



DRIVING
AGRICULTURAL
TRANSFORMATION

Half Yearly Report 2024

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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

Mrs. Julie Jannerup

Independent Director

Mr. Tariq Jamali

Independent Director

Chief Operating Officer & Chief Financial Officer

Mr. Asad Murad

Director Legal & Company Secretary

Mr. Omair 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 Projects

Mrs. Rabel Sadozai

Director Marketing and Sales

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

Mrs. Julie Jannerup

Member

Mr. Muhammad Kashif Habib

Member

HR and Remuneration Committee Members

Mrs. Julie Jannerup

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

Al-Baraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank of Khyber

Bank Alfalah Limited

Bank Al-Habib Limited

Bank Makramah Limited

BankIslami Pakistan 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

Pak Kuwait Investment Company Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) 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 Sheikhupura Road, Chichoki Mallian,

Pakistan

Tel: 042 – 37319200 – 99

Fax: 042 – 33719295

DIRECTORS' REPORT

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, we are pleased to present a brief overview of the Company's performance and condensed interim consolidated and standalone financial statements for the half year ended June 30, 2024. The standalone financial statements were subject to a limited scope review by the statutory auditors of the Company.

The Economy

The macro-economic indicators remain positive and point towards economic recovery in the long run. The inking of staff level agreement with IMF on a 37-month Extended Fund Facility Arrangement (EFF) for \$7 billion has further bolstered the investor confidence. The 'greater certainty over continued availability of external funding' has resulted in the upgrade of Pakistan's rating to CCC+ by Fitch Ratings. The rating agency lauded the Pakistan's strong performance on the previous IMF arrangement, which helped Pakistan narrow fiscal deficits and rebuild foreign exchange (FX) reserves, and further improvements are likely. As a result, the KSE-100 index gained 2,566 points in June and closed at 78,445 at June 30, 2024. The market capitalization of PSX increased by Rs 205 billion and settled at Rs 10,375 billion. Due to improved tax management and economic stability, FBR tax revenue, both domestic and from borders, collectively increased by 30.0 percent, reaching Rs 9,311 billion in the fiscal year 2024.

In June 2024, CPI inflation reached the cusp of the single-digit range. With significant improvement in exports and remittances, the current account deficit shrank to \$0.7 billion compared to \$3.3 billion last year. Resultantly, after a gap of four years State Bank was able to cut the policy rate, in two successions, to 19.5%. This is a positive indicator for economic stability and a sigh of relief for the business community.

Revived domestic economic activities, better agriculture output, stable exchange rate, improved foreign demand, and low global commodity prices will remain instrumental for external sector stability.

Operational and Financial Performance

Your Company delivered strong financial performance in the first half of the year 2024 with the highest ever production volume achieved in the first half of the year.

The production volumes during the period were higher by 29% over comparative period last year, mainly due to partial shutdowns at Multan plant for turnaround activities and at Sheikhpura plant due to non-availability of natural gas and turnaround activities during the comparative period. The plant sites continue to solidify their reputation as one of the safest workplaces in the world for its stakeholders with recorded accumulated 127.61 Safe Million Man-Hours with zero Total Recordable Incidence Rate during the period.

During the first half of the year 2024, the Pakistani fertilizer market faced contraction of 2.5% due to stressed farmer economics due to wheat crisis. The Company's overall market share also suffered a fall of 2.6% for the first half of year 2024 against comparative period last year. The sales volume of manufactured fertilizers remained at 1.03 million MT compared to 1.15 million MT last year. In addition, the Company also sold 38 thousand MT urea imported by the National Fertilizer Marketing Limited through its network of distribution and dealerships.

Products	Production		Sales	
	For the six months ended June 30			
	2024	2023	2024	2023
	Volume ('000' M. Tons)			
NP	432	319	349	435
CAN	433	385	365	373
Urea	554	392	319	346
Own Manufactured	1,419	1,096	1,033	1,153
DAP + Imported Urea	82	-	48	27
Total	1,501	1,096	1,081	1,181

Due to firm product prices throughout the period, the sales revenues from fertilizer business registered an increase of 28% and closed at Rs 107.08 billion versus Rs 83.98 billion during the comparative period last year. With improved plant efficiency, continuous plant operations and various cost optimization initiatives, the increase in production cost due to higher input costs and inflationary pressures was curtailed to 16%. During the period GoP has released funds to SNGPL equivalent to almost entire balance of pending subsidy on RLNG supplied to Sheikhpura plant. Selling and distribution costs and administrative expenses increased by 44% and 45% respectively due to inflationary trends. Finance cost has reduced by 45% through highly robust financial management strategy and improved cashflows despite high interest rates. Other income witnessed a handsome increase of 274% primarily resulting from returns on different investments.

As a result, the Company's fertilizer business posted Profit before Tax of Rs 25.96 billion compared to Rs 15.42 billion in the same period last year. The effective tax rate reduced to 49% compared to 67% in the last year's comparative period where it was high due to retrospective application of super tax. Hence, the Profit after Tax rose to Rs 13.23 billion compared to Rs 5.13 billion in the same period last year, translating in EPS of Rs 6.30 against EPS of Rs 2.44 in the corresponding period.

	Financial Highlights (Standalone)	
	For the six months ended June 30	
	2024	2023
	Rupees in Million	
Revenue	107,078	83,977
Gross profit	42,749	28,288
Operating profit	22,229	14,491
Profit before tax	25,961	15,416
Profit after tax	13,231	5,127
EPS (Rs)	6.30	2.44

The Company's consolidated financial results include the performance of its wholly owned subsidiaries, Fatima Packaging Limited, Fatima Cement Limited, and Fatimafert Limited. Consolidated financial highlights for the six months ended June 30, 2024 are as follows:

	Financial Highlights (Consolidated)	
	For the six months ended June 30	
	2024	2023
	Rupees in Million	
Revenue	108,378	85,268
Gross profit	43,606	29,150
Operating profit	22,757	15,065
Profit before tax	26,512	15,923
Profit after tax	13,583	5,234
EPS (Rs)	6.47	2.49

The Company continued its best efforts for community welfare and uplift in shape of various CSR initiatives in the fields of free quality healthcare, education and supply of potable drinking water.

Further, the Board is pleased to announce interim cash dividend of Rs 2.75 per share aggregating to Rs 5,775 million for the period ended June 30, 2024.

The Board has also approved to implement the Scheme of Arrangement, to transfer the operations related to Sheikhpura plant to Fatimafert Limited (a wholly owned Subsidiary Company) with effect from July 01, 2024.

Future Outlook

With stable exchange rate, reducing current account deficit and controlled inflation, the domestic economy is expected to continue to stabilize. Sustained financial inflows, continuation of fiscal consolidation, check on government expenditure, disposal of loss making SOEs and prudent policy stance would remain the key factors for sustainable economic stability. Further lowering of interest rates and higher development spending can push the growth rate further.

Agriculture forms the backbone of the Pakistan's economy. Agricultural growth is a critical driver of economic growth, employment, and poverty reduction. The agriculture sector of Pakistan witnessed much needed growth in the last fiscal year with an overall increase of 6.25 percent which enabled the growth in exports. However, consistency of government policies to ensure the availability of farm inputs at affordable prices, availability of ready markets for sale of farm produce at announced support prices along with climate control measures are paramount for sustainable agricultural growth. The availability of fertilizers at affordable prices remains one of the primary concerns.

As we laud the decision of the government to ensure uninterrupted operation of fertilizer plants on Sui network, it is important for Government to frame a viable mechanism for uninterrupted supply of gas to all the fertilizer plants to ensure supply of Urea to farmers at affordable prices. This would not only help in eliminating disruptions created in the market by the middleman due to shortages of Urea but would also help in avoiding Urea imports leading to saving of millions of dollars precious foreign exchange and unnecessary burden of cash subsidy required to be paid by the Government to farmers on imported Urea.

We remain highly optimistic for the future of the Company with availability of healthy volumes, continuous operations of all three plants and robust strategies put in place to ensure sustainable growth. The Company will InshaAllah continue to play its part for the economic well-being of our beloved country.

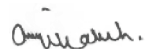
Acknowledgments

The Directors of the Company take pleasure in expressing their sincere gratitude and appreciation for the commitment and contribution of all the employees. The Board also appreciates and acknowledges the assistance, continued trust, 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 and hope that same spirit will prevail in the future as well.

For and on behalf of the Board



Fawad Ahmed Mukhtar
Chief Executive Officer



Arif Habib
Chairman

Lahore
August 27, 2024

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Fatima Fertilizer Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fatima Fertilizer Company Limited (the Company) as at June 30, 2024, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to and forming part of the condensed interim financial statements for the six month then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit or loss and the condensed interim statement of comprehensive income for the three month period ended June 30, 2024 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2024.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Sufyan.



Chartered Accountants

Lahore

Date: August 28, 2024

UDIN: RR202410180aTHricxmu

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 3,700,010,000 (December 31, 2023: 3,700,010,000) shares of Rs 10 each		37,000,100	37,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2023: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	104,822,328	97,365,983
		125,822,328	118,365,983
NON CURRENT LIABILITIES			
Long term finances - secured	5	6,480,238	5,805,928
Subordinated redeemable preference Class A shares	6	1,589,210	1,473,323
Lease liabilities		141,812	107,377
Deferred taxation		25,927,627	27,110,658
Deferred liabilities		2,586,709	2,399,441
Long term deposits		515,315	466,658
		37,240,911	37,363,385
CURRENT LIABILITIES			
Trade and other payables		57,232,834	56,607,722
Accrued finance cost		366,410	517,441
Income tax payable		15,235,548	11,714,000
Short term finances - secured	7	13,369,047	-
Short term loans from related parties		-	1,626,307
Payable to Privatization Commission of Pakistan		2,197,901	2,197,901
Unclaimed dividend		62,416	55,769
Current portion of long term liabilities	8	1,151,953	2,318,323
		89,616,109	75,037,463
CONTINGENCIES & COMMITMENTS			
	9		
		252,679,348	230,766,831

The annexed explanatory notes from 1 to 26 form an integral part of these condensed interim financial statements.

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	107,186,284	110,025,290
Intangible assets	11	201,198	2,007,996
Investment property	12	164,060	164,513
		107,551,542	112,197,799
Long term investments	13	8,845,835	7,912,211
Long term advances and deposits	14	6,123,397	3,962,186
		14,969,232	11,874,397
		122,520,774	124,072,196
CURRENT ASSETS			
Stores and spares	15	16,244,648	13,717,907
Stock in trade	16	61,979,780	32,414,846
Trade debts		11,358,978	9,506,925
Short term loans to related parties		3,902,533	5,099,723
Advances, deposits, prepayments and other receivables		19,066,879	20,040,816
Short term investments		14,299,650	18,819,553
Cash and bank balances		3,306,106	7,094,865
		130,158,574	106,694,635
		252,679,348	230,766,831

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (un audited)

For the six months ended June 30, 2024

	Note	Three months ended		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees in thousand)			
Sales	17	41,830,742	46,776,713	107,077,537	83,977,338
Cost of sales		(26,009,252)	(32,494,560)	(64,328,857)	(55,689,706)
Gross profit		15,821,490	14,282,153	42,748,680	28,287,632
Selling and distribution expenses		(3,099,398)	(2,020,840)	(6,475,347)	(4,509,248)
Administrative expenses	18	(2,441,069)	(1,547,933)	(5,059,162)	(3,483,924)
		10,281,023	10,713,380	31,214,171	20,294,460
Finance cost	19	(721,342)	(1,513,669)	(1,459,181)	(2,660,794)
Other operating expenses		(1,632,254)	(987,187)	(7,525,952)	(3,143,063)
		7,927,427	8,212,524	22,229,038	14,490,603
Other income		2,103,973	715,463	4,407,322	1,179,148
Share of profit from associates		1,637	2,981	1,637	6,024
Other losses:					
- Unwinding of provision for GIDC		(16,676)	(74,840)	(48,937)	(127,876)
- Loss allowance on subsidy receivable from GoP		-	(98,376)	(627,648)	(132,056)
		(16,676)	(173,216)	(676,585)	(259,932)
Profit before tax		10,016,361	8,757,752	25,961,412	15,415,843
Taxation		(4,940,647)	(7,508,713)	(12,730,067)	(10,289,317)
Profit for the period		5,075,714	1,249,039	13,231,345	5,126,526
Earnings per share - basic and diluted (Rupees)	20	2.42	0.59	6.30	2.44

The annexed explanatory notes from 1 to 26 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 six months ended June 30, 2024

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in thousand)			
Profit for the period	5,075,714	1,249,039	13,231,345	5,126,526
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	5,075,714	1,249,039	13,231,345	5,126,526

The annexed explanatory notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

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

(Rupees in thousand)

Balance as at December 31, 2022 (Restated)	21,000,000	1,790,000	84,538,936	(239,752)	107,089,184
Profit for the period	-	-	5,126,526	-	5,126,526
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	5,126,526	-	5,126,526
Transaction with owners:					
- Final dividend for the year ended December 31, 2022 @ Rs 3.50 per share	-	-	(7,350,000)	-	(7,350,000)
Balance as at June 30, 2023 (Un audited)	21,000,000	1,790,000	82,315,462	(239,752)	104,865,710
Balance as at December 31, 2023 (Audited)	21,000,000	1,790,000	95,913,335	(337,352)	118,365,983
Profit for the period	-	-	13,231,345	-	13,231,345
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	13,231,345	-	13,231,345
Transaction with owners:					
- Final dividend for the year ended December 31, 2023 @ Rs 2.75 per share	-	-	(5,775,000)	-	(5,775,000)
Balance as at June 30, 2024 (Un audited)	21,000,000	1,790,000	103,369,680	(337,352)	125,822,328

The annexed explanatory notes from 1 to 26 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 six months ended June 30, 2024

	Note	Six months ended	
		June 30, 2024	June 30, 2023
(Rupees in thousand)			
Cash flows from operating activities			
Cash (used in) / generated from operations	22	(595,109)	19,528,036
Net increase in long term deposits		48,657	61,632
Finance cost paid		(1,551,734)	(2,511,578)
Taxes paid		(10,391,549)	(6,143,797)
Employee retirement benefits paid		(70,019)	(184,075)
Net cash (used in) / generated from operating activities		(12,559,754)	10,750,218
Cash flows from investing activities			
Additions in property, plant and equipment		(3,692,724)	(4,523,822)
Additions in intangible assets		(5,771)	(48,823)
Proceeds from disposal of property, plant and equipment		6,933	6,704
Proceeds from short term loan to related party		1,197,190	-
Long term investments made		(545,396)	(1,100,000)
Short term investments made		(730,309)	-
Proceeds from short term investments		6,882,051	255,212
Profit received on loans and saving accounts		2,439,171	637,924
Dividend income received		347,763	266,608
Net (increase) / decrease in long term advances and deposits		(2,547,802)	44,711
Net cash generated from / (used in) investing activities		3,351,106	(4,461,486)
Cash flows from financing activities			
Proceeds from long term finances		2,000,000	-
Repayment of long term finances		(2,505,007)	(1,681,947)
Repayment of lease liabilities		(49,491)	(40,141)
Dividend paid		(5,768,353)	(7,340,861)
Repayment of short term loans from related parties		(1,626,307)	-
Net increase in short term finances		12,853,604	1,613,663
Net cash generated from / (used in) financing activities		4,904,446	(7,449,286)
Net decrease in cash and cash equivalents		(4,304,202)	(1,160,554)
Cash and cash equivalents at the beginning of the period		7,094,865	(3,595,823)
Cash and cash equivalents at the end of the period		2,790,663	(4,756,377)
Cash and cash equivalents comprises of following:			
Cash and bank balances		3,306,106	2,682,938
Running finance		(515,443)	(7,439,315)
Cash and cash equivalents at the end of the period		2,790,663	(4,756,377)

The annexed explanatory notes from 1 to 26 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 six months ended June 30, 2024

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 condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary companies is accounted for on the basis of actual cost less impairment, if any, and investment in associates is accounted for under equity method. Consolidated condensed interim financial statements are prepared separately.

2 Basis of preparation

2.1 These condensed interim financial statements 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, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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, 2023. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2023 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited condensed interim financial statements for the six months ended June 30, 2023.

2.3 These condensed interim financial statements are un audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with Section 237 of Companies Act, 2017 and they have issued their review report thereon.

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

3 Material accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2023.

Further, the Company has adopted the guidance on accounting for minimum and final taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP). However, this has no impact on these interim financial statements.

Note	Un audited June 30, 2024	Audited December 31, 2023
	(Rupees in thousand)	
4 Reserves		
Capital reserve:		
Share premium	1,790,000	1,790,000
Revenue reserve:		
Unappropriated profit	103,369,680	95,913,335
Post retirement benefit obligation reserve	(337,352)	(337,352)
	104,822,328	97,365,983
5 Long term finances - secured		
From banking companies / financial institutions	5.1 7,518,803	7,935,333
Less: Current portion	1,038,565	2,129,405
	6,480,238	5,805,928
5.1 Movement of long term finances		
Opening balance	7,935,333	11,880,389
Disbursements during the period / year	2,000,000	-
Classified as deferred government grant	-	(704,444)
Repayments during the period / year	(2,505,007)	(3,521,364)
Accreditation of loan under SBP Temporary Economic Refinance Scheme	88,477	280,752
Closing balance	7,518,803	7,935,333
6 Subordinated redeemable preference Class A shares		
Opening balance	1,473,323	1,266,286
Unwinding for the period / year	115,887	207,037
Closing balance	1,589,210	1,473,323

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

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, pledge of raw materials and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 20.90% to 23.37% (December 31, 2023: 16.11% to 23.91%) per annum for Running Finance and Cash Finance and 21.14% to 22.55% (December 31, 2023: 17.18% to 23.97%) per annum for Finance against Imported Merchandise.

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
8 Current portion of long term liabilities			
Long term finances	5	1,038,565	2,129,405
Lease liabilities		36,176	111,706
Deferred government grant		77,212	77,212
		1,151,953	2,318,323

9 Contingencies and commitments

9.1 Contingencies

As at June 30, 2024, 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, 2023 except that of contingencies reported in note # 18 sr. nos. (v), (vii), (xii), (xiii), (xiv)(c), (xv), (xxii), (xxvi), (xxvii) & (xxxii) no longer remains outstanding due to the favourable orders issued by the higher appellate fora in the Company's favour and sr no. (xxiii) against which the Company has recorded provision during the period. Whereas, the following new contingency arose subsequent to the year ended December 31, 2023 as per detailed below:

Through amendment order dated September 25, 2013, deemed assessment of tax year 2012 was modified primarily on the grounds that the tax credit claimed u/s 65B of the Income Tax Ordinance, 2001 amounting to Rs 3,500 Million was not admissible to the Company. Company's appeal against such order was disposed by CIR(A) through appellate order dated September 11, 2014 which has been further assailed before Appellate Tribunal Inland Revenue [ATIR]. Such appeal has not yet been taken up for hearing by ATIR and is pending for adjudication as of date.

	Note	Un audited June 30, 2024	Audited December 31, 2023	
		(Rupees in thousand)		
9.2 Commitments in respect of:				
(i)	Contracts for capital expenditure	5,262,154	3,793,512	
(ii)	Contracts other than capital expenditure	8,896,898	15,498,800	
(iii)	The amount of future payments under ijarah rentals and short term / low value leases:			
	- Not later than one year	607,077	1,252,635	
	- Later than one year but not later than five years	514,251	1,742,497	
		1,121,328	2,995,132	
10 Property, plant and equipment				
	Operating fixed assets	10.1	100,559,126	104,643,032
	Capital work in progress	10.2	6,627,158	5,382,258
			107,186,284	110,025,290
10.1 Movement of operating fixed assets				
	Opening book value		104,643,032	106,297,034
	Additions during the period / year	10.1.1	2,447,824	9,451,485
			107,090,856	115,748,519
	Less: Depreciation charged during the period / year		5,589,270	10,814,994
	Impairment charged during the period / year		941,041	–
	Book value of disposals during the period / year		1,419	290,493
	Closing book value		100,559,126	104,643,032
10.1.1 Additions during the period / year				
	Freehold land		529,032	478,664
	Building on freehold land		74,926	190,507
	Plant and machinery		723,436	7,020,778
	Catalysts		–	542,647
	Furniture and fixtures		19,119	88,276
	Office equipment		23,589	29,124
	Electrical installations and appliances		455,714	493,541
	Computers		327,908	133,308
	Vehicles		294,100	474,640
			2,447,824	9,451,485

10.1.2 Operating fixed assets include right of use assets amounting to Rs 153.52 million (December 31, 2023: Rs 184.87 million).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

	Un audited June 30, 2024	Audited December 31, 2023
	(Rupees in thousand)	
10.2 Capital work in progress		
Civil works	728,432	610,030
Plant and machinery	1,261,227	790,266
Capital stores	4,637,499	3,981,962
	6,627,158	5,382,258
10.2.1 Movement of capital work in progress		
Opening balance	5,666,503	8,083,252
Additions during the period / year	1,332,697	2,581,928
	6,999,200	10,665,180
Less: Capitalization during the period / year	74,926	4,998,677
	6,924,274	5,666,503
Less: Provision for slow moving capital stores	297,116	284,245
Closing balance	6,627,158	5,382,258
11 Intangible assets		
Opening book value	2,007,996	3,786,096
Additions during the period / year	5,771	71,780
	2,013,767	3,857,876
Less: Amortization charged during the period / year	42,569	79,880
Impairment charged during the period / year	1,770,000	1,770,000
Closing book value	201,198	2,007,996
12 Investment property		
Opening book value	164,513	165,419
Less: Depreciation charged during the period / year	453	906
Closing book value	164,060	164,513
13 Long term investments		

13.1 This includes investment in 57,333,333 shares (December 31, 2023: nil) of National Resources (Pvt) Limited. 34,833,833 shares were purchased from Reliance Commodities (Pvt) Limited at total cost of Rs 252.19 million, pursuant to approval of the shareholders in the Extra Ordinary General Meeting held on December 12, 2023. While 22,500,000 shares were also purchased during the period against rights offer amounting to Rs 225 million.

13.2 This also includes investment of Rs 386.59 million in units issued by Sapphire Bay Islamic Development Reit (REIT) at a price of Rs 10 each.

14 Long term advances and deposits

This includes advances amounting to Rs 3,279.31 million (December 31, 2023: 1,738.04 million) paid for investments in shariah compliant development REIT schemes which are managed by Arif Habib Dolmen REIT Management Company Limited (RMC), a related party.

	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)		
15 Stores and spares		
Stores	1,303,848	988,753
Spares	12,802,067	10,886,795
Catalyst and chemicals	5,301,812	4,708,130
	19,407,727	16,583,678
Less: Provision for slow moving stores and spares	3,163,079	2,865,771
	16,244,648	13,717,907
16 Stock in trade		
Raw materials {including in transit Rs 10,867.61 million (December 31, 2023: Rs 2,985.29 million)}	13,925,614	15,728,528
Packing materials	323,539	353,565
	14,249,153	16,082,093
Mid products		
Ammonia	403,019	335,489
Nitric acid	52,865	46,766
Others	2,268	7,632
	458,152	389,887
Finished goods		
Own manufactured		
Urea	14,078,285	630,764
NP	22,587,224	14,153,402
CAN	3,568,292	945,647
Others	2,415	4,073
	40,236,216	15,733,886
Purchased for resale	7,036,259	208,980
	61,979,780	32,414,846

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

Note	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in thousand)			
17 Sales				
Revenue from contracts with customers				
Local sales 17.1	41,828,517	46,776,713	107,075,312	83,977,338
Certified emission reductions	2,225	–	2,225	–
	41,830,742	46,776,713	107,077,537	83,977,338
17.1 Local sales				
Own manufactured	43,637,334	46,025,769	107,572,676	79,567,385
Purchased for resale	913,104	1,372,890	5,199,876	5,539,121
Mid products	784,201	555,692	1,423,640	1,036,696
	45,334,639	47,954,351	114,196,192	86,143,202
Less: Sales tax	164,472	89,581	326,867	167,981
Federal excise duty	2,291,719	–	5,323,877	–
Discounts	1,049,931	1,088,057	1,470,136	1,997,883
	41,828,517	46,776,713	107,075,312	83,977,338

18 Administrative expenses

This includes donation amounting to Rs 224.45 million (June 30, 2023: 227.51 million) to Mian Mukhtar A. Sheikh Trust, a related party.

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in thousand)			
19 Finance cost				
Markup on long term finances	373,624	429,646	757,961	837,598
Markup on short term finances	186,261	808,053	206,354	1,263,374
Markup on short term loans from related parties	–	97,332	94,567	172,721
Interest on lease liabilities	4,003	5,976	8,396	12,243
Bank charges and others	157,454	172,662	391,903	374,858
	721,342	1,513,669	1,459,181	2,660,794

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
20 Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders (Rupees in thousand)	5,075,714	1,249,039	13,231,345	5,126,526
Weighted average number of shares (Number of shares)	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.42	0.59	6.30	2.44

21 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Subsidiary companies	Acquisition of shares	-	1,100,000
	Payments made on behalf	-	18,000
	Markup income	1,086	75,537
	Miscellaneous expenses	182,892	123,943
	Purchase of packing material	2,341,652	2,455,614
Associated companies	Fee for services	309,764	43,753
	Repayment of loan to related party	1,197,190	-
	Advance against shares	50,000	-
	Lease rental	343,068	271,200
	Repayment of loans from related parties	1,626,307	-
	Markup expense	94,567	172,721
	Markup income	560,806	492,148
	Miscellaneous expenses	1,193	1,394
Directors and key management personnel	Remuneration including benefits and perquisites	529,025	487,213
Retirement benefit plans	Retirement benefits	449,779	313,304

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

Note	For the six months ended	
	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
22 Cash generated from operations		
Profit before tax	25,961,412	15,415,843
Adjustments for:		
Depreciation on property, plant and equipment	10.1 5,589,270	2,790,055
Impairment of plant and machinery	10.1 941,041	–
Amortization of intangible assets	11 42,569	37,099
Impairment of brand	11 1,770,000	885,000
Depreciation on investment property	12 453	453
Finance cost	19 1,459,181	2,660,794
Unwinding of provision for GIDC	48,937	127,876
Unwinding of payable against subordinated redeemable preference Class A shares	115,887	99,601
Provision for staff retirement benefits	295,683	205,528
Provision for slow moving stores and spares	310,179	18,843
Gain on remeasurement of investments classified as FVTPL	(1,631,839)	(131,426)
Loss allowance on subsidy receivable from GoP	627,648	132,056
Profit on loans to related parties	(561,892)	(567,685)
Dividend income	(347,763)	(266,608)
Share of profit from associates	(1,637)	(6,024)
Profit on short term investments and saving accounts	(1,735,106)	(188,280)
(Gain) / loss on disposal of property, plant and equipment	(5,514)	5,790
	6,917,097	5,803,072
Operating cash flows before working capital changes	32,878,509	21,218,915
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(2,836,920)	1,442,593
Stock in trade	(29,564,934)	7,818,938
Trade debts	(1,852,053)	(2,362,581)
Advances, deposits, prepayments and other receivables	204,116	(169,451)
Increase / (decrease) in creditors, accrued and other liabilities	576,173	(8,420,378)
	(33,473,618)	(1,690,879)
	(595,109)	19,528,036

23 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	June 30, 2024 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	7,078,623	–	941,400	8,020,023
Total assets at fair value	7,078,623	–	941,400	8,020,023
	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	5,974,626	–	941,400	6,916,026
Total assets at fair value	5,974,626	–	941,400	6,916,026

24 Date of authorization of issue

These financial statements have been authorized for issue on August 27, 2024 by the Board of Directors of the Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

25 Non adjusting event after reporting date

The Board of Directors of the Company in its meeting held on August 27, 2024 has approved an interim cash dividend of Rs 2.75 per share for the six months ended June 30, 2024, aggregating to Rs 5,775 million. These condensed interim financial statements do not include the effect of the said interim dividend.

26 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 six months ended June 30, 2024

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended June 30, 2024

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 3,700,010,000 (December 31, 2023: 3,700,010,000) shares of Rs 10 each		37,000,100	37,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2023: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	106,194,069	98,385,630
		127,194,069	119,385,630
NON CURRENT LIABILITIES			
Long term finances - secured	5	6,480,238	5,865,827
Subordinated redeemable preference Class A shares	6	1,589,210	1,473,323
Lease liabilities		153,287	115,211
Deferred taxation		26,350,780	27,534,188
Deferred liabilities		2,648,081	2,451,303
Long term deposits		515,315	466,658
		37,736,911	37,906,510
CURRENT LIABILITIES			
Trade and other payables		57,034,379	57,351,905
Accrued finance cost		444,719	570,910
Income tax payable		14,984,858	11,404,954
Short term finances - secured	7	15,291,041	937,842
Short term loans from related parties		–	1,626,307
Payable to Privatization Commission of Pakistan		2,197,901	2,197,901
Unclaimed dividend		62,416	55,769
Current portion of long term liabilities	8	1,278,922	2,440,769
		91,294,236	76,586,357
CONTINGENCIES & COMMITMENTS			
	9		
		256,225,216	233,878,497

The annexed explanatory notes from 1 to 26 form an integral part of these condensed interim consolidated financial statements.

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	110,042,273	112,899,021
Intangible assets	11	201,198	2,007,996
Investment property	12	164,060	164,513
		110,407,531	115,071,530
Long term investments	13	6,760,326	5,826,702
Long term advances and deposits	14	6,134,660	3,973,497
		12,894,986	9,800,199
		123,302,517	124,871,729
CURRENT ASSETS			
Stores and spares	15	16,408,753	13,867,718
Stock in trade	16	62,997,684	33,377,002
Trade debts		12,369,101	10,354,747
Short term loans to related parties		3,902,533	5,099,723
Advances, deposits, prepayments and other receivables		19,100,988	20,005,103
Short term investments		14,457,451	18,964,855
Cash and bank balances		3,686,189	7,337,620
		132,922,699	109,006,768
		256,225,216	233,878,497

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (un audited)

For the six months ended June 30, 2024

Note	Three months ended		Six months ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
	(Rupees in thousand)				
Sales	17	42,338,513	47,181,874	108,377,827	85,268,274
Cost of sales		(26,171,262)	(32,538,797)	(64,772,101)	(56,117,984)
Gross profit		16,167,251	14,643,077	43,605,726	29,150,290
Selling and distribution expenses		(3,137,252)	(2,040,776)	(6,545,927)	(4,551,443)
Administrative expenses	18	(2,470,364)	(1,575,701)	(5,107,101)	(3,535,044)
		10,559,635	11,026,600	31,952,698	21,063,803
Finance cost	19	(809,962)	(1,568,134)	(1,631,775)	(2,791,458)
Other operating expenses		(1,651,344)	(1,010,665)	(7,563,768)	(3,206,873)
		8,098,329	8,447,801	22,757,155	15,065,472
Other income		2,125,473	645,008	4,429,969	1,111,086
Share of profit from associates		1,637	2,981	1,637	6,024
Other losses:					
- Unwinding of provision for GIDC		(16,676)	(74,840)	(48,937)	(127,876)
- Loss allowance on subsidy receivable from GoP		-	(98,376)	(627,648)	(132,056)
		(16,676)	(173,216)	(676,585)	(259,932)
Profit before tax		10,208,763	8,922,574	26,512,176	15,922,650
Taxation		(5,018,921)	(7,729,801)	(12,928,737)	(10,688,612)
Profit for the period		5,189,842	1,192,773	13,583,439	5,234,038
Earnings per share - basic and diluted (Rupees)	20	2.47	0.57	6.47	2.49

The annexed explanatory notes from 1 to 26 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 six months ended June 30, 2024

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in thousand)			
Profit for the period	5,189,842	1,192,773	13,583,439	5,234,038
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	5,189,842	1,192,773	13,583,439	5,234,038

The annexed explanatory notes from 1 to 26 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
		Share premium	Unappropriated profit		
(Rupees in thousand)					
Balance as at December 31, 2022 (Restated)	21,000,000	1,790,000	84,950,556	(239,822)	107,500,734
Profit for the period	-	-	5,234,038	-	5,234,038
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	5,234,038	-	5,234,038
Transaction with owners:					
- Final dividend for the year ended December 31, 2022 @ Rs 3.50 per share	-	-	(7,350,000)	-	(7,350,000)
Balance as at June 30, 2023 (Un audited)	21,000,000	1,790,000	82,834,594	(239,822)	105,384,772
Balance as at December 31, 2023 (Audited)	21,000,000	1,790,000	96,933,972	(338,342)	119,385,630
Profit for the period	-	-	13,583,439	-	13,583,439
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	13,583,439	-	13,583,439
Transaction with owners:					
- Final dividend for the year ended December 31, 2023 @ Rs 2.75 per share	-	-	(5,775,000)	-	(5,775,000)
Balance as at June 30, 2024 (Un audited)	21,000,000	1,790,000	104,742,411	(338,342)	127,194,069

The annexed explanatory notes from 1 to 26 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 six months ended June 30, 2024

	Note	Six months ended	
		June 30, 2024	June 30, 2023
(Rupees in thousand)			
Cash flows from operating activities			
Cash (used in) / generated from operations	22	(1,104,096)	20,706,467
Net increase in long term deposits		48,657	61,632
Finance cost paid		(1,698,419)	(2,669,663)
Taxes paid		(10,532,241)	(6,289,599)
Employee retirement benefits paid		(70,865)	(175,126)
Net cash (used in) / generated from operating activities		(13,356,964)	11,633,711
Cash flows from investing activities			
Additions in property, plant and equipment		(3,703,059)	(4,559,548)
Additions in intangible assets		(5,771)	(48,823)
Proceeds from disposal of property, plant and equipment		6,933	6,704
Proceeds from short term loan to related party		1,197,190	-
Long term investments made		(545,396)	-
Short term investments made		(730,310)	-
Proceeds from short term investments		6,882,051	255,212
Profit received on loans and saving accounts		2,449,757	563,711
Dividend income received		350,655	268,469
Net increase in long term advances and deposits		(2,547,754)	(901,928)
Net cash generated from / (used in) investing activities		3,354,296	(4,416,203)
Cash flows from financing activities			
Proceeds from long term finances		2,000,000	-
Repayment of long term finances		(2,564,905)	(1,741,845)
Repayment of lease liabilities		(42,397)	(40,273)
Repayment of loan from directors		-	(18,000)
Dividend paid		(5,768,353)	(7,340,861)
Repayment of short term loans from related parties		(1,626,307)	-
Net increase in short term finances		13,362,689	2,224,758
Net cash generated from / (used in) financing activities		5,360,727	(6,916,221)
Net (decrease) / increase in cash and cash equivalents		(4,641,941)	301,287
Cash and cash equivalents at the beginning of the period		7,225,634	(5,400,238)
Cash and cash equivalents at the end of the period		2,583,693	(5,098,951)
Cash and cash equivalents comprises of following:			
Cash and bank balances		3,686,189	2,873,736
Running finance		(1,102,496)	(7,972,687)
Cash and cash equivalents at the end of the period		2,583,693	(5,098,951)

The annexed explanatory notes from 1 to 26 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

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 the Companies Act, 2017) and it is listed on Pakistan Stock Exchange. Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited and Pan-Africa Fertilizers Limited are wholly owned subsidiaries of the Holding Company. Fatimafert Limited, Fatima Cement Limited and Fatima Packaging Limited are incorporated in Pakistan under the Companies Act, 2017 and Pan-Africa Fertilizers Limited is incorporated in Kenya. Collectively, these 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, chemicals, cement and polypropylene sacks, cloth, liner & bags. The registered office of the Holding Company, Fatimafert Limited, Fatima Packaging Limited and Fatima Cement Limited is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt, whereas the registered office of Pan-Africa Fertilizers Limited is situated at Westlands District, Nairobi, Kenya. The manufacturing facilities of the Holding Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhupura, Pakistan.

2 Basis of preparation

2.1 These condensed interim consolidated financial statements 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, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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 consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2023. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2023 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 extracted from un audited condensed interim consolidated financial statements for the six months ended June 30, 2023.

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

3 Material accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2023.

Further, the Group has adopted the guidance on accounting for minimum and final taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP). However, this has no impact on these interim consolidated financial statements.

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
4 Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		104,742,411	96,933,972
Post retirement benefit obligation reserve		(338,342)	(338,342)
		106,194,069	98,385,630
5 Long term finances - secured			
From banking companies / financial institutions	5.1	7,638,599	8,115,028
Less: Current portion		1,158,361	2,249,201
		6,480,238	5,865,827
5.1 Movement of long term finances			
Opening balance		8,115,028	12,179,880
Disbursements during the period / year		2,000,000	-
Classified as deferred government grant		-	(704,444)
Repayments during the period / year		(2,564,905)	(3,641,160)
Accreditation of loan under SBP Temporary Economic Refinance Scheme		88,476	280,752
Closing balance		7,638,599	8,115,028
6 Subordinated redeemable preference Class A shares			
Opening balance		1,473,323	1,266,286
Unwinding for the period / year		115,887	207,037
Closing balance		1,589,210	1,473,323

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

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.

The facilities are secured by pari passu charge on present and future current assets of the Group, pledge of raw materials and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 20.90% to 24.25% (December 31, 2023: 16.11% to 25.86%) per annum for Running Finance and Cash Finance and 21.14% to 22.55% (December 31, 2023: 17.18% to 23.97%) per annum for Finance against Imported Merchandise.

	Note	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)			
8 Current portion of long term liabilities			
Long term finances	5	1,158,361	2,249,201
Lease liabilities		43,349	114,356
Deferred government grant		77,212	77,212
		1,278,922	2,440,769

9 Contingencies and commitments

9.1 Contingencies

As at June 30, 2024, 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, 2023 except that of contingencies reported in note # 18 sr. nos. (v), (vii), (xii), (xiii), (xiv)(c), (xv), (xxii), (xxvi), (xxvii) & (xxxii) no longer remain outstanding due to the favourable orders issued by the higher appellate fora in the Group's favour and sr no. (xxiii) against which the Holding Company has recorded provision during the period. Whereas, the following new contingency arose subsequent to the year ended December 31, 2023 as per detailed below:

Through amendment order dated September 25, 2013, deemed assessment of tax year 2012 was modified primarily on the grounds that the tax credit claimed u/s 65B of the Income Tax Ordinance, 2001 amounting to Rs 3,500 Million was not admissible to the Holding Company. The Holding Company's appeal against such order was disposed by CIR(A) through appellate order dated September 11, 2014 which has been further assailed before Appellate Tribunal Inland Revenue [ATIR]. Such appeal has not yet been taken up for hearing by ATIR and is pending for adjudication as of date.

	Note	Un audited June 30, 2024	Audited December 31, 2023	
		(Rupees in thousand)		
9.2 Commitments in respect of:				
(i)	Contracts for capital expenditure	5,262,154	3,793,512	
(ii)	Contracts other than capital expenditure	9,166,179	15,823,935	
(iii)	Letter of guarantees	62,100	62,100	
(iv)	The amount of future payments under ijarah rentals and short term / low value leases:			
	- Not later than one year	617,808	1,263,364	
	- Later than one year but not later than five years	539,110	1,764,546	
		1,156,918	3,027,910	
10 Property, plant and equipment				
	Operating fixed assets	10.1	103,369,713	107,471,361
	Capital work in progress	10.2	6,672,560	5,427,660
			110,042,273	112,899,021
10.1 Movement of operating fixed assets				
	Opening book value		107,471,361	109,139,931
	Additions during the period / year	10.1.1	2,458,159	9,492,357
			109,929,520	118,632,288
	Less: Depreciation charged during the period / year		5,617,347	10,870,387
	Impairment charged during the period / year		941,041	-
	Book value of disposals during the period / year		1,419	290,540
	Closing book value		103,369,713	107,471,361
10.1.1 Additions during the period / year				
	Freehold land		529,032	478,663
	Building on freehold land		74,926	190,507
	Plant and machinery		724,546	7,060,310
	Catalysts		-	542,647
	Furniture and fixtures		19,119	88,276
	Office equipment		24,332	30,465
	Electrical installations and appliances		455,714	493,541
	Computers		327,908	133,308
	Vehicles		294,566	474,640
	Right of use assets		8,016	-
			2,458,159	9,492,357

10.1.2 Operating fixed assets include right of use assets amounting to Rs 170.89 million (December 31, 2023: Rs 195.75 million).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

	Un audited June 30, 2024	Audited December 31, 2023
	(Rupees in thousand)	
10.2 Capital work in progress		
Civil works	728,463	610,062
Plant and machinery	1,306,196	835,234
Intangibles	402	402
Capital stores	4,637,499	3,981,962
	6,672,560	5,427,660
10.2.1 Movement of capital work in progress		
Opening balance	5,711,905	8,121,806
Additions during the period / year	1,332,697	2,588,776
	7,044,602	10,710,582
Less: Capitalization during the period / year	74,926	4,998,677
	6,969,676	5,711,905
Less: Provision for slow moving capital stores	297,116	284,245
Closing balance	6,672,560	5,427,660
11 Intangible assets		
Opening book value	2,007,996	3,786,096
Additions during the period / year	5,771	71,780
	2,013,767	3,857,876
Less: Amortization charged during the period / year	42,569	79,880
Impairment charged during the period / year	1,770,000	1,770,000
Closing book value	201,198	2,007,996
12 Investment property		
Opening book value	164,513	165,419
Less: Depreciation charged during the period / year	453	906
Closing book value	164,060	164,513

13 Long term investments

13.1 This includes investment in 57,333,833 shares of National Resources (Pvt) Limited. 34,833,833 shares were purchased from Reliance Commodities (Pvt) Limited at total cost of Rs 252.19 million, pursuant to approval of the shareholders in the Extra Ordinary General Meeting of Holding Company held on December 12, 2023. While 22,500,000 shares were also purchased during the period against rights offer amounting to Rs 225 million.

13.2 This also includes investment of Rs 386.59 million in units issued by Sapphire Bay Islamic Development Reit (REIT) at a price of Rs 10 each.

14 Long term advances and deposits

This includes advances amounting to Rs 3,279.31 million (December 31, 2023: 1,738.04 million) paid for investments in shariah compliant development REIT schemes which are managed by Arif Habib Dolmen REIT Management Company Limited (RMC), a related party.

	Un audited June 30, 2024	Audited December 31, 2023
(Rupees in thousand)		
15 Stores and spares		
Stores	1,467,953	1,138,564
Spares	12,802,067	10,886,795
Catalyst and chemicals	5,301,812	4,708,130
	19,571,832	16,733,489
Less: Provision for slow moving stores and spares	3,163,079	2,865,771
	16,408,753	13,867,718
16 Stock in trade		
Raw materials {including in transit Rs 11,188.73 million (December 31, 2023: Rs 3,462.70 million)}	14,864,390	16,638,934
Packing materials	239,419	254,567
	15,103,809	16,893,501
Work in progress	123,240	115,941
Mid products		
Ammonia	403,019	335,489
Nitric acid	52,865	46,766
Others	2,268	7,632
	458,152	389,887
Finished goods		
Own manufactured		
Urea	14,078,285	630,764
NP	22,587,224	14,153,402
CAN	3,568,294	945,647
Others	42,421	38,880
	40,276,224	15,768,693
Purchased for resale	7,036,259	208,980
	62,997,684	33,377,002

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

Note	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in thousand)			
17 Sales				
Revenue from contracts with customers				
Local sales	17.1	42,309,572	47,181,874	108,321,304
Export sales		28,941	–	56,523
		42,338,513	47,181,874	108,377,827
				85,233,493
				85,268,274
17.1 Local sales				
Own manufactured		44,412,235	46,430,930	109,422,895
Purchased for resale		913,104	1,372,890	5,199,876
Mid products		784,201	555,692	1,423,640
		46,109,540	48,359,512	116,046,411
				88,016,015
Less: Sales tax		458,318	89,581	931,094
Federal excise duty		2,291,719	–	5,323,877
Discounts		1,049,931	1,088,057	1,470,136
		42,309,572	47,181,874	108,321,304
				85,233,493

18 Administrative expenses

This includes donation amounting to Rs 224.45 million (June 30, 2023: 227.51 million) to Mian Mukhtar A. Sheikh Trust, a related party.

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in thousand)			
19 Finance cost				
Markup on long term finances		377,214	443,307	775,804
Markup on short term finances		268,465	846,275	347,620
Markup on short term loans				
from related parties		–	97,332	94,567
Interest on lease liabilities		5,073	6,737	9,466
Bank charges and others		159,210	174,483	404,318
		809,962	1,568,134	1,631,775
				2,791,458

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
20 Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders (Rupees in thousand)	5,189,842	1,192,773	13,583,439	5,234,038
Weighted average number of shares (Number of shares)	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.47	0.57	6.47	2.49

21 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Group. Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	Nature of transaction	For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in thousand)	
Relationship with the Group			
Associated companies	Fee for services	309,764	43,753
	Repayment of loan to related party	1,197,190	-
	Advance against shares	50,000	-
	Lease rental	343,068	271,200
	Sale of finished goods	756,299	618,195
	Repayment of loans from related parties	1,626,307	-
	Markup expense	94,567	172,721
	Markup income	560,806	492,148
	Miscellaneous expenses	1,193	1,394
Directors and key management personnel	Remuneration including benefits and perquisites	622,289	580,477
Retirement benefit plans	Retirement benefits	464,909	313,304

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

	Note	For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in thousand)	
22 Cash generated from operations			
Profit before tax		26,512,176	15,922,650
Adjustments for:			
Depreciation on property, plant and equipment	10.1	5,617,347	2,816,962
Impairment of plant and machinery	10.1	941,041	–
Amortization of intangible assets	11	42,569	37,099
Impairment of brand	11	1,770,000	885,000
Depreciation on investment property	12	453	453
Finance cost	19	1,631,775	2,791,458
Unwinding of provision for GIDC		48,937	127,876
Unwinding of payable against subordinated redeemable preference Class A shares		115,887	99,601
Provision for staff retirement benefits		306,039	205,528
Provision for slow moving stores and spares		310,179	18,843
Gain on remeasurement of investments classified as FVTPL		(1,644,337)	(132,213)
Loss allowance on subsidy receivable from GoP		627,648	132,056
Profit on loans to related parties		(560,806)	(492,148)
Dividend income		(350,655)	(268,469)
Share of profit from associates		(1,637)	(6,024)
Profit on short term investments and saving accounts		(1,743,449)	(193,107)
(Gain) / loss on disposal of property, plant and equipment		(5,514)	5,790
		7,105,477	6,028,705
Operating cash flows before working capital changes		33,617,653	21,951,355
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(2,851,214)	1,444,470
Stock in trade		(29,620,682)	7,906,954
Trade debts		(2,014,354)	(2,554,253)
Advances, deposits, prepayments and other receivables		130,965	(363,729)
Decrease in creditors, accrued and other liabilities		(366,464)	(7,678,330)
		(34,721,749)	(1,244,888)
		(1,104,096)	20,706,467

23 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	June 30, 2024 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	7,078,623	–	941,400	8,020,023
Total assets at fair value	7,078,623	–	941,400	8,020,023
	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - FVTPL	6,017,828	–	941,400	6,959,228
Total assets at fair value	6,017,828	–	941,400	6,959,228

24 Date of authorization of issue

These financial statements have been authorized for issue on August 27, 2024 by the Board of Directors of the Holding Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (un audited)

For the six months ended June 30, 2024

25 Non adjusting event after reporting date

The Board of Directors of the Holding Company in its meeting held on August 27, 2024 has approved an interim cash dividend of Rs 2.75 per share for the six months ended June 30, 2024, aggregating to Rs 5,775 million. These condensed interim consolidated financial statements do not include the effect of the said interim dividend.

26 General

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



Chief Executive Officer



Director




Chief Financial Officer



www.fatima-group.com

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JV of Fatima and Arif Habib Group

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