

Quarterly  
Report

For the nine months ended  
September 30, 2011

*Sarsabz  
Pakistan...*

Nourishing soils for a greener revolution





## Contents

02	Company Information
04	Directors' Report to the Members
06	Condensed Interim Balance Sheet
08	Condensed Interim Profit and Loss Account
09	Condensed Interim Statement of Comprehensive Income
10	Condensed Interim Cash Flow Statement
11	Condensed Interim Statement of Changes in Equity
12	Selected Explanatory Notes to Condensed Interim Financial 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. Jørgen Nergaard Gøl

Mr. Amir Shehzad  
Nominee Director

## Key Management

Mr. Arif-ur-Rehman  
Director Operations

Mr. Muhammad Zahir  
Director Marketing

Mr. Mohammad Abdul Wahab  
Chief Financial Officer

Mr. Ausaf Ali Qureshi  
Company Secretary

Mr. Asad Murad  
Head of Internal Audit

Mr. Shahid Saeed  
Head of Information Technology

Mr. Javed Akbar  
Head of Procurement

## Audit Committee

Mr. Muhammad Kashif Habib  
Chairman

Mr. Fazal Ahmed Sheikh  
Member

Mr. Faisal Ahmed Mukhtar  
Member

Mr. M. Abad Khan  
Member

Mr. Amir Shehzad  
Member

## Human Resource and Remuneration Committee

Mr. M. Abad Khan  
Chairman

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. Yousuf Adil Saleem & Company  
Chartered Accountants, Multan.

(A member firm of Deloitte Touche  
Tohmatsu)

## Shares Registrar & Transfer Agent

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

## ADR Depository Bank

BNY Mellon, USA.

## Bankers

Askari Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
Bank of Punjab  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
Silk Bank Limited  
United Bank Limited  
The Bank of Khyber  
Pak China Investment Company Limited ("NBFI")  
Pak Libya Holding Company (Pvt) Limited ("NBFI")  
Saudi Pak Industrial & Agricultural Investment Company Limited ("NBFI")

## Registered / Head Office

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

## Plant Site

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

Dear Shareholders,

On behalf of 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, 2011.

The Company has commenced commercial production from July 01, 2011 and since then the whole of the complex is operating smoothly. All the individual plants have shown improved performances and are moving towards attaining full utilization of capacity gradually.

The product wise production during the period ended September 30, 2011 is as under:

Product	"000" Tons		
	Jan to Jun	July to Sep	Jan to Sep
Ammonia	177	120	297
Urea	206	109	315
Nitric Acid	112	102	214
CAN	162	91	253
NP	10	56	66

The kharif season in the country remained largely normal apart from the impact of floods in Sindh at almost at the end of the period. Consequently demand during the quarter was strong for nitrogen. However the phosphate market was impacted by record high prices. The September traditional off take for phosphates also remained below expectations post the floods in Sindh where early buying for Rabi was postponed.

However sales for our three fertilizer products namely, Urea, CAN and NP remained strong which resulted in higher volumes. Your Company was able to sell all the available stocks and realize sales revenue of PKR 7,326M during its first quarter of commercial production. Major contributor towards sales revenue was NP being 37% of total revenue, while Urea contributed 35% and CAN 28% respectively.

Marketing activities continued apace with significant media support in the shape of TV and radio campaigns, point of sale activities, outdoor displays and channel development. The team continued to focus on providing technical support to farmers with seminars, demonstration plots and training workshops. The thrust on expanding the dealer network was maintained.

The product wise sales during the period ended September 30, 2011 is as under:

Product	"000" Tons		
	Jan to Jun	July to Sep	Jan to Sep
Urea	224	110	334
CAN	169	92	261
NP	7	59	66

The annexed financial statements of your Company represent the first quarter results subsequent to commercial operations in July 2011. With the sales revenue of PKR 7,326 M, the Company posted gross profit of PKR 4,686 M, absorbed financial cost of PKR 1,811 M and recorded before tax profit of PKR 2,496 M and after tax profit of PKR 1,847 M for the quarter ended September 30, 2011.

The sales revenue recorded for the period January to September 2011 is PKR 15,509 M which include trial run production from Jan to June 2011 amounting to PKR 8,184 M.

The liquidity position of the Company has further improved due to excellent financial performance after commencement of commercial operations. The Company is meeting all its financial obligations through cash generated from operations.

Implementation of Clean Development Mechanism (CDM) project under the provision of the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol is in progress. CDM project upon completion will generate and issue CERs or other abatement benefits resulting in revenue generation for the Company in foreign currency. The CERs generation is expected from end of 2011.

Your Company conducted international road show for reinsurers in the insurance program which helped in attracting international reputable reinsurers offering their best terms and condition and competitive insurance premium for the period October to September 2011-2012.

Effective operation and utilization of Oracle ERP modules namely Oracle Financials, Purchasing, Oracle Asset Management and Oracle Supply Chain Management has significantly improved the Management Information System. Implementation of Oracle HRMS and Manufacturing is in progress and will be operational by mid 2012.

#### **Future Outlook**

Despite the floods in Sindh, forecast for rabi sowing is positive. Therefore the demand for nitrogen will be strong. The growing view that there shall be a Urea shortage with closure of plants on SNGPL network is contributing to a pull from the market. Phosphate demand is likely to pick up because of seasonal demand. In the current scenario off take of Urea and CAN will be comparatively quicker compared to NP. Given our diversified product and improved production expectation of Ammonia and NP we expect better results in last quarter of 2011.

The directors would like to place on record their appreciation for the assistance, guidance and cooperation that your company received from all the stakeholders including the Customers, Business Associates, Financial Institutions and Government of Pakistan. Further the Directors also wish to record their appreciation for the hard work and dedication of all employees.

For and on behalf of the Board

Karachi  
October 21, 2011

sd/-  
Arif Habib  
Chairman

# Condensed Interim Balance Sheet

as at September 30, 2011

	Note	Un audited September 30, 2011	Audited December 31, 2010
(Rupees in thousand)			
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Authorized capital			
2,100,000,000 (2010: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
400,000,000 (2010: 400,000,000) preference shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up capital			
2,000,000,000 (2010: 2,000,000,000) ordinary shares of Rs 10 each		20,000,000	20,000,000
Share Premium		790,000	790,000
Accumulated profit/(loss)		1,163,033	(531,220)
		21,953,033	20,258,780
<b>Non current liabilities</b>			
Preference shares of Rs 10 each 400,000,000 (2010: 400,000,000)		4,000,000	4,000,000
Long term loans	4	36,349,712	37,446,530
Dividend payable on preference shares		1,102,597	603,672
Deferred tax liability		554,584	–
Retirement benefits		89,492	73,796
		42,096,385	42,123,998
<b>Current liabilities</b>			
Current maturity of long term loans		1,137,578	–
Short term loan	5	1,285,139	316,208
Trade and other payables		3,988,997	3,704,173
Markup payable		2,772,582	2,989,396
Provision for Income tax		155,849	64,483
		9,340,145	7,074,260
<b>Contingencies &amp; commitments</b>	6		
		73,389,563	69,457,038

The annexed explanatory notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-

Chief Executive



	Note	Un audited September 30, 2011 (Rupees in thousand)	Audited December 31, 2010
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	7	64,125,864	875,984
Capital work in progress	8	3,760,781	64,258,204
		67,886,645	65,134,188
Deferred Tax asset		–	21,914
Long term loans and deposits		5,445	16,330
		67,892,090	65,172,432
<b>Current assets</b>			
Stores and spares	9	1,959,564	2,269,080
Stock in trade	10	1,012,535	535,825
Trade debtors		114,300	256,548
Loans, advances, deposits, prepayments and other receivables		1,100,543	939,864
Cash and bank balances		1,310,531	283,289
		5,497,473	4,284,606
		73,389,563	69,457,038

Sd/-  
Director

# Condensed Interim Profit and Loss Account (Un Audited)

For the nine months ended September 30, 2011

	Note	Quarter Ended		Nine months Ended	
		September 30, 2011 (Rupees in thousand)	September 30, 2010	September 30, 2011 (Rupees in thousand)	September 30, 2010
Sales	11	7,326,203	–	7,326,203	–
Cost of sales	12	(2,640,231)	–	(2,640,231)	–
<b>Gross profit</b>		4,685,972	–	4,685,972	–
Administrative expenses		(124,042)	(27,379)	(204,684)	(88,235)
Selling and distribution expenses		(167,040)	–	(167,040)	–
Other operating expenses		(133,476)	–	(133,476)	–
Other operating income		45,652	–	60,188	260
<b>Profit/(Loss) from operations</b>		4,307,066	(27,379)	4,240,960	(87,975)
Finance cost		(1,811,017)	(189)	(1,814,360)	(6,811)
<b>Profit/(Loss) before taxation</b>		2,496,049	(27,568)	2,426,600	(94,786)
Taxation		(649,080)	(20,933)	(732,347)	(27,290)
<b>Profit/(Loss) after taxation</b>		1,846,969	(48,501)	1,694,253	(122,076)
Earning/(Loss) per share					
- basic (Rupees)	13	0.92	(0.02)	0.85	(0.06)
- diluted (Rupees)		0.88	(0.02)	0.81	(0.05)

The annexed explanatory notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive

Sd/-  
Director

# Condensed Interim Statement of Comprehensive Income (Un Audited)

For the nine months ended September 30, 2011

	Quarter Ended		Nine months Ended	
	September 30, 2011 (Rupees in thousand)	September 30, 2010	September 30, 2011 (Rupees in thousand)	September 30, 2010
Profit/(Loss) after taxation	1,846,969	(48,501)	1,694,253	(122,076)
Other comprehensive income	–	–	–	–
<b>Total comprehensive profit/(loss) for the period</b>	<b>1,846,969</b>	<b>(48,501)</b>	<b>1,694,253</b>	<b>(122,076)</b>

The annexed explanatory notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive

Sd/-  
Director

# Condensed Interim Cash Flow Statement (Un Audited)

For the nine months ended September 30, 2011

	Note	September 30, 2011 (Rupees in thousand)	September 30, 2010
<b>Operating activities</b>			
Cash generated/(used) in operations	15	4,793,410	(1,525,813)
Finance cost paid		(1,829,224)	(5,239,286)
Taxes paid		(183,632)	(14,913)
Staff retirement benefits paid		(5,054)	(8,205)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,775,500</b>	<b>(6,788,217)</b>
<b>Investing activities</b>			
Fixed capital expenditure		(3,603,672)	(4,683,737)
Trial run gain		4,123,187	1,350,322
Finance cost paid		(3,311,446)	-
Proceeds from disposal of Property, plant and equipment		66	271
Net (increase)/decrease in longterm loans and deposits		10,885	(16,551)
Interest income received		23,031	-
<b>Net cash outflow from investing activities</b>		<b>(2,757,949)</b>	<b>(3,349,695)</b>
<b>Financing activities</b>			
Proceeds from issue of preference shares		-	101,749
Proceeds from issue of ordinary shares		-	2,790,000
Cost of issue of share capital		-	(105,830)
Proceeds from long term loans		40,760	5,739,419
Increase in short term finance - net		968,931	1,897,053
<b>Net cash inflow from financing activities</b>		<b>1,009,691</b>	<b>10,422,391</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,027,242</b>	<b>284,479</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>283,289</b>	<b>1,137,578</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,310,531</b>	<b>1,422,057</b>

The annexed explanatory notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive

Sd/-  
Director

# Condensed Interim Statement of Changes in Equity (Un Audited)

For the nine months ended September 30, 2011

	Share Capital	Share Premium	Accumulated Profit/(Loss)	Total
(Rupees in thousand)				
<b>Balance as at December 31, 2009</b>	18,000,000	–	(257,212)	17,742,788
Issue of 200,000,000 ordinary shares of Rs 10 each fully paid in cash	2,000,000	790,000	–	2,790,000
Cost of issuance of shares			(105,830)	(105,830)
Loss for the period	–	–	(122,076)	(122,076)
<b>Balance as at September 30, 2010</b>	20,000,000	790,000	(485,118)	20,304,882
Cost of issuance of shares	–	–	(4,539)	(4,539)
Loss for the period	–	–	(41,563)	(41,563)
<b>Balance as at December 31, 2010</b>	20,000,000	790,000	(531,220)	24,258,780
Profit for the period	–	–	1,694,253	1,694,253
<b>Balance as at September 30, 2011</b>	<b>20,000,000</b>	<b>790,000</b>	<b>1,163,033</b>	<b>21,953,033</b>

The annexed explanatory notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-  
Chief Executive

Sd/-  
Director

# Selected Explanatory Notes to Condensed Interim Financial Information (Un audited)

For the nine months ended September 30, 2011

## 1. Legal status and nature of business

Fatima Fertilizer Company Limited ('The Company'), was incorporated in Pakistan on December 24, 2003 as a non listed public company under the Companies Ordinance, 1984. In 2010 the Company got Listed on Karachi, Lahore and Islamabad Stock Exchanges after issuance of 200 million ordinary shares to institutional investors, high net worth individuals and general public through IPO.

Further, on March 09, 2011, the Company has launched American Depository Receipts (ADR) tradable at over the counter (OTC) market at New York Stock Exchange, USA.

The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. The registered office of the Company is in Lahore.

The Company has commenced commercial operation since July 01, 2011, and all of the plants namely; Ammonia, Nitric Acid, Urea, CAN and NP are operating smoothly and efficiently.

## 2. Basis of Preparation

This condensed interim financial information of the Company for the period of nine months ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2010. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended December 31, 2010 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 information for the period of nine months ended September 30, 2010.

This condensed interim financial information is 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 this condensed financial information are the same as those applied in the preparation of annual financial statements of the company for the year ended December 31, 2010 except for the adoption of the following new accounting policy;

## Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

	(Un audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
<b>4. Long term finance</b>		
These are composed of:		
Secured:		
Secured loans from Banking companies / Financial institutions	32,971,725	32,930,965
Unsecured loans from Pakarab Fertilizer Limited - the associate	4,515,565	4,515,565
	37,487,290	37,446,530
Less: Current portion shown under current liabilities	1,137,578	-
	36,349,712	37,446,530
<b>5. Short term loans</b>		
Cash Finance	760,124	113,461
Running Finance	525,015	202,747
	1,285,139	316,208

## 6. Contingencies and commitments

### 6.1 Contingencies

- (i) Post dated cheques not provided for in the financial statements, furnished by the Company to the Collector of Customs to cover excess import levies on plant and machinery amounting to Rs 13.935 million (December 31, 2010: Rs 23.516 million).
- (ii) The Company has issued guarantee amounting to Rs. 200 million (December 31, 2010: 200 million) in favor of Government of the Punjab for contribution towards Fatima Fertilizer Welfare Trust.

# Selected Explanatory Notes to Condensed Interim Financial Information (Un audited)

For the nine months ended September 30, 2011

## 6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 231.290 million (December 31, 2010: Rs 974.559 million).
- (ii) Contracts for other than capital expenditure Rs. 355.479 million (December 31, 2010: Rs 728.802 million).
- (iii) Future payments under non cancellable operating leases payable not later than one year amount to Rs. 6.946 million (December 31, 2010: Rs 9.286 million).

Note	(Un audited) September 30, 2011 (Rupees in thousand)	(Audited) December 31, 2010
<b>7. Property, plant and equipment</b>		
Opening balance	875,985	684,940
Add: additions during the period		
Freehold land	13,869	58,477
Building	2,648,587	-
Plant and machinery	60,869,581	-
Furniture and fixtures	3,480	2,503
Office equipment	2,666	2,442
Electric installations and appliances	73,030	168,102
Computers	3,812	3,547
Vehicles	25,193	21,191
	63,640,218	256,262
Less: disposals during the period	156	490
	64,516,047	940,712
Less: depreciation charged during the period	390,183	64,728
Closing book value	64,125,864	875,984
<b>8. Capital work in progress</b>		
- Civil works	102,203	5,017,228
- Plant and machinery	3,433,375	44,244,582
- Unallocated expenditure	-	17,450,438
- Trial run gain	-	(2,761,527)
- Advances	225,203	307,483
8.1	225,203	307,483
	3,760,781	64,258,204



	(Un audited) September 30, 2011 (Rupees in thousand)	(Audited) December 31, 2010
<b>8.1 Advances</b>		
- freehold land	80,992	17,800
- civil works	12,051	130,181
- plant and machinery	20,657	49,780
- ERP Software	11,503	9,722
- Others	100,000	100,000
	225,203	307,483
<b>9. Stores and spares</b>		
Stores	389,221	220,839
Spares	581,076	281,836
Catalyst and chemicals	989,267	1,766,405
	1,959,564	2,269,080
<b>10. Stock in trade</b>		
Raw material	948,845	-
Packing material	40,377	2,108
Mid Products		
Ammonia	12,624	18,793
Nitric Acid	5,954	26,461
	18,578	45,254
Finished goods		
Urea	1,175	184,643
NP	2,956	-
CAN	604	303,820
	4,735	488,463
	1,012,535	535,825

# Selected Explanatory Notes to Condensed Interim Financial Information (Un audited)

For the nine months ended September 30, 2011

	Quarter Ended		Nine months ended	
	September 30, 2011 (Rupees in thousand)	September 30 2010	September 30, 2011 (Rupees in thousand)	September 30, 2010
<b>11. Sales</b>				
Fertilizer products	7,339,164	–	7,339,164	–
Less: sale incentive	12,961	–	12,961	–
	<b>7,326,203</b>	<b>–</b>	<b>7,326,203</b>	<b>–</b>
<b>12. Cost of sales</b>				
Raw material consumed	866,847	–	866,847	–
Packing material consumed	146,251	–	146,251	–
Salaries, wages and other benefits	199,800	–	199,800	–
Fuel and power	587,608	–	587,608	–
Chemicals and catalyst consumed	42,161	–	42,161	–
Stores and spares consumed	111,577	–	111,577	–
Repair and maintenance	79,368	–	79,368	–
Insurance	56,610	–	56,610	–
Depreciation	348,742	–	348,742	–
Toll manufacturing charges	40,861	–	40,861	–
Others	69,565	–	69,565	–
Manufacturing cost	2,549,390	–	2,549,390	–
Opening stock of mid products	22,875	–	22,875	–
Closing stock of mid products	(18,578)	–	(18,578)	–
Cost of goods manufactured	2,553,687	–	2,553,687	–
Opening stock of finished goods	91,279	–	91,279	–
Closing stock of finished goods	(4,735)	–	(4,735)	–
	<b>2,640,231</b>	<b>–</b>	<b>2,640,231</b>	<b>–</b>

### 13. Earning per share - basic and diluted (Un audited)

13.1 The calculation of basic and diluted earning per share is based on the following data:

	Quarter Ended		Nine months ended	
	September 30, 2011 (Rupees in thousand)	September 30 2010	September 30, 2011 (Rupees in thousand)	September 30, 2010 (Rupees in thousand)
<b>Profit</b>				
Profit/(Loss) for the period	1,846,969	(48,501)	1,694,253	(122,076)
Dividend on Convertible Preference Shares	167,566	-	167,566	-
Profit/(Loss) for the purpose of diluted earning per share	2,014,535	(48,501)	1,861,819	(122,076)
	(No. of shares)		(No. of shares)	
<b>Weighted average number of shares</b>				
Ordinary shares for the purpose of basic earning/(loss) per share	2,000,000,000	2,000,000,000	2,000,000,000	1,959,124,088
Dilutive effect of potential ordinary shares on conversion of preference shares	300,895,347	479,956,118	300,895,347	479,956,118
Ordinary Shares for the purpose of diluted earning/(loss) per share	2,300,895,347	2,479,956,118	2,300,895,347	2,439,080,206
Basic and diluted earning/(loss) per share has been computed by dividing profit/(loss) as stated above with weighted average number of ordinary shares.				
	(Rupees)		(Rupees)	
Basic earning/(loss) per share (Rupees)	0.92	(0.02)	0.85	(0.06)
Diluted earning/(loss) per share (Rupees)	0.88	(0.02)	0.81	(0.05)

# Selected Explanatory Notes to Condensed Interim Financial Information (Un audited)

For the nine months ended September 30, 2011

## 14. Transactions with related parties

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

Relationship with the Company	Nature of transaction	Nine Months ended	
		Sep 30, 2011	Sep 30, 2010
		(Rupees in thousand)	
Associated companies	Long term finance obtained	–	2,014,773
	Toll Manufacturing	85,322	–
	Sale of fertilizer	572,104	–
	Interest expense	548,725	359,045
	Dividend on Preference Shares	498,925	449,796
	Miscellaneous expenses	162,428	21,813
	Stores and spares	38,164	–
	Purchase of raw material	124,338	–
Key management personnel	Remuneration and benefits	22,898	13,749
Retirement benefit plans	Retirement benefit expense	35,457	30,372

Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions.

Note	Nine months ended	
	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
<b>15. Cash generated from operations</b>		
Profit/(Loss) before taxation	2,426,600	(94,786)
Adjustments for :		
Retirement benefits accrued	8,300	19,831
Depreciation on property, plant and equipment	348,743	14,253
Finance costs	1,814,360	6,811
Other income	(22,941)	(260)
	2,148,462	40,635
Operating cash flows before working capital changes	4,575,062	(54,151)
Effect on cash flow due to working capital changes (Increase)/Decrease in current assets		
Loans, advances, deposits, prepayments and other receivables	(41,530)	(262,374)
Stock in trade	(476,710)	(1,047,456)
Stores and spares	309,516	(994,317)
Trade debtors	142,248	–
Increase in creditors, accrued and other liabilities	284,824	832,485
	218,348	(1,471,662)
	4,793,410	(1,525,813)

#### 16. Date of Authorization of Issue

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 21, 2011.

#### 17. General

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

Sd/-  
Chief Executive

Sd/-  
Director





[www.Fatima-group.com](http://www.Fatima-group.com)



**Fatima Fertilizer Company Limited**  
E 110, Khayaban-e-Jinnah,  
Lahore Cantt. Lahore 54000  
Pakistan.