



GROWTH THROUGH
DIVERSIFICATION

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COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Director

Mr. Faisal Ahmed Mukhtar
Director

Mr. Muhammad Kashif Habib
Director

Ms. Malika Nait Oukhedou
Independent Director

Mr. Tariq Jamali
Independent Director

Chief Operating Officer

Mr. Asad Murad

Chief Financial Officer

Mr. Rizwan Qamar

General Counsel and Company Secretary

Mr. Omair Ahmad Mohsin
(communications@fatima-group.com)

Key Management

Mr. M. Abad Khan
Advisor to the CEO

Ms. Sadia Irfan
Director Human Resources

Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Ahsen-ud-Din
Director Technology Division

Mr. Ausaf Ali Qureshi
Advisor MFC Project

Mr. Hassan Altaf
Director Strategy

Mr. Atif Zaidi
Chief Information Officer

Mr. Salman Ahmad
Director Internal Audit

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Faisal Jamal
Corporate HSE & Technical Support Manager

Audit Committee Members

Mr. Tariq Jamali
Chairman

Mr. Faisal Ahmed Mukhtar
Member

Ms. Malika Nait Oukhedou
Member

Mr. Muhammad Kashif Habib
Member

HR and Remuneration Committee Members

Ms. Malika Nait Oukhedou
Chairperson

Mr. Fawad Ahmed Mukhtar
Member

Mr. Muhammad Kashif Habib
Member

Nomination and Risk Management Committee Members

Mr. Fazal Ahmed Sheikh
Chairman

Mr. Muhammad Kashif Habib
Member

Mr. Tariq Jamali
Member

Legal Advisors

M/s. Chima & Ibrahim Advocates
1-A/245, Tufail Road, Lahore Cantt

Auditors

M/s. Yousuf Adil
Chartered Accountants, Lahore
134-A, Abu Bakar Block, New Garden Town, Lahore
Tel: +92 42 3591 3595-7, +92 42 3544 0520
Fax: +92 42 3544 0521

Registrar and Share Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 3432 6053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Citibank N.A
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial bank of China (ICBC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office / Head Office

E-110, Khayaban-e-Jinnah,
Lahore Cantt, Pakistan
UAN: 111-FATIMA (111-328-462)
Fax: +92 42 3662 1389

Plant Sites

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

Khanewal Road, Multan, Pakistan
Tel: 061 – 90610000
Fax: 061 – 92290021

28-KM Sheikhpura Road, Chichoki Mallian,
Pakistan
Tel: 042 – 37319200 – 99
Fax: 042 – 33719295

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements of the Company for the first three months ended March 31, 2022, along with brief overview on operational and financial performance.

Operational and Financial Performance

The Company has delivered strong business performance and financial results driving up the value for shareholders along with a clear focus on key strategic priorities and profitable growth. All plant sites continued to operate smoothly and are maintaining the best standards of health, safety, and environment. Further, relevant sites are planning well in advance for the planned turnaround activities during the year to ensure reliable and efficient operations.

Total production volumes increased by 27% mainly due to production volumes from Sheikhpura plant which was mostly non operational in same period last year due to unavailability of gas. Sales volume increased by 12% over comparative period primarily due to increase in sales of Urea which was produced at Sheikhpura plant.

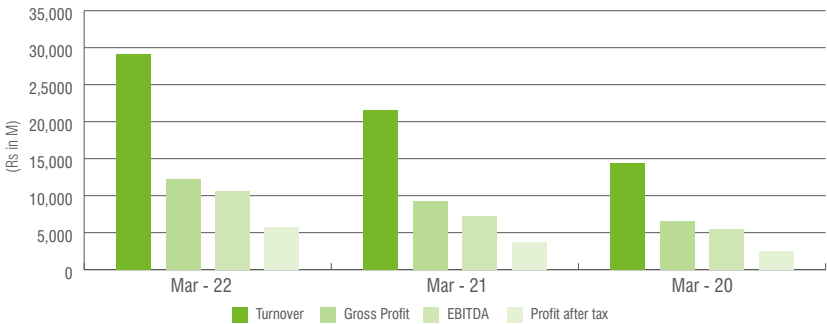
Products	Volume ('000' M. Tons)			
	Production*/Purchase		Sales*	
	Jan to March 2022	Jan to March 2021	Jan to March 2022	Jan to March 2021
NP	219	206	165	156
CAN	217	186	215	241
Urea	265	158	249	143
Trading stock incl. DAP	–	–	4	23
Total	701	550	633	563

*Includes production and sales under toll manufacturing

The Company posted total Revenue of Rs 29,114 million representing 35% growth compared to same period last year due to increase in prices and volumetric growth. Cost of sales during current period increased mainly due to additional production volumes from Sheikhpura plant, shifting of fixed gas price regime to normal gas price upon completion of concessionary period for its Sadiqabad plant, higher input costs of other raw materials and inflationary impact. Such increase in costs was partly offset by release of subsidy by Government to SNGPL against subsidized gas supply to Sheikhpura plant.

Due to above factors, gross profit of the Company for the period under review resulted in Rs 12,251 million as compared to Rs 9,265 million in the same period last year. Owing to increase in volumes, various cost optimization initiatives, better working capital management and reduced borrowing costs, profit before tax increased by Rs 2,336 million vs corresponding period. Similarly, profit after tax clocked at Rs 5,690 million resulting in EPS of Rs 2.71 per share as compared to EPS of Rs 1.80 per share in the same period last year.

Financial Performance



Future Outlook

The demand and prices of fertilizers are expected to remain relatively strong for the remainder of the year. Further, owing to strong business dynamics, full year 2022 looks very promising due to availability of healthy volumes with the Company and robust strategies put in place to ensure sustainable growth.

With all the three plants in operations, your Company is committed to ensure continuous supply of its products to the farmer community through a cumulative annual name plate capacity of 2.57 million MT per year. This will also ensure that farmers continue to benefit from lower domestic prices and will also result in substitution of high priced imported fertilizers, hence savings of valuable foreign exchange for the country. We are confident that necessary fiscal support in the shape of farmer friendly Government policies will continue to support the farmers and agriculture sector in Pakistan.

The Company, with its strong asset base, financial and liquidity position is investing in new ventures and will continue to explore further opportunities both inside and outside the fertilizer sector. The Board is focused towards offering value addition for the stakeholders and will continue to provide leadership and strategic guidance to the Company.

Subsequent to the quarter end, the Board of Directors of the Company in their meeting held on April 07, 2022, has accorded recommendation for investment in Fatima Cement Limited (FCL), an associated Company, by way of acquisition of 100% ordinary shares of FCL from all the existing shareholders at par value, to make it wholly owned subsidiary of the Company, subject to consent and approvals as may be required under the applicable laws.

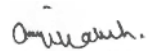
Acknowledgements

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

For and on behalf of the Board



Fawad Ahmed Mukhtar
Chief Executive Officer



Arif Habib
Chairman

Lahore
April 22, 2022

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the three months ended
March 31, 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	Note	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2021: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2021: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	84,953,448	79,263,440
		105,953,448	100,263,440
NON CURRENT LIABILITIES			
Long term finances	5	5,888,590	5,172,276
Lease liabilities		1,148,223	1,437,025
Deferred liabilities	6	23,157,031	23,522,297
Long term deposits		298,923	175,104
		30,492,767	30,306,702
CURRENT LIABILITIES			
Trade and other payables		38,782,590	38,469,330
Income tax payable		6,315,784	4,968,065
Accrued finance cost		223,519	307,184
Short term finances - secured	7	4,745,662	6,465,772
Unpaid dividend		-	1,738,864
Unclaimed dividend		41,075	44,951
Current portion of:			
- Long term finances	5	1,721,703	1,892,328
- Lease liabilities		607,840	375,273
- Deferred government grant		46,184	61,440
		52,484,357	54,323,207
CONTINGENCIES & COMMITMENTS			
	8		
		188,930,572	184,893,349

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.

		Un audited March 31, 2022	Audited December 31, 2021
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	106,415,820	105,422,464
Intangible assets	10	3,012,600	3,608,877
Investment property	11	775,113	775,339
		110,203,533	109,806,680
Long term investments		1,553,292	795,511
Long term loan to an associated company		1,999,333	1,999,333
Long term advances and deposits		1,734,027	518,424
		5,286,652	3,313,268
		115,490,185	113,119,948
CURRENT ASSETS			
Stores and spares	12	12,974,318	11,565,833
Stock in trade	13	16,699,963	18,331,781
Trade debts	14	10,702,362	9,654,308
Short term loans		6,999,723	6,999,723
Advances, deposits, prepayments and other receivables		19,843,706	15,635,845
Short term investments		2,748,766	2,242,710
Cash and bank balances		3,471,549	7,343,201
		73,440,387	71,773,401
		188,930,572	184,893,349



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN AUDITED)

For the three months ended March 31, 2022

	Note	March 31, 2022	March 31, 2021
		(Rupees in thousand)	
Sales	15	29,114,016	21,603,567
Cost of sales	16	(16,863,457)	(12,339,013)
Gross profit		12,250,559	9,264,554
Distribution cost		(1,429,288)	(1,554,714)
Administrative expenses		(1,131,439)	(856,744)
		9,689,832	6,853,096
Finance cost	17	(416,781)	(542,548)
Other operating expenses		(1,263,391)	(498,624)
Other income		340,305	98,494
Share of profit from associates		7,781	6,735
Other gain / (loss):			
- Unwinding of provision for GIDC		(77,591)	–
- Loss allowance on subsidy receivable from GoP		(27,431)	–
		(105,022)	–
Profit before tax		8,252,724	5,917,153
Taxation		(2,562,716)	(2,144,263)
Profit for the period		5,690,008	3,772,890
Earnings per share - basic and diluted (Rupees)	18	2.71	1.80

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the three months ended March 31, 2022

	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
Profit for the period	5,690,008	3,772,890
Other comprehensive income	–	–
Total comprehensive income for the period	5,690,008	3,772,890

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

For the three months ended March 31, 2022

Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
	Share premium	Unappropriated profit		

(Rupees in thousand)

Balance at December 31, 2020 (Audited)	21,000,000	1,790,000	64,374,342	(61,686)	87,102,656
Profit for the period	-	-	3,772,890	-	3,772,890
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	3,772,890	-	3,772,890

Balance at March 31, 2021 (Un audited) 21,000,000 1,790,000 68,147,232 (61,686) 90,875,546

Balance at December 31, 2021 (Audited)	21,000,000	1,790,000	77,593,523	(120,083)	100,263,440
Profit for the period	-	-	5,690,008	-	5,690,008
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	5,690,008	-	5,690,008

Balance at March 31, 2022 (Un audited) 21,000,000 1,790,000 83,283,531 (120,083) 105,953,448

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN AUDITED)

For the three months ended March 31, 2022

	March 31, 2022	March 31, 2021
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	20 5,516,054	8,978,914
Net increase in long term deposits	123,819	10,256
Finance cost paid	(463,276)	(566,755)
Taxes paid	(1,314,751)	(450,202)
Employee retirement benefits paid	(17,045)	(28,316)
Net cash generated from operating activities	3,844,801	7,943,897
Cash flows from investing activities		
Additions in property, plant and equipment	(2,307,387)	(625,467)
Additions in investment property	-	(70,114)
Additions in intangible assets	(3,406)	(985)
Proceeds from disposal of property, plant and equipment	553	926
Long term investments made	(750,000)	-
Short term investments - net	(506,056)	113,317
Profit received on short term loans and saving accounts	52,369	12,342
Dividend received	38,900	37,482
Net increase in long term advances and deposits	(1,215,603)	(3,409)
Net cash used in investing activities	(4,690,630)	(535,908)
Cash flows from financing activities		
Repayment of long term finances	(685,252)	(1,567,947)
Proceeds from long term finances	1,217,335	63,434
Repayment of lease liabilities	(95,056)	(148,557)
Dividend paid	(1,742,740)	(1,832)
Decrease in short term finances - net	(3,046,477)	(5,072,995)
Net cash used in financing activities	(4,352,190)	(6,727,897)
Net (decrease) / increase in cash and cash equivalents	(5,198,019)	680,092
Cash and cash equivalents at the beginning of the period	5,642,736	(3,538,222)
Cash and cash equivalents at the end of the period	444,717	(2,858,130)
Cash and cash equivalents comprises of following:		
Cash and bank balances	3,471,549	148,838
Running finance	(3,026,832)	(3,006,968)
Cash and cash equivalents at the end of the period	444,717	(2,858,130)

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2022

1 Legal Status and nature of business

- 1.1** Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 facilities of the Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhpura, Pakistan.

- 1.2** These financial statements are the separate financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary and investment in associates are accounted for under equity method. Consolidated financial statements are prepared separately.

2 Basis of preparation

- 2.1** These condensed interim financial statements for the three months ended March 31, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting";
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2021 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are stated from un audited condensed interim financial statements for the three months ended March 31, 2021.

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

3 Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2021.

	Un audited March 31, 2022	Audited December 31, 2021
Note	(Rupees in thousand)	
4 Reserves		
Capital reserve:		
Share premium	1,790,000	1,790,000
Revenue reserve:		
Unappropriated profit	83,283,531	77,593,523
Post retirement benefit obligation reserve	(120,083)	(120,083)
	84,953,448	79,263,440
5 Long term finances		
Secured loans from banking companies / financial institutions	7,610,293	7,064,604
Less: Current portion	1,721,703	1,892,328
	5,888,590	5,172,276
5.1 Movement of long term finances		
Opening balance	7,064,604	8,917,289
Disbursements	1,217,335	3,920,362
Repayments	(685,252)	(5,857,386)
Accreditation of loan under SBP Islamic Refinance Scheme	13,606	87,651
Exchange gain on translation of foreign currency loan	-	(3,312)
Closing balance	7,610,293	7,064,604
6 Deferred liabilities		
Deferred taxation	20,174,297	20,274,052
Employee retirement benefits	997,358	955,419
Provision for Gas Infrastructure Development Cess (GIDC)	1,985,376	2,292,826
	23,157,031	23,522,297
6.1 Employee retirement benefits		
Gratuity	922,962	877,217
Accumulating compensated absences	74,396	78,202
	997,358	955,419

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2022

7 Short term finances - secured

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

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

These facilities carry markup ranging from 8.87% to 12.06% (December 31, 2021: 7.55% to 11.09%) per annum for Running Finance and Cash Finance, and 8.30% to 11.39% (December 31, 2021: 7.61% to 10.47%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at March 31, 2022, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Company for the year ended December 31, 2021.

	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)		
8.2 Commitments in respect of:		
(i) Contracts for capital expenditure	2,749,717	3,880,314
(ii) Contracts for other than capital expenditure	1,610,439	3,605,830
(iii) The amount of future payments under ijarah rentals and short term / low value leases:		
Not later than one year	445,745	231,860
Later than one year but not later than five years	604,430	144,174
	1,050,175	376,034

	Note	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)			
9 Property, plant and equipment			
Operating fixed assets	9.1	98,632,992	99,741,174
Capital work in progress	9.2	7,782,828	5,681,290
		106,415,820	105,422,464
9.1 Movement of operating fixed assets			
Opening book value		99,741,174	100,724,565
Additions during the period / year	9.1.1	205,849	4,821,258
		99,947,023	105,545,823
Depreciation charged during the period / year		(1,313,958)	(5,245,720)
Book value of disposals during the period / year		(73)	(558,929)
Closing book value		98,632,992	99,741,174
9.1.1 Additions during the period / year			
Freehold land		–	65,870
Building on freehold land		–	347,620
Plant and machinery		104,700	3,725,907
Catalysts		–	99,457
Furniture and fixtures		9,516	16,076
Office equipment		8,990	20,612
Electric installations and appliances		37,546	203,040
Computers		36,103	124,656
Vehicles		8,994	218,020
		205,849	4,821,258
9.2 Capital work in progress			
Civil works		287,824	175,861
Plant and machinery		2,382,195	1,882,284
Capital stores		2,805,579	1,799,228
Advances:			
- Freehold land		880,283	756,240
- Plant and machinery		1,426,947	1,067,677
		2,307,230	1,823,917
		7,782,828	5,681,290

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2022

Un audited
March 31, 2022

Audited
December 31, 2021

(Rupees in thousand)

	Un audited March 31, 2022	Audited December 31, 2021
9.2.1 Movement of capital work in progress		
Opening balance	5,694,759	4,213,168
Additions during the period / year	2,101,538	4,751,907
	7,796,297	8,965,075
Capitalization during the period / year	–	(3,270,316)
	7,796,297	5,694,759
Provision for slow moving capital stores	(13,469)	(13,469)
Closing balance	7,782,828	5,681,290
10 Intangible assets		
Opening book value	3,608,877	5,991,019
Additions during the period / year	3,406	19,741
	3,612,283	6,010,760
Amortization charged during the period / year	(9,683)	(41,883)
Impairment charged during the period / year	(590,000)	(2,360,000)
Closing book value	3,012,600	3,608,877
11 Investment property		
Opening book value	775,339	756,189
Additions during the period / year	–	20,056
	775,339	776,245
Depreciation charged during the period / year	(226)	(906)
Closing book value	775,113	775,339
12 Stores and spares		
Stores	598,533	495,097
Spares	8,258,288	7,498,447
Catalyst and chemicals	4,218,035	3,672,827
	13,074,856	11,666,371
Provision for slow moving stores and spares	(100,538)	(100,538)
	12,974,318	11,565,833

	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)		
13 Stock in trade		
Raw material {including in transit Rs 991.30 million (December 31, 2021: Rs 3,871.03 million)}	6,057,027	10,558,828
Packing material	46,166	28,981
Mid products		
Ammonia	80,840	95,189
Nitric Acid	29,767	22,425
Others	4,436	4,950
	115,043	122,564
Finished goods		
Own manufactured		
Urea	760,133	247,278
NP	7,935,949	5,185,720
CAN	52,201	29,333
Certified Emission Reductions	62,013	51,981
	8,810,296	5,514,312
Purchased for resale	1,671,431	2,107,096
	16,699,963	18,331,781

14 Trade debts

This includes Rs 6,518.06 million (December 31, 2021: Rs 4,008.44 million) pertaining to Pakarab Fertilizers Limited, an associated company, on account of toll manufacturing in the normal course of business.

	For the quarter ended	
	March 31, 2022	March 31, 2021
(Rupees in thousand)		
15 Revenue from contracts with customers		
Gross sales:		
Own manufactured	20,327,954	20,953,053
Toll manufacturing	8,647,294	-
Mid products	316,585	305,799
Purchased for resale	627,525	1,167,396
	29,919,358	22,426,248
Less: Sales tax	639,771	477,540
Discounts	165,571	345,141
	29,114,016	21,603,567

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2022

Note	For the quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
16 Cost of sales		
Raw material consumed	14,102,357	6,256,685
Packing material consumed	729,493	527,622
Salaries, wages and other benefits	1,551,597	1,335,056
Fuel and power	2,436,196	1,552,936
Chemicals and catalyst consumed	716,438	436,005
Stores and spares consumed	1,184,998	648,564
Technical assistance	98,463	14,325
Repair and maintenance	407,687	211,865
Insurance	249,947	200,383
Travelling and conveyance	48,800	32,909
Rent, rates and taxes	124,408	67,463
Vehicle running and maintenance	52,009	29,934
Depreciation	1,248,947	751,353
Others	82,297	41,572
Subsidy on RLNG released by GOP to SNGPL	16.1 (3,315,873)	–
Manufacturing cost	19,717,764	12,106,672
Opening stock of mid products	122,564	311,053
Closing stock of mid products	(115,043)	(261,692)
Cost of goods manufactured	19,725,285	12,156,033
Opening stock of finished goods	5,514,312	8,373,200
Closing stock of finished goods	(8,810,296)	(9,150,053)
Cost of sales - own manufactured	16,429,301	11,379,180
Cost of sales - purchased for resale	434,156	959,833
	16,863,457	12,339,013

16.1 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura Plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	For the quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
17 Finance cost		
Markup on long term finances	170,178	208,704
Markup on short term finances	128,735	182,662
Interest on lease liabilities	38,821	42,443
Bank charges and others	79,047	108,739
	416,781	542,548

		For the quarter ended	
		March 31, 2022	March 31, 2021
		(Rupees in thousand)	
18 Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders	(Rupees in thousand)	5,690,008	3,772,890
Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share	(Rupees)	2.71	1.80

19 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 other receivables, trade and other payables. Significant transactions with related parties are as follows:

		For the quarter ended	
		March 31, 2022	March 31, 2021
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Associated companies	Purchase of packing material	711,183	417,711
	Purchase of raw material	85,536	2,232,550
	Purchase of catalysts	–	70,648
	Purchase of stores and spares	613,281	185,734
	Sale of mid products	27,072	20,635
	Lease rental and license fee	39,600	36,000
	Payment against sales collection	11,210,247	–
	Toll manufacturing revenue	8,647,294	–
	Fee for services	747,127	672,263
	Miscellaneous expenses	11,300	9,559
	Markup income	286,965	145,541
	Markup expense	–	47,922
Directors and key management personnel	Remuneration including benefits and perquisites	111,127	78,343
Retirement benefit plans	Retirement benefits	91,442	72,137

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2022

Note	For the quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
20 Cash generated from operations		
Profit before tax	8,252,724	5,917,153
Adjustments for:		
Depreciation on property, plant and equipment	9.1 1,313,958	808,593
Amortization of intangible assets	10 9,683	10,118
Depreciation on investment property at cost	11 226	227
Impairment of brand	10 590,000	–
Finance cost	17 416,781	542,548
Unwinding of provision for GIDC	77,591	–
Provision for staff retirement benefits	58,984	40,686
Exchange gain on translation of foreign currency loan	–	(3,312)
Profit on loans to related parties	(286,965)	(145,541)
Dividend Income	(38,900)	(37,482)
Share of profit from associates	(7,781)	(6,735)
Profit on saving accounts	(52,608)	(6,614)
Gain on disposal of property, plant and equipment	(480)	(788)
	2,080,489	1,201,700
Operating cash flows before working capital changes	10,333,213	7,118,853
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets:		
Stores and spares	(1,408,485)	(1,843,455)
Stock in trade	1,631,818	(439,891)
Trade debts	(1,048,054)	1,198,702
Advances, deposits, prepayments and other receivables	(3,920,658)	(1,922,718)
(Decrease) / increase in creditors, accrued and other liabilities	(71,780)	4,867,423
	(4,817,159)	1,860,061
	5,516,054	8,978,914

21 Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

	March 31, 2022 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	2,748,766	–	–	2,748,766
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,748,766	–	–	2,748,766
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	2,242,710	–	–	2,242,710
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,242,710	–	–	2,242,710

22 COVID-19 impact assessment

During COVID-19 Pandemic, the Company has taken appropriate measures to keep its human resource and assets safe and secure. Consequently, the Company's plants have continued uninterrupted operations during the year. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these financial statements. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2022

23 Events after reporting date

Subsequent to the quarter end, the Board of Directors of the Company in their meeting held on April 07, 2022, has accorded recommendation for investment in Fatima Cement Limited (FCL), an associated Company, by way of acquisition of 100% ordinary shares of FCL from all the existing shareholders at par value, to make it a wholly owned subsidiary of the Company, subject to consent and approvals as may be required under the applicable laws.

24 Date of authorization of issue

These financial statements have been authorized for issue on April 22, 2022 by the Board of Directors of the Company.

25 General

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended
March 31, 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	Note	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2021: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2021: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	84,953,272	79,263,264
		105,953,272	100,263,264
NON CURRENT LIABILITIES			
Long term finances	5	5,888,590	5,172,276
Lease liabilities		1,148,223	1,437,025
Deferred liabilities	6	23,157,031	23,522,297
Long term deposits		298,923	175,104
		30,492,767	30,306,702
CURRENT LIABILITIES			
Trade and other payables		38,782,678	38,469,418
Income tax payable		6,315,784	4,968,065
Accrued finance cost		223,519	307,184
Short term finances - secured	7	4,745,662	6,465,772
Unpaid dividend		–	1,738,864
Unclaimed dividend		41,075	44,951
Current portion of:			
- Long term finances	5	1,721,703	1,892,328
- Lease liabilities		607,840	375,273
- Deferred government grant		46,184	61,440
		52,484,445	54,323,295
CONTINGENCIES & COMMITMENTS			
	8		
		188,930,484	184,893,261

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

		Un audited March 31, 2022	Audited December 31, 2021
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	106,415,820	105,422,464
Intangible assets	10	3,012,600	3,608,877
Investment property	11	775,113	775,339
		110,203,533	109,806,680
Long term investments		1,553,092	795,311
Long term loan to an associated company		1,999,333	1,999,333
Long term advances and deposits		1,734,027	518,424
		5,286,452	3,313,068
		115,489,985	113,119,748
CURRENT ASSETS			
Stores and spares	12	12,974,318	11,565,833
Stock in trade	13	16,699,963	18,331,781
Trade debts	14	10,702,362	9,654,308
Short term loans		6,999,723	6,999,723
Advances, deposits, prepayments and other receivables		19,843,618	15,635,757
Short term investments		2,748,766	2,242,710
Cash and bank balances		3,471,749	7,343,401
		73,440,499	71,773,513
		188,930,484	184,893,261

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN AUDITED)

For the three months ended March 31, 2022

	Note	March 31, 2022 (Rupees in thousand)	March 31, 2021
Sales	15	29,114,016	21,603,567
Cost of sales	16	(16,863,457)	(12,339,013)
Gross profit		12,250,559	9,264,554
Distribution cost		(1,429,288)	(1,554,714)
Administrative expenses		(1,131,439)	(856,744)
		9,689,832	6,853,096
Finance cost	17	(416,781)	(542,548)
Other operating expenses		(1,263,391)	(498,624)
Other income		340,305	98,494
Share of profit from associates		7,781	6,735
Other gain / (loss):			
- Unwinding of provision for GIDC		(77,591)	—
- Loss allowance on subsidy receivable from GoP		(27,431)	—
		(105,022)	—
Profit before tax		8,252,724	5,917,153
Taxation		(2,562,716)	(2,144,263)
Profit for the period		5,690,008	3,772,890
Earnings per share - basic and diluted (Rupees)	18	2.71	1.80

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the three months ended March 31, 2022

	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
Profit for the period	5,690,008	3,772,890
Other comprehensive income	–	–
Total comprehensive income for the period	5,690,008	3,772,890

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

For the three months ended March 31, 2022

	Ordinary share capital	Capital Reserve Share premium	Revenue Reserve Unappropriated profit	Post retirement benefit obligation reserve	Total
	(Rupees in thousand)				
Balance at December 31, 2020 (Audited)	21,000,000	1,790,000	64,374,342	(61,686)	87,102,656
Profit for the period	-	-	3,772,890	-	3,772,890
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	3,772,890	-	3,772,890
Balance at March 31, 2021 (Un audited)	21,000,000	1,790,000	68,147,232	(61,686)	90,875,546
Balance at December 31, 2021 (Audited)	21,000,000	1,790,000	77,593,347	(120,083)	100,263,264
Profit for the period	-	-	5,690,008	-	5,690,008
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	5,690,008	-	5,690,008
Balance at March 31, 2022 (Un audited)	21,000,000	1,790,000	83,283,355	(120,083)	105,953,272

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN AUDITED)

For the three months ended March 31, 2022

	March 31, 2022	March 31, 2021
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	20 5,516,054	8,978,914
Net increase in long term deposits	123,819	10,256
Finance cost paid	(463,276)	(566,755)
Taxes paid	(1,314,751)	(450,202)
Employee retirement benefits paid	(17,045)	(28,316)
Net cash generated from operating activities	3,844,801	7,943,897
Cash flows from investing activities		
Additions in property, plant and equipment	(2,307,387)	(625,467)
Additions in investment property	-	(70,114)
Additions in intangible assets	(3,406)	(985)
Proceeds from disposal of property, plant and equipment	553	926
Long term investments made	(750,000)	-
Short term investments - net	(506,056)	113,317
Profit received on short term loans and saving accounts	52,369	12,342
Dividend received	38,900	37,482
Net increase in long term advances and deposits	(1,215,603)	(3,409)
Net cash used in investing activities	(4,690,630)	(535,908)
Cash flows from financing activities		
Repayment of long term finances	(685,252)	(1,567,947)
Proceeds from long term finances	1,217,335	63,434
Repayment of lease liabilities	(95,056)	(148,557)
Dividend paid	(1,742,740)	(1,832)
Decrease in short term finances - net	(3,046,477)	(5,072,995)
Net cash used in financing activities	(4,352,190)	(6,727,897)
Net (decrease) / increase in cash and cash equivalents	(5,198,019)	680,092
Cash and cash equivalents at the beginning of the period	5,642,936	(3,538,222)
Cash and cash equivalents at the end of the period	444,917	(2,858,130)
Cash and cash equivalents comprises of following:		
Cash and bank balances	3,471,749	148,838
Running finance	(3,026,832)	(3,006,968)
Cash and cash equivalents at the end of the period	444,917	(2,858,130)

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

1 Legal Status and nature of business

1.1 Fatima Fertilizer Company Limited (the Holding Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and it is listed on Pakistan Stock Exchange. Fatimafert Limited (FFT) is wholly owned subsidiary of the Holding Company and it was incorporated in Pakistan under the Companies Act, 2017. Collectively, both would be referred to as 'the Group' in these condensed interim consolidated financial statements.

The principal activity of the Group is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered offices of the Holding and Subsidiary companies are situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Holding Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and at Chichoki Mallian - Sheikhpura, Pakistan.

2 Basis of preparation

2.1 These condensed interim consolidated financial statements for the three months ended March 31, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting";
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2021. Comparative condensed consolidated statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2021 and comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows are stated from un audited condensed interim financial statements for the three months ended March 31, 2021.

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

3 Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2021.

	Un audited March 31, 2022	Audited December 31, 2021
Note	(Rupees in thousand)	
4 Reserves		
Capital reserve:		
Share premium	1,790,000	1,790,000
Revenue reserve:		
Unappropriated profit	83,283,355	77,593,347
Post retirement benefit obligation reserve	(120,083)	(120,083)
	84,953,272	79,263,264
5 Long term finances		
Secured loans from banking companies / financial institutions	7,610,293	7,064,604
Less: Current portion	1,721,703	1,892,328
	5,888,590	5,172,276
5.1 Movement of long term finances		
Opening balance	7,064,604	8,917,289
Disbursements	1,217,335	3,920,362
Repayments	(685,252)	(5,857,386)
Accreditation of loan under SBP Islamic Refinance Scheme	13,606	87,651
Exchange gain on translation of foreign currency loan	–	(3,312)
Closing balance	7,610,293	7,064,604
6 Deferred liabilities		
Deferred taxation	20,174,297	20,274,052
Employee retirement benefits	6.1 997,358	955,419
Provision for Gas Infrastructure Development Cess (GIDC)	1,985,376	2,292,826
	23,157,031	23,522,297
6.1 Employee retirement benefits		
Gratuity	922,962	877,217
Accumulating compensated absences	74,396	78,202
	997,358	955,419

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

7 Short term finances - secured

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

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

These facilities carry markup ranging from 8.87% to 12.06% (December 31, 2021: 7.55% to 11.09%) per annum for Running Finance and Cash Finance, and 8.30% to 11.39% (December 31, 2021: 7.61% to 10.47%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at March 31, 2022, there is no material change in the status of contingencies as reported in the notes to the consolidated financial statements of the Group for the year ended December 31, 2021.

	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)		
8.2 Commitments in respect of:		
(i) Contracts for capital expenditure	2,749,717	3,880,314
(ii) Contracts for other than capital expenditure	1,610,439	3,605,830
(iii) The amount of future payments under ijarah rentals and short term / low value leases:		
Not later than one year	445,745	231,860
Later than one year but not later than five years	604,430	144,174
	1,050,175	376,034

	Note	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)			
9 Property, plant and equipment			
Operating fixed assets	9.1	98,632,992	99,741,174
Capital work in progress	9.2	7,782,828	5,681,290
		106,415,820	105,422,464
9.1 Movement of operating fixed assets			
Opening book value		99,741,174	100,724,565
Additions during the period / year	9.1.1	205,849	4,821,258
		99,947,023	105,545,823
Depreciation charged during the period / year		(1,313,958)	(5,245,720)
Book value of disposals during the period / year		(73)	(558,929)
Closing book value		98,632,992	99,741,174
9.1.1 Additions during the period / year			
Freehold land		–	65,870
Building on freehold land		–	347,620
Plant and machinery		104,700	3,725,907
Catalysts		–	99,457
Furniture and fixtures		9,516	16,076
Office equipment		8,990	20,612
Electric installations and appliances		37,546	203,040
Computers		36,103	124,656
Vehicles		8,994	218,020
		205,849	4,821,258
9.2 Capital work in progress			
Civil works		287,824	175,861
Plant and machinery		2,382,195	1,882,284
Capital stores		2,805,579	1,799,228
Advances:			
- Freehold land		880,283	756,240
- Plant and machinery		1,426,947	1,067,677
		2,307,230	1,823,917
		7,782,828	5,681,290

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

Un audited
March 31, 2022 Audited
December 31, 2021
(Rupees in thousand)

	Un audited March 31, 2022	Audited December 31, 2021
9.2.1 Movement of capital work in progress		
Opening balance	5,694,759	4,213,168
Additions during the period / year	2,101,538	4,751,907
	7,796,297	8,965,075
Capitalization during the period / year	–	(3,270,316)
	7,796,297	5,694,759
Provision for slow moving capital stores	(13,469)	(13,469)
Closing balance	7,782,828	5,681,290
10 Intangible assets		
Opening book value	3,608,877	5,991,019
Additions during the period / year	3,406	19,741
	3,612,283	6,010,760
Amortization charged during the period / year	(9,683)	(41,883)
Impairment charged during the period / year	(590,000)	(2,360,000)
Closing book value	3,012,600	3,608,877
11 Investment property		
Opening book value	775,339	756,189
Additions during the period / year	–	20,056
	775,339	776,245
Depreciation charged during the period / year	(226)	(906)
Closing book value	775,113	775,339
12 Stores and spares		
Stores	598,533	495,097
Spares	8,258,288	7,498,447
Catalyst and chemicals	4,218,035	3,672,827
	13,074,856	11,666,371
Provision for slow moving stores and spares	(100,538)	(100,538)
	12,974,318	11,565,833

	Un audited March 31, 2022	Audited December 31, 2021
(Rupees in thousand)		
13 Stock in trade		
Raw material {including in transit Rs 991.30 million (December 31, 2021: Rs 3,871.03 million)}	6,057,027	10,558,828
Packing material	46,166	28,981
Mid products		
Ammonia	80,840	95,189
Nitric Acid	29,767	22,425
Others	4,436	4,950
	115,043	122,564
Finished goods		
Own manufactured		
Urea	760,133	247,278
NP	7,935,949	5,185,720
CAN	52,201	29,333
Certified Emission Reductions	62,013	51,981
	8,810,296	5,514,312
Purchased for resale	1,671,431	2,107,096
	16,699,963	18,331,781

14 Trade debts

This includes Rs 6,518.06 million (December 31, 2021: Rs 4,008.44 million) pertaining to Pakarab Fertilizers Limited, an associated company, on account of toll manufacturing in the normal course of business.

	For the quarter ended	
	March 31, 2022	March 31, 2021
(Rupees in thousand)		
15 Revenue from contracts with customers		
Gross sales:		
Own manufactured	20,327,954	20,953,053
Toll manufacturing	8,647,294	-
Mid products	316,585	305,799
Purchased for resale	627,525	1,167,396
	29,919,358	22,426,248
Less: Sales tax	639,771	477,540
Discounts	165,571	345,141
	29,114,016	21,603,567

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

Note	For the quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
16 Cost of sales		
Raw material consumed	14,102,357	6,256,685
Packing material consumed	729,493	527,622
Salaries, wages and other benefits	1,551,597	1,335,056
Fuel and power	2,436,196	1,552,936
Chemicals and catalyst consumed	716,438	436,005
Stores and spares consumed	1,184,998	648,564
Technical assistance	98,463	14,325
Repair and maintenance	407,687	211,865
Insurance	249,947	200,383
Travelling and conveyance	48,800	32,909
Rent, rates and taxes	124,408	67,463
Vehicle running and maintenance	52,009	29,934
Depreciation	1,248,947	751,353
Others	82,297	41,572
Subsidy on RLNG released by GOP to SNGPL 16.1	(3,315,873)	–
Manufacturing cost	19,717,764	12,106,672
Opening stock of mid products	122,564	311,053
Closing stock of mid products	(115,043)	(261,692)
Cost of goods manufactured	19,725,285	12,156,033
Opening stock of finished goods	5,514,312	8,373,200
Closing stock of finished goods	(8,810,296)	(9,150,053)
Cost of sales - own manufactured	16,429,301	11,379,180
Cost of sales - purchased for resale	434,156	959,833
	16,863,457	12,339,013

16.1 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Holding Company (Sheikhupura Plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	For the quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
17 Finance cost		
Markup on long term finances	170,178	208,704
Markup on short term finances	128,735	182,662
Interest on lease liabilities	38,821	42,443
Bank charges and others	79,047	108,739
	416,781	542,548

		For the quarter ended	
		March 31, 2022	March 31, 2021
		(Rupees in thousand)	
18 Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders	(Rupees in thousand)	5,690,008	3,772,890
Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share	(Rupees)	2.71	1.80

19 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 other receivables, trade and other payables. Significant transactions with related parties are as follows:

		For the quarter ended	
		March 31, 2022	March 31, 2021
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Associated companies	Purchase of packing material	711,183	417,711
	Purchase of raw material	85,536	2,232,550
	Purchase of catalysts	-	70,648
	Purchase of stores and spares	613,281	185,734
	Sale of mid products	27,072	20,635
	Lease rental and license fee	39,600	36,000
	Payment against sales collection	11,210,247	-
	Toll manufacturing revenue	8,647,294	-
	Fee for services	747,127	672,263
	Miscellaneous expenses	11,300	9,559
	Markup income	286,965	145,541
	Markup expense	-	47,922
Directors and key management personnel	Remuneration including benefits and perquisites	111,127	78,343
Retirement benefit plans	Retirement benefits	91,442	72,137

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

Note	For the quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
20 Cash generated from operations		
Profit before tax	8,252,724	5,917,153
Adjustments for:		
Depreciation on property, plant and equipment	9.1 1,313,958	808,593
Amortization of intangible assets	10 9,683	10,118
Depreciation on investment property at cost	11 226	227
Impairment of brand	10 590,000	–
Finance cost	17 416,781	542,548
Unwinding of provision for GIDC	77,591	–
Provision for staff retirement benefits	58,984	40,686
Exchange gain on translation of foreign currency loan	–	(3,312)
Profit on loans to related parties	(286,965)	(145,541)
Dividend Income	(38,900)	(37,482)
Share of profit from associates	(7,781)	(6,735)
Profit on saving accounts	(52,608)	(6,614)
Gain on disposal of property, plant and equipment	(480)	(788)
	2,080,489	1,201,700
Operating cash flows before working capital changes	10,333,213	7,118,853
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets:		
Stores and spares	(1,408,485)	(1,843,455)
Stock in trade	1,631,818	(439,891)
Trade debts	(1,048,054)	1,198,702
Advances, deposits, prepayments and other receivables	(3,920,658)	(1,922,718)
(Decrease) / increase in creditors, accrued and other liabilities	(71,780)	4,867,423
	(4,817,159)	1,860,061
	5,516,054	8,978,914

21 Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets which are carried at fair value:

	March 31, 2022 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	2,748,766	–	–	2,748,766
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,748,766	–	–	2,748,766
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	2,242,710	–	–	2,242,710
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,242,710	–	–	2,242,710

22 COVID-19 impact assessment

During COVID-19 Pandemic, the Group has taken appropriate measures to keep its human resource and assets safe and secure. Consequently, the Group's plants have continued uninterrupted operations during the year. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these financial statements. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

23 Events after reporting date

Subsequent to the quarter end, the Board of Directors of the Holding Company in their meeting held on April 07, 2022, has accorded recommendation for investment in Fatima Cement Limited (FCL), an associated Company, by way of acquisition of 100% ordinary shares of FCL from all the existing shareholders at par value, to make it a wholly owned subsidiary of the Company, subject to consent and approvals as may be required under the applicable laws.

24 Date of authorization of issue

These financial statements have been authorized for issue on April 22, 2022 by the Board of Directors of the Holding Company.

25 General

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



Chief Executive Officer



Director



Chief Financial Officer



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