Driving Sustainable Growth

Annual Report 2015

Fatima
Fertilizer Company Limited

Driving Sustainable Growth

Fatima Fertilizer Company Limited aspires to be the leading national player with global outreach in the manufacturing and marketing of fertilizer products. The cover concept of this report embodies our values, ambitions and vision of driving continuous excellence in all our operations, growth in business and sustainability in the value chain for the shareholders, employees and the communities we work with and live in.

Contents

Key Highlights 2015

- Fertilizer Production **1,179** MT in '000'
- Revenue **29,733** PKR in Million
- Profit after Tax **9,254** PKR in Million
- Earnings Per Share 4.41 Rupees
- Contribution to National Exchequer **7,173** PKR in Million
- Return on Capital Employed **17.33** Percentage

Agriculture Farms Addressed	**21,438**
Permanent Employees	**896**
Women Development (Female staff in head office)	**17%**
Staff Trainings (Man Hours)	**11,182**

Combined Safe Man Hours (HSE)	**30.13** Million hours
Trees Planted	**14,000**
Employee Turnover	**7.7%**
Investment in CSR	**226** PKR in Million

Vision & Mission Statement

Vision

To be a world class manufacturer of fertilizer and ancillary products, with a focus on safety, quality and positive contribution to national economic growth and development. We will care for the environment and the communities we work in, while continuing to create shareholders' value.

Mission

- To be the preferred fertilizer Company for farmers, business associates and suppliers by providing quality products and services.
- To provide employees with an exciting, enabling and supportive environment to excel in, be innovative, entrepreneurial in an ethical and safe working place based on meritocracy and equal opportunity.
- To be a responsible corporate citizen with a concern for the environment and the communities we deal with.

Corporate Values

These are the values that Fatima Fertilizer Company Limited epitomize, and are reflected in all our transactions and interactions. Congruence to these values has been a part of our business strategy. They are bound in the very fabric of our organization, shaped by organizational processes, procedures and practices.

Integrity
Our actions are driven by honesty, ethics, fairness and transparency.

Innovation
We encourage creativity and recognize new ideas.

Teamwork
We work collectively towards a common goal.

Safety, Health, Environment & CSR
We care for our people and the communities around us.

Customer Focus
We believe in listening to our customers and delivering value in our products and services.

Excellence
We strive to excel in everything we do.

Valuing People
We value our people as our greatest resource

Code of Conduct

Fatima Fertilizer Company Limited conducts its business with the highest ethical standards in full compliance with all applicable laws. Honesty and integrity take precedence in all relationships including those with customers, suppliers, employees and other stakeholders.

Ethics and Business Practices

- We believe in conducting the Company's business in a manner that respects, protects and improves the environment and provides employees with a safe and healthy workplace.

  We conduct our business in an environmentally responsible and sustainable manner. Employees must be completely familiar with the permits, Health Safety and Environment policy, local laws and regulations that apply to their work.
- All employees are expected to understand the laws and business regulations related to their work and comply fully so that our shareholders, employees, customers, suppliers, stakeholders and the Government have complete faith in the way we operate and that our business decisions are made ethically and in the best interests of the Company.
- Employees are obligated to act in accordance with the Company's code of Ethics and Business Conduct and are restricted to using only legitimate practices in commercial operations and in promoting the Company's position on issues before governmental authorities. Inducements intended to reward favorable decisions and governmental actions are unacceptable and prohibited.
- Employees are prohibited from using their positions, Company property or information for personal gain, and from competing with the Company. Employees are also prohibited from taking advantage from opportunities that become available through the use of Company information, property or their position.

Assets and Proprietary information

- We consider our Company's assets, physical and intellectual, very valuable. We have, therefore an obligation to protect these assets in the interest of the Company and its shareholders.
- Protection of the Company's information is important for our business. All employees are expected to know what information is proprietary and which must not be disclosed to unauthorized sources. Employees are responsible for applying all available tools to manage the Company's information resources and records.

Relations with Business partners

- We seek to do business with suppliers, vendors, contractors and other independent businesses who demonstrate high standards of ethical business behavior. Our Company will not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations, including employment, health, safety and environmental laws. We shall take steps to assure that our suppliers, vendors and contractors understand the standards we apply to ourselves, and expect the same from them.

Our Employees

- We believe that highly engaged employees are the key ingredient in professional development and business success. Therefore, we invite our employees to contribute their best and to avail the opportunities for improvement and growth. We are an equal opportunity employer and promote gender diversity, self-development and innovation. We provide employees with tools, techniques, and training to master their current jobs, broaden their skills, and advance their career goals.

The Audit Committee of the Board ensures compliance of above principles.

Overall Strategic Objectives

Fatima's dynamic corporate strategy and the winning spirit of our team endeavors to enhance customer satisfaction by delivering differentiated products and services.

We aim at creating value for our stakeholders through continuous excellence in our operational efficiencies, strategic planning and robust implementation for driving our market position. This is achieved by focusing on our 'sustainable competitive advantage'. It is derived by continuously assembling and utilizing an appropriate combination of our resources and in response to the changing market conditions. We believe in the highest ethical values, best business practices, transparency in disclosure and engagement with all stakeholders for mutual growth and sustainability. We consider appropriate investments in people, infrastructure and diversification of our product line as major drivers behind corporate sustainability in the ever changing market scenario. We remain focused on customers and leverage market driven initiatives and controls at all levels. Our focus is to drive land productivity through balanced fertilizer application. Our key strategic priorities are:

- Aspire to be the market leader in fertilizer business
- Investment in human resources and their capacities
- Taking Global Initiatives
- Operational Excellence for optimum plant performance
- Focus on enhancing sales
- Make new in-roads in distribution and create new businesses and channels
- Synergize investment and capacities
- Augment profitability with cost effectiveness and lean business operations
- Effective Financial Controls for swift decision making at all levels
- To be a responsible business concern through CSR and sustainability initiatives

Management's Objectives

and Strategies for meeting those objectives

S.No	Management Objectives	Strategies to meet objectives
1	Increase in sale	Through geographical diversification and nurturing our relationship with customers
2	Enhance productivity	Educating farmers on the use of Urea, NP, CAN, through radio, advertisement pamphlets and camps
3	Improve capacity utilization	Synchronization of business processes
4	Cost optimization	Through budgetary control and cost reduction
5	Nurturing robust corporate culture	Setting-up of world class performance standards
6	To achieve Total customer satisfaction	Through quality control procedures
7	Ensure business continuity	Develop a Risk Management strategy and ensured continuous improvement of business processes
8	To remain equal opportunity employer	Providing career grooming opportunity to talented professionals
9	To remain a high performing organization	Creating an environment where ideas are generated and nurtured

Significant changes in Objectives and Strategies

Fatima fertilizer's long term business objectives and strategies are carefully developed and no compelling changes have occurred during the year to alter our approach to accomplish these objectives.

Performance Measures and Indicators

Fatima Fertilizer Company Limited uses critical performance measures and indicators against stated objectives of the Company.

Sr. No.	Critical Performance Indicators	Measures
1	Ensure safety of employees and assets of the Company and strive for a safer work place	Compliance of the world's recognized OSHA's process Safety Management System, leading indicators and periodic audits
2	Enhanced capacity utilization of the Company's production facilities	Number of days in production, efficiency and Turn around cycle improvements
3	Effective human resource management through personal development. Creating an environment with opportunity for professional growth.	Bring in best in class talent in the organization with diversity while compliance to prevailing laws and best practices
4	Effective implementation of Code of Corporate Governance	Complete adherence to corporate governance principles and reduction in contingencies
5	Maximizing Shareholders Value	Higher Earnings per share, Return on Equity and efficient cash flow management
6	Continue supporting charitable institutions with financial assistance	Amount spent on CSR activities annually

Nature of Business

Fatima Fertilizer Company Limited is primarily involved in the manufacturing and marketing of fertilizers, capable of producing two intermediary products, i.e. Ammonia and Nitric Acid and three final products which are Urea, Calcium Ammonium Nitrate (CAN) and Nitro Phosphate (NP).

The fertilizer complex is a fully integrated production facility occupying 947 acres of land located at Mukhtar Garh, Sadiqabad,District Rahim Yar khan.

Company Profile

Fatima Fertilizer Company Limited (hereinafter referred as “Fatima”) was incorporated on December 24, 2003, as a joint venture between two major business groups in Pakistan namely, Fatima Group and Arif Habib Group, with its head office located in Lahore, Pakistan. The fertilizer complex is a fully integrated production facility producing mix fertilizer products, located at Sadiqabad, district Rahim Yar Khan.

The Complex is housed on 947 acres of land. The foundation stone was laid on April 26, 2006 by the then Prime Minister of Pakistan. The Complex has dedicated gas allocation of 110 MMCFD from Mari Gas Field and has 56 MW captive power plants in addition to off-sites and utilities. Commercial production commenced on July 01, 2011. The Complex had initially an annual design capacity of:

- 500,000 Metric Tons of Urea
- 420,000 Metric Tons of Calcium Ammonium Nitrate (CAN)
- 360,000 Metric Tons of Nitro Phosphate (NP)

In October 2015 during a planned turnaround, Ammonia plant was successfully re-vamped to enhance its capacity by 10% along with improvement in the energy index and reliability at a cost of US $58 Million with the support of an engineering company M/S Haldor Topsoe of Denmark. All objectives of the re-vamp were achieved successfully.

The Complex, at its construction peak engaged over 4,000 engineers and technicians from Pakistan, China, USA, Japan and Europe. The Complex provides modern housing for its employees with all necessary facilities. This includes a well-managed school for children of employees and the local community, a medical center and a large number of sports facilities.

The Company is listed at Pakistan Stock Exchange. The current paid up capital of the Company is PKR 2.1 Billion.

Landmark Events

2003

December 2003
Company Incorporation

2004

September 2004
Gas Allocation

2005

July 2005
GSA Signing

2006

April 2006
Ground Breaking

November 2006
Financial Closure Achieved

2009

October 2009
Ammonia Furnace 1st Fire

November 2009
CAN Plant Production

2010

January 2010
Initial Public Offering

February 2010
Ammonia Plant Production

March 2010
Urea Plant Production

April 2010
NA Plant Production

2011

April 2011
NP Plant Production

July 2011
Declaration of Commercial Operations

2012

May 2012
Conversion and Redemption of Preference Shares

2013

Ammonia Revamp Study completed

Basic Engineering Design contract for Ammonia Revamp awarded

2014

Contract with DuPont signed for PSM

2015

Ammonia Plant Revamped to enhance capacity by 10%

Strategic acquisition of DH Fertilizers Limited (now named Fatimafert Limited)

Dupont declared Fatima site OSHA Compliant at level 3.6

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

Mr. Peter Vang Christensen
Independent Director

Mr. Tariq Jamali
Nominee Director-NBP

Chief Financial Officer

Mr. Asad Murad

Company Secretary

Mr. Ausaf Ali Qureshi
(communications@fatima-group.com)

Key Management

Mr. Arif-ur-Rehman
Director Operations

Mr. Muhammad Zahir
Director Risk Management Division

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
In charge of Internal Audit

Mr. Umer Habib Lodhi
Head of Marketing

Mr. Kashif Aziz Khawaja
Head of Sales

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

M/s Deloitte Yousuf Adil
Chartered Accountants, Lahore.
(A member firm of Deloitte Touche Tohmatsu Limited)
134-A Abubakar 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

Cost Auditors

Ernst & Young Ford Rhodes Sidat Hyder & Co
Chartered Accountants
96-B-1, 4th Floor, Pace Mall Building
M.M Alam Road, Gulberg-II, Lahore
Tel: +92 42 3577 8415
Fax: +92 42 3724 7616
Email: Eyfrsh.lhr@pk.ey.com
Web: Ey.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) 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: 068-5786910
Fax: 068-5786909

Profiles of the Directors

Mr. Arif Habib

Chairman / Non-Executive Director

Mr. Arif Habib is the Chairman of Fatima Fertilizer Company Limited. He is also the Chief Executive Officer of Arif Habib Corporation Limited, director of Pakarab Energy Limited and Chairman of Pakarab Fertilizers Limited, Fatimafert Limited, Aisha Steel Mills Limited and Javedan Corporation Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan. Presently, he is a Director on the Boards of Pakistan International Airlines and Sui Northern Gas Pipelines Limited.

Mr. Habib participates significantly in welfare activities. He is one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as a director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

Mr. Fawad Ahmed Mukhtar

Chief Executive Officer / Director

Mr. Fawad Ahmed Mukhtar is the Chief Executive Officer and Director of the Company. He has rich experience of manufacturing and industrial management, and in addition to being a successful business leader, he is also a renowned philanthropist. Following his graduation, he has spent 30 years in developing his family business into a sizable conglomerate.

Mr. Fawad Mukhtar leads several community service initiatives of his group including the Fatima Fertilizer Trust and Welfare Hospital, Fatima Fertilizer Education Society and School, Mukhtar A. Sheikh Welfare Trust etc. He is also the Chairman of Reliance Weaving Mills Limited, Fatima Energy Limited, Reliance Commodities (Private) Limited, Fatima Sugar Mills Limited, Fatima Holding Limited, Air One (Private) Limited, and is also the CEO of Pakarab Fertilizers Limited and Fatimafert Limited. He is also the Director of Fatima Transmission Company Limited and Pakarab Energy Limited. In addition, he is member Board of Directors of "The National Management Fund" – a parent body of Lahore University of Management Sciences (LUMS).

Mr. Fazal Ahmed Sheikh

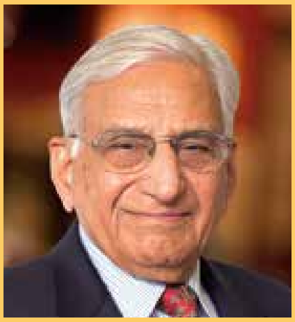
Executive Director

Mr. Fazal Ahmed Sheikh is a Director of the Company. He holds a degree in Economics from the University of Michigan, Ann Arbor, USA. He has played a strategic role in Fatima Group's expansion and success. He is the CEO of Reliance Weaving Mills Limited, Fatima Energy Limited, Fatima Electric Company Limited, Fatima Transmission Company Limited, Pakarab Energy Limited and Air One (Private) Limited. In addition, he is also the member Board of Directors at Pakarab Fertilizers Limited, Fatimafert Limited, Reliance Commodities (Private) Limited, Fatima Sugar Mills Limited, Fatima Holding Limited and Fazal Cloth Mills Limited.

Mr. Faisal Ahmed Mukhtar

Non-Executive Director

Mr. Faisal Ahmed Mukhtar is a Director of the Company. He holds a Law degree from Bahauddin Zakariya University, Multan. He is the former Mayor and City District Nazim of Multan, and continues to lead welfare efforts in the city. He is also the Chairman of Workers Welfare Board at Pakarab Fertilizers Limited and is member Board of Directors at Pakarab Fertilizers Limited, Fatimafert Limited, Fatima Sugar Mills Limited, Fatima Holding Limited, Fatima Energy Limited, Fatima Electric Company Limited, Pakarab Energy Limited, Reliance Weaving Mills Limited, Reliance Commodities (Private) Limited, Fazal Cloth Mills Limited, and Air One (Private) Limited. Additionally he was also a member in the Provincial Finance Commission (Punjab), Steering Committee of Southern Punjab Development Project and Decentralization Support Program.



Mr. M. Abad Khan

Non-Executive Director

Mr. M. Abad Khan graduated in Mechanical Engineering from UET Lahore and received extensive training in Fertilizer manufacturing from abroad. Over the last 55 years of his career, he remained part of the growth of fertilizer industry in Pakistan.

He was part of the team that commissioned Pakistan's first Urea Plant under the aegis of PIDC. He served Exxon Chemical Pakistan Ltd. for 15 years mostly at senior management positions in manufacturing. He led Fauji Fertilizer Co. manufacturing for 14 years as General Manager Plant. During this period, Plant operated par excellence and its design capacity increased to more than double. In 2001, when FFBL faced serious challenges, he took responsibility as head the manufacturing and was instrumental in a major revamp which improved the capacity by 25 %.

He has been with Fatima Group for the last 10 years and played a significant role in establishment and progress of Fatima Fertilizer plant and operational improvements in Pak Arab Fertilizer.

During the course of a long career, he had extensive international exposures through seminars, symposiums and trainings including the one at Harvard Business School.

He is also Director of several other Group Companies namely Fatima Energy Ltd, Pak Arab Energy Ltd, Fatimafert Ltd, Bubber Sher (Pvt) Ltd, Fatima Ventures (Pvt) Ltd and Fatima Electric Co Ltd.

Mr. Muhammad Kashif Habib

Non-Executive Director

Mr. Muhammad Kashif Habib is a Director of the Company. He is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan (ICAP) and has completed his mandatory Articles with M/s. A. F. Ferguson & Co. Chartered Accountants.

He is the CEO of Power Cement Limited and Safe Mix Concrete Limited. He is also Director of Arif Habib Corporation Limited, Pakarab Fertilizers Limited, Fatimafert Limited, Bubber Sher (Pvt.) Limited, Reliance Sacks Limited, Javedan Corporation Limited, Aisha Steel Mills Limited, Arif Habib Dolmen REIT Management Limited, Rotocast Engineering Company (Pvt.) Limited and Memon Health & Education Foundation.

Mr. Peter Vang Christensen

Non-Executive Director

Mr. Peter Vang Chirstensen holds a BSc in Chemical Engineering from Technical University of Denmark and a degree in Business Engineering from Copenhagen Engineering College. He is employed with Haldor Topsøe A/S since 1992, and is currently working as Vice President, Licensing and Project Sales, Chemical Business Unit. Over the years, he has acquired vast experience in varied engineering fields including Petrochemical Plants, Process Engineering, Start-up Engineer, Project Manager and Project Sales. He is currently responsible for licensing and project sales for the chemicals business areas, including Ammonia, Methanol, Hydrogen, Syngas, Formaldehyde, DME and SNG plants. He brings in vast experience and technical management know how for Fatima.

Mr. Tariq Jamali

Non-Executive / Nominee Director – National Bank of Pakistan

Mr. Tariq Jamali is SEVP & Group Chief Logistic Support Group. Previously he headed Commercial & Retail Banking Group and Group Chief Compliance since 2009. He joined NBP in 1987 and has held numerous Senior Management positions at Regional and Head Office levels. He has an overall working experience of more than 25 years at different key positions. He holds an MBA degree from University of Dallas.

Board Structure and Committees

Board Structure

Fatima's Board consists of eminent individuals with diverse experience and expertise. It comprises of eight directors, seven of whom have been elected by the shareholders for a term of three years which expires on April 30, 2017 and one director is the nominee of National Bank of Pakistan. There are two executive directors including the Chief Executive Officer and six non-executive directors including the Chairman, Nominee Director and Independent Director.

The Board provides leadership and strategic guidance to the Company, oversees the conduct of business and promotes the interests of all stakeholders. It reviews corporate policies, overall performance, accounting and reporting standards and other significant areas of management, corporate governance and regulatory compliance. It also reviews and approves the annual budget and long term strategic plans. The Board is headed by the Chairman who manages the Board's business and acts as its facilitator and guide. The Board is assisted by an Audit Committee and a Human Resource and Remuneration Committee while the CEO carries responsibility for day today operations of the Company and execution of Board policies.

Board Committees

The standing committees of the Board are:

Audit Committee

Composition

The Audit Committee consists of five members of the Board. All of the members of the Audit Committee are non-executive including the Chairman and one Independent Director. The members are:

Mr. Muhammad Kashif Habib
Chairman

Mr. Peter Vang Christensen
Member

Mr. Faisal Ahmed Mukhtar
Member

Mr. M. Abad Khan
Member

Mr. Tariq Jamali
Member

Terms of Reference and Salient Features

In addition to any other responsibilities which may be assigned from time to time by the Board, the main purpose of the Audit Committee is to assist the Board by performing the following main functions:

- to monitor the quality and integrity of the Company's accounting and reporting practices;
- to oversee the performance of Company's internal audit function;
- to review the external auditor's qualification, independence, performance and competence;

  and
- to comply with the legal and regulatory requirements, Company's by-laws and internal regulations.

The Terms of Reference of the Audit Committee have been drawn up and approved by the Board of Directors in compliance with the Code of Corporate Governance. In addition to compliance with Code of Corporate Governance, the Audit Committee carries out the following duties and responsibilities for the Company as per its Terms of Reference:

a) determination of appropriate measures to safeguard the Company's assets;

b) review of preliminary announcements of results prior to publication;

c) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - major judgmental areas;
   - significant adjustments resulting from the audit;
   - the going-concern assumption;
   - any changes in accounting policies and practices;
   - compliance with applicable accounting standards; and
   - compliance with listing regulations and other statutory and regulatory requirements.

d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) review of management letter issued by external auditors and management's response thereto;

f) ensuring coordination between the internal and external auditors of the Company;

g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) consideration of major findings of internal investigations and management's response thereto;

i) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) determination of compliance with relevant statutory requirements;

m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n) consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Composition

The Human Resource and Remuneration Committee consists of four members of the Board. All of the members of the Committee are non executive including the Chairman and on Independent Director. The members are:

Mr. M. Abad Khan
Chairman

Mr. Peter Vang Christensen
Member

Mr. Muhammad Kashif Habib
Member

Mr. Faisal Ahmed Mukhtar
Member

Terms of Reference and Salient Features

The Human Resource Committee is a mean by which the Board provides guidance on human resources excellence. The specific responsibilities, authorities and powers that the Committee carries out on behalf of the Board are as follows:

1. Duties and Responsibilities

The Committee shall carry out the duties mentioned below for the Company:

1.1 to review and recommend the annual compensation strategy with focus on the annual budget for Head count and Salaries and wages;

1.2 to review and recommend the annual bonus and incentive plan;

1.3 to review and recommend the compensation of the Chief Executive and Executive Directors;

1.4 to assist the Board in reviewing and monitoring the succession plans of key positions in the Company;

1.5 to review and monitor processes and initiatives related to work environment and culture;

1.6 to perform such other duties and responsibilities as may be assigned time to time by the Board of Directors.

2. Reporting Responsibilities

2.1 the Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;

2.2 the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;

2.3 the Committee shall, if requested by the Board, compile a report to shareholders on its activities to be included in the Company's Annual Report.

3. Authorities and Powers

The Committee is authorized and empowered:

3.1 to seek any information it requires from any employee of the Company in order to perform its duties;

3.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and

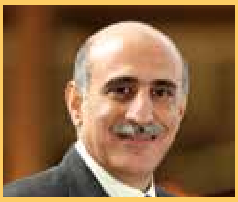
3.3 to call any employee to be questioned at a meeting of the Committee as and when required.

Key Management

The key management is directly responsible for managing the day-to-day operations under the leadership of the Chief Executive Officer of Fatima

Mr. Arif-ur-Rehman
Director Operations

Mr. Arif-ur-Rehman joined Fatima in early 2007 and led the project successfully as Project Director. After project commissioning, he is now leading the Manufacturing Division as 'Director Operations'. He is a Chemical Engineer with 34 years of experience in the fertilizer an petrochemical industries. His experience includes tenures with Fauji Fertilizer plant at Goth Macchi where he was part of a successful project team, Fauji Fertilizer Bin Qasim plant and ICI PTA Bin Qasim plant.



Mr. Muhammad Zahir
Director Risk Management Division

Mr. Muhammad Zahir holds a Master's degree in Business Administration from the Institute of Business Administration, at University of Karachi. He spent 29 years with ICI Pakistan working for various businesses and the Human Resource Function. He was Vice President Paints Business, Vice President Life Sciences Business and Vice President HR. He served as an Executive Director on the Board of ICI Pakistan and on the Board of ICI Paints, Sri Lanka. He has diverse experience in businesses including Paints, Polyester Fiber, Chemicals, Agrochemicals, Pharmaceuticals, Seeds and Animal Health.

Mr. Asad Murad
Chief Financial Officer

Mr. Asad Murad is a Fellow Member of the Institute of Chartered Accountants of Pakistan. In over 19 years' career, he has held various senior management positions in the areas of financial management, strategic business planning, risk management and corporate compliance. He has also served as Chief Financial Officer at Honda Atlas Cars (Pakistan) Limited, a subsidiary of Honda Motor Company, Japan. He joined Fatima Group in 2010 as Head of Internal Audit before appointment to his current position as Chief Financial Officer of the Company.

Mr. Ausaf Ali Qureshi
Company Secretary

Mr. Ausaf Ali Qureshi is a Fellow Member of Institute of Chartered Accountants of Pakistan. He joined the Group in May 2010 as Company Secretary with additional responsibility for investor relations. He has over 33 years of experience with Fauji Fertilizer, Pakistan International Airlines (Holdings) and Bristol- Myers Squibb (BMS). In his 20 years' plus career at BMS, he held various senior management positions in Pakistan, South Korea, Egypt and Singapore in the areas of finance, corporate compliance and strategic project planning.

Mr. Haroon Waheed
Group Head of HR

Mr. Haroon Waheed has done his LLM from Monash University, Melbourne, Australia. He has over 21 years of national and international broad based functional business experience with Unilever, and has been associated with Pakistan Society of HR Management as President. Haroon also represents in the HR, management and leadership development conferences at national level. He won the International HR Leadership Award in London and Talent Management Award in Singapore in 2010.

Mr. Iftikhar Mahmood Baig
Director Business Development

Iftikhar Mahmood Baig is Director Business Development of Fatima Group. He is a Fellow Member of Institute of Chartered Secretaries and Managers of Pakistan. He has 32 years of Financial & Commercial experience. Over the course of his tenure with Fatima Group, he played an instrumental role in obtaining natural gas allocation of 110 MMCFD in 2004 and successfully achieving Financial Close of the largest rupee syndication of Rs. 23 billion in 2006 for the green field fertilizer manufacturing complex of Fatima Fertilizer Company Limited (Investment US$ 750 million). He also played a pivotal role in the acquisition of Pakarab Fertilizers Limited in 2005. He was associated with Fatima Energy Limited from conceptual stage until its implementation. Iftikhar is currently engaged in Gas management and LNG sourcing for Fertilizer Plants, Government Regulations/Regulatory Approvals and development of New Ventures in Power Sectors.

Mr. Javed Akbar
Head of Procurement

Mr. Javed Akbar is a Mechanical Engineer from NED University of Engineering and Technology Karachi, and also did his graduation in computer science from university of Mississippi, USA. He brought with him an experience of around 27 years, out of which more than 17 years is in the area of supply chain with multinational companies in Pakistan including Philips, Alcatel, Mobilink and PTCL. He has attended International Training Courses on management and leadership from world renowned institutions like Insead, Harvard and MIT.

Mr. Qadeer Ahmed Khan

Director Special Projects

Mr. Qadeer Ahmed Khan has done his MS in Petrochemicals and Hydrocarbons from the Institute of Science and Technology, University of Manchester, England. He has a vast experience of working in chemicals and fertilizer industries. He has over 32 years of experience at Engro Chemicals and Engro Polymers, where he held various senior management positions.

Mr. Ahsen-ud-Din

Director Technology Division

Mr Ahsen-ud-din has around 32 years of professional experience with leading companies like Engro Corporation (formerly Exxon Chemical Pakistan), Fauji Fertilizer and Kuwait National Petroleum. During his career, Mr Ahsen-uddin has a track record of executing multi-million dollar petrochemical and fertilizer projects and efficiently managing fertilizer and petrochemical manufacturing facilities with world class HSE performance.

Dr. Fuad Imran Khan

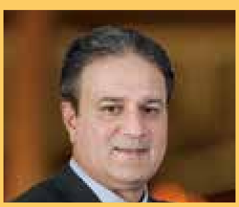
Chief Information Officer

Dr. Fuad Imran Khan holds a Ph.D. Degree in Computer Information and Control Engineering and a Master's degree in Electrical and Computer Engineering from University of Michigan, USA and has a Bachelor's degree in Electrical Engineering from Massachusetts Institute of Technology. He has worked as Head of Information Technology at Roshan Afghanistan and PTCL. Dr. Fuad's last assignment was with Warid Telecom as their Chief Information Officer.

Mr. Kashif Mustafa Khan

Incharge of Internal Audit

Mr. Kashif Mustafa Khan is a Fellow Member of Institute of Cost and Management Accountants of Pakistan. He has diversified experience of over 21 years in the field of financial management, regulatory compliance, taxation, international reporting and business planning. He had worked with GlaxoSmithKline for 3 years and Honda Atlas Cars (Pakistan) Limited for 14 year before joining the Company in 2010. He has been serving as Head of Accounts and Taxation prior to his present role in the Organization.



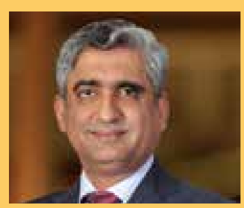
Mr Umer Habib Lodhi

Head of Marketing

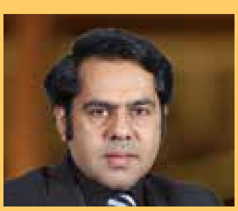
Mr. Umer Lodhi has joined Fatima Group as Head of Marketing. Umer brings with him a rich mix of Sales and Marketing experience from the FMCG, Oil and Gas, Banking and most recently Retail within Sales and Marketing. He started his early part of the career with the Armed forces, before embarking on acquiring a Masters in Business Administration degree specializing in Marketing from the Western International University London, UK. He most recently held a strategic Leadership position in Marketing and Sales at Metro Cash and Carry.

Mr. Kashif Aziz Khawaja

Head of Sales



Mr. Kashif Aziz Khawaja has joined Fatima Group as Head of Sales. With over 20 years of diverse experience in the tobacco industry, Kashif has served in key strategic leadership positions in Sales and Marketing at British American Tobacco in the Australian, Hong Kong, Vietnamese and South Korean markets. Most recently, he has been involved in building HappyVille Foods (Bake Art). Kashif holds a Master's degree in Business Administration with specialization in Marketing from Quaid-e-Azam University Islamabad.

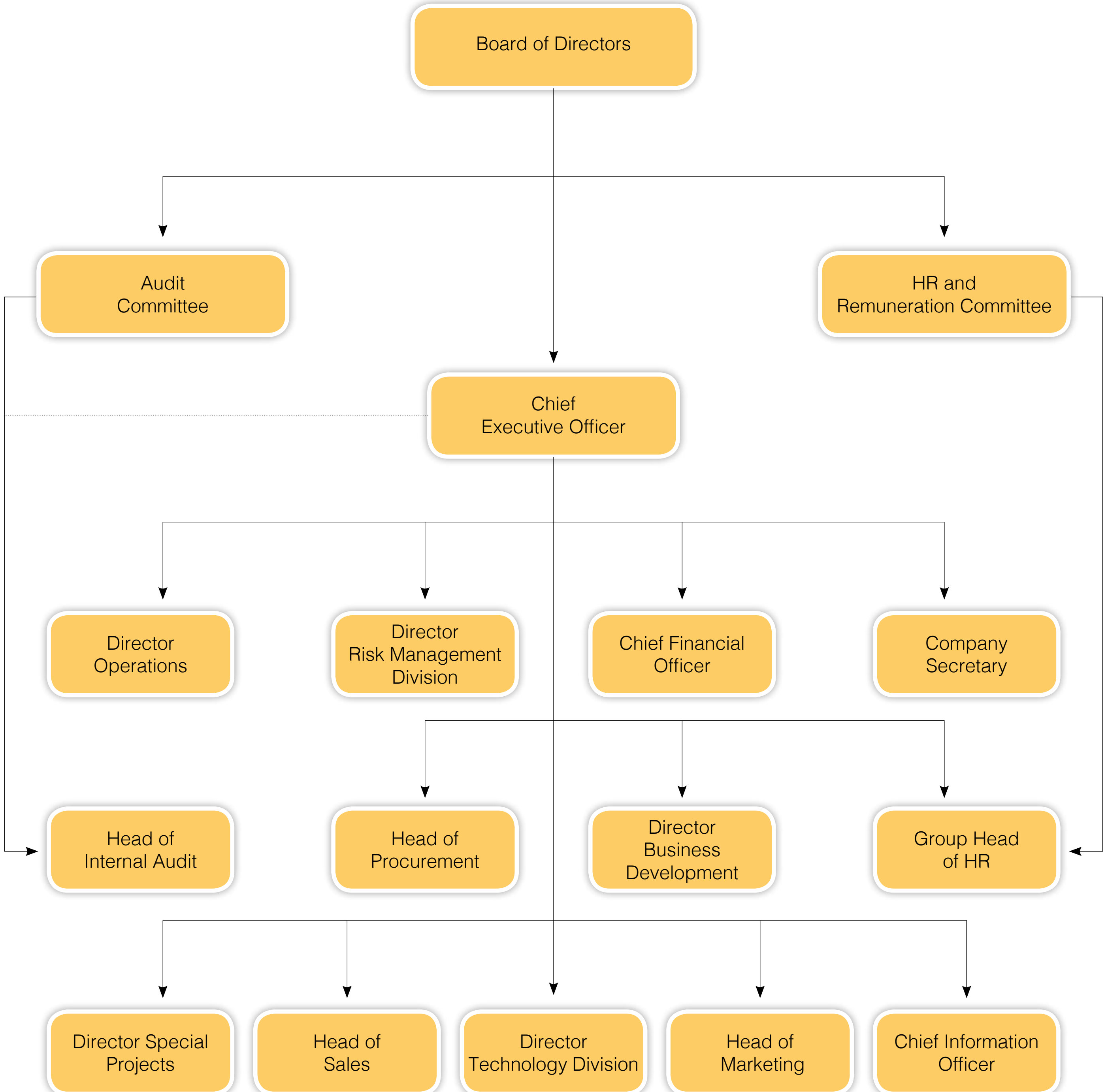


Mr. Asghar Naveed

Corporate Health, Safety and Environment Manager

Mr. Asghar Naveed possesses 21 years of high end experience, with particular focus on Health, Safety and Environment (HSE). He holds a degree in chemical engineering along with various diplomas in HSE. In addition to Fatima he has recently been given additional responsibilities for other Fatima Group Companies for developing and implementing high quality standards for HSE. He is a renowned speaker at national and international forums, and has authored various publications.

Organizational Chart



Business Review

Chairman's Message

Mr. Arif Habib
Chairman

Fatima Fertilizer Company Limited has delivered sustained operating results in the year 2015 in respect of production however, sales were lower due to a difficult period in Pakistan's agricultural sector. The Company's overall performance is a matter of satisfaction for the management. The Plant successfully undertook a De-Bottlenecking project and other efficiency measures during the year, which will have a positive impact on our daily production and related operating indicators going forward. As a result, the Company is positioned for sustainable growth in years to come. I am confident that based on the diversified products mix of Fertilizers, the Company will be a leader in the Fertilizer industry in terms of profitability and returns to Stakeholders.

A word from the CEO

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Fatima Fertilizer Company Limited has in a short span of just over 4 years established itself as a dynamic and respected business enterprise in the country and overseas. During 2015 we achieved several landmarks in our journey towards realizing our Vision and Mission. Our focus has been on Growth, Quality, Sustainability and Innovation. This year we had some remarkable successes including: the acquisition of DH Fertilizers Limited (now named Fatimafert Limited), timely and successful completion of Phase 1 of the De-bottlenecking (DBN) project with Haldor Topsoe support, Dupont certification for OSHA Compliance and International Fertilizer Industry Associations (IFA) Protect and Sustain certification. These represent a relentless pursuit of excellence and sustainability. The exceptional contribution and hard work put in by all teams involved is a matter of pride and satisfaction and I foresee a highly rewarding future, full of learning opportunities for all employees. We will continue to strive for maximizing returns for all stakeholders including the agricultural community in our country.

Directors' Report
to the Shareholders

The Directors of the Company are pleased to present the Annual Report for the year 2015.

Living its core values of excellence, innovation, integrity, teamwork, customer focus, valuing people and CSR, your Company achieved major milestones of completion of Ammonia Revamp and De-bottlenecking Project leading to enhancement of its Ammonia production capacity and strategic acquisition of a 445,000 MT Urea production facility namely Fatimafert Limited (formerly DH fertilizers Limited).

These steps, along with upcoming investment by the Company in its US Project – Midwest Fertilizer Company, will increase production efficiencies and further strengthen the overall market share of the Company with ultimate goal of realization of the Company Vision to become a world class manufacturer of Fertilizers and ancillary products.

Market Overview

The year 2015 was marked by mixed sentiments in the international fertilizer market which finally culminated in an overall slowdown as commodity prices softened continuously and there was a steady decline in the oil prices creating further uncertainty. Urea price in Arabian Gulf was $320 per MT FOB and $290 per MT FOB in China at the start of the year. Chinese prices were supported by demand from India but over supply continued to loom and while buyers were attracted to lower prices, continual weakening also deterred them. Prices in the first quarter had dropped to as low as $260 per MT FOB in China and $270 MT FOB in the Arabian Gulf but the market recovered as prices steadily improved and stabilized around May. This was due to Chinese determination to hold the prices firm as the demand in India and the Middle East was better than forecasted. However, in July prices began to soften due to lack of demand. By early October, prices dropped to $250-255 MT FOB in the Arabian Gulf and China and in December prices slipped further to as low as $225 MT FOB. Chinese prices were under huge pressure even after sales in India. There were very few buyers. Similarly, in the Middle East values deteriorated as US and Brazil remained under pressure. Brazilian imports continued to fall short of anticipated demand.

In Pakistan, the Urea market decreased by 1% to 5.596 million tons in 2015 as compared to 5.627 million tons in 2014. This was partially triggered by poor crop prices for rice, sugarcane and potato and more importantly created by a significant jump in prices of Urea following increase in gas prices by the Government.

The Phosphates market remained stable in the first half of 2015 on the back of positive demand from India and the Americas. International prices remained steady at $490-495 MT CFR due to stability in Chinese production and healthy demand in key markets such as India, Pakistan and Bangladesh. With the poor forecast of monsoon rainfalls in the Indian continent and softening of demand in China, prices began to decline in Q3. Global decline in crop prices, poor currency issues and economic slowdown in China further aggravated the situation. By December prices had fallen to $415-420 MT CFR. Heavy imports, insufficient monsoons and weaker rupee stifled demand in India. Lack of credit continued to hamper end user demand in Brazil.

In Pakistan, the DAP market increased by 4% to 1.802 million tons in 2015 from 1.735 million tons in 2014. This was primarily on account of the subsidy announcement; heavy imports were booked in the last quarter of the year in anticipation of robust demand with the decrease in prices and also trader speculation.

Sales Volume

Product	2015 Tons	2014 Tons
Urea	353,914	372,922
CAN	320,528	410,961
NP	267,961	370,034
Total	942,403	1,153,917

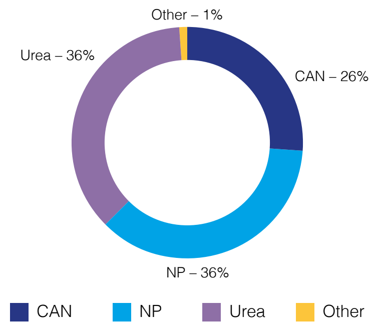
Company Performance

After a strong start in 1H 2015, due to continuous drop in crop prices, increase in fertilizer prices to mitigate impacts of gas price increase, delay in implementation of the Farmer Relief Plan and "Kissan Package" announced by Government and rumors of reversal of Urea price increase to the level prior to gas price increase, farmers' sentiment turned bearish in 2H 2015 leading to lower application of fertilizers and buildup of inventories of Urea and DAP with the fertilizer companies. After announcement of subsidy on Phosphate Fertilizers by Government on 15th October 2015, fertilizer sales picked up gradually by the end of last quarter of 2015. Resultantly, overall sales of the Company, in particular CAN and NP, declined in 2015 by 18% from 1,153,917 MT to 942,403 MT over the year 2014.

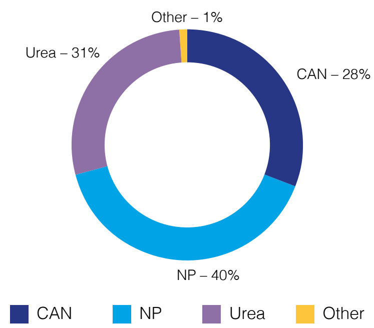
Financial Performance

We are pleased to announce that in spite of pressures on sales during the latter half of the year, the Company posted Net Earnings at almost the same level as last year. 2015 was a successful year in terms of completion of major plant efficiency improvement projects. Despite extended Turnaround (TA), the plant produced almost same volumes of fertilizer products as last year.

Sales Mix – 2015



Sales Mix – 2014



Directors' Report *(Contd.)*

Revenues for the year 2015 were down by 18% to PKR 29.73 Billion as compared PKR 36.12 Billion last year primarily due to decrease in sale volumes. In 2015, NP and Urea contributed 36% each while CAN contributed 26% to the overall revenue.

Despite reduction of 18% in Profit before Tax the Company posted After Tax Profit of PKR 9.25 Billion which is almost at par with last year's numbers due to reduction in income tax expense resulting from decrease in Corporate Tax Rate announced by the Government of Pakistan through Finance Act 2015. Earnings per Share of PKR 4.41 is same as last year.

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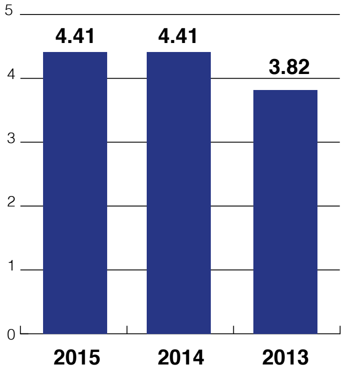
Financial Highlights

	2015		2014		2013	
	PKR Million	%	PKR Million	%	PKR Million	%
Turnover	29,733		36,169		33,496	
Gross Profit	17,122	57.59	21,461	59.34	19,771	58.85
EBITDA	15,590	52.43	19,507	53.93	18,021	53.80
Profit after Tax	9,254	31.12	9,258	25.60	8,022	23.95
EPS (PKR)	4.41		4.41		3.82	

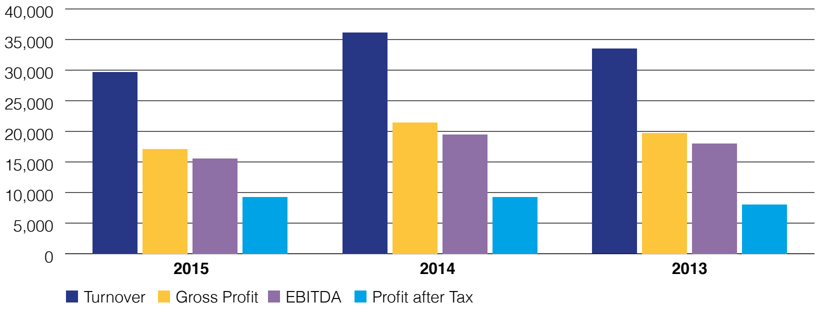
Earnings Per Share

Rupees



Financial Performance

Rupees in Million

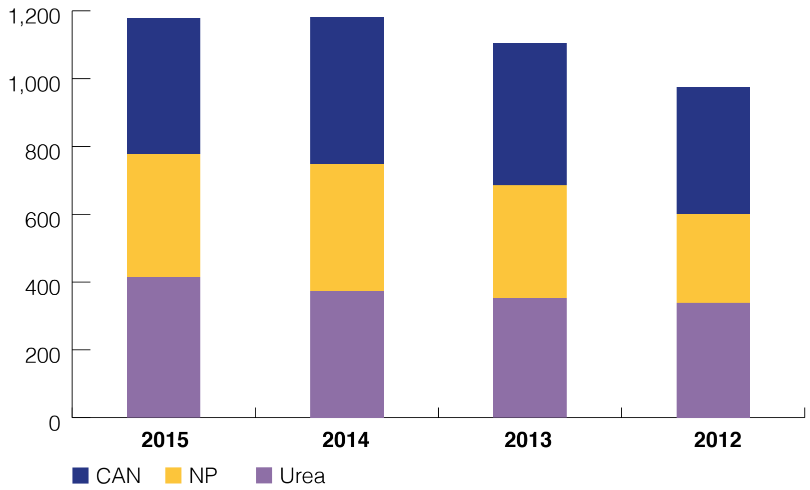


Operations

In 2015, Fatima's Plant performance excelled with focus on efficiency improvement, occupational health and safety and risk mitigation. Production efficiency improvement at Ammonia Plant has surpassed expectations after completion of Phase-1 of De-bottlenecking Project in November. The reliabilities of other plants also improved after major inspection and periodic maintenance during Turnaround (TA). As a result of concerted efforts, Fatima successfully completed its first 18 month 'TA to TA Cycle' (previously 12 month cycle).

Production

Metric Tons in '000'



Gross Profit

Gross Profit for the year declined by PKR 4.34 Billion to PKR 17.12 Billion from 21.46 Billion last year primarily due to reduction in Sales. However, due to improvement of plant efficiency, efficient utilization of resources and reduction in cost of some input materials, Gross Profit Margin weakened marginally by 1.7% only, declining from 59.33% to 57.59%.

Distribution and Administrative Cost

Distribution cost was lower by 11% mainly due to reduced cost of freight and transportation on account of decline in fuel prices and sales volume. Advertisement cost however increased due to new marketing initiatives to promote brand awareness.

Being a responsible corporate citizen, the Company increased its contributions towards welfare activities mainly in health and education sectors. Administrative expenses increased by 20% over last year mainly due to increased CSR activities.

Capacity Utilization

Plant	2015	2014	2013
Urea, CAN and NP	92%	92%	86%

Finance Cost

Finance Cost during the year reduced by 37% i.e. PKR 1.39 Billion over last year mainly due to reduction in long term loans by PKR 3.7 Billion (16%) resulting from contractual repayments and reduction in base rate by State Bank of Pakistan.

Dividends

The Board of Directors in its meeting held on March 16, 2016 has decided not to recommend any Dividend for the year ended December 31, 2015. In 2H 2015, due to unstable market conditions, fertilizer industry faced extremely low off take situation. Resultantly, the Company had to carry very high levels of finished goods inventory leading to relatively high short-term borrowings to meet working capital requirements. Considering significant amount of time bound loan repayments

Appropriations

	PKR in '000
Un-appropriated profit brought forward	13,967,024
Dividend 2014	(5,775,000)
Net profit for the year 2015	9,253,611
Profit available for appropriations	17,445,635
Appropriations:	
Other comprehensive income	(7,127)
Unappropriated profit carried forward	17,438,508

that the Company has to make in 1H 2016, for the time being the Board of Directors has decided to pass over payment of Dividend to the Shareholders. The Board is confident that with stability in market conditions, the Company will soon resume its normal working capital cycle and in keeping with its history of Dividend payments the Board would be in a position to announce Dividend for the valued Shareholder at the earliest appropriate time.

Financial Management

All the financial commitments falling due during the year were met with timely payment. These payments included net payment of PKR 8.87 billion to lenders on account of debt servicing and dividend payment of PKR 5.77 Billion to its Shareholders.

During the year, the Company incurred significant outlays for strategic acquisition of Fatimafert Limited (formerly DH Fertilizer Limited) and Bubber Sher (Pvt) Limited for PKR 2.02 Billion and PKR 5.50 Billion on purchase of capital items mainly for Ammonia Revamp and De-bottlenecking project.

Above referred payments along with incremental inventory of finished goods warranted the use of short term financing from financial institutions which was arranged at very economical markup rates evidenced from considerable reduction in markup cost on short term loans.

Cash Flow Summary

	2015	2014
	PKR in Million	
Net Cash Inflow / (Outflow) - Operating Activities	6,054	15,000
Net Cash Used in Investing Activities	(6,837)	(2,466)
Net Cash Inflow/(Outflow) - Financing Activities	130	(11,824)
Net Increase/(Decrease) in Cash and Cash Equivalents	(653)	710
Cash and Cash Equivalents At Beginning of The Year	948	238
Cash and Cash Equivalents At End of The Year	295	949

Investment in Midwest Fertilizer Company

With necessary approvals from Economic Coordination Committee and the State Bank of Pakistan in place, the Company is set to make the Equity investment of USD 300 Million in the US project - Midwest Fertilizer Company in 2016. For this purpose funds will be arranged through issuance of foreign currency bond of equivalent amount. The investment is expected to add significant value for the shareholders of Fatima.

In compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, a statement regarding status of decision to make investment under the authority of resolution passed pursuant to provisions of section 208 of the Ordinance in Midwest Fertilizer Company LLC is as follows:

Sr. No.	Description	Information Required
(a)	Total Investment approved	up-to USD300 million
(b)	Amount of investment made to date	Nil
(c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time	The Company is authorized to make investment in Midwest Fertilizer Company LLC over a four (4) year period and waiting for an appropriate time in the best interest of the Company to issue foreign currency bond and arrange funds for this investment.
(d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	Nil

Consolidated Financial Results

Fatimafert Limited (formerly DH Fertilizer Limited) and Bubber Sher (Pvt.) Limited are wholly owned Subsidiaries of the Company. Fatimafert is primarily engaged in the manufacturing and sale of Urea. After completing the acquisition formalities, control of the Subsidiaries was transferred to the Company on July 01, 2015. Summary of consolidated financial results at the end of December 31, 2015 is as follows:

	PKR in Million
Sale	31,826
Gross Profit	17,521
Finance Cost	2,625
Other Income	14,131
Profit Before Tax	25,167
Profit After Tax	22,847

In compliance to IFRS 3 — Business Combinations, consolidated financial results include Bargain Purchase Gain of PKR 13.6 Billion. The said amount represents Fair Valuation Gain booked by the Company on acquisition of the Subsidiaries.

Financial Highlights

Key operating and financial data of previous years has been annexed herewith.

Contribution to National Exchequer and Economy

An amount of PKR 7.17 Billion (2014: PKR 7.12 Billion) was contributed during the year in respect of Custom duties, Sales tax and Income tax. As a responsible corporate citizen of the country, the Company contributed 24.12% (2014: 19.7%) of total revenue back to the Economy.

Statement as to the Value of Investment of Provident Fund

The value of the investment of the provident fund is PKR 356 Million (Last year: 211 Million). The figure is unaudited for the year under review.

Future Outlook

In the global market, due to decrease in demand, Urea prices are still awaiting stability. Increased supply is likely to be a major feature of the market in 2016, outweighing any increase in demand and pushing prices down. The increased production in Egypt, supply in Middle East, rising production in Algeria and Chinese inventory will exceed demand. In Pakistan, Manufacturers are expected to receive more gas than previous years and with inventories from 2015 being carried into 2016, there is no immediate need for imports.

In Phosphates market, confidence remains low moving into the first quarter of 2016 in lieu of subdued demand globally and the wider macroeconomic situation. With the Indian rupee sliding against the US dollar, drop of global oil prices and China's economy retarding and currency continuously devaluing, the outlook for the phosphates market remains soft. Chinese producers are contemplating production cuts. Lack of credit continues to hamper demand in Brazil and commodity prices are expected to slump. Indian demand is dependent on

the announcement of subsidies, which is expected by the end of the first quarter 2016. In Pakistan, the industry is carrying high inventories into 2016.

In year 2015 Plant efficiency and reliability has improved through various modifications and replacement of old Heat Exchangers as per phase out plans. Ammonia Revamp Phase-I Project has also improved site energy efficiency by noticeable reduction in the Energy Index of Ammonia Plant. Further improvement is envisaged by Waste Gas Boiler project implementation scheduled in May 2016. Fatima Fertilizer is committed to elevate its site and other operations to world-class level.

In 2016, Fatima Fertilizer is expecting to realize sizable profit from sale of high volumes of finished goods inventory carried forward from 2015. Increase in production with commissioning of Ammonia Revamp and De-bottlenecking project, enhanced plant efficiency and sustainability and investment in Fatimafert Limited are the milestones achieved by Fatima Fertilizer in 2015. Through these strategic steps Fatima Fertilizer is set to provide better values to its stakeholders in 2016 and onwards.

Code of Corporate Governance

The Board and management are committed to ensure that the requirements of the Code of Corporate Governance are fully met. The Company has adopted good Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. Pursuant to and in compliance with clause (xvi) of the Code of Corporate Governance, the Directors are pleased to report that:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

b) Proper books of account of the Company have been maintained;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;

e) The system of internal control is sound in design and has been effectively implemented and monitored; and

f) There are no significant doubts upon the Company's ability to continue as a going concern.

Name of Director	Board Meetings	Audit Committee Meetings	HR & Remuneration Committee
Mr. Arif Habib	6	N/A	N/A
Mr. Fawad Ahmed Mukhtar	6	N/A	N/A
Mr. Fazal Ahmed Sheikh	6	N/A	N/A
Mr. Faisal Ahmed Mukhtar	2	-	-
Mr. M. Abad Khan	6	4	1
Mr. Muhammad Kashif Habib	3	4	1
Mr. Peter Vang Christensen	3	1	-
Mr. Tariq Jamali	5	2	N/A

The leave of absence was granted to the members not attending the Board and Committee meetings.

Changes in the Board

During the year under review, there has been no change in the Board members.

Changes in the Audit Committee

During the year under review, there has been no change in the audit committee members.

Changes in the Human Resource and Remuneration Committee

During the year under review, there has been no change in the human resource and remuneration committee members.

Board and Committees' Meetings and Attendance

During the year under review, six meetings of the Board of Directors, four meetings of Audit Committee and one meeting of HR and Remuneration Committee were held from January 01, 2015 to December 31, 2015. The attendance of the Board, Audit Committee and HR and Remuneration Committee members was as follows:

Board Meetings held outside Pakistan during the year

All Board meetings were held inside Pakistan by Fatima Fertilizer Company Limited during the year under review.

Trading in Shares of the Company by Directors and Executives

The trade carried out in the shares of the Company by the Directors, Executives and their spouses and minor children is as follows:

Name	Share Bought	Share Sold
Mr. Peter Vang Christensen	5,000	
Mrs. Ambreen Fawad	375,000	
Mr. Arif Habib		*26,208,678
Mrs. Zetun Arif		*115,505,586
Mr. Muhammad Kashif Habib	*47,238,088	
Mr. Fawad Ahmed Mukhtar		*2,714
Mr. Fazal Ahmed Sheikh		*2,714
Mr. Faisal Ahmed Mukhtar		*2,714
Mr. Muhammad Shahzaman	1,000	

**Received/transferred via gift*

Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at December 31, 2015, as required under the listing regulations, have been annexed herewith.

Corporate and Secretarial Compliance

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.

Code of Conduct

As per the Corporate Governance guidelines, the Company has prepared a Code of Conduct and communicated throughout the Company apart from placing it on the Company's website.

Credit Ratings

Pakistan Credit Rating Agency (PACRA) has maintained the long term and short term entity ratings of the Company at AA- and A1+ respectively. JCR-VIS Credit Rating Company has also maintained the long term entity rating of AA- and short term rating of A-1. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The ratings reflect strong business profile of the Company on the back of diversified product mix.

Internal Audit

Internal Audit function is effectively operating within the framework set out in Code of Corporate Governance and the charter defined by the Audit Committee of the Board of Directors.

The Internal Audit function is progressing from a conventional function into a business partner and advisory role through pro-active approach towards effective corporate governance by adding value in the business process and creating synergies at the group level.

The function has effectively developed and promulgated the "Whistle Blowing Policy" during the year and acts as custodian of the same. Cases reported during the year were thoroughly reviewed and forwarded to the Corporate Integrity Committee for further scrutiny and actions were taken accordingly resulting in an enhanced sense of ownership, transparency and integrity amongst the employees.

The function is effectively utilizing risk control matrix, to prioritize and develop its annual plan and to strengthen the internal controls through periodic reviews of all the functions in the organization. The review reports with recommendations are submitted to audit committee of the board and the implementation is ensured through vigorous follow-ups while Regulatory and financial reporting compliance are ensured through independent reviews and coordination with External auditors.

The board relies on the inputs and recommendations of the internal audit function through its Audit committee on the adequacy and effectiveness of internal controls in the organization and take appropriate measures.

External Auditors

M/s Deloitte Yousuf Adil Chartered Accountants, retiring auditors of the Company, being eligible offer themselves for re-appointment. The Board Audit Committee and the Board of Directors have recommended their re-appointment by the shareholders at the 13th Annual General Meeting, as auditors of the Company for the year ending December 31, 2016 at a fee to be mutually agreed.

Health, Safety and Environment

Fatima Fertilizer Company Limited is a company with a global ambition for excellence, growth and sustainability. We aim to bench mark the global industry standards, and take pride to mention that, the company has been certified on following Integrated Management Systems (IMS) standards:

- Quality Management Systems (QMS) ISO 9001:2008
- Environmental Management Systems (EMS) ISO 14001:2004 and
- Occupational health and safety management systems OHSAS 18001:2007

Achieving this environmental and occupational certification was just the first step taken towards making the Company eco-friendly, contributing towards our environment and ensuring implementation of high quality standards. The project has been completed utilizing our internal resources and through the professional commitment of our own HSE team members.

In May 2015, Fatima manufacturing site was audited by DuPont- a world leader in HSE and operational excellence and declared it as Occupational Safety and Health Administration (OSHA) of USA, compliant at level of 3.6 against a compliant score of 3.0.

To take this further, a number of certifications have been planned for the coming years. These include Energy Management, Laboratory Accreditation, Inspection Management, OSHA Compliance Level 4, Occupational Health Industrial Hygiene (OHIH), Responsible Care Management, Business Continuity and Risk Management.
(More details related to HSE are presented in the Sustainability chapter of Annual Report of the Company.

Information Technology

Information technology plays a vital role for bringing in efficiency, transparency, reducing wastes and effective controls across the organization. A number of initiatives were undertaken both for building IT capacities and in technology up gradation.

(More details on IT is given in chapter related to Company Overview of the Annual Report of the Company)

Sustainability Initiatives and CSR

Our mission is to contribute to the growth, sustainability and ultimate stabilization of the economy. We, at Fatima, aim to do this through responsible business practices. It is our desire that we set a benchmark for companies to be more profitable while taking on Corporate Social Responsibility as a chief business strategy, imbedded in their policies and including Creating Shared Value (CSV) and Sustainability in their day-to-day business operations. We staunchly believe in the wellbeing of the society and leave no stone unturned in strengthening and beautifying the lives of the occupants of this community, explicitly focusing on the Health,

Education, and Rural development sectors.

(More Details on CSR and sustainability initiatives are mentioned in Sustainability chapter of the Annual Report of the Company)

Human Resource Management and Employees Relations

Fatima has been successful over the years because of the dedication and passion of our people. We continue to build our human resource capacities and prepare the next generation leadership at Fatima by in house capacity building and also by bringing in best in class talent in the organization with diversity and inclusion. At all levels we ensure to be compliant to prevailing labour laws, best practices for industrial relations, ensure good work environment for women, and even go beyond for workers welfare and safety at work in many ways.

(More details are available on Human Resource in Chapter related to Company Overview of the Annual Report of the Company)

Acknowledgments

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

Fawad Ahmed Mukhtar	**Arif Habib**
Chief Executive Officer	Chairman

Lahore
March 16, 2016

Key Performance Indicators

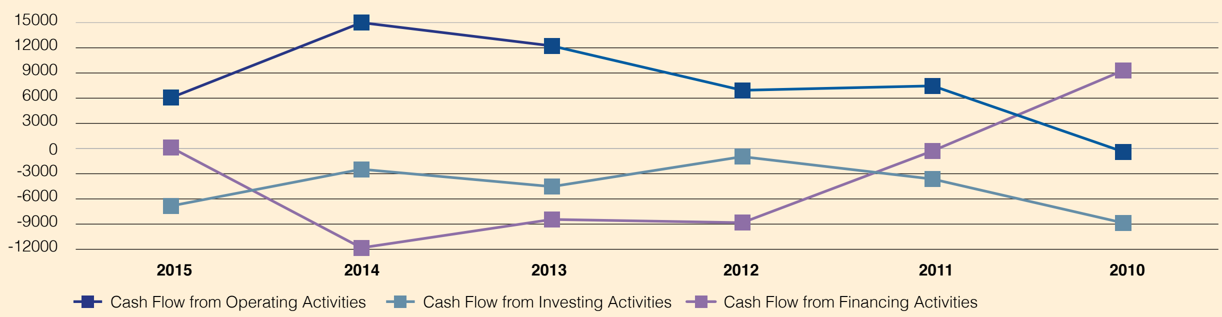
	Unit	**2015**	2014	2013	2012	2011
PROFITABILITY						
Gross profit	%	**57.59**	59.33	58.85	58.49	67.77
EBITDA	%	**52.43**	53.93	53.80	55.35	66.48
Operating profit	%	**46.84**	49.53	49.23	50.32	61.69
Profit before tax	%	**38.84**	39.12	36.78	30.76	41.04
Net profit	%	**31.12**	25.60	23.95	20.70	27.75
Return on equity	%	**23.00**	25.19	24.49	21.11	14.68
Return on capital employed	%	**17.33**	17.11	14.48	10.38	6.36
Return on total assets	%	**9.76**	11.14	10.02	8.04	5.39
LIQUIDITY / ACTIVITY						
Current ratio	Times	**0.75**	0.97	0.81	0.68	0.84
Quick / Acid test Ratio	Times	**0.48**	0.79	0.63	0.47	0.71
Debt to Assets	Times	**0.58**	0.56	0.59	0.62	0.63
Cash from Operations to Sales	Times	**0.20**	0.41	0.37	0.24	0.50
Inventory turnover	Times	**2.60**	5.46	5.29	6.58	3.64
Stock holding period	Days	**140.14**	66.80	68.98	55.45	49.72
Fixed assets turnover	Times	**0.41**	0.53	0.49	0.43	0.22
Total assets turnover	Times	**0.33**	0.44	0.43	0.39	0.20
CAPITAL STRUCTURE						
Debt : Equity		**33:67**	39:61	47:53	52:48	57:43
Interest cover	Times	**5.85**	4.76	3.96	2.57	2.99
Financial Leverage	Times	**0.75**	0.66	0.94	1.27	1.42
Debt service coverage	Times	**1.78**	2.01	2.18	1.86	3.22
Total liabilities to net worth	Times	**1.36**	1.26	1.44	1.63	1.72
Weighted average cost of debt	%	**9.53**	11.38	11.98	14.83	15.91
INVESTMENT / MARKET						
Market price per share	Rs	**44.73**	35.77	28.56	26.40	22.92
Book value per share	Rs	**19.16**	17.50	15.60	13.78	14.03
Market to book value per share	Times	**2.24**	2.04	1.83	1.92	1.63
Basic earnings per share	Rs	**4.41**	4.41	3.82	2.86	1.90
Diluted earnings per share	Rs	**4.41**	4.41	3.82	2.86	1.85
Price earning	Times	**9.74**	8.11	7.48	9.24	12.06
Dividend per share - proposed	Rs	**-**	2.75	2.50	2.00	1.50
Dividend Cover	%	**-**	160.31	152.80	142.78	126.67
Dividend Yield	%	**-**	7.69	8.75	7.58	6.54
Dividend payout	%	**-**	62.38	65.44	70.04	78.95

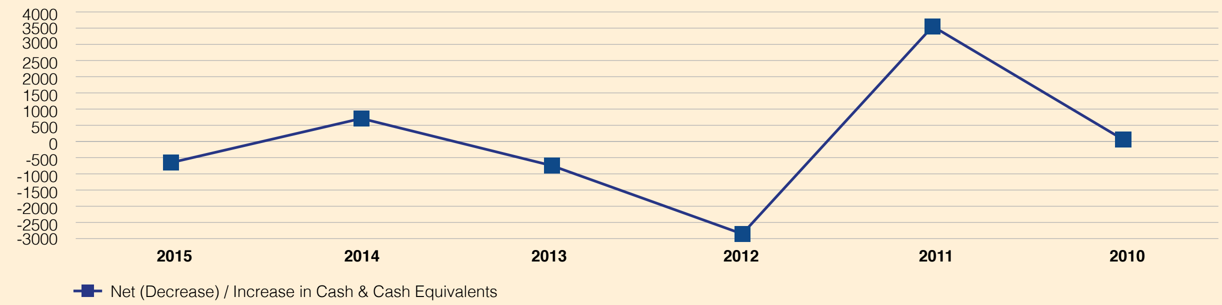
Cash Flows Summary

PKR Million	2015	2014	2013	2012	2011	2010
Cash Flows From Operating Activities						
Cash Generated From/ (Used In) Operations	**9,748**	19,438	18,725	13,770	10,922	(323)
Finance Costs Paid	**(2,498)**	(3,891)	(5,865)	(6,532)	(3,166)	(9)
Taxes Paid	**(1,177)**	(528)	(614)	(285)	(282)	(22)
Employee Retirement Benefits Paid	**(19)**	(18)	(14)	(12)	(8)	(28)
Net Cash From / (Used in) Operating Activities	**6,054**	15,000	12,231	6,941	7,466	(381)
Cash Flows From Investing Activities						
Fixed Capital Expenditure	**(5,520)**	(2,814)	(1,584)	(949)	(386)	(3,695)
Long Term Investments	**(2,021)**	(1)	-	(85)	-	-
Short term loan to Associated Companies	**300**	-	(3,000)	-	-	-
Finance Costs Paid	**-**	-	-	-	(3,311)	(5,153)
Proceeds From Disposal of Property, Plant and Equipment	**-**	-	-	-	-	1
Net Proceeds From Disposal of Short Term Investments	**-**	-	39	-	2	-
Net (Increase)/decrease in Long Term Loans and Deposits	**(5)**	(3)	1	(6)	28	(8)
Profit Received on Short Term Loans and Saving Accounts	**409**	352	11	76	30	-
Net Cash Used in Investing Activities	**(6,837)**	(2,466)	(4,532)	(965)	(3,637)	(8,855)
Cash Flows From Financing Activities						
Redemption of Preference Shares	**-**	-	-	(2,000)	-	-
Proceeds /Advances Received Against Preference Shares	**-**	-	-	-	-	102
Proceeds From Share Deposit Money	**-**	-	-	-	-	2,790
Cost of Issue of Share Capital	**-**	-	-	-	-	(110)
Repayment of Long Term Finance	**(6,375)**	(5,875)	(4,085)	(16,879)	-	-
Proceeds From Long Term Finance	**2,645**	1,000	1,562	10,498	44	6,198
Dividend Paid - Ordinary shares	**(5,770)**	(5,246)	(4,197)	(2,993)	-	-
- Preference shares	**-**	-	(1,337)	(149)	-	-
Increase/(Decrease) in Short Term Finance - Net	**9,630**	(1,703)	(388)	2,690	(316)	316
Net Cash From / (Used in) Financing Activities	**130**	(11,824)	(8,445)	(8,832)	(273)	9,295
Net (Decrease) / Increase in Cash and Cash Equivalents	**(654)**	711	(746)	(2,855)	3,556	59
Cash and Cash Equivalents At Beginning of The Year	**949**	238	984	3,839	283	224
Cash and Cash Equivalents At End of The Year	**295**	949	238	984	3,839	283

Cash Flows from Operating, Investing & Financing Activities

Rupees in Million





Vertical Analysis

Balance Sheet

	2015		2014		2013		2012		2011		2010	
PKR in Million	**PKR in M**	**%**	PKR in M	%	PKR in M	%	PKR in M	%	PKR in M	%	PKR in M	%
Non current assets												
Property, plant and equipment	**73,105**	**77.1%**	68,823	82.8%	67,588	84.4%	67,545	88.9%	68,116	89.2%	64,920	93.5%
Intangible assets	**26**	**-**	30	-	43	0.1%	34	-	-	-	-	-
Deferred tax asset	**-**	**-**	-	-	-	-	-	-	-	-	22	-
Long term investments	**2,106**	**2.2%**	86	0.1%	85	0.1%	85	0.1%	-	-	-	-
Long term deposits	**19**	**-**	13	-	10	-	11	-	5	-	16	-
Total non current assets	**75,256**	**79.4%**	**68,952**	**83.0%**	**67,726**	**84.6%**	**67,676**	**89.0%**	**68,121**	**89.2%**	**64,958**	**93.5%**
Current assets												
Stores and Spares	**4,764**	**5.0%**	4,090	4.9%	3,850	4.8%	3,231	4.3%	1,931	2.5%	2,479	3.6%
Stock in trade	**7,003**	**7.4%**	2,681	3.2%	2,702	3.4%	2,508	3.3%	1,215	1.6%	540	0.8%
Trade debts	**335**	**0.4%**	448	0.5%	99	0.1%	138	0.2%	196	0.3%	257	0.4%
Short term loan to associated companies	**2,700**	**2.8%**	3,000	3.6%	3,000	3.7%	-	-	-	-	-	-
Loans, advances, deposits and prepayments	**4,436**	**4.7%**	3,000	3.6%	2,456	3.1%	1,468	1.9%	1,045	1.4%	940	1.4%
Cash and bank balances	**295**	**0.3%**	949	1.1%	238	0.3%	984	1.3%	3,839	5.0%	283	0.4%
Total current assets	**19,533**	**20.6%**	**14,169**	**17.0%**	**12,346**	**15.4%**	**8,329**	**11.0%**	**8,226**	**10.8%**	**4,499**	**6.5%**
Total assets	**94,789**	**100%**	**83,121**	**100%**	**80,072**	**100%**	**76,005**	**100%**	**76,347**	**100%**	**69,457**	**100%**
Capital and reserves												
Issued, subscribed and paid up capital	**21,000**	**22.2%**	21,000	25.3%	21,000	26.2%	21,000	27.6%	20,000	26.2%	20,000	28.8%
Preference shares	**-**	**-**	-	-	-	-	-	-	4,000	5.2%	4,000	5.8%
Share premium	**1,790**	**1.9%**	1,790	2.2%	1,790	2.2%	1,790	2.4%	790	1.0%	790	1.1%
Post retirement benefit obligation reserve	**(30)**	**-**	(23)	-	(14)	-	-	-	-	-	-	-
Accumulated profit / (loss)	**17,469**	**18.4%**	13,990	16.8%	9,983	12.5%	6,158	8.1%	3,263	4.3%	(531)	-0.8%
Total capital and reserves	**40,229**	**42.4%**	36,757	44.2%	32,759	40.9%	28,948	38.1%	28,053	36.7%	24,259	34.9%
Non current Liabilities												
Long term finance	**13,168**	**13.9%**	17,335	20.9%	22,647	28.3%	27,024	35.6%	34,457	45.1%	37,446	53.9%
Deferred liabilities	**15,412**	**16.3%**	14,421	17.3%	9,391	11.7%	4,844	6.4%	1,809	2.4%	74	0.1%
Dividend and markup payable to related parties	**-**	**-**	-	-	-	-	2,918	3.8%	2,217	2.9%	844	1.2%
Long term deposits	**33**	**-**	33	-		-	-	-	-	-	-	-
Total non current liabilities	**28,613**	**30.2%**	**31,789**	**38.2%**	**32,038**	**40.0%**	**34,785**	**45.8%**	**38,483**	**50.4%**	**38,364**	**55.2%**
Current liabilities												
Trade and other payables	**8,646**	**9.1%**	7,341	8.8%	6,651	8.3%	4,997	6.6%	4,651	6.1%	3,704	5.3%
Accrued finance cost	**260**	**0.3%**	259	0.3%	383	0.5%	499	0.7%	1,891	2.5%	2,749	4.0%
Short term finance - secured	**10,229**	**10.8%**	600	0.7%	2,303	2.9%	2,690	3.5%	-	-	316	0.5%
Current portion of long term finance	**6,812**	**7.2%**	6,375	7.7%	5,938	7.4%	4,085	5.4%	3,033	4.0%	-	-
Provision for taxation	**-**	**-**	-	-	-	-	-	-	236	0.3%	65	0.1%
Total current liabilities	**25,947**	**27.4%**	**14,575**	**17.5%**	**15,275**	**19.1%**	**12,272**	**16.1%**	**9,811**	**12.9%**	**6,834**	**9.8%**
Total liabilities and equity	**94,789**	**100.0%**	**83,121**	**100.0%**	**80,072**	**100.0%**	**76,005**	**100%**	**76,347**	**100%**	**69,457**	**100%**

Horizontal Analysis
Balance Sheet

	2015	15' vs 14'	2014	14' vs 13'	2013	13' vs 12'	2012	12' vs 11'	2011	11' vs 10'	2010	10' vs 09'
PKR in Million	PKR	Change	PKR	Change	PKR	Change	PKR	Change	PKR	Change	PKR	Change
Non current assets												
Property, plant and equipment	73,105	6.2%	68,823	1.8%	67,588	0.1%	67,545	-0.8%	68,116	4.9%	64,920	18.1%
Intangible assets	26	-12.3%	30	-29.6%	43	26.1%	34	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	22	-
Long term investments	2,106	2354.9%	86	0.7%	85	-	85	-	-	-	-	-
Long term deposits	19	39.5%	13	29.6%	10	-9.8%	11	107.3%	5	-65.7%	16	100.0%
Total non current assets	75,256	9.1%	**68,952**	**1.8%**	**67,726**	**0.1%**	**67,676**	**-0.7%**	**68,121**	**4.9%**	**64,958**	**18.1%**
Current assets												
Stores and spares	4,764	16.5%	4,090	6.2%	3,850	19.2%	3,231	67.3%	1,931	-22.1%	2,479	116.9%
Stock in trade	7,003	161.2%	2,681	-0.8%	2,702	7.7%	2,508	106.4%	1,215	125.0%	540	-
Trade debts	335	-25.3%	448	352.0%	99	-28.4%	138	-29.3%	196	-23.8%	257	-
Short term loan to associated companies	2,700	-10.0%	3,000	-	3,000	-	-	-	-	-	-	-
Loans, advances, deposits and prepayments	4,436	47.9%	3,000	22.2%	2,456	67.3%	1,468	40.4%	1,045	11.2%	940	10.7%
Cash and bank balances	295	-68.9%	949	298.2%	238	-75.8%	984	-74.4%	3,839	1256.5%	283	26.3%
Total current assets	19,533	37.9%	**14,169**	**14.8%**	**12,346**	**48.2%**	**8,329**	**1.3%**	**8,226**	**82.8%**	**4,499**	**103.0%**
Total assets	94,789	14.0%	**83,121**	**3.8%**	**80,072**	**5.4%**	**76,005**	**-0.4%**	**76,347**	**9.9%**	**69,457**	**21.4%**
Capital and reserves												
Issued, subscribed and paid up capital	21,000	-	21,000	-	21,000	-	21,000	5.0%	20,000	-	20,000	11.1%
Preference shares	-	-	-	-	-	-	-	-	4,000	-	4,000	-
Share premium	1,790	-	1,790	-	1,790	-	1,790	126.6%	790	-	790	-
Post retirement benefit obligation reserve	(30)	31%	(23)	-	(14)	-	-	-	-	-	-	-
Accumulated profit / (loss)	17,469	24.9%	13,990	40.3%	9,983	61.9%	6,158	88.7%	3,263	714.5%	(531)	106.6%
Total capital and reserves	40,229	9.4%	**36,757**	**12.2%**	**32,759**	**13.2%**	**28,948**	**3.2%**	**28,053**	**15.6%**	**24,259**	**36.7%**
Non current liabilities												
Long term finance	13,168	-24.0%	17,335	-23.5%	22,647	-16.2%	27,024	-21.6%	34,457	-8.0%	37,446	21.4%
Deferred liabilities	15,412	6.9%	14,421	53.6%	9,391	93.9%	4,844	167.8%	1,809	2344.4%	74	37.0%
Dividend and markup payable to related parties	-	-	-	-	-	-	2,918	31.6%	2,217	162.7%	844	-
Advance against preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Long term deposits	33	0%	33	-	-	-	-	-	-	-	-	-
Total non current liabilities	28,613	-10.0%	**31,789**	**-0.8%**	**32,038**	**-7.9%**	**34,785**	**-9.6%**	**38,483**	**0.3%**	**38,364**	**10.2%**
Current liabilities												
Trade and other payables	8,646	17.8%	7,341	10.4%	6,651	33.1%	4,997	7.4%	4,651	25.6%	3,704	122.9%
Accrued finance cost	260	0.4%	259	-32.5%	383	-23.2%	499	-73.6%	1,891	-31.2%	2,749	5.9%
Short term finance - secured	10,229	1606.1%	600	-74.0%	2,303	-14.4%	2,690	-	-	-	316	-
Current portion of long term loans	6,812	6.9%	6,375	7.4%	5,938	45.3%	4,085	34.7%	3,033	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-	236	263.4%	65	-
Total current liabilities	25,947	78.0%	**14,575**	**-4.6%**	**15,275**	**24.5%**	**12,272**	**25.1%**	**9,811**	**43.6%**	**6,834**	**46.6%**
Total liabilities and equity	94,789	14.0%	**83,121**	**3.8%**	**80,072**	**5.4%**	**76,005**	**-0.4%**	**76,347**	**9.9%**	**69,457**	**21.4%**

Annexures to the Directors' Report

Vertical Analysis

Profit and Loss Account

PKR in Million	2015	%	2014	%	2013	%	2012	%	2011	%
Sales	29,733	100.00%	36,169	100.00%	33,496	100.00%	29,519	100.00%	14,833	100.00%
Cost of Sales	(12,611)	-42.41%	(14,708)	-40.67%	(13,785)	-41.15%	(12,252)	-41.51%	(4,741)	-31.96%
Gross Profit	17,122	57.59%	21,461	59.33%	19,711	58.85%	17,266	58.49%	10,092	68.04%
Distribution Cost	(1,290)	-4.34%	(1,449)	-4.01%	(1,430)	-4.27%	(1,234)	-4.18%	(338)	-2.28%
Administrative Expenses	(1,619)	-5.44%	(1,346)	-3.72%	(1,076)	-3.21%	(739)	-2.50%	(417)	-2.81%
	14,214	47.80%	18,666	51.61%	17,205	51.36%	15,293	51.81%	9,337	62.95%
Finance Cost	(2,379)	-8.00%	(3,767)	-10.41%	(4,169)	-12.45%	(5,774)	-19.56%	(3,063)	-20.65%
Other Operating Expenses	(861)	-2.89%	(1,374)	-3.80%	(1,010)	-3.02%	(506)	-1.71%	(320)	-2.16%
	10,974	36.91%	13,525	37.39%	12,026	35.90%	9,013	30.53%	5,954	40.14%
Other Operating Income	574	1.93%	624	1.73%	295	0.88%	67	0.23%	134	0.90%
Profit Before Tax	11,548	38.84%	14,149	39.12%	12,321	36.78%	9,081	30.76%	6,088	41.04%
Taxation	(2,295)	-7.72%	(4,891)	-13.52%	(4,298)	-12.83%	(2,969)	-10.06%	(1,971)	-13.28%
Profit for the year	9,254	31.12%	9,258	25.60%	8,022	23.95%	6,111	20.70%	4,117	27.75%

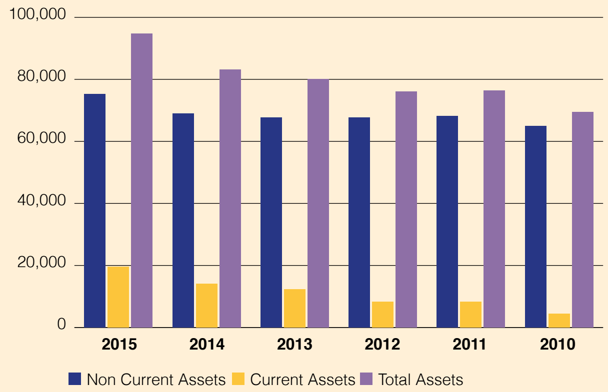
Horizontal Analysis

Profit and Loss Account

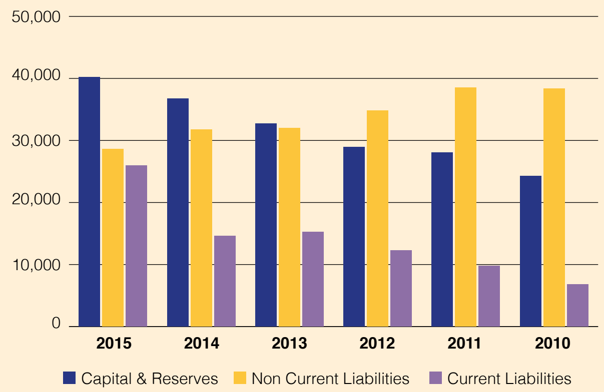
PKR in Million	2015 PKR	15'vs14 Change	2014 PKR	14'vs13 Change	2013 PKR	13'vs12 Change	2012 PKR	12'vs11 Change	2011 PKR
Sales	29,733	-17.79%	36,169	7.98%	33,496	13.47%	29,519	99.00%	14,833
Cost of Sales	(12,611)	-14.26%	(14,708)	6.70%	(13,785)	12.51%	(12,252)	158.44%	(4,741)
Gross Profit	17,122	-20.22%	21,461	8.88%	19,711	14.16%	17,266	71.08%	10,092
Distribution Cost	(1,290)	-10.99%	(1,449)	1.31%	(1,430)	15.90%	(1,234)	265.13%	(338)
Administrative Expenses	(1,619)	20.27%	(1,346)	25.06%	(1,076)	45.66%	(739)	77.08%	(417)
	14,214	-23.85%	18,666	8.49%	17,205	12.50%	15,293	63.79%	9,337
Finance Cost	(2,379)	-36.84%	(3,767)	-9.65%	(4,169)	-27.79%	(5,774)	88.50%	(3,063)
Other Operating Expenses	(861)	-37.38%	(1,374)	36.04%	(1,010)	99.62%	(506)	57.97%	(320)
	10,974	-18.86%	13,525	12.47%	12,026	33.42%	9,013	51.39%	5,954
Other Operating Income	574	-8.01%	624	111.66%	295	340.02%	67	-49.90%	134
Profit Before Tax	11,548	-18.38%	14,149	14.84%	12,321	35.68%	9,081	49.17%	6,088
Taxation	(2,295)	-53.09%	(4,891)	13.79%	(4,298)	44.75%	(2,969)	50.69%	(1,971)
Profit for the year	9,254	-0.05%	9,258	15.40%	8,022	31.27%	6,111	48.44%	4,117

Graphical Presentation

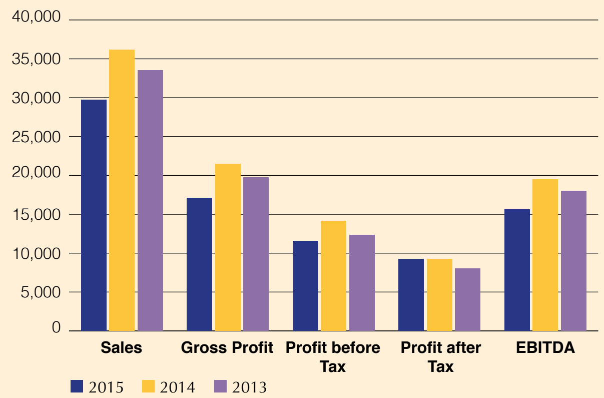
Balance Sheet Analysis (Assets)
Rupees in Million



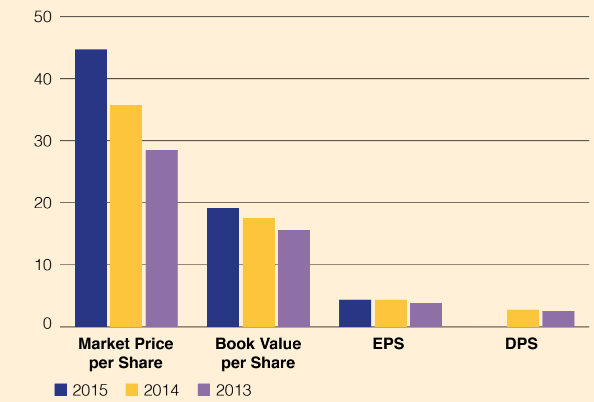
Balance Sheet Analysis (Equity & Liabilities)
Rupees in Million



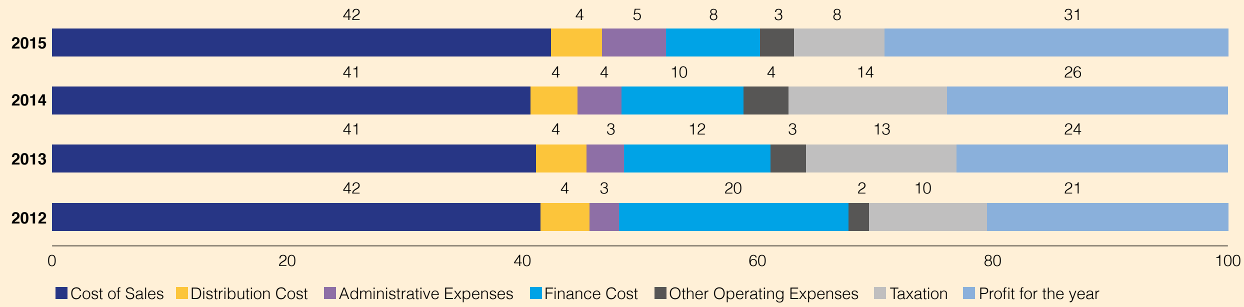
Sales & Margin
Rupees in Million



Market Price, Book Value, Earnings & Dividend Per Share
Rupees



Profit and Loss Analysis
Percentage

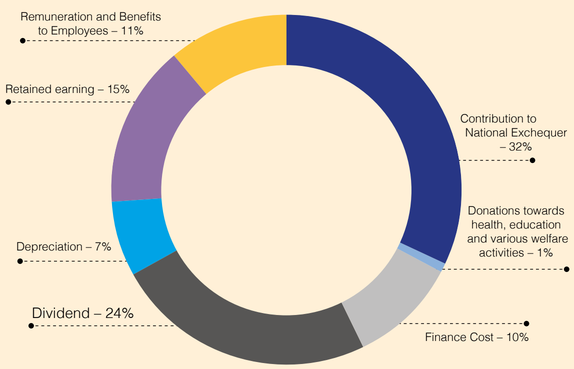


Wealth Creation and Distribution

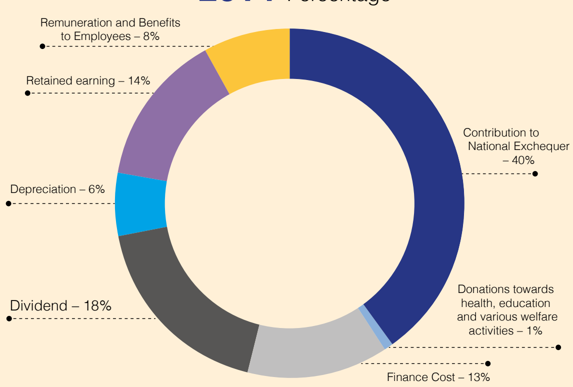
	2015		2014	
Wealth Generated	**PKR Million**	**%**	**PKR Million**	**%**
Sales Including GST	**35,147**	**148.1**	42,625	150.0
Other Income	**574**	**2.4**	624	2.2
	35,722	**150**	43,249	152
Materials & Services Purchased	**11,985**	**50**	14,825	52
Value Addition	**23,736**	**100**	28,425	100

Wealth Distributed	**PKR Million**	**%**	**PKR Million**	**%**
Remuneration and Benefits to Employees	**2,507**	**11**	2,307	8
Contribution to National Exchequer (Income Tax and Sales Tax)	**7,709**	**32**	11,347	40
Donations towards health, education and various welfare activities	**226**	**1.0**	154	0.5
Finance Cost	**2,379**	**10**	3,767	13
Dividend	**5,775**	**24**	5,250	18
Retained for future growth:				
Depreciation	**1,663**	**7**	1,591	6
Retained earning	**3,477**	**15**	4,008	14
	23,736	**100%**	28,425	100

2015 Percentage



2014 Percentage



SWOT Analysis

S
Strengths

- Differentiated and diversified product portfolio, i.e. NP, CAN and Urea.
- Manufacturer of cost efficient substitute of DAP.
- Diversified pool of qualified and committed human resource.
- Growing Dealers Network.
- Largest Technical Support team and unique farmer and customer services

W
Weaknesses

- No alternate to single source of natural gas supply.
- New Brand competing against established brands.
- Dependence on single source and imbalanced Logistics support

O
Opportunities

- Potential to increase per acre consumption of fertilizers.
- Further strengthening of NP and CAN image compared to other fertilizers.
- Capacity enhancement through Revamp of Ammonia and other Plants.
- Government's refocus on incentivizing farmers to promote agriculture growth.
- International collaborations for business development.

T
Threats

- Climate changes and water scarcity impacting agriculture.
- Continuing energy crises.
- Volatile law and order situation
- Weak economic situation of Farmers

Market Share Information

Fatima Fertilizer Company Limited produces three final products which are Calcium Ammonium Nitrate (CAN), Nitro Phosphate (NP) and Urea. Fatima along with its sister concern are the only producers of CAN and NP and thus capture complete market share of these products.

Products	2015 (%)	2014 (%)	2013 (%)	2012 (%)
CAN	77	89	89	78
NP	48	73	78	64
Urea	6.65	6.60	5.87	6.47

(Source: NFDC)

Corporate Governance

Key Sources of Uncertainty

While applying the Company's accounting policies, management has made some estimates and judgments that have significant effect on the amounts recognized in the financial statements. These also include key assumptions concerning the future, and other estimations at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future year. Actual results may differ from these estimates under different assumptions or conditions, impacting Fatima's earnings and financial position.

Management believes that areas such as Employee retirement benefits, Useful life and residual values of property, plant and equipment and intangible assets, Provision for taxation comprise the most difficult and complex judgments it has to make in the preparation of the financial statements. For information on accounting policies applied, see the respective sections of Note 4 "Significant Accounting Policies."

Identification of Risks

Managing risk effectively has always been a touchstone of most successful companies. Like any commercial organization which operates in the market, Fatima Fertilizer is exposed to multiple risks; the most significant ones are identified in the following sections. The Company is fully aware of the uncertainties attached with these risks and thus has designed prudent strategies to mitigate them. In today's risk filled business environment strategic, commercial, operational and financial risks can arise from uncertainties not only from our business environment but also from key business decisions.

Strategic Risks: Strategic risks can emanate from internal or external events and scenarios that inhibit or prevent an organization from achieving it strategic objectives. Broadly strategic risks emerge from business strategy decisions. This form of risk can affect an entity's performance by giving rise to challenges that might cause a particular business strategy to produce unexpected results.

Commercial Risks: Commercial risks arise when there is a possibility of non-payment by a debtor/ buyer of your company due to insolvency or bankruptcy.

Operational Risks: Operational risks can be identified with losses stemming from internal inadequacies business interruptions, internal inadequacies or from external events.

Financial Risks: Financial risk refers to the probability of loss inherent in financing methods which may impair the ability to generate adequate profitability.

Risk Mitigation Strategies:
The Company's Risk Mitigation strategy includes reduction of the likelihood that a risk event will occur and/or reduction of the effect of a risk event if it does occur. For this purpose, a new Risk Management Division has been setup to oversee all new ventures and investments and mitigate any risks befalling any business decisions taken.

Issues raised in the last AGM, decisions taken and their implementation

One of the members suggested at the 12th Annual General Meeting held on April 30, 2015 that minutes of the previous meetings should be circulated to all members before the meeting. The Chairman responded to this and advised that minutes of the meeting will be circulated to all the members before the meeting along with the Annual and Sustainability Report for 2015.

Another Member raised concern regarding the increase in the administration expenses. In response, CFO explained that the administrative expenses increased mainly due to the increase in CSR activities and additional cost of manpower reflecting increase in minimum wage rates by the GoP. One member inquired about the current and future plant capacity enhancement plans. Mr M.Abad Khan, Director of the Company, apprised that currently the plant is operating at 92% capacity and in 2015, Ammonia De-bottlenecking and Capacity Enhancement Project will be completed which will bring additional productivity, plant sustainability, and increase in value for the stakeholders.

Lastly, a member raised his concern regarding appointment of one member as representative of minority shareholders on the Board of Directors of the Company. The Company Secretary apprised that in compliance with the Code of Corporate Governance, the Company has one independent director on its Board and also encourages having director representing minority interests.

Review of Related Party Transactions

The Code requires the Company to place before the Audit Committee, and upon recommendation of Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism.
The Company has duly ensured compliance of this requirement and has sought approval of related party transactions by the Board of Directors upon recommendation of Audit Committee.

Policy and Procedure for Stakeholders' Engagement

Fatima Fertilizer believes in a collaborative long term relationship with its stakeholders at all levels. The Company treats its shareholders as its partners and ensures that all possible means of effective communication/ engagement are adapted to bring them up-to-date with disclosures and other valuable information.

The following table elaborates how Fatima Fertilizer engages its Stakeholders. These stakeholders have been identified based on, firstly, their influence on the Company, secondly, their dependence on the Company.

Investor Relations Section on the Corporate Website

Comprehensive information related to the Company is available on our corporate website www.fatima-group.com/fatimafertilizer for Investors. A dedicated Investor Relations section is available on the website to facilitate existing and prospective investor queries and concerns with regards to information related to financial results, financial calendar, financial highlights and share value. Investor Relations desk at Fatima Fertilizer ensures that the information under this section is updated on regular basis, by complying with the guidelines provided by SECP.

Investors can also use the Investor Relations desk to contact the company for any grievance using

Stakeholders	Why do we Engage	Nature of Engagement	Frequency	Value Added
Institutional Investors/ Lenders	1. To further strengthen Fatima Fertilizer's image by maintaining a professional and transparent relationship.	1. Investor Meetings 2. Financial Reporting 3. Head office/plant visits	1. Occasionally 2. Periodic basis 3. As and when required	1. Financing requirements are met for expansion projects.
Customers	1. Enhance farmer knowledge base about technological advancements in the Agri sector. 2. Educate farmer about potential benefits of balanced fertilizer use.	1. Farmer call center 2. Farmer Education Events 3. Demonstration Plots 4.Corporate website 5. Effective reward system in place for customers and distributors	1.Continuous 2.Occasionally 3.Continuous 4.Continuous 5.Occasionally	1. Valuable feedback helps in understanding what farmers want. 2. Helps in bridging the gap between farmer and Company
Media	1. To benefit from the most effective means of communication with our customers and other stakeholders	1. Advertisements through print and electronic media campaigns 2. Announcements through Company website and social media	1.Continuous 2.Continuous	1. Helps in building Company's image, resulting in maximizing value for shareholders. 2. Engagement of all stakeholders

Stakeholders	Why do we Engage	Nature of Engagement	Frequency	Value Added
Employees	1. To ensure long term relationship by providing a safe and encouraging work environment. 2. Enhance employees awareness	1. Sales and other events 2. Cultural Activities 3. Trainings 4. Workshops	1. Annually 2. Occasionally 3. Annually 4. As and when required	1. Satisfied and engaged employees become valuable assets for the company resulting in higher efficiency and productivity.
Shareholders/ Analysts	1. Timely delivery of material and price sensitive information in a transparent manner. 2. To address concerns and queries in a timely manner	1. Annual General Meetings 2. Annual Report 3. Quarterly Reports 4. One-on-One meetings with investors 5. Investor relations section on website	1. Annually 2 .Annually 3. Quarterly 4. As and when required 5. Continuous	1. Results in the stock price trading at intrinsic value. 2. To encourage equity participation in expansion project.
Regulators	1. Ensure full compliance with legal and regulatory requirements. 2. To develop and sustain transparent means of communication with the regulator.	1. Filling of statutory returns. 2. Annual/ Quarterly reports submission 3. Written communication with respect to queries. 4. One-on-one meetings with representatives of regulators	1. Periodic Basis 2. Periodic Basis 3. As and when required 4. As and when required	1. Full compliance leads to positive projection of Company's image, in-turn maximizing shareholder value. 2. Responsible Corporate citizen

the email Investor.Relations@fatima-group.com

Annual Report Accessibility

Annual and Quarterly reports of Fatima Fertilizer Company Limited are available on the corporate website. (http://fatima-group.com/ffcl/)

Investor Grievance Policy

Investor Grievance means any investor, who has grievance against Fatima Fertilizer Company Limited for any reason.

Fatima Fertilizer Company Limited has embraced the Fatima Group's core values stressing on ethical business practices with transparency and accountability, devoted investor service and frugal productive policies since commencement. As one of the leading Fertilizer Company, we believe in establishing and preserving interests of our investors. Therefore, the Investors' Grievance Policy has been drafted with the sole purpose to protect the interests of the investors.

Process:

1. All Investor grievances received are handled by Investor Relations Department at the corporate Head Office of Fatima Fertilizer Company Limited.
2. The Company has designated an officer in the Investor Relations Department (IRD) who receives all the queries, grievances and complaints. A designated e-mail ID has been created Investor.Relations@fatima-group.com. This email address is also mentioned on the Company's website. Investors can lodge their complaints by sending in soft copies on the email address mentioned above. Investors can also send in their complaints/ grievances via a hard copy addressed to Fatima Fertilizer's Head Office in Lahore.
3. All Investor Grievances (hard copy or soft copy) that are received are incorporated in the

Register of Grievance under the supervision of the designated Investor Relations Officer and action is initiated immediately.

4. All Investor Grievances that are recorded in the Investor Grievance Register are considered and the complainant is informed about the time that compliance department will take to resolve within a span of 5-7 working days from the date of receipt of grievance/ complaints as the case may be.
5. Investor Relation's officer ensures that all complaints/ grievances are resolved and recorded in the Register of Grievance and Complaints within the stipulated time period.

6. Investor Relations Department is required to keep a record of all complaints/ grievances received by investors for future reference, if required.

Annual Evaluation of Board's Performance

Fatima Fertilizer Company Limited constantly finds ways to make its directors become more strategic, make better decisions and be seen to be undertaking best practice governance. Primary purpose of this exercise is for our board members to want to be even better at what they do. The Board performance is assessed by the Pakistan Institute of Corporate Governance (PICG) annually. The annual evaluation encompasses the following broadly:

- Board Composition
- Board Committees
- Board Procedures
- Board Interaction
- Strategic Planning
- Board and CEO Effectiveness
- Board Information
- Board and CEO Compensation

The Board assesses the effectiveness of its own collective working and that of its individual members. Board evaluations are based around directors rating the board as collective. This represents a true picture as rating is done on a series of questions related to their responsibilities and functions as a Board. As part of this exercise Capabilities and Constraints are identified and the next part involves the Board members to meet and discuss the findings of the data gathered and analysis to reach an agreement on governance challenges facing the Board and the development of appropriate action plans designed to address the problems.

The results are then compiled and analyzed, and the report is delivered to the Chairman. The results also serve as a benchmark for Fatima Fertilizer Company Limited for the next time a board evaluation is held. It helps the Company to gauge whether improvements which were suggested in the last report were taken forward and changes were implemented or not.

Role and Responsibilities of the Chairman and Chief Executive

The role of the Chairman and the Chief Executive are segregated and they have distinct responsibilities. The Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned to him by the Board. In particular, the Chairman coordinates the activities of the Board and presides over the meetings of the Board of Directors and shareholders. Chairman also controls all meetings procedures and processes, guiding discussion and decision making along with enhancing relations with members and staff. The Chairman reports to the Board, his role and responsibilities are briefly described as under:

I. Leadership and control of Board of Directors
II. Ensuring that the Board as a whole plays an effective role in the determination of the Company Strategy and overall business objectives.
III. Guardian of the Board's decision making process.
IV. Promoting highest level of morale, integrity, excellence, Corporate Governance and ethics to assure investors that the money invested by them is put to appropriate and profitable use.
V. Approval of Company policies
VI. Approves Risk mitigation plan
VII. Leads and motivates CEO and Management Team

Chief Executive Officer (CEO) is responsible for all day-to-day management decisions. CEO ensures that effective internal controls and management information systems are in place. CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public. The primary role and responsibilities of CEO are given as under:

I. Effective running of the Company affairs.

II. Development of Company's strategy and business objectives

III. Conducting the affairs of the Company with the highest standards of integrity and Corporate Governance.

IV. Policy formulation

V. Risk Assessment and risk Management

VI. Sound Financial Management

Conflicts of interests relating to members of the BoD and how such conflicts are managed

Fatima's Board of Directors is held to the highest level of conflict of interest standards, as members have ultimate responsibility for all activities of the Company and have the highest public visibility as representatives. Conflict of Interest Policy for its Board of Directors provides general guidelines on avoiding conflicts of interest with the Company. The Board has adopted the following policies and procedures with respect to any potential or actual conflict of interest involving directors:

Policy: A director owes certain fiduciary duties, including the duties of loyalty, diligence, and confidentiality to Fatima, which requires a director to act in good faith on behalf of Fatima and to exercise the powers conferred upon him / her by its shareholder's interest and not for him / her own or others' interest.

Disclosure: A director shall promptly disclose to the Board any personal or outside interest, relationship or responsibility (financial, professional or otherwise) held by the director with respect to any potential or actual transaction, agreement or other matter which is or may be presented to the Board for consideration, even if such interest, relationship or responsibility has otherwise generally been disclosed to Fatima or the Board.

Board Action: For any potential conflict, the Board, with the abstention of the interested director, may decide whether such director may participate in any reporting, discussion or vote on the issue that gave rise to the potential conflict.

Whistle Blowing Policy

Fatima encourages its associates to raise a matter at appropriate time. To give guidance on how to raise the concerns, a "Whistle-Blowing Policy and Procedure" is in place. The "Whistle-Blowing Policy and Procedure" is primarily for concerns where, due to malpractice, fraud, abuse or other inappropriate acts / omissions, the interest of Fatima or its associates is at risk. The scope of Whistle-Blowing Policy covers the concerns for behavior / practice conflicting with the principles set out in the Fatima's Code of Conduct.

Formal Orientation at the induction and the names of Directors who have completed Directors Training Program from the Institutes approved by the SECP

The Company is fully aware of the requirement of Code of Corporate Governance, pursuant to its clause (xi), Mr. Peter Vang Christensen completed Director's Training Program during the year under review. Whereas some Directors having the requisite experience and qualifications are exempt from the Directors' Training Program. Furthermore, appropriate arrangements are made by Fatima Fertilizer for detailed orientation of new Directors to familiarize them with their duties and responsibilities.

Share Price Sensitivity Analysis

Share price of the Company can be influenced by variable internal and external factors, some of which are discussed in the table:

Factor	Change	Impact on Share Price
Sale Volume	Increase	Would lead to economies of scales resulting in higher profitability leaving a positive impact on the share price through higher EPS
Cost of Raw Material	Increase	Would negatively affect the profitability which in turn would have a negative impact on the share price
Discount Rate	Increase	Finance Cost of the Company would increase, impacting the shareholder value negatively. Thus lower EPS would negatively affect share price.
Government Policies	Increase in political stability	Would lead to consistent policies resulting in higher confidence of buyers and investors. Share price may move upwards in times of political stability.

Succession Planning

Succession planning is a tool for ensuring service continuity for critical position when an executive leaves the organization or the position becomes vacant due to health or death reasons. Fatima believes that business growth highly depends on employee potential and continued performance. In order to envision organizational growth, employees are provided with opportunities to continuously build their capabilities and enhancing their potential. Succession planning is a system to foster talent from within and create a pipeline which takes the organization to the next level, ensuring stability at key positions. This framework enables us to enhance a culture of progression through development within our Company. The Company chalks-out a process to identify competencies of executives from the internal/ external pool to develop a career path to fill the vacant position.

IT Security Policy

(Policy for safety of records)

Fatima Fertilizer Company Limited is highly committed to protect the confidentiality, integrity and availability of information assets from possible threats whether deliberate or accidental that could potentially disrupt business continuity by taking into account all possible measures to ensure that business, regulatory, operational and contractual requirements are fulfilled.
An ISO 27001:2013 compliant Information Security Management System is established and maintained by the IT division of Fatima Fertilizer Company Limited. The Management actively supports Information Security within the Company and particularly in the IT division

i. ISMS is established, implemented and managed by the IT Division through policies, procedures, and guidelines,
ii. Adequate resources are provided, roles and responsibilities are clearly defined and documented, and training and awareness program is established,
iii. Information Assets are identified and their associated risks are assessed and evaluated and appropriate mitigation measures are identified in risk treatment planning,
iv. Backup and disaster recovery plan is maintained for critical data to allow continuity of business without disruption,
v. Mechanism for reporting information security incidents is established for timely corrective actions,
vi. Internal Audits are conducted for establishing the effectiveness of the implemented ISMS,
vii. Access to Information Assets is controlled and access rights are reviewed on regular basis to align with changing business needs,
viii. Employees, contractors and external party users adhere to the established policies and procedures of the organization,
ix. Appropriate disciplinary actions are taken in case of any information security breach,
x. Fatima is compliant with applicable legislative, regulatory and contractual requirements.

IT Governance Policy

The Information Technology (IT) division of the Fatima Fertilizer provides an extensive range of computing and communication services, facilities and infrastructure for use by the employees of the Company.

Our IT Governance policy describes the steps taken by the Information Technology division to ensure that the services, facilities and infrastructure provided is relevant, resilient, secure, scalable and cost effective. Information and communications technologies provide the infrastructure that supports the operations of Fatima Fertilizer. An efficient and reliable infrastructure provides an edge to Fatima Fertilizer over its competition. Therefore, it is imperative that the Information Technology division is professionally managed and resourced ensuring timely delivery of services to the right people at the right time in a secure and cost effective manner.

The IT division of Fatima Fertilizer uses the guidelines and best practices defined in ISO 27001 and the ITIL.

The guiding principles for the governance are defined below:

I. The organization of the IT division is well defined; responsibilities for each position are clearly articulated in the respective job descriptions,

II. The IT division is aligned to the business needs of the organization, ensuring that the solutions delivered by the IT division are relevant to the needs of the business,

III. The IT division is customer focused, ensuring that the solutions delivered are simple to use, user-friendly and secure,

IV. The IT division ensures that a disaster recovery site is functional, furthermore disaster recovery drills are held at regular intervals throughout the year,

V. The IT division carries out capacity planning exercises at least once every year to ensure that sufficient resources (infrastructure and human) are available to deliver services,

VI. The IT division procures in an ethical manner, ensuring that what is procured is actually required and is of the best quality at competitive prices,

VII. The IT division conducts risk analysis of all the information assets at least once every year,

VIII. The IT division has implemented a change management procedure; all change requests are logged, reviewed and approved by the Change Management Board prior to implementation

IX. The IT division has implemented an Incident Management procedure; all incidents are logged and analyzed for root cause. Suitable corrective actions are implemented to ensure that similar incidents do not recur,

X. The IT division has set up a Quality Assurance arm to ensure that the solutions and services delivered attain the highest standards of quality,

XI. The IT division publishes policies and procedures to guide the employees of Fatima (in particular employees of the IT division) on how best to use the IT infrastructure in an efficient and secure way,

XII. The IT division participates in audits as and when required,

XIII. The IT division has created a service desk for centralized management of requests, complaints and incidents,

XIV. The IT division has established a Project Management Office to centrally manage, monitor and track all projects,

XV. Depending on the size of a project, a project charter and a project plan are published prior to the start of the project,

XVI. The IT division conducts awareness sessions for all employees of Fatima at least once every year.

Information Technology

Accomplishments:

The Information Technology (IT) Division at Fatima strives to provide Technological Excellence and Innovative Solutions to our customers in a secure and reliable manner.

The most important achievement of the IT Division in 2015 was ISO 27001 certification. This is a major step towards increasing the maturity level within the IT organization and in providing confidence to the user community about the confidentiality, integrity and availability of IT systems deployed across the Company.

The core of a computing infrastructure relies on servers and storage. In 2015, Fatima invested in the deployment of a highly available and scalable computing infrastructure. The core architecture of the data center was changed from standalone servers to blade servers organized into two private clouds; one cloud for Oracle applications and the other cloud for other applications including Microsoft applications. The cloud environment provides increased resilience and reliability to the core infrastructure. In addition, an expanded Storage Area Network (SAN) was also deployed. The cloud infrastructure and SAN helped IT achieve 99.9% availability of applications throughout the year. An Enterprise scale backup solution was also deployed in 2015.

In terms of the network infrastructure, network redundancy and redundancy of core switches was provided at all Fatima sites. Fatima's MPLS network was extended to Fatimafert Limited (formerly DH Fertilizers Limited).

The IT Division delivered several applications during 2015. The focus of the applications was to streamline and automate business processes with the objective of enhancing productivity and provision of information. Self Service HR (SSHR) was deployed for Lahore based employees and employees at Fatima plant site. SSHR provides employees with electronic pay-slips, system based leave management, objectives setting, performance management and management of personal records. Online submission of medical claims was also provided. Oracle Financials and core HR were implemented for Fatimafert. A SharePoint based Safety Management Information System (SMIS) was successfully deployed for the Company. SMIS allows recording of Safety incidents, follow-up of the incidents including preventive and corrective actions, and incident close out through SharePoint based workflows. The system also acts as a centralized repository of security related information and incidents providing easy reporting and analysis. The IT Division delivered several other applications throughout the year. To ensure service continuity in-case of disaster, several disaster recovery drills simulating a variety of disaster scenarios were carried out throughout the year.

Notice of the 13th
Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of the shareholders of FATIMA FERTILIZER COMPANY LIMITED will be held on Wednesday, April 27, 2016 at 11:00 a.m. at Royal Palm Golf and Country Club, 52-Canal Bank Road, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the 12th Annual General Meeting held on April 30, 2015.

2. To receive, consider and adopt the standalone and consolidated audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended December 31, 2015.

3. To appoint Auditors for the year ending December 31, 2016 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended for reappointment of M/s Deloitte Yousuf Adil Chartered Accountants as external auditors.

Special Business

4. To consider and approve renewal of running finance facility limit extended to associated company namely Pakarab Fertilizers Limited for further period of one year and to pass the following Special Resolution(s) with or without modification(s):

   "**Resolved** that the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of Running Finance Facility limit of up-to an aggregate amount of Rs. 3 billion extended to Pakarab Fertilizers Limited for further period of one year to be repaid within 30 days of the notice of demand. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year.

   Resolved further that the secretary, the CFO and any director of the Company be and are each hereby authorized singly to take all steps necessary in this regard, including but not limited to negotiating and executing any necessary agreements/ documents, and any ancillary matters thereto."

5. To consider and approve renewal of running finance facility limit extended to associated company namely Reliance Commodities (Pvt) Limited for further period of one year and to pass the following Special Resolution(s) with or without modification(s):

   "**Resolved** that the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of Running Finance Facility limit of up-to an aggregate amount of Rs. 500 million extended to Reliance Commodities (Pvt) Limited for further period of one year to be repaid within 30 days of the notice of demand. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year.

   Resolved further that the secretary, the CFO and any director of the Company be and are each hereby authorized singly to take all steps necessary in this regard, including but not limited to negotiating and executing any necessary agreements/ documents, and any ancillary matters thereto."

Other Business

6. To transact any other business with the permission of the Chair.

A statement under Section 160(1) (b) of the Companies Ordinance, 1984 setting out the material facts concerning the special business is annexed.

By order of the Board

Lahore
April 05, 2016

Ausaf Ali Qureshi
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from April 21, 2016 to April 27, 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar/Transfer Agent, Central Depository Company of Pakistan Limited by the close

of business on April 20, 2016 will be treated in time for the aforesaid purpose.

2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.

4. The members are requested to notify the change of address, Zakat Declaration and Tax Exemption Status with its valid certificate, if any, immediately to our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.

5. **Transmission of Audited Financial Statements along with Notice of Annual General Meeting through E-mail:**

   Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

   In compliance with the above requirements, members who wish to receive the Annual Report in electronic form may file an application as per the format provided on the Company's website (also annexed herewith) in compliance with the subject SRO. The members who provide consent to receive Annual Report through email can subsequently request a hard copy which shall be provided free of cost within seven days; however, the Company shall continue to send hard copy to all other members as per practice.

   Members are also requested to intimate any change in their registered email address on a timely manner, to ensure effective communication by the Company.

Operations

"Fatima believes in continuous excellence, high end technology, and safe, efficient and lean manufacturing processes"

Manufacturing Overview

Fertilizer production in 2015 remained stable. All Plants worked efficiently during the period under consideration. Break-up of Finished Products is tabulated below:

Product (MT in '000')

Products	2015	2014	2013	2012
CAN	402	433	419	374
NP	363	375	333	262
Urea	414	373	352	339
Total	**1,179**	**1,181**	**1,104**	**975**

Plant Risk Mitigation

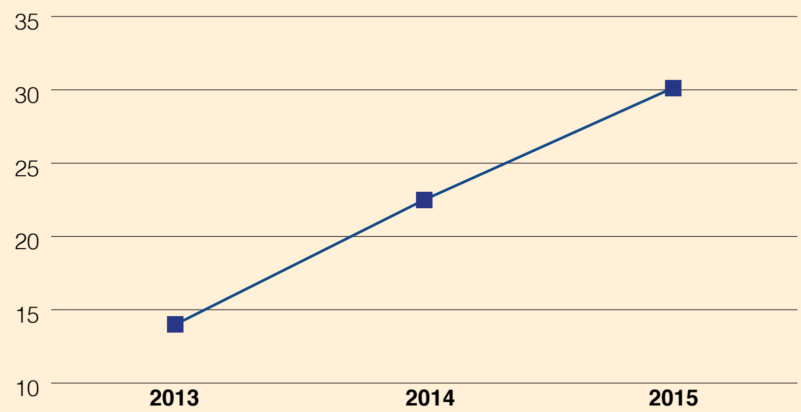
The Company focuses on safety at work as our top priority, and our Corporate Health, Safety and Environment (HSE) function has ensured top line processes and systems for HSE compliance.

Papers Presented at International Forum

We at Fatima believe in developing internal talent by encouraging them to share their research work/ practical experience in the shape of research papers. They submit these papers at renowned research institutions and upon selection we provide them opportunity to present their publications at international forums where people from all around the world are present. It provides them exposure and opportunity to learn about different technical advancements.

Combined Safe Man Hours Yearly Progression

In Million Man Hours



Following employees participated in reputed international forums and conferences during 2015:
Papers / Publications

Sr. #	Papers / Publications	Year	Forum	Speaker / Writer
Presented and Published Papers (2015)				
1.	Learnings from tube failure of a falling film evaporator in Ammonium Nitrate service	2015	Synphos-15, Morocco	Saqib Raza (Process Engineer)
2.	Managing risk of Syngas Compressor fire with high seal oil consumption	2015	N2+Syn Gas Conference 2015, Turkey	Ahsan Sarfaraz (Unit Lead Utilities) & Muhammad Hashim (Operation Engineer)
3.	Performance improvement of cooling tower (Minimizing bio growth in cooling tower).	2015	N+Syn Gas Conference 2015, Turkey	Ahsan Sarfaraz (Unit Lead Utilities) & Zubair Talha (Process Engineer)
4.	Foaming of CO2 removal system section with Methanator run away reaction and Syn gas fire	2015	AICHE , USA	Muhammad Hashim (Operation Engineer)
Published Papers (2015)				
5.	Retrieval of a stuck cleaning pig from a natural gas pipeline	2015	Pipelines International, USA (Issue 23,2015)	Abdul Aleem Ansari (Unit Manager Inspection)
6.	Static Priority Approach to Under-Frequency Based Load Shedding Scheme in Island Industrial Networks: Using Case Study of Fatima Fertilizer	2015	World Academy of Science, Engineering and Technology. International Journal of Electrical, Computer, Electronics and Communication Engineering (Vol. 8, 2015)	Tofique Ahmad (Manager Electrical) Khalid Javed (UM Electrical) Abdul Ghani (SH Electrical) Hamza Kazmi (Electrical Engineer)

International Trainings/Seminars:
Following are the key highlight of such trainings/seminars:

Sr. #	Training Event/Seminar	Year	Location	Participants
1.	KBR Technology Seminar	2015	Dubai	Muhammad Riaz Chaudhary (Manager Technical Services) Rehman Hanif (Manager Production)
2.	Nalco Fertilizer Customer Seminar and Ecolab Visit	2015	Netherlands	Ahsan Sarfaraz (Unit Lead Utilities) & Muhammad Hashim (Operation Engineer)
3.	AJAX Compressors Operation and Maintenance Training	2015	Dubai	Waheed Ashraf (Operation Engineer) Hamid Butt (Machinery Engineer)

Production Facilities

"Our highly skilled engineers produce quality nutrients for enriching soils, on state of the art plants"

Fatima is Pakistan's first green field project which has materialized under the 2001 Fertilizer Policy of the Government of Pakistan. It is one of the largest fertilizer manufacturing complex that processes natural minerals and nitrogen into vital products for farmers and industrial customers.

Ammonia Plant

Based on Kellogg process, steam reforming of the natural gas, the Plant has an original designed production capacity of 1,500 MTPD.

In October 2015 Ammonia plant was successfully re-vamped to enhance its capacity by 10%.

Nitric Acid Plant

Nitric Acid is based on the latest dual pressure Uhde technology, producing 60% pure acid with a design capacity of 1500 MTPD (100% basis).

Urea Plant

Urea Plant is based on Stamicarbon's latest technology and has a design capacity of 1,500 MTPD.

Nitro Phosphate Plant

Nitro Phosphate produced at Fatima is a Prilled fertilizer, with production capacity of 1,200 MTPD.

Calcium Ammonium Nitrate (CAN) Plant

CAN Granulation Plant is designed and manufactured by Uhde, Germany, with production capacity of 1,400 MTPD.

CDM (Clean Development Mechanism)

Commissioned in July 2011 at Nitric Acid Plant. It protects the environment by controlling NOx emission.

Our People

"A critical factor behind the success of Fatima is the dedication and commitment of our people. We consider our people as our greatest competitive advantage"

At Fatima, we believe that human capital is our greatest asset. We emphasize on the best practices from Talent Acquisition to Talent Management and Development in order to build a high performance culture, diverse working environment and an engaged and satisfied workforce. Based on the premise that our workforce is the backbone of Fatima's success and growth, we invest our time and efforts heavily in acquiring and retaining the most competent and outstanding talent pool, aligned with our values of Integrity and Excellence. In order to sustain the exponential growth of the Company, meet the stretch targets and embed the corporate values, Fatima strives to develop and train its employees using optimal methods. Similarly, there is a strong focus on capability development, leadership enhancement and succession planning for upcoming leadership through provision of experiential opportunities and investment in professional exposure. Moreover, in accordance with the principle of accountability, focus on alignment with set objectives and the need for professional development, performance management system has been institutionalized at Fatima. This enables employees to define their own development path and encourage them to maintain their performance levels. Our organizational development activities and employee engagement tools aim to pursue and instill our corporate values and create an engaged and professionally satisfied workforce. This is done through understanding their expectations, responding to them with a customer focused mindset and striving to improve their work experience and quality of life in general. The goal is not just to enhance performance and develop potential as an outcome but also to improve the employees' experience along the journey. We take immense pride in our diverse work force, constant focus on wellbeing and safety of our people, strong employee relationships, diverse and inclusive work environment and the continuous effort to build happier, healthier and high-performing teams and individuals.

Training

The Company firmly believes in continued capacity building at all levels, bringing in more efficiency, advanced knowledge and updated skills for its employees.

Overall Training Man-Hours	2015
Soft Skills (Manufacturing + Non-Manufacturing)	5848
Functional Trainings (Manufacturing)	4350
Functional Trainings (Non- Manufacturing)	984
Total Hours	**11,872**

Financial Management
and Controls (FMC)

"We believe in transparency in disclosure and effective financial controls to enable sound decision making at all levels, optimizing efficiency and bringing value to the shareholders."

The mission of FMC is "to drive sound business decision making and innovative planning to optimize profitable growth, cash flow and total return to shareholders, with effective controls and transparency in disclosures". 2015 saw significant improvement in processes, which has provided us a management framework to deliver the full capability of our role across the organization, with the necessary speed and discipline in execution At Fatima we believe that there is a strong correlation between high performing FMC Function and high performing businesses. During 2015, while focusing on transparency in disclosures and Compliance with Corporate Governance, FMC continued adding value to the Company by cost saving initiatives and strengthening internal controls. To ensure achievement of business targets, accepting it as focal responsibility, FMC team successfully played its role by guiding cross functional teams, leading towards implementation of Monthly Business Plans and Period End Closing projects. To become a reference for financial performance, we are building a high performing FMC function that is fully aligned to the business strategy. During the reporting period, we continued to train our people on soft skills focusing on developing the right behaviors to act as strong business partners. The strength of FMC contribution is very much dependent on our people. We hire, develop and retain outstanding people with highest integrity. Programs like hiring of Management Trainee Officers (MTO's) from top universities of the country, upgrading ERP skills and specific knowledge trainings sessions along with retention of key employees having most superior professional qualifications like CA, ACCA, CMA, etc. are some of the positive indicators of improving the overall standards of FMC function of the organization.

Marketing and Sales

Fatima Fertilizer is deeply committed to improving agricultural productivity and improving food security. Through our Marketing, Technical and Channel initiatives, we continue to strive for better yields and higher returns for farmers.

Our Company became the first one to launch the concept of “One Stop Nutrient Solution” for our farmer. In 2015, we launched two significant campaigns in line with our strategy to be the one stop nutrient solution providers in the industry. We recognize that crops require balanced application of the essential nutrients at various stages of growth. With the aim to reach out to the growers, understanding their need greater yields and quality, we launched our new corporate campaign placing Sarsabz as the only brand offering the most extensive product range of fertilizers. The corporate campaign is titled ‘Sab kuch milay Sarsabz ki chatt talay’. The concept highlights the availability of our entire product range.

Products and Services

Fertilizers

Fertilizers are a source of essential plant nutrients, used to meet the nutrient requirement of crops and to sustain soils. Soils in Pakistan are inherently deficient for major plant nutrients i.e. N, P and K. In these conditions, without balanced and right fertilizer application, desired yield levels to meet the food, feed and fiber requirements of our country, cannot be achieved.

Fatima Fertilizer Company Limited produces Sarsabz Nitro Phosphate (NP), Sarsabz Urea and Sarsabz Calcium Ammonium Nitrate (CAN).

Sarsabz Nitrophos (NP)

In calcareous alkaline soils of Pakistan, fertilizers having acidic reactions give better return for their low P fixation and low N volatilization losses. NP fertilizers have acidic pH value, which restricts P fixation. Resultantly water soluble P remains available for a longer period, which contributes for higher P use efficiency in comparison to other P fertilizers.

Sarsabz Nitrophos (NP) 22% Nitrogen - 20% Phosphorus (P2O5)

Sarsabz Urea

Urea is the most concentrated source of Nitrogen nutrient and thus widely used in the agriculture sector.

Sarsabz Urea - 46% Nitrogen

Sarsabz CAN

Sarsabz Calcium Ammonium Nitrate (CAN) is a granulated Nitrogenous fertilizer that has Ammonia and Nitrate form of N in balanced ratios, which contributes for higher N use efficiency due to minimal losses. CAN fertilizer also contains 9% to 10% water soluble Calcium, which improves resistance against diseases, crop lodging and also improves Potash uptake in alkaline soil conditions.
Sarsabz Calcium Ammonium Nitrate (CAN)

26% N (Dual Nitrogen) - 13% Nitrate and 13% Ammonical

Industrial Solutions

As a leading fertilizer manufacturer, Fatima has a strong production base for Nitric Acid.

Nitric Acid

Nitric Acid is an almost transparent, strong acid. It is a basic material for manufacturing of NP and CAN fertilizers and it is used in a number of industrial processes as an oxidizing agent.

Segmental Review of Business Performance:

	Sales Volume	
Product	2015 Tons	2014 Tons
Urea	353,914	372,922
Can	320,528	410,961
NP	267,961	370,034
Total	942,403	1,153,917

Distribution Network

Our distribution network was further strengthened to ensure product availability throughout the country, with the dealer network growing by 9% (3677 to 3995). Our aim was to ensure our presence in the main agriculture belt and undertake initiatives with our business associates to ensure they remain engaged so that we continue to be the brand of choice. In this regard, there were measures taken to improve the visibility of brand at dealer outlets through shop facias and signage improvement and increase point of sale activity.

In addition to the corporate campaign, the brands team has developed a promotional campaign on CAN. The objective of this campaign is to increase awareness for Calcium Ammonium Nitrate and to lead to subsequent increase in trials in regions where usage is low.

Technical Services

Our Technical Services Team continued to impart knowledge to farmers regarding the nutrient requirements for each crop through its Farmer Outreach Program. The Program includes farm visits, meetings and field demonstrations to educate them about the benefits of our unique and increased product portfolio. Furthermore, we continued to collaborate with various Government and Private Agriculture Institutions for research and development on the balanced use of fertilizers and increased yields and profitability for the agricultural sector. Our Technical Team participated in various programs organized by FAO and IFA on the best management practices on fertilizer application technique geared to increase per acre yield and improve value cost ratios for farmers. Plans are in place to set up a lab exclusive for soil and water testing as a part of our move to site specific fertilizer application.

The “Sarsabz” Call Centre, a pioneering initiative in the fertilizer business, continued to reach out to our business associates and farmers, resolving their queries and sharing knowledge. Apart from farmer calls, the Call Centre also continued direct contact with them promoting the Company’s products and image.

Fatima fertilizer Company Limited was the title sponsor of the largest agriculture exposition in Pakistan “Dawn Sarsabz Agri Expo 2015” for the third consecutive year in March. The event was attended by a large section of the Farming community. Technical seminars were organized to address their concerns and provide them guidance on the usage of our complete product range.

Product Stewardship & IFA’s Protect and Sustain Program

Fatima is also the first fertilizer company to launch a comprehensive Product Stewardship Program, under the Protect & Sustain Program of International Fertilizer Association (IFA). This Program envisages safe handling of the product through its life cycle, ensuring proper storage of the product at the plant sites, in-transit safety, record keeping at warehouses and dealer shops, avoiding misuse of product. Over 6558 dealer trainings have been conducted on the safe handling, storage and usage of the product. During the year, the Company embarked upon attaining certification for Product Stewardship and Security under IFA’s Protect & Sustain Program. Consequently, after necessary improvements required under the Program in all spheres of operations in Manufacturing and Marketing, an external audit by IFA designated auditors was carried out. We are happy to report that we have become the first Company in Pakistan to be certified under IFA’s Protect and Sustain Program. Our pioneering and continuing efforts on Product Stewardship and Security have received recognition from IFA and other International Organizations, expressing their appreciation of our commitment.

Sustainability Overview

"We continue to work beyond Corporate Social Responsibility and strive for a higher level of sustainability for creating value for the shareholders and the communities we work and live with. We endeavor to bring continuous excellence in our operations, energy efficiency, reducing environmental footprint and bringing more safety and better occupational health standards at work,"

Sustainability Strategy

Fatima's sustainability strategy incorporates the key principles of responsible business initiatives which focus on the following parameters;

a) Ensuring Health, Safety and Environmental protection at its productions facilities, for its employees and for the communities it works and live with

b) Ensuring employee safety and welfare at all levels

c) Conserve energy, water and reduce carbon emissions

d) Supporting communities for socio-economic and environmental development, with particular focus on health and education, and by supporting projects through in-house resources and volunteer staff

e) By supporting other institutions and NGOs working for social sector

f) By raising awareness on social and environmental causes within and outside the Company

g) Top level involvement of the board of directors and key management in philanthropic initiatives

Key Sustainability Indicators (GRI 3.1 Specific)

Key performance indicator	GRI	2015	2014
Economic			
Total Fertilizer Sales	EC1	942 (MT in 000)	1,154 (MT in 000)
Net Profit	EC1	9,254 (PKR in Million)	9,258 (PKR in Million)
Revenue	EC1	29,733 (PKR in Million)	36,169 (PKR in Million)
Contribution to national exchequer		7,173 (PKR in Million)	7,120 (PKR in Million)
Rural development and responsible sourcing			
Farms addressed for capacity building (numbers)		21,438	20,699
Water			
Total water withdrawal (m^3)	EN8	8,708,000	8,446,700
Environmental sustainability			
Materials			
Raw Material used (natural gas) (Metric Tons)	EN1	712,243	701,201
Materials for packaging purposes (Metric Tons)	EN1	3,161	3,267

Key performance indicator	GRI	2015	2014
Energy			
Total direct energy consumption (gigajoules)	EN3	24,731,672	24,394,206
Total direct energy consumption from renewable sources (% total direct)	EN3	N/A	N/A
Energy saved due to conservation and efficiency improvement	EN5	0.15 GCAL/Day over all energy restored	0.4 GCAL/Day over all energy restored
Biodiversity			
Total size of manufacturing sites located in projected areas (hectares) working under clean development mechanism	EN11	947 acres.	947 acres.
Trees Planted		14,000	1,000
Emissions, Effluents and Waste			
Direct GHG emissions (Metric Tons CO_2eq)	EN16	442,614	481,894
Indirect GHG emissions (Million Tons CO_2eq)	EN16	N/A	N/A
Non hazardous Waste for disposal (Tons)	EN22	Lime: 146,484 Silica: 5,085	Lime: 130,560 Silica: 15,360
Environmental Sustainability Governance			
Human rights and compliance			
Total number of incidents of non- compliance with regulations and voluntary codes concerning marketing communications including advertising.	PR7	Nil	Nil
Total number of significant products recalls or incidents of non-compliance	PR2	Nil	Nil
Our People			
Total Workforce (number of employees)	LA1	896	856
Total rate of employee turnover (%)		7.7%	5.3%
Lost-time injuries and illnesses rate (per Million hours worked) (employees, on-site contractors and on-site members of public)	LA7	Nil	Nil
Total number of fatalities (employees, on-site contractors and on-site members of public)	LA7	Nil	Nil
Man Hours of training per year (All functions)	LA10	11,872	31,038
Female staff at the head office	LA13	17%	22.5%
Local Management Committee Members native to country in developing countries	EC7	100%	100%

Volunteer Reporting on GRI Initiative G3.1 Guidelines:

Unless stated otherwise, the selected performance indicators mentioned above are for the year ended 31 December 2015. The references in the GRI column on applicable indicators are voluntarily presented by Fatima as per the Global Reporting Initiative G3.1 guidelines.

Health, Safety and Environment

Fatima considers “Safety of its employees, stakeholders, contractors and the community” equal to its production targets.

Fatima believes that all injuries, occupational illnesses, safety and environmental incidents are preventable.

Fatima will endeavor to maintain high standards of health, safety and environment in all aspects of its business conduct and continuously improve in these fields. Through this, the Company reaffirms its corporate sustainability commitments toward business excellence and being a truly responsible global corporate organization.

1) Fatima is committed to:

- Conduct its business in a manner that protects the health and safety of employees, contractors and others involved in our operations and the community in which we live and operate.
- Conform to the requirements of all legislations, regulations and codes of practice pertaining to health, safety and environment.
- Implement environmental protection measures that address pollution prevention in all aspects of our business.
- Practice transparent public reporting of the HSE performance.
- Ensure that HSE is a major responsibility of appropriately trained, empowered and accountable employees and management.
- Encourage and promote a culture where best HSE practices and learnings from own and other incidents will be transparently shared with its employees and contractors.
- Maintain a constant vigilance and readiness to prevent, and where required, respond to and effectively manage any incident.
- Encourage off the job HSE awareness among employees and their families.
- Recognize and reward outstanding HSE performance.

2) Bench Marking Global Standards

Fatima Fertilizer Company Limited is a company with a global ambition for excellence, growth and sustainability. We aim to bench mark the global industry standards as a way forward to achieve new levels of eminence. Keeping this target in view, a five years road map plan was rolled out in 2014 to get the certifications of globally renowned standards and practices.

So far, the Company has achieved the Integrated Management System certifications (QMS ISO-9001, EMS ISO-14001 and OHSAS-18001) and Green Office Certification under its belt. These certifications were achieved for both plant site and head office.

Another major milestone that was achieved in 2015 was the OSHA compliance of the Fatima. Site was audited by the Dupont and was announced as OSHA compliant. This landmark of Process Safety Management was achieved in a brief time span of 2 years.

After this series of achievements, Fatima is targeting for ISO 50001 Energy Management, ISO 17025 Laboratory Management System and Occupational Health Industrial Hygiene (OHIH) in next two years.

Process Safety Management (PSM) Success Story

Under the umbrella of Fatima Group HSE Vision (To Become World Class Performers in all Areas of Health, Safety & Environment) and Management Commitment, Fatima Fertilizer Company Limited started the journey for implementation of PSM system at the beginning of Y-2013 with the aim of achieving OSHA Compliance.

Keeping in view the organizational target, various procedures were developed and Implemented in line with OSHA PSM Model.

As a part of implementation and continual improvement process, three Internal/2nd Party Audits were conducted to monitor the compliance and progress with established guidelines followed by development, implementation and stewardship of detailed and comprehensive action plans to achieve our goal.

DuPont conducted an External audit in the month of May 2015 and gave a rating 3.6 on their scale which endorse site’s compliance with US OSHA model. Site Safety Statistics dash board is also a reflection of efforts towards HSE culture improvement which includes “Reduction in Serious Process Safety incidents, Reduction in injuries, No Fatality/LTI’s, continuity in increasing trend of Safe Million Man Hours, Reliable plant operation with reduced production loss time and Improved focus towards our community and Environment.

3. Certifications and Awards

IMS Certification

Fatima Fertilizer Company Limited takes pride to mention that the Company has been recertified on following IMS standards:

- Quality Management Systems (QMS) ISO 9001:2008
- Environmental Management Systems (EMS) ISO 14001:2004 and
- Occupational health and safety management systems OHSAS 18001:2007

No major non-compliance was observed in the surveillance audit of 2015.

World Wide Fund for Nature - Pakistan (WWF's) GREEN OFFICE INITIATIVE

Keeping environmental protection at the core of our HSE activity and for preserving clean environment for our future generations, we believe in protecting the environment and conserving our energy resources through efficient utilization and management of resources. As a part of this strategy, Fatima joined hands with WWF Pakistan to imply the Green Office Initiative. The Company was successfully certified in December 2013.

The three Key Performing Indicators (KPIs) were selected as part of the initiative, Paper, electricity and mixed waste. A number of other initiatives were put in place to monitor and control selected KPIs; Through Green Office Initiative, we have been able to develop an environment-conscious culture by which employees know that;

- Our actions have a direct impact on the environment.
- By being environmentally conscious we can preserve resources, save money and reduce our carbon dioxide emissions.
- By making simple changes to our work habits, we can create big changes in the environment.

British Safety Council - International Safety Award

British Safety Council's International Safety Award (ISA) has played a vital role to promote the social, economic and business benefits to companies by ensuring the health, safety and wellbeing of their employees and others.

In 2015 ISA, a total of 545 organizations across the world participated in this competition. Fatima applied for the first time and won the award. This was an acknowledgment and recognition of site's commitment for implementation of Health, Safety and Environment plans and objectives.

4) Clean Development Mechanism (CDM)

Following the best global practices and worldwide concerns for greenhouse gas emissions in the modern industrial environment, Fatima Fertilizer as a good corporate citizen and also respecting the global protocols, entered into an agreement with N. Serve Environmental Services GmbH, a German Limited Liability Company, for development and implementation of a Clean Development Mechanism (CDM) project at its Plant located in Sadiqabad, which was completed in July 2011. The basic aim of this project is the abatement of N2O and NOX emissions from the stack gases of Nitric Acid Plant.

5) CDM Data

Installation of Clean Development Mechanism (CDM) at Nitric Acid Plant has helped in significant reduction in Green House Gases (GHGs) emission. Yearly data for year 2015 is as follows;

- TCO2e abatement: 930,049
- TCO2e venting: 9,707

(Data is in "Tons of CO2 equivalent emissions")

6) Energy Conservation Initiatives

1. Ammonia Revamp Project was preliminarily aimed at production capacity enhancement; however as a secondary direct benefit it has conserved energy as well. Summary of the energy related benefits is as under:

i. Ammonia Plant's steam import reduced from 15 MT/h to ZERO MT/h due to increase in overall steam production from ammonia plant on high load operation.

ii. Refrigeration Compressor turbine steam requirement reduced by 15 MT/h due to modification implemented to increase steam inlet temperature.

iii. Consequently, post Turnaround 2015 Ammonia Plant Energy Index is reduced by 0.32 Gcal/Ton.

2. Ammonia Plant's Steam Condensate Collection Unit design has been modified. In result, hot condensate is routed directly to condensate drum instead of steam condenser to avoid tube side leakages. This has resulted in saving of 0.075 Gcal/Ton (0.7 MMSCFD in terms of Natural Gas).

3. Chlorine Di-oxide (ClO2) Project was implemented which substantially improved cooling water chemistry and reduced bio-fouling of heat exchangers. Clean heat exchange surfaces helped to maintain good vacuum in steam condensers for 18 months Turnaround cycle. Equivalent steam savings was the benefit enjoyed.

4. Routing of Ammonia Plant's PCT section condensate: Approximately 3-5 tons/hr condensate was recovered in Pre-Reformer Effluent De-super Heater. This modification resulted in saving of ~96 MT/Day BFW at de-super heater and 0.004 Gcal/Ton (0.27 Gcal/hr) energy saving apart from 2 Tons/day ammonia recovery.

5. Redesign of NP Plant Condensate Circuit by Level control valve relocation, addition of new line and separation of CN/NP section's condensate to completely recover condensate and hence associated energy towards Boiler Feed Water system.

7) Annual HSE Awards

Year 2015 remained a highly satisfying year in terms of Health, Safety & Environment. As per past practice the site HSE team organized a successful "Annual HSE Award Ceremony 2015" to acknowledge and appreciate the individuals & Units / Departments who performed remarkably well in "Health safety & Environment". A special recognition was given to key personnel who had hard for system establishment and implementation of "Process Safety Management'. Moreover, awards were also distributed among best HSE performers of Annual Plant Turn Around 2015.

8) Engaging our People for promoting HSE

Fatima Fertilizer Company Limited believes the true essence of a successful HSE culture is by engaging each and every employee of the company, whether they are top management or staff members. For that matter, HSE department continuously engages the employees in various events to refresh its motto of "Safe Work Place". The interest and involvement of top management is the key factor behind the success of these events.

Wellness Session

Feel Well Do Well, the employee wellness program for Fatima was launched in February 2015. Following that, a number of sessions and activities were initiated to encourage and ensure healthy lifestyles of employees. These included sessions on Self Care to emphasize taking control of one's own health, No-Tobacco Day to encourage quitting smoking, Posture Discipline to help mitigate backaches and poor postures and Stress Management to provide tools and methods to employees to help reduce stress and anxiety. The sessions, held at the head office and plant sites, were acknowledged and applauded for their meaningful purpose of promoting healthy behaviours and lifestyles.

World Safety Day

Corporate HSE team along with the HR organized a successful event on "World Day for Safety and Health at Workplace" on 28th of April. The theme was to "Join in building a Culture of Prevention on Occupational Health & Safety (OHS)". Event included a presentation about the importance of the day, quiz competition and gift distribution for participants.

HSE Awareness Session

Health, Safety, and Environment (HSE) Department took a step of inculcating off-the-job HSE culture amongst the ladies of Fatima Family. Corporate HSE Department therefore organized an event exclusively for the ladies of Fatima Families on 17th August, 2015. This was the first time that a step was taken to involve members of Fatima Family with the intent to engage and enhance their HSE knowledge. Event consisted of informative session on Water Conservation at Home & Use of Plastic, Kitchen Safety and Ovarian Cyst.

9) Building Capacities – HSE Trainings

Year 2015 was a good year in terms of HSE trainings. A total of 11100 hours were effectively spent on "Health Safety & Environment Related Trainings". Major training areas covered were: Process Hazard Analysis (PHA), Emergency Response Plan trainings, Management Safety Audits (MSA), Incident Investigation & Reporting, First Aid Training, Fire Fighting Training and Job Safety Analysis etc.

10) Emergency Response System Revamp

DuPont's Process Safety Management System requirements, in-depth planning for Potential Emergencies is essential for ensuring Effective Response by site personnel. As Fatima is manufacturing and utilizing hazardous chemicals which on release or ignition can result in irreversible effects to human health, effective Emergency Response System is essential to protect from the harmful effects of these chemicals.

A detailed Gap Analysis was conducted by HSE and several improvements were made to develop a robust Emergency Response System at site.

11) Safe Man Hours Celebration

Fatima Fertilizer Limited achieved "8 Million Safe Man Hours" landmark on May 20, 2015 for the first time. This was celebrated by giving gifts to all employees at site.

12) Community Awareness & Emergency Response (CAER) Program

What is CAER?

"Community Awareness & Emergency Response (CAER) is a program which intends to keep the community around a chemical industry informed about potential risks associated with industrial operations and to develop emergency plans containing what steps public should take in the event of a natural or industrial emergency."

Purpose of and Progress of CAER

The mission of CAER is to foster a collaborative culture through networking, communication, and education that results in a higher level of public safety and environmental quality.
Fatima has started conducting awareness sessions with the communities around its plant and the initiative was highly appreciated by the community around the plant.

13) Injury Free Annual Turnaround 2015

Turnaround-15 was an Injury free Turn Around with remarkable teamwork and collaborative efforts by all departments. HSE team put in round the clock effective field monitoring along with extensive training, guidance, supervision, auditing and orientation aiming at positive reporting, throughout TA. This helped the Site in achieving injury free TURNAROUND.
In order to achieve this target of Zero injury, extra HSE trained man power was hired and given adequate training according to site's HSE rules and regulations.
All workforce including the contract workers were thoroughly trained as per plan. The experience will be used for future Turnarounds as well.

Technical Services

Building better farmers and agricultural capacities

Enhancing farm productivity and profitability by improving farmer's knowledge and perception on balanced fertilizer use"

We have a team of highly qualified and experienced Technical Services professionals of over 45 people, serving the farming community throughout the country. Our team is equipped with the latest scientific knowledge, about crop production and fertilizer management practices and balanced fertilizer use, Technical team use which is updated time to time. This Information helps farming community in sustainable and profitable farming. Technical team uses state of the art methodologies and tools to educate the farming community for improving their knowledge by sharing recent development in crop agronomy, balanced nutrition, seed, irrigation and crop protection technologies m to improve crop yields, farm income and profitability. Our team has close liaison with the government and private research and extension institutes, seed and pesticide companies for day to day updates on new products and technologies which are used in the field.

Farmer Support and Education

At Fatima, we know our long-term success is linked to the success of the thousands of farmers who grow crops. That's why we work on-the-ground with farmers and educate them the balanced use of fertilizers which help to improve yields and soil productivity.

Services for the Farming Community

Our technical team remains engaged with farming community through individual contacts or group meetings. The basic purpose of farmer meetings is to educate them for soil, water and fertilizer management to ensure maximum output. This educational program is run through well planned and targeted activities. Farmers are kept engaged through different contact procedures:

- Seminars for farmers
- Farmers' meetings
- Farm visits / individual contacts
- Product demonstrations and field days
- Research trials (fertilizer use efficiency)
- Team training
- Training of Allied Industry Field Staff
- Publication and distribution of technical literature
- Biological/ Plant Protection services
- Soil sample analysis for site specific recommendation fertilizer

Farmer Outreach Program summary 2012 to 2015

Some of our key activities for farmers outreach are:

- Farmers Advisory Services: We are the first fertilizer company to launch a farmer advisory service and helpline to provide guidance and advice to farmers on improved farm operations.
- BIO-pest Control Lab: Fatima is the only fertilizer company in Pakistan to support biological pest control, which is low cost and environment friendly.
- Sarsabz Dawn Agri Expo and Conference: We remained a leading participant in technical seminars at Pakistan's largest agriculture expo since last two years.

Tech Activities	2012	2013	2014	2015	Total
Farm Visits	17,000	17,764	20,699	21,438	88,901
Soil Samples	2,998	3,264	3,909	3,945	15,616
High Profile Meetings	114	57	63	58	342
Sugar Mills Staff Training	43	43	49	48	213
Agri staff Training	78	112	123	132	495
Field days	84	111	121	136	499
Field demo	124	156	182	197	522
Farmer Meetings	427	302	375	397	1,701
Bio-lab-Cards (000 cards)	647	868	1,005	1,154.5	4,072.5

Institutional Collaborations with leading organizations for Agriculture and Farmers Capacity Building

We continued to partner and engage with leading intuitions for agriculture and farmers development. Some of the key institutions we collaborated with are as follows:

- National Agriculture Research Center (NARC)
- University of Agriculture Faisalabad and Tando Jam
- Provincial Agricultural Extension Department
- Rice Research Institute
- Central Cotton Research Institute Multan
- Ayub Agricultural Research Institute Faisalabad
- Pakistan Standards and Quality Control Authority
- Soil Sciences Society of Pakistan
- FAO
- Sugar Industry

Women Development
and Gender Diveristy

Fatima Vocational Center

Fatima CSR is proud to announce the continuous operation of Fatima Vocational Center (Dastakari School). The school started functioning in 2014 and till date two batches of students(mostly poor and deprived girls from nearby community) completed their eight months training. This center is first of its kind being operated in this area to help and support needy girls to become earning members of their families. Going a step further, Fatima Fertilizer CSR Committee has also provided special training on soft skills development and career counseling to help groom the females of the local community.

International Women's Day

We at Fatima remain committed to ensure gender parity in our organization and provide full support and helping its people unleash their full potential so that they can take their proper place in a fair and equitable economy.

Fatima acknowledges the valuable contribution of the women not just in the household but also the ones working for the growth of the company and the country. Like every good organization, we also wished our Female team members a very Happy International Women's Day to thank them for their contribution in making this world a better place.

Social Support To Community

Volunteering to Support the community

1. We are all well aware how the recent earthquake left many desolate and in need of our help. Eager to play its part in giving back to the society, Fatima launched an Earthquake Relief Drive. Necessary items including thermals, medicine and dry ration, worth Rs. 3.5 million, were provided in support. Tremendous all through the process – procurement, packing and delivery of these items to the pertinent wing of the Pakistan army at Islamabad, for onward distribution among the affectees - Admin team at Lahore , as ever, was of great support. A ceremony in Rear Headquarters FCNA, Rawalpindi was arranged on Tuesday November 24, 2015 to formally handover the donation. Brig. Jawad, who was representing FCNA, was most grateful to Fatima for stepping forward with the much needed support. On behalf of Maj Gen Asim Munir Shah, Commander FCNA, Brig Jawad also presented to the Fatima a token of appreciation in shape of a Shield. The Army is currently actively involved in distributing the donated items in areas like Chitral, Diamir, Gilgit and other parts of Northern Areas that are most inaccessible.

We Rise By Lifting Others

Fatima employees visited Fountain House as part of the Employee Volunteer Program. With the objective to spread smiles among those who do not have the capability to deal with the challenges that life has to offer. The team engaged with the members (patients) through various interactive activities and gave away gifts to each and every member.

Iftar Drive

A fundraising campaign was launched in Head Office under the Employee Volunteer Program, with an aim to spread happiness among the less privileged during the month of Ramzan. A heartwarming response was received from employees of all divisions. With these funds, an Iftar drive was carried out in General Hospital on July 14, 2015. Our team was able to feed roughly 1600 people with the generous contribution of the Fatima Family.

Education Support

Fatima Sarsabz School

One of the remarkable achievements of Fatima CSR Education team is Fatima Sarsabz School. For the construction of school two canal lands was acquired and transferred in the name of Fatima Welfare fund. The school was made operational in May 2015 with first year strength of 110 students. The school is located back side of the Fatima Township. Apart from above major activities Fatima CSR team has also been involved in promoting education in nearby Govt School. Total 32 additional teachers have been deployed in all the four Govt schools through CARE foundation. Ahmed Pur Lama area school has also been supported by additional teachers in Govt schools.

One Pahla Qadam School with only one Govt. teacher close to our vicinity was also adopted by Fatima CSR. School building was purchased and two additional teachers have also been deployed to enhance education standard.

Health Support Initiatives

Clean Drinking Water

Fatima Fertilizer CSR team takes another step towards corporate-community friendship. The team is proud to share that clean, sweet water supply to nearby village, Jindo Ki Mari, has become operational from April 2015. The project was initiated and has been executed within a very short time, that involves extensive excavation and pipe laying for around two kilo meters to take the water to a suitable location in the village at around Rs 1.8 million cost.

Institutional Collaborations for Social Sector Support

Fatima as a leading corporate citizen, believes that health, education and environmental development of the society is the responsibility of all public and private sector organizations, and each concern must contribute its share to the society. During the reporting period the Company contributed PKR 300 Million on CSR including donations to the following institutions mainly in the health, education and environment sectors for their good work in their respected fields;
List of the Collaborations for Social Sector Enhancement:

1. Mian Mukhtar A. Sheikh Trust
2. University of Pennsylvania
3. Care Foundation
4. Institute of Business Management, Karachi
5. Lahore University of Management Sciences
6. Rising Sun Institute
7. FESF – Deaf Reach Society
8. Southern Punjab Flood Relief Program
9. Shaukat Khanum Memorial Trust and Hospital
10. Agha Khan Hospital and Medical foundation, Karachi
11. Sindh Institute of urology and Transplant
12. Layton Rehmatulla Benevolent Trust (LRBT – Eye Camps)
13. Children Welfare Society
14. Labard
15. SOS Children's Village, Multan
16. SAR Girls Elementary School
17. Al-Shifa Trust
18. Fountain House
19. Compass (Center of Mentally and Physically Affected Special Students)
20. University of Engineering and Technology, Lahore
21. World-Wide Fund for Nature and Development (WWF-P)
22. Development in Literacy
23. Punjab Deaf Football Association (Hosting International Teams)
24. Friends Of PIC
25. TCF Schools

Rural Development Program

Social responsibility is regarded as an important business issue of all companies irrespective of size, sector, and business goal. Therefore, it would not be wrong to imply that CSR actions not only have a positive impact on development of rural communities but also on the business. Fatima, ergo, plays a pivotal role in ensuring that a

Employee Engagement,

welfare and Volunteering

major divide of its investments flow to the rural areas in which it has its humongous setups and also to those that have been left out of the development process, due to any geographical or political glitches. Therefore, consequential to our hands on Company CSR program, rural areas adjacent to our various plant sites, in particular, like Sadiqabad, Rahim Yar Khan etc., have witnessed tremendous growth in their employment scales and endorsed the enhancement of educational and medical facilities in the vicinity.

Employee Development

International Exposure and Recognition

Numan Khan

"I am lucky to be the part of GE Oil & Gas Learning institute Italy for this Young Leadership Course which is a unique combination of technical as well as economics and managerial skill development program. Highly qualified faculty along with well-equipped facility, course curriculum and a fun filled culture is providing me an exclusive platform to polish my skills further. Studying among enthusiastic professionals with different areas of expertise is also allowing me to gain more from their experiences and interaction of ideas. I am very thankful to Fatima Management team for providing me this valuable learning opportunity." - Numan Khan

Taibah Jaffery

I joined Fatima in 2014 as a Graduate Trainee Engineer in Operations, Offsite and Utilities and am currently working as a Shift Engineer. During my bachelors, I had worked on a research project 'Sustainable Urea Manufacture using Novel Techniques Utilizing Alternate Raw Material Sources' which got accepted in the 2014 AIChE Annual Meeting, Atlanta, USA. Fatima not only appreciated my work, but also funded me to participate in the Conference. My presentation was selected as the Best Presentation in the Product Formulation and Design forum. I also joined the Young Professional's Committee as Rules, Regulations and Rewards Coordinator for the Global Students Competition. - Taibah Jaffery

Mr. M. Ahsan Sarfraz Sec. Head (O&U),along with M. Hashim - Sr. Engineer and Zubair Talha – Process Engineer, read and presented 2 papers at Syngas and Nitrogen Annual Conference held in Istanbul (Feb 23rd to 26th - 2015)

It is a matter of great pride that Mr. Aleem Ansari (Unit Manager Inspection at Fatima), wrote an article that got published in the recent edition (March 2015) of the "PIPELINES INTERNATIONAL". This article "Retrieval of a stuck pig from a natural gas pipeline" is on an actual issue that the plant experienced last year. "Pipelines International" is the most read and dependable magazine on pipeline industry, published quarterly from USA, UK and Australia.

Coaching for Excellence

Coaching as "A Way of Working" was formally introduced at Fatima Fertilizer Manufacturing plant site on 13th February 2015. Owing to the commitment of the leadership team, this process was initiated through conceptual workshops followed by collaborative brainstorming session. The main aim of this way of working is to develop and empower our people for excellence at workplace, to enable them to contribute towards their personal growth and well as organizational development.

Employee Engagement

Eid Celebrations at Plant sites and Head office

Sarsabz Cricket Gala – Head office
Sarsabz Cricket Gala is an annual event held at head office where more than 400 employees and their family members get together and participate in a high energy, fun filled cricket gala.

Celebrating Spring Week

Fatima employees celebrated a Spring Week with various engagement activities such as photography competition, giving out flowers to our people, celebrating spring color day etc.

Employment of Special Persons:

Fatima Fertilizer believes in equal opportunities for everyone. However, being a responsible corporate citizen your Company is working hard towards the employment of special persons. Extra effort is made to hire individuals with disabilities to fill in vacant positions in your Company. Adequate training is given to these disabled persons to equip them with the required skills to manage their jobs efficiently.

About Our Reporting
(Parameters)

This report contains the Directors' report to shareholders along with the audited financial statements as per the statuary requirements for disclosure for listed companies in Pakistan. Additionally, the report also contains the third voluntary reporting on Sustainability and is published as part with the Company Annual Report. In general the Sustainability highlights uses the G3.1 reporting framework issued by the Global Reporting Initiative (GRI) on volunteer basis and is aiming for a B Level report as per this framework. The Company also considered the requirements of Association of Chartered Certified Accountants (ACCA), World Wide Fund for Nature - Pakistan (WWF-P) and Pakistan Environment Reporting Awards (PERA) in order to adopt best sustainability reporting practices within the country.

Report Boundary

This report covers the fertilizer production facility in Sadiqabad and the Corporate Head Office in Lahore. The text and statistics in this report covers sites operated by Fatima
Fertilizer Company Limited.

Reporting Period

The reporting period is January 01, 2015 to December 31, 2015 and the data has mainly been obtained from Finance, Operations, Marketing and Sales, Human Resources (HR), Corporate Secretariat, Internal Audit, Procurement, External Auditors, HSE and CSR Functions.

Report content

The Company identified key issues to be responded on as corporate strategy by using its materiality matrix. The purpose of the engagement was to prioritize the materiality of outcomes for management attention and further actions. All the issues which are significant in nature considering the concerns of the stakeholders and the Company are analyzed and covered in detail in the report.

Data Measurement Techniques

All numeric indicators are reported on actual basis except for a few environmental KPIs which are reported on management best estimates in accordance with international standards and best practices.

Contact Us

Feedback on the Company's annual and sustainability reporting is encouraged. For comments and feedback, please contact the Corporate HSE / Corporate Communications Department at: sustainability.reporting@fatima-group.com and communications@fatima-group.com

Separate Financial Statements

Report of the Audit Committee

on Adherence to the Code of Corporate Governance

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2015, and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.

- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. Equitable treatment of shareholders has also been ensured.

- The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

- The Company has complied with all the corporate and financial reporting requirements. Appropriate accounting policies have been consistently applied. All core & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2015, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.

- The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

- The Chief Executive and the CFO have reviewed the financial statements of the Company and the Directors' Report.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.

- Directors, CEO and executives or their spouses do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board which is independent of the External Audit function.

- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.

- The Company's system of internal control is adequate and effective. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, Deloitte Yousaf Adil Chartered Accountants have completed their Audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended December 31, 2015 and shall retire on the conclusion of the 13th Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observations and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall therefore accordingly be discussed in the next Audit Committee Meeting.

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Audit Committee had a meeting with the external auditors without the presence of the CFO and the Head of Internal Audit. The Auditors attended the General Meeting of the Company during the Year and have confirmed attendance of the 13th Annual General Meeting scheduled for April 27, 2016 and have indicated their willingness to continue as Auditors.

- Being eligible for reappointment as Auditors of the Company, the Audit Committee recommends their reappointment for the financial year ending December 31, 2016.

- The Firm has no financial or other relationship of any kind with the Company except that of External Auditors.

Lahore
March 16, 2016

Muhammad Kashif Habib
Chairman-Audit Committee

Statement of Compliance

with the Code of Corporate Governance for the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Rule Book of Pakistan Stock Exchange Limited (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	1. Mr. Peter Vang Christensen
Executive Directors	1. Mr. Fawad Ahmed Mukhtar
	2. Mr. Fazal Ahmed Sheikh
Non-Executive Directors	1. Mr. Arif Habib
	2. Mr. Faisal Ahmed Mukhtar
	3. Mr. Muhammad Kashif Habib
	4. Mr. M Abad Khan
	5. Mr. Tariq Jamali-Nominee NBP

The independent director meets the criteria of independence as prescribed by the listing regulations.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year, the independent director Mr. Peter Vang Christensen has obtained certification under Directors' Training Program from the Institute of Directors.

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employement. There is no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises five members, of whom all are non-executive directors including one independent director and the chairman of the committee is a non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom all are non-executive directors including one independent director and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
March 16, 2016

Fawad Ahmed Mukhtar
Chief Executive Officer

Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Fatima Fertilizer Company Limited (the Company), for the year ended December 31, 2015 to comply with the requirement of Listing Regulations of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner: Rana Muhammad Usman Khan
Dated: March 16, 2016
Lahore

Auditors' Report to the Members

We have audited the annexed balance sheet of Fatima Fertilizer Company Limited ("the Company") as at December 31, 2015 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied,
- (ii) the expenditure incurred during the year was for the purpose of Company's business; and
- (iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming parts thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at December 31, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner: Rana M. Usman Khan
Dated: March 16, 2016
Lahore

Balance Sheet
as at December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
2,500,000,000 (2014: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital			
2,100,000,000 (2014: 2,100,000,000) ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Post retirement benefit obligation reserve		(30,437)	(23,311)
Unappropriated profit		17,468,946	13,990,335
		40,228,509	36,757,024
NON CURRENT LIABILITIES			
Long term finances	6	13,168,124	17,335,003
Deferred liabilities	7	15,411,918	14,421,189
Long term deposits		33,003	33,003
		28,613,045	31,789,195
CURRENT LIABILITIES			
Trade and other payables	8	8,645,991	7,340,902
Accrued finance cost	9	260,003	258,931
Short term finances - secured	10	10,229,486	599,575
Current maturity of long term finance	6	6,812,119	6,375,336
		25,947,599	14,574,744
CONTINGENCIES & COMMITMENTS	11		
		94,789,153	83,120,963

The annexed explanatory notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	12	73,105,193	68,823,170
Intangible assets	13	26,370	30,083
		73,131,563	68,853,253
Long term investments	14	2,106,450	85,806
Long term deposits		18,530	13,280
		75,256,543	68,952,339
CURRENT ASSETS			
Stores and spares	15	4,764,101	4,090,265
Stock in trade	16	7,002,664	2,681,206
Trade debts	17	335,002	448,314
Short term loan to associated companies	18	2,700,000	3,000,000
Loans, advances, deposits, prepayments and other receivables	19	4,435,640	3,000,032
Cash and bank balances	20	295,203	948,807
		19,532,610	14,168,624
		94,789,153	83,120,963

Director

Profit and Loss Account

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales	21	29,733,352	36,169,191
Cost of sales	22	(12,611,251)	(14,708,355)
Gross profit		17,122,101	21,460,836
Distribution cost	23	(1,289,561)	(1,448,837)
Administrative expenses	24	(1,618,654)	(1,345,890)
		14,213,886	18,666,109
Finance cost	25	(2,379,218)	(3,766,899)
Other operating expenses	26	(860,703)	(1,374,485)
		10,973,965	13,524,725
Other income	27	574,313	624,309
Profit before tax		11,548,278	14,149,034
Taxation	28	(2,294,667)	(4,891,238)
Profit for the year		9,253,611	9,257,796
Earnings per share - basic and diluted (Rupees)	30	4.41	4.41

The annexed explanatory notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

Statement of Comprehensive Income

for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
Profit for the year	9,253,611	9,257,796
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Re measurement of post retirement benefits obligation	(10,480)	(14,970)
Deferred tax impact	3,354	5,240
	(7,126)	(9,730)
Total comprehensive income for the year	9,246,485	9,248,066

The annexed explanatory notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity

for the year ended December 31, 2015

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Unappropriated profit	Total
			(Rupees in thousand)		
Balance as at December 31, 2013	21,000,000	1,790,000	(13,581)	9,982,539	32,758,958
Profit for the year	–	–	–	9,257,796	9,257,796
Other comprehensive income	–	–	(9,730)	–	(9,730)
Total comprehensive income	–	–	(9,730)	9,257,796	9,248,066
Transactions with owners:					
- Final dividend for the year ended December 31, 2013 @ Rs 2.5 per share	–	–	–	(5,250,000)	(5,250,000)
Balance as at December 31, 2014	21,000,000	1,790,000	(23,311)	13,990,335	36,757,024
Profit for the year	–	–	–	9,253,611	9,253,611
Other comprehensive income	–	–	(7,126)	–	(7,126)
Total comprehensive income	–	–	(7,126)	9,253,611	9,246,485
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 December 31, 2015	21,000,000	1,790,000	(30,437)	17,468,946	40,228,509

The annexed explanatory notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	34	9,747,626	19,404,878
Net increase in long term deposits		–	33,003
Finance cost paid		(2,497,766)	(3,891,400)
Taxes paid		(1,176,873)	(528,215)
Employee retirement benefits paid		(19,150)	(17,926)
Net cash from operating activities		6,053,837	15,000,340
Cash flows from investing activities			
Additions in property, plant and equipment		(5,505,684)	(2,811,918)
Additions in intangible assets		(14,669)	(2,210)
Long term investments		(2,020,644)	(616)
Short term loan to associated companies - net		300,000	–
Proceeds from disposal of property plant and equipment		131	349
Net increase in long term deposits		(5,250)	(3,032)
Profit received on short term loan and saving accounts		408,952	351,555
Net cash used in investing activities		(6,837,164)	(2,465,872)
Cash flows from financing activities			
Repayment of long term finance		(6,375,122)	(5,875,189)
Proceeds from long term finance		2,645,026	1,000,000
Dividend paid		(5,770,092)	(5,245,825)
Increase / (Decrease) in short term finance - net		9,629,911	(1,702,941)
Net cash from / (used in) financing activities		129,723	(11,823,955)
Net (decrease) / increase in cash and cash equivalents		(653,604)	710,513
Cash and cash equivalents at the beginning of the year		948,807	238,294
Cash and cash equivalents at the end of the year		295,203	948,807

The annexed explanatory notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

1. Legal status and nature of business

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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of Companies Ordinance, 1984 shall prevail.

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

– IFRS 10 Consolidated Financial Statements	**Effective from accounting period beginning on or after January 01, 2015**
– IFRS 11 Joint Arrangements	**Effective from accounting period beginning on or after January 01, 2015**
– IFRS 12 Disclosure of Interests in Other Entities	**Effective from accounting period beginning on or after January 01, 2015**
– IFRS 13 Fair Value Measurement	**Effective from accounting period beginning on or after January 01, 2015**
– Amendments to IAS 19 Employee Benefits: Employee contributions	**Effective from accounting period beginning on or after January 01, 2015**
– IAS 27 (Revised 2011) Separate Financial Statements	**Effective from accounting period beginning on or after January 01, 2015**
– IAS 28 (Revised 2011) Investments in Associates and Joint Ventures	**Effective from accounting period beginning on or after January 01, 2015**

Certain annual improvements have also been made to a number of IFRSs.

2.3 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

– Amendments to IFRS 11 Accounting for acquisitions of interests in joint operations	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IAS 1 Disclosure initiative	**Effective from accounting period beginning on or after July 01, 2016**
– Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IAS 27 Equity method in separate financial statements	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	**Effective from accounting period beginning on or after January 01, 2016**

Certain annual improvements have also been made to a number of IFRSs.

2.4 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

3 Basis of measurement

3.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates.

Notes to and forming part of the Financial Statements

for the year ended December 31, 2015

The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Employee retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2 (a).

b) Useful life and residual values of property, plant and equipment and intangible assets

The Company reviews the useful lives of property, plant and equipment and intangible assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

c) Provision for taxation

In making the estimates for income taxes payable by the Company, the management considers the applicable laws and the decisions of the appellate tax authorities on certain issues in the past.

4 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

a) Defined benefit plan - Gratuity

The Company operates a funded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2015. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognized in 'Other Comprehensive Income' as they occur.

b) Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

c) Defined contribution plan - Provident Fund

The Company operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of the basic salary.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to own manufactured assets includes direct cost of materials, labor and applicable manufacturing overheads. Cost also includes capitalized borrowing costs as referred to in note 4.24.

Depreciation on property, plant and equipment is charged to profit and loss account on the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 12.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or made available for use, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted prospectively, if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Notes to and forming part of the Financial Statements

for the year ended December 31, 2015

4.4 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognized impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.5 Intangibles

Computer software

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software is amortized using the straight line method over a period of four years.

Amortization on additions to computer software is charged from the month in which the asset is available for use while no amortization is charged for the month in which asset is disposed off.

4.6 Leases

The Company is the lessee.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the lease term.

4.7 Investment in subsidiaries

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

4.8 Investment in associates

Investments in associates and jointly controlled entities are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities. Gains and losses on disposal of investments are included in other income.

4.9 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non current. Management determines the appropriate classification of its investments at the time of the purchase and reevaluates such designation on a regular basis.

The investments made by the Company are classified for the purpose of measurement into the following categories:

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.

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given.

At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

4.10 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account.

Financial instruments carried on the balance sheet include long term loans and deposits, loans, deposits and other receivables, cash and bank balances, borrowings, creditors, accrued and other liabilities. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

4.12 Stores and spares

Stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.13 Stock in trade

All stocks are valued at the lower of cost and net realizable value. Cost in relation to raw and packing materials, except for those in transit, signifies moving average cost and that relating to mid products and finished goods, monthly average cost comprising cost of direct materials, labor and appropriate manufacturing overheads based on normal operating capacity.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.14 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.15 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.16 Borrowings

Borrowings are initially recorded at the proceeds received. They are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are included in accrued finance cost to the extent of the amount remaining unpaid.

4.17 Related party transactions

Sales, purchases and other transactions with related parties are carried out on agreed terms and conditions.

4.18 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

4.19 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

4.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will effect profit or loss.

4.21 Impairment

Financial assets

At each balance sheet date, the Company reviews the carrying amounts of the financial assets to assess whether there is any indication that such financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Non financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

4.22 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Subsidy income on NP fertilizer is recognized on dispatch to customers.

Revenue from sale of fertilizer products and chemicals is recognized on dispatch to customers.

Revenue from sale of Certified Emission Reductions (CERs) is recognized on the generation of the Emission Reductions when a firm commitment for sale of CERs exists with a buyer.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Interest income is recognized on accrual basis.

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Foreign exchange gain and losses on retranslation are recognized in the profit and loss account.

All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.24 Borrowing costs

Mark up, interest and other charges on borrowing are capitalized up to the date of commissioning of the related property, plant and equipment, acquired out of the proceeds of such borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on such assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit and loss account in the period in which they are incurred.

4.25 Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting for the effects of all dilutive potential ordinary shares.

5 Issued, subscribed and paid up share capital

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

	2015	2014
	(Number of shares)	
5.1 Ordinary shares of the Company held by associates at the year end are as follows:		
Arif Habib Corporation Limited	319,000,206	340,000,206
Fatima Holding Limited	268,572,091	268,572,091
Reliance Commodities (Private) Limited	208,863,694	208,863,694
Fazal Cloth Mills Limited	69,514,031	69,514,031
Reliance Weaving Mills Limited	2,625,166	2,625,166
	868,575,188	889,575,188

	Note	2015	2014
		(Rupees in thousand)	
6 Long term finances			
Secured loans from Banking Companies / Financial institutions			
Long Term Syndicated Loan (Senior Facility)	6.1	12,255,491	15,640,749
Syndicated Term Finance Agreement - I (STFA - I)	6.2	800,000	2,400,000
Syndicated Term Finance Agreement - II (STFA - II)	6.3	2,779,727	4,169,590
Syndicated Term Finance Agreement - III (STFA - III)	6.4	2,467,000	1,500,000
Export Credit Agency Finance	6.5	1,678,025	–
		19,980,243	23,710,339
Less: Current maturity of long term finance		6,812,119	6,375,336
		13,168,124	17,335,003

6.1 Long Term Syndicated Loan (Senior Facility)

This facility has been obtained from a consortium of commercial banks / financial institutions led by National Bank of Pakistan against a sanctioned limit of Rs 23,000 million to finance the project cost.

It carries mark up at the rate of 6 months KIBOR plus 2.00% per annum. The effective rate of mark up charged during the year ranged from 8.52% to 11.67% (2014: 11.67% to 11.97%) per annum.

In the event, the Company fails to pay the balances on due dates, mark up is to be computed at the rate of Rs 0.233 (2014: Rs 0.320) per Rs 1,000 per diem or part thereof on the balances unpaid.

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

The facility is secured by a first ranking exclusive hypothecation / equitable mortgage charge over all present and future fixed assets of the Company amounting to Rs 36,000 million, personal guarantees of the directors and pledge of shares of the Company owned by the sponsors.

The loan is repayable over a period of 7 years in 14 semi-annual installments. Last repayment is due on November 27, 2018. During the year the Company has paid two installments aggregating to Rs 3,385 million (2014: Rs 2,885 million).

6.2 Syndicated Term Finance Agreement - I (STFA - I)

This facility has been obtained from a consortium of commercial banks / financial institutions led by National Bank of Pakistan against a sanctioned limit of Rs 6,000 million for the purpose of refinancing a portion of its existing long term finance.

The facility carries markup at the rate of 6 months KIBOR plus 1.5% per annum payable semi annually in arrears. The effective rate of mark-up charged during the year ranged from 8.03% to 11.17% (2014: 11.17% to 11.71%) per annum.

The facility is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 8,000 million.

The loan is payable over a period of four years in eight half yearly installments. Last repayment is due on May 24, 2016. During the year the Company has paid two installments aggregating to Rs 1,600 million (2014: Rs 1,600 million).

6.3 Syndicated Term Finance Agreement - II (STFA - II)

This facility has been obtained from a consortium of commercial banks / Islamic bank / financial institutions led by Allied Bank Limited against a sanctioned limit of Rs 6,000 million for the purpose of repayment of unsecured loans from Pakarab Fertilizers Limited, an associate.

The facility carries markup at the rate of 6 months KIBOR plus 1% per annum. The effective rate of markup charged during the year ranged from 7.41% to 10.66% (2014: 10.66% to 11.17%) per annum.

The facility is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 7,867 million.

The loan is repayable in five years with one year grace period in eight half yearly installments. Last repayment is due on December 28, 2017. During the year the Company has paid two installments aggregating to Rs 1,390 million (2014: Rs 1,390 million).

6.4 Syndicated Term Finance Agreement - III (STFA - III)

This facility has been arranged from a consortium of commercial banks / Islamic bank / financial institutions led by Allied Bank Limited with a facility amount upto Rs 3,000 million, inclusive of green shoes option of Rs 1,000 million, for the purpose of financing ongoing funding requirements.

During the year the Company has received further disbursement of Rs 967 million against this facility.

The facility carries markup rate of 6 months KIBOR plus 1% per annum. The effective rate of mark up charged during the year ranged from 7.53% to 10.64% (2014: 10.64% to 11.18%) 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 five years with one year grace period in eight half yearly installments. The last repayment is due on October 26, 2020.

6.5 Export Credit Agency Finance

During the year, the Company has availed financing of USD 16.012 million out of total approved ECA Financing Facility of USD 22 million from Standard Chartered Bank (UK) for the purpose of Debottlenecking (DBN) project for Ammonia plant.

The facility carries markup rate of three month LIBOR plus 4.25 % per annum. The effective rate of mark up charged during the year ranged from 4.53% (2014: Nil) per annum .

The facility is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 2,992 million.

This loan is repayable in twenty one equal quarterly installments with grace period of one year, starting from June 15, 2016.

6.6 The aggregate unavailed long term financing facilities amount to Rs 1,160.575 million (2014: Rs 1,500 million).

	Note	2015	2014
		(Rupees in thousand)	
7 Deferred liabilities			
Deferred taxation	7.1	15,062,090	14,155,843
Employee retirement benefits	7.2	349,828	265,346
		15,411,918	14,421,189
7.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		15,109,567	15,341,978
Deductible temporary difference:			
Carry forward tax depreciation losses		–	(1,145,633)
Provision for retirement benefits		(32,646)	(27,949
Re measurement of defined benefit obligation		(14,831)	(12,553)
		(47,477)	(1,186,135)
		15,062,090	14,155,843
7.2 Employee retirement benefits			
Gratuity	7.2.1	247,810	185,493
Accumulating compensated absences	7.2.2	102,018	79,853
		349,828	265,346

Notes to and forming part of the Financial Statements

for the year ended December 31, 2015

		2015	2014
		(Rupees in thousand)	
7.2.1	**Gratuity**		
a)	**Amount recognized in the balance sheet**		
	Present value of defined benefit obligations	247,810	185,493
	Net liability at the end of the year	247,810	185,493
b)	**Movement in liability**		
	Net liability at the beginning of the year	185,493	133,575
	Charge for the year	65,042	50,358
	Benefits paid during the year	(13,205)	(13,410)
	Remeasurement changes chargeable to other comprehensive income	10,480	14,970
	Net liability at the end of the year	247,810	185,493
c)	**Charge for the year**		
	Current service cost	39,953	34,507
	Liability transferred from sister Company	6,375	–
	Interest cost	18,714	15,851
		65,042	50,358
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	48,326	36,512
	Administrative expenses	16,456	13,584
	Distribution cost	260	262
		65,042	50,358
e)	**Total remeasurement chargeable to other comprehensive income**		
	Remeasurement of plan obligation:		
	Experience adjustments	10,480	14,970
		10,480	14,970
f)	**Movement in the present value of defined benefit obligations**		
	Defined benefit obligations at beginning of the year	185,493	133,575
	Current service cost	39,953	34,507
	Interest cost	18,714	15,851
	Liability transferred from sister Company	6,375	–
	Benefit paid during the year	(13,205)	(13,410)
	Remeasurement of plan obligation	10,480	14,970
	Defined benefit obligations at the end of the year	247,810	185,493
g)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	10.5%	12.5%
	Discount rate for year end obligation	9.0%	10.5%
	Salary increase used for year end obligation		
	2015	N/A	–
	2016 and thereafter	9.0%	10.5%
	Expected average remaining life	7 years	7 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
h)	**Sensitivity analysis**			
	Discount rate	1%	(229,384)	266,475
	Salary growth rate	1%	266,953	(228,622)

i) The expected contribution to defined benefit obligation for the year ending December 31, 2016 will be Rs 68.045 million.

		2015	2014
		(Rupees in thousand)	
7.2.2	**Accumulating compensated absences**		
a)	**Amount recognized in the balance sheet**		
	Present value of defined benefit obligations	102,018	79,853
	Net liability at the end of the year	102,018	79,853
b)	**Movement in liability**		
	Net liability at the beginning of the year	79,853	49,509
	Charge for the year	28,111	34,860
	Benefits paid during the year	(5,946)	(4,516)
	Net liability at the end of the year	102,018	79,853
c)	**Charge for the year**		
	Current service cost	7,572	23,149
	Interest cost	8,072	6,633
	Experience adjustment	12,467	5,078
		28,111	34,860
d)	**Charge for the year has been allocated as follows**:		
	Cost of sales	20,887	25,275
	Administrative expenses	7,112	9,404
	Distribution cost	112	181
		28,111	34,860
e)	**Movement in the present value of obligation**		
	Obligation at beginning of the year	79,853	49,509
	Current service cost	7,572	23,149
	Interest cost	8,072	6,633
	Benefit paid during the year	(5,946)	(4,516)
	Experience adjustment	12,467	5,078
	Defined benefit obligations at end of the year	102,018	79,853

Notes to and forming part of the Financial Statements

for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
f) The principal assumptions used in the actuarial valuation are as follows:		
Discount rate for interest cost	10.5%	10.5%
Discount rate for year end obligation	9.0%	10.5%
Salary increase used for year end obligation		
2015	N/A	10.5%
2016 and thereafter	9.0%	10.5%
Retirement assumption	60 years	60 years

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
	% age	(Rupees in thousand)	
g) Sensitivity analysis			
Discount rate	1%	(86,575)	74,097
Salary growth rate	1%	86,724	(73,853)

	Note	2015	2014
		(Rupees in thousand)	
8 Trade and other payables			
Creditors	8.1	3,410,318	1,146,063
Advances from customers		497,828	2,292,160
Accrued liabilities		1,138,839	711,497
Withholding tax		70,206	36,058
Sales tax payable		–	272,874
Workers' Profit Participation Fund		2,358,026	1,954,365
Workers' Welfare Fund		1,085,387	849,708
Retention money payable		28,630	18,258
Provident fund payable		8,229	9,370
Unclaimed dividend		19,634	14,726
Others		28,894	35,823
		8,645,991	7,340,902

8.1 These includes amount due to related party amounting to Rs 46.190 million (2014: Rs 34.042 million). This further includes Rs 1,480.896 million (2014: Rs 591.678 million) accrued by the Company on account of Gas Infrastructure Development Cess (GIDC) on fuel stock. The Company has not recorded any amount for GIDC on feed stock as it is entitled to receive feed stock at fixed price as committed by the Government of Pakistan in Fertilizer Policy 2001. During 2014, the Honorable Supreme Court through its judgment dated August 22, 2014 dismissed appeals of the Government of Pakistan (GoP) against which GoP had filed a review petition which was also dismissed. Subsequently, the Government of Pakistan imposed the levy of GIDC through the GIDC Ordinance, 2014, followed by the GIDC Act 2015, on fertilizer manufacturers with fixed price gas contracts. The GIDC Act 2015 also ratified the preceding GIDC Act 2011 and GIDC Ordinance 2014. After promulgation of GIDC Act 2015, the Company has obtained a stay order from Sindh High Court restraining Mari Petroleum Company Limited from charging and / or recovering GIDC till the pendency of the matter.

		Note	2015	2014
			(Rupees in thousand)	
9	**Accrued finance cost**			
	On long term finances - secured		149,119	242,171
	On short term finances - secured		110,884	16,760
			260,003	258,931
10	**Short term finances**			
	Secured loans from Banking companies			
	Cash finance	10.1	6,954,700	–
	Running finance	10.2	2,184,846	–
	Finance against Imported Merchandise	10.3	1,089,940	599,575
			10,229,486	599,575

10.1 These facilities have been obtained from various banks for working capital requirements, and are secured by pledge of raw material and finished goods and by personal guarantees of sponsoring directors.

The facilities carry markup ranging from 6.81% to 8.84% (2014: 10.14% to 11.44%) per annum.

10.2 These facilities have been obtained from various banks for working capital requirements, and are secured by Pari Passu charge of Rs 5,335.34 million (2014: Rs Nil) on present and future current assets.

The facilities carry markup ranging from 7.50% to 10.90% (2014: 10.57% to 11.69%) per annum.

10.3 These facilities have been obtained from various banks against imported merchandise. These facilities carry mark up ranging from 2.15% to 7.59% (2014: 3.83% to 4.32%) per annum.

10.4 The aggregate unavailed short term borrowing facilities amount to Rs 1,135.154 million (2014: Rs 8,750 million).

11 Contingencies and commitments

11.1 Contingencies

(i) The application under section 65 of the Sales Tax Act, 1990 to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs 690 million inadvertently short levied / paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011 has been rejected. The Company has filed an appeal in Lahore High court against the decision.

Based on the advise of the Company's legal counsel and tax advisor, management considers that reasonable grounds exist that appeal will succeed. Consequently, no provision has been recognized for the abovementioned amount.

(ii) The Company has filed an appeal with the Commissioner Inland Revenue Appeals (CIR(A)) against an order passed by Deputy Commissioner Inland Revenue (DCIR), Multan raising a demand amounting to Rs 759 million alongwith 100% penalty by treating the stocks of finished fertilizer products transferred to Company warehouses as sales without any cogent legal grounds.

Based on the advice of the Company's legal counsel and tax advisor due to feeble basis of demand, the management is confident that the appeal will succeed. Consequently, no provision has been recognized for the abovementioned amount.

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

(iii) The Assistant Commissioner Inland Revenue has passed a judgment against the Company alleging that the Company has adjusted the excess input tax amounting to Rs 12.68 million in January 2012 sales tax return. The Commissioner Inland Revenue Appeals (CIR(A)) has allowed input tax to the extent of Rs 2.829 million. For the remaining amount, the Company has opted appeal before the Appellate Tribunal Inland Revenue (ATIR).

(iv) The Company has preferred appeal in Appellate Tribunal Inland Revenue, Lahore, against the following orders passed by Deputy Commissioner Inland Revenue, Multan alleging that the Company has short paid sales tax by suppression of production. Total demand raised is Rs 628 million. Earlier appeal filed with Commissioner Inland Revenue (Appeals), Multan did not succeed.

Based on the advice of the Company's legal counsel and tax advisor, management considers that reasonable grounds exist that appeal will succeed. Consequently, no provision has been recognized for the abovementioned amount.

(v) On appeal by the Company, the Custom Appellate Tribunal, Lahore, has remanded back the following three cases to Collector of Customs (Adjudication), Faisalabad for re hearing the case:

- Collector of Customs (Adjudication), Lahore, for irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. Demand raised Rs 495.900 million.
- Collector of Customs (Adjudication), Faisalabad, for irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.957 million.
- Collector of Customs (Adjudication), Faisalabad, for irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.604 million.

While decision on the appeal in the following case is pending with the Custom Appellate Tribunal, Lahore:

- Collector of Customs (Adjudication), Faisalabad, alleging that the Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised is Rs 17.936 million.

Based on the advice of the Company's legal counsel, management is confident that no financial liability will arise in all the above referred cases, therefore no provision has been recognized.

(vi) Alternative Corporate Tax (ACT) at the rate of 17% of accounting profit before tax has been introduced by the Finance Act 2014, by inserting Section 113C in the Income Tax Ordinance, 2001 applicable from tax year 2014. The Company has filed two Constitutional Petitions in the Honorable High Court of Sindh challenging the levy of ACT for Tax year 2014 and Tax year 2015, on grounds that it has deprived the Company of certain rights already accrued to it. Stay in this regard has been granted to the Company for both the tax years. The Company's petition is pending for hearing in the High Court.

In view of above, the Company has not recorded tax liability under ACT for the tax years 2014 and 2015.

11.2 Commitments in respect of

(i) Contracts for capital expenditure Rs 1,041.900 million (2014: Rs 2,738.060 million).

(ii) Contracts for other than capital expenditure Rs 220.344 million (2014: Rs 291.278 million).

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

	Note	2015	2014
		(Rupees in thousand)	
Not later than one year		149,948	144,379
Later than one year but not later than five years		206,211	134,932
		356,159	279,311

12 Property, plant and equipment

	Note	2015	2014
Operating fixed assets - tangible	12.1	69,390,580	65,945,226
Capital work in progress	12.2	3,714,613	2,877,944
		73,105,193	68,823,170

12.1 Operating fixed assets - tangible

2015

	Cost			Accumulated Depreciation			Book value	Depreciation
	December 31, 2014	Additions/ (deletions)	December 31, 2015	December 31, 2014	charge/ (deletions)	December 31, 2015	December 31, 2015	rate
	(Rupees in thousand)							%
Freehold land	435,069	–	435,069	–	–	–	435,069	–
Building	3,412,980	347,466	3,760,446	423,388	140,751	564,139	3,196,307	4
Plant and machinery	66,342,550	4,469,611	70,812,161	4,493,542	1,337,730	5,831,272	64,980,889	4
Furniture and fixtures	67,981	8,958	76,939	24,370	7,187	31,557	45,382	10
Office equipment	27,314	7,684	34,998	8,273	2,975	11,248	23,750	10
Electrical installations and appliances	772,660	113,135	885,795	306,977	83,934	390,911	494,884	10
Computers	138,503	110,656	248,547	83,374	37,628	120,449	128,098	25
		(612)			(553)			
Vehicles	209,616	32,515	242,131	121,523	34,407	155,930	86,201	20
	71,406,673	5,090,025	76,496,086	5,461,447	1,644,612	7,105,506	69,390,580	
		(612)			(553)			

2014

	Cost			Accumulated Depreciation			Book value	Depreciation
	December 31, 2013	Additions/ (deletions)	December 31, 2014	December 31, 2013	charge/ (deletions)	December 31, 2014	December 31, 2014	rate
	(Rupees in thousand)							%
Freehold land	435,069	–	435,069	–	–	–	435,069	–
Building	3,080,412	332,568	3,412,980	291,573	131,815	423,388	2,989,592	4
Plant and machinery	65,014,697	1,327,853	66,342,550	3,179,401	1,314,141	4,493,542	61,849,008	4
Furniture and fixtures	53,491	14,490	67,981	18,221	6,149	24,370	43,611	10
Office equipment	20,871	6,468	27,314	5,886	2,393	8,273	19,041	10
		(25)			(6)			
Electrical installations and appliances	696,193	76,467	772,660	233,627	73,350	306,977	465,683	10
Computers	111,686	27,828	138,503	62,596	21,553	83,374	55,129	25
		(1,011)			(775)			
Vehicles	168,694	40,922	209,616	94,414	27,109	121,523	88,093	20
	69,581,113	1,826,596	71,406,673	3,885,718	1,576,510	5,461,447	65,945,226	
		(1,036)			(781)			

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
12.2 Capital work in progress		
Civil works	447,175	408,165
Plant and machinery	2,168,583	1,398,503
Advances		
- Freehold land	159,758	1,711
- Civil works	4,832	8,772
- Plant and machinery	634,265	760,793
- Other advances	300,000	300,000
	1,098,855	1,071,276
	3,714,613	2,877,944
12.2.1 Movement of capital work in progress		
Opening balance	2,877,944	1,892,621
Addition during the year	5,091,205	2,078,572
	7,969,149	3,971,193
Capitalization during the year	(4,254,536)	(1,093,249)
Closing balance	3,714,613	2,877,944
12.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales	1,525,946	1,487,938
Administrative expenses	115,296	85,672
Distribution cost	3,370	2,900
	1,644,612	1,576,510

12.4 Disposal of operating fixed assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal
			(Rupees in thousand)			
Computers						
Items having book value below Rs 50,000	612	553	59	131	72	By Company Policy to existing employees
2015	612	553	59	131	72	
2014	1,036	781	255	349	94	

13 Intangible assets

	2015							
	Cost			Accumulated amortization			Book value	Amortization
	December 31, 2014	Additions	December 31, 2015	December 31, 2014	Charge	December 31, 2015	December 31, 2015	rate
	(Rupees in thousand)							%
Computer software	60,394	14,669	75,063	30,311	18,382	48,693	26,370	25
	60,394	14,669	75,063	30,311	18,382	48,693	26,370	25

	2014							
	Cost			Accumulated amortization			Book value	Amortization rate
	December 31, 2013	Additions	December 31, 2014	December 31, 2013	Charge	December 31, 2014	December 31, 2014	
	(Rupees in thousand)							%
Computer software	58,184	2,210	60,394	15,458	14,853	30,311	30,083	25
	58,184	2,210	60,394	15,458	14,853	30,311	30,083	25

13.1 The amortization charge for the year has been allocated to administrative expenses.

	Note	2015	2014
		(Rupees in thousand)	
14 Long term investment			
Investment in subsidiary companies			
Fatimafert Limited (formerly DH Fertilizers Limited)	14.1	2,020,634	–
Bubber Sher (Pvt) Limited		10	–
		2,020,644	–
Investment in associated Company			
Multan Real Estate Company (Pvt) Limited	14.2	85,806	85,806
		2,106,450	85,806

14.1 During the year the Company has acquired entire share capital of Fatimafert Limited (FF) (formerly DH Fertilizers Limited) and Buber Sher (Pvt) Limited (BSPL) against purchase price of Rs 2,020.634 million and Rs 0.01 million respectively. The price of 100% shares of FL has been valued as total of:

(i) differential between the agreed enterprise value of FF (Rs 6,600 million) and the total long term loans of Rs 4,607 million and

(ii) excess of current assets over current liabilities of FF at June 30, 2015 determined to be Rs 28.134 million.

The control of DH Fertilizers Limited was transferred to the Company on July 01, 2015.

14.2 This represents investment in 858,056 fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Pvt) Limited (MREC). The investment represents 39.5% of the total issued, subscribed and paid up share capital of MREC.

The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labor and building material.

This Investment is measured at cost as the associated company has not yet started its commercial operations and the break up value for the purpose of equity method is not significantly different from cost.

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

		2015	2014
		(Rupees in thousand)	
15	**Stores and spares**		
	Stores	237,058	219,231
	Spares	3,572,212	2,979,853
	Catalyst and chemicals	954,831	891,181
		4,764,101	4,090,265
16	**Stock in trade**		
	Raw material {including in-transit Rs 1,670.775 million (2014: Rs 1,203.2 million)}	2,766,315	2,311,637
	Packing material	1,017	464
	Mid Products		
	Ammonia	23,906	20,279
	Nitric Acid	5,264	3,161
	Others	287	345
		29,457	23,785
	Finished goods		
	Urea	836,002	15,509
	NP	2,495,358	179,668
	CAN	817,676	144,668
	Emission reductions	56,839	5,475
		4,205,875	345,320
		7,002,664	2,681,206

17 Trade debts

These are in the normal course of business and are secured by way of bank guarantees.

		Note	2015	2014
			(Rupees in thousand)	
18	**Short term loan to associated companies - considered good**			
	Pakarab Fertilizers Limited	18.1	2,200,000	3,000,000
	Reliance Commodities (Pvt) Limited	18.2	500,000	–
			2,700,000	3,000,000

18.1 This represents loan given to the associated company repayable within 30 business days' notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 8.63% to 11.75% (2014: 11.75% to 12.29%). The loan is fully secured against ranking charge on all present and future fixed assets of the associated company.

18.2 This represents loan given to associated company repayable within 30 business days' notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 8.59% to 9.51%. The loan is fully secured against ranking charge on all present and future fixed assets of the associated company.

	Note	2015	2014
		(Rupees in thousand)	
19 Loans, advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees		35,621	22,950
- to suppliers		333,694	447,994
		369,315	470,944
Margin deposits held by banks		93,538	16,133
Prepayments		38,855	29,297
Other receivables			
- Advance income tax paid		1,574,349	1,782,542
- Sales tax refundable		1,045,672	–
- Subsidy receivable on NP fertilizer		368,226	–
- Advance sales tax on receipts		28,503	141,397
- Markup receivable	19.1	117,359	177,748
- Others	19.2	799,823	381,971
		3,933,932	2,483,658
		4,435,640	3,000,032

19.1 This includes amounts due from related parties amounting to Rs 116.630 million (2014: Rs 176.641 million).

19.2 This includes Rs 200 million (2014: Rs Nil) as advance payment to HBL for investment in 2,000 TFCs having face value of Rs 100,000 each for a period of 10 years. The TFC will yield markup at the rate of KIBOR plus 0.5% per annum. This further includes amounts due from related parties amounting to Rs 27.050 million (2014: Rs 56.100 million).

	Note	2015	2014
		(Rupees in thousand	
20 Cash and bank balances			
At banks			
- saving accounts	20.1	42,465	117,415
- current accounts		250,539	829,577
Cash in hand		2,199	1,815
		295,203	948,807

20.1 The balances in saving accounts carry markup ranging from 5.75% to 9.00% (2014: 6% to 9%) per annum.

	Note	2015	2014
		(Rupees in thousand)	
21 Sales			
Fertilizer Products - own manufactured		29,573,278	35,947,082
Subsidy from Government of Pakistan on NP fertilizer	21.2	368,226	–
Mid products		275,924	277,339
Certified Emission Reductions		14,405	–
		30,231,833	36,224,421
Discounts		(498,481)	(55,230)
		29,733,352	36,169,191

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

21.1 Sales are exclusive of sales tax of Rs 5,414.017 million (2014: Rs 6,455.880 million).

21.2 This represents subsidy on sale of phosphatic fertilizers announced by Ministry of Food Security and Research, Government of Pakistan under "Support Package for Fertilizer Sector" of Rs 20 billion, on October 15, 2015.

	Note	2015	2014
		(Rupees in thousand)	
22 Cost of sales			
Raw material consumed		6,568,456	5,797,395
Packing material consumed		703,623	818,949
Salaries, wages and other benefits	22.1	1,662,211	1,493,377
Fuel and power		3,574,962	2,999,294
Chemicals and catalyst consumed		394,758	418,324
Stores and spares consumed		1,211,171	1,003,593
Technical assistance		111,496	60,706
Repair and maintenance		213,569	241,069
Insurance		297,876	334,687
Travelling and conveyance		88,632	100,909
Equipment rental		49,222	38,798
Vehicle running and maintenance		26,361	33,910
Depreciation	12.3	1,525,946	1,487,938
Others		49,195	48,138
Manufacturing cost		16,477,478	14,877,087
Opening stock of mid products		23,785	26,228
Closing stock of mid products		(29,457)	(23,785)
Cost of goods manufactured		16,471,806	14,879,530
Opening stock of finished goods		345,320	174,145
Closing stock of finished goods		(4,205,875)	(345,320)
		12,611,251	14,708,355

22.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 101.365 million (2014: Rs 90.392 million).

	Note	2015	2014
		(Rupees in thousand)	
23 Distribution cost			
Salaries, wages and other benefits	23.1	244,268	281,689
Rent, rates and taxes		74,707	59,063
Advertisement and sales promotion		287,338	141,541
Transportation and freight		587,859	837,246
Vehicle running and maintenance		15,012	28,159
Travelling		20,412	19,848
Technical services to farmers		15,894	15,617
Others		44,071	65,674
		1,289,561	1,448,837

23.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 14.452 million (2014: Rs 16.937 million).

	Note	2015	2014
		(Rupees in thousand)	
24 Administrative expenses			
Salaries, wages and other benefits	24.1	600,128	532,198
Travelling and conveyance		155,798	114,360
Vehicles' running and maintenance		37,899	45,133
Insurance		5,557	5,446
Communication and postage		19,160	17,994
Printing and stationery		16,007	14,779
Repair and maintenance		91,476	68,034
Rent, rates and taxes	24.2	23,774	18,616
Fee and subscription		28,890	15,640
Entertainment		8,797	9,372
Legal and Professional	24.3	63,364	71,157
Utilities		140,385	119,112
Depreciation	12.3	115,296	85,672
Amortization	13.1	18,382	14,853
Charity and donation	24.4	225,582	154,081
Others		68,159	59,443
		1,618,654	1,345,890

24.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 33.527 million (2014: Rs 32.845 million).

24.2 Rent, rates and taxes include operating lease rentals.

	2015	2014
	(Rupees in thousand)	
24.3 This includes auditors' remuneration as follows:		
Annual audit fee	2,500	2,000
Half yearly review fee	550	450
Other certification	255	463
Out of pocket expenses	535	480
	3,840	3,393

24.4 This includes:

-Rs 120 million (2014: Rs 56.091 million) to Mian Mukhtar A. Sheikh Trust (the trust). Three directors of the Company Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar are trustees in the trust; and

-Rs 9.6 million (2014: Rs 3.488 million) to Lahore University of Management Sciences (LUMS). The Chief Executive of the Company, Mr. Fawad Ahmed Mukhtar is a member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS.

Notes to and forming part of the Financial Statements

for the year ended December 31, 2015

		Note	2015	2014
			(Rupees in thousand)	
25	**Finance cost**			
	Markup on long term finances		2,036,691	3,071,254
	Markup on short term finances		280,212	365,470
	Interest on Worker Profit Participation Fund		–	50,229
	Markup on short term deposit from subsidiary Company		2,690	–
	Bank charges and others		59,625	279,946
			2,379,218	3,766,899
26	**Other operating expenses**			
	Workers' Profit Participation Fund		620,205	776,176
	Workers' Welfare Fund		235,678	598,309
	Exchange loss - net		4,820	–
			860,703	1,374,485
27	**Other income**			
	Income from financial assets			
	Markup on short term loan to associated companies		315,708	368,384
	Profit on short term investments and saving accounts		32,855	12,214
	Exchange gain - net		–	13,524
	Income from non financial assets			
	Income from services		198,107	226,224
	Scrap sales		12,137	360
	Gain on disposal of property plant and equipment		72	94
	Others		15,434	3,509
			574,313	624,309
28	**Taxation**			
	Current		1,385,066	–
	Deferred:			
	For the year		2,124,035	4,953,593
	Prior year	28.1	(1,214,434)	(62,355)
			909,601	4,891,238
			2,294,667	4,891,238

28.1 This represents decrease in tax liability due to reduction in Corporate Tax Rate from 35% to 32% announced by the Government of Pakistan through Finance Act 2015.

28.2 Assessments for tax years upto 2015 (financial year ended December 31, 2014) are deemed to have been finalized under the provisions of the Income Tax Ordinance, 2001.

	2015	2014
	%	
28.3 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the Applicable tax rate:		
Applicable tax rate	32.00	35.00
Tax effect of amounts that are:		
Temporary differences	(0.10)	(0.47)
Impact of change in tax rate	(10.52)	–
Tax effect of income chargeable to tax at lower rate	(1.56)	–
Tax effect of inadmissible expenses	0.05	0.04
	(12.13)	(0.43)
Average effective tax rate charged to profit and loss account	19.87	34.57

29 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:

		2015	2014
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
Subsidiary Company	Finance cost	2,690	–
Associated companies	Short term loan provided	500,000	–
	Short term loan repayment received	800,000	–
	Toll manufacturing	770,845	1,127,978
	Miscellaneous expenses	93,942	230,875
	Sale of product	14,541	13,247
	Purchase of raw / packing material	746,514	1,081,576
	Sale of raw material	74,445	–
	Other income	315,708	368,384
	Stores and spares	–	44,947
Retirement benefit plans	Retirement benefit expense	135,477	101,900

30 Earnings per share - basic and diluted

	2015	2014
Profit attributable to ordinary shareholders	9,253,611	9,257,796
	(Number of shares)	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	4.41	4.41

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

	2015	2014
	Metric ton	
31 Capacity and Production		
Urea		
Designed production capacity	500,000	500,000
Actual production	414,122	372,712
CAN		
Designed production capacity	420,000	420,000
Actual production	402,344	433,005
NP		
Designed production capacity	360,000	360,000
Actual production	363,020	375,091

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (The Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro (EUR). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk is as follows:

	2015	2014
	(FCY in thousand)	
Cash at banks – USD	1,472	691
Trade and other payables – USD	(9,561)	(2,284)
Net exposure – USD	(8,089)	(1,593)
Cash at banks – EUR	108	3
Trade and other payables – EUR	(291)	(291)
Net exposure – EUR	(183)	(288)

The following significant exchange rates were applied during the year:

	2015	2014
	(Rupees)	
US Dollar		
Average rate	102.60	102.71
Reporting date rate	104.80	100.40
Euro		
Average rate	118.34	133.62
Reporting date rate	114.54	122.13

If the functional currency, at reporting date, had fluctuated by 5% against the USD and EUR with all other variables held constant, the impact on profit after taxation for the year would have been Rs 29.545 million (2014: Rs 9.781 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments are:

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Cash at Bank - saving accounts	42,465	117,415
Floating rate instruments		
Financial assets		
Short term loan to associated companies	2,700,000	3,000,000
Trade debt – secured	335,002	448,314
Financial liabilities		
Long term finance	19,980,243	23,710,339
Short term finance - secured	10,229,486	599,575

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit and loss account of the Company.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on long term loans at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 135.865 million (2014: Rs 154.117 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2015	2014
	(Rupees in thousand)	
Long term deposits	18,530	13,280
Short term loan to associated companies	2,700,000	3,000,000
Loans, advances, deposits and other receivables	1,712,640	1,023,846
Bank balances	293,004	946,992
	4,724,174	4,984,118

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2015	2014
	Short term	Long term	Rating Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	1,391	1,571
Askari Bank Limited	A-1+	AA	JCR-VIS	2,391	3,786
Bank Alfalah Limited	A1+	AA	PACRA	2,607	20,239
BankIslami Pakistan Limited	A1	A+	PACRA	15	961
Burj Bank Limited	A-2	A-	JCR-VIS	–	189
Bank AL Habib Limited	A1+	AA+	PACRA	668	1,874
Citibank N.A	A-1	A2	Moody's	252	93,715
Faysal Bank Limited	A1+	AA	PACRA	–	33
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,439	29,201
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	165,335	69,415
MCB Bank Limited	A1+	AAA	PACRA	10,912	4,176
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,435	1,279
National Bank of Pakistan	A1+	AAA	PACRA	3,350	503,398
NIB Bank Limited	A1+	AA-	PACRA	781	1,094
Soneri Bank Limited	A1+	AA-	PACRA	1,150	6,452
Summit Bank Limited	A-1	A	JCR-VIS	69,037	174,718
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	17,646	5,893
United Bank Limited	A-1+	AA+	JCR-VIS	11,379	28,884
The Bank of Punjab	A1+	AA-	PACRA	1,165	63
Sindh Bank Limited	A-1+	AA	JCR-VIS	51	50

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2015, the Company has Rs 2,295.729 million (2014: Rs 10,250 million) unutilized borrowing limits from financial institutions and Rs 295.203 million (2014: Rs 948.807 million) in cash and bank balances.

The following are the contractual maturities of financial liabilities as at December 31, 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	19,980,243	6,375,121	13,445,310	159,812
Short term finances - secured	10,229,486	10,229,486	–	–
Trade and other payables	8,148,163	8,148,163	–	–
Accrued finance cost	260,003	260,003	–	–
	38,617,895	25,012,773	13,445,310	159,812

The following are the contractual maturities of financial liabilities as at December 31, 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	23,710,339	6,375,121	17,335,218	–
Short term finances - secured	599,575	599,575	–	–
Trade and other payables	5,077,505	5,077,505	–	–
Accrued finance cost	258,931	258,931	–	–
	29,646,350	12,311,132	17,335,218	–

32.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2015	2014
	(Rupees in thousand)	
32.3 Financial instruments by categories		
Financial assets as per balance sheet		
Long term deposits	18,530	13,280
Short term loan to associated companies	2,700,000	3,000,000
Loans, advances, deposits and other receivables	1,712,640	1,023,846
Trade debts	335,002	448,314
Cash and bank balances	295,203	948,807
	5,061,375	5,434,247

Notes to and forming part of the Financial Statements

for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term finance	19,980,243	23,710,339
Short term finance - secured	10,229,486	599,575
Trade and other payables	8,148,163	5,048,742
Accrued finance cost	260,003	258,931
	38,617,895	29,617,587

32.4 Capital risk management

The Company's objectives when managing capital are to safeguard Company's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of debt to equity ratio.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, issue new ordinary / preference shares, or obtain / repay loans.

33 Remuneration of Directors and Key Management Personnel

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to full time working directors and executives of the Company are as follows:

	Chief Executive		Director		Executives	
	2015	2014	2015	2014	2015	2014
			(Rupees in thousand)			
Short term employee benefits						
Managerial remuneration	17,309	17,214	16,902	17,637	383,289	308,145
Housing	7,789	7,746	7,606	7,936	169,591	137,639
Utilities	–	–	–	–	37,710	30,584
Project allowance & site allowance	–	–	–	–	109,886	89,637
LFA & bonus	7,241	5,793	7,241	5,793	192,492	113,387
Others	3,151	3,228	789	1,426	22,702	21,217
	35,490	33,981	32,538	32,792	915,670	700,609
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	83,730	68,390
Accumulating compensated absences	–	–	–	–	30,101	28,791
	35,490	33,981	32,538	32,792	1,029,501	797,790
Number of persons	1	1	1	1	303	251

	Note	2015	2014
		(Rupees in thousand)	
34 Cash generated from operations			
Profit before tax		11,548,278	14,149,034
Adjustments for :			
Depreciation on property, plant and equipment		1,644,612	1,576,510
Amortization of intangible assets		18,382	14,853
Finance cost		2,379,218	3,766,899
Provision for staff retirement benefits		93,153	85,218
Profit on short term loan to associated companies		(315,708)	(368,384)
Profit on saving accounts		(32,855)	(12,214)
Gain on disposal of property plant and equipment		(72)	(94)
		3,786,730	5,062,788
Operating cash flows before working capital changes		15,335,008	19,211,822
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(673,836)	(240,115)
Stock in trade		(4,321,458)	20,870
Trade debts		113,312	(349,133)
Loans, advances, deposits, prepayments and other receivables		(1,704,190)	75,402
Increase in creditors, accrued and other liabilities		998,790	686,032
		(5,587,382)	193,056
		9,747,626	19,404,878

35 Provident fund

The following information is based on latest un audited financial statements of the Fund:

	Note	2015	2014
Size of the fund		392,638	311,919
Cost of investment made		368,033	278,234
Fair value of investment made	35.1	373,654	282,515
%age of investments made		94	89

35.1 The break up of fair value of investments is as follows:

	2015 Investments		2014 Investments	
	(Rupees in thousand)	%age	(Rupees in thousand)	%age
Mutual funds	82,052	22	44,281	16
Modarabas	21,773	6	20,000	7
Scheduled Banks	269,829	72	218,234	77
	373,654	100	282,515	100

Notes to and forming part of the Financial Statements
for the year ended December 31, 2015

35.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

35.3 An amount of Rs 84.716 million (2014: Rs 73.131 million) has been contributed during the year to the provident fund.

	2015	2014
	(Rupees in thousand)	
36 Number of employees		
Average number of employees during the year	1,730	1,773
Number of employees at end of the year	1,729	1,731

37 Non adjusting events after the balance sheet date

The Board of Directors in its Meeting held on March 16, 2016 proposed a final dividend of Rs Nil per share (2014: Rs 2.75 per share) for the year ended December 31, 2015, amounting to Rs Nil (2014: Rs 5,775 million) for approval of the members at the Annual General Meeting to be held on April 27, 2016.

38 Date of Authorization of Issue

These financial statements have been authorized for issue on March 16, 2016 by the Board of Directors of the Company.

39 General

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

39.2 Corresponding figures have been re arranged, wherever necessary, for the purpose of comparison. However, no significant re arrangement have been made during the year.

Chief Executive **Director**

Consolidated Financial Statements

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Fatima Fertilizer Company Limited (the Holding Company) and its subsidiary companies, Fatimafert Limited (formerly DH Fertilizers Limited) and Bubber Sher (Private) Limited as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Fatima Fertilizer Company Limited. The financial statements of the subsidiary companies, Fatimafert Limited (formerly DH Fertilizers Limited) and Bubber Sher (Private) Limited have been audited by another firm of chartered accountants whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the Auditing Standards as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Fatima Fertilizer Company Limited and its subsidiary companies Fatimafert Limited (formerly DH Fertilizers Limited) and Bubber Sher (Private) Limited as at December 31, 2015 and the results of their operations for the year then ended.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan
Dated: March 16, 2016
Lahore

Consolidated Balance Sheet
as at December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
2,500,000,000 (2014: 2,500,000,000) shares of Rs 10 each		25,000,000	25,000,000
Issued, subscribed and paid up capital			
2,100,000,000 (2014: 2,100,000,000) Ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Share premium		1,790,000	1,790,000
Post retirement benefit obligation reserve		(14,784)	(23,311)
Unappropriated profit		31,062,714	13,990,335
		53,837,930	36,757,024
NON CURRENT LIABILITIES			
Long term finances	6	17,634,124	17,335,003
Deferred liabilities	7	15,672,929	14,421,189
Long term deposits		42,312	33,003
		33,349,365	31,789,195
CURRENT LIABILITIES			
Trade and other payables	8	10,103,383	7,340,902
Accrued finance cost	9	389,807	258,931
Short term finances - secured	10	10,517,595	599,575
Current maturity of long term finance	6	6,812,119	6,375,336
		27,822,904	14,574,744
CONTINGENCIES & COMMITMENTS	11		
		115,010,199	83,120,963

The annexed explanatory notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	12	87,510,376	68,823,170
Intangible assets	13	5,928,128	30,083
		93,438,504	68,853,253
Long term investment	14	85,806	85,806
Long term deposits		19,146	13,280
		93,543,456	68,952,339
CURRENT ASSETS			
Stores and spares	15	5,441,907	4,090,265
Stock in trade	16	7,077,536	2,681,206
Trade debts	17	525,663	448,314
Short term loan to associated companies	18	2,700,000	3,000,000
Loans, advances, deposits, prepayments and other receivables	19	4,959,017	3,000,032
Cash and bank balances	20	762,620	948,807
		21,466,743	14,168,624
		115,010,199	83,120,963

Director

Consolidated Profit and Loss Account

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales	21	31,825,522	36,169,191
Cost of sales	22	(14,304,791)	(14,708,355)
Gross profit		17,520,731	21,460,836
Distribution cost	23	(1,310,369)	(1,448,837)
Administrative expenses	24	(1,688,789)	(1,345,890)
		14,521,573	18,666,109
Finance cost	25	(2,625,167)	(3,766,899)
Other operating expenses	26	(860,703)	(1,374,485)
		11,035,703	13,524,725
Other income	27	14,131,202	624,309
Profit before tax		25,166,905	14,149,034
Taxation	28	(2,319,526)	(4,891,238)
Profit for the year		22,847,379	9,257,796
Earnings per share - basic and diluted (Rupees)	30	10.88	4.41

The annexed explanatory notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
Profit for the year	22,847,379	9,257,796
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Re measurement of post retirement benefits obligation	11,882	(14,970)
Deferred tax impact	(3,355)	5,240
	8,527	(9,730)
Total comprehensive income for the year	22,855,906	9,248,066

The annexed explanatory notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity

for the year ended December 31, 2015

	Ordinary share capital	Share premium	Post retirement benefit obligation reserve	Unappropriated profit	Total
			(Rupees in thousand)		
Balance as at December 31, 2013	21,000,000	1,790,000	(13,581)	9,982,539	32,758,958
Profit for the year	–	–	–	9,257,796	9,257,796
Other comprehensive income	–	–	(9,730)	–	(9,730)
Total comprehensive income	–	–	(9,730)	9,257,796	9,248,066
Transactions with owners:					
- Final dividend for the year ended December 31, 2013 @ Rs 2.5 per share	–	–	–	(5,250,000)	(5,250,000)
Balance as at December 31, 2014	21,000,000	1,790,000	(23,311)	13,990,335	36,757,024
Profit for the year	–	–	–	22,847,379	22,847,379
Other comprehensive income	–	–	8,527	–	8,527
Total comprehensive income	–	–	8,527	22,847,379	22,855,906
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 December 31, 2015	21,000,000	1,790,000	(14,784)	31,062,714	53,837,930

The annexed explanatory notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Consolidated Cash Flow Statement

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	34	10,735,143	19,404,878
Net Increase in long term deposits		9,309	33,003
Finance cost paid		(2,624,294)	(3,891,400)
Taxes paid		(1,190,942)	(528,215)
Employee retirement benefits paid		(27,497)	(17,926)
Net cash from operating activities		6,901,719	15,000,340
Cash flows from investing activities			
Additions in property, plant and equipment		(5,505,858)	(2,811,918)
Additions in intangible assets		(14,669)	(2,210)
Long term investments		(2,017,701)	(616)
Short term loan to associated companies - net		300,000	–
Proceeds from disposal of property plant and equipment		5,011	349
Net increase in long term deposits		(5,866)	(3,032)
Profit received on short term loan and saving accounts		409,102	351,555
Net cash used in investing activities		(6,829,981)	(2,465,872)
Cash flows from financing activities			
Repayment of long term finance		(6,516,622)	(5,875,189)
Proceeds from long term finance		2,645,026	1,000,000
Dividend paid		(5,770,092)	(5,245,825)
Increase / (Decrease) in short term finance - net		9,383,763	(1,702,941)
Net cash used in financing activities		(257,925)	(11,823,955)
Net (decrease) / increase in cash and cash equivalents		(186,187)	710,513
Cash and cash equivalents at the beginning of the year		948,807	238,294
Cash and cash equivalents at the end of the year		762,620	948,807

The annexed explanatory notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive

Director

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

1. Legal status and nature of business

Fatima Fertilizer Company Limited (FFCL/the Holding Company) and its wholly owned subsidiaries - Fatimafert Limited (FF) (formerly 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

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of Companies Ordinance, 1984 shall prevail.

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements, except IFRS-10 Consolidated Financial Statements and IFRS- 13 Fair value measurement, which may effect certain disclosures.

– IFRS 10 Consolidated Financial Statements	**Effective from accounting period beginning on or after January 01, 2015**
– IFRS 11 Joint Arrangements	**Effective from accounting period beginning on or after January 01, 2015**
– IFRS 12 Disclosure of Interests in Other Entities	**Effective from accounting period beginning on or after January 01, 2015**
IFRS 13 Fair Value Measurement	**Effective from accounting period beginning on or after January 01, 2015**
– Amendments to IAS 19 Employee Benefits: Employee contributions	**Effective from accounting period beginning on or after January 01, 2015**
– IAS 27 (Revised 2011) Separate Financial Statements	**Effective from accounting period beginning on or after January 01, 2015**
– IAS 28 (Revised 2011) Investments in Associates and Joint Ventures	**Effective from accounting period beginning on or after January 01, 2015**

Certain annual improvements have also been made to a number of IFRS.

2.3 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

– Amendments to IFRS 11 Accounting for acquisitions of interests in joint operations	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IAS 1 Disclosure initiative	**Effective from accounting period beginning on or after July 01, 2016**
– Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IAS 27 Equity method in separate financial statements	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	**Effective from accounting period beginning on or after January 01, 2016**
– Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	**Effective from accounting period beginning on or after January 01, 2016**

Certain annual improvements have also been made to a number of IFRSs.

2.4 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

3 Basis of measurement

3.1 Accounting Convention

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 Critical accounting estimates and judgments

The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates.

The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

a) Employee retirement benefits

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2 (a).

b) Useful life and residual values of property, plant and equipment and intangible assets

The Group reviews the useful lives of property, plant and equipment and intangible assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

c) Provision for taxation

In making the estimates for income taxes payable by the Group, the management considers the applicable laws and the decisions of the appellate tax authorities on certain issues in the past.

4 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's view differs from the income tax department at the assessment stage and where the Group consider that their view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.2 Employee retirement benefits

The main features of the schemes operated by the Group for its employees are as follows:

a) Defined benefit plan - Gratuity

The Group operates a funded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2015. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognized in 'other comprehensive income' as they occur.

b) Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to consolidated profit and loss account.

c) Defined contribution plan - Provident Fund

The Group operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Group and the employees at the rate of 8.33% of the basic salary.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

4.3 Basis of consolidation

These consolidated financial statements include the financial statements of FFCL and its subsidiary companies, FF, 100% owned and BSPL, 100% owned.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These consolidated financial statements include FFCL and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

4.3.1 Business Combination

During the year FFCL has acquired 100% equity shares of FF and BSPL. The control was transfered as on July 1st, 2015 against cash consideration.

Intra Group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognizes any non controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition related cost are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially recognized as the excess of the aggregate of the consideration transferred and the fair value of the non controlling interest of the acquired entity's net assets over the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of net assets acquired, the difference is recorded immediately in the consolidated profit and loss account as a bargain purchase option.

4.4 Property, plant and equipment

Property, plant and equipment (PPE) except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to own manufactured assets includes direct cost of materials, labor and applicable manufacturing overheads. It also includes the PPE of the FF and BSPL at fair value less depreciation. Cost also includes capitalized borrowing costs as referred to in note 4.23.

Depreciation on property, plant and equipment is charged to consolidated profit and loss account on the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 12.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or made available for use, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted prospectively, if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.5 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognized impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.6 Intangibles

Computer software

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software is amortized using the straight line method over a period of four years.

Amortization on additions to computer software is charged from the month in which the asset is available for use while no amortization is charged for the month in which asset is disposed off.

4.7 Leases

The Group is the lessee.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit and loss account on a straight line basis over the lease term.

4.8 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non current. Management determines the appropriate classification of its investments at the time of the purchase and re evaluates such designation on a regular basis.

The investments made by the Group are classified for the purpose of measurement into the following categories:

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.

Held to maturity
Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale
Investments classified as available for sale are initially measured at cost, being the fair value of consideration given.

At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

All purchases and sales of investments are recognized on the trade date which is the date that the Group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

Acquisition under common control

Acquisition under common control of the shareholders are initially recognized using a fair value accounting basis applying the requirements of IFRS 3 “Business Combinations”. All the acquisitions under common control are accounted for from the year in which the acquisition takes place without restating the FFCL (acquirer) comparative financial statements.

4.9 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and de recognized when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the consolidated profit and loss account.

Financial instruments carried on the consolidated balance sheet include long term loans and deposits, loans, deposits and other receivables, cash and bank balances, borrowings, creditors, accrued and other liabilities. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Stores and spares

Stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.12 Stock in trade

All stocks are valued at the lower of cost and net realizable value. Cost in relation to raw and packing materials, except for those in transit, signifies moving average cost and that relating to mid products and finished goods, monthly average cost comprising cost of direct materials, labor and appropriate manufacturing overheads based on normal operating capacity.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision is made in the consolidated financial statements for obsolete and slow moving stock in trade based on management estimate

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4.13 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the consolidated profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated profit and loss account.

4.14 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.15 Borrowings

Borrowings are initially recorded at the proceeds received. They are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition or production of qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the asset.

4.16 Related party transactions

Sales, purchases and other transactions with related parties are carried out on agreed terms and conditions.

4.17 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Group.

4.18 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

4.19 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated profit and loss account.

Amounts accumulated in equity are recognized in consolidated profit and loss account in the periods when the hedged item will effect profit or loss.

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

4.20 Impairment

Financial assets

At each balance sheet date, the Group reviews the carrying amounts of the financial assets to assess whether there is any indication that such financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the consolidated profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in consolidated profit and loss account, is removed from equity and recognized in the consolidated profit and loss account. Impairment losses recognized in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

Non financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.21 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Subsidy income on NP fertilizer is recognized on dispatch to customers.

Revenue from sale of fertilizer products and chemicals is recognized on dispatch to customers.

Revenue from sale of Certified Emission Reductions (CERs) is recognized on the generation of the Emission Reductions when a firm commitment for sale of CERs exists with a buyer.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Interest income is recognized on accrual basis.

Dividend income is recognized in profit or loss on the date that the Group companies right to receive payment is established, which in the case of quoted securities is the ex dividend date.

4.22 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.
Foreign exchange gain and losses on retranslation are recognized in the consolidated profit and loss account.

All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.23 Borrowing costs

Mark up, interest and other charges on borrowing are capitalized up to the date of commissioning of the related property, plant and equipment, acquired out of the proceeds of such borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on such assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated profit and loss account in the period in which they are incurred.

4.24 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting for the effects of all dilutive potential ordinary shares.

5 Issued, subscribed and paid up share capital

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

	2015	2014
	(Number of shares)	
5.1 Ordinary shares of the Holding Company held by associates at the year end are as follows:		
Arif Habib Corporation Limited	319,000,206	340,000,206
Fatima Holding Limited	268,572,091	268,572,091
Reliance Commodities (Private) Limited	208,863,694	208,863,694
Fazal Cloth Mills Limited	69,514,031	69,514,031
Reliance Weaving Mills Limited	2,625,166	2,625,166
	868,575,188	889,575,188

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

	Note	2015 (Rupees in thousand)	2014 (Rupees in thousand)
6 Long term finances			
These are composed of:			
Secured loans from Banking companies / Financial institutions:			
Fatima Fertilizer Company Limited			
Long Term Syndicated Loan (Senior Facility)	6.1	12,255,491	15,640,749
Syndicated Term Finance Agreement - I (STFA - I)	6.2	800,000	2,400,000
Syndicated Term Finance Agreement - II (STFA - II)	6.3	2,779,727	4,169,590
Syndicated Term Finance Agreement - III (STFA - III)	6.4	2,467,000	1,500,000
Export Credit Agency Finance	6.5	1,678,025	–
		19,980,243	23,710,339
Fatimafert Limited (formerly DH Fertilizers Limited)			
Musharaka arrangement	6.6	4,466,000	–
		24,446,243	23,710,339
Less: Current maturity of long term finance		6,812,119	6,375,336
		17,634,124	17,335,003

6.1 Long Term Syndicated Loan (Senior Facility)

This facility has been obtained from a consortium of commercial banks / financial institutions led by National Bank of Pakistan against a sanctioned limit of Rs 23,000 million to finance the project cost.

It carries mark up at the rate of 6 months KIBOR plus 2.00% per annum. The effective rate of mark up charged during the year ranged from 8.52% to 11.67% (2014: 11.67% to 11.97%) per annum.

In the event, FFCL fails to pay the balances on due dates, mark up is to be computed at the rate of Rs 0.233 (2014: Rs 0.320) per Rs 1,000 per diem or part thereof on the balances unpaid.

The facility is secured by a first ranking exclusive hypothecation / equitable mortgage charge over all present and future fixed assets of FFCL amounting to Rs 36,000 million, personal guarantees of the directors and pledge of shares of FFCL owned by the sponsors.

The loan is repayable over a period of 7 years in 14 semi annual installments. Last repayment is due on November 27, 2018. During the year, FFCL has paid two installments aggregating to Rs 3,385 million (2014: Rs 2,885 million).

6.2 Syndicated Term Finance Agreement - I (STFA - I)

This facility has been obtained from a consortium of commercial banks / financial institutions led by National Bank of Pakistan against a sanctioned limit of Rs 6,000 million for the purpose of refinancing a portion of its existing long term finance.

The facility carries markup at the rate of 6 months KIBOR plus 1.5% per annum payable semi annually in arrears. The effective rate of markup charged during the year ranged from 8.03% to 11.17% (2014: 11.17% to 11.71%) per annum.

The facility is secured by first pari passu charge over all present and future fixed assets of FFCL amounting to Rs 8,000 million.

The loan is payable over a period of four years in eight half yearly installments. Last repayment is due on May 24, 2016. During the year, FFCL has paid two installments aggregating to Rs 1,600 million (2014: Rs 1,600 million).

6.3 Syndicated Term Finance Agreement - II (STFA - II)

This facility has been obtained from a consortium of commercial banks / Islamic bank / financial institutions led by Allied Bank Limited against a sanctioned limit of Rs 6,000 million for the purpose of repayment of unsecured loans from Pakarab Fertilizers Limited, an associate.

The facility carries markup at the rate of 6 months KIBOR plus 1% per annum. The effective rate of markup charged during the year ranged from 7.41% to 10.66% (2014: 10.66% to 11.17%) per annum.

The facility is secured by first pari passu charge over all present and future fixed assets of FFCL amounting to Rs 7,867 million.

The loan is repayable in five years. With one year grace period in eight half yearly installments. Last repayment is due on December 28, 2017. During the year FFCL has paid two installments aggregating to Rs 1,390 million (2014: Rs 1,390 million).

6.4 Syndicated Term Finance Agreement - III (STFA - III)

This facility has been arranged from a consortium of commercial banks / financial institutions led by Allied Bank Limited with a facility amount upto Rs 3,000 million, inclusive of green shoes option of Rs 1,000 million, for the purpose of financing ongoing funding requirements.

During the year, FFCL has received further disbursement of Rs 967 million against this facility.

The facility carries markup rate of 6 months KIBOR plus 1% per annum. The effective rate of markup charged during the year ranged from 7.53% to 10.64% (2014: 10.64% to 11.18%) per annum.

The facility is secured by first pari passu charge over all present and future fixed assets of FFCL amounting to Rs 4,000 million.

The loan is repayable in five years with one year grace period in eight half yearly installments. The last repayment is due on October 26, 2020.

6.5 Export Credit Agency Finance

During the year, FFCL has availed financing of USD 16.012 million out of total approved ECA Financing Facility of USD 22 million from Standard Chartered Bank (UK) for the purpose of Debottlenecking (DBN) project for Ammonia plant.

The facility carries markup rate of three months LIBOR plus 4.25 % per annum. The effective rate of markup charged during the year ranged from 4.53% (2014: Nil) per annum .

The facility is secured by first pari passu charge over all present and future fixed assets of FFCL amounting to Rs 2,992 million.

This loan is repayable in twenty one equal quarterly installments with grace period of one year, starting from June 15, 2016 .

6.6 Musharaka arrangement

During the year, Fatimafert Limited (formally DH Fertilizers Limited) entered into a Musharaka agreement for long term finance facility of Rs 4,466 million based on Islamic Mode of Diminishing Musharaka (Shirkat ul Milk) with Meezan Bank Limited acting as Investment Agent against the Musharak Assets.

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

Musharaka arrangement existing before acquisition by the Holding Company was repaid during the year. The facility is for a period of 5 years, inclusive of a grace period of 2 years, while the first Musharaka buyout will become due at the end of the 30th month from the date of first drawdown i.e. March 29, 2018.

The facility carries profit rate of 6 months KIBOR plus 1.5% per annum payable semi annually in arrears. The effective rate of markup charged during the year ranged from 8.11% to 10.74% (2014: 11.25% to 11.27%) per annum.

The finance facility is secured by all present and future movable fixed assets (excluding land and buildings) and a corporate guarantee from the Holding Company.

6.7 The aggregate unavailed long term financing facilities amount to Rs 1,160.575 million (2014: Rs 1,500 million).

	Note	2015	2014
		(Rupees in thousand)	
7 Deferred liabilities			
Deferred taxation	7.1	15,262,064	14,155,843
Employee retirement benefits	7.2	410,865	265,346
		15,672,929	14,421,189
7.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		15,328,178	15,341,978
Deductible temporary difference:			
Carry forward tax depreciation losses		–	(1,145,633)
Provision for retirement benefits and others		(51,283)	(27,949)
Re measurement of defined benefit obligation		(14,831)	(12,553)
		(66,114)	(1,186,135)
		15,262,064	14,155,843
7.2 Employee retirement benefits			
Gratuity	7.2.1	252,017	185,493
Accumulating compensated absences	7.2.2	158,848	79,853
		410,865	265,346
7.2.1 Gratuity			
a) Amount recognized in the balance sheet			
Present value of defined benefit obligations		434,401	185,493
Fair value of plan assets		(182,384)	–
Net liability at the end of the year		252,017	185,493

		2015	2014
		(Rupees in thousand)	
b)	**Movement in liability**		
	Net liability at the beginning of the year	209,654	133,575
	Charge for the year	80,108	50,358
	Benefits paid during the year	(13,205)	(13,410)
	Contributions made during the year to the fund	(12,657)	–
	Re measurement changes chargeable to other comprehensive income	(11,883)	14,970
	Net liability at the end of the year	252,017	185,493
c)	**Charge for the year**		
	Current service cost	53,052	34,507
	Gains and losses arising on plan settlements	6,375	–
	Interest cost	20,681	15,851
		80,108	50,358
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	60,518	36,512
	Administrative expenses	18,892	13,584
	Distribution cost	698	262
		80,108	50,358
e)	**Total remeasurement chargeable to other comprehensive income**		
	Remeasurement of plan obligation:		
	Experience adjustments	(11,883)	14,970
		(11,883)	14,970
f)	**Movement in the present value of defined benefit obligations**		
	Defined benefit obligations at beginning of the year	373,818	133,575
	Current service cost	53,052	34,507
	Interest cost	37,932	15,851
	Gains and losses arising on plan settlements	6,375	–
	Benefits due but not paid	(1,668)	–
	Benefit paid during the year	(25,606)	(13,410)
	Remeasurement of plan obligation	(9,502)	14,970
	Defined benefit obligations at end of the year	434,401	185,493
g)	**Movement in the fair value of plan assets**		
	Fair value at beginning of the year	(164,164)	–
	Remeasurements on plan assets	(2,381)	–
	Contributions made	(9,188)	–
	Interest income on planned assets	(17,251)	–
	Benefits due but not paid	1,668	–
	Benefits paid	8,932	–
	Fair value at end of the year	(182,384)	–

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

		2015	2014
h)	**The principal assumptions used in the actuarial valuation are as follows: -**		
	Discount rate for interest cost	10.5%	12.5%
	Discount rate for year end obligation	9.0%	10.5%
	Salary increase used for year end obligation		
	2015	N/A	–
	2016 and thereafter	9.0%	10.5%
	Expected average remaining life	7 years / 5 years	7 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
i)	**Sensitivity analysis**			
	Discount rate	1%	(406,552)	463,531
	Salary growth rate	1%	464,125	(405,517)

j) The expected contribution to defined benefit obligation for the year ending December 31, 2016 will be Rs 76.667 million.

		2015	2014
		(Rupees in thousand)	
7.2.2	**Accumulating compensated absences**		
a)	**Amount recognized in the balance sheet**		
	Present value of defined benefit obligations	158,848	79,853
	Net liability at the end of the year	158,848	79,853
b)	**Movement in liability**		
	Net liability at the beginning of the year	138,685	49,509
	Charge for the year	28,626	34,860
	Benefits paid during the year	(8,463)	(4,516)
	Net liability at the end of the year	158,848	79,853
c)	**Charge for the year**		
	Current service cost	9,344	23,149
	Interest cost	14,105	6,633
	Experience adjustment	5,177	5,078
		28,626	34,860
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	21,334	25,275
	Administrative expenses	7,173	9,404
	Distribution cost	119	181
		28,626	34,860

		2015	2014
		(Rupees in thousand)	
e)	**Movement in the present value of obligation**		
	Obligation at beginning of the year	138,685	49,509
	Current service cost	9,344	23,149
	Interest cost	14,105	6,633
	Benefit paid during the year	(8,463)	(4,516)
	Experience adjustment	5,177	5,078
	Defined benefit obligations at end of the year	158,848	79,853
f)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	10.5%	10.5%
	Discount rate for year end obligation	9.0%	10.5%
	Salary increase used for year end obligation		
	2015	N/A	10.5%
	2016 and thereafter	9.0%	10.5%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
g)	**Sensitivity analysis**			
	Discount rate	1%	(86,575)	74,097
	Salary growth rate	1%	86,724	(73,853)

		Note	2015	2014
			(Rupees in thousand)	
8	**Trade and other payables**			
	Creditors	8.1	4,658,918	1,146,063
	Advances from customers		535,697	2,292,160
	Accrued liabilities		1,281,752	711,497
	Withholding tax		70,206	36,058
	Sales tax payable		–	272,874
	Workers profit participation fund		2,358,026	1,954,365
	Workers welfare fund		1,103,249	849,708
	Retention money payable		30,531	18,258
	Provident fund payable		8,229	9,370
	Unclaimed dividend		19,634	14,726
	Others		37,141	35,823
			10,103,383	7,340,902

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

8.1 These includes amount due to related party amounting to Rs 46.190 million (2014: Rs. 34.042 million). This further includes Rs 1,480.896 million (2014: Rs 591.678 million) accrued by The Holding Company on account of Gas Infrastructure Development Cess (GIDC) on fuel stock and Rs 1,246.855 million (2014: Rs 658.202 million) by Fatimafert Limited on both feed and fuel stock. The Holding Company has not recorded any amount for GIDC on feed stock as it is entitled to receive feed stock at fixed price as committed by the Government of Pakistan in Fertilizer Policy 2001. During 2014, the Honorable Supreme Court through its judgment dated August 22, 2014 dismissed appeals of the Government of Pakistan (GoP) against which GoP had filed a review petition which was also dismissed. Subsequently, the Government of Pakistan imposed the levy of GIDC through the GIDC Ordinance, 2014, followed by the GIDC Act 2015, on fertilizer manufacturers with fixed price gas contracts. The 2015 Act also ratified the preceding GIDC Act 2011 and GIDC Ordinance 2014. After promulgation of GIDC Act 2015, both the Holding Company and FatimaFert Limited have obtained a stay orders from Sindh High Court restraining Mari Petroleum Company Limited and SNGPL from charging and / or recovering GIDC till the pendency of the matter.

		Note	2015	2014
			(Rupees in thousand)	
9	**Accrued finance cost**			
	On long term finances - secured		275,153	242,171
	On short term finances - secured		114,654	16,760
			389,807	258,931
10	**Short term finances**			
	Secured loans from Banking companies			
	Fatima Fertilizer Company Limited			
	Cash finance	10.1	6,954,700	–
	Running finance	10.2	2,184,846	–
	Finance against Imported Merchandise	10.3	1,089,940	599,575
			10,229,486	599,575
	Fatimafert Limited (formally DH Fertilizers Limited)			
	Running finance	10.4	288,109	–
			10,517,595	599,575

10.1 These facilities have been obtained from various banks for working capital requirements, and are secured by pledge of raw material and finished goods and by personal guarantees of sponsoring directors.

The facilities carry markup ranging from 6.81% to 8.84% (2014: 10.14% to 11.44%) per annum.

10.2 These facilities have been obtained from various banks for working capital requirements, and are secured by Pari Passu charge of Rs 5,335.34 million (2014: Rs Nil) on present and future current assets

The facilities carry markup ranging from 7.50% to 10.90% (2014: 10.57% to 11.69%) per annum.

10.3 These facilities have been obtained from various banks against imported merchandise. These facilities carry mark-up ranging from 2.15% to 7.60% (2014: 3.83% to 4.32% per annum).

10.4 The facility has been arranged to meet working capital requirements and is secured by way of a hypothecation charge on all current and future current assets of Fatimafert Limited.

The effective mark up rate charged during the year ranged from 7.11% to 10.90% (2014: 10.67% to 11.38%)

10.5 The aggregate unavailed short term borrowing facilities amount to Rs 1,434.950 million (2014: Rs 8,750 million).

11 Contingencies and commitments

11.1 Holding Company Contingencies

(i) The application under section 65 of the Sales Tax Act, 1990 to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs. 690 million inadvertently short levied/paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011 has been rejected. FFCL has filed an appeal in Lahore High court against the decision.

Based on the advise of FFCL's legal counsel and tax advisor, management considers that reasonable grounds exist that appeal will succeed. Consequently, no provision has been recognized in these consolidated financial statements for the abovementioned amount.

(ii) FFCL has filed an appeal with the Commissioner Inland Revenue Appeals (CIR(A)) against an order passed by Deputy Commissioner Inland Revenue (DCIR), Multan raising a demand amounting to Rs 759 million alongwith 100% penalty by treating the stocks of finished fertilizer products transferred to FFCL warehouses as sales without any cogent legal grounds.

Based on the advice of FFCL's legal counsel and tax advisor due to feeble basis of demand, the management is confident that the appeal will succeed. Consequently, no provision has been recognized for the above mentioned amount.

(iii) The Assistant Commissioner Inland Revenue has passed a judgment against FFCL alleging that FFCL has adjusted the excess input tax amounting to Rs 12.68 million in January 2012 sales tax return.

The Commissioner Inland Revenue Appeals (CIR(A)) has allowed input tax to the extent of Rs. 2.829 million. For the remaining FFCL has opted appeal before the Appellate Tribunal Inland Revenue (ATIR).

(iv) FFCL has preferred appeals in Appellate Tribunal Inland Revenue, Lahore, against the following orders passed by Deputy Commissioner Inland Revenue, Multan alleging that FFCL has short paid sales tax by suppression of production. Total demand raised is Rs 628 million. Earlier appeal filed with Commissioner Inland Revenue (Appeals), Multan did not succeed.

Based on the advise of FFCL's legal counsel and tax advisor, management considers that reasonable grounds exist that appeal will succeed. Consequently, no provision has been recognized in these consolidated financial statements for the abovementioned amount.

(v) On appeal by FFCL, the Custom Appellate Tribunal, Lahore, has remanded back the following three cases to Collector of Customs (Adjudication), Faisalabad for re hearing the case:

- Collector of Customs (Adjudication), Lahore, for irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. Demand raised Rs 495.900 million.
- Collector of Customs (Adjudication), Faisalabad, for irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.957 million.
- Collector of Customs (Adjudication), Faisalabad, for irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.604 million.

While decision on the appeal in the following case is pending with the Custom Appellate Tribunal, Lahore:

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

– Collector of Customs (Adjudication), Faisalabad, alleging that FFCL applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised is Rs 17.936 million.

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

(vi) Alternative Corporate Tax (ACT) at the rate of 17% of accounting profit before tax has been introduced by the Finance Act 2014, by inserting Section 113C in the Income Tax Ordinance, 2001 applicable from tax year 2014. FFCL has filed two Constitutional Petitions in the Honorable High Court of Sindh challenging the levy of ACT for Tax year 2014 and Tax year 2015, on grounds that it has deprived FFCL of certain rights already accrued to it. Stay in this regard has been granted to FFCL for both the tax years. FFCL's petition is pending for hearing in the High Court.

In view of above, FFCL has not recorded tax liability under ACT for the tax years 2014 and 2015.

11.2 Fatimafert Limited Contingencies

The Holding Company has issued a corporate guarantee to a syndicate of financial institutions through Meezan Bank Limited acting as an investment agent to guarantee up to a maximum of Rs 5,954 million relating to a Diminishing Musharaka Finance Facility of Rs 4,466 million availed by Fatimafert Limited.

11.3 Holding Company's Commitments in respect of

(i) Contracts for capital expenditure Rs 1,041.900 million (2014: Rs 2,738.060 million).

(ii) Contracts for other than capital expenditure Rs 220.344 million (2014: Rs 291.278 million).

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

	2015	2014
	(Rupees in thousand)	
Not later than one year	149,948	144,379
Later than one year but not later than five years	206,211	134,932
	356,159	279,311
11.4 Fatimafert Limited commitments in respect of		
Letters of credit for purchase of raw materials and spares	17,751	–
	17,751	–

	Note	2015	2014
		(Rupees in thousand)	
12 Property, plant and equipment			
Operating fixed assets - tangible	12.1	83,429,526	65,945,226
Capital work in progress	12.2	3,867,856	2,877,944
Capital stores		212,994	–
		87,510,376	68,823,170

12.1 Operating fixed assets - tangible

2015

	Cost			Accumulated Depreciation			Book value	Depreciation
	December 31, 2014	Additions/ (deletions)	December 31, 2015	December 31, 2014	charge/ (deletions)	December 31, 2015	December 31, 2015	rate
	(Rupees in thousand)							%
Freehold land	435,069	1,164,000	1,599,069	–	–	–	1,599,069	–
Building	3,412,980	948,865	4,361,845	423,388	152,779	576,167	3,785,678	4 - 5
Plant and machinery	66,342,550	16,863,892	83,206,442	4,493,542	1,465,957	5,959,499	77,246,943	4 - 7.5
Furniture and fixtures	67,981	11,576	79,557	24,370	7,570	31,940	47,617	10
Office equipment	27,314	14,790	42,104	8,273	4,281	12,554	29,550	10 - 12.5
Electrical installations and appliances	772,660	113,135	885,795	306,977	83,934	390,911	494,884	10
Computers	138,503	116,274	253,583	83,374	38,464	120,828	132,755	25 - 33.33
		(1,194)			(1,010)			
Vehicles	209,616	42,406	243,779	121,523	37,011	150,749	93,030	20
		(8,242)			(7,785)			
	71,406,673	19,274,938	90,672,174	5,461,447	1,789,996	7,242,648	83,429,526	
		(9,436)			(8,795)			

2014

	Cost			Accumulated Depreciation			Book value	Depreciation
	December 31, 2013	Additions/ (deletions)	December 31, 2014	December 31, 2013	charge/ (deletions)	December 31, 2014	December 31, 2014	rate
	(Rupees in thousand)							%
Freehold land	435,069	–	435,069	–	–	–	435,069	–
Building	3,080,412	332,568	3,412,980	291,573	131,815	423,388	2,989,592	4
Plant and machinery	65,014,697	1,327,853	66,342,550	3,179,401	1,314,141	4,493,542	61,849,008	4
Furniture and fixtures	53,491	14,490	67,981	18,221	6,149	24,370	43,611	10
Office equipment	20,871	6,468	27,314	5,886	2,393	8,273	19,041	10
		(25)			(6)			
Electrical installations and appliances	696,193	76,467	772,660	233,627	73,350	306,977	465,683	10
Computers	111,686	27,828	138,503	62,596	21,553	83,374	55,129	25
		(1,011)			(775)			
Vehicles	168,694	40,922	209,616	94,414	27,109	121,523	88,093	20
	69,581,113	1,826,596	71,406,673	3,885,718	1,576,510	5,461,447	65,945,226	
		(1,036)			(781)			

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
12.2 Capital work in progress		
Civil works	453,281	408,165
Plant and machinery	2,315,720	1,398,503
Advances		
- Freehold land	159,758	1,711
- Civil works	4,832	8,772
- Plant and machinery	634,265	760,793
- Other advances	300,000	300,000
	1,098,855	1,071,276
	3,867,856	2,877,944
12.2.1 Movement of capital work in progress		
Opening balance	2,877,944	1,892,621
Addition during the year	5,244,448	2,078,572
	8,122,392	3,971,193
Capitalization during the year	(4,254,536)	(1,093,249)
Closing balance	3,867,856	2,877,944
12.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales	1,669,711	1,487,938
Administrative expenses	116,915	85,672
Distribution Cost	3,370	2,900
	1,789,996	1,576,510

12.4 Disposal of operating fixed assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal
			(Rupees in thousand)			
Computers						
Items having book value below Rs 50,000	612	553	59	131	72	By Policy to existing employees
Items having book value exceeding Rs 50,000	148	37	111	122	11	
Vehicles						
Items having book value exceeding Rs 50,000	1,003	619	384	539	155	
Various						
Items having book value below Rs 50,000	7,673	7,586	87	4,220	4,133	Various
2015	9,436	8,795	641	5,012	4,371	
2014	1,036	781	255	349	94	

13 Intangible assets

2015

	Cost December 31, 2014	Cost Additions	Cost December 31, 2015	Accumulated amortization December 31, 2014	Accumulated amortization Charge	Accumulated amortization December 31, 2015	Book value December 31, 2015	Amortization rate
	(Rupees in thousand)							%
Bubber Sher Brand	–	5,900,000	5,900,000	–	–	–	5,900,000	–
Computer software	60,394	17,048	77,442	30,311	19,003	49,314	28,128	25
	60,394	5,917,048	5,977,442	30,311	19,003	49,314	5,928,128	

2014

	Cost December 31, 2013	Cost Additions	Cost December 31, 2014	Accumulated amortization December 31, 2013	Accumulated amortization Charge	Accumulated amortization December 31, 2014	Book value December 31, 2014	Amortization rate
	(Rupees in thousand)							%
Computer software	58,184	2,210	60,394	15,458	14,853	30,311	30,083	25
	58,184	2,210	60,394	15,458	14,853	30,311	30,083	25

13.1 The amortization charge for the year has been allocated to administrative expenses.

	Note	2015 (Rupees in thousand)	2014 (Rupees in thousand)
14 Long term investment in associated company			
Multan Real Estate Company (Pvt) Limited	14.1	85,806	85,806
		85,806	85,806

14.1 This investment is made in 858,056 fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Pvt) Limited (MREC). The investment represents 39.5% of the total issued, subscribed and paid up share capital of MREC.

The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labor and building material.

This Investment is measured at cost as the associated company has not yet started its commercial operations and the break up value for the purpose of equity method is not significantly different from cost.

	Note	2015 (Rupees in thousand)	2014 (Rupees in thousand)
15 Stores and spares			
Stores		467,589	219,231
Spares		4,147,967	2,979,853
Catalyst and chemicals		954,831	891,181
		5,570,387	4,090,265
Less: provision for obsolete items	15.1	(128,480)	–
		5,441,907	4,090,265

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
15.1 Movement of provision for obsolete items:		
Opening provision	118,338	–
Add: Provision charged	15,069	–
Less: Provision charged to capital spares	(4,927)	–
	10,142	–
Closing provision	128,480	–

16 Stock in trade

	2015	2014
Raw material {including in-transit Rs 1,670.775 million (2014: Rs 1,203.2 million)}	2,766,315	2,311,637
Packing material	25,061	464
Mid Products		
Ammonia	71,975	20,279
Nitric Acid	5,264	3,161
Others	287	345
	77,526	23,785
Finished goods		
Urea	838,761	15,509
NP	2,495,358	179,668
CAN	817,676	144,668
Emission reductions	56,839	5,475
	4,208,634	345,320
	7,077,536	2,681,206

17 Trade debts

These are in the normal course of business and are secured by way of bank guarantees.

	Note	2015	2014
		(Rupees in thousand)	
18 Short term loan to associated companies - considered good			
Pakarab Fertilizers Limited	18.1	2,200,000	3,000,000
Reliance Commodities (Pvt) Limited	18.2	500,000	–
		2,700,000	3,000,000

18.1 This represents loan given to the associated company repayable within 30 business days' notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 8.63% to 11.75% (2014: 11.75% to 12.29%). The loan is fully secured against ranking charge on all present and future fixed assets of the associated company.

18.2 This represents loan given to associated company repayable within 30 business days' notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 8.59% to 9.51%. The loan is fully secured against ranking charge on all present and future fixed assets of the associated company.

	Note	2015	2014
		(Rupees in thousand)	
19 Loans, advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees		35,972	22,950
- to suppliers		348,897	447,994
		384,869	470,944
Margin deposits held by banks		93,538	16,133
Prepayments		42,773	29,297
Other receivables			
- Advance income tax paid		1,972,220	1,782,542
- Sales tax refundable		1,132,726	–
- Subsidy receivable on NP fertilizer		368,226	–
- Advance sales tax on receipts		28,503	141,397
- Markup receivable	19.1	117,359	177,748
- Others	19.2	818,803	381,971
		4,437,837	2,483,658
		4,959,017	3,000,032

19.1 This includes amounts due from related parties amounting to Rs 116.630 million (2014: Rs 176.641 million).

19.2 This includes Rs 200 million (2014: Rs Nil) as advance payment to HBL for investment in 2,000 TFCs having face value of Rs 100,000 each for a period of 10 years. The TFC will yield markup at the rate of KIBOR plus 0.5% per annum. This further includes amounts due from related parties amounting to Rs 27.050 million (2014: Rs 56.100 million).

	Note	2015	2014
		(Rupees in thousand)	
20 Cash and bank balances			
At banks			
- saving accounts	20.1	502,035	117,415
- current accounts		258,030	829,577
Cash in hand		2,555	1,815
		762,620	948,807

20.1 The balances in saving accounts carry markup ranging from 4% to 9% (2014: 6% to 9%) per annum.

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

		Note	2015	2014
			(Rupees in thousand)	
21	**Sales**			
	Fertilizer Products - own manufactured		31,592,471	35,947,082
	Subsidy from Government of Pakistan on NP fertilizer	21.2	368,226	–
	Mid products		352,224	277,339
	Certified Emission Reductions		14,406	–
			32,327,327	36,224,421
	Discounts		(501,805)	(55,230)
			31,825,522	36,169,191

21.1 Sales are exclusive of sales tax of Rs 5,846.1370 million (2014: Rs 6,455.880 million).

21.2 This represents subsidy on sale of phosphatic fertilizers announced by Ministry of Food Security and Research, Government of Pakistan under "Support package for fertilizer sector" of Rs 20 billion, on October 15, 2015.

		Note	2015	2014
			(Rupees in thousand)	
22	**Cost of sales**			
	Raw material consumed		7,398,659	5,797,395
	Packing material consumed		749,563	818,949
	Salaries, wages and other benefits	22.1	1,930,016	1,493,377
	Fuel and power		3,820,520	2,999,294
	Chemicals and catalyst consumed		415,934	418,324
	Stores and spares consumed		1,207,892	1,003,593
	Technical assistance		111,504	60,706
	Repair and maintenance		263,643	241,069
	Insurance		311,834	334,687
	Travelling and conveyance		102,657	100,909
	Equipment rental		56,647	38,798
	Vehicle running and maintenance		33,152	33,910
	Depreciation	12.3	1,669,711	1,487,938
	Others		76,131	48,138
	Manufacturing cost		18,147,863	14,877,087
	Opening stock of mid products		97,768	26,228
	Closing stock of mid products		(77,526)	(23,785)
	Cost of goods manufactured		18,168,105	14,879,530
	Opening stock of finished goods		345,320	174,145
	Closing stock of finished goods		(4,208,634)	(345,320)
			14,304,791	14,708,355

22.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 118.012 million (2014: Rs 90.392 million).

	Note	2015	2014
		(Rupees in thousand)	
23 Distribution cost			
Salaries, wages and other benefits	23.1	250,212	281,689
Rent, rates and taxes		74,707	59,063
Advertisement and sales promotion		287,338	141,541
Transportation and freight		602,547	837,246
Vehicle running and maintenance		15,389	28,159
Travelling		20,518	19,848
Technical services to farmers		15,894	15,617
Others		43,764	65,674
		1,310,369	1,448,837

23.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 14.965 million (2014: Rs 16.937 million).

	Note	2015	2014
		(Rupees in thousand)	
24 Administrative expenses			
Salaries, wages and other benefits	24.1	636,715	532,198
Travelling and conveyance		154,266	114,360
Vehicles' running and maintenance		42,414	45,133
Insurance		5,818	5,446
Communication and postage		15,644	17,994
Printing and stationery		17,021	14,779
Repair and maintenance		91,681	68,034
Rent, rates and taxes	24.2	27,617	18,616
Fee and subscription		36,375	15,640
Entertainment		11,711	9,372
Legal and Professional	24.3	70,299	71,157
Utilities		148,927	119,112
Depreciation	12.3	116,915	85,672
Amortization	13.1	19,003	14,853
Charity and donation	24.4	225,717	154,081
Others		68,666	59,443
		1,688,789	1,345,890

24.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 36.508 million (2014: Rs 32.845 million).

24.2 Rent, rates and taxes include operating lease rentals.

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

	2015	2014
	(Rupees in thousand)	
24.3 This includes auditors' remuneration as follows:		
Annual audit fee	2,600	2,000
Half yearly review fee	550	450
Other certification	255	463
Out of pocket expenses	535	480
	3,940	3,393

24.4 This includes:

- Rs 120 million (2014: Rs 56.091 million) to Mian Mukhtar A. Sheikh Trust (the trust). Three directors of FFCL Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar are trustees in the trust; and

- Rs 9.6 million (2014: Rs 3.488 million) to Lahore University of Management Sciences (LUMS). The Chief Executive of FFCL, Mr. Fawad Ahmed Mukhtar is a member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS.

	Note	2015	2014
		(Rupees in thousand)	
25 Finance cost			
Markup on long term finances		2,217,536	3,071,254
Markup on short term finances		301,946	365,470
Interest on Worker Profit Participation Fund		–	50,229
Bank charges and others		105,685	279,946
		2,625,167	3,766,899
26 Other operating expenses			
Workers' Profit Participation Fund		620,205	776,176
Workers' Welfare Fund		235,678	598,309
Exchange loss - net		4,820	–
		860,703	1,374,485
27 Other income			
Income from financial assets			
Profit on short term loan to associated company		315,708	368,384
Profit on short term investments and saving accounts		33,005	12,214
Exchange gain - net		–	13,524
Income from non financial assets			
Bargain purchase gain	27.1	13,523,737	–
Income from services		225,216	226,224
Scrap sales		12,137	360
Gain on disposal of property, plant and equipment		4,371	94
Others		17,028	3,509
		14,131,202	624,309

27.1 Bargain purchase gain

This amount represents fair valuation gain recognized on acquisition of Fatimafert Limited.

Fair values of freehold land, buildings on freehold land and plant and machinery were determined through valuation conducted by independent valuer, on July 01, 2015 under current market price / appraisal methods wherever applicable for the respective assets. The fair values of all other assets and liabilities correspond to their book values at the time of acquisition. The detail of net assets of subsidiaries acquired, purchase price paid and bargain purchase gain recognized is as follows:

	Fatimafert limited	Bubber Sher (Pvt) Ltd
	(Rupees in thousand)	
Fair value of assets		
Property, plant and equipment	14,550,972	–
Intangible assets	2,379	5,900,000
Stores and spares	712,459	–
Stock in trade	75,900	–
Trade debts	177	–
Advance tax	404,724	–
Short term loans, advances, deposits and prepayments	23,432	–
Other receivables	5,929,787	–
Preliminary expenses	–	95
Cash and bank balance	2,933	10
	21,702,763	5,900,105
Less: fair value of liabilities		
Long term loans from banking companies	4,607,500	–
Deferred taxation	189,327	–
Deferred liabilities	84,043	–
Short term borrowings	534,257	–
Trade and other payables	732,882	5,900,095
Accrued mark up	10,383	–
	6,158,392	5,900,095
Total identifiable net assets	15,544,371	10
Total purchase consideration paid in cash	2,020,634	10
Bargain purchase gain	13,523,737	–

Acquisition related costs amounting to Rs 37.876 million have been charged to administrative expenses in the consolidated profit and loss account for the year ended December 31, 2015.

	Fatimafert limited	Bubber Sher (Pvt) Ltd
	(Rupees in thousand)	
27.2 Net cash outflow on acquisition of subsidiaries		
Consideration paid in cash	2,020,634	10
Less: cash and cash equivalent balance acquired	2,933	10
	2,017,701	–

Notes to and forming part of the Consolidated Financial Statements

for the year ended December 31, 2015

		2015	2014
		(Rupees in thousand)	
28 Taxation			
Current		1,405,988	–
Deferred:			
For the year		2,127,972	4,953,593
Prior	28.1	(1,214,434)	(62,355)
		913,538	4,891,238
		2,319,526	4,891,238

28.1 This represents decrease in tax liability due to reduction in Corporate Tax Rate from 35% to 32% announced by the Government of Pakistan through Finance Act 2015.

29 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:

		2015	2014
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
Associated companies	Short term loan provided	500,000	–
	Short term loan repayment received	800,000	–
	Toll manufacturing	770,845	1,127,978
	Miscellaneous expenses	93,942	230,875
	Sale of product	14,541	13,247
	Purchase of raw / packing material	775,384	1,081,576
	Sale of raw material	74,445	–
	Other income	315,708	368,384
	Stores and spares	–	44,947
Retirement benefit plans	Retirement benefit expense	155,619	101,900

30 Earnings per share - basic and diluted

	2015	2014
Profit attributable to ordinary shareholders	22,847,538	9,257,796
	(Number of shares)	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	10.88	4.41

		Note	2015	2014
			Metric ton	
31	**Capacity and Production**			
	Urea			
	Rated production capacity	31.1	722,750	500,000
	Actual production		479,520	372,712
	CAN			
	Rated production capacity		420,000	420,000
	Actual production		402,344	433,005
	NP			
	Rated production capacity		360,000	360,000
	Actual production		363,020	375,091

31.1 The production capacity and actual production of Urea represent full year numbers of Holding Company and post acquisition numbers for FatimaFert Limited (formerly DH Fertilizer Limited).

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group' overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors "(The Board)". The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Group are exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro (EUR). Currently, The Group's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2015	2014
	(FCY in thousand)	
Cash at banks – USD	1,481	691
Trade and other payables – USD	(9,908)	(2,284)
Net exposure – USD	(8,427)	(1,593)
Cash at banks – EUR	108	3
Trade and other payables – EUR	(291)	(291)
Net exposure – EUR	(183)	(288)

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

The following significant exchange rates were applied during the year:

	2015	2014
	(Rupees)	
US Dollar		
Average rate	102.60	102.71
Reporting date rate	104.80	100.40
Euro		
Average rate	118.34	133.62
Reporting date rate	114.54	122.13

If the functional currency, at reporting date, had fluctuated by 5% against the USD and EUR with all other variables held constant, the impact on profit after taxation for the year would have been Rs 29.641 million (2014: Rs 9.781 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since there are no investments in equity securities. The Group is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest bearing assets. The Group's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Group's interest bearing financial instruments was:

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Cash at Bank - saving accounts	502,035	117,415
Floating rate instruments		
Financial assets		
Short term loans to associated companies	2,700,000	3,000,000
Trade debt – secured	525,663	448,314
Financial liabilities		
Long term finance	24,446,243	23,710,339
Short term finance - secured	10,517,595	599,575

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect consolidated profit and loss account of the Group.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on long term loans at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 169.176 million (2014: Rs 154.117 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
	(Rupees in thousand)	
Long term deposits	19,146	13,280
Short term loans to associated companies	2,700,000	3,000,000
Loans, advances, deposits and other receivables	2,869,439	1,023,846
Bank balances	760,065	946,992
	6,348,650	4,984,118

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2015	2014
	Short term	Long term	Rating Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	1,567	1,571
Askari Bank Limited	A-1+	AA	JCR-VIS	2,391	3,786
Bank Alfalah Limited	A1+	AA	PACRA	2,607	20,239
BankIslami Pakistan Limited	A1	A+	PACRA	15	961
Burj Bank Limited	A-2	A-	JCR-VIS	–	189
Bank AL Habib Limited	A1+	AA+	PACRA	668	1,874
Citibank N.A	A-1	A2	Moody's	252	93,715
Faysal Bank Limited	A1+	AA	PACRA	–	33
Habib Bank Limited	A-1+	AAA	JCR-VIS	669,880	29,201
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	165,436	69,415
MCB Bank Limited	A1+	AAA	PACRA	10,977	4,176
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,713	1,279
National Bank of Pakistan	A1+	AAA	PACRA	3,350	503,398
NIB Bank Limited	A1+	AA-	PACRA	781	1,094
Silk Bank Limited	A-2	A-	JCR-VIS	–	–
Soneri Bank Limited	A1+	AA-	PACRA	1,150	6,452
Summit Bank Limited	A-1	A	JCR-VIS	69,037	174,718
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	17,646	5,893
United Bank Limited	A-1+	AA+	JCR-VIS	11,379	28,884
The Bank of Punjab	A1+	AA-	PACRA	1,165	63
Sindh Bank Limited	A-1+	AA	JCR-VIS	51	50

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2015 the Group has Rs 2,295.729 million (2014: Rs 10,250 million) unutilized borrowing limits from financial institutions and Rs 295.203 million (2014: Rs 948.807 million) cash and bank balances.

The following are the contractual maturities of financial liabilities as at December 31, 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	24,446,243	6,375,121	17,911,310	159,812
Short term finance secured	10,517,595	10,517,595	–	–
Trade and other payables	10,103,383	10,103,383	–	–
Accrued finance cost	389,807	389,807	–	–
	45,457,028	27,385,906	17,911,310	159,812

The following are the contractual maturities of financial liabilities as at December 31, 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	23,710,339	6,375,121	17,335,218	–
Short term finance secured	599,575	599,575	–	–
Trade and other payables	5,077,505	5,077,505	–	–
Accrued finance cost	258,931	258,931	–	–
	29,646,350	12,311,132	17,335,218	–

32.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2015	2014
	(Rupees in thousand)	
32.3 Financial instruments by categories		
Financial assets as per balance sheet		
Long term deposits	19,146	13,280
Short term loan to associated companies	2,700,000	3,000,000
Loans, advances, deposits and other receivables	2,190,929	1,023,846
Trade debts	525,663	448,314
Cash and bank balances	762,620	948,807
	6,198,358	5,434,247

	2015	2014
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term finances	24,446,243	23,710,339
Short term finances - secured	10,517,595	599,575
Trade and other payables	9,567,686	5,048,742
Accrued finance cost	389,807	258,931
	44,921,331	29,617,587

32.4 Capital risk management

The Group's objectives when managing capital are to safeguard Group's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of debt to equity ratio.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, issue new ordinary / preference shares, or obtain / repay loans.

33 Remuneration of Directors and Management Personnel

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to full time working Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
			(Rupees in thousand)			
Short term employee benefits						
Managerial remuneration	17,309	17,214	16,902	17,637	448,711	308,145
Housing	7,789	7,746	7,606	7,936	191,543	137,639
Utilities	–	–	–	–	40,166	30,584
Project allowance & site allowance	–	–	–	–	109,886	89,637
LFA & bonus	7,241	5,793	7,241	5,793	202,442	113,387
Others	3,151	3,228	789	1,426	37,432	21,217
	35,490	33,981	32,538	32,792	1,030,180	700,609
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	98,700	68,390
Accumulating compensated absences	–	–	–	–	29,263	28,791
	35,490	33,981	32,538	32,792	1,158,143	797,790
Number of persons	1	1	1	1	401	251

Notes to and forming part of the Consolidated Financial Statements
for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousand)	
34 Cash generated from operations			
Profit before tax		25,166,905	14,149,034
Adjustments for :			
Depreciation on property, plant and equipment		1,789,996	1,576,510
Amortization of intangible assets		19,003	14,853
Finance cost		2,625,167	3,766,899
Provision for staff retirement benefits		100,855	85,218
Profit on short term loan to associated company		(315,708)	(368,384)
Profit on saving accounts		(33,005)	(12,214)
Bargain purchase		(13,523,737)	–
Gain on disposal of property plant and equipment		(4,371)	(94)
		(9,341,800)	5,062,788
Operating cash flows before working capital changes		15,825,105	19,211,822
Effect on cash flow due to working capital changes:			
(Increase)/decrease in current assets:			
Stores and spares		(639,183)	(240,115)
Stock in trade		(4,320,430)	20,870
Trade debts		(77,172)	(349,133)
Loans, advances, deposits, prepayments and other receivables		(1,776,382)	75,402
Increase in creditors, accrued and other liabilities		1,723,205	686,032
		(5,089,962)	193,056
		10,735,143	19,404,878
35 Provident fund			
The following information is based on latest un audited financial statements of the Fund:			
Size of the fund		1,258,139	311,919
Cost of investment made		1,087,033	278,234
Fair value of investment made	35.1	1,229,109	282,515
%age of investments made		86	89

35.1 The break up of fair value of investments is as follows:

	2015 Investments		2014 Investments	
	(Rupees in thousand)	%age	(Rupees in thousand)	%age
Mutual funds	463,591	38	44,281	16
Modarabas	21,773	2	20,000	7
Scheduled Banks	298,612	24	218,234	77
Term deposit receipts	445,133	36	–	–
	1,229,109	100	282,515	100

35.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2015	2014
	(Rupees in thousand)	
36 Number of employees		
Average number of employees during the year	2,104	1,773
Number of employees at end of the year	2,084	1,731

37 Non adjusting events after the consolidated balance sheet date

The Board of Directors of the Holding Company in its Meeting held on March 16, 2016 proposed a final dividend of Rs Nil per share (2014: Rs. 2.75 per share) for the year ended December 31, 2015, amounting to Rs Nil (2014: Rs. 5,775 million) for approval of the members at the Annual General Meeting to be held on April 27, 2016.

38 Date of Authorization of Issue

These consolidated financial statements have been authorized for issue on March 16, 2016 by the Board of Directors of the Holding Company.

39 General

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

Chief Executive

Director

Statement under section 160(1) (b) of the Companies Ordinance, 1984

Item 4 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(I)/2012 dated January 16, 2012, it is informed that the following directors of the Company are also the directors in the investee company and the following relatives of the directors are also the shareholders of the investee company, however, the directors/relatives have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Arif Habib
2) Mr. Fawad Ahmed Mukhtar
3) Mr. Fazal Ahmed Sheikh
4) Mr. Faisal Ahmed Mukhtar
5) Mr. Muhammad Kashif Habib

Relatives

1) Mrs. Zetun Arif
2) Mrs. Ambreen Fawad
3) Ms. Meraj Fatima

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O.27(I)/2012 is provided below:

Sr. No.	Description	Information Required
(i)	Name of investee company or associated undertaking along with criteria based on which the associated relationship is established	Pakarab Fertilizers Limited due to common directorship by the following: 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib
(ii)	Amount of Loans or Advances	Up to PKR 3.00 Billion
(iii)	Purpose of Loans or Advances and benefits likely to accrue to the investing Company and its members from such loans or advances	To continue investment of Company's funds at attractive rate of mark-up.
(iv)	In case any Loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Loan of an aggregate amount of up to PKR 3.00 billion in the nature of renewable running finance facility was given pursuant to special resolution of the Company passed on April 30, 2015. It is being charged at the mark-up rate of 6M KIBOR + 2.12 but not less than the borrowing cost of Fatima and to be repaid within 30 days of the notice of demand. The Company is now seeking approval for renewal of this running finance facility for further period of one year.
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	As per the Financial Statements for the period endedSeptember 30, 2015 PKR in Billion Authorized Capital 10.0 Paid Up Capital 6.16 Surplus on revaluation of operating fixed assets 14.31 Non-Current Liabilities 13.50 Current Liabilities 28.82 Current Assets 19.54 Non-Current Assets 43.25 Revenue 9.45 Gross Profit 1.18 Finance Cost 1.21 Loss After Tax 0.30

Sr. No.	Description	Information Required
(vi)	Average borrowing cost of the investing company	9.15%
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	6M KIBOR+2.12 but not less than the borrowing cost of Fatima
(viii)	Sources of funds from where loans or advances will be given	Already given/Own sources of the Company
(ix)	Where loans or advances are being granted using borrowed funds: 1. Justification for granting loan or advance out of borrowed funds; 2. Detail of guarantees/ assets pledged for obtaining such funds, if any; 3. Repayment schedules of borrowing of the investing company	Not applicable
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Security for the loan was previously obtained in the form of a charge over fixed assets of the investee company. This charge shall be vacated on the repayment of the entirety of the loan
(xi)	If the loans or advances carry conversion feature	Not applicable
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for one year. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year. 2. Markup will be charged on the Loan at the rate of 6M KIBOR+2.12 but not less than the borrowing cost of Fatima. Markup is payable on quarterly basis. 3. On repayment of the Loan, the charge over the fixed assets of investee company is to be vacated.
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company and the following relatives of the directors are also the shareholders of the investee company, however, the directors/relatives have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: Directors 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib Relatives 1) Mrs. Zetun Arif 2) Mrs. Ambreen Fawad 3) Ms. Meraj Fatima
(xv)	Any other important details necessary for the members to understand the transaction	None

Statement under section 160(1) (b) of the Companies Ordinance, 1984

Sr. No.	Description	Information Required
(xvi)	In case of investment in a project of an associated company or associated undertaking that has not commenced operations: 1. Description of the project and its history since conceptualization; 2. Starting date and expected dated of completion; 3. Time by which such project shall become commercially operational; 4. Expected return on total capital employed in the project; 5. Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not applicable

Item 5 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(I)/2012 dated January 16, 2012, it is informed that the following directors of the Company are also the directors in the investee company and the following relatives of the directors are also the shareholders of the investee company, however, the directors/relatives have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Fawad Ahmed Mukhtar
2) Mr. Fazal Ahmed Sheikh
3) Mr. Faisal Ahmed Mukhtar

Relatives

1) Mrs. Farah Faisal
2) Mr. Muhammad Mukhtar Sheikh
3) Mr. Asad Muhammad Sheikh
4) Mr. Mohid Muhammad Ahmed

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O.27(I)/2012 is provided below:

Sr. No.	Description	Information Required
(i)	Name of investee company or associated undertaking along with criteria based on which the associated relationship is established	Reliance Commodities (Pvt) Limited (RCL) due to common directorship by the following: 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar
(ii)	Amount of Loans or Advances	PKR 500 Million
(iii)	Purpose of Loans or Advances and benefits likely to accrue to the investing Company and its members from such loans or advances	To continue investment of Company's funds at attractive rate of mark-up.
(iv)	In case any Loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Nil

Sr. No.	Description	Information Required
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	As per the audited Financial Statements for the year ended June 30, 2015 PKR in Million Authorized Capital 100 Paid up capital and reserves 9,662 Surplus on revaluation of property, plant and equipment 194 Non-Current Liabilities 1.040 Current Liabilities 1,400 Current Assets 10,750 Revenue 3,263 Gross Profit 435 Finance Cost 106 Profit After Tax 2,607
(vi)	Average borrowing cost of the investing company	9.15%
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	6M KIBOR+2.12 but not less than the borrowing cost of Fatima
(viii)	Sources of funds from where loans or advances will be given	Already given/Own sources of the Company
(ix)	Where loans or advances are being granted using borrowed funds: 1. Justification for granting loan or advance out of borrowed funds; 2. Detail of guarantees/ assets pledged for obtaining such funds, if any; 3. Repayment schedules of borrowing of the investing company	Not applicable
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Security for the loan was previously obtained in the form of a charge over present and future currents assets. This charge shall be vacated on the repayment of the entirety of the loan
(xi)	If the loans or advances carry conversion feature	None
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for further period of one year. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year. 2. Markup will be charged on the Loan at the rate of 6M KIBOR+2.12 but not less than the borrowing cost of Fatima. Markup is payable on quarterly basis. 3. On repayment of the Loan, the charge over the current assets of investee company is to be vacated

Statement under section 160(1) (b) of the Companies Ordinance, 1984

Sr. No.	Description	Information Required
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company and the following relatives of the directors are also the shareholders of the investee company, however, the directors/relatives have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar Relatives 1) Mrs. Farah Faisal 2) Mr. Muhammad Mukhtar Sheikh 3) Mr. Asad Muhammad Sheikh 4) Mr. Mohid Muhammad Ahmed
(xv)	Any other important details necessary for the members to understand the transaction	None
(xvi)	In case of investment in a project of an associated company or associated undertaking that has not commenced operations: 1. Description of the project and its history since conceptualization; 2. Starting date and expected dated of completion; 3. Time by which such project shall become commercially operational; 4. Expected return on total capital employed in the project; 5. Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not applicable

Pattern of Shareholding
as at December 31, 2015

Category - Wise

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouse and Minor Children	636,474,877	30.31
Associated Companies, Undertakings and Related Parties	868,575,188	41.36
Sponsors	249,831,928	11.90
Executive	1,194,058	0.06
Public Sector Companies and Corporations	9,761,542	0.46
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds	110,840,765	5.28
Mutual Funds	41,108,796	1.96
General Public		
a. Local	68,574,851	3.27
b. Foreign	1,416,006	0.07
Foreign Companies	42,949,832	2.05
Others	69,272,157	3.30
TOTAL	**2,100,000,000**	**100.00**

Disclosure Requirement under the Code of Corporate Governance

Detail of holding as on December 31, 2015		Shares Held	Percentage
1	**Associated Companies, Undertakings and Related Parties**		
	ARIF HABIB CORPORATION LIMITED	319,000,206	15.19
	FATIMA HOLDING LIMITED	268,572,091	12.79
	FAZAL CLOTH MILLS LIMITED	69,514,031	3.31
	RELIANCE COMMODITIES (PVT) LIMITED	208,863,694	9.95
	RELIANCE WEAVING MILLS LTD	2,625,166	0.13
2	**Directors, CEO and their Spouse and Minor Children**		
	MOHAMMAD ABAD KHAN	754,500	0.04
	AMBREEN FAWAD	15,473,526	0.74
	ARIF HABIB	159,275,960	7.58
	ASAD MUHAMMAD SHEIKH	24,364,808	1.16
	FAISAL AHMED MUKHTAR	132,353,979	6.30
	FARAH FAISAL	56,250	0.00
	FATIMA FAZAL	70,311	0.00
	FAWAD AHMED MUKHTAR	81,321,389	3.87
	FAZAL AHMED SHEIKH	101,437,205	4.83
	IBRAHIM MUKHTAR	5,942,301	0.28
	MERAJ FATIMA	14,240,853	0.68
	MOHAMMAD KASHIF	47,251,837	2.25
	MOHID MUHAMMAD AHMED	5,942,301	0.28
	MUHAMMAD MUKHTAR SHEIKH	24,364,809	1.16
	PETER VANG CHRISTENSEN	5,000	0.00
	ZETUN ARIF	23,619,848	1.12
3	**Sponsors**	249,831,928	11.90
4	**Executives**	1,194,058	0.06
5	**Public Sector Companies and Corporations**	9,761,542	0.46
6	**Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds**	110,840,765	5.28

Pattern of Shareholding
as at December 31, 2015

Detail of holding as on December 31, 2015		Shares Held	Percentage
7	**Mutual Funds**	41,108,796	1.96
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	2,499,000	0.12
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	240,500	0.01
	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	375,000	0.02
	CDC - TRUSTEE MEEZAN BALANCED FUND	684,000	0.03
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	290,000	0.01
	CDC - TRUSTEE AKD INDEX TRACKER FUND	111,734	0.01
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,236,000	0.06
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	8,374,000	0.40
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	2,224,500	0.11
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	5,273,500	0.25
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	548,500	0.03
	CDC - TRUSTEE HBL - STOCK FUND	2,644,000	0.13
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	2,500	0.00
	CDC - TRUSTEE APIF - EQUITY SUB FUND	50,000	0.00
	CDC - TRUSTEE HBL MULTI - ASSET FUND	302,000	0.01
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	779,000	0.04
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	1,423,500	0.07
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	825,500	0.04
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,217,500	0.06
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	101,000	0.00
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	532,500	0.03
	CDC - TRUSTEE PICIC STOCK FUND	20,000	0.00
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	148,000	0.01
	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	160,000	0.01
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	455,700	0.02
	CDC - TRUSTEE ATLAS INCOME FUND - MT	205,800	0.01
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	818,000	0.04
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	764,500	0.04
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	155,000	0.01
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	32,500	0.00
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1,100,000	0.05
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	175,000	0.01
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	197,000	0.01
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	827,000	0.04
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	850,000	0.04
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,322,562	0.11
	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	25,000	0.00
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	748,000	0.04
	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	289,000	0.01
	CDC - TRUSTEE PIML VALUE EQUITY FUND	95,000	0.00
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	969,000	0.05
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	500,000	0.02
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	300,000	0.01
	CDC - TRUSTEE APF-EQUITY SUB FUND	25,000	0.00
	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	12,500	0.00
	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	17,000	0.00
	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	163,000	0.01
8	**Shareholders holding 5 % or more voting interest**		
	ARIF HABIB CORPORATION LIMITED	319,000,206	15.19
	FATIMA HOLDING LIMITED	268,572,091	12.79
	RELIANCE COMMODITIES (PVT) LIMITED	208,863,694	9.95
	MUHAMMAD ARIF HABIB	159,275,960	7.58
	FAISAL AHMED MUKHTAR	132,353,979	6.30

Pattern of Shareholding
as at December 31, 2015

No. of Shareholders	Having Shares From		To	Shares Held
2346	1	to	100	88,937
4331	101	to	500	1,742,908
1308	501	to	1000	1,155,571
1778	1001	to	5000	4,824,281
554	5001	to	10000	4,440,756
224	10001	to	15000	2,822,765
121	15001	to	20000	2,225,453
93	20001	to	25000	2,166,898
52	25001	to	30000	1,461,417
37	30001	to	35000	1,205,484
28	35001	to	40000	1,057,935
24	40001	to	45000	1,034,816
58	45001	to	50000	2,869,464
11	50001	to	55000	580,630
22	55001	to	60000	1,291,652
11	60001	to	65000	686,159
15	65001	to	70000	1,021,785
12	70001	to	75000	879,404
4	75001	to	80000	318,750
7	80001	to	85000	581,065
5	85001	to	90000	441,449
4	90001	to	95000	372,863
37	95001	to	100000	3,698,000
8	100001	to	105000	823,400
10	105001	to	110000	1,074,834
4	110001	to	115000	449,021
1	115001	to	120000	116,000
2	120001	to	125000	247,500
4	125001	to	130000	515,937
3	130001	to	135000	399,000
4	135001	to	140000	549,000
1	140001	to	145000	142,500
9	145001	to	150000	1,344,400
4	150001	to	155000	610,500
7	155001	to	160000	1,113,685
2	160001	to	165000	328,000
3	165001	to	170000	501,000
5	170001	to	175000	868,333
2	175001	to	180000	355,100
1	180001	to	185000	183,365
5	185001	to	190000	942,066
1	190001	to	195000	190,500
16	195001	to	200000	3,184,395
1	200001	to	205000	204,250
2	205001	to	210000	414,300
3	210001	to	215000	638,919
2	215001	to	220000	436,000
1	220001	to	225000	225,000
1	225001	to	230000	229,000
2	230001	to	235000	464,000

Pattern of Shareholding
as at December 31, 2015

	Having Shares			
No. of Shareholders	From		To	Shares Held
2	235001	to	240000	475,752
2	240001	to	245000	481,284
3	245001	to	250000	750,000
3	265001	to	270000	807,000
1	275001	to	280000	276,500
2	280001	to	285000	561,600
2	285001	to	290000	579,000
3	295001	to	300000	900,000
2	300001	to	305000	607,000
1	305001	to	310000	309,500
1	315001	to	320000	320,000
2	320001	to	325000	650,000
2	335001	to	340000	675,375
1	340001	to	345000	341,000
2	360001	to	365000	729,000
2	370001	to	375000	750,000
1	375001	to	380000	379,000
1	380001	to	385000	382,500
1	395001	to	400000	400,000
1	400001	to	405000	401,000
1	415001	to	420000	418,490
2	445001	to	450000	895,263
1	455001	to	460000	455,700
1	460001	to	465000	462,000
1	470001	to	475000	475,000
1	490001	to	495000	494,000
3	495001	to	500000	1,500,000
1	505001	to	510000	505,241
1	525001	to	530000	527,862
1	530001	to	535000	532,500
2	545001	to	550000	1,095,590
1	570001	to	575000	574,542
1	575001	to	580000	578,500
2	585001	to	590000	1,176,361
2	645001	to	650000	1,300,000
2	655001	to	660000	1,318,000
1	670001	to	675000	675,000
1	680001	to	685000	684,000
1	685001	to	690000	686,280
1	705001	to	710000	710,000
1	720001	to	725000	725,000
2	745001	to	750000	1,497,500
1	750001	to	755000	753,687
1	755001	to	760000	758,797
1	760001	to	765000	764,500
1	775001	to	780000	779,000
2	780001	to	785000	1,567,950
1	790001	to	795000	791,000
1	805001	to	810000	805,083
2	815001	to	820000	1,635,000

No. of Shareholders	Having Shares From		To	Shares Held
2	825001	to	830000	1,652,500
1	845001	to	850000	850,000
1	855001	to	860000	860,000
1	865001	to	870000	868,000
1	880001	to	885000	885,000
1	885001	to	890000	889,396
2	910001	to	915000	1,825,000
1	950001	to	955000	954,042
1	960001	to	965000	964,500
1	965001	to	970000	969,000
1	1005001	to	1010000	1,005,446
1	1055001	to	1060000	1,056,000
1	1075001	to	1080000	1,080,000
2	1095001	to	1100000	2,195,270
1	1120001	to	1125000	1,124,500
1	1185001	to	1190000	1,187,289
1	1215001	to	1220000	1,217,500
1	1235001	to	1240000	1,236,000
1	1345001	to	1350000	1,349,050
1	1390001	to	1395000	1,390,436
1	1420001	to	1425000	1,423,500
1	1450001	to	1455000	1,455,000
1	1490001	to	1495000	1,490,500
1	1540001	to	1545000	1,541,878
1	1580001	to	1585000	1,583,500
1	1630001	to	1635000	1,634,000
1	1670001	to	1675000	1,671,500
1	1715001	to	1720000	1,718,500
1	1985001	to	1990000	1,987,000
1	1995001	to	2000000	2,000,000
1	2005001	to	2010000	2,007,500
2	2015001	to	2020000	4,030,430
1	2055001	to	2060000	2,060,000
1	2205001	to	2210000	2,209,500
1	2220001	to	2225000	2,224,500
1	2300001	to	2305000	2,300,001
1	2320001	to	2325000	2,322,562
1	2345001	to	2350000	2,346,000
1	2400001	to	2405000	2,403,669
1	2495001	to	2500000	2,499,000
1	2505001	to	2510000	2,508,000
1	2570001	to	2575000	2,574,685
1	2625001	to	2630000	2,625,166
1	2640001	to	2645000	2,644,000
1	2920001	to	2925000	2,925,000
1	2980001	to	2985000	2,981,177
1	3010001	to	3015000	3,012,500
1	3295001	to	3300000	3,297,796
1	3710001	to	3715000	3,713,000
1	3770001	to	3775000	3,773,500

Pattern of Shareholding
as at December 31, 2015

No. of Shareholders	Having Shares From		To	Shares Held
1	3920001	to	3925000	3,924,459
1	5110001	to	5115000	5,112,500
1	5115001	to	5120000	5,116,285
3	5155001	to	5160000	15,474,978
1	5270001	to	5275000	5,273,500
2	5355001	to	5360000	10,718,543
1	5370001	to	5375000	5,373,907
3	5375001	to	5380000	16,125,084
1	5580001	to	5585000	5,584,747
1	5655001	to	5660000	5,658,075
1	6195001	to	6200000	6,200,000
1	6240001	to	6245000	6,240,614
1	7035001	to	7040000	7,039,929
2	7735001	to	7740000	15,474,978
2	8035001	to	8040000	16,077,737
1	8370001	to	8375000	8,374,000
1	8440001	to	8445000	8,441,356
1	8865001	to	8870000	8,866,946
1	8875001	to	8880000	8,879,446
2	10015001	to	10020000	20,039,578
1	10165001	to	10170000	10,170,000
1	10345001	to	10350000	10,348,435
1	11745001	to	11750000	11,749,863
1	12490001	to	12495000	12,492,349
1	14560001	to	14565000	14,563,437
1	15350001	to	15355000	15,351,172
2	16625001	to	16630000	33,254,639
1	17910001	to	17915000	17,913,706
1	22395001	to	22400000	22,400,000
3	23615001	to	23620000	70,858,002
1	30855001	to	30860000	30,855,543
1	39510001	to	39515000	39,512,487
1	40155001	to	40160000	40,158,014
1	41160001	to	41165000	41,163,375
1	46610001	to	46615000	46,610,769
1	47235001	to	47240000	47,238,088
1	47250001	to	47255000	47,251,837
1	54160001	to	54165000	54,162,859
1	54775001	to	54780000	54,778,336
1	62695001	to	62700000	62,700,000
1	80730001	to	80735000	80,731,860
1	92800001	to	92805000	92,800,380
1	124495001	to	124500000	124,500,000
1	126540001	to	126545000	126,544,836
1	128130001	to	128135000	128,131,834
1	142025001	to	142030000	142,027,255
1	159275001	to	159280000	159,275,959
1	194500001	to	194505000	194,500,206
11374				2,100,000,000

Financial Calendar

The financial results will be announced as per the following tentative schedule:

Annual General Meeting	April 27, 2016
1st Quarter ending March 31, 2016	Third week of April, 2016
2nd Quarter ending June 30, 2016	Third week of August, 2016
3rd Quarter ending September 30, 2016	Third week of October, 2016
Year ending December 31, 2016	Fourth week of January, 2017

Consent Form for Transmission of Audited Financial Statements along with Notice of AGM through E-mail

Date:

In-charge, Share Registrar Department
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Mian Shahra-e-Faisal
Karachi.
Customer Support Services: 0800-CDCPL(23275)
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Subject: Consent for Transmission of Audited Financial Statements along with Notice of Annual General Meeting through E-mail

I hereby instruct the company M/s Fatima Fertilizer Company Limited to send me the Company's annual balance sheet and profit and loss account, auditors' and directors' reports thereon along with notice of Annual General Meeting (AGM) (Audited Annual Financial Statements) at my email address as per detail given below:

FOLIO / CDS ACCOUNT NO.: ______________________________

NAME OF SHAREHOLDER: ______________________________

VALID E-MAIL ADDRESS: ______________________________

CONTACT NO.: ______________________________

CNIC NUMBER: ______________________________

SIGNATURE OF SHAREHOLDER: ______________________________

Yours sincerely,

AFFIX
CORRECT
POSTAGE

In-charge, Share Registrar Department
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Mian Shahra-e-Faisal
Karachi.

Form of Proxy
13th Annual General Meeting

I/We ____

of ____

being a member(s) of Fatima Fertilizer Company Limited hold ______________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________

of ______________________ or falling him / her ______________________

of ______________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 13th Annual General Meeting of the Company to be held on Wednesday, April 27, 2016 and / or any adjournment thereof.

As witness my/our hand/seal this ______________________ day of April, 2016.

Signed by ____

in the presence of ____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the office of our Shares Registrar not later than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

پراکسی فارم

13 واں سالانہ عمومی اجلاس

میں / ہم ---

ساکن --بطور ممبر (ز) فاطمہ فرٹیلائزر کمپنی لمیٹڈ

حامل -----------------------------------عام حصص، محترم / محترمہ ---

ساکن ---یا ان کے حاضر نہ ہو سکنے کی صورت میں-----------------------------------

ساکن --کو اپنے/ہمارے ایماء پر کمپنی کے مورخہ 27 اپریل 2016 بروز بدھ کو ہونے والے یا کسی بھی التوا کی صورت میں تیرھویں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج -----------بتاریخ-----------اپریل 2016----------------------------کی موجودگی میں دستخط ہوئے۔

پانچ روپے کے ریسدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ **سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔**

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہو گی۔

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Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:

E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.
PABX +92 42 111 328 462
Fax +92 42 3662 1389