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

For the nine months ended September 30, 2018

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
13. Sales				
Fertilizer Products:				
- own manufactured				
- Local Sales	11,541,015	7,232,897	33,063,934	28,254,764
- Export	14,151	1,686,810	1,470,159	2,009,430
- purchased for resale	523,338	351,147	966,460	1,779,865
Subsidy from Government of Pakistan	—	164,279	270,655	2,652,038
Mid products	126,877	101,681	391,971	379,140
Certified emission reductions	—	—	—	82,924
	12,205,381	9,536,814	36,163,179	35,158,161
Less: Discounts	269,700	454,188	596,901	1,917,864
	11,935,681	9,082,626	35,566,278	33,240,297

13.1 Sales are exclusive of sales tax of Rs 1,868.717 million (September 30, 2017: Rs 3,607.692 million).

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
14. Cost of sales				
Raw material consumed	2,217,438	1,390,692	5,287,703	6,450,916
Packing material consumed	276,907	215,687	752,298	625,735
Salaries, wages and other benefits	655,826	607,188	2,086,546	2,185,534
Fuel and power	787,090	737,574	2,236,741	2,531,709
Chemicals and catalyst consumed	159,493	122,942	420,586	372,843
Stores and spares consumed	183,000	193,776	675,266	1,036,796
Technical assistance	9,011	16,307	34,187	52,639
Repair and maintenance	359,281	56,948	884,579	325,991
Insurance	52,068	44,898	148,568	130,147
Travelling and conveyance	27,902	30,033	86,266	91,729
Rent, rates and taxes	9,442	11,490	36,821	55,625
Vehicle running and maintenance	16,463	14,325	49,139	40,714
Depreciation	521,254	510,662	1,563,414	1,530,088
Others	29,271	59,742	107,304	173,859
Manufacturing cost	5,304,446	4,012,264	14,369,418	15,604,325
Opening stock of mid products	60,847	102,181	80,380	100,459
Closing stock of mid products	(57,892)	(79,020)	(57,892)	(79,020)
Cost of goods manufactured	5,307,401	4,035,425	14,391,906	15,625,764
Opening stock of finished goods	1,561,480	3,860,462	2,451,009	7,208,998
Closing stock of finished goods	(2,137,046)	(3,506,274)	(2,137,046)	(3,506,274)
Cost of sales - own manufactured	4,731,835	4,389,613	14,705,869	19,328,488
Cost of sales - purchased for resale	438,218	387,916	777,974	1,705,772
	5,170,053	4,777,529	15,483,843	21,034,260

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
15. Finance cost				
Markup on long term finances	342,767	426,938	1,072,953	1,340,057
Markup on short term finances	67,078	186,898	112,943	497,887
Interest on Worker Profit Participation Fund	—	—	—	9,901
Bank charges and others	7,419	73,686	41,534	168,747
	417,264	687,522	1,227,430	2,016,592

16. Transactions with related parties

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

		Nine months Ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Associated companies	Short term loan	2,000,000	50,000
	Miscellaneous expenses	158,623	267,892
	Purchase of Aircraft and related accessories	1,599,997	—
	Store and Spares	4,877	—
	Purchase of raw / packing material	870,271	578,845
	Other income	331,385	279,593
	Payment against assignment of sales tax refund	—	1,150,280
	Fee for services	545,638	425,747
Directors and key management personnel	Remuneration including benefits and perquisites	176,015	190,740
Retirement benefit plans	Retirement benefit expense	152,596	133,581
		Three months ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
17. Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders		2,769,264	2,587,495
			8,467,830
			5,619,549
			(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)		1.32	1.23
			4.03
			2.68

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

For the nine months ended September 30, 2018

	Nine months Ended	
	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
18. Cash generated from operations		
Profit before tax	13,232,606	6,108,452
Adjustments for:		
Depreciation on property, plant and equipment	1,659,468	1,583,346
Amortization of intangible assets	10,437	7,418
Finance cost	1,227,431	2,016,592
Provision for staff retirement benefits	89,451	74,424
Provision for slow moving stores, spares and loose tools	12,350	8,677
Exchange loss on translation of foreign currency loan	184,296	7,595
Profit on short term loan to related parties	(331,385)	(261,860)
Share of profit from Associates	(43,718)	—
Profit on saving accounts	(21,511)	(16,407)
Gain on disposal of property plant and equipment	(1,313)	(2,633)
	2,785,506	3,417,152
Operating cash flows before working capital changes	16,018,112	9,525,604
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(469,700)	104,131
Stock in trade	192,132	4,357,835
Trade debts	253,130	(2,417,344)
Advances, deposits, prepayments and other receivables	(1,272,894)	(1,910,796)
Increase / (decrease) in creditors, accrued and other liabilities	1,597,529	(74,324)
	300,197	59,502
	16,318,309	9,585,106

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:

September 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	–	197,302	–	197,302
	–	197,302	–	197,302
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 condensed interim consolidated financial statements have been authorized for issue on October 30, 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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