

## COMPANY INFORMATION

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### BOARD OF DIRECTORS

Lt Gen Syed Muhammad Amjad, HI, HI(M) (Retired)  
Chairman  
Lt Gen Mahmud Ahmed, HI(M) (Retired)  
Chief Executive and Managing Director  
Dr Haldor Topsoe  
Mr. Qaiser Javed  
Brig Arshad Shah, SI(M) (Retired)  
Mr. Tariq Iqbal Khan  
Brig Aftab Ahmed, SI(M) (Retired)  
Brig Ghazanfar Ali, SI(M) (Retired)  
Syed Zaheer Ali Shah  
Mr. Khawar Saeed  
Dr. Nadeem Inayat  
Mr. Istaqbal Mehdi  
Brig Munawar Ahmed Rana, SI(M) (Retired)

### SECRETARY

Brig Muhammad Saleem Suleman, SI(M) (Retired)

### REGISTERED OFFICE

93-Harley Street, Rawalpindi Cantt.  
Website: [www.ffc.com.pk](http://www.ffc.com.pk)  
E-mail: [ffcrwp@ffc.com.pk](mailto:ffcrwp@ffc.com.pk)

### PLANTSITE

Goth Machhi, Sadikabad  
(Distt : Rahim Yar Khan)  
Mirpur Mathelo  
(Distt: Ghotki)

### MARKETING DIVISION

Lahore Trade Centre,  
11 Shahrah-e-Aiwan-e-Tijarat, Lahore

### KARACHI OFFICE

B-35, KDA Scheme No. 1  
Karachi

### AUDITORS

M/s Taseer Hadi Khalid & Co.  
Chartered Accountants

## Directors' Review

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For the half year ended June 30, 2005

**Ladies and Gentlemen,**

We are pleased to present the un-audited financial statements of your Company, duly reviewed by the auditors, and consolidated financial statements of the Company and its subsidiary Fauji Fertilizer Bin Qasim Limited (FFBL) for the half year ended June 30, 2005.

The first half witnessed a phenomenal growth in urea offtake which contributed to the Company's products revenues of Rs. 10.37 billion, an improvement of 29% over sales for the corresponding period of last year. Gross and net earnings of Rs. 4.16 billion and Rs. 1.90 billion grew by 21% and 22% respectively over the same period last year. Urea production increased by 5% over last year with an output of 1,116 thousand tonnes. The Company contributed Rs. 4.2 billion to the national exchequer by way of taxes, levies, excise duty and surcharge on gas.

Aggregate urea sales of 1,178 thousand tonnes grew by 14 % over last year. The Company sold 100 % of production during the half year while the balance is attributed to marketing of 61 thousand tonnes of imported urea. Total industry urea market was logged at 2,356 thousand tonnes imputed to increase in farming credit, improved water supply and speculative buying. The Company enjoyed 64% of the market share including marketing of 331 thousand tonnes of urea on behalf of FFBL. The upcountry floods pose a threat to the cotton crop in the "Katcha" areas of Punjab and Sindh which accounts for about 4% of total cotton yield. The Company conducted special farmer meetings for enhanced productivity of crops under cultivation and continued its workshops for soil and water testing.

Our three urea plants operated at an average efficiency of 117% of designed capacity during the six months. Maintenance turn around of our Plant III at Mirpur Mathelo in the first quarter improved the ammonia and urea capacity utilization by 3% which resulted in an output of 326 thousand tonnes during the six months. Plants I and II at Goth Machhi contributed 790 thousand tonnes of urea in the first half. Plant I continued to achieve highest daily and monthly production levels in the second quarter while Plant II remained in operation throughout the first half without any downtime with a collective improvement of 14% over the first half of 2004.

Industry urea supply was recorded at 2,425 thousand tonnes represented by 2,262 thousand tonnes of domestic output, which showed an improvement of 10% over the same period of last year; 163 thousand tonnes were imported during the six months to bridge the demand and supply gap, out of which 60 thousand tonnes were allocated to FFC.

Agricultural performance during the previous fiscal year was noteworthy, with increased contribution to the GDP, and attracted the attention of the public and private sectors. Consequently, the Finance Bill 2005 increased the allocation for water management projects and reduced custom duty on tractor import in addition to focusing on enhanced agricultural yield.

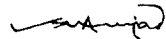
The industry registered DAP offtake of 350 thousand tonnes as compared to 186 thousand tonnes sold during the corresponding period last year. FFC sold 23 thousand tonnes of imported DAP and marketed 165 thousand tonnes of Sona DAP on behalf of FFBL. The Company's DAP market share thus stood at 54%. The Company imported 120 tonnes of Borax to check soil boron deficiency which shall be marketed as 'Sona' Boron in 2.5 Kg and 3.5 Kg bags for rice/wheat and cotton crops respectively.

The international oil price hike caused the Government to increase the price of gas used as fuel stock by 5.81% effective July 1, 2005, in addition to 12.5% increase in the cost of feed stock pursuant to the Fertilizer Policy 2001.

Per share earnings of Rs. 4.87 for the six months improved by Re. 0.86 over restated last year's EPS, and the Board is pleased to announce a second interim cash dividend of Rs. 4 per share (40%) in addition to second bonus shares issue of 15% for 2005. Share certificates for the 15% bonus shares approved by the members on June 20, 2005 have also been issued and the total payout for the half year aggregates to 95% with 65% cash dividend and 30% bonus shares.

We confidently look forward to maintaining profitability in 2005 considering the strong demand for our product, provided that the growth in production witnessed during the first half of the year is sustained. Consistent endeavours by our dedicated employees towards achieving excellence in all operational spheres would also be a significant factor to end the year on a positive note.

On behalf of the Board,



**CHAIRMAN**

Lt Gen Syed Muhammad Amjad HI, HI(M), (Retired)

Rawalpindi  
July 28, 2005

## Review Report to the Members

We have reviewed the annexed balance sheet of Fauji Fertilizer Company Limited (“the Company”) as at June 30, 2005, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”) for the half year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company’s personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material aspects, in accordance with approved accounting standards as applicable in Pakistan.

ISLAMABAD  
July 28, 2005

TASEER HADI KHALID & CO.  
CHARTERED ACCOUNTANTS



 FFC

## Balance Sheet

As at June 30, 2005 (Un-audited)

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	3,900,982	2,949,703
Capital reserve		160,000	160,000
Reserve for issue of bonus shares		585,147	442,455
Revenue reserves	5	7,814,545	8,742,749
		<u>12,460,674</u>	<u>12,294,907</u>
<b>NON CURRENT LIABILITIES</b>	6	1,703,907	2,868,403
<b>DEFERRED TAXATION</b>		2,341,000	2,407,000
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,447,236	5,831,105
Interest and mark - up accrued		67,420	74,233
Short term borrowings		783,137	100,000
Current portion of long term:			
- Financing		1,778,973	2,184,088
- Loan		870	1,741
- Murabaha		83,333	83,333
Taxation		1,377,852	598,297
		<u>9,538,821</u>	<u>8,872,797</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		<u>26,044,402</u>	<u>26,443,107</u>

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

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
PROPERTY, PLANT AND EQUIPMENT	8	9,163,966	9,180,716
GOODWILL		1,726,155	1,778,464
LONG TERM INVESTMENTS	9	5,875,452	5,765,699
LONG TERM LOANS AND ADVANCES		64,462	67,328
LONG TERM DEPOSITS AND PREPAYMENTS		5,540	3,492
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		1,823,100	1,727,309
Stock in trade		577,379	219,180
Trade debts		567,558	1,407,736
Loans and advances		104,029	86,368
Deposits and prepayments		108,270	24,633
Other receivables		551,094	560,895
Short term investments	10	3,211,900	4,565,457
Cash and bank balances		2,265,497	1,055,830
		9,208,827	9,647,408
		<u>26,044,402</u>	<u>26,443,107</u>

  
Chairman

  
Chief Executive

  
Director

## Profit and Loss Account

For the half year ended June 30, 2005 (Un-audited)

	Note	For the quarter ended		For the half year ended	
		June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
(Rupees '000)					
Sales		5,805,615	4,277,186	10,369,755	8,072,556
Cost of sales	11	3,450,069	2,415,102	6,211,525	4,645,846
GROSS PROFIT		2,355,546	1,862,084	4,158,230	3,426,710
Distribution cost		528,766	396,784	947,629	778,479
		1,826,780	1,465,300	3,210,601	2,648,231
Finance cost		67,200	78,238	138,950	151,077
Other expenses		152,352	129,649	278,675	241,741
		1,607,228	1,257,413	2,792,976	2,255,413
Other income		57,175	105,049	177,741	214,609
NET PROFIT BEFORE TAXATION		1,664,403	1,362,462	2,970,717	2,470,022
Provision for taxation		599,000	506,000	1,072,000	907,000
NET PROFIT AFTER TAXATION		1,065,403	856,462	1,898,717	1,563,022
Earnings per share - basic and diluted (Rupees)	12	2.73	2.20	4.87	4.01

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

  
Chairman

  
Chief Executive

  
Director



## Cash Flow Statement

For the half year ended June 30, 2005 (Un-audited)

	Note	June 30, 2005	June 30, 2004
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	3,461,554	2,070,655
Finance cost paid		(145,763)	(148,288)
Income tax paid		(358,445)	(1,671,043)
Net cash generated from operating activities		2,957,346	251,324
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(339,191)	(268,481)
Proceeds from sale of property, plant and equipment		14,428	12,340
Interest received		154,307	187,164
Increase in investments		(1,826,294)	(11,870)
Net cash used in investing activities		(1,996,750)	(80,847)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - repayments		(1,524,214)	(129,275)
Long term loans - repayments		(871)	(871)
Long term murabaha - repayments		(41,667)	(41,667)
Increase in short term borrowings		683,137	829,554
Dividends paid		(1,921,821)	(1,947,172)
Net cash used in financing activities		(2,805,436)	(1,289,431)
Net decrease in cash and cash equivalents		(1,844,840)	(1,118,954)
Cash and cash equivalents at beginning of the period		4,108,330	3,039,894
Effect of exchange rate changes		2,007	200
Cash and cash equivalents at close of the half year representing cash and bank balances		2,265,497	1,921,140

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

  
Chairman

  
Chief Executive

  
Director

## Statement of Changes in Equity

For the half year ended June 30, 2005 (Un-audited)

	Share capital	Capital reserve	Reserve for issue of bonus shares	General reserve	Unappropriated profit	Total
	(Rupees '000')					
Balance at January 1, 2004	2,564,959	160,000	-	8,600,000	197,753	11,522,712
Net profit for the half year ended June 30, 2004	-	-	-	-	1,563,022	1,563,022
Transfer from general reserve	-	-	384,744	(700,000)	315,256	-
Dividends						
First interim Rs. 3.25 per share	-	-	-	-	(833,612)	(833,612)
Second interim Rs. 4.75 per share	-	-	-	-	(1,218,356)	(1,218,356)
Balance at June 30, 2004	<u>2,564,959</u>	<u>160,000</u>	<u>384,744</u>	<u>7,900,000</u>	<u>24,063</u>	<u>11,033,766</u>
Balance at January 1, 2005	2,949,703	160,000	442,455	7,450,000	1,292,749	12,294,907
Net profit for the half year ended June 30, 2005	-	-	-	-	1,898,717	1,898,717
Dividends						
Final 2004:Rs. 3.00 per share	-	-	-	-	(884,911)	(884,911)
First interim 2005:Rs. 2.50 per share	-	-	-	-	(848,039)	(848,039)
Transfer from un appropriated profit	-	-	1,093,971	-	(1,093,971)	-
Bonus shares issued	951,279	-	(951,279)	-	-	-
Balance at June 30, 2005	<u>3,900,982</u>	<u>160,000</u>	<u>585,147</u>	<u>7,450,000</u>	<u>364,545</u>	<u>12,460,674</u>

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

  
Chairman

  
Chief Executive

  
Director

## Notes to the Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

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 in Rawalpindi, Pakistan. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer and chemical manufacturing operations.
2. These financial statements, duly reviewed by the auditors, are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34: Interim Financial Reporting.
3. Accounting policies adopted for preparation of these financial statements are the same as those applied in preparation of the annual financial statements for the year ended December 31, 2004 except for the following:

#### 3.1 Investments available for sale

Due to changes in IAS-39 Financial Instruments: Recognition and Measurement, the gains or losses on remeasurement of available for sale investments is now taken to equity, instead of taking these to the profit and loss account, as being applied previously. This change has no effect on the current and previous period's profit and loss account and retained earnings.

#### 3.2 Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as investments at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity securities are determined on the basis of prevailing market prices.

		June 30, 2005	December 31, 2004
		(Rupees '000)	
<b>4. SHARE CAPITAL</b>			
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	<b>June 30, 2005</b>	<b>December 31, 2004</b>	
	256,495,902	256,495,902	Ordinary shares of Rs 10 each fully paid in cash.
	133,602,304	38,474,385	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.
	<u>390,098,206</u>	<u>294,970,287</u>	
			2,564,959
			1,336,023
			<u>3,900,982</u>
			2,564,959
			<u>384,744</u>
			<u>2,949,703</u>

#### AUTHORISED CAPITAL

This represents 500,000,000 (2004:500,000,000) ordinary shares of Rs 10 each.

## Notes to the Financial Statements

For the half year ended June 30, 2005 (Un-audited)

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
<b>5. REVENUE RESERVES</b>			
General reserve		7,450,000	7,450,000
Unappropriated profit		364,545	1,292,749
		<u>7,814,545</u>	<u>8,742,749</u>
<b>6. NON CURRENT LIABILITIES</b>			
Long term financing - secured	6.1	3,482,880	5,010,824
Long term murabaha - secured	6.2	83,333	125,000
Government of Pakistan loan - secured	6.3	870	1,741
		<u>3,567,083</u>	<u>5,137,565</u>
Less: Amount payable within twelve months shown as current maturity		<u>1,863,176</u>	<u>2,269,162</u>
		<u>1,703,907</u>	<u>2,868,403</u>
<b>6.1 Movement in this account during the period/year is as follows:</b>			
Opening balance		5,010,824	5,835,490
Disbursements during the period/year		–	657,890
Repayments during the period/year		<u>(1,527,944)</u>	<u>(1,482,556)</u>
Closing balance		<u>3,482,880</u>	<u>5,010,824</u>
<b>6.2 Movement in this account during the period/year is as follows:</b>			
Opening balance		125,000	208,333
Repayments during the period/year		<u>(41,667)</u>	<u>(83,333)</u>
Closing balance		<u>83,333</u>	<u>125,000</u>
<b>6.3 Movement in this account during the period/year is as follows:</b>			
Opening balance		1,741	3,481
Repayments during the period/year		<u>(871)</u>	<u>(1,740)</u>
Closing balance		<u>870</u>	<u>1,741</u>

## Notes to the Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

	June 30, 2005	December 31, 2004
	(Rupees '000)	
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>(a) Contingencies:</b>		
(i) Guarantees issued by banks on behalf of the Company	17,803	26,828
(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.	295,590	295,590
(iii) Income tax demands, not acknowledged as debt, have been challenged by the Company and are currently in appeal ; The Company expects favourable outcome of appeal.	66,000	66,000
(iv) Claims against the Company and/ or potential exposure not acknowledged as debt.	62,776	62,776
<b>(b) Commitments in respect of:</b>		
(i) Capital expenditure	553,728	461,006
(ii) Purchase of fertilizer, stores, spares and other revenue items.	379,192	254,212
(iii) Commitment for equity investment in Pakistan Maroc Phosphore S.A.	497,000	545,903
(iv) Rentals under lease agreements:		
Premises	104,670	103,635
Vehicles	244,984	252,000

## Notes to the Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

Note	June 30, 2005	December 31, 2004
	(Rupees '000)	
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	9,180,716	9,259,008
Additions	367,104	930,040
Written down value of disposals/adjustments	(29,626)	(307,858)
Depreciation	(354,228)	(700,474)
Closing written down value	<u>9,163,966</u>	<u>9,180,716</u>
<b>9. LONG TERM INVESTMENTS</b>		
Investment in subsidiary - at cost		
Fauji Fertilizer Bin Qasim Limited (FFBL)	4,752,330	4,752,330
Advance against equity investment in foreign company		
Pakistan Maroc Phosphore S.A., Morocco		
Advance against issue of shares	179,300	179,300
Investments available for sale		
Certificates of investment	267,642	246,525
Government of Pakistan Special US Dollar Bonds	-	969,486
National Savings Certificates	-	500,000
	267,642	1,716,011
Investments held to maturity		
Pakistan Investment Bonds	700,000	700,000
Term Finance Certificates	100,000	20,355
	800,000	720,355
	5,999,272	7,367,996
Less: current portion shown under short term investments		
Investments available for sale		
Certificates of investment	23,820	12,456
Government of Pakistan Special US Dollar Bonds	-	969,486
National Savings Certificates	-	500,000
	23,820	1,481,942
Investments held to maturity		
Pakistan Investment Bonds	100,000	100,000
Term Finance Certificates	-	20,355
	100,000	120,355
	123,820	1,602,297
	<u>5,875,452</u>	<u>5,765,699</u>

10

## Notes to the Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

Note	June 30, 2005 (Rupees '000)	December 31, 2004
<b>10. SHORT TERM INVESTMENTS</b>		
Investments available for sale Local currency term deposits with banks and financial institutions (net of provision for doubtful recovery Rs 13,000 thousand; 2004: Rs 13,000 thousand)	1,650,000	2,550,000
Investments at fair value through profit or loss Meezan Balanced Fund	82,000	101,300
National Investment Trust Units	48,751	-
Investments held to maturity Foreign currency	757,329	311,860
Local currency	550,000	-
Current maturity of long term investments	9	1,602,297
	<u>3,211,900</u>	<u>4,565,457</u>

	For the quarter ended		For the half year ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
	(Rupees '000)			
<b>11. COST OF SALES</b>				
Raw materials consumed	1,145,476	965,965	2,155,882	1,868,027
Fuel and power	724,061	603,569	1,333,243	1,155,687
Chemicals and supplies	36,916	26,312	75,563	56,159
Salaries, wages and benefits	340,653	293,252	651,601	556,770
Rent, rates and taxes	4,324	2,175	6,698	4,777
Insurance	22,708	22,182	46,354	47,049
Technical services	3,891	3,480	7,866	6,960
Travel and conveyance	23,423	20,255	47,015	34,577
Repairs and maintenance	106,250	123,123	302,921	284,092
Depreciation	180,884	148,266	347,093	325,726
Communication, establishment and other expenses	120,388	74,809	203,910	148,033
Provision for slow moving and surplus spares	-	20,000	-	20,000
Opening stock-work in process	15,334	29,985	10,192	21,410
Closing stock-work in process	(14,425)	(16,496)	(14,425)	(16,496)
Cost of goods manufactured	<u>2,709,883</u>	<u>2,316,877</u>	<u>5,173,913</u>	<u>4,512,771</u>
Add: Opening stock of manufactured urea	30,523	545,867	22,384	542,435
Less: Closing stock of manufactured urea	(23,230)	(629,207)	(23,230)	(629,207)
	7,293	(83,340)	(846)	(86,772)
Cost of sales - own manufactured urea	<u>2,717,176</u>	<u>2,233,537</u>	<u>5,173,067</u>	<u>4,425,999</u>
Opening stock of purchased fertilizers	66,601	64,420	156,696	102,702
Purchase of fertilizers for resale	1,085,411	822,573	1,300,881	822,573
	1,152,012	886,993	1,457,577	925,275
Less: Closing stock of purchased fertilizers	(419,119)	(705,428)	(419,119)	(705,428)
Cost of sales - purchased fertilizers	<u>732,893</u>	<u>181,565</u>	<u>1,038,458</u>	<u>219,847</u>
	<u>3,450,069</u>	<u>2,415,102</u>	<u>6,211,525</u>	<u>4,645,846</u>

## Notes to the Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

	For the quarter ended June 30, 2005	For the quarter ended June 30, 2004 (Rupees '000)	For the half year ended June 30, 2005	For the half year ended June 30, 2004
<b>12. EARNINGS PER SHARE</b>				
Net profit after tax (Rupees '000)	1,065,403	856,462	1,898,717	1,563,022
Weighted average number of shares in issue during the period	390,098	390,098	390,098	390,098
Basic and diluted earnings per share (Rupees)	2.73	2.20	4.87	4.01

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, 2004 have been restated for the effect of bonus shares issued subsequent to that date.

	June 30, 2005	June 30, 2004
	(Rupees '000)	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Net profit before taxation	2,970,717	2,470,022
Adjustments for:		
Depreciation	352,158	330,719
Amortization of goodwill	52,308	52,308
Provision for slow moving and surplus spares	-	20,000
Finance costs	138,950	151,077
Income on loans, deposits and investments	(154,645)	(186,608)
Gain on sale of property plant & equipment	(10,645)	(10,359)
Exchange gain	(8,684)	(21,233)
Loss on remeasurement of investments at fair value through profit or loss	20,548	-
	389,990	335,904
	3,360,707	2,805,926
Changes in working capital		
(Increase)/ decrease in current assets		
Stores and spares	(95,791)	(2,333)
Stock in trade	(358,199)	(717,706)
Trade debts	840,174	100,856
Loans and advances	(17,661)	(25,345)
Deposits and prepayments	(83,637)	(74,845)
Other receivables	10,140	16,016
Decrease in current liabilities		
Trade and other payables	(194,997)	(30,675)
	100,029	(734,032)
Changes in long term loans and advances	2,866	(1,827)
Changes in long term deposits and prepayments	(2,048)	588
	3,461,554	2,070,655



## Notes to the Financial Statements

For the half year ended June 30, 2005 (Un-audited)

	June 30, 2005	June 30, 2004
	(Rupees '000)	
<b>14. TRANSACTIONS WITH RELATED PARTIES</b>		
Fauji Foundation		
Office rent	1,200	1,200
Sale of fertilizer	420	3,983
Medical services	-	41
Fauji Fertilizer Bin Qasim Limited (FFBL)		
Marketing of fertilizer on behalf of FFBL under sale on consignment basis	100,306	78,086
Commission on sale of FFBL products	9,905	6,988
Services and materials provided	600	3,174
Services and materials received	565	2,893
Mari Gas Company Limited		
Purchase of gas as feed and fuel stock	3,180,801	2,765,475
Haldor Topsoe A/s, Denmark		
Technical services received	7,866	6,960
Payments to:		
Employees' Provident Fund Trust	52,923	48,287
Employees' Gratuity Fund Trust	35,825	29,021
Employees' Pension Fund Trust	33,178	29,627

### 15. GENERAL

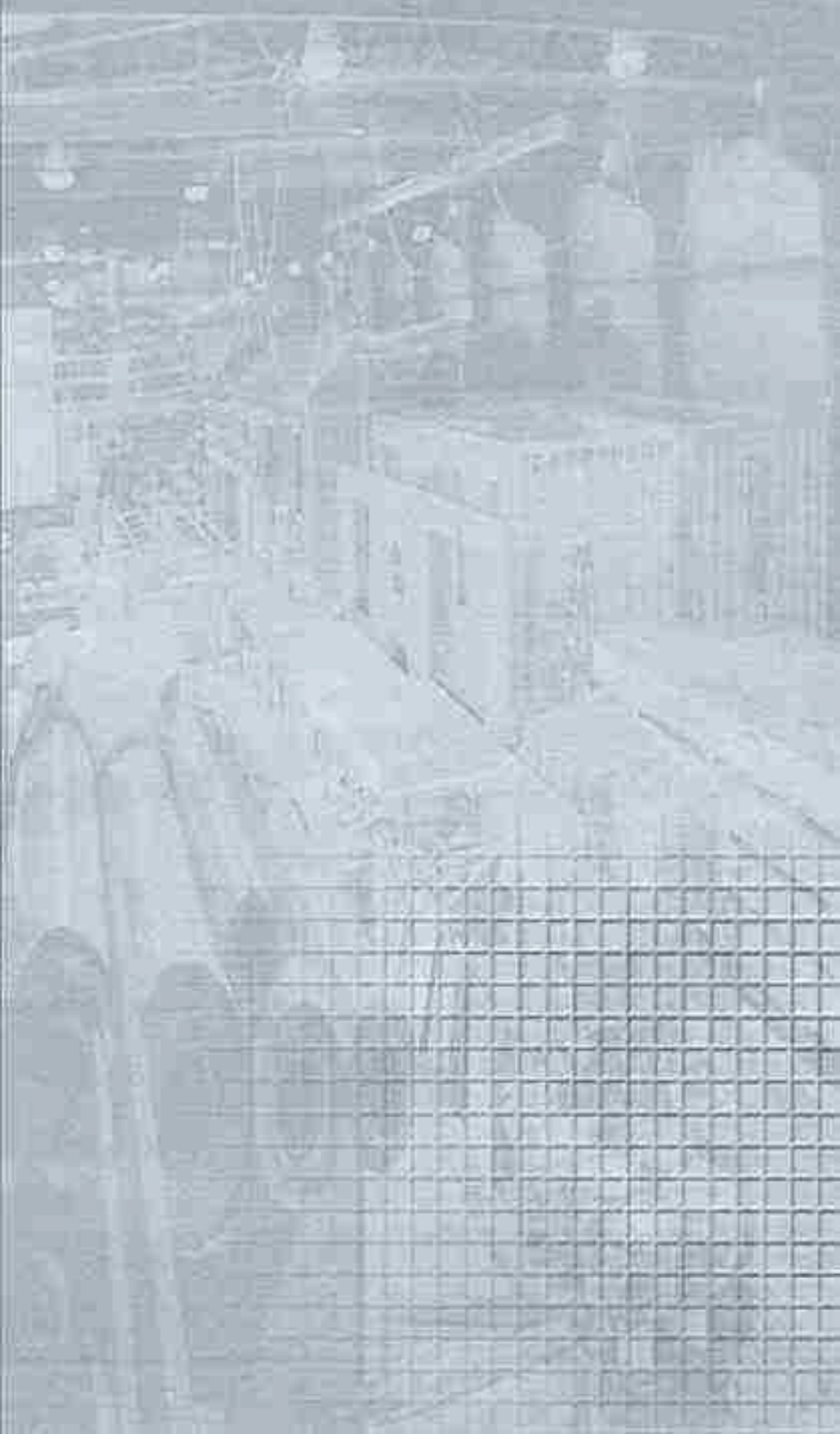
- 15.1** Facilities of letters of guarantee and letters of credit amounting to Rs 20,000 thousand and Rs 2,575,000 thousand ( 2004: Rs 20,000 thousand and Rs 2,575,000 thousand) respectively are available to the Company under a lien against investment and first charge by way of equitable mortgage on all fixed assets of the Company.
- 15.2** The Board of Directors in their meeting held on July 28, 2005 have proposed a second interim dividend of Rs 4.00 per share, which shall be recorded as liability in the financial statements for the next quarter as required by International Accounting Standard 10: " Events after the Balance Sheet Date".
- 15.3** Figures have been rounded off to the nearest thousand of rupees.
- 15.4** Due to revision of the Fourth Schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 05, 2004, previous period's figures have been re-arranged and/or re-classified, wherever necessary, for the purpose of comparison.
- 15.5** These financial statements have been authorised for issue by the Board of Directors of the Company on July 28, 2005.

  
Chairman

  
Chief Executive

  
Director

EFEC



**Consolidated  
Financial Statements**



**FEC**

## Consolidated Balance Sheet

### As at June 30, 2005 (Un-audited)

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	3,900,982	2,949,703
Capital reserve		276,184	276,184
Reserve for issue of bonus shares		585,147	442,455
Revenue reserves	5	7,259,163	7,508,753
		12,021,476	11,177,095
<b>MINORITY INTEREST</b>			
		4,159,587	3,508,218
		16,181,063	14,685,313
<b>NON CURRENT LIABILITIES</b>			
	6	11,120,494	13,164,024
<b>DEFERRED TAXATION</b>			
		2,934,168	2,407,000
<b>CURRENT LIABILITIES</b>			
Trade and other payables		7,200,525	7,729,769
Interest and mark - up accrued		121,079	101,769
Short term borrowings		2,971,357	1,276,625
Current portion of long term:			
- Financing		2,195,917	2,601,032
- Loans		649,071	122,012
- Murabaha		122,012	649,942
- Liabilities against assets subject to finance lease		5,566	6,467
Taxation		1,377,852	598,297
		14,643,379	13,085,913
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	44,879,104	43,342,250

The annexed notes 1 to 16 form an integral part of these consolidated financial statements.

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
PROPERTY, PLANT AND EQUIPMENT	8	23,792,365	23,720,065
INTANGIBLE ASSETS		1,726,155	1,778,464
LONG TERM INVESTMENTS	9	1,481,722	1,371,969
LONG TERM LOANS AND ADVANCES		64,462	67,328
LONG TERM DEPOSITS AND PREPAYMENTS		23,513	22,010
DEFERRED TAX ASSET		–	143,527
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		2,396,434	2,247,710
Stock in trade		2,054,610	471,432
Trade debts		750,749	1,838,982
Loans and advances		153,295	293,759
Deposits and prepayments		110,975	26,975
Other receivables		743,918	660,129
Short term investments	10	3,211,900	4,565,457
Cash and bank balances		8,369,006	6,134,443
		17,790,887	16,238,887
		<u>44,879,104</u>	<u>43,342,250</u>

  
Chairman

  
Chief Executive

  
Director

## Consolidated Profit and Loss Account

### For the half year ended June 30, 2005 (Un-audited)

	Note	For the quarter ended		For the half year ended	
		June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
(Rupees '000)					
Sales		9,288,724	6,504,585	16,317,622	11,751,616
Cost of sales	11	5,797,035	3,939,767	10,140,992	7,285,732
<b>GROSS PROFIT</b>		<b>3,491,689</b>	<b>2,564,818</b>	<b>6,176,630</b>	<b>4,465,884</b>
Administrative expenses and distribution cost		869,338	629,832	1,581,165	1,183,674
		2,622,351	1,934,986	4,595,465	3,282,210
Finance cost		123,018	98,251	244,820	188,360
Other expenses		193,068	152,865	350,639	273,149
		2,306,265	1,683,870	4,000,006	2,820,701
Other income	12	830,612	816,278	1,037,392	939,228
<b>NET PROFIT BEFORE TAXATION</b>		<b>3,136,877</b>	<b>2,500,148</b>	<b>5,037,398</b>	<b>3,759,929</b>
Provision for taxation		1,120,390	676,518	1,808,698	1,363,876
<b>NET PROFIT AFTER TAXATION</b>		<b>2,016,487</b>	<b>1,823,630</b>	<b>3,228,700</b>	<b>2,396,053</b>
<b>ATTRIBUTABLE TO:</b>					
Equity holders of FFC		1,549,315	1,469,997	2,577,331	1,989,461
Minority interest		467,172	353,633	651,369	406,592
		2,016,487	1,823,630	3,228,700	2,396,053
Earnings per share -basic and diluted (Rupees)	13	3.97	3.77	6.61	5.10

The annexed notes 1 to 16 form an integral part of these consolidated financial statements.

  
Chairman

  
Chief Executive

  
Director

## Consolidated Cash Flow Statement

For the half year ended June 30, 2005 (Un-audited)

	Note	June 30, 2005	June 30, 2004
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	4,238,171	1,414,190
Finance cost paid		(225,509)	(171,424)
Income tax paid		(378,014)	(1,698,922)
Compensation received from GOP - net		–	51,800
Net cash generated from / (used in) operating activities		3,634,648	(404,356)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(897,237)	(407,832)
Proceeds from sale of property, plant and equipment		17,946	14,124
Interest received		276,569	215,638
Increase in investments		(1,826,294)	(11,870)
Net cash used in investing activities		(2,429,016)	(189,940)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of share capital - Right issue		–	242,086
Long term financing - repayments		(1,732,686)	(129,276)
Long term loans - repayments		(871)	(871)
Long term murabaha - repayments		(61,006)	(41,667)
Finance lease paid		(3,924)	(5,010)
Short term borrowings		1,694,732	1,223,718
Dividends paid		(1,921,821)	(1,947,172)
Net cash used in financing activities		(2,025,576)	(658,192)
Net decrease in cash and cash equivalents		(819,944)	(1,252,488)
Cash and cash equivalents at beginning of the period		9,186,943	4,658,626
Effect of exchange rate changes		2,007	200
Cash and cash equivalents at close of the half year representing cash and bank balances		8,369,006	3,406,338

The annexed notes 1 to16 form an integral part of these consolidated financial statements.

  
Chairman

  
Chief Executive

  
Director

## Consolidated Statement of Changes in Equity

### For the half year ended June 30, 2005 (Un-audited)

	ATTRIBUTABLE TO EQUITY HOLDERS OF FFC					MINORITY	Total Equity
	Share capital	Capital reserve	Reserve for	General reserve	Unappropriated profit	INTEREST	
			issue of bonus shares				
(Rupees '000')							
Balance at January 1, 2004	2,564,959	279,267	-	8,600,000	(1,536,173)	2,869,903	12,777,956
Issue of share capital	-	-	-	-	-	242,086	242,086
Net Profit for the half year ended June 30, 2004	-	-	-	-	1,989,461	406,592	2,396,053
Transfer from general reserve	-	-	384,744	(700,000)	315,256	-	-
Dividends:							
First interim 2004 : Rs. 3.25 per share	-	-	-	-	(833,612)	-	(833,612)
Second interim 2004: Rs. 4.75 per share	-	-	-	-	(1,218,356)	-	(1,218,356)
Balance at June 30, 2004	<u>2,564,959</u>	<u>279,267</u>	<u>384,744</u>	<u>7,900,000</u>	<u>(1,283,424)</u>	<u>3,518,581</u>	<u>13,364,127</u>
Balance at January 1, 2005	2,949,703	276,184	442,455	7,450,000	58,753	3,508,218	14,685,313
Net profit for the half year ended June 30, 2005	-	-	-	-	2,577,331	651,369	3,228,700
Dividends							
Final 2004: Rs 3.00 per share	-	-	-	-	(884,911)	-	(884,911)
First interim 2005: Rs. 2.50 per share	-	-	-	-	(848,039)	-	(848,039)
Transfer from unappropriated profit	-	-	1,093,971	-	(1,093,971)	-	-
Bonus shares issued	951,279	-	(951,279)	-	-	-	-
Balance at June 30, 2005	<u>3,900,982</u>	<u>276,184</u>	<u>585,147</u>	<u>7,450,000</u>	<u>(190,837)</u>	<u>4,159,587</u>	<u>16,181,063</u>

The annexed notes 1 to 16 form an integral part of these consolidated financial statements.

  
Chairman

  
Chief Executive

  
Director



## Notes to the Consolidated Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

1. Fauji Fertilizer Company Limited (FFC/ parent company) and its subsidiary, Fauji Fertilizer Bin Qasim Limited (FFBL) 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 companies are situated in Rawalpindi, Pakistan. The principal activity of FFC and its subsidiary is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical manufacturing operations.

2. Accounting policies adopted for preparation of these consolidated financial statements are the same as those applied in preparation of the annual consolidated financial statements for the year ended December 31, 2004 except for the following:

#### 2.1 Investments available for sale

Due to changes in IAS-39 Financial Instruments: Recognition and Measurement, the gains or losses on remeasurement of available for sale investments is now taken to equity, instead of taking these to the profit and loss account, as being applied previously. This change has no effect on the current and previous period's profit and loss account and retained earnings.

#### 2.2 Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as investments at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity securities are determined on the basis of prevailing market prices.

3. These consolidated financial statements are unaudited and are presented in condensed form in accordance with the requirements of International Accounting Standard IAS 34 ' Interim Financial Reporting '.

		June 30, 2005	December 31, 2004
		(Rupees '000)	
4.	<b>SHARE CAPITAL</b>		
	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
		<b>June 30, 2005</b>	<b>December 31, 2004</b>
	256,495,902	256,495,902	256,495,902
	133,602,304	38,474,385	384,744
	<u>390,098,206</u>	<u>294,970,287</u>	<u>2,949,703</u>
	<b>AUTHORISED SHARE CAPITAL</b>		
	This represents 500,000,000 (2004: 500,000,000) ordinary shares of Rs. 10. each.		
5.	<b>REVENUE RESERVES</b>		
	General reserve	7,450,000	7,450,000
	Unappropriated profit	(190,837)	58,753
		<u>7,259,163</u>	<u>7,508,753</u>

## Notes to the Consolidated Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
<b>6. NON CURRENT LIABILITIES</b>			
Long term financing - secured	6.1	5,984,545	7,720,960
Long term murabaha - secured	6.2	315,403	376,409
Long term loans - Government of Pakistan			
FFC (secured)	6.3	870	1,741
FFBL (un-secured)	6.4	7,778,409	8,426,610
Liabilities against assets subject to finance lease		13,833	17,757
		<u>14,093,060</u>	<u>16,543,477</u>
Less: Amount payable within twelve months shown as current maturity		2,972,566	3,379,453
		<u>11,120,494</u>	<u>13,164,024</u>
<b>6.1 Movement during the period / year is as follows:</b>			
Opening balance		7,720,960	8,754,100
Disbursements during the period/year		-	657,890
Repayments during the period/year		(1,736,415)	(1,691,030)
Closing balance		<u>5,984,545</u>	<u>7,720,960</u>
<b>6.2 Movement during the period / year is as follows:</b>			
Opening balance		376,409	395,748
Repayments during the period/year		(61,006)	(19,339)
Closing balance		<u>315,403</u>	<u>376,409</u>
<b>6.3 Movement during the period / year is as follows:</b>			
Opening balance		1,741	3,481
Repayments during the period/year		(871)	(1,740)
Closing balance		<u>870</u>	<u>1,741</u>
<b>6.4 Movement during the period / year is as follows:</b>			
Opening balance		8,426,610	9,074,811
Adjustment during the period/year		(648,201)	(648,201)
Closing balance		<u>7,778,409</u>	<u>8,426,610</u>

**Notes to the Consolidated Financial Statements**  
**For the half year ended June 30, 2005 (Un-audited)**

Note	June 30, 2005	December 31, 2004
	(Rupees '000)	
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
i) Guarantees issued by banks on behalf of the Group companies	36,711	45,736
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	295,590	295,590
iii) Income tax demands, not acknowledged as debt, have been challenged by the Group companies and are currently in appeal; the Group companies expect favourable outcome of the appeal	115,745	115,745
iv) Claims against the Group companies and/or potential exposure not acknowledged as debt	83,350	83,350
v) Indemnity bonds and undertakings given to the customs authorities for the machinery imported by FFBL for installation at plant site	119,650	119,650
<b>b) Commitments in respect of:</b>		
i) Capital expenditure		
Contracted	1,266,854	762,977
Non - Contracted	2,281,625	3,046,658
ii) Purchase of fertilizer, stores, spares and other revenue items	414,184	624,075
iii) Commitment for equity investment in Pakistan Maroc Phosphore S.A	1,491,000	1,637,708
iv) Rentals under lease agreements:		
Premises	104,670	103,635
Vehicles	244,984	252,000
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	23,720,065	24,437,864
Additions	925,150	1,222,633
Written down value of disposals/ adjustments	(31,096)	(309,859)
Depreciation	(821,754)	(1,630,573)
Closing written down value	<u>23,792,365</u>	<u>23,720,065</u>

## Notes to the Consolidated Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

	Note	June 30, 2005	December 31, 2004
(Rupees '000)			
<b>9. LONG TERM INVESTMENTS</b>			
Advance against equity investment in foreign company			
Pakistan Maroc Phosphore S.A., Morocco			
Advance against issue of shares		537,900	537,900
Investments available for sale			
Certificates of investment		267,642	246,525
Government of Pakistan Special US Dollar Bonds		-	969,486
National Savings Certificates		-	500,000
		267,642	1,716,011
Investments held to maturity			
Pakistan Investment Bonds		700,000	700,000
Term Finance Certificates		100,000	20,355
		800,000	720,355
		1,605,542	2,974,266
Less: current portion shown under short term investments			
Investments available for sale			
Certificates of investment		23,820	12,456
Government of Pakistan Special US Dollar Bonds		-	969,486
National Savings Certificates		-	500,000
		23,820	1,481,942
Investments held to maturity			
Pakistan Investment Bonds		100,000	100,000
Term Finance Certificates		-	20,355
		100,000	120,355
	10	123,820	1,602,297
		1,481,722	1,371,969
<b>10. SHORT TERM INVESTMENTS</b>			
Investments available for sale			
Local currency term deposits with banks and financial institutions (net of provision for doubtful recovery Rs 13,000 thousand; 2004: Rs 13,000 thousand)		1,650,000	2,550,000
Investments at fair value through profit or loss			
Meezan Balanced Fund		82,000	101,300
National Investment Trust Units		48,751	-
Investments held to maturity			
Foreign currency		757,329	311,860
Local currency		550,000	-
Current maturity of long term investments	9	123,820	1,602,297
		3,211,900	4,565,457

**Notes to the Consolidated Financial Statements**  
**For the half year ended June 30, 2005 (Un-audited)**

	For the quarter ended		For the half year ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
	(Rupees '000)			
<b>11. COST OF SALES</b>				
Raw materials consumed	2,958,099	2,723,475	5,512,564	4,629,734
Fuel and power	964,104	823,350	1,806,367	1,567,731
Chemicals and supplies	51,708	43,367	103,860	90,434
Salaries, wages and benefits	419,823	342,472	800,635	672,733
Rent, rates and taxes	9,323	7,006	16,786	14,477
Insurance	33,678	32,751	68,256	68,448
Technical services	3,891	3,480	7,866	6,960
Travel and conveyance	30,502	25,914	59,714	45,740
Repairs and maintenance	137,768	154,143	369,883	397,532
Depreciation	411,573	377,460	808,531	783,399
Amortization of intangible asset	-	7,125	-	13,800
Communication, establishment and other expenses	137,214	82,553	224,550	154,891
Provision for slow moving and surplus spares	-	20,000	4,297	20,000
Opening stock - work in process	17,499	39,453	14,674	27,875
Closing stock - work in process	(16,369)	(20,196)	(16,369)	(20,196)
Cost of goods manufactured	5,158,813	4,662,353	9,781,614	8,473,558
Add: Opening stock of manufactured fertilizers	703,941	1,114,391	61,787	610,869
Less: Closing stock of manufactured fertilizers	(864,738)	(2,018,542)	(864,738)	(2,018,542)
	(160,797)	(904,151)	(802,951)	(1,407,673)
Cost of sales - own manufactured fertilizers	4,998,016	3,758,202	8,978,663	7,065,885
Opening stock of purchased fertilizers	66,601	64,420	161,447	102,702
Purchase of fertilizers for resale	1,151,537	822,573	1,420,001	822,573
	1,218,138	886,993	1,581,448	925,275
Less: Closing stock of purchased fertilizers	(419,119)	(705,428)	(419,119)	(705,428)
Cost of sales - purchased fertilizers	799,019	181,565	1,162,329	219,847
	5,797,035	3,939,767	10,140,992	7,285,732

## Notes to the Consolidated Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

Note	For the quarter ended		For the half year ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
	(Rupees '000)			
<b>12. OTHER INCOME</b>				
Compensation from GOP-FFBL	12.1	700,000	700,000	700,000
Others		130,612	337,392	239,228
		<u>830,612</u>	<u>1,037,392</u>	<u>939,228</u>

#### 12.1 COMPENSATION RECEIVED FROM GOVERNMENT OF PAKISTAN (GOP)- FFBL

GOP had committed to pay Rs 5 billion over a period of seven years in lieu of non-implementation of Fertilizer Policy, 1989. On this account, amounts aggregating Rs 2.4 billion have been received from GOP up to December 31, 2004. GOP Compensation of Rs 700 million which was receivable in June 2005 is yet to be received. However, this has been accrued in the books of account of the Group subject to netting off the agreed GOP loan repayment of Rs 648.201 million for the year 2005. Balance of Rs 1.9 billion will be received in one instalment of Rs 700 million during the year 2006 and two instalments of Rs 600 million each during the years 2007 and 2008, subject to netting off the agreed GOP loan repayments of Rs 648.201 million to be made by the Group each year.

Effective January 1, 2005, certain amendments have been made in the International Accounting Standards. Related to the Group, a significant change is the elimination of the concept of extraordinary item from IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The revised Standard prohibits disclosure of an extraordinary item in the financial statements. In case of the Group, GOP compensation was disclosed as an extraordinary item below profit after tax in the financial statements in prior years, which has now been grouped under other income in profit and loss account as a result of the change in IAS 8.

	For the quarter ended		For the half year ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
<b>13. EARNINGS PER SHARES</b>				
Net profit after tax attributable to equity holders of FFC (Rupees '000)	1,549,315	1,469,997	2,577,331	1,989,461
Weighted average number of shares in issue during the period	390,098	390,098	390,098	390,098
Basic and diluted earnings per share (Rupees)	<u>3.97</u>	<u>3.77</u>	<u>6.61</u>	<u>5.10</u>

There is no dilutive effect on the basic earnings per share of the Group companies attributable to the equity holders of FFC.

Number of shares in issue during the half year ended June 30, 2004 have been restated for the effect of bonus shares issued subsequent to that date.

**Notes to the Consolidated Financial Statements**  
**For the half year ended June 30, 2005 (Un-audited)**

	June 30, 2005	June 30, 2004
	(Rupees '000)	
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Net Profit before taxation	5,037,398	3,759,929
Adjustments for:		
Depreciation	819,684	791,748
Amortization of goodwill	52,308	52,308
Amortization of intangible asset	-	16,480
Provision for slow moving and surplus spares	4,297	20,000
Finance costs	244,820	188,360
Gain on sale of fixed assets	(12,693)	(11,472)
Compensation from GOP	(700,000)	(700,000)
Income on loans, deposits and investments	(302,056)	(215,024)
Exchange gain	(8,684)	(21,233)
Loss on remeasurement of investment at fair value through profit or loss	20,548	-
	118,224	121,167
	5,155,622	3,881,096
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(148,729)	(24,479)
Stock in trade	(1,583,177)	(2,165,071)
Trade debts	1,088,229	(67,687)
Loans and advances	140,463	(81,895)
Deposits and prepayments	(84,002)	(83,695)
Other receivables	(442,108)	(580,517)
Increase in current liabilities		
Trade and other payables	110,511	550,888
	(918,813)	(2,452,456)
Changes in long term loans and advances	2,866	(1,827)
Changes in long term deposits, prepayments and deferred costs	(1,504)	(12,623)
	4,238,171	1,414,190

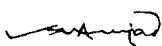
## Notes to the Consolidated Financial Statements

### For the half year ended June 30, 2005 (Un-audited)

	June 30, 2005	June 30, 2004
	(Rupees '000)	
<b>15 TRANSACTIONS WITH RELATED PARTIES</b>		
Fauji Foundation		
Office rent	1,538	1,507
Sale of fertilizer	420	3,983
Medical services	–	41
Right shares issued	–	3,713
Goods sold to the projects	664	2,165
Mari Gas Company Limited		
Purchase of gas as feed and fuel stock	3,180,801	2,765,475
Haldor Topsoe A/s, Denmark		
Technical services received	7,866	6,960
Pak Kuwait Investment Company (Pvt) Limited		
Right shares issued	–	5,350
Financial charges on loan	7,234	3,220
CDC Holding Sendirian Berhad		
Right shares issued to CDCH	–	24,015
Maroc Phosphore S.A., Morocco		
Raw material purchased	2,654,402	2,175,897
Payment to:		
Employees' Provident Fund Trust	57,322	52,335
Employees' Gratuity Fund Trust	35,825	29,021
Employees' Pension Fund Trust	33,178	29,627

#### 16. GENERAL

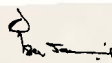
- 16.1** Facilities of letters of guarantee and letters of credit amounting to Rs 20,000 thousand and Rs 2,575,000 thousand (2004: Rs 20,000 thousand and Rs 2,575,000 thousand) respectively are available to FFC under a lien against investment and first charge by way of equitable mortgage on all fixed assets of the Company.
- 16.2** The Board of Directors of FFC in their meeting held on July 28, 2005 have proposed second interim dividend of Rs.4.00 per share while a dividend of Rs 1.25 per share has been proposed by the Board of Directors of FFBL on July 21, 2005. These dividends shall be accounted for in the financial statements for the next quarter as required by International Accounting Standard 10: "Events after the Balance Sheet Date".
- 16.3** Figures have been rounded off to the nearest thousand of rupees, unless other wise stated.
- 16.4** Due to revision of the 4th schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 5, 2004, previous period's figures have been rearranged and / or reclassified, wherever necessary, for the purpose of comparison.
- 16.5** These consolidated financial statements have been authorised for issue by the Board of Directors of FFC on July 28, 2005.



**Chairman**



**Chief Executive**



**Director**