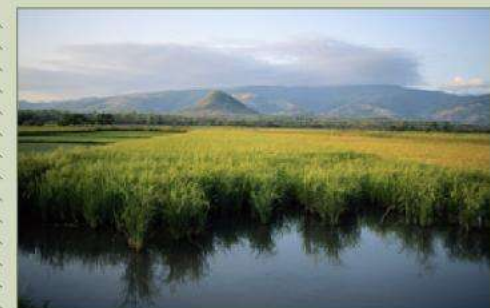


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**Financial Statements**  
June 30, 2009 (Un-Audited)



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93-Harley Street, Rawalpindi Tel: (051) 9272308-15



**FFC** FAUJI FERTILIZER COMPANY LIMITED



## Company Information

### BOARD OF DIRECTORS

Lt Gen Hamid Rab Nawaz, HI(M) (Retired)  
Chairman

Lt Gen Malik Arif Hayat, HI(M) (Retired)  
Chief Executive and Managing Director

Dr Haldor Topsoe  
Mr Qaiser Javed  
Mr Tariq Iqbal Khan  
Dr Nadeem Inayat  
Mr Istaqbal Mehdi  
Brig Arif Rasul Qureshi, SI(M) (Retired)  
Maj Gen Muhammad Tahir, HI(M) (Retired)  
Brig Rahat Khan, SI(M) (Retired)  
Mr Shahid Aziz Siddiqui  
Mr Shahid Anwar Khan  
Mrs Shaista Sohail

### CHIEF FINANCIAL OFFICER

Syed Shahid Hussain  
Tel: +92-51-9272339, Fax: +92-51-9272337  
E-mail: shahid\_hussain@ffc.com.pk

### COMPANY SECRETARY

Brig Khalid Kibriya (Retired)  
Tel: +92-51-9272327, Fax: +92-51-9272519  
E-mail: ffcwp@ffc.com.pk

### REGISTERED OFFICE

93-Harley Street, Rawalpindi Cantt.  
Tel: +92-51-9272307-14, Fax: +92-51-9272316  
Website: www.ffc.com.pk  
E-mail: ffcwp@ffc.com.pk

### PLANTSITES

Goth Machhi, Sadikabad.  
(Distt: Rahim Yar Khan)  
Tel: +92-685-786420-9, Fax: +92-685-786401

Mirpur Mathelo  
(Distt: Ghotki)  
Tel: +92-723-651021-24, Fax: +92-723-651102

### MARKETING DIVISION

Lahore Trade Centre  
11 Shahrah-e-Aiwan-e-Tijarat, Lahore.  
Tel: +92-42-6369137-40, Fax: +92-42-6366324

### KARACHI OFFICE

B-35, KDA Scheme No. 1, Karachi.  
Tel: +92-21-4390115-16, Fax: +92-21-4390117 & 4390122

### AUDITORS

M/s KPMG Taseer Hadi & Co.  
Chartered Accountants

### SHARES REGISTRAR

THK Associates (Pvt) Limited  
Ground Floor, State Life Building – 3,  
Dr. Ziauddin Ahmed Road,  
Karachi – 75530  
Tel: +92-21-111-000-322, Fax: +92-21-5655595

## Directors' Review

For the Half Year Ended June 30, 2009

### Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the unaudited financial statements of the Company together with the consolidated financial statements, including the operating results of our subsidiary, Fauji Fertilizer Bin Qasim Ltd., for the half year ended June 30, 2009.

FFC achieved exceptional results during the last quarter that have continued into the first half of 2009. Net earnings for the period at Rs. 4.55 billion were up by 38% surpassing our previous record earnings of Rs. 3.3 billion, for the corresponding period last year, resulting in improved EPS (diluted) of Rs. 6.70. The increase in net earnings is mainly attributable to higher urea sales volume, efficiencies in fuel gas consumption, reduction in operating costs, and higher investment income.

The key highlights of the half yearly results, compared with the operating performance for the same period last year are:

- Sona Urea Production of 1.239 million tonnes, up by 5%
- Sona Urea sales at 1.238 million tonnes, up by 4 %
- Gross margins improved by 100bp
- Dividend income from FFBL higher by Rs. 594 million
- Investment income excluding dividend income, up by 144%
- Net profit for the period at Rs. 4,548 million, up by Rs. 1,262 million
- Record diluted EPS at Rs. 6.70, higher by Rs. 1.86

All the three plants of the Company are currently operating at an aggregate average capacity of 121%. The Company outperformed its peers in urea sales with 2% growth in market share, which was up from 40% to 42% compared to the last quarter. On an overall basis, the Company's market share, including sale of FFBL's granular urea, increased from 47% to 51 %.

With relatively stronger price return for farmers from cotton vis-à-vis rice last year, we expect a re-balancing of area under cultivation with farmer preference shifting back to cotton, which consumes higher fertilizer/acre. As a result, we expect fertilizer demand to remain strong in the next cropping season on the back of higher farm income from recently harvested wheat crop and potential preference shifting to cotton from rice.

With the issue of 10% bonus shares, approved by the shareholders, in the Extra Ordinary General meeting of the Company held on June 26, 2009, the paid up capital of the Company stands increased to Rs. 6.785 billion. As part of the Company's vision of business diversification, investment in setting up of an independent 50MW wind power project was also approved by the shareholders in the same meeting. This decision will not only help the country to reduce the deficit in power supply & demand but also generate additional revenues for its shareholders. Similar to other power projects operating in the country, wind power project offers a guaranteed ROE of 15%.

In view of increased earnings and better operating performance, the Board is pleased to approve second interim dividend @ Rs. 2.60 per share, making a total payout of Rs. 6.90 per share todate, on the enhanced capital.

Growth and development of the two important crops of Kharif season (cotton and rice) is dependent on timely application of fertilizers. Government is expected to maintain its focus on the agriculture sector due to its significant contribution towards GDP and we hope that arrangements are being made for timely import of the deficit requirement of nitrogenous fertilizer, to stabilize the market.

On behalf of the Board,



Copenhagen, Denmark  
July 30, 2009

Chairman  
Lt Gen Hamid Rab Nawaz  
HI(M), (Retired)

## **Independent Auditors' Report on Review of Interim Financial Information to the Members of Fauji Fertilizer Company Limited**

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of Fauji Fertilizer Company Limited ("the Company") as at June 30, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six-months' period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarter ended June 30, 2009 and 2008 in the condensed interim profit and loss account have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2009.

### *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 information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Islamabad  
July 30, 2009**

**KPMG TASEER HADI & Co.  
CHARTERED ACCOUNTANTS  
Muhammad Rehan Chughtai**



**Condensed Interim  
Financial Statements**

### Condensed Interim Balance Sheet

As at June 30, 2009

	Note	Un-audited June 30, 2009	Audited December 31, 2008
<b>(Rupees '000)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	4	6,785,271	4,934,742
Capital reserve		160,000	160,000
Revenue reserves	5	5,659,170	7,190,471
		<u>12,604,441</u>	<u>12,285,213</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	6	4,258,512	5,378,214
Deferred taxation		2,714,208	2,431,895
		<u>6,972,720</u>	<u>7,810,109</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,939,534	5,993,674
Interest and mark - up accrued		149,128	194,570
Short term borrowings		–	3,114,000
Current portion of long term borrowings		1,607,738	743,036
Taxation		2,077,931	1,778,361
		<u>13,774,331</u>	<u>11,823,641</u>
		<u><u>33,351,492</u></u>	<u><u>31,918,963</u></u>

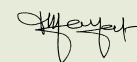
#### CONTINGENCIES AND COMMITMENTS 7

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

	Note	Un-audited June 30, 2009	Audited December 31, 2008
<b>(Rupees '000)</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	13,397,134	12,730,813
Goodwill		1,569,234	1,569,234
Long term investments	9	7,975,899	7,744,779
Long term loans and advances		188,985	163,102
Long term deposits and prepayments		1,792	1,524
		<u>23,133,044</u>	<u>22,209,452</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		2,967,896	3,034,268
Stock in trade		191,931	258,094
Trade debts		236,999	495,929
Loans and advances		181,826	136,944
Deposits and prepayments		168,581	107,369
Other receivables		606,915	1,233,479
Short term investments	10	3,388,883	3,511,563
Cash and bank balances		2,475,417	931,865
		<u>10,218,448</u>	<u>9,709,511</u>
		<u><u>33,351,492</u></u>	<u><u>31,918,963</u></u>



Chairman



Chief Executive



Director

**Condensed Interim Profit and Loss Account (Un-Audited)**

**For the half year ended June 30, 2009**

	Note	For the quarter ended		For the half year ended	
		June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
		(Rupees '000)		(Rupees '000)	
Sales		8,663,876	6,903,981	16,896,852	14,025,251
Cost of sales	11	4,776,301	3,662,010	9,281,357	7,906,972
<b>GROSS PROFIT</b>		<b>3,887,575</b>	<b>3,241,971</b>	<b>7,615,495</b>	<b>6,118,279</b>
Distribution cost		754,755	608,644	1,508,091	1,257,582
		3,132,820	2,633,327	6,107,404	4,860,697
Finance cost		229,373	65,813	519,859	230,218
Other expenses		313,572	204,633	620,282	410,374
		2,589,875	2,362,881	4,967,263	4,220,105
Other income		274,447	65,806	1,564,726	678,209
<b>NET PROFIT BEFORE TAXATION</b>		<b>2,864,322</b>	<b>2,428,687</b>	<b>6,531,989</b>	<b>4,898,314</b>
Provision for taxation		1,002,837	883,526	1,984,000	1,612,000
<b>NET PROFIT AFTER TAXATION</b>		<b>1,861,485</b>	<b>1,545,161</b>	<b>4,547,989</b>	<b>3,286,314</b>
Earnings per share -			Restated		Restated
basic and diluted (Rupees)	12	2.74	2.28	6.70	4.84

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive

  
Director



**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
**For the half year ended June 30, 2009**

	For the quarter ended		For the half year ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Rupees '000)		(Rupees '000)	
<b>Net profit after taxation</b>	1,861,485	1,545,161	4,547,989	3,286,314
<b>Other comprehensive income for the period</b>				
Surplus / (deficit) on remeasurement of investments available for sale to fair value	12,197	(51,787)	41,767	(52,824)
Income tax relating to component of other comprehensive income	(2,476)	18,300	(14,313)	18,488
<b>Other comprehensive income for the period - net of tax</b>	9,721	(33,487)	27,454	(34,336)
<b>Total comprehensive income for the period</b>	<u>1,871,206</u>	<u>1,511,674</u>	<u>4,575,443</u>	<u>3,251,978</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**Chairman**



**Chief Executive**



**Director**

**Condensed Interim Statement of Cash Flows (Un-Audited)**

**For the half year ended June 30, 2009**

	Note	June 30, 2009	June 30, 2008
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	8,248,283	6,631,849
Finance cost paid		(565,301)	(246,633)
Income tax paid		(1,416,430)	(1,112,842)
Payment to gratuity fund		(74,715)	(50,327)
Payment to pension fund		(78,963)	(44,530)
Receipt from / (payments to) workers' profit participation fund		81,671	(470,000)
Net cash generated from operating activities		6,194,545	4,707,517
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,198,210)	(1,521,150)
Proceeds from sale of property, plant and equipment		7,739	3,632
Interest received		254,057	164,641
Investment in Fauji Cement Company Limited		-	(1,500,000)
Decrease / (increase) in investments		150,536	(499,977)
Dividend received		1,069,274	475,233
Net cash generated from / (used in) investing activities		283,396	(2,877,621)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term borrowings - disbursements		-	2,150,000
- repayments		(255,000)	(717,500)
Decrease in short term borrowings		-	(2,931,081)
Dividends paid		(2,035,263)	(2,283,057)
Net cash used in financing activities		(2,290,263)	(3,781,638)
Net increase / (decrease) in cash and cash equivalents		4,187,678	(1,951,742)
Cash and cash equivalents at beginning of the period		739,929	3,344,262
Effect of exchange rate changes		420	696
Cash and cash equivalents at end of the half year		4,928,027	1,393,216
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		2,475,417	749,392
Short term highly liquid investments		2,452,610	841,471
Short term running finance		-	(197,647)
		4,928,027	1,393,216

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive

  
Director

**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
**For the half year ended June 30, 2009**

	Revenue reserves					
	Surplus/(deficit) on remeasurement of investments available for					
Share capital	Capital reserve	sale to fair value	General reserve	Unappropriated profit		
(Rupees' 000')						
Balance as at January 1, 2008	4,934,742	160,000	38,154	5,940,000	1,657,149	12,730,045
Transfer from general reserve	-	-	-	(100,000)	100,000	-
<b>Total comprehensive income for the period</b>						
Profit for the period after taxation	-	-	-	-	3,286,314	3,286,314
<b>Other comprehensive income</b>						
Deficit on remeasurement of investments available for sale to fair value	-	-	(52,824)	-	-	(52,824)
Income tax relating to component of other comprehensive income	-	-	18,488	-	-	18,488
Total other comprehensive income for the period-net of tax	-	-	(34,336)	-	-	(34,336)
Total comprehensive income for the period	-	-	(34,336)	-	3,286,314	3,251,978
<b>Distribution to owners</b>						
Final dividend 2007: Rs 3.50 per share	-	-	-	-	(1,727,160)	(1,727,160)
First interim dividend 2008: Rs 3.50 per share	-	-	-	-	(1,727,160)	(1,727,160)
Total transactions with owners	-	-	-	-	(3,454,320)	(3,454,320)
<b>Balance as at June 30, 2008</b>	<u>4,934,742</u>	<u>160,000</u>	<u>3,818</u>	<u>5,840,000</u>	<u>1,589,143</u>	<u>12,527,703</u>
Balance at January 1, 2009	4,934,742	160,000	(23,121)	5,840,000	1,373,592	12,285,213
Transfer from general reserve	-	-	-	(250,000)	250,000	-
<b>Total comprehensive income for the period</b>						
Profit for the period after taxation	-	-	-	-	4,547,989	4,547,989
<b>Other comprehensive income</b>						
Surplus on remeasurement of investments available for sale to fair value	-	-	41,767	-	-	41,767
Income tax relating to component of other comprehensive income	-	-	(14,313)	-	-	(14,313)
Total other comprehensive income for the period-net of tax	-	-	27,454	-	-	27,454
Total comprehensive income for the period	-	-	27,454	-	4,547,989	4,575,443
<b>Distribution to owners</b>						
Bonus shares issued	1,850,529	-	-	(1,850,529)	-	-
Final dividend 2008: Rs 3.25 per share	-	-	-	-	(1,603,791)	(1,603,791)
First interim dividend 2009: Rs 4.30 per share	-	-	-	-	(2,652,424)	(2,652,424)
Total transactions with owners	1,850,529	-	-	(1,850,529)	(4,256,215)	(4,256,215)
<b>Balance as at June 30, 2009</b>	<u>6,785,271</u>	<u>160,000</u>	<u>4,333</u>	<u>3,739,471</u>	<u>1,915,366</u>	<u>12,604,441</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
**Chairman**
  
**Chief Executive**
  
**Director**

**Notes to the Condensed Interim Financial Statements**

**For the half year ended June 30, 2009**

1. Fauji Fertilizer Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered office of the Company is situated at 93 - Harley Street, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical and other manufacturing operations.
2. These interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These interim financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2008. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended December 31, 2008 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the half year ended June 30, 2008.
3. Except as described below, the accounting policies and estimates adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of audited financial statements for the preceding year ended December 31, 2008.

**3.1 Presentation of financial statements**

The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The company has accordingly presented all changes in owners equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied as of and for the six months period ended on June 30, 2009.

Comparative information has been presented in conformity with the revised standard. The change in accounting policy impacts presentation only without any impact on earnings per share.

**4. SHARE CAPITAL  
ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

(Numbers)			Un-audited June 30, 2009	Audited December 31, 2008
June 30, 2009	December 31, 2008		(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each issued for consideration in cash.	2,564,959	2,564,959
422,031,163	236,978,328	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	4,220,312	2,369,783
<u>678,527,065</u>	<u>493,474,230</u>		<u>6,785,271</u>	<u>4,934,742</u>

**AUTHORISED SHARE CAPITAL**

This represents 1,000,000,000 (2008: 500,000,000) ordinary shares of Rs 10 each amounting to Rs 10,000,000 thousand (2008: Rs 5,000,000 thousand).

**Notes to the Condensed Interim Financial Statements**
**For the half year ended June 30, 2009**

	Note	Un-audited June 30, 2009	Audited December 31, 2008
(Rupees '000)			
<b>5. REVENUE RESERVES</b>			
General reserve		3,739,471	5,840,000
Surplus / (deficit) on remeasurement of available for sale investments to fair value - net of tax		4,333	(23,121)
Unappropriated profit		1,915,366	1,373,592
		<u>5,659,170</u>	<u>7,190,471</u>
<b>6. LONG TERM BORROWINGS</b>			
Long term borrowings - secured	6.1	5,866,250	6,121,250
Less: Amount payable within twelve months shown as current maturity		1,607,738	743,036
		<u>4,258,512</u>	<u>5,378,214</u>
<b>6.1 Movement in this account during the period / year is as follows:</b>			
Opening balance		6,121,250	3,693,750
Disbursements during the period / year		-	3,450,000
Repayments during the period / year		(255,000)	(1,022,500)
Closing balance		<u>5,866,250</u>	<u>6,121,250</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
<b>(a) Contingencies</b>			
(i) Guarantees issued by banks on behalf of the Company		17,192	17,100
(ii) Disputed demand for Income tax and levy of contribution to Workers' Welfare Fund related to former PSFL decided in favour of the Company by the Income Tax Appellate Authorities, are currently in appeal by the department. The Company is confident that there are reasonable grounds for a favourable decision.		178,590	178,590
(iii) Claims against the Company and/ or potential exposure not acknowledged as debt.		50,696	50,696
(iv) Company's share of contingent liabilities of Fauji Cement Company Limited as at March 31, 2009 / September 30, 2008		158,570	156,165
<b>(b) Commitments in respect of:</b>			
(i) Capital expenditure		2,416,828	3,122,914
(ii) Purchase of fertilizer, stores, spares and other revenue items.		130,165	201,521
(iii) Rentals under lease agreements:			
Premises		68,710	78,078
Vehicles		357,414	248,455

**Notes to the Condensed Interim Financial Statements**
**For the half year ended June 30, 2009**

	Note	Un-audited June 30, 2009	Audited December 31, 2008
(Rupees '000)			
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening written down value		12,730,813	10,390,490
Additions		1,198,210	4,590,988
Written down value of disposals / adjustments		(4,098)	(1,359,151)
Depreciation		(527,791)	(891,514)
Closing written down value		13,397,134	12,730,813
<b>9. LONG TERM INVESTMENTS</b>			
Investment in associate - at cost			
Fauji Cement Company Limited		1,500,000	1,500,000
Investment in joint venture - at cost			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
Investment in subsidiary - at cost			
Fauji Fertilizer Bin Qasim Limited (FFBL)		4,752,330	4,752,330
Investments available for sale			
Certificates of investment		301,605	232,647
Pakistan Investment Bonds		609,166	568,271
Term Finance Certificates		138,315	47,453
		1,049,086	848,371
		8,007,341	7,806,626
Less: Current portion shown under short term investments	10		
Investments available for sale			
Certificates of investment		31,422	61,828
Term Finance Certificates		20	19
		31,442	61,847
		7,975,899	7,744,779
<b>10. SHORT TERM INVESTMENTS</b>			
<b>Available for sale</b>			
Term deposits with banks and financial institutions			
Local currency (net of provision for doubtful recovery Rs 9,750 thousand)		1,660,000	1,875,000
Foreign currency		1,052,594	1,033,936
<b>Investments at fair value through profit or loss - held for trading</b>		644,847	540,780
<b>Current maturity of long term investments</b>	9	31,442	61,847
		3,388,883	3,511,563

**Notes to the Condensed Interim Financial Statements (Un-Audited)**
**For the half year ended June 30, 2009**

	For the quarter ended		For the half year ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Rupees '000)		(Rupees '000)	
<b>11. COST OF SALES</b>				
Raw materials consumed	1,788,322	1,507,473	3,635,956	2,973,293
Fuel and power	1,287,456	902,897	2,614,409	1,738,339
Chemicals and supplies	42,854	52,655	110,220	95,291
Salaries, wages and benefits	811,690	401,665	1,303,126	761,794
Training and employees welfare	91,949	72,844	181,528	137,605
Rent, rates and taxes	10,223	4,318	16,442	10,172
Insurance	36,105	24,780	70,030	50,226
Travel and conveyance	43,789	36,979	90,330	64,376
Repairs and maintenance	178,149	171,311	345,777	354,391
Depreciation	283,911	213,297	517,040	422,522
Communication and other expenses	215,061	142,377	376,821	251,273
Provision for slow moving and surplus spares	8,670	5,698	8,670	5,698
Opening stock-work in process	30,895	18,014	44,699	16,319
Closing stock-work in process	(44,819)	(28,662)	(44,819)	(28,662)
Cost of goods manufactured	4,784,255	3,525,646	9,270,229	6,852,637
Add: Opening stock of manufactured urea	52,393	137,392	66,842	164,714
Less: Closing stock of manufactured urea	(81,937)	(120,015)	(81,937)	(120,015)
	(29,544)	17,377	(15,095)	44,699
Cost of sales of own manufactured urea	4,754,711	3,543,023	9,255,134	6,897,336
Opening stock of purchased fertilizers	29,050	1,204,246	33,683	395,453
Purchase of fertilizers for resale ( 2008: net of subsidy of Rs.706,003 thousand)	8,168	192,749	8,168	1,892,191
	37,218	1,396,995	41,851	2,287,644
Less: Closing stock of purchased fertilizers	(15,628)	(1,278,008)	(15,628)	(1,278,008)
Cost of sales of purchased fertilizers	21,590	118,987	26,223	1,009,636
	4,776,301	3,662,010	9,281,357	7,906,972
<b>12. EARNINGS PER SHARE</b>		<b>Restated</b>		<b>Restated</b>
Net profit after tax (Rupees '000)	1,861,485	1,545,161	4,547,989	3,286,314
Weighted average number of shares in issue during the period - (Number '000)	678,527	678,527	678,527	678,527
Basic and diluted earnings per share (Rupees)	2.74	2.28	6.70	4.84

There is no dilutive effect on the basic earnings per share of the Company.

Number of shares in issue during the half year ended June 30, 2008 have been restated for the effect of bonus shares issued subsequent to that date.

**Notes to the Condensed Interim Financial Statements (Un-Audited)**  
**For the half year ended June 30, 2009**

	June 30, 2009	June 30, 2008
	(Rupees '000)	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Net profit before taxation	6,531,989	4,898,314
Adjustments for:		
Depreciation	524,556	430,645
Provision for gratuity	47,878	26,106
Provision for pension	36,182	20,860
Provision for Workers' Profit Participation Fund	350,665	262,962
Provision for Workers' Welfare Fund	130,639	97,966
Provision for slow moving and surplus spares	8,670	5,698
Finance cost	519,859	230,218
Gain on sale of property, plant and equipment	(3,641)	(3,418)
Income on loans, deposits and investments	(276,358)	(153,960)
Exchange gain	(28,006)	(89,828)
Gain on remeasurement of investment at fair value through profit or loss	(120,488)	(25,428)
Dividend income	(1,069,274)	(475,233)
	120,682	326,588
	6,652,671	5,224,902
Changes in working capital		
(Increase ) / decrease in current assets		
Stores, spares and loose tools	57,702	(78,843)
Stock in trade	66,163	(834,793)
Trade debts	258,930	1,073,273
Loans and advances	(44,882)	(45,951)
Deposits and prepayments	(61,212)	(47,525)
Other receivables	(24,373)	895,528
Increase in current liabilities		
Trade and other payables	1,369,435	458,231
	1,621,763	1,419,920
Changes in long term loans and advances	(25,883)	(13,455)
Changes in long term deposits and prepayments	(268)	482
	8,248,283	6,631,849



**Notes to the Condensed Interim Financial Statements (Un-Audited)**
**For the half year ended June 30, 2009**
**14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

There is no change in relationship with the related parties. Significant transactions and balances with the related parties are as follows:

	June 30, 2009	June 30, 2008
	(Rupees '000)	
<b>Transactions with the subsidiary company</b>		
Marketing of fertilizer on behalf of subsidiary company under sale on consignment basis	199,024	138,741
Commission on sale of subsidiary company's products	11,201	7,916
Services and materials provided	72,853	1,745
Services and materials received	2,262	2,124
Dividend income	1,069,274	475,233
Balance payable - unsecured	822,928	413,529 *
<b>Transactions with associated undertakings / companies due to common directorship</b>		
Long term investment	-	1,500,000
Sale of fertilizer	1,224	1,104
Medical services	30	7
Office rent	1,764	1,633
Dividend paid	640,115	689,396
Purchase of gas as feed and fuel stock	5,724,621	4,234,911
Technical services received	14,991	12,809
Others	3,260	500
Balance receivable - unsecured	45,835	29 *
Balance payable - unsecured	1,582,409	474,808 *
<b>Other related parties</b>		
Remuneration of Chief Executive and Executives: Remuneration including benefits and perquisites of chief executive and other executives. No of persons 2009: 1 and 372 (2008: 1 and 319) respectively	718,611	447,687
<b>Payments to:</b>		
Employees' Provident Fund Trust	100,496	81,073
Employees' Gratuity Fund Trust	74,715	50,327
Employees' Pension Fund Trust	78,963	44,530
<b>Others:</b>		
Transactions with Workers' Profit Participation Fund (WPPF)	620,260	470,000
Balance payable / (receivable) - unsecured	548,042	(663,074) *

\* Comparative figures of receivable / payable balances are as of December 31, 2008.

**Notes to the Condensed Interim Financial Statements (Un-Audited)**  
**For the half year ended June 30, 2009**

**15 GENERAL**

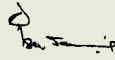
- 15.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 15.2 The Board of Directors in their meeting held on July 30, 2009 have proposed second interim dividend of Rs 2.60 per share.
- 15.3 These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on July 30, 2009.



**Chairman**



**Chief Executive**



**Director**



**Condensed Interim  
Consolidated  
Financial Statements**

**Condensed Interim Consolidated Balance Sheet**

As at June 30, 2009

	Note	Un-audited June 30, 2009	Audited December 31, 2008
<b>(Rupees '000)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF FAUJI FERTILIZER COMPANY LIMITED</b>			
Share capital	4	6,785,271	4,934,742
Capital reserves		758,936	853,594
Revenue reserves	5	4,969,259	7,470,754
		12,513,466	13,259,090
<b>NON-CONTROLLING INTERESTS</b>		4,317,404	5,151,378
<b>TOTAL EQUITY</b>		16,830,870	18,410,468
<b>NON - CURRENT LIABILITIES</b>			
Long term borrowings	6	9,251,537	11,247,252
Deferred liabilities		6,822,296	6,640,243
		16,073,833	17,887,495
<b>CURRENT LIABILITIES</b>			
Trade and other payables		15,044,131	11,825,359
Interest and mark-up accrued		377,661	788,156
Short term borrowings		8,450,925	21,371,082
Current portion of long term:			
- Borrowings		2,024,682	1,159,980
- Murabaha		38,679	38,679
- Loans		648,201	648,201
Taxation - net		2,341,304	1,778,671
		28,925,583	37,610,128
		61,830,286	73,908,091

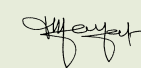
**CONTINGENCIES AND COMMITMENTS 7**

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

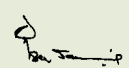
	Note	Un-audited June 30, 2009	Audited December 31, 2008
<b>(Rupees '000)</b>			
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant & equipment	8	28,787,185	28,577,917
Goodwill		1,569,234	1,569,234
Equity accounted investments	9	4,321,123	5,024,447
Other long term investments	10	1,017,644	786,525
Long term loans and advances		188,985	163,102
Long term deposits and prepayments		17,020	16,752
		35,901,191	36,137,977
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,699,315	4,456,835
Stock in trade		4,727,823	5,934,833
Trade debts		565,200	781,383
Loans and advances		236,624	201,581
Deposits and prepayments		197,746	112,245
Other receivables		2,936,362	13,898,285
Short term investments	11	3,388,883	3,511,563
Cash and bank balances		9,177,142	8,873,389
		25,929,095	37,770,114
		61,830,286	73,908,091



Chairman



Chief Executive



Director

**Condensed Interim Consolidated Profit and Loss Account (Un-Audited)**  
**For the half year ended June 30, 2009**

	Note	For the quarter ended		For the half year ended	
		June 30,	June 30,	June 30,	June 30,
		2009	2008	2009	2008
		(Rupees '000)		(Rupees '000)	
Sales		17,812,592	10,581,419	31,906,346	19,711,107
Cost of sales	12	11,788,291	6,412,568	21,330,268	12,059,743
<b>GROSS PROFIT</b>		<b>6,024,301</b>	<b>4,168,851</b>	<b>10,576,078</b>	<b>7,651,364</b>
Administrative expenses and distribution cost		1,404,701	1,089,918	2,585,959	2,060,269
		4,619,600	3,078,933	7,990,119	5,591,095
Finance cost		598,884	450,839	1,517,491	810,737
Other expenses		390,144	231,475	697,684	456,151
		3,630,572	2,396,619	5,774,944	4,324,207
Other income		432,389	853,447	853,078	1,144,636
Share of loss of joint venture, net of profit of associate		396,359	–	425,420	–
<b>NET PROFIT BEFORE TAXATION</b>		<b>3,666,602</b>	<b>3,250,066</b>	<b>6,202,602</b>	<b>5,468,843</b>
Provision for taxation		1,400,897	1,148,839	2,380,212	1,939,606
<b>NET PROFIT AFTER TAXATION</b>		<b>2,265,705</b>	<b>2,101,227</b>	<b>3,822,390</b>	<b>3,529,237</b>
<b>ATTRIBUTABLE TO:</b>					
Equity holders of Fauji Fertilizer Company Limited		2,027,289	1,828,062	3,577,795	3,176,446
Non-controlling interests		238,416	273,165	244,595	352,791
		<u>2,265,705</u>	<u>2,101,227</u>	<u>3,822,390</u>	<u>3,529,237</u>

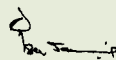
The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.



**Chairman**



**Chief Executive**



**Director**

**Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)**  
**For the half year ended June 30, 2009**

	For the quarter ended		For the half year ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Rupees '000)		(Rupees '000)	
Net profit after taxation	2,265,705	2,101,227	3,822,390	3,529,237
<b>Other comprehensive income for the period</b>				
Exchange difference on translating foreign investment	1,410	519,386	(140,755)	519,386
Surplus/ (deficit) on remeasurement to fair value of investments available for sale	12,197	(51,787)	41,767	(52,824)
	13,607	467,599	(98,988)	466,562
Income tax relating to component of other comprehensive income	(2,476)	18,300	(14,313)	18,488
<b>Other comprehensive income for the period - net of tax</b>	<b>11,131</b>	<b>485,899</b>	<b>(113,301)</b>	<b>485,050</b>
<b>Total comprehensive income for the period</b>	<b>2,276,836</b>	<b>2,587,126</b>	<b>3,709,089</b>	<b>4,014,287</b>
<b>ATTRIBUTABLE TO:</b>				
Equity holders of Fauji Fertilizer Company Limited	2,037,980	2,203,433	3,510,591	3,550,933
Non-controlling interests	238,856	383,693	198,498	463,354
	<u>2,276,836</u>	<u>2,587,126</u>	<u>3,709,089</u>	<u>4,014,287</u>

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.



**Chairman**



**Chief Executive**



**Director**

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For the half year ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	20,535,796	4,903,167
Finance cost paid		(1,858,325)	(762,891)
Income tax paid		(1,663,602)	(1,287,568)
Payment to pension fund		(78,963)	(44,530)
Payment to gratuity fund		(74,715)	(59,216)
Receipt from/ (payment to) Workers' Profit Participation Fund		62,780	(488,069)
Compensated absences paid		(3,715)	(5,738)
Net cash generated from operating activities		16,919,256	2,255,155
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,342,624)	(2,079,415)
Proceeds from sale of property, plant and equipment		9,477	7,100
Interest received		565,230	397,288
Investment in Fauji Cement Company Limited		–	(1,800,000)
Increase in investments		150,536	(621,110)
Net cash used in investing activities		(617,381)	(4,096,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - disbursements		–	2,150,000
- repayments		(463,473)	(925,971)
Long term murabaha - repayments		(19,339)	(19,338)
Finance lease paid		–	(2,038)
Short term borrowings		–	(2,931,081)
Dividends paid		(3,065,027)	(3,004,471)
		(3,547,839)	(4,732,899)
Net increase/ (decrease) in cash and cash equivalents		12,754,036	(6,573,881)
Cash and cash equivalents at beginning of the period		(9,575,629)	2,819,490
Effect of exchange rate changes		420	696
Cash and cash equivalents at end of the half year		3,178,827	(3,753,695)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		9,177,142	4,132,187
Short term running finances		(8,450,925)	(11,127,353)
Short term highly liquid investments		2,452,610	3,241,471
		3,178,827	(3,753,695)

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
Chairman

  
Chief Executive

  
Director

**Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)**  
**For the half year ended June 30, 2009**

	Attributable to equity holders of Fauji Fertilizer Company Limited					Non-controlling interests	Total	
	Capital reserves		Revenue reserves					
	Share capital	Capital reserve	Surplus/(deficit) on					
Translation reserve			remeasurement of available for sale investments to fair value	General reserve	Unappropriated profit			
	(Rupees '000')							
Balance as at January 01, 2008	4,934,742	276,184	-	38,154	5,940,000	1,117,591	4,179,969	16,486,640
Transfer from general reserve	-	-	-	-	(100,000)	100,000	-	-
<b>Total comprehensive income for the period</b>								
Profit for the period after taxation	-	-	-	-	-	3,176,446	352,791	3,529,237
<b>Other comprehensive income</b>								
Exchange differences on translating foreign investment	-	-	408,823	-	-	-	110,563	519,386
Deficit on remeasurement to fair value	-	-	-	(52,824)	-	-	-	(52,824)
Income tax relating to component of other comprehensive income	-	-	-	18,488	-	-	-	18,488
Total other comprehensive income for the period	-	-	408,823	(34,336)	-	-	110,563	485,050
Total comprehensive income for the period	-	-	408,823	(34,336)	-	3,176,446	463,354	4,014,287
<b>Distribution to owners</b>								
FFC dividends:								
FFC Final dividend 2007: Rs 3.50 per share	-	-	-	-	-	(1,727,160)	-	(1,727,160)
First interim dividend 2008: Rs. 3.50 per share	-	-	-	-	-	(1,727,160)	-	(1,727,160)
Dividend to FFBL non-controlling interest holders	-	-	-	-	-	-	(458,877)	(458,877)
Total transactions with owners	-	-	-	-	-	(3,454,320)	(458,877)	(3,913,197)
<b>Balance as at June 30, 2008</b>	<b>4,934,742</b>	<b>276,184</b>	<b>408,823</b>	<b>3,818</b>	<b>5,840,000</b>	<b>939,717</b>	<b>4,184,446</b>	<b>16,587,730</b>
Balance at January 01, 2009	4,934,742	276,184	577,410	(23,121)	5,840,000	1,653,875	5,151,378	18,410,468
Transfer from general reserve	-	-	-	-	(250,000)	250,000	-	-
Profit for the period after taxation	-	-	-	-	-	3,577,795	244,595	3,822,390
<b>Other comprehensive income</b>								
Exchange differences on translating foreign investment	-	-	(94,658)	-	-	-	(46,097)	(140,755)
Surplus on remeasurement to fair value	-	-	-	41,767	-	-	-	41,767
Income tax relating to component of other comprehensive income	-	-	-	(14,313)	-	-	-	(14,313)
Total other comprehensive income for the period	-	-	(94,658)	27,454	-	-	(46,097)	(113,301)
Total comprehensive income for the period	-	-	(94,658)	27,454	-	3,577,795	198,498	3,709,089
<b>Distribution to owners</b>								
FFC dividends:								
FFC Final dividend 2008: Rs 3.25 per share	-	-	-	-	-	(1,603,791)	-	(1,603,791)
FFC first interim dividend 2009: Rs. 4.30 per share	-	-	-	-	-	(2,652,424)	-	(2,652,424)
Bonus shares issued	1,850,529	-	-	-	(1,850,529)	-	-	-
Dividend to FFBL non-controlling interest holders	-	-	-	-	-	-	(1,032,472)	(1,032,472)
Final dividend 2008: Re 2.25 per share	-	-	-	-	-	-	(1,032,472)	(1,032,472)
Total transactions with owners	1,850,529	-	-	-	(1,850,529)	(4,256,215)	(1,032,472)	(5,288,667)
<b>Balance as at June 30, 2009</b>	<b>6,785,271</b>	<b>276,184</b>	<b>482,752</b>	<b>4,333</b>	<b>3,739,471</b>	<b>1,225,455</b>	<b>4,317,404</b>	<b>16,830,870</b>

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
**Chairman**
  
**Chief Executive**
  
**Director**



**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**

**For the half year ended June 30, 2009**

1. Fauji Fertilizer Company Limited (FFC/ parent company) and its subsidiary, Fauji Fertilizer Bin Qasim Limited (the group) are incorporated in Pakistan as public limited companies and their shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered offices of the group are situated in Rawalpindi, Pakistan. The principal activities of the group is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical and other manufacturing operations.
2. These interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These interim financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended December 31, 2008. Comparative figures of the balance sheet are extracted from the audited annual consolidated financial statements for the year ended December 31, 2008 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim consolidated financial statements for the half year ended June 30, 2008.
3. Except as described below, the accounting policies and estimates adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of consolidated financial statements for the preceding year ended December 31, 2008.

**3.1 Presentation of financial statements**

The group applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The group has accordingly presented all changes in owners equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied as of and for the six months period ended on June 30, 2009.

Comparative information has been presented in conformity with the revised standard. The change in accounting policy impacts presentation only without any impact on earnings per share.

**4. SHARE CAPITAL  
ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

(Numbers)			Un-audited June 30, 2009	Audited December 31, 2008
June 30, 2009	December 31, 2008		(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each issued for consideration in cash.	2,564,959	2,564,959
422,031,163	236,978,328	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	4,220,312	2,369,783
<u>678,527,065</u>	<u>493,474,230</u>		<u>6,785,271</u>	<u>4,934,742</u>

**AUTHORISED SHARE CAPITAL**

This represents 1,000,000,000 (2008: 500,000,000) ordinary shares of Rs 10 each amounting to Rs 10,000,000 thousand (2008: Rs 5,000,000 thousand).

**Notes to the Condensed Interim Consolidated Financial Statements**
**For the half year ended June 30, 2009**

		Un-audited June 30, 2009 (Rupees '000)	Audited December 31, 2008
	Note		
<b>5. REVENUE RESERVES</b>			
Surplus/ (deficit) on remeasurement of available for sale investments to fair value - net of tax		4,333	(23,121)
General reserve		3,739,471	5,840,000
Unappropriated profit		1,225,455	1,653,875
		4,969,259	7,470,754
<b>6. LONG TERM BORROWINGS</b>			
Long term borrowing - secured	6.1	6,700,137	7,163,610
Long term murabaha - secured	6.2	77,357	96,696
Long term loan - Government of Pakistan			
Loan - FFBL (Un-secured)	6.3	5,185,605	5,833,806
		11,963,099	13,094,112
Less: Amount payable within twelve months shown as current maturity		2,711,562	1,846,860
		9,251,537	11,247,252
<b>6.1 Movement in this account during the period/ year is as follows:</b>			
Opening balance		7,163,610	5,153,054
Disbursements during the period/ year		-	3,450,000
Repayments during the period/ year		(463,473)	(1,439,444)
Closing balance		6,700,137	7,163,610
<b>6.2 Movement in this account during the period/ year is as follows:</b>			
Opening balance		96,696	135,373
Repayments during the period/ year		(19,339)	(38,677)
Closing balance		77,357	96,696
<b>6.3 Movement in this account during the period/ year is as follows:</b>			
Opening balance		5,833,806	6,482,007
Adjustment during the period/ year		(648,201)	(648,201)
Closing balance		5,185,605	5,833,806

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2009

	Un-audited June 30, 2009	Audited December 31, 2008
	(Rupees '000)	
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
i) Guarantees issued by banks on behalf of the Group companies.	43,793	42,198
ii) Disputed demand for income tax and levy of contribution to Workers' Welfare Fund related to former PSFL decided in favour of FFC by the Income Tax Appellate Authorities, are currently in appeal by the department. FFC is confident that there are reasonable grounds for a favourable decision.	178,590	178,590
iii) Income tax demands, not acknowledged as debt, have been challenged by FFBL and are currently in appeal; FFBL expects favourable outcome of appeal.	34,781	41,306
iv) Claims against FFC and/or potential exposure not acknowledged as debt.	50,696	66,520
v) Indemnity bonds and undertakings given to the custom authorities for the machinery imported by FFBL for installation at plant site.	119,650	119,650
vi) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2009/ September 30, 2008.	174,706	172,056
<b>b) Commitments</b>		
i) Capital expenditure.	2,504,894	3,141,478
ii) Purchase of fertilizer, stores, spares and other revenue items.	1,379,419	768,402
iii) Rentals under lease agreements:		
Premises	68,710	78,078
Vehicles	357,414	248,455
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	28,577,917	26,848,753
Additions during the period/ year	1,342,624	5,430,679
Written down value of disposals/ adjustments	(4,747)	(1,619,929)
Depreciation during the period/ year	(1,128,609)	(2,081,586)
Closing written down value	<u>28,787,185</u>	<u>28,577,917</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**
**For the half year ended June 30, 2009**

	Note	Un-audited June 30, 2009	Audited December 31, 2008
(Rupees '000)			
<b>9. EQUITY ACCOUNTED INVESTMENTS</b>			
<b>Investment in associated company</b>			
Fauji Cement Company Limited			
Cost of investment		1,800,000	1,800,000
Post acquisition profits brought forward		65,256	-
Share of post acquisition profits		65,316	65,256
Balance as at June 30, 2009		1,930,572	1,865,256
<b>Investment in joint venture</b>			
Pakistan Maroc Phosphore S.A.Morocco			
Cost of investments		2,117,075	2,117,075
Post acquisition profits brought forward		183,517	-
Share of (loss)/ profit for the period		(490,736)	183,518
Dividend declared		(137,148)	-
Gain on translation of net assets		717,843	858,598
Balance as at June 30, 2009		2,390,551	3,159,191
		<u>4,321,123</u>	<u>5,024,447</u>
<b>10. OTHER LONG TERM INVESTMENTS</b>			
<b>Investment available for sale</b>			
Certificates of investment		301,605	232,648
Pakistan Investment Bonds		609,166	568,271
Term Finance Certificates		138,315	47,453
Arabian Sea Country Club Limited (ASCCL) (300,000 shares of Rs 10 each)		3,000	3,000
Less: Impairment in value of investment		(3,000)	(3,000)
		-	-
		1,049,086	848,372
<b>Less: Current portion shown under short term investments</b>	11		
<b>Investments available for sale</b>			
Certificates of investment		31,422	61,828
Term Finance Certificates		20	19
		31,442	61,847
		<u>1,017,644</u>	<u>786,525</u>
<b>11. SHORT TERM INVESTMENTS</b>			
<b>Available for sale</b>			
Term deposits with banks and financial institutions			
Local currency (net of provision for doubtful recovery Rs 9,750 thousand)		1,660,000	1,875,000
Foreign Currency		1,052,594	1,033,936
<b>Investments at fair value through profit or loss - held for trading</b>		644,847	540,780
<b>Current maturity of long term investments</b>		31,442	61,847
		<u>3,388,883</u>	<u>3,511,563</u>

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)  
For the half year ended June 30, 2009

	For the quarter ended		For the half year ended	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
	(Rupees '000)		(Rupees '000)	
<b>12. COST OF SALES</b>				
Raw materials consumed	6,977,937	9,653,373	10,979,385	12,108,364
Fuel and power	1,851,492	1,242,585	3,580,129	2,418,482
Chemicals and supplies	89,872	84,862	196,990	153,076
Salaries, wages and benefits	971,380	538,514	1,755,420	1,085,571
Training and employees welfare	91,949	72,844	181,528	137,605
Rent, rates and taxes	16,271	9,814	28,512	21,257
Insurance	53,122	35,843	104,440	74,490
Travel and conveyance	56,867	45,605	116,761	81,084
Repairs and maintenance	289,096	239,512	798,468	593,741
Depreciation	583,208	511,535	1,115,729	995,524
Communication and other expenses	224,985	147,586	394,717	261,521
Provision for slow moving and surplus spares	8,670	5,698	8,670	5,698
Opening stock - work in process	84,098	24,489	48,301	29,791
Closing stock - work in process	(59,867)	(44,090)	(59,867)	(44,090)
Subsidy on DAP fertilizer from GOP - FFBL	-	(1,167,490)	-	(1,413,093)
Cost of goods manufactured	11,239,080	11,400,680	19,249,183	16,509,021
Add: Opening stock of manufactured fertilizers	4,123,061	833,662	5,650,302	416,981
Less: Closing stock of manufactured fertilizers	(3,595,440)	(5,949,124)	(3,595,440)	(5,949,124)
	527,621	(5,115,462)	2,054,862	(5,532,143)
Cost of sales of own manufactured fertilizers	11,766,701	6,285,218	21,304,045	10,976,878
Opening stock of purchased fertilizers	29,050	1,210,755	33,683	396,699
Purchase of fertilizers for resale	8,168	194,603	8,168	1,964,174
	37,218	1,405,358	41,851	2,360,873
Less: Closing stock of purchased fertilizers	(15,628)	(1,278,008)	(15,628)	(1,278,008)
Cost of sale of purchased fertilizers	21,590	127,350	26,223	1,082,865
	11,788,291	6,412,568	21,330,268	12,059,743

**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**
**For the half year ended June 30, 2009**

	<b>June 30, 2009</b>	<b>June 30, 2008</b>
	<b>(Rupees '000)</b>	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Net profit before taxation	6,202,602	5,468,843
Adjustments for:		
Depreciation	1,125,374	1,008,009
Provision for slow moving and surplus spares	8,670	5,698
Finance cost	1,448,284	810,737
Provision for Workers' Profit Participation Fund	399,151	287,524
Provision for Worker's Welfare Fund	159,255	118,881
Compensation from GOP	-	(600,000)
Income on loans, deposits and investments	(525,188)	(362,519)
Gain on sale of property, plant and equipment	(4,730)	(5,560)
Provision for gratuity	66,420	34,995
Provision for pension	36,182	20,860
Provision for compensated absences	17,482	14,018
Exchange loss/ (gain)	41,201	(89,828)
Gain on remeasurement of investments at fair value through profit or loss	(120,488)	(149,757)
Share of loss of joint venture, net of profit of associate	425,420	-
	<u>3,077,033</u>	<u>1,093,058</u>
	9,279,635	6,561,901
Changes in working capital		
(Increase)/ decrease in current assets:		
Stores, spares and loose tools	(251,150)	(183,427)
Stock in trade	1,207,010	(9,714,853)
Trade debts	216,183	1,172,026
Loans and advances	(35,043)	(62,889)
Deposits and prepayments	(85,501)	(44,227)
Due from GOP	10,436,218	(438,304)
Other receivables	381,499	906,016
(Decrease)/ increase in current liabilities:		
Trade and other payables	(586,904)	6,719,897
	<u>11,282,312</u>	<u>(1,645,761)</u>
Changes in long term loans and advances	(25,883)	(13,455)
Changes in long term deposits and prepayments	(268)	482
	<u>20,535,796</u>	<u>4,903,167</u>

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)

For the half year ended June 30, 2009

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

There is no change in relationship with the related parties. Significant transactions and balances with the related parties are as follows:

	June 30, 2009	June 30, 2008
	(Rupees '000)	
<b>Transactions with associated undertaking/ companies due to common directorship</b>		
Long term investment	–	1,800,000
Sale of fertilizer	2,880	1,104
Rent charged to Group Companies	2,214	2,042
Dividend paid	1,003,493	856,041
Repayment of principal portion of long term finance	–	22,857
Financial charges paid	–	6,962
Medical services	30	7
Purchase of gas as feed and fuel stock	5,724,621	4,234,911
Technical services received	14,991	12,809
Others	3,260	500
Balance payable - unsecured	1,582,409	474,808 *
Balance receivable - unsecured	45,860	1,871 *
<b>Transactions with joint venture company</b>		
Raw material purchased	6,605,204	5,352,536
Expenses incurred on behalf of joint venture company	9,811	8,578
Balance payable - secured	2,402,150	4,212,313 *
Balance receivable - unsecured	109,258	20,501 *
<b>Other related parties</b>		
Remuneration of Chief Executive and Executives: Remuneration including benefits and perquisites of Chief Executive and Executives. No. of persons 2009:2 and 528 (2008: 2 and 435) respectively	1,057,386	707,523
<b>Payments to:</b>		
Employees' Provident Fund Trust	111,521	89,289
Employees' Gratuity Fund Trust	93,167	59,216
Employees' Pension Fund Trust	78,963	44,530
<b>Others:</b>		
Transactions with Workers' Profit Participation Fund (WPPF)	601,369	488,069
Balance payable/ (receivable) - unsecured	868,802	(636,220) *

\* Comparative figures of receivable/payable balances are as of December 31, 2008.

15. GENERAL

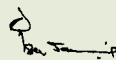
- 15.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 15.2 The Board of Directors of FFC in their meeting held on July 30, 2009 proposed second interim dividend of Rs 2.60 per share while an interim dividend of Re 0.50 per share has been proposed by the Board of Directors of FFBL on July 22, 2009.
- 15.3 These condensed interim consolidated financial statements have been authorised for issue by the Board of Directors of FFC on July 30, 2009.



Chairman



Chief Executive



Director