

# Financial Statements

March 31st, 2008 (Un-Audited)



**Company Information:****BOARD OF DIRECTORS**

Lt Gen Syed Arif Hasan, HI(M) (Retired)  
Chairman

Lt Gen Munir Hafiez, 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 Kamal Afsar  
Mr Mohsin Raza  
Mr Masood Karim Shaikh

**CHIEF FINANCIAL OFFICER**

Mr Abid Maqbool  
Tel: +92-51-9272336, Fax: +92-51-9272337  
E-mail: gmf\_cfo@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: +92-68-5786420-9, Fax: +92-68-5786401  
**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: +92-42-6365736, 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

**Directors' Review**

For the Quarter Ended March 31, 2008

**Dear Members,**

Welcome to the First Quarter - 2008 Review of your Company's performance. The Board has reviewed and approved the issuance of the attached un-audited financial statements, together with consolidated un-audited financial statements of the Company and its subsidiary Fauji Fertilizer Bin Qasim Limited (FFBL).

Year 2008 commenced with high urea demand in the Country, owing to favourable weather, good wheat crop and speculative buying by dealers. The Industry urea offtake was recorded at an outstanding 1,402 thousand tonnes during the quarter, 62% enhancement over the sales for corresponding period of last year. Urea production by the Industry was documented at 1,202 thousand tonnes, 1% below last year's production due to natural gas curtailment affecting three urea plants. 136 thousand tonnes of urea were procured by the Trading Corporation of Pakistan from abroad to bridge the demand supply gap. The Industry closed the period with 92 thousand tonnes of urea inventory, compared to 628 thousand tonnes at the end of the same period last year.

The DAP off-take registered a steep decline of 57% compared to sales during corresponding period of last year owing to a sharp escalation in international DAP prices resulting in increased import costs. The DAP off-take was registered at 77 thousand tonnes compared to 181 thousand tonnes during the same period last year. The DAP Industry carried an opening inventory of 276 thousand tonnes, 132% higher compared to last year, while 164 thousand tonnes were imported during the quarter. This resulted in closing stock of 390 thousand tonnes, more than six times higher compared to the closing stock for same period last year. DAP production by FFBL was recorded at 26 thousand tonnes owing to Plant shutdown for maintenance/debottlenecking turnaround during January and February 2008.

The Company aims to maintain its strong hold in the urea market by staying abreast of the surging urea demand. De-bottlenecking (DBN) activities at Plant-III Mirpur Mathelo are underway for increasing production, in addition to planned DBN studies for Plants I & II, Goth Machhi. These production facilities consistently operated in excess of designed capacities during the quarter. Plants 1 & II Goth Machhi attained highest ever daily urea production with an aggregate output of 408 thousand tonnes, while Plant III reported highest ever quarterly production of 195 thousand tonnes.

The Company maintained its competitive edge in the urea market with off-take of 807 thousand tonnes, 57% higher than sales for the same period last year. The off-take included 608 thousand tonnes of prilled Sona urea and 164 thousand tonnes of granular Sona urea, marketed on behalf of FFBL. Sales of FFC imported urea and phosphatic fertilizers stocks were recorded at 28 thousand tonnes and 19 thousand tonnes respectively. Company's contribution to the local urea demand was, therefore, recorded at 58 %. FFBL's Sona DAP sales by the Company were limited to 8 thousand tonnes owing to product unavailability.

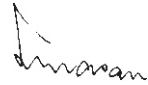
Subscription towards equity investment in Fauji Cement Company Limited (FCCL) was remitted during the quarter for acquiring 13.52% shareholding

therein.

FFC sales revenues improved by 71 % compared to last year due to enhanced market participation. This increase gross profitability to Rs. 2.876 billion, 60 % improvement over last year, after accounting for fuel gas price hike effective January 1, 2008 in addition to other inflationary impacts on manufacturing costs. Net profitability of Rs. 1.74 billion portrayed a growth of 35% over the profit for the corresponding period of last year, supplemented by Rs. 475 million final dividend from FFBL, which augmented per share earnings of FFC by Re. 0.91 to Rs. 3.53.

The encouraging first quarter 2008 results enable the Board to announce first interim dividend of Rs. 3.50 per share (35 %) for 2008. The Board is confident that with sustained performance and diversified investment portfolios, the Company would be able to maintain profitability for the year.

On Behalf of the Board,



**CHAIRMAN**

Lt Gen Syed Arif Hasan, HI(M), (Retired)

Rawalpindi  
April 28, 2008





*Condensed Interim  
Financial Statements*

## Condensed Balance Sheet

As at March 31, 2008

	Note	Un-audited March 31, 2008	Audited December 31, 2007
(Rupees '000)			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	4,934,742	4,934,742
Capital reserve		160,000	160,000
Revenue reserves	5	7,648,448	7,635,303
		<u>12,743,190</u>	<u>12,730,045</u>
<b>NON CURRENT LIABILITIES</b>	6	3,025,000	2,671,250
<b>DEFERRED TAXATION</b>		2,341,812	2,363,526
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,815,744	5,815,276
Interest and mark-up accrued		148,393	184,430
Short term borrowings		3,551,411	3,141,081
Current portion of long term financing		1,153,750	1,022,500
Taxation		1,457,731	1,313,106
		<u>11,127,029</u>	<u>11,476,393</u>
		<u>29,237,031</u>	<u>29,241,214</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

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

	Note	Un-audited March 31, 2008	Audited December 31, 2007
		(Rupees '000)	
PROPERTY, PLANT AND EQUIPMENT	8	10,443,047	10,390,490
GOODWILL		1,569,234	1,569,234
LONG TERM INVESTMENTS	9	7,820,493	6,325,129
LONG TERM LOANS AND ADVANCES		147,520	142,782
LONG TERM DEPOSITS AND PREPAYMENTS		1,705	2,144

#### CURRENT ASSETS

Stores, spares and loose tools		3,128,569	2,407,988
Stock in trade		1,414,575	642,836
Trade debts		594,079	1,722,602
Loans and advances		144,889	83,917
Deposits and prepayments		123,628	33,665
Other receivables		924,242	1,542,763
Short term investments	10	2,474,426	3,027,664
Cash and bank balances		450,624	1,350,000
		9,255,032	10,811,435

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29,237,031

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29,241,214

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Chairman

  
Chief Executive

  
Director



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

For the first quarter ended March 31, 2008

	Note	March 31, 2008	March 31, 2007
		(Rupees '000)	
Sales		7,121,270	4,153,137
Cost of sales	11	4,244,961	2,357,582
<b>GROSS PROFIT</b>		<b>2,876,309</b>	<b>1,795,555</b>
distribution cost		648,938	483,462
		2,227,371	1,312,093
Finance cost		164,405	104,223
Other expenses		205,741	148,886
		1,857,225	1,058,984
Other income		612,403	670,431
<b>NET PROFIT BEFORE TAXATION</b>		<b>2,469,628</b>	<b>1,729,415</b>
Provision for taxation		728,474	435,000
<b>NET PROFIT AFTER TAXATION</b>		<b>1,741,154</b>	<b>1,294,415</b>
Earnings per share - basic and diluted (Rupees)	12	3.53	2.62

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

  
Chairman

  
Chief Executive

  
Director

## Condensed Interim Cash Flow Statement (Un-audited)

For the first quarter ended March 31, 2008

	Note	March 31, 2008	March 31, 2007
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	13	2,465,548	(160,734)
Finance cost paid		(200,442)	(103,534)
Income tax paid		(605,563)	(497,068)
Payment to gratuity fund		(50,327)	(44,592)
Payment to pension fund		(44,530)	(35,472)
Payment to workers' profit participation fund		(470,000)	(400,000)
Net cash generated from / (used in) operating activities		1,094,686	(1,241,400)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(267,716)	(157,630)
Proceeds from sale of property, plant and equipment		721	3,367
Interest received		98,053	80,867
Increase in investments		(1,957,874)	(82,871)
Dividend received from FFBL		475,233	594,041
Net cash (used in)/generated from investing activities		(1,651,583)	437,774
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long Term Financing - disbursement		500,000	900,000
- repayments		(15,000)	(108,247)
Increase in short term borrowings		353,498	109,921
Dividends paid		(2,242,577)	(2,538,177)
Net cash used in financing activities		(1,404,079)	(1,636,503)
Net decrease in cash and cash equivalents		(1,960,976)	(2,440,129)
Cash and cash equivalents at beginning of the period		3,554,262	3,884,668
Cash and cash equivalents at close of the first quarter		1,593,286	1,444,539
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		450,624	552,059
Short term highly liquid investments		1,142,662	892,480
		1,593,286	1,444,539

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 first quarter ended March 31, 2008

	Share Capital	Capital reserve	General reserve	Surplus on remeasurement of investments available for sale to fair value	Unappropriated profit	Total
				( Rupees ' 000 ' )		
Balance at January 1, 2007	4,934,742	160,000	6,190,000	-	1,671,801	12,956,543
Transfer from general reserve	-	-	(250,000)	-	250,000	-
Final dividend 2006:Rs. 3.90 per share	-	-	-	-	(1,924,549)	(1,924,549)
Net profit for the quarter ended March 31, 2007	-	-	-	-	1,294,415	1,294,415
Balance at March 31, 2007	<u>4,934,742</u>	<u>160,000</u>	<u>5,940,000</u>	<u>-</u>	<u>1,291,667</u>	<u>12,326,409</u>
Balance at January 1, 2008	4,934,742	160,000	5,940,000	38,154	1,657,149	12,730,045
Transfer from general reserve	-	-	(100,000)	-	100,000	-
Final dividend 2007:Rs. 3.50 per share	-	-	-	-	(1,727,160)	(1,727,160)
Net profit for the quarter ended March 31, 2008	-	-	-	-	1,741,154	1,741,154
Deficit on remeasurement to fair value- net of tax	-	-	-	(849)	-	(849)
Balance at March 31, 2008	<u>4,934,742</u>	<u>160,000</u>	<u>5,840,000</u>	<u>37,305</u>	<u>1,771,143</u>	<u>12,743,190</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 (Un-audited)

For the first quarter ended March 31, 2008

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 share 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 fertilizer, chemical and other manufacturing operations.
2. These financial statements are unaudited and 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 34: "Interim Financial Reporting".
3. Accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended December 31, 2007.

4. SHARE CAPITAL	Note	Un-audited March 31, 2008	Audited December 31, 2007
ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL (Numbers)			
(Rupees '000)			
Ordinary share of Rs. 10 each			
256,495,902 issued for consideration in cash.		2,564,959	2,564,959
Ordinary shares of Rs. 10 each			
236,978,328 issued as fully paid bonus shares.		2,369,783	2,369,783
493,474,230		4,934,742	4,934,742

### AUTHORISED SHARE CAPITAL

This represents 500,000,000 (2007:500,000,000) ordinary shares of Rs. 10 each.

## 5. REVENUE RESERVES

General reserve	5,840,000	5,940,000
Surplus on remeasurement of available for sale investments to fair value-net of tax	37,305	38,154
Unappropriated profit	1,771,143	1,657,149
	7,648,448	7,635,303

## 6. NON CURRENT LIABILITIES

Long term financing - secured	6.1	4,178,750	3,693,750
Less: Amount payable within twelve months shown as current maturity		1,153,750	1,022,500
		3,025,000	2,671,250

### 6.1 Movement in this account during the period/year is as follows:

Opening balance	3,693,750	2,081,077
Disbursements during the period/year	500,000	2,600,000
Repayments during the period/year	(15,000)	(987,327)
Closing balance	4,178,750	3,693,750

## Notes to the Condensed Interim Financial Statements

For the first quarter ended March 31, 2008

	Un-audited March 31, 2008	Audited December 31, 2007
	(Rupees '000)	
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>(a) Contingencies</b>		
(i) Guarantees issued by banks on behalf of the Company.	18,729	18,729
(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
<b>(b) Commitments</b>		
(i) Capital expenditure	732,562	1,192,706
(ii) Purchase of fertilizer, stores, spares and other revenue items.	676,840	895,762
(iii) Company's share of commitments in Pakistan Maroc Phosphore S.A. (a joint venture with OCP). The joint venture itself is committed to incur capital expenditure of MAD 602,098 thousand as at 31 December 2007 (2007: MAD 838,637 thousand) equivalent Pak Rs. 4,834,846 thousand (2007: Rs. 6,692,323 thousand)	604,356	836,540
(iv) Company's share of investment in Fauji Cement Company Limited.	-	1,500,000
(v) Rentals under lease agreements:		
Premises	97,154	88,911
Vehicles	239,118	245,966

## Note to the Condensed Interim Financial Statements

For the first quarter ended March 31, 2008

Note	Un-audited March 31, 2008	Audited December 31, 2007
	(Rupees '000)	
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	10,390,490	9,607,957
Additions	267,716	2,549,833
Written down value of disposals/adjustments	(5)	(939,450)
Depreciation	(215,154)	(827,850)
Closing written down value	<u>10,443,047</u>	<u>10,390,490</u>
<b>9. LONG TERM INVESTMENTS</b>		
Fauji Cement Company Limited	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	258,739	259,835
Pakistan Investment Bonds	652,395	652,932
Term Finance Certificates	53,218	53,718
	<u>964,352</u>	<u>966,485</u>
	7,922,607	6,424,740
Less: Current portion shown under short term investments	10	
Investments available for sale		
Certificates of investment	102,093	99,589
Term Finance Certificates	21	22
	<u>102,114</u>	<u>99,611</u>
	<u>7,820,493</u>	<u>6,325,129</u>
<b>10. SHORT TERM INVESTMENTS</b>		
Available for sale		
Term deposits with banks and financial institutions		
Local currency (net of provision for doubtful recovery Rs. 13,000 thousand)	450,000	1,350,000
Foreign currency	857,889	841,296
Investment at fair value through profit or loss	1,064,423	736,757
Current maturity of long term investments	102,114	99,611
	<u>2,474,426</u>	<u>3,027,664</u>

**Note to the Condensed Interim Financial Statements** (Un-audited)  
For the first quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees '000)	
<b>11. COST OF SALES</b>		
Raw Materials Consumed	1,465,820	1,402,748
Fuel and power	835,442	854,888
Chemicals and supplies	42,636	35,658
Salaries, wages and benefits	360,129	320,516
Training and employees welfare	64,761	82,699
Rent, rates and taxes	5,854	5,084
Insurance	25,446	25,045
Travel and conveyance	27,397	28,983
Repairs and maintenance	183,080	117,701
Depreciation	209,225	194,904
Communication and other expenses	108,896	116,613
Opening stock-work in process	16,319	23,484
Closing stock-work in process	(18,014)	(21,332)
Cost of goods manufactured	3,326,991	3,186,991
Add: Opening stock of manufactured urea	164,714	34,298
Less: Closing stock of manufactured urea	(137,392)	(1,097,679)
	27,322	(1,063,381)
Cost of sales of own manufactured urea	3,354,313	2,123,610
Opening stock of purchased fertilizers	395,452	839,602
Purchase of fertilizers for resale	1,699,442	-
	2,094,894	839,602
Less: Closing stock of purchased fertilizers	(1,204,246)	(605,630)
Cost of sales of purchased fertilizers	890,648	233,972
	4,244,961	2,357,582
<b>12. EARNINGS PER SHARE</b>		
Net profit after tax (Rupees '000)	1,741,154	1,294,415
Weighted average number of shares in issue during the period - (000)	493,474	493,474
Basic and diluted earnings per share (Rupees)	3.53	2.62

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

**Note to the Condensed Interim Financial Statements** (Un-audited)  
For the first quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees '000)	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Net profit before taxation	2,469,628	1,729,415
Adjustments for:		
Depreciation	214,041	197,625
Finance cost	164,405	104,223
Provision for gratuity	13,132	10,628
Provision for pension	10,504	8,085
Provision for workers' profit participation fund	132,580	92,842
Gain on sale of property, plant and equipment	(716)	(2,740)
Income on loans, deposits and investments	(99,975)	(61,942)
Exchange loss/(gain)	37,797	(3,124)
Gain on remeasurement of investment at fair value through profit or loss	(27,666)	(4,302)
Dividend from FFBL	(475,233)	(594,041)
	(31,131)	(252,746)
	<u>2,438,497</u>	<u>1,476,669</u>
<b>Changes in working capital</b>		
(increase) / decrease in current assets:		
Stores and spares	(720,581)	(113,290)
Stock in trade	(771,739)	(830,206)
Trade debts	1,128,523	209,474
Loans and advances	(60,972)	(24,593)
Deposits and prepayments	(18,742)	(67,645)
Other receivables	620,443	230,341
Decrease in current liabilities:		
Trade and other payables	(145,582)	(1,013,706)
	31,350	(1,609,625)
Changes in long term loans and advances	(4,738)	(28,560)
Changes in long term deposits and prepayments	439	782
	<u>2,465,548</u>	<u>(160,734)</u>



**Note to the Condensed Interim Financial Statements** (Un-audited)  
For the first quarter ended March 31, 2008

**14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

	March 31, 2008	March 31, 2007
	(Rupees '000)	
<b>Transactions with subsidiary company</b>		
Marketing of fertilizer on behalf of FFBL under sale on consignment basis	67,520	62,457
Commission on sale of FFBL products	3,587	4,575
Services and materials provided	446	5,888
Services and materials received	1,025	-
Dividend income	475,233	594,041
Balance payable - unsecured	109,960	67,540*
<b>Transactions with associated undertakings/ companies due to common directoship</b>		
Medical services	-	27
Office rent	817	756
Dividends paid	765,995	853,537
Purchase of gas as feed and fuel stock	2,071,661	2,073,851
Technical services received	6,138	4,072
Balance receivable - unsecured	283	759*
Balance payable - unsecured	382,925	402,405*
<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 2008: 1 and 319 (2007:1 and 310) respectively	211,162	190,212
<b>Payments to:</b>		
Employees' Provident Fund Trust	41,481	35,344
Employees' Gratuity Fund Trust	50,327	44,592
Employees' Pension Fund Trust	44,530	35,472
Workers' Profit Participation Fund	470,000	400,000
Balance payable - unsecured	90,005	432,222*

\* Comparative figures of receivable / payable balances are as of December 31, 2007.

**Note to the Condensed Interim Financial Statements** (Un-audited)  
For the first quarter ended March 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 in their meeting held on April 28, 2008 have proposed first interim dividend of Rs. 3.50 per share.
- 15.3 These financial statements have been authorised for issue by the Board of Directors of the Company on April 28, 2008.

  
Chairman  
Chief Executive  
Director





*Condensed Interim  
Consolidated  
Financial Statements*

## Condensed Consolidated Balance Sheet

As at March 31, 2008

	Note	Un-audited March 31, 2008	Audited December 31, 2007
		(Rupees '000)	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	4,934,742	4,934,742
Capital reserve		276,184	276,184
Revenue reserves	5	6,716,121	7,095,745
		11,927,047	12,306,671
<b>MINORITY INTEREST</b>		3,800,718	4,179,969
		15,727,765	16,486,640
<b>NON CURRENT LIABILITIES</b>	6	9,883,954	9,644,110
<b>DEFERRED TAXATION</b>		6,398,339	6,357,761
<b>CURRENT LIABILITIES</b>			
Trade and other payables		7,101,538	8,211,982
Interest and mark-up accrued		272,102	308,317
Short term borrowings		10,495,689	9,016,422
Current portion of long term:			
- Financing		1,570,694	1,439,444
- Murabaha		38,679	38,679
- Loans		648,201	648,201
- Liabilities against assets subject to finance lease		1,940	2,651
Taxation		1,457,731	1,001,180
		21,586,574	20,666,876
		53,596,632	53,155,387
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

The annexed notes 1 to 14 form an integral part of these condensed interim consolidated financial statements.

	Note	Un-audited March 31, 2008	Audited December 31, 2007
		(Rupees '000)	
PROPERTY, PLANT AND EQUIPMENT	8	26,999,220	26,848,753
GOODWILL		1,569,234	1,569,234
LONG TERM INVESTMENTS	9	4,779,313	2,983,949
LONG TERM LOANS AND ADVANCES		147,520	142,782
LONG TERM DEPOSITS AND PREPAYMENTS		16,933	17,372

#### CURRENT ASSETS

Stores, spares and loose tools		4,379,659	3,674,558
Stock in trade		2,791,164	1,230,782
Trade debts		679,241	1,966,353
Loans and advances		223,039	163,436
Deposits and prepayments		197,078	42,132
Other receivables		2,033,610	2,443,141
Short term investments	10	7,270,077	6,922,326
Cash and bank balances		2,510,544	5,150,569
		20,084,412	21,593,297

53,596,632	53,155,387
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Chairman

  
Chief Executive

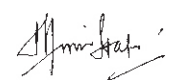
  
Director

**Condensed Interim Consolidated Profit and Loss Account (Un-audited)**  
For the first quarter ended March 31, 2008

	Note	March 31, 2008	March 31, 2007
		(Rupees '000)	
Sales		9,129,688	7,191,766
Cost of sales	11	5,647,174	4,471,413
<b>GROSS PROFIT</b>		<b>3,482,514</b>	<b>2,720,353</b>
Administrative expenses and distribution cost		970,351	827,154
		2,512,163	1,893,199
Finance cost		359,898	248,806
Other expenses		224,676	194,134
		1,927,589	1,450,259
Other income		291,189	257,929
<b>NET PROFIT BEFORE TAXATION</b>		<b>2,218,778</b>	<b>1,708,188</b>
Provision for taxation		790,767	633,467
<b>NET PROFIT AFTER TAXATION</b>		<b>1,428,011</b>	<b>1,074,721</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of Fauji Fertilizer Company Limited		1,348,385	890,824
Minority Interest		79,626	183,897
		<u>1,428,011</u>	<u>1,074,721</u>

The annexed notes 1 to 14 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 first quarter ended March 31, 2008

	Note	March 31, 2008	March 31, 2007
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	12	2,329,759	(194,027)
Finance cost paid		(395,830)	(224,970)
Income tax paid		(619,851)	(517,086)
Payment to gratuity fund		(50,327)	(44,592)
Payment to pension fund		(44,530)	(35,472)
Payment to workers' profit participation fund		(488,069)	(415,219)
		(1,598,607)	(1,237,339)
Net cash generated from / (used in) operating activities		731,152	(1,431,366)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(642,401)	(1,134,694)
Proceeds from sale of property, plant and equipment		2,043	3,386
Investment in Fauji Cement Company Limited		(1,800,000)	-
Interest received		231,125	279,948
Long term deposits		-	282
Increase in investments		(1,257,874)	(82,871)
Net cash used in investing activities		(3,467,107)	(933,949)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long Term Financing - disbursement		500,000	900,000
- repayments		(119,237)	(212,484)
Long term murabaha - repayments		(9,669)	(9,669)
Finance lease paid		(711)	(1,337)
Short term borrowings		353,498	109,921
Dividends paid		(2,708,488)	(2,931,315)
Net cash used in financing activities		(1,984,607)	(2,144,884)
Net decrease in cash and cash equivalents		(4,720,562)	(4,510,199)
Cash and cash equivalents at beginning of the period		3,029,490	6,588,581
Cash and cash equivalents at close of the first quarter		(1,691,072)	2,078,382
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		2,510,544	5,676,377
Short term running finances		(6,944,278)	(4,490,475)
Short term highly liquid investments		2,742,662	892,480
		(1,691,072)	2,078,382

The annexed notes 1 to 14 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 first quarter ended March 31, 2008

	Attributable to Equity Holders of Fauji Fertilizer Company Limited					Minority Interest	Total
	Share Capital	Capital reserve	General reserve	Surplus on remeasurement of investments available for sale to fair value	Unappropriated profit		
	( Rupees ' 000 ' )						
Balance at January 01, 2007	4,934,742	276,184	6,190,000	-	1,146,881	4,194,102	16,741,909
Transfer to unappropriated profit	-	-	(250,000)	-	250,000	-	-
FFC Final dividend 2006:Rs. 3.90 per share	-	-	-	-	(1,924,549)	-	(1,924,549)
FFBL Final dividend 2006: Rs. 1.25 per share	-	-	-	-	-	(573,596)	(573,596)
Net profit for the quarter ended							
March 31, 2007	-	-	-	-	890,824	183,897	1,074,721
Balance at March 31, 2007	<u>4,934,742</u>	<u>276,184</u>	<u>5,940,000</u>	<u>-</u>	<u>363,156</u>	<u>3,804,403</u>	<u>15,318,485</u>
Balance at January 01, 2008	4,934,742	276,184	5,940,000	38,154	1,117,591	4,179,969	16,486,640
Transfer to unappropriated profit	-	-	(100,000)	-	100,000	-	-
FFC Final dividend 2007:Rs. 3.50 per share	-	-	-	-	(1,727,160)	-	(1,727,160)
FFBL Final dividend 2007: Rs. 1.00 per share	-	-	-	-	-	(458,877)	(458,877)
Net profit for the quarter ended							
March 31, 2008	-	-	-	-	1,348,385	79,626	1,428,011
Deficit on remeasurement to fair value-							
net of tax	-	-	-	(849)	-	-	(849)
Balance at March 31, 2008	<u>4,934,742</u>	<u>276,184</u>	<u>5,840,000</u>	<u>37,305</u>	<u>838,816</u>	<u>3,800,718</u>	<u>15,727,765</u>

The annexed notes 1 to 14 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 first quarter ended March 31, 2008

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 group companies are situated in Rawalpindi, Pakistan. The principal activities of FFC and its subsidiary is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical and other manufacturing operations.
2. These interim consolidated financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These consolidated financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: "Interim Financial Reporting".
3. Accounting policies, related judgments, estimates and assumptions adopted for preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the annual consolidated financial statements of the year ended December 31, 2007.

		Un-audited March 31, 2008	Audited December 31, 2007
4. SHARE CAPITAL	Note		
ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL		(Rupees '000)	
(Numbers)			
256,495,902	Ordinary share of Rs. 10 each issued for consideration in cash.	2,564,959	2,564,959
236,978,328	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.	2,369,783	2,369,783
<u>493,474,230</u>		<u>4,934,742</u>	<u>4,934,742</u>
AUTHORISED SHARE CAPITAL			
This represents 500,000,000 (2007:500,000,000) ordinary shares of Rs. 10 each.			
5. REVENUE RESERVES			
General reserve		5,840,000	5,940,000
Surplus on remeasurement of available for sale investments to fair value-net of tax		37,305	38,154
Unappropriated profit		<u>838,816</u>	<u>1,117,591</u>
		<u>6,716,121</u>	<u>7,095,745</u>
6. NON CURRENT LIABILITIES			
Long term financing - secured	6.1	5,533,817	5,153,054
Long term murabaha - secured	6.2	125,704	135,373
Long term loan - Government of Pakistan (Un-secured)	6.3	<u>6,482,007</u>	<u>6,482,007</u>
		12,141,528	11,770,434
Less: Amount payable within twelve months shown as current maturity		<u>2,257,574</u>	<u>2,126,324</u>
		<u>9,883,954</u>	<u>9,644,110</u>
6.1 Movement in this account during the period/year is as follows:			
Opening balance		5,153,054	3,957,325
Disbursements during the period/year		500,000	2,600,000
Repayments during the period/year		(119,237)	(1,404,271)
Closing balance		<u>5,533,817</u>	<u>5,153,054</u>

## Notes to the Condensed Interim Consolidated Financial Statements

For the first quarter ended March 31, 2008

	Note	Un-audited March 31, 2008	Audited December 31, 2007
		(Rupees '000)	
<b>6.2 Movement in this account during the period/year is as follows:</b>			
Opening balance		135,373	174,052
Repayments during the period/year		(9,669)	(38,679)
Closing balance		<u>125,704</u>	<u>135,373</u>
<b>6.3 Movement in this account during the period/year as follows:</b>			
Opening balance		6,482,007	7,130,208
Adjustment during the period/year		-	(648,201)
Closing balance		<u>6,482,007</u>	<u>6,482,007</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
<b>(a) Contingencies</b>			
(i) Guarantees issued by banks on behalf of the group companies.		47,626	48,586
(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.		49,118	49,118
(iv) Claims against the group companies and/or potential exposure not acknowledged as debt.		63,043	63,043
(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
<b>(b) Commitments</b>			
(i) Capital expenditure		950,973	1,467,866

## Notes to the Condensed Interim Consolidated Financial Statements

For the first quarter ended March 31, 2008

	Un-audited March 31, 2008	Audited December 31, 2007
	(Rupees '000)	
(ii) Purchase of fertilizer, stores, spares and other revenue items.	3,117,598	1,112,529
(iii) Group's share of commitments in Pakistan Maroc Phosphore S.A. (a joint venture with OCP) including minority interest. The joint venture itself is committed to incur capital expenditure of MAD 602,098 thousand as at December 31, 2007 (2007: MAD 838,637 thousand) equivalent Pak Rs. 4,834,846 thousand (2007: Rs. 6,692,323 thousand)	1,813,067	2,509,620
(iv) Group's share of investment in Fauji Cement Company Limited.	-	1,800,000
(v) FFBL commitment for equity investment in Foundation Power Company (Dharaki) Limited.	1,500,000	1,500,000
(vi) Rentals under lease agreements:		
Premises	97,154	89,911
Vehicles	239,118	245,966

## Notes to the Condensed Interim Consolidated Financial Statements

For the first quarter ended March 31, 2008

	Note	Un-audited March 31, 2008	Audited December 31, 2007
8. PROPERTY, PLANT AND EQUIPMENT			
		(Rupees '000)	
Opening written down value		26,848,753	24,538,295
Additions		642,401	7,644,986
Written down value of disposals/adjustments		(1,138)	(3,450,690)
Depreciation during the period/year		(490,796)	(1,883,838)
Closing written down value		<u>26,999,220</u>	<u>26,848,753</u>
9. LONG TERM INVESTMENTS			
Fauji Cement Company Limited		1,800,000	-
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco		2,117,075	2,117,075
Investments available for sale			
Certificates of investment		258,739	259,835
Pakistan Investment Bonds		652,395	652,932
Term Finance Certificates		53,218	53,718
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)
		-	-
		<u>964,352</u>	<u>966,485</u>
		4,881,427	3,083,560
Less: Current portion shown under short term investments	10		
investments available for sale			
Certificates of investments		102,093	99,589
Term Finance Certificates		21	22
		<u>102,114</u>	<u>99,611</u>
		<u>4,779,313</u>	<u>2,983,949</u>
10. SHORT TERM INVESTMENTS			
Available for sale			
Term deposits with banks and financial institutions			
Local currency (net of provision for doubtful recovery Rs. 13,000 thousand)		450,000	1,350,000
Foreign currency		857,889	841,296
Investment at fair value through profit or loss			
Fixed income / money market funds		2,864,423	2,481,419
Loans and receivables		2,995,651	2,150,000
Current maturity of long term investments		<u>102,114</u>	<u>99,611</u>
		<u>7,270,077</u>	<u>6,922,326</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)**  
For the first quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees '000)	
<b>11. COST OF SALES</b>		
Raw Materials Consumed	2,454,991	3,389,837
Fuel and power	1,175,897	1,141,456
Chemicals and supplies	68,214	52,179
Salaries, wages and benefits	547,057	453,085
Training and employees welfare	64,761	82,699
Rent, rates and taxes	11,443	10,699
Insurance	38,647	36,245
Travel and conveyance	35,479	36,952
Repairs and maintenance	354,229	309,888
Depreciation	483,989	441,464
Communication and other expenses	113,935	121,922
Opening stock-work in process	29,791	28,285
Closing stock-work in process	(24,489)	(25,737)
Subsidy on DAP fertilizer from GOP	(245,603)	(597,010)
Cost of goods manufactured	5,108,341	5,481,964
Add: Opening stock of manufactured fertilizers	416,980	133,620
Less: Closing stock of manufactured fertilizers	(833,661)	(1,388,881)
	(416,681)	(1,255,261)
Cost of sales of own manufactured fertilizers	4,691,660	4,226,703
Opening stock of purchased fertilizers	396,698	979,487
Purchase of fertilizers for resale	1,769,571	-
	2,166,269	979,487
Less: Closing stock of purchased fertilizers	(1,210,755)	(734,777)
Cost of sales of purchased fertilizers	955,514	244,710
	5,647,174	4,471,413

**Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)**  
For the first quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees '000)	
<b>12. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
Net profit before taxation	2,218,778	1,708,188
Adjustments for:		
Depreciation	489,685	445,056
Provision for gratuity	17,577	14,102
Provision for pension	10,504	8,085
Provision for workers' profit participation fund	144,738	92,842
Finance cost	359,898	248,806
Income on loans, deposits and investments	(204,802)	(232,769)
Gain on sale of property, plant and equipment	(905)	(2,742)
Exchange loss/(gain)	37,797	(3,124)
Gain on remeasurement of investment at fair value through profit or loss	(78,654)	(40,269)
	775,838	529,987
	2,994,616	2,238,175
<b>Changes in working capital</b>		
(increase) / decrease in current assets:		
Stores and spares	(705,101)	(282,699)
Stock in trade	(1,560,382)	(633,260)
Trade debts	1,287,112	298,651
Loans and advances	(59,603)	(148,168)
Deposits and prepayments	(15,444)	(70,386)
Other receivables	709,562	226,123
Decrease in current liabilities:		
Trade and other payables	(316,702)	(1,794,685)
	(660,558)	(2,404,424)
Changes in long term loans and advances	(4,738)	(28,560)
Changes in long term deposits and prepayments	439	782
	2,329,759	(194,027)

**Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)**  
For the first quarter ended March 31, 2008

**13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

	March 31, 2008	March 31, 2007
	(Rupees '000)	
<b>Transactions with associated undertakings/ companies due to common directoship</b>		
Sales of fertilizer	-	482
Rent charged to Group Companies	1,021	886
Dividends paid	915,976	1,050,166
Repayment of principal portion of long term finance	11,429	11,429
Financial charges	3,498	4,314
Medical services	-	27
Purchase of gas as feed and fuel stock	2,071,661	2,073,851
Technical services received purchased	6,138	4,072
Balance payable	382,925	616,233*
Balance receivable - unsecured	283	1,381*
<b>Other related parties</b>		
Remuneration including benefits and perquisites of Chief Executive and other Executives. No of persons 2008: 2 and 427 (2007:2 and 399)	342,838	281,549
Payments to :		
Employees' Provident Fund Trust	45,203	38,510
Employees' Gratuity Fund Trust	54,772	48,066
Employees' Pension Fund Trust	44,530	35,472
Workers' Profit Participation Fund	488,069	414,973
Purchase of raw materials	992,713	1,226,466
Balance payable	107,285	98,730*

\* Comparative figures of receivable / payable balances are as of December 31, 2007.

**14. GENERAL**

- 14.1 The Board of Directors of FFC in their meeting held on April 28, 2008 have proposed first interim dividend of Rs. 3.50 per share.
- 14.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 14.3 These condensed interim consolidated financial statements have been authorised for issue by the Board of Directors of FFC on April 28, 2008.

  
Chairman

  
Chief Executive

  
Director



